



**UNITED NATIONS DEVELOPMENT GROUP  
IRAQ TRUST FUND**

**Programme Cover Page**

**Participating UN Organisation(s):**  
World Food Programme

**Sector Outcome Team(s):**  
AFSSOT – Food Assistance

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**Programme Title:**  
Capacity Building to Reform the Public Distribution System and Strengthen Social Safety Nets for Vulnerable Groups in Iraq

**Programme Number:**  
A5-31

**Programme Description** (limit 1,000 characters):

The Public Distribution System (PDS) is the largest element of the country’s social protection system and a major source of food for people in Iraq. Introduced in 1990 by the Government of Iraq, the PDS ensured equitable distribution of foodstuffs to the entire population of Iraq at highly subsidized prices. Since 2003 there has been a continuous deterioration in the functioning of the PDS.

There is general consensus that maintaining the policy of universal PDS coverage indefinitely conflicts with Iraq’s economic recovery and development strategy. The Council of Ministers has issued a decision supporting conclusions of the Food ration [PDS] reform high committee to scale down the coverage of the PDS and to support the expansion and improvement of the Social Safety Net programme.

This programme offers technical capacities to support the government efforts to (i) reform the Public Distribution System and (ii) design and implement efficient Social Safety Net programmes in Iraq.

<b>Programme Costs:</b>		<b>Programme Location:</b>	
<b>UNDG ITF:</b>	US\$ 2,500,000	<b>Governorate(s):</b>	All 18 governorates
<b>Govt. Contribution:</b>		<b>District(s):</b>	
<b>Agency Core:</b>		<b>Town(s):</b>	
<b>Other:</b>	US\$ 2,500,000		
<b>TOTAL:</b>	US\$ 5,000,000		

**Govt of Iraq Line Ministry Responsible:**

Ministry of Trade

**Programme Duration:**

Total # of months:	24
Expected Start date:	01 July 2010
Expected End date:	30 June 2012

**Review & Approval Dates**

<b>Line Ministry Endorsement Date:</b>	22 November 2009
<b>Concept Note Approval Date:</b>	8 February 2010
<b>SOT Approval Date:</b>	7 February 2010
<b>Peer Group Review Date:</b>	11 February 2010
<b>ISRB Approval Date:</b>	22 June 2010
<b>Steering Committee Approval Date:</b>	27 June 2010

**Signatures of Agencies and Steering Committee Chair**

<b>I.</b>	<b>Name of Representative</b>	Edward Kallon	<i>Amadou</i>
	<b>Signature</b>		
	<b>Name of Agency</b>	WFP	
	<b>Date</b>		<i>27 June 2010</i>
<b>II.</b>	<b>Name of Steering Committee Chair</b>	Christine McNab	<i>Christine McNab</i>
	<b>Signature</b>		
	<b>Date</b>		<i>27 June 2010</i>

**National priority or goals (NDS 2007- 2010 and ICI):**

NDS: Pillar 3: Improving the quality of life

**ICI Benchmarks (as per the Joint Monitoring Matrix 2008):**Benchmark 4.3.1.1: Phase out universal subsidiesBenchmark 4.4.1.1: Design and carry out specific policies including reforms and investments toward achieving the Millennium Development GoalsBenchmark 4.4.2.1: Undertake specific measure to strengthen the targeted safety net**Sector Team Outcome(s):**

Outcome 2: GoI has national food assistance and hunger-reduction programmes in place

**Integrated Programme/Project Outcome(s):**

GoI has national food assistance and hunger-reduction programmes in place.

**Detailed Breakdown of Budget by Source of Funds and  
Distribution of Programme Budget by Participating UN Organisation**

<b>Participating UN Organisation</b>	<b>Portion from ITF Budget (US \$)</b>
WFP	2,500,000
<b>Total ITF Budget (US \$)</b>	2,500,000

<b>Total budget (in US \$):</b>	<u>\$5,000,000</u>
<b>Sources:</b>	
• Government	\$
• ITF (earmarked)	\$
• ITF (un-allocated interest )	<u>\$ 2,500,000</u>
<b><u>UN Core/non-core sources</u></b>	
• UN Org (WFP donors)	\$
<b><u>Other</u></b>	\$

## **1. Executive Summary**

Iraq is at a crossroads to political stability and socio-economic recovery, although challenged by the ongoing political reconciliation process and parts of the country remain fragile. Recent improvements in access to basic social services have not yet translated into significant welfare gains for the people. Stabilizing the situation in Iraq will require the Government to respond to growing demands to improve the quality of life of its people.

The existing government social protection programmes are financially unsustainable, poorly targeted and inadequate to protect vulnerable groups. At present, the Iraqi Public Distribution System (PDS) is the largest element of the country's social protection system and the main source of food for poor people. It is affected by poor internal controls and accountability, and inefficiency in supply chain management. Moreover, the current Social Safety Net (SSN) programme, also suffers from inefficiencies including both inclusion of Iraqi's living above the poverty line and poor coverage of those living in poverty.

The Government's National Development Strategy (2007-2010), the International Compact with Iraq (2009), the new National Development Plan (2010 - 2014), the Poverty Reduction Strategy and the United Nations Development Assistance Framework (UNDAF) 2011-2014 have prioritized reform of the PDS and social safety nets to protect vulnerable groups. The 2010 federal budget law of the Government of Iraq (GoI) has requested the Ministry of Trade (MoT) to develop a detailed plan to reform the PDS and target poor Iraqis. Finally, the Council of Ministers Decision # 369 (2009) also mandates the MoT to carry out the agreed upon reforms over the course of 5 years.

In response to the above challenges, WFP initiated planning for the development operation "Capacity Building to reform the Public Distribution System and Strengthen Social Safety Net for Vulnerable Groups" with a total budget of US\$ 26 million. WFP has also held discussions with the GoI High Committee to reform the PDS and signed a Memorandum of Understanding with the MoT to support the reform effort.

Within the context of the WFP development operation mentioned above, the technical assistances offered through this proposed programme supports a number of actions to be undertaken by the GoI to reform the Public Distribution System and design and implement efficient of the Social Safety Net programmes in Iraq.

## **2. Situation Analysis**

According to the 2007/2008 Comprehensive Food Security and Vulnerability Analysis (CFSVA) conducted by WFP and GoI, the overall food security situation in Iraq improved between 2005 and 2008. However, an estimated 930,000 Iraqis are food insecure and an additional 6.4 million Iraqis are on the threshold of food insecurity without the PDS.

The PDS is the largest component of the country's social protection system and the main source of food for poor people in Iraq. It was introduced by the GoI on 01 September 1990 following UN Security Council Resolution 661 (1990) imposing economic sanctions. The PDS ensured equitable distribution of foodstuffs to all Iraqi citizens, Arabs and foreigners residing in Iraq at a nominal fee of 250 Iraqi Dinars (\$0.21)<sup>1</sup> and, at the time, proved to be effective in mitigating widespread hunger in Iraq during the sanctions.

Since 2003, however, the functioning of the PDS has continuously deteriorated and as of 2010 the PDS does not function effectively due to inefficiency in the supply chain management, including procurement, quality control, shipping, commodity tracking, warehousing and storage and distribution and monitoring. A substantial leakage is reported in the supply chain of the PDS due to theft and is compounded by the following problems: (a) irregular and late delivery and distribution of entitlement to beneficiaries; (b) poor quality of food commodities distributed; (c) substitution of commodities at entry points into Iraq; (d) poor targeting of PDS; (e) poor storage facilities; (f) poor quality control due to corruption; (g) lack of a procurement law and a bureaucratic process of tendering, processing of tenders and issuing of letter of Credit, and; (f) poor monitoring and breakdown of control measures against corruption.

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<sup>1</sup> 1US\$ is equivalent to 1,180 Iraqi Dinar

According to a 2003 World Bank (WB) study, it costs the MoT US\$ 6 to deliver US\$1-worth of food assistance. A recent survey by the Ministry of Planning and Development Cooperation in 2009 found that, of 120,000 families qualified for state food handouts through the PDS in 15 of Iraq's 18 governorates, 18 percent had not received the nine-item food ration for 13 months; 31.5 percent for 7-12 months; 14.5 percent for 4-6 months; 22 percent for 2-3 months and 14.5 percent for one month. The survey also revealed concerns about the quality of food items: 16 percent of the surveyed families said the ration items in April were of low quality.

There is general consensus that maintaining the policy of universal coverage of PDS indefinitely clashes with Iraq's economic recovery and development strategy. A more targeted and efficient system for providing means-tested social transfers is needed. However, any PDS reform should not be seen as just a "financial and governance" issue. It embraces large sectors of the Iraqi society and will have a dramatic impact on the most vulnerable segments of the Iraqi population. Reform (phase-down/phase-out) of the PDS must be carefully evaluated and must be implemented before and/or in parallel with adequate and sustainable social safety nets.

On the other hand, the Iraqi Social Safety Net (SSN) programme – with an expected budget of about US\$800 million and nearly one million beneficiary households – is managed by the Ministry of Labour and Social Affairs and is also inefficient due to the presence of both inclusion and exclusion errors. Inclusion error occurs when recipients of social assistance through the SSN do not meet the official criteria and is caused by poor design, unimplemented field operation and procedure and poor oversight. It is estimated that 68 percent of the beneficiaries of the SSN are not poor. Exclusion error occurs when only a portion of the eligible poor are actually registered and receiving assistance through the SSN. It is estimated that only 4 percent of the poor Iraqi population are supported by the SSN.

### **3. Lessons Learned, NDS and ICI Relevance, Cross-Cutting Issues, and Agency Experience in Iraq/in the Sector**

#### **Background/Context:**

The GoI priorities are contained in the National Development Strategy (NDS 2007-2010) and International Compact with Iraq (ICI) and structured around four pillars: (i) strengthening the foundation of economic growth; (ii) revitalizing the private sector as an engine of growth and job creation; (iii) strengthening good governance and improving security; and (iv) improving the quality of life of its people by meeting the Millennium Development Goals and establishing social safety nets for the poor and vulnerable to supplement and/or replace the PDS. The new 2010-2014 National Development Plan has prioritized improving social safety nets and the reform of the PDS. Similarly the PDS and social safety nets are UNDAF priorities for 2011-2014 and for the UN Integrated Mission in 2010.

The Council of Ministers issued a decision (decision # 369 for the year 2009) supporting recommendations of the food ration [PDS] reform high committee to scale down the coverage of the PDS and to support the expansion and improvement of the SSN programme. These recommendations include: (i) targeting the PDS based on socio-economic indicators and include all families below the poverty line and just above it; (ii) stop PDS ration to Iraqis with a monthly income of 1.5 million Iraqi Dinars or more; (iii) reduce the PDS food basket to five commodities including wheat, rice, vegetable oil, sugar and infant formula in 2010 and 2011 and maintain the same basket to 2014 based on socio-economic and nutrition information; (iv) implement a subsidy programme for wheat flour; (v) build capacity at the sub-national level to transfer management of food-based social safety nets; and (vi) improve the coverage and efficiency of the social safety net.

#### **Assessment of Cross-cutting issues:**

Human Rights: WFP's Country Strategy Outline pursues a human rights based approach (HRBA) to the implementation of all its projects in line with the Universal Declaration of Human Rights and the UN common framework on a rights based approach to development. Through advocacy and dialogue WFP will work to inform government and civil society in the principles of human rights with regard to reform of the PDS and the individual's right to food and ensure that they understand and have the resources and tools to fulfil and meet their obligations.

Gender Equality: A major underlying basis of the programme is to seek to affect a change in Iraq whereby social transfers are no longer distributed on “equal” and universal basis, but rather distributed on an “equitable” and means-tested basis. Accordingly, gender will become a determinant in the distribution of government social transfers.

Environment: There is no expected environmental impact within the context of this programme.

Employment Generation: No generation of employment is expected as a direct result of this programme.

#### **Agency Experience in Iraq/in the Sector:**

WFP was instrumental in preventing the collapse of the PDS supply chain in Iraq at a critical period in 2003. WFP re-negotiated the PDS contracts for delivery into Iraq under the provisions of UN Security Council Resolution 1511 (2003) requesting the UN to strengthen its role in Iraq. In 2004, WFP procured and delivered food commodities for the PDS valued at US\$910 million to 18 Governorates in Iraq following a tri-partite agreement between the Coalition Provision Authority, the MoT and WFP. More than 1.6 million tons of food were procured and delivered by WFP within four months. The project was complemented with training and capacity building in supply chain management for a small number of MoT staff most of whom no longer work for the MoT.

## **4. The Proposed Integrated Programme**

The proposed project offers technical capacities to support initial government efforts to (i) reform the Public Distribution System and (ii) design and implement efficient Social Safety Net programmes in Iraq. The outputs of the project form a subset of the total outputs expected from the overall WFP development programme to support the reform efforts.

The project outputs will focus on the two following areas:

- A. Strengthened capacity to design and implement efficient Social Safety Net programmes; and,
- B. Strengthened Iraqi capacity to manage efficient food supply chains.

The outputs are consistent with WFP Strategic Objective Five (SO5) (“to strengthen the capacities of countries to reduce hunger, including through handover strategies and local purchase”) and to support the government’s efforts to achieve the Millennium Development Goal (MDG) 1: to eradicate extreme poverty and hunger.

### **A. Strengthened capacity to design and implement efficient Social Safety Net programmes**

WFP in partnership with the World Bank and sister UN agencies will provide technical assistance to strengthen the capacity of the GoI to design and implement effective Social Safety Net (SN) programmes covering issues such as targeting, beneficiary selection and registration, conditionality, payments, fraud/corruption reduction, beneficiary verification, performance monitoring and impact evaluation.

In particular, the activities include training for cadre at the governorate/regional level in the various aspects of the design of social safety nets (i.e. context analysis, determination of the SSN goals, targeting, conditionality, determination of size and limitations, determination of required resources), the field operations of social safety nets (i.e. beneficiary selection process, registration, verification and transfer of benefits) and performance monitoring and evaluation (i.e. M&E systems, information management system).

Building upon the training, activities will further include a series of workshops through which the trained cadre will be supported in the process of designing and documenting the social safety net programmes in their

respective areas (including results frameworks) and the development and documentation of field operations procedures and the basic design of Monitoring and Evaluation Systems.

The outputs also include assessments on food security and vulnerability in Iraq and on the functioning of the social protection system.

## **B. Strengthened capacity to support efficient food supply chains management in Iraq**

The activities supporting this output support the process of reforming the PDS through improving the availability of food commodities both through the private sector as well as government support to satisfy the population food needs. The recommendations of the High Committee to reform the PDS include provisions to reduce the number of recipients of the PDS ration, decentralize the procurement and management of the PDS and establish a wheat flour subsidy. In order to avoid food availability shortages leading to food insecurity, the project includes outputs that develop the capacity to manage food supply chains effectively whether by the private sector for the commercial markets in the long term or the local/regional governments in the short to medium term.

Through the activities supporting this output, a number of MOT staff members will receive intensive capacity building in the form of Training of Trainers (ToT) on critical aspects of the food supply chain such as procurement, shipping, commodity tracking and logistics (i.e. land transport and warehouse management). The MoT trainers are expected to build the capacity for a team of Iraqi trainers to provide support services to the Iraqi private sector through business incubators and business support centers.

The activities include the development of training curricula which will form the basis upon which the training and support to the private sector will be based (refer to Annex B for more details on the curricula).

The activities also include conducting an analysis of the obstacles to commercial food trade Iraq. This is necessary to support the development of meaningful training curricula described above.

### **Programme Beneficiaries:**

The primary beneficiaries of this project will include (i) vulnerable groups entitled to PDS rations and other social safety nets; (ii) MoT staff engaged in supporting private sector capacity development; (iii) staff of the Ministry of Planning and Development Cooperation engaged in food security monitoring and vulnerability analysis and mapping; (iv) staff engaged in the design and implementation of other social safety net programmes (v) members of the Iraqi private sector receiving quality training/support through the MoT.

## 5. Results Framework

**Table 1: Results Framework and Indicators**

<b>Programme Title:</b>	Capacity Building to reform the Public Distribution System and Strengthen Social Safety Nets for Vulnerable Groups in Iraq						
<b>NDS/ICI priority/ goal(s):</b>	<p>NDS Pillar 3: Improving the quality of life            Enacting a social safety net program for the poor and vulnerable, including reform and monetization of the PDS basket.            ICI Benchmarks:            Benchmark 4.3.1.1: Phase out universal subsidies            Benchmark 4.4.1.1: Design and carry out specific policies including reforms and investments toward achieving the Millennium Development Goals            Benchmark 4.4.2.1: Undertake specific measure to strengthen the targeted safety net</p>						
<b>UNCT Outcome</b>	Improved access to essential social services and assistance to vulnerable groups						
<b>Sector Outcome</b>	AFSSOT – Food Assistance Outcome 2: GoI has national food assistance and hunger-reduction programmes in place						
<b>Outcome 1</b> GoI has national food assistance and hunger-reduction programmes in place	<p><b>NDS / ICI Priorities:</b>  <b>NDS Pillar 3: Improving the quality of life</b>            Enacting a social safety net program for the poor and vulnerable, including reform and monetization of the PDS basket.  <b>ICI Benchmarks:</b>  <u>Benchmark 4.3.1.1:</u> Phase out universal subsidies  <u>Benchmark 4.4.1.1:</u> Design and carry out specific policies including reforms and investments toward achieving the Millennium Development Goals</p>						
<b>Outputs</b>	<b>UN Agency Specific Output</b>	<b>UN Agency</b>	<b>Partner</b>	<b>Indicators</b>	<b>Source of Data</b>	<b>Baseline Data</b>	<b>Indicator Target</b>
Output 1: GoI has strengthened capacity to design and implement efficient Social Safety Net programmes	1. GoI has atrengthened capacity to design and implement efficient Social Safety Net programmes	WFP	MOPDC, MOLSA, KRG, Governorates	Number of GoI staff trained in SSN design *	Training report	0	30 total (UNDG ITF 15; Other funding 15)
			MOPDC, MOLSA, KRG, Governorates	Percentage of trained staff satisfied with quality of SSN Design training in terms of relevance and usefulness *	Post training participants, assessment	NA	80%



			MOPDC, MOLSA, KRG, Governorates	Number of GoI staff trained in SSN Field Operations *	Training report	0	30 total (UNDG ITF 15; Other funding 15)
			MOPDC, MOLSA, KRG, Governorates	Percentage of trained staff satisfied with quality of SSN Field Operations training in terms of relevance and usefulness	Post training participants, assessment	NA	80%
			MOPDC, MOLSA, KRG, Governorates	Number of GoI staff trained in SSN RBM	Training report	0	30 total (UNDG ITF 15; Other funding 15)
			MOPDC, MOLSA, KRG, Governorates	Percentage of trained staff satisfied with quality of SSN RBM training in terms of relevance and usefulness	Post training participants, assessment	NA	80%
			MOPDC, MOLSA, KRG, Governorates	Number of GoI staff participating in SSN design workshop	Workshop report	0	30 total (UNDG ITF 15; Other funding 15)
			MOPDC, MOLSA, KRG, Governorates	Number of governorate/regional government level SSN programmes designed and documented	Programme Officer report	0	16 total (UNDG ITF 0; Other funding 16)
			MOPDC, MOLSA, KRG, Governorates	Number of GoI staff participating in SSN Field Operations workshop	Workshop report	0	30 total (UNDG ITF 15; Other funding 15)
			MOPDC, MOLSA, KRG, Governorates	Number of governorate/regional government level SSN Field Operations completed and documented	Programme Officer report	0	16 total (UNDG ITF 0; Other funding 16)

			MOPDC, MOLSA, MOF, KRG, Governorates	Number of GoI staff participating in SSN Budgeting and Finance workshop	Workshop report	0	30 total (UNDG ITF 13; Other funding 17)
			MOPDC	Household food security and vulnerability survey conducted	VAM Officer reports	No	Yes
			MOPDC	Number of analytical reports and studies completed in collaboration with COSIT and Iraqi academic institutions	VAM Officer reports	0	4 total (UNDG ITF 1; Other funding 3)
Output 2: MoT has strengthened capacity to support efficient food supply chains management in Iraq	2. MoT has strengthened capacity to support efficient food supply chains management in Iraq	WFP	MOT	Number of staff trained as qualified trainers in Procurement	Training report	0	30 total (UNDG ITF 10; Other funding 20)
				Percentage of trained staff satisfied with quality of Procurement TOT training in terms of relevance and usefulness	Post training participants, assessment	NA	80%
				Procurement Training Curriculum developed	Programme Officer reports	No	Yes
				Number of staff trained as qualified trainers in Shipping	Training report	0	30 total (UNDG ITF 10; Other funding 20)
				Percentage of trained staff satisfied with quality of Shipping TOT training in terms of relevance and usefulness	Post training participants, assessment	NA	80%
				Shipping Training Curriculum developed	Programme Officer reports	No	Yes
				Number of staff trained as qualified trainers in Pipeline	Training report	0	30 total (UNDG ITF 10;

			Mgmt / Commodity Tracking			Other funding 20)
			Percentage of trained staff satisfied with quality of Pipeline Mgmt / Commodity Tracking TOT training in terms of relevance and usefulness	Post training participants, assessment	NA	80%
			Pipeline Mgmt / Commodity Tracking Training Curriculum developed	Programme Officer reports	No	Yes
			Number of staff trained as qualified trainers in Logistics (warehouse mgmt/land transport)	Training report	0	30 total (UNDG ITF 30)
			Percentage of trained staff satisfied with quality of Logistics TOT training in terms of relevance and usefulness	Post training participants, assessment	NA	80%
			Logistics Training Curriculum developed	Programme Officer reports	No	Yes
		MOT, MOPDC, MOF, COC	Study on obstacles to commercial food trade	Programme Officer reports	No	Yes

## **6. Management and Coordination Arrangements**

Planning, decision making, monitoring and overall supervision will be conducted by the Project Steering Committee (PSC). The PSC will be co-chaired by the MoT and WFP and the remaining membership will be composed of representatives of the MoPDC, Ministry of Labour and Social Affairs and Ministry of Finance as well as representatives of partner UN agencies, World Bank and other international organizations. Initially, the PSC will meet on a quarterly basis. The PSC will receive quarterly progress reports from the international Project Coordinator (PC) and will determine any revisions to the work plan accordingly. The PSC will also have the task of defining the profile of the training participants.

The PC, under the direct supervision of the WFP Country Director, will be based in Baghdad and will manage and provide substantive leadership and technical direction to a multidisciplinary team of experts recruited for the project and will coordinate with the GoI's High Committee for PDS reform. The PC will also coordinate preparation of technical service proposals and ensure that products and services are of high quality and meet project objectives.

### **Management and Coordination:**

An office will be established in Baghdad for the project under the daily supervision of the PC. The core project team will include international specialists in food security and vulnerability statistical analysis, Social Safety Net design, field operations, results based management and financing as well as supply chain management specialists in the areas of procurement, shipping, warehouse management and storage, pipeline management and commodity tracking. Project staff will operate out of Baghdad and Amman. Given the technical nature of the project, the current management and staffing structures are considered vital for the success of the programme as well as the government reform process supported by the project. The complexity of the reform process and the various facets of supply chain management and the design of social safety nets require technical advisors with relevant specialised skills.

WFP will solicit inter agency support from relevant sister agencies and international organizations to complement and complete the skills required for the implementation of the project. Generally, WFP will discuss deployment of expertise from ILO (for linkage with the wider social protection system) and UNDP and the World Bank (on the policy impact analysis and other areas) as well as UNAMI. Given the potential political implications of any resource-based reform process, WFP will liaise with UNAMI to ensure effective information sharing and joint action when necessary.

## **7. Feasibility, risk management and sustainability of results**

The capacity building focus of this project aims at unlocking Iraq's significant potential for national food security solutions. The handover strategy will depend on the capacity of the Government to reform the PDS and design, implement and fund effective safety nets to protect vulnerable Iraqis.

WFP will work with government counterparts and provide technical assistance to develop government strategies and capacities to design and implement effective social safety net programmes and closely monitor the progress made to inform the social protection policy of the Government to enable a timely and effective handover. This process will also include advocacy with the relevant ministries during the national budget planning process to ensure the necessary resources are represented in the budgetary allocation requests.

The key risks for this project include: (i) reversal of the security situation or increased political instability that could delay implementation of the operation; (ii) fragile operating environment in pockets of the country could expose staff to security risks and limit access; (iii) commitment by the GoI to reform the PDS and establish social safety nets to benefit the most vulnerable; and (v) capacity of the Iraqi forces and police to protect WFP staff and partners with the drawdown of US armed forces from urban centres.

Moreover, there are indications of a GoI intention to decentralize the functions of a number of ministries, including the MoLSA. Such an action could pose as a challenge to the implementation of the project only in the event it is not carried out properly and in the absence of clarity on the roles and responsibilities of stakeholders at the national and sub national levels. In fact, it may well be an opportunity especially as the implementation modality foresees roll out of systems and mechanisms on a pilot basis.

These risks are mitigated, however, by virtue of the fact that the project is fully aligned with priorities within the National Development Plan and the Poverty Reduction Strategy; e.g. that the reform of the PDS is an economic necessity that any Iraqi government will have to tackle. There is also the presence of a signed Memorandum of Understanding between WFP and the GoI on this issue. WFP will retain flexibility through the modular process of training as well as in terms of the location of most of the training exercises.

The sustainability of the project's achievements will be ensured through investing in the human capacity of the GoI and through piloting of adapted technologies and handover. The project evaluation will indicate the remaining capacity gaps to be addressed. These will be discussed within the PSC.

Finally, a security risk assessment will be undertaken by WFP to guide the implementation of all WFP activities in Iraq, including this project, until an enabling environment is created by the GoI to protect WFP staff and property. In this regard, WFP has budgeted for the procurement of an armoured vehicle to facilitate the movement of the project staff to and from partner ministry facilities.

## **8. Monitoring, Evaluation, and Reporting**

The PDS project is designed to meet the requirements for monitoring, evaluation and reporting inline with the Memorandum of Understanding of the UN Development Group Iraq Trust Fund as well as by the standard policies and procedures of WFP

The project is designed within the framework of WFP Strategic Objectives and will be monitored and reported using results based management principles. The results framework will be used as the basis for monitoring and reporting progress against outputs, stipulated indicators and their contribution towards the outcome.

Six monthly reviews will be organized together with GOI to assess progress against outputs, stipulated indicators and their contribution towards the outcome as stated in the results framework and work plan, and as measured by the corresponding indicators.

While focusing on output-to-outcome level results it will as well identify major problems or challenges to be addressed by the management of the project to ensure that expected results are achieved within the budget and proposed timeframe.

At the end of the project, an external evaluation will be undertaken to (i) assess and showcase the achieved progress and results against stipulated project results on all stakeholders especially beneficiary groups, (ii) assess the efficiency of the project interventions (iii) understand the effectiveness of project interventions in addressing the underlying problem (iv) assess the relevance of project components in addressing the needs and issues of beneficiary groups (v) assess management arrangements (including procurement procedures, coordination, monitoring) in place by the GoI and/ or the beneficiary communities towards the sustainability of various project-initiated services and benefits (vi) generate lessons on good practices based on assessment from the aforementioned evaluation objectives and to provide recommendations to all stakeholders (GoI, UN, donors, civil society) on how to maximize the results from similar initiatives in comparable situations

### **Reporting**

Reporting will be in accordance with UNDG ITF rules and regulations in addition to WFP's rules and regulations. Accordingly, all financial reports, annual narrative progress reports, quarterly fiches, and project completion report will be prepared and directly submitted to the MDTF office.

## 9. Work Plans and Budget

**Work Plan for:** Capacity Building to Reform the PDS and Strengthen Social Safety Nets for Vulnerable Groups in Iraq

**Period Covered:** 15 May 2010 – 14 May 2012

Sector Outcome (s): GoI has national food assistance and hunger-reduction programmes in place											
Programme Outcome(s): GoI has national food assistance and hunger-reduction programmes in place											
UN Organization-specific Annual targets	Major Activities	Time Frame (by activity)								implementing Partner	PLANNED BUDGET (by output)
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8		
<b>Output 1: GoI has strengthened capacity to design and implement efficient Social Safety Net programmes</b>											
	Development of Training curriculum/materials	X	X	X	X	X	X			MoPDC, MoLSA, KRG, Governorates	US\$ 2663762.8
	Training of GOI staff in SSN design			X	X					MoPDC, MoLSA, KRG, Governorates	
	SSN design workshop					X				MoPDC, MoLSA, KRG, Governorates	
	Training of GOI staff in SSN Field Operations				X	X				MoPDC, MoLSA, KRG, Governorates	
	SSN Field Operations workshop						X			MoPDC, MoLSA, KRG, Governorates	
	Training in RBM					X	X			MoPDC, MoLSA, KRG, Governorates	
	Budgeting and Finance Workshop							X		MoPDC, MoLSA, KRG, Governorates	
	Household food security and vulnerability survey		X	X	X	X	X			MoPDC, KRG	
	Completion of analytical reports and studies					X	X	X	X	MoPDC, KRG	
	Final evaluation								X	MOT, MOLSA, MOPDC	

<b>Output 2: MoT has strengthened capacity to support efficient food supply chains management in Iraq</b>											
WFP	Recruitment of SCM technical staff	X	X							MOT	US\$ 2336237.2
	Identification of Gaps in SCM capacities			X						MOT	
	Development of SCM training modules and materials			X	X					MOT	
	Selection of SCM trainees					X				MOT	
	Training of staff in SCM					X	X	X	X	MOT	
	Study on obstacles to commercial food trade		X	X	X	X				MOT, MoPDC, MOF, COC	
<b>Total WFP</b>										<b>\$5,000,000</b>	
<b>Total Budget:</b>										<b>\$5,000,000</b>	

**TOTAL PROGRAMME BUDGET**

<b>TOTAL PROGRAMME BUDGET</b>		<b>ESTIMATED UTILIZATION OF RESOURCES (US\$)</b>		
<b>CATEGORY</b>	<b>AMOUNT (US\$)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>1. Supplies, commodities, equipment and transport</b>	300,000	300,000	0	0
<b>2. Personnel</b>	1,885,212	404,039	1,077,135	404,038
<b>3. Training of counterparts</b>	1,414,620	194,320	804,470	415,830
<b>4. Contracts</b>	975,000	950,000	0	25,000
<b>5. Other direct costs</b>	131,050	65,550	65,500	0
<b>Total Programme Costs</b>	<b>4,705,882</b>	<b>1,913,909</b>	<b>1,947,105</b>	<b>844,868</b>
<b>Indirect Support Costs (6.25%)</b>	294,118	119,619	121,694	52,805
<b>TOTAL</b>	<b>5,000,000</b>	<b>2,033,528</b>	<b>2,068,799</b>	<b>897,673</b>

Explanation of the total budget items is as follows:



Budget Category	Item Description	Unit	Unit Cost	Qty	Total Budget US\$	2,010	2,011	2,012
<b>1. Supplies, commodities, equipment and transport</b>					<b>300,000</b>	<b>300,000</b>	-	-
	Armored Vehicle	1	300,000	1	300,000	300,000	-	-
<b>2. PERSONNEL</b>					<b>1,885,212</b>	<b>404,039</b>	<b>1,077,135</b>	<b>404,039</b>
<b>2.1 National Programme/Project Personnel</b>					<b>399,823</b>	<b>61,920</b>	<b>275,984</b>	<b>61,920</b>
	National Programme Officer (1 NOD * 18 months)	1	5,788	18	104,190	17,365	69,460	17,365
	National Programme Officer (2 NOB * 18 months = 36 person months)	1	4,477	36	161,165	26,861	107,443	26,861
	National support staff (2 GS6 * 18 months = 36 person months)	1	2,949	36	106,164	17,694	70,776	17,694
	National support staff (1 GS4 * 12 months = 12 person months)	1	2,359	12	28,304	-	28,304	-
<b>2.2 International Programme/Project Personnel</b>					<b>1,485,389</b>	<b>342,119</b>	<b>801,151</b>	<b>342,119</b>
	Programme Manager (1 D1 * 24 months = 12 person months)	1	26,874	24	644,974	161,243	322,487	161,243
	Programme Officer (1 P4 * 24 person months)	1	20,403	24	489,674	122,419	244,837	122,419
	Programme Officer (1 P3 * 18 person months)	1	19,486	18	350,741	58,457	233,827	58,457
<b>3. TRAINING OF COUNTERPARTS</b>					<b>1,414,620</b>	<b>194,320</b>	<b>804,470</b>	<b>415,830</b>
	Social Safety Net - Design Training	Lumpsum	5,087	30	152,610	-	76,305	76,305
	Social Safety Net - Design Training	Lumpsum	4,387	30	131,610	-	65,805	65,805
	Social Safety Net - Design Training	Lumpsum	5,087	30	152,610	-	76,305	76,305
	Social Safety Net - Design Training	Lumpsum	4,387	30	131,610	-	65,805	65,805
	Social Safety Net - Design Training	Lumpsum	4,387	30	131,610	-	65,805	65,805
	Social Safety Net - Design Training	Lumpsum			131,610			

		4,387	30		-	65,805	65,805
Training of Trainers - Procurement	Lumpsum	6,233	30	186,990	62,330	124,660	-
Training of Trainers - Shipping	Lumpsum	3,227	30	96,810	32,270	64,540	-
Training of Trainers - Pipeline Mgmt / Commodity Tracking	Lumpsum	4,986	30	149,580	49,860	99,720	-
Training of Trainers - Logistics (WH/LT)	Lumpsum	4,986	30	149,580	49,860	99,720	-
<b>4. CONTRACTS</b>				<b>975,000</b>	<b>950,000</b>	<b>-</b>	<b>25,000</b>
Final evaluation	1	25,000	1	25,000	0	0	25,000
A series of analyses on food security/vulnerability, Iraqi commercial food markets and Social Protection	Lumpsum	950,000	1	950,000	950,000	-	-
<b>5. OTHER DIRECT COSTS</b>				<b>131,050</b>	<b>65,550</b>	<b>65,500</b>	<b>-</b>
Office expenses and sundries (includes miscellaneous and security costs)	Lump	135,314	1	131,050	65,550	65,500	-
<b>11. AGENCY MANAGEMENT SUPPORT COST (Including Monitoring &amp; Reporting)</b>				<b>294,118</b>	<b>119,619</b>	<b>121,694</b>	<b>52,804</b>
				294,118	119,619	121,694	52,804
<b>12. PROGRAMME/PROJECT BUDGET TOTAL</b>				<b>5,000,000</b>	<b>2,033,528</b>	<b>2,068,799</b>	<b>897,673</b>

### ITF PROGRAMME BUDGET

ITF PROGRAMME BUDGET		ESTIMATED UTILIZATION OF RESOURCES (US\$)		
CATEGORY	AMOUNT (US\$)	2010	2011	2012
<b>1. Supplies, commodities, equipment and transport</b>	300,000	300,000	0	0
<b>2. Personnel</b>	804,614	404,039	400,575	0
<b>3. Training of counterparts</b>	701,096	194,320	506,776	0
<b>4. Contracts</b>	547,231	547,231	0	0
<b>5. Other direct costs</b>	0	0	0	0
<b>Total Programme Costs</b>	<b>2,352,941</b>	<b>1,445,590</b>	<b>907,351</b>	<b>0</b>
<b>Indirect Support Costs (6.25%)</b>	147,059	90,349	56,710	0
<b>TOTAL</b>	<b>2,500,000</b>	<b>1,535,939</b>	<b>964,061</b>	<b>0</b>

## UNDG ITF budget narrative

Budget Category	Item Description	Unit	Unit Cost	Qty	Total Budget US\$	2010	2011	2012
<b>1. Supplies, commodities, equipment and transport</b>					<b>300,000</b>	<b>300,000</b>	-	-
	Armored Vehicle	1	300,000	1	300,000	300,000	-	-
<b>2. PERSONNEL</b>					<b>832,918</b>	<b>404,039</b>	<b>400,576</b>	-
<b>2.1 National Programme/Project Personnel</b>					<b>90,224</b>	<b>61,920</b>	-	-
	National Programme Officer (1 NOD * 18 months)	1	5,788	18	17,365	17,365	-	-
	National Programme Officer (2 NOB * 18 months = 36 person months)	1	4,477	36	26,861	26,861	-	-
	National support staff (2 GS6 * 18 months = 36 person months)	1	2,949	36	17,694	17,694	-	-
	National support staff (1 GS4 * 12 months = 12 person months)	1	2,359	12	28,304	-	-	-
<b>2.2 International Programme/Project Personnel</b>					<b>742,694</b>	<b>342,119</b>	<b>400,576</b>	-
	Programme Manager (1 D1 * 24 months = 12 person months)	1	26,874	24	322,487	161,243	161,243	-
	Programme Officer (1 P4 * 24 person months)	1	20,403	24	244,837	122,419	122,419	-
	Programme Officer (1 P3 * 18 person months)	1	19,486	18	175,370	58,457	116,914	-
<b>3. TRAINING OF COUNTERPARTS</b>					<b>701,096</b>	<b>194,320</b>	<b>506,776</b>	-
	Social Safety Net - Design Training	Lumpsum	5,087	30	76,305	-	76,305	-
	Social Safety Net - Design Training	Lumpsum	4,387	30	65,805	-	65,805	-
	Social Safety Net - Design Training	Lumpsum	5,087	30	76,305	-	76,305	-
	Social Safety Net - Design Training	Lumpsum	4,387	30	65,805	-	65,805	-
	Social Safety Net - Design Training	Lumpsum	4,387	30	65,805	-	65,805	-

Social Safety Net - Design Training	Lumpsum	4,387	30	57,031	-	57,031	-
Training of Trainers - Procurement	Lumpsum	6,233	30	62,330	62,330	-	-
Training of Trainers - Shipping		3,227	30	32,270	32,270	-	-
Training of Trainers - Pipeline Mgmt / Commodity Tracking	Lumpsum	4,986	30	49,860	49,860	-	-
Training of Trainers - Logistics (WH/LT)	Lumpsum	4,986	30	149,580	49,860	99,720	-
<b>4. CONTRACTS</b>				<b>950,000</b>	<b>547,231</b>	<b>-</b>	<b>-</b>
Final evaluation	1	22,000	1	-	0	0	
A series of analyses on food security/vulnerability, Iraqi commercial food markets and Social Protection	Lumpsum	950,000	1	950,000	547,231	-	-
<b>5. OTHER DIRECT COSTS</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Office expenses and sundries (includes miscellaneous and security costs)	Lump	135,314	1	-		-	-
<b>11. AGENCY MANAGEMENT SUPPORT COST (Including Monitoring &amp; Reporting)</b>				<b>147,059</b>	<b>90,349</b>	<b>56,709</b>	<b>-</b>
				147,059	90,349	56,709	-
<b>12. PROGRAMME/PROJECT BUDGET TOTAL</b>				<b>2,500,000</b>	<b>1,535,939</b>	<b>964,061</b>	<b>-</b>

### Annex A: Agency Project Status Profile

Currently WFP has no operationally active ITF funded projects

Sl. #	Project ID #	Project Title	Total Budget (US\$)	Implementation Rate (% complete)	Commitments (% as of ____)	Disbursements (% as of ____)	Remarks
1							
		<b>TOTALS (US\$)</b>	<b>0</b>				

## Annex B: Curriculum description

### 1. Procurement:

Value-added procurement ensures that food commodity and other goods and services are sourced during the early stage of planning and followed through to the final settlement of the invoice and release of performance guarantees. Capacity building in value-added procurement will focus on the following areas.

- Improving the legal frameworks by using the internationally recognized trade associations for commodities including wheat flour, sugar, vegetable oil etc. (GAFTA, FOSFA, Refined Sugar Association, ICC, etc.).
- A better understanding of the role of the various national and international market players including buyers, sellers, cargo surveyors/Inspection companies, the banking system, chambers of commerce, phyto-sanitary services, Insurance, shipping and logistics as well as the importance of good and sound vendor management.
- The different ways goods are procured and their advantages and risks.
- The process from issuing a tender invitation to the final award and contract execution.
- Possible disputes and arbitrations and how to deal with them.

#### Procurement Training Module Plan:

Module	Description
Introduction to procurement and the international commodity markets	Definition and the basic principles of procurement, position and importance within the supply chain. Applicable and available International legislation.
Procurement planning and supply chain management	Based on the pipeline planning come to a procurement planning and establish the required quantity, quality, origin, mode of transport, supply routes, timing.
Commodity and market issues	Deals with the various commodities and the quality aspects, specifications, standards by countries of origin, differences by origins. Impact of quality deviations on shelf life, shipping, transport, warehousing and value of the cargo. Bulk, break bulk, container, packing. Inspection, quantity and quality control.
Market parties and vendor management	Explains the roles of the players and their position in the market, like buyers, sellers, inspection companies, shipping companies, insurance, banking system, market information, roles of various associations GAFTA, FOSFA, ICC. Registration new vendors, selection vendors, performance evaluation, blacklisting
Procurements methods and process	Goes into the various options of procurement, like open tender,

	<p>restricted tendering, direct negotiation, future markets and processes and comparing them.</p> <p>Explains the actual process from planning, tendering, receiving offers, evaluation, award, issuing of the contract and terms and conditions to be used.</p>
Contracts and contracts execution	<p>Explanation of the INCO terms, highlighting the differences in the roles and responsibilities for buyers and sellers by the various modalities like FAS, FOB, CFR, CIF. Execution of the contract and role of the inspector.</p> <p>Payment, Letters of Credit, required documents and document requirements, role of the bank</p> <p>Disputes, settling through arbitration and the role of Market associations like GAFTA/FOSFA/ICC</p> <p>Role of the financial institutions.</p> <p>Cargo insurance, self insurance, risks to be insured.</p>

## 2. Shipping:

WFP will share its expertise in shipping by reviewing information on the shipping industry to cover all the major parties that are involved in the shipping process including ship-owners, charterers, agents, port operators and the legal and insurance framework under which they operate, including:

- Contracting procedures within the different shipping processes including booking containers to voyage charter negotiations.
- Legal principles to ensure a thorough analysis and understanding of contracting procedures.
- Analysing operational activities required to plan and execute a shipment.
- Marine cargo insurance that cover cargo damage and the responsibilities and obligations of the various parties involved to ensure a quick resolution to cargo damage and the role of cargo surveyors

### Shipping Training Module Plan

Module	Description
Introduction to the Organization of the Shipping Industry	Provides a broad outline of how the Shipping Industry is organized and the role of the different players involved (ship owners, charterers, agents, insurance arrangements, superintendents etc).
Shipping markets and how they operate	Analyses how the shipping industry is split into different shipping markets (bulk, liner etc), how each one operates and how freight rates are determined.



Cargo	Examines the different types of cargoes that exist, their main characteristics and their impact on transportation and safety.
Ship owners and Vessels	Looks at the different vessel types, their main characteristics and the owning arrangements of these vessels.
Shipping and International Trade terms.	Explanation of International Trade terms (Incoterms) and essential shipping terms.
Legal framework of carriage by sea	Explains the main legal principles governing carriage by sea (liner and charter) Identifies the parties to a contract of carriage and/or to a charter agreement. Explains the functions of a Bill of Lading Analyses the structure of charter agreements and the basic parties' obligations in these agreements.
Agents	Looks at the role and activities of Ship Agents in the shipping process.
Contracting and negotiations	Provides an analysis of the main steps involved in the contracting process for both Liner shipments and for Charter vessels and how to evaluate different offers.
Ship Operations	Investigates the activities and documents that are required for the planning and execution of a shipment.
Cargo surveyors & damages at delivery	Analyses liability principles governing cargo carriage: presumption of liability, burden of proof, joint ascertainment of losses. Explains cargo interests' rights and obligations when damage occurs.
<b>Ports</b>	Explains the broad organisation of a port, the different types of ports and port services. Identifies the key players/operators in a port and, explains their roles and responsibilities.

### 3. Pipeline Management/Commodity Tracking:

An effective pipeline ensures the coordination of the entire supply chain, from supplier to end-user. The primary focus is to ensure that sufficient and adequate commodities are made available at the right place at the right time. Pipeline management emphasizes the need for timely and accurate information and reinforces the requirements for clear and easy methodologies and procedures.

Commodity tracking is an important management tool for planning and decision making. The importance of control of stocks and commodity movements will be analysed. The relationship between the movement of cargo and contractor payments is also analysed. WFP has developed a commodity tracking software that can assist the government in tracking commodities.

### Pipeline Management Training Module

Module	Description
Needs determination	Examines the calculation of needs taking into consideration i) the monthly needs per district ii) Population movements iii) In country storage capacity iv) Call forward and lead times v) Use of neighbouring countries, ports, corridors and storage facilities.
Coordination and flow of information	Establishing an efficient coordination mechanism with all parties in order to follow up on the status of commodities in the pipeline and ensure an uninterrupted flow of supplies.
Reporting Systems	Emphasizes the importance of reporting systems to ensure that correct information is available timely for effective planning.

### Commodity Tracking Training Module

Module	Description
Commodity Tracking	Explore the need to track commodities and the different methodologies to execute it.
Stock Control	Examines the importance of maintaining updated information on commodities in warehouses and in-transit to avoid interruption in supplies and prolonged storage.
Management tool	Analyzes the information provided by a system and its importance for decision making, payment processing and management.

#### **4. Logistics:**

Capacity building will be provided to expedite the movement of cargo while maintaining transparency and minimizing losses by building capacity in the following areas:

- **Land transport:** ensuring efficient and cost effective land transport by analysing and assessing available ports and corridors, identifying and classifying transport companies, issuing contracts, correct implementation of allocation plans, port/border procedures, truck capacity, axial limitations, tariffs, loading/off loading of trucks and lost/damaged cargo.
- **Warehouse management:** warehouse organization, commodity management, controls and procedures, planning processes for commodity movement, shelf-life and the disposal of cargo unfit for human consumption.

Logistics Training Module Plan

<b>Module</b>	<b>Description</b>
<b>Transport</b>	
Land transport	Market analysis on the land transport addressing aspects related to tendering, contracting and payment procedures. It will also analyze Government regulations for road transport and customs clearing procedures.
Fleet Management	Addresses the concept of fleet management and the means to ensure effective and efficient use of the transport resources.
Outsourcing of services	Explains the concept of outsourcing, the advantages of having an active private sector, the impact on the transport market and other logistics related services.
<b>Warehousing</b>	
Warehouse Management	Addresses the concept of warehousing and the requirements according to the different types of commodities. Explains basic principles of warehouse maintenance, food storage, safety and cleanliness.
Commodity Management	Explains the need for proper and easy recording of warehouse movements, book-keeping and control of commodity shelf-life. Highlights the needs and procedures for reconstituting damaged cargo and disposal of unfit cargo.
Stock Maintenance	Deals with regular quality control checks for different types of cargo in addition to the procedures used for commodity and warehouse fumigation.