



**UNDG Iraq Trust Fund
ANNUAL PROGRAMME NARRATIVE PROGRESS REPORT
REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2010**

| Programme Title & Number |
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| <ul style="list-style-type: none"> • Programme Title: Improving the Housing Delivery System in Erbil • Programme Number: E4-18 • MDTF Office Atlas Number: 66908 |

| Country, Locality(s), Thematic Area(s) |
|---|
| Erbil Governorate Housing and Shelter SOT |

| Participating Organization(s) |
|--------------------------------------|
| UN-HABITAT (lead) and UNDP |

| Implementing Partners |
|---|
| <ul style="list-style-type: none"> • National counterparts (government, private, NGOs) and other International Organizations Erbil Governorate |

| Programme/Project Cost (US\$) | |
|--------------------------------------|--|
| MDTF Fund Contribution: | UNHABITAT :\$1,645,547 UNDP : \$1,341,568 |
| Agency Contribution | |
| Government Contribution | |
| Other Contribution | |
| TOTAL: | \$2,987,115 |

| Programme Duration (months) | |
|--------------------------------------|-------------------|
| Overall Duration | 36 months |
| Start Date | 9 December 2008 |
| Original End Date | : 9 December 2010 |
| Revised End Date | :31 December 2011 |
| Operational Closure Date: 31.12.2011 | |
| Expected Financial Closure Date | |

| Programme Assessments/Mid-Term Evaluation |
|--|
| Assessment Completed - if applicable <i>please attach</i> <input type="checkbox"/> Yes <input type="checkbox"/> No Date: _____ |
| Mid-Evaluation Report – if applicable <i>please attach</i> <input type="checkbox"/> Yes <input type="checkbox"/> No Date: _____ |

| Submitted By |
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NARRATIVE REPORT FORMAT

I. Purpose

In Erbil City the housing delivery system suffers from various shortfalls according to Erbil Housing Strategy. Although land is distributed, lack of housing finance, unaffordable costs of building materials, insufficient private sector involvement in delivery, and poor regulatory capacities constrain efficient housing delivery. Unless urgent measures are taken, there will be a breakdown in urban services coupled with large scale proliferation of slums and illegal land and housing development. A strategy for addressing these challenges has already been formulated by the relevant KRG authorities with UN-HABITAT support. This project aims to support the implementation of that strategy by helping to strengthen local capacities through institutional reform measures. The project will also demonstrate environment friendly and cost effective approaches to housing design and area upgrading. The three inter-linked outcomes of the project are:

1. To improve Governorate capacity in implementing the Erbil Housing Strategy.
2. To enhance slum upgrading and energy efficient housing practices.
3. To widely disseminate “decentralized housing strategy implementation experience” for replication and further policy and legislative reform.

Outputs:

- 1.1 Erbil governorate supported to undertake a gender sensitive organizational development and capacity building needs assessment study of Erbil
 - 1.2 A multi-year Capacity Development Plan (CDP) for institutions in place.
 - 1.3 Improved skills of key personnel (men and women) in identified priority areas housing delivery, land management, slum upgrading, and management of change.
 - 1.4 A framework for Public Private Partnerships in the delivery of low-cost housing developed
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- 2.1 Erbil Governorate supported in development and implementation of undertaking slum improvement schemes in Erbil.
 - 2.2 Low-income housing models incorporating energy efficient and environment friendly construction and design features
 - 2.3 An inclusive and integrated pilot neighbourhood improvement plan available.
 - 2.4 Erbil governorate is supported in implementing pilot neighbourhood improvement plans.
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- 3.1 Documentation of experience and learning from Erbil Housing produced and disseminated for learning and scaling up in other governorates
- The project contributes to Iraq National Development Strategy and to the Millennium Development Goal 7 Target 11 (By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers); Goal 4.4.1.5.2 of the ICI (“Delivering Basic Services – Improve access to housing by 15%), and; Pillar 3 of the NDS: (“Improving the quality of Life – Increasing affordable housing units through housing finance facilities”).

II. Resources

Financial Resources

Budget revision was submitted on 13 December 2010 and approved to extend the project duration till 31 December 2011, to move funds between programme budget components (UNDP only) and to change the

programme scope.

UN-HABITAT Iraq Programme and UNDP Iraq follow and apply the United Nations financial rules and regulations and other official directives in undertaking financial activities of the projects and programmes for which the UN-HABITAT Iraq Programme and UNDP Iraq have administrative responsibilities. UN-HABITAT and UNDP Iraq establish separate accounts for individual projects and funds and operates the financial transactions under the auspices of the United Nations Office in Nairobi (UNON) for UN-HABITAT Iraq Programme and the UNDP HQ for UNDP Iraq, by whom all financial transactions are approved and financial statements are certified. Due to absence of working banking systems in Iraq, transfer of funds for project activities are remitted through money vendors against transfer charges. The inability of the money vendors to transfer desirable amount of funds at a specific time in Iraq will adversely affect the implementation of activities as well as the credibility of the agency for efficient and timely implementation of the activities. The UN-HABITAT Iraq Programme and UNDP Iraq explore best practices in undertaking its financial activities by discussing operational issues with other UN agencies at the Operations Management Team Meetings (OMT). Best practices and operational issues are discussed and explored with other UN agencies, bilaterally.

Human Resources

- National Staff & Consultants: Provide the number and role (operation/programme)

UNDP:

1 National Staff – Coordinator with the local consultants

4 Local consultants – Facilitators of project implementation

HR, finance, procurement, logistics and security staff support the project as needed

UN-HABITAT:

1 National Staff - Operations (Part-time)

2 National Staff – Programme (Part-time)

3 National Consultants – (2 Part-time, 1 full time)

- International Staff: Provide the number and role (operation/programme)

UNDP:

1 International staff – Project Manager

HR, finance, procurement, logistics and security staff support the project as needed

UN-HABITAT:

1 International Staff - Operations (Part-time)

1 International Staff – Programme (Part-time)

2 International Consultants – (Part-time)

III. Implementation and Monitoring Arrangements

- UNDP: Direct execution modality is used for implementation. In order to expedite the prolonged implementation process at the same time as to ensure appropriate authorization of the output, UNDP has used a national execution modality for implementing the total station based survey of the

neighbourhood in which a pilot initiative for neighbourhood upgrading is being implemented as part of the project.

UNHABITAT: A local lead consultant coordinated the information gathering exercises through a team of field based junior consultants working daily from on-site project office. The local lead consultant also liaised with officials in the Erbil governorate office. Expert advice was brought in by 2 international consultants, and through the balance of global expertise, local knowledge and strong community presence. Furthermore, through building on the strong relationships forged over 10 years between UN-HABITAT and Governorate officials, where maximum impact had been achieved, given the operating context. A second national consultant worked on another aspect of the project which is the institutional assessment, meeting with relevant staff from housing related institutes efforts were coordinated with the international consultant in charge of the assessment.

- **Procurement .**

UN-HABITAT: All procurement activities are undertaken based on core principles of the UN Financial Rules and Regulations which are, best value for money, fairness, integrity and transparency, effective competition and the interest of the United Nations. The provisions of the UN Procurement Manual, which is subordinate to the provisions of the UN financial rules and regulations govern and guide the procurement activities. Within this framework, procurement of local goods, services and works up to a ceiling of \$150,000 are undertaken directly by the Amman-based office through a special Delegation of Authority (UN-HABITAT). For procurement of all international goods, services and works, the United Nations in Nairobi (UNON) reviews, authorizes, and monitors all contracting and financial transactions (UN-HABITAT). Procurement of all services, which entail contracting of personnel are processed centrally at UN-HABITAT Headquarters.

UNDP's standard procurement procedures have been utilized for UNDP's component.

- Monitoring systems include monthly reports from Field Officers, regular project reports from lead national and international consultants. In addition to this, monthly internal team meetings take place in order to discuss project updates, bottlenecks, lessons learnt and possibility of benefiting from other ongoing projects avoiding duplication and/or overlap.

Frequent missions and communication with our local project officers and partners, as well as visiting the project sites have served as the main means of monitoring the project. With good intentions, lessons learned and related change of scope have been incorporated through discussions with the project team and local counterparts, as well as, research on global practices and agency policies deriving from the lessons learned through the practices. This has led to move more towards meeting the local processes and interests which was sometimes at the expense of the project's original design and intended outputs. This in itself has been a learnt lesson on the need for constant communication with counterparts and project/programme management.

- Draft physical and social surveys of the target settlements for slum upgrading are completed.

The master plan for one of the neighbourhoods is in the process of being approved officially by Erbil municipality. The second neighbourhood master plan will be finalized during April 2011.

Master plan has been completed and approved for a new settlement site for accommodating relocated households from the upgraded site (neighbourhood).

A step by step procedure to start the upgrading procedure has been drafted; the suggested process involves all government stakeholders emphasising more the importance of coordination and collaboration between different government bodies.

The above assessments served as guiding principle and necessary background information that will guide the proposed upgrading process.

IV. Results

- Total station-based survey completed in Kurani Ainkawa necessary to formalize the neighbourhood's upgrading plan.
 - -Local consultants facilitated the implementation of the pilot neighbourhood upgrading projects, coordinating among the differing directorates, identifying bottlenecks and solutions.
 - An institutional capacity assessment was undertaken regarding housing delivery related governmental ministries.
 - Additional detailed surveys were requested by the governorate to be undertaken by our local team.
 - Master plan for new relocation site prepared and endorsed by authorities. Infrastructure preparatory work for the site is taking place. Problems are faced in terms of preparing the site as there are some illegal squatters that need to be removed and the process for doing so is time consuming.
 - The master plans and the upgrading process for neighbourhoods are almost complete and agreed upon with local authorities pending detailed survey results.
 - An extensive workshop including KRG housing delivery related stakeholder ministries and academia was held in November to review the project findings to date and introduce future plans. A coordination agreement between MoCH Baghdad and MoCH KRG was arrived at to support training needs in ministries of KRG. A taskforce charged with reviewing the Erbil Housing strategy, and further on, submitting for endorsement, was formed as a result of this awareness raising workshop which drew the attention of related ministries in KRG to the importance of introducing reforms and building the capacity of the housing sector to better provide access to housing especially for vulnerable groups.
- Report on the key outputs achieved :

Outcome 1: Improved Governorate capacity to implement the Erbil Housing Strategy:

Outputs:

- 1.1. Erbil governorate supported to undertake a gender sensitive organizational development and capacity building needs assessment study of Erbil (100% achieved)
- 1.2. A multi-year Capacity Development Plan (CDP) for institutions in place.
-The report will be finalized during the first quarter of 2011 (90% achieved)
- 1.3. Improved skills of key personnel (men and women) in identified priority areas housing delivery, land management, slum upgrading, and management of change.
-Training will take place upon completing the capacity development plan.
A workshop was held to raise awareness of main stakeholders in the housing sector on new roles and responsibilities according to the Erbil Housing Strategy report. (10% achieved)
- 1.4. A framework for Public Private Partnerships in the delivery of low-cost housing developed.
-UN-HABITAT is developing a low cost housing finance scheme in coordination with the investment board. Negotiations with a local NGO to support microfinance activities in the neighborhood upgrading process are under way. (30% achieved)

Outcome 2: Enhanced slum upgrading and energy efficient housing practices.

2.1 Erbil Governorate supported in development and implementation of undertaking slum improvement schemes in Erbil.

-Master plans for two neighborhoods are in their final development stages. (95% achieved)

2.2 Low-income housing models incorporating energy efficient and environment friendly construction and design features.

-This output will be reflected through the activity of street widening for neighborhood upgrading to provide better services and environmentally friendly practices. Preliminary surveys were undertaken to estimate needs and scope of work. (20% achieved)

2.3 An inclusive and integrated pilot neighborhood improvement plan available.

-Master plans for two neighborhoods are in their final development stages. (80% achieved)

2.4 Erbil governorate is supported in implementing pilot neighborhood improvement plans.

-A pilot neighborhood improvement master plan has been prepared. The actual implementation is scheduled to take place after the first quarter of 2011 in accordance with the allocation of funds from the KRG budget. The actual physical implementation will start in coordination with government institutes and ministries who will provide infrastructure. (60% achieved)

Outcome 3: Widely disseminated “decentralized housing strategy implementation experience” for replication and further policy and legislative reform.

3.1 Documentation of experience and learning from Erbil Housing produced and disseminated for learning and scaling up in other governorates.

-This activity will take place towards the end of the project. (0% achieved)

The project introduced coordination and raised awareness on the importance of the process amongst government stakeholders responsible for implementation of infrastructure in the pilot neighbourhood for the first time in the Erbil. The project supports upgrading of impoverished neighbourhoods involving community surveys and consultations where total transformation through demolition has been the usual practice.

- Delays were experienced in the neighborhood upgrading process due to the governorate being occupied with a more urgent project. The implementation of this project has progressed hand in hand with the local authorities, which more recently has involved phasing the local authorities' implementation in line with this UN's project. This posed a challenge that required close oversight and coordination with the local authorities as they provide substantial inputs both in terms of implementing and financing the basic service infrastructure development and through modification of their usual work processes. An implementation plan, developed through a participatory process, has been agreed with the relevant government stakeholders responsible for implementation of infrastructure in the pilot neighborhood and the site where some of the residents would be relocated to. The project also has considered measures for a “way out” in case the implementation by the local authorities does not progress as planned.
- Key partnership is between UN-HABITAT and UNDP. UN-HABITAT is able to apply its expertise in institutional capacity development, housing, urban development and slum upgrading and this is complemented by UNDP's expertise in local area development planning, loan facilitation, private sector development and environmentally sustainable practices. Through such partnership, it has been possible to implement a rich programme of support for the Governorate of Erbil.

- Other highlights and cross-cutting issues pertinent to the results being reported on.

The pilot neighbourhood upgrading project sites have established Housing Facilitation Units (HFU), comprised of local architects, and selected women from the neighbourhood: within the Local Facilitation Unit (LFU) women serve as the communication channel between the neighbourhood's community and the work of the HFU in the neighbourhood. This establishment not only provided the LFU women with an income, but also provided a voice for all the women (and thus their families) of the community in the neighbourhood upgrading process. It is an important lesson to note that no upgrading can be implemented without the involvement of women from the same locality, providing access and facilitation for communication between the technical team and the households.

Another dimension of upgrading is introducing the concept of adequate housing through the technical advice provided by the HFU field team to houses subject to improvements through the street widening process, where access to services will be improved as well as better services inside the house and quality control on construction is availed.

UNDP's component of the project focuses on environmental awareness raising through demonstration housings. A report on energy efficient housing and another on energy efficient housing designs have been compiled as planned in 2009. Although the focus on the environmental aspects has been "diluted" in the course of implementation due to the change of scope, there are efforts to re-incorporate it within the change of scope.

V. Future Work Plan

- Summarize the projected activities and expenditures for the following reporting period (1 January-31 December 2011), using the lessons learned during the previous reporting period.

UNHABITAT:

- UN-HABITAT will start to implement the Capacity Development Plan through selected training courses in coordination with related ministries and service providers.
- Building the capacity of municipal authorities to adopt and replicate the Housing Facilitation Unit (HFU) at a city level as a key institution for addressing the housing needs of the poor.
- Upon the completion and official approval of the neighbourhood upgrading plans, a committee will be set up according to the drafted plan. The project management committee formed will be composed of ministerial staff and UN-HABITAT national consultant team in the field to oversee timely and coordinated actions between relevant partners providing the infrastructure services. The main undertaking is the street widening to provide for better services and in the process to compensate the affected houses by rebuilding cut off parts from their houses. The same modality mentioned below (partnership with a local NGO through UNDP) will be followed to support the household compensation through a self-help approach. The HFU on site will provide technical assistance and ensure quality control.
- Disseminating good practices acquired through undertaking a knowledge sharing conference under the auspices of the Training and Knowledge centre within the MoCH.
- Preparation of documents and policy papers codifying the experience of implementing the Erbil Housing Strategy and pilot project

UNDP:

UNDP will partner with a local NGO to support households prepare for the housing set-backs where street-widening is planned in accordance with the neighbourhood upgrading plan in one of the two pilot sites. Supporting the households in the street-widening process is a change of scope requested by the Erbil Governorate. This process will involve environmental awareness raising not only in terms of communication campaigns, but also through demonstration and learning-by-doing, including recycling of material in the rebuilding process and other low-cost methods that can be incorporated into housings. There are also discussions to build two environmentally friendly basic homes in the

pilot sites to be sold to the poor to demonstrate the poor's desire for basic, yet affordable homes and to demonstrate the benefits of homes with basic environmental considerations incorporated in the design. This environmental awareness raising experience will be compiled into a report and shared in the final workshop where the comprehensive experience of slum-like neighbourhoods' upgrading will be shared as well as the project's experience as a whole with its lessons learned.

- The governorate required additional tasks to be undertaken by our field team of consultants due to lack of capacity on their behalf. Since this assistance had not been accounted for in the planning phase resulted in consumption of additional resources and time.
- The governorate is implementing a slum upgrading project in a different location from this project using the usual bulldozer approach which is counter to the UN policy. Many lessons are drawn from that experience which is being incorporated in current proposals for procedures and remedies for similar conditions.
- The street widening activity was introduced after failing to facilitate a capital revolving loan mechanism for households willing to upgrade their homes. This undertaking will only be taking place through coordination with government authorities who provide the infrastructure services. This again is subject to availability of government funds, and full agreement on the details of the scheme and the processes. Full coordination and cooperation between all stakeholders is vital in implementing this section of the project.
- The HFU & LFU teams will be providing technical assistance to affected households due to the street widening process, in addition to any other upgrading process.
- The HFU team will provide the households, who have to relocate from their current place of stay, technical advice for reconstruction.