



UNDG Iraq Trust Fund
GENERIC ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT
REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2011

<p align="center">Programme Title & Project Number</p> <ul style="list-style-type: none"> Programme Title: Strengthening the Capacity of the Housing Sector in Iraq: Bridging for Phase III Programme Number: E4-20 MPTF Office Project Reference Number:³ 76234 	<p align="center">Country, Locality(s), Thematic/Priority Area(s)²</p> <p><i>(if applicable)</i> <i>Country/Region:</i> Iraq-nationwide, Kurdistan Regional Government (KRG)</p> <hr/> <p><i>Thematic/Priority</i> Housing and Shelter Sector Outcome Team</p>												
<p align="center">Participating Organization(s)</p> <ul style="list-style-type: none"> Organizations that have received direct funding from the MPTF Office under this programme <p>UN-Habitat (lead) and UNDP</p>	<p align="center">Implementing Partners</p> <ul style="list-style-type: none"> National counterparts (government, private, NGOs & others) and other International Organizations <p>Ministry of Construction and Housing (MoCH), Baghdad, Ministry of Municipalities and Public Works (MMPW), Ministry of Planning and Development Cooperation (MoPDC), Ministry of Justice (MoJ) and KRG</p>												
<p align="center">Programme/Project Cost (US\$)</p> <table> <tr> <td>MPTF/JP Contribution:</td> <td>UN-Habitat: \$465,000</td> </tr> <tr> <td><ul style="list-style-type: none">by Agency <i>(if applicable)</i></td> <td>UNDP: \$285,000</td> </tr> <tr> <td>Agency Contribution</td> <td></td> </tr> <tr> <td><ul style="list-style-type: none">by Agency <i>(if applicable)</i></td> <td></td> </tr> </table>	MPTF/JP Contribution:	UN-Habitat: \$465,000	<ul style="list-style-type: none">by Agency <i>(if applicable)</i>	UNDP: \$285,000	Agency Contribution		<ul style="list-style-type: none">by Agency <i>(if applicable)</i>		<p align="center">Programme Duration</p> <table> <tr> <td>Overall Duration <i>(months)</i></td> <td>22 months</td> </tr> <tr> <td>Start Date⁴</td> <td>31 August 2010</td> </tr> </table>	Overall Duration <i>(months)</i>	22 months	Start Date ⁴	31 August 2010
MPTF/JP Contribution:	UN-Habitat: \$465,000												
<ul style="list-style-type: none">by Agency <i>(if applicable)</i>	UNDP: \$285,000												
Agency Contribution													
<ul style="list-style-type: none">by Agency <i>(if applicable)</i>													
Overall Duration <i>(months)</i>	22 months												
Start Date ⁴	31 August 2010												

¹ The term “programme” is used for programmes, joint programmes and projects.

² Strategic Results, as formulated in the Performance Management Plan (PMP) for the PBF; Sector for the UNDG ITF.

³ The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to “Project ID” on the [MPTF Office GATEWAY](#)

⁴ The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

Government Contribution <i>(if applicable)</i>	
Other Contributions (donors) <i>(if applicable)</i>	
TOTAL:	\$750,000

End Date (or Revised End Date) ⁵	30 June 2012 Original completion date was 30 November 2011 1 st extension approved till 30 June 2012
Operational Closure Date ⁶	30 June 2012
Expected Financial Closure Date	30 June 2013

Programme Assessment/Review/Mid-Term Eval.

Assessment/Review - if applicable *please attach*
 Yes No Date: *dd.mm.yyyy*

Mid-Term Evaluation Report – if applicable *please attach*
 Yes No Date: *dd.mm.yyyy*

Report Submitted By

- Name: **Maha Thabit**
- Title: **Project Officer**
- Participating Organization (Lead):
- Email address: maha.thabit@unhabitat.org

⁵ As per approval by the relevant decision-making body/Steering Committee.

⁶ All activities for which a Participating Organization is responsible under an approved MPTF programme have been completed. Agencies to advise the MPTF Office.

NARRATIVE REPORT FORMAT

I. Purpose

- Provide the main objectives and expected outcomes of the programme.

The USD \$750,000 Bridge Funding project for the Strengthening the Capacity of the Housing Sector is intended to better prepare and equip the Government of Iraq and the Ministry of Construction and Housing (MoCH) to meet the increasing needs of the Iraqi housing sector. It builds on previous phases of the Strengthening the Capacity of the Housing Sector program, where a systematic survey and analysis of Iraq's urban housing market in Phase I led to a National Housing Policy in Phase II designed to address Iraq's critical housing needs. The policy shifts the Government's emphasis from direct provision of housing to enabling private sector delivery, through creating a conducive, legislative and regulatory environment, in line with global good practice. A third phase is planned, and aims to support the Government of Iraq in implementing the Policy through providing technical support in key institutional and regulatory reform processes and in technical actions. The Bridge Funding project will consolidate Phase II and lay foundations for Phase III by putting in place necessary actions to initialize the reform of key institutions that underpin the reform of the sector.

Expected Outcomes:

Outcome 1: Improved institutional and regulatory reforms planning within the housing sector.

Outcome 2: National Housing Policy addressing regionally specific criteria adapted in KRG.

Outcome 3: Framework for roles of key housing sector institutions in line with the National Housing Policy established.

Outcome 4: Knowledge of Government of Iraq to establish a commercial housing finance market in Iraq in line with banking Sector reform processes improved.

- Explain how the Programme relates to the applicable Strategic (UN) Planning Framework guiding the operations of the Fund/JP²

MDG 7, Target 7a: aims to "integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources." This project clarifies the roles of the housing institutions, so that they can be better structured to support sustainable approaches to housing delivery stipulated in the National Housing Policy

Target 7d: aims "by 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers." This project contributes to this goal by laying foundations for Phase III, where the State Commission for Housing will gain improved capacity to support local initiatives in slum upgrading and address the housing needs of the poor.

ICI 4.4.1 aims to "improve access to housing by 15%" and NDS 2007-2010 p81 states: "Iraq is facing a serious housing shortage which, unless addressed as a matter of urgency, could have a severe negative impact on the overall quality of life and urban development. A consensus has emerged that the solution to Iraq's housing shortage lies in a market-driven system founded on a strong housing finance system which can scale-up housing loans for moderate and low-income families." A market driven housing delivery system relies on a well functioning housing finance system. The project supports this national priority by scoping the potential of commercial banks to engage in housing finance. By also reviewing roles and responsibilities of housing related institutions, this project paves the way for the institutional and regulatory reforms that will be needed to support a market driven housing delivery system.

II. Resources

Financial Resources:

- Provide information on other funding resources available to the project, if applicable. Please refer to information on the [Annual Reporting Cover Page](#).
MoCH Baghdad is supporting the training component inside Iraq for ministry staff.
- Provide details on any budget revisions approved by the appropriate decision-making body, if applicable.
 - A budget revision was submitted and approved in May 2011 requesting a change of scope for the project as per extensive discussions with and recommendations of the main counterpart - MoCH in Baghdad.
 - A second budget revision was submitted and approved in December 2011 to extend the project duration till 30 June 2012.
- Provide information on good practices and constraints related to the management of the financial aspects of implementing the programme, including receipt of transfers, administrative bottlenecks and/or other issues affecting the financial management of the programme.
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 establishes separate accounts for individual projects and funds and operates the financial transactions under the auspices of the United Nations Office in Nairobi (UNON). The latter approves all financial transactions and certifies financial statements of the UN-Habitat accounts. UNDP also establishes separate financial controls for individual projects under the auspices of UNDP HQ in NY. 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 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). UN-Habitat also discusses and explores best practices and operational issues with other UN agencies, bilaterally.

Human Resources:

- National Staff: Provide details on the number and type (operation/programme).
UN-Habitat:
1 National Staff – Programme (part time, Amman based)

UNDP
1 National Staff (part time, Amman based)
Other programme and operational staff support the project as needed
- International Staff: Provide details on the number and type (operation/programme)
UN-Habitat:
1 International Staff – Programme (part time, Amman based)
1 International Staff – Operations (part time, Amman based)

UNDP:
1 International Staff (part time, Amman based)
Other programme and operational staff support the project as needed

III. Implementation and Monitoring Arrangements

- Summarize the implementation mechanisms primarily utilized and how they are adapted to achieve maximum impact given the operating context.
- Engaging international consultants who work directly with Iraqi counterparts and national consultants. Individual consultants will result in reducing costs when compared to institutes, and will give a wider range of possibilities in finding the best expertise in the required field.
- UN-Habitat is adopting a participatory approach while implementing activities related to capacity building, using “learn on the job” method that insures ownership and understanding of the target group.
- Arranging consultancy meetings (wherever possible) and workshops with ministries (central government in Baghdad) and local authority counterparts (KRG) inside Iraq to insure maximum engagement.

- Provide details on the procurement procedures utilized and explain variances in standard procedures.
- 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. For procurement of all international goods, services and works, the United Nations in Nairobi (UNON) reviews, authorizes, and monitors all contracting and financial transactions. Procurement of all services, which entail contracting of personnel are processed centrally at UN-Habitat Headquarters. Without compromising on ‘best value for money’, emphasis is placed on sourcing goods, works and services from within Iraq, wherever able and available. This not only helps to contribute to local economic development and employment generation, but also to strengthen local supply capacity and enhance sustainability. Further, in appreciation of the leadership role of the Government of Iraq, serious consideration is given to views and preferences of the client Ministry, in the selection of goods and services.
- UNDP Iraq follows the Financial Regulation and Rules (FRR) and the Procurement Manual which provides the framework to carry out procurement processes. The following bullets serve as guiding principles within the procurement process at UNDP Iraq. These principles are: Best value for money; Fairness, integrity, transparency; Effective international competition. UNDP has two primary documents, the Financial Regulations and Rules and Procurement Manual, which specify solicitation procedures for supply of goods, services, or works, including appropriate methods for evaluating and selecting awardees and possible contracts. These documents also indicate which conditions justify waiving the competitive tendering process or direct contracting. Further, in order to ensure compliance with UNDP regulations, rules, policies and procedures, all procurement activities are subject to a review and approval process prior to an award of a procurement contract. In summary UNDP-Iraq Procurement Unit follows the rules and regulations and there is no variance in standard procedures.

- Provide details on the monitoring system(s) that are being used and how you identify and incorporate lessons learned into the ongoing programme, including corrective actions that may have been taken.
- This project is a phase of a continuous technical assistance and capacity building programme. It builds on previous phases of the Strengthening the Capacity of the Housing Sector projects that started since 2006. During the previous phases, UN-Habitat has compiled lessons learned and built a network of coordination with counterparts in the housing sector both at the central level in Baghdad

and in KRG. The project team is undertaking missions to Iraq to insure the continuous dialogue with relevant ministries, and to closely monitor the progress of activities.

- Monitoring systems include reports from lead national and international consultants. In addition, 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.
- Report on any assessments, evaluations or studies undertaken.
- Draft “Strategy to address low-income housing in KRG, in line with the National Housing Policy.
- Other studies are underway and will be finalized by the end of the first quarter of 2012.

IV. Results

- Provide a summary of Programme progress in relation to planned outcomes (strategic results with reference to the relevant indicator) and outputs; explain any variance in achieved versus planned outputs during the reporting period.

UN-Habitat:

- Significant progress has been achieved in terms of evaluation and assessment studies related to the housing sector directorates, in addition to the immediate work-plan for housing policy implementation. This was achieved through direct discussions with working groups of stakeholder ministries.
- A Housing Committee for KRG comprised of main stakeholders in the housing sector has been established. The committee will be a permanent entity in charge of overseeing the implementation of the KRG housing strategy, as well as acting as a hub for information and coordination regarding housing issues in KRG.
- A draft KRG housing strategy report was produced for discussion.

UNDP:

- A final report was delivered with recommendations for developing a commercial housing finance market in Iraq through a 4 phased approach, based on outcomes of a workshop, desk reviews and interviews of key stakeholders in accordance with the agreement with MoCH.
- Report on the key outputs achieved in the reporting period, including the number and nature of the activities (inputs), outputs and outcomes, with percentages of completion and beneficiaries.

Outcome 1: Improved institutional and regulatory reforms planning within the housing sector

Output 1.1: Evaluation of key Housing Sector outputs relevant to the implementation of the National Housing Policy is undertaken. **(70% achieved)**

- Consultant recruited and is preparing the draft report for discussion,
- Inception report submitted,
- Details of work-plan agreed on with counterparts during a workshop held in Baghdad.
- Research/questionnaires and preliminary analysis are almost completed.

Outcome 2: National Housing Policy addressing regionally specific criteria adapted in KRG

IP Output 2.1: An analysis prepared of key factors specific to KRG that warrant an addendum to the National Housing Policy. **(65% achieved)**

- A high level housing committee formed to act as the steering committee for the project and as a future strategy guiding entity for the housing sector in KRG.
- Working groups formed in 3 cities (Erbil, Sulaymania and Duhok) to collect necessary data for analysis.
- International and National consultants appointed.
- Data collection and preliminary analysis are underway.

IP Output 2.2: Strategy prepared to address low-income housing in KRG, in line with the National Housing Policy” (65% achieved)

- Preliminary draft strategy document prepared.

Outcome 3: Framework for roles of key housing sector institutions in line with the National Housing Policy established

IP Output 3.2: Roles and responsibilities of MoCH and related institutions clarified in light of the requirements of the National Housing Policy. (40% achieved)

- Consultant recruited,
- Inception report submitted,
- Details of work-plan agreed on with counterparts during a workshop held in Baghdad.
- Research/questionnaires and preliminary analysis are currently underway.
- Preliminary draft of a policy implementation plan clarifying institutional roles and responsibilities is under preparation. The plan will be presented for discussion early April 2012.

Outcome 4: Knowledge of Government of Iraq to establish a commercial housing finance market in Iraq in line with banking Sector reform processes improved.

IP Output 4.1: Assessment prepared of two major state-owned commercial banks and selected private commercial banks to ascertain their position to engage in Housing Finance. (95% achieved)

- A Housing Finance workshop and studies completed with recommendations for 4 staged approach.

- Explain, if relevant, delays in programme implementation, the nature of the constraints, actions taken to mitigate future delays and lessons learned in the process.

Delays occurred during the implementation of the project due to:

- A change of scope was requested by MoCH in Baghdad due to the pressing needs to start the implementation of the National Housing Policy, which was endorsed in November 2010. The proposed changes implied revision of already planned course of work, which resulted in delaying the actual starting of activities.
- Delays were faced because the Housing Phase 2 project was operationally closed in December 2010, and all its related activities had to be completed before starting the current project.
- Difficulties in reaching agreement on roles and responsibilities among housing related ministries in KRG.
- Prolonged and tedious process for mobilizing the Housing Committee in KRG - this was not foreseen at the project inception.
- Difficulties in finding a company to undertake all assignments of the outputs entailing a change of scope and a budget revision to allow for hiring specialist consultants.
- Delays in appointing supporting staff from MoCH/Baghdad and thus entailing the recruitment of a UN national consultant to perform the previously agreed upon tasks of the MoCH/Baghdad,
- Delays by MoCH in identifying focal points in other ministries to act as partners in the policy implementation process – a pre-requisite to delivering Output 3.3.
- Inability of MoCH to complete the advocacy and awareness raising campaign of high government officials in different housing related stakeholder ministries as has been previously agreed upon in the work-plan - a pre-requisite to delivering Output 3.3.

Mitigation action:

Work is ongoing and UN-Habitat has a clear road map and time frame projections on the time required to deliver the project outputs effectively.

- List the key partnerships and collaborations, and explain how such relationships impact on the achievement of results.
As mentioned earlier, this project is a third phase of a capacity building programme targeting the housing sector in Iraq which has already started in 2006. Partnerships were established with stakeholder ministries of the housing sector namely the MoCH in Baghdad as the lead ministry. In KRG, there is an ongoing project targeting the housing sector which has yielded good results and lessons learnt of which this project will benefit from. A coordination network between KRG ministries (MoCH, MMT, MoP, Governorate of Erbil, Erbil Municipality) and Baghdad is being encouraged through exchange of expertise and policy directions.
- Other highlights and cross-cutting issues pertinent to the results being reported on.
 - Gender Equality: The project addresses housing reform process that look into land management issues. Tenure security issues that affect women in Iraq as a result of inheritance practices and due to titles in a spousal relationship usually being held by the man. Lack of tenure security can leave people vulnerable to being excluded from civil processes, not being able to access finance through lack of collateral and in some cases results in social exclusion.
 - Environment: One of the principles of the housing sector reform is the promulgation of environmentally appropriate construction practices; this will be taken forward in Phase III for which this project is a preparatory phase.
 - Employment Generation: It is widely recognized that a well functioning market is an employment generator. This project is contributing to housing sector reform, which provides a level playing field for private sector engagement in housing production, will propagate the employment generation potential associated with a well functioning housing market.
- Provide an assessment of the programme based on performance indicators as per approved programme document using the template in Section VI, providing clear evidence on the linkages of outputs and outcomes achieved, if applicable.
- Qualitative assessment of overall achievement with reference to the applicable strategic results indicator.
 - This project focuses on building capacities of the housing sector in both the central government and KRG. Exchange of experiences and information between the two through this project will help in sharing lessons learnt.
 - A document has been compiled assessing and providing recommendations for the establishment of a housing finance market in Iraq, and incorporating findings through desk reviews of existing documents, interviews/consultations and previously held discussions among concerned partners.

V. Future Work Plan (if applicable)

- Summarize the projected activities and expenditures for the following reporting period (1 January-31 December 2012), using the lessons learned during the previous reporting period, including outputs that were not achieved in 2011.
 - A final workshop discussing the findings of outcome 1 and 3 will be conducted in Baghdad in the second quarter of 2012.
 - A workshop will be organized in KRG to discuss the developed housing strategy with local counterparts in the 3 governorates (Erbil, Sulaymania and Duhok) to finalize the document and draft an action plan. This is scheduled to take place in the second quarter of 2012.
- Indicate any major adjustments in strategies, targets or key outcomes and outputs planned in 2011. A budget revision requesting a change of scope and movement of funds between budget lines was submitted and approved in May 2011. The changed Outputs have been incorporated in section I.

List of abbreviations:

MoCH: Ministry of Construction and Housing/Baghdad

MoP: Ministry of Planning

MMPW: Ministry of Municipalities and Public Works

KRG: Kurdistan Regional Government

MMT: Ministry of Municipalities and Tourism (KRG)

VI. INDICATOR BASED PERFORMANCE ASSESSMENT

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
Outcome 1⁷							
Output 1.1	Indicator 1.1.1						
	Indicator 1.1.2						
Output 1.2	Indicator 1.2.1						
	Indicator 1.2.2						
Outcome 2							
Output 2.1	Indicator 2.1.1						
	Indicator 2.1.2						
Output 2.2	Indicator 2.2.1						
	Indicator 2.2.2						

⁷ For PBF: Either country relevant or PMP specific.