

United Nations Development Group Iraq Trust Fund
Project #: E4-20
Date and Quarter Updated: 1st April -30th June 2012 (2nd Quarter)
Final Fiche

Participating UN Organisation: UN-HABITAT (Lead), UNDP **Sector:** Housing

Government of Iraq – Responsible Line Ministry: Ministry of Construction and Housing

Title	Strengthening the Capacity of the Housing Sector in Iraq: Bridging for Phase III				
Geo. Location	Baghdad and KRG				
Project Cost	\$750,000 (UN-HABITAT component \$465,000; UNDP component \$285,000)				
Duration	15 months + 7 months extension				
SC Approval Date	27.06.2010	Starting Date	31.08.2010	Completion Date	30.11.2011 extended to 30.06.2012
Project Description	The proposed 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 its Ministry of Construction and Housing 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 proposed 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.				

Development Goal and Immediate Objectives

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.

Outputs, Key activities and Procurement

Outputs	<u>Output 1: MoCH, National Human Settlements Committee (NHC), and other stakeholders have evidence base for improved planning and implementation of institutional and regulatory reforms within the housing sector</u>
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	<p>1.1 Evaluation of key housing sector outputs relevant to the implementation of the National Housing Policy is undertaken. (funded)</p> <p>1.2 Iraq Housing Market Study originally prepared in 2006 updated to reflect current housing situation. (unfunded)</p> <p><u>Output 2: KRG is supported to adapt the National Housing Policy to address regionally specific criteria</u></p> <p>2.1 An analysis prepared of key factors specific to KRG that warrant an addendum to the National Housing Policy. (Funded)</p> <p>2.2 Strategy prepared to address low-income housing in KRG in line with the National Housing Policy. (Funded)</p> <p><u>Output 3: Key housing sector institutions have a framework for realigning roles and building capacity in line with recommendations of the National Housing Policy</u></p> <p>3.1 Role of the existing NHC strengthened to exist as a high level independent inter-ministerial body to monitor and support the implementation of the National Housing Policy and membership widened to include Ministry of Finance, private sector and civil society members. (Unfunded)</p> <p>3.2 Roles and responsibilities of MoCH and related institutions clarified in the light of the requirements of the National Housing Policy. (Funded)</p> <p><u>Output 4: Government of Iraq (GoI) has improved knowledge of the potential to establish a commercial housing finance market in Iraq in line with Banking Sector Reform processes.</u></p> <p>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. (Funded)</p> <p>4.2 Scoping study of the potential for the National Housing Fund to support commercial housing finance prepared. (Unfunded)</p> <p>4.3 Study on alternative Housing Finance mechanisms to support households that are not served through commercial housing finance. (Unfunded)</p>
Activities	<p>1.1 Independent evaluation of Strengthening the Housing Sector Phase II project is undertaken</p> <p>1.2 Iraq Housing Market Study originally prepared in 2007 updated to reflect current housing situation</p> <p>2.1 An analysis prepared of key factors specific to KRG that warrant an addendum to the National Housing Policy</p> <p>2.2 Regionally specific addendum to the National Housing Policy prepared</p> <p>3.1 Role of the existing National Habitat Committee strengthened to exist as a high level independent inter-ministerial body to monitor and support the implementation of the Housing Policy and to include Ministry of Finance, private sector and civil society members.</p> <p>3.2 Training Needs Assessment of MoCH prepared</p> <p>3.3 Roles and responsibilities of MoCH and related institutions clarified in the light of the Law of Disengagement and the requirements of the National Housing Policy</p> <p>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</p> <p>4.2 Scoping study of the potential for the National Housing Fund to support commercial housing finance</p> <p>4.3 Study on alternative Housing Finance mechanisms to support households that are not served through commercial housing finance.</p>
Procurement	N/A

UN-HABITAT as of 30 June 2012

Funds Committed	468,718.83	% of approved	100 %
Funds Disbursed	199,538.73	% of approved	43 %
Forecast final date	30 June 2012	Delay (months)	7 months

UNDP as of 30 June 2012

Funds Committed	220,166.58	% of approved	77%
Funds Disbursed	197,410.10	% of approved	69%
Forecast final date	30 June 2012	Delay (months)	7 months

Direct Beneficiaries	Number of Beneficiaries	% of planned (current status)
Men	The project is helping to strengthen institutional capacity within the housing sector through the implementation of policies, strategies and programmes for accelerated supply of housing. This will, if effectively achieved, benefit the entire Iraqi population either directly or indirectly.	
Women		
Children		
IDPs		
Others		
Indirect beneficiaries		
Employment generation (men/women)		

Quantitative achievements against objectives and results		% of planned
<p>Output 1: MoCH, National Human Settlements Committee (NHC), and other stakeholders have evidence base for improved planning and implementation of institutional and regulatory reforms within the housing sector</p> <p>1.1 Evaluation of key Housing Sector Outputs relevant to the implementation of the National Housing Policy is undertaken.</p>	<p>TOR prepared.</p> <p>The international consultant is on board reviewing relevant reports on the subject. An inception report by the said consultant has been shared with the counterparts in MoCH and a team from the ministry are assigned to work with/assist the consultant in gathering information and analysis.</p> <p>A workshop was conducted in Baghdad in August 2011 with the international consultant and the MoCH to discuss the work plan, roles and responsibilities of each partner (UN and Government), and to discuss other technical issues.</p> <p>The consultant is continuing work online with the counterparts and the appointed national consultant who is supporting in gathering information and conducting a questionnaire with relevant stakeholders, who had previously worked on the Housing Policy study and other relevant supporting data analysis entities.</p> <p>A two day workshop was held in Baghdad during the period 21 - 23 November 2011 to draft a detailed work plan to start the implementation of the national housing policy. The international consultant met with the technical working groups to discuss the needed actions to be taken in the coming two years. The workshop was attended by officials from the Ministry of Construction and Housing (MoCH) and National Housing Fund, Ministry of Municipalities and Public Works (MoMPW), Ministry of Planning (MoP).</p> <p>The workshop resulted in a set of recommended policies and actions to be implemented in the immediate term, indicating responsible entities and timeline in addition to agreeing on next steps.</p> <p>In an attempt to initiate and execute efficiently the National Housing Policy, a workshop took place in Baghdad in early April to discuss the detailed implementation plan of the policy. The discussions also, addressed the Evaluation of the National Housing Policy and focused on evaluating the process that led to the development of the policy. Furthermore, discussions referred to the Institutional and Capacity Development plan and the Housing Strategies for Erbil, Hilla and Najaf bringing into focus the evaluation of the processes for developing the mentioned housing strategies. The workshop was attended by officials and relevant stakeholders that attended the November workshop since they were actively involved in the formulation of the draft work-plan for implementation of the National Housing Policy.</p> <p><i>A final workshop was held in Amman in June 2012 to conclude the remaining activities, conclusions and recommendations. The deputy minister of MoCH and the core team working on the project attended the workshop and concluded the successful and satisfactory closure of the project with activities and deliverables completed. The project reports will be printed after incorporating the final amendments requested by MoCH.</i></p>	100%
<p>Output 2: KRG is supported to adapt the National Housing Policy to</p>	<p>Meeting held with relevant housing delivery KRG ministries.</p> <p>Inter ministerial task force established headed by MoP to prepare a strategy for low income housing in KRG.</p> <p>Several coordination meetings have taken place with counterparts in KRG to agree upon</p>	100%

<p>address regionally specific criteria</p> <p>2.1 An analysis prepared of key factors related to low-income housing in KRG,</p> <p>2.2 Strategy prepared to address low-income housing in KRG, in line with the National Housing Policy</p>	<p>modalities of work and to engage housing sector stakeholders in the process of drafting the KRG housing strategy both at the central and governorate level.</p> <p>A meeting with high officials of the housing sector took place in the second half of July 2011. During the meeting, housing related issues were discussed and an agreement was reached on the modality of operation and work plan.</p> <p>Local consultants in two cities (Duhok and Sulaimaniya) have been appointed to assemble working groups in each locality from different housing delivery related directorates. Workshops and meetings have been organized to check and obtain an idea about the amount of data available, and assess the gaps that need to be filled.</p> <p>Three meetings took place in KRG between 22-26 October 2011 with stakeholders from the three governorates of Erbil, Duhok and Sulaimanya. The aim of the workshops was to discuss findings and agree on the way forward.</p> <p>A draft “KRG Housing Strategy” has been prepared and is almost finalized. UN-Habitat has conducted a series of meetings in April 2012 in the three governorates of Erbil, Sulaimanya and Duhok with relevant working groups from governorate stakeholder directorates. The aim of the meetings was to discuss the draft strategy and to agree on an action plan/implementation plan of the strategy.</p> <p><i>A final stakeholder meeting/workshop was held in Erbil in the last week of June 2012 where the final report was presented to MoCH/KRG since it is the lead counterpart agency.</i></p>	
<p>Output 3: Key housing sector institutions have a framework for realigning roles and building capacity in line with recommendations of the National Housing Policy</p> <p>3.2 Roles and responsibilities of key institutions in the housing sector drafted.</p>	<p><i>TOR prepared</i></p> <p><i>(same as output 1.1)</i></p>	<p>100%</p>
<p>Output 4: Government of Iraq (GoI) has improved knowledge of the potential to establish a commercial housing finance market in Iraq in line with Banking Sector Reform processes</p> <p>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</p>	<p>Based on the ToR with the activities agreed with the Senior Deputy Minister of MoCH, UNDP’s consultants conducted desk reviews of existing documents, interviews and a workshop. A final report was compiled, with analysis on the current situation of the Iraqi housing finance market with concrete plans to develop a housing finance market in Iraq. The stakeholders that engaged in the process not only included the Iraqi government and private and state-owned commercial banks, but also other organizations such as the Board of Investment, the World Bank, USAID and NGOs. The final report was translated into Arabic and shared with the MoCH. The State Commission for Housing made suggestions for future initiatives drawing on the report’s recommendations. UNDP initiated dialogue to follow up on the suggestions with the Senior Deputy Minister of MoCH.</p> <p><i>In order to have the work conducted by UNDP inform the wider financial sector reform process in Iraq and ensure that follow-up activities be incorporated into relevant on-going initiatives, UNDP engaged with the USAID Iraq Financial Sector Development (IFD) Project and facilitated their engagement with other relevant actors. It has been agreed that the Banking Training Institute established under the IFD will conduct trainings for banks in line with the report’s recommendations. The Deputy Governor of CBI approved the training plan of the next season which included training on mortgage finance.</i></p> <p><i>In the final workshop with the counterparts and UN-Habitat to conclude the project, it was confirmed that UNDP not only conducted all planned activities, but also exceeded the plan by addressing an unfunded output (4.2) and assessing nearly thrice the minimum number of banks required to be assessed. It was also confirmed that the project will be closed once the printing of the reports are finalized.</i></p>	<p>100%</p>

Qualitative achievements against objectives and results

A senior level Housing Committee has been formed in KRG to act as the steering committee for the project in the short term, and as a reference and policy direction decision making forum for all housing related issues in KRG. A report has been compiled assessing and providing recommendations to establish a housing finance market in Iraq, incorporating findings through desk reviews of existing documents, interviews/ consultations and discussions in a workshop. *Engagement with USAID Iraq Financial Sector Development (IFD) Project was intensified in order to have the report inform the wider financial sector reform process in Iraq and ensure that follow-up activities be incorporated into relevant on-going initiatives.*

Significant progress has been achieved in terms of advancing with and preparing the studies and ensuring the engagement of counterparts in the processes thus contributing to building the capacities of the national partners through “on the job training” and securing the government’s buy in to the proposed future strategies.

MoCH is satisfied with the results achieved and welcomed further cooperation in the future through pilot projects in the proposed steps forward.

Main implementation constrains & challenges (2-3 sentences)

A budget revision/ change of scope *has been* submitted; after having discussed that with the counterpart ministry (MoCH, Baghdad) upon their request. Outputs would be slightly amended to realign with the implementation of the recently approved Iraq National Housing Policy document (by the cabinet of ministers). Other outputs would shift to the second phase of implementation making way for more urgent needs.

Awaiting approval response from SCSO. Since this phase is a bridge funding consolidating phase II and laying the foundations for Phase III, only some of the sub outputs have been funded as shown under the list of Output and Key Activities above.

Lack of coordination between housing stakeholder ministries caused some delays with the start of the actual work.

The challenge remains in shifting the mind set and the way the government has been operating for decades so that an alignment with contemporary and modern housing policies and strategies could be attained to support the neediest.

There is a need for a serious and strong political will from the government side to support the process of change.

A budget revision (time extension and movement of funds) has been submitted and approved to overcome the delays that took place. Delays were related to coordination among housing related ministries in KRG on an agreement on roles and responsibilities. Delays in appointing supporting staff from MoCH/Baghdad have been faced which led to the recruitment of a national consultant from the UN part after realizing that the MoCH/Baghdad will not be able to perform the required tasks.