



Iraq

IRFFI/UNDG IRAQ TRUST FUND (UNDG ITF)

**ANNUAL PROGRAMME NARRATIVE PROGRESS REPORT
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Country and Thematic Area

*Iraq
Governance*

Programme No: C9-24

Atlas Award No: 54974

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Programme Title: Support to
Decentralization and Local Governance
for Service Delivery Preparatory Phase

Participating Organization(s):

UN-HABITAT, UNICEF, WHO,
UNESCO, FAO, UNFPA, UNIFEM,
UNESCWA, UNDP- POGAR

Implementing Partners:

- *National counterparts (government, private, NGOs & others):*

Ministry of Planning and Development
Coordination, Central Statistical
Organization, Ministry of
Municipalities and Public Works,
National Center for Consultancy
Management Development

- *International Organizations, including NGOs*

UN-HABITAT, UNICEF, WHO,
UNESCO, FAO, UNFPA, UNIFEM,
UNESCWA, UNDP- POGAR

Programme Budget (from the Fund):

*For Joint Programme provide
breakdown by UN Organization*

UNDP: USD 6, 118,704

Programme Duration (in months):

18 Months

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End date: June 30, 2010

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*List budget revisions and extensions,
with approval dates, if applicable*

Budget revision is under process

NARRATIVE REPORT

I. Purpose

The Support to Decentralization and Local Governance for Service Delivery Preparatory Phase project entails a joint effort by the UN and the Government of Iraq (GoI) to begin to realize decentralized governance in Iraq.

The project covers an 18-month period and is structured around four pillars:

- i) Legal, policy and institutional framework for decentralized governance;
- ii) Local government systems and capacities;
- iii) Civic education and participation strategies in three governorates; and
- iv) Inter-governmental relations and local government networks.

Through these four pillars, the project aims to:

- i) Prepare the groundwork for institutional structures, policy dialogue and development, furthering legislation, and clarifying and enabling decentralization and local governance;
- ii) Revise systems and processes for local authorities to make them more modern and efficient;
- iii) Put in place and initiate a comprehensive capacity development strategy;
- iv) Develop civic education and participation and e-government strategies;
- v) Pilot improved business processes for increasing service delivery in selected municipalities; and
- vi) Support structured dialogue on government and municipal affairs.

Outputs:

Output 1: Framework, legislation and policies for decentralization and local governance developed through multi-stakeholder process.

Output 2: Generic systems in policy-making, participatory planning and budgeting, data collection, human resources management and organisational management developed, and core competencies of decentralized governance stakeholders improved in selected governorates.

Output 3: Civic education and participation strategies in three governorates produced with evidence of participation from all sectors of communities.

Output 4: Vertical and horizontal inter-government relations formalized with discussion forums in place and partnerships with international/regional municipalities created in selected governorates.

The project contributes to the vision of decentralized governance laid out in the Constitution of Iraq, the National Development Strategy 2007-2010 (NDS) and the International Compact with Iraq (ICI).

The Constitution emphasizes federalism (Articles 1 and 112), powers of regions (Articles 112-117), the power of governorates not organized into a region (Article 118-119), a separate capital (Article 120) and local administrations (Article 121).

The NDS identifies decentralization as a specific goal. It acknowledges that ‘governorates and regions are required to be involved in planning, prioritization, financial resource management for each governorate’ in order to achieve sustainable development with the participation of all Iraqis.¹

Specific goals in the NDS that are relevant to decentralization are:

- Section 8.2 - Annual Allocations and Distributions to Governorates;
- Section 8.3 – Development of Management in Regions and Governorates;
- Section 7.1 – Human Development.

The ICI also identifies specific objectives related to decentralization:

- Section 4.1.2(d): Develop a framework for intergovernmental fiscal relations to ensure efficiency, transparency and equity, while maintaining national fiscal integrity;
- Section 4.4.1.1 Eradicate Extreme Poverty and Promote Area-based Development; and
- Section 4.2.1: Building consensus on economic reforms through dialogue and engagement with civil society.

The project is aligned to the UNDP Governance Sector Team Outcome of ‘strengthened regulatory framework, institutions and processes of national and local governance’.

Finally, the project directly contributes towards Millennium Development Goal (MDG) 3 – to promote gender equality and empower women – in addition to indirectly contributing to all MDGs, through improved social service delivery at the Governorate and local levels.

Partners:

The project involves the participation of a number of UN agencies, including UNDP, UN-HABITAT, UNICEF, FAO, WHO, UNESCO, UNFPA, UNIFEM and UNESCWA.

Key government counterparts include the Ministry of Planning (formerly, the Ministry of Planning and Development Coordination), the Central Statistical Organization (COSIT), and the Ministry of Municipalities and Public Works.

Implementing partners include COSIT, the National Center for Consultancy Management Development, Beit al-Hikma, Statistical Office in KRG, and

¹ Government of Iraq, *National Development Strategy 2007-2010*, p83.

Geopolicy, a consultancy firm that has been awarded a contract in December 2009 to implement the situation analysis and the e-Readiness.

II. Resources

Financial Resources:

No budgetary or financial issues transpired in the course of 2009.

Human Resources:

During the course of the project, it has been managed by one National Programme Officer, employed full time through UNDP resources, and supported by one National Project Associate, employed full time and funded through this project.

No international staff has been employed by UNDP in the project.

-UNESCWA: One P3 International staff, and one National staff employed under the component being implemented by ESCWA (through the Inter-Agency Agreement between UNDP and ESCWA).

-UNHABITAT: One International consultant, and two national staff have been employed to implement the component assigned to HABITAT under the Inter-Agency agreement between UNDP and HABITAT.

III. Implementation and Monitoring Arrangements

Implementation Mechanisms

The delivery modality for this project is Direct Execution (DEX). UNDP Iraq office was the Executing Agency as agreed by the UN Agencies involved in the project.

The project has been monitored in accordance with UNDP's programming policies and procedures. Regular meetings took place with the participating UN agencies to discuss project progress and the appropriateness of the project objectives and outputs.

The programme established synergies with existing UN programmes, ensured the involvement of the civil society, and fully integrated cross-cutting issues in relation to gender and social exclusion. UNDP ensures the utilization of the latest methodologies and technology in Iraq through its global network of technical capacities. The programme is fully coordinated with similar initiatives of bilateral assistance providers and with the LADP joint programme of the UN.

The project ensures national ownership and the UN partners involved in the project support government working groups that relate to decentralization, local governance and local development. Therefore, one of the first steps undertaken in the project was a visioning exercise on decentralization and the roles of local

governance, which involves government and Iraqi citizens and was led by Iraqi policy-makers and facilitated with support from UNDP.

The different assessments and field work were carried out by national implementing partners. Two coordination workshops were held in Amman with all stakeholders to discuss the TORs, methodologies for the Situation Analysis, governorates profiling and e-readiness.

In order to decentralize the public sector, it was of paramount importance for the project to synergise with developments in public sector modernization and civil service reforms. UNDP, together with UN Agencies, ensured tight linkages and coherence between the two projects, particularly with respect to federal-level policies, administrative systems and processes and e-government strategy, mapping and scoping studies of ministries, and civil service developments. Government actions, including through the Federal Civil Service Commission and Federal Public Service Council (once established) will also need to be coordinated in their actions. The Decentralisation and Local Governance project has, therefore, been modified to accommodate the required preparatory work, which will lay the foundation for the Iraq Public Sector Modernisation (I-PSM) Programme.

The preparatory phase of the I-PSM programme was financed from the Decentralisation and Local Governance for Service Delivery in Iraq and the findings of the preparatory work for the I-PSM will assist the GOI to develop a Public Sector Modernisation Strategy, aligned with the National Development Plan. This strategy forms the “blue print” for the implementation of the I-PSM Joint Programme, and will guide the development of detailed work plans, according to the general output areas specified in the present Programme Document.

The project makes a point of building on existing institutional structures and strategic plans so as to keep the level of change to an absolute minimum, to respect development targets already established, so that government staff’s day-to-day work continues. Rather than overloading staff with training in Phase I, emphasis was more on continuous technical assistance in order to guide and facilitate productivity and improvements.

Where security allowed, the project will strive to conduct trainings and project-related events in Iraq rather than outside the country.

Procurement

A contract was awarded in December 2009, through a competitive procurement process, to the firm Geopolicity to carry out diagnostic work and prepare reports on civil service and sectoral reform in essential social services with high impact on MDGs (health, education, water/sanitation).

Four inter-agency agreements have been signed with relevant UN agencies (UNESCWA, UNESCO, UNICEF and UNHABITAT) to conduct functional

reviews in the ministries of Health, Education (primary), Higher Education, Municipalities and Public Work, and Water Resources.

Contracts were awarded to national institutions, namely the Beit Al-Hikma, the National Center for the Consultancies and Management Development, the Central Statistical Organization, and the Statistical Office in KRG to carry out a situation analysis on local governance and e-Readiness in Iraq.

IV. Results

Results overview

The progress of the project has been affected by lengthy consultations and discussions undertaken for the Iraq – Public Sector Modernization (I-PSM) programme. Some elements of the Decentralization and Local Governance project have been integrated with the I-PSM. As a result, the project has been revised and Outputs 3 and 4 shifted to the I-PSM, in addition to the sectoral review of Education, Health and Water Sanitation originally envisaged as part of this project.

Output 1: Framework, legislation and policies for decentralization and local governance developed through multi-stakeholder process.
Physical progress: 40%.

- The Situation Analysis on Local Governance, governorates profile, and e-Readiness in Iraq has been launched through contracts with national institutions, namely the Beit Al-Hikma, the National Center for the Consultancies and Management Development, the Central Statistical Organization, and the Statistical Office in KRG. The situation analysis intends to generate a comprehensive and common understanding of existing legal frameworks, institutional structures, human capacities, assets, processes, service delivery mechanisms and constraints existing in all the 18 governorates of Iraq. It includes district and sub-district levels in addition to performing an assessment on local government training facilities and capacities. The data will be disaggregated by gender to be used in efforts directed towards implementing the project. The e-Readiness assessment component of all governorates aims to strengthen e-government opportunities in areas important for regional/governorates' integration with national e-government.
- Diagnostic studies completed for comprehensive public sector reform and modernization, including civil service and sectoral reform in essential social services with high impact on MDGs (health, education, water/sanitation). These studies set a solid foundation for the next implementation phase of the I-PSM.
- Basic principles and objectives for reform agreed at Deputy Minister level, leading to the development of a UN Joint Programme for Public Sector Modernisation, led by UNDP with WHO, UNICEF, UNESCO,

and UN-Habitat.

- Rapid Assessment on the education sector done by UNESCO.

Output 2: Generic systems in policy-making, participatory planning and budgeting. Data collection, human resource management and organizational management developed, and core competencies of decentralized governance stakeholders improved in select governorates. Physical progress: 45%.

- A scoping mission to Iraq was held with key stakeholders to identify urban service delivery initiatives and urban districts to partner with.
- Discussion of potential pilot programme areas, including arrangements for decentralisation of maintenance budget and responsibilities for school buildings, performance management in SWM systems, Mapping/strategic spatial planning, citizen information/public grievances initiatives. Decision made to focus pilots (and associated capacity building assessment and activities) in the WatSan sector.
- A conference was conducted in Baghdad in December 2009 entitled *Building e-Iraq*. The purpose of the conference was to build support for e-governance policies and initiatives, which are still emerging in Iraq, through providing concrete and innovative approaches and solutions to well-known public administration challenges. The conference resulted in a series of concrete recommendations that will assist Iraq build its capacity for e-governance. The recommendations were:
 1. Adopt a clear vision and priorities for e-governance;
 2. Assess the readiness of e-governance and degree of communities' readiness for e-governance, adopt a national project to measure and follow up on e-readiness, and attain substantial progress according to international standards;
 3. Strengthen the commitment and awareness of e-governance among leaders and decision makers;
 4. Develop master short-, medium- and long- terms plans to implement the priorities of the e-governance projects, and tie e-governance plan with national development plan;
 5. Put forth a methodology to plan, manage and execute e-governance projects;
 6. Establish methodologies for continuous stakeholder' participation, and establish citizens' service centers that provide guidance, support, and spread awareness, in the areas of available e-services. Encourage citizens to use the Internet for free of charge government transactions;

7. Build successful pilot e-governance applications to provide e-services to citizens, as per preceding needs assessments. Accumulate stories of success to be generalized and replicated;
8. Enhance private sector participation.

Progress under the preparatory phase of the decentralisation and local governance programme has been necessarily affected by the detailed discussions and consultancy work being undertaken for the Iraq Public Sector Modernisation Programme (I-PSM). Two issues have been important: Firstly, a decision to prepare sectoral assessments with the Ministries to gauge their readiness for decentralization, and secondly, the recommendation within the I-PSM to adopt a functional review methodology in selected Ministries to guide the process of decentralisation around the specifics of the various Ministries. This has meant that some of the early tasks proposed under this project have had to be revisited to present a consistent approach to GoI.

V. Future Work Plan

Output 1: Framework, legislation and policies for decentralization and local governance developed through multi-stakeholder process.

This will see the continuation of the preparation of the groundwork for institutional structures, policy dialogue and development in order to clarify and enable decentralization and local governance. This will be largely achieved through the completion of the situation analysis of Local Governance, governorates profiles, and e-readiness.

A workshop will be organized in Amman to discuss the results of all above, and:

- i) Revise systems and processes for local authorities to make them more modern and efficient;
- ii) Put in place and initiate a comprehensive capacity development strategy.

Output 2: Generic systems in policy-making, participatory planning and budgeting, data collection, human resources management and organisational management developed, and core competencies of decentralized governance stakeholders improved in selected governorates.

This will involve the following:

- ✓ Finalize the decentralisation toolkit, including analysis of gender and women in local governance, to inform policy dialogue produced by joint UN and government teams and disseminated to key government and non-government stakeholders, as well as made public on the GoI website;

- ✓ Conduct orientation sessions in all governorates for councillors, senior executive officials and community representatives soon after the elections;
- ✓ Finalize the e-governance national strategy;
- ✓ Prepare a comprehensive capacity development strategy to be endorsed by government stakeholders that factors in gender considerations throughout and addresses short-term needs, including immediate skills gaps of senior and middle managers and MoPDC offices in 4 governorates, and longer-term needs including a model of Iraqi technical assistance for local government;
- ✓ Conduct an Exchange and Networking Visit for Local Government and Public sector institutions to the Torino Cooperation Agency for Local Authorities through ITC/ILO.

VI. Performance Indicators

See appendix 5

VII. Abbreviations and Acronyms

- MoPDC: Ministry of Planning and Development Cooperation
- NCCMD: National Center for Consultancies and Management Development
- CSO: Central Statistical Organization

Appendixes:

Appendix 1: TOR for the In-Depth Assessment, and e-Readiness

Appendix 2: Final report on the e-Governance conference

Appendix 3: Improving Education Service Delivery report

Appendix 4: Improving Service Delivery in WATSAN

Appendix 5: Performance Indicators Table



Economic and Social Commission
for Western Asia (ESCWA)



Terms of Reference

for the coordination and implementation of the

Situation Analysis on Local Governance and e-Readiness in Iraq

Part of the UNDP/ESCWA “Support to Decentralization and Local
Governance for Service Delivery” Project –Phase I

The present terms of reference (ToR) are intended to provide methodological and procedural guidelines to develop a baseline study on local governance covering Iraqi governorates with data disaggregated by gender to be used in efforts directed towards implementing the Support to Decentralization and Local Governance for Service Delivery Project.

The assignment involves the development of an in-depth situation analysis report in the prospect of instigating policies and frameworks for enhancing decentralization and local governance in Iraq. It consists in the analysis and compilation of data extracted through desk reviews and primary and secondary analysis of data, in addition to a comprehensive mapping of existing local governance practices and infrastructure within the 18 governorates and the Ministry of Municipalities and Public Works (MMPW) to be performed by Iraqi governmental institutions specialized in the statistics and institutional development fields.

The Situation Analysis Report is expected to include in addition to the situation analysis on decentralization in Iraq, an e-readiness assessment with the aim of strengthening of e-government opportunities in areas important for regional/governorates' integration with national e-government.

A. Executive Summary

The situation analysis or baseline assessment on *Local Governance and e-Readiness in Iraq* intends to generate a common understanding of the existing legal frameworks governing local governance in Iraq, in addition to a comprehensive mapping of existing institutional structures, processes, human capacities, service delivery mechanisms and constraints existing at the level of the 18 governorates in Iraq – inclusive of the district and sub-district levels – in addition to performing an assessment on local government training facilities and capacities. Particular attention will be given to gathering and aggregating data related to the gender dimension within the different governorates, which would also be invested in the end report recommendations.

The Situation Analysis will comprise the following components:

1. Legislative and procedural aspects of decentralization, which will consist in relevant legislation, in particular the Constitution, the Governorates Law, the Civil service Law, the Fiscal Law as well as procedures in place
2. Assessment of the MMPW in regards to service delivery at the municipal level (this assessment will be based in its approach on the sectoral assessments undertaken by partnering UN agencies)
3. Profiling of the 18 governorates of Iraq
4. E-Readiness assessment at the central level (ministries) with an in-depth assessment performed at the level of four service ministries

The situation analysis is expected to suggest recommendations for improvement in the following fields:

- Decentralization initiatives
- Policy dialogue and formulation,
- Budget allocation and execution,
- Civil service in governorates,
- E-readiness, and
- Capacity development strategies.

It is to note that the e-readiness assessment component of the situation analysis will focus on political willingness, organisational processes, ICT infrastructure, regulatory framework, human resources and e-government activities in service sectors. Attention will also be given to strengthening of e-government opportunities in areas important for regional/governorates' integration with national e-government.

Based on the required expertise and geographical coverage, Four national entities were identified to implement the Situation Analysis in cooperation with ESCWA:

1. Bait al Hikma, a Governmental Think Tank related to the Council of Ministers,
2. The National Center for Consultancy and Management Development (NCCMD), the focal point for administrative reform in Iraq;
3. The Center on Statistical Organization (COSIT) from the Ministry of Planning and Development Cooperation (MoPDC), central body for national statistics in Iraq;
4. The Kurdistan Center on Statistical Organization (COSIT) from the Ministry of Planning (MoP) of the Kurdish Regional Government (KRG).

The implementing entities are expected to design the methodology and surveying tools and perform the primary and secondary data analysis and produce a comprehensive Situation Analysis Report, which would include specific findings and recommendations, and present it to the project team and key Iraqi governmental concerned stakeholders.

B. Background

1. Local Governance in Iraq:

Iraq's system of government witnessed a high level of centralization under the past regime. This state of affairs resulted in ministries located in the capital Baghdad having full control and regulatory decision-making on priorities identification and funds allocation at the local level. Indeed, local development priorities and work were channeled from the center through Directorates-general to the governorates; local administrators thereby implemented decisions scaled down from the capital. Similarly, the citizens had a minimalist role in identifying, planning or monitoring services being delivered to them. In this centralistic scheme, local governments lacked the power and capacity to plan, which translated in the quasi absence of local governance practices.

Since 2003, the Republic of Iraq has embarked upon structural reforms when it adopted a federal system made up of federal-led authorities: (i) a federal region, the Kurdistan region, comprising of three governorates, and (ii) 15 governorates outside of a region structure, comprising the capital Baghdad and 251 Municipalities¹. The experience of decentralized governance in Iraq is minimal, with the exception of the Kurdistan regional government. The Constitution of the Republic of Iraq, endorsed by a nation-wide referendum in October 2005, takes the reform process further and provides for a model of decentralized political and administrative government through devolution of authority to the governorates (or provinces). Despite the fact that the Government of Iraq issued the "Law of Governorates Not organized into a Region" (provincial Powers Law) in March 2008, this newly introduced legislation will not suffice to instigate a decentralized system. Indeed, the law does not delineate the scope or limits of each tiers of government authority in terms of revenue sources or level of services, gender considerations are still weak, and reference to inclusion and participatory mechanisms is lacking, which are critical for increasing people's voice in decision making and public services and improving public perception of the authorities.

Development Data

- The Iraqi civil service has 2,4 million staff and is in need to undergo a reform and re-profiling process
- Allocated amounts from the federal budget for development of governorates and regions are expected to increase from \$2.5bn in 2007 and 2008 to \$3bn in 2009 and 2010. Basra Governorate reportedly has unspent public funds amounting to \$800 million.
- Iraq is ranked 151 out of 182 countries in the UN e-Government index 2008.
- Safe potable water is available in only 48% of rural areas.
- Sewage collection and treatment services in Baghdad are provided to 80% of the population and only 9% of urban population outside of Baghdad.
- Around 39% of the rural population is illiterate; 47% of women are illiterate or partly literate.
- Estimated 25% of all Iraqi women participate in the labor force but only 1 in 10 is in a senior position.

Sources: National Development Strategy 2007-2010; UN e-Government Survey 2008.

The Sub-National level continues to face capacity constraints in planning, administration, executing, monitoring and follow-up. According to the August 2007 report of the "Nation-Wide Assessment of the Capacity of the 18 Iraqi Governorates in Local Governance", the deterioration and inefficiency in providing basic services to the population are attributed to:

1. Deficiency in the capacity of the staff at all levels in terms of service delivery within the context of decentralization;
2. Outdated management techniques and methodologies used;
3. Lack of co-ordination mechanisms among and within the central and local levels.

¹ Municipalities comprise districts (Qada'a) and sub-districts (nahiya) outside of the capital Baghdad. The term "Municipality" refers to the government unit below the governorate. The term Local Government refers to governorate, district and sub-district levels.

In addition, the vast majority of Iraqi civil servants still have not been exposed to many of the modern advances in governance, municipal service provision and decentralized decision making.

2. Project Overview:

The “Support to Decentralization and Local Governance for Service Delivery Project” entails a United Nations and Government of Iraq (GoI) effort aiming at supporting the adoption of decentralized governance in Iraq, as outlined in the Constitution of Iraq and highlighted in the National Development Strategy (NDS) 2007-2010 and the International Compact with Iraq (ICI).

By providing support and enhancing the technical capacity of local governments on policy-making, planning and service delivery, the project would be addressing the following concerns: (i) the GoI passed in March 2008 the Provincial Power Law which grants 15 sub-national governments planning and financial authority and greater financial resources, (ii) some governorates are setting up their own structures and administrative systems but not in a cohesive manner, (iii) governorates have received financial allocations over the last two years but some are facing capacity constraints in disbursing, (iv) government is not the primary service developer and provider in Iraq, and (v) little progress has been made in defining an overarching decentralization framework.

The project is structured around four pillars:

1. Legal, policy and institutional frameworks for decentralized governance;
2. Strengthening local government systems and capacities;
3. Local government civic education and participation strategies;
4. Inter-governmental relations and local government networks.

Through these four pillars with their respective outputs and inputs, the project aims at preparing the groundwork on institutional structures, policy dialogue and development and possibly further the legislation that will clarify and enable decentralization and local governance; revise the systems and processes for local authorities to make them more modern and efficient; put in place and initiate a comprehensive capacity development strategy; develop civic education and participation and e-government strategies; pilot improved business processes for increasing service delivery in selected municipalities; and support structured dialogue on governorate and municipal affairs.

Definitions

For the purpose of this Situation Analysis, the below definitions will apply in devising the methodology of assessments and surveys, as well as in the analysis of data:

Governance is defined as the exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Good governance has many attributes. It is participatory, transparent and accountable. Good or democratic governance is both a means and an end. It is a means to achieve the goals of human development, the main elements of which are articulated through the set of MDGs.

Decentralization refers to the restructuring of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity. Based on such principle, functions (or tasks) are transferred to the lowest institutional or social level that is capable (or potentially capable) of completing them. Decentralization relates to the role of, and the relationship between central and sub-national institutions, whether they are public, private or civic.

Local governance comprises a set of institutions, mechanisms and processes, through which citizens and their groups can articulate their interests and needs, mediate their differences and exercise their rights and obligations at the local level. The building blocks of good local governance are many: citizen participation, partnerships among key actors at the local level, capacity of local actors across all sectors, multiple flows of information, institutions of accountability, and a pro-poor orientation.

Source: *DGD Policies and Programmes in the Arab Region, UNDP/SURF-AS, 2003.*

C. Situation Analysis

1. Development Objective

The situation analysis or baseline assessment on *Local Governance and e-Readiness in Iraq* aims at generating a comprehensive mapping of existing local governance practices and infrastructure in the prospect of instigating policies and frameworks for decentralization and improving knowledge of and wider support for decentralization and local government reform strategies among national, regional and local government officials, civil society groups and concerned stakeholders.

2. Specific Objectives

The Situation Analysis constitutes a key component of pillar 1 of the project, pertaining to the development of *the framework, legislation and policies for decentralization and local governance* and is expected to benefit all the project's outputs through the development of baseline data that should address the following:

- (a) Identifying existing legal frameworks, institutional structures, human capacities, assets, processes, service delivery mechanisms and constraints for local governance and service provision at the local level;
- (b) Appraising the existing local governance structures, prerogatives and practices at the governorates levels, including the skills and competencies of civil service staff and existing training services/ facilities, with the aim to support the development of a comprehensive capacity development strategy at the local level;
- (c) Identifying e-government opportunities / gaps in areas of service provision;

3. Methodology

The mapping exercise will be based on primary and secondary analysis of data gathered and congregated based on qualitative and quantitative indicators as applicable. It is recommended to apply the unobtrusive measurement methodology in order to reduce the biases that could result from the intrusion of the researcher or measurement instrument in particular when involving national entities / researchers / surveyors to perform the field assessment(s).

The applied methodology for the development of the situation analysis will comprise (i) in-depth literature reviews and scoping analysis, (ii) surveying methods, including the two categories of questionnaires and the interviews, in addition to (iii) field assessments and (iv) observation. Each of the mentioned types would be applied based on its relevance and applicability to the subject matter assessed. It is to note that all surveying tools will be developed by the national implementing partners – Bait al Hikma, COSIT (Baghdad and KRG) and the NCCMD – and will be reviewed by all involved stakeholders prior to performing the field assessment.

The implementation phases of the situation analysis will include:

- (i) Devising the methodology and developing the surveying tools;
- (ii) Collecting the information with regard to the selected focus areas;
- (iii) Analysing the findings;
- (iv) Producing a report; and,

- (v) Presenting the findings and recommendations to the project team and key Government of Iraq concerned stakeholders.

Questionnaires and surveying tools are expected to be reviewed by all implementing partners prior to submittal to ESCWA for review and approval. ESCWA and concerned UN agencies will provide the executing entities with comments and recommendations within a timeframe not exceeding three working days in order to avoid delays. ESCWA to share the draft Questionnaires with all concerned UN agencies involved in the sectoral assessment with the aim of ensuring synergy of work and avoiding replication.

Particular attention will be given to gathering and aggregating data related to the gender dimension within the different governorates, which would also be invested in the end report recommendations.

4. Focus Areas

The situation analysis or baseline assessment on *Local Governance and e-Readiness in Iraq* intends to generate a common understanding of the existing legal frameworks governing local governance in Iraq, in addition to a comprehensive mapping of existing institutional structures, processes, human capacities, service delivery mechanisms and constraints existing at the level of the 18 governorates in Iraq – inclusive of the district and sub-district levels – in addition to performing an assessment on the e-government readiness in Iraq. Particular attention will be given to gathering and aggregating data related to the gender dimension within the different governorates, which would also be invested in the end report recommendations.

Based on consultations with national counterparts and UN partners, it was agreed that the Situation Analysis end report will comprise the following components:

Component I; Legal and procedural aspects:

This component will be based on the analysis of relevant legal and procedural texts, mainly (1) the Constitution, (2) the Governorates' Law, (3) Civil Service law and (4) the Fiscal Law as well as procedures in place. Desk reviews and secondary data analysis will be used to perform the assessment, which would cover at a minimum, the below aspects:

- a. Existing policy and legislative gaps to decentralization and local governance at the central and governorates levels;
- b. Resourcing and budgeting systems at the central and local levels;
- c. Policy guidelines and legislations determining recruitments/appointments of civil servants and capacity building of local authorities;
- d. Gender considerations in the Iraqi legislation to promote women participation at all levels of decision making, including civil service and elected positions at the central and local levels

Component II; Assessment of decentralized municipal services:

Assessment of the MMPW in regards to service delivery at the municipal level. The assessment will focus on the functional structure of the MMPW, including its internal structure and relationship between the central entities and the municipalities. Special emphasis will be allocated to budget allocations and budgetary procedures.

Component III; Profiling of 18 governorates, including KRG:

The Profiles will include at a minimum the following data:

1. Coordination and communication procedures between the governorate councils and the local councils (Qadaa, Nahiya) within the 18 governorates
2. Social and demographic characteristics
3. Governorates' budget and allocations
4. Administrative structure of the Governorates (councils; executive bodies; etc.)
5. Local training centers, with emphasis on field of specialization (including major topics proposed) and number of employees (MMPW and the four sectors covered by the assessment)
6. Sectoral training plans at the governorates' level
7. Number of local government officials who attended and benefited from specialized training sessions pertaining to procurement, contracting, asset management, public expenditure, etc.
8. Gender distribution among middle and senior managerial positions in the five targeted sectors
9. Initiatives and projects benefiting decentralization practices

Governorates mapping exercise will be performed at the level of:

1. All 18 governorate councils,
2. A sample of municipalities (district and sub-district councils levels). It is recommended that the implementing entity perform the assessment on sample municipalities to be selected within each Governorate with a quota of 25% of the total number of municipalities existing within each governorate.
3. Government training facilities for local government.

Component IV; e-Readiness Assessment²:

1. Assessment of the political awareness and willingness to introduce e-government practices. Attention would be given to analyzing the existence of a national strategy/approach to e-government and e-governance, as well as budgetary allocations in support of e-government
2. Legislations, regulations and procedures governing e-government in Iraq
3. Institutional readiness assessment performed at the level of four service ministries, including:
 - a. Infrastructure (equipment and software)
 - b. Human resources and relevance of the expertise
4. Existing initiatives across the Iraqi public sector promoting e-government practices

² The e-readiness assessment will build on the assessment performed by the Iraqi Ministry of Science and Technology.

5. Partnerships and Implementation Mechanisms

The Situation Analysis components will be implemented by a consortium of prominent national partners based on their areas of specialization and expertise, namely Bait al Hikma, the National Center for Consultancy and Management Development (NCCMD) and the Center on Statistical Organization (COSIT) in Baghdad, part of the Ministry of Planning and Development Cooperation (MoPDC), as well as the the Center on Statistical Organization (COSIT) in KRG.

Specific tasks to be performed by each of the entities are as follows:

Bait al Hikma:

- Overall coordination of the Situation Analysis assessment. This entails the recruitment of a national coordinator which will serve as focal point for the implementation of the Situation Analysis
- Undertake necessary preparatory and implementation actions for component I: Legal and Procedural Aspect
- Consolidation of the outputs produced by the implementing entities and produce final Situation Analysis Report

COSIT (Baghdad):

- Field assessment and data gathering and analysis in the prospect of developing 15 Governorates Profiles (Component III)
- Developing 15 Governorates Profiles (Component III)

COSIT (KRG):

- Field assessment and data gathering and analysis in the prospect of developing 3 Governorates Profiles (Component III) in the Kurdistan Region.
- Developing 3 Governorates Profiles (Component III) in the Kurdistan Region.

NCCMD:

- Undertake the data gathering and analysis for the execution of MMPW survey (Component II), which includes the assessment of municipal services provided by the MMPW
- Perform the e-Readiness Assessment (Component IV)
- Preparing e-readiness report

The following national/local stakeholders will need to be contacted during the data gathering phase:

- High Commission on Local Administration
- Ministry of Municipalities and Public Works (MMPW)
- Kurdistan Ministry of Municipalities (KMM)
- Ministry of Planning and Development Cooperation (MoPDC)
- Kurdistan Ministry of Planning (KMP)
- MMPW training centers at the local levels
- National Center for Consultancy and Management Development (NCCMD)
- All 18 Governorates Councils

- Municipal Associations
- Selected Municipalities
- District councils
- Selected NGOs /CSOs when applicable

Implementing partners are to undertake the necessary contacts and arrangements to cover all 18 Iraqi governorates, including the three governorates of the Kurdistan region.

Bait al Hikma, the NCCMD and COSIT (Baghdad and KRG) will present ESCWA with a detailed document featuring the proposed methodology that would govern the gathering and analysis of data from the field as well as implementation and coordination mechanisms related to their allocated components before starting the field assessment. A detailed budget breakdown proposal should be provided by each of the implementing agencies in support of the tasked responsibilities and devised methodology.

D. Deliverables/Outputs

1. Specific Deliverables:

In cooperation with the NCCMD and COSIT (Baghdad and KRG), Bait al Hikma is expected to consolidate and submit the following deliverables as part of its coordination role and responsibilities::

1. A preliminary / anticipated plan of action that would be developed in consultation with the NCCMD &/or COSIT (Baghdad and KRG), and which would include:
 - a. An in-depth presentation of the methodology and proposed surveying / data gathering tools intended to be used in each of the four identified components;
 - b. A detailed list of municipalities / governmental entities selected to be included in the assessment and selection criteria;
 - c. Timeline of implementation, including timeframe for the appointment of the Coordinator.
2. Developing and compiling a full-fledged situation analysis report covering the focus areas presented above and should include a substantive section on recommendations and improvements schemes.

The Report should feature at a minimum the following substantive sections:

- a. Present the methodologies used for data collection, analysis and interpretation, as well as highlight the methodological limitations faced;
- b. An introductory section on the decentralization and local governance status in Iraq, based on the outcomes of the legislative and procedural assessment;
- c. 18 governorates profiles developed, which should include information and data on the selected major municipalities assessed;
- d. Present in a comprehensive manner a summary of the findings and conclusions of the assessment exercises performed;
- e. E-readiness assessment findings and specific recommendations;
- f. Present conclusions on the gender dimension at the local levels and specific recommendations;
- g. Present recommendations and lessons learned to enhance decentralization processes in Iraq emphasizing on cross-cutting issues.

The Report should abide by the following layout guidelines:

- a. Report must have an executive summary that encapsulates the essence of the information contained in the report, and facilitate dissemination and distillation of lessons learned;
- b. Interviews and field assessment reports should be included as annexes;
- c. The substantive contributions on the above deliverables are required in both English and Arabic in single-space text using the font Times New Roman, size 11;
- d. References to reports and other substantive material including tables and diagrams used should be clearly indicated within the text and noted at the end of the submissions;
- e. Drafts of the above contributions are to be submitted in electronic form, formatted under MS Word or a readily convertible format, for discussion with ESCWA at least one week before termination of the task in question.

- f. Report to be submitted both in soft and hard copies format. A minimum of three hard copies are required.

2. Reporting Requirements:

All involved implementing partners are to prepare separate reports that should include, in addition to their findings, the recommendations and insights of their field surveys /visits (if applicable). Bait el Hikma is to consolidate all the findings and recommendations and perform secondary data analysis to provide policy recommendations in regards to enhancing decentralization and local governance in Iraq.

Bait al Hikma is required to abide by the below stated reporting requirements:

- Regular reporting to ESCWA on progress of work through its appointed Coordinator;
- ESCWA's comments and recommendations following the development of the final draft of the Situation Analysis Report should be incorporated prior to final submission
- Final comprehensive report, inclusive of recommendations and lessons learned sections, to be submitted no later than three weeks from the completion of all field activities.

E. Duration and Timeline

1. Duration of assignment:

The duration of the Situation Analysis will not exceed the period of four calendar months starting upon official award of the contract by ESCWA.

2. Timeline:

<i>Activities</i>	<i>Month 1</i>				<i>Month 2</i>				<i>Month 3</i>				<i>Month 4</i>			
	<i>Wk1</i>	<i>Wk2</i>	<i>Wk3</i>	<i>Wk4</i>	<i>Wk1</i>	<i>Wk2</i>	<i>Wk3</i>	<i>Wk4</i>	<i>Wk1</i>	<i>Wk2</i>	<i>Wk3</i>	<i>Wk4</i>	<i>Wk1</i>	<i>Wk2</i>	<i>Wk3</i>	<i>Wk4</i>
Identify and perform preliminary contacts with national and local stakeholders	x	x	x													
Present to ESCWA the preliminary / anticipated plan of action, inclusive of the methodology			x													
Performing the preliminary field surveys and data analysis				x	x	x	x	x	x	x	x	x				
Preparation and Submission of Situation Analysis draft for review													x	x	x	
ESCWA and involved UN agencies providing feedback on Situation Analysis draft															x	
<i>Final Narrative Report</i>																x



**BUILDING E-IRAQ
INTERNATIONAL E-GOVERNANCE CONFERENCE
BAGHDAD, 20-21 DECEMBER 2009**

CONFERENCE REPORT

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**BUILDING E-IRAQ
INTERNATIONAL E-GOVERNANCE CONFERENCE
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1. Background:

UNDP is supporting the Government of Iraq to reform and modernise the public sector, and strengthen service delivery through decentralization. This support seeks to harness e-Governance as a key mechanism to realise the strategic objectives of strengthening the regulatory frameworks, institutions and processes of both national and local governance.

UNDP Iraq has recently been working with the Iraqi inter-ministerial e-governance task force under the umbrella of the Ministry of Science and Technology. This coordination built a mutual clear understanding between two parties of Iraq e-governance situation and GoI priorities with regards to e-governance initiatives, the following activities were taken place:

- 1- An introductory meeting was held in Baghdad on Monday 10th August, 2009 by the Governance Team Leader/UNDP-Iraq with the attendance of H.E. the Minister of Science and Technology, the Acting General Director for the National Chief Information Office, and the inter-ministerial e-governance task force. The objective of the meeting was to discuss and become better informed about the GoI e-government initiatives and future priorities and possible UNDP support, and possible boarder support from the United Nations. As well as to discuss proposal to hold international e-governance conference.
- 2- A preparatory meeting was held on 28th September in Amman with the preparatory technical committee designated by the minister and e-government advisers and senior experts from the UN and UNDP. This allowed for a mutually clearer understanding of the overall strategy for promoting and implementing the Iraq e-governance strategy as well as what should be achieved by a high-level international e-governance conference.

2. Conference Summary:

Building e-Iraq international e-governance conference was held under the patronage of His Excellency Nuri Al-Maliki, Prime Minister of Iraq at the Convention Center in Baghdad on 20-21 December 2009.

The event was designed to increase awareness among decision-makers and general managers within Iraqi line ministries and institutions. By providing concrete and innovative approaches and solutions to well known public administration challenges, the conference beefed up support for e-governance policies and initiatives which are still emerging in the country. The event was designed from a non-technical perspective in which local, national, regional and global experiences were showcased from the vantage point of public administration managers and policy makers. The event was furthermore address key strategic issues for implementing and integrating e-governance within the context of future support to public sector modernization and decentralised governance.



Pre- the conference a meeting was held on 19th December 2009 at AL-Rashid hotel with the purpose for setting up the stage for all the conference speakers, sessions chairmen's and rapporteurs.

At the conference, jointly designed by the Iraqi E-Governance Task force and the UNDP-Iraq, high level speakers, including ministers, 30 international and national experts, and more than 240 delegates met to discuss topics of particular interest to actors in the field of e-governance, the conference was organized in 15 sessions providing the opportunity to present and discuss 43 papers, and to address the forward looking perspectives for e-governance in Iraq.



Taking into account the importance of this event, UNDP engaged a five short term senior specialist with strong experience in e-governance strategy and implementation to assist in plenary sessions and concurrent sessions. Additionally the conference witnessed a contribution from Tatweer-USAID and MNF-I of Iraq.

The conference was attended also by Kurdistan Region and most of the governorates covering Al-Anbar, Al-Basrah, Ninawa, Salah ad-Din, Diyala, Thi-Qar-Al-Nasiriya, Kirkuk, Maysan, and Qadissiya – Diwaniya.

3. Conference Structure, Main Themes and Sessions:

The conference hosted several plenary sessions dealing with different topics of interest such as “Policy and Strategic Frameworks” “Enabling Environment and Infrastructure” and “E- Services”. These concluded with participants focused on their area of interest from a number of simultaneous workshops featured different topics and case studies resulted in several important recommendations.

3.1 Conference Opening:

▪ H.E. Raid Jahid, Minister of Science and Technology

The Conference was opened by H.E. Raid Jahid, the Minister of Science and Technology on behalf of H.E. the Prime Minister, who welcomed the conference attendees; expressed his appreciation to the conference organizers in general and to the UNDP support in specific. As well as H.E. illustrated the importance of holding the e-governance conference in Baghdad as a special event for many reasons; Its significance stands from the fact that it embraces both high international participation of highly experienced experts in the ICT field, as well as being held under the patronage of H.E prime minister Nuri al Maliki with the support of all governmental agencies, ministries and KRG.

H.E. presented the achievements done by his ministry towards the e-government; that includes tens of specialized workshop conducted for Iraqi experts in the field outside Iraq, the e-literacy program running by MoST to all public sector servants, and the comprehensive data center as a base for national databank center.

On the other side, H.E. clarified that the National Commission for Information (NCI) law was drafted and passed to the Iraqi Parliament for approval, which aims at establishing a single focal point of authority and coordination of e-governance program. Though, in the meantime the e-governance tasks force has been established, chairing by H.E. himself and two members from the presidency, members from the Prime Minister Deputy office and the Secretary General for Council of Ministers, in addition to representatives from MoC, MoHE, MoP, MoE, MoD and MoST.

▪ H.E. Farooq Abdulrahman, Minister of Communication

The second welcome note was addressed by H.E. Farooq Abdulrahman, the Minister of Communication who presented brief summary on MoC infrastructure projects including the fiber optics project. His Excellency thanked the MoST and the UNDP for holding this unique meeting and stressed the importance of gathering the efforts for e-governance future development.

▪ Mr. Alla' Makki, PM

Mr. Alla' Makki, the Member of the Parliament expressed his appreciation to submit draft document on e-governance brief status analysis, implementation challenges and obstacles, and the conference recommendations for further study and support by the parliament.

▪ **Mr. Elballa Hagona, UNDP-Iraq Deputy Director**

Mr. Elballa Hagona, the UNDP-Iraq Deputy Director in his turn clarified that e-governance will be one of the key areas of UNDP work, where UNDP will stand ready to support the government's efforts to make this a key tool for the national development process.

3.2 Plenary 1: Opening Session

This plenary session featured presentations by selected keynote speakers as follows:

▪ **Future UNDP support for e-governance within the context of UN support for public sector modernisation**

Sylvia Fletcher/ Governance Team Leader, UNDP

Mrs. Fletcher spoke about UNDP support in the implementation of ICT and e-governance programme around the world, where these projects range from policies and strategies to e-participation and access to information via ICTs. With clear links to Public Administration Reform, local governance and anti-corruption also exist in UNDP's global technical assistance.



She also clarified that by beginning of January 2010, UNDP will be supporting a comprehensive programme of public sector modernisation, in which the improvement of Standard Operating Procedures for public administration will be linked to automation of these procedures. This will provide a management platform for the future development of e-Governance. In particular, this will cover supporting the Government to develop a systematic self-assessment of e-readiness at the national, regional and governorate levels, building on numerous studies and initiatives already under way. Subsequently, there will be jointly with specialized UN agencies a focus on the improvement of selected social services (i.e health and education), so that the people of Iraq will feel a direct, tangible improvement in these services. This support will combine with a comprehensive process of building ICT skills and competencies in the civil service that will be the foundation to enable the technological development of systems and operational capacities of government administration.

▪ **E-governance and development: Towards Social Inclusion**
Raul Zambrano/ Senior Advisor on E-governance, UNDP

Mr. Zambrano spoke about e-governances and development towards social inclusion, based on his experience Mr. Zambrano leveraged e-governance lessons already learned in the developing countries to maximize the chance of success for future e-governance project as follows:

- The roadmap for e-governance should follow issues for managing them that includes: political will, identifying priorities (multi-stakeholder consultation), Implementation with adequate resources and institutional support, Evaluation/impact assessment, and capacity development
- The fundamental theme of this roadmap is towards social inclusive that can be achieved through: sees citizens as both "clients" and stakeholders, listen to stakeholders voices, priorities, responds to development priorities (MDGs, etc.), provides tangible results to citizens (more and better public services and information), focus on governance and not on "e"

Mr. Zambrano had put forward a number of suggestions for looking ahead for building e-Iraq:

- Increase awareness among decision makers (it is about development, not technology)
- Build the required institutional support (public administration modernization is key)
- Focus on e-services (for marginalized and excluded populations)
- Develop e-governance implementation strategy (built with multi-stakeholder participation)

▪ **Iraqi E-governance review**

Mahmood Sharief/ Director General of IT, MoST

Dr. Sharief spoke about e-governance overview in Iraq, he presented the tasks achieved by the MoST since 2003 including: long terms strategy planning, compatibility of the automation system, establish of appropriate infrastructure and connecting the ministries...

His paper highlighted the result achieved by the Italian project to establish an appropriate infrastructure network with all Iraqi ministries and to build the necessary HR capacity for this regard. He illustrated the importance of the e-governance task force as a centralized committee towards the coordination of e-governance development.

- ***E-government in KRG***

- ***Ahmed Ismael Bindian, Government Relations Manager, Department of IT, KRG***

- Mr. Bindian in his turn spoke about e-governance development in KRG; KRG shared vision with all the stakeholders represents the priority objectives of the KRG government to enhance effective and effectiveness, economic development and a better life for government, business sector and society. He also presented the tasks involved the department of Information Technology (DoIT) that linked with KRG Prime Ministry, and the authority provided to this department to manage and coordinate KRG e-governance program. Part of DoIT achievements were the KRG e-strategy, IT academy, civil servants ID cards ...

- The paper also listed the major challenges faced KRG e-governance; that illustrated by resistance of change, bureaucracy and routine in the government procedures, old systems, the costs of management of change, brain drain.

- ***Thi-Qar E-government projects***

- ***Salah Eidan/ Telecommunication Division Manager, Thi-Qar, Al-Nasiriya***

- Mr. Eidan presented the e-governance development in Thi-Qar governorate, since 2006 a MoU was signed with the Italian government to establish and build the necessary communication infrastructure for Thi-Qar governorate. As of 2007 twenty two sites have been connected in AL-Nasiriya; the services provided by this network include: webmail, file sharing, VoIP, messaging, forum applications, DMS; where each user granted an access to the Thi-Qar gateway (<http://www.thiqar.gov.net>).

- The paper also clarified the future plan of this project by expanding this network to connect all the Qadhas (districts) of Thi-Qar through utilizing the Fiber Optics infrastructure, and connecting the governorate of Thi-Qar with the central governorate in Baghdad. Mr. Eidan concluded with this expand Thi-Qar will form a pilot model for Iraq.

- ***E-government from strategy to application (Al-Anbar)***

- ***Fuad Hamad/ Governor Deputy for Technical Affairs, AL-Anbar***

- Mr. Fuad Hamad in his turn spoke about e-governance development in Al-Anbar; where he clarified that the governorate established Al-Anbar high committee for information technology to manage and execute the e-governance program; he added that the necessary budget where allocated for this matter. The committee in turn established a working group with different directorates at the AL-Anbar to support e-services transformation, as well as to raise the citizen awareness.

- Mr. Fuad stressed the importance of setting a comprehensive e-governance strategy for Iraq, and the needed support of MoST in this regards as well as the provision of enabled environment for the public entities.

- ***Comments/ Recommendations***

- Training program for developing the capacity and skills in all the levels should set in place.
 - E-governance program to be a tool for improving the quality of life for poor and disadvantaged communities
 - Emphasis on covering the knowledge management side
 - The importance to design a long term program starting from primary school to universities; and short term program for quick-win application
 - The importance to develop a Road map and e-governance priorities
 - Other ministries to represented in the e-governance task force; i.e Ministry of Oil ..
 - All the supported projects in Iraq should focus on citizen-centric and not IT infrastructure
 - More focus on the specialised people to guarantee the success of the e-governance project

- Build on success project inside and outside Iraq
- Awareness raising
- Create of Database centre
- Broadening public participation and understand their requirement
- IT committee to be established within each governorate

3.3 Plenary 2: Policy and Strategic Framework

The plenary session that chaired by Majeed Hameed Jassim/ Ministry of Communications featured presentations by selected keynote speakers focused on:

- *Global trends of e-governance in the development process of good governance*
- *Policies that do and do not work / successful cases on e-governance policies*
- *Talking stock on e-governance for the development process*

Key Note Speakers

- *Raul Zambrano/ Senior Advisor on E-governance, UNDP*
- *Vincenzo Puliatti/ Chairman, IT Synergy – Cairo (Egypt) – Lima (Peru)*
- *Nele Leosk/ Program Director, e-Governance Academy Foundation –Estonia*

Mr. Raul stressed the importance of analysing the operation to enable Iraq establish the right decision based on the required development priorities to reach the expected results and not lose money. He added the selection of the deployed application not necessary to be on the basis of last state-of-art application; it should be simple to be useful and used as a pilot project to be disseminated on later stage.

Mr. Vincenzo spoke about policies that do work and do not work around the world; he pointed out that when speaking on e-governance ultimately we speak about improving the quality of life for citizen; where it is certainly e-governance should aim to, then we can gain the best value of this investment, However the implementation of e-gov practices should not increase the internal digital gap or simplify procedures and processes only for those who have direct access to ICT. In implementing e-governance, the mechanisms that will indeed benefit every single citizen should be identified. As well as stressed the importance of selecting the write open-source application that are fully interoperable to avoid the problem of conflicting and incompatible applications.

Mrs. Nele Leosk in here turn presented the case study of Estonian information society development and the role entitled by Estonia E-governance Academy in this regards; she also presented the e-governance readiness report, pointed that Estonia ranked no. 18 in 2009 relatively to no. 25 in 2003.

Three concurrent breakout sessions were organized around the main plenary theme as the following:

➤ **Workshop 1: E-Government Impacts on Effectiveness, Efficiency, Transparency and Decentralisation**

- *Public Administration Reform and e-governance: Challenges, Successes and Future Trends*

Raul Zambrano/ Senior Advisor on E-governance, UNDP

The paper discussed the expanding interdependence between public administration reform (PAR) and e-governance in the context of UNDP's work around the world. This discussion drawled on current thinking in information and communication technologies (ICTs), governance and the implications for development.

- *The importance of e-administration*

Mohamed Hussein/ Consultant, Tatweer – USAID

The paper discussed the Management Information System (MIS), it's definition, classification and benefits.

- *Obstacles of the planning and implementing e-government in Iraq*

Suha Mahmoud/ MoP

The paper illustrated the importance of e-government for public sector reforms; it highlighted the challenges of planning and implementing e-government in Iraq as follows:

- Actual reality in IRAQ for security and political stability
- Identifying the funding system, resources and planning the investment for e-government
- Brain drain of human resources and qualification programs
- Lack of public services
- Clear vision for the information society
- Trust
- Digital divide
- Laws and legislations

- ***E-governance: A powerful tool for taxation system***

Khaled H. Eid/ MoF-Ninwa

The paper discussed a proposal for tax accounting electronic system; which could contribute to the performance of business organizations. The system's concept can be done through services privileged by rapidness and accuracy on the one hand, and lower the necessary time and costs to fulfill the petitions of benefits on the other.

- ***Comments/ Recommendations***

- Understand that e-governance is about transformation, technology is a tool; e-governance should be part of a larger program for reform- e-government should respond to citizens requirement
- Inter-operability and compatibility is essential for e-governance
- Establish a central data bank that support the decision making process

➤ **Workshop 2: Data Protection and Legal Aspects**

- ***Data protection and legal aspects***

Vincenzo Puliatti/ Chairman, IT Synergy Chairman – Cairo (Egypt) – Lima (Peru)

The paper discussed the importance of data protection and legal aspect, as they are two very broad and relevant issues that must be taken into consideration for any e-governance initiative. The paper elaborated on the type of security systems that are required to increase confidence in systems and therefore the chance of succeeding in an e-governance initiative. As well as the issues that should be addressed in designing a comprehensive legal e-enabling environment and the importance of open systems.

The paper furthermore addressed the link associated between e-governance and ICT from Development (ICT4D) in the development countries to improve people quality of life through better governance, higher transparency, and simplified bureaucratic procedures.

The paper had put forward a number of suggestions for what can be done combined with case studies.

- ***Law proposed solution & the problem draft GoI legislative process quantitative analysis***

Atir Al-Attar, jointly with Muayad Al-Chalabi/ The State Dept. and University of Utah

The paper discussed the proposal for building legislative electronic system and the system's proposed development stages. The project that is supported by Etowah University and the American embassy aims at transforming the legislative process; the Iraqi regime that relies on the use of paper and the exchange of correspondence by courier will be transformed to the next generation of the electronic and automated follow-up system.

- ***Information Security***

Dr. Saad A-R. Makki

The paper discussed the information security issues, it elaborated on information objectives, risk, vulnerability and threats. The paper suggested the basic security mechanism and access control.

- ***Data protection legal aspects***

Basher Maki Ne'meh, jointly with Ali Hashem

The paper discussed the legal aspects of data protection and the requirement for comprehensive cyber law.

- **Comments/ Recommendations**
 - Setting a security information strategy based on international standards
 - Setting a comprehensive legal framework for e-governance and accelerate drafting the related e-governance laws
 - Implement a comprehensive package (GRP) system
 - Establish electronic government gateway (portal)
 - Build on global and region best practices
 - Data protection and privacy for each citizen
 - Human resource development in security
 - Encourage national projects that are aligned with information security standard
- **Workshop 3: Standardisation (Interoperability)**
 - **Estonian interoperability framework**
Nele Leosk/ Program Director, e-Governance Academy Foundation -Estonia
The paper gave an overview of the interoperability framework in Estonia: basic principles and objectives, requirements for the state IT interoperability and foundations of organisational, technical, and semantic interoperability. The paper didn't intend to provide solutions to IT-related problems in governance or technical guidance but serves as an example of transformation from the institution-based world to service-centered and citizen-oriented, and necessitating changes in the organisation of public administration activities.
 - **Standardisation in e-governance applications**
Ali Tarish, MoD
The paper discussed the importance of establishing the principles of quality and standardisation, as well as preparing human resources and sources of knowledge for this regards.
 - **E-Government and ZTE's Solution**
ZTE
The paper presented the ZTE electronic solutions and their solutions in many countries including (Uruguay, Kenya and Egypt)
 - **Smart cards in e-governance applications**
Yeser Nejem, jointly with Heider Abbas
The paper gave a brief introduction about smart cards systems.
- **Comments/ Recommendations**
Establishing the principles of quality and standardisation for Iraqi e-government

3.4 Plenary 3: Enabling Environment and Infrastructure

The plenary session that chaired by Bassam Abul Muhsin / Huawei featured presentations by selected keynote speakers focused on:

- **Public-Private sector partnership**
- **Infrastructure**

Key Note Speakers:

- **Vincenzo Puliatti/ Chairman, IT Synergy Chairman – Cairo (Egypt) – Lima (Peru)**
- **David Simpson/ RDML, MNF-I**
- **George Chizmar/ Sr. Lead Advisor, MNF-I**
- **Sumit Barua/ Public Private Partnership Expert - Asian Development Bank (ADB)**

Mr. Vincenzo spoke on how to achieve a good result with any infrastructure that is in place, he raised the question of whether should Iraq wait for proper infrastructure? He stressed the importance that there are no silver technological solutions around the world, where the most important is to get use of the existing solutions in the current time and fight for latest technology in the long run time, then he illustrated many cases around the world that successfully able to utilise basic solutions for connectivity.



Sr. George Chizmar stressed the importance of setting the right technology, standard and policies that meet the strategic need of Iraq for the short and long time; this required to ask the right question in the right time to develop an effective decision-making model.

RDML David Simpson elaborated on the importance of having solid network all over Iraq.

Mr. Sumit Barua spoke about public private partnership in the context of e-governance.

Three concurrent breakout sessions organized around the main plenary theme addressed the following:

➤ **Developing appropriate model of partnerships with private sector and non-governmental organisation and the role of private sector in creating the enabling environment**

- ***Developing appropriate model of partnerships with private sector and non-governmental organisation and the role of private sector in creating the enabling environment***
Sumit Barua/ Public Private Partnership Expert - Asian

This paper discussed the e-governance requirement for private sector participation not only from financial perspective but also as a more suitable option for delivering better value for money in delivering services to citizen. This paper presented the Public Private Partnerships (PPP) history, advantages, definition and essential components and models of PPP and major sectors. The paper furthermore discussed the role of government and private sector as well as the critical issues in PPP and policy implications. The paper additionally put forward a number of suggestions for Iraq PPP journey to start working on two important aspects of PPP that included PPP environment and Pilot Projects.

- ***Iraqi e-government suggestion***
Huawei Technologies Co.

The paper presented Iraqi e-government suggestion from perspective of Huawei as a private company operated in Iraq.

- ***Comments/ Recommendations***

- Establish PPP guidelines and legislations
- Set up of adequate institutional mechanisms for appraisal, approval, assessment and monitoring
- Establish procurement guidelines
- Select appropriate models and sectors for PPP

➤ **Workshop 5: Internet Connectivity Country Wide, Wireless Technologies and M-Governance, Organisation Architecture**

- ***Enterprise architecture & effective decision-making***
George Chizmar/ Sr. Lead Advisor, MNF-I CJ6

The paper discussed the middle layer of IT infrastructure, which focused on organisational capabilities infrastructure, where the paper stressed the importance to create a vision based on sound strategies, solid architecture and a culture of delivery.

– ***Iraqi National Packet Network (INPN)***

David Simpson/ RDML, MNF

This document proposed the Iraqi National Packet Network (INPN). The paper stressed the importance of implementing a unified packet-switched core to support nation-wide broadband access to GoI data services. This will allow for a more scalable growth of the Iraqi telecommunications infrastructure, resulting in a potential savings of \$70M in VSAT fees over the next 3 years to the GoI, while allowing for a seven-fold increase in communications capacity. It will also significantly decrease the time and resources required to connect GoI customers to the national fiber optic infrastructure. Additionally, a transition away from a circuit-switched business model to a packet-switched model opens up new opportunities for providing modern, regulated Internet service in Iraq.

– ***WBB project***

Salim Zuheiri/ MoC

The paper presented the Wide Broad Bandwidth (WBB) project in Baghdad, which established by the support of the American Embassy. The network which is operated by MoC covers 40 governmental sites with one main hub and four networks nodes. This project provides internet, VoIP and VTC services for these sites.

- ***Comments/ Recommendations***

- Set appropriate plan to expand the wide area network to fulfil the demand requirement
- Establish a one connected infrastructure
- Ensure that the infrastructure projects are completed and covering all Iraq
- Private sector roles should be identified in this field

➤ **Workshop 6: E-Governance indicators**

- **E-Governance and e-readiness indicators**

John Borgoyary/ E-governance Consultant

The paper discussed the e-readiness indicators, where many governments and international agencies have developed indicators to assess various e-Government programmes and their e-readiness. The paper elaborated on the UN Global e-Government Readiness Survey of 2008 that ranks 192 countries on e-Government Readiness, where the survey placed Iraq at the bottom of the list. The paper suggested connectivity, content and policy reform to be the three critical areas that need to be strengthened and focused upon in order to enable ICT serve as an important tool for improved governance in Iraq.

- ***Indicators for measuring the information Society and e-government***

Wikar Zin Al-Abidin / MoC

The paper presented the MoC vision regarding the indicators for measuring information society and indicators, it pointed out that many projects are running in this regards, the paper also illustrated some statistics that resulted from previous surveys.

• ***Comments/ Recommendations***

- Adopt national project for e-readiness with wide coordination and involvement of concern parties that covers the following indicators:
 - e-services
 - infrastructure
 - Human Resources
 - Connectivity (citizen)
 - Awareness
- Set up awards for staff and citizen for e-transformation

- E-governance should be part of a larger program for reform- reforming how government works, manages information, manages internal functions, and serves citizens and businesses.

3.5 Plenary 4: E- Services

The plenary session that chaired by Imad Al-Hussani / Ministry of High Education featured presentations by selected keynote speakers focused on:

- *Case studies and best practices of deployed e-application (G2C, G2G, G2B, e-administration, e-health, e-education, e-participation)*
- *Building drivers for e-governance (business process re-engineering, management of change, capacity building, awareness)*

➤ Case Studies

– *India's 'National eGovernance Plan (NeGP)*

John Borgoyary/ E-governance Consultant

The case study provided information about the National e-Governance Plan of Indian that seeks to lay the foundation and provide the impetus for long-term growth of e-Governance within the country. The presentation elaborated on how the plan create the right governance and institutional mechanisms, set up the core infrastructure and policies and implement a number of Mission Mode Projects at the centre, state and integrated service levels to create a citizen-centric and business-centric environment for governance. The case study furthermore provided information of common services centres (CSC) scheme as such the most prominent face of NeGP.

– *Business Process Engineering, Management of Change and Capacity Building*

Mohannad Hamdy / Presidency of Iraq

The paper provided literature review on Business Process Engineering, Management of Change and Capacity Building as building drivers for e-governance.

– *The Iraqi Commission for Computer and Information*

Imad Al-Hussani/ MoHE

The paper provided a case of successful stories and deploying e-application through using the e-form for student registration in the universities. And the Cisco Academy Training Centre that support the e-learning activities.

– *Contracting Basis*

Ahmed Abdulamir

The paper presented and overview of how to deploy e-contact application.

3.6 Plenary 5: Closing Session

The conference, which concluded under the auspices of H.E. Raid Jahid, the Minister of Science and Technology, expressed his satisfaction with the professionalism's level in conducting the first international e-governance conference in Iraq and the satisfaction with the resulted out come.

H.E. is also welcomes any and all comments about the recommendation and, more importantly, case studies or “lessons learned” from the experiences of others countries.

By the end of the conference, all the sessions’ recommendations was presented. It was agreed that the final draft of recommendations will be discussed by the e-governance task force and submitted on later stage to all concern parties.

A direct request from UNDP is to facilitate the establishment of the building e-Iraq portal with a collaboration tools as well as proceed in printing the conference preceding.

4. Conclusions and Findings

4.1 General Finding

The finding and conclusions, which observed by the end of the conference, are listed as follows:

- The Government of Iraq is already taking steps to improve usage of e-governance since four-five years ago
- Clear vision, main goals and implementation priorities that linked to country development plan were not in place
- The potential of E-governance in Iraq remains severely constrained by the lack of a modernized and reliable telecommunications infrastructure and appropriate legal enabled environment. Several projects are being planned to begin to address this issues.
- KRG, local governorates and Iraqi ministries outlines it's e-governance program individually, without any adequate integration and coordination to the overall e-governance framework
- Inadequate level of government awareness/commitment of e-governance.
- Inadequate clear management structure fixing the main responsible institution as well as the responsibilities of different Ministries, though the National Chief Information Office (NCIO) law was drafted and passed to the Iraqi Parliament for approval, which aims at establishing a single point of authority and coordination of e-governance program.
- Poor coordination and cooperation mechanisms: between and inside ministries, between ministries and provinces and local municipalities
- No agreement to the main policy principles
- Poor Demonstration of the fact that the citizen is the center and goal of the e-governance project
- There is an uregent need to strenghten the HR capacity of e-governance task force in strategic planning, management and coordination, and to endorse the institutional approach of the operation
- A detailed guidnace on e-governance development should provided
- Foster the exchange of experiences and international good practices need to be strengthen
- Absence of assessment methodologies and indicators
- Absence of clear model for new potential Public-Private partnerships

4.2 GoI Conclusions

On the end of the conference, H.E. outlines a joint forward-looking vision and conclusions, which are very important in clarifying the vision to build e-governance, included the following:

- Confirmation of the fact that the e-governance is not a technical issue restricted to engineers and related professionals, technology is a tool; e-governance should be part of a larger program for reform and for the development of economic, social, etc
- E-governance, as with all reforms, requires changing how officials think and act, how they view their jobs, and how they share information between departments (G2G), businesses (G2B) and with citizens (G2C). It requires reform of the administrative machinery of government that include organizational structures and human resources, legislation, simplification of procedures and re-engineering of the government's business processes, both within individual agencies and across government as well as from central to local governorates.
- Demonstration of the fact that the citizen is the center and goal of the e-governance project.
- Absence of vision and main goals inflate projects as well as the financial resources required.

H.E. realised that the vision that represents the priority objectives of government and the shared voice of all stakeholders (citizens, businesses, officials, civil society groups and others) should defined. The broad vision should flow from the large goals. However, there are broad categories of goals has been tackled through the conference, including:

- improving services to citizens;
- improving the productivity (and efficiency) of government agencies;
- improving the quality of life for disadvantaged communities;
- Strengthening good governance and broadening public participation.

H.E. concluded that there are no "one size fits all" e-government solutions. Each country—indeed each level of government within each country—has a unique combination of circumstances, priorities and resources.

The questions presented touch on all phases of e-governance, from establishing a vision and communicate the vision, to developing road maps and management structures, assessing readiness to setting performance

benchmarks and measuring success. He also stressed on the importance of e-governance to be customer-driven 'citizen-centered' and service oriented.

4.3 UNDP Conclusion and Looking Forward

Mrs. Sylvia Fletcher/ Governance Team Leader at UNDP, presented some UNDP conclusions according the following:

- Visions and Principles: Need for shared vision, where technology is a tool for citizen-centered service delivery for development, consequently this required:
 - Awareness-raising
 - Outreach *from* governorates and region *to* national level and *from* national *to* governorates and region
- Technical/engineering aspects: Need Iraqi solutions to current challenges of:
 - Connectivity
 - Inter-operability
 - Systems compatibility
- Priorities and Way Forward
 - Service delivery first – Determine priority service delivery needs (with consultations/surveys) then innovate the technological tools to provide solutions
 - Citizen Service Centers as possible model
 - Link e-Governance to the overall national plan for public sector modernisation
 - Ensure that e-Administration is not the only objective, but that development of e-Services follows the investment in e-Administration
 - Road maps for short, medium and long term practical steps toward e-Governance with flexible, inter-modal solutions
 - Use e-readiness indicators as a tool to develop monitoring of progress for the road maps
 - Some standardisation for governorates of capacity-building and basic technical assistance to improve the capacity to innovate and solve problems within a national framework
 - Civil service and senior manager computer literacy – improve the baseline skills through capacity development and job requirements
 - Share international experiences

4.4 UNDP Senior E-Governance Specialist Conclusions and Recommendations

Mr. Zambrano, UNDP-HQ E-governance Senior Specialist as well reported his conclusions and recommendations as follows:

- In his closing speech the Minister of Science and Technology emphasized the links between e-governance and development, and the need to have a citizen-centric approach with two pillars: participation and service delivery for the poor and marginalized. The Minister also picked, in public and privately, on UNDP's suggestion to implement national surveys to assess the demands and priorities of the local populations. The Ministry of Planning is partially implementing this and shared some data with UNDP before the close of the conference.
- UNDP Iraq should follow up on this and link it to the current "e-readiness assessment" it is financing via ESCWA. The latter study has a clear technical bias which most probably not provide the information needed to make better public investment decision on ICT. It also needs to include data on citizens non-ICT needs and priorities
- Many of the national participants expressed some level of dissatisfaction with the way in which the existing e-governance national steering committee, ranging from lack of transparency to lack of support. This was more noticeable with participants coming from the provinces. On the other hand the Kurdistan Regional Government, which is autonomous, is doing its own e-governance programmes and is now well ahead of the rest of Iraq.
- The meeting ended in a wide variety of recommendations that were directly provided by the national participants. The recommendations now need to be organized and structured around the following pillars: policy and regulatory environment, infrastructure, e-administration, e-service delivery, and e-participation. This could be also an opportunity for the e-governance steering committee to report back to all participants (and all e-gov practitioners in the country) and build up consensus and trust. UNDP should directly support this process

- A process of broad consultation should also be started by the steering committee in order to be able to:
- Promote a shared vision on e-governance; b) Identify and agree on priority areas; c) Agree on the institutional mechanism to coordinate e-governance in the country; d) Decentralized the implementation process of agreed priorities; and e) Devise evaluation and impact assessment strategies and benchmark indicators
- The links between e-governance and public administration modernization as still weak within the country. On the one hand, most of the e-governance experts in Iraq have a strong technical background. On the other hand, decision makers involved in public administration efforts are not aware of the importance of e-governance in such process. UNDP should try to bridge this gap by bringing together the two sides. Also, UNDP should consider having a dedicated and cross-cutting e-governance sub-component in the current public administration modernization programme
- UNDP Iraq is also working with the Ministry of Communications on other programmes related to media development and access to information. UNDP Iraq has provided advice to the Ministry and the independent regulator , CMC (Communications and Media Commission of Iraq), on the current telecommunications law draft. The draft law does not contain any provisions regarding the creation of a universal access fund that could help finance some of the infrastructure components of any e-governance activity that aims at marginalized and poor populations. There is also need to syn this up with the current e-governance efforts UNDP is also supporting

5. Conference Official Recommendations

After two days of knowledge sharing and network building among national and international practitioners, the conference resulted in series of concrete recommendations as follows:

- 1- Adopt a clear vision and priorities for e-governance
 - Identify a vision that represents all priority goals of the government, while encouraging stakeholders' participation in identifying the vision (officials, citizens, businessmen, civil society organizations and others). A wide range of goals were highlighted during the conference, including:
 - Improve productivity, efficiency and modernization of the public sector
 - Improve services to citizens
 - Improve the quality of life for local and poor societies
 - Empower good governance and broadening the people's participation
 - Identify e-governance as a tool to combat corruption.
 - Apply citizens-centric visions and goals, so that the citizen is at the core and the purpose of the project. This should be reflected in the e-governance project, which requires the provision of access to information, improve services and procedures for the citizens.
 - Communicate, outreach and disseminate the visions across the public sectors and citizens. Develop a communications strategy that will raise awareness about expected changes and tangible benefits derived from e-governance.

- 2- Assess the readiness of e-governance and degree of communities' readiness for e-governance, adopt a national project to measure and follow up on e-readiness, and attain substantial progress according to international standards.

In order to assess readiness, these measures are needed:

 - Political will and leadership
 - Information policies
 - Telecommunications infrastructure
 - Current e-systems and ICT usages via government
 - Governmental human capital (eradicate ICT illiteracy)
 - Current and forecasted budget resources
 - Legal framework and information security
 - Readiness for change on the level of public sector workers

- 3- Strengthen the commitment and awareness of e-governance among leaders and decision makers

- 4- Develop master short-, medium- and long- terms plans to implement the priorities of the e-governance projects, and tie e-governance plan with national development plan
The plan has to have six major elements, as follows:
- Development of content: including the development of applications, standards or indicators, local language interface and users' guides
 - Build capacities: plan to build capacities and train staff on all levels, inclusive senior staff, so that this comprises an indivisible part of the work plan.
 - Communications infrastructure: avail local networks and internet to concerned entities. Ensure the necessary governmental attention and commitment to building needed infrastructure for intra and internet. Avail e-services via mobiles which are widely used/dispersed.
 - Establish laws and appropriate environments by availing a legal framework that supports the goals of e-governance, such as e-signature, telecommunications laws, cyber crime, e-commerce, etc. Put needed legislations in place for the freedom of information among citizens, and the protection of personal information during gathering, storage and publishing. Establish a unified strategy for information security in Iraq, based on international indicators, special monitoring methodologies, auditing and accounting, to be presented to the ministerial council. Protect personal privacy of each citizen to ensure his/her protection, as well as the protection of information and human rights as per international standards.
 - Establish electronic gateway for e-governance: to ensure that e-governance is accessible to all users.
 - Identify funding: the importance in allocating a specific item within the investment budgets entitled "Development of ICT" for the State's establishments in order to build an e-government and attain e-governance. Allocate another specific item in the annual budget, as well, for each ministry, entitled: "Development of ICT" in order to provide e-services.
- 5- Put forth a methodology to plan, manage and execute e-governance projects. This includes:
- Request the endorsement of the parliament on the National Information Commission law
 - Establish methodologies on national, governorate and project levels, to create a relationship between the e-government ministerial committee and the ministries' representatives and governorates that are not represented in the committee.
 - Enhance the capacity of e-governance units (the national e-governance committee and its executive units/National Information Commission on later stage) in order to enhance their capabilities in strategic planning, management and coordination, and to endorse the institutional approach of the operation.
 - Support units and specialized e-governance training centers (to provide training related to e-governance in all parts of Iraq, in addition to ICT literacy training courses)
 - Develop operational capacities of the staff entrusted with the implementation of pilot projects for e-governance
- 6- Establish methodologies for continuous stakeholder' participation, and establish citizens' service centres that provide guidance, support, and spread awareness, in the areas of available e-services. Encourage citizens to use the Internet for free of charge government transactions.
- 7- Build successful pilot e-governance applications to provide e-services to citizens, as per preceding needs assessments. Accumulate stories of success to be generalized and replicated.
This will led by a diagnostic approach of ICT and the adoption of best practices drawn on experiences from other regions or countries that have successfully implemented similar projects. It will therefore become necessary to customize and localize those experiences to fit into the Iraqi context and identify the direct benefits to be gained by the largest number of citizens. Simplify and to clarify the procedures in place to modernize government and make the current procedures transparent to the general public.
- 8- Private sector participation
Successful experiences support partnerships between the private sector and the State, as well as the importance in building an e-government and providing highly efficient e-services to citizens. This calls for:

- Placing frameworks, control measures, indicators and guidelines to regulate the partnership between the State and the private sector
- Place the necessary legislations that supports such partnerships
- Establish the needed institutional methodologies favour projects
- Select application examples that are compatible to needs
- Identify the sectors that may be more active and suitable for partnerships with the private sector, particularly in the areas of:
 - Establishment of knowledge centres
 - Building and expanding broadband
 - Building and developing capacities

6. The way ahead

The UNDP is already working in close cooperation with e-governance task force chaired by the minister of Science and Technology to set concrete targets for the e-governance agenda in Iraq and will launch an action plan in the second quarter of 2010 proposing concrete actions in line with Public Sector Modernisation and Decentralisation program. The forthcoming e-governance workshop meeting is scheduled on March 2010.

7. Media list:

- <http://radionawa.com/ar/NewsDetailN.aspx?id=68750&LinkID=99&AspxAutoDetectCookieSupport=1>
- http://www.ninanews.com/Arabic/News_Details.asp?ar95_VQ=EKIEFG
- http://www.parliament.iq/Iraqi_Council_of_Representatives.php?name=articles_ajsdyawqwqdasdba46s7a98das6dasda7das4da6sd8asdsawewqeqw465e4qweq4wq6e4qw8eqwe4qw6eqwe4sadjk&file=showdetails&sid=3419
- <http://www.most.gov.iq/index.php?name=News&file=article&sid=502>
- <http://www.almadaper.net/news.php?action=view&id=7592>
- <http://ar.aswataliraq.info/?p=184165>
- <http://www.alsabaah.com/paper.php?source=akbar&mlf=interpage&sid=80621>
- <http://www.most.gov.iq/index.php?name=News&file=article&sid=483>



DISCUSSION NOTE 'IMPROVING EDUCATION SECTOR SERVICE DELIVERY IN IRAQ'¹

INTRODUCTION

1. **The objective of this discussion note is to identify preliminary findings emerging from an initial review of the Education Sector.** It examines issues, options and possible strategies that will lead to improvement of the education system and the delivery of quality services, as well as to feed into a wider strategy for modernizing the public sector as an enabler not sole provider of services. Moreover, it makes the case for a step-wise and incremental approach to reform and modernization, to protect education services in transition, whilst also underlining that the proposed Council of Representatives (CoR) law to decentralize education services should be carefully reviewed to limit harmful effects. Moreover, in addition to fostering an enabling environment for the establishment and costing a national education policy, which would need to be linked with the formulation of the National Education Investment Strategy (NEIS), a key focus on reform and modernization will be on linking policy to administrative and fiscal reforms to strengthen delivery.

2. **The discussion note begins by providing an overview of Education Sector development and changes over the past three decades.** It highlights key phases in the development and changes of the education system including constraints that are external to the operations of the sector's ministries. The findings were mainly obtained through documentary reviews and analysis; review of existing systems, processes and practices and from discussions with officials, strategic partners and individuals. The Paper examines the overall structural constraints, and provides a short summary of data and statistics of the sector. It analyses the major sector goals and ministries' specific constraints impacting the management, planning and delivery of education services. Finally, the Paper provides a detailed understanding of the main challenges and opportunities for improving the sector's performance. It reviews the entry points and road map to reform and modernization of the sector to be mapped out into national education programs and priorities.

BACKGROUND:

3. **Iraq established the foundation of its current education system when the country came into being in 1920/21, even involving both public and private sector service provision at that time.** The principle of free access to education was present from the outset, and by the 1970s it had become public and free at all levels, and mandatory at the primary level. Currently two ministries manage the education system in Iraq: the Ministry of Education [MOE] and the Ministry of Higher Education and Scientific Research [MOHESR]. The MoE is in charge of pre-school, primary, secondary, and vocational education, while the MOHESR is in charge of tertiary education (colleges, universities and training institutes) and research centers.

4. **Until 1980, Iraq's educational system was regarded as one of the best in the region, as evidenced by time series data from that period.** Beginning in 1976, within fourteen years Iraq had been able to achieve universal access to education when primary education became both free and

¹ This is a collaborative discussion paper provided by the I-PSM Technical Pool reflective of close collaboration with the staff of UNICEF, UNESCO and UNDP. It also reflects consultation with the MoE, MoHESR, COMSEC, PMAC, UNICEF, UNESCO, EC, USAID, World Bank and the UNDP Governance Unit. As such this note is provided to stimulate discussion only.

compulsory. However, Iraq's education system endured a major financial crisis in the 1990s as a consequence of war, which led to:

- i. Major decline in per capita spending from US\$623 in 1989 to US\$35 in 2003 (WB, PEFA, 2005);
- ii. Massive depletion of human resource capacity as teacher salaries plummeted from US\$500 per month to less than US\$30 per month over the same period;
- iii. The systematic deterioration of vital physical infrastructure and operations and maintenance costs;
- iv. Wholesale decline in system and administrative delivery; and,
- v. The overall downgrading of all major aspects of the educational system.

5. **Despite more than two decades of degradation and neglect, the education system in Iraq has continued to operate and expand access since 2003, although recovery has been hampered by limited capacity and security constraints.** What is perhaps more remarkable, is not just that services continued at a low level but that the administrative and fiscal systems remain largely operable. That they are set in the public management traditions of the 1980s is another problem, but that the system itself is still relatively intact provides many valuable entry points for reform. Further, there is little doubt that substantial progress has been made in the area of education system development and delivery since 2003 in particular. Over the past six years a primary focus of the Government of Iraq (GoI) has been on restoring equitable access to primary, secondary and tertiary education, including a focus on physical infrastructure development, right-sizing teacher-student ratios, improvements in the terms of service, and in recent years substantial support for strengthening national education strategy.

6. **The 2005 Constitution, Article 34, lays the foundation for a coherent, inclusive and equitable education system.** Sub-articles state that "*Education is a fundamental factor for the progress of society and is a right guaranteed by the state. Primary education is mandatory and the state guarantees that it shall combat illiteracy. Free education in all its stages is a right for all Iraqis. The State shall encourage scientific research for peaceful purposes that serve humanity and shall support excellence, creativity, invention, and different aspects of ingenuity.*" Finally the constitution states that private and public education shall be guaranteed and be regulated by law. Other articles of relevance are outlined here.²

7. **As a result of the new constitution the decentralisation process has already gathered some direction in the shape of decentralized delivery in Kurdistan.** Kurdistan is now an autonomous region and the delivery of education services - which were once provided by the centre - are now provided by the Kurdish Regional Government.³ Therefore, to a significant extent, the decentralization of education service delivery is already underway and Kurdistan should be carefully studied to see how sub-national structures are dealing with such a transfer of authority.

8. **However, in spite of many recent gains, both (i) systemic and structural weaknesses exist above the level of the sector in relation to public sector, civil service and public finance management (ii) sectoral level constraints related to both the form and function of mandates and roles in service**

² See Article 4: Official Languages and right to education in mother tongue; Article 16: Equal opportunities for all citizens; Article 25: Reform economy with modern economic principles, including development of private sector; Article 34: Education is a right, Free education in all its stages. Encourage scientific research. Private education guaranteed; Article 114: Competencies shared between federal and regional authorities in the formulation of educational policy; Article 121: Distribution of national revenues to regions and governorates; Article 122: Decentralization of administrative and financial authorities to governorates and Article 125: Educational rights of nationalities to be regulated by law.

³ There is a 'Directorate General for Kurdish and Minorities Studies' based in the Ministry of Education'.

delivery.⁴ To a large extent these reflect that Iraq has been denied more than 20 years of new public management reforms and that the structures of delivery are both unitary and highly centralized. In addition, the Constitution paves the way for a federal system of governance, across national, regional, governorate and district levels, which given the lack of administrative and fiscal restructuring has created uncertainty over core roles and service delivery functions.

9. **The administration system of education remains highly centralized and inefficient, while the directorates are weak and unable to make decisions that would improve local conditions.** There is no formal education policy, although in recent years, UNICEF, UNESCO and the World Bank have provided substantial support to strengthen strategic planning which in its own right has begun to precipitate an environment and incentive for change.

10. **This short note outlines both strategic and structural constraints to improved service delivery as well as issues and options for strengthening sector management and performance.** A key issue is that whilst reform and modernization efforts need to be focused at the levels of the sector and sectoral Ministries, they will also need to be delivered by removing the binding constraints that emanate from the weak civil service and public sector management environment.

OVERALL STRUCTURAL CONSTRAINTS

11. **As outlined above, it is clear that many of the structural constraints affecting service delivery in the education system simply cannot be solved from within the sector alone.** The lack of an adequately defined national development strategy deprives the education system of clear objectives around which it can organize its services as a primary engine of progress – this issue effects the entire government. As these broad priorities become better defined the overall enabling context for public sector management (policy, administrative, fiscal, human resources and budgetary etc.) will need to be radically improved to allow the MoE and MOHESR to benefit from fundamental governance reforms. For example, in the absence of a civil service law that facilitates staffing reductions, open-market recruitment and the development of senior civil service cadre (which might require salary decompression), improvements in human resource management will be substantially curtailed. Similarly, unless the sectoral planning functions and public finance management systems are both unified and strengthened as internal functions, then cross-sectoral problems will undermine leadership and functional integrity. Finally, and in the light of the Provincial Powers Act and the 2009 and 2010 budget laws, alongside the establishment of provincial councils, the need for clarity with regards functional mandates, responsibilities and accountabilities across the four levels of government could never be more vital. Moreover, in the absence of administrative and fiscal reforms the sector will remain, in spite of the desire to encourage decentralization, a highly unitary and centralized sector.

12. **Constraints to improving Education Service Delivery may therefore be broadly classified as structural, institutional, operational (systemic) and developmental.** This classification was identified through document review and analysis, including discussions with key informants, as a useful organizational framework for identifying and locating constraints within the existing system. Prior to identifying specific constraints within these areas, the following text identifies fundamental structural constraints that affect sector governance, yet are emanating from outside the sector.

⁴ Iraqi officials clearly identified insufficient capacity at all levels in the Ministry of Education (MOE) to assemble and interpret data, and to tackle the challenges of the transition to a modern and efficient education system. Iraq's educational system lacks a culture of effective administration on multiple levels: system, ministry, directorates, and teachers/staff.

13. **Government policies are statements that describe what governments expect to do, or believe they are doing, and the reasons for such actions or proposed actions; they indicate a government's intentions.** Yet, there is no education policy around which policy priorities are set, and there has as yet been no systematic capacity analysis of the education system.
- i. ***Unclear National Development Policy Agenda:*** The 2005 and 2007 National Development Strategies have not been implemented and government policy in key areas related to public sector governance and economic policy have therefore yet to shape education system design. The recent Five Year Strategic Planning exercise formulated by the Ministry of Planning and Development Cooperation (MoPDC), which was foreseen to create the foundation for sustainable primary, secondary and tertiary education, has also still to be financed in 2010 given lack of fiscal resources outside of the recurrent budget.
 - ii. ***Strategic Planning, Budgeting & Execution Cycles Split Across Ministry Functions:*** The planning functions for education are shared between both sector Ministries and the MoPDC. The school construction function was provided by the Ministry of Housing and Construction (MoHC) until 2005, when the Directorate General of School Construction was established within the MoE. However, given lack of capacity and uncertain roles between the line Ministries clarification of what is causing the major infrastructural bottlenecks is required. The recurrent budget is provided through the Ministry of Finance and the capital budget through the Ministry of Planning. Migrating certain functions to the MoE and MoHESR, whilst also strengthening the contracting out of construction by the private sector could lead to more effective management. See Figure 1 for a description of the current service delivery model.
 - iii. ***Lack of an Administrative Reform and Restructuring Framework:*** Even though political decentralization has progressed in leaps and bounds, prior to the Iraq Public Sector Modernization Program (I-PSM), there has been no formal national program that deals with either administrative or fiscal restructuring. This does not mean to say that the MoE or MOHESR have not streamlined their directorate structures: they have, but rather that obsolete civil service laws and a massive increase in public sector staffing, alongside an unclear decentralization agenda, has hampered organization re-structuring.⁵
 - iv. ***Lack of a Modern Civil Service Law and Accompanying Regulations:*** A key factor in sectoral reforms, in the context of an overly centralized and bloated civil service, is the adoption of a modern civil service law that enables Ministers to determine public sector staffing numbers, structures, and incentives. Even though teachers have a separate pay and grading structure, the civilian staffing side of the Ministries could benefit from a stronger regulatory framework. The lack of such a legal framework, including a Civil Service Council to oversee such a process, severely undermines the ability of the Ministers of MoE and MOHESR Ministers to improve administrative efficiency.

⁵ The success of education must be ascertained (by means of indicators) whether decentralization in education produces changes in: roles (formulation, regulation, decision, execution, leadership, responsibility, control, evaluation), relations (consultation, consensus, subordination, coordination, autonomy, contractual relations) between actors (institutions, associations or individuals). Whether it is established at: central level (Government) intermediate level (regional, departmental, provincial, district) or the local level (district, municipality) in the exercise of political power (policy-making) or economic power (production, allocation and use of financial resources) and authority (functions or responsibilities).

- v. **Highly Centralized Public Finance Management and Procurement Systems:** The existing PFM and procurement laws have yet to be amended to allow for sufficient decentralization of service delivery and as a result budgetary and fiscal processes remain highly unitary and centralized. In the absence of enabling reforms in these areas, any shifting of delivery closer to the people will remain unattainable.
- vi. **Lack of a Medium Term Expenditure Framework and Integrated Budgetary System:** Currently no multiyear planning (3 years) is undertaken and as a result planning is often incremental and does not benefit from the gains expected from policy-based public investment programs. Moreover, adopting a unified budget will remain impossible unless the recurrent and capital budgets are both planned within the actual sectors themselves (which they are not) and not through the Ministry of Planning and Development Cooperation.
- vii. **Politically Driven Decentralization Program Running Against the Legacy of Administrative and Fiscal traditions:** Unless the administrative and fiscal institutions (rules of the game) are reformed many of the recent COR driven legislative reforms will simply not materialize. The gap between actual (de facto) and legal (de jure) environment leaves Ministries in a hugely uncertain territory.
- viii. **Lack of Qualified and Motivated Human Resources:** The deterioration in the terms of service, the doubling of public sector staffing since 2003 and widespread insecurity has undermined the effective deployment and utilization of staff across the entire public service.

SECTOR STATISTICS AT A GLANCE

14. In order to understand the Education Sector it is useful to view a set of basic statistics in relation to budgetary, staffing and service delivery. A broad overview is provided below:

BOX 1 EDUCATION SECTOR STATISTICS AT A GLANCE

In order to understand the education sector it is useful to view a set of basic statistics in relation to budgetary, staffing and service delivery. A broad overview is provided below:

- In 2001 there were 4,631,428 students, 229,699 teachers and 11,840 schools;
- Spending on education has increased from 7.4% in 2007 to 9.6% in 2010 of the national budget;
- For 2010 the MoE has a budget of US\$4.2 billion for recurrent spending and US\$420 million for capital spending, for a total budget of US\$4.7 billion;
- For 2010 the MoHESR has a budget of US\$1.8 billion for recurrent spending and US\$294 million for capital spending, for a total budget of US\$2.1 billion;
- The MoE employs a total of 556,164 people across all grades of which only 11 are Grade A Plus;
- The MoHESR employs a total of 94,884 across all grade of which 30 are Grade Plus A;
- Education employs a total of 556,164 people across all grades of which only 5 are Grade A Plus;
- The MoHESR employs a total of 94,884 across all grade of which 30 are Grade Plus A;
- By 2014 there will be 133,000 children enrolled in kindergarten, 989,088 children in primary school and 1,847,112 students enrolled in secondary school;
- The shortage in schools has increased from 25% to 30% since 2004;
- 35.8% of primary schools work on a double shift, 42.1% of secondary schools, 23.5% for vocational training and at 49% a work a double shift at the teacher training centers;
- Triple shift schools are 4.5%, 3.4% and 1.5% for primary, secondary and vocational training respectively;
- They are 12,522 school buildings short of requirements and this gap is growing;
- There are 656 mud schools in the provinces and 3,076 schools require substantial rehabilitation.

Sources: GoI Five Year Strategic Plan, CoR budget, World Bank PEFA (2005-6), UNICEF, UNESCO

MAJOR SECTOR GOALS

15. **The five-year strategic plan (2010-2014) for the education sector provides a clear overview of the various sector goals, although the outer year targets are often ill defined or not defined at all.** [MoE 5 Year Strategic Plan, 2010-2014] (Undefined goals in the Plan are shown as (x) below.) Moreover, even though some targets have been set, most targets have not been directly costed and the excessive focus on increasing teacher numbers is likely to lead to a substantial increase in recurrent costs (which are already at 94% in 2009 and 91% in 2010).

- Kindergarten: The Five Year Plan set targets for kindergarten enrollment rates of 60 children / 1000 persons aged (4-5) years to be achieved by in 2013/2014. Gol aims to achieve a rate of 130 children /per kindergarten by 2013/2014 and a rate of 14 children /a teacher in 2013 / 2014.
- Primary Education: In the area of primary education, Gol aims to admit 98% of children aged 6 years covered by the compulsory education including follow-up of their attendance until completion the age of fifteen years. Gol aims to absorb 90% of the population of the age group (6-11) years compared to the population of the same age group and maintain the rate of (18) pupils per a teacher in (x). The fact that the outer target for this policy measure is unknown implies also that it has not been costed.
- The Intermediate Stage: For the intermediate stage (between primary and secondary education) Gol aims to admit (97%) of graduates of the primary stage into to the intermediate stage.
- Secondary Education: Gol targets for secondary education is to achieve a rate of (350) students / school in (x) and to maintain the rate of (14) pupils per teacher in (x). Again the targets for the outer years have not been set, or costed.
- Vocational Secondary: Gol vocational training targets, which are of particular importance to Iraq, is to admit (15%) of intermediate schools graduates into vocational schools in (x), to maintain the rate of (6) students / teacher and trainer by (x), to maintain the rate of (14) students / teacher and trainer by (x) and to achieve a rate of (200) students / school by (x). Targets have still to be set and costed.
- Teacher Training Institutes: Targets for teacher training institutes include achieving an admission rate of (2%) of intermediate school graduates, to achieve a rate of (17) students / teacher by (x) and a rate of (350) students / Institute in (x).
- Higher Education: In the area of higher education, the target is to maintain the current enrollment rates for higher education of the total high schools graduates, 10% of graduates of vocational education reached 14.6% for the technical diploma, 71.8% university and 19.2% technical colleges. In relation to professors, the plan proposes to maintain the average number of student / professors in the higher education at (11), and technical education to (29), taking into account the need for each specialization.
- Literacy Development: The literacy of citizens in the age group (15 - 45) years, numbering (1,804,676) million people, is planned to be achieved by (the target year), with the rate of (20) students / teacher by 2014 and the rate of (30) students / center by 2014.

- Schools for Adolescents: GoI plans the enrollment rate in schools for adolescents, aged 10-14 years, numbering (13323) students at enrollment rate of 0,3%, (19) learners / teacher by (x) and (107) students/ school by (goal year), again these targets remain undefined.

16. **Table 1, 2, 3 and 4 below provide budget and staffing information by MoE and MoEHSR.**

Table 1 Ministry of Education; Actual and Budgeted Functional Expenditures and Staffing							
	IQD Trillions	Salary & Pensions	Non wage Recurrent	Total Current	Capital	Total Budget	Approved Staffing (Headcount)
Actual	2007	1,617.6	92.7	1,710.3	8.9	1,719.3	
Actual	2008	3,135.0	138.2	3,273.1	158.1	3,431.2	
Budget	2009	4,402.7	205.8	4,608.5	212.5	4,821.0	551,089
Budget	2010			5,044.4	500.0	5,544.4	556,164

Table 2 MoHESR Actual, Budgeted and Functional Expenditure and Staffing							
	IQD Trillions	Salary & Pensions	Non wage Recurrent	Total Current	Capital	Total Budget	Approved Staffing (Headcount)
Actual	2007	570.8	73.0	643.7	113.5	757.3	
Actual	2008	1,164.2	336.6	1,500.8	225.3	1,726.1	
Budget	2009	1,687.9	149.8	1,837.7	212.5	2,050.2	71678
Budget	2010			2,198.6	350.0	2,548.6	94884

Table 3 Actual (2007-2008) and Budgeted (2009-2010) Education Sector Spending				
	Actual	Actual	Budget	Budget
	2007	2008	2009	2010
Ministry of Education				
MoE	1,719.3	3,431.2	4,821.0	5,544.4
Recurrent	1,710.3	3,2	4,608.5	5,044.4
Capital	8.9	158.1	212.5	500.0
Ministry of Higher Education and Scientific Research				
MoHESR	757.26	1726.1328	2050.241888	2548.563914
Recurrent	643.734	1500.8112	1837.741888	2198.563914
Capital	113.526	225.3216	212.5	350
Combined Education Sector Actual and Forecast Spending				
Total	2,476.5	5,157.3	6,871.3	8,093.0
Recurrent	2,354.1	4,773.9	6,446.3	7,243.0
Capital	122.5	383.4	425.0	850.0
Total National Budget – Share of Education Spending (%)				
Total	51,809.1	58,664.7	69,165.5	61,735.3
Education %	4.8%	8.8%	9.9%	13.1%

Table 6 Staffing by Grade for Key Sector Ministries and Kurdistan (2010)													
Grade Ministry	Grades											Total	
	A	B	1	2	3	4	5	6	7	8	9		10
MoE	11	66	186	2,215	35,243	49,053	70,715	71,417	171,081	114,899	30,969	18,841	564,696
MoHESR	30	344	8,747	5,129	6,648	8,545	13,177	19,879	18,735	6,461	2,637	4,552	94,884

CONSTRAINTS TO EDUCATION SECTOR DELIVERY

17. **Within the education system there are two main ministries (MoE and MoHESR) and private sector institutions.** The sector is therefore dominated by public sector provision but in addition, there is a small but substantive private sector that provides for pre-school, primary, secondary and higher level education, as well as independent colleges and technical schools. This short section outlines sector specific constraints that continue to impede effective service delivery both in public (central and sub-national levels) and private spheres. The analysis focuses on (i) legal constraints (ii) policy and strategy constraints (iii) organizational factors (iv) service delivery efficiency and effectiveness (v) public finance management (vi) human resource management practices and (vii) capacity and development shortfalls.

I. Education Sector Enabling Legal Framework

18. **The current legal framework, including the Governorate Law (Provincial Powers Act, 2008), Budget Laws, 2009 and recent legislation to deconcentrate a number of central Ministries would appear to provide for political decentralization by legislating the transfer of authority to provincial councils, district and sub-district structures.** [Also include Decrees, Executive Directives and Amendments to Acts] These laws do not however provide for the decentralization of functions and services, and as a result there is a gap between the legislative framework that supports decentralization and the actual (de facto) reality of the sector.⁶ Whilst this section does not discuss the new education laws per se, it does outline legal constraints to improved education delivery:

- The existence of multiple and conflicting legal frameworks, as well as outdated laws with no clear guidance on the decentralisation process;⁷
- Laws which are not supported by regulations or normative guidelines for implementing the decentralisation process;
- Laws that do not provide for administrative and fiscal decentralisation to implement the decentralisation provisions of various legislations;
- Laws that do not reflect or clarify what is required of Ministries and Governorates to effectively undertake decentralized service delivery, or define relationships between central and provincial government under decentralisation;
- Laws that are partially enacted or await enactment.

II. Policy and Strategy Formulation & Execution Capacities

19. **At the strategic level policies necessary to implement provisions of GoI international conventions and protocols with implications for Education are not fully articulated.** (Including the Millennium Development Goals that represent key importance to the Iraqi Education System). Furthermore, even though the constitution sets the framework for access to education, there is currently no formal education policy in Iraq. As a result, the existing education strategy, which was formulated in December 2003 as the 'Education in Iraq: Current Situation and New Perspectives', which described the strategy for general education, were formulated in a policy vacuum. However, the focus on the above mentioned strategy was clear in terms of education priorities and included (i) capacity development for the preparation of a strategic framework (ii) emergency rehabilitation of infrastructure and provision of supplies (iii) a curriculum reform and development process to link education to actual

⁶ For example, the 2010 Law to deconcentrate the Ministry of Municipalities and Public Works makes provision for the devolution of mandate, functions and services to Provincial Councils and Districts with implications for administrative and fiscal decentralisation and for the abolition of the ministry. A similar law is being passed for education sector ministries.

⁷ A guideline for decentralized service delivery in the area of education is provided by UNESCO.

future job markets/demand (iv) teacher training needs (v) and initiating policy dialogue in relation to technical and vocational training.

20. The 2010-2014 Education Strategic Plan also provided some understanding of the overall strategic goals for the education sector although a cursory read makes it clear that they need to be strengthened substantially.

- i. Launch and implement free education policy for primary, intermediate and high schools;
- ii. Adopt broad planning and funding approach for education, higher education and training processes;
- iii. Develop and implement support programs for the education sector, which represent investment programs that allow all partners to support this sector in the medium and long terms;
- iv. Enact and pass appropriate legislation for education sectors, strategic plans, basic services for schools, institutes, universities and service centers for teachers;
- v. Develop good governance and responsible plans in the field of education and higher education.
- vi. Enhance and strengthen the educational information management system;
- vii. Responsible recognition of the various sub-sectoral policies such as gender, early childhood education development and communication and information technology.

21. According to GoI, National programs are foreseen as follows: The short and medium term investment programs have been classified in accordance with the following priorities:

- i. Heal the wounds caused by the decline of education infrastructure because of violence, terrorism and crises (rehabilitation of buildings, laboratories, curricula ... etc);
- ii. The development effort should be focused on addressing the significant shortage in infrastructure of schools through adopting programs and policies to ensure the expansion of building of schools on the basis of population developments, specifications and scientific and health standards;
- iii. Provide a greater number of teachers qualified and able to perform their roles in line with scientific and knowledge developments; and
- iv. Address the large gap in knowledge infrastructure, and adopt programs to provide computers to ensure the integration of schools in information technology.

22. In 2007 UNICEF, UNESCO and the World Bank initiated discussion to improve education strategy at the level of primary and secondary education, and in February 2010 a national education strategy exercise was underway. Given that the results of the COSIT household survey are now available and that work on the formulation of a Poverty Reduction Strategy is well advanced, the information available to policy managers will undoubtedly improve the overall strategic and policy decision making process.

23. The nascent nature of the National Education Strategy, alongside the lack of a formal education policy, will continue to impede clarity of focus in terms of service delivery mandates and quality, with knock-on implications for the budget and execution process. The existence of a weak policy and strategic planning framework affects decision-making at MoE operational, expenditure and service delivery levels. This is reflected by a lack of capacity to formulate and implement policies to guide expenditure priorities, and to review their effectiveness, outcomes and impact. Furthermore the lack of an effective decentralisation policy framework particularly with respect to administrative and management issues means that most education strategy measures are still only conceived within the current highly centralized governance arrangement.

24. **From a strategic point of view, whilst the existing strategy appears largely justified, the need for multi – dimensional planning approach**, and prioritization of public spending within a multi-year horizon (ideally within the context of a Sector Wide Approach (SWAP), lead to lower levels of transformation than may actually be required to ramp up the quality and access to education services. Currently, the focus of strategic planning within the sector indicates the following:

- Raising the attendance levels in preschool, primary, secondary, vocational, tertiary and non-formal education;
- Increasing the literacy rate to previous levels, with particular attention to female literacy rates;
- Reducing gender imbalance in enrollment and attendance on the various levels of basic and secondary education and pay special attention to the increasing feminization of the teaching profession;
- Reducing drop-out rates considerably in primary, secondary and vocational education;
- Reducing repetition rates as repetition may be seen as a great waste of resources in any country;
- Renovating, rehabilitating and building new schools to reduce the number of double and triple shifts, and without being tempted to raise the average student teacher ratio by putting even more students into already overcrowded classrooms;
- Educating enough teachers to keep pace with increased attendance rates on the various levels of education and retain qualified teachers by way of decent salaries and other incentives;
- Revising curricula and textbooks and train all teachers in new curricular contents, new and student friendly teaching methodologies and constructive interaction with the local community and with parents;
- Expanding provision of pedagogical support material to help teachers attain high quality levels of teaching;
- Developing a program of information and communication technologies for all teachers and pupils; and,
- Revising examination and evaluation systems in accordance with new curricula and new teaching methods.

III. Organizational and Functional Structure:

25. **It is vital to recognize that both the MoE and MoHESR operate within an ever-shifting context, where the design of the CoR has been to deconcentrate major functions to the provinces.** Both are therefore organizations in transition and the need for structural realignment with the wider public service reform processes and the evolving reality of decentralization are important factors in this regard. Box 1 provides a summary of basis laws in relation to structure. Evidence so far points to:

- Poor alignment of MoE and MoHESR structures to their overall mandate, mission, functions and primary business focus;
- Sub-optimal structure by the number of organizational units (vertical and horizontal) at the central level. See Annex 1 for the overly complex structure of the MoE;
- Need to address evidence of missing functions, redundant functions and functions that can be rationalized or merged;
- Evidence of duplication and overlapping of functions
- A redefinition and clarity of mandate, roles, responsibilities and accountabilities;
- An urgent need to address the practice of overstaffing and miss-deployment of staff;

- Need for revised operating/structural model with a delineation of functions into strategic /advisory functions, enabling functions, service delivery and support functions that will contribute to MoE's operating system and adjust to HR allocations;
- Lack of a robust and developmental structure (i.e. a structure that is capable of responding to developmental needs or decentralized service delivery).

Box 1 Laws Related to Administrative Structure of MoE

- MOE Law No.34/1998 Amended by Law 28/2005.
- Article 3: Organizational Structure of the MOE: 13 central DGs and 8 other central units; 3 "independent bodies"; The DOEs in the governorates.
- Real organizational chart of the MOE as of 2009. Article 36: Responsibility of local authorities in providing educational premises and maintenance.
- Decree 135/1996: "Opinion Body". Constitution of a collective consultative body at each ministry composed of Deputy-Ministers, DGs, and 2 experts from inside or outside the Ministry.
- Decree 37/1964 Amended by Decree 24/1966, and Decree 28/1980: Management of preschools, primary schools, and literacy centers: Articles 2- 3: Responsibility of schools by local authorities; Articles 1 & 4: Responsibility of MOE towards the schools; Article 5: Schools inspection; Articles 6-11: Distribution of educational responsibilities within local authorities and Article 12: Prerogatives of the Director of DOE.
- Governorates Law 159/1969 Amended by Law 1225/1985: Chapters 6 and 7: Prerogatives of local authorities towards education.
- Decree 13/1972 Amended by Decree 3/1978: Article 19, Amended by Decree 4/1995: Duties and responsibilities of DOEs in the governorates
- Decree 386/1987: Articles 1-5: Return of responsibility of primary education and preschool under the authority of MOE without cancellation of previous decree.

Source: See Ramzi Salamé (UNESCO – 2009)

IV. System Efficiency and Effectiveness:

26. **Vital to any reform process is being aware of both allocative and operation efficiency and effectiveness issues.** In the absence of such a discussion or approach, there is a real risk that the education systems is supply-driven and not demand-driven, with a bias towards filling teacher positions rather than providing quality education, at a price that can be afforded at the national level. Key areas of inefficiency and lack of effectiveness are provided below:

- Evidence of weak planning and programme capacity and in respect of implementation and monitoring in areas such as infrastructure development (construction and renovation of schools);
- Limited control by the centre of donor financed programmes and projects financed under reconstruction funds;
- Increasing role in capital investment and other programmes played by sub-national authorities such as governorates, Provincial Reconstruction Committees and Education Committees, shows a fragmented approach to service provision, which in turn limits MoE's ability to monitor performance;
- Limited capacity for implementing strong inter-ministerial co-ordination in respect of education planning, development, delivery and investment priorities that have an impact on the education sector and decentralized service delivery;
- Poor Control Environment - although the MoE has an internal audit function this role could not be carried out effectively, as typically, the role is somewhat shared between audit and funds management. Even where procedures have been drafted their implementation was either weak or overlooked;

- Lack of a comprehensive communication strategy and plan to stimulate awareness and understanding amongst education officials of the decentralisation process, decentralized service delivery and other reform agendas;
- Manual systems that threaten record keeping as well as a lack of effective and up-to-date information system providing data on key operations and enabling the monitoring of donor and other programme activities, and for providing inputs into MoE's budget process; and,
- Constraints or delays in updating existing regulations and procedures to reflect policy changes.
- At present most of the information management in Ministries is manual. This obviously defines the upper limit to the services that Directorates can perform.

V. Existing System of Budget and Financial Management:

27. **The GoI has adopted a Public Finance Management Action Plan (PFMAP) to guide the reform of budgetary and financial controls.** The program is being supported by the World Bank and, in addition to public expenditure reviews, it will be particularly important for both the MoE and MoHESR to begin to remove many of the binding constraints outlined below:

- The lack of policy-based budgeting and planning approach and associated service delivery costing;
- Apparent fragmentation of the budget preparation process;
- Significant under spending on capital investment expenditure that shows limited capability to cope with MoE's future investment allocations;
- MoE's Budget allocation remains largely needs – based – that is not based on policy, strategic priorities and planning framework;
- MoE control over the planning and implementation of the recurrent and investment budgets is constrained due to the involvement of other ministries, namely MoF and MoP;
- Competencies for managing financial resources need to be developed;
- High level of recurrent expenditures that threatens the quality of service provision;
- The lack of a policy – based approach to planning and budgeting that amounts to weak links between policy, resource constraints and budgeting;
- Delays by the Ministry of Finance to put in place a well-functioning, predictable and timely intergovernmental fiscal transfer system;
- Difficulties in coordination of investment expenditures that are not included in MoE's budget;
- Existence of double approach and application of procurement standards such as those practiced for GoI procurement of civil works and those that are based on Donors' project procurement standards.

Vi. Current Human Resources Practices:

28. **The existing civil service legal framework, which regulates HR related issues, urgently needs to be updated to reflect modern public sector management systems and processes.** The GoI has passed a law to establish the Federal Public Service Council and has already drafted two versions of the new civil service law, whose implementation would seek to overcome the following general HR constraints:

- There is no HR Department linked to a civil service management policy, framework and function;
- Regulations and procedures governing the employment of teaching staff are not fully observed;
- Systems of service provision risk being undermined by the massive recruitment of teachers;
- Staffing levels are largely supply-driven and not necessarily determined by a strategic approach to employment levels;

- Teachers' deployment, utilization and attendance continues to be affected by the on- going security situation causing family disruption and displacements;
- Low levels of teachers' utilization and productivity (based on student/teacher ratios) resulting in increased staffing cost /recurrent expenditure;
- Current HR function needs to assume a broader role than its narrow focus on personnel services, by looking at skills gap analysis, facilitating ongoing training needs, performance appraisals, human resource planning and publishing HR competency guides, etc.
- Absence of staffing plans;
- Lack of adequate job description and job/skill profiles for positions;
- Limited HR professionals and limited HR structures in place.
- Constraints in providing transparency and openness about performance, goals and standards;
- Commitment of MoE senior management; that is being committed and taking initiative to promote decentralized service delivery versus bureaucratic obscurantism – reluctance and lack of involvement of line ministries' officials in the decentralisation process;
- No database in place to track & document skills profile;
- No Human resource development policy, strategy or training plan in place;
- MoE will need to develop a wide range of systems and skills in order to meet new institutional requirements for decentralized service delivery, for example: (i) Tendering skills (ii) contract compliance (iii) Policy and budget analysis (iv) performance evaluation (iv) information systems management (v) value for money.

Vii Leadership and Governance Issues:

29. **There is the urgent need within sector ministries to develop a competency-profiling framework.** The challenges that give rise to this need are based on the following, (i) the Iraqi civil service continues to be part of an evolving institutional and management culture, (ii) senior managers are required to steer, drive and underpin the reform efforts (ii) the introduction of important management 'drivers' such as, policy development and execution, education policy outcomes and impacts, performance measures and targets, resource utilization and (iv) application of regional and international benchmarks on skills and competency development.

30. **In order to optimize the value added by its staff, MOE and MOHESR will need to define the leadership qualities and competencies they have, those they need to sustain, and those that need to be grown, with respect to the full spectrum of roles and levels of leadership needed within their organizations.** Ministries have also to define how these can be measured and monitored, as well as how best to utilize current leadership capacity, and what development is indicated to further improve on the organizations' ability to deliver what the Government of Iraq requires of them. The components of Ministries' functional and leadership competency model could indicate:

- i. **Governance and Leadership Competencies:** covering state machinery, policy development, analysis and execution, implementation of regulations and normative guidelines, Intergovernmental relations, assessment of stakeholders' interests, transparency and accountability, etc
- ii. **Leadership Competencies:** These should ideally be developed around five main themes, namely:
 - Championing the Ministry's mandate – commitment to and promoting and enhancing the mission and mandate of the to sector Ministries;
 - Effectively managing relationships and boundaries between Ministry and larger society;
 - Empowering delivery: Driving for excellence;

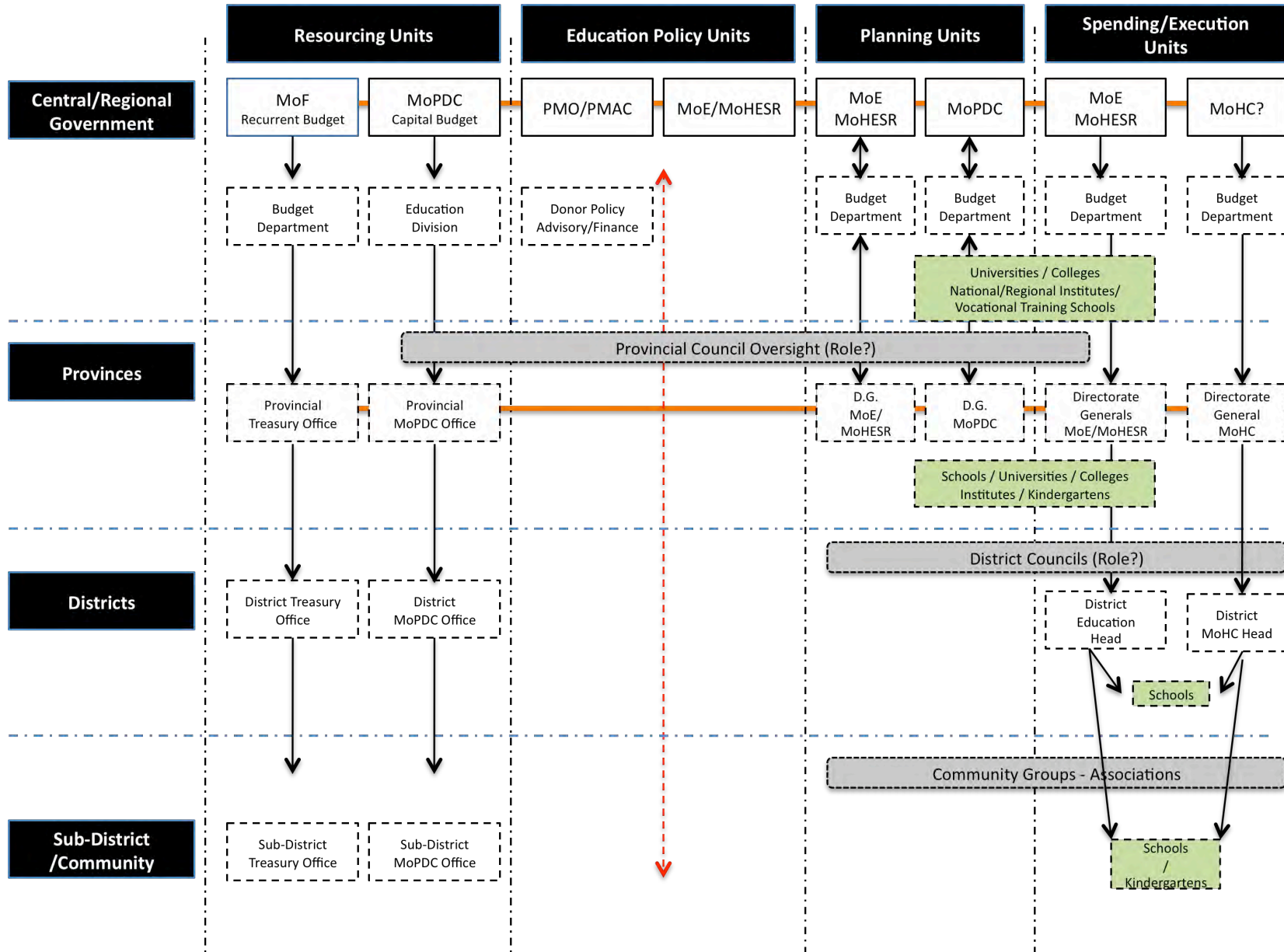
- Transformation and Change: Building the systems, structures, and capabilities of the institution to ensure sustainable delivery of predictable results; and,
- Insights – Conceptual thinking – Assimilating and applying new information, principles and best practices in a useful way to support the Ministry’s objectives.

31. **Finally the process of building or developing Sector and Institutional capacity is largely shown to be deficient in a number of ways** (i) lack of policy context in which capacity building is planned and delivered (ii) lack of evidence of alignment to organisational mandate, etc. (iii) absence of linkages to broader process of Ministry’s strategic objectives

Viii Cross Sectoral Coordination:

32. **Evidence of inter- sectoral coordination among key ministries appears to be weak or ineffective, due to many factors.** At the inter-sectoral level ministries should be strengthening coordination with other ministries, including MoF, MoPDC (if it is to continue to play a planning and capital budgeting role – these should ideally be located in the education sector ministries). Likewise collaboration with Provincial and District Councils will be essential to the formulation and dissemination of policies and the formulation and implementation of programmes. The Provincial Powers Act clarified council roles and responsibilities but in the absence of administrative and fiscal decentralisation, the act has still to be formally implemented. Figure 1 below provides an architectural overview of the entire education system, describing the current service delivery model in the process. This model (once finalized) will be used as the basis for considering reform and modernization decisions.

Figure 1 Current Iraq Education Sector Service Delivery Model (EARLYDRAFT)



LESSONS IN DECENTRALIZED EDUCATION SERVICE DELIVERY⁸

33. **Important to this work, in the light of CoR plans to deconcentrate certain central education functions to the provinces, is an understanding of the potential gains and risk of decentralized service delivery.** Figure 1 highlights the complex interplay between different levels of governance (central, regional, provincial, district and sub-district) and functional roles (policy, resourcing, planning and execution). This short section contextualizes the findings of a 2005 UNESCO workshop on decentralization lessons, in the light of the current service delivery model in Iraq.

- ***The Primacy of State Delivery Responsibility:*** Decentralization strategies and policies should not offer national States a justification for them to be released from their unquestioned responsibilities. They should guarantee democratic equality, citizens' rights and the right to education, in order to achieve national integration and unity.
- ***Decentralization is not a goal in itself.*** It is a strategy, a means of enhancing the quality and relevance of education and improving its administration. Decentralization may also contribute to more rapid decision-making and more effective use of funds.
- ***Decentralization should be adapted to the country's needs within a framework of continuity.*** Care should be taken not to interrupt the process in the event of a change of government. In this sense, decentralization of the education system usually forms a part of more general structural reforms of public administration. Often, the education sector reflects the model of government in the country.
- ***The decentralization process calls for consensus building among all the stakeholders in civil society.*** Decentralization should always be supported by the dissemination of information, consultation and explanatory action among the population. It is also important to maintain commitments to the process of direct participatory management and the development of a critical citizenry. In this sense, decentralization policies should be tools of social participation that foster individual development and the development of society rather than the exclusive claims and interests of elites or blind application of the market model.
- ***Decentralization policies also require national capacity building.*** Decision-makers at all levels should be trained for their new roles, functions and responsibilities. Decentralization should therefore include strategies directed towards intensive, continuing training, including financial training, for all managers, in particular school principals and their district administrators, in accordance with a collective management philosophy.
- ***Decentralization may make for an increased number of imprecise operations and bad practices at local level.*** The implementation of good monitoring structures and procedures and increased responsibility may reduce these effects. Decentralization practices should give rise to behavior marked by greater transparency and more ethical conduct.
- ***Decentralization should not begin without there being good planning and preparation:*** the legislative framework, new and clear distribution of roles and responsibilities, a balance between centralized and decentralized functions (decentralization usually leads to an increase in the central function of supervision and to greater responsibilities at school level), and the allocation of additional financial resources to set the process in motion.
- ***Public education policies that put decentralization procedures into effect should be aimed principally at ensuring the continued improvement of educational quality and the strengthening of the school's role in the decision-making process of the education system.*** Decentralization should enhance responsibility, transparency, effectiveness and sustainability.

⁸ These lessons are modified from the work of UNESCO (see Decentralization in Education: National Policies and Practices, 2005).

- **Parallel to the establishment of decentralization policies and action to encourage school autonomy**, efforts should also be made to build institutional networks between schools, civil society and employers, particularly the private sector.
- **Vital Need for information**. It is important not to overlook the bodies and mechanisms for monitoring and constructing indicators, which contribute to and validate decentralization processes. The strategic value of the information produced in the education system should accordingly be recognized so that the system becomes a knowledge-producing entity.

SUMMARY OF KEY SECTOR ISSUES & CHALLENGES:

27. There are a number of priority issues and challenges in the education sector that may be summarized as follows:

- Developing and strengthening policy development, linking it to NEIS, implementation and monitoring capacity;
- Strengthening sector arrangements for an integrated policy, planning and budgeting process,
- Strengthening infrastructure investments, linked to teacher staffing and training;
- Developing managerial capacity and make the education system more accountable and further professionalising management processes and governance; to enable managers to deal with changes in operating and leadership models and the impact of systemic and structural changes,
- Organisation Change at the central level with a focus on: (i) clarifying roles, responsibility and accountability (ii) undertaking organizational restructuring, reorganization, rationalization and alignment to mandate and strategy;
- Developing optimal employment/staffing levels and implementation;
- Developing and implementing Human resources planning, information and utilisation systems;
- Improving quality of teacher training;
- Ensuring improved service provision and quality at all levels of the system;
- Ensuring operational efficiency by using staff effectively, upgrading and automating systems and improving processes; and,
- Improving ICT Infrastructure and facilities

POSSIBLE ELEMENTS OF MODERNISATION STRATEGY, ENTRY POINTS AND AREAS OF INTERVENTION:

34. The purpose of the Education sector roadmap is to confirm and operationalize the National Education Strategy currently being finalised and the Education Strategic Plan 2010–2014. It is intended to enhance Development Partners' contribution to support and help implement the public sector modernisation program and education sector strategies in particular. The main areas of any Road Map will need to be aimed at reflecting Gol existing priorities and policies, whilst incorporate findings of the ongoing Education Sector review.

35. An overall sector modernization strategy might comprise five strategic thrusts with the potential for sustainability and impact: (i) Improving institutional governance, management and administrative systems (ii) creation of sustainable capacity for policy formulation, planning, implementation, monitoring and evaluation (iii) improving client service delivery in all areas of its mandate (iv) improving the allocation and utilization of financial, human and other resources for enhanced efficiencies; and (v) developing staff, management capabilities and competencies in support of Ministries' core and generic functions.

36. **The entry points and road map to reform and modernization of the sector, from a service delivery point of view, could indicate seven strategic and focal areas of intervention that would need to be mapped into national education programs.** These are not developed here in detail but are provided as overall areas of investment focus, to be discussed and detailed in the following phase.

- Improved Governance: To include (i) supplementing the strategic policy framework with critical ministry policies (ii) to implement Directorate risk management in critical areas (iii) and to implement early warning system for governance, risk and compliance.
- Administrative Efficiency: (i) update legal and regulatory frameworks including definition of legal structures and (ii) Improve monitoring and control system in particular for off budget expenditure.
- Developing Sector Ministries' Organisation: (i) streamlining of Government Machinery (ii) rightsizing organizations with a view to making service delivery affordable and efficient (iii) and developing Ministry Organisation (Restructuring, reorganization, rationalization and realignment) of both Ministries.
- Strengthening of the Ministries' Organisations: (i) strengthening Ministry Policy and Strategic Management Capacity (ii) strengthening capacity and approach to managing for results in the sector (ii) developing capacity for overall sectoral planning and policy formulation.
- HR Reforms: (i) Developing a human capacity and capability model in line with the modernization and structural alignment (ii) reviewing of Ministries staffing structure (iii) developing capacity for HR planning, utilization and information.
- Decentralized Service Delivery: Reforms linked to key aspects of the Goo decentralisation Programme: (i) developing an administrative and operating model for decentralisation.
- Strengthening Financial Management and Accountability: (i) reviewing the budget system and process with a view to a unified budget (ii) strengthen system for expenditure adjustment and prioritization and (iii) strengthening case for developing a sector based Medium Term Expenditure Framework, following MoF/DFID fiscal work.

CONCLUDING OBSERVATIONS

37. **This discussion of the major service delivery constraints inhibiting the Iraqi education system's modernization indicates a number of external and internal areas requiring particular attention.** Figure 1 describes the existing Education Sector service delivery model. Table 1 below provides an early framework for rethinking (i) basic an first generation and (ii) advance reforms as possible entry points.

- i. The country's leaders' vision, political will and commitment to education sector modernization need to be focused and mobilized to achieve significant improvement in the sector's operations;
- ii. The country's national development strategy needs to be articulated in a form that provides the education system with priorities it can incorporate in its strategic plans, policies and operations
- iii. The National Education Investment Strategy (NEIS) needs to focus on setting educational policy, investing in functional system strengthening and linking policy, planning and budgeting to improve service delivery effectiveness;

- iv. The legislative and administrative context within which the system operates, such as the relevant education sector laws, broader civil service laws and regulations, the government's financial administration and planning systems, and other related factors, need to be modernized to create an enabling context for improving the education system's operations;
- v. Internal factors, such as the Ministries' ability to define and improve their strategies, policies, fiscal processes, human resources and management systems, need to be strengthened to increase the system's performance;
- vi. Appropriate levels of delegation of functions and authorities need to be defined to determine the degree of decentralization of education system operations;
- vii. Linkages need to be improved with the "consumers" of the education system's services – employers (especially the private sector) and civil society – to ensure the relevance of its services to the country.

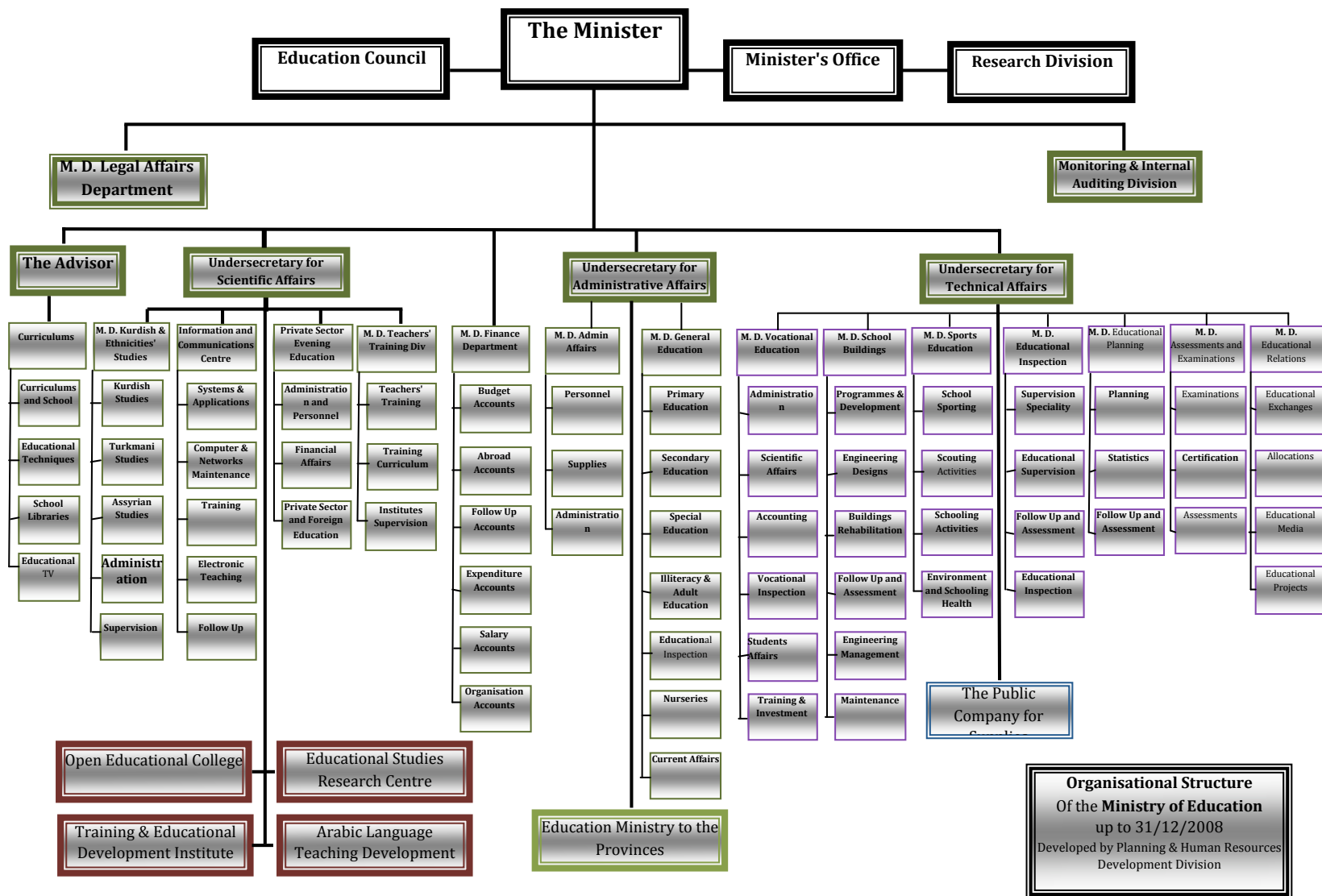
37. **Table 1 provides indicative examples of possible basic and first generation and advanced reforms that could be undertaken as part of a formulating a National Education Sector Policy, which would be implemented through the National Education Investment Strategy.** These are early ideas only and are presented on an indicative basis to stimulate discussion. They will be fleshed out in greater detail in the final sector scoping reports, which will feed into the work of the I-PSM National Task Force and Ministerial Advisory Committees.

Table 1 Options for Consideration: Basic & First Generation and Advanced Education Sector Reforms in Iraq (DRAFT)

Function	Category	Basic and First Generation Reforms	Advanced Reforms
Education Policy: Role and Load	Legal Framework	Formulate and Pass a Modern Education Law	Prepare consolidated legislation for the education system
	National Education Policy	Establish a National Education Policy	
	Education Policy Discharge	Clarify Central, Regional and Sub-national Policy Mandates	Increase decentralized policy mandates
	Oversight/Regulatory Framework	Confirm oversight and regulatory functions, assess capacity gaps and institutionalize	Rationalize the deconcentrate of oversight and regulatory functions to Provincial Councils
National Education Investment Strategy (NEIS)	Sector Objectives	Recast/agree sector objectives for 2010-2014 (5 Year Plan)	Develop Sector Wide Approach (SWAP)
	NEIS Execution Mandates	Confirm and strengthen existing strategy mandates	Restructure, deconcentrate, decentralize strategy discharge functions to Regions and Provinces
	National Programs	Formally Establish Public Investment Programs in Education	Establish functional/program expenditure framework
	Benchmarks	Confirm Five Year Planning Benchmark/Targets (MDGs)	Align sector benchmarks with Education Policy
	Costing	Cost primary and secondary education service delivery	Cost within a Medium Term Budget and Expenditure Framework
	Outcomes and Impact	Establish outcome and impact performance targets for 2014	Establish performance based monitoring system
Administrative Structures	Agency Shape and Size	Conduct a full entity wide- functional review to simplify and consolidate ministry structures (I-PSM)	Progressive deconcentration of certain non-policy functions and right-sizing of administrative units (dept's, DGs etc.)
	Decentralisation	Centrally driven, progressive but conservative fiscal and administrative decentralisation based on clearly defined service delivery models	Formal adoption of inter-governmental transfer arrangements based on standard transfer formula, accountability and transparency rules
	Contracting	Limited use of works, supply and service contracts between government and some arm's length agencies	Extensive use of management contracts across the public sector
	Agency Targets	Indicative targets and annual plans	Specific binding targets within a medium term framework
	State Owned Enterprises	Steady restructuring/rationalization of Education SOEs	Establish Public-Private Partnership Framework
Public Expenditure Management	PFM/PEM	Outline PFM Action Plan Activities for the Education Sector	Implement full package of PFM reforms
	Recurrent Costs	Set Hard Budget Constraints to reign in recurrent spending	Block or frame budgeting
	Capital Investments / O&M	Increase Capital to Recurrent Spending Ratios	Link capital budget to strategic outcomes
	Budget Integration	Unify recurrent and capital budget management	Migrate capital planning from MoPDC to MoE/MoHESR

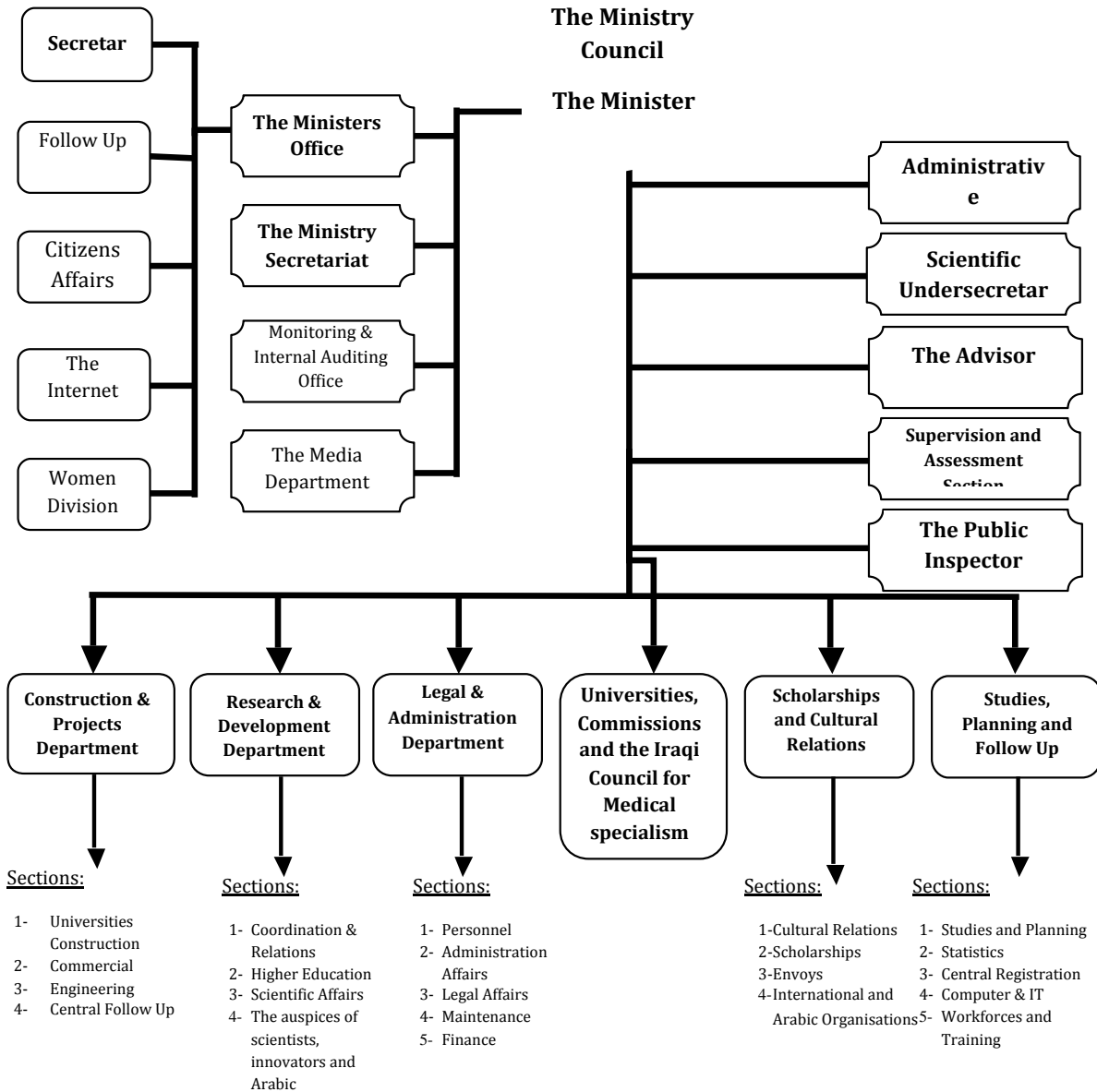
	Efficiency Improvements	Strengthen existing input-oriented, line-item budgeting with some performance information	Changing budget reporting and formats public investment programs and Sector Wide Plans
	EMIS	Strengthening/Operationalize Existing MIS	Fully automated MIS, legacy system phased out
	Auditing Reforms	Strengthening traditional financial and compliance audit and undertaking some performance auditing	Institutionalizing performance auditing in the supreme audit institution and in internal audit (ongoing UNDP program)
	Inter-governmental Transfers	Cautious increase in fiscal transfers to governorates	Formal adoption of standardized sub-national block grant for education service delivery
Civil Service & Human Resource Management	Public Service Council	Establish Public Service Council at Centre, Region & Province	Establish HR Departments in MoE and MoHESR
	Civil Service Law	Introduce new civil service law	Enhance regulations, secondary legislation
	Right-sizing	Confirm staffing establishment within existing policy	Retrenchment, redeployment and retraining.
	Openness	Encouraging career development within existing closed system	Moves toward position-based systems, with encouragement of lateral entry
	Career Management	Enhance job security and career development	Decreasing tenure, establish Senior Executive Service (SES) and succession planning for key functions, pensions
	Unity of the Civil Service	Revise civil service legal framework and review terms and conditions including pay and grading structures	Fragment and diversify pay arrangements
	Individual Incentives	Application of standard promotion and reward rules	Annual performance targets based on performance appraisal
Service Delivery Model	Service Delivery Model	Review existing model for major structural and efficiency weaknesses (see Figure 1 above)	Develop new costed service delivery model including informed by new policy framework and measures
	Public and Private Sectors	Strengthen existing contracting-out protocol	Adopt firm policy of public private partnerships and strengthening contracting and procurement arrangements
	State Owned Enterprises	Review and strengthen existing SOEs	Restructure and rationalize within new delivery model
	Geographical Equity	Establish criteria for equitable service delivery	Set provincial budget ceilings based on access and quality
	Service Rationalization	Minor reductions in service provision	Major shedding of previously accepted government tasks
	Contracting Out	Contracting out physical infrastructure development	Contracting out of strategic tasks, such as payroll management

Annex 1 Organizational Chart: Ministry of Education



Organisational Structure
Of the Ministry of Education
up to 31/12/2008
Developed by Planning & Human Resources
Development Division

Annex 2 Organizational Chart: Ministry of Higher Education and Scientific Research





DISCUSSION NOTE

IMPROVING WATER AND SANITATION (WATSAN) DELIVERY IN IRAQ¹

BACKGROUND

1. **Access to water and sanitation is a basic right and essential public service. Yet, as a result of war, the destruction of vital infrastructure, lack of capital investment and the overly centralized functions of government delivery systems, many Iraqi citizens are being denied access both to potable water and access to basic sanitation services.** At present, the most pressing issues that Iraqi water supply and sanitation sector is facing are (i) imminent risk of severe depletion of water supply resources, (ii) a very problematic situation with water quality and continuity of service, as well as with the sanitation services, (iii) a potential environmental disaster due to largely untreated wastewater discharged into the surface waters. These matters are not being properly addressed, necessitating the modernization of the current status, structuring and management of this strategic sector in Iraq.

2. **In recent months, in an attempt to address the problematic situation with service delivery, the Council of Representatives has passed into law legislation to dissolve the central line Ministry of Municipalities and Public Works, de-concentrating all functions to sub-national structures of administration.** In addition, the new budget law allocates a large share of the MMPW budget to governorates. Far from resolving any problems, these measures not only are inconsistent with the will of the GoI, with any possible option that would lead to a sustainable decentralization, but are also highly detrimental to a sector that absolutely needs a central government structure to lead it. Given the need to improve access to quality water and sanitation services, it is essential to conceptualize a service delivery model where the overall regulatory and oversight and delivery structures are de-concentrated to the appropriate degree so that good governance can be achieved. The model should support poverty reduction and economic growth objectives, whilst also opening the road to bringing government services closer to people and people closer to government services, through a subsequent process of decentralization of service delivery to local government units. Especially in the context of decentralization, which, among other is seen as a tool to enhance the responsiveness and effectiveness of public policy and increased government accountability in delivering basic public services, it is essential to strike the right balance between retained centralized and decentralized functions. This short summary of reform and modernization options is, therefore, provided to stimulate discussion towards a reform and modernization road map; to be implemented over the medium to long term through the Iraq Public Sector Modernization (I-PSM) program.

3. **To take this challenging agenda forward, any reform and modernization process must be based on the legal, administrative and fiscal history of the sector in question.** To this end, the MMPW has not only remained a highly centralized function of government since its establishment, but also one where vital components such as planning and financing have been shared with other equally centralized entities. What is outlined below, therefore, is an attempt to contour the basic elements of a reform and

¹ This is a discussion paper provided by the I-PSM Technical Pool (supported by the ICFS) based on collaboration with the staff of UN-HABITAT, UNESCO, UNICEF and WHO. It also reflects consultation with the MoMPW, MoWR, COMSEC, PMAC, EC, USAID/Tatweer, World Bank and the UNDP Governance Unit. As such this note is provided to stimulate discussion only.

modernization road map that would rationalize service delivery roles and functions in support of administrative efficiency and service delivery effectiveness. The focus is, therefore, on establishing an enabling environment, at the level of sector policy, around which functional restructuring and decentralization might be pursued.

Box 1: Summary of Key Sector Statistics

Preliminary sector statistics suggest that estimated percentage of population served with treated water supply services in Iraq (excl. KRG) is around 70%. The estimates for urban population and rural population are, respectively, 74%, and 48%. During the 80s, these figures were, respectively, 95% for the urban population and 75% for the rural population. The HH Survey indicates that in KRG the about 68.5% of the population is served through house connections. Estimated percentage of population served with through sewerage public network in Iraq (excl. KRG) is around 26.8%, another 50% is served through septic tanks, 7.1% covered drain, 15.1% opened drain (HH Survey). Furthermore, only 17% of wastewater is treated before being discharged into the environment. As a result of catastrophic pollution of surface waters, insufficient water treatment and dilapidated distribution infrastructure, water quality is a major problem. According to the Ministry of Health, in 2009 compliance rate was about 70%. Unsafe drinking water and unhygienic sanitary practices have increased incidences of water-borne diseases at an alarming rate, and are responsible for malnutrition, morbidity and mortality of infants and children under five. Nearly 40 percent of children attending health centers suffer from gastrointestinal diseases. It is estimated that water and sanitation related diseases are responsible for about 25 percent of all deaths of children in Iraq. Average volume of daily production of water is reported 7.2 million m³. The resulting average amount of water per capita is high, around 327 liters/capita/day. The average figure for aggregate per capita consumption in EU is about 150 liters/capita/day, (with Spain hitting around 270 liters/capita/day), and that corresponds to a highly industrialized area.

The standard norm for per capita consumption in Iraq is set at around 450 liters/capita/day. Despite the extremely high rate of production, the level of service in terms of continuity of service is reported about 77% overall, around 90% in urban areas and 64% in rural areas – most probably overstated figures. The estimated losses, based on MMPW are around 50% of water produced. Besides a high level of leakages in the transmission mains and distribution networks, illegal connections, etc. the indications are that potable water in Iraq is widely used for irrigation. The impact on health and economic productivity of all the above are substantial, further undermining the legitimacy of government.

Water tariffs are extremely low, whilst operational costs are rising fast. Domestic water in Iraq is heavily subsidized, with tariff at 0.0036 US\$ /m³. For comparison, this is almost 14 times lower than the water tariff applied in Egypt, which is the lowest among all Arab countries. The average annual revenue per connection is about 9,300 ID (\$6). In most areas, water consumption is not metered. For Example, although meters are installed in most households in Baghdad, 90 percent of them are out of order. Revenues cover 2-5 percent of the costs of operation and maintenance of the water and sanitation systems. From the perspective of sector structure and management, operations are almost entirely financed from the central government budget and are managed by the local Directorates of the Ministry of Municipalities and Public Works (MoMPW). The MoMPW controls the area under 15

governorates of the centre and south, covering a total population of about 19 million. In the north, the Ministry of Municipalities of the Kurdistan Regional Government (KRG) manages, quite independently, water supply and sanitation services in the three northern governorates, with a total population of about 3.7 million. In Baghdad, the municipality is responsible for water supply and sanitation, serving approximately 5.5 million inhabitants.

4. **This would imply that any sector-wide strategy would require such an enabling environment and that strengthened service delivery would be conveyed through both public and private spheres, for reasons of quality of performance and fiscal sustainability.** To this end, the following broad reform and modernization actions would need to form the foundation for such an initiative.

6. **Table 1 below provides the actual, budget and functional expenditures for the MoMPW and staffing establishment for 2009 and 2010.** Even though not formally mandated for WATSAN Table 2 includes the same details for the Ministry of Water Resources.

Table 1 MoMPW Actual, Budgeted and Functional Expenditure and Staffing

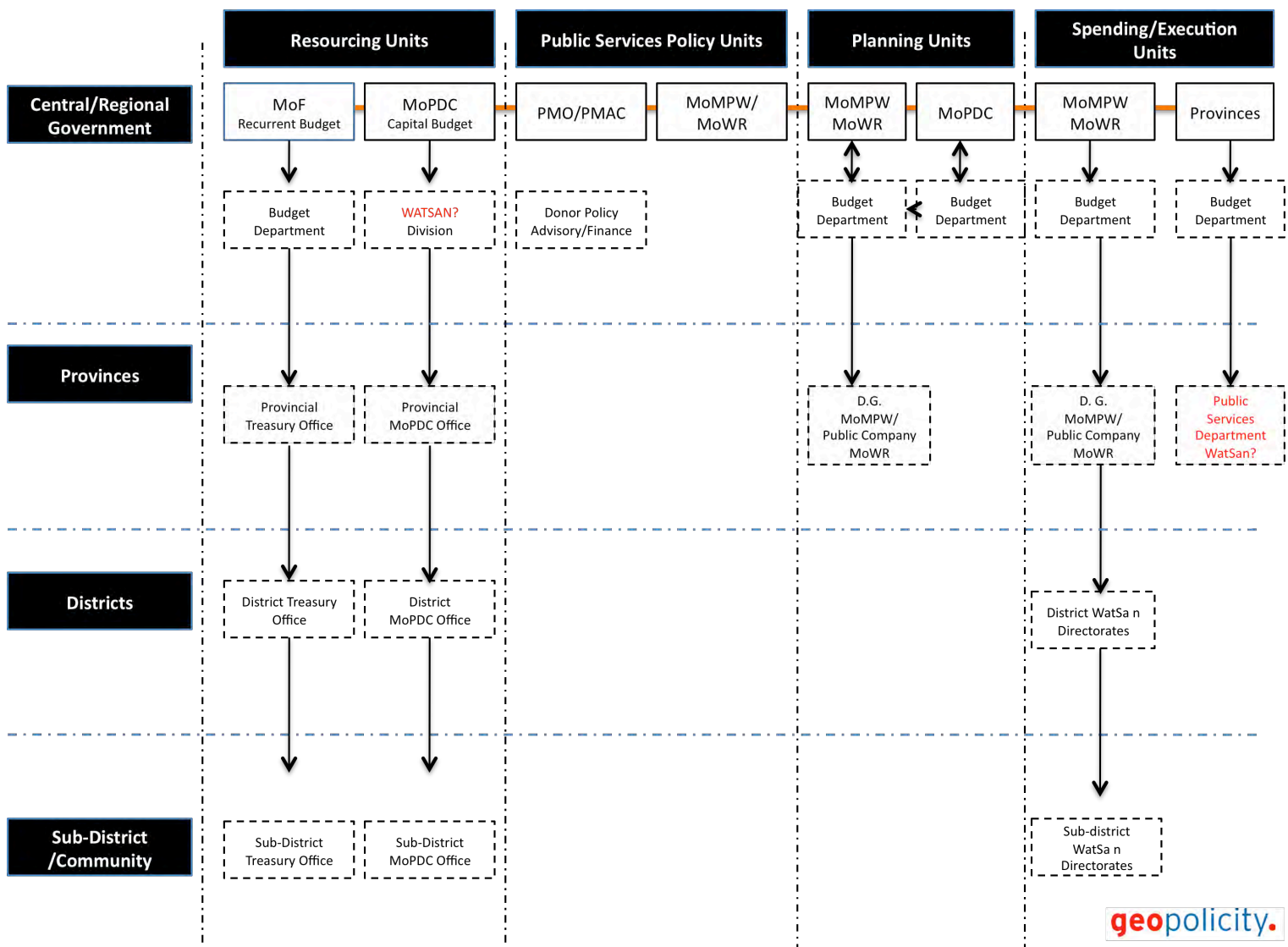
	IQD Trillions	Salary & Pensions	Non wage Recurrent	Total Current	Capital	Total Budget	
Actual	2007	20.3	18.6	38.9	224.9	263.8	
Actual	2008	24.6	18.6	43.2	299.8	342.9	
Budget	2009	27.2	538.8	565.9	552.5	1,118.4	3,086
Budget	2010			845.2	1,496.0	2,341.2	3,146

Table 2 MoWR Actual, Budgeted and Functional Expenditure and Staffing

	IQD Trillions	Salary & Pensions	Non wage Recurrent	Total Current	Capital	Total Budget	
Actual	2007	75.0	85.6	160.6	137.0	297.6	
Actual	2008	128.1	106.4	234.4	288.5	522.9	
Budget	2009	138.5	60.4	199.0	664.9	863.9	17,548
Budget	2010			230.1	1,060.0	1,290.1	17,548

7. **As a vital pre-condition for reform and modernization it is essential for Government to establish and approve an evidence-based policy-framework to both legitimize and guide the reform and modernization process, and to de-concentrate and further decentralize service delivery functions in a rational and accountable way.** Prior agreement between MoMPW and a broader set of government bodies would be required to determine the scope and shape of Government policy in this sector over the medium (3 years) and longer term (5 years and more). Such a policy would also have profound implications for the structure of the existing service delivery model, and overview of which is provided in Figure 1 below.

Figure 1 Existing Service Delivery Model for Water and Sanitation



8. **Once such a policy framework has been established, the MMPW can subsequently proceed with establishing a sector strategy and strategic plan, around which reform priorities would be shaped and sequenced.** Immediate, and equally important policy areas to be addressed by the Government in the water and sanitation services sector include, but are not limited to, the following major priorities: (i) water conservation, where pricing policies, water demand management and transformation of service delivery operators into commercially viable entities are central, (ii) increase of water supply coverage and quality, (iii) increase of wastewater coverage and treatment, and (v) de-concentration of functions/decentralization of service delivery. These policy areas are the minimal set of nucleuses around which a number of basic and advanced reforms would be build on. These reforms are presented below as narrative, and are then summarize and detailed in Table 1 at the end of the text:

- i. **Establishing a Sector Strategy and Strategic Plan to be Implemented through the Budget Process:** Upon the formal adoption of the policy-framework, the MoMPW will need to formulate and adopt a Sector Strategy and Strategic Plan for the water and sanitation services sector; initially over a period of 3-5 years. The strategy would drive the modernization process, would be guided by the policy-framework and would need to be supported by a cost-benefit analysis for each of its action plans. In essence this would entail setting service delivery benchmarks and standards and then costing these for consolidation into the annual budget formulation process. It would also imply cost-recovery as a basic foundation upon which to build success.
- ii. **Migrate the Sector Planning and Capital Budgeting functions that are shared with the Ministry of Planning to the MoMPW:** One essential prerogative of a well-functioning sector requires that the overarching policy-framework, sector strategy and preliminary planning and budgeting processes are harmonized and fully integrated into the budget formulation and execution process. This necessitates that all stages are conceptualized by the same entity, to enhance sector governance and an integrated approach.
- iii. **Consolidate the Legal Framework in the Water and Wastewater Sector:** It is vitally important that the Government of Iraq (GoI) undertakes a thorough process of revision and consolidation of the existing sectoral legal framework; implying rationalization of legacy laws and their renewal into a consolidated modern version. This is vital to address simultaneously the following present time problems, as a minimum: First, to remove inconsistencies within the present legal framework and maximize harmonization of policy measures. Second, to avoid the fact that legacy laws and regulations (dating from 1964 or before) remain only partially in effect due to subsequent amendment, thus making impossible a clear understanding of which law applies when. Third, to evolve beyond the ideological standpoint of laws and regulations adopted during the years of dictatorship, where scientific socialism led to highly centralized planning functions, towards a modern up-to-date legal environment.
- iv. **Establish an Effective and Unified Regulatory Framework, harmonizing both legislation and institutional Functions:** This is a task that should be accomplished through the consolidation of the legal framework, but is presented separately here because it is particularly important if roles and functions are going to be evolved to strengthen decentralized service delivery. The existing regulatory framework in the water and sanitation services sector is currently shared by a

number of government entities, due to the particular division of labor between mandates in central government. It should be completed and the same time, avoid overlapping of responsibilities between the various bodies. In Iraq, in particular, it is recommended to have a Natural Monopoly Regulator that would implement an adequate pricing policy and limit cost misreporting. A properly formulated pricing policy would simultaneously address two core objectives of equal importance: (i) Protection of the consumer, to make sure that water and sanitation services are fairly priced, and (ii) to ensure the sustainability of water and sanitation services over time. Presently, this is not the case in Iraq. While full cost recovery on a countrywide basis would be an objective projected over a long-term period of time, a gradual movement towards it should be pursued for a multitude of reasons, to start with the creation of an enabling environment for private sector participation. The re-design of the regulatory framework may require the establishment of new bodies, and/or re-organization of existing ones to this end.²

- v **De-concentrate Core Regulatory Functions:** The various regulatory functions (except the economic regulation) need to be discharged through a nexus of administrative entities that relate back to the central regulatory body. In this regard the recently approved law goes too far in removing regulatory oversight responsibilities of the centre, in the absence of which provincial bodies would be self-regulating. These entities would operate on the basis of standards and regulations as approved at the central government level and are subject to audits by the same.

- vi **Establish a National Sector Database to Enable Performance Monitoring Capabilities:** It is widely accepted that an informed and realistic decision-making process requires quantitative data around which oversight and regulatory roles can be informed. It is, therefore, essential that the MMPW proceeds with establishing a national sectoral database as a permanent function at the central government level thereby enabling performance monitoring and benchmarking over the regions, provinces, and municipalities too. The much-needed creation of an Iraq Natural Monopoly Regulator would require that the database is centered at the Regulator and benchmarks and monitoring capabilities would become core drivers of service delivery oversight.

- vii **Recasting and restructuring of the Service Delivery Model to Reflect Drives in Administrative Efficiency and Quality Service Delivery:** The current model for service delivery is perhaps to be considered outmoded for several reasons, including the fact that Iraq has been denied new public sector management practices as a result of recent history. Major shortfalls include lack of economic ring-fencing, lack of autonomy to employ and release staff, highly centralized decision-making processes and an ill-defined relationship with municipal bodies, the private

² In order to achieve environmental and major economic, water pricing policies must reflect the following costs: (i) financial costs: direct costs embracing the costs of supply and administration, operation and maintenance, and also capital costs (ii) environmental costs: cost of the waste caused by water use on the ecosystem, for example: salination or degradation of productive soils) (iii) resource costs: cost of resource depletion leading to the disappearance of certain options for other users. Each user must bear the cost of consuming water, if pricing is to promote better water quality and sustainability.

sector and civil society (consumers). As a result, any new service delivery model will need to address the following core restructuring issues, as a minimum:

- The creation of public companies for the delivery of water and sanitation services. International practice recommends a corporate structure with all normative corporate governance principles to be applied. However, the level of autonomy of the corporate utility would need to be carefully considered in the immediate term;³
- The eventual transfer of all system assets under the management of these newly established corporate entities. Logically, a number of such companies would be regional, i.e. would serve two or more governorate units. In this regard, the decentralization of service delivery to local governments requires addressing the issue of common assets ownership and management;
- The consolidation of organizational structures and adoption of appropriate staffing policies, in line with the principle of a commercial utility;
- Reviewing of procurement rules to guarantee standardized procedures and transparency; and,
- The establishment of sound business practices within these public companies.

viii **Perform Institutional and Capacity Building at the Central and Governorate and Corporate Level:** The implementation of appropriate staffing policies and application of an attractive remuneration scheme at all levels needs to be associated with a well-designed training and organizational development program tailored to the specific needs of each level of governance. Capacity needs would be determined on functional roles and responsibilities, but would take into consideration constraints and capacity shortfalls in the transitional period.

ix **Assess Central, Regional and Government Capacity Needs with a view to Decentralizing Service Delivery Functions to support good governance and quality delivery:** Where policy, regulatory or execution functions of national and sub-national structures are required under the GoI policy framework, it will be vital to undertake a national capacity building program to build core capacities where required. These would need to cover human resource management, infrastructure and equipment, monitoring and regulatory oversight capacities as well as support for improved public finance management.⁴

³ A public utility is an organization that maintains the infrastructure for a public service, often providing the service using that infrastructure. Public utilities are subject to forms of public control and regulation ranging from local community-based groups to countrywide government monopolies, depending on the context and history of the country. Common arguments in favor of regulation include the desire to control market power, facilitate competition, promote investment or system expansion, guarantee quality of water services, or to stabilize markets. There are different options for public utilities in Iraq, including their ownership, regulatory and organizational structural arrangements. For more industry definitions see Annex 1.

⁴ Comment: All the above should pave the road to the decentralization of service delivery at the local government level. The consolidation of legislation and establishment of the economic regulatory mechanism, as well as the reformation of service delivery to create public companies come prior to decentralization of service delivery to local governments. These steps can be made in quick succession.

OPTIONS FOR STRENGTHENING SERVICE DELIVERY

9. **The decentralization of service delivery is viewed as a tool to enhance the responsiveness and effectiveness of public policy, increased government accountability, poverty reduction and public participation.** In decentralizing basic public services, such as water and sanitation, it is essential to strike the right balance between retained centralized and decentralized functions. In that context, it is essential that the policy-making, regulatory and service delivery functions are separated, for reasons of accountability and transparency and as a result, this principle will determine in part roles and functions between the centre, regions, governorates and public and private sector-run utilities. The decentralization alters the structure and institutions of governance and, therefore, it requires prior identification of what reforms should be undertaken to enable it. Moreover, decentralization in core service sectors must be preceded by fiscal decentralization.

10. **Decentralizing water and sanitation services requires political, financial, administrative and capacity enabling conditions to be put in place.** As a result it is a complex task that implies, first of all, a clear consensus across the political spectrum, as it is long-term commitment. Any eventual short-term reversal may produce catastrophic consequences in the delivery of essential services. In its implementation phase, the process of decentralization requires close cooperation amongst various government bodies, in order to plan and execute it effectively. It is very important that the process of decentralization is associated with a substantial capital investment program that addresses all levels of service and that is tailored to bring about real improvement in performance.

11. **The decentralization of water and sanitation services can be implemented along water basin lines/boundaries, or local government administrative boundaries.** Particularly in the case of Iraq, where water resources are unevenly available the approach should be well founded in technical studies. It is extremely important that, irrespective of which approach is taken, the decentralization in this sector avoids fragmentation of the systems and retains a logical economy of scale.

12. **The depth of decentralization is another point of discussion which may include all or only parts of the work processes with respect to water and the sanitation; production, treatment and distribution, for water and collection, and treatment for wastewater.** In addition, some service delivery functions maybe retained at different levels of local government, e.g. regional or district vs. sub-district (such as treatment for water and/or wastewater), etc.

13. **The decentralization of water and sanitation services may be associated with decentralization of other relevant public services that conform to best international practice, as well as the conditions in Iraq would indicate.** The subsequent decentralization of services, following consensus at the political level would require, at a minimum, the following initial actions, in the course of which all the above and other outstanding, relevant issues would be taken into account:

Creation of Oversight and Management Bodies

- i. **Creation of an Inter-ministerial Working Group in charge of Drafting and Leading the whole process of Decentralization:** The working group, chaired by executive leadership, would include all the ministries and other central government bodies that are concerned with the decentralization of water and sanitation services, starting with the line ministry and the Ministry

of Finance. The working group would outline the decentralization agenda and action plan and be responsible for organizing its delivery at the required level of detail. In addition, a steering committee should be formed in function of the inter-ministerial working group. The fine tuning of the agenda and its implementation would then require the participation of a broader group of stakeholders, to include local governments and the civil society.

- ii. **Creation of a Technical Advisory Committee, working under the direction of the Inter-ministerial Working Group:** The technical advisory group shall be composed of the best available local experts assisted by international consultants, who together would identify best international practices in every aspect related to the decentralization of service delivery, and assess their feasibility in the context of Iraq. The technical group should provide input and oversight of the decentralization action plan on a continuous basis.
- iii. **Creation of a Stakeholder Advisory Group, with the participation of local government representatives of all levels, the civil society and the private sector:** The advisory committee shall provide advice and guidance from a local government, private sector and civil society prospective and shall be engaged in all the phases of fine tuning of the decentralization agenda and action plan, as well as its implementation.

Strengthening the Legal and Regulatory Framework

- iv. **Drafting and adopting the legal basis for decentralized service delivery, based on a Public Discussion with all the Stakeholders Concerned, to include Local Governments:** Such legal basis would consist of a package of laws that enable the effective transfer of responsibility for service delivery to the level of local government. Most probably it will require the drafting of a new law on the local governments, as well as a new law on the transfer of ownership of system assets/shares of public corporations to the local governments. In addition, the legislative package would need to provide for laws and regulations on state government transfers, revenue raising at local level, borrowing rights of local governments, and many more, as well as amendments to existing legislation (e.g. concession law). In addition, the new legislation ought to consider opening the green light for private sector participation.
- v. **Establish all main regulatory functions and bodies responsible for discharging those functions at the central government level, as well as the de-concentrated structures, as shall be stipulated in the legislation:** It is essential that besides the legal and regulatory framework is streamlined and completed, the institutional framework is also established. The implementation of decentralized service delivery, even if at an initially very reduced scale, requires the full supporting structures, otherwise it may fail altogether. Furthermore, the institutions need time to adapt to the new situation, understand and resolve any issues that will most certainly arise in the process of implementation of the decentralization, and therefore be prepared to respond adequately to the situation once the process gradually matures and progresses.
- vi. **Conduct a public awareness campaign on decentralization of water and wastewater services at the national level:** The MMPW, being the line ministry of the sector, should launch a campaign to inform both the public, and the local government authorities at all levels, on the

decentralization reform, its challenges, benefits, thus stimulating debate among all the interested parties.

- vii. **Considering the Logical Sequence of Reform and Modernization Actions as a Stepwise Approach, i.e. decentralize wherever there is capacity:** Clearly, undertaking such a set of changes will require reforms to be undertaken over the medium to longer term, as and when competencies to manage the process have been built or established. In the context of Iraq, the Reform and Modernization Road Map would, therefore, require special financing measures including external technical expertise to support and mentor executive management to meet such an agenda.

14. **Whilst many of the reforms outlined above go beyond basic or first generation reforms, it is advocated that many of the principles of New Public Management be used to strengthen service delivery, particularly where water utilities are concerned.** Implicit here, is that public-private-partnership is essential for modernizing service delivery arrangements in this sector and, as a result, the process of privatizing/divesting state-owned assets requires careful consideration and substantial knowhow. Where such skills are lacking, training and mentoring programs alongside contracting out of reform and modernization processes would be a logical solution.

SAMPLE POLICY AND REFORM MEASURES TO DRIVE MODERNIZATION

15. **Even at this early stage of research and analysis of the water and sanitation services sector in Iraq it is possible to identify some key policies and reforms that would lead towards a truly modernized, and potentially, decentralized approach.** Through observations on the sector and meetings with various stakeholders, it would appear that a number of basic reforms could be undertaken without encountering much resistance from the political establishment. The basic, first generation reforms proposed in here are mostly technical in nature, and may be feasible within a 3-5 year period. While the most part of the more advanced reforms require a prior consensus at the political level and a significant political will to be brought to life, it should be noted that this is an *a priori* assessment that may not apply fully, once the first generation reforms are implemented. This is because the basic reforms are clearly conducive to the next level, and at that point the interests and vision of the political establishment may have been influenced to yield in favour of the more advanced set of reforms. The reforms proposed below are presented on the basis of stated policies, however, they do not strictly pertain to one given policy, but typically cut across them. As a consequence, the ordering of the reforms is not necessarily sequential. All the proposals and suggestions made in this report are based on early observations of the water and sanitation services sector in Iraq and clearly need to be worked on in a more structured and detailed approach, should they be viewed as shaping the future of the sector.

Table 1 Options for Consideration: Basic & First Generation and Advanced WATSAN Reforms in Iraq (DRAFT)

Function	Category	Basic and First Generation Reforms	Advanced Reforms
WATSAN Sector Policy: Role and Load	National WS Policy	Establish a National Water and Sanitation services sector policy (See Table 2 for more details on policy)	Consolidate the overall legal framework, to include the passing of a new law on the water and sanitation services sector to override all the existing confusion
	Legal Framework	Draft a law to support the establishment of a national natural monopoly regulator Create the legal basis for the establishment of a national fund for energy efficiency optimization Unify standards for potable water and wastewater discharge and center the functions of standard setting and monitoring for potable water, as well as for wastewater into one respective unit Create enabling framework for private sector participation (PSP) in the water and sanitation services sector Review and enhance level of cooperation with the MoWR	Establish and make functional the Natural Monopoly Regulator Liberalize tariffs for water and sanitation services De-concentrate water quality and wastewater quality discharge monitoring function according to the unified approach Fully integrate the Municipality of Baghdad into the national framework of regulations Establish procedures for funding projects and programs targeting at energy efficiency optimization
	Oversight/Regulatory Framework	Confirm oversight and regulatory functions, assess capacity gaps and institutionalize	De-concentrate water quality and wastewater quality discharge monitoring function according to the unified approach Consolidate all the other regulatory functions (technical, environmental) to avoid overlaps
National WatSan Investment Strategy (NWSIS)	Sector Strategy and Objectives	Establish national a 5-year WatSan Strategy, to address urban and rural sectors Draft sector master plan, based on strategy (5 Year Plan)	Develop Sector Wide Approach (SWAP)
	NWSIS Execution Mandates	Confirm and strengthen existing strategy mandates	
	National Programs	Establish a long-term national program to improve energy efficiency Establish a National Program for Capital Investment Prioritization based on agreed policies, within the MoMPW	Establish functional/program expenditure framework
	Benchmarks	Confirm Five Year Planning Benchmark/Targets (MDGs)	Align sector benchmarks with WatSan Policy
	Costing	Cost service delivery	Cost within a Medium Term Budget and Expenditure Framework
	Outcomes and Impact	Establish outcome and impact performance targets for 2014	Establish performance based monitoring system

Administrative Structures	Agency Shape and Size	Conduct a full entity wide-functional review to simplify and consolidate ministry structures (I-PSM) Merge water and sanitation services at the service delivery level. Considering that management of treatment facilities is kept separate from service delivery to the public Establish a sector monitoring and benchmarking function at the MoMPW	Implement consolidation of ministry structures
	Decentralization	Centrally driven, progressive but conservative fiscal and administrative decentralisation based on clearly defined service delivery models Gradually, and in accordance with pricing policies, reduce subsidies to water and sanitation public corporations through the application of appropriate measures. Establish a pro-poor subsidy scheme, shifting gradually from subsidizing public companies, to subsidizing citizens who cannot pay	Create enabling legal framework Formal adoption of inter-governmental transfer arrangements based on standard transfer formula, accountability and transparency rules Transfer ownership of public corporations to the local government level
	Contracting	Simplify procedures for contracting out services from the private sector.	Extensive use of management contracts across the public sector
	Agency Targets	Indicative targets and annual plans	Specific binding targets within a medium term framework
	State Owned Enterprises	Steady rationalization of WatSan public corporations	Establish Public-Private Partnership Framework
Public Expenditure Management	PFM/PEM	Outline PFM Action Plan Activities for the WatSan Sector	Implement full package of PFM reforms
	Recurrent Costs	Set Hard Budget Constraints to reign in recurrent spending	Block or frame budgeting
	Capital Investments / O&M	Increase Capital to Recurrent Spending Ratios	Link capital budget to strategic outcomes
	Budget Integration	Unify recurrent and capital budget management	Migrate capital planning from MoPDC to MoMPW
	Efficiency Improvements	Strengthen existing input-oriented, line-item budgeting with some performance information	Changing budget reporting and formats public investment programs and Sector Wide Plans
	Auditing Reforms	Strengthening traditional financial and compliance audit and undertaking some performance auditing	
	Inter-governmental Transfers	Cautious increase in fiscal transfers to governorates	Formal adoption of standardized sub-national block grant for WatSan service delivery
Civil Service & Human Resource Management	Public Service Council	Establish Public Service Council at Centre, Region & Province	Establish/reform HR Departments in MoMPW
	Civil Service Law	Introduce new civil service law	Enhance regulations, secondary legislation
	Right-sizing	Confirm staffing establishment within existing policy	Retrenchment, redeployment and retraining.
	Openness	Encouraging career development within existing closed system	Moves toward position-based systems, with encouragement of lateral entry

	Career Management	Enhance job security and career development	Decreasing tenure, establish Senior Executive Service (SES) and succession planning for key functions, pensions
	Unity of the Civil Service	Revise civil service legal framework and review terms and conditions including pay and grading structures	Fragment and diversify pay arrangements
	Individual Incentives	Application of standard promotion and reward rules	Annual performance targets based on performance appraisal
Service Delivery Model	Service Delivery Model	Create public corporations to deliver the service both in water and sanitation, and based on above considerations, to manage treatment facilities	Develop new costed service delivery model including informed by new policy framework and measures
	Public and Private Sectors	Improve/simplify contracting-out protocol	Adopt firm policy of public private partnerships and strengthening contracting and procurement arrangements
	State Owned Enterprises	Review and strengthen existing SOEs	Restructure and rationalize within new delivery model
	Geographical Equity	Establish criteria for equitable service delivery	Set provincial budget ceilings based on access and quality
	Contracting Out	Contracting out physical infrastructure development	Contracting out of strategic tasks, such as payroll management

Table 2 Possible Sequencing of WATSAN Reform Measures in Iraq (DRAFT)

Priorities	Policy areas based on priorities	Basic and First Generation Reforms	Advanced Reforms
Water conservation	<ul style="list-style-type: none"> ▪ Gradual cost recovery of water and sanitation services, with established targets full cost recovery in a distant future. ▪ Optimization of operation and maintenance costs ▪ Prioritize capital investment towards improvement of physical infrastructure, at transmission and distribution networks, and metering at the production site and customer connection 	<ul style="list-style-type: none"> ▪ Consolidate the overall legal framework, to include the passing of a new law on the water and sanitation services sector to override all the existing confusion ▪ Draft a law to support the establishment of a national natural monopoly regulator ▪ Optimize energy efficiency through establishing a long-term national program that identifies potential approaches ▪ Create the legal basis for the establishment of a national fund for energy efficiency optimization. Such a fund would be created both from donor grants and oil revenues ▪ Drafting of a civil service law that aims at optimizing staff management ▪ Establish a National Program for Capital Investment Prioritization, within the MMPW 	<ul style="list-style-type: none"> ▪ Establish and make functional the Natural Monopoly Regulator ▪ Liberalize tariffs for water and sanitation services. ▪ In parallel to the above, establish a pro-poor subsidy scheme, shifting gradually from subsidizing public companies, to subsidizing citizens who cannot pay ▪ Establish a national fund for energy efficiency optimization. Such a fund would be created both from donor grants and oil revenues ▪ Establish procedures for funding projects and programs targeting at energy efficiency optimization ▪ Optimize staffing levels ▪ Improve the remuneration scheme to attract professionals ▪ Upon decentralizing service delivery functions to local governments, establish a competitive grant scheme for the water and sanitation sector
Improvement of potable water quality and wastewater discharge quality	<ul style="list-style-type: none"> ▪ Prioritize capital investment towards upgrading/building new treatment plants for water and wastewater, and sufficient sampling and testing laboratory facilities at the center and periphery ▪ Open green light for private sector participation up to full privatization 	<ul style="list-style-type: none"> ▪ Unify standards for potable water and wastewater discharge and center the functions of standard setting and monitoring for potable water, as well as for wastewater into one unit – MoH for water and MoE for wastewater, to avoid overlaps. This is accomplished through improvement of the legal framework ▪ Consolidate all the other regulatory functions (technical, environmental) to avoid overlaps. ▪ Establish a National Program for Capital Investment Prioritization, within the MMPW. ▪ Simplify procedures for contracting out services from the private sector 	<ul style="list-style-type: none"> ▪ De-concentrate water quality and wastewater quality discharge monitoring function according to the unified approach ▪ Fully integrate the Municipality of Baghdad into the national framework of regulations ▪ Converge the current functions of the MoP into the Ministry of Finance, thus making redundant the MoP

<p>Improve overall level of coverage and quality of performance of water and sanitation services</p>	<ul style="list-style-type: none"> ▪ Water supply and sanitation services to be treated as commercial activities 	<ul style="list-style-type: none"> ▪ Merge water and sanitation services at the service delivery level. To be considered that management of treatment facilities is kept separate from service delivery to the public (distribution of water and collection of wastewater) ▪ Create public corporations to deliver the service both in water and sanitation, and based on above considerations, to manage treatment facilities ▪ Conduct a study on reforming the structure of the MoMPW, to correspond to overall sectoral reform 	<ul style="list-style-type: none"> ▪ Transfer public corporations to the local government level. Different levels of local government would be given different responsibilities for service delivery, and the transfer of the public corporations should be performed accordingly
<p>Improve governance of water and sanitation services</p>	<ul style="list-style-type: none"> ▪ Decentralize water supply and sanitation services to the local government level 	<ul style="list-style-type: none"> ▪ Create legal and regulatory enabling framework ▪ Perform fiscal decentralization, as a precondition for service delivery decentralization ▪ Gradually, and in accordance with pricing policies, reduce subsidies to water and sanitation public corporations through the application of appropriate measures ▪ Establish a monitoring and benchmarking function at the MoMPW ▪ Undertake system upgrading through directing capital investment towards areas where decentralization of services may occur 	<ul style="list-style-type: none"> ▪ Implement the legal framework by taking a stepwise approach in decentralizing the services where there is both the will and the capacity of local governments to endorse it

Annex 1 Sector Background Notes

Water Industry: Typically the water industry provides drinking water and wastewater services (including sewage treatment) to residential, commercial, and industrial sectors of the economy. The water industry also includes manufacturers and suppliers of bottled water. Water privatization by companies in the water industry is becoming an issue as water security threatens the global community.

Water Privatization: Water privatization means private sector participation in the provision of water services and sanitation, although more rarely it refers to privatization of water resources themselves. Privatization is most often undertaken to (i) mobilizing financing for investment (ii) because of the need for technical expertise (iii) to increase efficiency or (iv) to deliver improvement of service quality. Because water services are seen as such a key public service, proposals for private sector participation often evoke strong opposition. Globally, more than 90% of water and sanitation systems are publicly owned and operated and this is the suggested route for Iraq. The four most common models in the order of increasing transfer of responsibilities to the private operator are broadly as follows:

- **Management Contract:** under which the private operator is responsible only for running the system, in exchange for a fee (usually performance-related). Investment is typically financed and carried out by the public sector, but implementation may be delegated. Assets remain publicly owned;
- **Lease Contract,** under which assets are leased to the private operator, who recoups the cost from end users. Investment is typically financed and carried out by the public sector, but implementation may be delegated. Assets remain publicly owned.
- **Concession:** under which the private operator is responsible for running the entire system, including planning and financing investment. Concession contracts usually run for 20–30 years. Assets remain publicly owned.
- **Asset sale (full privatization),** under which the operator owns the assets for an undetermined period. This model has been used in England and Chile.

Water Pricing: Modernization of the Iraq water industry would require sophisticated and costly water and wastewater networks and sewage treatment plants, which typically consumes 1-2% of GDP. As a result of the structure of delivery it is generally a natural monopoly, and as a result is usually run as a public service by a public utility which is owned by local or national government. Water pricing varies from country to country, and depends largely on whether the water company is privatized or state-owned. Also, water rates are generally higher in countries with severe water scarcity (such as Algeria, Sudan, and Israel) and institutionally developed water economies (such as Australia and Israel). The industrial and power sectors within a country usually pay the highest water rates and receive a higher, more costly level of service throughout the year, as do domestic users. Agriculture pays the least, but also receives the lowest level of service. Within each sector and country, there can also be a wide variation in costs, as domestic users buying water from private vendors pay much more than those connected to municipal systems. Farmers receiving irrigation from public canals also pay far less than those receiving irrigation from private wells. According to the World Bank Group, monthly utility water bills typically around the world are about 2 percent of household income. The utility water bill excludes payments to water vendors, which can be substantial in some locations. In Egypt the monthly utility water bill is as low as US\$1, while in Ramallah (West Bank) it is close to US\$20.

Municipal water use is metered in most countries, but Egypt and Lebanon do not use water meters in most cities. These two countries levy only a flat-rate tariff that is independent of the level of water use and provides no incentive for conservation. Sewage tariffs throughout the region tend to be even lower and typically are only a fraction of water tariffs. According to the Green Lane, water consumption usually drops 18-25% after a water meter is installed.

Organizational Structure: There are a variety of organizational structures for the water industry, with countries usually having one dominant traditional structure, which usually changes only gradually over time.

Ownership options are as follows: (i) Local Government – which is the most usual structure worldwide; (ii) National Government – applied in many developing countries, especially those with small populations (iii) Private Ownership - relatively few examples outside England and Wales co-operative ownership and related NGO structures.

Operation options are as follows: (i) Local government operating the system through a municipal department, municipal company, or inter-municipal company – which is the most usual structure worldwide (ii) local government outsourcing operations to other public companies, or the private sector – which is an increasing trend since around 1990 with around 10% of the industry operating such an arrangement (iii) national government operations and (iv) private sector operating a system it owns (v) private sector building parts of a water system (e.g. wastewater treatment plant) and operating it for an agreed period before transferring to public sector ownership and operation and (v) cooperation and NGO operators

Function options are as follows: (i) integrated water system (water supply, sewerage (sanitation) system, and wastewater treatment) which are by far the most common globally and in the Middle East (ii) separation by function (e.g. Dutch system where sewerage run by city, water supply by municipal companies, and water treatment by water boards) (iii) other separation where separation into three companies for bulk water supply, water and wastewater network operations, and retail.

Water standards: Whatever the ownership structure, water quality standards and environmental standards relating to wastewater are usually set by national bodies, such as a Drinking Water Inspectorate and the Environment Agency. In some countries drinking water standards are set by an Environmental Protection Agency and pollution control standards are developed jointly by EPA and state environmental agencies; being regulated by a Clean Water Act. For some countries water-related directives are important for water resource management and environmental and water quality standards.



DISCUSSION NOTE

IMPROVING WATER AND SANITATION (WATSAN) DELIVERY IN IRAQ¹

BACKGROUND

1. **Access to water and sanitation is a basic right and essential public service. Yet, as a result of war, the destruction of vital infrastructure, lack of capital investment and the overly centralized functions of government delivery systems, many Iraqi citizens are being denied access both to potable water and access to basic sanitation services.** At present, the most pressing issues that Iraqi water supply and sanitation sector is facing are (i) imminent risk of severe depletion of water supply resources, (ii) a very problematic situation with water quality and continuity of service, as well as with the sanitation services, (iii) a potential environmental disaster due to largely untreated wastewater discharged into the surface waters. These matters are not being properly addressed, necessitating the modernization of the current status, structuring and management of this strategic sector in Iraq.

2. **In recent months, in an attempt to address the problematic situation with service delivery, the Council of Representatives has passed into law legislation to dissolve the central line Ministry of Municipalities and Public Works, de-concentrating all functions to sub-national structures of administration.** In addition, the new budget law allocates a large share of the MMPW budget to governorates. Far from resolving any problems, these measures not only are inconsistent with the will of the GoI, with any possible option that would lead to a sustainable decentralization, but are also highly detrimental to a sector that absolutely needs a central government structure to lead it. Given the need to improve access to quality water and sanitation services, it is essential to conceptualize a service delivery model where the overall regulatory and oversight and delivery structures are de-concentrated to the appropriate degree so that good governance can be achieved. The model should support poverty reduction and economic growth objectives, whilst also opening the road to bringing government services closer to people and people closer to government services, through a subsequent process of decentralization of service delivery to local government units. Especially in the context of decentralization, which, among other is seen as a tool to enhance the responsiveness and effectiveness of public policy and increased government accountability in delivering basic public services, it is essential to strike the right balance between retained centralized and decentralized functions. This short summary of reform and modernization options is, therefore, provided to stimulate discussion towards a reform and modernization road map; to be implemented over the medium to long term through the Iraq Public Sector Modernization (I-PSM) program.

3. **To take this challenging agenda forward, any reform and modernization process must be based on the legal, administrative and fiscal history of the sector in question.** To this end, the MMPW has not only remained a highly centralized function of government since its establishment, but also one where vital components such as planning and financing have been shared with other equally centralized entities. What is outlined below, therefore, is an attempt to contour the basic elements of a reform and

¹ This is a discussion paper provided by the I-PSM Technical Pool (supported by the ICFS) based on collaboration with the staff of UN-HABITAT, UNESCO, UNICEF and WHO. It also reflects consultation with the MoMPW, MoWR, COMSEC, PMAC, EC, USAID/Tatweer, World Bank and the UNDP Governance Unit. As such this note is provided to stimulate discussion only.

modernization road map that would rationalize service delivery roles and functions in support of administrative efficiency and service delivery effectiveness. The focus is, therefore, on establishing an enabling environment, at the level of sector policy, around which functional restructuring and decentralization might be pursued.

Box 1: Summary of Key Sector Statistics

Preliminary sector statistics suggest that estimated percentage of population served with treated water supply services in Iraq (excl. KRG) is around 70%. The estimates for urban population and rural population are, respectively, 74%, and 48%. During the 80s, these figures were, respectively, 95% for the urban population and 75% for the rural population. The HH Survey indicates that in KRG the about 68.5% of the population is served through house connections. Estimated percentage of population served with through sewerage public network in Iraq (excl. KRG) is around 26.8%, another 50% is served through septic tanks, 7.1% covered drain, 15.1% opened drain (HH Survey). Furthermore, only 17% of wastewater is treated before being discharged into the environment. As a result of catastrophic pollution of surface waters, insufficient water treatment and dilapidated distribution infrastructure, water quality is a major problem. According to the Ministry of Health, in 2009 compliance rate was about 70%. Unsafe drinking water and unhygienic sanitary practices have increased incidences of water-borne diseases at an alarming rate, and are responsible for malnutrition, morbidity and mortality of infants and children under five. Nearly 40 percent of children attending health centers suffer from gastrointestinal diseases. It is estimated that water and sanitation related diseases are responsible for about 25 percent of all deaths of children in Iraq. Average volume of daily production of water is reported 7.2 million m³. The resulting average amount of water per capita is high, around 327 liters/capita/day. The average figure for aggregate per capita consumption in EU is about 150 liters/capita/day, (with Spain hitting around 270 liters/capita/day), and that corresponds to a highly industrialized area.

The standard norm for per capita consumption in Iraq is set at around 450 liters/capita/day. Despite the extremely high rate of production, the level of service in terms of continuity of service is reported about 77% overall, around 90% in urban areas and 64% in rural areas – most probably overstated figures. The estimated losses, based on MMPW are around 50% of water produced. Besides a high level of leakages in the transmission mains and distribution networks, illegal connections, etc. the indications are that potable water in Iraq is widely used for irrigation. The impact on health and economic productivity of all the above are substantial, further undermining the legitimacy of government.

Water tariffs are extremely low, whilst operational costs are rising fast. Domestic water in Iraq is heavily subsidized, with tariff at 0.0036 US\$ /m³. For comparison, this is almost 14 times lower than the water tariff applied in Egypt, which is the lowest among all Arab countries. The average annual revenue per connection is about 9,300 ID (\$6). In most areas, water consumption is not metered. For Example, although meters are installed in most households in Baghdad, 90 percent of them are out of order. Revenues cover 2-5 percent of the costs of operation and maintenance of the water and sanitation systems. From the perspective of sector structure and management, operations are almost entirely financed from the central government budget and are managed by the local Directorates of the Ministry of Municipalities and Public Works (MoMPW). The MoMPW controls the area under 15

governorates of the centre and south, covering a total population of about 19 million. In the north, the Ministry of Municipalities of the Kurdistan Regional Government (KRG) manages, quite independently, water supply and sanitation services in the three northern governorates, with a total population of about 3.7 million. In Baghdad, the municipality is responsible for water supply and sanitation, serving approximately 5.5 million inhabitants.

4. **This would imply that any sector-wide strategy would require such an enabling environment and that strengthened service delivery would be conveyed through both public and private spheres, for reasons of quality of performance and fiscal sustainability.** To this end, the following broad reform and modernization actions would need to form the foundation for such an initiative.

6. **Table 1 below provides the actual, budget and functional expenditures for the MoMPW and staffing establishment for 2009 and 2010.** Even though not formally mandated for WATSAN Table 2 includes the same details for the Ministry of Water Resources.

Table 1 MoMPW Actual, Budgeted and Functional Expenditure and Staffing

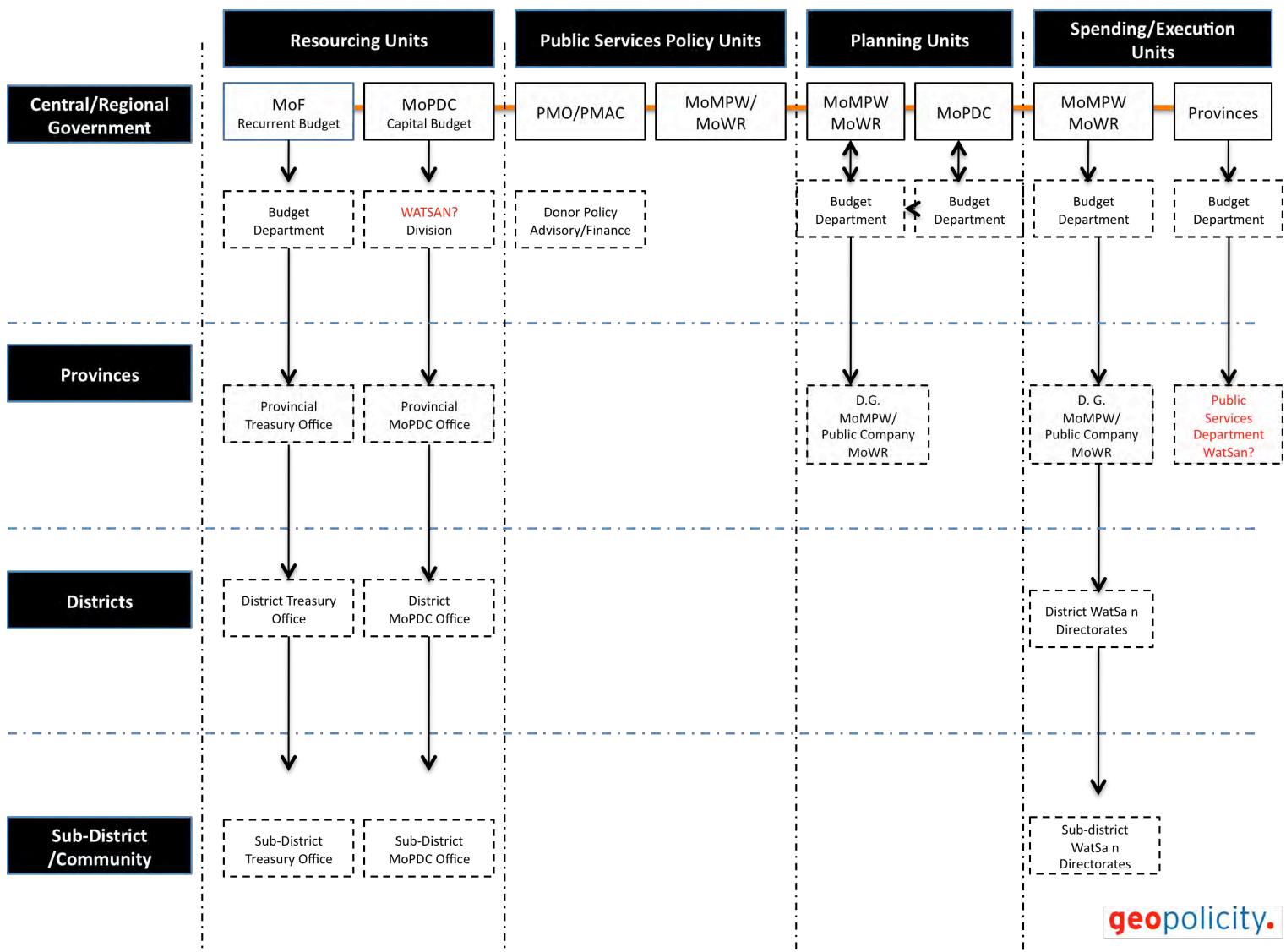
	IQD Trillions	Salary & Pensions	Non wage Recurrent	Total Current	Capital	Total Budget	
Actual	2007	20.3	18.6	38.9	224.9	263.8	
Actual	2008	24.6	18.6	43.2	299.8	342.9	
Budget	2009	27.2	538.8	565.9	552.5	1,118.4	3,086
Budget	2010			845.2	1,496.0	2,341.2	3,146

Table 2 MoWR Actual, Budgeted and Functional Expenditure and Staffing

	IQD Trillions	Salary & Pensions	Non wage Recurrent	Total Current	Capital	Total Budget	
Actual	2007	75.0	85.6	160.6	137.0	297.6	
Actual	2008	128.1	106.4	234.4	288.5	522.9	
Budget	2009	138.5	60.4	199.0	664.9	863.9	17,548
Budget	2010			230.1	1,060.0	1,290.1	17,548

7. **As a vital pre-condition for reform and modernization it is essential for Government to establish and approve an evidence-based policy-framework to both legitimize and guide the reform and modernization process, and to de-concentrate and further decentralize service delivery functions in a rational and accountable way.** Prior agreement between MoMPW and a broader set of government bodies would be required to determine the scope and shape of Government policy in this sector over the medium (3 years) and longer term (5 years and more). Such a policy would also have profound implications for the structure of the existing service delivery model, and overview of which is provided in Figure 1 below.

Figure 1 Existing Service Delivery Model for Water and Sanitation



8. **Once such a policy framework has been established, the MMPW can subsequently proceed with establishing a sector strategy and strategic plan, around which reform priorities would be shaped and sequenced.** Immediate, and equally important policy areas to be addressed by the Government in the water and sanitation services sector include, but are not limited to, the following major priorities: (i) water conservation, where pricing policies, water demand management and transformation of service delivery operators into commercially viable entities are central, (ii) increase of water supply coverage and quality, (iii) increase of wastewater coverage and treatment, and (v) de-concentration of functions/decentralization of service delivery. These policy areas are the minimal set of nucleuses around which a number of basic and advanced reforms would be build on. These reforms are presented below as narrative, and are then summarize and detailed in Table 1 at the end of the text:

- i. **Establishing a Sector Strategy and Strategic Plan to be Implemented through the Budget Process:** Upon the formal adoption of the policy-framework, the MoMPW will need to formulate and adopt a Sector Strategy and Strategic Plan for the water and sanitation services sector; initially over a period of 3-5 years. The strategy would drive the modernization process, would be guided by the policy-framework and would need to be supported by a cost-benefit analysis for each of its action plans. In essence this would entail setting service delivery benchmarks and standards and then costing these for consolidation into the annual budget formulation process. It would also imply cost-recovery as a basic foundation upon which to build success.
- ii. **Migrate the Sector Planning and Capital Budgeting functions that are shared with the Ministry of Planning to the MoMPW:** One essential prerogative of a well-functioning sector requires that the overarching policy-framework, sector strategy and preliminary planning and budgeting processes are harmonized and fully integrated into the budget formulation and execution process. This necessitates that all stages are conceptualized by the same entity, to enhance sector governance and an integrated approach.
- iii. **Consolidate the Legal Framework in the Water and Wastewater Sector:** It is vitally important that the Government of Iraq (GoI) undertakes a thorough process of revision and consolidation of the existing sectoral legal framework; implying rationalization of legacy laws and their renewal into a consolidated modern version. This is vital to address simultaneously the following present time problems, as a minimum: First, to remove inconsistencies within the present legal framework and maximize harmonization of policy measures. Second, to avoid the fact that legacy laws and regulations (dating from 1964 or before) remain only partially in effect due to subsequent amendment, thus making impossible a clear understanding of which law applies when. Third, to evolve beyond the ideological standpoint of laws and regulations adopted during the years of dictatorship, where scientific socialism led to highly centralized planning functions, towards a modern up-to-date legal environment.
- iv. **Establish an Effective and Unified Regulatory Framework, harmonizing both legislation and institutional Functions:** This is a task that should be accomplished through the consolidation of the legal framework, but is presented separately here because it is particularly important if roles and functions are going to be evolved to strengthen decentralized service delivery. The existing regulatory framework in the water and sanitation services sector is currently shared by a

number of government entities, due to the particular division of labor between mandates in central government. It should be completed and the same time, avoid overlapping of responsibilities between the various bodies. In Iraq, in particular, it is recommended to have a Natural Monopoly Regulator that would implement an adequate pricing policy and limit cost misreporting. A properly formulated pricing policy would simultaneously address two core objectives of equal importance: (i) Protection of the consumer, to make sure that water and sanitation services are fairly priced, and (ii) to ensure the sustainability of water and sanitation services over time. Presently, this is not the case in Iraq. While full cost recovery on a countrywide basis would be an objective projected over a long-term period of time, a gradual movement towards it should be pursued for a multitude of reasons, to start with the creation of an enabling environment for private sector participation. The re-design of the regulatory framework may require the establishment of new bodies, and/or re-organization of existing ones to this end.²

- v **De-concentrate Core Regulatory Functions:** The various regulatory functions (except the economic regulation) need to be discharged through a nexus of administrative entities that relate back to the central regulatory body. In this regard the recently approved law goes too far in removing regulatory oversight responsibilities of the centre, in the absence of which provincial bodies would be self-regulating. These entities would operate on the basis of standards and regulations as approved at the central government level and are subject to audits by the same.
- vi **Establish a National Sector Database to Enable Performance Monitoring Capabilities:** It is widely accepted that an informed and realistic decision-making process requires quantitative data around which oversight and regulatory roles can be informed. It is, therefore, essential that the MMPW proceeds with establishing a national sectoral database as a permanent function at the central government level thereby enabling performance monitoring and benchmarking over the regions, provinces, and municipalities too. The much-needed creation of an Iraq Natural Monopoly Regulator would require that the database is centered at the Regulator and benchmarks and monitoring capabilities would become core drivers of service delivery oversight.
- vii **Recasting and restructuring of the Service Delivery Model to Reflect Drives in Administrative Efficiency and Quality Service Delivery:** The current model for service delivery is perhaps to be considered outmoded for several reasons, including the fact that Iraq has been denied new public sector management practices as a result of recent history. Major shortfalls include lack of economic ring-fencing, lack of autonomy to employ and release staff, highly centralized decision-making processes and an ill-defined relationship with municipal bodies, the private

² In order to achieve environmental and major economic, water pricing policies must reflect the following costs: (i) financial costs: direct costs embracing the costs of supply and administration, operation and maintenance, and also capital costs (ii) environmental costs: cost of the waste caused by water use on the ecosystem, for example: salination or degradation of productive soils) (iii) resource costs: cost of resource depletion leading to the disappearance of certain options for other users. Each user must bear the cost of consuming water, if pricing is to promote better water quality and sustainability.

sector and civil society (consumers). As a result, any new service delivery model will need to address the following core restructuring issues, as a minimum:

- The creation of public companies for the delivery of water and sanitation services. International practice recommends a corporate structure with all normative corporate governance principles to be applied. However, the level of autonomy of the corporate utility would need to be carefully considered in the immediate term;³
- The eventual transfer of all system assets under the management of these newly established corporate entities. Logically, a number of such companies would be regional, i.e. would serve two or more governorate units. In this regard, the decentralization of service delivery to local governments requires addressing the issue of common assets ownership and management;
- The consolidation of organizational structures and adoption of appropriate staffing policies, in line with the principle of a commercial utility;
- Reviewing of procurement rules to guarantee standardized procedures and transparency; and,
- The establishment of sound business practices within these public companies.

viii **Perform Institutional and Capacity Building at the Central and Governorate and Corporate Level:** The implementation of appropriate staffing policies and application of an attractive remuneration scheme at all levels needs to be associated with a well-designed training and organizational development program tailored to the specific needs of each level of governance. Capacity needs would be determined on functional roles and responsibilities, but would take into consideration constraints and capacity shortfalls in the transitional period.

ix **Assess Central, Regional and Government Capacity Needs with a view to Decentralizing Service Delivery Functions to support good governance and quality delivery:** Where policy, regulatory or execution functions of national and sub-national structures are required under the GoI policy framework, it will be vital to undertake a national capacity building program to build core capacities where required. These would need to cover human resource management, infrastructure and equipment, monitoring and regulatory oversight capacities as well as support for improved public finance management.⁴

³ A public utility is an organization that maintains the infrastructure for a public service, often providing the service using that infrastructure. Public utilities are subject to forms of public control and regulation ranging from local community-based groups to countrywide government monopolies, depending on the context and history of the country. Common arguments in favor of regulation include the desire to control market power, facilitate competition, promote investment or system expansion, guarantee quality of water services, or to stabilize markets. There are different options for public utilities in Iraq, including their ownership, regulatory and organizational structural arrangements. For more industry definitions see Annex 1.

⁴ Comment: All the above should pave the road to the decentralization of service delivery at the local government level. The consolidation of legislation and establishment of the economic regulatory mechanism, as well as the reformation of service delivery to create public companies come prior to decentralization of service delivery to local governments. These steps can be made in quick succession.

OPTIONS FOR STRENGTHENING SERVICE DELIVERY

9. **The decentralization of service delivery is viewed as a tool to enhance the responsiveness and effectiveness of public policy, increased government accountability, poverty reduction and public participation.** In decentralizing basic public services, such as water and sanitation, it is essential to strike the right balance between retained centralized and decentralized functions. In that context, it is essential that the policy-making, regulatory and service delivery functions are separated, for reasons of accountability and transparency and as a result, this principle will determine in part roles and functions between the centre, regions, governorates and public and private sector-run utilities. The decentralization alters the structure and institutions of governance and, therefore, it requires prior identification of what reforms should be undertaken to enable it. Moreover, decentralization in core service sectors must be preceded by fiscal decentralization.

10. **Decentralizing water and sanitation services requires political, financial, administrative and capacity enabling conditions to be put in place.** As a result it is a complex task that implies, first of all, a clear consensus across the political spectrum, as it is long-term commitment. Any eventual short-term reversal may produce catastrophic consequences in the delivery of essential services. In its implementation phase, the process of decentralization requires close cooperation amongst various government bodies, in order to plan and execute it effectively. It is very important that the process of decentralization is associated with a substantial capital investment program that addresses all levels of service and that is tailored to bring about real improvement in performance.

11. **The decentralization of water and sanitation services can be implemented along water basin lines/boundaries, or local government administrative boundaries.** Particularly in the case of Iraq, where water resources are unevenly available the approach should be well founded in technical studies. It is extremely important that, irrespective of which approach is taken, the decentralization in this sector avoids fragmentation of the systems and retains a logical economy of scale.

12. **The depth of decentralization is another point of discussion which may include all or only parts of the work processes with respect to water and the sanitation; production, treatment and distribution, for water and collection, and treatment for wastewater.** In addition, some service delivery functions maybe retained at different levels of local government, e.g. regional or district vs. sub-district (such as treatment for water and/or wastewater), etc.

13. **The decentralization of water and sanitation services may be associated with decentralization of other relevant public services that conform to best international practice, as well as the conditions in Iraq would indicate.** The subsequent decentralization of services, following consensus at the political level would require, at a minimum, the following initial actions, in the course of which all the above and other outstanding, relevant issues would be taken into account:

Creation of Oversight and Management Bodies

- i. **Creation of an Inter-ministerial Working Group in charge of Drafting and Leading the whole process of Decentralization:** The working group, chaired by executive leadership, would include all the ministries and other central government bodies that are concerned with the decentralization of water and sanitation services, starting with the line ministry and the Ministry

of Finance. The working group would outline the decentralization agenda and action plan and be responsible for organizing its delivery at the required level of detail. In addition, a steering committee should be formed in function of the inter-ministerial working group. The fine tuning of the agenda and its implementation would then require the participation of a broader group of stakeholders, to include local governments and the civil society.

- ii. **Creation of a Technical Advisory Committee, working under the direction of the Inter-ministerial Working Group:** The technical advisory group shall be composed of the best available local experts assisted by international consultants, who together would identify best international practices in every aspect related to the decentralization of service delivery, and assess their feasibility in the context of Iraq. The technical group should provide input and oversight of the decentralization action plan on a continuous basis.
- iii. **Creation of a Stakeholder Advisory Group, with the participation of local government representatives of all levels, the civil society and the private sector:** The advisory committee shall provide advice and guidance from a local government, private sector and civil society prospective and shall be engaged in all the phases of fine tuning of the decentralization agenda and action plan, as well as its implementation.

Strengthening the Legal and Regulatory Framework

- iv. **Drafting and adopting the legal basis for decentralized service delivery, based on a Public Discussion with all the Stakeholders Concerned, to include Local Governments:** Such legal basis would consist of a package of laws that enable the effective transfer of responsibility for service delivery to the level of local government. Most probably it will require the drafting of a new law on the local governments, as well as a new law on the transfer of ownership of system assets/shares of public corporations to the local governments. In addition, the legislative package would need to provide for laws and regulations on state government transfers, revenue raising at local level, borrowing rights of local governments, and many more, as well as amendments to existing legislation (e.g. concession law). In addition, the new legislation ought to consider opening the green light for private sector participation.
- v. **Establish all main regulatory functions and bodies responsible for discharging those functions at the central government level, as well as the de-concentrated structures, as shall be stipulated in the legislation:** It is essential that besides the legal and regulatory framework is streamlined and completed, the institutional framework is also established. The implementation of decentralized service delivery, even if at an initially very reduced scale, requires the full supporting structures, otherwise it may fail altogether. Furthermore, the institutions need time to adapt to the new situation, understand and resolve any issues that will most certainly arise in the process of implementation of the decentralization, and therefore be prepared to respond adequately to the situation once the process gradually matures and progresses.
- vi. **Conduct a public awareness campaign on decentralization of water and wastewater services at the national level:** The MMPW, being the line ministry of the sector, should launch a campaign to inform both the public, and the local government authorities at all levels, on the

decentralization reform, its challenges, benefits, thus stimulating debate among all the interested parties.

- vii. **Considering the Logical Sequence of Reform and Modernization Actions as a Stepwise Approach, i.e. decentralize wherever there is capacity:** Clearly, undertaking such a set of changes will require reforms to be undertaken over the medium to longer term, as and when competencies to manage the process have been built or established. In the context of Iraq, the Reform and Modernization Road Map would, therefore, require special financing measures including external technical expertise to support and mentor executive management to meet such an agenda.

14. **Whilst many of the reforms outlined above go beyond basic or first generation reforms, it is advocated that many of the principles of New Public Management be used to strengthen service delivery, particularly where water utilities are concerned.** Implicit here, is that public-private-partnership is essential for modernizing service delivery arrangements in this sector and, as a result, the process of privatizing/divesting state-owned assets requires careful consideration and substantial knowhow. Where such skills are lacking, training and mentoring programs alongside contracting out of reform and modernization processes would be a logical solution.

SAMPLE POLICY AND REFORM MEASURES TO DRIVE MODERNIZATION

15. **Even at this early stage of research and analysis of the water and sanitation services sector in Iraq it is possible to identify some key policies and reforms that would lead towards a truly modernized, and potentially, decentralized approach.** Through observations on the sector and meetings with various stakeholders, it would appear that a number of basic reforms could be undertaken without encountering much resistance from the political establishment. The basic, first generation reforms proposed in here are mostly technical in nature, and may be feasible within a 3-5 year period. While the most part of the more advanced reforms require a prior consensus at the political level and a significant political will to be brought to life, it should be noted that this is an *a priori* assessment that may not apply fully, once the first generation reforms are implemented. This is because the basic reforms are clearly conducive to the next level, and at that point the interests and vision of the political establishment may have been influenced to yield in favour of the more advanced set of reforms. The reforms proposed below are presented on the basis of stated policies, however, they do not strictly pertain to one given policy, but typically cut across them. As a consequence, the ordering of the reforms is not necessarily sequential. All the proposals and suggestions made in this report are based on early observations of the water and sanitation services sector in Iraq and clearly need to be worked on in a more structured and detailed approach, should they be viewed as shaping the future of the sector.

Table 1 Options for Consideration: Basic & First Generation and Advanced WATSAN Reforms in Iraq (DRAFT)

Function	Category	Basic and First Generation Reforms	Advanced Reforms
WATSAN Sector Policy: Role and Load	National WS Policy	Establish a National Water and Sanitation services sector policy (See Table 2 for more details on policy)	Consolidate the overall legal framework, to include the passing of a new law on the water and sanitation services sector to override all the existing confusion
	Legal Framework	Draft a law to support the establishment of a national natural monopoly regulator Create the legal basis for the establishment of a national fund for energy efficiency optimization Unify standards for potable water and wastewater discharge and center the functions of standard setting and monitoring for potable water, as well as for wastewater into one respective unit Create enabling framework for private sector participation (PSP) in the water and sanitation services sector Review and enhance level of cooperation with the MoWR	Establish and make functional the Natural Monopoly Regulator Liberalize tariffs for water and sanitation services De-concentrate water quality and wastewater quality discharge monitoring function according to the unified approach Fully integrate the Municipality of Baghdad into the national framework of regulations Establish procedures for funding projects and programs targeting at energy efficiency optimization
	Oversight/Regulatory Framework	Confirm oversight and regulatory functions, assess capacity gaps and institutionalize	De-concentrate water quality and wastewater quality discharge monitoring function according to the unified approach Consolidate all the other regulatory functions (technical, environmental) to avoid overlaps
National WatSan Investment Strategy (NWSIS)	Sector Strategy and Objectives	Establish national a 5-year WatSan Strategy, to address urban and rural sectors Draft sector master plan, based on strategy (5 Year Plan)	Develop Sector Wide Approach (SWAP)
	NWSIS Execution Mandates	Confirm and strengthen existing strategy mandates	
	National Programs	Establish a long-term national program to improve energy efficiency Establish a National Program for Capital Investment Prioritization based on agreed policies, within the MoMPW	Establish functional/program expenditure framework
	Benchmarks	Confirm Five Year Planning Benchmark/Targets (MDGs)	Align sector benchmarks with WatSan Policy
	Costing	Cost service delivery	Cost within a Medium Term Budget and Expenditure Framework
	Outcomes and Impact	Establish outcome and impact performance targets for 2014	Establish performance based monitoring system

Administrative Structures	Agency Shape and Size	Conduct a full entity wide-functional review to simplify and consolidate ministry structures (I-PSM) Merge water and sanitation services at the service delivery level. Considering that management of treatment facilities is kept separate from service delivery to the public Establish a sector monitoring and benchmarking function at the MoMPW	Implement consolidation of ministry structures
	Decentralization	Centrally driven, progressive but conservative fiscal and administrative decentralisation based on clearly defined service delivery models Gradually, and in accordance with pricing policies, reduce subsidies to water and sanitation public corporations through the application of appropriate measures. Establish a pro-poor subsidy scheme, shifting gradually from subsidizing public companies, to subsidizing citizens who cannot pay	Create enabling legal framework Formal adoption of inter-governmental transfer arrangements based on standard transfer formula, accountability and transparency rules Transfer ownership of public corporations to the local government level
	Contracting	Simplify procedures for contracting out services from the private sector.	Extensive use of management contracts across the public sector
	Agency Targets	Indicative targets and annual plans	Specific binding targets within a medium term framework
	State Owned Enterprises	Steady rationalization of WatSan public corporations	Establish Public-Private Partnership Framework
Public Expenditure Management	PFM/PEM	Outline PFM Action Plan Activities for the WatSan Sector	Implement full package of PFM reforms
	Recurrent Costs	Set Hard Budget Constraints to reign in recurrent spending	Block or frame budgeting
	Capital Investments / O&M	Increase Capital to Recurrent Spending Ratios	Link capital budget to strategic outcomes
	Budget Integration	Unify recurrent and capital budget management	Migrate capital planning from MoPDC to MoMPW
	Efficiency Improvements	Strengthen existing input-oriented, line-item budgeting with some performance information	Changing budget reporting and formats public investment programs and Sector Wide Plans
	Auditing Reforms	Strengthening traditional financial and compliance audit and undertaking some performance auditing	
	Inter-governmental Transfers	Cautious increase in fiscal transfers to governorates	Formal adoption of standardized sub-national block grant for WatSan service delivery
Civil Service & Human Resource Management	Public Service Council	Establish Public Service Council at Centre, Region & Province	Establish/reform HR Departments in MoMPW
	Civil Service Law	Introduce new civil service law	Enhance regulations, secondary legislation
	Right-sizing	Confirm staffing establishment within existing policy	Retrenchment, redeployment and retraining.
	Openness	Encouraging career development within existing closed system	Moves toward position-based systems, with encouragement of lateral entry

	Career Management	Enhance job security and career development	Decreasing tenure, establish Senior Executive Service (SES) and succession planning for key functions, pensions
	Unity of the Civil Service	Revise civil service legal framework and review terms and conditions including pay and grading structures	Fragment and diversify pay arrangements
	Individual Incentives	Application of standard promotion and reward rules	Annual performance targets based on performance appraisal
Service Delivery Model	Service Delivery Model	Create public corporations to deliver the service both in water and sanitation, and based on above considerations, to manage treatment facilities	Develop new costed service delivery model including informed by new policy framework and measures
	Public and Private Sectors	Improve/simplify contracting-out protocol	Adopt firm policy of public private partnerships and strengthening contracting and procurement arrangements
	State Owned Enterprises	Review and strengthen existing SOEs	Restructure and rationalize within new delivery model
	Geographical Equity	Establish criteria for equitable service delivery	Set provincial budget ceilings based on access and quality
	Contracting Out	Contracting out physical infrastructure development	Contracting out of strategic tasks, such as payroll management

Table 2 Possible Sequencing of WATSAN Reform Measures in Iraq (DRAFT)

Priorities	Policy areas based on priorities	Basic and First Generation Reforms	Advanced Reforms
Water conservation	<ul style="list-style-type: none"> ▪ Gradual cost recovery of water and sanitation services, with established targets full cost recovery in a distant future. ▪ Optimization of operation and maintenance costs ▪ Prioritize capital investment towards improvement of physical infrastructure, at transmission and distribution networks, and metering at the production site and customer connection 	<ul style="list-style-type: none"> ▪ Consolidate the overall legal framework, to include the passing of a new law on the water and sanitation services sector to override all the existing confusion ▪ Draft a law to support the establishment of a national natural monopoly regulator ▪ Optimize energy efficiency through establishing a long-term national program that identifies potential approaches ▪ Create the legal basis for the establishment of a national fund for energy efficiency optimization. Such a fund would be created both from donor grants and oil revenues ▪ Drafting of a civil service law that aims at optimizing staff management ▪ Establish a National Program for Capital Investment Prioritization, within the MMPW 	<ul style="list-style-type: none"> ▪ Establish and make functional the Natural Monopoly Regulator ▪ Liberalize tariffs for water and sanitation services. ▪ In parallel to the above, establish a pro-poor subsidy scheme, shifting gradually from subsidizing public companies, to subsidizing citizens who cannot pay ▪ Establish a national fund for energy efficiency optimization. Such a fund would be created both from donor grants and oil revenues ▪ Establish procedures for funding projects and programs targeting at energy efficiency optimization ▪ Optimize staffing levels ▪ Improve the remuneration scheme to attract professionals ▪ Upon decentralizing service delivery functions to local governments, establish a competitive grant scheme for the water and sanitation sector
Improvement of potable water quality and wastewater discharge quality	<ul style="list-style-type: none"> ▪ Prioritize capital investment towards upgrading/building new treatment plants for water and wastewater, and sufficient sampling and testing laboratory facilities at the center and periphery ▪ Open green light for private sector participation up to full privatization 	<ul style="list-style-type: none"> ▪ Unify standards for potable water and wastewater discharge and center the functions of standard setting and monitoring for potable water, as well as for wastewater into one unit – MoH for water and MoE for wastewater, to avoid overlaps. This is accomplished through improvement of the legal framework ▪ Consolidate all the other regulatory functions (technical, environmental) to avoid overlaps. ▪ Establish a National Program for Capital Investment Prioritization, within the MMPW. ▪ Simplify procedures for contracting out services from the private sector 	<ul style="list-style-type: none"> ▪ De-concentrate water quality and wastewater quality discharge monitoring function according to the unified approach ▪ Fully integrate the Municipality of Baghdad into the national framework of regulations ▪ Converge the current functions of the MoP into the Ministry of Finance, thus making redundant the MoP

<p>Improve overall level of coverage and quality of performance of water and sanitation services</p>	<ul style="list-style-type: none"> ▪ Water supply and sanitation services to be treated as commercial activities 	<ul style="list-style-type: none"> ▪ Merge water and sanitation services at the service delivery level. To be considered that management of treatment facilities is kept separate from service delivery to the public (distribution of water and collection of wastewater) ▪ Create public corporations to deliver the service both in water and sanitation, and based on above considerations, to manage treatment facilities ▪ Conduct a study on reforming the structure of the MoMPW, to correspond to overall sectoral reform 	<ul style="list-style-type: none"> ▪ Transfer public corporations to the local government level. Different levels of local government would be given different responsibilities for service delivery, and the transfer of the public corporations should be performed accordingly
<p>Improve governance of water and sanitation services</p>	<ul style="list-style-type: none"> ▪ Decentralize water supply and sanitation services to the local government level 	<ul style="list-style-type: none"> ▪ Create legal and regulatory enabling framework ▪ Perform fiscal decentralization, as a precondition for service delivery decentralization ▪ Gradually, and in accordance with pricing policies, reduce subsidies to water and sanitation public corporations through the application of appropriate measures ▪ Establish a monitoring and benchmarking function at the MoMPW ▪ Undertake system upgrading through directing capital investment towards areas where decentralization of services may occur 	<ul style="list-style-type: none"> ▪ Implement the legal framework by taking a stepwise approach in decentralizing the services where there is both the will and the capacity of local governments to endorse it

Annex 1 Sector Background Notes

Water Industry: Typically the water industry provides drinking water and wastewater services (including sewage treatment) to residential, commercial, and industrial sectors of the economy. The water industry also includes manufacturers and suppliers of bottled water. Water privatization by companies in the water industry is becoming an issue as water security threatens the global community.

Water Privatization: Water privatization means private sector participation in the provision of water services and sanitation, although more rarely it refers to privatization of water resources themselves. Privatization is most often undertaken to (i) mobilizing financing for investment (ii) because of the need for technical expertise (iii) to increase efficiency or (iv) to deliver improvement of service quality. Because water services are seen as such a key public service, proposals for private sector participation often evoke strong opposition. Globally, more than 90% of water and sanitation systems are publicly owned and operated and this is the suggested route for Iraq. The four most common models in the order of increasing transfer of responsibilities to the private operator are broadly as follows:

- **Management Contract:** under which the private operator is responsible only for running the system, in exchange for a fee (usually performance-related). Investment is typically financed and carried out by the public sector, but implementation may be delegated. Assets remain publicly owned;
- **Lease Contract,** under which assets are leased to the private operator, who recoups the cost from end users. Investment is typically financed and carried out by the public sector, but implementation may be delegated. Assets remain publicly owned.
- **Concession:** under which the private operator is responsible for running the entire system, including planning and financing investment. Concession contracts usually run for 20–30 years. Assets remain publicly owned.
- **Asset sale (full privatization),** under which the operator owns the assets for an undetermined period. This model has been used in England and Chile.

Water Pricing: Modernization of the Iraq water industry would require sophisticated and costly water and wastewater networks and sewage treatment plants, which typically consumes 1-2% of GDP. As a result of the structure of delivery it is generally a natural monopoly, and as a result is usually run as a public service by a public utility which is owned by local or national government. Water pricing varies from country to country, and depends largely on whether the water company is privatized or state-owned. Also, water rates are generally higher in countries with severe water scarcity (such as Algeria, Sudan, and Israel) and institutionally developed water economies (such as Australia and Israel). The industrial and power sectors within a country usually pay the highest water rates and receive a higher, more costly level of service throughout the year, as do domestic users. Agriculture pays the least, but also receives the lowest level of service. Within each sector and country, there can also be a wide variation in costs, as domestic users buying water from private vendors pay much more than those connected to municipal systems. Farmers receiving irrigation from public canals also pay far less than those receiving irrigation from private wells. According to the World Bank Group, monthly utility water bills typically around the world are about 2 percent of household income. The utility water bill excludes payments to water vendors, which can be substantial in some locations. In Egypt the monthly utility water bill is as low as US\$1, while in Ramallah (West Bank) it is close to US\$20.

Municipal water use is metered in most countries, but Egypt and Lebanon do not use water meters in most cities. These two countries levy only a flat-rate tariff that is independent of the level of water use and provides no incentive for conservation. Sewage tariffs throughout the region tend to be even lower and typically are only a fraction of water tariffs. According to the Green Lane, water consumption usually drops 18-25% after a water meter is installed.

Organizational Structure: There are a variety of organizational structures for the water industry, with countries usually having one dominant traditional structure, which usually changes only gradually over time.

Ownership options are as follows: (i) Local Government – which is the most usual structure worldwide; (ii) National Government – applied in many developing countries, especially those with small populations (iii) Private Ownership - relatively few examples outside England and Wales co-operative ownership and related NGO structures.

Operation options are as follows: (i) Local government operating the system through a municipal department, municipal company, or inter-municipal company – which is the most usual structure worldwide (ii) local government outsourcing operations to other public companies, or the private sector – which is an increasing trend since around 1990 with around 10% of the industry operating such an arrangement (iii) national government operations and (iv) private sector operating a system it owns (v) private sector building parts of a water system (e.g. wastewater treatment plant) and operating it for an agreed period before transferring to public sector ownership and operation and (v) cooperation and NGO operators

Function options are as follows: (i) integrated water system (water supply, sewerage (sanitation) system, and wastewater treatment) which are by far the most common globally and in the Middle East (ii) separation by function (e.g. Dutch system where sewerage run by city, water supply by municipal companies, and water treatment by water boards) (iii) other separation where separation into three companies for bulk water supply, water and wastewater network operations, and retail.

Water standards: Whatever the ownership structure, water quality standards and environmental standards relating to wastewater are usually set by national bodies, such as a Drinking Water Inspectorate and the Environment Agency. In some countries drinking water standards are set by an Environmental Protection Agency and pollution control standards are developed jointly by EPA and state environmental agencies; being regulated by a Clean Water Act. For some countries water-related directives are important for water resource management and environmental and water quality standards.

Results Framework and Indicators:

Support to Decentralisation Reform and Local Governance for Development in Iraq – Phase I

Programme Title:		Support to Decentralisation Reform and Local Governance for Development in Iraq – Phase I.					
NDS/ICI priority/Goal(s):		<p>NDS: Regions and governorates development:</p> <ul style="list-style-type: none"> - Annual allocations and distributions to governorates; - Development management in regions and governorates <p>Improving the quality of life:</p> <ul style="list-style-type: none"> - Human development <p>ICI: 4.1.2: Develop framework for inter-governmental fiscal relations to ensure efficiency, transparency and equity, while maintaining national fiscal integrity.</p> <p>4.4.1: Delivering basic services:</p> <ul style="list-style-type: none"> - Review legislative and regulatory framework to delineate the role of national and sub-national units for basic service provision; - Enable effective and efficient co-ordination between national and sub-national governance units on service delivery, with specific regard to the function of planning and service management; - Build sub-national information management capacity to improve quality and efficiency of execution. 					
UNCT Outcome		Strengthened electoral processes in Iraq.					
Sector Outcome		Strengthened regulatory frameworks, institutions and processes of national and local governance.					
IP Outcome 1		Improved policy-making, planning and delivery capacity of decentralised governance stakeholders.			NDS / ICI Priorities: As above		
IP Outputs	UN Agency Specific Output	UN Agency	Partner	Indicators	Source of Data	Baseline Data	Indicator Target

IP Output 1.1:	Framework, legislation and policies for decentralisation and local governance developed through multi-stakeholder process.	UNDP	Office of the Prime Minister, MMPW, MoPDC, Min Finance, MOH, MOLSA, MOE, Min Higher Ed, Min Trade & Ind, Min of Information, Supreme Audit Board, COI, NCCMD, KRG MoM, Iraq Municipal Association, Governorate Councils, UNDP-POGAR, UNESCO, UNESCWA, UNFPA, UN-HABITAT, UNICEF, UNIFEM, WHO, Universities of Baghdad, Mosul and Basra.	a) In-depth situation analysis of local governments available with data and analysis disaggregated by gender.	Situation analysis report. Progress reports of subcontractors.	City profile reports of 2006: No comprehensive analysis of all local governments.	At least 3 profiles, 3 e-readiness assessments and overall report for informing policy dialogue and capacity development strategies, with gender issues clearly presented and analysed.
				b) Federal High Commission on Local Administration operational.	Project progress reports. Strategic plan. Public announcement of the High Commission once established.	No Iraq-wide co-ordination body on local government	Office premises set up and equipped; key staff recruited through a fair recruitment process; structure of the High Commission and its mandate determined and publicly announced; 2-year strategic plan produced and made available.
				c) Range and quality of technical and analytical documents available for informing policy dialogue.	Report on review of existing relevant laws and policies. Discussion papers drafted. Report of situation analysis (1.1.1). Scoping reports produced.	Strategic direction outlined in the NDS and ICI, but no toolkit available for informed discussion.	Decentralisation toolkit, including analysis of gender and women in local governance, to inform policy dialogue produced by joint UN and government teams and disseminated to key government and non-government stakeholders, as well as made public on the GoI website.

			<p>d) Decentralisation framework defined or being defined with evidence of active government leadership and co-ordination and multi-stakeholder process.</p>	<p>Project progress reports.</p> <p>Minutes or notes of task force meetings.</p> <p>Reports and photographs from workshops and events held.</p> <p>Public information materials produced.</p> <p>Media reports.</p>	<p>A decentralisation task force was active under the leadership of the MMPW in 2005 but is no longer active</p>	<p>Decentralisation and local governance task force established, involving a fair representation of women, and convening regular meetings and workshops; the Association of Governorates and Municipal Association is mobilised; public information, awareness raising, and public and stakeholder consultations conducted in all governorates, involving fair representation of women and marginalised groups; platform for action defined by international conference on civil service reform, decentralisation and local governance.</p>
			<p>e) Number of e-government strategies and action plans for governorates.</p>	<p>Reports of e-government specialists.</p> <p>Reports of e-government working groups.</p>	<p>E-government strategy at federal level, but limited or no implementation.</p>	<p>E-government strategies and action plans drafted or improved for KRG and Basra Governorate.</p>
			<p>f) Political support for decentralisation allows for progress with defining de-centralisation policies and actions to implement reform.</p>	<p>Project progress reports.</p> <p>Minutes/notes of decentralisation task force.</p>	<p>Intentions for decentralisation outlined in the NDS, ICI and the ICI Annual Report May 2008.</p>	<p>One service-oriented federal ministry identified for test-case model and transformation plan prepared; plans for re-defining the civil service in governorates in progress; general policy-making and development/revision of key local administration policies</p>

							underway.
IP Output 1.2:	Generic systems in policy-making, participatory planning and budgeting, data collection, human resources management and organisational management developed, and core competencies of decentralised governance stakeholders improved.	UNDP	Office of the Prime Minister, MMPW, MoPDC, Min Finance, MOH, MOLSA, MOE, Min Higher Ed, Min Trade & Ind, Min of Information, Supreme Audit Board, COI, NCCMD, KRG MoM, Iraq Municipal Association, Governorate Councils, UNDP-POGAR, UNESCO, UNESCWA, UNFPA, UN-HABITAT, UNICEF, UNIFEM, WHO, Universities of Baghdad, Mosul and Basra.	a) Newly elected governorate councillors aware of their new roles, responsibilities and good governance principles.	Training reports and evaluations. Project progress reports.	Current governors were not democratically elected, therefore first governorate council elections due.	Orientation sessions conducted in all governorates for councillors, senior executive officials and community representatives soon after the elections.
				b) Number of generic administration systems and corresponding standard operating procedures for regional and local governments developed/improved.	Reports of project technical advisors. Evidence of working draft systems and procedures.	Rudimentary and paper-based administration systems.	Improved and e-government systems, at least in planning, budgeting, procurement and human resources being developed that adequately address gender equality.
				c) Comprehensive capacity development strategy addresses short- and longer-term requirements and gender aspects.	Project progress reports. Drafts of strategy. Reports of MoPDC and MMPW.	Baseline to be determined by the in-depth analysis.	Comprehensive capacity development strategy endorsed by government stakeholders that factors in gender considerations throughout and addresses short-term needs, including immediate skills gaps of senior and middle managers and MoPDC offices in 4 governorates, and longer-term

							needs, including a model of Iraqi technical assistance for local government.
				d) Number of governorates with human resources committees or decision-making bodies.	Project progress reports. Reports of human resources advisors.	Baseline to be determined by the in-depth analysis.	Human resources committees or equivalent established in at least 9 governorates; where committees established, they are active in examining and redefining in civil service staffing, and advocating merit-based recruitment.
				e) Enabling environment for expediting budget execution and increasing delivery of urban services.	Reports from UN-HABITAT	Baseline to be determined by the in-depth analysis	Business processes remodelled, e-services and partnerships with private sector and/or civil society being introduced in 2-3 municipalities in 3 governorates, and training role of MMPW training centres strengthened.
IP Output 1.3:	Civic education and participatory strategies, in three Governorates developed.	UNDP	UNDP, HABITAT, Ministry of Information, Ministry of Housing, other ministries as relevant, Governorate Councils, Iraqi NGOs/CSOs, International NGO, Universities of Baghdad, Mosul and	a) Number of governorates with civic education and participation strategies.	Project progress reports. Reports of NGO/CSO partners.	Baseline to be determined by the in-depth analysis.	Civic education and participation strategies drafted by governorate councils and Iraqi NGOs/CSOs in at least 9 governorates (based on public perception survey).
				b) Availability of data measuring public perceptions towards local government.	Report of implementing agent. Publication of survey findings	Data available through polls carried out by news agencies, but no systematic surveys on public attitudes	One public perception survey conducted across all governorates and findings published.

			Basra.			towards government conducted.	
IP Output 1.4:	Vertical and horizontal inter-government relations formalised with discussion forums in place and partnerships with international/regional municipalities created.	UNDP	Office of the Prime Minister, MMPW, KRG MoM, Association of Governorates, Municipal Association, UNESCWA, UN-HABITAT.	a) Frequency of government-led co-ordination meetings or forums convened on governorate and municipal affairs.	Project progress reports. Reports on forum discussions.	Central level to be established; Municipal Association established – regularity of meetings; Association of Governorates supported	High Commission on Local Administration established mechanism for structured dialogue , and conducting at least 2 meetings or forums per year for all governorates. Association of Governorates established.
				b) Number of partnerships established with regional and international municipalities and networks.	Reports of UN-HABITAT and UNESCWA. Reports of international LG networks. Reports of partner cities/municipalities.	No existing twinning arrangements or membership of international LG networks.	City-to-city co-operation for 1-2 cities/towns and membership of two international local government networks.