

ANNEX C
PROJECT DOCUMENT

GOOD GOVERNANCE GOING LOCAL

Title of the Action	GOOD GOVERNANCE GOING LOCAL
Zone benefiting from the action/location	Iraq:
Amounts concerned	Total estimated cost: EUR 48,500,000 Total amount of EU budget contribution EUR 48,500,000
SDGs	Main SDG: 11 Secondary SDGs : 5, 7, 8
SUMMARY	
<p>The Action aims to assist the Government of Iraq (GoI) to restore the legitimacy of the country's institutions and to renew the social contract between citizens and state in a context of fractured and sectarian governance. The strengthening of local governments' functions and services is key to unlocking the blockages of the current post-conflict scenario and to mitigating the political risks linked to the elections held on May 12, 2018 and the unmet citizen grievances that could contribute to destabilising the country.</p> <p>The programme intends to build upon the momentum created by the recently concluded EU-funded capacity-building Local Area Development Programme (LADP II). It will do so by bridging the unique bottom-up approach and local ownership established in the course of LADP II – through transitional measures that will allow GoI to take over and scale up interventions at the national-level (especially vis-à-vis the outcomes of the recent Kuwait conference).</p> <p>The programme is in line with the EU priorities set out in the EU strategy for Iraq endorsed by Member States in Jan 2018. It addresses the EU Consensus on Development priorities of People, Peace, Prosperity, and (partially) Planet. The planned interventions also fall in line with the objectives of GoI's new National Development Plan 2018-2022 (under final review), and they contribute to the progressive achievement by Iraq of SDG 11, while promoting progress toward SDGs 5, 7 and 8.</p> <p>The overall goal is to contribute to the stability and socio-economic development of Iraq by enhancing democratic governance at the local level. The specific outcomes are: (1) selected Governorates are able to manage effectively and transparently local government systems and public services ; (2) economic growth and job opportunities have increased in selected Governorates, with special focus on green projects involving youth and women; and (3) living conditions in conflict-affected areas have improved and returnees are assisted.</p> <p>Programme activities will focus on enhancing local government systems by supporting decentralisation processes; implementing selected local priority development projects already listed in the existing local development plans at provincial level and assisting returns and better living conditions in conflict/fragile areas, through the rehabilitation and upgrading of housing and community infrastructure and services.</p>	

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ACRONYMS AND ABBREVIATIONS

CSOs	Civil Society Organisations
DAI	Development Alternatives International (US-based consultancy firm)
EU	European Union
GoI	Government of Iraq
GDP	Gross Domestic Product
GUS	Governorate Urban Strategies (developed under LADP II)
IDPs	Internally Displaced Persons
IFIs	International Financial Institutions
IOG	Institute on Governance (Canada-based consultancy firm)
IOM	International Organisation for Migration
IS	Islamic State in Iraq and the Levant (aka ISIL, ISIS or Da'esh)
KRG	Kurdistan Regional Government
KRI	Kurdistan Region of Iraq
LADP	Local Area Development Programme (EU funded, UNDP implemented)
Law 21	Law of Governorates Not Incorporated into a Region – aka. Provincial Powers Act (2008)
MADAD	EU-established Trust Fund in response to the Syrian crisis
MoLSA	Ministry of Labour and Social Affairs (Iraq)
MoF	Ministry of Finance (Iraq)
MoMCHPW	Ministry of Construction, Housing, Municipalities and Public Works (Iraq)
MoP	Ministry of Planning (Iraq)
NDP	National Development Plan 2018–2022
NGO	Non-governmental organisation
NRC	Norwegian Refugee Council
OPEC	Organisation of the Petroleum Exporting Countries
PDPs	Provincial Development Plans (PRPs and PDSs developed under LADP II)
PDSs	Provincial Development Strategies (developed under LADP II)
PFM	Public Finance Management
PRPs	Provincial Response Plans (developed under LADP II)
PwDs	Persons with disability
RRP	UN Recovery and Resilience Programme
SDG(s)	Sustainable Development Goal(s)
SEAPs	Sustainable Energy Action Plans (developed under LADP II)
SMEs	Small and Medium Enterprises
UNAMI	United Nations Assistance Mission for Iraq
UNDP	United Nations Development Programme
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
WB	World Bank

1 CONTEXT

1.1 Country and regional context

Military conflict: Iraq has been suffering decades of violence and armed conflict, which intensified from 2014 with the invasion of IS.¹ On 9th Dec 2017, after government forces gained control of the remaining territory on the border with Syria, Prime Minister al-Abadi announced the victory over IS. With this, a hopeful new chapter has started for Iraq.

Post-IS, attention turns to (1) rebuilding of communities and stabilisation of liberated areas and (2) developing a sound basis for long-term sustainable economic and social development of the country. With relevance for both, above all, with the conclusion of military operations against IS and the successfully restoration of territorial control by the Government of Iraq, Iraq has now a **renewed opportunity to build an inclusive and accountable political system** – such that serves all communities, regions and beliefs, preserves the country's diversity, and enhances its democratic order. Asserting such a political system is essential to rebuilding the trust between the people and their Government and to avoiding a return to divisive sectarianism and radicalisation of youth.

The three-year fight against IS has taken an enormous toll on the country: loss of civilian and military lives, widespread human suffering and trauma, 2.05 million² people still displaced, and extensive destruction of public infrastructure and private property – combined with a precarious financial and economic situation, a fragile political and security situation, and difficulties in re-establishing the rule of law in full compliance with human rights.

So far, Iraqi and international **efforts to stabilise liberated areas** have achieved significant progress – with over 3.8 million internally displaced people (IDPs) having already returned back to their areas of origin, mostly in a peaceful and orderly manner. Recent returns have been recorded mainly in the four governorates of Nineveh, Salah al-Din, Kirkuk and Anbar. Nevertheless, much remains to be done to assist the remaining 2.05 million IDPs (of which 1.5 million are living outside camps) – as well as to support the return to normal life of the millions of returnees and host populations. The IDP return process remains dynamic – with new and secondary displacements being recorded because of **limitations in shelter, basic services, education and healthcare services, and livelihoods opportunities** as well as **security concerns**.³

Re-integration and social stability. The social costs of reconstruction are indeed of gargantuan proportion, ranging from the re-integration of millions of IDPs that include disabled and traumatised citizen, veterans and children/Youth with interrupted education, to generating jobs in a fragile economy. The public sector cannot provide employment as it did during the high oil prices – underlining the importance of strong private sector development and foreign direct investment (FDI) which could become a powerful engine for growth and job creation.⁴

The recent WB/GoI damage and needs assessment⁵ estimates the overall **reconstruction and recovery** needs for Iraq post IS at USD 65.4 billion (ca. EUR 54 billion) – with USD 17.4 billion needed for the recovery and reconstruction of the Housing sector alone.⁶

¹ At the peak of its power in 2015, IS controlled around one-third of Iraq, including the major population centres Falluja, Mosul and Ramadi. Although deprived of territory, IS has continued terrorist attacks against civilians and security forces, particularly in Baghdad.

² IDP and returnee data from IOM Displacement Tracking Matrix (DTM) as of 31 May 2018.

³ OCHA (2018), “IRAQ: Humanitarian Snapshot” (as of 30 April 2018).

⁴ European Commission (2018). “Elements for an EU Strategy for Iraq” - Joint Communication to the European Parliament and the Council. Brussels, 8 January 2018; p. 5

⁵ WB Group and MoP (Jan 2018), Iraq Reconstruction & Investment Part 2.

⁶ The *social* sectors with the highest recovery needs are Social Protection, Employment & Livelihoods, and Education, for which needs amount to respectively USD 6.4 billion (EUR 5.2 billion) and USD 4.6 billion (EUR 3.75 billion). Among the *productive* sectors, Industry & Commerce and Finance & Markets display the highest recovery and reconstruction needs – with USD 10.6 billion (EUR 8.65 billion) and USD 9.3 billion (EUR 7.59 billion) respectively. The needs in *infrastructure* sectors are the highest in the Power and Oil & Gas sector – respectively USD 9.1 billion (EUR 7.42 billion) and USD 7.2 billion (EUR 5.87 billion).

Overall, the **Iraqi economy** has been in recession in 2017 with a slightly more positive outlook for 2018 depending on the security situation and the oil market. For 2017, Iraq agreed within the Organisation of Petroleum Exporting Countries (OPEC) to cut its oil production by 6%, which has limited GDP growth and has reduced public revenue. As the OPEC agreement has been prolonged, public oil revenue is not expected to recover significantly in 2018 and stricter austerity measures are required to meet the SBA conditions and keep the government's finances afloat. Therefore, Iraq can only achieve the much-needed macroeconomic stability and meet its financial obligations if it speeds up the governance and fiscal reforms which had already been overdue before the security crisis.⁷

Iraq's **growth outlook** is expected to improve thanks to a more favourable security environment and the gradual pickup of investment for reconstruction. Economic conditions are also gradually improving owing to higher oil prices. Yet, the recent partial recovery of oil income is not sufficient to balance Iraq's budget deficit caused by the "triple shock" of the slump of oil sector, protracted war effort and ensuing humanitarian crisis. The *2016 Fragile State Index* ranked Iraq 11th out of 178 countries, pegging it into the category of high alert status.⁸ The **institutional effectiveness and capacity of the public sector** are still weak. As a result, Iraq faces persistent macro-economic vulnerabilities which need to be addressed urgently since a **sound fiscal and monetary framework is a decisive factor for stability in the country**.

Although Iraq is the world's 4th largest oil exporter, it is the world's leader in terms of **dependency on oil**, with the hydrocarbon sector accounting for more than 90% of the central government revenue and 80% of foreign exchange earnings. Overall GDP growth is projected to return to a positive 2.5% in 2018 despite the extension of the OPEC+ agreement till end-2018, and it will further increase in 2019 as the agreement expires. From 2020, oil production is expected to increase only marginally, reducing overall economic growth, as the GoI cannot afford to significantly increase investments in the oil sector. The poor management of Iraq's immense oil wealth – along with the need for **public finance reforms, improved accountability, fiscal transparency and effective anti-corruption measures** – are among the key constraints facing the country. Competition over the control of resources has exacerbated ethnic and sectarian divisions, with an ensuing deterioration in governance, security and state legitimacy.

At the same time, the **dominance of the public sector** in the Iraqi economy has prevented the emergence of a vibrant private sector and the associated job creation necessary for enhancing the welfare of all Iraqis. Focus on state-owned enterprises discourages entrepreneurship, private sector development and diversification – while the weakness of the private sector prevents it from being an engine of employment for youth.⁹ Thus, a **strong private sector** and **mind-set shift regarding public-sector jobs** are also prerequisites for economic diversification and sustainable growth.

Assistance is also needed in view of the sizable fiscal restrictions imposed by the IMF.¹⁰ Iraq is classed as an upper middle-income country, but this classification is based on a GDP per capita, which fell from US\$ 7021 in 2013 to US\$ 4533 in 2016, and does not reflect the stark reality that one quarter of the population now lives below the poverty line. Over the last three years, the increasing oil production which reached around 4.5 million barrels a day in 2017 on average has supported the economy and state revenue. However, the above-mentioned combined shock of the drop in oil price and armed conflict dragged the non-oil economy into recession and public finances into huge deficit to 14% of GDP in 2016. The Government meanwhile entered into a Stand-By-Arrangement (SBA) with the International Monetary Fund (IMF) in July 2016 which provides for USD 5.3 billion of support of which USD 2.1 billion have been disbursed so far. The G7, including the EU, has been supporting the arrangement which is conditional on a programme of fiscal and economic reforms. At the end of 2017, the

⁷ European Commission (8 Jan 2018). "Elements for an EU Strategy for Iraq" – Joint Communication to the European Parliament and the Council. Brussels, p. 4.

⁸ Iraq ranks unfavourably on many key indicators of good governance compared to the averages for other MENA countries, to upper-middle-income countries (UMIC), and OECD countries. As the World Bank emphasised in its 2017 *Iraq Systematic Country Diagnostic*, "although little accurate and detailed data can be collected on the state of governance on the ground, existing indicators paint a picture of persistent governance challenges." Available at: <http://documents.worldbank.org/curated/en/54281148727729890/pdf/IRAQ-SCD-FINAL-cleared-02132017.pdf>.

⁹ Cf. WB Group (03 Feb 2017), *Iraq Systematic Country Diagnostic*.

¹⁰ Mostly through the retrenchment of inefficient capital expenditure while protecting social spending, and restrictions on obtaining loans against sovereign bank guarantee.

continuation of the IMF SBA is at risk because the Iraq Government's fiscal policy does not sufficiently reflect the agreed reform programme. A failure of the programme would compromise Iraq's capacity to meet its financial obligations and leave the substantial G7 support ineffective.¹¹

As observed by Transparency International, Iraq continues to score among the worst countries on **corruption and governance** indicators. Corruption risks are exacerbated by the historical legacy of the previous authoritarian regime, lack of experience in the public administration, weak capacity to absorb the influx of aid money, sectarian issues and lack of political will for anti-corruption efforts. While GoI has introduced a number of anti-corruption initiatives, these fail to provide a sufficiently strong integrity framework. Political interference, lack of political will, a weak civil society, a confusing penal code, and a lack of resources limit the effectiveness of anti-corruption measures. Prime Minister Abadi made public a new resolve to address corruption at the Kuwait Conference in February 2018.

Employment: The World Bank has recorded labour force participation rate of youth (ages 15–24) has dropped markedly since the onset of the crisis in 2014, from 32.5% to 27.4%. Unemployment increased particularly for individuals from the poorest households, youth, and those in the prime working age (ages 25–49). The unemployment rate is about twice as high in the governorates most affected by IS–related violence and displacement compared to the rest of the country (21.1% versus 11.2%), especially among the young and the uneducated.¹²

The GoI **Poverty Reduction Strategy** issued in early 2018 states that poverty rate has increased to about 23%, and from 3.5% to 12.5% in the KRI due to the large wave of displacement. In governorates affected mostly by IS conflict, poverty rate doubled to 41%. Even though the impact was limited in the rest of Iraq, poverty increased in all governorates, especially in the South where the rate remains stubbornly high, at more than 30%, due to the economic crisis. Previous (even if limited) achievements against poverty have been reversed due to turbulent political, economic and security conditions.¹³

National Parliamentary elections took place on 12 May 2018. To date no final results have been released due to allegations of fraud and challenges to the preliminary results. The electoral process is hence ongoing. Meanwhile government formation talks amongst the various parties and coalitions are ongoing. Judging from past experience government formation may be long in coming bringing with it a number of uncertainties. The new Government will need to bring consensus on how to address three immediate challenges: corruption, the risk of renewed sectarian and ethnic violence, and dealing with the country's disenfranchised youth population.¹⁴ **KRI Parliamentary elections** will be held at the end of September 2018.

In terms of **regional stability**, Iraq's relations with its neighbours have an important part to play in the country's own stability and its political and economic reform programme. Iraq has always been on the fault line of the sectarian differences in the region, and it is in its fundamental interests that these are not exacerbated¹⁵ – particularly in what regards cross-border water management.

Iraq is a country that has had to accommodate both IDPs and refugees from nearby Syria seeking asylum during the war. Many have struggled to make ends meet. Between 2014 and 2016 more than 135 000 Iraqis arrived irregularly in the EU. The number of **asylum applications** filed by Iraqi citizens in the EU reached 125 286 in 2016. A declining trend in the asylum recognition rate has resulted in an increase of Iraqis subjected to returns from the EU, also due to the improving situation in Iraq and the defeat of IS.¹⁶

Failure to address the root causes of the recent crisis and to ensure support to the most vulnerable will undermine Government reforms, deepen ethnic tensions and risk leading the country into a new crisis.

¹¹ European Commission (2018). *Op. Cit.*; p. 4

¹² World Bank (2018). "Iraq's Economic Outlook - April 2018", in *The World Bank IBRD – IDA* [<http://www.worldbank.org/en/country/iraq/publication/economic-outlook-april-2018>]

¹³ GoI/MOP (2018). *Strategy for the Reduction of Poverty in Iraq 2018-2022 – Executive Summary*.

¹⁴ Global Risk Insight (2018). "Special report: The impact of Iraq's 2018 parliamentary elections", in *Global Risk Insights*: <https://globalriskinsights.com/2018/05/special-report-iraqs-2018-parliamentary-elections>.

¹⁵ *Ibidem*, p. 5.

¹⁶ *Ibidem*, p. 5.

1.2 Public policy assessment and EU policy framework

1.2.1 National priorities

The new *National Development Plan 2018-2022* (NDP) – launched in early May 2018 – was developed using a bottom-up approach that embraces the priorities and actions adopted at the local level within the *Provincial Development Strategies* (PDSs), the *Governorate Urban Strategies* (GUS) and other strategic documents, produced under the EU-funded LADP II. The NDP 2018-2022, whose ambition is to “establish the foundations of an effective development state with social responsibility,”¹⁷ aims to direct investments in accordance with comparative sectoral and spatial advantages, while optimising the use of oil revenues as a base for economic diversification. Its first three strategic objectives are good governance, economic reform, and the recovery of communities affected by displacement and loss of human security. The NDP’s development model is based on the integration of decision-making and implementation across the different levels of administration.

GoI’s *General Framework of the National Plan for Reconstruction and Development of Damaged Governorates due to terrorist and military attacks* issued in mid-2017 has been translated into the *Provincial Response Plans* (PRPs) developed for the five conflict-affected areas under LADP II. The Framework provides an estimation of the physical and economic damage incurred, and a strong indication of increased poverty and unemployment levels in result of the conflict and forced population displacement.

In recognition of the fact that Iraq now stands at a critical juncture in its history, whereby the government not only has the opportunity to reconstruct and rehabilitate the former occupied areas, but also to forge a “renewed social contract based on citizen-state trust, social cohesion, private sector-led growth, and sustainable development”, GoI launched in February its *Reconstruction and Development Framework*. The document outlines the Government’s commitment and approach for moving from humanitarian assistance and stabilisation to recovery and development for the population affected by the crisis.

The new *Poverty Reduction Strategy 2018-2022* launched by MOP in February 2018 adopts the *SDGs* as a general framework. With the goal of reducing poverty by at least 25% by 2022, the Strategy aims to contribute to improving standards of living, protection against risks and hazards, and to achieve economic empowerment needed to turn the poor into productive individuals who are economically and socially integrated, rather than being dependent on their communities or charity of others. The Strategy and the *Iraqi Vision 2030* share the common pillars of: Creating opportunities for generating sustainable income; Empowerment and building human capital; and Establishment of an effective social safety net.¹⁸

GoI’s *Iraq Reconstruction & Investment* three-part document, developed with the support of the World Bank on occasion of the *Kuwait International Conference for the Reconstruction of Iraq* (held in Feb 2018) anticipates GoI’s plans for the post-IS era, strategically focusing on (1) renewing the social contract between the State and its citizens – including combating corruption; (2) promoting economic and business recovery – including the introduction of reforms to attract the private sector¹⁹; and (3) rehabilitation of services across the country.

In the Kurdistan Region of Iraq (KRI), the Ministry of Planning of the Kurdistan Regional Government (KRG) has developed a *Regional Strategic Development Vision for 2020*, which encompasses the main development priorities of the KRI.²⁰ The document provides a framework under which each individual Ministry commits to develop detailed policies and goals to target economic and human capital development, as well as improved public services through building infrastructure. KRG’s *Reforming the Economy for Shared Prosperity and Protecting the Vulnerable* developed in 2016 with the support of the World Bank outlines the step-by-step roadmap for reforms. Planning in the KRI has been further advanced by the development of *PDSs* and *Sustainable Energy Action Plans* (SEAPs) under LADP II. SEAPs address environmental protection and climate action (CO₂ and greenhouse emission reduction),

¹⁷ MoP (2018), *National Development Plan 2018-2022 – Summary* (English version).

¹⁸ GoI/MoP (2018). *Strategy for the Reduction of Poverty in Iraq 2018-2022 – Executive Summary*.

¹⁹ WB and GoI (2018), *Iraq Reconstruction & Investment Part 3: Investment opportunities and reform*.

²⁰ MOP/KRG (Sept 2013), *Kurdistan Region of Iraq 2020: A vision for the Future*.

energy efficiency, saving and optimal use of natural and financial resources, as well as green solutions for priority infrastructure and public services.

The *Law of Governorates Not Incorporated into a Region* – i.e. **Law 21** of 2008, as known as the Provincial Powers Act – outlines **decentralisation** of functions from central to local level (Governorates) in Iraq. The *Second Amendment to Law 21* (Law 19 of 2013) provides for the **devolution** of “sub-directorates, departments, tasks and competencies of parts of 8 federal ministries”²¹ and it affects greater provincial self-determination. Devolution was supposed to have been carried out over a 2-year period, to be completed by Aug 2015. A strong push by the PM throughout 2015 has moved devolution forward with at least some of the affected Ministries, and the Governorates working together to devolve some identified functions. Generally, functions involving more than one Governorate and broad strategic planning remain at the federal level.²²

1.2.2 International commitments

The **17 Sustainable Development Goals (SDGs)** of the *2030 Agenda for Sustainable Development* – adopted by 195 world leaders in September 2015 at an historic UN Summit – officially came into force in January 2016. Over the next 15 years, with these new Goals that universally apply to *all* (the “*everyone – everywhere*” commitment), countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. The SDGs, also known as Global Goals, build on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty. The new Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. Iraq has no national SDG targets yet - they would be developed with assistance from UNDP.

The *Global Initiative towards a Sustainable Iraq* (GITSI), promoted by the UN and GoI, aims “*To have a sustainable, stable and prosperous Iraq where all present and future generations can live in peace and harmony with other nations and where all resources are utilised in a sustainable manner catering to the well-being of Iraq’s current and future generations and ecosystems.*” Among its objectives, it includes “the delivery of rehabilitation and reconstruction schemes in education, health, clean energy, agriculture, housing and capacity-building.”²³

Among the key policy documents relevant to the Action is the so-called “*Paris Agreement*” adopted by 195 countries at the Paris Climate conference (COP21) in December 2015. The agreement sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C above pre-Industrial levels. Iraq’s own *Climate Action Plan* reflects the country’s perceived vulnerability to climate change, and seeks to mitigate its effects on the environment and its citizen.

The Action is also in line with the European Union’s commitments to the *Urban Agenda for the EU*, prepared in occasion of the Pact of Amsterdam in May 2016. The Council conclusions on the objectives and priorities of the EU and its Member States’, which has been adopted for the *Third United Nations Conference on Housing and Sustainable Urban Development* (Habitat III), present some key features for urban development. They call for an integrated and place- based approach, together with a long-term vision, which is necessary in order to promote well-managed, socially inclusive and safe, resilient, resource-efficient and environmentally sustainable as well as economically prosperous cities of all sizes.²⁴

²¹ These include the Ministries of Housing and Reconstruction, Municipalities and Public Works, Health, Education, Labour and Social Welfare, Sports and Youth, and Agriculture and Finance. With respect to MoF, devolution has meant only the creation of Finance Departments in the Governorates, and not a devolution of the MoF authorities.

²² WB (2016), Decentralisation and subnational service delivery in Iraq: Status and way forward.

²³ <https://sustainabledevelopment.un.org/partnership/?p=1536>

²⁴ General Secretariat EU Council (12 May 2016). “*HABITAT III: The European Union and its Member States’ objectives and priorities for the 3rd UN Conference on Housing and Sustainable Urban Development - Council conclusions*”: <http://data.consilium.europa.eu/doc/document/ST-8824-2016-INIT/en/pdf>.

Maintaining the effort undertaken under LADP II, the Action will continue to contribute to the European Union's commitment to promote the *New Urban Agenda* in Iraq, notably by fostering capacity building through knowledge-sharing, exchanges of experience and mutual learning on sustainable urban development policy and practice, in a multi-stakeholder approach involving all relevant actors. *Habitat III* and the resulting *New Urban Agenda* are one of the cornerstones in the implementation of the multilateral frameworks agreed in 2015, along with the *2030 Agenda for sustainable Development*, the *Addis Ababa Action Agenda*, the *Paris Agreement on Climate Change* and the *Sendai Framework for Disaster Risk Reduction*. Sustainable urban development will play a key role in achieving the 2030 Agenda, especially in attaining the **SDG 11** calling for cities and human settlements to be inclusive, safe, resilient and sustainable.

The Action is fully in line with the key priorities of the EU Strategy for Iraq recently endorsed by EU Member States. The programme is also in line with the operationalisation of the EU Humanitarian-Development nexus in Iraq, as it bridges gaps in the EU response between emergency support, stabilisation and long-term recovery. In addition, the proposed support reaffirms the EU commitment to the *EU Global Strategy* and the *EU consensus on Development* in the areas of People, Peace, Prosperity, and (partially) Planet.

The Action contributes to the **strategic objectives of the EU in Iraq**, particularly the strengthening of the Iraqi political system by supporting the government's efforts to establish a balanced, accountable and democratic system of government which respects the rule of law and human rights. An efficient and accountable central and local administration are an essential part of this. Also, it aims to support the Iraqi authorities developing and implementing a comprehensive and strategic response to the priority needs in the country post IS. This includes the provision of support for development and reconstruction to be delivered as seamlessly as possible in order to prevent a return to violence. Finally, it promotes sustainable, knowledge-based and inclusive economic growth in Iraq which can generate jobs and an economic perspective for the growing young population in line with the SDGs.

1.3 Stakeholder analysis

The key stakeholders of the proposed actions are **local authorities** (LAs) – specifically the local authorities of 9 out of 18 Iraqi **Governorates**²⁵, also known as provinces (*muhafazah*). These are public governing bodies elected at sub-national level that possess within a given territory, as defined by law, a degree of autonomy from the central government and a set of competences to deliver public goods and services to citizens within a given territory. **Governors** are elected by the **Provincial Councils** (*majlis al muhafatha*), who are in turn elected by the people at governorate level.²⁶ The administration of cities and towns falls under the framework of **Municipalities** (*Baladiyat*).²⁷

Although the Constitution determines Iraq as a federal state, the governorates lack the necessary powers to enforce local governance management systems. Most powers are concentrated at the central level (with the exception of the KRI). Public services are funded by the Federal Government of Iraq.

Seeking to strengthen local budgetary capacity, very recently GoI issued a decree to establish a **Local System for Local Resource Maximisation Unit** in every governorate (excluding the KRI) whereby “*All revenues that are levied and collected locally within the administrative boundaries of the governorate shall be deposited in this unit, as well as donations granted to maintain that they do not*

²⁵ The Governor is the highest executive official within each governorate. Line Ministries have Directorates in each Governorate. Three out of the 18 governorates are separated in an autonomous region of Kurdistan.

²⁶ Below the governorates are two formal administrative units: the districts (*qaada*) headed by a Head of District (*Qa'im Maqam*) and the sub-districts (*nahia*) headed by a Head of sub-district (*Mudir*). Districts and sub-districts have their own governing councils (*majlis al qaada* and *majlis nahia*).

²⁷ Cities can have several municipalities (e.g. Erbil has 6 and Basra has 15 municipalities, each with its own managers and staff). Municipalities are one of the three executive offices of MoMCHPW at the provincial level (the others are the Directorates of Water and Sewerage). Each municipality has a council (*majlis baladi*). All municipalities respond to the General Directorate of Municipalities (*Mudiriya al Baladiyat*).

conflict with fees and taxes imposed by federal law by the Iraqi government” (Art. 2).²⁸ MoF will be opening a special account for this unit to deposit all revenues provided for in this decree (Art. 7).

Among **national authorities**, the **Ministries of Planning** at the Federal and at the KRI level are important stakeholders to this Action – to ensure its alignment with national policies and coordination among different actors. A number of other line ministries are relevant depending on the specific activities implemented.

Seeking to strengthen local budgetary capacity, very recently GoI issued a decree to establish a **Local System for Local Resource Maximisation Unit** in every governorate (excluding KRG) whereby “*All revenues that are levied and collected locally within the administrative boundaries of the governorate shall be deposited in this unit, as well as donations granted to maintain that they do not conflict with fees and taxes imposed by federal law by the Iraqi government”* (Art. 2).²⁹ MoF will be opening a special account for this unit to deposit all revenues provided for in this decree (Art. 7)

The Action will ensure the full involvement of **civil society** organisations. The concept of CSOs is relatively new in Iraq, as its legislative framework was established only in 2003. The CSO sector in Iraq can be broadly classified into three main groups, which differ significantly in terms of their composition, resource mobilisation and geographic area of operation. (1) **Service providers** help to fill critical gaps in public service provision and to meet humanitarian needs. Often akin to NGOs, they tend to operate in areas of high fragility where the State is weak or absent, often closely with international development organisations. (2) **Advocacy groups** work closely with communities; they aim to influence political decision-making – e.g. for the protection of minorities and human rights. (3) **Political organisations** consist of diverse and sometimes obscure groups that include affiliates of political parties aiming to extend their power base, organisations supporting religious sects, and political arms of extremist groups and armed militias that focus on recruitment as well as communication and fundraising. Although there is a growing number of professional CSOs, that operate at the national and local levels whose work and role in society is increasingly recognised as capable of influencing policy and development outcomes and having a positive role as a bridge between citizens' concerns and government's response to these concerns,³⁰ there is a huge need to support the latter with concrete activities and EU best practices.

Academia will also be associated to the Action – in particular the University of Mosul – for activities related to curriculum and course development in the construction sector, in view to ensure more sustainable practices in the rehabilitation and reconstruction of conflict-affected areas.

The Action will involve European local authorities for **Peer-to-Peer** decentralised cooperation. European local authorities have already established or are in the process of establishing cooperation with Iraqi local authorities – e.g. the Association of Netherlands Municipalities (VNG), the Danish National Association of Municipalities, funded by MADAD, and the Italian National Association of Municipalities (ANCI), funded by the Italian Ministry of Foreign Affairs.

Small and medium construction enterprises in the **private sector** will be key stakeholders in the rehabilitation of houses, public facilities and the upgrading of secondary infrastructure and open spaces. Suitable private-sector SMEs will be identified and engaged after the commencement of the Action through competitive bidding. As there is substantial work on reconstruction and rehabilitation, most of the local private companies concerned will be conducting rubble removal, earthworks, repairs to secondary electrical and water networks, rehabilitation and retrofitting of building, paving, landscaping of open spaces, etc.

As required in the EU 2018 Strategy for Iraq, **the level of support the EU delivers to Iraq should be linked to the country's commitment to reform, its respect for demographic principles, inclusiveness, the non-use of violence and the prioritisation of civilian state institutions in security and political governance.** All stakeholders involved will be requested to sign a Charter of Principles and will be encouraged to co-finance initiatives either in kind or with budget allocations.

²⁸ GoI/Governorate Council (2018). Decision No. not yet published, Local System for Local Resource Maximisation Unit (unofficial translation).

²⁹ *Ibid.*

³⁰ Mercy Corps (2014), *Bridging the Gap: Evidence on the Links between Civil Society and Good Governance in Iraq.*

1.4 Priority areas for support – problem analysis

In their *Systematic Country Diagnostic*, the World Bank argues that “The massive assistance to Iraq provided by the international community has shown that financial and technical resources are not sufficient, on their own, to achieve positive results in the absence of security and adequate governance. They may even be counter-productive or may postpone the resolution of underlying constraints by facilitating existing dysfunction. What is needed are interventions aimed at restoring the legitimacy of the state and building inclusive institutions.”³¹

1.4.1 Decentralise basic services

Given the role that geographical inequities, structural poverty and failure to deliver quality services played as a driver for the cycle of conflict in Iraq, access to basic social services is among the priorities as set by the UN Recovery and Resilience Programme (RRP). Support is needed at both central and local level to decentralise service delivery, ensuring that institutional and management gaps at the local level are plugged in and that services are informed by local needs, efficiently provided and accountable to communities. This will increase the Governorates’ capacity, as well as improve the public perceptions about them as an interface to local communities, and it will potentially help build trust among communities in the local authorities. Governorates have proven to be a key entry point for change and reform due to their close interaction with local communities.

The devolution of powers has not been adequately coupled with the necessary legislative, administrative and financial decentralisation measures. Attributing powers and responsibilities to Governorates – by transferring more than 800 processes and functions from Ministries to Governorates – has faced both the resentment of central Ministries and the lack of local capacity to assume devolved functions. So far, only 3 Ministries have fully transferred functions and budgets to the Governorates. The Ministry of Construction, Housing, Municipalities (MoMCH) is the most advanced in this process. The transfer of responsibilities (including the 5 directorates of Municipalities, Water, Sewerage, Urban Planning and Planning and Follow up) to their General Directorates at Governorate level, completed with an order issued in Jan 2018, shows the Government’s firm intention to progressively continue the decentralisation process.

In the current economic context and political climate, it has become crucial for the central government to enhance fiscal and decision-making capacity and management at the local level, yet the **progress achieved in the realm of political decentralisation has not been matched with institutional and fiscal decentralisation**. To this day, local authorities are dependent upon central government sectoral allocations. Formal mechanisms and structures are lacking for more localised demands for services and other concerns. Governorates are poorly motivated to collect local revenue that goes directly to the central budget and is not retained at the Governorate level for local needs. Most of the investment budget is allocated at sectoral level through line ministries and their branches in the Governorates, while less resources and capacities are devoted to those local sectoral departments in charge of local development under the Governor.

At the same time, the devolution of significant functions will **increase the pressures on governorate officials to improve service delivery** and eliminate the possibility of placing blame on the lack of authority over services. This will be more directly apparent where the quality and quantity of services may vary significantly by district.³²

While legislative actions have forced the devolution of some service delivery functions, there has been limited attention to the institutional and fiscal decisions required to achieve successful devolution, as well as to the capacity of the Governorates to absorb and manage staff, resources and responsibilities many times greater than they currently possess.³³ Also, although the Governorates have experience in developing provincial strategies, investment plans and projects, devolution will require planning and investment budget planning for entire service delivery functions, not just individual projects. The

³¹ World Bank (2017). *Iraq Systematic Country Diagnostic*.

[<http://documents.worldbank.org/curated/en/54281148727729890/pdf/IRAQ-SCD-FINAL-cleared-02132017.pdf>]

³² World Bank (2016). *Decentralisation and subnational service delivery in Iraq: Status and way forward*.

³³ World Bank (2016). *Decentralisation and subnational service delivery in Iraq: Status and way forward*. p. iii

experience of Governorates is still weak in current/routine budget preparation and oversight for technical services delivery, including operation and maintenance, tracking and reporting requirements.

Finally, neither discretionary controls over expenditures nor revenues is an apparent feature of the devolution process in Iraq. As the World Bank has pointed out in its in-depth assessment of sub-national service delivery conducted in 2016³⁴:

- If the discretion to make changes across and within devolved functions is not authorised, then only the authority to *administer, but not to manage* centrally-determined service delivery quality and quantity levels has been devolved;
- If revenues previously associated with devolved functions transfer to the governorate level, but are still allocated at the central level, the Governorates will not be able to change or manage priorities more appropriately to meet citizen demands and needs;
- Recurrent budgetary allocations for serving local populations are driven by ministerial priorities and population numbers, and are negotiated as a component of the annual budget process. Transfers for investment spending are driven by specific project approval;
- There are no systematically designed vertical or horizontal equalising transfers, and no service or project transfers intended to efficiently alter prices or create proper economic incentives;
- Iraq has not yet developed a framework and process for intergovernmental transfers that will allow for the Governorates to make discretionary choices about the quality and quantity of services in keeping with citizens' preferences, as well as to develop own-source revenues without being penalised with reductions in federal budget allocations or transfers.

The World Bank also concurs that from a national perspective, Governorate own-source revenue is inconsequential. However, if Governorates are provided authority over the revenues derived from self-funding services (user charges, service fees and so forth based on services delivered) of the devolved functions of the ministries, this subnational revenue profile will change significantly.³⁵

1.4.2 Boost economic growth and job creation through the implementation of strategic local actions

As recognised in *NDP 2018-2022*, GoI has failed to equitably and sustainably exploit national resources to reduce poverty and ensure shared prosperity. Economic decision-making today is dominated by short-term needs. The government is prioritising the rapid expansion of oil production in order to finance a bloated public sector and current spending needs – mainly wages – that are detached from any long-term diversification strategy. The complexities of an oil-dominated budget have made the Iraqi economy extremely vulnerable to a sudden decline in oil prices, as has been evident since 2014. The public sector dominates the economy by being the largest formal employer in the country. This has prevented the emergence of a vibrant private sector and the associated job creation necessary for enhancing the welfare of all Iraqis. Neither the state nor the weak and stagnant private sector are capable of generating significant employment opportunities for the tens of thousands of young Iraqis who swell the ranks of the unemployed each year.

Seizing the momentum generated by the *Provincial Development Plans* developed under LADP II, the Action will identify and pilot local development projects that will translate the policy documents into practice. In this way, the Action will create an enabling environment for SMEs, generate job opportunities, as well as build local capacity to manage and implement sustainable projects.

1.4.3 Enhance local revenue generation

Budgeting and revenue collection reflect the legacies of a centralist governance tradition, revealed in the management approaches to policy, planning, budgeting and execution; they are also affected by a range of systemic inefficiencies and unsustainable subsidies. Current local revenues are negligible compared to citizen needs for services and typical resources from the state budget and investment have been seriously affected by the recent conflict and the economic crisis.

³⁴ *Ibid*, p. iv.

³⁵ World Bank (2016). *Op. cit.*, p. iv.

The diagnostics conducted during LADP II on local finance and revenue generation in 4 pilot towns of southern Iraq have shown that the rent of public real estates, mostly for commercial activities, along with the sales of land for housing construction, constitute a second major source of revenue (ca. 1/3rd of the total). Aside from being unsustainable, these revenues appear anyway in decline in many cases, making the preferred resource of the municipalities (i.e. the renting of municipal premises for commercial activities) very **vulnerable to economic fluctuations**. Otherwise, there is a major issue concerning the records of property rights, including those of municipalities; many had been lost during the war, and the recent efforts to rebuild these records are insufficient. The various **fees** collected by municipalities (licenses, publicity, etc.) are weak, totalling around 5% of total revenues. Here and for other items, there is an issue concerning the multiple exemptions. The remaining revenues come from waste management and pavements. They only reach around 3% of the total, while waste management constitutes the principal public service that the municipalities manage, with real costs significantly exceeding revenues. There are issues concerning the **legal framework for these “local taxes”**, their amounts, their indirect collection through the water authorities and the absence of proper records on cities’ residents and businesses.

The new NDP recognises that the deterioration of the investment climate has resulted in the expansion of informal economic activities that evade government control and taxation. Furthermore, issues such as the legal framework for “local taxes” and the absence of proper records on cities’ inhabitants require immediate attention in order to rebuild the country's potential for self-reliance.

1.4.4 Support urban recovery and development of Mosul and smaller cities and towns affected by the conflict with IS

According to GoI’s *Damage and Needs Assessment of Affected Governorates*,³⁶ more than 138 000 houses have been damaged or destroyed – mainly in the course of fighting. In some communities, properties have been damaged or destroyed in retaliation, after the fighters left, for their perceived support to IS. Low-income housing has experienced the bulk of the damage, at 68%, indicating that the conflict has severely impacted the low-income population of Iraq, worsening an already fragile situation.

Damage to housing is one of the main obstacles to the return of IDPs. Support to resolve the housing crisis in liberated areas is an urgent need – not only for IDPs who wish to return but also for host communities who have been bearing the heavy burden of hosting massive numbers of IDPs for more than three years. Government counterparts and community members have repeatedly expressed that while support is appreciated to people whose houses have sustained minor and major damage, the needs are critical of those whose houses have been “severely damaged” (i.e. which have sustained significant structural damage and require extensive repairs) and “destroyed” (i.e. which have suffered structural damages so major that rehabilitation is not feasible).

Satellite assessment conducted by MoP and UN-Habitat in Jan 2018 suggests that the distribution of housing damage between the governorates is approximately as follows: Nineveh – 65%, Anbar – 20%, Salah al-Din – 10%, and Diyala, Baghdad and Kirkuk – 5%. The *Housing Damage and Rehabilitation Database*, operated by UN-Habitat and Shelter Cluster Iraq, helps to map completed, on-going and planned housing rehabilitation projects³⁷ and to identify gaps in housing rehabilitation projects in governorates such as Salah al-Din.

Property issues are another aspect of the displacement crisis. In conflict-affected areas, there have been cases of unlawful seizure and property sale or reallocation of property to IS member, as well as secondary occupancy by IDPs. Instances of secondary occupation and property disputes are being addressed by agencies such as UN-Habitat, NRC and NGOs such as Mercy Hands, funded by multi-donor facility fund through UNDP and single donors such as the Japanese Government.

³⁶ WB Group and MoP (Jan 2018), Iraq Reconstruction & Investment Part 2: Damage and Needs Assessment of Affected Governorates: <https://bit.ly/2lhQOIr>.

³⁷ As of April 2018, UN partners, NGOs and charities have intervened on 43,383 houses (some may double-counted), with Anbar and Ninewa governorates leading in terms of number of rehabilitations and new constructions (15,331 and 22,108 respectively). Source: RRR Platform (2018). “Housing Damage and Rehabilitation Database – April 2018”

The current situation in Mosul and post-conflict governorates in general is very dynamic. Thanks to the concerted reconstruction efforts undertaken by GoI, agencies and donors, over 3.8 million IDPs have returned to their areas of origin; still, over two million people remain displaced.³⁸ The main deterrents of return are: lack of sufficient services, limited livelihood opportunities, and damaged/destroyed/stolen property. The main reasons to return are perceived improvement in security, desire to return to own land/property and to work again.³⁹

Local authorities are in urgent need to rebuild secondary infrastructure, housing, public facilities, amenities and livelihoods vital for the healing of communities affected by violence and physical destruction. The recovery of communities affected by the displacement crisis is one of the key strategic objective of the new NDP, along with good governance. Indeed, stronger governance systems are now crucially needed in the Governorates affected by the conflict – to make the most of scarce resources and to ensure that reconstruction efforts are implemented in a transformative manner.

In the context of competing and urgent reconstruction needs and identified criticalities from the point of view of national reconciliation and peacebuilding (2nd priority “axis” of GoI’s *General Framework of the National Plan for Reconstruction and Development*), it appears important to ensure that reconstruction efforts do not further contribute to the polarisation of growth, impoverishment of ‘backwater’ districts and disenfranchisement of youth and minorities living in or returning to the destroyed rural areas.

Needs and assistance are being closely monitored by UN-Habitat through the *Reconstruction, Recovery and Resilience (RRR) Platform* established at MoP, which will provide a clear indication of the geographical gaps by the time of the inception of the Action. Local authorities require further support not only to improve building standards and upgrade infrastructure with disaster resilient construction technologies, but also in order to concretely address economic revitalisation, enhanced resilience and improved quality of life of citizens – particularly the most vulnerable. Repairs and rehabilitation of shelter contributes to the process of durable return, in which highly vulnerable families are supported to reside in minimum shelter conditions, whilst they re-establish their lives in areas affected by conflict and avoid secondary displacement.⁴⁰

On **Housing Land and Property (HLP) issues**, to maximise impact and avoid community tensions, beneficiaries of emergency repairs will prove ownership of the house and not have a second house. Verification of proof of ownership is an essential action required before starting technical assessment. As many families lack such official documentation, alternative forms of verification of proof of ownership may include electricity bills, previous house acquisition contract, combined with letter from the local authorities/leaders/*mukhtar*. Shelter partners should also verify whether the house owner has filed, or intends to file, a request for compensation. If not, the owner may wish to do so before the works commence. The need to address issues relating to identity documentation, housing, land and property rights is recognised by the EU as crucial to ensure successful longer-term stabilisation.⁴¹

Contributing to the notion of “*building back better*”, the Action will also engage Mosul University to promote the use of greener and safer technologies in reconstruction.

1.4.5 Promote sustainable development and decrease consumption of non-renewable resources

Particular attention needs to be devoted on promoting sustainable development and rationalising consumption of non-renewable resources with a focus on water and electricity. Despite the fact that Iraq is facing serious deficits of water and electricity, consumption of both is one of the highest in the region. This is due to inefficiencies of outdated infrastructure and technologies, high governmental subsidies, as well as lack of a system for charging users for actual consumption. The over reliance on large private fuel generators to make up for the frequent power cuts affects both people’s health and the environment. Rationalising electricity consumption, reduction of CO2 emissions and enhancing the private sector’s

³⁸ IOM DTM (as of 31 May 2018) .

³⁹ Cf. e.g. REACH (11 June 2018), Rapid Overview of Areas of Return (ROAR) in western Nineveh – Presentation to the RWG; REACH (Apr 2018), ROAR: Ba’aj and surrounding areas.

⁴⁰ Shelter Cluster – Iraq (2018). “Guidance Note on Emergency Repairs of War Damaged Shelter.”

⁴¹ European Commission (2018). “Joint Communication to the European Parliament and the Council - Elements for an EU strategy for Iraq”; p. 2.

role in managing energy production and distribution are among the *NDP 2018-2022* Sectoral Development objectives on Energy.

More advanced and efficient technology is required especially in the provinces, where consumption is rarely measured, to reduce inefficiencies, improve the transparency of billing and enhance revenues. Seizing the momentum generated by the SEAPs and PDPs developed under LADP II, Action will identify and pilot local green projects. In this way, the Action will create an enabling environment for energy saving and efficiency, renewable energy sources, optimised use of natural and financial resources, protection of environment and climate mitigation measures.

1.4.6 CSO participation in local development policies

Civil society in Iraq faces numerous challenges, including persistent security threats that severely impede its capacities and role. Consequently, the performance and impact of CSOs tend to be limited and marginalised. CSOs generally have poor institutional and financial capacities, lack effective networks among them and provide inadequate reporting on their own activities.⁴²

Nevertheless, lessons learnt from past EU-funded project on local authorities show a proactive civil society sector willing to engage in local policies. Experience from LADP II has demonstrated that CSOs work through small grants mainly on activities related to environment, livelihoods, refugees and IDPs as well as culture and are actively engaged at the community level. The establishment of more structured mechanisms for the participation of civil society is needed to allow the sector to function as key driver for local development and as a check on local government transparency and accountability.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Delays in project implementation in some of the targeted Governorates as a result of the elections in 2018.	M	<ul style="list-style-type: none"> The post-election phase and the political stability of Iraq will be closely monitored by development partners; The situation post-election will be assessed at inception phase in each of the 9 targeted Governorates; The timetable of activities will be revised, with activities eventually starting first in those Governorates that are settling easily after the elections; A flexible design will be adopted in case of critical situation in some Governorates.
Deepening of sectarianism and worsening of the security situation derail progress achieved to date.	M	<ul style="list-style-type: none"> The Action will tap into the expertise and political dialogue conducted by the EU, its partners and UNAMI; Monitoring of the security situation by the respective services of UNAMI and other stakeholders; Assessment of the changing context and politico-economic vulnerabilities conducted by EU, UN and other international stakeholders; Implement “quick win” project activities targeting groups sensitive to sectarian divisions and extremist ideologies (i.e. youth); Collaborate with on-going projects focusing on sectarianism and extremism; Utilise the local Steering Committees established at Governorate level and CSOs supported under the Action to alleviate and overcome tensions.
Faltered efforts towards decentralisation hamper improvement of service delivery and accountability at the local level.	M	<ul style="list-style-type: none"> Decentralisation reforms will be encouraged at all levels and by EU, UN, USAID and other partners; On-going policy dialogue with central Government will serve as monitoring tool of the progress and suggest corrective actions; Strengthening the capacity of local authorities will prevent faltered efforts toward decentralisation; Introducing peer-to-peer cooperation projects will pre-empt any attempts from the central government to block the process.
Trust among citizens and	L	<ul style="list-style-type: none"> Citizens' needs will be addressed by Governorates with local development projects and recovery actions;

⁴² Please, refer to stakeholders' analysis section

between citizens and the State is further reduced.		<ul style="list-style-type: none"> • CSO actions will address the most acute topics on the local agenda and facilitate dialogue between citizens and the local governments; • Citizens will be encouraged to actively participate in CSO activities related to the monitoring of the programme activities and of local Governments' accountability in general.
Corruption and fraud affect some of the activities.	H	<ul style="list-style-type: none"> • Progress on national policies against corruption will be monitored and discussed through a platform being created by development partners who support the PFM reform process (WB, UNDP, EU, USAID), with the Economic Reform Unit sitting at the PM Office⁴³; • Strict adherence to UN Rules, Regulations and Procedures in all Procurement through competitive bidding and recruitment; • Anti-corruption awareness campaign motivating competition among Governorates to achieve high standards in accountability and transparency; • Signature of Charter of Principles with Governorates; • Development of M&E procedures implemented at local level and by a 3rd party; • Regular and surprise monitoring visits by implementing partners; • Contractual arrangements will include conditionalities (e.g. payment of tranches subject to progress monitoring reports); • EU-contracted monitoring carried by a 3rd-party service provider; • Ad-hoc performance assessments, monitoring and spot checks of the sub-projects will be conducted throughout the implementation of the programme.
Assumptions		
<ul style="list-style-type: none"> • Governorates will be less affected by national elections than the central government. • The outcome of the May 2018 elections does not revert the current autonomy levels achieved at Governorate level. • The security situation in the KRI and Southern Governorates remains stable, and liberated areas become more and more accessible with ongoing missions. • Current engagement and ownership of Local Authorities continues. • Governorates wish to achieve high standards in accountability and transparency. • Civil society continues to demonstrate willingness to engage with local Government at policy and operational levels. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Previous interventions funded by the EU in support of local authorities have seen important cultural changes at Governorate level, enhancing more participatory processes, determination and commitment in the development of local plans and in ensuring that the almost completed National Development Plan 2018-22 was the result of a bottom up design embracing local priorities and local plans.

Traditionally in Iraq the planning process has been highly centralised. In recent years, all governorates included under LADP II have participated in at least one planning exercise – again top down and outsourced to consultants – resulting in a plan or strategy developed *on behalf of the local authority – and not by them*. In contrast, LADP II has prioritised a bottom-up **participatory approach** to formulate prioritised objectives and strategies to address the key security, governance, economic and social challenges faced by the target governorates. In this way several goals are achieved: help strengthen inclusion, democracy and accountability; reduce corruption; limit differences among various political and ethnic groups; and empower citizens by promoting greater interaction between stakeholders within communities. Participatory planning created a fair process to prioritise development and implementation of projects. Above all, it entailed proactive attitude to the development process and **ownership**.

⁴³ As observed by Transparency International, Iraq continues to score among the worst countries on corruption and governance indicators. Corruption risks are exacerbated by the historical legacy of the previous authoritarian regime, lack of experience in public administration, weak capacity to absorb the influx of aid money, sectarian issues and lack of political will for anti-corruption efforts. While GoI has introduced a number of anti-corruption initiatives, these fail to provide a sufficiently strong integrity framework. The effectiveness of anti-corruption measures is limited by political interference, lack of political will, a weak civil society, a confusing penal code, and lack of resources.

A **community-development approach** (under LADP II) promoted a transparent process in local development efforts, it helped mobilise the resources of the community towards achieving the economic goals, and it drives support and credibility to the planning and implementation of development actions. It is indispensable in the current context of strained citizen-State relations and a prerequisite to sustainability of development efforts, particularly so in areas that require stabilisation.

Mentoring and coaching the local administration – including **on-the-job training** and **learning-by-doing** – continue to be the best tools for capacity building. These concepts have been streamlined throughout the process of preparation of strategic documents under LADP II. Above all, they have proven to be major catalysts for motivation and change.

Given these methodological approaches, the planning process for local area development has resulted in high engagement of the administrations, sustainable increase in the capacity of administrations for planning, greater and positive interaction between stakeholders within communities, a very high level of ownership of outputs at the local level, and readiness to mobilise resources for implementation of strategic plans.

In result, **a momentum has been generated and sustainability can be ensured** provision of immediate support to the governorates to start the implementation and monitoring of the developed plans. The lack of financial resources is not the top impediment, while support is most immediately needed with regard to (1) assessment, analysis and changes of local government system, and (2) establishment of project-based processes in governorate administrations by implementing soft measures with grants and major interventions with loans. The latter will further contribute to the effective application of decentralisation in Iraq.

The LADP program has contributed to a **better understanding of how local development and urbanisation can be guided and supported by effective sectoral, spatial and land policies, frameworks and implementation tools**. It has for example addressed the unsustainability of current land policies that have led to low-density and patchy urban sprawl, the rise of informal settlements and service provision inefficiencies, by advocating the adoption of more compact housing densities, mixed land use and more realistic minimum plot standards that can help to reduce urbanisation costs as well as car dependency.

Lessons learnt also show that the **enhancement of local finance will depend on the ability of local authorities to widen their scope** and develop this thematic area as a solid component of local management and planning capacity, introducing and promoting innovative multi-pronged actions to raise revenues tailored to local contexts. Changes to any of these regulations are well beyond the reach of officials at governorate level and require deliberate and energetic action from central government.

Policy dialogue to go forward with such reforms should be maintained, if Iraq is to address the root problems of its unsustainable and unequal urbanisation patterns and service delivery – including in the reconstruction of post-conflict areas where resources are even scarcer.

Iraqi institutions at both central and governorate level will need to continue to build their capacity to address **multi-dimensional problems**, collect and analyse complex multi-sector data and develop **coordination** mechanisms to deal with institutional overlaps and overcome their natural tendency to work in sectoral ‘silos.’

The availability of **reliable and up-to-date data** remains one of the key challenges of Iraq⁴⁴ – particularly in Governorates that have been occupied by IS and/or have been affected by large population displacement. The recovery context is very dynamic and Governorates and the Central Statistical Office have not yet been able to recover their baseline data collection capacity. Because of the lack of recent socio-economic assessments, many demographic and social datasets are actually *projections* of older data which do not capture the rapid changes that are occurring – including rural to urban migration.

Also, the **understanding among local authorities on how the private sector works is still low**. This has become evident in the PDP preparation process. There is a need to enhance understanding that **investors choose to invest** given the conditions they are offered from the perspective of a **competitive**

⁴⁴ Iraq’s last national-scale census was held in 1987. A later census excluded KRG. Holding a new census has been repeatedly postponed because of the political sensitivity of demographic issues such as ethnicity and sectarianism, particularly in the Disputed Territories.

global economy. Creating and announcing an investment opportunity does not automatically attract investors. I.e. investments need to be stimulated through the establishment of good business climate and adequate investment environment (including reduced administrative burden, availability of credit, availability of relevant human capital, etc.) and the creation of globally competitive opportunities. In this sense, a focus on stimulating small entrepreneurship at the local level is more important than seeking large external investments. Equally, investment in human capital and technology adoption is more conducive to securing investments in the long run, than announcing large investment projects. Such efforts will drive up the competitiveness, productivity, scaling up and diversification of enterprises at the local level, and help align labour market supply and demand – thereby contributing to attracting large investors in the long run.

Another issue that transpires from the PDPs is that in **selection of projects**, Governorates still find it difficult to distinguish between what they think is important for local development (e.g. to have an airport) and what it is within their power and authority to do to advance local development. In the process of PDP development under LADP II much work has been done with local authorities to enhance their understanding of this distinction and their effective prioritisation of projects. The Projects articulated as part of the PDSs/PRPs focus respond to the identified strategic objectives with attention to interventions in areas where each Governorate has the capacity and authority to implement specific activities against certain needs.

On a very positive side, increasingly, there is realisation that **sustainable resource management and environmental protection** are an inextricable part of ensuring a better quality of life and sustainable livelihood opportunities for people. Environmental quality – especially clean air and good water quality – is a growing priority for regular people. This has been reflected not least in the demonstrated very high interest by CSOs to work on community-based environmental projects through small grants.

In 2017, a number of events were organised in the KRI to support the preparation and the future successful implementation of SEAPs – by raising public awareness regarding resource preservation and climate change impact, by promoting a culture of sustainable energy consumption, and by promoting the preparation of the SEAPs. The Student Innovation Competition on Sustainable Energy organised and the energy-generating playgrounds for children and parents were a huge success. The very high interest in all events accompanying the development of SEAPs testifies to the growing priority of the environment for people. As a result of the SEAPs, the 3 KRI Governorates became members of the European Covenant of Mayors in February 2018.

Additionally, all PDPs developed under LADP II have a pronounced focus on sustainable resource management as a basis for inclusive long-term socio-economic development.

- In the South cluster (PDSs), this is particularly pronounced with regard to the Mesopotamian marshes as a basis for local development, tourism, and as part of ensuring food security and poverty reduction.
- In conflict-affected governorates (PRPs), the focus is high on rational use of water resources, improving the quality of water for people, and reducing losses (in the water supply system, as well as the electricity system) – to effectively support balanced territorial development, improve health levels in cities, and to ensure the viability of the large agriculture sector.
- Pollution from industry is a specific concern, exacerbated in the context of the conflict. Post-IS, there is concern regarding environmental and health hazards related to burning of oil fields, bombed refineries, and the destruction of sensitive industrial locations. E.g. destruction of Baiji oil refinery in Salah al-Din drove fumes of toxins and water resource pollution in Kirkuk province. Post-IS, in many liberated areas, residents return to extremely polluted air, poisoned soil, and waterways clogged with crude oil. Additionally, most PDPs recognise that chemical pollution of the environment is one of the two primary causes for the large and growing group of people with disability – along with conflict.
- All PDPs recognise that water and soil degradation, desertification, salinisation, waterlogging, loss of arable land all have to do with poor resource management – including weak planning capacity, outdated infrastructure and methods, poor control of pollution from industry and agriculture, insufficient wastewater treatment, etc. Particularly, all PDPs recognise that the

sustainability of water resources is at risk (in terms of quantity, quality or both), with severe impact on the environment, economy and human health.

- All PDPs envision measures to promote innovative technologies to preserve non-renewable sources, rationalise consumption, and to promote the use of renewable sources (e.g. renewable energy systems and introduction of electricity-saving technologies in homes and businesses).

Additionally, as evident in the PDPs, the conflict has enhanced awareness of the need to promote the socio-economic inclusion of youth and women in particular. There is an opportunity to capitalise on this momentum by stimulating **'green' projects**, especially such that entwine with community involvement and relevant skills development and jobs creation for youth and women.

The final evaluation of the LADP II programme is planned for mid-2018. A set of recommendations for future intervention with local authorities is expected and will be taken into account during the contracting and inception phase of this Action.

3.2 Complementarity, synergy, donor coordination

3.2.1 Meeting the SDG Challenge

When the 193 Member States of the United Nations adopted the forward-looking and transformative **2030 Sustainable Development Agenda** and its **17 Sustainable Development Goals** in 2015, they recognised that countries and the international community – including the UN itself – would have to adopt major changes and reforms if the far-reaching Goals were ever to be achieved. The 2030 Agenda is an imperative for change. Its soaring ambition – to ensure peace and prosperity for all on a healthy planet – requires equally bold changes across the United Nations.⁴⁵

In responding to the General Assembly guidance for the repositioning of the UN to enhance its cohesion and maximize its capacities and capabilities to help countries achieve the SDGs, UN Secretary-General António Guterres has presented an ambitious package of proposals through two consecutive reports in June and December 2017, anchored in three guiding principles: (1) *reinforcing national ownership*; (2) *developing country-contextual responses*; and (3) *ensuring effective delivery of development results on the ground*. The repositioning of the UN development system will ensure the system can provide the assistance that countries are asking for—and that people need—in the most effective and efficient possible manner.

3.2.2 EU-funded LADP II

The proposed Action builds upon and scales up the EU-funded LADP II⁴⁶ institution-building activities. LADP II worked mainly in 12 governorates in Iraq (including the KRI), while stretching some activities to all 18 Governorates. Its focus was to support governorates' administrations to develop strategic **planning** documents, based on community participation and local analysis of the problems and identification of priority areas for intervention in the next five years. Three types of local planning were introduced: (1) Community Based Strategic Planning; (2) Sustainable Development Planning, and (3) Urban and Spatial Planning.

LADP also supported GoI in the process of development of National Urban Strategy as well as the initiation of the preparation of NDP 2018-2022 (launched in early May 2018).

Innovative interventions addressed: **youth** – such as Innovation for Development and Sustainable Energy competition; **gender** – such as establishment of women office in Governorates, women fora and training in gender-based budgeting; and **environment** – such as “*Clean KRI in One Day campaign*,” “*Clean Missan in One Day*,” Sustainable Energy Competition for students, Energy generating Playgrounds, Water conference and planting of trees, etc.

Along with these efforts, LADP II produced a variety of knowledge-management tools, such as: (a) *Nineveh Damage Assessment On-line System*; (b) *On-line platform and blog* for the governorates and

⁴⁵ United Nations (2018). “Delivering on the 2030 Agenda: Development System Repositioning.”

⁴⁶ All project results of the EU-funded UNDP-implemented LADP programme can be viewed at www.ladp-iraq.eu.

other stakeholders to exchange views, opinions and best practices; (c). *Knowledge management in Human Resources* in Duhok.

LADP awareness raising and visibility were huge and resulted in citizens' awareness of many challenges and solutions at local level as well as visibility of the project and EU as a donor. **The proposed Action will focus on assisting local authorities into translating policy into action and implementing selected priorities identified by LADP II.**

3.2.3 WB-funded projects

Iraq Emergency Social Stabilization and Resilience Project (2018-2021) - US\$200 million to: (i) increase livelihood opportunities in liberated areas; (ii) increase access to psychosocial services in liberated areas; and (iii) strengthen the systems to expand the provision of social safety nets.

Iraq Social Fund for Development (2018-2023) - US\$300 million to: (i) improve access to basic services and; (ii) to increase short-term employment opportunities, in targeted communities nation-wide

Promoting the Inclusion of Conflict-Affected Iraqi Youth US\$2.75 (2017-2020) The Project Development Objective is to promote the social and economic inclusion of at least 3,000 conflict-affected Iraqi youth (ages 15-29) through engagement in entrepreneurship and youth-led community development activities.

Emergency Operations for Development Project (EODP) and Additional Financing US\$750 million (2015-2022). The Project is to support Iraq in the reconstruction of damaged infrastructure and the restoration of public services delivery in Targeted Municipal Areas. This includes the governorates affected by ISIS. The project supports the sectors of electricity, water, transportation, health, education and agriculture

3.2.4 BMZ-funded Support to Decentralisation and Local Development in Iraq

The Decentralisation and Local Development project, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), aims to build the capacities of key players at national and sub-national level to implement decentralisation centred on citizens' needs.

3.2.5 MADAD-funded projects in Iraq

The proposed Action will complement two upcoming MADAD-funded projects for Iraq. One is implemented by **UNDP and UN-Habitat**; this is aimed at plugging in emergency gaps with short-term solutions for housing and job creation grant scheme, generating temporary jobs for refugees, IDPs and host communities. The other is implemented by **VNG International** – the international cooperation agency of the Association of Netherlands Municipalities⁴⁷ – with focus on urban development in conflict affected areas. Coordination between both partners is already in place.

Under the on-going Local Government Resilience Programme for the Middle East and North Africa (LOGOReP), the VNG team in Iraq is currently working to strengthen the resilience of local government structures with the purpose of improving living conditions of the local population and refugees in host communities and refugee settlements. So far, VGN has been conducting field visits and consultation workshops in Dohuk (KRI), discussing how to maintain service delivery levels at local KRG-level in the context of increased urbanisation and pressure on resources. In its last workshop, it has engaged stakeholders – including municipal representatives, sectoral General Directorates, the Kurdistan Region Statistics Office, and UNHCR – in a mapping and planning exercise for spatial and economic development of Dohuk and its surroundings in order to respond to current urban growth challenges. Under MADAD, VNG municipal experts will be mobilised to advise, coach and mentor colleagues' planning units and service departments in spatial scenario planning and municipal service delivery in towns adjacent to camps located along Highway 2 in Nineveh Governorate.

⁴⁷ VNG International supports decentralisation processes by providing capacity building services to strengthen local governments in developing countries and countries in transition: <http://www.vng-international.nl>.

3.2.6 EU support to the Governance sector in Iraq

From a wider perspective, the Action is complementary to the EU support to the Governance sector in Iraq, where the national **Public Finance Management (PFM)** reform process will be supported in the areas of accountability and transparency. USAID has supported local governance with a past project of USD 110 million and their new USD 160 million **Governance Performance and Accountability project** (2017–2022), with a focus on technical assistance on policy and legislation on the Iraqi-led economic reforms initiatives at central level and at provincial level, mainly to non-decentralised ministries. The EU, WB, UNDP and USAID are all coordinating around the wider framework of the economic reform, but closer coordination mechanisms will be set up with USAID on the vertical interaction between central and local level and centralised and already decentralised ministries.

Development actors in Iraq are now shifting from a more emergency-stabilisation phase towards a longer-term reconstruction development oriented cooperation. The outcome of the recent Kuwaiti Conference for Reconstruction (Feb 2018) demonstrates this shift. Development partners such as the World Bank, USAID and GIZ are active with local authorities on very specific sectors supporting the Government of Iraq in very specific aspects of the decentralisation reform, such as public finance management, service delivery functions, improvement of water and sewerage services at provincial level and specific assistance in the reconstruction of Mosul.

3.2.7 USAID-funded Iraq Governance and Performance Accountability project (IGPA/Takamul)

Signed in June 2017, the 6-year IGPA/Takamul⁴⁸ project works to advance effective, accountable, and transparent governance in Iraq, addressing USAID's efforts to support reform initiatives and Iraqi change agents on inclusive governance and public-sector transparency, accountability, and performance. Its four key objectives are to:

1. Enhance GoI service delivery capacity;
2. Improve public financial management;
3. Strengthen monitoring and oversight of service delivery and public expenditure; and
4. Support Iraqi change agents (cross-cutting).

In its first two-year phase, IGPA/Takamul will be focusing on Baghdad and the five governorates of Basra, Erbil, Babil, Anbar and Nineveh. In Baghdad, the project is working with MoF to introduce modern cash management tracking systems to help the government monitor commitments and payments to suppliers and contractors. In Basra, it has been working alongside the Water Directorate to improve its response to people's complaints on solid waste collection and to upgrade water networks serving al-Mishrag, Jumhoriya, and al-Fedaa neighbourhoods.

In KRG, IGPA/Takamul is assisting the government to introduce IMS-related reforms such as a centralised KRG payroll system, streamlining biometrical registrations of KRG employees, linking databases of MoLSA and MoF. It is also supporting reforms related to water and waste management services in the Kurdistan region.

3.2.8 Canadian-funded Fiscal Federalism, Decentralisation and Resiliency-Building project

In 2015 Global Affairs Canada (GAC) awarded the Institute on Governance (IOG)⁴⁹ a 3-years, \$6.3 million contract to deliver its Fiscal Decentralisation and Resiliency Building in Iraq project. The project aims to support the achievement of Iraq's long-term stabilisation by working with GoI and KRG on two main governance areas: (1) fiscal federalism and decentralisation, which includes fostering understanding of the benefits of a federal system, instilling leadership values and skills in senior officials, and developing the competencies required to administer the federal arrangements envisaged; and (2) enhancing the ability of the governments of Iraq and Kurdistan to implement resilient and

⁴⁸ Known as *Takamul* in Arabic (integration) is a successor project of the USAID-funded *Taqadam* (moving forward). IGPA has a budget of USD160 million.

⁴⁹ Founded in 1990, the Institute on Governance (IOG) is an independent, Canada-based, not-for-profit public interest institution with its head office in Ottawa and an office in Toronto. Its mission is 'advancing better governance in the public interest.' Source: <https://iog.ca/about/news/iog-to-iraq-modernizing-government-with-international-partnerships>.

effective decision-making processes that would further crisis management, inclusive governance and, more broadly, government decision making processes to modernize the public service and transform Iraq.⁵⁰ In KRG, IOG has introduced **Senior Executive Service (SES)** governance model and design choices.

3.3 Cross-cutting issues

The Action will promote inclusive policies translated into practical actions, responding to the needs of **women and youth**. The latter are also being specifically targeted by support to youth entrepreneurship and innovation, including their involvement in the design and creation of dedicated public open spaces for sports, arts and cultural initiatives in cities and towns affected by conflict.

The decision-making process for this particular Action will take into account **gender equality** considerations. For instance, gender-balanced participation in trainings and other activities will be considered when selecting project beneficiaries and staff. The Action will also seek to empower specific **vulnerable groups** (e.g. female heads of households, single parents) through the provision of support for development of skills and job opportunities.

Good governance, transparency and accountability of the Governorate's decisions and actions will be a key element of each activity of the Action. The twining with EU local authorities, the CSOs advocacy role and Local Steering Committees are expected to play a key role in ensuring transparency and accountability in the decision-making processes. In this way the Action will build capacities in all stakeholders involved in these processes.

Environmental concerns and reduction of energy consumption will be strongly promoted while implementing the physical rehabilitation, retrofitting and provincial development projects, in line with the commitments signed under the *Paris Climate Agreement* and the notion of *Building Back Better*,⁵¹ recommended by the UN Office for Disaster Risk Reduction (UNISDR). Furthermore, the projects will translate top priorities from three Sustainable Energy Action Plans (developed with EU research centre methodology on climate change mitigation) and five Provincial Development Plans into actions, whereby environmental concerns and climate adaptation are two of the main criteria.

All cross-cutting priorities will be part of the selection criteria of local development projects to be supported by the Action.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to **promote the stability and socio-economic development of Iraq**.

The specific expected outcomes and related outputs are as follows.

SO 1: Selected Governorates are able to manage effectively and transparently local government systems and public services

- O.1.1. Decentralisation of powers from central to local authorities
- O.1.2. Donor coordination mechanism established
- O.1.3. Optimised Governorates' revenue generation systems piloted
- O.1.4. Strengthened dialogue between local authorities and civil society

SO 2: Economic growth and job opportunities have increased in selected Governorates, with special focus on green projects involving youth and women

- O.2.1. Local development projects and priority actions implemented deriving from Provincial Development Plans and Sustainable Energy Action Plans
- O.2.2. Mechanism aimed at mobilising additional funding created

⁵⁰ Brief provided by IOG in June 2018. Information is also available on: <https://iog.ca/about/iog-in-the-world>.

⁵¹ E.g. the use of more performant materials and more climatically appropriate design solutions in the reconstruction of damaged public buildings (as used traditionally by Iraqi architects in the 1970s).

SO 3: Living conditions in conflict areas have improved and returnees are assisted

- O.3.1. Damaged houses and public facilities rehabilitated in post-conflict areas, in line with the 2018 PRPs
- O.3.2. On-the-job vocational training delivered and jobs for youth created in line with greener and safer construction technologies.

This Action is relevant for *Agenda 2030*. It contributes primarily to the progressive achievement of **SDG 11**, but it also promotes progress toward **SDGs 5, 7 and 8**. However, this does not imply commitment by the country benefiting from the programme.

4.2 Methodology

4.2.1 Methods of implementation and rationale for the methodology

The underlying pillars of the methodology are as follows:

Participatory approach. As evidenced in LADP II, through the participatory approach several goals are achieved: help strengthen inclusion, democracy and accountability; limit differences among various political and ethnic groups; and empower citizens by promoting greater and positive interaction between stakeholders within communities. Above all, this approach drives a very high level of involvement and ownership in the course of local development, which helps mobilise resources toward implementation of target actions. This approach will be implemented throughout the action by involving different stakeholders within national, regional and local steering committees established and beyond. It will also help attain objectives with regard to decentralisation (under O.1.1.) and donor coordination (under O.1.2.), in that it is key to ensuring effective and inclusive dialogue between stakeholders at all levels.

Learning by doing – including mentoring and coaching of the administration and on-the-job training. This approach has proven in succeeding higher level of learning of practical skills compare to any other theoretical approach (see 3.1. Lessons learnt). Local development projects can only be effective and impactful, if they run through the local administration and their community partners. This approach will be embraced under all activities with different partners implementing it.

The governorates will be able to benefit from cooperation with EU local authorities in a peer-to-peer learning environment. The peers will develop together scope of work in mainly decentralisation process and will introduce and implement EU best practices.

Developing and implementing of local development project, will enable Governorates to learn in practice how to implement and monitor their projects.

Partnership with CSOs in the area of community development and monitoring of local authorities.

The approach cultivates social, economic, political, cultural and environmental conditions needed for the community to thrive – which is especially important to address the set of complex cross-sector problems and multi-layered crises in the post-IS context in Iraq. It is critically important due to the specific focus on increasing the socio-economic inclusion of vulnerable groups – especially women and youth.

NB: All PDPs envision: (a) set of measures to address the multidimensional problems faced by women: to expand skills training for women, to secure livelihoods opportunities for women (e.g. through microfinancing for women's projects), to protect women from GBV (through psychological support and shelter spaces/community centres), to increase family planning awareness, to increase awareness of the rights of women, etc. – in addition to broad measures to stimulate female participation in education, especially in vocational education, etc.; (b) recognise that engaging youth is central to overcoming of social challenges. Community-based soft projects articulated in this regard include e.g. promoting youth skills development, promoting healthy lifestyles among youth, promoting the importance of education and drug prevention among youth, etc. All PRPs identify the need for implementing programmes for civic education of youth, geared toward promoting the rule of law and preventing sectarianism and radicalisation.

Furthermore, in order to bridge civil society and local authorities, a number of initiatives, focusing on public consultations and public participation in decision making and development of local policies and

programmes; CSOs will be actively involved in monitoring local policy and development action; also community initiatives will be set up to promote the voice of youth (e.g. through youth parliaments), gender mainstreaming in policy development, and vulnerable groups' inclusion.

All the activities of the CSOs will be supported through a specially designed grant competition launched in each of the targeted governorates. There will be calls for proposals where the CSOs will be able to apply individually or in partnerships to address concrete problems on local level related to the areas mentioned above.

EU CSO platform/association will be attracted to provide CSOs with coaching, mentoring, training on projects' drafting and PCM and links to counterparts from the EU. In addition, the EU platform/association will be involved in monitoring and evaluation of the implementation of projects, that will provide grounds for further payments and ensure quality control in the field.

Ownership of results. All three aspects of our methodology above drive higher ownership of results – and build the stakeholder attitudes needed to ensure commitment and sustainability of results past the conclusion of the Action. In this way, preconditions for sustainability are inbuilt into our methodology.

Peer to Peer cooperation. There is an obvious need of experienced partners that have undergone similar processes and able to provide quick win solutions. It is especially valid for Iraqi local authorities in the process of decentralisation and/or local revenue generation where they face challenges in assuming or not devolution functions. Sharing experience and knowledge with EU local authorities will facilitate the process to a great extent and provide for instruments tested in life and proven to be effective. On the other hand, there are EU local authorities that have interest to work with Iraqi counterparts and this approach, although being innovative for the country, would be bring a huge added value.

Gap assessments and gap plugging. This Action will support the effective decentralisation and inclusive local governance – including decentralisation of policies and processes, the roles and inter-relationships of different actors and institutions, local democracy and local government performance.

In view of advancing decentralisation (O.1.1.1.), as a first step, decentralised services and functions will be mapped and assessed against the expected end results in terms of quality and quantity as well as capacity of the administration to deliver them. This will allow to articulate tailored measures to plug the gaps identified with capacity development response (i.e. support to decentralised local departments in assuming the functions; coaching and training of staff; improvement of implementing rules and procedures; improvement of central-regional dialogue and coordination). Capacity assessment provides the basis for a capacity development response, but it also sets the baseline for continuous monitoring and evaluation of progress against relevant indicators. As such, it helps create a solid foundation for long-term planning, implementation and sustainable results.⁵² The process will include definition of indicators of progress for capacity development response that are SMART (specific, measurable, attainable, relevant and timebound).⁵³

Additionally, broad gap assessment will provide the basis of interventions aimed to advance donor coordination, local revenue generation, and CSO-local authority dialogue (O.1.1.2.–1.1.4). In this sense, gap assessment will provide a *diagnostic* tool (e.g. to identify capacity gaps for service delivery at local

⁵² As detailed in UNDP (Nov 2008), *Capacity Assessment Methodology User's Guide*, the **UNPD capacity development process** cycle included 5 steps: (1) Engage stakeholders on capacity development; (2) Assess capacity assets and needs; (3) Formulate a capacity development response; (4) Implement a capacity development response; and (5) Evaluate capacity development. The Guide makes available a number of supporting **tools** to help support capacity assessment, including e.g. sample capacity assessment worksheets, interview guides, draft terms of reference for the capacity assessment team, the scoping mission and national consultants, etc. UNDP has also developed an Excel-based Supporting Tool. The Guide is available at: <http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/undp-capacity-assessment-methodology/UNDP%20Capacity%20Assessment%20Users%20Guide.pdf>.

⁵³ With regard to **assessment indicators**, the UN Habitat *Guidelines on Decentralisation and the Strengthening of Local Authorities* approved in April 2007 is a key reference document for creating and formulating indicators on assessing *decentralisation*. The Guidelines draw their inspiration from the *European Charter of Local Self Government* (1985) and recognise that sustainable development is made possible by “the effective decentralisation of responsibilities, policy management, decision-making authority and sufficient resources, to local authorities, closest to, and most representative of, their constituencies.” With regard to *local government performance*, indicators often include the volume, quality, efficiency and outcomes of providing goods and services, as well as measures focused on the institutional, financial and human resource capacities to develop, implement and monitor/evaluate its policies and programmes. UNDP's *A Users' Guide to Measuring Local Governance* (July 2009) provides examples of a number of specific **tools** to enable effective gap assessment, which can be adapted to the local context: <http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance/dg-publications-for-website/a-users-guide-to-measuring-local-governance-LG%20Guide.pdf>.

government level), also a *development* tool used for social and resource mobilisation, raising awareness of stakeholders, advocacy, and facilitating a consensus on future priorities.

Finally, the methodology is key to building the capacity of local authorities to help advance necessary finance tools and awareness to facilitate transformative climate action and advance development toward a low-carbon resilient future.⁵⁴ Local governments recognise the need for a departure from self-financed projects, considering the scale of projects required to address climate change. Under O.2.1. and O.2.2., gap assessment and gap plugging will be specifically employed in view to:

- Build the capacity of local authorities to raise awareness to realise the potential of local climate action;
- Develop the understanding by local authorities of the array of available financial instruments – including commercial finance instruments as a viable tool to finance local government projects;
- Develop impact assessment methodology, whereby local authorities are able to connect “soft measures” to solid adaptation impacts. These measures might not directly lead to adaptation or mitigation impacts, yet they provide the necessary pre-requisites for efficient implementation of “hard measures” (e.g. a regulation might create demand for green technology).
- Build the capacity of local authorities to *qualitatively* plan climate actions and *quantitatively* propose actions as appropriate to access finance resources. There is expected need to develop staff expertise to prepare sound proposals for investable projects to accrue necessary funding – i.e. capacity to develop and package sustainable projects into financially attractive business cases – including project prioritisation, feasibility assessments, sustainability impact, financial viability, budget estimates for projects, and clear cost recovery mechanisms (in order to support the sustainability of finance projects and make them attractive for potential funders);
- Support and encourage investment in urban areas;
- Identify and eliminate barriers for local authorities in accessing climate finance;
- Contribute to the development of new financing mechanisms for transformative climate action.

Use of online Assessment Systems – namely, the existing government-led Recovery, Reconstruction and Resilience Platform portal, managed by MoP in Iraq and UN-Habitat, and the Nineveh Online Assessment System supported by LADP II. This will allow the agencies to identify outstanding recovery needs that can be then verified in the field.

Sub-granting. This Action intends to provide grants to Governorates and CSOs using calls for proposals. Independent evaluation panel, composed by representatives of EU Delegation’s Cooperation section, UNDP and independent experts will be established avoiding Conflict of interest. In this way achieving two-fold effect: impact on end beneficiaries and capacity to manage and implement projects.

At the first stage, project concept notes will be developed and presented and the evaluation panel will select the best ones. The selected concept notes will be further developed into full projects. The applicants will be supported to develop the projects by the Action team, PMU, Peer to Peer partners and EU CSOs association and along the whole process of project implementation. Peer to Peer partners and EU CSO platform/association will be involved in monitoring and evaluation of the projects. Payments will be subject to satisfactory monitoring reports.

The projects will be selected against a set of criteria developed in consultative way during the inception phase of the project. The set of selection criteria may include, but is not limited to: projects deriving from the top 3-5 priorities of respective provincial plans; translating those priorities into practical actions; co-financing and/or commitment to continue after the project life; easy to scale up and replicate; potential for clustering; using EU-integrated sectorial approach – promoting economic growth, social cohesion and trust among local communities; developing innovative and knowledge-based local economy; generating sustainable jobs; investing in youth and women; introducing green technologies, infrastructure, ecosystem services, use of sustainable and/or renewable energy sources and climate adaptation and climate mitigation measures.

⁵⁴ Cf. e.g. Climate-KIC (March 2016), Gap Analysis Report: Closing the gap between finance and urban climate action: http://e-lib.iclei.org/wp-content/uploads/2016/03/Gap-analysis-report_final_20160307-final.pdf.

Mobilising additional funding ensuring sustainability and increased impact through innovative models by the setting up of a Project Management Unit (PMU). The latter will function as a resource unit developing large projects that can potentially attract financial contributions from various source (including loans). In addition, the PMU will provide coaching and technical assistance for drafting of local development projects and held regular monitoring and evaluations.

4.2.2 Building on LADP II – from planning to implementation

The main conclusions and recommendations of the evaluation contracted will be available in September.

The governorates will be supported through a grant scheme and the proposals should be aligned with their strategic documents developed under LADP II: SEAPs, PRPs or PDSs. The grant scheme will be organized on competitive bases, while it will be assured that each governorate will be awarded with at least one priority project to be implemented.

Use of the PDPs developed under LADP II as a main tool. This Action intends to develop a systemic way to address local development priorities. A set of local development priorities has already been elucidated in strategic documents prepared under LADP II. In this sense, the focus of this Action is on piloting mechanisms to help apply in practice the plans prepared for local area development. As such, the PDPs provide a basis for work with national and EU local authorities, CSOs, donors and IFIs.

The PDPs have been developed in a fully bottom-up participatory approach. As such, they empower the Governorates to become the leading partner in their development process and to pursue proactively their objectives – including through implementation of public-private partnerships and cooperation with the international donors, investors, CSOs and the local community.

The PDPs set a framework for actions to be taken by each Governorate with support from the central authorities, international donors and investors. Each PDP includes a list of identified strategic objectives; and a list of identified priority areas for development (programmes). For each programme, a number of projects have been identified through workshops and consultations by the working groups (which have included community and CSO representatives) with the support from the experts.⁵⁵

As such, the PDPs provide provincial authorities with an instrument to help them: better monitor the planning and prioritisation of development actions; better monitor the progress of the reconstruction (for liberated areas); coordinate the efforts of international donors – given the limited resources of the national and provincial budgets; and better recognise what additional technical support they need. In the case of the PRPs, they additionally help direct the efforts of the provincial authorities from immediate post-conflict stabilisation toward longer-term development.

From donor/investor perspective, the PDPs are very useful documents to gain current knowledge of each Governorate and what immediate plans for projects the local authorities have. As such the PDPs provide excellent bases for donor coordination at local level.

With variations, priority areas of intervention can be grouped as follows:

1. *Public services delivery* – restoration of damaged infrastructure, enforcement of decentralisation, developing new models for sustainable delivery of public services (including new models for financing of public service provision);
2. *Economic development and job creation* – immediate job creation actions through stimulating small and micro business with micro grants and/or similar financial instruments; vocational education and training to better align labour market demand and supply, and build human capital for diversified economic development; enabling environment for small business development and attracting investments; natural resource protection – including sustainable and rationalised use of resources; full and sustainable capitalisation on available resources and assets to support inclusive, territorially balanced, diversified and sustainable economic development;
3. *Community development* – support to vulnerable groups (youth, women, IDPs, people with disabilities, etc.); peace-building actions; awareness raising and other actions aimed at enhancing safety, inclusion and cohesion within communities.

⁵⁵ For some of PDS projects, the governorates have already developed action plans which need to be developed further.

One of the main achievements in the PDPs is that they include also measures addressing improvements of the economic and social environment (not only infrastructure). There is an attempt in all PDPs developed under LADP II to balance between infrastructure, socio-economic impact and institution building of the governorate administration. This allows the implementation to start immediately and adequately.

In addition, the 3 KRI Governorates that become the first Iraqi Governorates members of the EU Covenant of Mayors, developed **Sustainable Energy Action Plans** (SEAPs).

The SEAPs respond to the increased pressure on urban and energy systems from population growth, urbanisation, influx of refugees and IDPs – in the context of limited financial resources. As such, the SEAPs address environmental protection and climate action (CO₂ and greenhouse emission reduction), energy efficiency, energy saving and optimal use of natural and financial resources, as well as green solutions for priority infrastructure and public services. The SEAPs envision actions in four areas: urban transport, residential buildings, tertiary sector buildings and public lighting. Identified projects relate mainly to energy efficiency in buildings, sustainable use of resources (not only energy but also water, waste, fuel, etc.) and renewable sources of energy. Each SEAP includes 5 priority projects fiches.

The three SEAPs share similarities – especially as regards the planned actions and priority fiches; and most of the projects foreseen require the involvement of the KRG. This allows for the priority projects to be addressed also at the regional level in the KRI. Additionally, while all SEAPs foresee green procurement, they allow to start implementing the drafted and adopted Green building code⁵⁶ developed by UN-Habitat and UNDP in cooperation with the KRG.

4.2.3 Complementarity to reconstruction and development efforts in Iraq

This Action is complementary to the overall efforts of development actors toward reconstruction and economic development in Iraq. With regard to improving the coordination of development actions (O.1.2.) at national and international level, the goal is primarily to eliminate the overlapping and duplication of donor support, in order to support the efficient recovery and synchronised pursuit of development goals embedded in NDP 2018-2022.

4.2.4 Follow up and evaluation

With respect to each activity, there will be ongoing monitoring. Given that a number of grant schemes will be employed, grant monitoring and verification activities will be ensured (e.g. under O.1.4).

Along with independent monitors contracted by the UNDP and UN Habitat team, PMU, EU local authorities, EU CSO associations and civil society (through CSO-led monitoring practices and also as part of Local Steering Committees) will also be involved in the monitoring of activities. This will ensure transparency and accountability and allow continued and adequate consistency between what is agreed upon in a consultative way, what is implemented and the actual needs to be met.

4.2.5 Stakeholder attitudes

Among the main beneficiary institutions (local and national authorities), the level of commitment to and interest in this Action is high – at both central and governorate levels. Appreciation for the work under LADP II has been expressed in various forms – above all, through official requests for extension of the LADP II programme by MoP and the Governorates. Following the experience of planning under LADP II, there is high engagement of the administrations, a very high level of ownership of outputs at the local level, and readiness to mobilise resources for implementation of the developed plans, including the development of capacity for fundraising in this regard through own revenues and donor coordination.

CSOs and community actors have been actively involved in the development of the strategic plans – as members of Steering Committees or of Working Groups working on specific set of issues (economic, social, infrastructure, services). As such, they have advanced the concerns of the groups they represent

⁵⁶ Including building regulation and 6 building codes developed under the UNDP-financed project *establishing a Building Control Regime for the Kurdistan Region of Iraq*. As part of the building code, an Energy Efficiency code has been proposed as part of the Building code for KRI. This regulation is not yet adopted by the KRG, but the functional requirements related to energy efficiency could be applied through enforcement of rules and regulations at the local level.

– and these have informed the development of the PDPs. All have expressed enthusiasm as to when the plans will be implemented.

As a cross-cutting issue, we will work with the most vulnerable and disenfranchised groups – particularly women and youth. The loss of development due to inequality is particularly pronounced for women and youth in Iraq. Young women are the biggest victims of systematic shortage of good governance, service provision and violence. Especially in the post-IS context, both these groups experience trauma and disconnect from the development process – while both are central to community stabilisation and sustainable socio-economic development in the long run. Therefore, this Action will specifically support projects that address the concerns and problems of vulnerable groups and advance their socio-economic inclusion.

4.3 Main activities

Taking into account a community-development approach that cultivates social, economic, political, cultural and environmental conditions needed for the community to thrive, work begins by: (a) creating space for dialogue (O.1.4.) that helps the community re-narrate its story by asking critical questions about the status quo; (b) helping generate domestic resources (O.1.3.); (c) funding development actions and leveraging more funding (O.2.1. and O.2.2.).

In such manner, the Action addresses post-IS multi-layered crises in Iraq with priority activities sustaining the efforts of many and fragmented donors’ interventions aiming at stabilising the country in a systematic way.

SO1: Selected Governorates are able to manage effectively and transparently local government systems and public services

ACTIVITY 1.1. Decentralisation of powers from central to local authorities – Law 21

- 1.1.1. Gap assessment and gap plugging recommendations and actions in the ongoing process of decentralisation

Decentralised services and functions will be mapped and assessed against the expected end results in terms of quality and quantity as well as capacity of the administration to deliver them. Recommendations and mitigation measures will be developed for plugging the gaps identified. As a result of the latter the following sub-activities 1.1.2.–1.1.5. will be implemented.

- 1.1.2. Provision of tailored support to already decentralized local departments in assuming the functions
- 1.1.3. Coaching, mentoring and training of staff
- 1.1.4. Provision of recommendations for improvement of implementing rules and procedures
- 1.1.5. Dialogue and coordination with relevant central and regional government authorities;
- 1.1.6. Localisation of some of the relevant to the project SDGs.

This activity will be implemented through cooperation agreements with EU local authorities (Peer to Peer). EU local authorities will be selected through expression of interest and agree on scope of work with individual governorate. Based on these agreements the above activities will be performed and knowledge and experience will be transferred to Governorates.

ACTIVITY 1.2. Donor coordination

To ensure effective coordination among multiple donors in good governance in the country, institutionalised coordination mechanism will be established with the following steps:

- 1.2.1. Establishment of donor coordination mechanism at national, regional and Governorate level with appropriate set up and framework
- 1.2.2. Mapping all actions/ interventions at local level
- 1.2.3. Involving all stakeholders at local level
- 1.2.4. Ensuring complementarity and avoiding overlapping of activities

1.2.5. Ensuring coordination with centralised mechanisms of donor coordination as well as other Governorates with potential for clustering

1.2.6. Establishing a data base of who does what where.

The mechanism aims at involving all donors that will chair the forum on rotating principle. The Forum is expected to be capacitated, and the GoI Ministry of Planning, KRI Ministry of Planning and Governorates are expected to take over, continue and sustain the coordination after project life span.

ACTIVITY 1.3. Revenue generation and Management of Local Assets

The proposed intervention builds upon the assessments, diagnostics and training work conducted during LADP II on local finance and revenue generation in 4 towns of southern Iraq. The purpose of this follow-up activity is to improve the local authorities' capacity to leverage local assets, real estate and resources with the purpose to fund better provision of services, and enhance accountability. The Action will pilot the adoption of a modern collection system for service fees, waste collection and utilities bills in selected towns of the governorates of Thi-Qar, Missan, Basra, Erbil and Dohuk. This will ultimately result in more efficient payment processes and reduced opportunities for misappropriation of funds.

1.3.1. Performance-based revenue's assessment mechanisms

Performance indicators are an important tool for assessing and measuring efficiency and effectiveness in generating and using resources and for holding governments accountable for performance. They can be used to compare, monitor and evaluate service delivery and to ensure that sub-national authorities achieve national objectives and priorities.

1.3.2. Training of local authorities' employees on revenue generation

Training will focus on improving citizen outreach initiatives, the setup of a good information system and mapping of assets, improving staff motivation and public perception, encouraging the write up of clear SOPs, managing caseloads of defaulters, and preparing reports and dashboards.

1.3.3. Piloting of revenue generation systems at local level in 5 Governorates

(a) Developing an electronic Property, Residency and Enterprises Database using customised software and applications, and (b) Setting up an ArcGIS online geo-coded street mapping system to register residents and businesses in the identified pilot areas.

1.3.4. Piloting cashless billing systems for payments of utility fees, rental of public property and commercial taxes

The electronic databases will be setup within each governorate and staff mentored on-the-job. Cashless payments will rely on Iraqi phone operators that offer "mobile wallets" or ATM machines set up by local banks that allow the payment of bills.

ACTIVITY 1.4. CSOs facilitating dialogue between local authorities and civil society

Local CSOs will receive small grants to implement projects at local level focusing on public consultations, participation in decision making and development of local policies and programs. The process will be supported by identified EU platform/association, and CSOs will receive coaching and mentoring on how to improve their work.

1.4.1. Set up of sub-granting mechanism for CSOs

The CSOs will be able to apply under call for proposals against a set of criteria. The projects to be financed will be selected by an evaluation panel.

1.4.2. Implement civil society small grant projects

The implementation of the projects will be monitored by the EU platform/association and all payments will be subject to satisfactory monitoring reports.

1.4.3. Set-up of participatory initiatives such as youth parliaments, gender mainstreaming in policy development and vulnerable groups inclusion

1.4.4. Set up of CSO-led "monitoring practices" for local policy and development actions

- 1.4.5. Set up of platform for exchanges of CSOs best practices in local development, strengthening CSOs capacity in advocacy and fundraising.

SO2: Economic growth and job opportunities, with special focus on green projects involving youth and women; have increased in selected Governorates

ACTIVITY 2.1. Local development projects implementing priority actions deriving from Provincial Development Plans (PDPs) and Sustainable Energy Action Plans (SEAPs)

- 2.1.1. Develop a transparent selection procedure
- 2.1.2. Establish Local Steering Committees

New LSC will be established only in the Governorates that do not have such formed in the course of the previous LADP II programme.

- 2.1.3. Establish independent evaluation panels (composed by representatives of EU Delegation's Cooperation section, UNDP and independent experts)
- 2.1.4. Build the capacity of local authorities to develop and implement operations, including fostering their project management capabilities (Article 34(3)(a) CPR) with support of the established Programme Management Unit and/or Peers in place
- 2.1.5. Define a set of selection criteria: The final set of criteria will be developed in a consultative way. The eligibility criteria may include that projects must: deriving from the top 3-5 priorities of a the local strategic plans; translating those priorities into practical actions; co-financing and/or commitment to continue after the project life span; easy to scale up and replicate; potential for clustering; capacity to attract volunteers; using EU-integrated sectorial approach - promoting economic growth, social cohesion and trust among local communities; developing innovative and knowledge-based local economy; generating sustainable jobs; investing in youth and women; introducing green technologies, infrastructure, ecosystem services, use of sustainable and/or renewable energy sources and climate adaptation and climate mitigation measures.
- 2.1.6. Selection of projects
- 2.1.7. Set up independent monitoring and evaluation mechanism (payments will be subject to monitoring reports)
- 2.1.8. Implementation of projects
- 2.1.9. Evaluation
- 2.1.10. Visibility – every project will have own communication plan, results will be broadly published and short videos of each project will compose a documentary of the whole intervention.

ACTIVITY 2.2. Piloting of mechanism aimed at mobilising additional funding

- 2.2.1. Establish Project Management Unit (PMU) with capacity to develop high quality of projects for multiple donors, including IFIs
- 2.2.2. Explore potential cooperation and partnership with financial institutions to leverage additional funding for prioritized investment projects
- 2.2.3. Provide the necessary technical assistance and expertise to prepare projects
- 2.2.4. Build local capacity to develop, manage and monitor projects.

SO3: Living conditions in conflict areas have improved and returnees are assisted

ACTIVITY 3.1. Damaged houses and public facilities rehabilitated in post conflict areas, in line with the 2018 PRPs

Urban recovery actions will respond to the priorities defined by the PRPs and will be capitalising on LADP-EU's *Ramadi Urban Recovery and Development Plan* and UN-Habitat's *Strategic Planning for the Reconstruction of Mosul* initiative, as well as the damage assessments and multi-sectorial GIS mapping UN-Habitat has initiated in Mosul in 2016 and since then extended to a dozen of other Iraqi

towns in newly-liberated areas, and the data emerging from the *Reconstruction, Recovery and Resilience Platform* established in early 2018 in MoP. UN-Habitat will also take advantage of the experience it has gained during its extensive housing recovery projects conducted in the towns of Mosul, Ramadi, Falluja, Shamal (Snuni), Sinjar, Bartilla and surrounding smaller urban centre

The programme will be focusing on Mosul and 4 smaller towns located along key development corridors between Mosul and Baghdad, such as Baiji and Heet, where it will orient targeted interventions that are in line with the country's *NDP 2018-2022* and *PRPs*, and where they would have a catalyst multi-sectoral impact beyond the boundaries of each urban 'node', on to their inter-connected rural hinterland.

In line with the priority projects listed by the PRPs developed under LADP II, and with the objective of optimising the impact of recovery investments, the emphasis of the local projects will be on rebuilding of housing, secondary infrastructure, public facilities, amenities and livelihoods vital for the healing of communities affected by violence and physical destruction.

3.1.1. Support local authorities to enhance area-based identification of needs

In line with the HRP 2018 and in coordination with community members and the local municipal authorities, the team will identify and select war damaged **houses** to be repaired and rehabilitated based upon 2 main criteria: (1) the degree of physical damage, based upon the categorisation endorsed by the Shelter Cluster in Iraq (see Appendix 2 at the end of this document); and (2) the vulnerability of the beneficiaries according to the criteria endorsed by the Protection Cluster and the local authorities.

Beneficiaries will be identified through an assessment which includes **socio-economic criteria**, and results in the selection of highly vulnerable families unable to undertake repairs without assistance. Not undertaking and communicating this fundamental step risks creating tensions between, and within communities, with families not selected for emergency shelter repairs.

3.1.2. Implement physical and rehabilitation projects of housing, upgrading of community infrastructure and public spaces based on "planning back better" methodology

Within each target area, the Action will seek the integration of housing, infrastructure, services and open spaces. Local authorities and communities will be forming a **Steering Committee** that will be consulted to identify areas of needs within each targeted town. The Committee will be identifying a **small public facility** and/or **secondary infrastructure**⁵⁷ still damaged or in severe need of upgrading/safety improvements. Area-based interventions will also include the upgrading and transformation of selected **open spaces**. International practice shows how good quality public spaces enhance community cohesion and promote social interaction, healthy activities, pleasure, and well-being for all citizens as well as fostering investment, economic development and environmental sustainability. Well-designed and managed public spaces and streets are a key asset for a city's liveability and economy.

Rehabilitation and upgrading works will be implemented through **local contractors and/or NGOs**, engaged in adherence to UN-compliant procurement policies and procedures, which entails the issuance of competitive construction tenders. A team of UN-Habitat engineers will be engaged on site throughout the project, conducting field and feasibility assessments, supervising the rehabilitation activities and running the final inspection before the hand-over of the rehabilitated houses to their owners. Their constant presence will ensure the high quality of the work conducted.

Contractors will be encouraged to hire workmanship from the targeted town/city. Linkages will be made with the Ministry of Labour and Social Affairs (MoLSA) to encourage the recruitment of Youth apprentices from its **Technical and Vocational Education and Training (TVET)** Programme, particularly those that have undertaken training in the construction sector.

The Action will establish local investment priorities and select impact-oriented projects linked to identified needs of citizens and opportunities, in a context where local development plans often amount to little more than non-prioritised "shopping lists" of construction projects and equipment rarely discussed in public fora. Area-based consultations and recovery programming intends to empower communities and local authorities to identify needs and priorities to better manage their recovery, in line with city-wide plans and policies.

⁵⁷ Secondary infrastructure includes water and electricity networks stemming from the trunk infrastructure and serving the houses. Repairs may include the substitution of extension cables/pipes, junction boxes, pipe intersections.

- 3.1.3. Support the introduction of more appropriate construction materials; engaging youth in reconstruction activities

The Action will be promoting **passive building and improved weatherisation designs** that aim to maintain a comfortable temperature range in the home. This will include attentive consideration of window placements and sizes, glazing type, thermal mass, shading devices and overhangs, orientation of rooms, the use of reflective exterior colour, and the adoption of materials that provide a better insulation. The involvement of youth in the adaptation or “retrofitting” of existing buildings using more sustainable building techniques and designs will positively influence future generations of builders and designers.

- 3.1.4. EU Visibility

ACTIVITY 3.2. On-the-job vocational training delivered and jobs for youth created in line with greener and safer construction technologies

- 3.2.1. Set up of vocational training modules for skilled and unskilled labourers in the emerging construction sector

Contractors will be required to employ skilled and unskilled labourers from the area – unemployed youth in particular – who will undergo on-the-job vocational training to provided them the necessary construction and rehabilitation skills. This will empower the community members both socially and economically, and increase community ownership, which is the key to peaceful recovery and resilience.

- 3.2.2. Promotion of building innovation to improve construction quality

Aside from the promoting passive building and improved weatherisation designs (3.1.3), the Action will be promoting the adoption of greener technology in brick production, the reuse of materials (including debris) for porous paving, green roofs, green walls, landscaping, ecosystem-based rainwater collection/water reuse systems, solar panel water heaters etc.;

- 3.2.3. Development of curriculum and courses on building innovation, passive thermal performances and green technology

A new curriculum will be developed in partnership with the University of Mosul to reflect and “ground” in the academia the efforts depicted in 3.1.3 and 3.2.2, in parallel to the implementation of awareness campaigns on greener technologies in housing and reconstruction (e.g. competitions among youth).

- 3.2.4. EU Visibility

4.4 Action Plan

The Action Plan for the first 12 months of implementation is detailed so as to give an overview of the preparation and implementation of each activity. The Action Plan for each of the subsequent years lists the main activities proposed for those years; it is divided into six-month periods.

YEAR 1														Implementing body
Activity	Half-year 1						Half-year 2							
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12		
1.1.	Decentralisation of powers from central to local authorities – Law 21													
1.1.1.	Gap assessment and gap plugging recommendations and actions												UNDP	
1.1.2.	Provision of tailored support to decentralised local departments in assuming the functions												UNDP	
1.1.3.	Mapping of functions and recommendations												UNDP	
1.1.4.	Coaching, mentoring, training of staff												UNDP	
1.1.5.	Recommendations for improvement of implementing rules and procedures												UNDP	
1.1.6.	Ensuring dialogue and coordination with relevant central and regional gov. authorities												UNDP	
1.1.7.	Localisation of some relevant to the project SDGs													
1.2.	Donor coordination													
1.2.1.	Establishment of donor coordination mechanism at national, regional and Gov level												UNDP/UN-Habitat	
1.2.2.	Mapping all actions/interventions at local level												UNDP/UN-Habitat	
1.2.3.	Involving all stakeholders at local level												UNDP/UN-Habitat	
1.2.4.	Ensuring complementarity and avoiding overlapping of activities												UNDP/UN-Habitat	
1.2.5.	Ensuring coordination with centralised mechanisms of donor coordination												UNDP/UN-Habitat	
1.2.6.	Establishing a database of who does what where												UNDP/UN-Habitat	
1.3.	Revenue generation and Management of Local Assets													
1.3.1.	Performance-based revenue assessment mechanisms												UN-Habitat	
1.3.2.	Training of local authorities' employees on revenue generation												UN-Habitat	
1.3.3.	Piloting of revenue generation systems at local level in 5 Governorates												UN-Habitat	
1.3.4.	Piloting of cashless billing systems												UN-Habitat	
1.4.	CSOs facilitating dialogue between local authorities and civil society													
1.4.1.	Set up of sub-granting mechanism for CSOs												UNDP	
1.4.2.	Implementation of civil society small grant projects												UNDP	
1.4.3.	Set up of participatory initiatives												UNDP	
1.4.4.	Set up of CSO-led "monitoring practices" for local policy and development actions												UNDP	
1.4.5.	Set up of platform for exchanges of CSOs best practices, strengthening CSOs capacity												UNDP	
2.1.	Local development projects implementing priority actions deriving from PDPs and SEAPs													
2.1.1.	Development of transparent selection procedure												UNDP	
2.1.2.	Establishment of Local Steering Committees												UNDP	
2.1.3.	Establishment of independent selection panels												UNDP	
2.1.4.	Build the capacity of local authorities to develop and implement operations												UNDP	

YEAR 1														
Activity		Half-year 1						Half-year 2						Implementing body
		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
2.1.5.	Definition of a set of selection criteria in a consultative way													UNDP
2.1.6.	Selection of projects													UNDP
2.1.7.	Set up of independent monitoring and evaluation mechanism													UNDP
2.1.8.	Implementation of projects													UNDP
2.1.9.	Evaluation													UNDP
2.1.10.	EU Visibility													UNDP
2.2.	Piloting of mechanism aimed at mobilising additional funding													
2.2.1.	Exploring potential cooperation and partnership with financial institutions													UNDP
2.2.2.	Provision of the necessary technical assistance and expertise to prepare projects													UNDP
2.2.3.	Building of local capacity to develop, manage and monitor projects													UNDP
3.1.	Damaged houses and public facilities rehabilitated in post-conflict areas, in line with the 2018 PRPs													
3.1.1.	Support to local authorities to enhance area-based identification of needs													UN-Habitat
3.1.2.	Rehabilitation of housing, public spaces & community infrastructure													UN-Habitat
3.1.3.	Introduction of more appropriate construction materials; engaging youth													UN-Habitat
3.1.4.	EU Visibility													UN-Habitat
3.2.	On-the-job vocational training delivered and jobs for youth created in line with greener and safer construction technologies													
3.2.1.	Set up of vocational training modules for skilled and unskilled labourers													UN-Habitat
3.2.2.	Promotion of building innovation to improve construction quality													UN-Habitat
3.2.3.	Development of curriculum and courses on building innovation													UN-Habitat
3.2.4.	EU Visibility													

Activity		YEAR 2		YEAR 3		YEAR 4		YEAR 5		Implementing body
		3	4	5	6	7	8	9	10	
1.1.	Decentralisation of powers from central to local authorities – Law 21									
1.1.1.	Gap assessment and gap plugging recommendations and actions									UNDP
1.1.2.	Provision of tailored support to decentralised local departments in assuming the functions									UNDP
1.1.3.	Mapping of functions and recommendations									UNDP
1.1.4.	Coaching, mentoring, training of staff									UNDP
1.1.5.	Recommendations for improvement of implementing rules and procedures									UNDP
1.1.6.	Ensuring dialogue and coordination with relevant central and regional gov authorities									UNDP
1.1.7.	Localisation of some relevant to the project SDGs									
1.2.	Donor coordination									
1.2.1.	Establishment of donor coordination mechanism at national, regional and Gov level									UNDP/UN-Habitat
1.2.2.	Mapping all actions/interventions at local level									UNDP/UN-Habitat
1.2.3.	Involving all stakeholders at local level									UNDP/UN-Habitat
1.2.4.	Ensuring complementarity and avoiding overlapping of activities									UNDP/UN-Habitat
1.2.5.	Ensuring coordination with centralised mechanisms of donor coordination									UNDP/UN-Habitat
1.2.6.	Establishing a database of who does what where									UNDP/UN-Habitat
1.3.	Revenue generation and Management of Local Assets									
1.3.1.	Performance-based revenue assessment mechanisms									UN-Habitat
1.3.2.	Training of local authorities' employees on revenue generation									UN-Habitat
1.3.3.	Piloting of revenue generation systems at local level in 5 Governorates									UN-Habitat
1.3.4.	Piloting of cashless billing systems									UN-Habitat
1.4.	CSOs facilitating dialogue between local authorities and civil society									
1.4.1.	Set up of sub-granting mechanism for CSOs									UNDP
1.4.2.	Implementation of civil society small grant projects									UNDP
1.4.3.	Set up of participatory initiatives									UNDP
1.4.4.	Set up of CSO-led "monitoring practices" for local policy and development actions									UNDP
1.4.5.	Set up of platform for exchanges of CSOs best practices & strengthening CSOs capacity									UNDP
2.1.	Local development projects implementing priority actions deriving from PDPs and SEAPs									
2.1.1.	Development of transparent selection procedure									UNDP
2.1.2.	Establishment of Local Steering Committees									UNDP
2.1.3.	Establishment of independent selection panels									UNDP
2.1.4.	Build the capacity of local authorities to develop and implement operations									UNDP
2.1.5.	Definition of a set of selection criteria in a consultative way									UNDP
2.1.6.	Selection of projects									UNDP
2.1.7.	Set up of independent monitoring and evaluation mechanism									UNDP
2.1.8.	Implementation of projects									UNDP
2.1.9.	Evaluation									UNDP
2.1.10.	EU Visibility									UNDP

Activity		YEAR 2		YEAR 3		YEAR 4		YEAR 5		Implementing body
		3	4	5	6	7	8	9	10	
2.2.	Piloting a mechanism aimed at mobilising additional funding									
2.2.1.	Exploring potential cooperation and partnership with financial institutions									UNDP
2.2.2.	Provision of the necessary technical assistance and expertise to prepare projects									UNDP
2.2.3.	Building of local capacity to develop, manage and monitor projects									UNDP
3.1.	Damaged houses and public facilities rehabilitated in post-conflict areas, in line with the 2018 PRPs									
3.1.1.	Support to local authorities to enhance area-based identification of needs									UN-Habitat
3.1.2.	Rehabilitation of housing, public spaces, upgrading of community infrastructure									UN-Habitat
3.1.3.	Introduction of more appropriate construction materials; engaging youth in reconstruction									UN-Habitat
3.1.4.	EU Visibility									
3.2.	On-the-job vocational training delivered and jobs for youth created in line with greener and safer construction technologies									
3.2.1.	Set up of vocational training modules for skilled and unskilled labourers									UN-Habitat
3.2.2.	Promotion of building innovation to improve construction quality									UN-Habitat
3.2.3.	Development of curriculum and courses on building innovation									UN-Habitat
3.2.4.	EU Visibility									UN-Habitat

4.5 Sustainability of the Action

4.5.1 Expected impact

As per the overall objective of the Action, the stability and socio-economic development in Iraq will be improved. Specifically, the Action will contribute to the progressive achievement of SDG 11 (improved water source access in urban areas). It is expected that it will also help increase access to improved water and sanitation (SDG 6), reduce CO2 emissions from fuel combustion /electricity output (SDG 7), reduce energy-related CO2 emissions (SDG 13), reduce unemployment (SDG 8), and raise female participation in the workforce (SDG 5).

In the course of implementation, a number of specific community-level impacts are expected as well. E.g. by 2021, the Local Human Development Index in target governorates is expected to increase by 10%; citizen confidence in local government at governorate level is expected to increase by 10%; the share of youth with skills developed for green economy sectors (through on-the-job training as well as vocational training) is expected to increase. Very centrally, the involvement of civil society in the local development process is expected to increase – with at least 1 annual public consultation on local development priorities organised in each Governorate: which is representative of increased representation and inclusion of vulnerable groups in local development.

At the same time, the resources available to Governorates to meet the current and expected needs of local communities should significantly increase – through own revenues and improved donor coordination; while the capacity at Governorate-level to prioritise, develop, manage, and evaluate development projects is also increased – as is the quality and level of coordination between local authorities (including at the regional level) and between local and central authorities.

A number of specific quantifiable impacts are given in detail in the Logframe Matrix below (Appendix), where baseline vs. target values are specified for indicators as far as possible at this time.

4.5.2 Transfer of skills and knowledge

The Action results – specifically the way projects are financed, including revenue generation and donor coordination – are intended to drive processes, which become embedded in national structures and donor coordination led by MoP. The work with CSOs and public participation is intended to result in structures and processes that allow such work to go on at the local level after the end of the Action. Through the mechanisms piloted for donor coordination, developed partnerships are intended to be adopted by donors and local authorities. All these aspects should advance the decentralisation process in the country. The pilot actions, innovative mechanism introduced, learning-by-doing work with the administration, and guidelines prepared for all stages of local development (planning, project development, fundraising, implementation, evaluation) should allow all these processes to be institutionalised – so that ultimately MoP and Governorates have own capacity and effective framework to prioritise, formulate, apply for funding and coordinate the implementation of future projects.

4.5.3 Means to ensure ownership and sustainability

Together with LADP II, this Action completes the entire cycle – from planning through project development, fundraising, implementation, evaluation, and back to planning again (see the Figure below). Sustainability of the Action – as well as the entire work under LADP so far – requires that this full cycle be integrated in the processes and work of the local and national authorities. Such integration will also ensure the systematic, productive and targeted coordination of donors' interventions in the future – while eventually, this same process can facilitate the targeted coordination of investments for local area development.

Financial sustainability. Sustained development requires that Governorates have the financial means for the completion of development projects – from own revenues (methods piloted under 1.3 Revenue generation), as well as from donor coordination (methods piloted under 1.2 Donor coordination). Financial sustainability will be in place, if local authorities continue to find funding for development projects in the piloted ways.

Institutional sustainability. Under LADP II, *Guidelines for Strategic Planning for Local Authorities in Iraq* have been prepared and shared with local authorities and MoP – including a detailed toolbox and a section on guidance for monitoring and updating of the Strategic Plan. Additional guidelines will be prepared for each of the stages in the local area development cycle, based on the lesson learnt and results of LADP II and this Action (for project development, implementation, and evaluation). This Action will be implemented in nine Governorates (see Section 4.6. below); but within this Action, recommendations will be prepared for MoP on how to organise this entire process in all governorates, so as to best replicate and even improve actions piloted under this Action – as Guidelines and recommendations will integrate lessons learnt.

Policy-level sustainability. This Action is all about policy-level sustainability – i.e. taking the necessary steps so that MoP may apply in practice local area development (in all stages of the cycle) in all governorates and in the long run. The Action will contribute to the policy-level sustainability with regard to the practical application of financial and administrative decentralisation; all planned activities help advance the decentralisation process in practice. Taking into account the complicated situation in Iraq, it is appropriate to pilot actions in line with the existing legal framework, which promote EU best practices (as per this Action) – instead of promoting changes in the legal framework, when it is unclear how a changed legal framework will be applied after that.

Environmental sustainability. All projects financed under this Action will have a priority focus on the environment. Projects derived from SEAPs will explicitly focus on climate action and reduction of CO₂ emissions. For projects based on PDPs, priority funding will be provided to ones that envision resource protection and resource conservation: e.g. projects with regard to restoration/protection of the marshes, introduction of technologies and methods that prevent water loss and water/soil pollution/degradation in agriculture, introduction of renewable and sustainable energy solutions, projects that include elements of circular and carbon economy, etc. In conflict-affected areas, reconstruction of built environment projects will be based on the “build back better” methodology – i.e. each construction project financed, too, will also include the introduction of green infrastructure, ecosystem services, the use of sustainable and/or renewable energy sources, and climate adaptation/mitigation measures.

4.5.4 Preconditions for sustainability

The main preconditions for sustainability of results during and after the implementation phase are, above all, the peaceful living together in the areas targeted under this Action, as well as a certain level of security and the effective use of donor support. Already our methodology (see Section 4.2 above) entails and drives the preconditions for sustainability – i.e. participation, inclusion, ownership, high engagement of the administrations. At the level of activities, the top determinant of sustainability of results is the sustainable increase in the capacity of administrations for planning and implementation of projects – including revenue generation, effective donor coordination, and adequate legal framework within which local authorities can operate with these funds. In this sense, the sustainability of results requires that the mechanisms created and piloted for implementation and monitoring of local economic development projects be adopted by local authorities.

4.6 Intervention logic

4.6.1 Meeting the SDGs challenge

When the 193 Member States of the United Nations adopted the forward-looking and transformative *2030 Sustainable Development Agenda* and its **17 Sustainable Development Goals** in 2015, they recognised that countries and the international community—including the UN itself—would have to adopt major changes and reforms if the far-reaching Goals were ever to be achieved. The 2030 Agenda is an imperative for change. Its soaring ambition—to ensure peace and prosperity for all on a healthy planet—requires equally bold changes across the United Nations.⁵⁸

In responding to the General Assembly guidance for the repositioning of the UN to enhance its cohesion and maximise its capacities and capabilities to help countries achieve the SDGs, UN Secretary-General António Guterres has presented an ambitious package of proposals through two consecutive reports in

⁵⁸ United Nations (2018). “Delivering on the 2030 Agenda: Development System Repositioning”.

June and December 2017, anchored in three guiding principles: (1) *reinforcing national ownership*; (2) *developing country-contextual responses*; and (3) *ensuring effective delivery of development results on the ground*. The repositioning of the UN development system will ensure the system can provide the assistance that countries are asking for—and that people need—in the most effective and efficient possible manner.

4.6.2 Addressing local and context-specific priorities

This Action intends to **develop a systemic way to address local development priorities** in post-IS Iraq by:

- a) further consolidating the EU-funded LADP institution-building activities and preserving the momentum generated with Governorates' administration actively involved in a participatory process of development and planning;
- b) Reinforcing government ownership, and
- c) Building upon stabilisation activities in the liberated areas.

The Action will be implemented in 9 Governorates, selected on the basis of the following criteria:

1. Balance among Shia-dominated **Basra, Missan, Thi-Qar**, Sunni-dominated (newly liberated) **Anbar, Nineveh** and **Salah al-Din**, and Kurdish dominated provinces – **Duhok, Erbil** and **Suleimaniah**;
2. High needs and impact potential;
3. Local government commitment to project concept;
4. Sustainability and scaling up of the previous LADP II project.⁵⁹ **Local authorities will be assisted in better addressing the complex interconnections between rapid urbanisation challenges**, unmet citizens' needs and unresolved grievances that often lead to social tensions – particularly in the newly liberated areas.

Based on the approved PDS/PRPs, the Action will support the selected governorates to **prioritise**, prepare and **implement key priority projects which will foster socio-economic and environmental development**. These will contain concrete and clear actions with already defined priorities. The projects will be selected on the basis of set of criteria and the implementation of the Actions is subject to approval of Local Steering Committees (established in each Governorate by the previous LADP II).

The initial set of criteria for the selection of projects includes:

1. They address the top 5 priorities of the approved provincial development plans;
2. They aim to translate priorities into practical actions;
3. They promote economic growth, social cohesion and trust among local communities;
4. They contribute to developing innovative and knowledge-based local economy;
5. They generate sustainable jobs;
6. They include investment in human capital – mainly youth and women;
7. Introducing green infrastructure; eco-system services (i.e. protecting forestry, biodiversity, reduce water and soil pollution); sustainable and renewable energy sources; introducing climate adaptation and climate mitigation measures;
8. Introducing services for local economic development. Priority will be given to innovative projects with high strong social benefits and economic potential, generating sustainable jobs and with potentiality of replicability.

Most of the foreseen interventions build upon the results of LADP II. In more detail, this new action benefits from the PDSs and PRPs developed under it, which are in essence comprehensive development plans for each governorate.⁶⁰ Both PDSs and PRPs follow a holistic developmental philosophy covering

⁵⁹ Only Thi-Qar, among the selected Governorates was not covered by the previous LADP II.

⁶⁰ Provincial development plans are called Provincial Response Plans (PRPs) in conflict-affected Governorates and Provincial Development Strategies (PDSs) in non-conflict affected ones.

a broad spectrum of socio-economic issues ranging from reintegration of IDPs and intercommunity dialogue to infrastructure rehabilitation and upgrade.

During this phase, **participatory processes will be promoted so that selected impact-oriented projects are effectively linked to identified needs of citizens and opportunities.** Different forms of participatory activities, ranging from public consultation on local development priorities, providing feedback and monitoring local government's actions will **empower communities** and local authorities to identify needs and priorities to better manage their recovery, in line with city-wide plans and policies.

Strengthening of **local accountability is critical** in improving the service delivery performance of the Governorates, as it strengthens the social contract between the citizens and the State, as well as between the state and service providers. In Iraq, accountability encompasses relationships between the citizens and the Provincial Government, between the Provincial Government and the Central Government. Therefore, strengthening service delivery at the governorate level through the government's decentralisation programme requires the development of specific capacity to redefine and strengthen these accountability relationships. In this sense, the support provided by LADP II to the preparation of PDPs has offered a unique opportunity to enhance local accountability and potentially improve service delivery. The Investment Budget for the PDPs is the only budget over which the provincial Governor and Provincial Council have discretionary authority with regard to the selection of projects for budgetary funding.⁶¹ The devolution of decision making enables the Governorates to respond to local service delivery and development requirements in a more timely and effective manner.

Governorates' ownership of the content and priorities will be an important aspect of the implementation. Lack of understanding of the role and mandate as well as limited capacity would prevent them from translating the policies into practical solutions as well as initiate business-friendly environment. By implementing some priority projects, **new approaches and innovative models for social-economic development will be piloted.** They would constitute the base for development of more complex investment programmes (pipeline of future projects) that would potentially attract funding from international financial institutions (IFIs) through the provision of concessional loans and other financial instruments. **Enhancing synergies by the setup of a mechanism with IFIs and a Peer-to-Peer decentralised cooperation scheme with European local authorities** will further support local capacity development. Work with IFIs will provide an insight on private sector development whereas such decentralised cooperation with EU municipalities will enhance know how in structuring and optimising the work and capacity of Iraqi local authorities.

In the **conflict-affected areas**, a **tailored approach** will be ensured given the current context of competing and urgent reconstruction needs and identified criticalities from the point of view of national reconciliation and peacebuilding. The Action will **ensure that reconstruction efforts do not further contribute to the polarisation of growth**, impoverishment of neglected districts and disenfranchisement of youth and minorities living in or returning to the destroyed rural areas. **Aside from implementing local projects in Mosul, the programme will be focusing on smaller towns located along key development corridors between Mosul and Baghdad**, where reconstruction actors can channel strategic recovery efforts and targeted investment programmes in line with the country's NDP. This aims at ensuring that projects have a catalyst multi-sectoral impact beyond the boundaries of each urban 'node', onto their inter-connected rural hinterland. The emphasis will be put on local projects enhancing **provision of services and maximising the participation of citizens and in projects rebuilding secondary infrastructure, housing and public facilities** in those Governorates afflicted by the conflict.

As mentioned earlier, the housing and facilities to be rehabilitated are selected in coordination with community members and the local authorities, based on the combination of two main criteria: (a) the degree of physical damage, identified through field assessment based on the categorisation endorsed by the Shelter Cluster in Iraq; and (b) the vulnerability of the beneficiaries based on the vulnerability assessment criteria endorsed by the Protection Cluster and the local authorities. Contractors involved in the reconstruction will be required to employ skilled and unskilled labourers from the area – unemployed youth in particular – who will undergo on-the-job vocational training to provide them the necessary

⁶¹ World Bank (2016). Decentralisation and subnational service delivery in Iraq: Status and way forward; p. vi

construction and rehabilitation skills. This will empower the community members both socially and economically, and increase community ownership, which is the key to peaceful recovery and resilience.

In line with Principle 4 of the *Sendai Framework for Disaster Risk Reduction*,⁶² the focus will be on “**building back better**” in recovery, rehabilitation, reconstruction and selected environmental actions promoted by this programme. This priority provides an important premise for the selected local projects to implement recovery in a transformative manner that reduces risks and builds resilience and encourages local administrations and citizens to make the most of scarce resources. The concept of ‘Build Back Better’ is not only about upgrading infrastructure with disaster-resilient construction technologies, but it also focuses on introducing stronger governance systems responding to local needs, better basics services, improved building standards, diversified livelihoods opportunities through economic revitalisation, and better quality of life for citizens – particularly the most vulnerable.

In the case of Iraq, the *building back better* approach will include efforts to introduce and promote the adoption of: (1) green infrastructure (e.g. green roofs, green walls, ecosystem-based rainwater collection/water reuse systems); (2) ecosystem services (e.g. programmes to protect and enhance forestry, biodiversity, to reduce water or soil pollution); (3) the use of sustainable and/or renewable energy sources; (4) climate adaptation and climate mitigation measures.

5 IMPLEMENTATION

5.1 Implementation period

The implementation period of this Action – during which time the activities described in Section 4.1 will be carried out and the corresponding contracts and agreements implemented – is 60 months.

5.2 Implementation modalities

This action will be implemented by UNDP in cooperation with UN Habitat. The UN agencies will implement their respective programmatic and procurement rule and regulations in order to implement the activities described in the Action.

5.3 Organisational set-up and responsibilities

A Project Steering Committee will be established and composed by the Governors (from the Governorates covered by the programme), Federal Government of Iraq Ministry of Planning, Kurdistan Regional Ministry of Planning, EU Head of Delegation and EU Delegation Cooperation Section, UNDP Director, UN-Habitat Head of Agency, or their duly authorised representatives.

Local Steering Committees open to the participation of civil society, already created at the level of each Governorate by the past LADP II, will be directly involved in the monitoring of activities at their respective Governorate level.

UNDP will implement the Action from its established offices in Erbil, Basra, Baghdad, the newly-established office in Anbar, and through project officers in provinces where offices are not established.

UN-Habitat will implement its activities through its established offices in Baghdad, Erbil, Dohuk and Mosul (Basra remains to be confirmed).

5.4 Human resources and budget

The project will be implemented by UNDP in cooperation with UN Habitat and project costs are divided in 2 parts.

The project will include staff carrying out various forms of tasks including technical assistance, administration and management that are directly attributed to the implementation of the Action. It will

⁶² <https://www.unisdr.org/we/coordinate/sendai-framework>.

comprise of full-time dedicated and part time specialized project staff. The latter will be charged through direct project costs for the time spent directly attributed to the implementation of the Action.

The project office will consist of the following UNDP project staff:

- **International Project Manager:** Oversees activities and will devote 50% of his/her time to this project.
- **2 Project Officers:** Act as project managers to implement the activities – 1 in charge for the 3 South Governorates and 1 for KRI - will devote 100% of their time to this project.
- **Operations Manager:** Responsible for procurement, human resources and financial processes for the needs of the project. Responsible for the monitoring of effective delivery of administrative services to the project and managing external relations related to all operational aspects of the project. The Operations Manager will be - will devote 100% of his/her time to this project charged through direct project costs.
- **Project Associate:** supports program implementation- will devote 100% of his/her time to this project.
- **Communication Officer:** Responsible for implementation of the Communication and visibility plan in line with EU visibility guidelines, organize and implement all activities, interact with EU Delegation, media and other relevant stakeholders - will devote 100% of his/her time to this project, but will be shared between the 2 UN agencies.
- **Driver:** provides transportation services to project staff and will devote around 50% of his/her time to this project.
- **Local and International Technical Experts:** will serve the needs of establishment of PMU, development and monitoring of grant schemes, monitoring and evaluation of local projects.

and the following UN-Habitat project staff:

- **International Project Manager – Human Settlements:** Oversees activities and will devote around 100% of his/her time to this project.
- **Operations Manager:** Manages overall operations in terms for HR, procurement, finance, budgeting, travel, legal documents for the project, and relations with HQ for contracts approvals – will devote 50% of his/her time to this project.
- **Programme Associate:** In charge of overseeing the implementation and coordination of activities in 5 governorates - will devote around 100% of his/her time to this project.
- **GIS Expert:** In charge of mapping individual urban recovery projects and HLP claims in conflict-affected governorates, and supporting the revenue generation activities in 5 pilot cities - will devote around 100% of his/her time to this project.
- **2 Operations Officer and Associate:** Supporting Activities implementation by overseeing the procurement of construction and service contracts, providing Admin, HR, Finance assistance, and providing reporting support in Erbil and Baghdad - will devote 30 to 50% respectively of their time each to this project.
- **2 Local Logistics and Security Associates:** Supporting field missions of project staff in post-conflict areas from Erbil and Baghdad – will devote 25% of their time.
- **2 Drivers:** Provide transportation services to project staff in Erbil and Baghdad and will devote around 30% of their time to this project.

In implementing this project, UNDP and UN-Habitat will engage:

- **Local and international NGOs:** Locally registered organisations who will implement activities in the target governorates.
- **EU Local authorities:** Implementing peer-to-peer activities.
- **Local CSOs:** implementing grant projects.

- **Governorates:** implementing local development projects.
- **Local and international short-term Technical Experts:** Site engineers in charge of overseeing the implementation of local projects in the 5 target cities; Housing Land & Properties specialists; community liaison, survey teams, training specialists; Senior Economist providing technical support to revenue generation activity.
- **Service contractors:** translations, printing, events management, surveys, equipment, M&E and Visibility.
- **Local works contractors:** Locally registered private-sector companies who will implement construction works and repairs on houses, retrofitting of public facilities and secondary infrastructure upgrading in post-conflict areas.

In implementing this project, there are several categories of costs that are envisaged for the functioning of the Project Offices, and the implementation of activities such as Travel, Security and Operations, including:

- **General Expenses:** To support all project activities, this proposed action includes expenses related to office rent, utilities, security, communication and internet, computers and software, stationary and other office supplies and consumables, and office equipment maintenance.
- **Travel Expenses:** To support all project activities this proposed action includes international and domestic travel (air and land), and per diems for field missions and workshops.
- **Materials Expenses:** For this action's main activities, the primary means required includes the procurement of various visibility items, tablets for surveys/field assessments, production of audio-visual materials, training program materials, rental of workshop venues, printing, and other outreach materials
- **Land Transportation and Vehicle-Related Expenses:** Support to this activity requires purchase, rent, regular maintenance and fuel costs to ensure safe, reliable transportation, e.g. regular maintenance and purchase new tyres for armoured vehicles.

5.5 Performance monitoring and reporting

Monitoring of the implementation of this Action will be performed in strong partnership with the local authorities involved along with independent consultants contracted by UNDP. A set of guidelines for monitoring project activities is already in place, developed by UNDP with past EU funded program to local government in Iraq. Urban planning and reconstruction activities in conflict affected areas will be further monitored following the standards endorsed by the thematic clusters in Iraq (i.e. Shelter cluster for housing) and strict inspection of the sites, training and supervision of the labourers and contractors will be ensured by UN-Habitat field engineers.

Studies to define baselines for some of the indicators and final studies to measures achieved targets will be performed by UNDP and UN-Habitat.

In light of previous EU funding to local government in Iraq through UNDP, a set of monitoring guidelines are already in place.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities.

To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logical framework matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The third-party monitor could, among others, be tasked with visiting all nine governorates where activities of the project will be taking place with the aim to assess in pre-set intervals, the progress of the project against its stated objectives and timeframe. Monitors may also visit the end beneficiaries (targeted populations) and conduct surveys of assessing the impact of the actions. Furthermore, constant monitoring will feed the observations made back to the Contracting Authority in order to timely identify challenges and shortfalls.

5.6 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by UNDP.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this action is starting in a post-conflict and reconstruction phase of the country and is supposed to bridge to more development oriented policies and plans at local authorities' level. In addition, some of the activities foreseen such as Peer to Peer with European local authorities cooperation and potential work with IFIs institutions are at this stage innovative in the country and lessons learnt from this process will be needed.

5.7 Communication and visibility

The Action comprises several sub-projects and independent activities in different locations which all merit proper visibility and communication plans. Due to this multiplicity of actions, it is necessary to provide a comprehensive visibility coverage for each and every one of them.

Specifically, communication is essential to the effectiveness of a number of awareness campaigns to be put in place, on specific topics such as environment, sustainable development, energy and water saving, waste, etc. other community services that require citizens and local authorities to come together.

The communication and visibility activities will be implemented in accordance with the Annex VI – Communication and Visibility Plan, Article 8 of the PAGODA – General Conditions and the “Joint visibility guidelines for EC-UN actions in the field”.

APPENDIX 1: INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁶³

The activities, the expected outputs and all the indicators, targets and baselines included in the Logframe Matrix are indicative and may be updated during the implementation of the Action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes are presented and the outputs will be defined during Inception of the overall programme and its components. The indicative Logframe Matrix will evolve during the lifetime of the Action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Indicators will be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baseline (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall Objective: Impact	Promote the stability and socio-economic development of Iraq	SDG 5: Ratio of female to male labour force participation rate	SDG 5: 21.5	Not yet identified ⁶⁴	Annual SDGs country progress report	
		SDG 6: Access to improved water source (% pop.); Access to improved sanitation facilities (% pop.)	SDG 6: 86.6%; 85.6%			
		SDG 7: CO2 emissions from fuel combustion /electricity output	SDG 7: 2.2			
		SDG 8: Unemployment rate (% total labour force)	SDG 8: 16%			
		SDG 11: Improved water source, piped (% urban pop. with access)	SDG 11: 82.9%			
		SDG 13: Energy-related CO2 emissions per capita	SDG 13: 4.9			
Specific objectives: Outcomes	SO 1: Selected Governorates are able to manage effectively and transparently local government systems and public services	1.1. Percentage of citizens confidence increase in local government at governorate level	<i>1.1. TBD during baseline assessment in the Inception phase (2018)</i>	1.1 By 2021, 10%	1.1 Public perception surveys at start and end of project	Stable political and secure environment. Local elections do not lead to major changes causing delays. Reforms at national level in key sectors make progress and allow for economic development.
		1.2. Number of Performance-based revenues' assessments mechanisms performed by UNDP on Local Authorities	1.2. None	1.2 Five (5) assessments in pilot governorates	1.2 Performances assessment, progress, monitoring and final reports	
		1.3. Donor coordination mechanisms established in each Governorates as well as at regional and national level.	1.3. None	1.3 One (1) per Governorate	1.3 Minutes of meetings	

⁶³ [*] Indicators aligned with the relevant programming document; [**] Indicators aligned to the EU Results Framework.

⁶⁴ Iraq at this stage, does not have national targets on SDGs. GoI has requested UNDP to support and develop the SDG targets for Iraq as well a monitoring system (the current one is based on the MDG methodology).

	Results chain	Indicators	Baseline (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	SO 2: Economic growth and job opportunities have increased in selected Governorates, with special focus on green projects involving youth and women	2.1. Percentage increase in Local Human Development Index (LHDI ⁶⁵) for the target governorates	2.1. In 2017, 0.649 (LADP-EU data by governorate based on EU-tested methodology)	2.1 By 2021, 10% increase of LHDI	2.1. Impact assessments	Political influence over the work of the administration is limited and in line with the established rules and procedures.
		2.2. Percentage of beneficiaries of VET training who find employment within 6 months (disaggregated by sex and age)	2.2. None	2.2 <i>TBD</i>	2.2. Follow-up survey (disaggregated by sex and age)	
	SO 3: Living conditions in conflict areas have improved and returnees are assisted	3.1. Number of returnees living in critical/inadequate shelter or temporary accommodations in conflict affected areas	3.1. Over 260 000 returnees (2017 Nov - IOM/DTM)	3.1. <i>TBD in the Inception phase</i>	3.1. IOM/DTM monthly data	
		3.2. Number of beneficiaries assisted in their return (disaggregated by sex and age)	3.2. TBD – when target areas will be identified.	3.2. <i>TBD in the Inception phase</i>	3.2. Progress monitoring (disaggregated by sex and age)	
Outputs	O.1.1. Decentralisation of powers from central to local authorities – Law 21	1.1.1. Number of gap assessments conducted	1.1.1. Zero	1.1.1. By 2021: 5	1.1.1. Gap assessments reports	By-Laws related to the implementation of Law 21 adopted and enforced.
		1.1.2. Number of gap plugging actions undertaken	1.1.2. Zero	1.1.2. By 2021: 5	1.1.2. Gap plugging actions reports	
		1.1.3. Peer-to-Peer partnerships established	1.1.3. Zero	1.1.3. By 2020:15		Political will to advance in decentralisation path continues.
	O.1.2. Donor coordination	1.2.1. Mapping and database of donors/stakeholders/actions established	1.2.1. Not in place	1.2.1. By 2019:1 per governorate		Provincial Council and Governor are working together effectively.
	O.1.3. Optimised Governorates' revenue generation systems piloted	1.3.1. Number of Governorates having piloted revenue generation systems	1.3.1. Zero	1.3.1. By 2021: systems piloted in 5 governorates	1.3.1. Progress, monitoring and final reports	Peer-to-Peer decentralised cooperation partners are able to work in Iraq.
		1.3.2. Status of cashless billing system piloted for payment of utility fees	1.3.2. No electronic system in place for collection of fees or taxes (2018)	1.3.2. Cashless payment system(s) piloted in 5 target Governorates (2020)	1.3.2. Technical Briefs for Governorates	
		1.3.4. Number of officials trained on revenue generation (disaggregated by sex)	1.3.4. <i>TBD depending on target governorate employees</i>	1.3.4. Training conducted (2018/19)	1.3.4. Training attendance lists	

⁶⁵ In line with the practice adopted in several EU countries on development of LHDI based on the methodology of the UNDP HDI.

	Results chain	Indicators	Baseline (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	O.1.4. Strengthened dialogue between local authorities and civil society	1.4.1. Number of public consultations on local development priorities, implemented and monitored with the support of this Action	1.4.1. Zero	1.4.1. At least 1 per Governorate per year		Governorates agree to revenues & expenditures assessments. Supported CSOs are independent from political or religious influence. Senior management of the Governorate open to CSOs inclusion over in decision making processes.
		1.4.2. Number of CSO projects implemented in the targeted governorates	1.4.2. None	1.4.2. TBD		
		1.4.3. Number of CSOs participating in monitoring action funded by the programme	1.4.3. None	1.4.3. TBD		
		1.4.4. Establishment of a Platform for exchange of practices between CSOs	1.4.4. Not in place (2018)	1.4.4. Platform established		
	O.2.1. Local development projects and priority actions implemented deriving from PDPs and SEAPs	2.1.1. Number of projects implemented with the support of this Action	2.1.1. Zero (2018)	2.1.1. By 2021, 18 projects	2.1.1.–2.1.2. Projects progress, monitoring and final reports; 2.1.3. Pre-Post awareness survey report	PDSs, SEAPs and PRPs continue to enjoy endorsement after elections. Governorates provide in-kind contributions to the technical assistance and investments.
		2.1.2. Number of jobs created with the support of this Action	2.1.2. Zero (2018)	2.1.2. TBD		
		2.1.3. Number of awareness campaigns implemented with the support of this Action	2.1.3. Zero (2018) awareness campaigns	2.1.3. By 2021, 9 awareness campaigns		
	O.2.2. Piloting mechanism aimed at mobilising additional funding	2.2.1. Status of development of mechanisms for mobilising additional funding	2.2.1 Not created	2.2.1. Environment conducive to financial partnerships in place	2.2.1 Projects progress, monitoring and final reports	
	O.3.1. Damaged houses, public facilities rehabilitated in post-conflict areas, in line with the 2018 PRPs	3.1.1. Number of individual houses weather-proofed/repared/rehabilitated including WASH facilities with the support of this Action	3.1.1. Date to be drawn from RRR Platform at MoP on Action launch (2018)	3.1.1. TBD in the Inception phase	3.1.1.–3.1.5.: - Projects progress, monitoring and final reports - Damage Assessments - Rehabilitation progress Dashboard - Competition reports - Attendance sheets - Video and audio-visual material - Photos (before & after)	
		3.1.2. Number of public facilities repaired or retrofitted with the support of this Action	3.1.2. As above	3.1.2. TBD in the Inception phase		
		3.1.3. Number of households connected to improved secondary infrastructure with the support of this Action	3.1.3. As above	3.1.3. TBD in the Inception phase		
		3.1.4. Number of landscaped multi-functional public spaces created with the support of this Action	3.1.4. As above	3.1.4. Five (5) Public Space Design Competitions (2021)		
		3.1.5. Number of youth engaged in projects' design and implementation with the support of this Action (disaggregated by sex)	3.1.5. As above	3.1.5. 500 youth (50% women, 50% men)		

	Results chain	Indicators	Baseline (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	O.3.2. On-the-job vocational training delivered and jobs for youth created in line with greener and safer construction technologies	3.2.1. Number of labourers trained by this action on basic construction skills	3.2.1. <i>TBD in the Inception phase</i>	3.2.1. <i>TBD in the Inception phase</i>	3.2.1–3.2.6: - Projects progress, monitoring and final reports - Course Curriculum - Attendance Sheets - Training Evaluation Sheets - Competition report - Video material	
		3.2.2. Number of labour man-days created in the construction sector	3.2.2. <i>TBD in the Inception phase</i>	3.2.2. <i>TBD in the Inception phase</i>		
		3.2.3. Status of the Curriculum on Building Innovation, Passive Thermal Performance and Green Technology in the construction industry in Iraq in partnership with Mosul University	3.2.3. A Building Code has been developed by UN-Habitat at KRG level but there is no curriculum (2018)	3.2.3. Three (3) sets of vocational training modules per Governorate (2020)		
		3.2.4. Status of the course on building innovation, passive thermal performance and green technology at Mosul University	3.2.4. No course in Mosul University (2018)	3.2.4. Academic course on building innovation and green technology (2021)		
		3.2.5. Existence of an awareness campaign on building innovation and greener technologies in construction throughout the housing recovery programme	3.2.5. No awareness campaign implemented (2018)	3.2.5. Competition among youth on building innovation and green technologies (2021)		
		3.2.6. Number of people reached by the awareness raising campaign on building innovation and greener construction technologies	3.2.6. Zero (2018)	3.2.6. <i>TBD</i>		

APPENDIX 2: CATEGORIES OF WAR-DAMAGED BUILDINGS IN IRAQ: INDICATIVE DESCRIPTION TO SUPPORT TECHNICAL ASSESSMENTS⁶⁶

Category	Level / type of damage	Structural elements		Windows/doors	Internal elements	Structure safe for habitation
		Walls & load-bearing elements	Roof slab and roof covering	External doors & windows, incl. glazing and ironmongery	Walls, floor finishes, WASH and water/ electricity connections	
0	No damage / Negligible damage	No damage caused by war activities – OR damage limited to external finishes or boundary walls	Slight cosmetic/ external war traces to roof or parapets (bullet holes, superficial shell damage)	Broken glass on windows or doors, no damage to window frames or doors.	None OR slight internal damage due to overuse/ overcrowding or limited damage to internal floor and wall finishes. No fire damages.	YES
1	MINOR Houses with limited damage to walls, doors, windows	Slight/superficial cracking with no observable deformation of structural elements – OR limited mortar and shell perforations to walls.	Limited mortar and shell perforations to roof or parapets.	Minor damage to windows and frames. External doors missing, or damaged.	Slight internal damage due to overuse/overcrowding or limited war damage to internal floors and walls. Light fire damage evident affecting finishes, limited to parts of the building (soot and smoke deposits, colour changes, peeling, minor spalling).	YES
2	MAJOR Houses with extensive damage, but no structural damage	Extensive shell perforation or damage to non-bearing walls, partially inhabitable unit. No damage OR light damage to structural elements (columns, slabs, loadbearing walls). E.g. localised damage over a small area of columns or beams (concrete spalling or loss of material due to impact). No observable deformation of structural elements. Few or repairable cracks.	Can be patched without structural repairs. E.g.: minor damage by shells penetrate roof, but roof structure is otherwise intact, not buckling.	Damage to window frames. External doors missing or damaged.	Internal spaces damaged by shells (internal walls, floors) or fragments, damaged/ degraded building materials. Damage across multiple floors. Houses with tunnels that need to be covered/ filled, no damage to foundation. Fire damage can be repaired, and/or limited to some areas of the house. (e.g. spalling, exposed reinforcement).	PARTIALLY <i>The building may have extensive non-structural damage, but it is possible to safely inhabit it while the repairs take place</i>
3	SEVERE Houses that have sustained significant structural damage and require extensive repairs	Structural damage involving several loadbearing members (foundation, loadbearing walls, columns and slabs) – e.g.: significant cracking with observable permanent deformations of the structural elements, crushing of concrete, deterioration of bond between steel and concrete, fracture or buckling of reinforcement, or rupture of ties and stirrups, however it could be repaired.	Damage by large shells penetrating roof. Engineering solutions required to conduct structural repairs of roof. Buckled/broken reinforcement. Roof partially collapsed, but repairable. Damage across multiple floors.	Damage irrelevant if structure is compromised.	Houses with tunnels that caused damage to foundation. Severe fire damage that can be repaired but so widespread that renders the house inhabitable.	NO until retrofit
4	DESTROYED Structural damages so important that rehabilitation is not feasible	Totally in rubble (only foundation or debris remains) or at least 60% of the structure of the house is destroyed. Complete failure of two or more major structural components - e.g. collapse of columns, load-bearing walls, foundation. Imminent threat of collapse due to damage or confirmed imminent danger - e.g. impending collapse of neighbouring building, extensive damage to ground around the house compromising foundation. Extensive cracking or loss of material with gross local or overall deformations	Partial or complete collapse of roof, combined with partial or complete collapse of other structural members. Excessively deflected roof, weakened structure at risk of collapse.	Damage irrelevant if structure is compromised.	Non-repairable fire damage, affecting structural members.	NO

⁶⁶ Humanitarian Shelter Cluster Iraq (2018). “Guidance Note on Emergency Repairs of War Damaged Shelter” www.sheltercluster.org/sites/default/files/docs/20180315_irq_emergency_repairs_of_wds_guidelines_2018.03.15.pdf.