

PROJECT AGREEMENT

BETWEEN

JAPAN INTERNATIONAL COOPERATION AGENCY

AND

UNITED NATIONS DEVELOPMENT PROGRAMME

FOR

PARTNERSHIP SERVICES

FOR

SUPPORT UNIT TO THE MONITORING COMMITTEE
ON THE JAPANESE ODA LOAN PROJECT
(FIDUCIARY MONITORING AGENT)

Date: August 12, 2009

PROJECT AGREEMENT
BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
UNITED NATIONS DEVELOPMENT PROGRAMME

Pursuant to the Memorandum of Understanding on the Establishment of a Strategic Partnership between the Japan International Cooperation Agency (hereinafter referred to as “JICA”) of 2-1-1, Yoyogi, Shibuya-ku, Tokyo 151-8558, Japan and United Nations Development Programme (hereinafter referred to as “UNDP”) of 1, UN Plaza, New York, 10017, United States of America, signed on December 5, 2005, this project agreement aims to support and strengthen monitoring capacity and activities of the Monitoring Committee, established upon agreement between JICA and the Government of Iraq (hereinafter referred to as “GoI”), to ensure that projects are implemented in a transparent and accountable manner in accordance with JICA’s rules and regulation, as well as those of GoI, in particular in procurement and financial management. This project agreement also aims to assist GoI and implementing agencies to strengthen their capacity to implement the projects in line with JICA’s requirements and to execute the projects as planned through UNDP’s technical and procedural support.

Article 1 Objective

UNDP shall form a team of duly qualified UNDP experts to carry out project activities described in Attachment 1 and 2 (hereinafter referred to as the “Project”) in accordance with its regulations, rules, policies and procedures.

Article 2 Activities

The period for carrying out the commence two weeks from the date of signature of the agreement and shall have the duration until end of August, 2010.

Article 3 Reports

UNDP shall submit the report along with their electronic files to JICA according to the following schedule:

- i) Format of Procurement and Financial Monitoring Report: by September 2009
- ii) Detailed Capacity Development Plan: by November 2009
- iii) Monthly Procurement and Financial Monitoring Report: from October 2009 to July 2010
- iv) Mid Term Review Report: by February 2010
- v) Final Report: by July 2010

Article 4 Contribution

4.1 JICA shall make a contribution, not exceeding US\$ 1,985,281 (US DOLLARS), to UNDP for the project activities provided by UNDP, in accordance with the breakdown shown in Attachment 3 (including any taxes and duties).

4.2 In accordance with the decisions of UNDP’s Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs or General Management Support (GMS) services equal to 7% and for security cost equal to 2%. Furthermore, as long as they are unequivocally linked to the specific project, all direct costs of implementation, including the costs of executing entity or implementing partner, will be borne by the project and reflected in the project budget.

Article 5 Payment

The payments referred to in Article 4 above shall be made in the following manner:

- i) Date of Signing: US\$794,000 (approximately 40%)
- ii) On the Receipt of Mid Term Review Report: US\$595,000 (approximately 30%)
- iii) On the Receipt of Final Report: Remaining

Article 6 Assignment of Experts

6.1 UNDP shall engage the best available experts in accordance with its procurement procedures for the implementation of the Project.

6.2 Once the experts have been assigned, there shall be no replacements during the Project period without the prior consent of JICA, unless such replacement is required due to death, disability, sickness, or termination of employment.

Article 7 Monitoring and Delivery

7.1 For completion of the Project, UNDP shall submit the Final Report to JICA. JICA shall review the Final Report without delay beyond a period of twenty business days and notify UNDP of any comments as a result of such review.

7.2 If as the result of JICA's review of the Final Report, JICA requires UNDP to amend or supplement the Report, UNDP shall consider to the extent feasible to amend or supplement the Report in accordance with JICA's comments and submit a final version of the Reports to JICA for its final review. In such event, no additional expenses shall be claimed by UNDP as a result of a revision.

7.3 The Project shall be deemed completed when UNDP submits the Final Report.

7.4 In case UNDP is unable to complete the Project by the completion date specified in Article 2 for reasons, not of UNDP's own making, caused by the domestic procedures in the Iraqi side, the Project shall be deemed to complete when UNDP submits the Reports specified in Article 3 iii) to JICA and JICA accepts the Reports without any objections.

Article 8 Procedure for Payments

8.1 In accordance with the payment schedule referred to in Article 5, UNDP shall submit a draft invoice for each payment request, work log of each expert and the report of relating to expenditures for the last payment. Upon receipt of the draft invoice and the report, JICA shall promptly examine such payment request and the report, determine the proposed amount of the expenditure reasonably acceptable to JICA, and notify UNDP accordingly.

8.2 Upon receipt of the notice referred to in clause 8.1 above, UNDP shall render an invoice to JICA requesting the payment approved in accordance with clause 8.1 above.

8.3 If the total amount of the payment made in accordance with Article 5 i), ii) and iii) exceeds the amount of the determined in accordance with clause 8.1 above, UNDP shall return the US Dollars balance as determined by application of the UN Operational Rate of Exchange in effect at the time.

Article 9 Extension of the Project Period

In case UNDP is unable to complete the Project by the date specified in Article 2 or obliged to modify terms of reference attached herewith as Attachment1 for reasons beyond the control of UNDP or for any other justifiable reason, UNDP shall promptly inform JICA, in writing, of the fact, attaching a detailed explanation of the reasons and shall request the consent of JICA for extension of the Project.

Article 10 General Conditions

10.1 UNDP shall take all appropriate measures to publicize the fact that the Project has received funding from JICA provided that such actions do not jeopardize the United Nations privileges and immunities provided under the 1946 Convention on the Privileges and Immunities of the United Nations and the safety and security of United Nations staff.

10.2 UNDP shall not communicate to any person unpublished information known to it by reason of its work. These obligations remain binding even after the expiry of this agreement.

10.3 UNDP shall avoid any action and in particular any kind of public pronouncement that may adversely effect on the status of JICA.

Article 11 Cancellation of Agreement

After thorough consultation between JICA and UNDP, JICA and UNDP shall have a right to cancel the agreement with four weeks prior notification to the other party, notwithstanding termination of this agreement. UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the execution/implementation of all or the part of the Project, for which this agreement has been terminated, have been satisfied and the Project brought to an orderly conclusion.

Article 12 Insurance

12.1 JICA shall not be responsible for any loss or damage arising from the personnel's injury, sickness, paralysis or death during the course of the Project which results from any act or default of UNDP.

12.2 UNDP confirms that it has an appropriate insurance coverage with regard to the execution of the Project in accordance with its operational procedures.

Article 13 Terms of Agreement

This agreement shall be deemed to come into force on the date of its signing and shall remain effective until the two parties have fulfilled their respective responsibilities.

Article 14 Force Majeure

Neither party will be liable for any failure to perform its obligations under this agreement resulting from any cause beyond its reasonable control.

Article 15 Public Disclosure

UNDP does not have objection to the fact that the Project has executed by UNDP might be made public in accordance with the Japan’s *Law Concerning Access to Information Held by Independent Administrative Institutions* (Japan’s Law No. 140 of December 5, 2001) or any other applicable laws and regulations, or upon request by public entities, and UNDP will not raise any objection against such objective announcement.

Article 16 Dispute Settlement

16.1 The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, this Agreement or the breach, termination or invalidity thereof. Where the Parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the Parties.

16.2 Any dispute, controversy or claim between the Parties arising out of this Agreement or the breach, termination or invalidity thereof, unless settled amicably within sixty (60) days after receipt by one Participant of the other Participant’s request for such amicable settlement, shall be referred by either Participant to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in this Agreement, the arbitral tribunal shall have no authority to award interest. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim

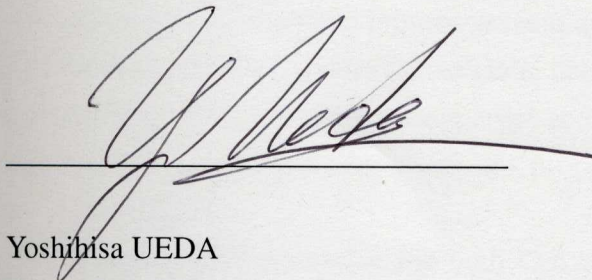
or dispute.

In witness whereof, JICA and UNDP have caused this agreement to be duly executed by signing two copies of the contract, retaining one for each other.

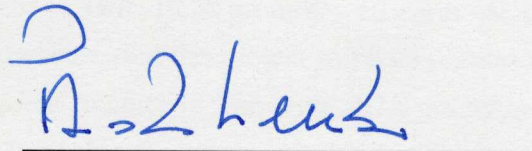
Date: August 12, 2009

For and on behalf of
Japan International Cooperation Agency

For and on behalf of
the Administrator of UNDP



Yoshinisa UEDA
Senior Director General
JICA



Paolo Lembo
Director
UNDP Iraq

Terms of Reference for Partnership Services for the Support Unit to the Monitoring Committee on the Japanese ODA Loan (Fiduciary Monitoring Agent)

1. Background

The Government of Japan (GoJ) announced a USD 5 billion assistance package including USD 3.5 billion Japanese ODA loan to support Iraq's reconstruction at the Madrid Conference in October 2003. The GoJ has so far pledged loan assistance for 12 projects worth a total of USD 2.4 billion and the Japan International Cooperation Agency (JICA), former Japan Bank for International Cooperation (JBIC), has concluded so far 12 loan agreements amounting to USD 2.4 billion (8 loan agreements signed on January 25, 2008, 2 loan agreements signed on June 11, 2008 and 2 loan agreements signed on March 17, 2009).

While for grant assistances donors tend to lead most of the project related activities, for loan assistance, including the Japanese ODA loans recipients, in this case the Government of Iraq (GoI), will be the owner and executing agency of projects. Key project implementation activities, such as procurement, project management and financial management, are initiated and undertaken by concerned ministries and agencies of GoI. JICA promotes efficient use of loan money and JICA, due to its mandate, needs to ensure that the project implementation is undertaken in an accountable, transparent and efficient manner in line with JICA guidelines and regulations and that the loans are properly used for the purpose of achieving each project's objectives.

It is urgent and imperative for both GoI and JICA to establish an adequate and sound monitoring mechanism to ensure accountability, transparency and efficiency in project implementation and usage of loan money, in particular for the activities related to procurement and financial management.

As one of the actions to strengthen the monitoring mechanism for projects under Japanese ODA loan, GoJ, JICA and GoI agreed to establish a Monitoring Committee under the leadership of the Prime Minister's office, the Ministry of Planning and Development Cooperation and the Ministry of Finance. The first Monitoring Committee meeting was held on July 22nd 2008 in Baghdad with the presence of concerned GoI, GoJ and JICA officials former JBIC officials, where the Monitoring Committee proved to be a very effective mechanism to expedite project implementation. As the Monitoring Committee will consist of senior officials and project managers from both governments, detailed issues on project implementation may not be relevant for discussion due to time constraint and the level of the

participants. There is currently no secretarial body for the Monitoring Committee to provide objective reporting.

The role and function of Monitoring Committee can be strengthened further and more mechanism, system and procedures should be also developed, however, in establishing a sound monitoring mechanism, several factors and limitations pertaining to Iraq's current special situation need to be taken into consideration

Firstly, to ensure that all the procedures are properly carried out in accordance with JICA guidelines and regulations, it is necessary to further support project implementation and enhance the capacity of Project Management Teams (PMTs) responsible for project execution, agreed to be established in each line ministry or agency. Although project implementation capacity of GoI has been improving significantly, the implementing agencies of GoI has limited experience in internationally accepted procurement and financial practices and procedures, especially those of JICA. Most of the tasks project managers and PMTs' staff face are so diverse and quite new since it is the first time for all project managers to implement projects under Japanese ODA loans. Key procurement and financial actions are subject to JICA's review to ensure conformity to JICA's rules and regulations, and JICA needs to verify whether or not there are objections to the requests. JICA, as well as consultants employed under the loan will be in a position to assist such processes and procedures, but there would be certain resource limitations.

Secondly, though constantly improving, JICA and sometimes even GoI officials are subject to very limited physical accesses to project implementation sites due to the prevailing security situation. The establishment of an efficient, effective and independent monitoring mechanism to measure projects' progress on the ground is another challenge. If an independent and neutral third party will have certain role in monitoring the progress of projects on the ground, the transparency and accountability of usage of money will be enhanced significantly.

2. Objectives of establishing the Support Unit for Japanese ODA loan

Considering these factors and constraints, JICA and GoI agreed that it would be necessary to establish a support unit who will report to JICA and to the Monitoring Committee to monitor the fiduciary compliance, including procurement and financial management and physical verification of the activities. Also, to accelerate project implementation, the Support Unit will assist to identify any problems related to implementation of the projects and to give guidance and advice to the implementing line ministries in order to resolve these problems, which would have substantial impact on the capacity development of PMTs.

Thus, the Support Unit will have the dual roles of (i) supporting JICA's monitoring capacity and activities of the Monitoring Committee to ensure that projects are implemented in a transparent and accountable manner in accordance with JICA rules and regulations, as well as those of Iraq; and (ii) assisting GoI (especially PMTs under each implementing line ministry) to strengthen its capacity to implement the projects in line with JICA requirements and to execute the loan through technical and procedural support.

The responsibilities of the Support Unit will be essentially providing fiduciary monitoring capacity to JICA on procurement, financial management and physical implementation in addition to technical consultations, and providing advice and assistance within the general objectives indicated hereunder for supporting the PMTs and Monitoring Committee in the preliminary phase of the Japanese ODA loan implementation:

- (a) Preparatory assistance: Prepare the guidelines of establishing the PMTs in setting organizational structure, work procedures, staffing and coordination mechanisms and assist and review the implementing line ministry in the selection of consulting firms. Also, review and learn the experiences of the World Bank, ITF Grant and IDA Soft Loan projects to strengthen the outcomes of the Japanese ODA loans;
- (b) Procurement management assistance: Monitor the procurement processes under each project, identify any problems or malfunctions delaying the project implementation and provide advice and guidance to JICA and Monitoring Committee to resolve these problems through the provision of monthly and quarterly reports;
- (c) Financial Management assistance: Assess the financial management processes of book keeping and information management system in the implementing agencies and the Ministry of Finance in the limited areas of the Japanese ODA loans and provide the recommendations to JICA and Monitoring Committee. Also, monitor the financial management procedures under each project, identify any problems or malfunctions delaying the processes and provide advice and guidance to the JICA/Monitoring Committee to resolve these problems through provision of monthly and quarterly reports;
- (d) Capacity building: Support the institutional capacity building of the implementing line ministries that JICA designs to enhance its capabilities in procurement, project management and financial management whenever necessary;
- (e) Contract monitoring: Act on behalf of JICA in the physical monitoring of the implementation of each project through timely site surveys, updating the progresses of each project and issuing monthly and quarterly reports.

The Support Unit will have periodic meetings with implementing line ministries/PMTs in Iraq and with JICA in Jordan, which will frequently be held for each project to update the progress of each project. The Support Unit will prepare minutes for every meeting and include them in progress reports. Also, the Support Unit will attend the overall quarterly monitoring meeting of the Monitoring Committee with the agreed participants of GoI and GoJ/JICA.

3. Scope of Services

3.1 Preparatory Assistance

The Support Unit to JICA/Monitoring Committee will assist preparatory works for project implementation as in the following:

- (a) Prepare the guidelines of establishing PMTs for each implementing line ministry by : (i) developing the criteria of selecting the personnel from implementing ministries to be assigned to the PMTs, (ii) setting the organizational structure, job descriptions and staff ToRs and (iv) establishing work procedures and coordination mechanisms;
- (b) Assist the PMTs in developing overall project implementation plans;
- (c) Assist the implementing line ministries in preparing “Requests for Proposals” for the selection of consultants under each project in line with JICA procurement guidelines and procedures, when necessary;
- (d) Review and learn the experiences of the World Bank fiduciary monitoring agent in Iraq for ITF Grant, and IDA Soft Loan projects and prepare the recommendation report to strengthen the outcomes of this assignment.

3.2 Procurement Management Support

“Procurement” is one of the key elements for successful project implementation. Adequate procurement processes will result in selecting qualified contractors and lead to high quality of works to achieve each project’s objectives of providing better services to the people. It is thus inevitable to monitor the procurement processes to ensure its transparency and appropriateness. The Support Unit to JICA/Monitoring Committee will monitor the processes of procurement for goods, works, services and consulting services which have been developed for obtaining JICA concurrence by the implementing line ministries/PMTs to ensure compliance with JICA procurement guidelines and procedures. This will specifically include:

- (a) Study Iraqi regulation concerning procurement and prepare the comparison

- report to identify the differences between JICA procurement guidelines and procedures;
- (b) Assist the implementing line ministries/PMTs in establishing procurement plans and procurement packaging in line with JICA procurement guidelines and procedures;
 - (c) Monitor the implementation of procurement plans of each project which has been prepared by the implementing line ministries / PMTs and ensure that the implementing line ministries / PMTs continue to update them on monthly basis;
 - (d) Verify the procedural progress of procurement plans to ensure that official requests of all documentations which require JICA concurrence are submitted to JICA as scheduled and provide procedural guidance to ensure that they comply with JICA applicable guidelines and loan agreements. These will include, but not be limited to, advertisements, requests for proposals, prequalification documents, prequalification evaluation report, bidding documents, bid evaluation report, and contract agreements;
 - (e) Monitor the implementation of procurement processes. These will include, but not be limited to, verifying the appropriateness of advertisement, attending pre-proposal, prequalification and pre-bid meetings, as well as bid openings as an observer, monitoring the procedures of technical and financial evaluation of proposals and bids for each project to ensure that all the processes are in line with bidding documents and procedures. When any deviation is identified, the Support Unit will notify the Monitoring Committee and JICA;
 - (f) Ensure that implementing line ministries/PMTs establish linkages between the procurement process and the corresponding procurement reviews;
 - (g) Support capacity building to the implementing line ministries/PMTs that JICA designs to provide in terms of procurement in accordance with JICA's applicable guidelines and the loan agreement;
 - (h) Provide monthly and quarterly reports to JICA on procurement processes of each project and update information on procurement progresses;
 - (i) Undertake specific procurement reviews as directed by JICA in response to emerging needs.

3.3. Physical Implementation Support

The Support Unit to JICA/Monitoring Committee will provide the physical implementation support to the Monitor Committee as in the following;

- (a) Monitor physical delivery to ensure that the delivery of all goods, works and consulting services financed under each project in progress by conducting

sampling project sites' surveys and issue monthly and quarterly reports to JICA/Monitoring Committee;

- (b) Ensure that the delivery of goods, works and consulting services is in accordance with bidding documents / contracts / specifications and is in progress as scheduled by conducting sample verifications through site surveys and issue reports to the Monitoring Committee and JICA in this respect. When any deviation between actual delivery and the contract is identified, the Support Unit will notify JICA immediately;
- (c) Undertake specific physical implementation reviews as directed by JICA in response to emerging needs.

3.4 Financial Management Support

Financial management is a critical element to strengthen the capacity of managing financial resources and of executing the loans with solid accounting system such as accurate book-keeping, and with well established management information system under each implementing line ministries. Also, all the financial information of records on expenditures and projections of budgets for the Japanese ODA loan projects shall be shared with the Ministry of Finance on a daily basis to manage public debts and to secure and execute budgets as scheduled. The Support Unit to JICA/Monitoring Committee will conduct an overall assessment on financial management system for the implementing line ministries successively and monitor the implementation of financial management under each project to ensure that all the procedures are corresponding to the progresses of contracts, which have been developed for obtaining JICA concurrence by the implementing line ministries/PMTs.

- (a) Assess the financial management system including book-keeping and management information system, of the implementing line ministries successively and prepare a report to identify issues and recommendations;
- (b) Assist the implementing line ministries/PMTs in establishing annual disbursement plans up to the completion of projects
- (c) Provide guidance to the implementing line ministries/PMTs in the preparation of requests for disbursement and/or requests for reimbursement in accordance with loan agreements;
- (d) Monitor the compliance to the financial procedures that official requests of all the financial documentations prepared by the implementing line ministries/PMTs are submitted to JICA in line with payment conditions of contracts and provide procedural guidance to ensure that they comply with JICA applicable guidelines;
- (e) Perform sample verifications of the evidences to be used for disbursement

requests and confirm that all supportive documents are correct, based on the payment conditions of contracts;

- (f) Review the monthly disbursement plans for each project which prepared by the implementing line ministries / PMTs and ensure that the implementing line ministries / PMTs continue to update them;
- (g) Support capacity building to implementing line ministries that JICA designs to provide in terms of financial management with JICA's applicable guidelines and loan agreements;
- (h) Provide monthly and quarterly reports to JICA on financial progresses of each project.
- (i) Undertake specific financial documentation reviews as directed by JICA in response to emerging needs.

3.5 Capacity Building Support

The Support Unit to JICA/Monitoring Committee will provide technical and advisory support to the implementing line ministries/PMTs with respect to the project procurement and financial management to enable them to be familiarized with JICA applicable guidelines, to generate timely and reliable reports and to maintain adequate records.

- (a) Support capacity building that JICA designs to provide in terms of procurement and financial management in accordance with JICA's applicable guidelines based on the on-the-job training;
- (b) Provide capacity building to the implementing line ministries concerning the project management;
- (c) Assess the capacity of PMTs under each project and identify any areas which need to be improved and propose relevant trainings.

(End)

United Nations Development Programme

Country: Iraq

Project Document

Project Title Loan Management Support through Fiduciary Monitoring: Support Unit To the Monitoring Committee on Japanese ODA Loan Projects

UNDAF Outcome(s): In the absence of UNDAF and CP, the project contributes to the following Outcomes:
UN Assistance Strategy
Governance Outcome 4: Strengthened regulatory frameworks, institutions and processes of national and local governance

Expected CP Outcome(s): Economic Reform & Diversification Outcome 1: Improved policies, strategies and related institutional developments that are sensitive to the MDGs, social inclusiveness, gender equality and pro-poor economic growth
(Those linked to the project and extracted from the CP)

Expected Output(s): Output 1: Procurement Management: Procurement plans established and monitored with monthly reports
Output 2: Financial Management: Improved financial management of implementing ministries and agencies
Output 3: Capacity Development: Areas necessary for capacity building support identified and capacity development provided
(Those that will result from the project)

Executing Entity: United Nations Development Programme Iraq
Implementing Agencies: United Nations Development Programme Iraq

Brief Description

The loan management program aims to support and strengthen monitoring capacity and activities of the Monitoring Committee*, established upon agreement between Japan International Cooperation Agency (hereinafter referred to JICA) and the Government of Iraq (hereinafter referred to as "Gol"), to ensure that projects are implemented in a transparent and accountable manner in accordance with JICA's rules and regulation, as well as those of Gol, in particular in procurement and financial management. The program also aims to assist Gol and implementing agencies to strengthen their capacity to implement projects in procurement and financial management and to execute the projects' budget as planned through UNDP's technical and procedural support in line with JICA's requirements. UNDP Iraq will assess the capacity of implementing projects of Gol and provide recommendations and technical supports to Gol in order to develop efficient and effective procurement and financial management.

*Footnote: Monitoring Committee is established under the leadership of the Prime Minister's Office, the Ministry of Planning and Development Cooperation and Ministry of Finance.

Programme Period:	Twelve months (renewable)
Key Result Area (Strategic Plan) responsive governing institutions	Strengthening
Atlas Award ID:	_____
Start date:	_____
End Date	_____
PAC Meeting Date	_____

Total resources required	TBD
Total allocated resources:	1,985,281USD
• Regular	None
• Other:	
○ Donor	Japan
International Cooperation Agency (JICA)	
○ Government	_____
Unfunded budget:	_____
In-kind Contributions	

Agreed by (Government)

Agreed by (Executing Entity):

Agreed by (UNDP):

I. SITUATION ANALYSIS

The Government of Japan (GoJ) announced a USD 5 billion assistance package including USD 3.5 billion ODA loan to support Iraq's reconstruction at the Madrid Conference in October 2003. The Government of Iraq (GoI) has so far received loan assistance for 12 projects worth a total of USD 2.4 billion. GoI and JICA, former Japan Bank for International Cooperation (JBIC), has concluded so far 12 loan agreements amounting to USD 2.4 billion (8 loan agreements signed on January 25, 2008, 2 loan agreements signed on June 11, 2008 and 2 loan agreements to be signed on March 17, 2009). The list of these projects is attached as Attachment A.

GoI will be the owner and executing agency of projects to be implemented in accordance with the loan agreements. Key project implementation activities, such as procurement and financial management, will be initiated and undertaken by concerned line ministries and agencies of GoI. JICA promotes efficient use of loan money with solid budget execution cycle and accordingly JICA needs to ensure that project implementation is undertaken in an accountable, transparent and efficient manner in line with JICA guidelines and regulations and that the loans are properly used for the purpose of achieving each project's objectives of improving infrastructure and public services.

It is urgent and imperative for both GoI and JICA to establish an adequate and sound monitoring mechanism to ensure accountability, transparency and efficiency in project implementation and usage of loan money, in particular for the activities related to procurement and financial management. It is also highly important to establish sustainable and solid budget execution cycle for efficient and effective usage of loans. This loan program will aim to satisfy these urgent and imperative needs for GoI and JICA.

As one of the actions to strengthen the monitoring mechanism for projects under Japanese ODA loan, GoI and GoJ/JICA agreed in July 2008 to establish a Monitoring Committee for the Japanese ODA Loan under the leadership of the Prime Minister's Office (PMO), the Ministry of Planning and Development Cooperation (MoPDC) and the Ministry of Finance (MoF). The Monitoring Committee, held three times so far in Baghdad, proved to be a very effective mechanism to expedite project implementation. The Monitoring Committee will consist of senior officials from PMO, MOPDC, MOF and the Board of Supreme Audit and representatives from all concerned line ministries and agencies. UNDP Iraq was invited by MoPDC and GoJ/JICA to attend the second and third Monitoring Committee meetings as an observer. No secretarial body for the Monitoring Committee to provide objective reporting has yet been assigned. The role and functions of the Monitoring Committee can be further strengthened and better mechanism and procedures should also be developed in establishing a sound monitoring mechanism.

Several factors and limitations pertaining to Iraq's current special situation need to be taken into consideration.

Firstly, the implementing line ministries and agencies of GoI have limited experience in internationally accepted procurement and financial practices and procedures, especially those of JICA. It is necessary to further support project implementation and enhance the capacity of Project Management Teams (PMTs) responsible for project execution, to be established in each implementing line ministry or agency. JICA will be committed to assist such processes and procedures, but certain limitations on resources, technical expertise and working experience with GoI exist.

Currently, in implementing the Capital Budget and the Regional Development Fund, all GoI institutions and Local Governments are obliged to follow the procurement regulations and instructions issued by the MoPDC. These instructions were issued for the first time in 1974, re-issued annually since then and remained relatively unchanged until 2006. In March 2007, the

MoPDC substantially updated these instructions. However, this “procurement system” is still well below international procurement system standards, lacks transparency, systematism, allows wide space for personal opinion and interference and sometimes ambiguous and debatable. For example, bids may be opened days after the closing date, there is room for negotiations of prices and the bidding process can be cancelled for any reason. Enhancing the capacity of Gol to adopting internationally accepted procurement and financial management practices and procedures will also enable Gol to gain the confidence from the private sector. These ODA loan projects with secured funds from JICA will open great opportunities to promote more international qualified companies to participate in the bidding processes, which will contribute to the Iraqi private sector development.

Secondly, it is observed that the capacity of budget execution of Gol is still weak and needs to be improved. In 2007, only 33.9% of the Iraqi Dinar (ID) 3.3 trillion Regional Development Fund for 15 governorates (excluding the KRG) was actually disbursed. At the federal level, central ministries were unable to utilize more than 63.2% of their Capital Budget of the Federal Budget. In January 2008, the Gol issued regulations simplifying procurement procedures and expanding the authority of governorates, local councils and line ministries for executing the 2008 capital budget, which amounts to ID 18.6 trillion (US\$ 15.7 billion). It is critical to strengthen the budget execution capacity for line ministries as well as local authorities. Considering that the implementing line ministries and agencies of Japanese ODA loans are various, this is a very unique and effective opportunity to provide the consistent capacity building with wide range of authorities on budget planning, execution and monitoring.

Thirdly, though constantly improving, physical accesses to project implementation sites are still limited due to the prevailing security situation. The establishment of an efficient, effective and independent monitoring mechanism to measure projects’ progress on the ground is another challenge. If an independent and neutral third party will have certain role in monitoring the progress of projects on the ground, the transparency and accountability of usage of money will be enhanced significantly, which will contribute to anti-corruption efforts.

The project is in conformity with the International Compact for Iraq (ICI). In the ICI, the Gol proclaimed to ensure human development and human security, inclusive of “guaranteeing non-discriminatory access to basic services,” and “work towards achieving its interim 2011 Millennium Development Goals in an efficient and sustainable way.” (ICI p.18) To meet these and other ICI commitments, the Gol called on international support for: “financial assistance for investments ... and to support critical investment in basic services that are currently beyond both the Government’s financial capacity and its technical and management capacity to execute; managerial and technical assistance, particularly in areas that will assist the Government to expand its own capacity to execute public investment; institutional strengthening and capacity building.” (ICI p.24)

The Economic Reform and Diversification Sector Assistance Strategy in the UN Assistance Strategy for Iraq 2008-2010 emphasizes the importance of improving the service delivery to the people with “Strengthened capacities for federal budget preparation and execution”. The work plan describes “support capacity-building for budget preparation for transparent and accountable execution by key ministries”. Also, for the sustainable development including social inclusiveness, gender equality and pro-poor economic growth, the importance of “Private sector development strategy drafted and investment promoted” is clearly stated.

The Governance Sector Assistance Strategy in the UN Assistance Strategy for Iraq 2008-2010 also calls for a strengthened monitoring mechanism by the Gol. The Governance Strategy identifies “Strengthened regulatory frameworks, institutions and processes of national and local governance” as one of its four outcomes, and commits to engage in targeted technical assistance and capacity development to realize the outputs “Enhanced capacities to plan, coordinate, implement and monitor public sector reforms and international assistance” and “Strengthened regulatory and institutional framework for anti-corruption and accountability.”

II. STRATEGY

Considering the aforementioned factors and constraints, JICA and GoI agreed on the necessity to establish a support unit which will report to the Monitoring Committee and JICA to monitor the fiduciary compliance, including procurement and financial management and physical verification of the activities. Also, to accelerate project implementation, the Support Unit will assist to identify any problems related to implementation of projects and to give guidance and advice to the implementing line ministries and agencies of GoI in order to resolve these problems, which would have substantial impact on the capacity development of GoI.

Thus, the Support Unit will have the dual roles of (i) supporting JICA in strengthening monitoring capacity and activities of the Monitoring Committee to ensure that projects are implemented in a transparent, accountable and efficient manner in accordance with JICA rules and regulations; and (ii) assisting GoI (especially PMTs under each implementing line ministries and agencies) to strengthen its capacity to implement projects with adequate procurement and financial management and to execute the loan through UNDP's technical and procedural support in line with JICA requirements.

The responsibilities of the Support Unit will be essentially providing fiduciary monitoring capacity to JICA on procurement, financial management and physical implementation in addition to technical consultations, and providing advice and assistance within the general objectives indicated hereunder for supporting the Monitoring Committee and PMTs:

- (1) Procurement management assistance: Monitor the procurement processes under each project, identify any problems or malfunctions delaying the project implementation and provide advice to JICA / the Monitoring Committee to resolve these problems;
 - Including preparatory assistance: Prepare the guidelines of establishing the PMTs in setting organizational structure and work procedures etc and assist the implementing line ministry in the selection of consulting firms. Also, review and learn the experiences of the World Bank's ITF Grant and IDA Soft Loan projects to strengthen the outcomes of the Japanese ODA loans;
- (2) Financial management assistance: Assess the financial management processes of book keeping and information management system in the implementing agencies and the Ministry of Finance in the limited areas of the Japanese ODA loan and provide the recommendations to JICA / the Monitoring Committee. Also, monitor the financial management procedures under each project, identify any problems or malfunctions delaying the processes and provide advice and guidance to the JICA/Monitoring Committee to resolve these problems;
- (3) Capacity building: Support the institutional capacity building of the implementing line ministries in procurement, project management and financial management whenever necessary;
- (4) Contract monitoring: Act on behalf of JICA in the physical monitoring of the implementation of each project through physical verification, timely site surveys and updating the progresses of each project. This role is expected to start for the next agreement if this program is renewed in 2010.

The Support Unit will have periodic meetings with implementing line ministries/PMTs in Iraq and with JICA in Iraq/Jordan, which will frequently be held to update the progress of each project. The Support Unit will prepare minutes and include them in monthly procurement and financial management progress reports. Also, the Support Unit will attend the overall quarterly Monitoring Committee with the agreed participants of GoI and GoJ/JICA.

JICA (former JBIC) and UNDP signed the Memorandum of Understanding in 2005, aiming to build a strategic partnership, and the Partnership Project Agreement on 23 October 2007 for the Electricity Sector Reconstruction Project in Iraq (one of Japanese ODA loan projects), making the first concrete initiative to operationalize JICA-UNDP Global MoU. As a result of the success of this

project agreement, the implementing line ministry in Kurdistan of Gol offered a direct contract with UNDP, requesting further provision of technical assistance for the project implementation with cost sharing agreement. This proves that UNDP has solid knowledge and capacity in managing the loan project in procurement and financial management by providing capacity development. UNDP is recognized by Gol and JICA as the most suitable entity to take the role of the Support Unit.

Also, UNDP Iraq has been involved in many infrastructure projects in most parts of Iraq. These include projects in electricity, water, sanitation, health care and transportation. These institutional experiences can be utilized for the loan management program which covers various sectors.

While the anticipated termination of IRFFI and decreased infrastructure support from donors are expected, the needs of procurement, financial management support and fiduciary monitoring are still high both from donors and Gol. By leveraging the loan projects as a loan program, UNDP Iraq will be able to provide substantial impacts on the procurement and financial management system of the Gol with capacity development. Also, enhancing speciality in the fiduciary monitoring will enable UNDP Iraq to duplicate this service to support other donors. Once Gol recognizes the effectiveness of UNDP in this field, it will create future opportunities for Gol to contribute to UNDP's services through cost sharing agreements as well.

The project will ensure avoiding duplication of intervention for Iraq and incorporate lessons learnt as relevant from other assistance projects, as well as capturing best practices. It will coordinate and seek linkage with other UNDP's projects, in particular the budget execution, public sector reform and economic reform projects to ensure UNDP's coherent approach.

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework: Refer to I. Situation Analysis				
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: Refer to I. Situation Analysis				
Applicable Key Result Area (from 2008-11 Strategic Plan): 2.2 Strengthening responsive governing institutions; 4. National, regional and local levels of governance expand their capacities to reduce conflict and manage the equitable delivery of public services				
Partnership Strategy: JICA and UNDP signed the Memorandum of Understanding in 2005 to establish a strategic partnership				
Project title and ID (ATLAS Award ID):				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1: Procurement Management: Procurement plan established and monitored with monthly reports Baseline: No procurement plan. Indicators: Procurement Plan Established for each project. Procurement Plan Monitored and Monthly progress report prepared. # of items procured in accordance with the procurement plan.</p>		<p>Procurement plan established and monitored with monthly reports</p> <ul style="list-style-type: none"> ▪ Establish procurement plans with line ministries/PMTs for each project ▪ Monitor the implementation of procurement plans of each project ▪ Verify the procedural progress of procurement plan and monitor the implementation of procurement processes ▪ Prepare monthly and quarterly reports to the Monitoring Committee and JICA 	UNDP Iraq	<p>Technical Assistance</p> <ul style="list-style-type: none"> • International Procurement Specialist (9M/M) • National Procurement Management Team (9X3M/M)
<p>Output 2: Financial Management: Improved financial management of implementing ministries and agencies Baseline: Outdated and manual financial management systems Late approval of the Budget and disbursement Indicators:</p>		<p>Improved financial management of implementing ministries and agencies</p> <ul style="list-style-type: none"> • Assess the financial management system of implementing line ministries • Prepare a report to identify issues and recommendations • Monitor the compliance to the financial procedures in line with JICA 	UNDP Iraq	<p>Technical Assistance</p> <ul style="list-style-type: none"> • International Budget and Financial Management Specialist (9M/M) • International Financial Management Analyst (9M/M)

<p>Financial management system of implementing agencies assessed and recommendations provided</p> <p>Financial management procedures established and monitored with monthly reports</p> <p>% of monthly delay from the disbursement plan</p> <p>Comparable efficiency between disbursement of ODA loan projects and the rest of the capital budget</p> <p>Gender aggregated data collected for # of beneficiaries of each of the ODA loan projects</p>		<p>regulations</p> <ul style="list-style-type: none"> • Perform sample verifications of the evidences • Review the monthly disbursement plan (budget plan) • Prepare monthly reports to the Monitoring Committee and JICA 		<ul style="list-style-type: none"> • National Financial Management Team (9X3M/M)
<p>Output 3:</p> <p>Capacity Development: Areas necessary for capacity building support identified and capacity development provided</p> <p>Baseline:</p> <p>Line Ministry staff unfamiliar with ODA loan management</p> <p>Indicators:</p> <p>Areas necessary for capacity building support identified</p> <p># of line ministry staff (gender aggregated) trained</p> <p># of line ministry staff (gender aggregated) who underwent on-the-job training</p>		<p>Capacity Development: Areas necessary for capacity building support identified and capacity development provided</p> <ul style="list-style-type: none"> • Assess the capacity of PMTs under each project and identify any areas necessary for trainings • Provide capacity building to PMTs • Provide capacity building to implementing line ministries concerning the project management 	<p>UNDP Iraq</p>	<p>Technical Assistance</p> <ul style="list-style-type: none"> • Program Manager (Program Management and JICA Loan Specialist) (7.2M/M) • National Executive Manager (9M/M) • International Capacity Building Specialist (8M/M) • Program/Project Assistant(9M/MX2) • Training (60,000USD)

IV. ANNUAL WORK PLAN

Year: 2009

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1 Procurement Management: Procurement plan established and monitored with monthly reports	1. Activity Result: Procurement plan established and monitored with monthly reports <ul style="list-style-type: none"> Activity Action: Establish procurement plans with line ministries/PMTs for each project 				X	UNDP Iraq	JICA	Personnel	45,500
	<ul style="list-style-type: none"> Activity Action: Monitor the implementation of procurement plans of each project Activity Action: Verify the procedural progress of procurement plan and monitor the implementation of procurement processes 				X				
	<ul style="list-style-type: none"> Activity Action: Prepare monthly and quarterly reports to the Monitoring Committee and JICA 				X				
Output 2 Financial Management: Improved financial management of implementing ministries and agencies	1. Activity Result: Improved financial management of implementing ministries and agencies <ul style="list-style-type: none"> Activity Action: Assess the financial management system of implementing line ministries successively Activity Action: Prepare a report to identify issues and recommendations 				X	UNDP Iraq	JICA	Personnel	68,500

	<ul style="list-style-type: none"> Activity Action: Monitor the compliance to the financial procedures in line with JICA regulations Activity Action: Perform sample verifications of the evidences Activity Action: Review the monthly disbursement plan (budget plan) 				X				
	<ul style="list-style-type: none"> Activity Action: Prepare monthly reports to the Monitoring Committee and JICA 				X				
Output 3 Capacity Development: Areas necessary for capacity building support identified and capacity development provided	1. Activity Result: Capacity Development: Areas necessary for capacity building support identified and capacity development provided <ul style="list-style-type: none"> Activity Action: Assess the capacity of PMTs under each project and identify any areas necessary for trainings 			X	X	UNDP Iraq	JICA	Personnel Training	135,200
	<ul style="list-style-type: none"> Activity Action: Provide capacity building to PMTs Activity Action: Provide capacity building to implementing line ministries concerning the project management 								
TOTAL									249,200

Year: 2010

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1 Procurement Management: Procurement plan established and monitored with monthly reports	1. Activity Result: Procurement plan established and monitored with monthly reports					UNDP Iraq	JICA	Personnel	364,000
	<ul style="list-style-type: none"> Activity Action: Monitor the implementation of procurement plans of each project Activity Action: Verify the procedural progress of procurement plan and monitor the implementation of procurement processes 	X	X	X					
	<ul style="list-style-type: none"> Activity Action: Prepare monthly and quarterly reports to the Monitoring Committee and JICA 	X	X	X					
Output 2 Financial Management: Improved financial management of implementing ministries and agencies	1. Activity Result: Improved financial management of implementing ministries and agencies					UNDP Iraq	JICA	Personnel	548,000
	<ul style="list-style-type: none"> Activity Action: Monitor the compliance to the financial procedures in line with JICA regulations Activity Action: Perform sample verifications of the evidences Activity Action: Review the monthly disbursement plan (budget plan) 	X	X	X					
	<ul style="list-style-type: none"> Activity Action: Prepare monthly reports to the Monitoring Committee and JICA 	X	X	X					

Output 3 Capacity Development: Areas necessary for capacity building support identified and capacity development provided	1. Activity Result: Capacity Development: Areas necessary for capacity building support identified and capacity development provided					UNDP Iraq	JICA	Personnel Training	378,400
	<ul style="list-style-type: none"> Activity Action: Provide capacity building to PMTs Activity Action: Provide capacity building to implementing line ministries concerning the project management 	X	X	X					
TOTAL								1,290,400	

Travel Expenses: 229,655 USD

Indirect Cost Miscellaneous: 53,078 USD

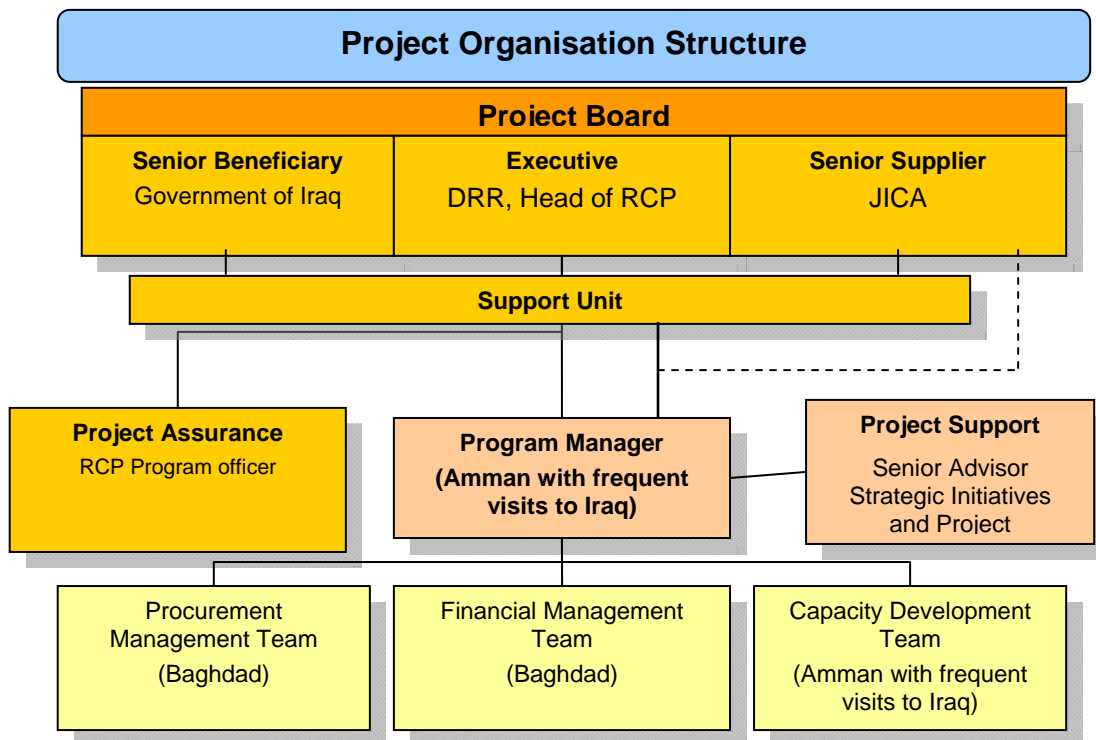
Security (2% of Project budget excluding indirect cost): 35,385 USD

Agency Management Support Cost (7% of Project budget):127,563 USD

Total budget: 1,985,281 USD

(the breakdown of the total budget is attached as Attachment 3)

V. MANAGEMENT ARRANGEMENTS



See Section II. Strategy as well as the ToRs attached in the ANNEX II for the roles and responsibilities of the parties involved in managing the project.

VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see ANNEX I), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

In case a project evaluation is required, please indicate the justification and proposed timing for the evaluation. A project evaluation is required only when mandated by partnership protocols such as GEF. However, a project evaluation may be required due to the complexity or innovative aspects of the project.

Quality Management for Project Activity Results

Replicate the table for each activity result of the AWP to provide information on monitoring actions based on quality criteria. To be completed during the process “Defining a Project” if the information is available. This table shall be further refined during the process “Initiating a Project”.

OUTPUT 1:		
Activity Result 1 (Atlas Activity ID)	<i>Short title to be used for Atlas Activity ID</i>	Start Date: End Date:
Purpose	<i>What is the purpose of the activity?</i>	
Description	<i>Planned actions to produce the activity result.</i>	
Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>

VII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of (country) and UNDP, signed on 20 October 1976.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

VIII. ANNEXES

ANNEX I. RISK LOG



Project Title: Loan Management Programme with Fiduciary Monitoring: Support Unit To Monitoring Committee On Japanese ODA Loan Projects					Award ID:		Date: March 2009		
#	Description	Date Identified	Type	Impact and Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
1	Recruiting qualified international staffs and dispatch them to Baghdad may take time	March 2009	Operational	Could affect the project implementation schedule. P = 3 I = 4	UNDP will initiate the recruiting process by developing TOR and advertise the positions immediately after the commencement of this agreement	Program Manager			
2	Travel limitations of international staffs inside of Iraq may affect the monitoring activities	March 2009	Operational	Could affect the project outputs P = 3 I = 4	Enter into LTA with local companies to outsource monitoring activities	Program Manager			
3	Administration changes implementing agencies jeopardizing current commitment to project design and inputs.	March 2009	Organizational	Could affect the project implementation P = 2 I = 4	Relationships built at the technical level with the implementing agencies officials to ensure continuity in the event of change. The Monitoring Committee attempts to limit these changes as much as possible	Gol/JICA and UNDP team			
4	Weakness of procurement staff in using JICA's Procurement Guidelines and international sound procurement practices and financial management	March 2009	Operational	Could affect the project implementation P = 4 I = 4	Technical assistance should be provided to PMTs in on JICA's Procurement and financial management Guidelines, preparation of bidding document and bid evaluation. Training should also be provided as well as close supervision by JICA and the Support Unit	Program Manager and Capacity building specialist			

5	Limited ability of JICA's procurement staff to supervise project in the field	March 2009	Operational	Could affect the project implementation P = 4 I = 4	The Support Unit and international consultants will conduct spot physical supervision and assist PMTs in reporting. Recruiting of local consultants to work with the Support Unit should be considered	Program Manager				
6	Security conditions deteriorate making project completion difficult	March 2009	Other	Could affect the project outputs P = 2 I = 4	This risk is beyond the control of the Monitoring Committee, implementing agencies and JICA					

ANNEX II

Terms of Reference (summarized):

1. Program Manager (Program Management and JICA Loan Specialist)

The Program Manager is to provide overall fiduciary monitoring activities on procurement and financial management of the Support Unit by assuring the overall quality of works to be provided by the UNDP team. The solid knowledge and working experience at/with JICA is a critical qualification for this position. The Program Manager is to closely coordinate between Gol and JICA to ensure the progress of the program by providing the following:

- Establish and implement a project management system and procedures, to monitor and control the cost and time schedules and to provide timely corrective measures
- Prepare the guidelines of establishing PMTs for each implementing line ministry by : (i) developing the criteria of selecting the personnel from implementing ministries to be assigned to the PMTs, (ii) setting the organizational structure, job descriptions and staff ToRs and (iv) establishing work procedures and coordination mechanisms;
- Assist the line ministries/PMTs in developing overall project implementation plans including;
 - establishing annual disbursement plans up to the completion of projects in line with loan agreements between Gol and JICA
 - establishing preliminary procurement plans and procurement packaging in line with JICA procurement guidelines and procedures
- Assist the implementing line ministries in preparing “Requests for Proposals” for the selection of consultants under each project in line with JICA procurement guidelines and procedures, when necessary;
- Review and learn the experiences of the World Bank fiduciary monitoring agent in Iraq for ITF Grant, and IDA Soft Loan projects and prepare the recommendation report to strengthen the outcomes of this assignment;
- Develop the detailed TOR of personnel for the Support Unit of UNDP Iraq and recruit qualified personnel for the Support Unit of UNDP Iraq;
- Manage all the staffs assigned to this program
- Review and submit monthly and quarterly reports to JICA on procurement processes of each project and update information on procurement progresses to be prepared by the specialist with the quality assurance;
- Review and submit monthly and quarterly reports to JICA on financial progresses of each project to be prepared by the specialist with the quality assurance;
- Certify progress payment by reviewing, checking and approving works progress
- Provide the technical assistance of procurement and financial management guidelines of JICA based on the solid knowledge of those guidelines and working experience of JICA.
- Support capacity building that JICA designs to provide in terms of procurement and financial management in accordance with JICA’s applicable guidelines based on the on-the-job training
- Examine, review and ensure the adequacy of training programs for PMTs;
- Communicate with Gol and JICA on a daily basis to ensure the progress of the program
- Attend the Monitoring Committee meetings to be held every three month in Baghdad in Iraq and prepare the minutes of discussions and provide any suggestion to improve the quality of the Monitoring Committee meetings, if any

2. Procurement Management Specialist

“Procurement” is one of the key elements for successful project implementation. Adequate procurement processes will result in selecting qualified contractors and lead to high quality of works to achieve each project’s objectives of providing better services to the people. It is thus inevitable to monitor the procurement processes to ensure its transparency and appropriateness. The Support Unit to JICA/Monitoring Committee will monitor the processes of procurement for

goods, works, services and consulting services which have been developed for obtaining JICA concurrence by the implementing line ministries/PMTs to ensure compliance with JICA procurement guidelines and procedures. This will specifically include:

- Study Iraqi regulation concerning procurement and prepare the comparison report to identify the differences between JICA procurement guidelines and procedures;
- Assist the implementing line ministries/PMTs in establishing procurement plans and procurement packaging in line with JICA procurement guidelines and procedures;
- Monitor the implementation of procurement plans of each project which has been prepared by the implementing line ministries / PMTs and ensure that the implementing line ministries / PMTs continue to update them on monthly basis;
- Verify the procedural progress of procurement plans to ensure that official requests of all documentations which require JICA concurrence are submitted to JICA as scheduled and provide procedural guidance to ensure that they comply with JICA applicable guidelines and loan agreements. These will include, but not be limited to, advertisements, requests for proposals, prequalification documents, prequalification evaluation report, bidding documents, bid evaluation report, and contract agreements;
- Monitor the implementation of procurement processes. These will include, but not be limited to, verifying the appropriateness of advertisement, attending pre-proposal, prequalification and pre-bid meetings, as well as bid openings as an observer, monitoring the procedures of technical and financial evaluation of proposals and bids for each project to ensure that all the processes are in line with bidding documents and procedures. When any deviation is identified, the Support Unit will notify the Monitoring Committee and JICA;
- Ensure that implementing line ministries/PMTs establish linkages between the procurement process and the corresponding procurement reviews;
- Support capacity building to the implementing line ministries/PMTs that JICA designs to provide in terms of procurement in accordance with JICA's applicable guidelines and the loan agreement;
- Provide monthly and quarterly reports to JICA on procurement processes of each project and update information on procurement progresses;
- Undertake specific procurement reviews as directed by JICA in response to emerging needs.

3. Financial Management Specialists Team

This team will consist of Budget and Financial Management Specialist and Financial Management Analyst.

Financial management is a critical element to strengthen the capacity of managing financial resources and of executing the loans with solid accounting system such as accurate book-keeping, and with well established management information system under each implementing line ministries. Also, all the financial information of records on expenditures and projections of budgets for the Japanese ODA loan projects shall be shared with the Ministry of Finance on a daily basis to manage public debts and to secure and execute budgets as scheduled. The Support Unit to JICA/Monitoring Committee will conduct an overall assessment on financial management system for the implementing line ministries successively and monitor the implementation of financial management under each project to ensure that all the procedures are corresponding to the progresses of contracts, which have been developed for obtaining JICA concurrence by the implementing line ministries/PMTs.

- Assess the financial management system including book-keeping and management information system, of the implementing line ministries successively and prepare a report to identify issues and recommendations;
- Assist the implementing line ministries/PMTs in establishing annual disbursement plans up to the completion of projects
- Provide guidance to the implementing line ministries/PMTs in the preparation of requests for disbursement and/or requests for reimbursement in accordance with loan agreements;
- Monitor the compliance to the financial procedures that official requests of all the financial documentations prepared by the implementing line ministries/PMTs are submitted to JICA in

line with payment conditions of contracts and provide procedural guidance to ensure that they comply with JICA applicable guidelines;

- Perform sample verifications of the evidences to be used for disbursement requests and confirm that all supportive documents are correct, based on the payment conditions of contracts;
- Review the monthly disbursement plans for each project which prepared by the implementing line ministries / PMTs and ensure that the implementing line ministries / PMTs continue to update them;
- Support capacity building to implementing line ministries that JICA designs to provide in terms of financial management with JICA's applicable guidelines and loan agreements;
- Provide monthly and quarterly reports to JICA on financial progresses of each project.
- Undertake specific financial documentation reviews as directed by JICA in response to emerging needs.

4. Capacity Building Specialist

The Support Unit to JICA/Monitoring Committee will provide technical and advisory support to the implementing line ministries/PMTs with respect to the project procurement and financial management to enable them to be familiarized with JICA applicable guidelines, to generate timely and reliable reports and to maintain adequate records.

- Support capacity building that JICA designs to provide in terms of procurement and financial management in accordance with JICA's applicable guidelines based on the on-the-job training;
- Provide capacity building to the implementing line ministries concerning the project management;
- Assess the capacity of PMTs under each project and identify any areas which need to be improved and propose relevant trainings

Cost Estimates						
Item	Description	Unit	Rate(USD)	Persons	Months	Total (USD)
1	Project Personnel					
1.1	International Programme/Project Personnel					
1.1.1	Program Manager (Program Management and JICA Loan Specialist)(Amman (Partial input 60% of 12 months)	Mo	18,000	1	7.2	129,600
1.1.2	Procurement Management Specialist (Baghdad)	Mo	23,000	1	9	207,000
1.1.3	Budget and Financial Management Specialist (Baghdad)	Mo	23,000	1	9	207,000
1.1.4	Financial Management Analyst (Baghdad)	Mo	23,000	1	9	207,000
1.2	National Programme/Project Personnel					
1.2.1	Executive Manager (liason officer)	Mo	10,000	1	9	90,000
1.2.2	Program Assistant (Amman)	Mo	5,000	1	9	45,000
	subtotal of 1					885,600
2	UNDP Consultants	Unit	Rate(USD)	Persons	Months	Total (USD)
2.1	International Consultant					
2.1.1	Capacity Development Specialist (Amman) (full assignment for the first 6 months and partial input 50% of the rest)	Mo	18,000	1	8	144,000
2.2	National /Regional Consultant					
	Procurement management team					
2.2.1	Electricity and Water Resources	Mo	7,500	1	9	67,500
2.2.2	Transportation and Industry	Mo	7,500	1	9	67,500
2.2.3	Water and Sanitation	Mo	7,500	1	9	67,500
	Financial management team					
2.3.1	MoE/MoIM	Mo	7,500	1	9	67,500
2.3.2	MoWR/MoCH/MoT	Mo	7,500	1	9	67,500
2.3.3	MMPW/Mayoralty of Baghdad	Mo	7,500	1	9	67,500
2.4	Project Assistant	Mo	5,000	1	9	45,000
	subtotal of 2					594,000
	subtotal of 1 and 2 (personnel related)					1,479,600
3	Capacity Building (Training) for Project Management Team					
3.1	Project Management training (Baghdad)	2 weeks				20,000
3.2	Procurement Management (Baghdad)	2 weeks				20,000
3.3	Financial Management (Baghdad)	2 weeks				20,000
	subtotal of 3					60,000
4	Travel expenses & DSA for missions	Members	Rate (USD)	No.	Days	Times
4.1	International travel (Amman-Baghdad)		1,000	2		10
	Accommodation(DSA & HZ)		408	2	10	10
	International travel (Baghdad-Amman)		1,000	3		7
	Accommodation(DSA in Amman)		251	3	5	7
	International travel (Amman-Japan/USA)		3,500	2		1
	Accommodation(DSA)		350	2	5	1
	(travel to Japan/USA will be conducted only with the prior approval by JICA)					
4.2	Local Transportation					Times
	Air (Baghdad/Basrah etc) (including Terminal Expenses)		300	6		9
	Rental Cars (including driver and fuel)		1,500	4	9	
					(months)	
	subtotal of 4					229,655
	subtotal of 1+2+3+4					1,769,255
5	Indirect cost / Miscellaneous (should not exceed 3%)					
	Office/IT/Stationaries					53,078
6	Security (should not exceed 2%)					35,385
7	Agency Management support cost (including monitoring and reporting) (7% of 1/2/3/4/5)					127,563
8	Project Budget Total					1,985,281