



**United Nations Development Programme Iraq  
UMM QASR SUSTAINABLE NAVIGATION AID PROJECT 63929**

**FINAL PROJECT REPORT**



UMM QASR Port Control Tower

<b>Project Title:</b>	UMM QASR SUSTAINABLE NAVIGATION AID PROJECT
<b>UNDP Project #:</b>	63929
<b>Project Duration:</b>	December 6 2008 to December 31 2014
<b>Project Resources:</b>	DANIDA
<b>UNDP Iraq Focal Point:</b>	Shiori Otan, Procurement Specialist, Loan Management Unit, IG & PSD

<b>UNDAF Outcome(s)</b>	#2: Inclusive, more equitable and sustainable economic growth #3: Environmental management and compliance with actions taken on ratified international environmental treaties and obligations #5: More equal and inclusive participation of women, youth and children
<b>CP Outcome(s):</b>	5. Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development
<b>Output(s):</b>	(1) Access to Umm Qasr Port improved through provision of effective visual Naviaid system. (2) Sustainability of assets supported through staff training & provision of facilities for repair. (3) Institutional and management capacity developed for effective management of port access issues. (4) Provision of technical advice on Automatic Information System/Vessel Tracking System

<b>Implementing Partner:</b>	General Company for Ports of Iraq (GCPI)
<b>Responsible Partner:</b>	United Nations Development Programme Iraq
<b>Project Location(s):</b>	Basra

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## Executive Summary

In today's global world, marine transport remains a key factor in economic development and maritime trade is critical in serving bulk and containerized shipment needs.

The General Company of Ports in Iraq (GCPI) is a self-financed State Owned Enterprises of the Ministry of Transportation and is the sole national agency responsible for ports in Iraq with both regulatory and service provider functions. In line with the anticipated growth in Iraq's economy and the Private Sector Development, the effective functioning of the ports is essential and the improvement of infrastructures of the ports is also key factor for the imperative role of marine transportation and external trade.

At the time of initiating the Project, over the past quarter century, war damage, poor maintenance, economic sanctions and a lack of investment in infrastructure and human resources has resulted in a serious degradation of Iraq's maritime sector and ports, and a failure to meet all the requirements of the International Maritime Organization (IMO), specifically the requirements of the IALA. The layout of buoys shown on published navigation charts were not fully in place and no spares exist for repair and maintenance. With the Safety of Life at Sea (SOLAS) Convention responsibilities, Iraq did not fully meet its international obligations for marine transport, and continued development was needed.

On 6 December 2008, DANIDA, GCPI and UNDP signed the Memorandum of Understanding for a "Sustainable System of NAVIGATIONAL AIDS" for the approach channel to Umm Qasr and Az-Zubayr ports in Iraq.

The Project accomplished to provide new buoys for safer access to the ports, build the capacity in maintenance and repairing through spare parts and a basic workshop facility, along with the key personnel training and technically assist the introduction of AIS and VTS. The Project was managed in high efficient and effective manner to achieve the output of the projects.

While, the Project was designed as the initiation of the ports complying with the international safety and navigation standards, therefore, the GCPI's future activities are strongly required to measure the overall impact of the Project.

Except the VTS equipment – due to the financial constrain of the Gol, the planned facilities and equipment including the Gol own funded portion, have been completed with technical satisfaction with the targeted. The next step for the GCPI will be the legislative compliance with the international requirement as well as the technical enhancement of the navigation facilities.

GCPI has been very much benefitted by this Partnership under the Project for networking with the leading international maritime organisations, this will contribute further technical development of the GCPI.

During the implementation of the Projects, the challenges made apparent rather the institutional areas to be enhanced than the specific project issues, since those challenges were embedded the GoI administration or management structure. Therefore, GCPI's institutional capacity development and followed restructuring the company will accelerate the enhancement of the port facilities and management.

Nevertheless, since the initiation of the project, the capacity of Umm Qasr Port has been enhanced by the number of development programmes, including this Project. For example, the average size per vessel call in Umm Qasr port was increased by more than 60%, the total revenue of the GCPI was increased by more than 80%.

## I. Context

The funding agreement for this project, the Memorandum of Understanding between DANIDA, UNDP and GCIP for concerning a “Sustainable System of NAVIGATIONAL AIDS” for the approach channel to Umm Qasr and Az-Zubayr ports in Iraq, was signed on 6 December 2008 and the project commenced with the arrival of funds in January 2009. The objectives of this project are to provide new buoys for safer access to the ports, build capacity in maintenance and repair through spare parts and a basic workshop facility, along with necessary training of key personnel. The Addendum signed on 26 November 2009 on AIS/VTs provides an additional US\$499,900 to cover advice and initial assistance from the Danish Maritime Safety Administration (DAMSA) for introduction of AIS/VTs. The Addendum No.2 signed on 28 December 2010 provides additional funds of approximately US\$ 421,000 for technical assistance to the implementation of AIS/VTs for the period of 2011-13, which was extended to the end of 2014.

The expected results of UMM QASR SUSTAINABLE NAVIGATION AID PROJECT pursued in line with NDP objective of the quantity of the berths and the capacity. The project is intended to support the realization of the overall UNDAF outcome Inclusive, more equitable and sustainable economic growth in close partnerships with GCPI and DANIDA. Project resources have been applied towards the achievement of CPAP outcome Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development. This is demonstrated by progress towards the following intended project outputs:

- (1) Access to Umm Qasr Port improved through provision of effective visual Naviaid system.
- (2) Sustainability of assets supported through staff training & provision of facilities for repair.
- (3) Institutional and management capacity developed for effective management of port access issues.
- (4) Provision of technical advice on Automatic Information System/Vessel Tracking System

UNDP has been involved in assisting the ports of Iraq since 1999. Since the 2003 conflict, UNDP has been the catalyst in the successful completion of dredging works, wreck removal projects, provision of the training and equipment to the existing Iraqi dredge fleet.

UNDP assessment conducted in 2005 found that approximately one-third of existing Navigation Aids in the Khawr Abd Allah Approach Channel alone were missing. Furthermore, the majority of the remaining aids dated from 1975 and were very poor condition. Approximately half of these were without, or with defective, lights. In addition, a large number of the Navigation Aids still in place, had drifted away or were wrongly positioned, adding to the confusion and further increasing the safety hazards to navigation.

In 2006, UNDP combined the comprehensive documentation of Iraqi ports' strengths and weaknesses in an accessible study as "UNDP, 2006, Iraqi Prots study".

With the support of DANIDA, the Iraqi buoy-laying vessel 'NISR" was fully rehabilitated and was considered as the vital for the successful implementation of this proposed Project. In addition, DaNIDA also financed modelling of the patterns of Umm Qasr Port, and its access (COWI studies), which contributed to identify critical areas within the water ways, planning of navigation aids and pilotage for the Project. The 31ft vessel with magneto-survey equipment supplied by DANIDA updated the data on the channel.

The lack of Navigation Aids within the approach channel presented serious navigational and security hazards and prevents the ports and offshore oil terminals from complying with international safety and navigational standards (as given in the IMC & ILAS codes). This Project set the positive impacts on the safe and uninterrupted navigation to the ports of Umm Qasr and Az Zubayr and to address security concern as the objectives.

This Project focused on the deficiency of proper visual navigation aids to meet international standards set by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) and has been extended to include preparatory work on Automatic Identification System / Vessel Tracking System (AIS/VTs) developments. The condition of visual navigation aids remains a cause of safety concerns, unnecessary delays and reasons that some shippers would avoid Umm Qasr Port.

This Project was a national execution modality (NIM) with GCPI nominated as the executing agency, with UNDP providing assistance and guidance, thus seeking to develop capacity and ownership. By strengthening and updating GCPI's technical and managerial capacity through seminars and work site visits, GCPI have enhanced capacity to be able to undertake other projects in the future.

## II. Performance review

### *Implementation strategy review*

#### **1. Quality of partnerships**

This Project was funded by DANIDA and implemented a national execution modality (NIM) with GCPI nominated as the executing agency, with UNDP providing assistance and guidance. During the overall project implementation period, the three parties communicated closely, and the challenges faced by the Project was flexibly solved through timely communication among the parties with understanding the post conflict circumstances in Iraq. UNDP intended to limit their interventions as minimum as possible in order to encourage the GCPI's ownership, the provided support only focused on the way to integrate the GCPI demands into the Project framework in the last stage of the Project.

The one of the biggest advantages of this Partnership is that GCPI has establish the good network with the leading organisations/authorities in their institutional mandate, such as Danish Maritime Authority (DMA<sup>1</sup>), International Maritime Organisation, World Maritime University (WMU), Svendborg International Maritime Academy (SIMAC) in Denmark etc for having the coastal country, the Kingdom of Denmark, as a donor. It contributed the technical assistance to GCPI not only on the project activities, but also on the other issues, which GCPI faces in order to make the ports improved in line with international standards. The GCPI had opportunities to be aware the other collateral areas of improvement through the Project.

This 6 years continual Partnership brought the multiple effects to the other projects and management of GCPI by providing the lesson learnt from the Project, and coherent approach towards the development project of GCPI.

UNDP and GCPI also extend the partnership by signed the Memorandum of Understanding for the Institutional Capacity Development of GCPI in 2015 based on the lesson learnt.

#### **2. Sustainability**

Overall impact of the Project will be achieved only with the proper operation and maintenance by the GCPI. The GCPI had been well aware of the importance of continual efforts to develop their institutional capacity. As the above mentioned,

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<sup>1</sup> The Government of Denmark announced on 3 October 2011 that the Danish Maritime Safety Administration (DaMSA) was merged into the Danish Maritime Authority (DMA) under the Ministry of Business Affairs and Growth. DMA continued their contribution as agreed in the time of DaMSA. In the report, the name in the timing that the activities were implemented.



further extension of the partnerships and networks established under the project will be an option to maintain the sustainability in the post-Project phase.

A key for the sustainability is if the GCPI keeps coherent approach to their management on enhancing the capacity in the area that the Project made input. In the final stage of the Project, the Project provided the comprehensive technical evaluation of the outputs and the recommendations for the future activities, which made GCPI understand areas to be continually invested in order to achieve the international required standard as the ports and extends the output of the project for their better management and operation in sustainable matter.

Although out of the scope of the Project, the procurement of the VTS equipment was not accomplished due to the budget constrain of Iraqi Government. However, the Project provided all required technical assistance in finalizing the technical specification, and budget estimation as additional effort. This maintain a future possibility for GCPI, whenever they have available budget in the future, and this outcome to be a compass for GCPI to move quickly for its implementation.

In addition, GCPI intends to prepare a master plan for port sector, and the first master plan study has been conducted in 2015; the identified issues in Navigation Aid were also integrated into the study.

Under the Project, the officials of the GCPI were capacitated, and its operational structure has been in place with significant improvement. However, it is recommended for GCPI to set a solid mechanism of internal knowledge transfer, sharing and continual enhancement of the skills of their employees in order to ensure the sustainability of the Project.

## *Management effectiveness review*

### **1. Timely delivery of outputs**

The Project had faced lots of challenges and some activities were delayed from the detailed plan during the implementation, because of the tendering procedures, the obtaining the approval from MoT in Baghdad, and limited authorization of the GCPI in the process. However, the DANIDA, GCPI, and UNDP communicated very closely and solve the issues in the optimal way, and the major outputs were delivered by 2013, as agreed in the MoU.

In the end of 2013, there were some activities remain under the Provision of Technical Advice on AIT/VTS including the Government of Iraq funded portion, therefore GCPI/UNDP requested one year no cost extension for completing the Project. After the approval of DANIDA, UNDP and GCPI reviewed the schedule of remaining activities and the final following-up activity: the survey on the technical evaluation and recommendations on outputs and cost estimation of VTS was planned in the early October 2014. However, since June 2014, the security and

political situation in Iraq became uncertain and missions to Basra were restricted; UNDP also evacuated from Iraq. This security and political situations in Iraq affected the implementation schedule of the Project. The implementation of the survey, therefore, shifted two (2) months beyond the planned completion timeline, which caused the delay of conducting a small follow-up activity as the result of the survey.

All activities under the Project was completed in the end of December 2014.

## **2. Cost-effective use of inputs**

The Project was implemented a national execution modality (NIM), which led the maximum utilization of the GCPI's resources as well as their ownership towards the Project. Especially, under the circumstances of remote project management in the early stage of the Project, this set up contributed the cost-effectiveness. UNDP focused the inputs in the technical and direct cost of the Project, and accomplished effective usage of the inputs, especially after the enhancement of GCPI's implementation capacity.

However, the management of Project was negatively impacted by UNDP's CO restructuring in 2014, and the instability of security and political situations caused by "ISIS". The Project faced the repeated relocations of the management and documents, unsustainability of the programme structures in CO, and created the gaps in the management of the Project. This resulted the delay of financial closure of the Project and its reporting.

Financially, the NIM audit was conducted in 2012 and 2013 by the auditing firms in accordance with UNDP's internal rules regulations. The both audits covered the national implementation component and the results were satisfactory.

### III. Project results summary

#### *Output 1: Access to Umm Qasr Port improved through provision of effective visual navaid system*

##### **Activity: Procurement of NavAids**

The Output 1 aimed to ensure that the visual NavAids system provides for effective access to/from Umm Qasr Port for vessels in all conditions and meets IALA Code requirements. The duration of the activity was from January 2009 to September 2011. The Project reviewed of channel data, pilotage practice and compliance with standards. This involved the development of a functional specification, detailed bid documents, procurement by GCPI, manufacture and delivery of modern aids, installation of aids and reporting on placement. Phase I was completed with the provision of a draft Strategy Paper to GCPI, and the formation of a GCPI Committee to address full implementation.

DANIDA granted the permission of re-bid, due to the initial bidding process in January 2010 coming in too high, GCPI issued Bid Documents for re-bidding on 15 April 2010 with closing date on 9 May 2010. Modifications were made on the technical specifications and the conditions of contract with UNDP's technical advisor.

Evaluations were conducted on seven received bids led by GCPI with the assistance of the UNDP consultant advisor. Only one bid by French company, GISMAN, was technically responsive and passed the technical evaluation with total bid cost US\$1,756,358.10 which exceeded the available budget for procurement of buoys. The completed evaluation report was submitted to UNDP on 1 June 2010 for review and approval. In the evaluation report, GCPI requested UNDP for the budget reallocation and permission for GCPI to award a contract to GISMAN. In the event that the budget would not be secured, GCPI intended to reject all bids and invite GISMAN to enter into direct contract negotiation to procure the maximum number of buoys within the available budget. In accordance with Clause 41 of the Instruction to Bidders, the GCPI, as the Purchaser has the right to reduce the quantity to a maximum of 25%, which is equivalent to the reduction in the number of buoys from 40 to 30. Realization of Clause 41 resulted in the reduction of the bid price to US\$1,462,565.41, including contingency and cost of GCPI's supervision and inspection. These issues are all reported to DANIDA in timely manner and approved.

UNDP issued a no objection letter on 22 June 2010 after reviewing the entire project component and advised GCPI the following:

- However, the available budget for this procurement is USD 1,440,746.24, while the evaluated bid with 25% reduction in the quantity is USD 1,462,565.41.
- UNDP understands that the inspection has been added to the contract amount even though the scope of the bid did not include this. UNDP also recommended that GCPI secure the 5% risk contingency for currency fluctuation during the

contract negotiation and future payment. This contingency may not be required or may need to increase, but this will not be included in the contract price. If GCPI doesn't consider the contingency as a part of contract, the total contractual amount, even including inspection, will be within the available budget.

On 23 June 2010, UNDP received a reply from GCPI award the contract with inspection, only excluding contingency and the contingency, which is subsequently less than 5%, will be kept separately as preparedness for the future currency risk as one of the options suggested by UNDP.

GCPI issued the award of contract to GISMAN on 1 July 2010 and entered into contract negotiations and agreed to reduce the quantity of buoys from 40 to 30 which was the acceptable range (maximum 25%) as stipulated in the Bid Documents due to the constraints of the available budget, GCPI would conduct 3 inspection missions to GISMAN's production site utilizing the Provisional Sum on actual basis. After the successful negotiation between both parties, the contract document was drafted by GCPI with the assistance of the UNDP Advisor and submitted to UNDP for review on 3 September 2010 after the internal approval by the GCPI's Legal Department. UNDP examined the final draft of contract and issued a No Objection Letter to GCPI on 16 September 2010.

The contract was signed on 21 September 2010 at GCPI's Head Office in Basrah by representatives of GCPI and GISMAN's local agent that power of attorney was confirmed and commitment of EUR 1,091,455.00. Although the contract was signed on 21 September 2010, GISMAN needed some time to prepare Advance Payment Bond and Performance Bond through the Trade Bank of Iraq, which was finally issued on 25 November 2010. GCPI reviewed all necessary documents and approved to release the advance payment to GISMAN with EUR 109,145.50 on 28 November 2011. UNDP double-checked all the documents in terms of compliance with the contract and made payment to GISMAN on 5 December 2010.

Following inspections were conducted:

(1) 1<sup>st</sup> Inspection Visit (1 to 8 November 2010)

GCPI conducted the 1st inspection at production site to check working drawing, material selection and steel production facility – such as all mechanics, equipment, paint room, welding room as well as certificates of engineers at production site. They reported that the visit was successful and that GCPI confirmed performance of the contractor.

(2) 2<sup>nd</sup> Inspection Visit (7 to 10 February 2011)

GCPI's 2nd inspection visit to production site was conducted in Constanta, Romania, Following inspections were conducted.

- Each sheet of the quality file (especially welding procedure and welders certificates) concerning the 10 first buoys achieved by the inspection day was confirmed.

- A complete buoy (not painted) has been presented and inspected.
- The stability test was conducted on the seaport.
- Several elements of buoys which were already finished and under manufacturing (assembling phase, welding phase, sandblasting phase, painting phase) were inspected.
- Dye penetrate test of the welds of one buoy were conducted.
- Interior of a buoy on welding were inspected.
- The reinforcement of the mooring eye plate has been inspected.

Results of all inspections above were confirmed satisfactory and accepted by GCPI. It has also been confirmed that the 60% of the contracted work was completed as of the date of inspection.

### (3) 3<sup>rd</sup> Inspection Visit (April 2011)

GCPI's 3<sup>rd</sup> inspection (final inspection) visit to production site was conducted by three engineers' participating from GCPI in order to make the final check of following items.

Item N°	Description of the Goods	Quantity
1	Fabrication and Supply of complete buoys in accordance with technical specification & drawings, excl. mooring system	30
2	Chain bridles, incl. 3 shackles	30
3	Mooring chains, 27.5 m long	60
4	Sinkers, 3 ton	30
5	Chain Swivels	30
6	Shackles	200
7	Repair Manuals	2
8	Buoy Trolley	1

Results of all inspections above were satisfactory and accepted by GCPI on 20 April 2011.

Despite of some delay of loading for the lack of flat racks, buoys were finally shipped on 17 May 2011. The 2<sup>nd</sup> payment (EUR 873,164) to GISMAN was made by UNDP on 19 June 2011 after the submission of a complete set of payment documents from GCPI to UNDP.

After the arrival of the consignment at the Umm Qasr Port on 21 June 2011, a local agent of GISMAN started assembly. The assembling work was completed on 5 July 2011 and the Acceptance Certificate was signed by both parties on 11 July 2011. Installation of the buoys into the water channel was then completed by 30 September 2011 under the responsibility of GCPI. UNDP received a Request for Direct Payment from GCPI for the final payment on 28 July 2011. UNDP reviewed the complete set of the documents and confirmed that the request was in accordance with the contract between GCPI and GISMAN. UNDP made the final payment directly to GISMAN with EUR 109,145.50 on 1 August 2011.

## *Output 2: Sustainability of assets supported through staff training & provision of facilities for repair.*

### **Activity: Procurement of Workshop Equipment**

The Output 2 aimed to ensure that GCPI has improved capacity to repair and service the NavAids through training of staff on both offshore and onshore workshops/instruction and supply of necessary equipment and spare parts in order to establish a dedicated repair facility and asset management system for periodic repair and re-positioning. The activities started in March 2009 and completed in January 2012.

Before starting the activity, GCPI agreed to a reduction in workshop equipment to be purchased under the project, so as to meet budget limits. Respectively, GCPI has increased their co-share budget for the workshop renovations to accommodate the ventilation system, which originally formed part of the workshop equipment package.

GCPI finalized the Bid Documents on 21 July 2010 after some comments by UNDP and UNDP provided a no objection letter on 27 July 2010. The bid was announced on the GCPI website and three local newspapers on 1 August 2010, however, no offers were submitted by the deadline of the bid. UNDP requested GCPI to analyse the reason and submit GCPI's plan for the way forward. At the end of October 2010, according to an unofficial report by the UNDP Advisor, GCPI intends to request permission from the Ministry of Transport of Iraq to prepare direct invitations to selected vendors.

GCPI sent a request for approval in November 2010 to MoT for direct invitations to selected three vendors for the re-bidding exercise. It is expected that the approval by MoT will be given in the early January 2011. GCPI changed their procurement method to the direct invitations to selected three vendors for the re-bidding in the 1st week of February 2011, and closed on 4 April 2011.

GCPI submitted an evaluation report to UNDP on 30 May 2011. UNDP issued a "No Objection" on 30 May 2011. GCPI and the supplier, Al-Waleed Company (Iraq) signed on the contract on 3 October 2011 for the supply of workshop equipment, with three month delivery schedule.

After the delivery of the equipment to the Umm Qasr Port by the Supplier on 20 December 2011, GCPI formed the Inspection Committee. The committee reported to the Director General on 18 January 2012 that the equipment was in conformity with the conditions of the contract and recommended to release the fund to the Supplier. UNDP received a Request for Direct Payment from GCPI on 24 January 2012. After the review of all supporting documents and UNDP made a payment of US\$ 200,000 to the Supplier on 6 February 2012 received a confirmation by the Supplier through GCPI on 8 March 2012 that the Supplier received the payment successfully.

Renovation of workshop building was conducted by the GCPI's budget, completed and a taking-over certificate was issued on 28 April 2011.

*Output 3: Institutional & management capacity developed for effective management of port access issues.*

**Activity: Provision of spare parts for the vessel Nisir**

The Output 3 is for ensuring that GCPI has the capacity to keep the buoy laying vessel Nisir fully operational. The activities started in March 2009 and completed in September 2011.

GCPI bids for Nisir spare parts were not successful; UNDP received a formal request from GCPI on 10 January 2010, and commenced procurement. UNDP has issued the Request for Quotation for spare-parts in April and May 2010 respectively. UNDP has received quotations and entered into evaluation in consultation with GCPI.

UNDP issued the Request for Quotation for the spare-parts. The allocated budget for the procurement of spare-parts was US\$200,000, the total estimated amount of spare-parts, however, would exceed the available budget. After consultation with GCPI through the UNDP consultant advisor, priority has been put on Mak (as priority 1), Scani (as priority 2) and Libherr (priority 3). In addition, the estimated amount of bow thruster (priority 4) was small enough to be accommodated within the budget through direct contracting. Spare-parts for panels and switch boards were cancelled.

The final the contracts concluded were as follows:

RFQ Number	Date	Description	Supplier	Amount	Contract Date
RFQ-035/10	05 April 2010	Scani spare-parts	Nordhavn A/S	US\$ 53,536.57	14 Sep 2010
RFQ-036/10	05 April 2010	Mak spare-parts	Unatrac International	US\$ 95,540.00	20 July 2010
RFQ/Q-053/10	17 May 2010	Bow Thruster	HOWDEN Elmor S.A	GBP 248.50 US\$7,168.00	02 Sep 2010 10 Mar 2011
RFQ/Q-054/10	17 May 2010	Spare-parts for panels	Cancelled		
RFQ/Q-055/10	17 May 2010	Libherr spare-parts	Libherr-Welk Nenzing Gmbh	EUR29,185.10	31 Jan 2011
RFQ/A-056/10	17 May 2010	Spare-parts for switch boards	Cancelled		

Four categories of contract under the component were resulted as follows:

(1) MAK Spare-parts

UNDP placed the order to a supplier (Unatrac International) on 20 July 2010 with US\$ 53,536.57. The consignment arrived at GCPI's premise via Basra Airport on 21 September 2010. GCPI conducted inspection subsequently.

UNDP completed the payment to the supplier on 13 October 2010 after the completion of delivery with the official certificate of receipt submitted by GCPI.

(2) SCANIA Spare-parts

UNDP placed the order to a supplier (Nordhavn A/S) on 14 Sep with US\$ 95,540.00. The consignment arrived at Basrah Airport on 27 September 2010.

The consignment arrived at Basrah Airport on 27 September 2010, but needed some time for the custom clearance at the airport due to the delay of issuance of a letter from GCPI, as a consignee, to the custom authority for requesting the clearance. This delay caused by the unavailability of authorized officials of GCPI. The letter was finally issued on 5 December 2010 and the consignment was delivered to the warehouse of GCPI at Umm Qasr Port on the same day. Initially, GCPI tried to arrange delivery of the consignment from the airport to the warehouse with bearing custom handling charge and transportation cost. However, GCPI faced difficulties to hire a forwarding agent to arrange such services in a quick manner to avoid any demurrages due to the long internal administrative process. Therefore, UNDP selected a forwarder (Jabbar Al-Yasiry Custom Agent) through competitive process of which cost of US\$ 1,525. After the confirmation of the delivery of the consignment to the warehouse, UNDP completed the payment to the supplier on 9 December 2010.

(3) Bow Thruster

For the procurement of Bow Thruster, the supplier accepted only EXW condition based on the Incoterms. Therefore, the cost of Bow Thruster was paid upon shipment (GBP 248.50). UNDP arranged a courier service from U.K to Basrah since the consignment was only 4.0 kg. At the end of 2010, the consignment was in transit at Dubai, UAE.

The consignment of which order was placed to a supplier (HOWDEN) on 2 September 2010 was delivered to GCPI on 5 October 2010. It was then informed by GCPI to UNDP that the original scope of the project included more spare-parts, which functionalize the Bow Thruster. After the identification of names of spare-parts, UNDP sent out Request for Quotation globally on 3 November 2010 to solicit a supplier of those spare-parts. By the deadline on 21 November 2010, UNDP received only one quotation from a potential supplier. However, the supplier asked 100% advance payment, which conflicts with UNDP's general terms and conditions of the procurement of goods. UNDP initiated a dialogue with the supplier in December 2010 regarding the payment conditions. However, it did not reach to the conclusion by the end of 2010. Since the supplier did not accept the UNDP's general terms of the payment, UNDP submitted this case to the internal approval committee to accept 100% advance payment. The committee was held on 9 February 2011 and the approval was finally given in writing on 9 March 2011. UNDP placed an order to a supplier (Elmor S.A., Poland) on 10 March 2011. The advance



payment was made on 21 March 2011 with US\$ 7,168.00. In addition, UNDP arranged a transportation of this consignment on 31 March 2011 through UNDP's Long Term Agreement with a freight forwarder (Kuehne + Nagel, Denmark) with EUR 1,850.00 from Poland to the warehouse of GCPI in Umm Qasr port.

The consignment was collected by the freight forwarder on 18 April 2011 at the supplier's premise in Poland (Elmor S.A., Poland). After the facilitation of shipping documents as well as the export / import process, it was delivered to Basrah and handed over to GCPI on 8 May 2011. UNDP made a payment (EUR 2,352.47) to the freight forwarder on 31 May 2011.

#### (4) Liebherr Deck Crane Spare-parts

The offer (EUR 29,185.10) was provided by a supplier, Frontline Crane and Construction Machinery, on 20 September 2010 who was nominated as a sole supply agent for Iraq by Liebherr-Welk Nenzing GmbH. However, the supplier insists on the following points which conflict with UNDP's procurement rules and regulations.

- a) The supplier accepts only his own General Terms and Conditions; and
- b) The supplier requests 50% payment upon the order and 50% payment upon the shipment.

Therefore, UNDP Iraq is consulting at the Legal Support Office and Procurement Support Office at Head Quarters for a possible solution and intervention. UNDP's internal approval committee was held on 9 November 2010 for the procurement of spare-parts of Liebherr Deck Crane and approved to accept the above mentioned issues.

After the completion of internal administrative process of the committee by the end of November 2010, UNDP requested to the supplier in December 2010 to submit vendor information which was required to register the supplier in ERP system and enable to process advance payment. However, the supplier requested more information on this procurement such as final delivery site, consignee, end-user, UNDP's transporter even the contact was EXW basis before submitting vendor registration form. After the approval of internal committee, UNDP placed an order to a supplier (Liebherr-Welk Nenzing GmbH, Austria) on 31 January 2011 with EUR 29,185.10. The advance payment was made on 9 February 2011. In addition, UNDP arranged a transportation of this consignment on 31 March 2011 through UNDP's Long Term Agreement with a freight forwarder (Kuehne + Nagel, Denmark) with EUR 3,860.00 from Austria to the warehouse of GCPI in Umm Qasr port.

UNDP was informed by the supplier on 5 May 2011 that the supplier found a defect on one spare-part (Pressure Limiting Valve; Parts No. 51043991, Value EUR322.00) during their quality control process. The spare-part needed to be remanufactured. UNDP decided to deliver all other spare-parts except the pressure limiting valve to avoid any delay of the implementation of the project.

Pre-shipment inspection was conducted in Austria on 15 June 2011 by an inspection company (Intertek Government Services) and the result was satisfactory. After the confirmation of the satisfactory completion of the inspection, UNDP instructed the freight forwarder (Kuehne + Nagel A/S) on 21 June 2011 to contact the supplier to discuss transportation arrangement from Austria to Basrah.

After the completion of re-manufacturing and QC process, the last spare-part was shipped on 17 August in Austria and arrived at Amman on 19 August 2011 for transit. The consignment left Amman after the completion of necessary process for transit cargo on 7 September 2011 and arrived at the facility of the freight forwarder in Iraq on 18 September 2011, and was handed over to GCPI on 3 October 2011 in Basrah.

This component was completed by the end of 2011.

#### *Output 4: Provision of technical advice on Automatic Information System/Vessel Tracking System*

##### **Activity: Introduction of AIS/VTS**

This output was added by concluding the addendum no.1 in November 2009 for following the successful completion of six short term courses for GCPI port in Denmark in 2008. One of the highest priority was the introducing the AIS, and ultimately VTS in Iraq. AIS/VTS was considered as to complement the Sustainable System of Navigational Aids project as well as previously completed projects. GCPI acknowledged that the Danish Maritime Safety Administration (DaMSA) is at the international forefront concerning operation and management of AIS and VTS systems. As DaMSA has declared a policy of international knowledges sharing aimed at improving safety of navigation globally and been available to any costal state in need of assistance or technical advice on navigational safety issues.

The Project provided the technical assistance to GCPI for smooth and qualified implementation of their procurement. Under this activity, there are 3 main components to provide GCPI with direction and support in designing and implementing an AIS/VTS system to meet IMO requirements.

- 1) Technical assistance for AIS/VTS system
- 2) Fellowship of World Maritime University in Sweden (WMU)
- 3) Training for Hydrographic Surveyors

##### **1) Technical assistance for AIS/VTS system**

The project outlined strategy aiming at achieving the objectives for AIS/VTS, as defined by GCPI including the definition of systems lay-out and

performance criteria in accordance with IALA standards, technical solutions, staffing and job requirements for technical maintenance staff and for operation. A description of Iraq's obligations as a coastal state to ensure safety of navigation under IMO regulations through the issue and promulgation of navigational warnings.

AIS/VTS strategy paper was submitted by GCPI to MoT in February 2010, and approved in October 2010. GoI budget of USD 8 million was allocated over three years (USD 2.4 million in 2011) for implementation of an AIS/VTS strategy. Under such circumstances, the GCPI delegation had a technical meeting with DaMSA in October 2010 to seek technical advice on implementation of the approved strategy and to develop an implementation plan of the AIS/VTS within the approved budget.

In January 2011, GCPI nominated a new Project Manager for AIS/VTS, Mr. Layth Abdulridha Shaban. GCPI sent him to Copenhagen in January 2011 for the induction briefing. In February 2011, a Technical Consultation Meeting was held in Copenhagen and project implementation plan as well as technical specifications of AIS/VTS equipment. This output led the GCPI's initiative to implement the following procurement activities funded by their own budget.

- (1) VTS Equipment
- (2) VTS Control Tower
- (3) AIS Component
- (4) Technical Review of the GIPI NaviAid (additional component)

**(1) VTS Equipment (Only Technical Assistance from this project.)**

GCPI Contracts Department agreed to adopt the standard bidding format of the World Bank bidding for VTS equipment. GCPI received information by DAMSA that there are only small numbers of reliable companies globally who are able to supply VTS equipment. GCPI will seek approval from MoT in the 1st Quarter of 2012 for applying a Limited Competitive Bidding procedure.

GCPI and South Oil Company (SOC), the Ministry of Oil, established a Working group concerning radar sites at Al Basra Oil Terminal of SOC in May 2011 to discuss technical details of the radar site.

At the technical closures of the project, the status of GCPI's part of activities were follows:

- Final draft of technical specifications was completed by the end of 2013 with the technical assistance under the project.
- General Terms and Conditions (GTC) of the bidding documents were not prepared yet. The Contract Department of GCPI was consulting with the Legal Department if GCPI could adopt the standard bidding format of the World Bank for this bid. GCPI was not able to finalize the issue.

- GCPI received information by DAMSA that there are only small numbers of reliable companies globally who are able to supply VTS equipment. GCPI has to seek approval from MoT for applying a Limited Competitive Bidding procedure.

Since GCPI had a difficulty to estimate the budget for the Iraq VTS system, the consultant for technical assistance extended its estimation under its contract. GCPI requested the consultant to prepare a detailed cost estimate for implementation of “VTS IRAQ”, as described in the Technical Specifications developed jointly with the Danish Maritime Authority dated on 24 January 2014. The estimated cost will contribute the implementation of the second phase of VTS project, which is funded by Gol, and the estimation has been presented to the GCPI’s Planning Department by the VTS Committee supported by the Marine Department in order to secure the budget for its implementation for the future. Since the Project covers the further step for the second phase, this activity will encourage the continuity and sustainability of the VTS system.

Since June 2014, due to combatting to ISIS and continual dropping the oil price, the Gol has been facing the financial constrain. Even the budget allocated government investment project was cancelled in 2014. Since then, the most of the investment project has been suspended in Iraq.

### **(2) VTS Control Tower (Only Technical Assistance from this project.)**

GCPI announced a bid for construction of VTS control tower with closing date on 14 June 2011. Five bids were received. GCPI completed the bid evaluation and targeted to sign on a contract with a successful bidder originally in August 2011. GCPI signed on a contract for the construction of VTS Tower in October 2011 with a local contractor. Construction period was 18 months.

Due to the series of discussions between the contractor and GCPI on the alteration of construction sites, the contract was finally commenced in the 1st Quarter of 2012.

Despite of some delays, the construction of VTC tower was completed in the 3<sup>rd</sup> Quarter of 2014.

### **(3) AIS Component**

South Oil Company gave permission to establish V-sat and AIS transponder at the Al Basra Oil Terminal of SOC in May 2011. Two new AIS transceivers commissioned with transmission of data to DaMSA, Copenhagen, allowing GCPI to read ‘live’ AIS picture via Internet with password from DAMSA. AIS Centre established in GCPI Communications Department in Basra with computers and monitors for reading of AIS data through DaMSA servers. Five

days training of GCPI technicians in AIS software application was conducted by DaMSA's software supplier (GateHouse) in Istanbul from 7 June 2011.

After the establishment of AIS Center in GCPI Communications Department in Basra with computers and monitors for reading AIS data through DaMSA servers and two AIS transceivers to transmit data to DaMSA in Copenhagen allowing GCPI to read 'live' AIS picture via Internet, the navigations activities are continuing. The analyses by GCPI are reviewed by DaMSA regularly and feedbacks are sent to GCPI by return.

Tender for procurement of servers and software for direct reading of AIS in GCPI and submission of data to IALA-NET and for training of operators floated locally in Iraq with the firm of GateHouse, Denmark, as nominated sub-contractor. Tender closing date is 2 April 2012.

GCPI opened a Letter of Credit (GCPI funding of USD 700,000) at the end of November 2012 in favor of the local firm Kheberat for implementation of the AIS Phase II project (procurement of one AIS transponder for Abu Floos Port, one gyroscope disc for the pilot station vessel, three V-sat connections, 15 GateHouse AIS display software licenses, 30 desktop computers, network equipment, servers and training of 12 staff; operators and technicians).

The equipment arrived in Basra in June 2013, and was cleared from the customs in September 2013. The local contractor installed and commission the equipment by the end of 2013.

#### **(4) Technical Review of the Iraq AIS/VTs**

In the beginning of 2014, the original Services of provision of technical advice on Automatic Information System (AIS) and Vessel Tracking System (VTS) was completed. There was still a remaining balance in the project. Therefore, the GCPI requested the provision of Technical Assistance to review for the AIS/VTS Projects and to estimate the cost for the equipment (refer to (1)) in order to evaluate the outputs of the Project and plan the further improvement for the systems.

The GCPI has had regular technical consultations in Denmark with Mr Omar Frits Eriksson of the Danish Maritime Authority; primarily concerning implementation of AIS and VTS in Iraq for the last five years, including the technical specifications, and other topics such as Iraq's Coastal State Obligations for Safety of Navigation, as defined by the International Maritime Organization. The GCPI requested the this year's consultations for the new Port Control Tower in Umm Qasr where the VTS Operations Centre is installed as well as the review of the outputs by the Project in Basra.

This survey included the meeting between Danish Maritime Authority and the GCPI on 11 December 2014 in Basra, in order to have the technical evaluation of the outputs and the recommendations for the future activities, which GCPI will continually invest in order to achieve the international required standard as the ports.

It was the comprehensive technical reviews, as the final stage of the project, the observation of the survey also presented the linkage to future plans of the GCPI and contributes to the sustainability of the post-Project phase.

## 2) Fellowship of WMU

Director General announced in March 2011 that the application for the scholarships is opened for all GCPI stag as long as the candidates have academic background in marine area and acceptable English command. It took time for nominating the qualified staff, especially in English command. By the letter on 22 January 2012, GCPI requested concurrence of DANIDA to convert 2 out of 6 WMU fellowships for M.Sc. to 2 PhD programs using contingency funds to finance the difference in cost, and DANIDA agreed the request on 24 January 2013.

The master course consisted of 14 months and divided into three semesters. The first, Foundation Studies, provides an introduction to the knowledge that is fundamental to all activities in the maritime field. The second semester, Specialization Studies, forms the main body of the programme. Students will enter into the specific study on one of four specializations: Maritime Education & Training, Maritime Law & Policy, Maritime Safety & Environmental Administration or Shipping & Port Management. In the third semester, students follow Electives or write a dissertation, allowing each student to put together a package that matches their personal and professional interests. Iraqi officials took specializations' studies as follows.

No.	Name	Specializations
1	Mr. Mazin Dawood Salman	Maritime Safety and Environmental Administration
2	Mr. Sameer Abdali Marzoq	Maritime Safety and Environmental Administration
3	Mr. Farhan Mouhaisen Ghdhaib Al-Fartoosi	Maritime Safety and Environmental Administration
4	Mr. Salem Gabbar Hussain Al-Garawy	Shipping and Port Management

The master course started on 24 September 2012 and ended on 24 November 2013. Also, those four officials assigned to the pre-sessional English and Study Skills Programme which started on 2 July 2012 prior to the master course. The officials left Iraq on 30 June 2012.

GCPI nominated an official to the scholarship for Mr. Safaa A. J. Al-Fayyadh as a Ph.D. programme at WMU and the official received academic clearance as of 29 November 2012. The second nominees Capt. Omran Radhi Thani received academic clearance on 6 November 2013.

No.	Name	Course Subject
1	Mr. Safaa A. J. Al-Fayyadh	Ph.D. Programme in Maritime Affairs
2	Capt. Omran Radhi Thani	Ph.D. Programme in Maritime Affairs

Unfortunately, Capt. Omran Radhi Thani had to give up his degree due to the personal issue, and was not able to complete his course. Since the enrolment fee was paid in advance, the WMU recommends to utilize the remaining amount EUR 60,400 by nominating the alternative candidate for the course. GCPI is currently working on the issues.

### **3) Training programme for Hydrographic Surveyors**

GCPI took a time to determine the software application (HYPACK and NaviPac) for GCPI's hydrographic survey in order to standardized the survey method, and develop training programme. GCPI finalized it and basic training course for Hydrographic Surveyors was conducted in the first week of March 2013. The Course was conducted by Skilltrade BV to train marine officers to become Hydrographic Surveyors. The training and technical assistance discussion was done from 1st to 8th March 2013. The training involved a total number of 17 participants split into two groups: a group who were students working already in the survey department, and a second group who did not have any earlier experience and knowledge on hydrography. The training made in-depth analysis of the practical and theoretical knowledge status of the two groups as well as the main gaps, which the department of survey is currently facing in terms of both equipment and staff capacity. The training identified several courses, practical and theoretical which will enhance the staff capacity and which will lead to the strengthening of the overall institutional capacity in the longer term.

In 2013, GCPI signed a new contract with Skill firm for a new Hydrographic Survey Training in the Netherlands and its course was supposed for 6 Surveyors for 16 weeks duration in September 2013. As the result of further reviews on the ToR by the GCPI, the GCPI withdraw its training under the project, therefore, the only 12 surveyors were trained while the planed as 23 surveyors.

## IV. Project implementation challenges

### *Project Risks and Actions*

The original scope of works are completed, the set risks were reviewed accordingly and the most of them were eliminated. Refer to the Annex I: The Risk Log.

### *Project Issues and Actions*

There were 2 main issues during the implementation of the UMM QASR SUSTAINABLE NAVIGATION AID PROJECT:

#### 1. Procurement Procedures

The procurement process of selecting the contractors and suppliers had been a major challenges during the implementation of the projects as following example.

- 1) Due to the security concern in the early stage of the project, it was very difficult to find the contractor to comply the advertised condition of the contract. The contractor only accepted the EXW INCOTERMS condition for providing the equipment, therefore, the forwarded had to be arranged separately.
- 2) Some contractor did not accept the payment terms specified in UNDP's financial rules and regulations and standard bidding documents. UNDP requested the clearance of Legal Support Office for accepting the contractors' condition of the contract.
- 3) GCPI has to obtain the approval of MoT for the procurement method, even though these circumstances are considered as justifiable, and this process was time consuming and delayed the plan.
- 4) The result of the tenders exceeds the estimated budget. Since the procurement procedures were based on the competitive process and conducted appropriate way, the offered price were considered as the market price. It was observed that the market had concerned uncertainty of the country or the risks. The Project was able to manage to reduce the quantity in the level to meet the minimum requirement to accomplish the objectives of the Project or reallocated the budget within the Project.

Though those issues led the re-tendering on the several lots and delay the original plan, the three parties closely communicated and coordinated to find the alternative solutions to overcome the issues.

#### 2. Contract Management Challenges

In general, the Project was able to find the flexible and optimal solution of the challenges and bottlenecks, following issues caused the some delays from the original plan.

- 1) Custom Clearance



In general, the custom clearance has been the one of the major challenges for the foreign investment to the Iraq. The process is very complicated and unclear for the public and it needs the nation level of the reform. While, the project faced the issue due to the delay of issuance of a letter from GCPI, as a consignee, to the custom authority for requesting the clearance. This delay caused by the unavailability of authorized officials of GCPI. The Project solved the challenges by selecting a forwarder.

2) Quality Control of the Procured Equipment

UNDP was informed by the supplier on 5 May 2011 that the supplier found a defect on one spare-part during their quality control process. The spare-part needed to be remanufactured. Therefore, the project decided the partial shipment for the equipment and the spare-part was delivered after 3 months, but assured the quality control by the supplier.

Most of the contract management issues were linked with the issues of the procurement procedures. Those points were somehow reflected to the followed procurement procedures as the lesson learnt.

## V. Lessons learnt

### *Lessons learnt and Recommendations*

The following key lessons learnt have been drawn from the implementation of the UMM QASR SUSTAINABLE NAVIGATION AID PROJECT over the project lifecycle and recommendations are based upon key lessons learned from the implementation of the project:

- **Restructuring of the Company**

The Government of Iraq (GoI) submitted and the Council of Representative (CoR) approved on 9 September 2014 the General Framework of the Government Programme 2014-2018 that considered “Transition to the Private Sector” as one of its six fundamental foundations and strategic priorities which aims at providing enabling environment for the private sector via a set of actions and interventions that have been addressed under 4 sectoral and one cross-sectoral categories. The sectoral categories include “Restructuring State-Owned Enterprises (SOE) and General Transition towards Private Sector” and “Providing the Necessary Infrastructure”. Reforming the Statement of Establishment of GCPI dated 27 August 1998, especially to disengage between the three key functions: ownership, regulation and operation, which GCPI simultaneously undertake now. GCPI is a self-financed SOE of the Ministry of Transportation and is the sole national agency responsible for ports in Iraq with both regulatory and service provider functions. The sub-optimal state of the maritime infrastructure and services affects use of the Umm Qasr Port, and current costs are high compared to regional port alternates. Insurance premiums and handling costs as well as freight cost affect all aspects within economic and social recovery. The GCPI organizational structure, governance system, division of labor and mode of operation are outdated and institutional reform is needed as part of GoI plans to restructure SOEs and to improve and develop the ports sector. Iraqi ports shall be administered under national law and regulations, which clarify rights, duties and responsibilities of private investors in port development and operations, clarify powers, functions, duties and responsibilities of GCPI, and transform Iraqi ports from Service Ports to Landlord Ports.

- **Master Plan**

GCPI intends to set a Master Plan of Iraqi ports. This Master Plan may provide the coherent policy for the improvement of the ports in terms of facilities, operations, management etc. Especially in the current financial circumstances of GoI, the development of the port shall be carefully planned and identified of the priorities for each actions, therefore, the comprehensive plan/strategy is urgently needed for effective and efficient upgrading the ports in Iraq.

- **Delegation of Authority**

Conjunction with the above recommendation, the adequate level of the delegation of authorities to GCPI shall be reviewed. The Gol management system is well known to be substantially complicated and inefficient, involves a lot of overlap and, sometimes, conflict in jurisdiction and authorities and characterised by intensive red tape. In particular, the decision - making process within the Gol is generally slow, cumbersome and involves extensive lateral interventions. Considering the geographical distance and knowledge of the port management, it is recommended to delegate more authorities to the GCPI.

- **Procurement Procedures**

At the closure of the Project, the GCPI cannot complete the General Terms and Conditions (GTC) of the bidding documents for VTC equipment. The standard bidding format of the World Bank is considered as adequate for the procurement, this has, however, some conflict of the Gol's Procurement Rules and regulations. The Contract Department of GCPI was consulting with the Legal Department if GCPI could adopt the standard bidding format of the World Bank for this bid. GCPI was not able to finalize the issue. GCPI still needs the infrastructure improvement in the ports to meet the international standard of operating the ports. The infrastructure projects required for GCPI are relatively huge, and the current financial situation of the government makes difficult to allocate the capital investment programme, thus, the GCPI has to deal with the international company, which requests the international standard of contracts. As the project faced, it is very difficult for the GCPI to apply the internationally practiced contract conditions under the current government rules and regulations. Including the Public –Private-Partnership, GCPI has to consider how to utilize the international standard of public procurement.

- **Expanding Partnership**

While the Project completed the original agreed scopes in 2014, the GCPI expressed a desire to continue the cooperation with DMA concerning technical assistance and advises on the VTS and other issues related to compliance with coastal state obligations. The GCPI and UNDP signed the memorandum of understanding in March 2015 to discuss the UNDP's assistance to develop institutional capacity development for government infrastructure investment programme. Though the needs survey of the GCPI, there might be a possibility to identify the way to extend the current partnership in context of the triangular cooperation, securing a funding source will a key challenge considering the current constrain of the federal budget.

- **Selection of the Trainees**

The project faced the timeline of the selecting the GCPI employees for trainings or scholarships. Though finally accomplished, it is recommended for GCPI to establish the transparent and efficient procedures for those kinds of the opportunities. The policy may need to establish in line with the capacity development plan and the human resources policy of the GCPI.

- **Technical Issues**

- 1) As the nature of the GCPI's mandate, it is quite important to enhance the consultative processes with the MoT in order to take the required actions for enhancing the effective port management through AIS/VTC. For instance, the following issues are recommended to facilitate with the relevant authorities in order to maximise the impact of the Project's outputs;
  - GCPI to request IALA to perform an initial International Convention for the Safety of Life at Sea (SOLAS) Chapter V compliance analysis to develop strategy for full compliance;
  - GCPI to improve the procedures to disseminate the navigational warning and notices to mariners as maritime safety information, at this moment GCPI is promulgating navigation warning only by VHF, which means a limited distributions and no formal information to other governments because these authorities are given to the Foreign Relations Department in the MoT;
  - GCPI to formalize the cooperation with neighbouring countries, especially with Bahrain, with NAVTEX transmitters and MET/OC warnings.
- 2) The Project itself did not cover the knowledge transfer process at the GCPI, to set a solid mechanism of internal knowledge transfer, sharing and continual enhancement of the skills of their employees in order to ensure the sustainability of the Project In order to maximize the utilization of the AIS/VTS and outputs of the Project, the GCPI's own mechanism is required to develop the technical capacity for the staff. As an example, the Project has identified an area that the capacity development of GCPI on VTS operation is a key for its operational sustainability in accordance with IALA recommendations. The representatives of GCPI visited Svendborg International Maritime Academy (SIMAC) in Denmark several times to obtain the information and advice about VTS training in accordance with IALA guidelines and recommendations. SIMAC has presented GCPI with an outline proposal for training of VTS managers, supervisors, on-the-job trainers and operators. GCPI would like to train 12 persons as VTS operators as soon as possible for familiarize the GCPI organization and staff concerned with VTS procedures for implementation of the full scale VTS in Iraq.

## VI. Financial utilization

### 1. Contributions by DANIDA

#### (1) Original fund

In the agreement, the amount was specified as USD 2,077,504.00, while project documents proposed DKK 12.0 million. Though no record was found for the communication in this regard, the first contribution under the original agreement was booked as USD 2,314,446.74 on 1 April 2009 at UNDP's system.

#### (2) Fund for Addendum No.1

The contribution under the Addendum No1 specified as US\$ 499,900.00, with the estimated equivalence of DKK2,550,000.00. As the USD/DKK exchange rate fluctuated considerably at the time of transaction in January 2010, the amount transferred turned out to be short by USD 19,047.55. DANIDA on 24 February 2011 inquired whether UNDP received an additional transaction for the Addendum No.1 with US\$ 19,047.55. DANIDA sent the amount US\$ 19,047.55 to UNDP in August 2010 but received from their bank in February 2011 that the transaction has not been confirmed. UNDP checked the contribution account in the HQs and found that the fund was transferred to UNDP with US\$ 30 and on 10 February 2011 and US\$ 19,017.55 on 7 March 2011 respectively.

#### (3) Additional fund for the Addendum No.2

After the Addendum No.2 was signed on 28 December 2010 among DANIDA, GCPI and UNDP for the additional funding with DKK2.4 million, UNDP received the fund from DANIDA with US\$ 429,100.83 on 7 January 2011.

The record of the contributions are as follows:

*Table 1: Funding Overview*

DATE (Received)	Contribution sent by DANIDA (DKK)	Amount Specified in MoU	Amount Received by UNDP (USD)	Remarks	Exchange Rate (DKK/USD)
1 April 2009	12,000,000.00	USD 2,077,504	2,314,446.74	Original	5.18
6 January 2010	2,550,000.00	USD 499,900	480,852.45	Addendum No.1	5.10
7 January 2011	2,400,000.00	DKK 2.4 mil (USD 421,053) <sup>2</sup>	429,100.83	Addendum No.2	5.59
7 March 2011	N.A <sup>3</sup>	N.A	19,017.55	Remaining fund of Addendum No.1*3	N.A
<b>Total</b>			3,243,417.57		

<sup>2</sup> USD is based on the estimation in the MoU Addendum No2.

<sup>3</sup> Amount sent in DKK is not recorded in UNDP system.

Table 2: Expenditure Status (by activity)

Activity	Budget (A)	Donor	Cumulative Expenditure Status at End of 2015		Quarter Total Expenditure (D=B+C)	Budget Balance	Delivery Rate
			Commitment (B)	Expenses + full asset cost (C)			
	3,243,417.57	DANIDA	-				
Activity 1 <sup>4</sup>	-		-	224,734.73	224,734.73	-	-
Activity 2 <sup>5</sup>	-		-	42,108.67	42,108.67	-	-
Activity 3 <sup>6</sup>	-		-	200,000.00	200,000.00	-	-
Activity 4 <sup>7</sup>	-		-	1,699,130.87	1,699,130.87	-	-
Activity 5 <sup>8</sup>	-		-	213,179.77	213,179.77	-	-
Activity 6 <sup>9</sup>	-		-	621,273.48	621,273.48	-	-
GMS	-		-	210,029.45	210,029.45		
<b>Total</b>	3,243,417.57 <sup>10</sup>			-	3,210,456.97	3,210,456.97	32,960.60

<sup>4</sup> UNDP Project Management

<sup>5</sup> Training for GCPI Staff

<sup>6</sup> Establishment of NaviAid Repair Workshop

<sup>7</sup> Supply of New Buoys for Access Channel

<sup>8</sup> Supply of Spare parts

<sup>9</sup> Provision of technical advice on Automatic Information System/Vessel Tracking System

<sup>10</sup> USD 30 is double counted on the system when the remaining amount of the original Agreement was transferred, therefore it is corrected as the above Table 2.

## VII Annexes

### Annex I: Risk Log:

Project Title: UMM QASR SUSTAINABLE NAVIGATION AID PROJECT					Award ID: 63929		Date: 31 January 2015		
#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted updated by	Last Update	Status
1	Allocation for NavAid procurement insufficient for modern buoy deployment (I.e. To meet IALA standards).	Project Document	Financial, Operational and Organizational	The number & capacity of aids may not be sufficient for effective approach channel marking.  P =4 I = 3	Effective design of navigation aids. Competitive bidding & appropriate specification. Supplementary funding sought. Revision of technical specification being undertaken.	GCPI	UNDP Project Manager	January 2015	Eliminated.
2	Security situation may restrict and limit ability to consult and analyze situation.	Project Document	Environmental	Unstable political & security conditions may result in limited results.  P = 3 I = 4	Monitor situation & adjust strategy to achievable targets.	GCPI /UNDP	UNDP Project Manager	January 2015	Eliminated.
3	Security deterioration and/or flight occupancy may hamper the international advisor's posting and missions.	Project Document	Operational	Limited access to data and counterpart views may result in low penetration, resulting in low acceptability.  P = 3 I = 3	Pre-plan and reserve flights, or use alternate implementation modes.	UNDP	UNDP Project Manager	January 2015	Eliminated
4	Team member inputs are less than optimal, resulting in a less comprehensive strategy.	Project Document	Organizational	Value & quality of specialist analysis is not appropriate or capability constrained.  P = 3 I = 3	Staff selection process effective and draft outputs reviewed by peers, including IMO/IALA for quality assurance.	GCPI /UNDP	UNDP Project Manager	January 2015	Eliminated.



5	Target of intervention not broad enough to ensure political & planning support to complete project activities.	December 2008	Strategic	Intervention does not achieve a whole-of-government or GCPI acceptance/support. P = 3 I = 4	Marketing strategy put in place and follow-up. Project Committee meetings held. Elections may result in a new Minister and policy or direction.	UNDP	UNDP Project Manager	January 2015	Eliminated.
6	Competition and lack of cooperation between various levels of Government, and Departments.	December 2008	Environmental	Agreement between federal, governorate & port levels, and ministries, not achieved. P = 3 I = 3	Broad consultation and reference to IMO SOLAS. Convention obligations. Involvement of operators and regional shipping interests.	GCPI /UNDP	UNDP Project Manager	January 2015	Further coordination is required to follow-up the result of the project.
7	Lack of resources for implementing plan of action e.g. Workshop provision.	December 2008	Financial, Organizational	Donor &/or national budget resources not available for effective implementation of all activities. P = 3 I = 4	Develop pipeline in conjunction with MOPDC & key donors. Involve MOF and private sector. GCPI has increased workshop funding.	GCPI /UNDP	UNDP Project Manager	January 2015	Eliminated.
8	Lack of capacity in GoI agencies, especially GCPI, to implement project (e.g. Nisr non-operational).	December 2008	Organizational	Program of action not implemented fully and constraints continue. P = 3 I = 3	Key result of training component and institutional review.	GCPI	UNDP Project Manager	January 2015	Identified activity should be carefully reviewed.
9	Activities not completed in project timeframe.	December 2008	Operational	Actions necessary for achievement of goals incomplete. P = 3 I = 4	Effective scheduling with longer term follow-up strategy. Extend timeframe. Now expected that project will roll over into 2011.	GCPI /UNDP	UNDP Project Manager	January 2015	Activity should be selected with consideration of the timeframe.