

**United Nations Development Programme Iraq**

**Electricity Sector Reconstruction Project in Kurdistan (stage II)**

 **Annual Progress Report**

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| Project Title: | Electricity Sector Reconstruction Project in Kurdistan Region (stage II) |
| UNDP Project #: | 00069415 |
| Project Duration: | November 17, 2009 to March 2016 |
| Project Resources: | Regional Ministry of Electricity in Kurdistan |
| UNDP Iraq Focal Point: | Shigeru Handa, Team Leader, Loan Management |

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| **UNDAF Outcome(s)** | Priority #2: Inclusive, more equitable and sustainable economic growth |
| **CP Outcome(s):** | 5. Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development |
| **Output(s):** | Output 1: Testing equipment delivered and commissioned Output 2: Mobile substations delivered and commissionedOutput 3: Materials and Equipment for the Distribution system completedOutput 4: Substation and associated transmission line constructed and operation initiatedOutput 5: Project completed within the timeframe of the Loan |
| **Implementing Partner:** | UNDP |
| **Responsible Partner:** | Regional Ministry of Electricity in Kurdistan (RMEK) |
| **Project Location(s):** | Erbil, Sulaimaniyah and Dohuk Governorates in Kurdistan Region |

**[Project] DONORS**

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|  | **Japan International Cooperation Agency (JICA)** |  |

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# Executive summary

In April 2013, the Regional Ministry of Electricity in Kurdistan (RMEK) and UNDP signed an amendment to the cost sharing agreement for UNDP to continue its technical assistance and capacity development to RMEK in managing the USD150 Million project, funded by Japan International Cooperation Agency (JICA) through concessional loans. The scope and progress of the project during the reporting year of 2013 are described below.

1. Subproject No.1 to No.3 (Output 1-3):

Subproject No.1 (Supply of Testing Equipment: Package No.1 and Packages No.2,3,4), Subproject No.2 (Supply of Mobile Substations) and Subproject No.3 (Supply of Distribution Equipment) have been successfully completed and the disbursements have been made based on the schedule of payment; except for one payment where defects were observed in several testing vans in Pkg. No.1 of Subproject No.1. In response to RMEK/UNDP’s request to repair the defects, the supplier (Varsan Group) has attended to the issue and the warranty period was extended from the day of repairs. However, it has been found later that other defects were detected in three testing vans within the extended warranty period and repeated requests for repair were sent to the supplier from RMEK. Three vans with defects were brought to Erbil and one of them was fixed in September 2013. The remaining two vans were also repaired by the supplier in December 2013. In response to this, RMEK organized a committee within the ministry to discuss the issue at a high management level and decided to issue a final completion certificate for the three repaired test vans. The final completion certificate is expected to be issued in early January 2014 and also the final payment of EUR27,750.00, which is supposed to be kept as an retention money until rectification of all defects of the three testing vans, will be released after the issue of the certificate.

2. Subproject No.4 and No.5 (Output 4):

Due to the delays caused by unforeseeable events, bad weather during last winter (for Subproject No.4) and to JV (Joint Venture) internal disputes and also a poor construction management (for Subproject No.5), the progress has been partially stalled for these subprojects. However, both subprojects have been gradually catching up with the original schedules due to the enhanced resources and construction speed and communication. Improvement of the works progress has been becoming visible during the ending phase of the reporting year of 2013, which should be further enhanced through appropriate assistance/advice from UNDP Iraq during the next reporting year.

3. Subproject No.6 (Output 5):

The subproject proposal was successfully approved by JICA in April 2013 and RMEK/UNDP completed all the RFP process from the preparation of short-list (S/L) and the Request for Proposals (RFP) for selection of an international consultant to the evaluation of the proposals submitted by the proposers. However, as a result of the evaluation, no proposers could meet a minimum technical score of 70 points, and thus, have been found responsive to the requirements of the RFP. Although the evaluation result itself turned out to be unsuccessful, after the arrival of the technical sub-team members, the RFP implementation has been accelerated through successful acquisition of non-objection from the donor. Moreover, it has been decided that UNDP-Iraq will take over the consultancy assignment to prepare the subproject in 2014 since RMEK considers UNDP-Iraq better-placed than any other consultancy firm with solid technical capability from its past experience in Iraq. The key to time-efficient implementation of the project is how successfully and effectively UNDP-Iraq can assist RMEK in preparing necessary procurement-related documents and obtaining the donor’s non-objection. UNDP-Iraq will continue to assist RMEK in selecting a qualified EPC contractor for the successful implementation of the project within the planned time frame and in close consultation with the donor.

|  |  |
| --- | --- |
| 1 | Procurement, delivery, commissioning and acceptance of Testing Equipment as stated in Output 1 of Implementation Progress below |
|  2 | Procurement, delivery, installation, commissioning and acceptance of Mobile Substations  |
|  3 | Procurement, delivery, installation, commissioning and acceptance of Materials and Equipment for Rehabilitation of the Distribution system |
|  4 | Site survey, d/d, specification, procurement and construction of 132/33/11kV Substation |
|  5 | Construction of 132 kV Double Circuit Transmission Line and Warehouse in Sulaimaniyah |
|  6 | Establishment of Central Training Center in Erbil and Testing laboratories in three Governorates  |

# Context

The Government of Republic of Iraq received an ODA loan from Japan International Cooperation Agency (JICA) in the amount of 14,747 million Japanese Yen towards the cost of Electricity Sector Reconstruction Project in Kurdistan Region on June 11, 2008. The Kurdistan region consists of three governorates; Erbil, Sulaimaniyah and Dohuk. The Regional Ministry of Electricity in Kurdistan Region (RMEK) is the implementing agency for this project.

UNDP Iraq has been supporting Iraq’s electricity sector through the implementation of major projects since the mid 1990’s. The most notable one is the Electricity Network Rehabilitation Program (ENRP) which started in 1997. Under this program, UNDP implemented approximately USD450 million worth of projects in electricity generation, transmission, substations and distribution sectors. Moreover, UNDP Iraq’s Loan Management Preparatory Project of 2007-2008, based on the Partnership Agreement with JICA, successfully assisted in the equipment procurement and enhancement of RMEK staff capacity. In this project, the existing specification standards were reviewed and comprehensive technical specifications reflecting international best practices were prepared. This was essential for organizing international competitive bidding.

Through these experiences, UNDP has been best placed to build on the preparatory project of the Electricity Sector Reconstruction Project in Kurdistan Region and thus, the agreement was made between RMEK and UNDP on November 17, 2008 to assist RMEK in recovering the electricity network in the framework of Electricity Sector Reconstruction Project in Kurdistan Region funded by JICA. The agreement was amended on April 23, 2013 for continuation of UNDP’s services.

The project original scope consists of the four subprojects and two new subprojects No. 5 and No.6 were added to utilize the remaining loan balance of JPY4, 507 Million.

The Project Management Team (PMT), based in Amman, provides overall technical and administrative services for the implementation and management of each subproject to meet the expected completion dates described in the project schedule and to conduct quality assurance. This PMT consists of both technical and administrative and financial management units and acts as a coordinator between RMEK and JICA, and contributed to the acceleration of JICA procedures.

In May 2013, a core member of the PMT of both technical and administrative/financial management units was moved to Erbil from Amman enabling the PMT to manage the project in close communication and coordination with RMEK and JICA. This will expedite and increase efficiency of the project's implementation. UNDP Iraq has also established qualified technical sub-teams in Sulaimaniyah for the purpose of close supervision works of subproject No.4 and No.5 in consultation with RMEK.

The ownership of the project lies with RMEK as the employer of all project contracts; UNDP has an advisory role to guide the RMEK through the critical stages of implementation.

Intended objective:

The objective of the project is to recover the electricity network in the Kurdistan region comprising of three northern governorates, Erbil, Sulaimaniyah and Duhok by providing the necessary equipment and machinery for rehabilitation of the transmission and distribution systems, thereby contributing to improved levels of reliability and availability of the electricity network, while promoting socio-economic stability and expansion.

Intended beneficiaries:

Regional Ministry of Electricity in Kurdistan (RMEK)

End users of electricity in Kurdistan (around 1.2 million people)

Main project stakeholders:

Donor providing the ODA loan to RMEK: Japan International Cooperation Agency (JICA)

Suppliers and Contractors:

* Subproject No.1: Varsan Group (Pkg. No.1) / Q-eighty United General Trading (Pkgs.No.2-4)
* Subproject No.2/3/4: Matelec S. A. L.
* Subproject No.5: Rima Engineering Ltd./BTE Enerji JV

Reference to institutional documents:

* NDP: Electricity has been the key priority development issue in the national development plan, for which UNDP has been working in close coordination with RMEK since 2008
* UNDAF: Priority #2: Inclusive, more equitable and sustainable economic growth
* CPAP: 5. Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development

# II. Performance review

## Progress review

### **Overall progress towards the CPAP outcome and output(s)**

As is mentioned in the previous chapter, this project consists of six subprojects, which all relate to the main scope of the project stated in the Loan Agreement signed between RMEK and donor (JICA). While Subproject No.1 to No.3 have been successfully completed within the timeline set by each contract, the progress of Subproject No.4 (Substation) and No.5 (Transmission Line) have been still in progress and both subprojects have been affected by some delay from each planned construction schedule during the reporting year of 2013. This is primarily due to unforeseeable situations such as abnormal weather conditions etc. However, a reasonable number of days of time extension to the contract have been provided to each contractor as a compensation in line with the relevant contract clauses/conditions and both subprojects are expected to be completed within the renewed timeframe, which is by the end of March 2014.

### **Capacity development**

Capacity Building Training has been included in Subproject No.4 and No.5 respectively. In Subproject No.5, a two-week oversea training on transmission line was provided to RMEK staff, which both addressed and covered a variety of topics, starting from safety measures to be taken at the project sites to the usage of technical equipment and instruments related to transmission line project. However, there is an outstanding issue over the sustainability of the project management by the client and the necessity of the capacity building in this regard is discussed in the chapter below.

### **Impact on direct and indirect beneficiaries**

 UNDP-Iraq has been always acting as a faithful advisor to the client (which is RMEK) as a consultant of the project and having providing a great deal of devoted advice/assistance to them at every important decision-making stage of the project. UNDP-Iraq also covers the internal issues (such as a process to obtain the minister’s green right for time extension/ contract amendment) within RMEK, which are not included in the UNDP-Iraq’s assignment in the TOR, but likely to affect the project implementation. Thanks to UNDP-Iraq’s continuous efforts, the project has been moving forward (Subproject No.4 and No.5) without facing major obstacles which will affect the project progress, and our devoted commitment to speedy project implementation has been highly appreciated by RMEK in the reporting year of 2013.

## Implementation strategy review

### **Participatory/consultative processes**

 This project involves a variety of stakeholders such as the client (RMEK), the donor (JICA), and the contractors for each subproject, and there is no doubt that a high level of integration of all demands and consolidation of all views/opinions from these stakeholders leads to a success of the project. During the reporting year of 2013, UNDP-Iraq have ensured that they always act as a faithful advisor to REMK to honor the ownership of the client, and provided technical advice and assistance RMEK needed. Also, UNDP-Iraq has played a coordinative role as a facilitator of the project to consolidate the demands of all stakeholders and lead them to a right trajectory so the project will be completed with great success.

### Quality of partnerships

 First, establishment of good partnership with the donor is crucial in terms of efficient project implementation, since the donor’s prior review and concurrence is required at every milestone sage of the project in line with their procurement rules and regulations. Periodical reports and communications with the donor is a key to managing the project successfully. Therefore, during the reporting year of 2013, UNDP-Iraq has actively sought to entail the donor in the project implementation such as inviting them to the monthly meeting with the contractors for mutual recognition of the project implementation progress.

 One more partnership we do value is the one with the contractors. They are the contractual partners with the client and establishment of amicable and sustainable relationship between them is also a key to successful project implementation. UNDP-Iraq, as a consultant and faithful advisor to the client, has been assisting the client to deal with any contractual issues in a professional way and sort out any issues in an amicable manner for the mutually beneficial relationship between the client and the contractors to accomplish a high level of quality in the project outcomes.

### National ownership

 UNDP-Iraq pays its upmost care and attention at every decision-making stage (not only bidding but also implementation stage of the subprojects) while assuring that UNDP-Iraq has been always acting as a faithful advisor to the client (RMEK) and provide necessary advice/assistance for them to make the best decisions on their own without undermining their position as a implementation body of the subprojects. During the reporting year of 2013, UNDP-Iraq actively got involved in decision-making process of the client from the selection of consultants for initiation of the new subproject to all contractual issues on Subproject No.4 and No.5, for which the client’s final decisions were required, and provided our technical advice and know-how for the client to make their decisions without taking unnecessary time. Normally, it takes a while for the client to complete the decision-making process and issue the ministerial order due to the intricacy of their bureaucratic structure. However, by our proactive involvement in the process, their decision-making process have been shortened compared to their own projects, which contributed to the accelerated or enhanced implementation of the project.

### **Sustainability**

 The director general of the planning department in RMEK has been a focal person to UNDP- Iraq and is the Project Manager from RMEK, under whose umbrella UNDP-Iraq team works as a consultant. Since the project is funded by the donor, the project itself has to go through a process which the donor requires borrowers of their fund to follow as per their guidelines and other various rules. Whereas the Project Manager receives some trainings regularly and is familiar with the procedure, the problem is that no sufficient capacity building has been conducted to his subordinates or other staff related to this project. From a viewpoint of improving the sustainability of RMEK’s project management, UNDP-Iraq considers it highly important and fruitful to build the capacity of these staff. Therefore, it might be worth discussing the needs with RMEK of establishing a programme for such as organizing a seminar or preparing manuals in order to familiarize them with the procedure in the next year of 2014.

## Management effectiveness review

### Quality of monitoring

 During the reporting year of 2013, UNDP-Iraq carried out construction supervision for both Subproject No.4 and No.5 on a regular basis as per the consultancy agreement between RMEK and UNDP-Iraq. After the commencement of the project, UNDP-Iraq project team based in Erbil made a site visit to Sulaimaniyah to meet with their technical sub-team members and organized a monthly progress review meeting with RMEK Sulaimaniyah and the contractors at the project site office to discuss outstanding issues. This monthly progress review meeting was aimed at ensuring that the works are being done by the contractors at a certain level of quality and also a within a set timeframe specified in the contract. UNDP-Iraq also invited the donor’s representatives to join the meeting to let them take a grasp of the subprojects and raise any of their concerns in relation to the implementation progress. This was quite a useful and meaningful session in that not only UNDP-Iraq could check the progress of the subprojects but also discuss any issues which will benefit or undermine successful completion of the both subprojects. Thanks to the periodical supervision, some issued have been solved at the site before they became serious or complicated. UNDP-Iraq will keep doing their supervision works in coordination with RMEK and the donor in the next year of 2014.

### Timely delivery of outputs

 Both Subproject No.4 and No.5 have been making a good progress and not much substantial delay has been caused, except for the construction of warehouse in Subproject No.5 due to the contractor’s poor construction management as detailed in III. Project Results Summary below.

 For the new subproject, in the face of the delay in initiating the procurement process for selection of consultancy companies (whose reason is stated in the above…), we successfully completed the process by the end of the reporting year of 2013. However, as a result of the evaluation, no bidders were found responsive to the client’s requirements then disqualified at the technical evaluation stage. Responding to this outcome, UNDP-Iraq was requested to take over the consultancy assignment of the subproject by RMEK and is expected to initiate the procurement process of three international experts from January 2014 after obtaining the donor’s non-objection.

### Resources allocation

 The other project costs consist of 30% of the project expenditures and no particular issues were observed.

### Cost-effective use of inputs

 For efficient use of the budget allocated to each subproject, we carried out bidding as per the procurement guidelines from the donor and also the internal procurement rules within RMEK. Thanks to successful completion of the bidding, we could choose both technically-qualified and most cost-effective contractors for each subproject from No.1 to No.5. However, for the new subproject, unfortunately the result of the bidding was unsuccessful since no bidders were technically qualified. Since the rebidding takes another substantial time and money, the possible best solution is to hinder such unsuccessful bidding result as much as possible by setting up requirements/criteria which should be reasonable enough (not too lax but strict) so most technically qualified as well as cost-effective contractor can be selected.

# III. Project results summary

1. Subproject No.1, No.2 and No.3:

As stated in the earlier chapter, Subproject No.1 (Supply of Testing Equipment: Package No.1 and Packages No.2,3,4), Subproject No.2 (Supply of Mobile Substations) and Subproject No.3 (Supply of Distribution Equipment) have been successfully completed and the disbursements have been made based on the schedule of payment; except for the final payment having been retained since some defects were observed in nine testing vans in Pkg. No.1 of Subproject No.1. In response to RMEK/UNDP’s request to repair the defects made in May 2012, the supplier (Varsan Group) attended to the issue and the warranty period was extended from the day of repairs up to December 2012.

However, it was found in the late 2012 that other defects were also detected in three testing vans within the extended warranty period. Despite the repeated requests for repairing the vans from RMEK, the supplier had been quite slow to attend to the issue due to what they claimed to be their cash flow problem. After a series of discussions within RMEK, they decided to issue a substantial completion certificate for the repaired test vans and release the final payment (after the issue of the warranty certificate) only for the repaired vans, with the amount for the remaining three test vans with defects (EUR27,750.00) retained until they were completely fixed to RMEK’s satisfaction.

 In response to the issue of the substantial completion certificate, the supplier brought three vans with defects to Erbil and one of them was fixed in September 2013. The remaining vans were also repaired by the supplier in December 2013. Responding to this, RMEK organized a committee within the ministry to discuss the project completion and decided to issue a final completion certificate for the three repaired test vans. The final completion certificate is to be issued early January 2014 and also the final payment of EUR27,750.00 for the three testing vans will be released after the issue of the final completion certificate.

Now the project has been reaching the final closure stage of the contract thanks to the supplier finally having taken care of the issue. However, due to a lack of the supplier’s poor cash flow management and sufficient capabilities to look after the warranty of the supplied equipment, it took the supplier more than one year after the issue of the substantial completion certificate to fix all defects in the remaining three test vans. In studying the case, this could have been avoided by selecting more capable/qualified supplier at the bidding stage. The capabilities of the supplier should have been well scrutinized during the technical evaluation stage of the bidding by establishing well organized/aligned requirements/criteria in the bidding documents. This lesson can be utilized when equipment of similar nature is to be procured in the new subproject in consultation with RMEK and more appropriate requirements/criteria will be considered in an effort to select more suitable/qualified suppliers to reduce the possible perils of the project implementation delay.

1. Subproject No.4:

Since the commencement of the works in April 2012, the project has been making a good progress and coming close to the final phase of the contract (approximately 90% of the total works completed) without facing any major physical difficulties or obstacles while the project has been faced with some delays due to unavoidable/unforeseeable situations such as bad weather during the winter 2012/2013 and slow activities during Ramadan in July/August 2013. The original duration of the contract was 18 months and the contract expected to be completed at the end of December 2013. However, due to the above-mentioned delays, the contractor has claimed for time extensions, and as a result of the committee meeting held in RMEK, the related time extensions have been provided to the contractor and the contract has been extended up to the end of March 2014.

One of the reasons the contract has been making a steady progress can be attributed to well-arranged communication mechanism between the parties (RMEK, UNDP Iraq and the contractor) which has been confirmed and established during the kick-off meeting. In this mechanism, if any matters which may likely evolve into problematic issues arise at the site, UNDP Iraq, as a consultant, is required to provide necessary technical advice to RMEK, and the parties to have a meeting at the site in order to tackle the issues immediately. UNDP Iraq has been acting as a faithful advisor to RMEK as per the agreement between them and a trustful relationship and a sense of solidarity have been created between RMEK and UNDP Iraq. RMEK has come to have a high value on UNDP Iraq’s advice and provide instructions to the contractor based on their advice.

On the other hand, the challenges UNDP Iraq project team has being grappling with is the time-consuming, strenuous and painstaking process that the contractor has to go through in order to obtain time extension to the contract processed, which normally takes more than 1 months. The final decision over the time extension (precisely how many days will be provided after reviewing the request from the contractor) rests on the committee in the ministry and it is RMEK’s project managers’ responsibilities to raise the issue to the committee by collecting all necessary information from the contractor and other related authorities, if any. However, the main sticking point is that scant care and attention have been paid to time extension issues within the ministry and the whole implementation of the project is likely to be adversely affected by the substantially belated initiation of the process. Since the delay in time extension conclusion and acquisition process has a tremendous impact on the project implementation, ultimately leading to the delay in the project progress, UNDP Iraq project team has made all-in efforts to get attention from all related officials of the ministry in order to complete the process and issue an official notice of the time extension to the contractor. Thanks to this, the process has been shortened in some time extension cases in this contract and the negative impact on the project implementation has been reduced to minimum.

Meanwhile, some other extension requests are expected to arrive from the contractor in the year of 2014 such as the one for an additional supply of cable ladders and cables, which have been requested from RMEK and approved by the donor to amend the contract accordingly. In order to shorten the process within RMEK and minimize the possible impact on the project progress, the continued attention has to be paid so that the project will be completed within the planned timeline.

Progress of the works for Subproject No.4:

As of December 2013

|  |  |  |
| --- | --- | --- |
| Items | Planned Progress | Actual Progress |
| Civil Works | 100% | 94% |
| Installation | 98% | 95% |
| Equipment Delivery | 95% | 90% |
| Total | 98% | 93% |

1. Subproject No.5:

At the initial stage of the project after its commencement, a delay has occurred due to the internal problem of the contractor’s legal structures. Subsequently, another delay has been caused due to transmission line route changes announced by RMEK for their future construction projects, and the necessity of the contractor’s redesigning the routes has emerged. However, the contractor has managed to cover the former delay by expediting their works, and the latter been compensated by RMEK for 3 months of time extension to the contract, and the completion date has been extended from the end of November 2013 to the end of February 2014. Furthermore, the time extension of another one month has been provided by REMK as a compensation of Ramadan in 2013, and the completion date further prolonged to the end of March 2014.

Regarding the project implementation, the project progress has been frequently plagued by some negative factors in the year of 2013; such as a malfunction of communication mechanism between RMEK and UNDP Iraq, and most notably, a lack of the contractor’s sufficient project management capabilities. The communication mechanism between the parties confirmed and agreed upon during the kick-off meeting failed to function efficiently due to misunderstanding between RMEK and UNDP Iraq at the inception stage of the project. This issue has been resolved by emphasizing the contractual role of RMEK and UNDP Iraq as per their agreement.

There are also some issues on the construction and quality management the contractor takes, which has been affecting the progress of the project. Above all, the quality of the warehouse is not being progressed to RMEK’s full satisfaction due to the contractor’s poor quality control measures. The works have been once temporarily suspended by RMEK/UNDP Iraq due to a slight inclination of the columns. This matter has been sorted out by instructing the contractor to add a support column to reinforce the structure.

The quality management and control of the transmission line as well as warehouse is momentous in order to meet the contract requirements as well as RMEK’s demands. Therefore, the continuous supervision at the site and timely input of necessary technical advice and assistance to RMEK will be required from the UNDP Iraq team in the year of 2014 for the contractor to properly rein in the time schedule and quality of the works simultaneously so the project will be completed with great success.

Progress of the works for Subproject No.5:

As of December 2013

|  |  |  |
| --- | --- | --- |
| Items | Planned Progress | Actual Progress |
| Construction | 85% | 67.4% |
| Supply | 100% | 100% |
| Overall | 92% | 86.97% |
| Stringing | 0% | 0% |
| Warehouse Construction | 80% | 48,6% |

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# IV. Implementation challenges

## Project risks and actions

Throughout a year of 2013, the most typical risk the project has faced is a budgetary shortage the KRG has faced towards the end of year owning to an increasing political tension between the central government in Baghdad and the KRG. Due to the shortage of the budget sparked by this tension, a significant amount of spendings on transport (RMEK-owned vehicles), Internet etc has been retrenched, which has triggered off some disturbances to the implementation of the project. In order to avert the problem, we gradually lessened dependency on RMEK-owned vehicles and shifted it to UNDP-owned vehicles for transportation. For the internet use, we also shifted from cable access provided from RMEK to the devices which are available in the market for the project implementation not to be bedevilled by possible communication failure or disruptions.

Another risk which has had some adverse impacts on the project implementation is the ongoing delay in the process of the cabinet reshuffle in the KRG after the general election held in September 2013. The problem is that the minister has an ultimate decision-making authority at every crucial stage of the project, and our project is not an exception regardless of whether or not the project is funded by a foreign donor. In response to JICA having approved the budgetary allocation for Subproject No.6 in April 2013, UNDP Iraq team was planning to make an outline of the new subproject by utilizing the remaining budget, which will become a backbone for the proposal to be submitted to JICA for their prior non-objection. However, due to the lingering process of forming the cabinet after the election, the outline of the new subproject has yet to be prepared in fear that the minister to be newly appointed will overturn the decisions made by the current minister, and the whole process will have to be started over from scratch. However, this problem will be resolved next year since the cabinet reshuffle is said to take place after the general election in the central government in Baghdad in the late April 2014.

## Project issues and actions

Due to the decision made by UNDP Iraq to transfer its head office from Amman, Jordan to Iraq, our project base was also shifted to Erbil in June 2013. The project team is led by the Project Manager stationed in Amman and composed of a technical and commercial sub-teams, and commercial sub-team became active in June 2013 after the Procurement Specialist having been stationed in Erbil. However, due to a lack of technical sub-team members, including the Technical Manager, in Erbil for the subproject, the RFP preparation works for Subproject No.6 have been delayed from the initial schedule and other subprojects been affected due to an absence of the Technical Manager. This kind of problem has a likelihood to arise again in the next year of 2014 since it is expected to employ some more staff (both administrative and technical) for the new subproject. However, this can be resolved by addressing the procurement departments of UNDP and extorting them to accelerate the employment process of the staffs so the understaffed team will be strengthened and no more delay will be created.

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# V. Lessons learnt and next steps

Lessons learnt

As to Output 4 (in particular, Subproject No.5), miscommunication among parties concerned which took place during the previous quarter caused a breakdown in communication line/mechanism. Since ill-established communication is likely to cause unnecessary delay and disruption in the project progress, after commencement of the contract, explicit communication line/mechanism should be established, and properly addressed and understood among the parties.

Concerning Output 5 (Subproject No.6: Establishment of Central Training Centre in Erbil testing laboratories in Erbil, Sulaimaniyah and Dohuk, and Training Programmes), the project proposal was successfully approved by JICA in April 2013 and RMEK/UNDP completed all the RFP process from the preparation of short-list (S/L) and the Request for Proposals (RFP) for selection of an international consultant to the evaluation of the proposals submitted by the proposers. However, as a result of the evaluation, no proposers could not meet a minimum technical score of 70 points and thus have been found responsive to the requirements of the RFP. Although the evaluation result itself turned out to be unsuccessful, after the arrival of the technical sub-team members, the RFP implementation has been accelerated through successful acquisition of non-objection from the donor, which is required at every stage of the procurement process, which has been appreciated by RMEK. This experience can be utilized in the next procurement process of the EPC contract for Subproject No.6 since it has been decided that UNDP-Iraq will take over the consultancy assignment to prepare the subproject in 2014.

## Recommendations

In initiating a new procurement in the new subproject, the key to time-efficient implementation of the project is how successfully UNDP can assist RMEK in preparing necessary procurement-related documents, and obtaining the donor’s non-objection. Since UNDP has supported RMEK in this part for the past subprojects No.1 to No.5, RMEK/UNDP is already fully aware how important the smooth progress of this concurrence acquisition process is since the delay in this process simply denotes the delay in the whole project schedule. Therefore, using the experience earned through these subprojects, UNDP Iraq will continue to assist RMEK in selecting well-qualified consultant for the successful implementation of the project within the planned time frame.

#

# VI. Financial Section

## Table 1: Funding Overview

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Donor** | **Commitment****(Currency of the Agreement)** | **Received****(Currency of the Agreement)** | **Received (USD)** | **UNORE** | **Balance (Currency of the Agreement)** |
| **GoI** | USD 13,052,975 |  | USD 7,979,659.68 | - | - |
| **Total** |  |  | **USD 7,979,659.68** |  |  |

## Table 2: Expenditure Status (by activity)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Activity** | **Budget**  | **Donor** | **Cumulative Expenditure Status at** | **Expenditure in Reporting Quarter** | **Quarter Total Expenditure** | **Total Expenditure** | **Budget** | **Delivery** |
|  | **[Date,i.e. end of preceding quarter]** |  |  | **Balance** | **Rate** |
|  |   |  **(F)** | **(G=B+C+F)** |  |  |
| **(A)** | Commitment | -Expenses + full asset cost | Commitment |  Expenses + full asset cost |   |   | **(H=A-G)** | **(% I =G/A)** |
|   |   | (C) |   | (E) |   |   |   |   |
|   | (B) |   | (D) |   |   |   |   |   |
| **Output 1** | 7,979,659.68 | 00135 | 417,549.68 | 5,376,613.79 | 398,006.92 | 382,864.07 | 780,870.99 | 6,575,034.46 | 1,404,625.22 | 82.40 |
| **GMS**  |  |  |  | 67736.3 |  | Not appearing |  |  |  |  |
|  **Total**  | 7,979,659.68 | 135 | 417,549.68 | 5,444,350.09 | 398,006.92 | 382,864.07 | 780,870.99 | 6,642,770.76 | 1,336,888.92 | 83.25 |

## Table 3: Expenditure Status (by donor)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Donor** | **Budget** | **Activity** | **Expenditure Status at[Date]** | **Expenditure in ReportingYear**  | **Yearly Expenditure** | **Total Expenditure** | **Balance** | **Delivery** |
| Commitment | Disbursement | Commitment | Disbursement |
|  |  |  |  |  |  |  |  |  |  |  |
| **GMS** |  |  |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |  |  |

The explanation under this section is similar to the above section, however here the difference is that on this table expenditure is categorized as per source of funding/donor.

**Annexes**

**Multi-Annual Work Plan (or RRF***)*

**Charts, tables and visual aids**, with accompanying analytical descriptions (1-2 paragraphs per table/chart).