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United Nations Development Programme Iraq

UNDP - Shell Partnership

LOCAL AREA DEVELOPMENT PROGRAMME AND PRIVATE SECTOR DEVELOPMENT

Q1 – Q3 2014 PROGRESS REPORT



F

Female beneficiaries of the Micro-Business Start-Up Programme participate in business development and entrepreneurship skills training

| | |
|-------------------------------|--|
| Project Title: | UNDP-Shell Partnership |
| UNDP Project #: | 82551 & 82552 |
| Project Duration: | 4/2012 – 3/2015 |
| Project Resources: | Shell, UNDP |
| UNDP Iraq Focal Point: | Thair Shraideh – Programme Specialist, Portfolio Manager |

| | |
|------------------------------|--|
| UNDAF Outcome(s) | <p>UNDAF Priority 2: Inclusive and more equitable economic growth</p> <p>UNDAF Priority 3: Environmental management and compliance with ratified international environmental treaties and obligations</p> <p>UNDAF Priority 4: Increased access to quality essential services</p> <p>UNDAF Priority 5: Investment in human capital and empowerment of women, youth and children</p> |
| CP Outcome(s): | <p>Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development</p> <p>GoI has the institutional framework to develop and implement MDG-based pro-poor, equitable and inclusive socio-economic and environmental policies and strategies.</p> <p>Economic and livelihood opportunities for women and youth in both public and private sectors are increased.</p> |
| Output(s): | <p><u>Local Area Development Programme</u> Output 1: Inclusive participatory processes in local area planning and decision-making are institutionalized. Local communities are given a key role in influencing development priorities and in turn contribute to further stability and reconciliation. Output 2: Institutional capacity and technical capability at national and sub national level to support local inclusive development and service delivery established.</p> <p><u>SOC Welding Training and Test Centre</u> Output 1: Strengthened public administration system, public finance management and national systems for planning, programming and monitoring for equitable economic growth in place and effectively functioning Output 2: Sustainable livelihood opportunities created for crisis-affected groups/people, including skills development, in partnership with the private sector</p> <p><u>Vocational Training/Micro, Small, and Medium Enterprise</u> Output 1: Increased sub-national Capacity for facilitating private sector role in local economic development and job generation especially targeting vulnerable groups including IDPs</p> |
| Implementing Partner: | UNDP |
| Responsible Partner: | UNDP |
| Project Location(s): | Al Nashwah & Al Dair sub-districts, Basrah governorate, Iraq |



حقول مجنون للنفط
MAJNOON OIL FIELD



بإدارة شركة شل
Shell Operated



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Executive Summary (approx. 1 page max)

The UNDP-Shell Partnership achieved significant progress in Q1-Q3, 2014. The primary achievements were implemented under the Local Area Development Programme (LADP), which included the initiation of comprehensive community consultations in support of the development of Strategic Community Development Plans in two sub-districts, and the successful launch of micro-businesses under the livelihood initiative that targeted vulnerable members of the communities, including widows and disabled persons. Capacity building in support of local market demands was also achieved through the successful completion of a three-month vocational training programme for 30 unemployed youths in high demand trades.

Several activities being implemented under the partnership also suffered significant delays due to issues in the change of scope and/or budgets for activities. One of the major challenges in 2014 was the inability to secure a confirmed location, scope of work, budget, and implementation schedule for the SOC Welding Training and Test Centre (W TTC). UNDP is optimistic that the barriers contributing to delays on the project can be addressed through joint efforts of UNDP, Shell, and SOC.

Context

Brief Background:

In line with both the United Nations Development Assistant Framework (UNDAF) for the Government of Iraq, with ongoing efforts to partner with the Government of Iraq (GoI) in the enhancement of the Iraqi private sector, and in accordance with the contract awarded to Shell by the GoI to exclusively carry out exploration, development and production of oil and gas resources in southern Iraq, UNDP Iraq's Inclusive Growth & Economic Empowerment (IGEE) cluster entered into a partnership with Shell Iraq Petroleum Development B.V. (Shell). The partnership aims to participate in and support the implementation of community development initiatives in the Majnoon Oil Field Area.

On 20th December 2011, Shell and UNDP signed a Memorandum of Understanding (MoU) focused on increasing local area development activities in the Majnoon area and the wider Basrah Province, promoting local business development activities, and strengthening the private sector in diverse local industries.

Rationale:

Shell and other International Oil Companies (IOCs) operating in Basrah and throughout Iraq are strongly encouraged to maximize their hiring of Iraqi employees, but this has proven difficult as economic difficulties and wars experienced by Iraq over the previous 30 years have depleted the nation's supply of skilled labour and its small business base. Therefore UNDP and Shell are focusing on longer-term efforts to build the capacity of the Iraqi labour force through a combination of vocational training, and the development of Micro, Small, and Medium Enterprises (MSMEs). UNDP

Iraq and Shell are also working on shorter-term efforts for local community development near the Majnoon Oil Field in Basrah, Iraq, where Shell is currently operating. The UNDP-Shell partnership includes an initiative to build participatory planning and local-area development capacity, and implement relevant activities related to identified needs and priorities in Majnoon communities.

Intended objectives:

Following the signing of the contract awarded to Shell by the GoI to exclusively carry out exploration, development and production of oil and gas resources in the Majnoon Field area, Shell commissioned an impact assessment that identified a number of villages in proximity to the Majnoon site that were deemed as impacted and were to be considered as top priority by Shell for inclusion in their community development programme.

The partnership aims to increase local area development activities in Majnoon communities by improving access to quality essential services based in the priorities identified by the communities, and promoting local business development activities to strengthen the private sector in diverse local industries.

Intended beneficiaries:

The intended beneficiaries are members of the communities of the impacted villages in close proximity to the Shell-operated Majnoon oil field, which are the sub-districts of Al Nashwah and Al Dair.

Within the communities, UNDP retained the organization's special interest in a human rights based approach that safeguards access to equitable and essential services for all citizens and to provide a space for all stakeholders, including vulnerable and marginalized groups to voice their views and priorities, and participate in local development decision making. Gender-balanced participatory processes are also encouraged in the analysis of challenges and constraints to local development and poverty alleviation and in formulating local development initiatives and delivery of essential services. The programme is also advocating for women's equal access to public financial resources and decision-making power.

Main project stakeholders:

The main stakeholders of projects under the UNDP-Shell Partnership include the South Oil Company (SOC), the local councils of Al Nashwah and Al Dair sub-districts, community members of Al Naswah and Al Dair sub-districts, Ministry of Oil (MoO), relevant line ministries and departments, local contractors and existing MSMEs.

Implementing arrangements:

Under the partnership project activities are carried out under three components: 1) Local Area Development Programme (LADP), 2) Vocational Training/Micro, Small & Medium Enterprises (VT/MSME), and 3) SOC Welding Training and Test Centre (WTTTC). Each component has a separate

Cost-Sharing Agreement (CSA) that is amended annually as an annex to the original Project Document.

Long Term Service Agreements have been used to enable third party companies to deploy individual specialists and tailor-made teams to operate on the ground. These modalities have permitted UNDP to remotely manage project activities and also allow increased flexibility to respond to Shell's needs for delivery on the ground. UNDP will increase its presence in Basrah and Southern Iraq through the newly established UNDP hub in Basrah.

Implementation

LADP

Activities planned for implementation under LADP in Q1-Q3 2014 included the rehabilitation of a school in Al Dair, the construction of 4 playgrounds, provision of semi-skilled training in trades to unemployed youth, the launch of micro-businesses under the livelihood initiative, development of a 5-year municipal plan in Al Dair, and preparation of an agricultural study in Al Nashwah.

Rehabilitation of one school in Al Dair was initiated in Q1 through cooperation with the local council and utilization of selection criteria to identify schools to be considered for rehabilitation based on need. In Q2 the process identified Al Jawadain Primary School and UNDP completed sketch designs and tender documents, and completed the tender process. In Q3 it was decided by Shell and UNDP that due to budget reallocations under LADP, UNDP would hand all tender documentation over to Shell and Shell would award the contract and fund the rehabilitation of the school. UNDP will complete the final designs in Q4 and hand them over to Shell. UNDP will continue in a supervisory role during the construction phase of the rehabilitation.

The **construction of 4 playgrounds**, 2 in Al Nashwah and 2 in Al Dair, was initiated under the 2013 partnership budget when initial site scoping identified 1 playground site in Al Nashwah. In Q1 site scoping for the additional playgrounds was begun and completed in Q2. Uniform sketch designs to be used at all sites were completed and a bill of quantities was prepared. The estimated cost of the bill of quantities was \$180,000 per playground, which exceeded the allocated budget of \$60,000 per playground. UNDP and Shell decided to relocate the budgeted funds for rehabilitating the school in Al-Dair to proceed with this project. In Q3 the owners of one of the sites in Al Nashwah decided not to offer the land for one the playgrounds, and UNDP is working with the Local Council to identify a new site, while proceeding with the other 3 sites. In Q3 Shell and UNDP have been working together to conduct a value engineering review to reduce the cost and scope of work of the project.



The **provision of semi-skilled training courses for 30 unemployed youth** from Al Nashwah and Al Dair in carpentry, blacksmithing, and plumbing at Theodore Schneller School in Amman for 3 months began in Q4 2013 with the initiation of the selection process. Once selection was completed in Q1 2014 the course commenced in March 2014, with 11 trainees in plumbing, 7 trainees in carpentry and 13 trainees in welding. All trainees completed their courses and passed their final evaluation and graduated on June 1st, 2014. Upon the trainees return to Iraq it is UNDP's responsibility to coordinate apprenticeship training opportunities for all trainees. Due to difficulty in securing commitments that meet the requirements of the apprenticeship component from local companies at the end of Q3 only one trainee is participating in an apprenticeship position. Discussions are ongoing between UNDP and local contractors to secure apprenticeships positions for the remaining trainees.



The **micro-business start-up livelihood initiative** began in 2013 with the process of the selection of beneficiaries being completed. Training of beneficiaries began in January 2014, when the 17 selected beneficiaries, including 9 men and 8 women, received training by UniHouse, UNDP's implementing partner for the project, on business and entrepreneurial skills. Each beneficiary was then assessed to determine the needs in either constructing or rehabilitation a shop or workspace for their business, as well as what equipment or goods were necessary for them to run their business successfully. Once this was completed estimated costs per beneficiary were prepared. Procurement began in March, although there were many delays due to the lack of appropriate designs for the shops and the inability of the implementing partner to finalize the lists of equipment and goods required. In June a second follow-up training was conducted to reinforce the previous training and support the beneficiaries as their businesses prepared to operate.





Prior to beginning the procurement phase for several individual beneficiaries it was decided not to proceed with three businesses due to the beneficiaries' lack of commitment to the project. An additional beneficiary ceased to be a part of the project due to being placed in prison. By Q3, 9 of the 13 final businesses were operating and the final 4 grocery stores were waiting for final procurement. The mentoring and coaching component for the activity will begin in October 2014 and ensure that the beneficiaries are utilizing the business management skills obtained in the trainings.

The **preparation of a 5-year municipal plan for Al Dair** was initiated at the request of the local council. UNDP hired a consultant in June 2014 to support the process and in initial discussions it was agreed with Shell that consultation would take place in both Al Nashwah and Al Dair to prepare 3-year Strategic Community Development Plans. A work plan for community consultations in both sub-districts was prepared and consultation in Al Dair began in Q3, with consultations in Al Nashwah to be completed in Q4.

The pilot phase of a **Municipal Asset Management Programme** for Al Nashwah was planned for 2014. The initial concept was to support the local council to log all municipal assets and build their capacity to put an asset management system in place. It was determined that UNDP would implement an asset management for priorities identified by the local council, which were determined to be RO units in schools, solar street lights, and the Al Nashwah Family Park. UNDP performed site surveys of the RO units and the solar street lights, at which time the local council reassessed their priorities and requested UNDP to focus on RO units in schools. In further discussions with Shell it was decided that the activity would focus on building the capacity of staff at Al Marifa School and Al Adeen School, both of which were fully rehabilitated under the Shell-UNDP Partnership in 2013, to utilize the maintenance manuals that were prepared and handed over to the school administration and the Department of Education in 2013.

The preparation of an **agricultural study in Al Nashwah** was initiated in Q1 with the hiring of an Agricultural Specialist to conduct the study and produce a report with recommendations for interventions in the agriculture sector in the area. The report was completed and submitted in May 2014. Recommendations from this report may be used to propose future interventions in the agriculture sector under the partnership.

In July 2014 Shell approached UNDP with a request to develop a concept note for **provision of RO water in Al Nashwah**. The request came from the local council to Shell and was communicated as being a high priority for the community. Through discussions UNDP and Shell agreed that the project would be funded through the Social Welfare Budget, which is a fund provided by the South Oil Company (SOC) to address community needs, and that UNDP would prepare a feasibility study of three options for implementation to be provided to SOC engineers for selection. The report will be completed and submitted to Shell and SOC in October 2014, at which time the appropriate intervention will be selected and an implementation modality will be determined.

MSME

The sole activity under the MSME component is the **Capacity Building for Existing Shell Contractors**, which aims to provide training in identified skills gaps to local contractors to enable them to have the technical ability to secure contracts with Shell and other IOCs. The activity includes a list of 43 Shell-approved local contractors.

For 2014 it was initially decided that the identified skills gaps that would be addressed were English Language, Project Management, and Health, Safety and Environment (HSE). The modality includes 50% cost-sharing by the contractors. Following a lengthy procurement process an English Language service provider was awarded the contract in June 2014 and a workshop was held with the contractors to nominate staff for training and to prepare a training schedule.

In August Shell and UNDP agreed that for 2014 the training should continue in English Language training and focus on HSE training to compliment Shell's gap closure plan derived from a completed HSE gap assessment. It was decided to proceed with NEBOSH training that includes several initial courses that can be conducted in Arabic. The tender process is underway and a contract for an HSE service provider will be awarded in October 2014.

WTTC

At a meeting between SOC, Shell, and UNDP at SOC offices in Basrah on January, 21st, 2014 intended to obtain a decision on the partnership agreement between all parties regarding the construction of the WTT, SOC confirmed that the land allocated at Burjesiya would be the site for the WTTC. It was later determined that the site would be referred to as Al Zubair. Shell and UNDP confirmed the revised estimate for the construction of the WTTC at this site to be \$8,710,000 from the Training, Technology, Scholarship Fund (TTSF). Both UNDP and Shell expressed serious concerns over the suggested location due to the lack of access roads, water and sanitation, electricity and telecommunications in the area selected and emphasized that the cost of access roads, water and sanitation, land acquisition, mine clearing, electricity (and substation) and telecommunications are not included in the estimate and SOC is responsible for infrastructure, as agreed in the last meeting between Shell, UNDP and SOC.

In a letter dated 17 March 2014, SOC requested Shell and UNDP to include costs relating to the provision of infrastructure in the cost estimate. UNDP and Shell estimated the total project costs including the provision of all bulk infrastructures to be \$17,000,000.

All parties participated in a workshop from May 19 to May 22 in Amman to review, discuss and finalize the draft of the proposed Project Implementation Document between SOC and the UNDP-Shell partnership. Participants also reviewed, discussed and finalized the sketch designs and estimated costs for the bulk and local infrastructure services for the proposed WTTC and agreed on the funding modality. This required discussion to finalize the options for implementation of the bulk and local infrastructure, building construction, and capacity building of WTTC staff, and to agree on action items to start the overall project. A product of the workshop was the WTTC Implementation and Cooperation Document, agreed upon and signed by all parties.

In June 2014, Shell and UNDP drafted a Project Document and CSA.

In July 2014, SOC informed Shell and UNDP that they were changing the location of the WTTC to West Qurna. UNPD and Shell expressed concern over the change of the site location and emphasized the importance of selecting a site that can facilitate a long term vision. SOC requested that UNDP and Shell conduct feasibility studies to suggest alternate locations.

In August 2014, Shell received a letter from SOC approving the \$17,000,000 funding required for the project to be provided under TTSF funding.

In September 2014 it was agreed that the Project Document will be reviewed by UNDP and Shell to finalize the scope of work and definition of roles and responsibilities. Shell and UNDP must develop a detailed design that takes into account the tight budget of the project look at savings and opportunities for value engineering. Shell also highlighted the difference in the way the project will be audited by SOC under the utilization of TTSF and emphasized that all paperwork and details of the project must be kept separate from other Shell-UNDP activities.

The next step of the project will be to finalize the location and designs, and for Shell and UNDP to determine a protocol for the training and capacity building of SOC staff.

Challenges

Issues

Delays in project schedules have been an issue and caused problems with the expectations of communities when they have not seen the direct results of planned projects. This has caused problems in gaining access to communities in the past and this trend could be compounded in the future and permanently jeopardize relationships with community members and local councils. UNDP has continually addressed this issue through communication and consultation with the local councils and stakeholders to ensure they understand the cause of project delays and are aware of revised implementation timelines.

These delays have been due to several issues. The lack of flexibility in UNDP's administrative and operating system has at times hindered the ability to adapt quickly to evolving circumstances and meet Shell's high expectations of quick progress and flexible implementation. In addition, security restrictions severely limit the mobility of UNDP staff in the field, affecting the ability to directly manage and monitor projects.

An ongoing issue of conducting the LADP process in Al Dair specifically has been that UNDP has not been authorized to go to each village because of perceived disappointing past experiences with Shell, and a fear of raising expectations in communities. The LADP team was cautious to agree to the approach suggested by the local council, which dealt solely with the local elites, because of risks that lack of inclusiveness may translate into poor transparency and accountability to the entire community. As a key principle of LADP, inclusiveness of all to determine most important needs and

priorities and ensuing resource allocation is key in avoiding elite control and capture of resources and possible discrimination and inequalities.

In Al Dair, UNDP is now addressing this issue in part through the preparation of the Community Development Planning process requested by the Al Dair local representatives, which introduces an inclusive and participatory manner through genuine dialogue on needs and priorities with the constituency, although the level of engagement in the communities is still determined by the local council, which is not ideal.

An issue in implementing the Micro-Business Start-Up livelihood initiative was lack of capacity of implementing contractor to provide a thorough market assessment and sufficient business trainings to the beneficiaries based on their specific needs. UNDP mitigated this by offering the support of a dedicated field officer in Basrah to shadow the contractor's local staff in the field. In Q3 UNDP decided to change the modality of the project, especially related to monitoring and coaching, and will complete intended activities directly through the UNDP implementation team in Basra.

Upon successful graduation of 30 trainees as part of the skill training programme for unemployed youth at Theodore Schneller School, the major issue has been finding apprenticeship work placements for the trainees. The initial challenge was identifying contractors who were willing to take on apprentices in accordance with UNDP terms, and once willing contractors were identified the commencement of the placements has been delayed in managing the logistics of gaining security clearance for trainees to enter work sites and transportation.

The primary issue in the construction of the playgrounds has been the cost of implementation that exceeds the initial estimate. The first step UNDP took to reduce the cost of the playgrounds was to engage with local contractors who had approached Shell offering services for projects. UNDP anticipated in-kind contributions from local contractors, but after months of negotiations were unable to secure a commitment. UNDP and Shell engineers are currently working together to review the scope of work and conduct value engineering analysis to reduce the costs in order to proceed with implementation.

Under MSME there have been issues in determining a cost-sharing modality that met the requirements of UNDP's procurement unit, as well as developing a training schedule that would account for the level of English language skills required for potential trainees to participate in internationally accredited training courses only offered in English. This was mitigated by the decision to offer the preliminary HSE courses through NEBOSH, which includes several preliminary accredited courses offered in Arabic, which will allow individuals who require further advanced training more time to gain the English language skills necessary to complete advanced courses.

Implementation of the SOC WTTC has suffered under significant delays. This was initially due to issues that SOC had in understanding the partnership between UNDP and Shell and the roles and responsibilities under the partnership in relation to the WTTC, as they thought of UNDP as a Shell contractor. UNDP and Shell worked together to ensure that the terms of the partnership and relationship between all entities were clear to SOC. This was agreed upon in a workshop in May.

The primary issue that has continued to affect the schedule of implementation of the project has been SOC's delay in making a final decision on the location of the WTTC. The change in location, and the repercussions that decision has on the scope of work and the overall implementation programme and budget, has been a significant challenge. UNDP, Shell, and SOC have met on several occasions and set several deadlines for these decisions to be made, but SOC has not confirmed the location. Once the decision is made and committed in writing to UNDP and SOC the project implementation plan will commence.

Lessons Learned

The primary lesson learned under the UNDP-Shell Partnership in 2014 is to jointly be more realistic regarding project schedules in order to set appropriate expectations for all parties, including the local communities.

A lesson learned in the case of the livelihood initiative is to do deeper analysis for the feasibility of supported projects and the commitment of business holders. A whole criteria needs to be in place and well-thought of. Another lesson learned was to evaluate the appropriate approach for monitoring and coaching of supported business, UNDP needs to have adequate presence and involvement, with less dependence on outside contractors to ensure the quality of provided support.

Future Plans

In Q4 of 2014, UNDP and Shell will complete the implementation of several projects and coordinate with Shell to select interventions for 2015.

Under LADP, the livelihood initiative will be completed in Q4 once all of the 13 businesses are launched. Mentoring and coaching activities will continue into 2015 and a second phase of the project will be proposed to Shell to be implemented in 2015.

The final drawings of both Al Jawadiain School and the playgrounds will be completed in Q4 and both activities will begin implementation. The rehabilitation of the school, contracted by Shell and supervised by UNDP, will be completed in 8 to 12 weeks after approval, while the construction of the playgrounds will be completed in 4 weeks.

The graduates of the Theodore Schneller School training programme will be enrolled in apprenticeship programs for 6 months, which will be monitored by UNDP.

Under MSME, it has been agreed that the English Language and HSE training will include both nominated staff from Shell's existing contractors, as well as SOC staff as an initial capacity building activity in support of the WTTC. English Language placement tests will begin in Q4 and training will be ongoing. The contract will be awarded to a service provider for HSE training in Q4 and training

will begin in Basrah. Several rounds of the 5-day training courses will be completed by the end of 2014.

The SOC WTTC implementation programme will begin as soon as SOC makes a final decision on the location of the facility. Both UNDP and Shell will continue to meet with SOC to support a final decision.

Financial Section:

Note: All financial data presented in this report are provisional. From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December will be submitted every year no later than 30 June of the following year.

Table 1: Funding Overview

| Donor | Commitment (Currency of the Agreement) | Received (Currency of the Agreement) | Received (USD) | UNORE | Balance (US\$) |
|----------------------|---|--|-------------------|-------|-------------------|
| Shell - LADP | \$3,562,839 | \$2,762,839 | \$2,762,839 | | \$800,000 |
| Shell VT & MSME | \$3,391,565 | \$2,691,565 | \$2,691,565 | | \$700,000 |
| Total | \$5,633,604 | \$5,454,404 | \$5,454,404 | | \$1,500,000 |
| UNDP 2014 | \$350,003 | \$350,003 | \$350,003 | | 0 |

The table on funding overview will cover funding since inception of the project, and will include only those contributions for which legal basis i.e. agreement/ letters exchange, exist. Column 1: will include the name of the donor, with a new adjacent cell created for every different agreement signed with the same donor. Column 2, commitment, will include the amount of the commitment as stated in the

agreement in the same currency as in the agreement. Column 3: shows the amount of the money received against every commitment. If the currency in the agreement is denominated in USD, this slot can be left blank. Column 4: provides for the US equivalent of the received amount of the local currency, with Column 5: providing the United Nations Operational Rate of Exchange at the date of the receipt of funds. Column 6: provides for the balance of the contribution expected to be received from the donor. This is arrived at through subtraction of total received amount from the commitments. UNDP contribution for 2014 can cover assistance beyond the activities or geographic area covered under the partnership.

Table 2: Expenditure Status (by end of September 2014)

| Activity | Budget | Donor | Disbursement | Commitment | Total | % |
|--------------|-----------------------|-------|-----------------------|-----------------------|-----------------------|---------------|
| LADP | 1,812,390.03 | Shell | 732,143.48 | 680,007.60 | 1,412,151.08 | 77.92% |
| MSME | 1,476,449.61 | Shell | 881,847.77 | 548,555.68 | 1,430,403.45 | 96.88% |
| GMS | | | 82,641.11 | | | |
| UNDP | 350,003 | UNDP | 127,100.03 | 206,078.42 | 333,178.45 | 95.19% |
| Total | \$3,638,839.64 | | \$1,823,732.36 | \$1,434,641.70 | \$3,258,374.06 | 90%% |

This table reflects budgets and expenditures in the fiscal year (2014) as generated from UNDP's CO financial system up to the reported period. The budgets reflect the recent approved Annual Work Plan (AWP) which both can be revised during the fiscal year. Purpose of this section is to highlight the financial progress, but not to be considered official report till UNDP HQ closes the accounts on the global financial system. GMS is what appeared to be charged in the ATLAS financial system at the end of reported period by UNDP HQ. GMS charges above may not be accurate as reconciliations are done periodically by HQ. Columns 1, 2 and 3 which respectively indicate activity, budget and donor of the project reflect the planned budget as in the AWP. Column 4/5/6, which indicates Expenditure Status at date of closure of the last reporting phase, will show commitments, disbursements totals up to that point. It is advised to use the IPSAS project resource management reports - fund resource overview; project resource overview; project budget balance; project transaction detail. This section has been re-aligned with these reports to make the reporting meaningful and easy. Commitments are the written contractual obligations which the project has signed out, while disbursements indicate the amount of money which was actually paid for the obligations. In UNDP corporate terms: OPEN REPORTED COMMITMENTS as at the reporting period ARE UNRECEIPTED POs ONLY. Finally the last column, Column 7, delivery will be expressed in percentage terms, and is calculated by dividing total expenditure (column 6) by the budget (column2).

Annexes

Annex I: Performance Tracking Matrix

| ACTIVITY NAME | KPIs/MILESTONES | RESULTS ACHIVED DURING REPORTING PERIOD FROM 01/01/2014 TO 30/09/2014 | CUMULATIVE RESULTS ACHIEVED TO DATE AS OF 30/09/2014 | RESULTS PLANNED TO BE ACHIEVED IN NEXT REPORTING PERIOD FROM 01/10/2014 TO 31/12/2014 |
|--|---|--|---|--|
| LADP Output 1: Inclusive participatory processes in local area planning and decision-making are institutionalized. Local communities are given a key role in influencing development priorities and in turn contribute to further stability and reconciliation. | | | | |
| Output 1.1. Community priorities and needs are addressed | | | | |
| 1.1.1.a. Education Package (1 Al Dair School) | <ul style="list-style-type: none"> • Selection of school based on need • Final designs prepared and approved • Rehabilitation/construction begins • Rehabilitation/construction complete • Handover of school to DoE | <ul style="list-style-type: none"> • Al Jawadain School was selected in March 2014 • Sketch designs completed • Tender process completed by UNDP, bids received • Tender docs handed over to Shell to award contract | <ul style="list-style-type: none"> • Al Jawadain School was selected in March 2014 • Sketch designs completed • Tender process completed by UNDP , bids received • Tender docs handed over to shell to award contract | <ul style="list-style-type: none"> • Final designs to be handed over to Shell • Shell to award and manage contract • UNDP to supervise construction |
| 1.1.1.b. Safer children, Safer | <ul style="list-style-type: none"> • Locations of 4 facilities (2 Al Nashwah & 2 Al Dair) | <ul style="list-style-type: none"> • 2 locations in Al Nashwah and 2 | <ul style="list-style-type: none"> • 2 locations in Al Nashwah and 2 | <ul style="list-style-type: none"> • Cost effective designs to be approved |

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| Roads – Playgrounds | <p>identified & approved</p> <ul style="list-style-type: none"> • Designs finalized and approved • Construction begins • Construction complete • Playgrounds handed over | <p>locations in Al Dair identified & approved</p> <ul style="list-style-type: none"> • Tender issued; bids were too high • Preliminary designs completed but BoQ too expensive • Shell and UNDP engineers to conduct value engineering analysis to reduce costs • One location in Al Nashwah is no longer available, activities will continue with 3 sites | <p>locations in Al Dair identified</p> <ul style="list-style-type: none"> • Tender issued; bids were too high • Preliminary designs completed but BoQ too expensive • Shell and UNDP engineers to conduct value engineering analysis to reduce costs • One location in Al Nashwah is no longer available, activities will continue with 3 sites | <ul style="list-style-type: none"> • Construction to be completed (4 weeks from starting implementation) |
| <p>1.1.1.c. Municipal Management Package</p> <p>1) <i>Strategic Community Development Plans</i></p> <p>2) <i>Asset Management Pilot Project</i></p> | <p>1) <i>Strategic Community Development Plans</i></p> <ul style="list-style-type: none"> • Municipal staff trained to identify priorities and implement initiatives efficiently and sustainably • Staff and local council members of Al Dair trained in financial and strategic planning and management (2015) • Strategic community Development Plan produced (2015) • Monitoring of | <p>1) <i>Strategic Community Development Plans</i></p> <ul style="list-style-type: none"> • Hired 2 consultants • Changed the scope and name, will produce 3-year Strategic Community Development Plans for both Al Dair and Al Nashwah • Consultations to identify priorities and needs completed in Al Dair • Preliminary consultation in Al Nashwah completed | <p>1) <i>Strategic Community Development Plans</i></p> <ul style="list-style-type: none"> • Hired 2 consultants • Changed the scope and name, will produce 3-year Strategic Community Development Plans for both Al Dair and Al Nashwah • Consultations to identify priorities and needs completed in Al Dair • Preliminary consultation in Al Nashwah completed | <p>1) <i>Strategic Community Development Plans</i></p> <ul style="list-style-type: none"> • Consultations to identify priorities and needs to be initiated in Al Nashwah |

| | | | | |
|--------------------------------------|---|--|--|--|
| | <p>implementation of Strategic Community Development Plan (2015)</p> <ul style="list-style-type: none"> • Conduct vulnerability assessment (2015) | | | |
| | <p>2) <i>Asset Management Pilot Project</i></p> <ul style="list-style-type: none"> • Catalogue municipal assets with local council of Al Nashwah • Design asset management program • Provide training and capacity building on implementing asset management programme • Monitor asset management | <p>2) <i>Asset Management Pilot Project</i></p> <ul style="list-style-type: none"> • Scope of project agreed with local council to include RO units in schools, solar lightning and 1 public park • Local council changed scope to include only RO units in schools • UNDP completed an assessment on status of RO units in all 30 schools • In August, Shell expressed concern the project had strayed from original intent • Decision made to halt current activities and use remaining funds to deliver an asset management situational report on status of all Al Nashwah schools | <p>2) <i>Asset Management Pilot Project</i></p> <ul style="list-style-type: none"> • Scope of project agreed with local council to include RO units in schools, solar lightning and 1 public park • Local council changed scope to include only RO units in schools • UNDP completed an assessment on status of RO units in all 30 schools • In August, Shell expressed concern the project had strayed from original intent • Decision made to halt current activities and use remaining funds to deliver an asset management situational report on status of all Al Nashwah schools | <p>2) <i>Asset Management Pilot Project</i></p> <ul style="list-style-type: none"> • Complete asset management situational report on status of all Al Nashwah schools |
| 1.1.1.d. Agricultural Package | <ul style="list-style-type: none"> • Conduct a thorough | <ul style="list-style-type: none"> • Study completed | <ul style="list-style-type: none"> • Study completed | <ul style="list-style-type: none"> • Activity complete |

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| | <p>study of the current state of agriculture in the area surrounding Majnoon</p> <ul style="list-style-type: none"> • Produce a report (with photos) that leads to project proposals and recommendations for interventions | <ul style="list-style-type: none"> • Report produced in May 2014 and shared with Shell | <ul style="list-style-type: none"> • Report produced in May 2014 and shared with Shell | |
| 1.1.1.e. Vocational Training Package | <ul style="list-style-type: none"> • Provide semi-skilled training courses for 30 trainees in carpentry, blacksmithing, and plumbing at TSS facilities • Engage with local contractors in the villages surrounding Majnoon oil field to facilitate work placement for trainees | <ul style="list-style-type: none"> • 31 trainees successfully completed 3 month training at TSS on June 1st, 2014 • 11 trainees in plumbing, 7 trainees in carpentry, and 13 trainees in welding • Engaged with local contractors to facilitate work placement | <ul style="list-style-type: none"> • 31 trainees successfully completed 3 month training at TSS on June 1st, 2014 • 11 trainees in plumbing, 7 trainees in carpentry, and 13 trainees in welding • Engaged with local contractors to facilitate work placement | <ul style="list-style-type: none"> • UNDP to finalize work placement arrangement for trainees |
| 1.1.1.f. Livelihoods Support | <ul style="list-style-type: none"> • Complete procurement for 17 businesses • Launch of 17 businesses • Conduct Mentoring and Coaching for 6 months | <ul style="list-style-type: none"> • Procurement complete for 9 businesses • 4 businesses were cancelled from the project • 9 businesses were launched | <ul style="list-style-type: none"> • Procurement complete for 9 businesses • 4 businesses were cancelled from the project • 9 businesses were launched | <ul style="list-style-type: none"> • Complete procurement for 4 remaining businesses • Launch 4 remaining businesses • Conduct Mentoring and coaching for 13 beneficiaries |
| VT/MSME Output 1: Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labour force in all professional craft areas in the Basrah Region | | | | |

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| Output 1.1 Negotiations with MoO/SOC | | | | |
| 1.1.1. Steering Committee (incl. MoO, SOC, NOC, PMAC, UNDP) | <ul style="list-style-type: none"> Meeting with MoO Representatives - UNDP to consider with MoO counterparts the MoO vision, key priorities, urgent needs, etc. Steering Committee Meeting - Parties to agree on an outline/roadmap Pursue Key Priorities - Deploy manpower/resources as necessary, per available funds | <ul style="list-style-type: none"> The Steering Committee has been inactive and Shell and UNDP agreed not to revive it | <ul style="list-style-type: none"> The Steering Committee has been inactive and Shell and UNDP agreed not to revive it | |
| Output 2.1 Capacity Building for Shell Existing Contractors (43) | | | | |
| 2.1.1. Specific Capacity Building to a Select Group of Contractors (significant cost sharing by company) Phase 1 of training will include each of the following topics: <ul style="list-style-type: none"> English Language Project Management HSE | <ul style="list-style-type: none"> Identify service providers for each topic Conduct workshop with contractors to obtain enrollment of staff Conduct training Individuals complete training and obtain certification/accreditation | <ul style="list-style-type: none"> Contract awarded for English Language training Workshop held with contractors to nominate staff for training, discuss cost-sharing modality and plan training schedule | <ul style="list-style-type: none"> Contract awarded for English Language training Workshop held with contractors to nominate staff for training, discuss cost-sharing modality and plan training schedule | <ul style="list-style-type: none"> Contract for HSE training to be awarded English Language and HSE training to commence |
| WTTC Output 1: Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, | | | | |

| relevant, timely, cost effective and skilled labour force in all professional craft areas in the Basrah Region | | | | |
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| <p>Output 1.1: Constructed physical facilities and infrastructure for a WTTC in compliance with international standards in response to oil and gas sector labour market needs in Iraq</p> | <ul style="list-style-type: none"> • 1.1.2 Designs Finalized and Approved • 1.1.3 Contract Awarded • 1.1.4 WTTC Facilities and Infrastructure Constructed and Handed Over to SOC | | | |
| <p>Output 1.2: Strengthened managerial, technical and operational capacity of SOC to ensure that the WTTC performs its mandate and key functions effectively and efficiently in compliance with international standards of the oil and gas industry</p> | <p>1.2.1 Trained WTTC Management and Administrative team</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> ➤ 2 Management ➤ 2 Finance ➤ 2 Human Resources ➤ 2 Administration ➤ 2 Operations & Maintenance ➤ 2 Asset Management ➤ 2 Health & Safety ➤ 14 ISO <p>1.2.2. Trained WTTC Technical Trainers</p> <p><i>Baseline:</i> Existing trainers in current facility</p> <p><i>Targets:</i></p> <ul style="list-style-type: none"> ➤ 6 Welding Trainers | | | |

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|--|--|--|--|--|
| | <ul style="list-style-type: none"> ➤ 6 Welding Training Assistants ➤ 2 Health and Safety Trainers ➤ 2 Quality Assurance Trainers ➤ 6 to10 English Language Trainers ➤ 20 – 30 ISO <p>1.2.3. Institutionalized quality management structures</p> | | | |
| <p>Output 1.3: Developed capacity of local labour force to improve opportunities for employment in the local oil and gas sector and maintain a sustainable livelihood</p> | <p>1.3.1. Members of local labour force possess an accredited welding certificate</p> <p>1.3.2. Supported local labour force trainees to find employment with local contractors</p> | | | |

Annex II: Risk Log: Guidance: Projects are welcome to use (copy/paste) risk logs (and format) from their Project Document, established at the initiation of the project to report on already identified risks as well as to update with any new risks experienced over the quarter.

| Project Title: UNDP-Shell Partnership | | | | | Award ID: | | Date: 30 Sep. 2014 | | |
|---------------------------------------|--|-------------------------|-----------------------|--|---|---|----------------------|-------------|------------------|
| # | Description | Date Identified | Type | Impact & Probability | Countermeasures / Mngt response | Owner | Submitted updated by | Last Update | Status |
| 1 | Risk of significant delays in project execution due to current security issues | Raised higher June 2014 | Operational Strategic | Heightened security concerns may hinder UNDP ability to operate on the ground and result in poor quality implementation; may also affect beneficiaries' motivation P = 2 I = 3 | This being a primarily sectarian war and Basrah being a Shia dominated community, it is not expected that the frontline will enter Basrah | UNDP Security; UNDP-Shell Partnership Mangmt. | UNDP Mngmt. | Ongoing | No change |

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| 2 | Relationships between the communities and Shell become strained | Programme design stage | Operational Organizational Political | Could result in refusal of communities to participate in projects; could affect UNDP's reputation by association P = 2 I = 3 | UNDP maintains independent relationships with local councils to ensure an understanding of UNDP 's role and objectives | UNDP-Shell Partnership Mngmt. | UNDP Mngmt. | Ongoing | No change |
| 3 | SOC will continue to be unable to make a firm decision on the location of the WTTC, or the decision will have significant consequences on the scope/budget/funding of the project. | Q1 2013 | Operational | The delay in the project and variety of possible sites make it impossible to determine a reliable budget of scope of work P = 3 I = 3 | UNDP and Shell remain in frequent communication and UNDP have been supporting SOC to make a decision | UNDP-Shell Partnership Mngmt. | UNDP-Shell Partnership Mngmt. | Ongoing | No change |