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# **Iraq Local Governance Program – Phase III**

**Quarterly Report  
April-June 2010**

**July 7, 2010**

This publication was produced for review by the U. S. Agency for International Development (USAID). It was prepared by RTI International.

# **Iraq Local Governance Program – Phase III (LGP III)**

Quarterly Report, April-June 2010

Contract: DFD-I-03-05-00128-00  
Period Ending June 30, 2010

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<sup>1</sup> RTI International is a trade name for Research Triangle Institute.

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## Abbreviations and Acronyms

ARDP	Accelerated Reconstruction and Development Program
COR	Council of Representatives
GAPTIS	Governorate Accounting and Project Tracking Information System
GIS	geographic information system
GO	Governor's Office
HCCP	High Commission for Coordination of the Provinces
HR	Human Resources
ILGA	Iraqi Local Government Association
LGP	Local Governance Program
LOE	level of effort
MOF	Ministry of Finance
MOPDC	Ministry of Planning and Development Cooperation
NGO	nongovernmental organization
PC	Provincial Council
PDP	Provincial Development Plan
PDS	Provincial Development Strategy
PFMAG	Public Finance Management Action Group
PPA	Provincial Powers Act
PPLs	Prioritized Project Lists
SDPM	Service Delivery Performance Measurement

# I. Introduction: Contradictions Continue

When we summarized the first year of implementation of LGP III, we noted a contradiction in political trends. Some events suggested greater decentralization, while others suggested recentralization. Six months into the project's second implementation year, the contradictions continue, but the events of this period, in total, suggest a trend towards increasing the responsibility of provincial elected government.

At the end of January, the Iraqi Parliament passed four bills, two of them purporting to devolve all or part of a central government ministry to the oversight of provincial governors:

- Law 18 of 2010 on the Dissociation of Social Affairs from the Ministry of Labor, and
- Law 20 of 2010 on the Devolution of the Ministry of Municipalities & Public Works.
- The third – an amendment to Law 21 of 2008, (aka 'the Provincial Powers Act') – appeared to permit greater interference by the parliament in the decisions of provincial councils, while
- The fourth – the annual budget law for 2010 – authorized revenue sharing between the central government and those provinces with oil and gas wealth .
- Laws 18 & 20 specifically obligate the provincial councils to pass legislation reorganizing the ministerial functions devolved to their governors, but in an opinion issued last October (and circulated by the Council of Ministers in November), the Shura Council stated its objection that provincial councils lacked the authority to 'legislate.'
- The Shura Council's opinions being advisory only, the provinces acted on the promises contained in Laws 18 & 20, which were subsequently made official by being gazetted, and Karbala succeeded in determining a new structure for its department of Social Affairs by May 14.
- Objecting to their dismemberment in Laws 18 and 20, and arguing that they had projects in execution that the provinces did not have the capacity to take over, the two affected ministries filed petitions with Iraq's highest court, and on June 14 the Federal Supreme Court issued a stay on further implementation of the laws.
- Three days later, the Ministry of Finance issued its annual instructions for the federal budget law, but made no reference to that law's revenue sharing provisions and, as in years past, set an extremely short deadline for the submission of budgets from the provincial governments.
- Then, on June 17, the Ministry of Oil published a table of the amounts to be allocated from oil revenue province by province, a table that the Ministry of Finance distributed under a cover letter, dated June 21.
- Finally, the Executive Secretary of the Council of Ministers, at a conference organized by LGP III, stated on June 23 that the Office of the Prime Minister was studying the Provincial Powers Act and would be introducing further amendments to the Iraqi Parliament.

These events reflect an obvious lack of agreement between the divisions of the Iraqi government. The Shura Council thinks the provincial councils cannot legislate, but the national parliament obligates them to. The Ministries of Labor & Social Affairs and Municipalities & Public Works think the provinces do not possess the capacity to implement and oversee projects, but the Ministry of Oil (and arguably the Ministry of Finance) thinks they are capable of handling billions in new revenue. And the Council of Ministers (of the last government that may not survive the formation of a new one) intends to tell the parliament how to reform the law of governorates and clarify the relationship and the authorities between the central government and the provincial governments.

This is the political context that surrounds LGP III, and it is filled with temptations and distractions. For instance, the Governor of Basrah province announced in a press conference at the end of the first week of May that he had been promised 800 billion Iraqi Dinar 'next week.' Needless to say, after

another almost eight weeks had passed, ‘next week’ has still not come. It is also worth noting that the words ‘transfer’ and ‘allocation’ are not synonyms, and that the table produced by the Ministry of Oil only shows how much the provinces would receive if Articles 42 & 43 of this year’s budget law are interpreted and implemented literally. And while ‘next week’ has not yet come for the transfer of shared oil revenues, the deadline for submitting operations budgets for 2011 – June 30 – has come and gone. Despite the very great distraction of promises and politics, Basrah actually met its deadline this year, as did Baghdad, Babil, Wasit, and Ninawa, and three more provinces – Anbar, Salah ad Din and Diyala – submitted partial budgets (either the PC part or the GO part). They did so due to the efforts of the Work Element 3: Budgeting advisors of LGP III, and showed the discipline (and the diplomacy) to urge elected provincial officials to meet their current obligations under national law, whatever their future obligations might (or might not) be.

So, no matter how these contradictory trends between decentralization and recentralization are resolved, LGP III continues to implement a work plan based on building the capacity of elected provincial officials to perform the Four Functions of government – Legislating, Planning, Budgeting, Monitoring – in the belief that the strongest argument in support of expanding their authorities is the competent exercise of the authorities that they presently have, and that if those authorities do expand, they will expand only in scale. They will still have to be able to perform The Four Functions.

This Second Quarterly report then summarizes the work of LGP III over the past three months in support of functioning local governance.

## **II. Activities Highlighted by Province**

### **Anbar: Transition from tribal culture**

Besides providing the comprehensive orientations on governance to the new provincial councils last year, LGP III has continually lectured to the PCs and GOs concerning proper rules of procedure based on the PPA. Often, though, the consultant doesn’t witness the application by the client of what had been advocated. It was therefore gratifying this June to observe an incident in Anbar province that demonstrated our efforts of inculcating good governance have borne fruit.

During a prolonged absence of the PC Chairman of Anbar from Ramadi, his brother, who is also an office director tried to assume the position as acting Chairman. Under tribal culture, this would be the natural thing to do. However, the PC members resisted this, pointing out the guidelines concerning absenteeism in the PPA. They rightfully assigned the PC Deputy Chairman to take over as acting PC Chairman in the PC’s absence. This incident demonstrates the application of democratic, legal culture over tribal culture, and the increased knowledge of the officials of proper governmental procedures, and their willingness to apply them.

### **Babil: Meeting the Communities**

One sub-element in our work plan calls for the facilitation of increased public participation in decision making. Though we actually are providing advice to all the provinces on this matter, this particular sub-element is earmarked specifically for the six provinces covered by the LGP III South Central Regional Service Center. Localized in scope as this sub-element is, we have found that Babil province has applied the principles, and reaped the benefits from, this type of interaction than the other provinces in their region.

The Babil governor, PC chairman and PC members have been busy applying and institutionalizing this type of activity in the last quarter. Taking time from busy schedules to travel to meet the citizens en masse is difficult, but the Babil officials fully recognize its value in terms of transparency and the confidence engendered in the citizens. Since April 2010, the officials have conducted four such events:

- At Abu Gharaq *nahya*, over 110 citizens attended a meeting with the governor, PC members and other government officials
- At Kefil *nahya* over 200 officials and citizens participated in a public meeting
- Over 200 citizens met with the Governor, PC members and other officials at Hashmiya *qada'a*
- Most recently a public meeting by the governor and other provincial officials at Jurf al Sagher *qada'a* attracted more than 50 people

At these events, the agenda was usually a vocal presentation by the government, followed by opportunities of citizens to present complaints by written notes. To include illiterates in the process, oral complaints could then be made. The government officials then discussed the complaints openly, often finding solutions to problems on the spot, or promising to follow up with the appropriate authorities. The Babil GO also implemented another method of public participation by issuing an administrative order to all local departments to put complaint boards in prominent places in the department.

The commitment to public participation and the lessons learned from these meetings recently served the Babil governorate well. When a demonstration about lack of electricity erupted at the PC building on June 23, instead of waiting out the protests safe in the building the PC Chairman went outside to directly meet the demonstrators and listen to their complaints. He also requested for citizen nominees to join him and the Babil governor in the PC hall, to give them a further chance to voice their complaints. This participatory approach very much satisfied the demonstrators, and what could have turned into an ugly scene resulted in peaceable dialogue.



*Demonstrator at Babil PC building, June 23*

## Baghdad and Amanat: Meet both budget deadlines

As described in the introduction, there was much confusion over the due dates for O&M and CIPB budgets this year. When the MoF finally did issue instructions for preparing 2011 budgets, they established a deadline for the submission of the O&M budgets that was only 2 weeks away from the issuance of the instructions. The instructions were also ambiguous concerning the deadline for the submission of CIPB to the MoP. Anticipating this, LGP III worked very hard during the quarter providing advice to the provinces on the early preparation of the budgets.

The Baghdad and the *Amanat* took our advice seriously and made sure that all their data were in place before the eventual MoF instructions came out, so that when they finally were published, Baghdad & *Amanat* were the only entities that submitted both the O&M and capital budgets by the June 30 deadline.

## Basrah: Boom time budget

Again on the subject of budgets, Articles 42 & 43 of the Budget Law No. 10, passed in late January, promised extra funds for certain projects based on revenue sharing formulas. On our suggestions, the Basrah GO established a budgeting task force to work closely with the Planning and Follow up Department of the GO. They also formed a committee to estimate the revenues from oil and gas production, borders and ports. They came up with an estimated 800 billion dinars that could come into their coffers over an annual period. They also began to prepare a special “supplementary” budget based on their projections.

Their foresightedness and hard work kept them prepared to meet any deadline that the MoF or MoP could come up with. When the announcement of the deadline for O&M budgets was announced, Basrah was able to meet it.. The lessons learned from this type of preparedness and contingency planning are valuable to the GO and PC of Basrah in the long run.

## Maysan: Applies GAPTIS

Since the beginning of the year, the number of provinces that became interested in using Governorate Accounting and Project Tracking Information System (GAPTIS) as a financial management tool increased tremendously. But none have been as quick to progress in using the system as Maysan has. The GAPTIS overview was presented to Maysan GO staff in January 2010.

Suddenly greatly enamored with the possibilities of its practical applications, they completed an assessment at the end of January and made a formal request for capacity building in GAPTIS on February 24. Dedicating sufficient resources to this new program, they experienced almost immediate success. They first tried out the preparation of their trial balance using only GAPTIS. Once successful with that, they input the data for the rest of the months through May, again producing correct trial balances that they submitted directly to MoF. They also have produced a report for the Public Commission of Taxes. However, they desire to explore the full capabilities of GAPTIS, and are currently working with our GAPTIS advisors on the production of other executive reports.



*GAPTIS OJT, Maysan, May 24, 2010*

## III. Progress of Work Element Activities

This section describes our work during the second quarter of 2010 by each of the seven work elements of our work plan, broken down by the relevant sub-elements. Considerable progress has been made in all the provinces, though progress in each province is linked to the unique political context in each.

### Work Element I: Legislating

It is evident in the PPA that legislating is one of the core functions granted to the provincial government. Recognizing this, in the second quarter of 2010, the work plan requires LGP III advisors to assist provincial governments to: 1) Develop a procedural framework for legislating; 2) Review alignment of council committee structures with provincial departments and PPA four functions; and 3) Assist provincial councils and Governor's Office to draft effective legislation.

#### Developing procedural frameworks for legislating

Essential to any legislative body and its committees are the rules that govern its practice and procedure. Even though most of the provinces met the deadline long ago of establishing bylaws within 30 days of their first official meeting, bylaws are dynamic and can change with the changing conditions of the political environment. Therefore our first focus under this sub-element was the review and improvement of bylaws. Additionally, the State Shura Council in February issued a "model bylaw" to all PCs, requesting that they adopt it as appropriate. We assisted all the provinces in reviewing their bylaws and advised them on what revisions were needed and practical. We also helped the committees to adapt appropriate bylaws. The resulting bylaws hopefully describe the internal relationships of the councils and committees, outline their function and responsibilities and ensure that each has a sense of its vision and mission.

Also in the last quarter we continued our advisory services on voting methods, steering the councils to more modern ways of voting and recording votes other than a mere show of hands. These voting procedures were accepted well overall, with the voters' names being recorded to help avoid later legal challenges and the use of videotape where available.

LGP III advisors also provided guidance on documenting meetings, indexing legislation and the retention of documents. The form and methods of publishing gazettes was also reviewed and improved. These gazettes are the official announcements of new laws and regulations. Almost all of the PCs have published at least their first gazette by now. The Dhi Qar PC showed special interest in improving their gazettes, requesting guidance from the advisors on their first and second gazette issues, in an attempt to rectify mistakes and improve their quality.



*PC Gazette for Basrah, Issue No. 1,  
published April 4, 2010.*

## Review alignment of council committee structure with provincial departments and PPA four functions

We turned our attention also to the council committee structure in each of the provinces. After reviewing the existing committee structures in the PCs, it was often found that there would be almost as many committees as there were PC members, giving each member a shot at chairing a committee.

But PC committees should be strategically aligned with the ministerial departments in their provinces. This helps to eliminate redundancies, revitalize working relationships and streamline legislation. Well-aligned committees also will be important if devolution of responsibilities does eventually take place. For example, in the Baghdad PC, the Human Rights Committee is considering mutual coordination with the Political Prisoners Organization and the Political Martyrs Organization. Also the chair of the PC's Legal Committee is considering coordination with all legal departments in the province, the State Shura Council and the COR Legal Department.

As devolution or other changes in political responsibilities occur in the coming months, our advisors will be ready to advise the PCs on appropriate re-alignments.

## Assist PCs and GO to draft effective legislation

According to the LGP III work plan, this sub-element was scheduled to begin in June. However, since the PCs had already been flexing their legislative muscles since the beginning of the year by passing laws and regulations, our advisors have actually been working with the PCs from the start on this issue. The number of instances of assistance in drafting legislation are too numerous to list out, but a few examples are:

- The Babil PC issued an ordinance preventing its members from participating or heading committees that work directly with ARDP contractors, to avoid conflicts of interest.
- In Wasit, the PC has passed legislation enacting the Orphans Care Act, and issued a regulation banning smoking in official buildings.
- Najaf passed laws regulating night guards and establishing a local revenue fund; they also requested advice in determining whether they can legally issue driving licenses
- Karbala issued a law concerning sanctity of the city, and regulations concerning billiard halls

The process of passing laws can be arduous. So although some of these laws might seem of minor importance, the more often the PCs execute their responsibility of passing laws and regulations the better they will be at it. Our advisors will be providing guidance on drafting and processing effective legislation until the end of the year.

## Work Element 2: Planning

The PPA assigns to each PC the responsibility to outline a Provincial Development Plan (PDP) in coordination with the relevant central government ministries and in line with the overall national development plan. Under LGP III, this process is to build upon each province's existing PDS and PDP, which were submitted to and formally accepted by the central Ministry of Planning and Development Cooperation (MOPDC) in 2008. To accomplish this, sub-element activities that we were engaged in under Work Element 2 were: 1) Assisting councils in updating or revising their strategy; and 2) Assist to develop 2011 provincial development plan and projects list.

## Assisting councils in updating or revising their strategy

The PCs all have the task of updating or revising their five-year Provincial Development Strategies (PDS) that they inherited from the previous group of PCs. The only stipulation is that the revised PDSs should conform to the National Development Strategy (NDS). Once completed, these strategies will be the basis for the Provincial Development Plans (PDPs), which in turn form the basis for the PPLs. LGP III has been assisting the provinces since the beginning of the year. The provinces have followed our guidance to: 1) Form PDS task forces, inclusive of relevant stakeholders (government entities, academics, NGOs, local councils, women and private enterprise); 2) Study the NDS, consider its priorities and ensure that the PDS does not conflict with it; 3) Prepare comprehensive vision and mission statements and perform SWOT analysis; 4) Compile a PDS document that reflects the interests of all the various sectors as well as the citizens. Two PCs (Anbar and Basrah) chose to collaborate on this work with both LGP III advisors and advisors from the UNDP. This experiment in coordinated capacity building has the advantage of providing more varied input from the respective advisors, and it is proceeding efficiently.



*Babil PC session held to approve their PDS,  
May 23, 2010.*

The rush by many PCs to prepare PPLs somewhat precluded the necessary work of revision of their PDSs, so this work has been at a somewhat slower pace than expected. Babil PC was the first to approve their revised PDS on May 23, and by the end of June the PCs of Baghdad, Maysan and Karbala had followed suit. Dhi Qar, Najaf and Wasit have completed the document and will imminently approve it. LGP III will intensify its TA to the other provinces to achieve the completion and approval of the PDSs.

## Assist to develop 2011 provincial development plan and projects list

Consistent with the overall design and intent of LGP III, our role in building upon these documents is that of capacity building, enabling Iraqis to set their own priorities for improving provincial institutions and services—and to do so within the parameters established by the PPA.

Again though work on this sub-element was not scheduled to begin until mid-May, our advisors have assisted PCs on this initiative throughout the year on an ad hoc basis, providing them with mechanisms to link the PDPs to the PPLs. Since the Budget Law was finally issued in late January 2010, many of the PCs have desired to complete their Prioritized Project Lists (PPLs) first because they realized that the deadline for the PPLs would be more “concrete” than the deadline for the PDPs. Nevertheless, LGP III advisors have been diligently providing TA and workshops on completion of the PDPs.

## Work Element 3: Budgeting

The provincial governments are still dependent for almost all of their funds on the central government. The budgets that they submit to the MOF and MOP, sometimes under time duress,

directly affect the resources that they will obtain to implement their projects. So our Work Element 3 for the second quarter contains the following sub-elements: 1) Assisting councils and governor in preparing the 2011 capital and operations budgets; 2) Assisting governors with the execution of capital projects.

### **Assisting councils and Governors in preparing the 2011 capital and operations budgets**

Because the provincial governments are still beholden to the central government for almost all of their funds, they are under great pressure to prepare good budgets that genuinely reflect their financial needs for the coming year. Recognizing this, LGP III has been engaged in providing TA on budget formulation since February of this year.

The provinces do not have a good record of budget execution in the past. The main reasons for the high reversion rate of provincial budgets are bureaucratic inefficiencies and an inadequate banking sector, both of which are outside our scope of work. However, the formulation of more accurate budgets is within the provincial government's control and we are committed to providing TA to make that happen. The reversion rates of budget funds should therefore decrease in the coming year.

Using the LGP III *Budget Formulation Manual* as a guide we first counseled financial officials on identifying the available and expected sources of 2011 revenue. This included possible new sources of income from local administrative fees and fees on certain businesses. We conducted workshops in all the provinces, going through the nine budget steps, and then assisted the provinces in applying them. One welcome surprise was the issuance of Budget Law No. 10, 2010, particularly Articles 42 and 43, which provided for possible unprecedented increases in revenue, especially in Basrah, Karbala and Najaf. Another unexpected possible source of funds was announced by MoP, stating in May that Najaf province was eligible for a second discrete capital investment budget so that they can effectively fulfill their role as an important capital of the Islamic culture.

Without knowing what the exact deadlines were going to be this year for O&M and CIPB submission, we assisted the provinces the best we could to get them ready with logical, representative budgets. On June 16, the MoF issued its budget preparation instructions. These instructions stressed as priorities security, stability, conflict mitigation, capacity building, infrastructure and labor intensive projects. The instructions set a short deadline of June 30<sup>th</sup> for the O&M budgets, but it was ambiguous whether the deadline was the same for CIPB. Due to our assistance in preparing the provinces before the deadline was known, Baghdad, Basrah, Wasit, Babil, Ninawa, and the *Amanat* submitted their budgets to MOF by the June 30 deadline. Anbar, Salah ad Din and Diyala submitted partial budgets (either PC or GO components) by the deadline also. The provinces of Diwaniya, Najaf and Muthanna expected to submit their O&M budgets by July 5<sup>th</sup>. To somewhat clear up the confusion about the CIPB, in a meeting in Karbala the Minister of Planning stated that the deadline for submission of PPLs to MoP is July 31. Remarkably, Baghdad and the *Amanat* have submitted their CIPB budgets by June 30. As related in Section II of this report, they were the only sub-national entities to submit both their O&M and CIPB by that date.

We plan to intensify our assistance to the provinces to help those who have not yet submitted their O&M budgets, and to help all provinces meet the CIPB deadline of July 31.

### **Assisting governors with the execution of capital projects**

All provinces comply with MOF guidelines by preparing and submitting monthly budget execution reports. LGP III advisors have been assisting provincial financial officials in gathering the data for these reports. We have also been active helping the provinces compare past provincial investment

expenditures with the current year's expenditures, through the use of sophisticated mathematical formulas. They can thus forecast trends and better estimate expenditures for the rest of the year. Expenditure cycles can also be identified, and comparing them with known budget allocations can prevent budget deficits. TA was also provided towards creating accounting systems to determine the expenditures and expenditure rates exactly.

Another important activity of this sub-element was to assist the applicable provinces in preparing feasibility studies for new 2010 capital investment projects, by the deadline of May 31. Some provinces, such as Maysan and Dhi Qar, did not need to submit these feasibility studies because all their projects are continuing from previous years. By the May 31 deadline the provinces of Diwaniya, Anbar, Salah ad Din, Diyala, Ninawa, Wasit, Muthanna and Basrah (which submitted feasibility studies for 59 projects) had submitted the feasibility studies.

Article 36 of the 2010 Budget Law gives the right of provincial health departments to reclaim locally generated income that had been sent to the MoF. Based on that law and on advice from LGP III, the Babil Department of Health was a pioneer by calculating the amounts of such past revenue and submitting a claim to the MoF in May. It will be interesting to see how many provincial departments can take advantage of this law.

Worthy of note is the new practice implemented by the four northern provinces of Anbar, Ninawa, Salaf ad Din and Diyala. Not waiting for the approval of MoP on 2010 projects, they went ahead with the procurement process and issued tenders on new capital projects included in their PPLs. They thus have contracts ready to sign once the MoP approves the budgets, resulting in hopefully better-monitored projects and much faster implementation. LGP III advisors are also assisting them in these efforts, and our legal experts have confirmed that such innovative actions do not violate any laws or regulations.

## **Work Element 4: Monitoring**

Article 2 of Law 21 describes the PC as the highest oversight authority in the provinces. Per the LGP III 2<sup>nd</sup> quarter work plan, we build the capacities of the PCs and GOs to monitor their projects as effectively as possible, through the following sub-elements: 1) Assist the GO in improving financial management of PPL projects; 2) Oversight and physical inspection of capital projects; 3) Assist the GO in conducting a pilot project to improve water and wastewater service at one site; 4) Assist PCs in developing mechanisms for monitoring of executive functions.

### **Assist the GO in improving financial management of PPL projects**

Having gotten capital project budgets approved, the next obvious stage is the implementation of projects. An important component of the implementation is financial management to ensure projects are being implemented in a timely fashion and without cost overruns.

To assist us in our efforts to improve the financial management of the GO of these projects, we again had the advantage of having an in-house financial management tool created under LGP II. In the early stages of LGP III, this tool was refined into a "Version 2" and fitted out with features that would allow customization to the special needs of individual provinces. In 2009, Najaf province was the first to adopt the GAPTIS tool, and became the paradigm for other provinces to follow.

The provinces were at first rather skeptical of the advantages of using GAPTIS over time-honored manual financial reporting systems. Traditions sometimes die hard. But through extensive field visits this year by the GAPTIS team the tide has turned. Finally realizing the effectiveness of this type of

automation, more provinces have decided to utilize the system. Through June, eight provinces (Anbar, Babil, Baghdad, Diwaniya, Dhi Qar, Maysan, Najaf and Salah ad Din have now used the system to generate trial balances—some for January alone, and some for subsequent months. Dhi Qar, Maysan and Najaf have so much confidence and expertise in the system that they have generated trial balances for the first five months of 2010, submitting these reports directly to the MoF.

We will continue to provide our technical advice on GAPTIS so that the provinces that are already using it can exploit the full range of the software’s capacity. The GAPTIS team will also install this valuable monitoring tool in all other provinces that choose to utilize it.

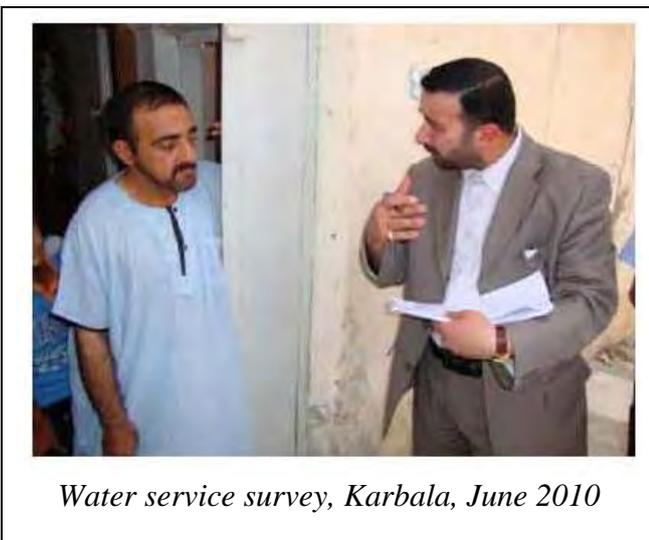
## Oversight and physical inspection of capital projects

Besides the financial aspect of capital projects, it is also necessary to monitor the physical aspects of capital projects. Such inspections provide the provincial government with a better knowledge of the progress of the projects, allowing deficiencies to be readily rectified before they get out of hand, and allowing on-site evaluations of the contractors doing the work.

LGP III advisors emphasized this oversight through extensive TA, presenting the best methods for such personal monitoring and the production of oversight reports. The governors’ officials in the provinces have embraced this concept of the importance of physical inspection, visiting road, bridge, building construction sites; water networks, reservoirs, power, sewage, and railway projects, among others. There are numerous detailed examples of these visits presented in our monthly reports, and the data is also available in the M&E department of LGP III.

## Assist the GO in conducting a pilot project to improve water and wastewater service at one site

In an attempt to impart to government technical and management staff various methods to gauge levels of current services being provided, these pilot projects in the water and wastewater sector are being executed in all the 14 provinces and the *Amanat* (described in WE 6 of this report). We have already provided extensive TA on the methods for executing these projects, through workshops and advice.



*Water service survey, Karbala, June 2010*

In each project, we first provided informational and promotional sessions, to gain the acceptance of the GO staff for implementing the pilot projects. We then presented criteria for the selection of the neighborhood to be included as the focus of the pilot project, subsequently assisting the GO staff in selecting the site. The next step was the presentation and explanation of the questionnaires to be used in conducting the surveys. Methods for collecting the data from the households were thoroughly explained as such surveys are not usual in the Iraqi milieu, and can sometimes be difficult due to social restrictions. For those who have completed the surveys in the neighborhoods, we then are assisting the GO staff to tabulate, enter and analyze the data, and

finally produce reports that both delineate the deficiencies in the systems and define what is needed to rectify the problems. Besides the immediate benefit of identifying improvements to the water and

wastewater system of the pilot project neighborhoods, there will be a sustainable benefit in the skills that the GO staff will have to replicate these types of surveys in other locations and for other types of service other than water.

A similar initiative is being carried out in Babil province, where our team is preparing a pilot project based on service complaints by citizens using SMS technology. After performing a survey of the current process of complaints in the water sector there, it was found that it takes at least 3-4 days for a complaint to be acknowledged and acted on. The proposed SMS-based complaint register system will make it easier and much quicker for complaints to be registered, for immediate remedial action. We are now developing the software for the system and have made a procurement request for the necessary hardware. Once the software is in place and the hardware delivered, the pilot project will be tested and installed in the Governor's office. If successful, this project could then be replicated in other provinces.

### **Assist PCs in developing mechanisms for monitoring of executive functions**

Per the PPA, the PCs have a responsibility for monitoring the executive functions of the Governor's Office, probably to the chagrin of the GOs. There are not always good relations between these two main bodies of provincial government, as witnessed by the contretemps in Wasit province. But to promote a transparent and scrupulous executive branch, it is important that the PCs perform this important function.

This sub-element is still in its nascent stage, with the LGP III advisors first determining which provincial committees are best suited to collaborate in this monitoring activity. We are also beginning to assist the PCs to review existing practices of the executive branch, and providing frameworks for monitoring.

## **Work Element 5: Organizational Development**

The PCs and GOs require a strong organizational foundation to perform the four functions given to them in the PPA. To help them achieve this, the LGP III work plan contains the sub-elements of: 1) Conduct management principles training for GO leadership; 2) Implement Civil Service Reform (in collaboration with Tatweer); 3) Assist PCs and GOs in establishing structures, processes and personnel to support performance of basic functions; 4) Facilitate increased public participation in decision making—South Central Region.

### **Conduct management principles training for GO leadership**

Good management at the senior levels of any organization is indubitably valuable for the current and long-term health of the entity. LGP III recognized that there is a dearth of superior management skills at the senior levels of the GO, and thus decided to remedy this situation with this sub-element.

It was initially planned to hire an outside firm with expertise in management principles to provide the requisite training. But the design of the TA was changed when it was realized that an in-house provision of the training, by consultants who have a good understanding of the Iraqi culture and provincial government, could do a better job.

Since the last quarter, then, we have been designing the complete management course in-house. Before designing the course, we surveyed our provincial offices to determine the most appropriate curriculum that would be of most benefit to the senior managers. The resultant four module course has been completed, with modules 1-4 entitled “Managing Change Effectively”, “Advanced Management Skills”, “Executive Teambuilding” and “Decision Making”. Training of trainers (TOT) sessions have been completed for the first two modules in late June. These trained staff will begin the training of Modules 1 and 2 in July. The TOT sessions for Modules 3 and 4 will be conducted in conjunction with the national workshop in early August.



*Management principles OJT, Karada, June*

### **Implement Civil Service Reform (in collaboration with Tatweer)**

National Civil Service Reform work by Tatweer has been significantly slowed down because of the uncertainties stemming from the national election results. Therefore, LGP III has changed this sub-element somewhat in the revised third quarter work plan.

### **Assisting PCs and GOs in establishing structures, processes and personnel to support performance of basic functions**

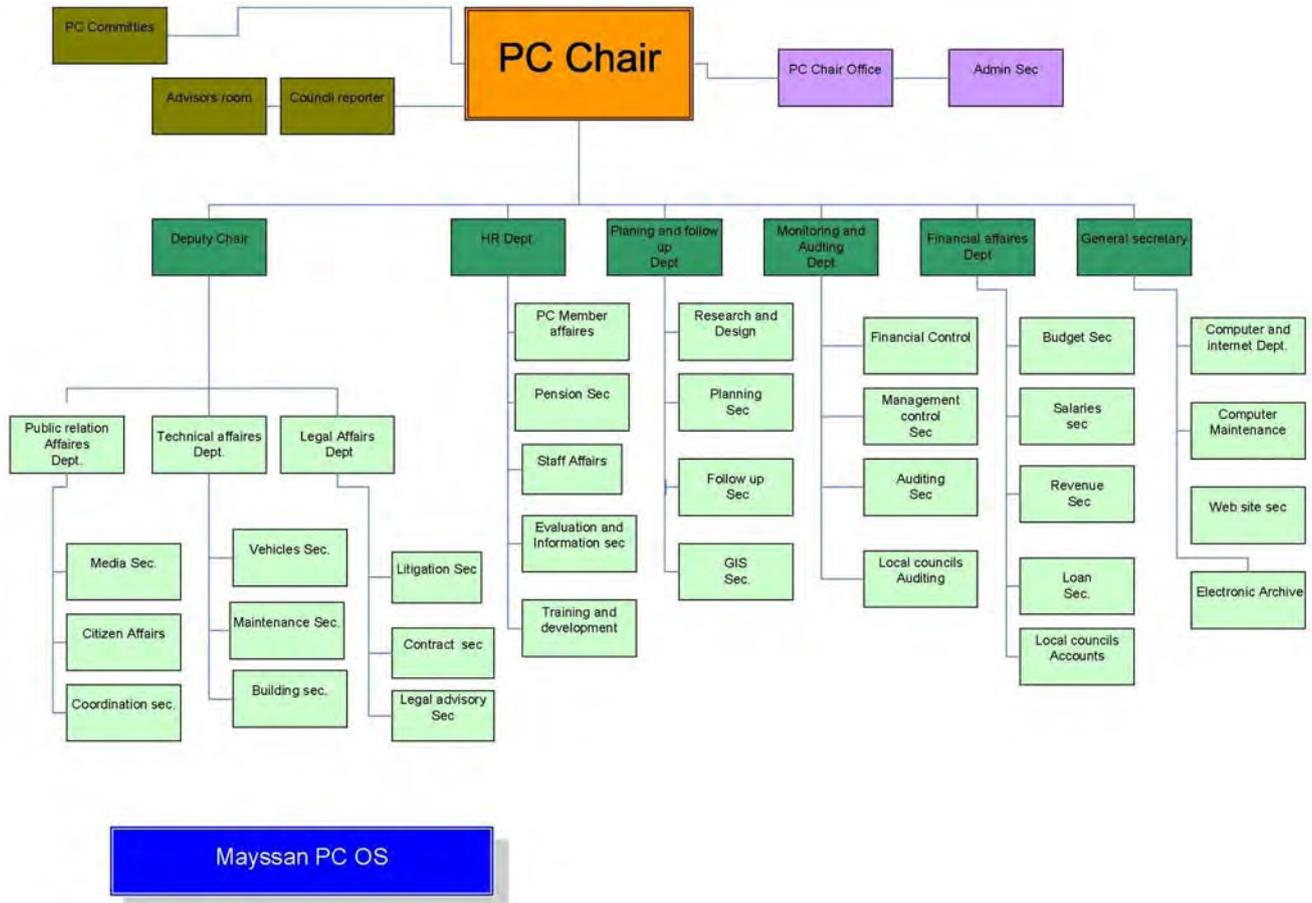
To function optimally, the PCs and GOs require an organizational structure that is solid and practical, with the least amount of bureaucratic hurdles possible. Coupled with streamlined and effective processes, the government bodies can proceed with their basic functions rapidly and confidently.

LGP III has been providing effective TA for this sub-element since the beginning of the year. We have assisted our clients in executing a series of process mapping exercises for each of the four functions. Other TA involved job description improvements and reviews and redesigns of organizational structures, usually built around the exigencies of the four functions. In April, Diwaniya province completed a new organizational structure.

Perhaps the best exemplar of our work on this sub-element is the comprehensive Organizational Development (OD) program performed by the South Regional Service Center for Basrah, Maysan and Dhi Qar. The stages of their OD program were as follows:

1. Perform process mapping exercises for each of the 4 functions, identifying and evaluating current capacity to implement the 4 functions
2. LGP III local staff attend the national workshop on OD in March, to gain the technical knowledge to implement the program
3. Introduce the OD program to provincial officials and obtain their buy-in of the OD work plan
4. Form or assign committees in both the PC and GO

5. Conduct an initial workshop for provincial OD committee members
6. Each OD committee then hosts a series of workshops identifying weaknesses to the current structure that need to be addressed
7. Prepare draft organizational structures based on the results of the committees



*Maysan revised PC Organization Chart, June 2010*

Of course, the vicissitudes of politics can wreak havoc with the best intentions. The “freeze” on implementation of the devolution law by the Supreme Court put to a halt some of the work already done in this area. Karbala province had already put in place a new department of social affairs, but they cannot now proceed with its work until the status of the devolution law is settled. However, LGP III advisors will continue its organizational development work based on the laws currently on the books, preparing our provincial clients with better tools for governance.

### Facilitating increased public participation in decision making—South Central Region

A closer, personal involvement with one’s constituency leads to enhanced transparency and confidence by the citizens. This principle is being promoted by LGP III through workshops and forums in the six South Central Service Center provinces. The benefits of public participation in decision-making are being presented, as well as the many methods of doing so. As described in Section II of this report, Babil province has been leading the way in direct public participation meetings in that region, but the other provinces are practicing this principle also and meeting with constituents in the constituents’ home turf. In this quarter, the provinces of Najaf, Wasit, and Karbala

have all conducted public participation meetings. Other methods are also being applied, as Diwaniya PC has approved that citizens will be allowed to attend PC sessions, and participate once they have received approval from the PC chairman.

Other parts of the country have also begun to implement public participation work, as evidenced by the intensified television and radio programs broadcast by Baghdad province. These programs involved interviews with officials and open dialogue with citizens. Baghdad also issued a newspaper that functions as a platform for dialogue between the citizens and local government.

## Work Element 6: Baghdad *Amanat*

Recognizing the importance of the unique political status of the *Amanat*, we have developed a separate comprehensive work plan for the Baghdad *Amanat*, consisting of the following sub-elements: 1) GIS implementation and transitioning to the *Amanat*; 2) Assisting the *Amanat* in improving financial management of capital projects; 3) Oversight and physical inspection of capital projects; 4) Assist the *Amanat* in conducting a pilot project to improve water and wastewater service at one site; 5) Providing legal advice and support for policy analysis.

### GIS implementation and transitioning to the *Amanat*

This sub-element has continued from the substantial support given to the *Amanat* during LGP II. During that time, they were supplied with sophisticated GIS equipment, software and technical assistance to establish a GIS capability that could help them in their planning roles. Under the new work plan of LGP III, this assistance was continued with the second last phase of our support being the establishment and testing of the network connectivity between the four pilot *beladiyahs* and the GIS backup system at the *Amanat*'s central site. LGP III GIS engineers seconded to the *Amanat* also mentored a cadre of Iraqi GIS experts, providing site supervision and advice on proper network use, and coaching them on surveying and data verification.

The last phase of our support was continued during the last quarter, when we delivered a series of technical training sessions, consisting of five courses, to the *beladiyahs*' GIS sections, the technical staff at the *Amanat* and separately to managers and decision-makers. By the end of June these courses had been completed, and the *Amanat* staff are now sufficiently trained to carry on their use of GIS for planning purposes on their own. To complete the transition to self-sustainability, we assisted them in cementing important linkages with technical contractors and the Baghdad University, so that technical expertise is available if needed. We also provided them with three comprehensive guidelines/manuals to help them with their future GIS work: a GIS *Amanat* implementation plan, a GIS office advisory manual and a GIS steering group manual. The transition to *Amanat*'s capability to implement GIS on their own is complete.

### Assisting the *Amanat* in improving financial management of capital projects

We approached the *Amanat* early on about this sub-element and they requested assistance in improving financial management systems for *Amanat* projects, particularly in financial transactions flow and human resources system and payroll. The LGP III GAPTIS team conducted an assessment of these needs, and recommended that an electronic system like a customized GAPTIS could address these problems of the *Amanat*. After discussions with officials, and with the approval of the mayor, it was decided to install GAPTIS version 2 in one computer at the Sewage Directorate, on a trial basis. During this quarter, we completed the installation of the software and have provided TA for the staff

dedicated to this pilot project. However, the *Amanat* officials are still considering whether to adopt the system fully in their other directorates. If they choose to do so, we will be ready to install the system further and provide the necessary training to their staff.

## Oversight and physical inspection of capital projects

Building on the work done in the previous quarter, our advisors have collected information on monitoring and reporting tasks and responsibilities, and reviewed the structure for project oversight within the *Amanat*. Two process maps were produced which delineated the responsibilities of each directorate in monitoring and project follow up during implementation.

Following our recommendations, this quarter the mayor of Baghdad commissioned a technical committee to monitor projects. Their role is to physically inspect the status of *Amanat* projects in Baghdad and prepare detailed reports for the mayor. The reports will contain information about the level of progress and the positive as well as the negative aspects of the projects. We will continue to assist this committee in their work. In addition, a major newspaper, *Al-Sabah*, is now being used as a convenient media voice of both the government and the citizens. Citizens' complaints are published by this paper, with the *Amanat* government responding publicly as well.

## Assist the *Amanat* in conducting a pilot project to improve water and wastewater service at one site

Perhaps the most beneficial work we have done to date in our capacity building for the *Amanat* is the work we have done on this pilot project. After the *Amanat* had chosen the Kadhumiya neighborhood as the pilot site for this project, we held a workshop to train interviewers for the “potable water network neighborhood survey” to be conducted there. The workshop fully trained a group of 14 nominated interviewers about the survey objectives, questionnaire review, practice interviews, review of the sampling plan, and survey field operations. On the advice of a short-term RTI technical advisor, we then conducted a two-day field test of the survey, using four government interviewers and four of our advisors.

In June the full door-to-door survey was completed by the 14 government interviewers. 400 households were surveyed in nine *mahallas* in the Kadhumiya neighborhood. That number of respondents provides a comfortable safety margin and at least a 95% confidence level in the data. Byproducts of the survey were on-the-spot identifications of serious current water distribution problems to the interviewers, which were reported by them to the proper authorities for rectification. The results were sometimes obtained in difficult conditions, due to access problems and social issues. Our advisors are now assisting the *Amanat* to tabulate, enter and analyze the data. The results will then be useful for determining trends and problems in water



*Surveying women behind the door, Water Service Pilot Project, Kadhumiya, June 2010*

service, which can be applied to other areas. More importantly the sustainable skills that the *Amanat* interviewers have learned through carrying out the project will enable them to duplicate the surveys in other locations and for other areas of service beside water. This low cost monitoring tool will greatly benefit the *Amanat* to gauge the realistic and practical needs of its citizens. These types of surveys will also contribute towards building confidence of the citizens.

## Providing legal advice and support for policy analysis

LGP III decided that its most beneficial way to achieve this sub-element is through building a comprehensive bilingual law library of Arabic copies of all types of ministerial directives, administrative directives and regulations, executive orders and court cases relevant to sub-national government. We thus formed three teams to accomplish this: a legal team composed of two attorneys and a librarian/paralegal, a local IT company bolstered by the RTI headquarters IT unit, and a translation team. To expand the sources of the legal documents beyond Baghdad, the LGP III provincial staff were also encouraged to submit all relevant documents.

Over the last two quarters our legal team has assiduously worked to gather, file, classify, index and prioritize the relevant laws and documents. Key laws/documents are also being translated into English, and 47 of these have been translated by the end of this quarter. In addition, the head of the RTI IT department made a short-term visit to this project and determined what IT enhancements are needed to support the law library. He has already redesigned the LGP III website to accommodate the law library's needs.

## Work Element 7:

### Iraqi Local Government Association (ILGA) and the High Commission for Coordination between the provinces (HCCP)

The ILGA and HCCP represent the interests of PCs and governors, respectively, to the central government, and are thus considered as important institutions for sustainability of the subnational government entities. Our work with these organizations is to: 1) Develop an effective ILGA; and 2) Support the HCCP.

#### Develop an effective ILGA

LGP II had long fostered and assisted the ILGA, but it wasn't until the ILGA was registered as an NGO under Iraqi law in October 2009 that it became a legal entity. During the first quarter of this year LGP III strove to assist ILGA's sustainability through the development of a direct grant through RTI. But in the end practical, administrative and financial reasons precluded the use of this mechanism for fostering its sustainability.

So during the last quarter we switched gears and strove to implement the following in-kind support:

- *Provide them with an expatriate expert on local government associations to build its organizational capacity and attract membership dues to support its operations.* – Our subcontractor VNG sent back one of its evaluators to assist the association to adjust their expectations to the new realities. VNG also mobilized a long-term advisor to work directly with the association. Also, to date the ILGA has received some promises of funding support from a few provinces.

- *We rent the association a suitable office at a reasonable price that it should be able to afford after the receipt of membership dues after another year.* –Our comptroller is working with the association on procuring the office space.
- *We provide them with some minimal staff.* –We are currently working with the ILGA on three ways of getting them staff: second staff from member PCs, hire staff directly with ILGA funds, and second staff from LGP III.
- *We assist the ILGA to nominally sponsor national conferences that we have already included in our work plan.* –This is an important element of our support, as this will provide them with a mechanism to make themselves more widely known around the country and will bolster their reputation. We have already implemented this by helping them to sponsor a two-day national Decentralization held at Hotel Melia, Mansour on June 23-24. The opening session attracted 108 governors, PC chairs and members, and representatives from central ministries and departments. Most of the subsequent national conferences sponsored by the ILGA are scheduled to take place in provincial capitals.



## Support the HCCP

The HCCP was officially and publicly declared at a conference of governors convened on January 23, 2010 in the city of Al Kut in Wasit province. In accordance with our work plan, LGP III staff commenced discussions with the governors, the State Minister for Provincial Affairs and others about the capacity development support potentially required by the HCCP. But due to the fact that Article 45 of Law 21 prescribes that the HCCP is formally chaired by the Prime Minister, we have not been able to proceed any further with assistance, as it is in political limbo until the new Prime Minister is inaugurated. Once a government is formed we expect that the commission will “rise from the ashes”, at which time we could again become involved in supporting its sustainability.

## IV. Deliverables

The following deliverables and reports were submitted to USAID between April 1 and June 30, 2010.

Name of Deliverable	Date Submitted
Monthly report - March	Apr 05, 2010
Quarterly Report - Qtr I	Apr 07, 2010
Reporting of Foreign Taxes	Apr 16, 2010
Employee nationality Data I	Apr 30, 2010
PMR - Qtr I	Apr 30, 2010
Quarterly Financial Report- Qtr I	Apr 30, 2010
Security Provider data I	Apr 30, 2010
Sub-activity Report I	Apr 30, 2010
Monthly report - April	May 05, 2010
Best Practices and Lessons Learned	May 15, 2010
Monthly report - May	Jun 05, 2010
Quarterly Implementation Plan- Qtr 3	Jun 15, 2010
Accrual Report 2	Jun 30, 2010

## V. Challenges and Delays

Implementation of LGP III in the second quarter of 2010 was adversely affected by some of the chronic challenges of working in Iraq. The overall program did suffer from delays due to the main challenges, though as seen from the above narrative, significant progress has been made despite the serious challenges. The major challenges are listed below.

### Post election stalemate

The aftermath of the national election, in which numerous delaying tactics like recounts, challenges and posturing, have caused considerable uncertainty and wariness in the halls of provincial governments. The inability to this day of the Iraqi politicians to form a national government that clearly has a mandate from the people has caused provincial slowdowns of activities due to the

concomitant uncertainties. Far reaching issues such as decentralization will not be decided until a national government has been formed. Even after that finally occurs, the newly formed government will likely take some time to settle in and probably will not consider provincial issues immediately. Nevertheless, LGP III advisors have steadily continued its advisory work to the PCs and GOs, concentrating on those areas of provincial government which are specifically mandated by the PPA, and which will be the responsibility of the provincial governments no matter which coalitions eventually form the national government.

## Security and local politics

In a milieu such as that found in Iraq, security issues play an important part in the pace of development, especially in the specific areas where violent acts occur. The sometimes wayward actions of local politicians also have had a deleterious effect on the LGP III program. Some examples of these security and local politician issues that have hindered the project are presented below.

- Violent bombings and insurgent attacks continue around the country, at about the same frequency as before the elections. The most severe of these occurred on May 10 when a two car bombs and a well-planned suicide bombe attack in Hilla killed 45. On the same day, a triple bombing in Basrah caused 30 fatalities. On a weekly basis there have been incidents in Baghdad, sometimes with indiscriminate targets and sometimes aimed at government officials.
- The Kurdish PC members continue to boycott the PC there, greatly affecting the ability of the PC to attain quorums and conduct normal business.
- The saga of gubernatorial dismissal in Salah ad Din continued in this quarter, with the provincial government there sometimes being under the leadership of two claimants to the governorship. This of course caused no end of havoc in the local government. Only after the Federal Supreme Court upheld the decision to dismiss the original governor did the PM consent and order the governor removed from office. As of this writing the acting governor is responsible for the GO, but the PC Chairman might soon be dismissed on legal grounds.
- Political feuding between the Wasit governor and PC chairman, as well as charges of malfeasance against both of them, have added to the difficulties of getting things done in that province. Both charges have now been dropped, but the PC continues to interrogate the governor.
- In mid-June violent demonstrations concerning lack of electricity broke out in Basrah, causing two fatalities. Demonstrations about primary services like water and electricity quickly spread to a majority of the provinces.

Despite the challenges brought about by incidents like those above, LGP III steadfastly continued its advisory services as much as possible. Even in this atmosphere of insecurity and uncertainty, in this last quarter we have: 1) made the Basrah compound secure enough for expatriate advisor occupancy, and mobilized nine advisors to the compound; 2) Established a new North Regional Service Center in Tikrit, mobilizing expatriate advisors there also; 3) Established an LGP III office in our fifteenth province, Kirkuk, with well over half the required staff on board.

## Devolution or no devolution?

The prospects for at least devolution of some substantial responsibilities from the federal level to the provincial level of government appeared to be well on its way when the COR passed two such bills in January, affecting some functions of the social affairs department and public works. However,

only Law No. 18, 2010 *Dissolution of Social Affairs Department*, was ever eventually signed and gazetted. Reacting on this, we provided much TA on reorganizations of committees and departments to accommodate the new responsibilities, and Karbala PC even went so far as to establish a provincial Social Affairs department. However, the recent issuance by the Supreme Court of an “interim” decision suspending the devolution laws has caused a major setback. The provinces are now adopting a “wait and see” attitude, suspending their efforts in setting up new departments.

## VI. Work planned for next quarter

As stated in the 2010 work plan, in the third quarter of the 2010 LGP III will continue to support Law 21’s implementation by concentrating our efforts on assisting elected officials at the provincial level to best perform the Four Functions of sub-national governance. This will be accomplished through the activities outlined under our seven Work Elements and will include:

**Work Element 1–Legislation:** In the third quarter of 2010, activities in Work Element 1 will focus on public consultation and participation in legislation, through the provision of TA and coaching on the engagement of civil society representatives, publishing public notices and holding public hearings. Moreover, we will continue assisting provincial councils and governor offices to draft effective legislations. During quarter three, we will also start the preparation for holding the legislation conference tentatively scheduled on October 25-26, 2010.

**Work Element 2–Planning:** The emphasis of the Planning Work Element in the next quarter will be continued assistance in updating and/or revising the provincial development strategies (PDSs). During quarter two, the provinces of Babil, Baghdad, Maysan, Diwaniya and Karbala have finalized and submitted their PDSs to the MOP. Based on the PDSs, the provinces will develop their Provincial Development Plans (PDP) and the Prioritized Project Lists (PPL). The Ministry of Planning is expecting that the provinces will be turning in their 2011 PPLs by July 31st. In the second half of the quarter, LGP III will provide TA to assist Governors to follow up on approved projects.

**Work Element 3–Budgeting:** Following LGP III’s budget formulation manual, advisors will continue to coach PCs and GOs through the preparations of their 2011 Capital Investment Project Budgets (CIPB). Only Baghdad Province and Amanat managed to submit their CIPB to the MOP by June 30th. LGP III will intensify its TA to help other provinces to submit their CIPB by July 31. In addition, the project will continue providing its assistance to the Governors with the execution of capital projects through the provision of TA and OJT to collect data on monthly budget execution as well as the usage of the money that will be earned by the provinces as a result of the application of articles 42 and 43 of 2010 budget law.

**Work Element 4–Monitoring:** In the third quarter of 2010, there will be more emphasis on improving the provincial financial monitoring systems either through using GAPTIS or other financial monitoring tools. During the quarter, LGP III expects that more provinces will be using automated financial monitoring tools. Also, LGP III will be assisting GO in producing 'findings' reports on water/waste water quantity/quality measurement, identifying shortcomings and developing solutions. Based on those findings, LGP III will provide TA to GO to take corrective actions to improve their service. In addition, during the third quarter, we will help a selected province to receive citizens’ feedback on one of the services through the SMS program. Another parallel activity will be to assist PCs in developing mechanisms for monitoring executive functions.

**Work Element 5–Organizational Development:** A main focus for quarter three of LGP III will be the conducting of management principles training to GO leadership. The third quarter of 2010 also marks the beginning of our implementation of the Civil Service Law, according to standards established by Tatweer and efforts to ensure the standardization of LGP III’s efforts across the

provinces. Moreover, we will provide awareness, TA and support on the importance of the role of "Provincial Civil Service Commissions" as stipulated in article 16, law #4/ 2009. Our advisors will also continue to facilitate increased public participation in decision making, helping PCs and GOs develop transparent mechanisms and encourage increased engagement with the public.

**Work Element 6–Baghdad Amanat:** Efforts will be intensified to help Amanat to improve and automate its financial mentoring system using GAPTIS. Our advisors will also provide a very close coaching to Amanat helping them tabulate and analyze the data collected during the survey conducted on water service at Khadhumiya district. We will also provide on demand legal advice and support policy analysis to Baghdad Governor and Amanat.

**Work Element 7–ILGA/HCCP:** LGP III will continue to provide technical assistance to both the ILGA and the HCCP. In the third quarter of 2010, LGP III will provide TA and coaching to ILGA in the areas of institutionalization and core staffing of ILGA secretariat, promotion of ILGA and execution of its strategic plan, development of communication strategy, assessment of ILGA members' capacities, development of financial sustainability, transparency and accountability, improvement of the ILGAs legal documents and development of governing bodies. Moreover, depending on the political situation, LGP III will also work with HCCP to build its capacity to become an effective body for coordination among provinces.