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Iraq Local Governance Program – Phase III

**Quarterly Report
July-September 2010**

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Iraq Local Governance Program – Phase III (LGP III)

Quarterly Report, July- September 2010

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Abbreviations and Acronyms

ARDP	Accelerated Reconstruction and Development Program
COMSEC	Council of Ministers Secretariat
COR	Council of Representatives
CSO	civil society organizations
ESC	Essential Services Commission
GAPTIS	Governorate Accounting and Project Tracking Information System
GO	governor's office
HCCP	High Commission for Coordination of the Provinces
HR	human resources
ILGA	Iraqi Local Government Association
IRI	International Republican Institute
LGP	Local Governance Program
LOE	level of effort
MMPW	Ministry of Municipalities and Public Works
MOU	Memorandum of Understanding
MOF	Ministry of Finance
MOP	Ministry of Planning
PC	Provincial Council
PDP	Provincial Development Plan
PDS	Provincial Development Strategy
PPA	Provincial Powers Act
PPLs	Prioritized Project Lists
SDPM	Service Delivery Performance Measurement
SMS	Short Message Service
TA	technical assistance
TOT	training of trainers
UN-HABITAT	United Nations Human Settlements Programme
USAID	United States Agency for International Development

I. Introduction: De-decentralization

Although the first quarter of 2010 offered promises of decentralization, and the second quarter offered doubt, in the third quarter the promise appears to have been reneged. On July 12, the Iraqi Federal Supreme Court ruled that two laws passed in the waning days of the last session of the Council of Representatives (COR) were unconstitutional. In addition to the nation's highest court, its highest executive body, the Council of Ministers, continued to undermine the authorities of the provinces, so that by the end of the quarter, the fundamental assumption of the project—that elected, provincial-level councils are indeed provincial legislatures—was no longer certain.

- On January 25, 2010, the Presidency Council approved *Law 20*, which would have devolved authority over the property, personnel, and responsibility of the Ministry of Municipalities and Public Works (MMPW) to the governors.
- On February 16, the Presidency Council approved *Law 18*, which would have dissociated the Social Affairs department from the Ministry of Labor and Social Affairs and given its responsibilities, staff, and property over to the governors.

On July 12, the Supreme Court struck down both laws on procedural grounds. In their opinion, the justices reasoned that the *Iraqi Constitution of 2005* envisioned a constitutional order in which powers of the various branches of government were distributed. Article 61 of that document indeed authorized the COR to legislate, but Article 60 gave the authority to introduce legislation exclusive to the President and Council of Ministers. In this unexpected interpretation of a “balance of powers,” the court essentially said that the national legislature’s authority to legislate is limited to what the executive wants it to legislate. Because the “decentralization laws,” *Laws 18 and 20*, did not originate with the Council of Ministers but were introduced by Members of COR themselves, those laws were procedurally unconstitutional.

There are at least two ways of reading the court’s opinion, the two distinguished by the amount of hope they instill. In the first reading, the court struck down the laws on procedural grounds only. They expressed no opinion about the value of decentralization. Those who hold this view assume that once a government is finally formed and once the new COR resume their seats, new decentralization legislation can be introduced and passed without objection by the court. That, at least, is the more hopeful view.

The second view is less hopeful in that the procedure re-enforced by the court would require the Council of Ministers to be the source of the next round of decentralization laws. While that could happen, some of the opinions of the current Council of Ministers this summer suggest that their introduction of decentralization into the COR is a remote possibility.

First, on June 21, 2010, the Legal Committee of the Council of Ministers issued a strongly worded message to the Dhi Qar Provincial Council (PC), informing them of the following:

Article 61 First, of the *Iraqi Constitution*, defines the COR as the party in charge of enacting laws and legislation. This power has also been given to the regional authorities as stated in Article 121 First, but has never been given to authorities of provinces not incorporated into a region.

Second, on July 15, responding to the rumor that the Basrah PC was about to pass a local revenue law imposing a surcharge on the issuance of passports in the province, the Council of Ministers reminded them that Article 28 of the *Iraqi Constitution* declares that “no levied taxes or fees [shall be] adjusted or collected or eliminated except by law.”

Taken together, these two pronouncements deny to PCs the authority to tax or to legislate. The Council of Ministers' reading of Article 61 of the *Constitution*, the same article at issue in the Supreme Court's decisions voiding the "decentralization" laws, limits the authority to issue legislation to the parliament of Iraq's only current region, the Kurdistan Regional Government, and the COR. But the Supreme Court's view as to how legislation should be introduced into the COR effectively denies their independence as a legislature. Rather than a balance of powers, these opinions tilt whatever balance there was in favor of the executive.

If the trend we have charted in these quarterly reports started with indications of decentralization in the first quarter and tracked counter indications of recentralization through the second one, the indications in this third quarter are of an undoing of what has already been achieved, or in a word coined by the Rule of Law Advisor in the U.S. Embassy, of "de-decentralization."

There are contrary trends, of course, and we add our efforts to them. For instance, the first of the Four Functions we promote for elective provincial officials (and consequently the first of our Work Elements—Legislating) still rests on a literal reading of Article 2 of *Law 21*,² which states that provincial councils "shall have the right to issue local legislation." Unless and until that language is amended out of the law, the Council of Ministers will have a hard time to deny the councils' authority, and we are working with the councils to develop a system for drafting responsive, comprehensive, and complete local laws.

We also work in the space left to us by the Supreme Court's decision, taking the view that they are striking down the "decentralization" laws on procedural grounds, not on principle. In that space, for example, we have worked to build the knowledge and skills of the essential services committees to conduct the first-ever customer satisfaction surveys. Because one of the arguments against decentralization has been the lack of capacity on the part of elected officials to handle the increased responsibility, our work in organizational development, in monitoring, in planning, and in budgeting aims to refute that argument, demonstrating that not only might provincial councils be ready to assume more responsibility in the future if their capacity were built, but that they in fact have that capacity in the present.

Therefore, despite the countervailing political winds, despite mad dashes to get ready for everything to be decentralized, and despite an equally mad retreat from decentralization, we have stayed the course. We have continued to implement our work plan activities so that elected provincial governments can realize the competencies in the law that this project was intended to help implement—the *Provincial Powers Act (PPA)*.

² The *Law of Governorates Not Incorporated into a Region*, also known as the *Provincial Powers Act (PPA)*.

II. Activities Highlighted by Province

Anbar: Officials Reach Out to Communities To Determine Project Needs

“Bottom-up planning” helps to ensure that grassroots needs are a basic element of project planning by the government, so that government funds can be best utilized in projects that provide for the most critical needs of the citizens. Through prodigious efforts by LGP III advisors, the principle of “bottom-up planning” is being effectively applied in Anbar province. The government first set up a Provincial Development Strategy (PDS) task force, linking it with other relevant committees. They then held several large public-outreach campaigns in the districts and subdistricts of Anbar province, soliciting citizens’ direct input as to



A citizen sharing ideas about potential projects with the governor of Anbar.

their service priorities. The outreach program was followed by a conference, titled Security is the Foundation of Development and Rebuilding. This conference was attended by a wide array of citizens, officials, and representatives from all 20 districts. The campaign included daily news reports on Anbar television (TV), as well as reports on their weekly TV program covering provincial political issues. The entire effort resulted in a PDS, approved by the local government in June, and a Prioritized Projects List (PPL) that truly reflects the interests of all of the communities of Anbar, approved by deadline on August 25.

Baghdad and *Amanat*: Revision of the Draft Baghdad Capital Law

As Baghdad city comprises nearly a quarter of the citizens of Iraq, it is vital that it be well governed and provide sufficient services to the mass of people within its municipal boundaries. Its government should also serve as a positive model and example for which other local governments should strive. The *Constitution of 2005* mandated that a *Baghdad Capital Law* be enacted, but to date, that is yet to be achieved. Working with the mayor, LGP II advisors in 2008 contributed substantially to the drafting of the *Baghdad Capital Law*. It was submitted to the COR, but never had a priority in the COR’s legislative agenda. Assisted by LGP III, provincial authorities, both in the executive branch and in the PC, are now gearing up to engage the national government on the *Baghdad Capital Law*.

Because there are now reportedly four draft versions of the *Baghdad Capital Law* (one drafted by the mayor, one by the governor, one by the State Shura Council, and one by the PC) obfuscates the problem. In July 2010, the LGP III legal team learned that the Baghdad governor is taking the lead to finalize and pass the *Baghdad Capital Law* once and for all by forming a committee of stakeholders. These stakeholders would include, at a minimum, representatives from the PC, the governor’s office (GO), the *Amanat*, the Council of Ministers Secretariat (COMSEC), the State Shura Council, and the COR. The purpose of this committee is to review the current versions of the law, draft a final version, and submit it to the COR for approval. LGP III advisors have been invited to provide

technical assistance (TA) to this committee so that the new law has a better chance of being passed by the COR, and advisors are currently working assiduously to assist the governor and the committee of stakeholders so that the *Capital Law* can be submitted to the COR.

Babil: The National Planning Conference



The MOP director general and Babil governor addresses participants at the National Planning Conference.

Cognizant of the uncertainties and difficulties experienced by the provinces in fulfilling the planning requirements again this year, LGP III organized a National Planning Conference on August 4–5, hosted by the Babil PC in Hillah. Approximately 300 delegates, including representatives from the Ministry of Planning (MOP) and the COR; the U.S. Agency for International Development (USAID); PC chairs; governors; heads of PC Strategic Planning, Reconstruction, and Financial Committees; the media; and LGP III advisors attended the conference. The conference

consisted of presentations, panel discussions, and breakout sessions, providing a forum for all participants to exchange views on best practices in planning and the most viable planning models to be used by the provinces. Ms. Anwar Bunni, a director general of Planning, also disclosed the new deadlines for submission of planning documents and provided important information on planning from the national perspective. The outcome of the conference was a heightened understanding of the planning process and the enhancement of cooperation between the national and provincial governments. Another consequence of the conference was the submission of PPLs by many of the provinces before the August 31 deadline.

Baghdad Province and Amanat: Water Pilot Project Success

With guidance from LGP III advisors, provincial government staff undertook water/wastewater pilot project surveys aimed at improving service delivery throughout 14 provinces of Iraq. The surveys were designed to provide meaningful, analytical gauges of service satisfaction in the sample neighborhoods and households. A notable success of the program occurred in the Baghdad province and the *Amanat*, where surveys were



Door-to-door survey at Al Khadhumiya neighborhood.

conducted in urban Al Khadhumiya and rural Mahmoudiyah neighborhoods, with TA and support from LGP III advisors. The surveys sparked a high level of interest both from government officials and citizens, and the final reports were completed and submitted to senior officials in the PC, the GO, and *Amanat* departments. A somewhat surprising finding of the survey was that the majority of households were willing to pay more for better water services. The governor considered this feedback when determining priorities and allocations for projects, and the stage is now set for a marked improvement in water service. The PC also expressed its intention to use the same survey methodology to ascertain service priorities in other service sectors.

Kirkuk: “Jumpstarting” the LGP III Program

In the second quarter of 2010, USAID added the province of Kirkuk to the purview of LGP III. Kirkuk province does not yet fall under the legal parameters of the *PPA*, but the planning, budgeting, and monitoring functions in Kirkuk are exactly the same as those of the provinces covered by the *PPA*; so it is apt that LGP III provides TA on governance to this province. The program has committed considerable resources to “jumpstart” work in the province; we have established an office in a secure compound and have nearly completed the hiring of required staff. Most importantly, program staff has created a work plan designed for the special situation of Kirkuk province. In August, the team began orientation sessions with the PC and the GO, briefing them on the LGP III program and the functions of provincial governments. These orientation sessions will soon be completed, and the initial advisory work will then segue into mainstream advisory work. Program staff have already presented TA on the use of the Governorate Accounting and Project Tracking Information System (GAPTIS) and conducted management training with government senior officials. We are encouraged by the reception of the LGP III program in the province and look forward to rapid, great accomplishments there.



LGP III Kirkuk staff in their renovated office

III. Progress of Work Element Activities

This section describes our work during the third 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 dependent on the unique political context where we work.

Work Element I: Legislating

Despite the current climate of “de-decentralization” mentioned in the introduction of this report, it remains true that the *PPA* grants legislating as a core function of the provincial governments. Recognizing this, in the third quarter of 2010, the work plan required 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 the four functions of the *PPA*, (3) encourage public consultation and participation in legislating, and (4) assist PCs and GOs to draft effective legislation.

Develop a procedural framework for legislating

During this quarter, the provinces have adopted most of the capacity-building recommendations made to them by LGP III advisors concerning new rules of procedure, monthly legislative schedules, recording of votes, documentation of meetings, documentation of resolutions, official *Gazettes*, and administrative orders. In July, and with support provided by LGP III advisors to the PCs, the provinces of Babil, Baghdad, Muthanna, Najaf, Dhi Qar, Wasit, Karbala, Salah ad Din, and Ninawa have issued at least one official *Gazette*. The first official *Gazettes* for Anbar (containing 85 decisions) and Basrah were issued in August.

The methods of publishing *Gazettes* were also amended and improved. In addition, several provinces have shown interest in improving their *Gazettes* and have begun the second issues of their official *Gazettes*, after revisions were made by LGP III advisors as per the PC’s request, in an attempt to rectify mistakes and improve their quality.

By September, the work of this sub-element was almost completed, with the publishing of the first issues of official *Gazettes* for the provinces of Diwaniyah, Maysan, and Diyala. These publications openly present official legislation, document laws, resolutions, and PC decisions and instructions so that constituents have knowledge of the workings of their local government as well as how these decisions affect them. At the end of the quarter, only Baghdad, Diwaniyah, and Diyala had not yet published their first *Gazette*. All of the *Gazettes* are uploaded into our provincial legal library Web site, as described in Work Element 6.

Review alignment of council committee structure with provincial departments and the four functions of *Law 21*

Changes in political responsibilities have occurred after the realignment and reviewing of existing committee structures within PCs. This was followed by advisory work by LGP III on introducing possible diversity in calendars, depending on the subject and anomalies of a committee’s focus. For example, Baghdad province submitted the second draft of the ongoing committee calendar to the PC

committees. The final format was produced in July, with recommendations by LGP III. The Baghdad Legal Committee prepared its own ongoing schedule for August and September. Additional examples occurred in Wasit and Najaf, where the PCs followed our advisors' suggestion to develop their annual calendars in compliance with the *PPA*, PC bylaws, and international standards. In Ninawa, LGP III and the PC secretary are now working on reviewing the calendar format to improve on and finalize it.

The use of these calendars is significant in the implementation of the PCs' long-term work plans and in identifying upcoming tasks. This, in turn, assists the PC committees to identify their tasks and dates for their meetings, monitoring visits, receipt of citizens' complaints, and collection of the weekly monitoring reports.

Encourage public consultation and participation in legislating

With the PCs getting more comfortable with drafting and enacting legislation, our advisors have increasingly provided TA to the PCs concerning the benefits of public consultation and participation in legislating. This TA included mechanisms to achieve public participation, such as public hearings, open meetings, local radio, suggestion and complaint boxes, Web sites, and official hotlines. The local governments cannot perform their legislative work in a vacuum—they must do intensive research into legislation that will have a direct impact on their citizens. The best information available is from their own citizens in their provinces, be they academics, professionals, or the general public.

The PCs across the country, for the most part, have embraced the principle of public consultation and participation, and the methodologies that LGP III advisors have proposed. For instance, in Salah ad Din, the PC conducted a legislative meeting that included representatives of civil society organizations (CSOs) and several professors and academics. In Diyala, advisors conducted a workshop with 59 individuals at the Agriculture Directorate Building with the PC secretary general, employees from the GO, the chair of the PC Media Committee, the assistant governor of Planning and Budget, representatives of several nongovernmental organizations, and university academics. The Ninawa PC held public meetings with the citizens and CSO representatives to gauge their opinions on the allocation of a solid waste transfer station, resulting in a location that was suitable for all parties.

Assist PCs and GOs in drafting effective legislation

LGP III advisors have continued providing their support to the PCs on effective legislation as per their work plan. Additionally, our advisors have worked closely with the PCs to choose at least two committees whose areas of concentration are most relevant to decentralization. This has been achieved in most of the PCs during the last quarter. The most cogent example of this was an interprovincial workshop conducted by the Najaf PC with the PC Economic and Health Committee chair and members of corresponding PC committees from Karbala, Diwaniyah, and Babil to share information and to discuss the issues that the committees are considering for legislation.

Some provinces have selected more than two committees, as in Baghdad province. LGP III advisors worked with several of these committees on eight distinct legislative proposals. Their proposals included (1) rules of procedures for legislating in the PC; (2) the PC monitoring system on executive departments; and (3) the authority of establishing, removing, and merging *qada'as* and *nahiyas* within the Baghdad province. Legislation for the "System of Private Generators Working in Baghdad Governorate" has been assigned to two committees, the Baghdad Rural Services Committee and the Power Committee.

We recognize that the authority to pass laws can bring about overconfidence in the legislators, causing a tendency to enact laws that are unenforceable, beyond their authority, or a challenge to the central government. Therefore, we also are advising the PC legislators on selection criteria for the laws that they pass. These criteria are as follows:

1. The law should not conflict with the *Iraqi Constitution of 2005*.
2. The law should not attempt to regulate interstate/interprovincial commerce, including trade, raw materials, finished goods, labor, and persons.
3. The law should not attempt to raise local revenue.
4. The law should not be duplicative of a ministerial regulation on the subject.
5. The law should not attempt to impose fines or criminal punishment.
6. The law should be something capable of enforcement by the governor, not the council.

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 builds upon each province's existing PDS and PDP, which were submitted to and formally accepted by the central MOP in 2008. To accomplish this, sub-element activities that we were engaged in under Work Element 2 were as follows: (1) assist councils in updating or revising their strategy, (2) assist councils to develop the 2011 PDPs and PPLs, (3) assist governors to review and follow up approved projects, and (4) hold a planning conference.

Assist councils in updating and revising their strategy

The National Development Plan (NDP) was completed during the third week of July, after a draft of the NDP was first announced in March, at which time central ministries and provinces were invited to provide feedback. The provinces' PDSs were expected to conform to the NDP, but this was difficult, due to the fact that the NDP was finalized after most of the provinces had approved their PDSs; in fact, by the end of July, eight provinces had already approved and submitted their PDSs to the MOP. Consistent with the overall design of LGP III, our role in building upon these documents is that of capacity building, enabling PCs to set their own priorities for improving their institutions and services within the parameters established by the *PPA*. Although the MOP had extended the deadline for PPL submission to August 31 for the remaining provinces, it would have been more beneficial if the NDP had been finalized earlier.

With assistance from LGP III advisors, most of the PCs formed PDS task forces to develop action plans to link ministerial and provincial project activities. This resulted in the ten provinces of Wasit, Diwaniyah, Anbar, Salah ad Din, Diyala, Najaf, Babil, Baghdad, Maysan, and Karbala completing and approving their PDSs, which were submitted to the MOP during the past quarter.

The remaining five provinces were mainly delayed due to poor coordination between sectors. Our advisors are continuing to provide TA so that the PDSs can be finalized and submitted soon. In Basrah, final steps were taken to review the PDS document after coordination between the United Nations Development Programme's staff and LGP III advisors to determine the provincial strategies. In Ninawa, the PC is still considering a 20-year strategic plan rather than the 5-year plan and is

expected to approve their document soon. The PCs of Dhi Qar and Muthanna have developed the draft of their PDSs and are still discussing their vision, mission, and strategies; final approvals for their PDSs are anticipated by the first week of October. Finally, in Kirkuk, the GO has developed the 5-year plan and will soon submit it to the MOP.

Assist in developing 2011 PDPs and PPLs

In the third quarter, the LGP III advisory teams accentuated the linkage between each province's PDP to its PPL. By the extended August 31 deadline, ten provinces successfully submitted their PPLs. Baghdad province and *Amanat* were the first and submitted the PPL to the MOP at the end of June. The four provinces of Basrah, Karbala, Wasit, and Najaf submitted their PPLs by the original deadline of July 31, while the five provinces of Anbar, Salah ad Din, Diyala, Maysan, and Diwaniyah submitted theirs by the extended deadline of August 31. Most of the energy of LGP III planning advisors this quarter was spent in assisting the provinces to prepare their PPLs, and this guidance will continue to those provinces that have not yet submitted them.

Assist governors to review and follow up on approved projects

Work on this sub-element began in August, when our advisors began providing TA to GO committees to formulate their strategies and methodologies for reviewing and following up on the planned activities of their approved or soon-to-be-approved PPLs. The main goal of monitoring and supervising PDP implementation is to clarify the planning phases and submit technical reports to the Follow-up Department on a regular basis. This assists government officials to identify the strengths, weaknesses, and modifications needed to implement their strategic plans, while also addressing deviations that become necessary.

The PDP is considered the basis for recognizing and managing deviations within the implementation process. The GO committees, on the whole, followed LGP III advisors' suggested procedures and developed action plans for monitoring and following up on implementation of their PDPs. Examples of the work we are doing throughout the regions are as follows:

- In Baghdad, Wasit, and Maysan, LGP III introduced the concept of follow-up processes and mechanisms to the GO staff to facilitate the monitoring of project implementation. Our advisors recommended a model project follow-up report with emphasis placed on determining deficient project implementation and determining practical solutions to remedy them.
- Our advisors provided assistance to the Diyala, Salah ad Din, and Ninawa PC Planning Committees to measure the deviations from the planning process and identify corrective actions.
- In Basrah, with our assistance, the director of the Planning and Construction Unit of the Reconstruction Committee is reviewing Accelerated Reconstruction and Development Program (ARDP) projects for 2010/2011 and revenue projects proposed for 2010.



An LGP III advisor provides TA for Maysan PC and GO staff to facilitate monitoring of 2010 PDP projects.

Hold planning conference

A two-day National Conference on Planning was held in Hillah, the capital of Babil province, on August 4–5. LGP III organized the conference, which was hosted by the Babil PC. It was the first national planning conference to be held in Iraq since 2003. Details of the conference are found in *Section II* of this report.

Work Element 3: Budgeting

The provincial governments are still dependent on the central government for almost all of their funds. The budgets that they submit to the Ministry of Finance (MOF) and MOP, sometimes under time duress, directly affect the resources that they will obtain to implement their projects. Our advisory work for the third quarter contained the following sub-elements: (1) Assist councils and governors to prepare the 2011 capital and operations budgets, and (2) assist governors with the execution of capital projects.

Assist councils and governors in preparing their 2011 capital and operations budgets

This quarter was eventful in terms of budgeting, and impressive improvements were realized. Unlike the previous year, when only one province could comply with their budgetary deadline, LGP III advisory assistance proved to be a catalyst for the provinces to complete all their operations and maintenance budgets (both PC and GO components) by August.

Through TA and consultations, LGP III advisors also assisted provinces to better interpret plans that result in the best capital investment budgets possible. This resulted in the provinces of Basrah, Karbala, Wasit, Najaf, Dhi Qar, Babil, Anbar, Salah ad Din, Maysan, and Baghdad finalizing and submitting their capital investment budgets to the MOP by the end of August. Through the focused assistance of our advisors, those provinces that have not yet submitted these budgets are expected to do so shortly.

In July, the MOF issued a table showing budget figures for “special revenues” for thirteen provinces, based on Articles 42 and 43 of the *Budget Law 10 of 2010*. Accordingly, the LGP III advisors have raised awareness of these revenues with the governors concerned so they can make the best use of these funds. For example, in September, the Basrah PC generated a list of projects to be funded according to Article 42. This list is the first of its kind in that province, and LGP III advisors assisted the Baghdad PC to follow this model and create a similar list of projects to benefit from Articles 42 and 43. Also noteworthy, only Kirkuk and Najaf have received advances based on Articles 42 and 43 of the *Budget Law of 2010*; Kirkuk received 80 billion ID and Najaf received 1.5 billion ID.

Assist governors with the execution of capital projects

The funding of 2010 ARDP projects is now complete, as the MOF has sent instructions to the central bank of Iraq to transfer the balance of all 2010 project budgets to the provinces. So the onus is on the GOs to implement their capital projects in a timely manner. All provinces also must comply with MOF guidelines by preparing and submitting monthly budget execution reports. Through applicable TA, LGP III advisors assisted provincial financial entities to generate and follow up on collected data to generate these reports. These reports help provinces to compare and better plan for future activities.

Equally as important, LGP III advisors are assisting provinces to obtain project information regarding actual project completion along with the actual rate of budget disbursement so that both

records can be compared. These assist in defining problems with on-going projects as well as the percentage of project implementation and expenditures on a monthly basis. According to the budget data, the provinces of Maysan, Karbala, and Dhi Qar are the fastest in terms of utilization of allocated budgets, while Babil, Wasit, Basrah, and Diyala are the tardiest. Our advisors are exerting extra effort in the slower provinces so that faster implementation of projects can bring about faster benefits to the citizens.

Work Element 4: Monitoring

Article 2 of *Law 21* describes the PC as the highest oversight authority in the provinces. Per the LGP III third 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) assist with 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 per province, (4) assist PCs in developing mechanisms for monitoring executive functions.

Assist the GO in improving financial management of capital projects

From the beginning of the LGP III project, our advisors have been advocating more automated systems to the GOs to replace the traditional manual systems. One of these proposed automated systems is GAPTIS. Through considerable inputs of equipment and training, the provinces of Anbar, Babil, Baghdad, Diwaniyah, Dhi Qar, Maysan, Najaf, Muthanna, Salah ad Din, and Ninawa have adopted GAPTIS and are consistently inputting their projects' data into the GAPTIS software. They mainly use the system to generate monthly trial balances to report to the MOF and to make comparisons with manually generated trial balances, to correct possible mistakes. Recently, Karbala province had the GAPTIS system moved to the GO, where they are expected to start using it soon. LGP III TA continues to provide guidance on utilization and maintenance to provincial GAPTIS practitioners and to promote the use of this system in the other provinces.

Assist with oversight and physical inspection of capital projects



Babil GO technician monitoring a water treatment plant.

LGP III advisors assisted local officials in building their capacity to exercise their oversight and monitoring authority on services and capital projects delivered in the provinces. TA and workshops continued throughout the quarter, assisting the officials to develop a reporting system which can be used for site visit monitoring reports. This report format includes sections for recording project timelines, status, and description.

By the end of September, LGP III work on this sub-element was completed. However, we will continue to provide supplementary assistance when asked by the provinces.

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

During this quarter, the survey work for the water and wastewater pilot projects in all provinces was completed. To help with the process of collecting and analyzing data received, LGP III advisors developed a simple analysis tool that can handle and process entered data and give meaningful results. The tool is a simple spreadsheet that was designed to fit any pilot in any province.

Our advisors then assisted the provinces to tabulate, enter, and analyze the data from the surveys and prepare reports on the findings. The provinces of Diwaniyah, Wasit, Najaf, Karbala, Babil, Muthanna, Salah ad Din, Anbar, Diyala, and Baghdad have completed the analysis and submitted their final reports to the relevant departments. LGP III advisors are therefore switching their TA in these provinces to promote corrective actions based on the recommendations of the surveys. The survey methodology has been well-received overall, and many provinces are enthusiastic to use the methodology to gauge the quality of services in other sectors.

Our other pilot project endeavor in the field of monitoring, the Short Messaging Service (SMS) Pilot Project, is now ready to be implemented after receiving needed hardware. Both the Babil governor and PC are eager to have the SMS project up and running to receive feedback on services delivered.

Assist PCs in developing mechanisms for monitoring executive functions

The *PPA* grants the PCs authority to monitor the executive functions of GOs. Despite the fact that sometimes the relationship between the PC and GO may be quite strained (as evidenced by several cases of open accusations and interrogations cited in *Section V* of this report), there is still a level of cooperation between the legislative and executive branches. LGP III advisors are assisting the PC officials on appropriate mechanisms for monitoring the executive functions. An example of this is a monitoring framework, inclusive of a flowchart that identifies sources of information, developed by the Baghdad advisors, that ensures that all GO correspondence to executive entities are disclosed to the PC. Another example comes from Basrah and Maysan, where the PCs have officially requested that the GOs provide data on percentages of completion for projects, a task which promotes the oversight of ARDP projects. In both provinces, the GO responded positively.

Work Element 5: Organizational Development

The PCs and GOs require a strong organizational foundation to perform the Four Functions granted 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; and (4) facilitate increased public participation in decision making by elected provincial officials.

Conduct management principles training for GO leadership

Recognizing a dearth in management skills at the senior levels of provincial government, LGP III advisors developed a four-module management course in the previous quarter. The modules use interactive learning methods to facilitate the participants' actual application of the training after they return to their work places. Through training of trainers (TOT) methodology, provincial advisors have been implementing the course modules in the provinces during the third quarter. The course has been well received in all provinces.

The training in Module 1, Managing Change Effectively, has been completed in all the provinces except for Anbar. The provincial advisors are currently conducting the training for Module 2, Advanced Management Skills, which includes results-based management themes. This module has also been completed in Baghdad, Babil, Diyala, Ninawa, and Salah ad Din. Module 3, Executive Team Building, has been initiated in Baghdad and Basrah to date, with many of the other provinces gearing up for training on this module.

Implement Civil Service Reform (in collaboration with Tatweer)

The Tatweer project's work on national civil service reform has been significantly slowed because of the uncertainties stemming from the vacuum in national government. Consequently, this sub-element is being appropriately modified in LGP III's proposed work plan for the fourth quarter.

Assist PCs and GOs in establishing structures, processes, and personnel to support performance of basic functions

This sub-element is designed to provide the GOs and PCs with effective processes to allow their basic functions to be performed rapidly and with expertise. LGP III advisors are using basic tools, such as process mapping, gap analysis, skill-set questionnaires, reviews of job descriptions, and suggestions for improved organizational structures to assist the provincial governments in streamlining and improving their basic functions. On the whole, LGP III TA in this area is taking hold.

Part of LGP III's organizational development work that was already achieved by forming provincial entities to take on social affairs and municipality/public works functions (via *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 MMPW) was put in abeyance after the Federal Supreme Court decisions, Numbers 43 and 44, published on July 12, 2010, voided this transfer of authority. Nevertheless, program advisors continue to prepare the provincial governments for developing systems compatible with eventual decentralization, and several of these provinces have kept the new systems in place for when the devolution does occur. One example is Karbala province, which published their new structure in their official *Gazette*, sending copies to the Prime Minister's office, the MOF, and the COR.

Facilitate increased public participation in decision making

Originally this sub-element covered only the provinces in the South Central region. However, through testing in the other regions, LGP III found that the provincial governments in all of Iraq were receptive to the principle of public participation. In September, program staff thus began expanding TA in this area to all 15 provinces, and have modified the fourth quarter work plan accordingly.

LGP III advisors are providing TA on the principle that involving the citizenry in decision-making processes enhances citizens' knowledge and confidence in their government, while providing local governments with direct awareness of their citizens' most critical needs. The communication methods proposed include workshops, community and CSO meetings, websites, gazettes and hotlines. Some of the successful applications of this principle in the past quarter were as follows:

- In Diwaniyah, the PC Human Rights Committee visited more than 45 extremely vulnerable families living near the main landfill of Diwaniyah city. As a direct result of the visits, the head of the Human Rights Committee issued a memorandum to the PC Chair to allocate a monthly stipend for these families.

- The Mandaean Affairs Council in Wasit met with the PC Chair of the Human Rights Committee to discuss the issues faced by the Mandaean minority. The Council was able to negotiate the renewal of the Mandaean goldsmith shop leases.
- Ninawa local government officials conducted meetings with citizens about the appropriate location for a solid waste transfer station, resulting in a site that was agreeable to all.
- In Babil, the PC Public Relations Committee visited the Christian minority in a downtown church to discuss the issues they face. This type of outreach to the Christian community had never previously been attempted.



The chair of the Mandaean Affairs Council discussing issues with the PC chair of the Human Rights Committee in Wasit.

Work Element 6: Baghdad Amanat

Recognizing the importance of the unique political status of the *Amanat*, LGP III has developed a separate comprehensive work plan for the Baghdad *Amanat*, consisting of the following sub-elements: (1) Assist the *Amanat* in improving financial management of capital projects; (2) Oversight and physical inspection of capital projects; (3) Assist the *Amanat* in conducting a pilot project to improve water and wastewater service at one site; and (4) Provide on-demand legal advice and policy analysis.

Assist the *Amanat* in improving financial management of capital projects

Progress continued this reporting period as the *Amanat* opted to test the GAPTIS automated system in one of its main directorates and, if successful, to replicate it in the other *Amanat* directorates. The *Amanat* has secured additional computers for using GAPTIS at the pilot site and has hired dedicated GAPTIS staff, who are receiving training from LGP III advisors. It is also planned to network the computers to facilitate efficient data entry. GAPTIS advisors are continuing their TA to the *Amanat's* GAPTIS team, to allow this initiative to provide the benefits of an automated financial system to the government.

Assist with oversight and physical inspection of capital projects

Subsequent to the continuous TA provided by LGP III advisors to the *Amanat's* Essential Services Commission (ESC) over the past nine months, the members of the Commission have acquired sufficient expertise in reviewing, documenting, and tracking project implementation. The LGP III work on this sub-element is now considered completed, although program staff will continue to provide ad hoc assistance for this sub-element when requested by the *Amanat*.

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

The Al Khadhumiya Water Service pilot report was completed and submitted by the ESC to the Baghdad PC vice chair in August. A total of 400 survey samples were collected, analyzed, and reported for nine sectors. The PC has distributed the pilot project report to Baghdad's executive branches and recommended using the results to improve water services in the city. Impressed by the efforts exerted, the PC vice chair recommended that this methodology be applied for other services, including the Sewage Sector in the Rusafa area of Baghdad.

Also during this quarter, the *Amanat's* Mahmoudiyah *qada'a* pilot project final report was officially submitted to the governor at a celebration. According to local officials, this project is expected to contribute towards improving services delivery to citizens. The event provided recognition for the contributors of the pilot project, and allowed for a wider dissemination of the methodology.

Provide legal advice and support for policy analysis

The LGP III Legal Library Web site (www.iraq-lg-law.org) has been launched and enhanced by an RTI consultant. The LGP III Legal Library staff were trained in the uploading procedures. During this quarter, the LGP Legal Library staff have collected and analyzed a large number of legal documents, 42 of which have been selected as "most relevant" for the provincial Legal Library. Furthermore, currently 39 documents in their original Arabic have been uploaded to the Web site. Many of these have already been translated into English. Review of the 22 translated documents is ongoing, and these will also be uploaded as they become available. In addition, 18 provincial *gazettes* were uploaded to the Web site during the quarter.

Provincial authorities, both executive and legislative, are gearing up to engage the national government on development of the *Capital Law*, as reported in Section II of this report.

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 thus are considered as important institutions for sustainability of the subnational government interests. LGP III's work with these organizations according to the Quarter 3 Work Plan was as follows: (1) Institutionalization and core staffing of ILGA Secretariat; (2) Promotion of ILGA and execution of Strategy Plan; (3) Development of Communication Strategy; (4) Assessment of ILGA members' capacities; (5) Development of financial sustainability, transparency, and accountability; and (6) Institutionalization and capacity building of HCCP.

Institutionalization and core staffing of ILGA Secretariat

In July, LGP III advisors assisted the ILGA in recruiting staff through advertising, interviewing, and final selection. The Executive Director has not been hired yet, and advisors are assisting the ILGA to re-advertise for this position.

LGP III provided orientation to the newly employed ILGA Financial Administration Officer and Communications Officer. In addition, program staff provided extensive TA to the Finance Administration Officer in bookkeeping, budget preparation, financial strategy, and other financial matters, and to the Communications Officer on planning priorities and the development of a communication strategy.

Promotion of ILGA and execution of strategic plan

During the quarter, LGP III advisors provided TA to the ILGA for various important conferences and internal meetings that included preparing the ILGA Chair and members of the board of directors for their participation at the United Nations Human Settlements Programme (UN-Habitat)-sponsored International Conference of Planning Process for Iraq in Amman, Jordan, on August 5–9; and helping to prepare ILGA's policy statement. The ILGA board nominated a Baghdad PC member who is also an ILGA member to join the policy committee.

Development of communication strategy

As an organization of PC members scattered around the country, the ILGA requires a robust communication strategy. To this end, LGP III advisors provided TA to the ILGA for defining communication strategy, objectives, and priorities; developing internal communication methods (between the ILGA board, the PCs, and its members) and national communication (between the ILGA and the federal government); presenting a municipality communication model to the ILGA, based on a model from the Netherlands; and publishing the first 1,000 copies of the *ILGA Bulletin*.

In accordance with the ILGA bylaws, the board appointed their President as the official speaker for the organization. The ILGA is in the process of having the individual PCs nominate communication officers to the ILGA.

Assessment of ILGA members' capacities

LGP III advisors are adapting a self-assessment model (from the European Institute of Public Administration) for the purpose of assessing the performance of ILGA and PC members' performance. This methodology is also being translated into Arabic.

Development of financial sustainability, transparency, and accountability

The ILGA has succeeded in its efforts to secure financial support from the provinces. In July, the PCs of Anbar, Diwaniyah, and Muthanna contributed 3 million ID to the ILGA, while the province of Ninawa contributed 5 million ID. In August, the ILGA received a contribution of 3 million ID from the Diyala PC.

LGP III advisors have assisted the ILGA in opening communication channels with other international organizations. A proposed Memorandum of Understanding (MOU) between the ILGA and UN-Habitat was drafted and discussed in a meeting in late September. Advisors also assisted the ILGA to draft a Memorandum of Cooperation between ILGA and the International Republican Institute (IRI); the draft has been sent to the chair for review.

Institutionalization and capacity building of HCCP

The lack of a national government obviates the opportunity to establish and institutionalize the HCCP. However, LGP III advisors have done what they can to pave the way for this organization under these circumstances.

Advisors have assisted in the appointment of 13 out of 15 HCCP coordinators. These coordinators expressed a need for training on bylaws and other laws related to local governance. They also expressed to the Deputy Secretary-General of the Council of Ministers the need to schedule a second

formal HCCP meeting. The Deputy Secretary-General stated that he is willing to receive such a request and submit it to the Prime Minister.

In September, LGP III advisors continued consultation in addressing the needs of and coordinating the assessment of HCCP members. The Chair of the Shura Council expressed his readiness to coordinate with LGP III advisors to hold training for HCCP members to increase their capacities.

IV. Deliverables

The following deliverables and reports were submitted to USAID between July 1 and September 30, 2010.

Name of Deliverable	Date Submitted
Monthly Report – June 2010	Jul 05, 2010
Quarterly Report – Quarter 2 (April–June 2010)	Jul 07, 2010
Employee Nationality Data Quarter 2	Jul 28, 2010
Performance Management Report (PMR) – Quarter 2 (April–June 2010)	Aug 4, 2010
Quarterly Financial Report- Quarter 2	Jul 28, 2010
Security Provider Data Quarter 2	Jul 28, 2010
Sub-activity Report Quarter 2	Jul 30, 2010
Monthly Report – July 2010	Aug 05, 2010
Quarterly Implementation Plan- Quarter 4	Sep 16, 2010
Monthly Report – August 2010	Sept 05, 2010
Accrual Report 3	Sep 30, 2010

V. Challenges and Delays

Implementation of LGP III in the third quarter of 2010 was adversely affected by some of the chronic challenges of working in Iraq. But, as seen from the description about the implementation of our work plan above, significant progress has been made in spite of the constraints. The two major challenges, the national political stalemate and security and local politics, are listed below.

National Political Stalemate

The negotiations between the various parties to form a national government have continued since the elections in March 2010, but no resolution has yet occurred. The situation was further exacerbated by the announcement of the COR, on July 27, that it is postponing all further sessions “indefinitely.” Far reaching issues, such as decentralization, will not be decided on 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. It is a bleak commentary that as of Friday October 1, Iraq will break the record (207 days) as the country with the longest time spent between parliamentary elections and the formation of a new government. At this time, there is no clear end to the political impasse in sight.

Security and Local Politics

Concomitant with the national political stalemate is an increase in violent activities, with the supposed intent to further destabilize the government. The transformation of US troops in August to a noncombative status has also emboldened those who wreak mayhem in the country. There has also been an increase in political turmoil in the provinces, with many instances of high provincial officials being threatened with expulsion from the government for wrongdoing or incompetency. The most notable examples of security and local political issues that have hindered the project are presented below.

- On July 4, a suicide bombing at the GO building in Ramadi, Anbar province, took place, resulting in more than 30 people killed and injured. Strict security procedures were imposed on entry to the building. Moreover, many parts of the Anbar GO building were badly damaged and are in need of renovation.
- In Baghdad, a series of explosions during the first week of July killed and injured around 80 people; among those were people on the annual pilgrimage to the Holy Shrine of Imam Musa Al-Kadhim. In August, the Baghdad Army Recruitment Center was targeted by a suicide bomber, killing 60 and wounding more than 125. The attack was the worst in 2010.
- During August, a series of terrorist attacks hit the provinces of Anbar, Baghdad, Basrah, Diyala, Karbala, Kirkuk, Ninawa, and Wasit, leaving at least 41 killed and 243 injured.
- The Babil PC chair sent a letter to the governor requesting an official interrogation. The governor requested postponing the interrogation until after Ramadan; however, a PC special session voted to defer the date of interrogation only until September 5. The official interrogation has not yet taken place because the governor has been hospitalized.
- In September, the governor of Wasit was relieved from his position after the PC conducted multiple interrogation sessions where the governor was accused of corruption. The PC chair

signed the decision to remove the governor and announced it immediately after the formal interrogation sessions had ended. Later, the governor appealed to the Supreme Federal Court stating that he had been removed without legal grounds.

- The two governors of Muthanna and Basrah were accused of corruption and weak administrative performance, but the accusations have never matured into a formal interrogation request. The PCs of both provinces are considering formal interrogations, but no final decision has been made to date.

VI. Work Planned for Next Quarter

LGP III has submitted its revised work plan for the fourth quarter of 2010. Though not yet approved by the end of September, the revised work plan is expected to be approved soon. The LGP III program for the fourth quarter will contain the same seven work elements as previously, with foci that include:

Work Element 1–Legislation

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, LGP III will continue assisting PCs to draft effective legislation. We will also conduct a national legislation conference in Basrah, tentatively scheduled for October 30–31, 2010.

Work Element 2–Planning

With PDSs adopted across the provinces (most of them with accompanying PDPs), and with the PPLs for 10 of the provinces completed and submitted, the emphasis of this Work Element in the fourth quarter will shift primarily to assisting governors to review and follow up on approved projects. In addition, LGP III will provide technical assistance to the provincial governments to follow up on the implementation of their projected plans and prepare for the next year’s planning (PDP) cycle.

Work Element 3–Budgeting

The Budgeting Work Element was constructed around deadlines from the MOF. Because the budget preparation sub-element in the work plan is now complete, the remaining activities in the fourth quarter for this Work Element focus on budget execution of “capital” or “investment” projects, as represented most often by the projects in the lists submitted to the MOP. Also, because budget preparation is cyclical, LGP III has elected to shift the timing of the national conference on budgeting to the early part of 2011. Finally, there will be programming emphasis on the development of internal auditing skills at both the GO and PC.

Work Element 4–Monitoring

In the fourth quarter of 2010, there will be more emphasis put on improving the provincial financial monitoring systems, either through using GAPTIS or through other financial monitoring tools. During the quarter, LGP III expects that more provinces will be using automated financial monitoring tools, the most recognizable of which is GAPTIS. This tool, as the new activities in the work plan describe, is being decentralized first to LGP III’s regional hubs, and thereafter to the

provinces themselves. Based on the findings of the pilot project report, LGP III will provide TA to the GO to take corrective actions to improve their services in the water sector. In addition, during the fourth quarter, we will help a selected province to conduct a pilot project to receive citizens' feedback on a specific service through Short Message Service (SMS) methodology. Another parallel activity will be to assist PCs in developing mechanisms for monitoring executive functions. Finally, a national conference on all aspects of monitoring is now tentatively scheduled for December and will hopefully be convened in the North region.

Work Element 5–Organizational Development

Regarding Organizational Development, the sub-element “Implement Civil Service Reform (in collaboration with Tatweer)” was revised because of the lack of materials related to civil service reform shared by Tatweer. Consequently, the activity has been revised to reference the relevant COMSEC order, dated October 13, 2009, to eliminate the dependency on the use of Tatweer materials, and to establish one model project in each region to provide an example for the establishment of additional Human Resources (HR) units during the first quarter of 2011.

In addition, the sub-element “Facilitate Increased Public Participation in Decision-Making by Elected Provincial Officials” has been revised to extend its implementation to all the provinces. For the past three quarters, this sub-element has only been implemented in the South Central region.

Work Element 6–Baghdad *Amanat*

A new task was added to the *Amanat* Work Plan: “Provide refresher training on basic functions of local government under *Law 21*, based on Quarter 2, 2009, orientation materials, to interested PC members and staff.” This task is aimed at providing refresher training for regular staff and introductory training for new staff on the basic functions of local government under *Law 21*. This refresher training will not only be available to Baghdad, but also to other provinces as required.

The provincial Legal Library will continue to upload appropriate national laws and provincial *gazettes* to the Web site. LGP III will continue to provide technical assistance to the PC on possible scenarios for drafting the *Baghdad Capital Law*, and also provide TA and coordination among the primary government entities such as the GO, PC, Baghdad *Amanat*, COMSEC, and the Shura Council in drafting and finalizing the *Baghdad Capital Law*.

Work Element 7–ILGA/HCCP

Work Element 7 has been reorganized to clarify the relationship among various tasks. For instance, tasks that were similar under both ILGA and HCCP were merged together. The purpose of this was two-fold: to reflect the realistic goals in terms of implementation and to deal with recent changes in the Iraqi political environment.

In the Fourth quarter of 2010, LGP III will provide TA and coaching to ILGA in the areas of institutionalization and core staffing of the ILGA Secretariat; promotion of ILGA and execution of its strategic plan; development of their communication strategy; assessment of ILGA members' capacities; development of financial sustainability; transparency and accountability; and improvement of the ILGA's legal documents and development of governing bodies. Moreover, depending on the political situation, LGP III will also work with HCCP to build its capacity toward becoming a more effective body for coordination among provinces.