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Iraq Governance Strengthening Project

Provincial Planning

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2. Abbreviations & Acronyms

ARDP	Accelerated Reconstruction and Development Program
ARR	Allocation Release Request
BER	Budget Execution Rate
BOT	Build Operate Transfer
CAG	Community Action Group
CPL	Citizen Participation Law
CRCRPA	Chamber of Representative Committee for Regional and Provincial Affairs
CG	Central Government (Federal Government)
CoM	Council of Ministers
CoMSEC	Council of Ministers (General) Secretariat
CoR	Council of Representatives (Parliament)
CSD	Community Service Desk
CSO	Central Statistics Organization
CSS	Citizen Satisfaction Survey
DC	District Council (a group of NCs make up the Qadh'a or DC)
DDAC	Directorate of the District Advisory Council or Qa'am Magam
DG	Director General
DPF	Directorate of Planning and Follow-up (GO)
DPF	Directorate of Public Facilities / Line Ministries including MoMPW & MoPA
ESDO	Essential Service Delivery Oversight
GIS	Geographic Information System
GLUP	Generalized Land Use Plan (Comprehensive Plan, City Plan)
GN	Governors Network (to support LGA)
GoI	Government of Iraq
GO	Governor's Office
GSP	Governance Strengthening Project (Taqadum or Passage to Improvement)
HCPPDC	High Commission for PPDCs (OPM – Provincial Coordination)
IDP/B	Integrated Development Planning & Budgeting
ITRS	Issue Tracking and Reporting System
KRG	Kurdistan Regional Government
LGA	Local Government Association
LGP	Local Governance Program (LGP 1, 2, 3 USAID funded)
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoC	Ministry of Communications
MoCH	Ministry of Construction and Housing
MoED	Ministry of Education
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoHE	Ministry of Higher Education
MoIMR	Ministry of Industry & Mineral Resources
MoLSA	Ministry of Labor and Social Affairs
MoM	Ministry of Municipalities in the KRG
MoMPW	Ministry of Municipalities & Public Works
MoO	Ministry of Oil

MoP	Ministry of Planning (and Development Cooperation)
MoPA	Ministry of Provincial Affairs
MoTA	Ministry of Tourism & Archaeology
MoTRAN	Ministry of Transportation
MoWR	Ministry of Water Resources
MoWA	Ministry of Women's Affairs
NC	Neighborhood Council (Nahiah) (formerly called Neighborhood Advisory Council)
NDP	National Development Plan
NDS	National Development Strategy
O&M	Operations & Maintenance
OSTP	Organizational Self-Assessment and Transformation Program (Kaizen)
PASM	Provincial Affairs State Minister
PC	Provincial Council
PCN	Provincial Council Network
PDP	Provincial Development Plan (annual)
PDS	Provincial Development Strategy (five year)
PFDD	Planning and Follow-up Department (Planning Director/Governors Office)
PMO	Prime Minister's Office
PMP	Performance Monitoring Plan
PMU	Project Management Unit
PPA	Provincial Planning Advisor
PPDC	Provincial Planning & Development Council
PPL	Proposed or Priority Projects List
PPP	Public Private Partnership
PPU	Provincial Planning Units
Provinces	KRG - Dahuk, Erbil, Sulaymaniyah; Other provinces where Law 21 is in effect – Anbar, Babil, Baghdad, Basra, Dhi Qar, Diwaniyah, Diyala, Karbala, Kirkuk (disputed as part of KRG), Maysan, Muthana, Najaf, Ninawa, Salah ad Din, Wasit
RPA	Rapid Planning Assessment
SDPS	Service Delivery Performance Standards
SOW	Scope of Work
USAID	United States Agency for International Development

3. Introduction

Project Objective

Despite the Iraqi Government's passage of the Provincial Powers Law (2009), gaps between provincial capacity and central authority remain. This is particularly true in regard to the Accelerated Reconstruction and Development Project (ARDP) funds, which the provinces have had difficulty implementing. While annual provincial Priority Project Lists (PPLs) that detail capital investment projects often equal most of a province's ARDP budget, the average provincial execution rate is lower than half the budget, with some provinces only able to spend 13% of their allocation.

There are multiple causes including unclear ministerial regulations and internal processes, lack of contracting capacity or expertise, late release of funds, lack of financial management capacity, poor coordination between the federal and local levels, and a zero budget that prevents carry-over of unspent funds into the next fiscal year.

Taqadum or the Iraq Governance Strengthening Project (GSP) is the culmination of projects supported by USAID since 2003 in strengthening community engagement and citizen participation, and empowering/strengthening local and provincial government to be more responsive to communities' needs. The Consultant briefly reviewed information on five other USAID funded projects:

- Tarabot (linkages in Arabic) or the National and Provincial Administration Reform Project (2012-2015),
- Tatweer or the National Capacity Development Project (2006-2011) - rebuilding of ministry level public administration practices,
- Community Action Program or CAP, CHF (2003-2012) – supporting community projects in six provinces,
- Tijara (trade in Arabic) or the Provincial Economic Growth Program (2009-2013) – developing communities through services that stimulate business and promote access to loans including micro-finance,
- Local Governance Program 1, 2, 3 (2009-2011) (democracy building at the local and provincial level which helped to establish 16 of Iraq's 18 PCs and 96 DCs).

The objective of the Iraq Governance Strengthening Project (GSP) is to identify and address barriers to investment planning and budgeting execution in the provinces. Taqadum has management staff in Baghdad and regional staff in three provinces - Erbil, Hilla, and Basrah. Through capacity building, institutional strengthening, and performance monitoring and oversight, the objective is for service delivery by local and provincial governments to become more responsive to communities' needs.

Specific areas being targeted to improve local service delivery include legislative, strategic planning, budgeting, community outreach, citizen decision-making, training, performance monitoring, and linkages between the provinces and the national or federal policy makers.

Objective of the Consultancy

The objective the Provincial Planning Advisor's (PPA) contract – March 11-May 1, 2013 - was to analyze the process and the procedural gaps within the federal or national and provincial planning and budgeting, and to propose an integrated best practices model that will help the Iraqis improve - at the provincial and local levels - planning, budgeting, service delivery, and monitoring while strengthening citizen input and coordination with ministries to avoid overlap and duplication.

Consultant's Methodology

❖ Field – 2.5 weeks

- a. Document review,
- b. Informational interviews of GSP staff,
- c. Workshop participation on planning strategy with provincial planning staff from the South Center region,

❖ Home Office – 3 weeks

- d. Web research of publications representing best practices for budgeting,
- e. Interviews of Iraq budgetary experts,
- f. Information verification through further document review,
- g. Report writing.

Tasks by Contract

The Consultant's contract specified that she was to do the following –

- Review the GSP/Taqadum's work on budgeting and planning,
- Review the work of the PPDC,
- Develop a model for integrated project planning and budgeting, using PPDCs as the coordinating body, and
- Conduct a rapid planning assessment of the national and provincial situation in Hillah. *(Because of increased sectarian violence between the Sunni minority and the Shiite majority leading to the April 21st election of 447 seats on Provincial Councils – the first since the withdrawal of U.S. troops - the Consultant did not leave the compound. Therefore, she did not visit Hillah, any other province, or key national stakeholders. Her rapid planning assessment does not specifically target Hillah.)*

Tasks Requested in the Field

To be more responsive to Taqadum's results framework, the Consultant was asked to produce a flow chart that summarizes the current and recommended budgetary and PPDC

process including tasks, training, and timelines/prioritized interventions, focused on making recommendations under the following sections of GSP's Work Plan -

- 1.3 - Policy Development of PPDCs, so that the Iraqis understand policy as a tool to more effectively link the Provincial Projects List (PPL) to the strategy and priorities of the National Development Plan (NDP) and the Provincial Development Plan (PDP),
- 1.4 - Financial or Budgetary Management and Transparency, so that customized training in the Governors' Offices (GO) and Provincial Councils (PC) improves their financial reporting and record keeping to better comply with financial laws and regulations and to increase their budget execution rate; products to include a financial management manual with a Financial Self-Audit Tool and Financial Business Process Map,
- 1.5 Strengthening of Provincial Planning and Development Councils (as a sort of think tank) to build the PPDCs capacity to develop bylaws, strategic and action plans (annual PDPs including the PPL due the end of each July, and five year PDS – the Ministry of Planning wants this to be driven by data), to result in improved provincial development strategies and better alignment with the national strategy (NDP), and to directly link PPDC recommendations on the PPL to the elected PCs for review and approval (better reflecting those local services that citizens and the private sector actually want and need to result in improved quality of life and economic development opportunities),
- 1.6 Improving the Provincial Planning Cycle , to meet the Ministry of Planning (MoP) and Ministry of Finance (MoF) reporting requirements and deadlines, to include development of partnerships with key stakeholders that result in a Provincial Planning and Budget Preparation Manual. This simple budget guide would be distributed by the MoP to the PC members, with the goal of resulting in budgets submitted on time and in compliance with national regulations, and in PPLs that are based on feasibility information and citizens' needs in coordination with the line ministries. As delays are avoided, the budget execution rates increase. Citizen satisfaction rates also improve.

In summary, the Consultant was asked to target the PPDC as the body responsible for solving the primary problem of inadequate strategic planning and budgeting – the federal government does not approve the provincial budget until the spring, but if the provinces do not spend the money on capital improvements by December, the funds are returned to the federal government. Specifically, the Consultant will recommend expertise, processes, relationships, linkages, and organizational structure that is necessary for the PPDC to properly conduct its work, including recommendations for capacity building and (realistic) best practices that include sector integration; to target the PC and its Planning Committee as the policy body which approves provincial plans related to service delivery (and either accepts or rejects PPDC recommendations), and to strengthen the linkages between the PPDC and the PC and GO.

4. Rapid Assessment (RA)

The rapid assessment process allows a Consultant to understand existing conditions, including past and present project results that utilize taxpayer dollars and the substance intended by the many acronyms, so that gaps and opportunities preventing a wanted outcome can be identified. One benefit of this RA is that it can serve as a summary for future consultants, so that they more quickly understand the many layers of Iraq and the GSP.

The RA performed by the Consultant in Baghdad included -

- Review of GSP's Work Plan,
- Extensive discussions with GSP management and expatriate and Iraqi staff – a total of 20 interviews – regarding the Iraq budget cycle and gaps in policy, training, citizen participation, and development of the PPDCs,
- Quick review of the projects sponsored by USAID since 2003, culminating in Taqadum/GSP, to discover threads of success in building citizen participation and local (CAG, NC, DC) and provincial level (GO, PC) government structures.

The following assessments are further detailed below -

- Policy regarding the provincial process, including conversations with the LG specialist on advocacy building,
- Provincial Planning and Development Council (PPDC),
- Planning and budgeting cycle, including linkages from the neighborhood (NC) and district (DC) levels, to the provincial level (PC and GO), to the federal level – key national stakeholders and the National Development Plan (NDP),
- Citizen input through the NCs, DCs, Essential Services Delivery Oversight (ESDO) and Community Service Desks (CSD),
- Capacity building including review of GSP's organizational development efforts and Organizational Self-assessment and Transformational Program (OSTP),
- Land use planning in Iraq through the UN/Habitat's consulting work.

Assessment of Policy –

In every country budgeting is a responsibility that requires transparency and accountability to citizens. Under Saddam Hussein, Iraq's budget was a state secret, for which the Ministry of Planning and the Ministry of Finance shared responsibilities, reflecting Ottoman, British and Baathist origins. In many countries, budget formulation requires input from the line ministries, and the Ministry of Finance ensures that the prime minister's priorities are reflected by the line ministries before the budget is presented to Parliament for approval. However, under Saddam, there wasn't a unified budget that identified total government

revenues and expenditures. Ministerial spending through individual program budgets was dispensed from the Rasheed and Rafdain banks rather than a national treasury department.

In 2003 after the invasion, USAID hired a U.S. contractor (Bearing Point) to work with Iraq to draft a budget, but this was overruled by the Coalition Provisional Authority (CPA), and instead the CPA drafted the 2003 and 2004 budgets. CPA's Order 95, the Financial Management and Public Debt Law, outlined a new budgetary process for Iraq, identifying the ministries' involvement. It boosted the role of the Finance Ministry, and allowed the Ministry of Planning to retain its role in developing an investment budget. It also set a timetable for formulation and approval. Lastly, it authorized the Finance Ministry to release operating (not capital investment) funds on a monthly basis at the previous year's level, in the absence of a formally approved budget, and required the government to pass a new budget to fund current and start-up investment projects.

Order 95 also created new stakeholders in the budget process, including the Council of Representatives (COR or Parliament) and local and provincial governments. In 2005, Iraqis took ownership of the budget, but the process continues to experience delays in formulation and approval, a lack of transparency and accountability (corruption), and effective budget execution.

Budgeting consists of both the 'upstream' formulation and political approval process and the 'downstream' administrative management and spending (procurement, contracting, payment and auditing). Order 95 did not detail how the ministries should develop their budgets, and their lack of institutional capacity along with weak local and provincial institutions contribute to the state's failure in providing services to communities. In addition, from 2004-2011, Iraq's budget grew by 223 percent, including on both the operational and investment sides, particularly in regard to operations and maintenance of large infrastructure projects built by the Coalition. This impacted the Iraqis' ability to spend the funds efficiently and transparently. In 2011, thousands of Iraqis protested inadequate infrastructure and public services and an unemployment rate of 25%.

In 2012, the Finance Ministry – which took into account the IMF's and World Bank's recommendations for increased investment spending and reduced deficits - was late in submitting its initial budget of 133.6 trillion Iraqi dinar (\$112 billion) and a deficit of 23.9 trillion IQD (\$20 billion) to the cabinet for review in November. The Council of Ministers (COR's Financial Committee and Economy and Investment Committee) believed the budget was excessive, and approved a reduced version in December 2011 of 117 trillion Iraqi dinar (\$98.4 billion) and a deficit of 14 trillion Iraqi dinar (\$12 billion). Provincial governments called for additional funding. The Parliament approved the final budget on February 23, 2012, and in July the Council of Ministers approved a supplemental budget (reflecting increased oil revenues due to higher prices) of 10.875 trillion Iraqi dinar (\$9.35 billion).

(Source: James D. Savage, PhD, Professor, University of Virginia, Iraq's Budget as a Source of Political Stability, US Institute of Peace, Special Report, March 2013)

Iraq's local and provincial governments operate with oversight but no leverage, as there is no law giving them real authority, only what GSP is calling 'sub-legislation' or regulation and policy emanating from the ministries (e.g., MoP), not passed by the parliament (COR).

Iraq's Constitution (2005) established a two-tiered system of federal governance with a central government, led by a Prime Minister (PMO), overseeing 18 provincial governments. Under the Constitution, local governments are supposed to have joint power with the Federal Government on issues of general planning and development and policy (including environmental, health, education, and water).

In 2008, the Iraqi Parliament passed Law 21, the Law of Governorates Not Incorporated into a Region (excludes Kurdistan – KRG) as a region). The law defines the responsibilities and powers of Provincial Councils (PCs), effectively creating a legal framework for decentralization. It defines the PC as the highest legal body in the provinces, and emphasizes that PCs shall be responsible for local CIP planning based on Five Year Provincial Development Strategies that do not contradict the national Constitution. The PCs are supposed to coordinate their plans with the line ministries and align them with the National Development Plan (NDP 2013-2017).

Law 21 specifically states that the PC's authority includes legislative, planning (strategic not land use), budgeting (Chapter 2, Article 7), and monitoring. Although the PC elects the Governor (GO), the GO is the executive body, linked to the line ministries and to the Ministry of Planning and Ministry of Finance. In reality, the PC has little control over the GO. (Currently, KRG's PCs are frozen and the GO reports directly to the PMO.)

However, Law 21 is much debated, and Provincial Councils still lack the legal authority to implement policy and the capacity to plan, monitor and deliver services at the provincial level. In September 2009, the Supreme Court ruled that the PCs cannot issue legislation, but can issue orders and rules (sub-legislation). Many services are programmed and delivered by line ministries linked to the central government without much provincial involvement, and the provincial councils are somewhat disconnected from the communities and citizens they are intended to serve.

On June 12, 2012, the Ministry of Planning issued #2/6/9260. Based upon the Constitution and related to the National Development Plan (NDP) 2013-2017), the memorandum requested that the PCs and GOs submit – within one month – the following documents –

1. The Provincial Development Strategy (PDS) (a five year strategy),
2. The Provincial vision and medium or five year goals (economic, social, urban and environmental),
3. The Provincial priorities in various sectors, i.e., agriculture, industry, tourism, service delivery, and infrastructure,

4. A proposal for development and investment projects that contribute to achieving their development priorities,
5. A list of relative advantages of the province,
6. A list of administrative and legislative reforms necessary for achieving provincial goals, including promotion of decentralization and the development management.

Assessment of the Planning and Budgeting Cycle –

In order to quickly assess and understand the budget cycle in Iraq, the Consultant relied on GSP staff interviews and documents. *(Source: "Status Report on the Current Provincial Budgeting Process in Iraq," September 21, 2012 and various other GSP charts).*

The first step in planning is the Provincial Development Strategy (PDS), which contains the vision of the local government and is supposed to contain the means and tools for achieving local objectives and realization of the vision. The Provincial Council (PC) has taken the lead in developing it through interfacing with the ministries. The draft PDS is submitted to the Ministry of Planning (MoP).

The Governor's Office (GO) then takes the strategy and forms a task force to work with the ministries to draft the Provincial Development Plan (PDP), a list of projects that implement the PDS and improve service delivery to the provincial communities. Together, the PDS and the PDP are supposed to align with the National Development Plan (NDP).

The process for developing the Priority Projects List or PPL occurs as follows. At the beginning of the budget planning process, two local bodies meet – the *Neighborhood Council or NC (Nahiah or Naheya)* and the *District Council or DC (Qadh'a or Qada)*, comprised of a group of NCs. Neither is an elected body (structure was appointed by Bremer), but both are at the local community level. The NCs – usually three to four people with limited institutional capacity - meet in their communities to develop a list of service priorities. The DCs, which sometimes have as many as 20-30 staff under a Qa'am Maqam or Director, form sector committees to discuss their priorities – e.g., women, housing, agriculture, youth, tourism, etc. Each DC forms committees according to local needs. The DCs hold public meetings. With regard to notice, although the DCs sometimes have web sites, they do not usually have funds for internet connection unless they pay out of pocket. (Baghdad has 16 DCs.)

At the end of this process, there is a priorities list of requests for service and infrastructure. The reporting structure is on both the legislative and the executive sides. On the legislative side, the NC manager reports to the DC who reports to the Provincial Councils. On the executive side, the NC Mayor reports to the DC administrator who reports to the Governor's Office.

The PC members, who are affiliated with national parties, are elected by citizens. They form member committees that operate under a PC Chair – however, the makeup of the

committees is primarily political, not technical, and many PC members lack experience in technical decision-making. The PC has a staff to manage the administrative and financial aspects of the committees.

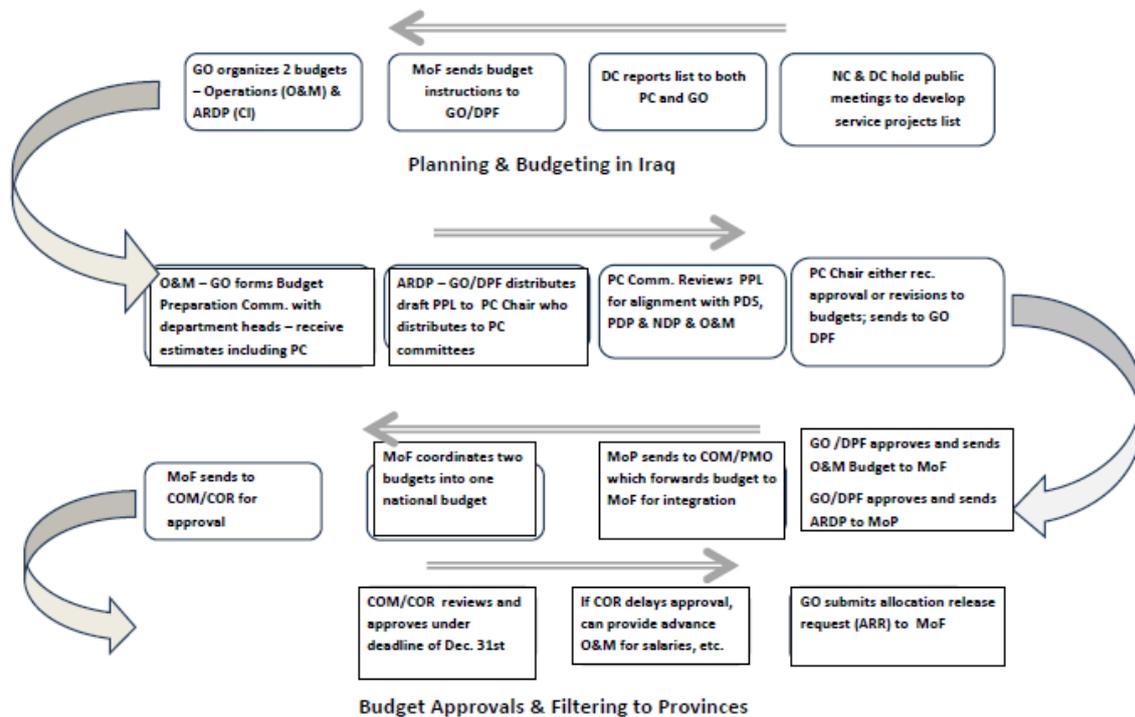
Although the Governor is appointed by the PC, he is actually part of the Executive branch, and it is he – not the PC - who receives the provincial budget preparation instructions from the Ministry of Finance, and actually drafts the budget. (Central ministries are reluctant to cede power at the provincial level, and administrative positions are often given on the basis of sectarian identity.)

The GO's Directorate of Planning and Follow-up (DPF) is the main actor in linking to the other major players, and they collect the local project priorities list from the DC. The GO organizes two budgets – the Operations and Maintenance Budget (O&M) and the Capital Investment Budget called the Accelerated Reconstruction and Development Program /ARDP Projects Budget. (In Kirkuk and Basra, the province sometimes receive dinar from the Petro Dollar Fund, but this revenue is only shared with regions where oil is produced.)

O&M Budget - The GO forms the Budget Preparation Committee, often comprised of the heads of the Operating Budget Accounts Department, the Operating Budget Audit Department, the Human Resources or HR Department, and the Maintenance Services Department. (The work is mainly done by the Accounts Department.) The Committee receives expenditure estimates from all departments at all levels, sub-district, district, and GO. The Operating Budget Audit Department forwards their draft budget to the GO for approval, and then to the PC. The GO also forwards it to the MoF.

ARDP Budget - The DPF coordinates with the Chair of the PC, who distributes the draft PPL to the PC Committees. They review the list to ensure that it reflects the needs of the provinces and that it reflects the Provincial Development Strategy (PDS) and Provincial Development Plan (PDP). If there is a contradiction or problem, the draft PPL is returned to the Governor for revisions. If there are no problems, the PC can approve it and send it to the GO, who sends it to the Ministry of Planning (MoP). The MoP sends it to the Council of Ministers, including the Prime Minister's office, which discusses it with the Ministry of Finance (MoF) before sending it on, as indicated below.

The Provincial or Province's General Budget is comprised of the operations and investment budgets including the PC and GO. A Flow Chart of the Current Budget Cycle follows -



Gaps (without the PPDC)

In reality, the planning and budgeting process does not provide sufficient information or planning, and there are numerous gaps leading up to the final PPL –

- Limited citizen input indicating which services are priorities,
- Limited strategic thinking, visioning and planning of future goals and needs,
- Insufficient data gathering (often use old data from the previous year's budget with a set additional 3% or so request in funding),
- Limited feasibility analysis and preliminary environmental review on ARDP projects – usually only prepared for Ministry projects (The Directorate links to the ministries through their regional offices Directorate of Public Facilities including Ministry of Municipalities and Public Works - MoMPW and the Ministry of Provincial Affairs - MoPA),
- Lack of preliminary cost estimating,
- Little use of standardized forms,
- Insufficient coordination between the local, provincial and national levels to result in good collaboration and alignment with the NDP, so that projects are not duplicated and wasteful,
- Few if any links to comprehensive or land use planning and future investments.

The Parliament (COR) is often late in approving the budget – in 2012, it was not approved until March. Yet, under Law 87, Instructions for the Execution of Government Contracts, 2008, amended 2010, PCs/GOs are expected to improve their Budget Execution Rate (BER) or monies spent on executed projects. Any approved CIP funds not spent by the end of the

year are taken back by the MoF; a new policy should be considered to allow carry-over of funding from one fiscal year to the next.

Once the budget is approved, there are also gaps in project implementation and monitoring. The GO is the primary authority, and there are a number of departments in the GO which are involved in the process, including the Budget Accounts Department, Budget Audit Department, and the Public Contracting Department. The public tender procedure or bid process at the provincial level is also under the GO.

Usually the GO lacks the technical capability to implement projects directly. Although seven types of bids are legally allowable, usually only the Public Tender process is used. The notice requirement seems to be extensive enough to allow for both Iraqi and regional or international bids as future projects and investments dictate.

- Public Tender - announcement is made in a variety of media; notice requirement is 28 days minimum, 60 days maximum.
- Direct Invitation to Bid – only used if there is an urgent need or confidentiality is required,
- Sole Bid – only used if the project requires highly technical, specialized experience,
- Purchase Committees – used to purchase commodities if the value is less than 50 million Iraqi dinar
- Limited Tender – usually regards smaller projects and involves a specialized screening committee which delivers a shortlist of bidders, no less than six,
- Two Stage Bid – first a technical bid or Request for Qualifications is issued, a shortlist is made, followed by a financial bid from shortlisted companies, a very common practice in the Middle East and internationally.

With regard to bid analysis, the GO often forms two committees – the bid opening and the bid analysis and selection. After the bids are opened, the committee has 30 days to make its recommendation for hiring.

The Committee that analyzes the bids uses a list of criteria, including the following –

- How does the bid meet the tender's technical specifications,
- Is the bidder on a black list indicating previously negative experience in the province,
- Does the bidder have a satisfactory performance record,
- What is the volume of the bidder's work, indicating sufficient capacity to implement and meet timelines,
- What does the bidder propose as technical staffing capability and equipment,
- Does the bidder have similar experience from previous projects,
- Is the bid financially efficient as reviewed by a certified accountant,

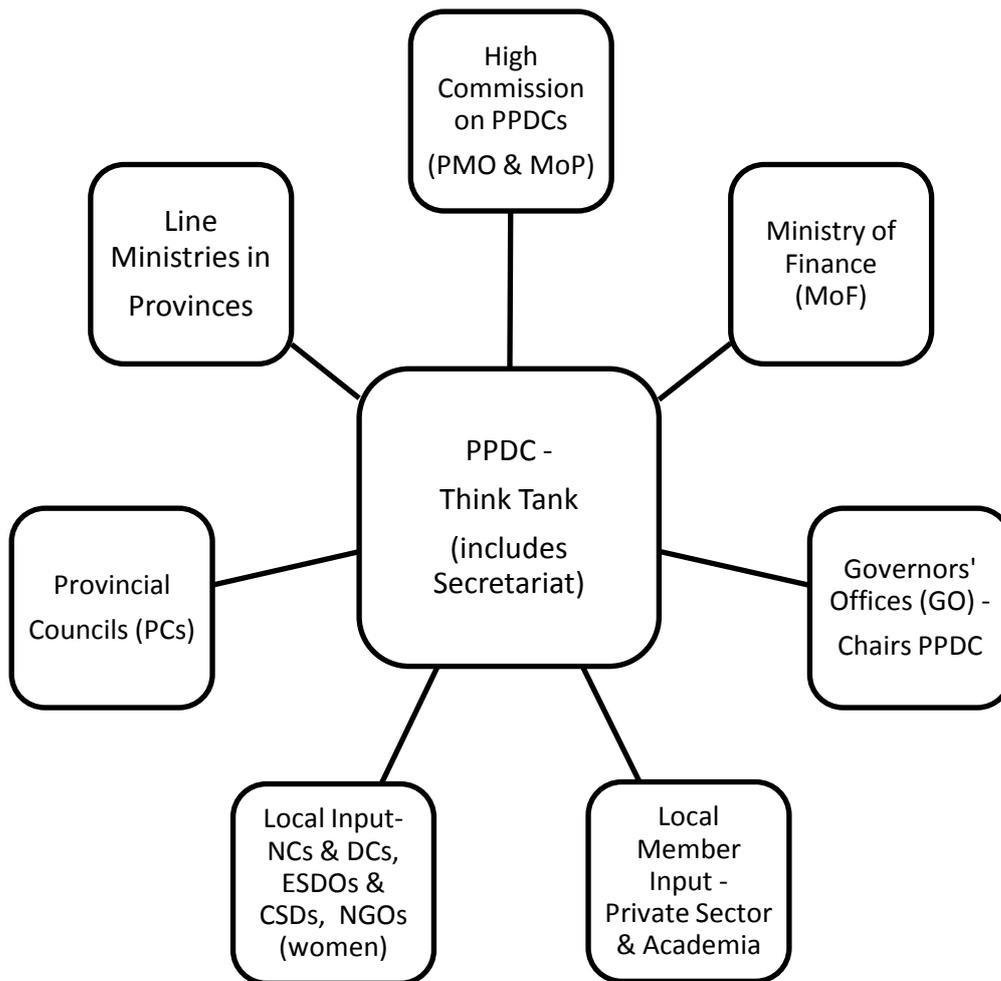
Gaps -

- *Notice Requirement* - The Committee sends the bid prices to be posted in the GO on the bulletin board. There is no legal requirement to post on a web site or in the national media. Therefore, if a contractor from another province or an international contractor wanted to see the bid prices, they would have to travel to the GO, an obvious bottleneck to transparency and information sharing.
- *Selection Criteria* – Percentages are not allocated to the selection criteria, and therefore the bidder’s technical expertise to implement has the same weight as the other criteria, although it is much more critical to project success.
- *Review* – Sometimes up to three engineers (GO, PC, regional ministry) review the contractor’s bid specifications to ensure contract compliance. The engineer(s) then notifies the contractor, and the contractor picks up the endorsement/approval and takes it to the Accounts Department. The Accounts Department does not have direct authority to issue payments, but must obtain the Governor’s signature before issuing the first payment allowing the contractor to start construction.
- *Engineering Endorsement & Payments Process* - The DPF ‘s engineers, using forms provided by the MoP, do field inspections, in coordination with engineers from the Ministry Directorates in the Provinces (regional offices). Since time is of the essence on getting projects implemented, if one engineer was technically capable to deal with the contractor and construction management, and if that engineer was responsible for coordinating in-house (GO) with the Accounts Department, and if the Accounts Department had signature authority to issue the payment, the contractor could more easily be paid the first payment allowing implementation to commence more quickly.
- *Project Handover* - The period between the contractor’s initial handover of the project and final acceptance is called the ‘maintenance period.’ This can range from six months to one year. The process involves another committee at the GO and the GO’s Accounts Department.

Therefore, the PMO and its advisors developed the PPDC to try to fill some of those gaps.

Assessment of the Provincial Planning and Development Council (PPDC) -

The PPDC concept appears to have evolved from the Provincial Reconstruction and Development Committees started by the Coalition, first funded in 2005. The concept of a PPDC as a sort of ‘think tank’ was established by the Prime Minister’s Office (PMO), and was discussed and agreed upon a little over a year ago on April 15, 2012, at a meeting with a number of officials, including the Prime Minister’s Office, the Deputy Prime Minister for Technical Affairs, representatives from MSPA, the MoP, and the MoP in KRG. The concept has not yet gone to the parliament to become a law, but it is being implemented in the provinces.



The broad goal is to strengthen decentralization and foster collaboration between the PCs and line ministries in a single, coordinative body. This is intended to result in integrated development – environmental, social and economic.

Other goals include –

- making the local governments more self sufficient by developing their capacities in economic management (planning and budgeting),
- supporting provincial planning units that related to the MoP and developing coordination mechanisms for project planning and implementation,
- building data and information sharing,
- increasing community involvement in planning and financing local services, and
- establishing planning councils in all provinces (PPDCs).

The Governor heads the PPDC, and members include ministry directorates, private sector representatives (industry, finance, tourism, and commerce), civil society including representation of women and youth, and academia (with qualifications related to the work of the PPDC). *(There was not a recommendation to include Neighborhood or District Council representatives, although they do provide information to the PPDC through the PPL.)*

A Council Secretariat is responsible for organizing and reporting on council meetings. The Secretariat includes technical specialists in the fields of planning, economics, and legal and administrative affairs.

The goals of the PPDC are to enhance the sustainable economical and social development in the provinces, and to ensure integration between the national or federal level (ministries) and the provincial level (particularly the ARDP capital investment projects), so that projects implemented by either are not duplicated.

The PPDC is intended as an advisory body within the Executive branch of government – PPDCs do not include PC members although they receive input from them (GSP is not recommending that they do, as having the PC on one side and PPDC/GO on other might better represent a separation of power). The PDPC does not have decision-making authority except regarding its own administration – rather it is a strategic , research, and an advisory body that recommends to the PC or the national or federal government.

PPDCs are intended to operate with a strategic plan including a vision, goals, and strategies and under the guidance of action plans. They are expected to develop a mechanism for citizen input on service delivery from ESDO units and CSDs, as well as via public meetings. PPDCs are linked to the technical capacity of the PCs and line Ministries on a variety of levels – legal, economic, engineering, etc.

The PPDC duties include setting intermediate and long-term visions, setting development priorities and linking projects to the National Development Plan (NDP), identifying the roles and responsibilities of central and provincial administrations and reporting standards (quarterly and annual), coordinating programs and project lists at the federal and local levels and submitting those recommendations to the PC for approval, discussing the provincial investment budget, implementing projects, evaluating performance and monitoring administration for improvement, and facilitating cooperation between local economic bodies – private and public – and civil society to identify common goals that will accelerate sustainable development in the provinces, providing a suitable environment for business to operate (including security), and coordinating regional development amongst provinces. PPDCs will be expected to prepare provincial development plans (PDP), beginning with the 2014 PDPs within an integrated framework of planning and budgeting.

The positive aspects includes the following – the PPDC becomes a single source for coordinated advice and deliberations regarding provincial planning and development, a place for cooperation and coordination with ministries (regional line ministries) to avoid duplication of projects, and a venue for establishing clearly defined roles in planning and development. Thus far, 12 provinces have implemented PPDCs and three provinces will likely form PPDCs in the near future.

On March 20, 2013, while the Consultant was in Iraq, she participated in a Taqadum workshop on developing training courses for strategic planning and planning and budget

integration with South Center regional staff. On April 10-12, 2013, Taqadum held a PPDC strengthening workshop in Erbil that provided capacity building for all 15 provinces. Other stakeholders included governors, governors' assistants, the PMO, and MoP and MoPA staff, as well as Tarabot and USAID.

The PPDC's recognize that there are knowledge gaps that could prevent them from meeting the mandate, and have discussed training from GSP in a number of areas, including -

- Data gathering,
- Strategic thinking and planning, including visioning, and setting priorities,
- Preparing action plans,
- Budget orientation under Law 21 (MoP, MoF),
- Linking provincial development strategies to the National Development Plan,
- Building community outreach and citizen participation,
- Financial management,
- Developing collaborative intergovernmental frameworks and networking,
- Spatial development,
- Advocacy,
- Negotiations,
- Legislative drafting (need standardization of forms and need to address jurisdictional issues between the national and provincial levels),
- Organization (strengthening the PPDC Secretariat).

At the economic level, there are few if any economists or social scientists available to advise PPDC to provide the overall framework, and they might or might not be available in the provinces to play this role. At the physical development level, engineering expertise is critical in the Directorates of Planning, but might instead be located in the line ministry offices.

Assessment of Citizen Participation

Each province has issued sub- legislation called the Citizen Participation Law (CPL), which references the citizen's voice. With regard to the budget planning process, the law more closely links citizens to the PCs, at least during the budget planning process.

The translated version of the CPL for Baghdad indicates that a department or office within the Baghdad Provincial Council shall be established and called the Citizen Affairs or Participation Office. (The Consultant assumes this would probably be similar in each province.) In coordination with the PC Chair and the committee of culture and media, this office shall invite citizens to participate in the decision making process (responsible for all meeting logistics) and prepare the meeting agendas according to the PC's vision and goals, and the department shall be responsible for follow-up, including meeting minutes, and shall

send them to the citizens who participated and to appropriate PC committee for further action (via a web site perhaps). The department of office shall also be responsible for publishing a monthly or seasonal magazine on their activities, to be circulated free of charge to citizens. The department shall also work with the PC committee on education to develop course material (brochure) and hold classes on citizen participation to build local capacity, and shall raise awareness by training primary school teachers and conducting school trips to the PC. They shall also share information with other PCs. The department can work with the international community to gain expertise on citizen participation and/ or with local NGOs to conduct studies related to the provincial development goals.

The intention of the PPDC is that the NCs and DCs shall hold meetings for citizen input on priority projects, and that the DC shall send that list to the PCs, who shall send it to the PPDC, who shall send it to the GO and ministries.

GSP is working to integrate citizen participation through a number of channels. The Consultant met with the GSP communications specialist (similar to the role of a community planner), who is in charge of the meetings.

Under the USAID ICAP project (IRD with Mercy Corps, CHF, ICMA), which operated from 2003-2012, the local level was reshaped and Community Action Groups (CAGs) were created all over Iraq. Members were elected by neighborhoods to convey their community needs. Workshops were held on community development planning, and a manual was printed to help the communities prioritize their projects. According to the GSP communications specialist, CAG members who attend the DC meetings still carry their manuals. This approach is the very heart of grassroots community planning. Today, a NC or DC member is usually also a CAG member, and thus there is an operational link to the PPL. The DCs also invite the CAGs to participate in the budget planning process.

GSP's communications specialist has held 53 meetings in 15 provinces to engage citizens in the budget planning process. Citizen participation has been high – more than 100 people sometimes attend the meetings. GSP's role in the process is as follows –

1. *Organizing the Public Meeting* - The GSP specialist contacts the DC Chair. She requests that he organize the meeting and he invites a diverse group of participants, such as engineers, teachers, women, youth, NGOs (registered or formal groups), community based informal groups, and the ministry directorate generals for more technical input. GSP assists with logistics (rental of facility, sound system, refreshments). Invitations are done by telephone and word of mouth, not by mass media or web sites which might endanger the participants.
2. *Developing the Materials* – The GSP specialist trains the regional staff and helps them to develop materials for the DC (and the NC) meetings.
3. *Holding the Meeting* - At the meeting, which usually lasts three to four hours, the Chair's role is to introduce and manage the meeting. The GSP specialist's role is to

facilitate and to help them establish a strategic vision. Sometimes the local governments are threatened by the concept, as they are worried about losing their authority, and they feel that they know the community's needs better than the local people know their own needs. The GSP specialist reduces the threat by explaining that the roles are complimentary, and they can jointly strengthen their communities.

4. At the meetings, the groups prioritize their needs (stickers on flip chart). They discuss the linkages between the NDP and 10 sectors – industry and power, water and sewer, agriculture and irrigation water, housing, social development (includes parks, recreation, women, youth, etc.), tourism, environmental issues (includes recycling, desertification), education, health, transportation and communications.
5. The GSP specialist is in the process of summarizing the citizens' project priorities. They include renovating public bathrooms, adding classrooms to existing schools to address over-crowding, developing football/soccer fields, rehabilitating the electrical network, building schools – both vocational and regular elementary, and building desalination plants. (Surprisingly there have been no complaints about the bus service, indicating the intersection of public and private service seems to be working.) Regional projects such as medical centers require coordination with other provinces. Only simple maintenance projects do not require coordination with the ministries. Often maintenance is agreed upon in a friendly way at the meetings, but there is no policy to back up the commitment.

Gaps

- *When the DC or PC organizes meetings, sometimes not all the stakeholders are invited. For example, if the citizens want a hospital, the Ministry of Health (MoH) staff should be present – the result is that sometimes buildings are funded but stand empty because the MoH does not provide staffing. Or communities request a mosque, but they are only provided by the Ministry of Religious Affairs or Awqaf at the national level. A preliminary list of projects prior to the meeting is not required to ensure that the stakeholders are invited.*
- *Ministries do not always coordinate with the PC in advance to tell them the priority projects on their list, so that this can be communicated to the citizens at the meeting.*
- *There is no policy to back up implementation of maintenance requests.*
- *There is no regional mechanism to coordinate regional projects.*

Gender and Youth Participation

Iraqi women constitute a potent but underutilized resource for social and economic change. Close to one billion women globally could enter the work force over the coming decade, and of that number, 90 million are projected to emanate from the Middle East. The potential for Iraqi women to influence political, economic, and social change is clear.

(Source: Booz and Company, Forbes Middle East, March, 2013)

GSP has held workshops, not only to increase general citizen participation, but also specific participation by women. One GSP goal is to develop a Provincial Women’s Council Network, to boost women’s participation. The GSP Communications Specialist has completed four regional workshops with women, to arrive at their project priority lists. The following is a list of their priorities –

- Anbar – developing a commercial bakery run by women,
- Baghdad – developing job creation projects such as sewing or food preparation,
- Dialah – rehabilitating a fruit canning factory to be run by women,
- Kirkuk – developing a club for women with sports/health wellness activities and cultural activities,
- Salahadin – creating a nursing college for girls,
- Ninawah – developing a social and cultural club for women,
- Babel – developing courses for HR development, including leadership and project management, to transform them from being unemployed to employed,
- Diwaniyah – developing a health center that specializes in breast cancer,
- Wasit – developing parks for families, including indoor swimming pools, one for women and one for families
- Thiqr – developing a medical center for the handicapped,
- Maison – building modern schools with laboratories, libraries, and sports facilities,
- Muthanna – developing a rural health program with a training center for nurses,
- Basra – creating educational programs and vocational training to combat negative social behavior including begging.

The USAID funded Tijara project developed a Youth Entrepreneurship Access to Finance activity to develop business and marketing fundamentals and financial literacy, training nearly 4000 youth. That group of ‘apprentices’ does not appear to be linked to the PPDC.

The Tijara project also developed an Investment Guide which could be utilized by the PPDCs as baseline information.

Essential Service Delivery Oversight (ESDO) & Citizen Service Desks (CSD)

Another way that PPDC and GSP are engaging citizens is through the Essential Service Delivery Oversight (ESDO) process. The ESDO process, which operates in 11 provinces, is intended to engage citizens in the delivery of four areas of service – potable water, sewer, solid waste management, and transportation (roads/highways).

GSP’s primary objective is to give citizens a voice through the PPDC in telling the PCs and GOs their problems with their level of service, often resulting from either a shortage of resources or bad management, through Citizen Service Desks (CSD), directly through surveys, or through the media -

1. *Citizen Service Desks* - The concept has been implemented in every GO and in 12 PCs, and they are being operated by them. One of GSP's consultants developed software that allows CSD staff to record incoming complaints. The PCs and GOs are responsible for taking the complaints to the line ministries for solutions. GSP is particularly interested in the complaint clusters, as these can reflect bigger problems needing longer term solutions.
2. *ESDO Surveys*- Obtain data from the line ministries regarding neighborhood service levels, PC/GO staff conduct brief surveys in the neighborhoods to directly hear and document complaints, compare the complaints to the ministries' data, do an analysis according to GSP's four indicators, write a report of the findings, send the report to the GO or PC Chair, who forwards it to the appropriate line ministry department in order for the ministry to quickly address the problem.

For service issues that require more investment and a longer term solution, such as lack of water supply, the process would be the same but the report would be given to the ESDO to send directly to the PPDC to include it in their PPL process.

In order to implement the process, GSP has developed Service Performance Delivery Standards (SPDS) for the four service sectors – water (potable), sewer, solid waste management, and transportation (roads/highways). (These are not technical quality standards, but rather primarily quality according to taste, quantity/supply, and availability or percentage of coverage. GSP realized that the municipalities all operate under different quality standards, most of which date back to archaic British standards of the 1930s, so to look at actual quality standards was difficult and did not improve short term delivery.) The next step for GSP is field implementation.

Under option one, GSP is recommending that a joint committee of around 15 people (+/-) be established between the PC and the GO and the Regional Ministry Directorate. GSP has suggested that technical staff related to provision of services in each be members, and that the PC's Service Delivery Committee be represented by one representative on the ESDO. In addition, GSP recommends that the line ministries' service department or RMDs be represented on the joint committee.

Baghdad is a unique situation –instead of a GO, there is the core city municipality or Amanat, headed by the Mayor who has the rank of a Deputy Minister. He has refused to work with the Baghdad PC, even though the amanat is overseen by the PC Service Commission. So the ESDO will be the connection between them.

Gaps

- *Information sharing issue – the GOs don't like being linked to the PC.*
- *Municipalities often use outdated service standards (eg., water quality).*

- *When the ESDO takes the PC and GO to the citizens, the CAGs are not contacted for their input. Both DCs and NCs have contacts with CAGs, and according to the GSP communications specialist there are more than 1000 in Iraq. (NCs would formally report to ESDO through the PC.)*

Assessment of Capacity Building under OSTP

GSP is building capacity at different levels. To create institutionalized improvements at the provincial level, where effective internal systems are critical to success, the Organizational Self-Assessment and Transformation Program (OSTP) is providing an overall project framework.

The goal is to inspire a culture of organizational excellence, and to help the provincial government institutions to take ownership of the effectiveness and transparency of services delivered, so that they can carry on when the GSP project ends. In Iraq, OSTP has been used in Kirkuk, Baghdad, and Basra, and it is institutionalized in the Ministry of Oil, where staff continually improves its organizational capabilities. This has led to successful strategic planning, leadership, job descriptions, and training plans.

Specifically, OSTP is establishing a team in six provincial Governor's Office and or Provincial Council, soon to grow to eight provinces plus the KRG. OSTP uses a 'bottom up' process to achieve consensus building, i.e., they facilitate self-assessment through gathering data and identifying organizational weaknesses and gaps. OSTP builds capacity in learning how to effectively -

- Evaluate their institution's performance against four of the five OSTP Excellence model criteria covering best international practices in Leadership, Financial Management, Process Management and Knowledge Management,
- Prioritize and select improvement projects (transformation solutions);
- Plan the implementation;
- Implement the change;
- Monitor and assess, so that 'lessons learned' can be integrated into the organization and shared via a national network of OSTP practitioners (Excellence Network – Iraq), which over time will include Iraqi OSTP teams from all levels of Government and universities with links to Excellence Networks in other countries. The platform will discuss solutions and strengthen the member's ability to advocate at the federal level for solutions to common problems.
- Common areas, as identified by the six existing Provincial OSTP teams, that OSTP is working to improve include increasing the transparency of service delivery process, improving communication with citizens, improving knowledge sharing internally and externally, improving strategic planning, improving the strategic plan budget; and building capacity in financial and accounting practices.

OSTP Jordan was established by USAID/Chemonics International in 1999, as a national model for excellence, including the “The King Abdullah II Center for Excellence,” which continues to operate more than a decade later. The Center distributes an annual “Award for Excellence in Governance Performance and Transparency” to Jordanian public institutions, the private sector and NGOs. USAID is supporting the establishment of a similar National Center for Excellence in Iraq, as the most effective model for driving public service improvements.

Assessment of Monitoring and Oversight

The Consultant has not been tasked to review or make recommendations for monitoring. Suffice it to say that under Law 21, the GO and PC can both monitor projects, and PPDC will obviously be the primary place for discussions.

GSP held a major workshop in Erbil that analyzed existing processes, including identification of roles, responsibilities, organizational structure, standards, schedules, and engineering instructions, and GSP might hold a second workshop in June to discuss common practices. Both the PC and GO are not well organized to implement oversight. There is an organizational gap in their process, which is disorganized, and their understanding of monitoring is limited. Currently, GOs have either two or three departments – engineering, planning and follow-up, and in some cases project management. There is no oversight unit.

In addition, the project management engineering units – one engineer in each of the GO, PC, and line ministry – are not effective in overseeing projects (construction management), and the procedures are not standardized but vary from province to province. GSP will work with the provinces to develop a unified process guide on procedures and reporting, including indicators for inspectors.

Assessment of Land Use Planning & Investment

Assessing land use planning in Iraq was not part of the Consultant’s scope of work. However, without land use planning, there is no link between GSP’s Integrated Development Planning – or the CIP - and investment and community development. The lack of planning can not only negatively impact economic investment but also a community’s health and well being, e.g., sewage treatment plants or solid waste disposal sites located near parks or hospital incinerators (toxic fumes) located near housing or schools.

The National Development Plan does refer to land management and the transfer of responsibilities from a highly centralized to decentralized urban planning. It also notes the importance of density (vertical growth) policies to promote more affordable urban services and infrastructure and to discourage horizontal sprawl.

In actuality, there does not appear to be much going on in terms of provincial planning. Only Erbil in the KRG appears to have a city or land use plan, and that probably has something to

do with their tourism development. In Baghdad, there is a Physical Planning and Municipalities Directorate staff at the Ministry of Municipalities and Public Works (MoMPW). Through contact with the UN's Habitat Iraq program, the Consultant learned that Habitat is providing technical assistance to MoMPW to enhance the skills of their Physical Planning and Municipalities Directorate staff to prepare city master plans. They are also assisting with a demonstration waste management project in Basra.

Planning Law 21 seems to primarily cover strategic planning, not land use or urban planning. Institutionalized citizen participation is an integral part of successful city planning, and the two – when linked – can be more powerful to control infrastructure and other types of development.

The government bodies associated with future land use planning are probably MoMPW, the Ministry of Construction and Housing (MoCH), the Ministry of Planning (MoP), and the Ministry of Municipalities in the KRG, as well as the PC, GO, and PPDC at the local level.

In terms of technical assistance, the University of Baghdad has an Institute of Urban and Regional Planning, who could be brought in through the PPDC process, e.g., Dr. Mohammad Salih Turki Nafil, a Professor there, who has a degree from the University of Washington (state).

Unemployment is a pressing problem facing Iraq. As an important tool for economic development and job creation, housing developments (which are important to solving the housing crisis) and the tourism sector should be linked to land use plans. There are many laws in Iraq that impact investment and starting a business including Investment Law 2013 and many earlier laws which discuss process and leasing land. Diwahiya's PPDC has focused some of its efforts on developing local tourism, and they are trying to promote the construction of a hotel. They indicated that Kuwaiti investors had been interested, but there were too many barriers under the investment law. Erbil is obviously surging ahead with Dubai style tourism development.

USAID's Tijara project established the Iraqi SBDC Network or Roa'a Foundation for Economic Development Network and web site, including in Muthana and Dhi Qar. If the network is operable, it would be a good resource for PPDCs. They also worked with the Ministry of Trade, the Investment Promotion and Protection Agency, and the PMO on an *Investment Road Map* with recommendations on how to improve the investment environment. This will become a crucial issue for PCS, and it should be linked to the PPDC.

5. Best Practices Model – PPDC Integrating Planning & Budgeting

The PPDC can become a laboratory for more effective public policy in Iraq, linking disparate institutions and forcing them to hear one another's views and jointly act. Perhaps this is the

biggest gap confronting Iraq – collaboration of the PCs, GOs, and line ministries to more effectively utilize limited resources in developing information and solutions to service and infrastructure issues.

One of the important results of the ‘think tank’ is better integration of planning and budgeting. For a BP driven approach to the PPDC, all the component parts should come together to produce a maximum level of performance, from strategic planning, to financial planning, operations, and reporting, all of which should include citizen input and information on output.

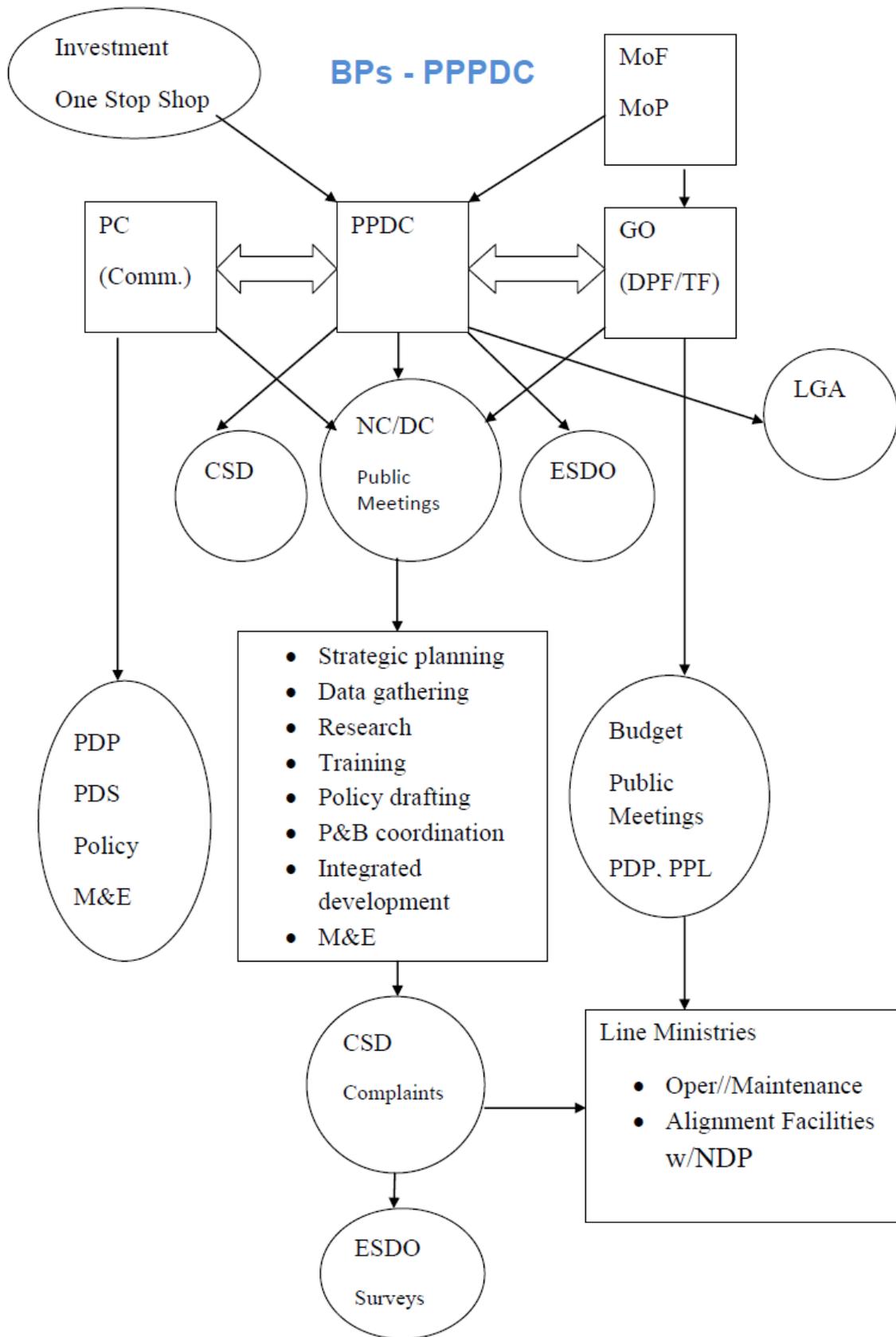
Modern Performance Budgeting (PB) began in the 1990s, and it has been adopted by 48 of 50 states in the U.S. Prior, the public sector was insufficiently accountable to the public and lacked a strong commitment to efficiency. PB is a process that includes the complete budget cycle from budget development to implementation to evaluation, allowing funding decisions to be based in part on the effectiveness of service delivery. PB only works as a ‘bottom-up’ process, where departments submit their requests to the budget officer and those requests are considered, modified, and justified by strategic objectives that incorporate citizens’ input and needs. Best Practices should involve not only spending levels within a fiscal year but spending wisely on sustainable investments that ultimately lead to economic re-development.

The goal of this section of the report is the proposal of an integrated best practices model that will help the Iraqis improve - at the provincial and local levels - planning, budgeting, service delivery, and monitoring, while strengthening citizen input and coordination with ministries.

A primary objective is to **link performance budgeting with the existing budget process at the PCs and PPDCs**, with the important realization that performance budgets do not determine results – politics, legal mandates, and fiscal constraints are constants that determine results. But the BP model addresses ways to improve the budget planning process – including the politics of communication – and policy or legal mandates. It only scratches the surface of addressing fiscal constraints and sources of revenue, or the important consideration of linking government employees to monetary incentives to produce improved performance. The Consultant was asked to develop BPs that are realistic, and a policy of providing monetary incentives might be unrealistic at this stage.

5A. PPDC Best Practices Chart

Under Best Practices, the PPDC would operate as follows –



Recommendations of Differences from Existing Policy

The BP chart above illustrates the following differences from the existing PPDC framework –

- *Organization* – The chart follows the PMO mandate of having the PPDC be organized and operated by a Secretariat, and that the PPDC produce and operate under a strategic plan, operating plan, and action plan.
- *Membership* - The PPDC membership would include those representatives recommended by the existing policy – the GO, ministry directorates, private sector representatives, civil society/particularly women and youth, and academia. But the PPDC would not lean towards the Executive Branch but instead be a more inclusive, objective body. It would include the PC. This forces improved consultation between the GO and the PC, jointly with the line ministries and private citizens, and better ensures integration across all levels, resulting in better coordinated PDS, PDP, and PPL.
- *Collaborative Networking on PDS/PDP/PPL* – The PC and the GO would be linked through the PPDC and work with the PPDC staff on formation and publication of the PDS and PDP, and PPL, but the PC and GO would ultimately be responsible for implementation of the PDS , PDP, and PPL (unless a legislative act is implemented giving the PPDC actual authority).
- *Investment* – One major goal of the PPDC is to enhance the economical development in the provinces, and it can do that by either having or being linked to an Investment One Stop Shop, for which the PPDC provides data and information on the development process and availability of land parcels to encourage investment.
- *Strategic Thinking* – The PPDC would be well trained in order to train others to do strategic thinking and planning.
- *Data Gathering* – As already envisioned, the PPDC staff would be primarily responsible for data gathering.
- *Linking to the NDP* – Both ministries – MoP and MoF – and the line ministries would be provided with information directly from the PPDC and GO, and better fulfill the mandate of linking the PDS to the NDP,
- *Advocacy* – Part of the PPDC's mandate is advocacy; LGAs should be developed and linked directly to the PPDC as membership organizations that provide training on policy advocacy.
- *Spatial Development* – It was envisioned at the national level that the PPDC would hold some responsibility for spatial development, and the Consultant recommends that the first step is training the PPDC staff in land use planning and the merits of local comprehensive plans linked to the PPI.

- *Building Community Outreach and Citizen Input on the PPL* – The NCs and DCs would directly feed their citizen input into the PPDC, to ensure that both the PC and GO were made aware of the results of public meetings and preliminary PPL information.
- *Public Meetings* – The GO would operate under a more definitive policy that requires additional public meetings be held during the PPL process to discuss the draft document.
- *Citizen Complaints* – The PPDC would handle all citizen complaints from the CSDs and would assist with surveying by the ESDOs, and would be responsible for transmitting all – not only regarding major problems – to the line ministries for solutions. The GO would monitor those solutions, as well.
- *Training* – After the PPDC is trained, it would be responsible for organizing a training network, including organizing the
- *Web Based Information* – The PPDC would also be responsible for a web based information network that coordinates results with all levels – national, provincial, and local, including not only representative bodies but also with citizens.

The BPS of the **Management Cycle** are -

Strategic Planning >Target Setting>Operational Planning>Financial Planning>Reporting>Forecasting

To optimize and create real efficiencies in the process, the PPDC should work with the PC and GO to
Eliminate>Standardize>Simplify>Automate.

Parts to Consider (many of which are already under way by GSP) –

- Strategic planning or long-term visioning, mission, values , goals & strategies that guide organizational behavior,
- Organizational planning or a clear definition of the organization and how it will operate,
- Program design that lays out specific goals, objectives, and means to achievement or linking goals to activities to produce service delivery,
- Program management of activities, focusing on the budget and implementation/ results,
- Communicating strategies and service delivery to stakeholders,
- Monitoring and evaluating to move toward improved service delivery – track progress of implementation against the goals and objectives.

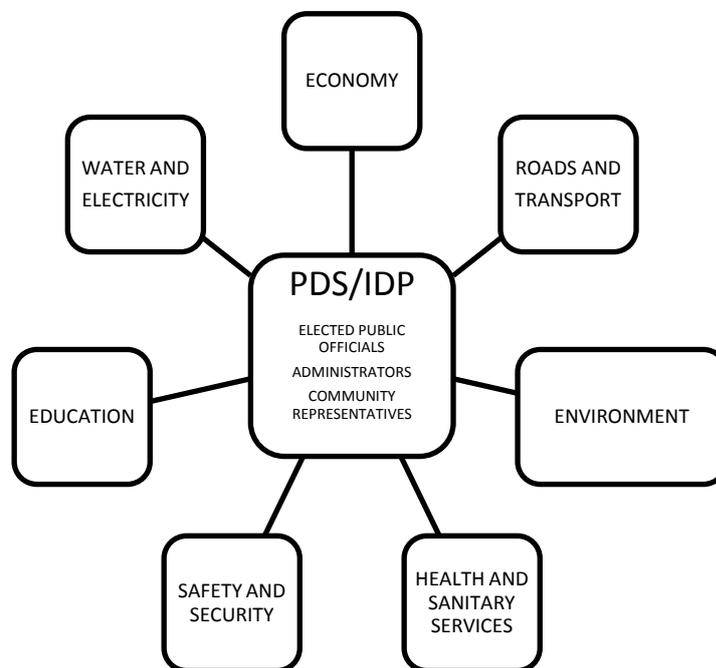
Important factors for success -

- Consistent leadership and management that respects employee input, particularly important during times of political turmoil and economic hardship – government

should not only be efficient but also responsive - must change not only the public employee's perspective but also the general citizen's,

- Agreement as to purpose and goals – trash shall be collected, water shall be plentiful and clean, sewage lines and taps shall be available to remove residents from septic tanks, sewage treatment shall be effective to maintain public health, streets and roads shall be appropriately located, maintained and in good condition,
- Clearly defined programs, the need for which is based on knowledge, not instinct,
- Reliable data to link inputs or expenditures with outcomes or results (information driven),
- Integration with accounting systems,
- Continuous focus on successful outcomes rather than meeting targets.
- Linkages between national and provincial governments, to better serve community needs and resonate with the customer's perspective,
- Linkages to comprehensive planning, so that infrastructure is built to serve both present and future needs of the Iraqi people.

Much like the above definition, GSP defines Integrated Development Planning (IDP) as a **strategic, participatory approach to process** that integrates economic, sectorial, spatial, social, institutional, environmental and fiscal strategies into procedures and practices. As the chart below indicates, at the heart is the Provincial Development Strategy and Integrated Development Plan.



The IDP/PDS approach supports the optimal allocation of scarce resources between sectors (national ministries, GOs and PCs), geographic areas and across the population -- in ways that provide sustainable, effective and efficient public services. It adds the following to the PDS process -

1. Alignment of resources with development priorities,
2. Capital improvement budgeting and project management strategies and techniques,
3. Opportunities for meaningful public participation in the planning process.

5B PPDC Capacity Building Recommendations

Below is some of the current GSP thinking on training activities at PPDC (dated April 29) -

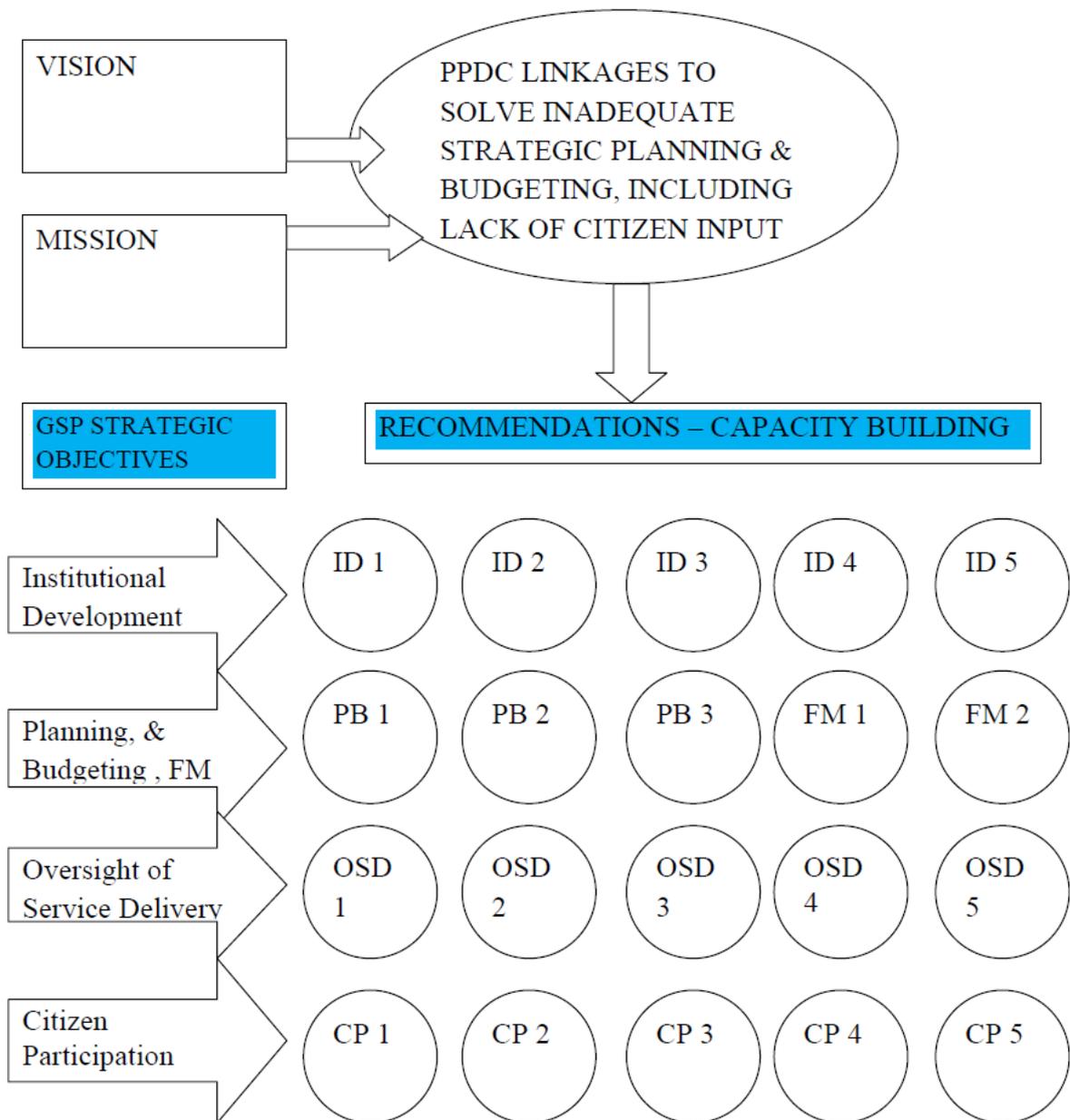
- *Gather information on Provincial service statuses*
 - GSP presents standards for education, health, water, sewage ,trash, agriculture & tourism to PPDC; assists PPDC select standards within local government authority with water, sewage & solid waste/ESDO

(Note: The Consultant was not asked to assist with standards for tourism development, but as an urban planner and tourism specialist, would be happy to send some recommendations, if requested.)
- *Update/define standards and indicators*
 - GSP assists PPDC to identify sources of information & provides a template for gathering information for each sector
 - GSP assists PPDC to analyze information, update or develop indicators, compare indicators to standards, and define the gap (Planning Specialists)
- *Set Policies and define goals*
 - GSP provides TA to PPDC to present the updated indicators and the defined gaps to the PC to set polices
 - GSP will build the capacity of the PC on using the gap information to develop policies and goals
- *Set programs and define their priorities*
 - GSP builds the capacity of PPDC to convert policy into programs (Planning specialists)
 - GSP assists the PPDC to develop prioritization criteria to guide the PPDC prioritize programs; drafting a 3-year local development plan
- *Capital expenditures estimation*
 - GSP assists PPDC to develop a ministerial, sectorial and spatial integration mechanism & overall cost estimates for programs
 - GSP assists PPDC to develop criteria for project prioritization & initial cost estimation
- *Revenue estimation*
 - GSP builds the capacity of PPDC to estimate the available resources, including HR, financial and technical
- *Define projects priorities within programs*
 - GSP assists PPDC to use feasibility studies to produce accurate project cost estimates to support the proposed projects list
- *Prepare proposed APL and review capital expenditures; Draft APL*
 - GSP assists PPDC to develop a draft Annual Project List (APL)

One of GSP's most immediate goals is to build the capacity of the newly elected PCs (in place by June), so that they can set policies and eliminate gaps.

The following is the Consultant’s PPDC Capacity Building Integrated Model that attempts to take the above priorities into account and adds other important capacity building interventions. Training tasks are categorized under the GSP Strategic Objectives (SOs).

PPDC CAPACITY BUILDING INTEGRATED MODEL



Recommendations for Capacity Building to Meet Strategic Objectives

The following recommendations for capacity building fill in some of the gaps found in the Consultant’s assessment, and are prioritized as requested by GSP. Each recommendation for capacity building is categorized under a **GSP’s Strategic Objectives (SOs)**. For example, ID 1 through ID 5 illustrate the Consultant’s view of the top five priorities – or areas that most need strengthening - under GSP’s SO of Institutional Development. (The Consultant has linked two SOs – Planning & Budgeting and Financial Management under one category.) The

Consultant has looked to the legislative responsibilities as taking high priority, but has not included those areas under which the PPDC is already being trained – e.g., SWOT analysis. Lastly, the Consultant was asked to focus on the ARDP or Capital Budget, not the Operations and Maintenance, and that is reflected below -

SO Institutional Development - Running the Operations

(The following assumes that OSTP teams in 15 target provinces are formed or being formed and completing their self-assessments and other training.)

In order to properly prepare a provincial budget under BPs, the PPDC Secretariat and members need to be well organized and operating under a clear strategy/vision and action plan. The PPDC also needs to be institutionally capable of developing standardized procedures for research/data collection, input from stakeholders including technical experts, project review and analysis, including pre-feasibility, preliminary costing, and ranking. Some of the following have already been put in place in 11 provinces, but training needs to occur in the other provinces and should be on-going to continuously develop new PPDC staff.

ID 1. Development of PPDC Strategic Plan - Vision, Mission, Value, Operational Drivers

Trainees - PPDC members/staff, PC, GO staff to encourage joint strategic thinking
(The Consultant analyzed examples from AAA rated communities in the U.S., and tried to develop examples that realistically pertained to the provinces.)

There are two ways to positively influence human behavior – manipulation or inspiration. Inspiration is longer lasting, and it requires a strong, shared vision. In order for everyone to agree, the vision should inspire and result in clear benefits.

- **Clarify the Vision** – external view of community in ‘x’ years ; should be brief, inspirational, and easily understood
Example – Hillah is a vibrant, safe, and sustainable city with ample housing, water, sewer and solid waste delivery; a vital economy offering diverse job opportunities; and an array of educational, recreational, and cultural opportunities, all of which contribute to a better quality of life.
- **Clarify the Mission** – internal view of organizational purpose and what to do to reach the vision (clarifies why an organization exists)
Example – Basra is a regional leader, providing outstanding service and facilities through cooperative engagement with our citizens and a good quality of life.
- **Clarify the Values** – provide guidance on how decisions are made, and how an organization will behave
Example – Erbil pledges to work as a team respectful of the voice of our citizens and ethical and financially responsive to their needs, and to be a city of business and

partnership - innovative in addressing economic development to provide better local services within an efficient and responsive organizational framework.

- **Clarify the Operational Drivers** – urban goals that contribute to quality of life
Examples – Baghdad pledges to be a progressive city striving for excellent schools, broad variety of housing and green space, efficient transit system, sufficient electrical and water supply, secondary solid waste treatment plants, efficient recycling and solid waste management with engineered dump sites, well maintained and safe city operated by dedicated, trained professional staff with a customer service orientation.

The GSP has held strategic planning workshops with many of the provinces, and while the Consultant was in Baghdad she met with the South Center region provincial strategic planning specialists from Najif, Karbala, Wasat, and Diwaniyah in a workshop at GSP's office. They presented training material that they will provide to the PPDCs, and the Consultant was invited to participate and comment. The regional planning specialists have concluded that PPDCs are not completely familiar with strategic planning. The training targets the heads of the PPDC sector committees, the private sector members, and the NGO members, and appears to be on track with Best Practices. Comment on regional training -

Step 1 Baseline - discussion of data input or baseline information (regions have performed or are performing SWOT analysis)

Step 2 Vision, Mission – way forward

Step 3 –Implementation of Projects – The regional planners used this category broadly to include the PPL process – preparation and prioritization, integration through alignment with the NDP and line ministries, MoP regulations, and ARDP budget integration. They did not include the very beginning of a process – preliminary feasibility or preliminary environmental assessment or the very end of the process - contracting. These should be briefly included.

Step 4 Monitoring and Evaluation - measure progress and return to the beginning (feedback loop). Verifiable criteria will be developed to include –

- matching the goal of the product with the policy,
- matching citizen's needs with service,
- aligning with the National Development Plan (NDP),
- and analysis of project sustainability.

In addition to strategic planning, the GSP course includes team building skills, time management, data gathering and analysis, and documentation including meeting minutes, for which they had prepared a template. As a result of the workshop, it was agreed that the South Center region planning specialists would act as trainers to train around 100 PPDC members at a national workshop in Erbil (which GSP implemented in April).

ID 2. Development of PPDC Operational Plan including Bylaws and Action Plans

Trainees – Secretariats and staff of various PPDCs together, linking BPs amongst the provinces

To improve services, the PPDCs are and should be required to complete bylaws and annual work plans or action plans with realistic milestones as part of the budget process to connect the strategic plan to the departmental budget or to connect long-term to short-term goals. The first step in training is to agree on process and to establish an organizational chart, which can be shared with citizens, illustrating who should be involved – elected officials, members of the PDPC, other community reps, department heads, other staff – and their responsibilities.

PPDCs are now working on their Action Plans, with assistance from GSP.

ID 3. Development of Policy Advocacy and Legislative Drafting Skills

Trainees – PPDC, GO, and PC staff; Governor and PC Chair linked to LGA

This skill would enable provincial governments to advocate for joint power with federal government and over-turn the limiting Supreme Court decision. The BP would be to develop an LGA as an association with an institutional membership, created by law and with legal autonomy, which trains in policy advocacy and legislative drafting. The Governor should also be skilled in advocacy to the Parliament.

ID4. Development of Web based Network

(OSTP recommends a National Excellence Network)

Trainees– PPDC, PC, and GO staff responsible for IT and web maintenance

Purpose would be to share BPs and information across Iraq.

ID5. Development of Collaborative Decision-making and Negotiation Skills

Trainees – PPDC Members – leaders and staff; PC Chair; Governor

This appears to be the biggest gap between the PC , GO and line ministries, and the goal would be to train them in responding methodically using standards rather than emotion. This is particularly important for the Governors, who head the PPDCs.

ID6 (not on chart). Development of Training in Review of Investment Proposals

Trainees – PPDC staff, Governor, PC Chair

As Iraq stabilizes – Erbil is an example, development and investment proposals will start to come in rapidly, and the PPDC should be ahead of the developers in understanding what they want and need under the PDS and PDP. Both the management and the staff should have the capability to do the following -

- Train in economic development - hold regional roundtables on best practices to map out business concerns, identify potential land parcels – perhaps land banking, understand/develop investment promotion policies such as tax breaks, develop one stop shop for investor information on land availability, building regulations, develop opportunities for PPPs to build infrastructure,

- Train in control of economic development – Develop a solid approvals process including organized review of development plans, negotiation process (proffer or exaction process), and approval of investor proposals,
- Train in tourism development including tourism strategies, management, marketing.

SO Planning & Budgeting, Financial Management -

Meeting Citizen’s Needs & Coordinating to Reduce Budget Cycle Delays

The Consultant has included formation of the PPDC under Institutional Development above.

Strategic thinking, planning, and operations are the critical gap in budget preparation, including data analysis, well organized inclusive meeting preparation, and facilitated meetings that lead to negotiated and agreed upon priorities (PPL). In order to produce a well targeted PPL, the following should be understood by those involved - developing pre-feasibility studies, developing preliminary environmental assessments, developing preliminary cost estimates, understanding the value of general land use planning, understanding the investment and development process.

PB 1. Development of Planning/PDS –legislative responsibility of PC

Trainees - PPDC, GO staff and governor, PC chair and staff jointly with reps of line ministries

PB 2. Development of Planning/PDP and PPL – executive responsibility of GO

Trainees - PPDC, GO staff and governor, PC chair and staff jointly with reps of line ministries
A case study method of training could take PPDC/ PC/GO staff through the process of developing a project such as a school -

Assume that the PPL identifies the need for an elementary public school. As a Think Tank Coordinator, the PPDC could meet with the Ministry of Education to get preliminary approval for a school with the MoE’s input on staffing. The PPDC could do the land planning research and gather data to make the recommendations for designating certain parcels that are well located and within walking distance of neighborhoods in need of a school. They could either hire a specialist from the private sector or use a PC or GO engineer to do a pre-feasibility study identifying service capacity – sewer, water, access, etc. They could either hire or use a staff person to perform a pre-environmental assessment on the condition of the land. If all of that information is positive, the PPDC could advise the PC or GO to acquire the land through lease, negotiated purchase, or expropriation. They would assist them in developing specifications for the bidding process. They could also advise on design and construction, contracting, implementation or construction process, operations, and maintenance.

PB 3. Development of Research and Data Collection

Trainees – PDPC research staff

Training could utilize the case study method, and establish a framework for the research elements of the One Stop Shop, developing methods for standardized data collection, data retrieval and data storage, followed by examples of ways to share data with other PPDCs and citizens.

PB 4. Development of Budget Tools – Budget Instructions, Worksheet, Calendar, Summary
Trainees - PPDC with PC and GO technical budgeting staff

Budgeting should be guided by a budget instruction sheet and a budget calendar. The calendar normally begins with the distribution of budget guidelines and ends with the adoption of a (balanced) budget by elected officials during the ‘budget season’ – the critical period when program managers, department heads, agency directors, and elected officials bargain, negotiate, and compromise to produce the budget. Budget requests should be due (required by law) months in advance, and development of the budget should include Community Dialogue Meetings and hearings (required by law). **GSP would like to encourage the PC to start planning in January, rather than wait until May or June, and this is reflected below in the Budget Calendar.**

The Consultant has drafted the following to guide the PPDCs in their preparation – ARDP Budget Instructions including Preliminary Budget Instructions, Budget Worksheet, and Annual Budget Summary. Please see examples below –

ARDP OR COMMUNITY INVESTMENT BUDGET INSTRUCTIONS (example)

(The instructions for the O&M Budget would include departmental requests including personnel costs, acquisition and maintenance costs for copiers, printing paper, computers, scanners, and software, office furniture, web based needs, leased space, telecom including mobiles and networks, office vehicles – new and upgrades, etc. It would also include training projections, including travel expenses. The final merged budget with both O&M and Capital Investments would include new programs and re-structured activities, personnel and operating costs, maintenance costs, investment projects/highlighting major expenditures, and identification of savings and eliminations from the previous FY.)

The ARDP Budget Instruction Sheet, distributed by the Ministry of Finance to the Governors’ Offices, with copies to the PPDCs and PCs for their information, consists of the following parts –

- Preparation Instructions
- Budget Worksheets – Expenses and Revenues
- Budget Reporting to Citizens

All documents are also listed on the MoF web site at the SharePoint/Budget/SharedDocuments folder and can be accessed directly.

Preliminary Budget Instructions

If provincial departments are to change - either by merger or reorganization -during the new FY, please provide the details with your budget information.

The budget should be sent to the Ministry of Finance/Department of "X"/Name of Head of Department. It shall include the following items – for each please show anticipated dates of key activities along with a statement of justification and construction costs. (Please do not unjustifiably deflate or inflate the costs, but try to accurately judge.)

- Building Renovations – both interior and exterior modifications,
- Capital Carryover Costs – from past projects
- New Facilities

Budget Worksheet

Please include the following information in your budget –

- Submitting Office or Department
- Main Contact Person and Mobile and Email
- Program or Capital Facility Name
- Statement on Relevant History & Expected Benefits to Community
- Priority Ranking – Facilities should rank with 1 being the highest priority
- Requested But Not Recommended (indicate issues)
- Projected Cost – indicate both one-time and on-going costs and total amount
- Projected Source of Funding (indicate if Public Private Partnership or Investor Proffer)
- Projected Revenue from Facility Operations (library fees, school funds, sewer hookup fees, water hookup fees, community or recreational center user fees, etc.)
- Consequences to Community of Not Funding Renovation or New Construction

Annual Budget Summary for FY 'X' (to be reported to citizens on provincial web site)

The government should provide a guide to reading the budget, so that citizens do not have to slog through pages and pages of numbers. A provincial budget summary can act as that guide. It should be posted as public information, or be available at the PPDC, PC, and GO offices as a printed document. It should include the following sections – highlighting investment to improve communities' quality of life -

1. Welcoming Message from the PC, GO, PPDC -
"Budgeting is the allocating of capital and resources to achieve provincial strategies and service targets, which result in improved infrastructure, facilities and services for our communities. The Government of Iraq, including the provinces, uses performance budgeting as a tool to improve our priorities and shift limited public resources to those areas that result in the greatest social benefit – in other words, to deliver better results for you, our citizens...."
(names of NC and DC members, mayors, PC members, Governor, etc.)
2. Distinguished Budget Award for FY 'X'
(award with gift certificate or dinar to most dedicated staff member who contributed the most to the budget preparation – name and photo)
3. Provincial Development Strategy

(links to community improvement through Vision, Mission, Values, Operational Drivers)

4. Budget Process Chart (including opportunities for citizen input)
5. Combined O&M and ARDP/Community Investment Budget Summary
6. Summary of ARDP Budgeted Service and Facility Improvements – Water, Sewer, Electrical, Trash/Recycling, Schools/Libraries, Health & Wellness, Mosques, Housing (public), Police/Courts, Fire Fighters, Transit/Streets, Parks/Recreation (including culture and the arts, Economic Development (including tourism and other forms of industry), Community Planning
7. Summary of Revenue Sources
8. Summary of PPDC Activities including Research, Education, and Recommended Training Programs (staff and citizens)

Budget Calendar/ARDP or Community Investment Budget (example)

(in reality, the O&M and ARDP would be combined for a Final Budget, but the Consultant was asked to focus on the ARDP.)

The Consultant was originally asked to do a Budget Calendar to better explain the budget process with timelines. The following, hopefully, realistically aligns the current Iraq budget process with BPs, and illustrates the action items, timelines, responsible players, and results. Obviously, it is intended to begin in 2014.

RECOMMENDED BUDGET CALENDAR-ARDP OR COMMUNITY INVESTMENT

Month	Task	Responsibility	Services Included
January 10	Budget Worksheet Memo Developed and Issued with Directions	Ministry of Finance	
January 11-31	Budget Memo Received and Shared; PPDC begins gathering information on services, policies, programs (administrators call meeting of the managers)	GO/DPF - sent to PC & PPDC	
	Training on Worksheet Preparation	PPDC	

<p><i>(Simultaneously Provincial and District activities)</i></p> <p>January 6-28</p> <p>January 30</p>	<p>Supporting Material Prepared - Preliminary Feasibility & EAs</p> <p>Presentation of projected Two Year Financial Summary with current year revenue & expenditure forecast and assumptions, parameters, targets, (baseline) – <u>including requests for project carry-over funding</u></p> <p>Citizen Meetings & Recommendations for PPL</p> <p>Draft PPL Sent to PC, GO, PPDC</p>	<p>PC/GO/Line Ministries</p> <p>PPDC with GO, PC</p> <p>NCs & DCs</p> <p>DCs</p>	
<p>February 1-28 – <i>Departments would also be working on their O&M budgets-verify and update on a shared computer system like PRISM or MoF system</i></p>	<p>Budget Work Sessions Gathering information (CIP Project Sheets) Review new requests – maintenance and new construction - and carry-over requests with results of supportive studies</p> <p>Alignment with NDP and PDS</p>	<p>All Department Managers with Line Ministries Managers</p> <p>PPDC Facilities Planning Committee</p>	<p>Trash/Recycling Water (supply & stormwater) Sewer Electrical Schools/Libraries Health/Wellness Mosques Housing (public) Police/Courts Fire Fighters Transit/Streets Parks/Recreation (including culture/arts) Economic Development Community Planning</p>
<p>March 1-31</p>	<p>Meetings to discuss preliminary PPL & proposed draft budget including estimates revenue/expenditures</p>	<p>PPDC with PC, GO (Led by PPDC Budget & Research Dept. or Fiscal Affairs</p>	

	Develop clear ranking indicators Ranking of projects - #1 being the highest priority with criteria including community benefit	Advisory Committee)	
April 1-14	Public hearings for final citizen input; discussion of rationale for draft budget decisions and other recommendations; new input	GO organizes	
April 15-30	Final PPL Revised	GO DPF Sent to PC with cc to PPDC & line ministries	
May 1	PPL approved	PC – back to GO	
May 5	Draft ARDP Budget completed	GO to MoF	
June-July	Budget Work Sessions to combine O&M Budget with ARDP Budget for final budget Approval	PPDF with GO and PC PC	
July 31	PPL due end July Final Combined Budget sent	GO to MoF	
August	Budget Work Sessions	PMO w/MoF, MoP with COM Financial Comm. & Economy & Investment Committee	
September	Budget Meetings/Hearings-discussion of revenue - sales, tourism/hotel, property and other taxes, bond referenda and Oil Community Fund - revenue for community investment (something Iraq should consider to pay for	Parliament (COR)	

	community facilities)		
October	Budget Meetings/Hearings Discussion of capital community investment	Parliament (COR)	
November	Preparation of Provincial close-out of prior FY budget	PC/GO <i>(current due date for MoF to submit budget to cabinet)</i>	
December 1 <i>(recommend policy change of date to November to give additional time to provinces to spend funds)</i>	Adoption of Annual Budget; COR sets tax rates Prepare adopted provincial budget book Post budget on web site for citizen information (New FY begins)	Parliament/COR PPDC with PC/GO PPDC	

PB 5. Development of Preliminary Studies

Trainees – PPDC Research Staff; GO, PC, line ministry engineers

Training in developing pre-environmental assessment (EA) and pre-feasibility studies (FS) - including identification of land parcels - could be led by GSP's Ali Kazen – who has already developed a course in feasibility studies for USAID – or training could be done by local university professors.

Sometimes the MoP does not give final approval to the PPL without feasibility information, and this knowledge will become increasingly important, i.e., the staff must understand the basics of EA and FS in order to hire the right firms to perform full EA or FS. Pre-EAs should be coordinated with the Ministry of Environment – in 2009 the Parliament ratified a law to protect the environment including building a data base of environmental factors. The information could also become part of PPDC's data collection.

PB6. Development of Criteria and Indicators (not on chart)

Trainees – PPDC Research Staff, GO and PC staff

The following illustrates BPs on using criteria and indicators in evaluating capital investment projects, which the staffs should very skilled in doing.

Examples of Criteria for Evaluating CI Project Requests (defensible method of making decisions)

1. Risk to public safety or health,
2. Deteriorated facility,
3. Systematic replacement,
4. Improved operating efficiency (e.g., technology),

5. Coordination (expenditure ensures with another CIP project – scheduling a new sewer line to coincide with a street reconstruction project so that the street is not dug up again a year later)
6. Equitable provision of services (to neighborhoods currently underserved)
7. Protection and conservation of resources (can be environmental protection or protection of existing infrastructure investment against demand overload that will damage it)
8. New or Expanded Facility – can include land, equipment, or facility or LOS not currently available
9. Return on Investment
10. Increase job opportunity or encourage economic activity
11. Increase tax base,
12. Encourage private investment,
13. Link to National Development Plan.

Ranking

There are usually more requests for capital improvements than there is money available to fund them, so ranking becomes important.

Use evaluation criteria, review of project objectives, priority assigned to them by requesting departments, assessment of urgency, risks of deferral.

Group A – Urgent High Priority Projects

Group B – Medium Priority

Group C – Long term priority - Worthwhile projects as funding becomes available

Group D – Desirable but not essential.

Integrate annual CIP recommendations with annual operating budget

Hold public hearings for community input prior to the vote of approval

SO Financial Management

Under BPs, it is important that simple financial management systems be implemented and that standardized forms be developed under the Planning Directorate for communicating between provinces and with line ministries.

FM 1. Develop Financial Management Manual - Financial Business Process Map

Trainees – GO and PC technical audit department staff and managers

GSP is already developing this manual – it should include effective, standardized, streamlined accounting procedures. As the GSP draft Financial Manual notes, indicators can

measure either quality or quantity or both. Indicators measure program performance, and provide details on how results have been achieved and change has taken place. Indicators are based on specified criteria.

Criteria are performance models developed by specialists or scientific or professional bodies. As measurement tools, criteria should be scientific, practical, and implementable, illustrating how programs have achieved results that met organizational goals.

FM 2. Develop Auditing Standards (could also fall under Monitoring)

Trainees – GO and PC technical audit department staff and managers
(GSP is already planning to train in Financial Self Audits)

Best Practices to follow in training -

- *Auditing* – Annual internal and external audits are important to verify governmental financial statements. Audits can produce measurable returns on provincial investment, resulting in savings and greater efficiency and can be directly linked to boosting citizens' confidence in local government.
- *BP for Internal Audits* - The GO department, or any provincial Office of Internal Audit, should be strengthened to ensure reliability of accounting records, to check that departmental policy is adhering to national and provincial objectives, to maintain consistent reporting, and to ensure that procedures being utilized are efficient and not bureaucratically cumbersome. They should be able to report back how well policies, programs, and resources that were authorized by the PC or GO are being implemented. Because internal auditors better understand their systems, if they are honest and responsible, they can identify corruption, risks, and make recommendations for improved operational systems and practices. They can also recommend ways to improve contract performance. They could be a valuable resource for the PPDC, as well as PC and GO.
- *BPs for External Audits* – *An independent auditor can identify savings that benefit citizens and make government more efficient and accountable.*
 - Step 1. – Government (PC or GO) sends out RFP or invitation to qualified firms to bid for a contract to perform the audit.
 - Step 2. – Review proposal including audit strategy for assessing the accuracy of financial statements – firm should understand political, legal and reporting requirements. (Can include observations, interviews with staff, analysis, compliance tests, evaluations, and recommendations for alternatives.)
 - Step 4 – Hire the auditor/firm.
 - Step 5 – Auditor samples the financial data, reviews procedures and controls, and tests for compliance with regulations and laws.

Step 6 – Auditor completes report, to include the audit scope, the audit standards used, and the auditor’s opinion as to whether the financial statements are in accord with generally accepted accounting principles.

The Consultant recommends that in addition to the Audit Department at the GO, that the PPDC establish a ‘Watchful Guardian’ such as an Office of the Inspector General (or a more culturally acceptable name) to manage monitoring and evaluation, to prevent or address abuse, and to encourage high level performance of services. It would operate under a work plan with perhaps two to three professional staff and one administrative staff.

It could be closely linked to the CSD. Examples of performance measures are as follows –

- a. Financial benefits – including cost reductions, savings, or provincial funds put into a different service - resulting from implementation of OIG recommendations – budget projection ‘x’ dinar (compared to the actual ‘x’ dinar),
- b. Percent of citizen complaints reviewed and actions initiated within 10 business days – projection 90%, (compared to the actual – perhaps 80%),
- c. Percent of citizen complaints totally resolved within 60 days – projection 75% (compared to the actual – perhaps 50%),
- d. Percent of audit inspections/reports completed within six months – projection 75% (perhaps actual 50%).

FM3 – Develop effective budget tracking system (not on chart)

Trainees – PPDC, PC, GO budget staff

SO Oversight of Service Delivery/Strengthening Monitoring and Evaluation -

PPDC, PC, and GO members should understand how to measure progress toward their goals and improved services (GSP is doing training under Section 2.1 of the Work Plan). M&E can be an important tool to prevent politics from interfering too much with development of the PPL. Monitoring can also be used to evaluate ministries performance at the provincial level. Monitoring should be used for not only planning and budgeting but also for sectorial integration.

OSD 1. Development of Performance Standards & Strengthening ESDO Units

Trainees – ESDO PPDC and Staff PC, GO (partner), line ministries

GSP is already working on surveys, to be conducted by PC and GO staff, and standardized Service Performance Delivery Standards, and this is particularly important training. The Consultant believes that ESDO should send all the information directly to the PPDC for distribution as a primary collection and distribution point.

There is a national Quality Control Committee which deals with best practices, and this could be linked to ESDOs in the future in order to address the issue of municipalities either using different or outdated service standards, such as water quality.

OSD 2. Strengthen the Public Tender and Implementation

Trainees – GO staff (who are legally responsible)

Training would improve the gaps that exist in the notice requirement, selection criteria, review process, payments process, and project handover, and this could speed up project implementation.

OSD 3. - Construction Management

Trainees – Technical engineering staffs PC, GO, line ministries

It is important that construction of investment – whether it is infrastructure or buildings - be appropriately monitored. Currently, the PC has responsibility for monitoring investment. Consultant agrees with GSP and recommends development of an Oversight Unit. GSP should analyze whether this Oversight Unit rather than being located at the GO could be located at the PPDC, as a coordinating tool, to link oversight responsibilities of all three – GO, PC, line ministries.

OSD 4. Strengthen Citizen Service Desks

Trainees – Citizens/Local Level NC or DC

CSDs should also have a monitoring function. GSP has developed software and is particularly focusing on strengthening complaint clusters. If the software is not sufficiently developed, the Consultant recommends that standardized systems and forms be established for CSDs as implementation tools, to enable proper recording and sharing of data and monitoring analysis.

In order to encourage people to interact with CSDs, they could serve a joint purpose of accepting utility bill payments (as the government does in the West Bank in malls).

OSD 5. Strengthen Citizen Advisory Groups

Trainees – Citizens/Local Level

CAGs were developed at the local level, and these should be strengthened to continue to monitor and link to CSDs. This could also fall under the SO below.

SO Communications and Participation (Citizen Participation including Business) - Involving the Community & Building Trust

The public participation process involves those who are impacted by a decision, and provides them with the information needed to be involved in a meaningful way, i.e., the process communicates to participants how their input affects the policymakers' decision.

- *Inform* (assist the public with understanding the process and alternatives/opportunities by providing objective information; keep them informed)

- *Consult* (obtain citizen feedback; listen and acknowledge concerns and aspirations for improved services; hold accessible public meetings with sufficient notice and record minutes for follow-up; survey)
- *Involve* (workshops as necessary for deliberations on the PPL)
- *Collaborate* (partner with the public; appoint citizen advisory committees to consult periodically with PPDCs to produce alternatives and identify preferred PPL)
- *Empower* (implement recommendations over politics; increase opportunities for electing NC/DC officials; increase monitoring of citizen 's voice with implementation)

(Source: *IAP2 Public Participation Spectrum, International Association for Public Participation, www.iap2.org*)

In reality, this is the first step in budget preparation and in setting priorities through meetings of the NCs/CAG members and DCs. It should also include an opportunity for review, as the proposed Budget Calendar indicates.

CP 1. Develop Capacity at Local Level

Training has to start at the grass roots level in order to send the appropriate list of projects and information to the provinces. There should also be a strong link between the PPDC and the NCs/DCs. NCs and DCs should understand how to run meetings and respectfully engage citizens, and how to do preliminary analysis of projects that reap the greatest benefit. CAGs/NCs should also understand their rights to be directly contacted for their input by the ESDO, not just through the DC or the PC. NCs and DCs will eventually be elected – DCs could be trained in effective campaigning, writing and compiling neighborhood survey data, customer orientation including holding meetings for citizen input, and identifying priorities.

Trainees – PPDC staff with NC, DC representatives and DC staff

CP2. Develop Web Design and Maintenance Skills

Trainees – PPDC, PC, GO web staff

Web site development for increased community participation and empowerment – perhaps a web site like MindMixer.com – engages citizens through a variety of venue topics including civic, education, health care, and organizations. This could be linked to the web site development mentioned above in regard to the Budget Summary for Citizens.

CP 3. Develop Leadership at Public Forums & Citizens Academy

Government Trainees – PC, PPDC, GO Leaders

Citizen Trainees – initially those involved with the PPDC, later open

It is critical that there be standardized public forums, developed by policy or regulation, and standardized so that everyone understands the rules. Policy should include notice requirements, and government organizers should understand the importance of notice. Notice should include a preliminary list of projects to be discussed, so that the appropriate stakeholders attend. This would help to fill the gap that exists currently – when the DC or PC organizes meetings, sometimes not all the appropriate stakeholders are invited (e.g., school – Ministry of Education; mosque – Ministry of Religion; hospital – Ministry of Health).

Notice should also be given to help coordinate regional projects.

Public hearings and meetings should be correctly led for effective and open citizen engagement (third quarter GSP is planning customer orientation training, and this could be included). On the other side of the coin, it is also critical that citizens understand how behavior leads to results and the importance of collaboration with a government that perhaps don't trust. The Consultant recommends development of a Citizens Academy or forum for educating citizens on the basic functions of local government – free to participants, scheduled over a six week period each spring and/or fall.

CP 4. Develop a framework for the Investment One Stop Shop

Trainees – PPDC Investment Staff

This brings citizens who are interested in becoming business leaders or investors into the citizen outreach process. It should be developed either under the PPDC or linked to it, including policies that facilitate investment and Public Private Partnerships to pay for service infrastructure.

CP5. Develop Educational Outreach Campaigns

Trainees - PPDC community outreach staff and teachers, perhaps CAG representative

The PPDC is mandated to produce outreach – e.g., brochure. PPDCs could be trained with elementary school teachers to develop citizen participation classes. They could work with the teachers and produce them jointly.

CP6 (not on chart). Develop Provincial Women's Council Network and Caucus

Trainees – Local Women – could link to LGA

This can link to CP5 and to web site development. The concept is to train women to better advocate for their priority projects, such as food bakeries or factories, rural health programs, vocational training centers. This would go a long way towards improving Iraqi family sustainability.

In order to increase political leadership and success amongst women to be elected to and succeed on the PCs, technical assistance is recommended, focused on developing a women's caucus and training in communications, networking and information exchange, and political advocacy and leadership skills. In addition, grass roots women's organizations should be trained to become incubators where women can cultivate strategy for political participation, partnerships, and advocacy skills.

6. Recommendations for PPDC Policy

It is not clear under the SOs where policy falls, but the Consultant was asked to analyze policy issues that would improve the PPDC. Thus, those recommendations are listed below (organized separately from the SO categories above).

By decree, the PPDCs have the following primary responsibilities – increasing coordination (between the PC/GO and line ministries), integrating planning with budgeting, and enhancing citizen participation. They are a strategic, advisory body, but they do not have decision-making authority, which is left to the PC (and GO). The PPDC is divided into ten sectorial committees, each with a chairperson and around 40 members. They all need to be trained in how to meet the above responsibilities and prepare the result - a criteria-based and ranked PPL, which aligns recommended projects with the PDS and NDP.

In order to fulfill their mandate, the PPDCs should be well trained in performing the following tasks -

- Research and collect data,
- Operate with a managerial (headed by the provincial governor), an administrative, and a technical structure. Each PPDC should form a Secretariat with administrative responsibilities and a Planning Department with technical responsibilities, which would interface with the GOs Directorate of Planning and Follow-up (and, hopefully, with the PC as the elected body),
- Prepare a strategy (long-term vision and mission, medium term operational drivers),
- Prepare an action plan,
- Assist with preparation of a provincial development strategy and plan,
- Assist with preparation of the priority list of capital investment or ARDP projects, and integrate ministry projects (PPL would then be sent to GO for review, and the GO would send to PC for approval),
- Help to monitor the budget,
- Create interaction and a clear line of communication between the line ministries and the PCs, and with the national government (PMO, MoP, MoF, COR),
- Create a citizen friendly public meeting environment,
- Develop and maintain a web site for stakeholders and public information.

By law, the PC and GO are required to develop the Provincial vision, the Provincial Development Strategy, the Provincial Development Plan with priorities for infrastructure/services linked to development, proposals for investment, a list of provincial advantages, and a list of administrative and legal reforms necessary to achieve their goals including development management and capacity building (e.g., engineers DPF/line ministries). The PPDC is designed to assist them in improving their functions, so they too require capacity building.

The critical issue for the GO, PC and line ministries – with the help of the PPDC – is to develop lines of open communication that result in mutually beneficial results. GSP has discussed forming a Task Force separate from the PPDC with a few members of each group. The Consultant recommends that instead the PPDC advocate to change its composition, so that all three – GO, PC, and line ministries – are members. The PPDC would then be in a much improved position to discuss and organize planning for a budget that reflects all interests and results in better community services and infrastructure.

Specific policy recommendations include -

- PPDCs' status should be clarified and revised and sent to the Parliament to become a law with clear authority and responsibilities.
- The PPDC should – by regulation – be responsible for increased participation by women. As in much of the world and particularly the MENA region, it is important to eliminate discrimination against women and girls, in order to empower them and their families. There is a growing consensus that women's rights and opportunities are linked to peace, prosperity, human development, and democratic institutions. In order to ensure women's meaningful participation as citizens in the budget process, a mandatory quota of women as participants on the PPDCs is recommended, to include their participation in data collection and think tank listing of priorities. Studies indicate that gender has an impact on policy and infrastructure, including women's priorities as caregivers in support of services that improve education, health, food security, labor laws (child protection), elder and child care, and recreation. This can result in a higher standard of living and quality of life for society as a whole.

(Source: Women as Agents of Change: Advancing the Role of Women in Politics and Civil Society, Kenneth Wollack, President, NDI, Presentation to the House Committee on Foreign Affairs, June 9, 2010)

- A formal involvement and reporting mechanism for the NCs and DCs should be included, so that their voice is stronger.
- The new law should establish the responsibility for discussion of land use planning under the PPDC, so that training can begin. A comprehensive land use plan can guide growth and promote business in designated areas appropriately related to residential neighborhoods, and it can direct provision of services and infrastructure in the appropriate locations. Land use policy should evolve from extensive citizen participation to provide balanced growth. Elements of the plan should include general guidelines, as well as sections on transportation, water, storm water management, sewer, recycling, public space, and preservation of culture, nature, and historic structures.
- The National Development Plan, under Section 10. Spatial Development and Environmental Sustainability, discusses the Comparative Advantage of Tourism (10.1.3.5). The new law referred to above should also empower the PPDC to begin

more seriously researching local industries including research and development and tourism development. PPDCs should be responsible for identifying preservation of cultural /archaeological sites and natural amenities including green space, indicating appropriate land parcels for hotel and other investors, and beginning the conversation on tourism's impact on and need for increased services – food security, water supply, sewage, solid waste, road construction, etc., as well as matching local skills to job market needs (e.g., vocational hospitality school).

- PPDCs should formally link to LGAs to establish an advocacy arm. Erbil is already working on a LGA. According to the GSP LGA Specialist, the LGA is a membership organization of LG institutions and has four parts – training of local governments (benefits association revenues), strengthens inter-LG cooperation, and advocacy (draft laws and lobbying). The LGAs would bring the PPDCs together to share BPs at regional or annual meetings. They could facilitate stronger PPDCs assisting weaker PPDCs with institutional strengthening.
- PPDCs should be required to research the land expropriation process and identify parcels for investment.
- Policy should reflect that the actual development negotiations should fall under the PC with input from the GO. This would require training in proffers or the exaction process, to allow PCs to negotiate with investors for fair share of infrastructure payments as part of the approvals process. The PPDC could step in and out of the process as an advisor on cost recommendations.

7. Summary and Next Steps

The goal of this Consultancy – through assessment and development of best practices – was to illustrate how to build best practices in the PPDC so that they -

- build a strong organizational structure,
- better research and gather data to enhance baseline information, and integrate planning with budgeting,
- better coordinate information and communications amongst the PC, GO, line ministries, and national government, and enhance monitoring,
- and Increase reach to local citizens and enhance tools for citizen participation.

The Consultant recommended dozens of capacity building concepts, and categorized under GSP Strategic Objectives (to closely link them to GSP's mandates). In addition, the Consultant recommended improvements to existing policies to structurally strengthen the PPDC while also improving the entire planning and budget cycle.

To build a strong organizational structure, , the Consultant has prioritized training under the SO Institutional Development. Some of these activities are already being done by the GSP,

including developing the strategic plan, particularly the vision, mission, and operational drivers, the bylaws, and the action plan. These must be well focused from the start in order to develop a strong PPDC, and BPs emphasize their priority. Also important to ID is information. So that PPDCs are not re-inventing ideas already formulated, the Consultant recommends development of a web based network for information sharing. In order for PPDCs to operate under policies that result in improved services, they need to be able to advocate improvements to the federal government, so advocacy and legislative drafting also takes priority (making the LGA of higher priority). Once Iraq stabilizes, more and more investment will come into the country, and the institutions such as PPDC and the PC should be ready to evolve their PDPs and PPLs into implementation. Thus, training in economic development and evaluation of developers' plans is a priority.

To better research and gather data to enhance baseline information, and integrate planning with budgeting, the Consultant has made BP recommendations under the SO Planning and Budgeting and the SO Financial Management. Recommendations for priority capacity building include some which GSP is already working the PPDCs on including well developed PDSs and PDPs. The importance of these to the PCs and localities should not be underestimated. Another priority is strengthening in research and data collection so that baseline information is appropriate and correct, perhaps via a case study One Stop Shop for investors training course. A major recommendation for improving planning and budgeting is a set of tools, and the Consultant has given examples of BPs as a Budget Instruction Sheet, Budget Worksheet, Budget Calendar, and Budget Summary for information sharing with stakeholders and citizens. The Consultant also prioritizes technical training for PDPC, PC and GO staff and other members of the PPDC in developing preliminary EA and feasibility, in order to be able to recognize either limitations or needs associated with of project ideas early on in the process. Policy recommendations were made for the PPDC's development of environmental and cultural sustainability through enhanced land use planning and economic development, including tourism development. Planning and budgeting needs to result in improvements to services and infrastructure, and those improvements need to be tied to physical plans that indicate appropriate locations, cross-sector benefits, and impacts. Members of the PPDC include the private sector – particularly those involved in tourism and other types of industry, finance and commerce, and they could be valuable contributors to this aspect of the PPDC.

Last but not least is the development of criteria and indicators, so important to properly developing the PPL. Under the SO Financial Management, the Consultant applauds GSP's current development of a Financial Management Manual – into which the budget tools could be integrated – and recommends the development of standardized auditing practices – internal and external - for monitoring, as well as a budget tracking system that increases staff efficiency.

To better coordinate information and communications amongst the PC, GO, line ministries, and national government and enhance monitoring, the Consultant made policy recommendations for changing the PDPC's structure to include the PC as a member and strengthen the organization's ability to legally bring the disparate parts together – the GO, PC, and ministries. This meets the goal of building cooperation and communications to result in a thoughtful, targeted PPL and efficiently and correctly implemented projects.

She grouped monitoring recommendations under the SO Oversight of Service Delivery. Priorities for monitoring include GSP's existing program to develop performance standards for ESDOs with additional BPs for development of criteria, strengthening monitoring of the public tender process and construction management to result in better projects, and strengthening citizen service desks to be able to gather and send complaints and monitor implementation of solutions. The last recommendation for capacity building under monitoring could also be placed under strengthening citizen involvement, and that was strengthening Citizen Advisory Groups or CAGS, again not losing focus of the importance of a grassroots effort in empowering the provinces to create a more level playing field with the national government.

To strengthen the PPDCs to increase reach to local citizens and enhance tools for citizen participation, the Consultant made BP recommendations under the SO Communications and Participation. BPs recognize that the term citizen includes businesses and investors. In order to build trust with the communities, a priority is to continue to focus on the local level and continue to train NCs and DCs, as well as provincial leaders, in the importance of holding well organized and respectful public meetings, and providing sufficient notice to citizens and groups most involved in the PPL. The formation of a Citizens Academy would be a strong start for informing citizens of their obligations and rights to influence public policy and planning. Educational outreach, such as an elementary school campaign, would help the PCs and PPDCs meet their requirements for informing the public and at the same time start to develop public awareness of good citizenship at an early age. Sharing information is the best way to inform and involve citizens and build community trust, and the Consultant recommends training in community web site design and maintenance (e.g., Mind Mixer). Lastly, in order to involve women and youth in planning and politics (BPs with lasting impact on transformation), the Consultant recommends training a Provincial Women's Council Network and Women's Caucus.

Under these Best Practices, the PPDC will truly become the single source for accurate baseline information and coordinated objective advice and deliberations on provincial planning, budgeting, and development. It will operate as a place for cooperation and coordination and forge better bonds between NCs and DCs with PCs, PCs and GOs, between the public and private sectors, with NGOs and universities, and with the ministries, thereby ensuring that PPLs meet community needs. It will develop state-of-the-art methods and tools for giving citizens a voice in planning and policymaking and will engage at the

grassroots level. PPDC organizational systems will avoid duplication of projects with line ministries, thereby protecting financial resources. The PPDCs will be expected to prepare the PDPs beginning next year in 2014 within an integrated planning and budgeting framework, and the BP training recommendations will help to prepare them for that monumental task.

The next step is implementation. One recommended trainer is Dr. Jim Savage, who is an acknowledged expert on Iraq's budget and is a professor at the University of Virginia. In the fall of 2013, he is publishing a book on Iraq's planning and budgeting process.

Another recommended trainer, with USAID experience, is Ms. Amal Zanoun, Architect, Landscape Architect, and Urban Designer, and technical director of the development zone at the Dead Sea in Amman, Jordan.

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