

**Country<sup>1</sup> & Project No.: IQCO-DEV 200104  
B/R No.:01**

**BUDGET REVISION FOR THE APPROVAL OF COUNTRY DIRECTOR**

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<b><u>ORIGINATOR</u></b>				
Regional Bureau on behalf of Country Office .....	.....	.....	.....	.....

**CLEARANCE**

Project Budget and Programming Officer, RMBP .....	.....	.....	.....	.....
Chief, RMBP .....	.....	.....	.....	.....

**APPROVAL**

Country Director .....

<b>PROJECT</b>			
<b>Start date:</b> 01-May-10	<b>End date:</b> 30-Apr-12	<b>Extension period:</b> 4 months	<b>New end date:</b> 31-Aug-12
	<b>Previous Budget</b>	<b>Revision</b>	<b>New Budget</b>
<b>Food cost (US\$)</b>	US\$ 0.00	US\$ 0.00	US\$ 0.00
<b>Total WFP cost (US\$)</b>	US\$ 25,391,910	US\$ 0.00	US\$ 25,391,910

**TYPE OF REVISION**

Resource reallocation  Extension/Reduction in time  Adjustment of Fiscal Year Planning  Other

<sup>1</sup> If a regional project, please specify the countries concerned

## **NATURE OF ADJUSTMENT:**

1. A budget revision to the development project (DEV 200104) - “Capacity development to reform the Public Distribution System (PDS) and strengthen social safety nets for vulnerable groups in Iraq” is proposed to extend the project duration without any adjustments to the activities or the budget. There is no impact on the project budget.
2. This budget revision proposes to extend the project duration (Extension in Time only) from 01 April 2012 until 31 August 2012.
3. Funds available under the DEV operation will cover the needs for the extended period.

## **JUSTIFICATION FOR THE ADJUSTMENT:**

### **1. Background of the project:**

- 1.1 The activities of the development project 200104 revolve around two distinct outcomes. Under Outcome 1 “Strengthened Government capacity to reform the PDS and manage the supply chain efficiently”, WFP was positioned as a viable partner to actively support the Supply Chain Management (SCM) of the Public Distribution System (PDS), culminating in the preparation of a proposal for a Bilateral Operation with the Federal Government of Iraq at a total estimated value of US\$ 1.7 billion. Under the proposed bilateral operation, WFP would procure and deliver food commodities to cover 45% of the population including a significant portion of population living under the poverty line.
- 1.2 In the sphere of building the capacity of the Ministry of Trade staff in SCM, training modules in food procurement, logistics and warehouse management and Monitoring and Evaluation were adapted to the Iraqi context. The training on the mentioned topics was delivered to 100 Iraqi trainees.
- 1.3 Moreover, pro bono private sector support to the Government of Iraq was made available through the Development Project where the leading logistics giant, TNT, will conduct an assessment of the PDS supply chain and provide a roadmap for its modernization. TNT Project Leader has made a presentation of the proposed partnership and value addition to the supply chain management to the MoT relevant staff in November 2012.
- 1.4 Under Outcome 2 “Strengthened Government capacity to design and implement effective safety nets”, the partnership with the Government of Iraq was solidified through the signing of a memorandum of understanding with the Ministry of Labour and Social Affairs (MOLSA) and the agreement on the details of a work plan whereby WFP would (i) support MOLSA to develop its capacity in ex ante poverty and food security impact analysis, (ii) train MOLSA staff in field operations including beneficiary targeting, registration, enrollment and community outreach, (iii) establish a functioning Monitoring and Evaluation System, (iv) establish a long term vision for the linkages between the Social Safety Net and other elements of the Social Protection System such as the PDS, pensions and insurance.
- 1.5 In this regard, WFP supported technically and financially an inter agency survey (called the Iraq Knowledge Network) which includes extensive food security and poverty indicators and has trained Iraqi government staff (from both MOLSA and MOT) in applied statistical analysis and government staff (from COSIT and KRSO) in advanced poverty analysis techniques. WFP also provided training to MOLSA staff on Results Based Management and Monitoring and Evaluation and on design and implementation of Social Transfer programmes (in collaboration

with the Economic Policy Research Institute).

## 2. **Reasons for extension-in-time:**

The extension in time is required due to the slow pace in the implementation of the project activities during the first year of the project. The slow pace in implementation was due to several factors including:

- The change in the Ministers in the end of 2010 brought about by the formation of the new coalition government following the elections in early 2010 required a significant amount of time for WFP to re-establish links with the top management of both the Ministry of Trade (MOT) and the Ministry of Labor and Social Affairs (MOLSA). While the process was swift with MOLSA (the Minister was identified in January 2011 and the MOU was signed in March 2011) the Ministry of Trade remained without a Minister until March 2011 and effective engagement with the MOT was on hold until October 2011.
- Restrictions on access within Iraq due to security measures are found to cause significant delays in the preparation and completion of project activities. While this was foreseen during the project design phase, the time impact of the obstacles to implementation was under estimated.
- Recruitment of qualified national officers has proven difficult mainly due to the dearth of candidates with sufficient qualifications caused by the systematic brain drain from Iraq. Qualified Iraqi nationals are almost entirely employed in the public sector (which encompasses 40% of all employment in Iraq) and would not forsake the stability of Government employment for short term assignments in WFP.

Under the proposed Budget Revision for a no cost extension in time, WFP will maintain the current focus of the development project, which is to enhance the capacity of the Government in reforming the PDS and strengthening the Social Safety Net.

The primary beneficiaries of this project will remain as specified in the original plan. These are (i) vulnerable groups entitled to PDS rations and the social safety nets; (ii) staff of the Ministry of Trade engaged in managing the PDS at the central and governorate levels; (iii) staff of the Ministry of Planning and Development Cooperation engaged in food security monitoring and vulnerability analysis and mapping; and (iv) staff of the Ministry of Labor and Social Affairs engaged in the design and implementation of the national social safety net.

The number of beneficiaries will remain as originally planned.

### DISTRIBUTION:

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