

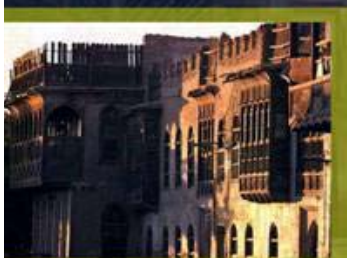


**Republic of Iraq**  
**Ministry of Construction & Housing**

# **Proceedings**

## **Iraq Housing Sector Analysis & Policy Directions Workshop**

**Amman, Jordan, December 6-7, 2006**



**UN- HABITAT**  
**with**  
**World Bank/IFC**

Prepared by  
**PADCO**  
In cooperation with  
**Community Development Group**  
**Iraqi Central Office of Statistics & Information Technology**



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## PROCEEDINGS

### IRAQ HOUSING SECTOR ANALYSIS & POLICY DIRECTIONS WORKSHOP

Amman, Jordan, December 6-7, 2006

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#### **Introduction**

A two day workshop on Iraq Housing Sector and Policy Directions was organized jointly by UN-HABITAT, the World Bank and the International Finance Corporation (IFC) and held in Amman, Jordan, from December 6-7, 2006. The workshop aimed to review and validate with Iraqi partners the sector studies financed by all three institutions. These studies included the Iraq Housing Market Study (IHMS) sponsored by UN-HABITAT and the Iraq Housing Construction Sector Study (IHCS) sponsored by the World Bank and IFC. The workshop also sought to identify future policy directions to overcome key constraints to the sector. Over 65 participants attended the workshop (see List of Participants) from the public, private and academic professions engaged with housing in Iraq and in the region. The workshop marked the completion of the first phase of the UN Iraq Trust Fund project *Strengthening the Capacity of the Housing Sector in Iraq*.

#### **Proceedings, December 6, 2006**

##### ***Opening Remarks***

In his opening remarks, UN-HABITAT Representative, Daniel Biau, summarized the main components and issues of the housing sector globally, and in transition countries in particular. These were also reflected in the main sections, findings and recommendations of the IHMS. The representatives of the World Bank, Sateh Arnaout, and the IFC, Marry Peschka, stressed the importance of the housing sector in the Iraqi context, and elaborated on the mandate of their organizations and their role now and in the future in Iraq. The importance of the housing sector was further stressed by the Special Representative of the Secretary General of the United Nations, Jean-Marie Fakhouri, who explained that housing was one of the four lead sectors in the program of assistance of the United Nations to Iraq. The Minister of Construction and Housing, Bayan Dazayee, welcomed the participants and their contributions to the constructive outcomes expected from the workshop to help the housing sector in Iraq.

##### ***Iraq Housing Sector Analysis: Housing Typology and Conditions***

The first session of the workshop introduced the UN-HABITAT Iraq Housing Market Study (IHMS) objectives and provided an overview of the housing sector. The Survey methodology and the use of the Housing Typology to provide the framework for the household survey sample were presented. This was followed by a summary of the housing conditions in the six cities surveyed in Iraq.

The discussion sought clarification of the size of the survey sample and questioned the ability of the survey to accurately reflect conditions in the present circumstances of insecurity and instability. Some participants felt that the surveys had not quite captured some of the realities of the Iraqi housing sector, and did not incorporate the recent developments. Some participants suggested that while the survey may reflect the state of housing, these could not be taken as accurately reflecting conditions since they were not based on a scientific understanding. The IHMS Study team reiterated that the housing typology approach to household surveys had been successfully employed in several countries, including Jordan, Tunisia and Pakistan.

Some participants felt that the analysis of housing need was based on unrealistic assumptions that would need to be modified to get a more accurate estimate.

The Minister elaborated on some of the projects and programs that her Ministry is undertaking and pointed out that there was considerable cooperation and coordination with the other Ministries, such as that of Municipalities and Public Works and the Municipality of Baghdad. As a result of this cooperation, various projects are under construction and programs to provide plots of land and housing loans are underway.

***Iraq Housing Sector Analysis: Housing Needs, Preferences and Affordability***

The second session focused on an analysis of housing needs, preferences and affordability, based on the IHMS household survey. The Shelter Needs Model for estimating housing needs, developed by PADCO, was introduced and the key variables explained. Based on this model, the total anticipated need for housing for the central areas of the six study cities over the next ten-year (2006 to 2016) is around 674,412 units or about 67,441 units per year. Extrapolating these results to all urban areas of Iraq yields a rough estimate of housing need of approximately 1.27 million units. Even using the most favorable assumptions, the size of the problem and the resources required are formidable, and clearly require attention and a new approach to address the housing deficit.

The housing preferences of the households gathered by the Household Survey ascertained the likes and dislikes of respondents' housing, the area they lived in, and whether or not they expected to move as a result. The biggest constraint to households improving their housing conditions was the high cost of land and a lack of housing finance.

In analyzing affordability, the incomes and expenditures of households and prevailing costs and terms of borrowing were used to derive figures for affordable housing. For all six cities surveyed, the recommended minimum size of house could not be afforded by the poorest households (those in the lowest income quintile). To make housing affordable, either costs of housing need to be lowered or funds and finance increased. Under the prevailing circumstances, unless large amounts of subsidies were forthcoming, low income households will likely need to make incremental housing improvements financed by sequential loans.

The discussion agreed with the overall analysis of affordability, but suggested that since the actual conditions were not as favorable as those assumed, the ability of the majority of households to have affordable housing was questionable. For example, the affordability analysis assumed an interest rate of 6 percent. However, in reality interest rates in Iraq are much higher—closer to 15 percent. These realities further exacerbate the affordability of housing in Iraq and participants suggested reflecting these conditions in the analysis.

It was suggested that the housing deficit may be less than the housing needs analysis showed, but nevertheless, was still substantial, and probably well beyond the present capacity of the sector. Many participants were looking for an answer from the consultants and expected the World Bank or the IFC to step in and provide the funds needed. It was pointed out that the introduction of the new investment law, similar to that successfully introduced in the North, may attract some of the investment required.

### ***Iraq Housing Sector Analysis: Land and Housing Finance***

The third session analyzed the supply side of the Iraq housing market. In terms of land supply and management, the recent and existing framework for urban land management was presented and land development trends analyzed. This was complimented by data from the survey of land prices and products carried out through interviews with property brokers in the six cities. While there was a general similarity, for example in plot sizes, there were also differences in costs. The data was used to derive land price multipliers on the basis of infrastructure provision. Finally, an assessment was made of the likely sources of land for housing and how the land markets could be made to work better through competition, clarity and pluralism.

The information on formal housing finance institutions came mainly from secondary sources, and confirmed the fact that there was virtually no formal housing finance available, and that the main institutions that had been responsible for its provision had effectively been moribund for the last two or three decades. The recently established National Housing Fund had also not made any significant progress, having missed the opportunity for providing innovative lending instruments and instead resorted to providing project finance for units that were unaffordable to the households for whom they were intended. While supporting the on-going process of reform of the financial sector, the proposal is to have the Real Estate Bank focus on providing mortgage financing to the upper, formal end of the market and lending to private sector developers. Meanwhile, the National Housing Fund should develop micro- and sequential loans aimed at lower income households to support a process of incremental construction.

The discussion focused on what could be done in the light of the low affordability of housing, the almost total lack of housing finance, and the high cost of land for housing. Most participants were of the opinion that in fact the actual price of land was far higher, and made up a higher proportion of housing costs than had been shown by the survey. There was also the suggestion that the differences between the cities, particularly of the North, were not accurately or adequately represented. It was pointed out that the differences in attitude towards land and the multiple sources of authority was also a major problem. The lack of investment in infrastructure also means that there will be a substantial cost since the whole system might need to be rehabilitated.

### ***Working Group Session***

In the last session of the day, participants formed three groups to focus on: a) City planning and access to residential land; b) Housing finance and reform of subsidies; and c) Building materials and construction industries. These groups were asked to suggest what could be done in these areas to stimulate the private sector provision of housing. Participants were also asked to consider what obstacles and constraints needed to be overcome in order to make these interventions successful.

## **Proceedings, December 7, 2006**

### ***Iraq Sector Analysis: Status of the Construction and Building Materials Industry***

On the second day, the fifth session looked at the status of the construction and building materials industry, using the results of the World Bank/IFC Iraq Housing Construction Sector Study. This study presented a profile of Iraqi housing builders and developers, typical projects, and their perceptions of the market and business environment. A value chain analysis was presented at the company level and project level to identify areas driving up housing prices and company operating expenses. Suggestions were presented for developing the capacity of the housing construction industry so that it can meet the demand for housing, which will increase once the security situation improves. Contractors, for example, need to move up the value chain to become developers so they can increase the number and size of investment projects. Suggestions were made for creating a more inclusive approach to housing production where small and large-scale builders are utilized and the public sector shifts to become the enabler of private sector production. Measures to stimulate production of different housing types by different sizes of producers were presented and suggestions were made for leveling the playing field between public and private sector contractors.

Results from the UN-HABITAT sponsored survey of building material producers were used to develop profiles of the material manufacturers and suppliers and their customers. The impacts of imported materials, particularly cement, on the costs of construction were analyzed. It was suggested that while there are shortages, under the currently constrained demand, there is an opportunity to develop the sector in anticipation of the high demand that will emerge once conditions become more normal. It was proposed that alternative, locally producible materials and techniques should be developed, especially those that are environmentally friendly and low in energy consumption.

During the discussion that followed the presentations, the participants confirmed that housing contractors are small. Although many large private contractors exist in Iraq (the Federation of Iraqi Contractors has some 30,000 members), the Head of the Federation stressed that they will not move into the housing sector until the government removes legal and regulatory impediments. Currently it is too difficult and not profitable for large private contractors to build housing. Some of the impediments cited include the current banking laws, laws regulating the sale of apartments on an individual basis, and restrictions on where land can be purchased.

Two key bottlenecks in the housing construction sector—a lack of skilled labor and the high cost of building materials—were the focus of much of the discussion. To reduce the high costs of building materials, participants suggested both importing materials and improving local materials production facilities, many of which have been severely damaged in the last three years. Still others recommended providing security to reduce the costs of materials production and transportation. To improve the construction sector skills, one participant proposed that the Government establish vocational training centers. He noted that while training centers currently exist, they are not popular, and that most skilled workers acquire their skills while on the job.

Participants agreed that the current capacity of private contractors is low. They suggested following the model being employed in the North of joint ventures between local firms and foreign companies for housing construction until the capacity of local firms increases to a level sufficient to meet demands. The Government of the northern region adopted specific legislation to promote these joint ventures. There

are a substantial number of housing units currently being constructed through joint ventures, primarily in Erbil.

The World Bank representative asked participants to consider the fate of public contractors. The Government's plan to provide state subsidies to develop their capacity and rehabilitate their equipment in 2007-08 and privatize the state-owned enterprises in 2009 has been stalled. However, the consensus among participants still seemed to be that the public contractors should be given technical and financial assistance so that they can be competitive when they are privatized.

The World Bank representative then asked when the Government will relinquish its role in housing production. A participant from the North pointed out that in the Kurdistan region, the state plays a supervisory role rather than a production role. There are no public contractors in the North. They rely completely on the private sector for housing production. It was further pointed out by a participant that the Government has never played a significant role in housing production in the central or southern regions. As the IHMS and IHCS studies accurately assessed, a majority (90-95%) of housing production is from the private sector.

However, the World Bank representative's final question of whether the Government has a specific plan to stimulate the private sector production of housing was met with little feedback from the participants. It was suggested that a draft "Contracts Law" being considered by the Government right now, which is designed to improve the climate for contracting in all sectors, could help stimulate private sector participation in the housing sector.

### ***Iraq Sector Analysis: Policy Implications and Lessons from International Experience***

The sixth session was targeted at policy proposals and implications and the lessons from international experience that can be applied to Iraq. The session began with a presentation by UN-HABITAT relating the International Compaq for Iraq to achieving key objectives in the housing sector. Those housing objectives that will contribute to realizing the goals of the International Compaq include: a) an efficient housing sector in which delivery fulfills needs (revised laws, softened regulations, empowered & capacitated institutions, adequate information & accessible finance) can contribute to the Government's Compaq Goal of establishing a prosperous economy; b) an improved and fair land and housing delivery system can maximize accessibility to shelter by vulnerable groups; and c) an encouraged and enabled private development/construction and building material sector can have an effective leading role in developing the economy.

The presentation detailed the Government of Iraq's commitment in the housing sector for 2007 to:

- Operationalize a Housing Market Information System at national and sub-national level;
- Formulate and adopt National Housing and Land Management Policy and address norms and standards, construction standards, as well as for the land tenure, property rights and use of public lands and holdings; and
- Restructure the National Housing Fund and disburse loans to at least 10,000 poor and low income households, particularly supporting vulnerable groups such as IDPs, refugees, stateless, returnees and other disadvantaged social categories.

UN-HABITAT reiterated its commitment to help the Government of Iraq achieve its objectives through the following key activities:

- Design and implementation of a housing information system at national/sub-national level that will inform future policy and programme development
- Preparation of a new institutional and legal framework for the housing sector as well as proposals for new legislation for Building Materials & Construction, Housing Finance/ Microfinance; Subsidy Mechanisms, Land & Housing Delivery Systems
- Establishment of a Knowledge and Training Centre at MOCH to provide training, advisory services, and information to a wide set of stakeholders, including government, local authorities, private sector and voluntary organizations.
- Preparation of proposals for governorate level housing strategies and plans with focus on land supply, service development, access to finance and deteriorated area improvement.
- Development of a Housing Fund strategic plan with different partnership modalities and financial packages and provision of technical assistance for a pilot project.

A summary of the policy guidelines that were proposed by the IHMS and IHCS Studies for each of the main housing sub-sectors was then presented. It was suggested that there were four key bottlenecks – poorly targeted finance for housing; inefficient use of state building materials and public sector professionals; uncertain planning and land management; and inefficient legal, institutional and policy frameworks. Strategies for addressing these bottlenecks were presented for discussion.

The UN-HABITAT Representative provided an overview of what was being done in other countries, especially those that had gone through a similar process of transition from command to market-based economies. The most likely avenues for improvements in each of the four key areas of Land, Finance, Slum Upgrading and Building Materials were presented, including supporting the Government of Iraq to restructure subsidies and re-design the housing finance system, improving urban planning and land management processes and introducing adequate legal and institutional frameworks for increased housing production. Specific short-term actions proposed by the UN-HABITAT representative included: a) converting the Real Estate Bank into a normal commercial bank; b) sub-contracting the management of the National Housing Fund; c) establishing Land Management Offices in the municipalities; and d) preparing simplified land use plans, rather than awaiting the completion of comprehensive master plans.

Following the remarks, the Minister requested UN-HABITAT to provide her Ministry with the necessary technical assistance to achieve the International Compaq targets as mentioned in the presentation. The KRG representatives asked UN-HABITAT to develop similar assistance program for their region. During the discussion, participants questioned whether the short-term proposals took the current situation into account, or were they only applicable once the security situation in Iraq becomes more normal. It was suggested that strategies were needed for the current situation since housing and housing needs could not wait to be met. The problems in the production and import of building materials and how to support the private sector in establishing manufacturing units were raised with the IFC. It was also voiced that there was a crucial need for building equipment and machinery since most of the former stock had deteriorated during the years of sanctions or been looted and destroyed following the war.

The proposals for treating IDPs as a component of the overall housing problem rather than as a unique issue were also questioned by some participants, especially regarding the right to return or remain, and their entitlement to housing. The UN is cautious about proposing solutions that could be seen as reinforcing the current sectarian displacement. The UN differentiates between shelter solutions for returnees, returnees in displacement, migrants, refugees and IDPs after 22 February 2006. Solutions are based on household preferences for either permanent or temporary resettlement. Therefore, the UN opts for temporary housing in emergency situations and based on household preferences.

***Working Groups: Policy Objectives and Strategies***

For the seventh session, the three working groups formed to continue the above conversation concerning and develop policies and recommend strategies for three main areas: a) city planning and access to residential land; b) housing finance; and c) building materials and the construction industries. They also discussed the roles and responsibilities of the different actors in meeting housing needs and suggested how they should be modified in the light of the proposed strategies (see Working Group Proposals for Policy Objectives and Strategies).

***Plenary Session: Implications for Policy Development and Way Forward***

The final plenary session summarized the feedback from the three working groups regarding possible strategies. These were summarized and presented in the form of a strategic plan for short-term action (see Workshop Declaration).

While this was approved with relatively little discussion or dissent, the rest of the session was concerned with considerations of the practical implementation of the proposals and especially the need for having a clearly established plan or program for the immediate future. It was pointed out that much has been done in practical terms of producing housing and various studies on the subject. But it was also recognized that many of the recommendations and proposals made have not been transformed into action. The notion of rapidly developing a competent Task Force was floated, and its composition, status, mandate and location were discussed.

The Minister suggested that having heard the various points and proposals, she would come back with a plan for establishing the Task Force after due consultation, and that the Task Force would be expected to take a quick but comprehensive view of the sector and develop viable strategies. She asked for and was assured of support from UN-HABITAT, the World Bank and the IFC in helping to support and staff such a Task Force.

The Workshop concluded on an optimistic note citing the constructive inputs of the participants. The work of the Consultants was much congratulated and its utility in enabling serious and extensive debate and discussion was acknowledged.

UN-HABITAT



**IRAQ  
HOUSING SECTOR ANALYSIS  
&  
POLICY DIRECTIONS WORKSHOP**

Amman, 6-7 December 2007

World Bank



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## Agenda

### Day One: Wednesday 6 December 2006

**8:30 Registration**

***Opening Session***

**9:00 – 9:30**

**Opening Remarks**

UN-HABITAT (Daniel Biau)

IFC Representative (Mary Peschka)

World Bank Representative (Sateh Arnaout)

DSRSG United Nations (Jean-Marie Fakhouri)

Minister of Construction and Housing (Bayan Ismail)

Election of session chairs

**9:30- 10:00**

**Coffee Break**

***Session I***

**10:00 – 11:30**

**Iraq Housing Sector Analysis: Housing Typology and Conditions (Reporter: Babar Mumtaz)**

Introduction to UN-HABITAT Iraq Housing Market Study (Tarek El-Sheikh, UN-HABITAT)

Overview of Iraq Housing Sector (Jerry Erbach)

Housing Typology (Jerry Erbach)

Housing Conditions (Andrea Haer)

Structured discussions

Comments and Reporting

**Session II**

**11:30 – 13:00**

**Iraq Housing Sector Analysis: Housing Needs, Preference and Affordability** (Reporter: John Bachmann)

Housing Needs and Household Preferences (Jerry Erbach)

Housing Affordability and Willingness to Pay (Babar Mumtaz)

Structured discussions  
Comments and Reporting

**13:00 – 14:00**

**Lunch break**

**Session III**

**14:00 – 15:30**

**Iraq Housing Sector Analysis: Land and Housing Finance** (Reporter: Jerry Erbach)

Land Supply and Management (John Bachmann)

Housing Finance (Babar Mumtaz)

Structured Discussion  
Comments and Reporting

**15:30 – 15:45**

**Introduction to Working Group Sessions**

Summary on housing sector challenges and policy recommendations (John Bachmann /Babar Mumtaz)

Working Groups: process and organization

**15:45 – 16:00**

**Coffee Break**

**Session IV**

**16:00 – 17:00**

Parallel Session Working Groups (A, B, C)

**Action Plan to Stimulate Private Sector Housing Production (Short-, Medium- and Long -Term)**

(Group A Facilitator: John Bachmann – Samar El Shorafa – IFC to attend for BEE, Group B Facilitator: Babar Mumtaz – Syed Farhan Fusiheldin – IFC Co-Facilitator, Group C Facilitator: Jerry Erbach)

Discuss and agree five main interventions National/Local Government should do to stimulate more private sector housing production.

**17:00 – 17:30**

**End of Day One Reporting (Babar Mumtaz)  
Concluding Remarks (Daniel Biau/ Robert Buckley)**



**IRAQ  
HOUSING SECTOR ANALYSIS  
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Amman, 6-7 December 2007



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**Day Two: Thursday 7<sup>th</sup> December 2006**

**Session V**

**9:00 – 10:30**

**Iraq Housing Sector Analysis: Status of the Construction and Building Materials Industry**  
(Reporter: Andrea Haer)

Introduction to WB/IFC Housing Construction and Building Materials Industry in Iraq (Sateh Arnaout)  
Analysis of Builders and Developers (Sahar Rassam, John Bachmann)  
Analysis of Building Materials Production and Supply (Jerry Erbach)

Structured Discussion  
Comments and Reporting

**10:30 – 11:00**

**Coffee Break**

**Session VI**

**11:00 – 12:00**

**Iraq Housing Sector Analysis: Policy Implications and Lessons from International Experience** (Reporter: Babar Mumtaz)

Iraq International Compact and Housing Policy Objectives (Sudipto Mukerjee & Tarek El-Sheikh)  
Policy Implications and Proposals (Andrea Haer)

Lessons from International Experience in Land, Housing and Housing Finance (Daniel Biau and Robert Buckley)

Structured discussion  
Comments and Reporting

**12:00 – 12:15**

**Coffee Break**

<b>Session VII</b> <b>12:15 – 13:15</b>	<p>Parallel Working Groups (A, B, C) Continued</p> <p><b>Roles and Responsibilities of Different Actors in Meeting Housing Needs</b> (Group A Facilitator: John Bachmann, Group B Facilitator: Babar Mumtaz, Group C Facilitator: Jerry Erbach)</p> <p>Discuss and agree on how different actors can help to meet housing needs in particular cities. And what can be done to encourage investment, stimulate finance, building and marketing of housing.</p>
<b>13:15 -14:15</b>	<b>Lunch Break</b>
<b>Session IIX</b> <b>14:15 – 15:45</b>	<p><b>Parallel Session: Policy Objectives and Strategies</b> Group A: National Policy Objectives and Strategies for City Planning and Access to Residential Land (Facilitator: John Bachmann) Group B: National Policy Objectives and Strategies for Housing Finance and Reform of Subsidies (Facilitator: Babar Mumtaz – Syed Farhan Fusiheldin – IFC Co-Facilitator) Group C: National policy objectives and Strategies for the Building Materials and Construction Industries (Facilitator: Jerry Erbach – Bas Auer – IFC Co-Facilitator for Private Sector - Samar El Shorafa IFC to attend for BEE)</p>
<b>15:45 – 16:00</b>	<b>Coffee Break</b>
<b>Session IX</b> <b>16:00 – 17:00</b>	<p><b>Plenary Session: Implications for Policy Development and Way Forward</b></p> <p>Working Groups A, B &amp; C report their findings and conclusions Structured discussion on policy implications</p>
<b>17:00 - 17:30</b>	<p><b>Closing Remarks, Wrap-up and Next steps</b> Closing Remarks by Minister of Construction and Housing.</p>

**List of Participants**  
**IRAQ HOUSING SECTOR ANALYSIS &**  
**POLICY DIRECTIONS WORKSHOP**  
 Amman, 6-7 December 2007

Name	Title	Working Group
<b>Ministry of Construction and Housing</b>		
Ms. Bayan Dazayee	Minister of Construction and Housing	
Bassem Al-Ansari	Head of Housing Commission	B
Istabrak Al Shouk	Under Secretary	A
Khalid Suleiman Dawood	Minister Advisor	C
Qussai Nouri Al-Marayati	Studies Department in the Ministry	A
Nidhal Muhssin Al-Bazzaz	Head of Construction Dept./ National Centre for Engineering Consultancy	A
Abdul-Sattar Abdul-Jabbar Aboud	Assistant DG/ National Centre for Building Research and construction Laboratories	C
Wahab Rizouki Al-Murieb	Head of Projects Section/ Housing Commission	A

Ikram Abdul-Kareem Mohammed	DG Al-Farouq Construction Company	C
Majeed Hameed Ashour	DG Al-Mansour Construction Company	C
Tharwat Ghalib Mushtaq	DG Al-Motassem Construction Company	C

**Ministry of Planning and Development Cooperation**

Sami Matti	First Under Secretary of Planning	B
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**Ministry of Finance**

Kamal Al-Basri	First Under Secretary	B
Zuhair Abdul-Samad Al-Nae'eb	DG/ Iraq Real Estate Bank	B
Laheeb Poulis	Consultant/ University of Baghdad	B

**Ministry of Public Works and Housing - KRG**

Zana Uzeri	DG for Housing	A
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**Ministry of Finance - KRG**

Mustafa Ibrahim Amin	Soran Bank Manager/ Ministry of Finance	B
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**Iraq Contractors Federation**

Asaad Al-khudhairy	Chairman of Iraq Contractors Federation	C
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**Ministry of Justice**

Faris Thamer Faisal	Commission for Property Claims and Disputes	A
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**Professionals/ Academics from Cities**

Ali Amar	Associate Professor/ Urban planning & economics Expert University of Baghdad	A
Ali Haidar Al-Saad	Head of Architecture Department, University of Mousl	A
Mand Ibrahim Dezayi	Teacher/ College of Engineering / Saladdin University - Irbil	C

**Regional/Multinational Companies (Erbil)**

Paul A. Russo	International Development Trust and for SMI/Hyundai	B
Azzam Ali Kasra	Azzam Company	A

**Private Sector Contractors/Developers (Erbil)**

Anwar Tahir Mahmood	Brook Company	C
Waseem Baban	Tigris Enterprise	
Jamal Bilal	Building Materials Factory (Bricks)	C
Kazhaw Khafaf	Al-Khafaf Company	C

**Associations**

Salah El-Deen Abbas	President/ Union of Iraqi Engineers	C
Munther B. Al-Badri	Council Member/ Union of Iraqi Engineers	C

<b>Others</b>	
Mohamed Khadim	GTZ Amman
Pat Bakir	IDRC/UN-HABITAT MOCH - Training Centre Project A
Tarek Tarawneh	IDRC/UN-HABITAT MOCH - Training Centre Project B
Andreas Thiers	UNHCR A
Omar Razzaz	Housing and Land Management Expert
Ghaleb Al-Eza	Director of Housing Needs Assessment/ Housing and Urban Development Corporation A
<b>Banks</b>	
Bastam Abud Al-Janabi	Assistant to the Director/ KIB (Kurdistan International Bank for Investment and Development) B

Working Group A: City planning & Access to residential Land  
Working Group B: Housing Finance and Reform of Subsidies  
Working Group C: Building Materials and Construction Industries

**DECLARATION  
of the  
Workshop on Iraq Housing Sector Analysis and Policy Directions  
Amman, 6-7 December 2006**

**Main Goal of the future housing policy:**

- Provide affordable access to acceptable housing for all.

**Immediate Objectives:**

- Housing to be viewed as a productive sector rather than a social overhead.
- Government to move from the producer role to an enabler role in housing.
- Eliminate market distortions created by subsidizing both housing and housing finance.

**Approach:**

1. Demonstrate changes on the ground, by availing loans, land and softening building standards (to stimulate construction); and
2. Focus on revision of laws, by-laws, regulations and procedures/manuals.

**Proposed Short-Term Action Plan**

<b>Issue</b>	<b>Proposed Actions</b>
<b>Lack of affordable housing finance</b>	<ul style="list-style-type: none"> <li>• Real Estate Bank and other commercial banks to provide mortgage finance to middle and upper income households and provide project finance for developers;</li> <li>• Housing Fund to make small loans available to households for incremental housing development</li> <li>• Micro-finance to support households and small and medium size enterprises (SMEs) in housing and construction sector</li> <li>• Encourage savings by households for housing</li> </ul>
<b>Inadequate supply of land for residential development</b>	<ul style="list-style-type: none"> <li>• Inventory land in cities to determine areas suitable for residential development and start releasing it</li> <li>• Inventory infrastructure and use infrastructure improvements to spur housing development</li> <li>• Decentralize urban land management</li> <li>• Develop demonstration projects that encourage private led land/housing development and area improvement.</li> </ul>
<b>High cost and shortage of building materials</b>	<ul style="list-style-type: none"> <li>• Provide capital assistance / soft loans to establish, expand and commercialize small-scale building materials producers</li> <li>• Promote availability and use of locally produced materials</li> <li>• Reduce reliance on imported materials</li> </ul>
<b>Lack of skilled manpower</b>	<ul style="list-style-type: none"> <li>• Targeted training programs and skill enhancement for professionals across housing sub-sectors</li> <li>• Increase public awareness of housing and housing issues</li> <li>• Limit government housing production to critical and demonstration projects or “incubators/learning laboratories” for new construction methods and sustainable materials</li> </ul>
<b>Lack of clear and transparent regulations</b>	<ul style="list-style-type: none"> <li>• Develop easy-to-use, simple building standards and guidelines and planning bylaws</li> <li>• Prepare guidelines and issue necessary decrees for revised housing fund lending programs, procedures and facilities.</li> </ul>

## Working Group Proposals for Policy Objectives and Strategies

The following proposals are directly from the Working Group sessions. Any minor contradictions reflect the differing viewpoints and overlapping interests represented by the Workshop participants. On the whole, there was group consensus on the policy objectives and strategies that were synthesized into the preceding Workshop Declaration.

### Working Group A: City Planning and Access to Residential Land

#### **Policy Objective 1:** Increase access to land (esp. large parcels for housing projects)

##### **Strategies:**

1. Identify, prepare and release land for housing projects
2. Provide services (before selling land)
3. Rezone peripheral land for residential development and other uses
4. Mobilize state land for housing and mixed use development
5. Use Public Private Partnerships between local governments and owners to develop housing projects.

#### **Policy Objective 2:** Decentralize urban land management

##### **Strategies:**

1. Transfer ownership of all public land within local government boundaries to local governments
2. Transfer to local governments the authority and responsibility for:
  - Land titling and registration (rules to be set and enforced by central government);
  - Land use planning; and
  - Land development programming and implementation

#### **Policy Objective 3:** Promote development of vacant land

##### **Strategies:**

1. Improve infrastructure
2. improve access to housing finance
3. Revise rental law to increase attractiveness to landowners of rental investments

#### **Policy Objective 4:** Make land more affordable

##### **Strategies:**

1. Increase production and marketing of serviced plots
2. Develop and promote mid-rise or other high density housing to relieve housing needs

## Working Group B: Housing Finance and Reform of Subsidies

**Policy Objective 1:** Housing sector to be viewed as productive sector versus a social overhead

**Strategies:**

1. Raise awareness of policy makers and stakeholders
2. Capacity building

**Policy Objective 2:** Government to move from playing a productive role to playing a supportive role within the housing sector

**Strategies:**

1. Provide needed support and finance to the housing production sector including building material production and building equipment.
2. Review and reform housing policy, laws and regulations
3. Facilitate and streamline related procedures
4. Provide finance and support to land developers (private and public)
  1. Facilitate urban land management
    - a. Identify and stratify developable land
    - b. Apply urban land management system (GIS)
    - c. Develop land use plan
    - d. Improve and speed up land allocation, title registration and property transaction and reduce associated costs
  2. Provide infrastructure services
5. Raise awareness
6. Capacity building of related institutions

**Policy Objective 3:** Provide housing support (new building and improvements ) for low income groups and support affordable loans

**Strategies:**

1. Identify and specify in transparent manner the low income groups to be included by the subsidy and support
2. Identify subsidy form per targeted group
3. Introduce micro-finance schemes for home improvements and incremental house development
4. Raise awareness among concerned parties
5. Develop and promote savings mechanisms/schemes
6. Provide support to households (versus subsidizing housing or housing loans)

## Working Group C: Building Materials and Construction Industries

### Policy Objective 1: Roles and Responsibilities

- Enact a National Housing Law through Parliament that clarifies public and private sector roles and responsibilities in the housing sector.

#### Strategies:

1. Sensitize Parliament Technical Committees and other Government institutions about the importance and need for a Housing Law
2. Incorporate legal aspects of international Best Practices into the Law.
3. Identify incentives for private sector housing to be supported by the fiscal component of the Law.

### Policy Objective 2: Affordable Building Materials

- Rationalize the use of local and imported building materials in order to reduce the high costs of residential construction.

#### Strategies:

1. Reduce imported materials that can be produced in Iraq with the country's own natural and human resources.
2. Improve the production and output from cement factories by modernizing them and introducing new technologies.
3. Substitute locally produced materials for imported ones wherever possible. but also facilitate the importation of necessary materials for housing that cannot be produced in Iraq.
4. Employ effective quality controls for both local and imported materials.

### Policy Objective 3: Improved Building Capacity and Skills

- Raise the level of technical and managerial skills within the housing sector to meet the need for affordable housing.

#### Strategies:

1. Develop technical/managerial capacities in cost effective production processes and partnerships for technology transfer.
2. Benefit from construction activities of foreign companies working in Iraq to advance local building skills and provide training and internships to Iraqi workers.
3. Develop improvement strategies for specific skill sets (masonry, carpentry etc.)
4. Improve vocational education and training in the construction sector for young workers.
5. Provide incentives for new workers to work in building material plants..
6. Provide support to all forms of building associations.

## **Workshop Presentations**

### **Session I: Iraq Housing Sector Analysis: Housing Typology and Conditions**

1. Introduction to UN-HABITAT Iraq Housing Market Study (Tarek El-Sheikh)
2. Overview of Iraq Housing Sector (Jerry Erbach)
3. Housing Typology (Jerry Erbach)
4. Housing Conditions (Andrea Haer)

### **Session II: Iraq Housing Sector Analysis: Housing Needs, Preference and Affordability**

5. Housing Needs and Household Preferences (Jerry Erbach)
6. Housing Affordability and Willingness to Pay (Babar Mumtaz)

### **Session III: Iraq Housing Sector Analysis: Land and Housing Finance**

7. Land Supply and Management (John Bachmann)
8. Housing Finance (Babar Mumtaz)

### **Session V: Iraq Housing Sector Analysis: Status of the Construction and Building Materials Industry**

9. Analysis of Builders and Developers (Sahar Rassam, John Bachmann)
10. Analysis of Building Materials Production and Supply (Jerry Erbach)

### **Session VI: Iraq Housing Sector Analysis: Policy Implications and Lessons from International Experience**

11. Iraq International Compact and Housing Policy Objectives (Sudipto Mukerjee & Tarek El-Sheikh)
12. Policy Implications and Proposals (Andrea Haer)