United Nations Development Programme – OAI, Social and Environmental Compliance Unit

---

Summary Report

Investigating allegations of non-compliance with UNDP social and environmental commitments relating to UNDP activities in the context of the "Funding Facility for Stabilization" project in the Republic of Iraq

Case No. SECU0022
Date: 30 April 2026

Basic Data

Case No.	SECU0022
Categories of Non-Compliance:	Social and Environmental
Location:	Iraq
Request received:	5 September 2023
Requester:	Villagers of West Mosul (confidential)
Related Case(s):	N/A

Overview

1. The Social and Environmental Compliance Unit (SECU) received a request for investigation from a resident of Mosul, Iraq, regarding the UNDP Funding Facility for Stabilization (FFS) Project in Iraq. The requester alleged that a property previously owned by their late father, which the UNDP Iraq Country Office (hereinafter 'UNDP Iraq') rehabilitated under the FFS Project, had experienced underground water leakage, which compromised the structural integrity of the house and contributed to the formation of a sinkhole affecting both their property and those of adjacent neighbours. While the requester expressed uncertainty regarding the exact cause of the sinkhole and the identity of the entity responsible for installing the water pipes that had leaked, they noted that UNDP had installed plastic water pipes during the rehabilitation. The requester further raised concerns about the UNDP's housing rehabilitation project, alleging that UNDP had not assessed soil conditions before carrying out the renovations. During the course of the investigation, three additional individuals from the same neighbourhood joined the request.

2. The FFS Project is implemented by UNDP Iraq under the Direct Implementation Modality (DIM), with a total budget of USD 1.3 billion. The project commenced in May 2015 and is scheduled to conclude in December 2026. The FFS Project began in response to the widespread displacement and infrastructural devastation resulting from the occupation of Iraq by the Islamic State in Iraq and the Levant (ISIL). It is designed to support stabilisation through four thematic components or "windows," one of which focuses on light infrastructure rehabilitation. UNDP Iraq rehabilitated the requesters' homes under this component from late 2019 to early 2020.

3. SECU's investigation sought to determine whether UNDP's rehabilitation activities caused the sinkhole affecting the requester's home, or whether factors beyond UNDP's control caused it. SECU also examined whether UNDP could reasonably have been expected to identify and mitigate the risk of sinkhole formation under the Social and Environmental Standards (SES), and whether there were failures in risk management, stakeholder engagement, or access to grievance mechanisms per the requirements of the SES.

Cause of the sinkhole formation and scope of UNDP renovation work

4. Multiple technical assessments, including a report that the Mosul First Instance Court commissioned and an evaluation by the Bureau of Scientific and Advisory Services at the Technical Engineering College in Mosul, identified persistent leakage from an external water distribution pipe beneath the adjacent alley as the primary cause of the sinkhole. An unknown organisation, not UNDP, installed this pipe during post-conflict reconstruction.

5. Additionally, SECU commissioned an independent engineer to assess the cause of the sinkhole. This assessment, aligned with previous reports, concluded that persistent water

leakage from the external main pipeline, which an unknown international organisation installed, was the primary cause of the large sinkhole under the requester's kitchen. The pressure from the seeped water likely eroded the soil and soft binding materials or accelerated the dissolution of salts and other binding components, such as mortars from older demolition debris. This assessment further confirmed that the sinkhole and related structural damage were unrelated to the UNDP rehabilitation project.

6. The FFS Project's housing rehabilitation component served as a rapid intervention to meet urgent stabilisation needs in newly liberated areas post-conflict. According to the 2018 Project Document (hereinafter ProDoc) and implementation guidance, repairs were limited to non-structural, internal works aimed at restoring habitability. The project team selected homes based on visual assessments of structural soundness, determined the scope of repairs in consultation with homeowners, and formalised these in signed Bills of Quantities (BoQs). Only homes deemed structurally sound qualified for rehabilitation.

7. Former UNDP staff confirmed that they did not conduct structural foundation assessments, including soil testing, for the housing rehabilitation activities, which they limited to non-structural, internal repairs. The project team considered technical assessments appropriate only for public infrastructure projects that involved more extensive interventions. Moreover, large-scale soil testing was deemed impractical due to the complexity of Mosul's subsurface conditions, including archaeological remains and old septic systems, and the scale of the rehabilitation effort, which encompassed over 12,000 houses.

8. SECU concluded that the sinkhole and related structural damage did not stem from UNDP's rehabilitation activities. Findings from court-commissioned and independent engineering assessments point to a persistent leakage in an external pipeline, installed by another organization, as the main cause. Given the project's limited scope, UNDP Iraq could not reasonably have anticipated or mitigated these risks, as the existence of the defective pipe was unknown and beyond its control. While soil conditions in Mosul may have contributed to the severity of the sinkhole, the soil conditions on their own were not the cause of the collapse.

9. SECU proposes the following forward-looking recommendations intended to inform both future projects and, where applicable, ongoing or forthcoming activities under the current FFS project. More broadly, these recommendations may inform UNDP's institutional practices and future initiatives in similar operational contexts.

Findings Related to UNDP's SES Requirements on the "Screening, Assessment and Management of Social and Environmental Risks and Impacts"

10. As required by the SES, all UNDP projects must apply the Social and Environmental Screening Procedure (SESP) at the earliest stage of project preparations to identify

potential risks and determine the appropriate risk classification. The initial ProDoc, dated 2015, did not include a SESP. Although a SESP was subsequently completed in 2018, it classified the project as presenting a "moderate" risk level, despite identifying three risk areas deemed to be of "high" significance. As per SESP guidance, a project's overall risk categorisation must reflect the highest level of identified risk. On this basis, UNDP Iraq should have classified the project as "high risk," triggering the requirement for more comprehensive assessments such as an Environmental and Social Impact Assessment (ESIA) or Strategic Environmental and Social Assessment (SESA). Even as a moderate-risk project, the SES would still have required documented, targeted risk assessments proportionate to the identified risks and impacts.

11. SECU found that no ESIA, SESA, or comparable targeted assessments had been completed for the project, including the housing rehabilitation component. While the 2018 SESP distinguished between "light" and "medium" infrastructure, suggesting that only the latter would be subject to formal assessments, this rationale was neither documented nor justified in accordance with SES requirements. Interviews with former and current UNDP staff indicated that certain risks, such as soil instability and the presence of underground structures, were recognised and factored in during implementation. However, these risks were not formally assessed or documented.

12. SECU did not find evidence that the absence of these assessments directly contributed to the sinkhole; however, these omissions represent non-compliance with SES requirements and reduced the level of documented risk analysis that should support decision-making in UNDP projects.

Recommendations Related to UNDP's SES Requirements on the "Screening, Assessment and Management of Social and Environmental Risks and Impacts"

13. UNDP Iraq should ensure that project screening and risk categorisation are undertaken at the earliest stage of project preparation, utilising the SESP. Project categorisation must reflect the highest level of identified risk.

14. SECU further recommends that UNDP Iraq conduct and appropriately document social and environmental risk assessments and risk mitigation plans, as required for projects where moderate or high risks are identified. Per SES Guidance, these risk assessments should specify the methods and tools applied to address each identified issue area. Although decisions appear to have been made regarding the level of assessment required for different project components, these determinations were neither documented nor justified. To comply with SES requirements, UNDP Iraq should ensure that all risk assessment decisions are formally and transparently recorded, including the rationale for the level of analysis applied, to ensure traceability and alignment with SES requirements.

Findings Related to UNDP's SES Requirements on "Stakeholder Engagement and Response Mechanisms"

15. The SES require the development and implementation of Stakeholder Engagement Plans (SEPs), proportionate to the project's nature and risk profile, to ensure meaningful, inclusive, and informed participation across the project lifecycle. In the context of the FFS housing rehabilitation activities, UNDP Iraq did not prepare a SEP. While UNDP Iraq indicated that it undertook specific engagement steps, such as household visits, dissemination of project information materials, and signing of BoQs, they did not systematically document these engagement activities.

16. SECU found that although UNDP Iraq established a project-level grievance redress mechanism (GRM) for the housing component, the requesters indicated they were unaware of its existence. SECU did not receive documentation demonstrating communication with beneficiaries other than the signed BoQs and internal hotline logs. This is consistent with the project's Final Evaluation, which, drawing on a broader review of the project, found that while hotlines were used to collect beneficiary feedback regarding the housing component, no broader or systematic feedback mechanisms were in place, and community engagement practices varied significantly across locations.[1]

17. SECU concluded that UNDP Iraq possibly undertook some elements of stakeholder engagement and grievance response; however, SECU could not verify compliance with all of the Stakeholder Engagement obligations set out in the SES, given the absence of documentation.

Recommendations Related to UNDP's SES Requirements on "Stakeholder Engagement and Response Mechanisms"

18. SECU recommends that UNDP Iraq develop SEPs that are appropriately scaled to reflect the nature of the project and its potential impacts, with specific provisions for high-risk activities.

19. In line with UNDP's Stakeholder Engagement Guidelines, UNDP Iraq should maintain detailed and transparent documentation of consultations and commitments to support accountability and traceability in stakeholder engagement processes and help demonstrate how stakeholder input has been considered and incorporated into the project.

[1] UNDP Independent Evaluation Office, Summative Evaluation Report – Funding Facility for Stabilization (FFS), August 2024.

20. SECU further recommends that UNDP Iraq take proactive steps to raise awareness of the project-level grievance redress mechanism, including targeted outreach and support to eliminate access barriers and ensure inclusivity.

Recommendations Related to UNDP's SES "Policy Objectives and Scope of Application"

21. SECU recommends that UNDP provide expanded institutional guidance at the global level on the application of SES and the SESP in crisis and emergency contexts with significant operational challenges. UNDP should ensure that all projects maintain a baseline level of risk assessment and stakeholder consultation to safeguard against harm and engage affected communities while balancing the operational flexibility that may be required in these contexts. Any deviations from the established SES and SESP procedures should be approved at the appropriate level within the institution and properly documented, clearly outlining the applicable provisions of any institutional guidance and the rationale for such decisions to ensure transparency and accountability.