



**Summary progress report on activities implemented under the  
United Nations Development Group Iraq Trust Fund (UNDG ITF) of the  
International Reconstruction Fund Facility for Iraq (IRFFI)  
As of 30 September 2004**

**Tokyo Donor Expanded Meeting  
13 October 2004**

**Report of the Executive Coordinator of the UNDG ITF**

## United Nations Development Group Iraq Trust Fund – a Unique Multilateral Funding Mechanism

The United Nations Development Group Iraq Trust Fund (UNDG ITF), which with the World Bank Iraq Trust Fund constitutes the International Reconstruction Fund Facility for Iraq (IRFFI), is administered by the United Nations Development Programme (UNDP) on behalf of itself and Participating United Nations Organizations. This is the first time that the United Nations is administering a multi-donor reconstruction trust fund in partnership with the World Bank. It is also the first time that the United Nations Development Group (UNDG) organizations, pursuant to the Secretary General's reform agenda, have adopted a common planning, funding, implementation and reporting arrangement for such a large-scale operation, referred to as the "United Nations cluster approach". The cluster approach reconfigures United Nations system operations in Iraq to maximize safety, efficiency and value added.

The 11 United Nations clusters, bringing together UNDG organizations with the mandate and expertise in each area, are each led by a cluster task manager:

Cluster	Cluster task manager
1. Education and culture	UNICEF
2. Health	WHO
3. Water and sanitation	UNICEF
4. Infrastructure and housing	UNDP
5. Agriculture, water resources and environment	FAO
6. Food security	WFP
7. Mine action	UNDP
8. Refugees and internally displaced persons	UNHCR
9. Governance and civil society	UNDP
10. Poverty reduction and human development	UNDP
11. Support to the electoral process	UN DPA/EAD

UNDG ITF is the primary source of funding to the United Nations cluster approach under the United Nations Strategy Plan for Assistance to Iraq, which is based on the United Nations/World Bank Joint Iraq Needs Assessment.

The UNDG ITF arrangement seeks to reduce resource mobilization and reporting costs to Participating United Nations Organizations, and transaction costs to donors. Most importantly, it assists key Iraqi ministries such as the Ministry of Planning and Development Cooperation (MoPDC) to work with the 19 UNDG organisations as one entity facilitating coordinated, collaborative joint programming .

### Funding Committed and Deposited

At the first IRFFI Donor Committee meeting, held in Abu Dhabi in February 2004, the UNDG presented its United Nations assistance strategy for Iraq, which had been approved by the Iraq Strategic Review Board (ISRB). The strategy, with a total unfunded cost of about \$1 billion, while reflecting a three-year perspective, concentrated on outputs in 2004 and 2005. The Donor Committee endorsed the strategy and allocated to the UNDG ITF about 60 percent of the \$1 billion committed to the IRFFI. Subsequent to the meeting, donors began to deposit funds into the UNDG ITF in fulfillment of commitments made. The bulk of deposits (60 percent) were deposited into the UNDG ITF account just before the second Donor Committee meeting, held in Doha on 29 May 2004. 17 projects approved by the UNDG ITF Steering Committee (SC) in May 2004 for a total amount of \$232 million were subsequently approved by the ISRB at the end of June, enabling funds to be transferred to implementing Participating United Nations Organizations at the beginning of July 2004 and implementation to begin. The summary status of UNDG

ITF commitments, level of deposits, transfer to UN executing agencies and available funding as of 30 September 2004 is contained in annex 1A, which also provides details on the amounts deposited by month (annex 1B).

### **Project Approvals and Funding Allocation**

The key criteria that projects for UNDG ITF funding must meet are: alignment with Iraqi-identified priorities; implementability in 2004 given the security situation and delivery capacity of the Participating United Nations organization; impact on employment creation, and the degree of inter-agency cooperation in planning and implementation (reflecting the cluster principle). The ISRB has the primary role in deciding the individual projects which the UNDG ITF considers for funding. Following approval of the ISRB, project proposals are submitted to the United Nations cluster for detailed technical review. They are then further vetted by the UNDG ITF Steering Committee Support Office (SCSO) and the Cluster Group, consisting of task managers of all the clusters and of the cross-cutting themes. Upon cluster group approval, projects are tabled by the SCSO at steering committee meetings (heads of agencies based in Amman) for final approval, including allocation of funding. Following ISRB review and approval, the UNDG ITF Steering Committee has approved 40 projects to date and allocated funding to 35 projects. The list of approved projects by cluster and agency, with date of approval, is provided in annex 2.

To date, UNDP as administrative agent has transferred \$402 million to project executing Participating United Nations Organisations. A summary of the total approved funding by cluster and by Participating United Nations Organization can be found in annex 3 and 4, respectively.

### **Progress in Project Implementation**

Although UNDG ITF-funded projects have only been under implementation since mid-July, project commitments and disbursement rates by the end of 2004 are estimated to amount to \$240 million (60 percent of the total approved budget) and \$143 million (36 percent of total approved budget) respectively. By 30 September 2004, \$103 million had been legally committed and \$19 million disbursed by executing agencies. Annex 5 presents the breakdown of actual commitments and disbursements by cluster, as well as those estimated for the end of December 2004 based on work plans and contracts under finalization.

On all approved projects considerable start up work is underway with partner ministries and a number of activities funded by the UNDG ITF are already taking place on the ground: For example: in the health area supplies for use in the primary health care system have been delivered including gauze rolls; absorbent cotton, blood grouping kits; kits for 6.2 million school children in 16,000 primary and intermediate –level schools are in 21 directorates of education warehouses ready for delivery as schools open and the security situation permits; houses and associated facilities are under construction in rural areas in Basra, Thi-Qar and Meysin governorates supporting the reintegration of refugees; for the elections extensive training sessions have been given to senior Independent Electoral Commission of Iraq staff, a major contract has been let for data management related to the electoral register and equipment procured for the Commission.

Reflecting the United Nation's new way of doing business in Iraq and the security constraints, innovative implementation modalities have been adopted: Ministry staff constitute programme implementation units combined with a major emphasis on capacity building of Iraqi ministry counterparts and officials in general through extensive training programmes in Amman or the region; International staff based in Amman and Kuwait provide backstopping support and supervision through regular phone contact, video conferencing and face to face meetings with visiting Iraqi officials in Amman or at border meetings in the south; National staff are empowered and trained to take on major responsibility for programme implementation; Extensive use is made of Local Consultants and Iraqi local contractors. Although these approaches to programme implementation, with a strong reliance on national staff and capacity building of Iraqi ministries, without the full benefit of the presence of international staff on the spot, face some initial delays in the start up phase, the UNDG is confident that in the longer term the gains in national ownership and increased capacity will bear significant fruit.

## **UNDG ITF Funding Situation**

As shown in annex 1, the available unearmarked resources for the UNDG ITF are already nearly exhausted. Already six projects, for a total value of about \$50 million, approved by the ISRB and the UNDG ITF SC, remain without funding allocation. Furthermore, the UNDG ITF has a pipeline for 2004/5 of over \$1 billion. The pipeline by cluster is detailed in annex 6, with a total of approximately 100 projects. A number of these priority projects constitute second phases to projects already under implementation; others address priority actions that have not received funding so far. Both the unfunded UNDG ITF projects and the pipeline indicated by cluster, closely relate to the gaps for 2004/5 identified in the ISRB Chairman's paper "One Year since Madrid". The timely replenishment of the resources of the UNDG ITF would permit the funding and implementation of approved and future priority projects.

## **Conclusion**

Since it became operational in January 2004, the UNDG ITF has enabled the UNCT to successfully assist key Iraqi ministries, particularly the MoPDC, to work with the 19 participating UN organizations as one entity facilitating coordinated, collaborative joint programming. Effective procedures for fund management of this innovative multilateral mechanism have been set up, tried and tested. Funds for priority projects have been allocated to United Nations executing agencies following rigorous vetting by the Iraqi line ministries, the Iraq Strategic Review Board (ISRB) and the United Nations. Project commitment rates have already surpassed \$100 million with \$240 million (60 percent of the total approved budget) estimated to be committed and \$143 million (36 percent of the total approved budget) to be disbursed by the end of 2004. Implementation mechanisms are being adapted to the difficult reality on the ground and practical achievements resulting from the UNDG ITF funded projects are already in evidence.

As indicated clearly in the Iraq National Development Strategy, progress in project implementation will depend upon the security situation. The UNDG ITF thanks present donors for the considerable support provided and confirms to new and current donors that as security improves it will accelerate the implementation of priority reconstruction projects approved by the ISRB.

**Annex 1 A: Summary Status of UNDG ITF Funds as of 30 September 2004**

	Amount (\$ mill)
<b>Donor committed contributions</b>	<b>622.92</b>
<b>Donor deposited contributions</b>	<b>443.00<sup>1</sup></b>
Total earmarked contributions	332.80
Total un-earmarked contributions	110.20
<b>Donor committed contributions pending deposit</b>	<b>175.65</b>
<b>UNDG ITF approved funding</b>	<b>402.20</b>
From earmarked funds	300.25
From un-earmarked funds	101.95
<b>Balance of funds</b>	<b>40.80</b>
Earmarked	32.56
Un-earmarked	8.24
<b>UNDG ITF approved but not yet funded projects</b>	<b>49.01</b>

**Annex 1B: Donor deposits by month March to September 2004**

Month	Total Monthly Deposits (\$ mill)	Percentage of Total Deposited (%)	Cumulative Deposits (\$ mill)
March-04	66.6	14.89	<b>66.6</b>
April-04	29.3	6.55	<b>95.9</b>
May-04	269.5	60.25	<b>365.4</b>
June-04	64	14.31	<b>429.4</b>
August-04	2.6	0.58	<b>432</b>
September-04	15.3	3.42	<b>447.3</b>

<sup>1</sup> Net of AA fee

**Annex 2: List of Projects Approved by the UNDG ITF SC**

Cluster Project No	Project Title	Approved Budget (\$)	Implementing Agency	Date of SC Approval
C1-01	Vocational Education	2,758,274	UNESCO	3-May -04
C1-06	Strengthening Primary & Intermediate Education	34,253,604	UNICEF	10-May -04
C1-05	In Service Training for Teachers	2,346,400	UNESCO	10-May -04
C1-07	Protecting Iraqi Cultural Heritage	2,092,000	UNESCO	20-May -04
C1-09	Education Facilities Rehabilitation	17,580,663	UN-HABITAT	8-Jul-04
C1-08	Literacy and life Skills Development	2,230,400	UNESCO	8-Jul-04
C1-10	Iraq Networking Academy Project	1,000,000	ESCWA	22-Jul-04
<b>Education &amp; Culture Cluster TOTAL</b>		<b>62,261,341</b>		
C2-02	Emergency Obstetric Care	12,603,477	UNFPA	10-May -04
C2-03	Supporting Primary Health Care System	37,363,516	WHO	20-May -04
C2-04	Re-establishing the National Drug Quality Control Laboratory	5,977,090	WHO	8-Jul-04
C2-05	Non-Communicable Diseases and Mental Health	11,000,000	WHO	22-Aug-04
<b>Health Cluster TOTAL</b>		<b>66,944,083</b>		
C3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	21,500,000	UNICEF	20-May -04
C3-02	Rehabilitation of Chlorination Plant	3,000,000	UNIDO	22-Aug-04
C3-03	Water Quality Control and Surveillance	6,262,094	WHO	22-Aug-04
<b>Water &amp; Sanitation Cluster TOTAL</b>		<b>30,762,094</b>		
C4-02	National Dispatch Centre	11,947,978	UNDP	3-May -04
C4-01	Emergency Power Supply	11,999,140	UNDP	3-May -04
C4-04	Strengthening Capacity of Housing Sector	5,965,638	UN-HABITAT	10-May -04
C4-06	Dredging of Um Qasr Port Approach Channel	24,742,359	UNDP	20-May -04
C4-08	Rehabilitation of Taji Gas Power Station	25,891,860	UNDP	22-Jul-04
C4-07	Rehabilitation of Mosul Gas Power Station	17,585,450	UNDP	22-Jul-04
C4-09	Rehabilitation of Hartha Power station	17,789,018	UNDP	22-Aug-04
<b>Infrastructure &amp; Housing Cluster TOTAL</b>		<b>115,921,443</b>		
C5-02	Rehabilitation of Pumping Stations	13,508,544	FAO	3-May -04
C5-01	Drainage Conditions in Agricultural Areas	5,126,600	FAO	3-May -04
C5-04	Community Irrigation Schemes	16,958,942	FAO	20-May -04
C5-06	Promotion of Cottage Industries	5,013,000	UNIDO	20-May -04
C5-07	Strengthening environmental governance in Iraq through environmental assessment and capacity building	4,700,000	UNEP	8-Jul-04
C5-11	Support for EST Applications in the Iraqi Marshlands	11,000,000	UNEP	22-Jul-04
C5-12	Capacity Building of Water Institutions	3,275,550	UNESCO	22-Aug-04
<b>Agriculture, Water Res. &amp; Environ. Cluster TOTAL</b>		<b>59,582,636</b>		

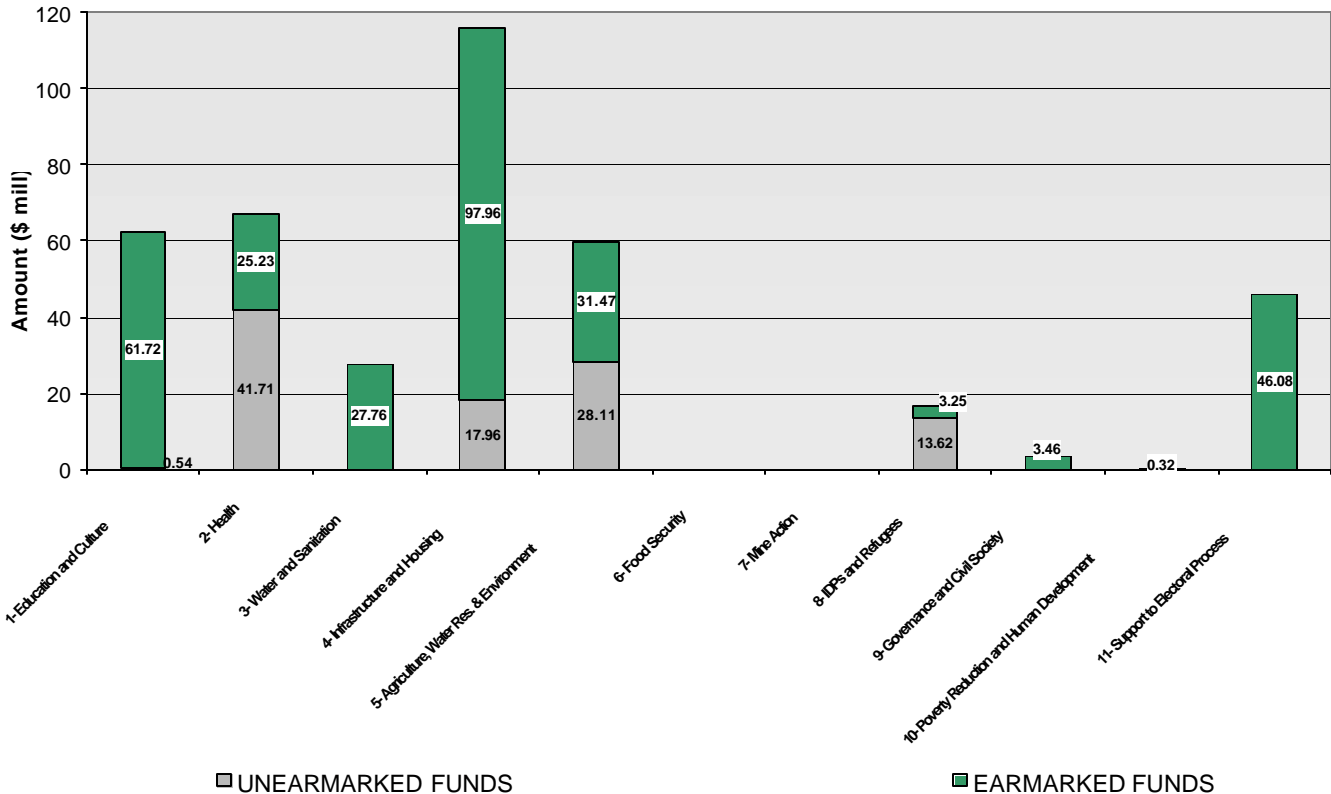
Cluster Project No	Project Title	Approved Budget (\$)	Implementing Agency	Date of SC Approval
C8-01	Return and Reintegration of IDPs (N. Iraq)	9,741,315	UNOPS	20-May-04
C8-02	Return and re-integration of Iraqis and others of concern in Southern Iraq	7,126,200	UNHCR	8-Jul-04
<b>IDPs and Refugees Cluster TOTAL</b>		<b>16,867,515</b>		
C9-01	Support to MoPDC	1,744,000	UNDP	8-Jul-04
C9-03	Civil Society Forums	1,720,224	UNOPS	22-Aug-04
<b>Governance &amp; Civil Society Cluster TOTAL</b>		<b>3,464,224</b>		
C10-02	International Employment Conference	321,000	ILO	22-Aug-04
<b>Poverty Reduction &amp; Human Dev. Cluster TOTAL</b>		<b>321,000</b>		
C11-02	Support to Electoral Process (Phase II)	11,245,944	UNDP/EAD	13-Sep-04
C11-03	Support to Elections (Phase III)	34,833,000	UNDP/EAD	23-Sep-04
<b>Support to Electoral Process Cluster TOTAL</b>		<b>46,078,944</b>		
<b>GRAND TOTAL</b>		<b>402,203,280</b>		

<b>Approved Projects not yet funded</b>				
C4-05	Wreck Removal	14,194,104	UNDP	20-May-04
C5-10	Restoration and development of essential livestock services in Iraq	8,545,727	FAO	8-Jul-04
C5-13	Rehabilitation of Dairy Plants	2,973,550	UNIDO	22-Aug-04
C5-08	Restoration of veterinary services in Iraq	10,565,843	FAO	8-Jul-04
C3-02	Rehabilitation of Chlorination Plant	4,016,330	UNIDO	22-Aug-04
C4-11	Strengthening Urban and Municipal Planning	8,711,645	UN-HABITAT	13-Sep-04
<b>TOTAL</b>		<b>49,007,199</b>		

**Annex 3: UNDG ITF Approved Funding by United Nations Cluster**

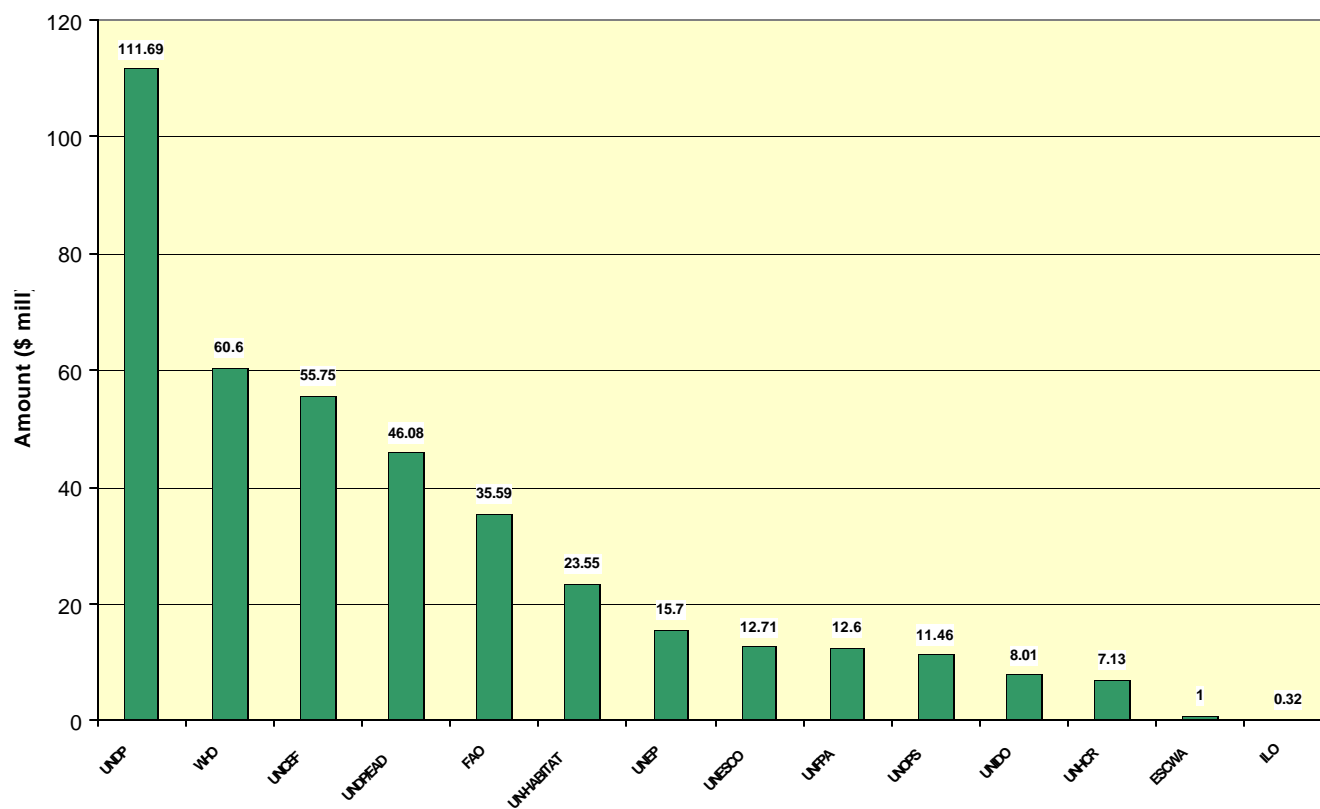
Cluster	Amount (\$ mill)
1. Education and Culture	62.26
2. Health	66.94
3. Water and Sanitation	30.76
4. Infrastructure and Housing	115.92
5. Agriculture, Water Resources and Environment	59.58
6. Food Security	0.00
7. Mine Action	0.00
8. IDPs and Refugees	16.87
9. Governance and Civil Society	3.46
10. Poverty Reduction and Human Development	0.32
11. Support to Electoral Process	46.08
<b>Total Approved Funding</b>	<b>402.20</b>

**Annex 3B: UNDG ITF Approved Funding by United Nations Cluster and type of funds**



**Annex 4A: Summary of UNDG ITF Approved Funding by Participating United Nations Organization**

Participating United Nations Organization	Amount (\$ mill)
UNDP	111.69
WHO	60.60
UNICEF	55.75
UNDP/EAD	46.08
FAO	35.59
UN-HABITAT	23.55
UNEP	15.70
UNESCO	12.71
UNFPA	12.60
UNOPS	11.46
UNIDO	8.01
UNHCR	7.13
ESCWA	1.00
ILO	0.32
<b>Total Approved Funding</b>	<b>402.20</b>

**Annex 4B: Approved Funding by Participating United Nations Organization**

**Annex 5: Summary of 2004 Commitments<sup>2</sup> and Disbursements by United Nations Cluster (\$)**

Cluster	Approved Budget	Approved Funding	Expected by end of 2004			Actuals as of Sept 2004	
			Budget Allocation	Commitment	Disbursement	Commitment	Disbursement
1 Education and Culture	62,261,341	62,261,341	41,079,000 66%	41,079,000 66%	35,800,000 57%	23,675,757 38%	45,000 0%
2 Health	66,944,083	66,944,083	38,952,979 58%	38,952,979 58%	20,797,484 31%	25,911,554 39%	2,500,000 4%
3 Water and Sanitation	34,778,424	30,762,094	21,497,223 70%	21,497,223 70%	6,384,161 21%	4,910,966 16%	307,064 1%
4 Infrastructure and Housing	138,827,192	115,921,443	49,705,250 43%	49,705,250 43%	19,543,553 17%	852,441 1%	395,861 0%
5 Agriculture, Water Res. And Environ.	81,667,756	59,582,636	31,785,490 53%	31,785,490 53%	13,473,417 23%	2,880,000 5%	0 0%
8 IDPs and Refugees	16,867,515	16,867,515	10,408,044 62%	10,408,044 62%	4,919,112 29%	2,319,112 14%	2,319,112 14%
9 Governance and Civil Society	3,464,224	3,464,224	1,079,000 31%	1,079,000 31%	1,079,000 31%	479,000 14%	305,000 9%
10 Poverty Reduction and Human Development	321,000	321,000	321,000 100%	321,000 100%	321,000 100%	147,000 46%	0 0%
11 Support to Electoral Process	46,078,944	46,078,944	45,245,944 98%	45,245,944 98%	40,947,189 89%	41,788,660 91%	13,212,000 29%
<b>TOTAL</b>	<b>451,210,479</b>	<b>402,203,280</b>	<b>240,073,930 60%</b>	<b>240,073,930 60%</b>	<b>143,264,916 36%</b>	<b>102,964,490 26%</b>	<b>19,084,037 5%</b>

<sup>2</sup> Anticipated or contingent liability against resources of one or more future years based on contracts or agreements signed and/or purchase orders issued.

**Annex 6: Pipeline Projects by United Nations Cluster**

<b>Cluster</b>	<b>Estimated budget (\$)</b>
<b>Education and Culture</b>	122,350,000
<b>Health</b>	78,000,000
<b>Water and Sanitation</b>	103,450,000
<b>Infrastructure and Housing</b>	364,300,000
<b>Agriculture, Water Res. and Environment</b>	170,780,111
<b>Food Security</b>	60,000,000
<b>Mine Action</b>	28,706,590
<b>IDPs and Refugees</b>	5,780,000
<b>Governance and Civil society</b>	34,284,689
<b>Poverty Reduction &amp; Human Development</b>	48,375,200
<b>Support to Electoral Process</b>	130,000,000
<b>TOTAL</b>	<b>1,146,026,590</b>