



**Second Six-month Progress Report on Activities Implemented under the
UNDG Iraq Trust Fund of the
International Reconstruction Fund Facility for Iraq**

**Report of the Executive Coordinator of the UNDG ITF
for the Period 1 January to 30 June 2005**

PART ONE

30 November 2005

Contents

PART ONE

Abbreviations and Acronyms	5
Executive Summary	7
1. Introduction	9
1.1. UN Involvement in Iraq	9
1.2. The Innovative Nature of the UNDG Iraq Trust Fund	9
1.3. Second Progress Report on the UNDG ITF	10
1.4. UN Activities in Iraq Funded by Non-UNDG ITF Resources	10
1.5. Structure of the Report	10
2. Highlights of UNDG Programme Delivery for the period January-June 2005	12
2.1. UN Assistance Strategy for Iraq 2004-2007 and the Iraq National Development Strategy	12
2.2. The UNDG Method of Operating in Iraq	12
2.2.1. Project Selection	12
2.2.2. Transfer of Funds to Implementing Participating UN Organizations	13
2.2.3. Adaptation of Project Implementation Mechanisms	13
2.3. Progress in Implementation on the Ground	20
2.3.1. UNDG ITF Contributions to Governance	20
2.3.2. Delivery of Basic Services	22
2.4. Hurdles to Implementation	22
2.4.1. Insecurity	22
2.4.2. Difficulties in Decision-making by Iraqi Authorities	23
2.4.3. Cost Increases Severely Limiting Project Impact	23
2.4.4. Communication Difficulties	24
2.5. Financial Status	24
2.5.1. Donor Contributions	24
2.5.2. Transfer of Approved Funding to Implementing Agencies	27
2.5.3. Balance of Funds	30
2.5.4. Expenditure	32
2.5.5. Contract Commitments and Disbursements	39
2.5.6. Cost Recovery	43
2.5.7. Financial Management	43
2.6. Transparency and Accountability of UNDG ITF Operations	43
3. Future Programme Implementation	45
3.1. Security	45
3.2. Continuing Linkage between Reconstruction and the Political Process	45
3.3. Coordination of Development Activities in Iraq	48
3.4. Recurrent Cost Implications	49
3.5. Continual Incorporation of Lessons Learned into Programme Implementation Modalities	49
3.6. Independent Lessons-Learned and Review Exercise	50
3.7. UNDG ITF Funding Issues	50
4. Conclusions	52

Annexes

1. List of Participating UN Organizations	53
2. Details of Earmarked and Unearmarked Donor Contributions, 1 July 2004-30 June 2005.....	54
3. Expenditures Incurred against Approved and Funded Projects, 1 July 2004-30 June 2005, by Agency.....	55
4. Expenditures Incurred against Approved and Funded Projects, 1 July 2004-30 June 2005, by Cluster	57
5. Total Project Commitments and Disbursements, by Reporting Period	59

List of Tables

2.1. Sources, Uses and Balance of UNDG ITF Funds, January 2004-June 2005	24
2.2. Total Donor Deposits into the UNDG ITF	25
2.3. Net Donor Contributions, by Cluster (New and Old) and Type of Funds, as of 30 June 2005.....	27
2.4. Distribution of Approved Funding, by Cluster (New and Old) and Type of Funds	28
2.5. Balance of Funds (Net), by Cluster (New and Old) and Type of Funds.....	31
2.6. Summary of Total Expenditure	33
2.7. Summary of Total Expenditure, by Cluster (New and Old)	35
2.8. Summary of Total Expenditure, by Agency	36
2.9. Total Expenditure, by Cluster (New and Old) with a Breakdown by Category, 1 January- 30 June 2005.....	37
2.10. Total Expenditure, by Agency, with Breakdown by Category, 1 January-30 June 2005	38
2.11. Total Project Commitments and Disbursements, Updated, by Cluster (New and Old)	39
2.12. Total Project Commitments and Disbursements, Updated, by Agency	40
2.13. Interest Earned by Implementing UN Agencies as of December 2004	41
2.14. Number and Value of Contract Awards, by Country.....	42
2.15. Contract Awards, by Method of Procurement	43

List of Figures

2.1. Distribution of Approved Funding, by Cluster, as of 30 June 2005	29
2.2. Use of Unearmarked Funds, by Cluster, as of 30 June 2005	29
2.3. Approved Funding and Number of Projects, by Agency, as of 30 September 2005	30
2.4. Distribution of Balance of Funds as of 30 September 2005	32
2.5. Distribution of Total Expenditure, by Category, 1 January-30 June 2005	33

PART TWO

Introduction.....	2
1. Cluster A: Agriculture, Food Security, Environment and Natural Resource Management.....	4
2. Cluster B: Education and Culture	18
3. Cluster C: Governance and Human Development.....	27

4. Cluster D: Health and Nutrition.....	36
5. Cluster E: Infrastructure and Rehabilitation.....	45
6. Cluster F: Refugees, Internally Displaced Persons and Durable Solutions.....	57
7. Cluster G: Support to Electoral Process	63

List of Tables

1. Cluster A: Agriculture, Food Security, Environment and Natural Resource Management – Approved and Funded Projects	4
2. Cluster B: Education and Culture – Approved and Funded Projects.....	18
3. Cluster C: Governance and Human Development – Approved and Funded Projects.....	27
4. Cluster D: Health and Nutrition – Approved and Funded Projects.....	36
5. Cluster E: Infrastructure Rehabilitation – Approved and Funded Projects.....	45
6. Cluster F: Refugees, Internally Displaced Persons and Durable Solutions – Approved and Funded Projects.....	57
7. Cluster G: Support to Electoral Process – Approved and Funded Projects	63

Abbreviations and Acronyms

BOQ	Bill of Quantity
CBO	community-based organization
COSIT	Central Office of Statistics and Information Technology
CSO	civil society organization
DFID	Department for International Development (United Kingdom)
DoE	Directorate of Education
DPA	Department of Political Affairs (United Nations)
EAD	Electoral Assistance Division (United Nations)
EIDHR	European Initiative for Democracy and Human Rights (European Commission)
EOD	explosive ordnance disposal
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GIS	geographical information system
IDP	internally displaced person
IECI	Independent Electoral Commission of Iraq
IFES	International Foundation for Election Systems
ILO	International Labour Organization
IOM	International Organization for Migration
IRFFI	International Reconstruction Fund Facility for Iraq
IRI	Iraqis Rebuilding Iraq
ISRB	Iraqi Strategic Review Board
ITF	Iraq Trust Fund
LOA	Letter of Agreement
MoA	Ministry of Agriculture
MoDM	Ministry of Displacement and Migration
MoEd	Ministry of Education
MoEl	Ministry of Electricity
MoEn	Ministry of Environment
MoH	Ministry of Health
MoLSA	Ministry of Labour and Social Affairs
MoMPW	Ministry of Municipalities and Public Works
MoPDC	Ministry of Planning and Development Cooperation
MoWR	Ministry of Water Resources
NDC	National Dispatch Centre
NDS	National Development Strategy
NFE	non-formal education
NGO	non-governmental organization
OAPR	Office of Audit and Performance Review (UNDP)
OFFP	Oil-for-Food Programme
OHCHR	Office of the United Nations High Commissioner for Human Rights
SCSO	Steering Committee Support Office
TOKTEN	Transfer of Knowledge through Expatriate Nationals
TOR	Terms of Reference
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme

UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
UXO	unexploded ordnance
WFP	World Food Programme
WHO	World Health Organization

Definitions¹

Donor Pledge	An amount indicated as a voluntary contribution by a donor. (Pledges are not included in the financial statements. Financial reports will report on legally binding Donor Commitments and Deposits to the UNDG ITF and the WB ITF).
Donor Commitment	A legally binding commitment of a contribution to IRFFI for a specific amount over a specific timeframe, formalized through a Letter of Agreement (UNDG ITF) or Administrative Agreement (WB ITF).
Donor Deposits	Cash deposits received by the UNDG ITF or the WB ITF.
Project Commitment	The amount for which legally-binding project contracts have been signed.
Allocation	<i>UNDG ITF</i> – amount earmarked to a particular Cluster(s) and/or specific UN Participating Organization(s) to fund approved projects. <i>WB ITF</i> – to be disbursed to the vendor or the Iraqi line ministry implementing an approved project for the actual costs of the goods received or services delivered.
Approved Project	<i>UNDG ITF</i> – a project that has been approved by the ISRB and the UNDG ITF Steering Committee for which a project document has been subsequently signed. <i>WB ITF</i> – a grant agreement has been negotiated and signed by the World Bank ITF and the Recipient.
Project Disbursement	The amount paid to a vendor or entity for goods received, work completed and/or services rendered (does not include Unliquidated Obligations).
Project Expenditure	<i>UNDG ITF</i> – Amount of project disbursement plus Unliquidated Obligations related to payments due for the year.

¹ Common definitions agreed with the UNDG ITF and the World Bank ITF for use in IRFFI reporting.

Executive Summary

This is the second six-month progress report on the activities of the United Nations Development Group Iraq Trust Fund (UNDG ITF) submitted to the International Reconstruction Fund Facility for Iraq (IRFFI) donors in fulfilment of the reporting provisions of the UNDG ITF Letter of Agreement. The report, which covers the period from 1 January to 30 June 2005 (with an informal update to end of September 2005), has two parts. Part One highlights UNDG ITF progress as a whole while Part Two provides a review of cluster-level programme implementation, by the seven new United Nations Clusters: Agriculture, Food Security, Environment and Natural Resource Management (Cluster A); Education and Culture (Cluster B); Governance and Human Development (Cluster C); Health and Nutrition (Cluster D); Infrastructure Rehabilitation (Cluster E); Refugees, Internally Displaced Persons and Durable Solutions (Cluster F); and Support to Electoral Process (Cluster G). The report builds on the first official report submitted in May 2005. In conformity with the decision of the IRFFI Donor Committee at the July 2005 meeting at the Dead Sea, Jordan, the present progress report consolidates the narrative and financial reports into one.

The introductory chapter of Part One outlines the purpose and structure of the report and underscores the innovative nature of the UNDG ITF. It is the first time that the UN is administering a multi-donor *reconstruction* trust fund alongside the World Bank in a joint funding facility (the IRFFI); the first time that UNDG organizations have adopted the “UN cluster approach” for their operations, which also serves to assist key Iraqi ministries such as the Ministry of Planning and Development Cooperation (MoPDC) to work with UNDG as one entity, facilitating coordinated and collaborative joint programming; and the first time that UNDG organizations have made it possible for donors to fund their projects through a single channel, reducing donor transaction costs and the resource mobilization and reporting costs of UN organizations.

The second chapter provides highlights of programme delivery for projects approved up until the end of June 2005. Procedures for fund management were further refined, and as of 30 June 2005, \$586.4 million for 59 projects had been transferred to UN implementing agencies, following vetting and approval by the Iraqi authorities (line ministries and the Iraq Strategic Review Board) and the UNDG ITF Steering Committee. Programme implementation mechanisms continued to be effectively adapted by the United Nations Country Team (UNCT) to overcome considerable hurdles to implementation on the ground such as insecurity, lack of clear and timely decision-making by Iraqi authorities, cost increases and communication difficulties.

The pace of project implementation further increased in the first half of 2005. By 30 June 2005, expenditure on the 59 approved projects had reached \$298 million, approximately 51 per cent of approved funds. Taking into account that projects have been under implementation for less than one and a half years (with a number of projects for a considerably shorter period), the UNDG ITF delivery figures are considered high by any comparison. By the end of September 2005, delivery rates were at \$496 million in legal commitments (69 per cent) and \$303 million in disbursements (42 per cent). Most importantly, the UNDG ITF had a crucial impact on governance and basic services in Iraq during the reporting period. The role of the UN in supporting the Independent Electoral Commission for Iraq (IECI) in delivering the January 2005 elections and the October 2005 referendum as well as the support to the Constitutional Committee in drafting the constitution has been critical. In addition, major strides were made in delivering basic services, particularly in education, health, water and sanitation, and essential infrastructure.

The third chapter outlines key issues for future programme implementation. Present UN operational plans for Iraq continue to regard the security risk as being at a critical or high level throughout the country. A strong linkage between reconstruction and the political process will remain, with the UN continuing to provide crucial support to constitutional and electoral processes and delivering on the approved projects, particularly the quick-impact projects on basic services agreed to at the Dead Sea meeting. The UNCT plans to incorporate lessons learned into its programme implementation modalities on a continuing basis. The presentation of the revised National Development Strategy at the Dead Sea meeting in July 2005 and the adoption of overall Iraqi-led donor coordination as well as sectoral coordination groups are very welcome developments in Iraqi ownership. The UN will support these important developments as they are further

refined and strengthened in the upcoming period, particularly with the election of a constitutional government for a four-year term.

The UNDG ITF continues to promote increased transparency and accountability in its operations, particularly through the active use of the www.irffi.org web site. Monthly newsletters, highlights of project progress, details on procurement opportunities and contract award information from all agencies, to name only some items, are posted on the site regularly and updated. Furthermore, an international management/audit firm has been engaged to undertake an independent lessons-learned and review exercise. Its final report will be submitted early next year.

Part One of the report concludes by underlining the significant delivery level of the UNDG ITF over its first year of operation and its pioneering role in adopting new ways of doing business, in line with the aid effectiveness agenda articulated in the 2 March 2005 Paris Declaration. The UNDG ITF model is being continually refined and updated and is already serving as an example for the design of multi-donor, multi-agency trust funds in other countries. As the significant resources contributed by IRFFI donors to the UNDG ITF have been almost fully programmed, further replenishment of UNDG ITF resources is vital for continuation of the UN support to Iraqi reconstruction and development efforts. It is hoped that this issue will be addressed by donors at the upcoming Fifth Donor Committee Meeting in March 2006.

Part One of the report also contains five annexes. Annex 1 consists of a list of the UNDG ITF Participating UN Organizations. Annex 2 provides details of earmarked and unearmarked donor contributions for the period 1 July 2004 to 30 June 2005. Expenditures incurred against approved and funded projects for the period 1 July 2004 to 30 June 2005, by agency and by Cluster, are provided in annexes 3 and 4, respectively, while annex 5 contains a detailed presentation of total project commitments and disbursements, by reporting period.

Part Two of the report provides a review, by the seven new United Nations Clusters, of key aspects of programme implementation from 1 January to 30 June 2005, with updates on progress achieved during the third quarter of 2005 and future work plans. Each Cluster-level report provides information on the purpose of the Cluster; programmes/projects funded to date; key accomplishments of the Cluster; the implementation mechanisms used by the Cluster; highlights of project implementation by agency; hurdles encountered and implementation constraints; the future work plan for ongoing approved projects/programmes; and finally a summary of the 2005-2007 Iraqi-UN Joint Assistance Strategy for the Cluster. Individual project progress reports submitted to the UNDG ITF by the Participating UN Organizations in accordance with the provisions of the Memorandum of Understanding (MOU) will be listed on the IRFFI web site and are available to Iraqi authorities and donors on request.

1. Introduction

This is the second six-month progress report on activities implemented under the United Nations Development Group Iraq Trust Fund (UNDG ITF) presented to donors of the International Reconstruction Fund Facility for Iraq (IRFFI). The report provides information on the continuing progress of United Nations multisectoral operations in Iraq for the period from 1 January to 30 June 2005 (with an informal update to the end of September 2005). It builds upon the First Six-month Progress Report of the UNDG ITF² (hereafter referred to as the “First Progress Report”) submitted to the IRFFI donors on 14 May 2005 and subsequently presented to the meeting of the IRFFI Donor Committee at the Dead Sea, Jordan, on 19 July 2005.

1.1. UN Involvement in Iraq

The mandate of the United Nations Assistance Mission for Iraq (UNAMI) was extended for another period of twelve months by Security Council resolution 1619 of 11 August 2005.

1.2. The Innovative Nature of the UNDG Iraq Trust Fund

It is worth noting once again and highlighting the innovative aspects of the UNDG ITF operations in Iraq.

UNDG ITF Firsts

It is the first time that:

- the UN is administering a multi-donor *reconstruction* trust fund alongside the World Bank in a joint funding facility (the IRFFI);
- UNDG organizations, pursuant to the Secretary-General’s reform agenda, have adopted common planning, funding, coordinated implementation and reporting arrangements for such a large-scale operation, referred to as the “UN cluster approach”. Most importantly, this arrangement assists key Iraqi ministries such as the Ministry of Planning and Development Cooperation (MoPDC) to work with UNDG as one entity, facilitating coordinated and collaborative joint programming; and
- UNDG organizations have made it possible for donors to fund their projects through a single channel, reducing donor transaction costs and UN organizations’ resource mobilization and reporting costs.

The UNDG ITF remains the primary source of funding for the United Nations reconstruction and development operations in Iraq that is based on the cluster approach. This approach has been streamlined to encompass the following seven Clusters subsequent to the IRFFI Donor Committee meeting of July 2005 at the Dead Sea, Jordan: Agriculture, Food Security, Environment and Natural Resource Management (Cluster A); Education and Culture (Cluster B); Governance and Human Development (Cluster C); Health and Nutrition (Cluster D); Infrastructure Rehabilitation (Cluster E); Refugees, Internally Displaced Persons (IDPs) and Durable Solutions (Cluster F); and Support to Electoral Process (Cluster G).

The United Nations Development Programme (UNDP) administers the UNDG ITF on behalf of itself and other Participating UN Organizations. Nineteen UN organizations have signed the Memorandum of Understanding (MOU) with UNDP for participation in the UNDG ITF (see annex 1, List of Participating UN Organizations), with sixteen assuming responsibility for project implementation.

² First Six-month Progress Report on Activities Implemented under the UNDG Iraq Trust Fund of the International Reconstruction Fund Facility for Iraq: Report of the Executive Coordinator for the UNDG ITF for the Period 1 July 2004 to 31 December 2004, 14 May 2005.

The UNDG ITF represents a new way of managing donor funds. Unearmarked funds are co-mingled upon receipt of the deposits. Earmarked funds are co-mingled in the specific Cluster to which donors have decided to allocate their contributions. Donor funds, which are earmarked to one of the Clusters or sub-Clusters, are co-mingled at the cluster or sub-cluster level even when the contribution is further earmarked to a particular UN implementing agency.³ The receipt of funds and management of the ITF are based on the cluster approach, with earmarking to individual agencies where it is applicable. However, fund transfers are made to individual UN agencies, which assume full financial and programmatic responsibility for the projects that they implement. Reports produced on earmarked and unearmarked donor contributions, disbursements made to Participating UN Organizations and expenditures incurred under the projects all use the cluster framework. The cluster approach is also reflected in the consolidated six-month progress reports to donors that are provided by the Executive Coordinator of the UNDG ITF.

Donors have increasingly realized the value and effectiveness of the innovative UNDG ITF mechanism, which has translated into deposits by 24 donors of \$807 million in the Trust Fund as of 30 September 2005. A further \$38.5 million has been committed by donors and is pending deposit. For a list of donors as of 30 June and 30 September 2005, see table 2.2 while detailed information on donor earmarking as of 30 June 2005 is presented in table 2.3.

1.3. Second Progress Report on the UNDG ITF

In accordance with the decision of the IRFFI Donor Committee at the Dead Sea meeting of July 2005, the two reports foreseen in the Letter of Agreement (LOA) – the narrative and the financial – are consolidated here into one report, providing more complete information on progress to date.

The present report also includes additional details on activities implemented in the third quarter of 2005 (see the Future Work Plan section of the Cluster progress reports found in Part Two). These details are included so as to provide donors with the latest implementation information beyond that contained in the Summary Progress Report for the period July 2004 to June 2005 that was presented to the Dead Sea meeting in July 2005. In addition, the figures for contract project commitments and disbursements for the projects that were approved up until the end of June 2005 and that are the subjects of this second progress report are provided as of 30 September 2005 (see chapter two, section 5 and Part Two). The commitments and disbursements for the third quarter of 2005 are provided by the UNCT in Amman and are best estimates based on the activities that they have implemented.

In addition to the official six-month reports, the UNDG ITF provides a monthly UNDG ITF Newsletter that gives highlights of the latest developments, unofficial updates on project-level contract commitments and disbursements and related narrative reports. This Newsletter is circulated to donors and other interested parties and posted on the web site www.irffi.org.

1.4. UN Activities in Iraq Funded by Non-UNDG ITF Resources

The present report covers only the UN activities for the period from 1 January to 30 September 2005 that are funded by the UNDG ITF. As in the First Progress Report, non-UNDG ITF-funded activities are not included so as to give IRFFI donors an accurate picture of the project activities funded by UNDG ITF resources.

1.5. Structure of the Report

Part one of the report contains four chapters, including the present introductory chapter.

³ In the present report, as in the First Six-Month Progress Report, the term “agency” is used interchangeably with “organization” to describe the Participating UN Organizations although only a few of the UN organizations are legally defined as agencies.

The second chapter provides highlights of programme delivery during the first half of 2005. It covers significant developments in project selection, further examples of innovative project implementation mechanisms used by the United Nations Country Team (UNCT), highlights of progress in implementation on the ground and the hurdles faced during implementation.

The third chapter presents key issues that merit consideration with respect to programme implementation over the upcoming period. Important among them is the need for adequate replenishment of UNDG ITF resources if the UN is to continue to assist Iraq in addressing its reconstruction and development challenges.

The fourth chapter contains the conclusions that are emerging from the first-year operations of the UNDG ITF (1 July 2004 to 30 June 2005).

Five annexes are included in Part One. Annex 1 consists of a list of the UNDG ITF Participating UN Organizations. Annex 2 provides details of earmarked and unearmarked donor contributions for the period 1 July 2004 to 30 June 2005. Expenditures incurred against approved and funded projects for the period 1 July 2004 to 30 June 2005, by agency and by Cluster, are provided in annexes 3 and 4, respectively, while annex 5 contains a detailed presentation of total project commitments and disbursements, by reporting period.

Part Two of the report provides a review, by new Cluster, of key aspects of programme implementation from 1 January to 30 June 2005, with updates on progress achieved during the third quarter of 2005. It also includes future work plans for ongoing approved projects/programmes for the upcoming period (completed activities to 30 September 2005 and plans until 31 December 2005).

2. Highlights of UNDG Programme Delivery for the period January-June 2005

2.1. UN Assistance Strategy for Iraq 2004-2007 and the Iraq National Development Strategy

The operations of the UNDG ITF are based on the UN Assistance Strategy for Iraq, which was first adopted at Abu Dhabi in February 2004 and then updated in March 2005 on the basis of the new priorities identified by the Iraqi Interim Government. The UN Assistance Strategy has been further reoriented and sharpened to effectively respond to the priorities articulated by the Minister of Planning and Development Cooperation (MoPDC) of Iraq and reflected in the revised National Development Strategy (NDS), both presented at the IRFFI Dead Sea meeting in July 2005.

2.2. The UNDG Method of Operating in Iraq

The UN operations in Iraq reflect the agreed focus of UN activities, most recently confirmed in the September 2005 World Summit Outcome Document: support for national development strategies and for capacity-building. The UNDG organizations, together with Iraqi partners, continue to refine processes to develop Iraqi capacity and maximize Iraqi involvement in project identification, formulation and implementation within the NDS. The aim continues to be to ensure effective Iraqi ownership and beneficiary participation while retaining overall UN accountability.

2.2.1. Project Selection

Project Identification and Formulation

The revised Iraq NDS of July 2005 now serves as the basis for project identification and formulation. The UN continues to work closely with the concerned Iraqi line ministries, Iraqi governmental entities, the Independent Electoral Commission for Iraq (IECI), the National Assembly and non-governmental organizations (NGOs) on project identification and formulation, emphasizing capacity development at every stage.

The UN Clusters remain critical to the project review process. The experience of working through the cluster model over the last year and a half and the constant dialogue with different Iraqi counterparts and the donor community have provided a learning platform for UN agencies, which is the basis of the internal review of the cluster system that was undertaken during the reporting period. The results of the critical process were a streamlining of and a reduction in the number of clusters, and a review of the number and scope of programme outcomes to ensure that they remain relevant in view of the current security situation in Iraq and the updated Iraqi priorities articulated in the NDS. Increasingly, Iraqi counterparts are involved in the deliberations of the various Clusters.

The key criteria that projects funded by the UNDG ITF have to meet continued to be: (a) alignment with Iraqi-identified priorities in the NDS (as revised and updated); (b) implementability in 2005/2006, given the security situation and delivery capacity of the Participating UN Organization; (c) impact on employment creation, and (d) degree of inter-agency cooperation in planning and implementation (reflecting the cluster principle). To ensure greater effectiveness, these criteria were refined and tightened in March 2005 to take into account the demonstrated delivery capacity of the implementing UN agencies. The new criteria require that an agency requesting additional resources from the UNDG ITF demonstrate achievement of a 50 per cent commitment rate and a 25 per cent disbursement rate of the amount already funded from the UNDG ITF.

In August 2005, subsequent to the July Dead Sea meeting, the Iraqi Strategic Review Board (ISRB) tightened the project review criteria still further, introducing a minimum "Reconstruction, Rehabilitation and Labour" (RRL) content for every project. The UNDG ITF, as indicated in the First Progress Report, has benefited

from the guidance and approval provided by the ISRB. The tightened criteria led to the need for some of the quick-impact projects formulated after the Dead Sea meeting to be further refined before receiving ISRB approval. The UN welcomed this more rigorous review, signifying, as it does, a more active role by the ISRB in decision-making and strengthened Iraqi ownership. Such in-depth reviews ensure not only that UNDG ITF resources are used to address prioritized Iraqi needs across and within sectors and regions but also that they are complementary to the development assistance of other funding sources. The UNDG ITF Steering Committee also appreciates the agreement reached with the chairman of the ISRB to observe each other's meetings.

Project Approvals

During the reporting period from 1 January to 30 June 2005, 11 projects were approved by the UNDG ITF Steering Committee at two meetings – one in March and one in June. Nine of the newly approved projects were in Cluster C, Governance and Human Development. This reflects the renewed emphasis of the UNCT in 2005 on actively responding to the request made by Iraq to the UN to provide a range of critical services in support of the political transition, particularly in the important field of constitutional support. It also reflects the long gestation times for formulation and finalization of project proposals in the governance area (in the previous reporting period, only five projects were approved). One health project and one infrastructure rehabilitation project were also approved during the reporting period under review. The lack of resources and the concentration by the UNCT on the implementation of ongoing projects on the ground also accounted for why more projects were not approved.

As of 30 June 2005, a cumulative total of 59 projects had been approved and funded by the UNDG ITF Steering Committee. The list of approved projects, by agency, with date of approval by the UNDG ITF Steering Committee, is provided in annex 3.

2.2.2. Transfer of Funds to Implementing Participating UN Organizations

As detailed in the First Progress Report, fund transfer by the Executive Coordinator to Participating UN Organizations is made only after all the conditions for project approval and fund transfer have been fulfilled and upon receipt of the necessary supporting documentation. During the reporting period, a total of \$586.42 million was transferred to 15 UN Organizations.

2.2.3. Adaptation of Project Implementation Mechanisms

The security crisis in Iraq continued in 2005 and in some respects worsened after a lull following the January 2005 elections. As a result, UN international staff involved in the implementation of UNDG ITF-funded projects, except those working on the UN support to the constitutional and electoral processes, continued to operate outside of the country. Appropriate implementation mechanisms have been adopted and further refined by UNDG agencies to ensure effective implementation and oversight under the difficult security situation. This involves further empowerment of national entities ranging from UN national staff to government ministries, private consultants and contractors, and NGOs while retaining the financial and programmatic accountability of UN implementing agencies.

As experience around the world has demonstrated, the best guarantor of successful reconstruction is the existence of an effective public service as well as a thriving private sector. The UNCT therefore continues to place great emphasis on capacity development across the board in all line ministries. All Clusters continue to organize extensive training sessions and workshops in Amman and in other neighbouring countries in the effort to upgrade and further develop the capacity of Iraqi institutions and officials. When security and logistical realities permit, training is also being organized in country, and efforts will be stepped up in this regard. This also reflects the emphasis that is increasingly given to in-country and in-service training by the ISRB and line ministries. It should be noted, however, that, often owing to security requirements, it is more effective in terms of costs and results to organize capacity-building programmes outside of Iraq but in neighbouring countries.

Implementation of projects by Iraqi local contractors continues to increase, with a significantly growing number of contracts being awarded to Iraqi contractors under the UNDG ITF as of the end of September 2005. This reflects a concerted effort by the UNCT to use Iraqi contractors by continuing to make information on procurement opportunities known to them via, for example, local networks, the Iraqi press and the IRFFI web site (www.irffi.org) and adapting bidding methodologies to the security situation. It also indicates recognition of the significant experience that Iraqi local contractors have in implementing projects for the UN, particularly with respect to civil engineering and rehabilitation. Further details and analysis of contracts awarded under the UNDG ITF, based on the contract awards table posted on the UNDG ITF Procurement page of the IRFFI web site, are given in section 2.5.5

Implementing agencies have had to adapt their standard contracting and supply delivery procedures to the necessity of remote supervision by international staff and the requirement to ensure the least exposure of national staff while safeguarding the transparency and integrity of business processes. The adapted systems that UNDP and the United Nations Children's Fund (UNICEF) use for contracting in the area of rehabilitation were described in the First Progress Report. Two further examples of how contracting systems for rehabilitation works have been adapted by two other UN agencies – the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO) – are provided in the present report. They show a large number of similarities.

FAO is implementing several technically complex agricultural projects by contracting consultancy and supervision firms, which are either based in Iraq or abroad and which employ Iraqi or non-Iraqi nationals. The main tasks include the following:

- Field studies, surveys, pre-feasibility and feasibility studies leading to the production of full technical reports and, where relevant, the development of full tender documents for irrigation, civil, mechanical and/or electrical works; and
- Supervision of irrigation, civil, mechanical, and/or electrical works, including certification of completion of works and reporting to FAO.

FAO Implementation Modality for Iraq

Procurement Process for Goods and Services

FAO procures goods and services in close cooperation with the Iraqi authorities:

- Identification of inputs or services required is undertaken jointly by FAO and the Iraqi line ministry;
- Preparation of detailed specifications, bills of quantities, drawings, delivery time and destination is undertaken jointly by FAO and the Iraqi line ministry;
- A list of local potential suppliers is provided by the Iraqi line ministry and expanded by FAO;
- Tenders are launched by FAO inviting local and international potential suppliers;
- Technical review of the offers is carried out jointly by FAO and the Iraqi line ministry;
- Final selection of suppliers and issuance of purchase orders or contracts are done by FAO after taking financial offers into account.

Risk Management Procedures

There are substantial risks involved in the implementation of irrigation projects and especially the rehabilitation of pumping stations. This is owing to potential incompatibility between new and existing (often 30-year-old) equipment when replacing or repairing pumps, motors, and electrical control and auxiliary equipment in an existing pumping system and pump house structure. Such incompatibility could lead to the procurement of high-value equipment that could not be fitted into the existing structure or system or that would not work once it had been installed. In addition, FAO cannot field international technical staff to inspect the pump station sites.

In view of the above, a full risk assessment analysis is undertaken regularly and procedures to request proposals from suppliers are designed to minimize risks, as follows:

- Training is provided to the Ministry of Water Resources (MoWR) technical staff to establish accurate data collection mechanisms and describe the state of equipment and infrastructure currently in place;
- Information collected on the equipment currently in place is discussed with the Original Equipment Manufacturer (OEM);
- The OEM is requested to specify the equipment required to replace missing, damaged or unusable components;
- If the OEM agrees to install the new equipment, then it is requested to verify the specifications of the equipment currently in place before submitting a proposal in order to further reduce the risk of incompatibility of equipment;
- The proposal submitted by the OEM is technically reviewed by an FAO international expert in Amman, by an international independent technical consulting firm contracted by FAO and by the FAO technical services at headquarters before being accepted;
- If the OEM does not agree to install the equipment, MoWR technical staff and the staff of the Iraqi company contracted for installation are trained at the OEM factory on installation and operation of the equipment;
- Performance of the installation company is closely supervised by an independent inspection/supervision firm.

In addition to all its work providing policy advice and capacity-building to the Ministry of Health (MoH) and the provision of essential medicines, WHO is heavily involved in assisting with the rehabilitation of the physical infrastructure of the Iraqi health system. As indicated in the First Progress Report, WHO emphasizes empowering the MoH (the WHO Primary Health Care project implementation unit is constituted of senior MoH officials, for example). To facilitate the implementation of rehabilitation works, WHO arrived at a specific agreement with the MoH on guidelines on physical rehabilitation projects in Iraq in 2004. The main features of these agreed guidelines, which empower and build the capacity of the MoH at each stage, are provided in the following box.

WHO Physical Rehabilitation Works Procedure

Stage 1 – Formal Request

- Written formal request from Ministry of Health to WHO;
- WHO engineering team reviews; if positive, WHO sends official correspondence to Ministry supporting the project and requesting preparation of bid document.

Stage 2 – Bid Document Preparation

- Ministerial engineering directorate, in collaboration with WHO engineers, produces bid document;
- Bid document sent to WHO for review and approval.

Stage 3 – Bidding Process

- Bid announcement made by Ministry in newspapers and on web site;
- Bid opening by Ministry with WHO as observer;
- Bid analysis jointly by Ministry and WHO;
- WHO Amman Bid Review Committee reviews all documentation and, if in agreement, sends official correspondence to Ministry supporting the choice of supplier and advising the start of contract preparation.

Stage 4 – Contract Preparation

- Contract prepared by Ministry in dollars;
- Winning bidder provides insurance payment as bank guarantee and signs contract with the Ministry;
- WHO engineering team prepares adjudication report;
- WHO official correspondence to Ministry supporting the project and advising the start of rehabilitation implementation.

Stage 5 – Implementation

- Ministry hands over site to contractor;
- Ministry and WHO engineers supervise the work;
- Contractor requests interim payment, MoH and WHO engineering team measure and approve quality and quantity, WHO engineering Team in Amman reviews, WHO Representative approves and funds are released;
- Daily and weekly progress reports.

Stage 6 – Issuance of Work Completion Certificate

- Contractor sends request to Ministry;
- Ministry and WHO engineers make site visit for assessment;
- Approval by Ministry and WHO engineers;
- Work Completion Certificate issued by Ministry.

Stage 7 – Final Measurement, First Acceptance and Final Payment

- Ministry and WHO engineers make final measurement and approve the quality and quantity;
- Ministry WHO Committee visit site to check quality and Ministry issues first acceptance;
- Ministry returns half of bank guarantee to contractor;
- Ministry requests final payment from WHO.

Stage 8 – 12-month Maintenance Period

Stage 9 – Final Acceptance and Release of Final Insurance Following Final Site Inspection by WHO and Ministry

Financial systems used by UN agencies have had to be adapted as well. Agencies use a combination of modalities for effecting payments. Some agencies have accounts in local currency and US dollars with an Iraqi national bank. These accounts are used to process local payments when the supplier/contractor/government requests payment in Baghdad through a bank cheque or bank transfer.

Another modality is a cash transfer through trader services in Baghdad, Basrah and Erbil that provide cash to agencies' offices or suppliers on a reimbursement basis at the request of the Iraq Support Centre in Amman. FAO financial transactions, for example, are made in cash. Funds needed for project operations or for payment of Iraqi contractors are transferred from the FAO office in Amman to the contractors using the services of two brokers. FAO makes payment to the brokers only after receiving written notification from the contractors in Iraq certifying that they have received payment from the brokers. Thus, the brokers assume full responsibility in case of loss of funds during the transfer process into Iraq.

Agencies also maintain accounts in Amman and use normal commercial banking services to make cash payments in Baghdad and bank transfers to other accounts. This is particularly applicable when the payment is to a government department. The bank accounts in Amman are used to process payments for any supplier/contractor/government department that requests payment outside of Iraq.

Monitoring Systems

Monitoring systems have also been adapted to the security situation. Participating UN Organizations retain responsibility for monitoring and oversight, including site assessments, review of detailed designs and bills of quantities (BOQs), financial control and managerial support in programme activities, due diligence monitoring, overseeing the commissioning of projects and the timely handing over to beneficiaries, and audits. They do so in close consultation with their counterpart line ministries and with their participation. Supervision by private contractors is usually combined with that by national staff and government officials. In the remote-control modality, this triangulation of supervision is critical to ensure that work is done to acceptable standards.

Given the security situation and the consequent restricted movement of staff and government officials, UNICEF, for example, undertakes monitoring of project activities by a team of monitors and engineers hired by UNICEF through an external contractor. The monitors and engineers – approximately 100 contracted monitors, some of them previous UNICEF/UN staff – provide critical monitoring/supervisory input to the implementation of the project. They track the arrival of supplies/equipment, supervise the civil works and installation of equipment in various governorates, and collect appropriate data while reporting to the UNICEF staff in Baghdad/Amman for technical guidance and adherence to the implementation schedule. This allows UNICEF to minimize the exposure of its national staff to risks involved in travelling to project sites while still being able to monitor the programme implementation process and results. Certification of work completed, e.g., in reconstruction/rehabilitation of water/sewage plants, has enabled prompt payments and timely completion. UNICEF is also considering options to hire local audit companies to undertake project monitoring. Security and communications support to the monitors is being refined to ease their work and reduce their risks.

FAO has also adapted its monitoring system. BOQs of executed works or goods prepared by the contractor are verified and confirmed jointly by the FAO site engineer/national project manager and a representative of the line ministry. An independent international inspection and supervision company contracted by FAO provides a separate report to FAO regarding work conformity with contracts.

In addition to the eight projects for which the United Nations Office for Project Services (UNOPS) has full implementation responsibility (notably the four electoral support projects that it implements on behalf of the UN Electoral Assistance Division (EAD)), UNOPS has a partial implementation role in a few further projects executed by other agencies. It has also extensively adapted its monitoring system to enable effective implementation under the difficult security environment.

At the central level, UNOPS uses national staff and line ministries while at the local level, it uses national staff and local authorities and contractors. For monitoring, UNOPS uses independent contractors and missions of international staff to Iraq. Implementation is also adapted to the different operational environments in the country. In the north, limited and expensive skilled labour and services are available while the security situation permits reasonably good operations. In the south, there are high expectations from beneficiaries and local authorities, a lack of skilled labour, limited capacity of contractors while the security situation allows operations with precautions (although the situation has recently deteriorated). In the centre, owing to limited infrastructure rehabilitation and capacity-building, it is not possible to operate without appropriate partnerships and operations are continuously hampered by serious security challenges.

A particularly interesting and adaptive methodology for successful remote management that is being used by the UNDP infrastructure team is described in the box below.

UNDP Implementation Modality for Iraq

Remote Diagnosis and Rehabilitation of Power Plant Equipment Using Satellite Communications

1. The Problem – Undertake diagnosis, repair and rehabilitation of complex power plant equipment at locations where high-risk security conditions prevent international specialists from being fielded to assist in the assessments and work as would be the case in normal utility practices for these tasks.

2. Innovative Implementation Modality Concept

Three basic components are at the heart of the concept:

- (a) Train the national engineers and power plant staff, outside the country, in modern techniques for equipment diagnosis and rehabilitation;
- (b) Deploy a satellite-based system (Advanced Video Technology (AVT) System) to collect detailed audio/video images from the field and with capabilities to permit multi-party video-conferencing between countries;
- (c) Develop a system of data collection (forms and pictures) suited to characterizing the equipment condition at the power plant – with the data/pictures collected at the plant transmitted outside the country for analysis. This is supplemented with technical discussions between national engineers and specialists in foreign countries. The data are later incorporated into computerized systems for data access and decision-making using power-plant maintenance management software accessible to local and international specialists.

3. Application by the Infrastructure Unit of the UNDP Country Office in Iraq

In April 2005, 21 engineers and technical staff from the Ministry of Electricity (MoEI) received training in Japan and the Republic of Korea in assessing the condition of thermal power units. During May-July 2005, extensive discussions took place between UNDP, its contractor (Hitachi plus subcontractors) and the MoEI concerning data collection and assessment procedures and plans. In August 2005, an AVT system was deployed at Mussayib Generating Station (75 km south of Baghdad) and used for the assessment of Unit 1 (300 MW) under cold and hot conditions (i.e., unit out of operation and operating, respectively). A report on the assessment of the condition of Mussayib Unit 1 will be issued in October 2005 and used for decisions on major equipment procurement for the rehabilitation of the Unit.

4. Summary of the AVT System

- (a) **Purpose:** Viewing in detail a remote scene over a video link

The Infrastructure Unit of the UNDP country office needed a solution for video-conferencing between a power station in Iraq and foreign locations (offices in Cyprus, Jordan, etc.) to enable experts monitoring or managing a project to:

- Assess the overall condition of the power station by walkdown video surveys;
- Examine the condition of selected equipment when disassembled and reassembled for rehabilitation;
- Conduct detailed checks of damaged/faulty components of equipment by video display, including video enhancement/enlargement of damaged areas for in-depth assessment;
- Review drawings and printed technical details available at the plant site;

- Conduct 2-party, 3-party or multi-party video-conferences as the situation may require.

(b) General Description of the AVT System

The system consists of the major equipment listed below:

- Wireless video/audio mobile setup (mobile camera for in-plant use);
- Reliable Internet connection (plant to satellite and global Internet linkages); and
- Video-conferencing setups at power station and receiving sites.

(c) System Requirements

- The equipment for users at receiving sites (i.e., monitoring or command stations) should be a standard personal computer (PC) or video-conferencing equipment connected to the Internet with adequate bandwidth.
- The system should be able to obtain/transmit suitable images under the conditions of disturbance of video/audio transmission resulting from high-voltage electric fields or high-intensity magnetic fields in plant areas. It should also be able to transmit data from inside metal enclosures such as boilers.
- Field equipment should be able to operate at plant locations where there is poor lighting and noise and have video zoom features to view details in areas not readily accessible to the operator in the field.
- Field equipment should have protective features to prevent damage from operation in areas with high dust levels, mists or somewhat corrosive ambient air.
- The system should have bi-directional video/audio transmission from the command and field sites as well as at monitoring sites, as necessary. This includes ability to conference with a third-party user or hold multi-conference sessions.

(d) How the System Works

The signal from the cameras leaves Mussayib via a satellite dish, which is part of the Mussayib AVT system. The commercial satellite used carries the picture to a landing point, which is in Hong Kong for the system used by UNDP for the Mussayib Power Station Unit 1. From there, the signal is brought by commercial Internet carriers to the viewing location (Nicosia, Cyprus; Amman, Jordan; etc.). Commands from the UNDP Iraq country office based in Nicosia go back to Mussayib via the same route.

5. Future Applications/Enhancement of the AVT System

(a) AVT System Application for Training MoEI Staff

Technical training of MoEI staff is planned using the Mussayib AVT system at periods when the system is not used for its primary purposes (examination/testing of plant equipment, technical conferencing, monitoring deliveries of equipment, monitoring of rehabilitation work, etc.).

(b) Equipment Tagging for Transportation/Delivery Monitoring via Satellite

Equipment deliveries for Mussayib will be arriving from overseas locations at Aqaba, Jordan, and transported by road to sites within Iraq. Satellite tracking will permit monitoring the equipment location from the point of departure up to the time of its delivery to the intended site.

(c) Installation of AVT System Components in a Mobile Trailer

Installation of AVT system components in a mobile trailer would permit moving the AVT capability to various sites within a region using the same UNDP equipment and would be considered for smaller plant sites (Mussayib station is one of the largest power plants in Iraq) and sites where the repair or rehabilitation work would be of shorter duration, i.e., smaller power stations, transmission and distribution work at various sites, etc.

Despite the many changes introduced by the UNCT in implementation modalities, some tried and tested mechanisms continue to be used but on a selective, limited basis such as use of international NGOs and international consultants and contractors.

International UN staff are also present in Iraq when absolutely necessary, such as for assistance in constitutional development or assistance with elections and the referendum. The United Nations Deputy Humanitarian and Reconstruction Coordinator is permanently based in Baghdad, with UN Cluster Coordinators visiting Baghdad from time to time on a rotating basis. In addition, a number of international staff from the various UN agencies periodically travel to and spend time in Iraq (Baghdad, Basrah and Erbil) to interact with Iraqi counterparts and project staff.

Further details on the various implementation modalities and their use by different Participating UN Organizations are provided in the Cluster progress reports and the individual project progress reports of the different Participating UN Organizations that are available from the UNDG ITF.

2.3. Progress in Implementation on the Ground

The Iraq UNCT is well aware of the high expectations of Iraqis and donors for rapid and effective implementation of project activities despite the extremely difficult operating circumstances that continue to prevail in Iraq. This point was reiterated by both the Minister of MoPDC and IRFFI donors at the Dead Sea Donor Meeting of July 2005. Based on the implementation results that are already being realized and that are reflected in the present report, the UNDG ITF can confidently state that it is making notable contributions to the reconstruction and development goals of Iraq, particularly when note is taken of the security and institutional circumstances under which activities are being carried out.

UN contributions to reconstruction and development goals of Iraq focus primarily on two areas: governance and delivery of basic social services. In the area of governance, the UNCT is primarily supporting the Iraqi authorities to promote and develop democratic governance by supporting the electoral and constitutional processes as well as providing policy advisory services and capacity-building to key ministries. The delivery of basic social services focuses on education, health, water and sanitation and basic infrastructure in regions with the greatest needs as well as in areas where internally displaced persons are concentrated owing to ongoing conflict. This aspect of the broader UNCT programme also addresses employment creation, poverty alleviation and the Millennium Development Goals. Promotion and protection of human rights and addressing humanitarian needs both cut across this essentially two-pronged approach.

2.3.1. UNDG ITF Contributions to Governance

Electoral and Constitutional Process

The major UN role in the Iraqi elections in January 2005 – providing support to the Independent Electoral Commission for Iraq (IECI) – was reported on in the First Progress Report. Three months after the elections, the transitional government was formed. Shortly thereafter on 15 May 2005, the President of the National Assembly requested UN assistance in drafting the new constitution of Iraq and in promoting national dialogue on its content. Using the contributions to the UNDG ITF made available by IRFFI donors, the UNCT readily and immediately responded. A series of projects to support the constitution drafting along with accompanying public outreach programmes was approved at the beginning of June 2005, which were entirely funded by a dedicated earmarked contribution from the European Commission.

At the end of June (shortly following programme approval), the Constitutional Support sub-Cluster mobilized the Constitutional Committee, media outlets, international and national organizations, NGOs and other stakeholders in support of public dialogue on the drafting of the constitution. The sub-Cluster resourced the Constitutional Committee with 200 professional staff for the Secretariat and Analysis and Media Outreach Units in Baghdad as well the governorate offices together with supporting equipment.

Continued support to the electoral process has also been vital. In the period after the January election, detailed lessons learned and needs assessment exercises were undertaken and further capacity-building was delivered. The IECI, supported by Cluster G (Support to Electoral Process) of the UNDG ITF, has now succeeded in conducting both nationwide elections and a nationwide referendum in an operational landscape characterized by a precarious security situation and frequent intimidation of staff members.

In addition, for the referendum, the UN and the IECI faced a crucial test for maintaining the legitimacy of the process when the National Assembly attempted briefly to alter the definition of what would constitute two thirds of the vote required for rejection by a province as foreseen in the Referendum Law. The referendum on 15 October produced a higher turnout than the elections in January, including a much higher level of participation from the Sunni community. Recent political agreements also indicate a potentially much greater participation by the Sunnis in the upcoming December elections for which preparations are now under way

Policy Advice

Beyond the provision of policy advice on electoral systems and the highest level of expertise on constitutional drafting following the successful elections of 30 January 2005, in 2005 the UN continued to assist and support the Transitional Government of Iraq more actively in a wider range of policy areas requested. Details on this advice are provided in the Cluster reports in Part Two. Subsequent to the adoption of new donor coordination mechanisms, including sectoral working groups, by the Government of Iraq at the Dead Sea meeting in July 2005, policy advice is also being provided through UN support to these sectoral working groups in Baghdad.

These groups bring together concerned Iraqi officials and multilateral and bilateral representatives to consider strategic issues. The sectoral groups established to date are for education, health, electricity and rule of law. The education and health groups have been meeting regularly and are working on sectoral strategies. The group on rule of law started meeting in mid-October and the group on electricity will shortly convene. Although no sectoral strategies are complete yet, health and education working groups already have draft strategies. These have been prepared with the support of the relevant UN Clusters.

WHO is providing significant support to the MoH in its role as chair of the Health Sector Working Group (SWG). The organization, in partnership with the United States Agency for International Development (USAID), assists in convening meetings and plays a crucial role in providing the requisite technical assistance to the MoH for the SWG. The SWG holds biweekly meetings, which are chaired by the Deputy Minister of Health from the UN Office in Baghdad, linked via video-conferencing to the WHO Iraq Office in Amman and, when required, to the MoH Office in Baghdad. The value of the SWG stems from the participation of key line ministries in Baghdad such as representatives from the Prime Minister's Office, the Ministry of Planning, the Ministry of Finance and the Ministry of Higher Education as well as the participation of key development partners in Baghdad and Amman, such as the representatives of Canada, France, Italy, Japan, Turkey, the United Kingdom, the United States, the European Commission, the World Bank and other members of the UN Health Cluster and UNAMI. The Health SWG has achieved much to date, including:

- Improving dialogue between the MoH and key development partners;
- Significant progress in gaining a clearer and fuller picture of the roles that all development partners are playing in Iraq for health through the planning and implementation of two stakeholder analyses, which are being implemented by USAID and WHO in support of the MoH;
- Collaboration developed on rehabilitation of primary health care centres, avian flu preparedness and other areas;
- Creation of a capacity-building task force, which is led by the MoH and a select group of the Health SWG members and which aims to produce a concept paper for the MoH and the Health SWG on producing a national capacity-building strategy for health professionals in Iraq;

- When required, discussions at the Health SWG focusing on the linkage of the SWG with the ISRB; for example, the UNDG ITF Quick Impact Projects for Health were discussed at the Health SWG.

The Education and Culture Cluster provided advice to the Ministry of Education (MoEd) mainly through the technical team that helped to draft the strategy paper prepared by the sector group. The technical team comprised, in addition to MoEd representatives, education specialists from UNICEF, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United States Agency for International Development and the World Bank. Models/frameworks were supplied to assist the MoEd in presenting a consistent document. The Ministry of Higher Education is also expected to present its strategy shortly. All participants, including donors, agencies, and Iraqi officials, are supporting the continuity of the group's activities, noting that the priorities agreed upon within the forum should lead to a clear strategy and thus a clearer scheme of prioritization of projects to be undertaken.

Capacity Development

The UNCT is actively assisting Iraqi institutions to break down the barriers of isolation from international developments and best practices that had been created for a quarter century by the former regime. It has engaged in a broad range of capacity-development activities, programmes and projects across all Clusters in collaboration with line ministries. Details on the technical training, workshops, seminars, conferences and high-level meetings, actively involving participants from all ministries and various civil society organizations, are provided in the cluster-level reports.

2.3.2. Delivery of Basic Services

Having appropriate policies and sufficiently trained public servants in place is essential for the long-term reconstruction of Iraq. However, the key immediate issue for the population at large, as confirmed by 22,000 respondents to the Iraqi Living Conditions Survey (financed by UNDP and coordinated by the Central Office of Statistics and Information Technology (COSIT) under the MoPDC), is the delivery of basic services: health, education and water and sanitation. This point was strongly reiterated by the Minister of MoPDC at the Dead Sea Donor Committee meeting in July 2005 with his motto, "It is time to make a difference". The UN successfully assisted in this area during its first year of operations (July 2004 to June 2005) and is having an ever-increasing impact as delivery on the ground accelerates. Details on the impact of UN activities on basic services are provided in Part Two under Cluster B, Education and Culture; Cluster E, Infrastructure Rehabilitation; and Cluster F, Refugees, Internally Displaced Persons and Durable Solutions.

2.4. Hurdles to Implementation

The most significant hurdles identified in the First Progress Report and the accompanying UNDG ITF lessons-learned documents presented to the Dead Sea meeting in July 2005 remain valid. The following hurdles continue to be of particular concern while the methods of adapting to them continue to progress.

2.4.1. Insecurity

Bombings of labourers seeking work, armed threats, terrorism, border closures, kidnapping and burglary continue to haunt activity planning and execution. As is evident, these factors have severely restricted the movement of UN national staff and monitors within Iraq. The limited presence of international staff in Iraq requires an extensive security detail. Levels of insecurity vary according to the region, with the biggest problems in the central region, but most recently, widespread insecurity has also spread to the south of the country.

Insecurity leads to the requirement for an ever-lower profile of the UN at the same time as Iraqi authorities are requesting that the UN presence be increased. Insecurity also has extra time and cost implications for

project activities, including that of organizing most training sessions out of country. As reported earlier, this has, for example, led the UNDP infrastructure unit to introduce advanced satellite monitoring systems.

The withdrawal of key UN implementing partners is another inevitable result of the deteriorated security situation. A number of major private-sector implementation contracts have been delayed or cancelled owing to withdrawal of implementation partners. This was the case, for example, in the Infrastructure Rehabilitation Cluster (National Dispatch Centre). Many international NGOs that had entered into agreements with the UN have either temporarily suspended their operations or substantially slowed down their work because of the security situation. The simple response of concentrating UN interventions on those areas that are secure is not an option, given the peace-building mandate of the UN and the imperative to primarily plan interventions around need (including that of reconciliation between the diverse communities in Iraq).

2.4.2. Difficulties in Decision-making by Iraqi Authorities

The issue of difficulties in decision-making by Iraqi authorities has several aspects, which are gradually being addressed by the Iraqi ministries themselves and the UN management capacity-building support activities. The main hurdle being faced is the delay in decision-making and arbitrary changes in decisions by Iraqi counterparts to the detriment of timely project implementation.

In present-day Iraq, a centralized decision-making structure is still the norm for government ministries. Centralized decision-making leads to delays in identifying facilities to be rehabilitated, providing comments and authorizing decisions for key procurement actions, submitting nominations of personnel for participation in key activities such as capacity development despite reminders and multiple contacts, etc. Visits to Amman by even quite senior officials are sometimes insufficient to obtain the necessary decisions. Furthermore, even efforts at coordination with Iraqi counterparts remain fraught with difficulty as efforts to coordinate are often perceived as efforts to control, which remains the prerogative of ministers.

Given the centralized nature of decision-making, the possibility of leadership change becomes a serious issue for project implementation, with the real danger that key decisions might be overturned by ministerial successors. A number of decisions on several key activities have consequently been delayed because of uncertainty over leadership as partner organizations have been advised to ascertain the probability and timing of leadership change associated with elections. This was the case around the 30 January elections (both before and in the three months afterwards before ministers were appointed) and it is again becoming a feature related to the upcoming 15 December 2005 elections. Key decisions on issues such as project location and contract awards have also been overturned after the completion of major project preparation activities and long and costly bidding processes, respectively.

2.4.3. Cost Increases Severely Limiting Project Impact

Rehabilitation works continue to be affected by significant cost escalations as a result of the very limited number of qualified local companies available and the security situation. Contractors' offers have often been significantly higher than estimated market prices, leading to numerous rebidding exercises. The remote organization of bidding for rehabilitation work also involves delays and limitations in the timely receipt and processing of information on changing local market conditions.

The UNCT is seeking to expand and share information databases on local market conditions, including qualified contractors and companies, in order to encourage competition and ensure that contract awards reflect competitive prices to the extent possible. Inevitably, however, if the cost of implementation cannot be brought down to that foreseen in project planning, then the scope of works must be reduced. The Refugees, Internally Displaced Persons and Durable Solutions Cluster, for example, has had to reduce substantially the amount of shelter provided because of cost escalations.

2.4.4. Communication Difficulties

Communication possibilities with various ministries and other relevant organizations while improving remain erratic. This situation is being alleviated by an increased UN presence in Baghdad and increased use of video links but it remains a hurdle.

2.5. Financial Status

The UNDG ITF is the critical driving force behind (and is in turn driven by) the UN cluster approach in Iraq. In its capacity as the Administrative Agent of the UNDG ITF, UNDP officially reports to IRFFI donors on a six-month basis with respect to total contributions (earmarked and unearmarked) received, transfers made to Participating UN Organizations for the implementation of approved projects and the expenditures incurred against these projects.

The parameters within which the UNDG ITF accepts contributions from donors and provides funding for projects to Participating UN Organizations were outlined in the Fund's first six-month Progress Report for the period 1 July to 31 December 2004. This second six-month Progress Report for the period 1 January 2005 to 30 June 2005 reflects the same approach. The only change is that, in accordance with the adoption of the streamlined Clusters at the Donor Meeting at the Dead Sea in July 2005, reporting is now organized according to the following seven clusters:

- A. Agriculture, Food Security, Environment and Natural Resource Management
- B. Education and Culture
- C. Governance and Human Development
- D. Health and Nutrition
- E. Infrastructure Rehabilitation
- F. Refugees, Internally Displaced Persons and Durable Solutions
- G. Support to Electoral Process

To facilitate comparison with information provided in the First Progress Report, financial data and information are also provided according to the former 11 Clusters, where applicable.

2.5.1. Donor Contributions

As of 30 June 2005, the UNDG ITF had received gross donor contributions amounting to \$667.42 million, approximately 98 per cent of the total commitments made by donors as of that date. Table 2.1 provides an overview of the sources, uses and balance of all donor contributions.

Table 2.1. Sources, Uses and Balance of UNDG ITF Funds, January 2004-June 2005

	USD 000s
Source of funds	
Gross Contributions	667,418
Interest Income	3,987
Total – Source of funds	671,405
Use of funds	
Transfer to Implementing Agencies	586,421
Administrative Agent fees	5,594
Direct Costs (Support to Steering Committee/IRFFI Secretariat)	1,001
Bank charges	5
Total – Use of funds	593,022
Balance of funds available	78,383

Of the \$667.42 million deposited into the UNDG ITF account as of June 2005, approximately 88 per cent (\$586.42 million) had been transferred to the implementing agencies by the end of the second six-month reporting period ending 30 June 2005. As per UNDP Treasury, the Fund earned interest of \$3.99 million on donor contributions for the period ending 30 June 2005. Of this amount, \$300,000 has been used to fund the “Pilgrim Stampede Emergency Micro Grant” project implemented by UNOPS, which, following donor agreement, was developed in response to the pilgrim stampede in Baghdad of 31 August 2005. The Administrative Agent fee⁴ of approximately \$5.6 million charged up front for the entire duration of the Fund amounts to 0.84 per cent of total funds deposited. Costs relating to the UNDG Steering Committee Support Office continue to be charged at a notional rate of 0.15 per cent based on an estimate of such costs for the four-year life cycle of the Fund. The actual costs will be reported in the final financial report of the UNDG ITF.

As shown in table 2.2, as of 30 June 2005, the Fund’s four largest contributors continue to be Japan (\$361 million), the European Commission (\$126 million), the United Kingdom (\$56 million) and Canada (\$38 million). Between 1 July and 30 September 2005, an additional \$140 million were deposited into the UNDG ITF by Australia (\$9 million), the European Commission (\$119 million), Spain (\$12 million) and Turkey (\$0.2 million), bringing total donor deposits as of 30 September to \$807.13 million.

Table 2.2. Total Donor Deposits into the UNDG ITF

DONOR	DEPOSITS AS OF 30 JUNE 2005		DEPOSITS AS OF 30 SEPTEMBER 2005			
	Donor Currency, 000s	USD 000s	Donor Currency, 000s	USD 000s		
Australia	AUD	10,822	7,689	AUD	22,822	16,749
Belgium	EUR	1,000	1,321	EUR	1,000	1,321
Canada	CAD	50,000	37,767	CAD	50,000	37,767
Denmark	DKK	25,000	4,526	DKK	25,000	4,526
European Commission ⁵	EUR	98,600	126,240	EUR	193,800	244,695
Finland	EUR	3,000	3,886	EUR	3,000	3,886
Greece	EUR	600	764	EUR	600	764
Iceland	USD	500	500	USD	500	500
India	USD	5,000	5,000	USD	5,000	5,000
Ireland	EUR	1,000	1,226	EUR	1,000	1,226
Italy	EUR	12,000	15,877	EUR	12,000	15,877
Japan	USD	360,951	360,951	USD	360,951	360,951
Kuwait	USD	5,000	5,000	USD	5,000	5,000
Luxembourg	EUR	800	1,237	EUR	800	1,237
	USD	200		USD	200	
Netherlands	EUR	5,000	6,697	EUR	5,000	6,697
New Zealand	NZD	3,500	2,361	NZD	3,500	2,361
Norway	NOK	45,000	7,009	NOK	45,000	7,009
Qatar	USD	5,000	5,000	USD	5,000	5,000
Republic of Korea	USD	7,000	7,000	USD	7,000	7,000
Spain				USD	12,000	12,000
Sweden	SEK	47,000	6,824	SEK	47,000	6,824
Turkey				USD	200	200
United Kingdom	GBP	30,000	55,542	GBP	30,000	55,542
United States	USD	5,000	5,000	USD	5,000	5,000
TOTAL			667,418			807,132

⁴ Charged as per the sliding scale indicated in the Letter of Agreement signed between IRFFI donors and UNDP on behalf of the UNDG ITF.

⁵ Of which the European Commission Rapid Response Mechanism contribution is €17.8 million and its European Initiative for Democracy and Human Rights (EIDHR) contribution is €1 million.

Pursuant to the UN regulations and rules, the Terms of Reference (TOR) for the IRFFI and the Letter of Agreement signed with IRFFI donors, the UNDG ITF enables donors to provide contributions either as unearmarked or earmarked funds. To date, donor contributions to the UNDG ITF have been received as:

- (a) **unearmarked** contributions;
- (b) **earmarked** contributions to finance:
 - a specific **Cluster(s) or sub-Cluster**;
 - a specific **Participating UN Organization(s)**;
 - a specific **Participating UN Organization (s) in a specific Cluster(s)**; and
 - a **cross-cutting theme (s)**.

Irrespective of the nature of the donor contribution, all projects submitted by Participating UN Organizations to the UNDG ITF Steering Committee for review and approval undergo the same type of Cluster and inter-Cluster review and require ISRB approval (except for the Support to Electoral Process Cluster and the Constitutional Support sub-Cluster that are approved by the IECI and the Constitution Committee of the National Assembly, respectively). The distribution of net donor contributions earmarked by Cluster (new and old) and total unearmarked contributions are provided in table 2.3. For further donor earmarking to specific Participating UN Organizations, refer to annex 2.

Table 2.3. Net Donor Contributions, by Cluster (New and Old⁶) and Type of Funds, as of 30 June 2005 (USD 000s)

CLUSTER	DEPOSITS	DONOR
USD 000s		
Agriculture, Food Security, Environment and Natural Resource Management	56,516	European Commission, Italy, Japan, Kuwait, Republic of Korea, Sweden
Agriculture, Water Resources and Environment	52,537	
Food Security	-	
Mine Action	3,979	
Education and Culture	82,427	European Commission, Ireland, Japan
Government and Human Development	23,604	Australia, European Commission (EC, EC RRM), Finland, Sweden
Governance and Civil Society	17,311	
Poverty Reduction and Human Development	6,293	
Health and Nutrition	38,548	European Commission, Japan
Infrastructure Rehabilitation	201,207	European Commission, Japan, Luxembourg
Water and Sanitation	38,848	
Infrastructure and Housing	162,359	
Refugees, IDPs and Durable Solutions	4,232	Australia, Republic of Korea
Support to Electoral Process	134,929	Australia, Belgium, Canada, Denmark, European Commission (EC, EC RRM, EC EIDHR), Finland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Republic of Korea, Sweden, United Kingdom
Total EARMARKED Funds	541,463	
Total UNEARMARKED Funds	119,360	Canada, Greece, Iceland, India, Japan, Norway, Qatar, United Kingdom, United States
TOTAL	660,823	

NB: For additional details on donor earmarking, see annex 2.

Most donors continue to earmark their contribution to particular Clusters/sub-Clusters/cross-cutting themes and/or specific Participating UN Organizations. As of 30 June 2005, net contributions earmarked to various Clusters and/or Participating UN Organizations amounted to \$541.46 million and unearmarked contributions totalled \$119.36 million. Earmarked contributions represented 82 per cent of the total contributions received, with “Infrastructure Rehabilitation” and “Support to Electoral Process” being the two Clusters receiving the largest share of earmarked donor contributions (a combined 62 per cent).

2.5.2. Transfer of Approved Funding to Implementing Agencies

In one year of operation (1 July 2004 to 30 June 2005), the UNDG ITF has funded a total of 59 approved projects amounting to \$586.42 million (88 per cent of the total deposited funds) of which \$483.82 million were funded from earmarked contributions and \$102.60 million from unearmarked contributions. During the second six-month reporting period (1 January to 30 June 2005), a total of \$92.16 million in approved funding was transferred to implementing agencies.

⁶ In order to facilitate the comparison with the First Progress Report, financial information on the old Clusters is included under the new Clusters.

Following the Dead Sea IRFFI Donor Committee meeting of July 2005, the UNDG ITF continued to fund projects in support of the electoral and constitutional processes, bringing the total approved funding in those sectors to \$156 million and \$24 million, respectively. To date, UNDP and UNOPS have received the largest share of the total funding from UNDG ITF because of projects in the Support to Electoral Process (UNDP and UNOPS) and Infrastructure Rehabilitation (UNDP) Clusters (figure 2.3). UNICEF has also been a major recipient, with four projects in the areas of education, health, and water and sanitation. The distribution of approved funding, consolidated by Cluster (new and old), agency and type of funds, is summarized in table 2.4 and figures 2.1, 2.2 and 2.3.

Table 2.4. Distribution of Approved Funding, by Cluster (New and Old) and Type of Funds (USD 000s)

CLUSTER	APPROVED FUNDING AS OF 30 JUNE 2005				APPROVED FUNDING AS OF 30 SEPTEMBER 2005	
	Earmarked	Unearmarked	Total	No. of Projects	Total	No. of Projects
Agriculture, Food Security, Environment and Natural Resource Management	48,428	31,432	79,860	12	86,407	12
Agriculture, Water Resources and Environment	47,407	25,113	72,520	10	76,066	10
Food Security	0	4,000	4,000	1	7,000	1
Mine Action	1,021	2,319	3,340	1	3,341	1
Education and Culture	81,187	545	81,731	10	116,763	15
Governance and Human Development	23,276	0	23,276	11	38,840	14
Governance and Civil Society	17,088	0	17,088	7	32,652	10
Poverty Reduction and Human Development	6,189	0	6,189	4	6,189	4
Health and Nutrition	38,460	36,384	74,844	5	85,996	10
Infrastructure Rehabilitation	181,141	20,620	201,761	13	221,021	16
Water and Sanitation	34,778	0	34,778	3	38,013	5
Infrastructure and Housing	146,363	20,620	166,983	10	183,008	11
Refugees, IDPs and Durable Solutions	3,246	13,621	16,867	2	17,858	3
Support to Electoral Process	108,080	0	108,080	6	155,996	8
Emergency Response Project*	0	0	0	0	300	1
TOTAL	483,818	102,602	586,420	59	723,180	79

*Following donor agreement, the UN "Pilgrim Stampede Emergency Micro Grant" project, implemented by UNOPS has been funded from interest income earned by UNDG ITF.

Areas that received the largest shares of funding as of June 2005 were infrastructure; elections; education and culture; health; and agriculture, water resources and environment. As of 30 June 2005, \$102.6 million of co-mingled, unearmarked donor contributions (from Canada, Greece, Iceland, India, Japan, New Zealand, Norway, Qatar, the United Kingdom⁷ and the United States) were used to finance and/or co-finance projects approved and funded in all Clusters except for the Governance and Human Development and Support to Electoral Process Clusters. The use of unearmarked funds by Cluster is also presented in figure 2.2.

⁷ Earmarked to 10 of the original 11 UN Clusters but with inter-Cluster allocation left to the UNDG ITF.

Figure 2.1. Distribution of Approved Funding, by Cluster, as of 30 June 2005 (USD 000s)

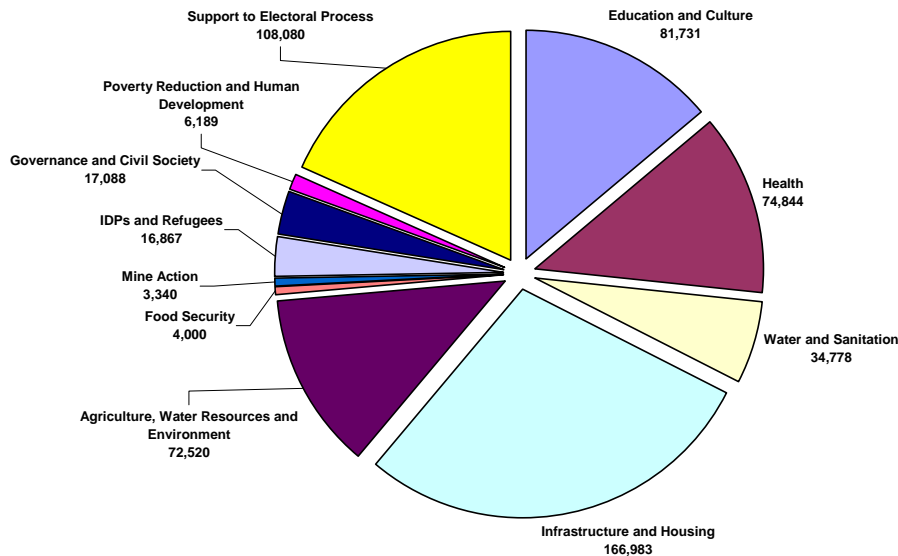


Figure 2.2. Use of Unearmarked Funds, by Cluster, as of 30 June 2005 (USD 000s)

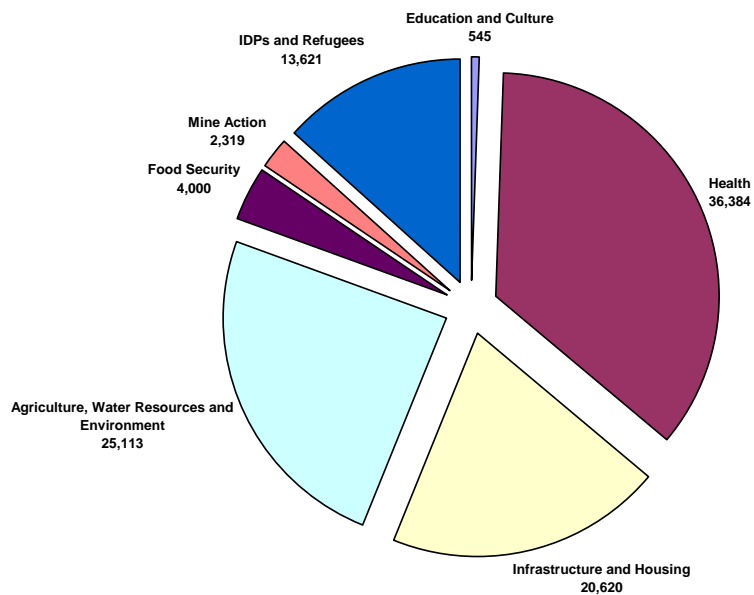
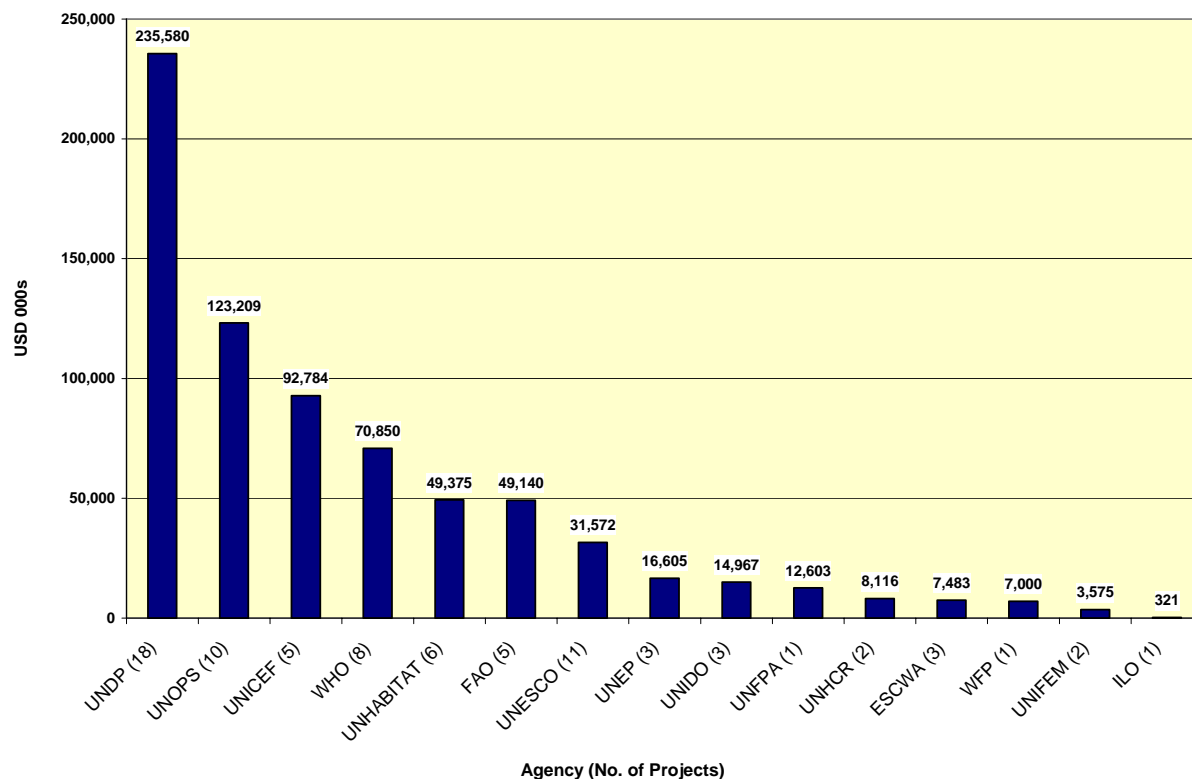


Figure 2.3. Approved Funding and Number of Projects, by Agency, as of 30 September 2005 (USD 000s)



2.5.3. Balance of Funds

While the balance of funds as of 30 June 2005 was greatest in the Support to Electoral Process and the Infrastructure Rehabilitation Clusters, earmarked funds in both Clusters have been exhausted following the approval of projects between 30 June and 30 September 2005. Details of funds available, by Cluster (as of 30 June 2005 and 30 September 2005), are provided in table 2.5. Furthermore, Cluster distribution of the balance of \$76.35 million in the UNDG ITF (as of 30 September 2005) is provided in figure 2.4.

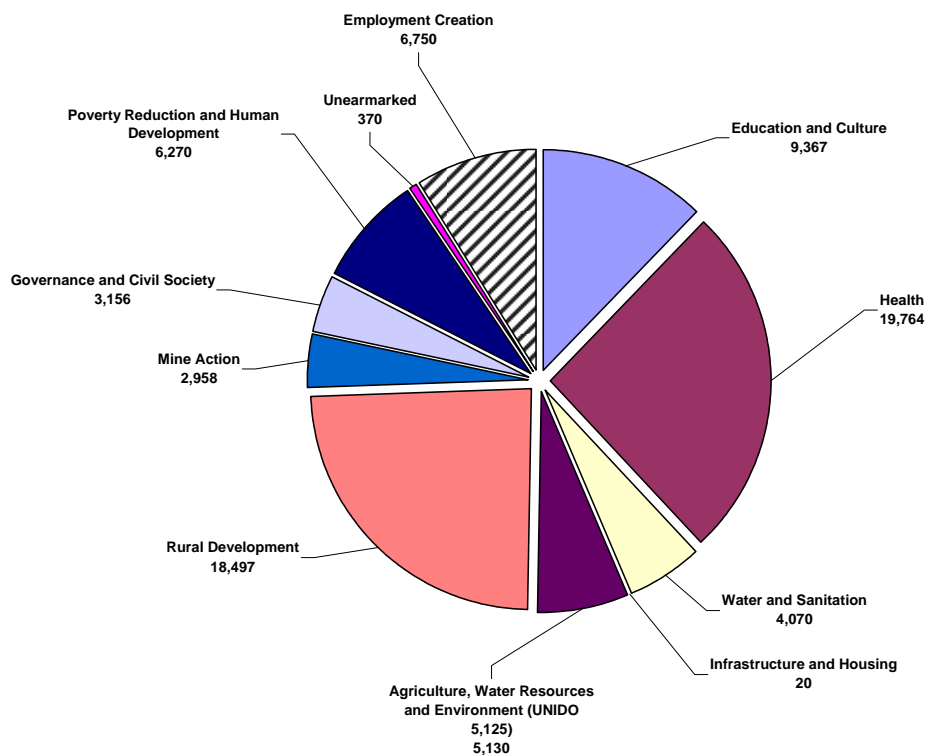
Table 2.5. Balance of Funds (Net), by Cluster (New and Old) and Type of Funds

CLUSTER	BALANCE (USD 000s)	
	30 June 2005	30 September 2005
Agriculture, Food Security, Environment and Natural Resource Management	8,088	26,584
Agriculture, Water Resources and Environment	5,130	23,626
Food Security	0	0
Mine Action	2,958	2,958
Education and Culture	1,240	9,367
Governance and Human Development	328	9,426
Governance and Civil Society	223	3,156
Poverty Reduction and Human Development	105	6,270
Health and Nutrition	88	19,764
Infrastructure Rehabilitation	20,066	4,090
Water and Sanitation	4,070	4,070
Infrastructure and Housing	15,996	20
Refugees, IDPs and Durable Solutions	986	0
Support to Electoral Process	26,848	0
Unearmarked	16,757	7,120
TOTAL	74,401	76,351

Of the \$16.76 million “unearmarked” balance shown in table 2.5 as available as of 30 June 2005, \$9.98 million were earmarked for employment creation by Japan. However, these funds have been deposited into the “unearmarked” category since employment creation, as a cross-cutting theme, spans a number of Clusters. In August 2005, some of these funds were used to finance the quick-impact projects with high employment-generation components. These projects were formulated and finalized in close partnership with the Iraqi line ministries and the ISRB in line with the prioritization decisions taken at the IRFFI Donor Committee meeting of July 2005 at the Dead Sea, Jordan.

It is worth noting that while there is no substantial difference between the balance of funds as of the end of June 2005 and the end of September 2005, approximately \$140 million were deposited by donors and subsequently transferred to agencies between June and September 2005.

Figure 2.4. Distribution of Balance of Funds as of 30 September 2005 (USD 000s)



2.5.4. Expenditure

Of the total approved funding of \$586.42 million, approximately 51 per cent (\$298.24 million) was expended by implementing agencies as of 30 June 2005. This represents a very high implementation rate, given the short time frame of the programme's existence (12 months for the present review) and the security situation on the ground. Since most of the agencies can finalize their expenditure figures only at the year-end financial closing, expenditure figures for the period from 1 January to 30 June 2005 quoted in the present report are preliminary and subject to year-end adjustments. The UNDG ITF report for the period ending 31 December 2005 will provide information based on agencies' certified expenditure reports.

Analysis of Expenditure for the Period 1 January-30 June 2005

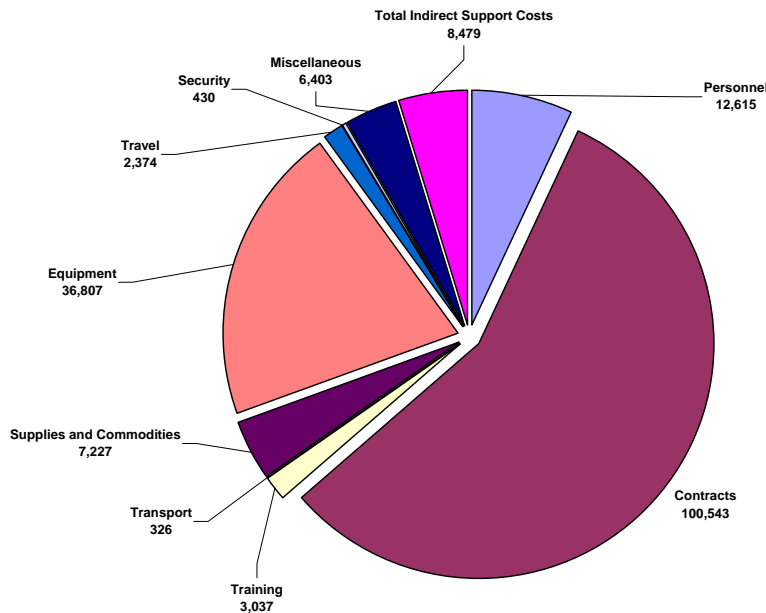
As indicated in the first six-month progress report, project expenditures are reported by implementing UN agencies against the eight expenditure categories recommended by the UNDG Financial Policies Working Group responsible for harmonizing the UNDG agencies' reporting of expenditures to donors. In addition, since security is an important cost category for implementing projects in Iraq, it has been added as an additional expenditure category. A summary of total expenditure incurred, by category, is given in table 2.6 and figure 2.5. Further details of expenditures incurred within each Cluster and by each agency are provided in tables 2.7 and 2.8, respectively.

Table 2.6. Summary of Total Expenditure

CATEGORY	EXPENDITURE (USD 000s)			
	1 July 2004 - 31 Dec. 2004	1 Jan. 2005 - 30 June 2005	1 July 2004 - 30 June 2005	% of Total Programme Costs
Personnel	4,072	12,615	16,687	5.9
Contracts	40,895	100,543	141,438	49.9
Training	2,504	3,037	5,541	2.0
Transport	229	326	555	0.2
Supplies and Commodities	33,483	7,227	40,710	14.4
Equipment	28,371	36,807	65,178	23.0
Travel	670	2,374	3,044	1.1
Security	953	430	1,383	0.5
Miscellaneous	2,680	6,403	9,083	3.2
Total Programme Costs	113,857	169,762	283,619	-
Total Indirect Support Costs	6,139	8,479	14,618	5.2
TOTAL EXPENDITURE	119,996	178,241	298,237	-

Between 1 January and 30 June 2005, implementing agencies reported overall expenditure⁸ of \$178.24 million, reflecting an increase of 48 per cent over the expenditure incurred in the first six-month period (1 July-31 December 2004) and bringing total expenditure to date to \$298.24 million.

Figure 2.5. Distribution of Total Expenditure, by Category, 1 January-30 June 2005 (USD 000s)



⁸ Defined as total disbursements and unliquidated obligations.

Procurement of contractual services accounts for the largest share (49.9 per cent) of total programme costs, followed by equipment (23 per cent) and supplies and commodities (14.4 per cent). Overall, these three categories of expenditure account for 87 per cent of total programme costs. This is consistent with the position as at 31 December 2004, where the largest portion of the total expenditure had gone towards the procurement of contractual services, followed by supplies and commodities and equipment. For the period 1 January to 30 June 2005, a significant increase in expenditure for contractual services (\$100.54 million) was due to the large number of payments for the contracts against the projects under the Support to Electoral Process Cluster (for the Iraqi elections held in January 2005) and the surge in activity against the UNDP power station rehabilitation projects in the Infrastructure Rehabilitation Cluster.⁹

Expenditure on personnel costs continues to be low, averaging 5.9 per cent of total programme costs, owing mainly to the use of national staff rather than international personnel in the implementation of UNDG ITF projects.

While UNDG ITF guidelines permits agencies to charge security costs up to a maximum ceiling of 2 per cent of total project expenditure, as of June 2005, implementing agencies have incurred only about 0.5 per cent of total programme costs on security (\$1.38 million). The main reasons for the unusually low percentage of total programme costs attributed to security compared to costs incurred under comparable bilaterally funded programmes in Iraq are:

- (a) The UN implementation mechanism relies exclusively on the use of national staff, line ministries and local contractors. Presently, there are no UN international staff in Iraq (except those in Baghdad providing time-bound service under the UN support to the constitutional and electoral programmes of Iraq) directly implementing projects, as is the case in other countries where the UN implements comparable projects. If they had been, security costs would have been substantially higher.
- (b) Only security costs that are attributable to the direct cost of the UN agencies delivering the project services are captured under the security expenditure category reported herein. As a result, the substantial security cost incurred by the UN or on behalf of the UN by the multinational forces in support of the key political and overall coordination work of the UN in Baghdad, Basrah and Erbil are not included. The argument here is that even without the UNDG ITF-funded reconstruction projects, the UN would have incurred these security costs in carrying out its political mandate and as such, these costs cannot be attributable to UNDG ITF-funded projects.
- (c) The current difficult security situation has resulted in national staff doing their work with great discretion. This has in fact led to minimal use of large-scale office buildings, project vehicles, etc. (as is usually the case in other countries), which has again lowered security costs that otherwise might have been higher.
- (d) Finally, in delivering goods and services, some contractors may have included security costs as part of the overall contract costs which are not necessarily captured in the agencies' "Security" expenditure category.

The average rate of indirect support costs charged by implementing agencies to date is 5.2 per cent, well below the average of 7 per cent as foreseen in the LOA.

⁹ For a breakdown of total expenditure by Cluster and by agency, with a detailed breakdown by category of expenditure, see tables 2.9 and 2.10, respectively.

Table 2.7. Summary of Total Expenditure, by Cluster (New and Old) (USD 000s)

CLUSTER	APPROVED FUNDING		EXPENDITURE			% of Total Approved Funding
	USD 000s	No. of Projects	1 July 2004 - 31 Dec. 2004	1 Jan. 2005 - 30 June 2005	1 July 2004 - 30 June 2005	
Agriculture, Food Security, Environment and Natural Resource Management	79,860	12	10,390	23,805	34,195	43
Agriculture, Water Resources and Environment	72,520	10	10,390	16,482	26,872	37
Food Security	4,000	1	0	3,982	3,982	100
Mine Action	3,340	1	0	3,341	3,341	100
Education and Culture	81,731	10	29,374	12,172	41,546	51
Government and Human Development	23,276	11	2,807	5,675	8,482	36
Governance and Civil Society	17,088	7	2,406	5,449	7,855	46
Poverty Reduction and Human Development	6,189	4	401	226	627	10
Health and Nutrition	74,844	5	14,144	15,696	29,840	40
Infrastructure Rehabilitation	201,761	13	13,856	60,078	73,934	37
Water and Sanitation	34,778	3	1,106	3,054	4,160	12
Infrastructure and Housing	166,983	10	12,750	57,024	69,774	42
Refugees, IDPs and Durable Solutions	16,867	2	8,889	5,614	14,503	86
Support to Electoral Process	108,080	6	40,537	55,200	95,737	89
TOTAL	586,420	59	119,997	178,240	298,237	51

The four Clusters with the highest reported expenditure to date are: Support to Electoral Process (\$95.7 million, 32 per cent); Infrastructure Rehabilitation (\$73.9 million, 25 per cent); Education and Culture (\$41.5 million, 14 per cent); and Agriculture, Food Security, Environment and Natural Resource Management (\$34.2 million, 12 per cent). Combined, these Clusters represent about 80 per cent (\$471.4 million) of the total approved funding and account for 82 per cent (\$245.4 million) of total expenditure incurred.

While the old Food Security and Mine Action Clusters reflect nearly 100 per cent expenditure, it is worth noting that these two areas constitute about 1 per cent of total UNDG ITF approved funding. In the case of Food Security, owing to unavailability of funds at the time of approval, the World Food Programme (WFP) project, “Development of Safety Nets and Food Security through Food Assistance” (A6-02), was only partially funded as of 30 June 2005 to the extent of \$4 million, which were rapidly used by WFP for the delivery of approved project activities.

Table 2.8. Summary of Total Expenditure, by Agency (USD 000s)

AGENCY	APPROVED FUNDING		EXPENDITURE			
	USD 000s	No. of Projects	1 July 2004 - 31 Dec. 2004	1 Jan. 2005 - 30 June 2005	1 July 2004 - 30 June 2005	% of Total Approved Funding
ESCWA	3,703	2	418	278	697	19
FAO	45,594	5	8,886	10,441	19,326	42
ILO	321	1	84	186	270	84
UNDP	222,184	16	52,799	63,472	116,271	52
UNEP	15,700	2	1,127	3,023	4,150	26
UNESCO	15,458	8	5,820	4,402	10,222	66
UNFPA	12,603	1	2,708	466	3,174	25
UNHABITAT	31,367	4	2,092	10,944	13,035	42
UNHCR	7,126	1	5,225	1,189	6,413	90
UNICEF	76,354	4	23,014	2,499	25,513	33
UNIDO	14,967	3	66	1,752	1,818	12
UNIFEM	1,905	1	716	543	1,259	66
UNOPS	74,538	6	5,264	58,532	63,796	86
WFP	4,000	1	0	3,982	3,982	100
WHO	60,602	4	11,777	16,531	28,308	47
TOTAL	586,420	59	119,997	178,239	298,236	51

UNDP, UNICEF and UNOPS have received 64 per cent of total approved funding and also account for 69 per cent of total expenditure. With the inclusion of FAO and WHO, the five agencies account for 82 per cent of total approved project funding and 85 per cent of total expenditure as of 30 June 2005.

Table 2.9. Total Expenditure, by Cluster (New and Old) with a Breakdown by Category, 1 January-30 June 2005

CLUSTER	TOTAL FUNDED	TOTAL EXPENDITURE		EXPENDITURE by CATEGORY (USD 000s)									
	USD 000s	USD 000s	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
Agriculture, Food Security, Environment and Natural Resource Management	79,861	23,804	29.8	4,276	7,232	1,776	0	299	8,065	576	246	573	760
Agriculture, Water Resources and Environment	72,520	16,482	22.7	2,140	5,812	1,658	0	299	5,416	247	140	420	352
Food Security	4,000	3,982	99.5	2,136	0	119	0	0	949	330	105	153	190
Mine Action	3,341	3,341	100.0	0	1,420	0	0	0	1,700	0	2	0	219
Education and Culture	81,731	12,172	14.9	1,461	7,582	303	0	52	1,613	108	22	254	778
Governance and Human Development	23,276	5,675	24.4	2,314	702	526	0	461	677	285	75	318	316
Governance and Civil Society	17,088	5,449	31.9	2,267	697	392	0	461	677	264	75	315	301
Poverty Reduction and Human Development	6,189	226	3.7	47	5	134	0	0	0	21	0	3	15
Health and Nutrition	74,844	15,696	21.0	797	-753	-121	210	6,448	3,671	232	0	4,392	820
Infrastructure Rehabilitation	201,761	60,078	29.8	2,357	30,868	490	115	-34	22,006	679	13	618	2,966
Water and Sanitation	34,778	3,054	8.8	664	1,241	-77	115	-41	473	64	13	414	188
Infrastructure and Housing	166,983	57,024	34.1	1,694	29,627	567	0	8	21,534	616	0	203	2,777
Refugees, IDPs and Durable Solutions	16,868	5,614	33.3	89	5,009	0	0	1	165	7	64	31	248
Support to Electoral Process	108,080	55,200	51.1	1,321	49,902	62	0	0	609	486	10	216	2,592
TOTAL	586,421	178,240	30.4	12,615	100,543	3,037	326	7,227	36,807	2,374	430	6,403	8,479
<i>Percentage of Total Programme Costs</i>				<i>7.4</i>	<i>59.2</i>	<i>1.8</i>	<i>0.2</i>	<i>4.3</i>	<i>21.7</i>	<i>1.4</i>	<i>0.3</i>	<i>3.8</i>	<i>5.0</i>

Table 2.10. Total Expenditure, by Agency, with Breakdown by Category, 1 January-30 June 2005

AGENCY	TOTAL FUNDED <i>USD 000s</i>	TOTAL EXPENDITURE		EXPENDITURE by CATEGORY (USD 000s)									
		<i>USD 000s</i>	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
ESCWA	3,703	278	7.5	19	63	0	0	0	170	8	0	0	18
FAO	45,594	10,441	22.9	1,093	4,263	232	0	293	3,981	114	74	369	23
ILO	321	186	57.8	35	0	134	0	0	0	3	0	2	12
UNDP	222,184	63,472	28.6	2,307	33,670	283	0	0	22,584	979	0	611	3,039
UNEP	15,700	3,023	19.3	681	1,155	665	0	6	161	102	50	33	170
UNESCO	15,458	4,402	28.5	226	535	875	0	0	2,472	23	10	33	228
UNFPA	12,603	466	3.7	133	0	62	0	23	116	80	0	40	14
UNHABITAT	31,367	10,944	34.9	1,162	8,154	602	0	17	27	190	2	98	691
UNHCR	7,126	1,189	16.7	41	1,007	0	0	0	0	0	63	0	78
UNICEF	76,354	2,499	3.3	1,231	702	0	0	43	1	50	32	277	163
UNIDO	14,967	1,752	11.7	374	760	215	0	0	240	30	16	8	108
UNIFEM	1,905	543	28.5	34	230	110	0	0	30	25	75	13	27
UNOPS	74,538	58,532	78.5	2,426	50,377	0	0	462	2,049	260	3	117	2,838
WFP	4,000	3,982	99.5	2,136	0	119	0	0	949	330	105	153	190
WHO	60,603	16,531	27.3	718	-374	-259	326	6,384	4,027	180	0	4,649	880
TOTAL	586,421	178,240	30.4	12,615	100,543	3,037	326	7,227	36,807	2,374	430	6,403	8,479
	<i>Percentage of Total Programme Costs</i>			7.4	59.2	1.8	0.2	4.3	21.7	1.4	0.3	3.8	5.0

NB: In Table 2.10, WHO indirect support costs are quoted as a percentage of total expenditure incurred to date. However, in accordance with its Financial Regulations and Rules, WHO has charged programme support costs on the total approved project budgets within the biennium. At the end of the biennium (2006), WHO will adjust programme support costs in proportion to the actual project expenditures incurred.

2.5.5. Contract Commitments and Disbursements

In addition to the official expenditure figures reported by agencies on a six-month basis, progress in implementation is also being monitored and reported on a monthly basis. The UNDG ITF receives from the Iraq/Amman offices of the UN implementing agencies unofficial (which are not necessarily from the UN agencies' official accounts) figures on monthly contract commitments and disbursements, which are consolidated and reported to IRFFI donors and Iraqi authorities. As of 30 September 2005, a total of \$496.30 million has been legally committed and \$302.76 million has been disbursed. In 2005 alone, UN agencies committed a total of \$304.70 million and disbursed \$206.56 million (more than double the \$96.20 million disbursed in 2004).¹⁰ The current commitment rate of 69 per cent and disbursement rate of 42 per cent represent the substantial progress made by UN agencies implementing projects in Iraq despite the existing security challenges.

In view of the substantial support provided by the Participating UN Organizations to the January 2005 transitional government elections and the preparations for the October 2005 referendum and the December 2005 elections, the Support to Electoral Process Cluster currently represents the highest levels of legal commitments and disbursements at \$143.68 million and \$103.94 million, respectively. Tables 2.11 and 2.12 provide preliminary updated figures on total project commitments and disbursements as of 30 September 2005 by Cluster (new and old) and by agency, respectively, reflecting progress achieved by the third quarter of 2005.

Table 2.11. Total Project Commitments and Disbursements, Updated, by Cluster (New and Old) (USD 000s)

CLUSTER	FUNDED AMOUNT (USD 000s)	AS OF 30 JUNE 2005				AS OF 30 SEPTEMBER 2005			
		COMMITMENT		DISBURSEMENT		COMMITMENT		DISBURSEMENT	
		USD 000s	%	USD 000s	%	USD 000s	%	USD 000s	%
Agriculture, Food Security, Environment and Natural Resource Management	86,407	46,882	54	23,047	27	50,204	58	27,269	32
Agriculture, Water Resources and Environment	76,066	39,560	52	15,904	21	42,882	56	19,946	26
Food Security	7,000	3,982	57	3,982	57	3,982	57	3,982	57
Mine Action	3,341	3,341	100	3,161	95	3,341	100	3,341	100
Education and Culture	116,763	59,951	51	31,503	27	76,153	65	55,540	48
Government and Human Development	38,840	8,028	21	3,975	10	18,009	46	10,920	28
Governance and Civil Society	32,652	7,377	23	3,345	10	17,307	53	10,317	32
Poverty Reduction and Human Development	6,189	651	11	630	10	702	11	602	10
Health and Nutrition	85,996	36,932	43	23,170	27	50,166	58	31,808	37
Infrastructure Rehabilitation	221,021	130,670	59	40,281	18	141,128	64	58,430	26
Water and Sanitation	38,013	12,433	33	2,668	7	17,932	47	6,762	18
Infrastructure and Housing	183,008	118,237	65	37,613	21	123,195	67	51,668	28
Refugees, IDPs and Durable Solutions	17,858	15,441	86	8,734	49	16,659	93	14,748	83
Emergency Response Project	300	0	0	0	0	300	100	113	38
SUBTOTAL	567,184	297,904	53	130,710	23	352,619	62	198,828	35
Support to Electoral Process	155,996	94,612	61	89,875	58	143,676	92	103,936	67
TOTAL	723,181	392,516	54	220,585	31	496,295	69	302,763	42

¹⁰ Following the year-end financial closing for 2004, total commitments and disbursements by agencies against all approved projects amounted to \$191.59 million and \$96.20 million, respectively.

However, as shown in table 2.11, even without taking the Support to Electoral Process Cluster into account, for the period ending 30 September 2005, total contract commitments and disbursements of projects implemented under the non-election clusters amounted to \$352.62 million and \$198.83 million, respectively (representing 62 per cent and 35 per cent of approved funding). This clearly demonstrates that the relatively high rate of implementation of the UNDG ITF cannot be attributed mainly to the projects implemented under the Support to Electoral Process Cluster but are due to the good implementation progress achieved across all Clusters.

Table 2.12. Total Project Commitments and Disbursements, Updated, by Agency (USD 000s)

AGENCY	FUNDED AMOUNT (USD 000s)	AS OF 30 JUNE 2005				AS OF 30 SEPTEMBER 2005			
		COMMITMENT		DISBURSEMENT		COMMITMENT		DISBURSEMENT	
		USD 000s	%	USD 000s	%	USD 000s	%	USD 000s	%
ESCWA	7,483	697	9	283	4	831	11	432	6
FAO	49,140	21,955	45	10,547	21	24,363	50	12,774	26
ILO	321	301	94	286	89	301	94	286	89
UNDP	235,580	160,732	68	77,686	33	172,129	73	95,526	41
UNEP	16,605	13,855	83	3,829	23	14,391	87	5,204	31
UNESCO	31,572	10,561	33	6,967	22	15,993	51	8,443	27
UNFPA	12,603	8,085	64	4,564	36	10,912	87	7,391	59
UNHABITAT	49,375	20,230	41	7,219	15	25,243	51	18,977	38
UNHCR	8,116	7,126	88	6,232	77	8,116	100	7,117	88
UNICEF	92,784	47,445	51	23,652	25	61,772	67	40,644	44
UNIDO	14,967	2,132	14	543	4	2,139	14	758	5
UNIFEM	3,575	1,223	34	756	21	1,599	45	1,357	38
UNOPS	123,209	63,149	51	54,566	44	112,793	92	74,506	60
WFP	7,000	3,982	57	3,982	57	3,982	57	3,982	57
WHO	70,850	31,043	44	19,474	27	41,731	59	25,367	36
TOTAL	723,181	392,516	54	220,585	31	496,295	69	302,763	42

Interest Earned by Implementing UN Agencies

It was decided at the Fourth Donor Committee Meeting that all interest earned by the Participating UN Agencies would be credited to the UNDG ITF bank account unless the governing body of the said Agency had approved decisions that did not allow for such a refund.

Of the 14 agencies that received funding from the UNDG ITF, all agencies except UNICEF have submitted reports reflecting a total of \$2.57 million in interest earned (see table 2.13). UNICEF has indicated that, in accordance with its Financial Regulation 11.4, "Interest derived from placement of funds shall be credited to miscellaneous income. Unless otherwise authorized by the Executive Director, no interest shall be payable on funds administered by UNICEF". Therefore, interest earned on UNDG ITF funds will be credited to UNICEF miscellaneous income. The United Nations High Commissioner for Refugees (UNHCR) and the Economic and Social Commission for Western Asia (ESCWA) reported nil interest earnings. WHO has informed the UNDG ITF that, as per its financial procedures, interest will be used to increase the funds available for programme implementation. Similarly, UNDP, as per its Financial Rule 126.07, has recorded interest earnings as miscellaneous income to be used for programme implementation in its "Iraq Reconstruction Trust Fund". Any surplus remaining at the end of the programme will be credited to the UNDG ITF as per the

decision of the IRFFI donors. As such, the total interest credited to the UNDG ITF for the period ending 31 December 2004 from the nine agencies is \$795,205.08.

Table 2.13. Interest Earned by Implementing UN Agencies as of December 2004

AGENCY	2004 INTEREST (US\$)
ESCWA	0
FAO	236,302
ILO	596
UNDP	1,329,142
UNEP	42,006
UNESCO	78,273
UNFPA	142,294
UNHABITAT	126,562
UNHCR	0
UNICEF	NA
UNIDO	47,676
UNIFEM	9,368
UNOPS	112,128
WHO	446,510
TOTAL	2,570,858

Contract Awards under UNDG ITF Projects

As part of the measures to enhance the transparency of the UNDG ITF-funded activities and in conjunction with the submission of contract commitment and disbursement figures, agencies provide the UNDG ITF with the details of contracts awarded, which continue to be posted on the UNDG ITF procurement section of the IRFFI web site. Country breakdowns of the contract awards as of 30 June 2005 and 30 September 2005 are provided in tables 2.14 and 2.15, with additional details such as nature of the contract, name of the supplier, contract amount and method of contracting available on the IRFFI web site- www.irffi.org

In the first year of operations (1 July 2004 to 30 June 2005), 481 contracts were awarded to suppliers from 35 countries (table 2.14). These contracts, which are for the provision of services, supplies and commodities, and equipment, have a combined value of \$302 million. The cumulative value of awards reported increased to \$373 million as of 30 September 2005 for 608 contracts with suppliers from 36 countries.

Table 2.14. Number and Value of Contract Awards, by Country (USD)

Country	1 July- 31 Dec 2004		1 Jan-30 June 2005		1 July-30 Sept 2005		Total 2004 & 2005	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Australia	1	15,664					1	15,664
Austria	4	641,557	4	377,308	1	2,357,341	9	3,376,206
Bahrain					1	1,975,375	1	1,975,375
Belgium	1	22,500,000					1	22,500,000
China	14	18,093,610	14	12,884,441			28	30,978,051
Cyprus			2	137,835			2	137,835
Czech Republic	1	287,522			1	3,815,835	2	4,103,357
Denmark	12	11,506,274	4	519,853	2	18,723,130	18	30,749,257
Egypt	2	49,443	1	53,900	1	50,970	4	154,313
Finland	1	2,670,578					1	2,670,578
France	5	232,883	5	965,670	1	33,480	11	1,232,033
Germany	10	782,962	27	4,144,896	2	38,941	39	4,966,799
India	1	23,040	5	388,731	1	39,800	7	451,571
Iraq	39	4,435,431	124	14,035,827	84	7,365,966	247	25,837,224
Ireland			1	51,400			1	51,400
Italy	4	1,456,711	10	2,274,131	7	3,358,915	21	7,089,757
Japan	8	17,317,159	10	51,758,912	2	74,766	20	69,150,837
Jordan	17	4,702,598	22	9,517,697	12	1,298,261	51	15,518,556
Kenya			1	284,457			1	284,457
Kuwait	1	304,750	9	2,000,000	1	1,321,950	11	3,626,700
Lebanon	3	2,637,565	9	908,474	1	35,160	13	3,581,199
Liechtenstein	1	22,700,000					1	22,700,000
Netherlands	10	1,682,051	10	2,311,496	3	1,122,369	23	5,115,916
New Zealand	1	160,997					1	160,997
Norway	1	41,000					1	41,000
Oman	3	579,560					3	579,560
Saudi Arabia			1	235,545			1	235,545
Slovenia			1	268,480	1	112,500	2	380,980
Spain			3	267,798			3	267,798
Sweden	2	12,701,292			1	61,620	3	12,762,912
Switzerland	2	95,601	10	986,075	1	482,114	13	1,563,790
Tunisia	1	35,650					1	35,650
Turkey	6	2,446,956					6	2,446,956
United Arab Emirates	4	931,053	3	48,995,880			7	49,926,933
United Kingdom	22	14,862,164	15	2,147,296	2	28,640,160	39	45,649,620
United States	8	1,569,364	5	830,876	2	309,811	15	2,710,051
TOTAL	185	145,463,435	296	156,346,978	127	71,218,464	608	373,028,877

Table 2.15. Contract Awards, by Method of Procurement (USD)

Method	1 July- 31 Dec 2004			1 Jan-30 June 2005			1 July-30 Sept 2005		
	No.	%	Amount	No.	%	Amount	No.	%	Amount
Competitive Bidding	85	50	72,830,973	292	51	79,405,351	102	89	63,388,521
Direct Contracting	39	38	55,286,374	55	43	67,797,610	24	10	7,347,526
Long-term Agreement	46	12	17,346,088	54	6	9,144,017	1	1	482,417
TOTAL	185	100	145,463,435	296	100	156,346,978	127	100	71,218,464

Each agency conducts its procurement according to its own procurement rules and procedures. As of 30 September 2005, approximately 67 per cent of the awards had been issued on the basis of competitive bidding, including both individual tenders and orders placed under long-term agreements (which are also concluded by UN agencies following international competitive bidding). A substantial amount of procurement is ongoing, which will result in contract awards and disbursements in the months ahead.

2.5.6. Cost Recovery

As indicated in the First Progress Report, cost recovery under the UNDG ITF is governed by the applicable provisions of the TOR for the IRFFI; the Letter of Agreement concluded by UNDP, as the Administrative Agent of the UNDG, with IRFFI donors; and the Memorandum of Understanding concluded with Participating UN Organizations.

The actual costs for the reporting period from 1 July 2004 to 30 June 2005 were as follows:

- The UNDP fee as Administrative Agent was \$5.6 million, which accounts for 0.84 per cent of total contributions received. However, this fee is for the entire duration of the Fund (presently through 31 December 2007).
- Indirect costs of Participating UN Organizations were \$14.6 million, which, at 5.2 per cent of total programme costs, are within the UNDG ITF agreed range of 5 per cent to 7 per cent and well below the expected average of 7 per cent.
- Direct costs for the UNDG ITF Steering Committee Support Office and the IRFFI Secretariat (discontinued after Feb 2005) are currently charged at a notional rate of 0.15 per cent based on an estimate of such costs for the four-year life cycle of the Fund. As of 30 June 2005, \$1 million had been charged to the Fund as direct costs.

2.5.7. Financial Management

As per the Letter of Agreement between UNDG and donors and the Memorandum of Understanding between UNDP (as the UNDG ITF Administrative Agent) and Participating UN Organizations, the financial management of the funds transferred to individual agencies for projects is the responsibility of the respective implementing agency. Each agency maintains records and accounts and applies its own financial regulations, rules and procedures for the receipt, administration and disbursement of funds that are transferred to it by UNDP, including those relating to interest.

2.6. Transparency and Accountability of UNDG ITF Operations

To ensure that the Iraqi authorities, IRFFI donors and the general public are fully aware of the nature and scope of the UN operations in Iraq that are financed by the UNDG ITF, a number of transparency, quality-

assurance and accountability measures have already been introduced by the UNDG ITF, which were reported in the First Progress Report. The major vehicle for public transparency of UNDG ITF operations continues to be the IRFFI www.irffi.org web site to which readers are referred.

The UNDG ITF has also initiated a “lessons-learned and review exercise” of the entire UNDG ITF operations, which is reported in chapter three, section 6.

3. Future Programme Implementation

3.1. Security

The evolution of the security situation continues to be a strong determining factor for the success of future UNDG ITF programme implementation. The reality over the past several months has been one of continuing and worsening security risks, particularly in the south of Iraq. As a result, the number of UN international staff in Iraq cannot realistically be increased to that normally required for the implementation of the ongoing and future reconstruction and development projects. It should be noted, however, that international staff do visit Baghdad, Basrah and Erbil and that the Deputy Humanitarian Coordinator is permanently based in Baghdad. On the support to governance side of UN operations, the requisite international UN staff are present in the country. As reported in chapter two and Part Two, the UNDG organizations continue to adapt flexibly to the difficult reality on the ground by using diverse implementation modalities. The risk exposure of UN national staff and non-UN personnel involved in implementation is being carefully and constantly reviewed.

Present UN operational plans for Iraq continue to regard the security risk as being at a critical or high level throughout the country. At present, this is Phase IV for the whole country and Phase V for the three central provinces. Until the security situation improves, staff employed in Baghdad are likely to face serious difficulties with respect to effectiveness and efficiency. Plans to open offices in Basrah and Erbil have been put on hold owing to the deteriorating security situation.

UNDG ITF activities will continue to be carried out with the minimum possible number of international personnel inside Iraq, making the maximum possible use of Iraqi nationals. Short-term visits by international staff to address specific human rights, humanitarian, development and reconstruction issues will continue as circumstances permit. As a result, the continuation of the adapted implementation mechanisms described further in the second chapter is unavoidable. The progress over the six-month reporting period is indicative of how successfully the UN has adapted to the security reality. The UNCT will have to continually adapt to the changing reality but it is reasonably confident that similar levels of progress can be made.

3.2. Continuing Linkage between Reconstruction and the Political Process

Security Council resolution 1546 clearly outlines the breadth of the UN mandate in Iraq. The different elements of the mandate – the leading role in support for the political transition and the role in reconstruction – are closely intertwined and progress in the one continues to be inextricably linked with progress in the other.

As stated in the First Progress Report, post-conflict elections teeter on the edge between realizing a legitimate democratic government and unaccepted governments. The same can be said about referenda on draft constitutions. In the former case, the election/referendum stabilizes the transition and serves to provide conflict mitigation and therefore a boost to reconstruction. In the latter case, it can exacerbate the underlying tensions and lead to a resurgence of violence, the discrediting of the transition process and a potential halt to reconstruction. The 30 January 2005 elections were reasonably successful, but owing to the boycott by the Sunni community, the Special Representative of the Secretary-General had to make continual efforts to foster a broad-based and inclusive political process on the preparation of the draft constitution. As indicated in the report on Cluster C, Governance and Human Development, the UNCT, with dedicated financial assistance from the European Commission, provided direct assistance to the National Assembly in drafting the constitution and promoting wide-ranging participation in the process. It is only on the basis of a constitution adopted and widely accepted as legitimate by the people of Iraq that the stage can be set for successful long-term reconstruction.

At the same time, the referendum on the draft text of the Iraqi constitution was notable because of the high rate of turnout throughout Iraq and among all the main political constituencies. This was a major advance on

the elections of last January. The people of Iraq have demonstrated their commitment to a credible, inclusive and peaceful political process, which augurs well for the December elections and the future of the country.

The results of the referendum have indicated the degree of political polarization in Iraq. This poses an ongoing challenge for all Iraqis and underscores the importance of an inclusive national dialogue. Accordingly, it will be essential that all of the Iraq communities fully participate in the December elections to ensure their full representation in the Government, the Council of Representatives and the Constitutional Review Commission that will be established for the express purpose of further broadening the national base of support for the fundamental law of the land, i.e., the Constitution.

The UNCT, the UNAMI Office of Constitutional Support and the Electoral Assistance Team remain ready to assist the IECI in conducting the general elections scheduled for 15 December and, thereafter, the elected government, Council of Representatives and the Constitutional Review Commission in accordance with its mandate to promote national dialogue and consensus-building.

The UNCT, with support from the UNDG ITF, will therefore continue with the concentration on governance and basic services in the upcoming period.

The UNCT determined in the Joint Iraqi-UN Strategic Framework that the conventional model – in which development follows rehabilitation follows emergency or humanitarian assistance – was not yet appropriate for Iraq. It correctly decided not to postpone development activities despite the ongoing and protracted crisis in Iraq. Furthermore, the UNCT did not assume an end to the conflict or focus only on peaceful regions of the country but rather took steps to deal with the basic needs of the population in as many areas as possible while paving the way for eventual development activities. It therefore adopted a modus operandi that introduced rehabilitation and development activities alongside its humanitarian activities under a programme approach within the new cluster system.

In the current transition stage, the UNCT, in addition to adopting a needs-based approach for its humanitarian operations, attempts to promote greater security through rights-based programming that addresses advocacy and development of good governance and conflict resolution at all levels. There is little doubt that there is a clear relationship between economic deprivation (demonstrated by the level and extent of unemployment and underemployment and level of adequate income) and conflict in Iraq, and this has a strong underlying social exclusion dimension arising from previous periods in the recent history of the country. In this context, the UN support to political processes currently taking place will continue to address the causes of conflict and help to bring about a national polity based on democracy and mutual respect. Failure to address the sources of the conflict, such as isolationism, exploitation, inequitable access to resources and insufficient democratic accountability, only postpones the inevitability of future conflict.

At the Dead Sea Donor Meeting in July 2005, IRFFI members supported the decision by the Iraqi Minister of Planning and Development Cooperation to focus on a few key priorities aimed at improving the quality of life of Iraqis within a six-month period. The areas of priority have since been refined and identified as reconstruction and rehabilitation in support to delivering basic services in the areas of health, education, water and sanitation. The UNCT subsequently formulated nine quick-impact projects to address these priorities and to be delivered in the subsequent six-month period. After extensive consultation between the Iraq Transitional Government and the UNCT, the projects – two in education, four in health and three in water and sanitation – were approved for UNDG ITF funding of approximately \$39 million. These projects are listed below.

Quick-impact Projects

B1-18 Text Books Quality Improvement Programme II – UNESCO, \$7.1 million

B1-19 Integrated Community-based Basic Social Services – UNICEF, \$12.9 million

D2-08 Hazardous Waste Chemicals Collection and Storage Al-Qadissiya – UNEP, \$0.9 million

D2-09 Malaria and Leishmaniasis Control and Prevention – WHO, \$5.15 million

D2-10 Health Care Waste Management – WHO, \$1.4 million

D2-11 Emergency Medical Oxygen Production and Supply – WHO, \$2.8 million

E3-05 Community-based Integrated Watsan Rehabilitation and Management – UN-HABITAT, \$1.9 million

E3-06 Emergency Watsan and Health Support for Southern Iraq – UNDP, \$5.9 million

E3-07 Kerbala Waste Treatment Plant Rehabilitation of Filter Units – UNOPS, \$1.25 million

Implementation of these projects started in September (except for the emergency watsan UNDP project (E3-06) in which the ISRB requested further changes and which was finally approved in October 2005) as funds were immediately released by the UNDG ITF. Regular updates on progress can be found in the UNDG ITF newsletter posted on the www.irffi.org web site. As of the end of September 2005, one month into the projects, key progress had been made as follows.

Under the quick-impact project to improve the quality and availability of school textbooks in Iraq (B1-18), UNESCO issued contracts with printing presses in the region to cover the printing of 4.8 million textbooks destined for both primary and secondary schools. Furthermore, under the direct supervision of the MoEd, UNESCO contracted a printing unit for the scanning, editing and production of CD ROMs of the 39 textbook titles as prioritized by the MoEd.

The integrated community-based basic social services project (B1-19) was initiated using 100 schools as a nucleus in 17 districts of 6 governorates (Baghdad, Basrah, Erbil, Missan, Thi Qar and Wassit). The project will enhance the quality of basic social services in communities around these selected schools through coordinated interventions in education, health and water and sanitation. The implementation of this quick-impact project started in September: 100 schools have been selected based on a rapid assessment of 150 priority schools identified in the selected 6 governorates using a set of well-defined criteria. The number of beneficiaries totals 51,322 students and 2,647 teachers. Further to the selection of schools, 25 primary health centres were selected and an initial assessment of needs for rehabilitation, equipment and supplies was carried out. The baseline assessment of existing conditions of water and sanitation facilities at the school, household and community levels was also completed, which allowed for the clear identification of water and sanitation needs in the communities surrounding the selected schools. Thirty-two locations have been identified for water and sanitation interventions. The works include rehabilitation of compact units/water treatment plants, water distribution networks, booster stations, sewers and sewage pumping stations.

The UNEP quick-impact project for the clean-up of hazardous waste and collection and storage of chemicals at the Al-Qadissiya metal plating facility site (D2-08) directly builds on the results of the Environmental Site Assessment component of the UNEP capacity-building programme for the MoEn under project A5-07. This facility, located 30 km south of Baghdad, was successively bombed, looted and then demolished in an uncontrolled manner. Hazardous wastes, including several tonnes of high-purity cyanide compounds, are scattered across an unsecured site accessible to the public and pose a severe risk to human health. The selection of the contractors, who will train and assist the MoEn with the removal and safe storage of the cyanide, is in its final stages. This UNEP project is implemented in collaboration with UNOPS,

UN-HABITAT began a quick-impact project (E3-05) aimed at rapidly improving living conditions and reducing health risks of a local community through community-based infrastructure rehabilitation and management of the water supply and sanitation service. A team of three Iraqi water and sanitation experts started work alongside the UN-HABITAT project team on technical aspects of the project. The experts and the project team met and agreed on necessary project planning and coordination arrangements and identified priorities for immediate actions. The expert team had already conducted a round of rapid field assessments jointly with the local authorities in the areas of water supply, sewage disposal, solid waste management, roads and drainage. Comprehensive sample surveys of client households were carried out by the Directorate of Housing and the findings are being analysed to identify the extent and nature of perceived problems.

Only 29 cases of malaria were reported in Iraq during the first eight months of 2005 compared to 82 cases reported in the same period of 2004; such is the positive impact of prevention and control activities in the

country implemented by the Centre for Disease Control in Baghdad with WHO technical and logistical support. In order to ensure the sustainability of these advances, WHO began implementing a quick-impact project (D2-09) to further support and reinforce malaria and leishmaniasis control and prevention activities.

The second WHO quick-impact project, Health Care Waste Management (D2-10), is being implemented in collaboration with the MoH, the MoEn and the Mayoralty of Baghdad. As part of a planned series of training activities, a week-long training-of-trainers session and two workshops on the management of health care waste were conducted in Amman for 40 officials from these partners. The main objective of the training was to raise awareness of managers, doctors and health workers about the risks associated with health care waste and the process of establishing waste management systems. The procurement of 14 shredder autoclaves for the management of the health care waste has been initiated; in addition, the procurement of the necessary supplies (plastic bags, trolleys, waste bins and protective materials) has been initiated.

For the third WHO quick-impact project (D2-11), the project management arrangements have been established, with the nomination by the MoH of the Steering Committee members to coordinate, together with WHO, the implementation of the two main components of the project: (a) provision of oxygen to hospitals in Baghdad, Kirkuk and Mosul, and (b) the procurement and installation of the three oxygen plants. The three sites to be made into plants have been selected and the tests for soil-bearing capacity have been completed for two of the sites. The technical engineering committees that will oversee the installation and commissioning of the plants have been put in place in each of the three Directorates of Health involved. Monthly needs for medical oxygen in each of the 40 hospitals in Baghdad covered by the programme have been assessed and those for Kirkuk and Mosul are near completion.

The UNOPS quick-impact project to stabilize and rehabilitate the filter unit at the water treatment plant that supplies water to the residents and pilgrims in Kerbala (E3-07) started immediately upon approval and award of the project with the issuance of TORs requesting proposals for the project from specialized local and international consultants. The evaluation of the technical proposals has been completed and the winning consultant has been advised to investigate options and develop a detailed proposal with necessary BOQ and specifications to facilitate the selection of suitable contractors to carry out the works. The selected consultant is currently in the process of investigating and developing the detailed proposal in discussion with contractors to initiate construction activity in November following the end of the Ramadan festivities.

3.3. Coordination of Development Activities in Iraq

The Dead Sea Donor Meeting in July 2005 served to reaffirm stronger Iraqi leadership of the coordination process led by the MoPDC.

The UN, together with the World Bank, is providing support for donor coordination on reconstruction and development issues in Baghdad and taking a leading role in providing support to ministerial officials (usually deputy ministers) chairing sectoral working groups.

One further aspect of UN assistance to aid coordination is that provided by the UNDP project, Support to MoPDC (C9-01), under the Governance and Human Development Cluster, which is assisting the MoPDC in the setting up of a donor assistance database. The Donor Assistance Database has been successfully adapted to Iraq and installed at the MoPDC in Baghdad, where trained staff in the Aid Coordination Unit have already input IRFFI and United States data and will shortly, following written requests, receive and input data from the Department for International Development (DFID) and other donors.

The ultimate aim of UN assistance, in accordance with the 2 March 2005 Paris commitments on aid effectiveness, is for Iraq to take on complete ownership of its development, with reconstruction and development assistance becoming part of the national budget processes.

3.4. Recurrent Cost Implications

This issue has been flagged since the presentation of the UNDG ITF Tokyo interim progress report and was reiterated in the reports presented to the Dead Sea Donor Meeting in July 2005. The UNDP project to assist the MoPDC in the operationalization of a Donor Assistance Database is expected to make a considerable contribution in making available to the MoPDC and the Ministry of Finance relevant information that will facilitate addressing this issue. The more active role of the ISRB (where the Ministry of Finance is represented) in reviewing UNDG ITF projects will, it is hoped, lead to the review and addressing of the recurrent cost implications of these projects and their continued sustainability as part of the overall annual sectoral and ministerial budget review and approval process.

3.5. Continual Incorporation of Lessons Learned into Programme Implementation Modalities

The Dead Sea Donor Meeting of July 2005 had a session devoted to the sharing of lessons learned from project/programme implementation in Iraq. This issue was also addressed in the Hurdles and Lessons Learned section of the First Progress Report. The lessons learned found in the First Progress Report remain relevant and best efforts are being made to integrate them into programme implementation.

The major lesson learned in relation to the implementation of planned UN programmes and projects pertained to the underestimation of the duration and tenacity of post-war conflict and the sophistication that those involved in the conflict were able to employ. Coupled with this was the underestimation of how the protracted conflict would affect the broader Iraqi population and therefore UN operations in country.

If the UN is to continue to reduce exposure in situations of high risk, it must be fully committed and ready to work as a team in an integrated fashion. The cluster system supported by the UNDG ITF was the vehicle of choice to ensure good inter-agency collaboration and therefore coordination of activities and programmes. Instituting this reform had an impact on the implementation of programmes in the set-up phase in terms of adapting to new ways of doing business, but the cluster system was effective in enabling agencies to work together, understand one another's strengths and weaknesses and focus on sector development. The cluster system is now in the process of moving beyond this to make delivery of interventions more streamlined and to further develop the innovative implementation mechanism adopted. One example of the continual adaptation relates to the effective implementation of rehabilitation works. Faced with continual cost increases and a limited pool of expert qualified companies to go to rehabilitation works, UN agencies are pooling data on company expertise and learning from one another's bidding, contracting and risk-management processes.

Another key lesson learned by the UN during 2005 concerned the overestimation of the reliability of internal coordination mechanisms and capacity in the Iraqi administration to support and enable broad-based reconstruction activities due to lack of technical capacity and the continuing process of political negotiation. The UNDG is therefore taking the lead in supporting the Iraqi-led coordination mechanism set forth at the Dead Sea meeting. Programmes are now being increasingly more effectively coordinated through the sectoral working groups attended by all donors, the UN and the World Bank and chaired by the relevant line/sectoral ministries.

Linked to the lack of institutional capacity is the lack of resources available to Iraqi authorities across all ministries. Ministries and public institutions experience a dearth of appropriate people, material, institutional and financial resources to enable reconstruction and rehabilitation to take place at the rate expected or needed. This therefore does not provide an environment conducive to sustainability for programmes implemented by the UN.

Coupled with governmental resource and capacity limitations is the lack of institutional memory or knowledge within government resulting from having had three different cabinets within a two-year period. These changes had a serious impact on the Government's priority-setting and strategy development. This has stifled, on some occasions, the continuity of programmes initiated by the UN to the extent that modification of implementation plans became necessary after work had begun in order to accommodate changes in policy

direction. Some improvement has been realized more recently, however. Nevertheless, the UN will boost assistance to develop the role of institutions and to establish new institutions during 2005 and beyond. In the case of the IECI, for example, despite the pressing need to provide immediate support to the implementation of the referendum in October and the elections in December, the Support to Electoral Process Cluster is also assisting in developing an institutional memory web site so that knowledge and experience will be retained.

Progress on internal coordination and capacity of Iraqi authorities will have a direct impact on the degree of Iraqi ownership. The presentation of the revised National Development Strategy at the Dead Sea meeting in July 2005 and the adoption of Iraqi-led sectoral coordination groups were very welcome developments upon which it will continually be necessary to build.

The UNDG ITF continues to demonstrate that pooling of resources can be effective in scaling up reconstruction and reducing costs to Iraq and donors. As a number of donors have indicated, the setting up of multi-donor trust funds has facilitated the quick transfer of pledged funds and their use for priority reconstruction activities. It also provides a one-stop shop to Iraqi counterparts such as the IECI, the MoPDC or the National Assembly. This is in accordance with the aid effectiveness agenda, in particular the Paris commitments of 2 March 2005 to delivering effective aid in fragile states (paragraphs 37 to 39). In post-crisis and difficult situations, harmonization and alignment are particularly needed and the advantages to the donor community and most importantly to the Iraqi authorities in having one interlocutor should not be underestimated. Furthermore, the UNDG ITF provides for a joint strategy aligned to the maximum extent possible behind central government-led strategies.

3.6. Independent Lessons-Learned and Review Exercise

As well as continually adopting lessons that it has learned through its own efforts, the UNCT is also interested in learning from others. Although not foreseen in the TOR of the IRFFI, the MOU between UNDP (as the UNDG ITF Administrative Agent) and the Participating UN Organizations stipulates that UNDP will commission “an independent annual lessons-learned and review exercise”.

The UNDP Office of Audit and Performance Review is coordinating the review. PricewaterhouseCoopers has been contracted to undertake the review and began field work in November 2005, with a report planned to be finalized early in 2006.

The review will be carried out in cooperation with UNCT project managers, Cluster Coordinators, the Government, UN offices in Amman and UN Agency headquarters in New York as required. The review team will also seek the views and assessments of both the Iraqi authorities and IRFFI donors on the operations of the UNDG ITF. The cost of the review will be charged to the interest earned by the UNDG ITF.

The final report will set out the conclusions reached as well as recommendations for improvements, if necessary. These conclusions and recommendations will be drawn as lessons learned during the first year of business and will be the basis for:

- (a) Further improving the efficiency and effectiveness of the management and financial administration of the trust fund and the projects/programmes that it finances; and
- (b) Developing concise, practical guidelines for the setting up and operation of a multi-donor trust fund in countries facing similar reconstruction and development challenges.

3.7. UNDG ITF Funding Issues

The available funds for the UNDG ITF amounted to \$76 million as of the end of September 2005. Most of the resources still available result from a significant contribution from the European Commission, which was

deposited in August 2005. The programming of these resources and approval through the UNDG ITF are still under way owing to the short period that has elapsed.

It is important to underline that UNDG programming in Iraq is totally dependent on extra-budgetary resources being made available. As a middle-income country, normally Iraq is not eligible for UN core programming resources. To promote the replenishment of IRFFI resources, the Chair of the IRFFI Donor Committee plans to make concerted efforts to widen the IRFFI donor base, including through a tour of donor capitals early in 2006. In order for the Participating UN Organizations and the UN Clusters to continue to respond to the urgent requirements identified in the National Development Strategy, clear indications of donor intentions regarding contributions for 2005/2006 will be needed as soon as practicable.

4. Conclusions

The UNDG ITF has demonstrated a notable implementation record in its first year, successfully assisting key Iraqi ministries, such as the MoPDC, to work with UNDG as one entity, facilitating coordinated, collaborative joint programming. Procedures for fund management of this innovative multilateral mechanism were set up and refined and as of 30 June 2005, \$586.4 million for 59 projects had been transferred to UN implementing agencies, following vetting and approval by the Iraqi authorities (line ministries and ISRB) and the UNDG ITF Steering Committee.

By 30 June 2005, commitment rates for these 59 projects had reached \$398 million (68 percent of approved funding) and \$218 million had been disbursed (37 percent of approved funding). Taking into account that projects have been funded and implementation started just one year before, the UNDG ITF delivery figures are considered high by any comparison. By the end of September 2005, delivery rates were at \$496 million in legal commitments (69 per cent) and \$303 million in disbursements (42 per cent). The adaptations of the programme implementation mechanisms made by the UNCT proved effective as demonstrated by the increased pace of project implementation in 2005.

The UNDG ITF had a crucial impact on governance and basic services in Iraq during the reporting period. The role of the UN in supporting the Independent Electoral Commission for Iraq in delivering the January 2005 elections and the October 2005 referendum and the Constitutional Committee in drafting the constitution has been critical. Major strides were made in delivering basic services, particularly in education, health, water and sanitation, and essential infrastructure.

The UNDG ITF continues to promote increased transparency and accountability in its operations, particularly through the active use of the www.irffi.org web site. Monthly newsletters providing updates on commitments and disbursements and project progress, key news updates, extensive information on project review and approval procedures, procurement opportunities, contract award information from all agencies, to name only some items, are posted on the site. Furthermore, an international management/audit firm has been engaged to undertake an independent lessons-learned and review exercise. It will submit its final report early next year. It is hoped that many of these initiatives will feed into similar initiatives that are presently being considered as part of the wider process of UN reform. The UNDG ITF is paving the way in adopting new ways of doing business, as required by the aid effectiveness agenda articulated in the 2 March 2005 Paris Declaration. The UNDG ITF model is being continually refined and updated and is already serving as an example for the design of multi-donor, multi-agency trust funds in other countries.

As the significant resources contributed by IRFFI donors to the UNDG ITF have been almost fully programmed, further replenishment of UNDG ITF resources is vital for continuation of the UN support to Iraqi reconstruction and development efforts. It is hoped that this issue will be addressed by donors at the upcoming Fifth Donor Committee meeting in March 2006.

Annex 1. List of Participating UN Organizations¹¹

Participating UN Organization	Abbreviation/Acronym
Economic and Social Commission for Western Asia	ESCWA
Food and Agriculture Organization of the United Nations	FAO
International Labour Organization	ILO
International Telecommunication Union	ITU
Office of the United Nations High Commissioner for Human Rights	OHCHR
United Nations Children's Fund	UNICEF
United Nations Department of Political Affairs/Electoral Assistance Division	UN DPA/EAD
United Nations Development Fund for Women	UNIFEM
United Nations Development Programme	UNDP
United Nations Educational, Scientific and Cultural Organization	UNESCO
United Nations Environment Programme	UNEP
United Nations High Commissioner for Refugees	UNHCR
United Nations Human Settlements Programme	UN-HABITAT
United Nations Industrial Development Organization	UNIDO
United Nations Office for Project Services	UNOPS
United Nations Office on Drugs and Crime	UNODC
United Nations Population Fund	UNFPA
World Food Programme	WFP
World Health Organization	WHO

¹¹ The International Organization for Migration (IOM), although not a Participating UN Organization, is a member of the UNCT and also a member of the UNDG ITF Steering Committee and some UN Clusters.

Annex 2. Details of Earmarked and Unearmarked Donor Contributions, 1 July 2004-30 June 2005

CLUSTER	DONOR	NET DEPOSIT (USD 000s)	ADDITIONAL EARMARKING (USD 000s)
A Agriculture, Food Security, Environment and Natural Resource Management	European Commission	18,880	Agriculture and Water Resources
	Italy ¹	13,075	UNIDO
	Japan	15,676	UNEP/PCAU (4,693); UNEP/IETC (10,983)
	Republic of Korea	2,958	UNDP for Mine Action
	Kuwait	4,905	Agriculture, Water Resources and Environment
	Sweden	1,021	Mine Action
	Cluster A Total	56,516	
B Education and Culture	European Commission	18,880	Education
	Ireland	1,203	UNICEF for Education
	Japan	62,343	UNICEF/Education (31,952); UNESCO/Education (10,075); UNHABITAT/Education (17,374); UNESCO/Culture (1,548); ANY (1,395)
	Cluster B Total	82,427	
C Governance and Human Development	Australia	723	Governance and Civil Society
	European Commission	15,104	Governance and Civil Society (8,811); Poverty Reduction and Human Dev (6,293)
	EC RRM	3,653	Governance and Civil Society
	Finland	1,271	Governance and Civil Society
	Sweden	2,854	Governance and Civil Society
	Cluster C Total	23,604	
D Health and Nutrition	European Commission	12,587	Health
	Japan	25,961	WHO/Health (10,983); UNFPA/Health (6,989); UNICEF/Health (7,988)
	Cluster D Total	38,548	
E Infrastructure Rehabilitation	European Commission	16,363	Water and Sanitation
	Japan	183,827	UNICEF/Water and Sanitation (21,468); UNDP/Electricity Infrastructure (121,620); UNDP/Maritime Transport (24,763); UNHABITAT/Housing Infrastructure (15,976)
	Luxembourg	1,017	UNDP for Water and Sanitation
	Cluster E Total	201,207	
F Refugees, IDPs and Durable Solutions	Australia	3,246	
	Republic of Korea	986	UNHCR
	Cluster F Total	4,232	
G Support to Electoral Process	Australia	3,613	
	Belgium	1,296	
	Canada ²	15,161	
	Denmark	4,440	
	European Commission	18,880	
	EC EIDHR	1,047	
	EC RRM	19,708	
	Finland	2,541	
	Italy	2,579	
	Japan	39,941	
	Republic of Korea	2,958	
	Luxembourg	196	
	Netherlands	6,603	
	New Zealand	923	
Norway	2,278		
Sweden	2,854		
United Kingdom	9,910		
	Cluster G Total	134,929	
EARMARKED DEPOSITS		541,463	
UNEARMARKED BY CLUSTER AND AGENCY	Canada	22,266	
	Greece	749	
	Iceland	491	
	India ³	4,905	
	Japan ⁴	29,955	
	New Zealand	1,393	
	Norway	4,633	
	Qatar	4,905	
	United Kingdom ⁵	45,132	
	United States	4,930	
UNEARMARKED DEPOSITS		119,360	
TOTAL EARMARKED AND UNEARMARKED DEPOSITS		660,823	

¹Contribution earmarked to UNIDO with no cluster earmarking but reflected in Cluster A due to the expected utilization of most of the funds in that cluster.

²Contribution unearmarked with a preference towards Cluster G, including enhancing the role of women, civil society and media in the Iraqi election. Therefore, this contribution is treated as "earmarked" for Support to the Electoral Process.

³Contribution given as "unearmarked" but with a preference for Support to the Electoral Process.

⁴Current contributions while "earmarked" for Health/Medical Care (9,985), Employment Creation (9,985), Water and Sanitation and Environment (9,985) are also available to fund activities in other clusters based on prior consultations. Hence, the contribution is treated as "unearmarked".

⁵Contribution is broadly earmarked to 10 out of the 11 old Clusters with some activities excluded but with inter-cluster funding allocation decision left to the UNDG ITF Steering Committee. Hence, the contribution is treated as "unearmarked".

Annex 3. Expenditures Incurred against Approved and Funded Projects, 1 July 2004-30 June 2005, by Agency

				STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT USD 000s	EXPENDITURE (USD 000s)		
						1 July 2004 - 31 Dec. 2004	1 Jan 2005 - 30 June 2005	1 July 2004 - 30 June 2005
ESCWA PROJECTS								
B1-10	Iraq Networking Academy Project (phase 1)	ESCWA	22-Jul-04	1,000	418	278	697	
C10-04	Smart Community Project	ESCWA	8-Jun-05	2,703	0	0	0	
TOTAL				3,703	418	278	697	
FAO PROJECTS								
A5-01	Drainage Conditions in Agricultural Areas	FAO	3-May-04	5,127	130	571	701	
A5-02	Rehabilitation of Pumping Stations	FAO	3-May-04	13,509	264	5,033	5,296	
A5-04	Community Irrigation Schemes	FAO	20-May-04	16,959	5,996	1,211	7,207	
A5-08	Restoration of Veterinary Services	FAO	8-Jul-04	5,000	2,495	1,836	4,331	
A5-10	Restoration of Livestock Services	FAO	8-Jul-04	5,000	0	1,791	1,791	
TOTAL				45,594	8,886	10,441	19,326	
ILO PROJECTS								
C10-02	International Employment Conference	ILO	22-Aug-04	321	84	186	270	
TOTAL				321	84	186	270	
UNDP PROJECTS								
C10-01	Iraqis Rebuilding Iraq Phase 1	UNDP	9-Oct-04	387	316	40	357	
C10-03	Iraqis Rebuilding Iraq Phase 2	UNDP	22-Mar-05	2,777	0	0	0	
C9-01	Support to MoPDC	UNDP	8-Jul-04	1,744	197	582	779	
C9-05	Capacity Bldg and Institutional Strengthening of MMPW	UNDP	22-Mar-05	3,019	0	676	676	
C9-10/A	Institutional Support for the Constitutional Drafting Process	UNDP	8-Jun-05	7,000	0	784	784	
E4-01	Emergency Power Supply	UNDP	3-May-04	11,999	145	2,255	2,400	
E4-02	National Dispatch Centre	UNDP	3-May-04	11,948	2,266	5,730	7,995	
E4-06	Dredging of Um Qasr Port Approach Channel	UNDP	20-May-04	24,742	5,581	18,124	23,705	
E4-07	Rehabilitation of Mousul Power Station	UNDP	22-Jul-04	17,585	179	3,477	3,656	
E4-08	Rehabilitation of Taji Power Station	UNDP	22-Jul-04	25,892	234	5,196	5,430	
E4-09	Rehabilitation of Hartha Power Station	UNDP	22-Aug-04	17,789	3,450	12,565	16,014	
E4-10	Rehabilitation of Mussayib Gas Power Station	UNDP	11-Nov-04	15,511	0	7,182	7,182	
E4-15	Rehabilitation of Mussayib Gas Power Station Stage 2	UNDP	8-Jun-05	33,000	0	0	0	
G11-02	Support to Electoral Process (Phase II)	UNDP	13-Sep-04	11,246	11,162	391	11,552	
G11-03	Support to Elections (Phase III)	UNDP	23-Sep-04	34,501	28,515	5,107	33,622	
G11-04	Technical Assistance to IECI	UNDP	25-Oct-04	3,043	755	1,364	2,120	
TOTAL				222,184	52,799	63,472	116,272	
UNEP PROJECTS								
A5-07	Strengthening Environmental Governance	UNEP	8-Jul-04	4,700	646	309	955	
A5-11	Marshlands Environmental Management	UNEP	22-Jul-04	11,000	481	2,714	3,195	
TOTAL				15,700	1,127	3,023	4,150	
UNESCO PROJECTS								
A5-12	Capacity Building of Water Institutions	UNESCO	22-Aug-04	3,276	355	1,840	2,195	
B1-01	Vocational Education	UNESCO	3-May-04	2,758	2,704	27	2,731	
B1-05	In-service Training for Teachers	UNESCO	10-May-04	2,346	1,119	200	1,318	
B1-07	Protecting the Iraqi Cultural Heritage	UNESCO	20-May-04	2,092	1,531	324	1,855	
B1-08	Literacy and Life Skills Development	UNESCO	8-Jul-04	2,230	74	861	935	
B1-13	Education Management Information System	UNESCO	11-Nov-04	1,500	38	715	753	
C9-10/C	Media and Human Rights: Promotion of Freedom of Expression	UNESCO	8-Jun-05	700	0	0	0	
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7-Dec-04	555	0	435	435	
TOTAL				15,458	5,820	4,402	10,222	

Annex 3. Expenditures Incurred against Approved and Funded Projects, 1 July 2004-30 June 2005, by Agency (cont'd.)

				STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT USD 000s	EXPENDITURE (USD 000s)		
						1 July 2004 - 31 Dec. 2004	1 Jan 2005 - 30 June 2005	1 July 2004 - 30 June 2005
UNFPA PROJECTS								
D2-02	Emergency Obstetric Care	UNFPA	10-May-04	12,603	2,708	466	3,174	
TOTAL				12,603	2,708	466	3,174	
UNHABITAT PROJECTS								
B1-09	Education Facilities Rehabilitation	UNHABITAT	8-Jul-04	17,581	1,018	5,672	6,690	
B1-11	Rehabilitation of School Bldgs in Lower South Iraq	UNHABITAT	11-Nov-04	5,270	178	2,776	2,954	
E4-04	Strengthening Capacity of Housing Sector	UNHABITAT	10-May-04	5,966	779	2,176	2,955	
E4-11	Strengthening Urban Sector through Building Capacities in Municipal Ping and Mgmt	UNHABITAT	29-Aug-05	2,550	117	320	437	
TOTAL				31,367	2,092	10,944	13,035	
UNHCR PROJECTS								
F8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8-Jul-04	7,126	5,225	1,189	6,413	
TOTAL				7,126	5,225	1,189	6,413	
UNICEF PROJECTS								
B1-06	Strengthening Primary and Intermediate Education	UNICEF	10-May-04	34,254	22,294	1,319	23,614	
B1-12	Strengthening Primary and Intermediate Education Phase 2	UNICEF	11-Nov-04	12,700	0	0	0	
D2-06	Strengthening Immunization Services in Iraq	UNICEF	8-Jun-05	7,900	0	0	0	
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20-May-04	21,500	720	1,179	1,899	
TOTAL				76,354	23,014	2,499	25,513	
UNIDO PROJECTS								
A5-06	Promotion of Cottage Industries	UNIDO	20-May-04	5,013	22	181	203	
A5-13	Rehabilitation of Dairy Plants	UNIDO	22-Aug-04	2,938	0	573	573	
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22-Aug-04	7,016	44	998	1,042	
TOTAL				14,967	66	1,752	1,818	
UNIFEM PROJECTS								
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	9-Oct-04	1,905	716	543	1,259	
TOTAL				1,905	716	543	1,259	
UNOPS PROJECTS								
A7-02	Explosive Ordnance Disposal Capacity Building and Clearance	UNOPS	11-Nov-04	3,341	0	3,341	3,341	
C9-03	Civil Society Forums	UNOPS	22-Aug-04	1,720	1,494	90	1,584	
C9-10/D	Civil Society Constitutional Outreach Campaign	UNOPS	8-Jun-05	1,000	0	2,774	2,774	
F8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	20-May-04	9,741	3,665	4,425	8,090	
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS	7-Dec-04	4,542	95	2,980	3,075	
G11-08	Logistics Support to IECl	UNOPS	23-Dec-04	54,193	10	44,923	44,933	
TOTAL				74,538	5,264	58,532	63,796	
WFP PROJECTS								
A6-02	Development of Safety Nets and Food Security	WFP	11-Nov-04	4,000	0	3,982	3,982	
TOTAL				4,000	0	3,982	3,982	
WHO PROJECTS								
D2-03	Supporting Primary Health Care System	WHO	20-May-04	37,364	9,938	8,627	18,565	
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	8-Jul-04	5,977	1,374	2,010	3,383	
D2-05	Non-communicable Diseases and Mental Health	WHO	22-Aug-04	11,000	124	4,593	4,718	
E3-03	Water Quality Control and Surveillance	WHO	22-Aug-04	6,262	341	1,301	1,643	
TOTAL				60,603	11,777	16,531	28,308	
TOTAL				586,421	119,997	178,240	298,237	

Annex 4. Expenditures Incurred against Approved and Funded Projects, 1 July 2004-30 June 2005, by Cluster

		AGENCY	STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT	EXPENDITURE (USD 000s)		
				USD 000s	1 July 2004 - 31 Dec. 2004	1 Jan 2005 - 30 June 2005	1 July 2004 - 30 June 2005
AGRICULTURE, FOOD SECURITY, ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT							
A5-01	Drainage Conditions in Agricultural Areas	FAO	3-May-04	5,127	130	571	701
A5-02	Rehabilitation of Pumping Stations	FAO	3-May-04	13,509	264	5,033	5,296
A5-04	Community Irrigation Schemes	FAO	20-May-04	16,959	5,996	1,211	7,207
A5-06	Promotion of Cottage Industries	UNIDO	20-May-04	5,013	22	181	203
A5-07	Strengthening Environmental Governance	UNEP	8-Jul-04	4,700	646	309	955
A5-08	Restoration of Veterinary Services	FAO	8-Jul-04	5,000	2,495	1,836	4,331
A5-10	Restoration of Livestock Services	FAO	8-Jul-04	5,000	0	1,791	1,791
A5-11	Marshlands Environmental Management	UNEP	22-Jul-04	11,000	481	2,714	3,195
A5-12	Capacity Building of Water Institutions	UNESCO	22-Aug-04	3,276	355	1,840	2,195
A5-13	Rehabilitation of Dairy Plants	UNIDO	22-Aug-04	2,938	0	573	573
A6-02	Development of Safety Nets and Food Security	WFP	11-Nov-04	4,000	0	3,982	3,982
A7-02	Explosive Ordnance Disposal Capacity Building and Clearance	UNOPS	11-Nov-04	3,341	0	3,341	3,341
TOTAL				79,861	10,390	23,380	33,770
EDUCATION AND CULTURE							
B1-01	Vocational Education	UNESCO	3-May-04	2,758	2,704	27	2,731
B1-05	In-service Training for Teachers	UNESCO	10-May-04	2,346	1,119	200	1,318
B1-06	Strengthening Primary and Intermediate Education	UNICEF	10-May-04	34,254	22,294	1,319	23,614
B1-07	Protecting the Iraqi Cultural Heritage	UNESCO	20-May-04	2,092	1,531	324	1,855
B1-08	Literacy and Life Skills Development	UNESCO	8-Jul-04	2,230	74	861	935
B1-09	Education Facilities Rehabilitation	UNHABITAT	8-Jul-04	17,581	1,018	5,672	6,690
B1-10	Iraq Networking Academy Project (phase 1)	ESCWA	22-Jul-04	1,000	418	278	697
B1-11	Rehabilitation of School Bldgs in Lower South Iraq	UNHABITAT	11-Nov-04	5,270	178	2,776	2,954
B1-12	Strengthening Primary and Intermediate Education Phase 2	UNICEF	11-Nov-04	12,700	0	0	0
B1-13	Education Management Information System	UNESCO	11-Nov-04	1,500	38	715	753
TOTAL				81,731	29,374	12,172	41,547
GOVERNANCE AND HUMAN DEVELOPMENT							
C10-01	Iraqis Rebuilding Iraq Phase 1	UNDP	9-Oct-04	387	316	40	357
C10-02	International Employment Conference	ILO	22-Aug-04	321	84	186	270
C10-03	Iraqis Rebuilding Iraq Phase 2	UNDP	22-Mar-05	2,777	0	0	0
C10-04	Smart Community Project	ESCWA	8-Jun-05	2,703	0	0	0
C9-01	Support to MoPDC	UNDP	8-Jul-04	1,744	197	582	779
C9-03	Civil Society Forums	UNOPS	22-Aug-04	1,720	1,494	90	1,584
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	9-Oct-04	1,905	716	543	1,259
C9-05	Capacity Bldg and Institutional Strengthening of MMPW	UNDP	22-Mar-05	3,019	0	676	676
C9-10/A	Institutional Support for the Constitutional Drafting Process	UNDP	8-Jun-05	7,000	0	784	784
C9-10/C	Media and Human Rights: Promotion of Freedom of Expression	UNESCO	8-Jun-05	700	0	0	0
C9-10/D	Civil Society Constitutional Outreach Campaign	UNOPS	8-Jun-05	1,000	0	2,774	2,774
TOTAL				23,276	2,807	5,675	8,482

Annex 4. Expenditures Incurred against Approved and Funded Projects, 1 July 2004-30 June 2005, by Cluster (Cont'd.)

		AGENCY	STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT USD 000s	EXPENDITURE (USD 000s)		
					1 July 2004 - 31 Dec. 2004	1 Jan 2005 - 30 June 2005	1 July 2004 - 30 June 2005
HEALTH AND NUTRITION							
D2-02	Emergency Obstetric Care	UNFPA	10-May-04	12,603	2,708	466	3,174
D2-03	Supporting Primary Health Care System	WHO	20-May-04	37,364	9,938	8,627	18,565
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	8-Jul-04	5,977	1,374	2,010	3,383
D2-05	Non-communicable Diseases and Mental Health	WHO	22-Aug-04	11,000	124	4,593	4,718
D2-06	Strengthening Immunization Services in Iraq	UNICEF	8-Jun-05	7,900	0	0	0
TOTAL				74,844	14,144	15,696	29,840
INFRASTRUCTURE REHABILITATION							
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20-May-04	21,500	720	1,179	1,899
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22-Aug-04	7,016	44	998	1,042
E3-03	Water Quality Control and Surveillance	WHO	22-Aug-04	6,262	341	1,301	1,643
E4-01	Emergency Power Supply	UNDP	3-May-04	11,999	145	2,255	2,400
E4-02	National Dispatch Centre	UNDP	3-May-04	11,948	2,266	5,730	7,995
E4-04	Strengthening Capacity of Housing Sector	UNHABITAT	10-May-04	5,966	779	2,176	2,955
E4-06	Dredging of Um Qasr Port Approach Channel	UNDP	20-May-04	24,742	5,581	18,124	23,705
E4-07	Rehabilitation of Mousul Power Station	UNDP	22-Jul-04	17,585	179	3,477	3,656
E4-08	Rehabilitation of Taji Power Station	UNDP	22-Jul-04	25,892	234	5,196	5,430
E4-09	Rehabilitation of Hartha Power Station	UNDP	22-Aug-04	17,789	3,450	12,565	16,014
E4-10	Rehabilitation of Mussayib Gas Power Station	UNDP	11-Nov-04	15,511	0	7,182	7,182
E4-11	Strengthening Urban Sector through Building Capacities in Municipal Ping and Mgmt	UNHABITAT	29-Aug-05	2,550	117	320	437
E4-15	Rehabilitation of Mussayib Gas Power Station Stage 2	UNDP	8-Jun-05	33,000	0	0	0
TOTAL				201,761	13,856	60,503	74,359
REFUGEES, IDPS AND DURABLE SOLUTIONS							
F8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	20-May-04	9,741	3,665	4,425	8,090
F8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8-Jul-04	7,126	5,225	1,189	6,413
TOTAL				16,868	8,889	5,614	14,503
SUPPORT TO ELECTORAL PROCESS							
G11-02	Support to Electoral Process (Phase II)	UNDP	13-Sep-04	11,246	11,162	391	11,552
G11-03	Support to Elections (Phase III)	UNDP	23-Sep-04	34,501	28,515	5,107	33,622
G11-04	Technical Assistance to IECI	UNDP	25-Oct-04	3,043	755	1,364	2,120
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS	7-Dec-04	4,542	95	2,980	3,075
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7-Dec-04	555	0	435	435
G11-08	Logistics Support to IECI	UNOPS	23-Dec-04	54,193	10	44,923	44,933
TOTAL				108,080	40,537	55,200	95,737
TOTAL				586,421	119,997	178,240	298,237

Annex 5. Total Project Commitments and Disbursements, by Reporting Period

PROJECT	AGENCY	FUNDED AMOUNT	1 July 2004 - 31 Dec. 2004		1 Jan. 2005 - 30 June 2005		1 July 2005 - 30 Sept. 2005		1 July 2004 - 30 Sept. 2005			
			COMMITMENT	DISBURSEMENT	COMMITMENT	DISBURSEMENT	COMMITMENT	DISBURSEMENT	TOTAL COMMITMENT	TOTAL DISBURSEMENT		
			USD 000s	USD 000s	USD 000s	US\$ 1,000s	US\$ 1,000s	USD 000s	USD 000s	USD 000s	%	USD 000s
AGRICULTURE, FOOD SECURITY, ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT												
A 5-01	FAO	5,127	2	130	640	513	-369	182	274	5	825	16
A 5-02	FAO	13,509	4,784	264	4,609	423	2,542	593	11,935	88	1,280	9
A 5-04	FAO	16,959	5,606	5,996	815	396	-2	92	6,419	38	6,484	38
A 5-08	FAO	5,000	2,216	2,495	1,570	265	-46	284	3,741	75	3,044	61
A 5-10	FAO	8,546	5	0	1,707	64	283	1,077	1,995	23	1,140	13
A 5-07	UNEP	4,700	2,830	646	1,117	494	17	966	3,964	84	2,106	45
A 5-11	UNEP	11,000	8,074	481	1,834	2,208	519	409	10,427	95	3,098	28
A 5-12	UNESCO	3,276	352	149	1,904	919	280	252	2,536	77	1,319	40
A 5-06	UNIDO	5,013	81	14	1,268	385	35	126	1,384	28	525	10
A 5-13	UNIDO	2,938	18	0	128	62	62	62	208	7	124	4
A 6-02	WFP	7,000	0	0	3,982	3,982	0	0	3,982	57	3,982	57
A 7-02	UNOPS	3,341	0	0	3,341	3,161	0	179	3,341	100	3,341	100
	TOTAL	86,407	23,968	10,176	22,914	12,871	3,322	4,221	50,204	58	27,269	32
EDUCATION AND CULTURE												
B 1-10	ESCWA	1,000	418	129	278	154	50	145	747	75	428	43
B 1-17	ESCWA	3,780	0	0	0	0	0	0	0	0	0	0
B 1-01	UNESCO	2,758	2,548	4	183	1,906	-6	497	2,726	99	2,407	87
B 1-05	UNESCO	2,346	1,046	23	340	1,118	249	218	1,634	70	1,359	58
B 1-07	UNESCO	2,092	1,460	302	440	1,169	12	125	1,912	91	1,595	76
B 1-08	UNESCO	2,230	72	20	948	205	-65	17	955	43	242	11
B 1-13	UNESCO	1,500	51	2	755	709	123	-17	930	62	695	46
B 1-14	UNESCO	3,000	0	0	0	0	2	0	2	0	0	0
B 1-15	UNESCO	4,721	0	0	0	0	0	0	0	0	0	0
B 1-18	UNESCO	7,100	0	0	0	0	3,488	6	3,488	49	6	0
B 1-09	UNHABITAT	17,581	5,848	1,019	3,990	1,970	2,094	6,251	11,932	68	9,239	53
B 1-11	UNHABITAT	5,270	1,202	178	2,525	661	1,236	3,788	4,962	94	4,627	88
B 1-06	UNICEF	34,254	20,836	20,836	8,762	1,098	2,421	4,819	32,019	93	26,752	78
B 1-12	UNICEF	16,230	0	0	8,249	0	5,022	8,189	13,271	82	8,189	50
B 1-19	UNICEF	12,900	0	0	0	0	1,576	0	1,576	12	0	0
	TOTAL	116,763	33,481	22,513	26,469	8,990	16,203	24,037	76,153	65	55,540	48
GOVERNANCE AND HUMAN DEVELOPMENT												
C 9-01	UNDP	1,744	170	169	512	380	-8	124	674	39	673	39
C 9-05	UNDP	3,019	0	0	393	393	116	116	510	17	510	17
C 9-10/a	UNDP	14,148	0	0	728	0	5,520	2,532	6,248	44	2,532	18
C 9-10/e	UNDP	994	0	0	0	0	331	331	331	33	331	33
C 9-10/f	UNDP	495	0	0	0	0	351	351	351	71	351	71
C 9-10/c	UNESCO	1,994	0	0	15	0	1,398	423	1,413	71	423	21
C 9-04	UNIFEM	1,905	716	716	507	40	181	595	1,404	74	1,351	71
C 9-10/b	UNIFEM	1,670	0	0	0	0	195	6	195	12	6	0
C 9-02	UNOPS	1,720	1,509	167	63	1,309	93	108	1,665	97	1,585	92
C 9-10/d	UNOPS	4,964	0	0	2,764	170	1,754	2,387	4,517	91	2,557	52
C 10-04	ESCWA	2,703	0	0	0	0	84	4	84	3	4	0
C 10-02	ILO	321	286	84	15	202	0	0	301	94	286	89
C 10-01	UNDP	387	316	311	34	32	-33	-31	317	82	312	81
C 10-03	UNDP	2,777	0	0	0	0	0	0	0	0	0	0
	TOTAL	38,840	2,997	1,448	5,030	2,527	9,982	6,945	18,009	46	10,920	28

Annex 5. Total Project Commitments and Disbursements, by Reporting Period (Cont'd.)

PROJECT	AGENCY	FUNDED AMOUNT	1 July 2004 - 31 Dec. 2004			1 Jan. 2005 - 30 June 2005		1 July 2005 - 30 Sept. 2005		1 July 2004 - 30 Sept. 2005			
			COMMITMENT	DISBURSEMENT		COMMITMENT	DISBURSEMENT	COMMITMENT	DISBURSEMENT	TOTAL COMMITMENT	TOTAL DISBURSEMENT		
			USD 000s	USD 000s	USD 000s	US\$ 1,000s	US\$ 1,000s	USD 000s	USD 000s	USD 000s	%	USD 000s	%
HEALTH AND NUTRITION													
D 2-08	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya Site	UNEP	905	0	0	0	0	0	0	0	0	0	0
D 2-02	Emergency Obstetric Care	UNFPA	12,603	6,229	2,708	1,856	1,856	2,827	2,827	10,912	87	7,391	59
D 2-06	Strengthening Immunization Services in Iraq	UNICEF	7,900	0	0	0	0	2,256	707	2,256	29	707	9
D 2-03	Supporting Primary Health Care System	WHO	37,364	11,287	4,587	8,884	10,440	3,601	3,036	23,772	64	18,063	48
D 2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	5,977	1,465	88	2,064	1,634	2,053	816	5,581	93	2,537	42
D 2-05	Non-communicable Diseases and Mental Health	WHO	11,000	740	23	4,407	1,836	1,469	1,226	6,617	60	3,084	28
D 2-07	Improving Preparedness and Response to Impending Cholera Outbreak	WHO	858	0	0	0	0	0	0	0	0	0	0
D 2-09	Malaria and Leishmania Control and Prevention Emergency Programme	WHO	5,157	0	0	0	0	755	0	755	15	0	0
D 2-10	Health Care Waste Management	WHO	1,408	0	0	0	0	114	25	114	8	25	2
D 2-11	Provision of Emergency Medical Oxygen Supply in Baghdad, Mosul and Kirkuk	WHO	2,825	0	0	0	0	160	0	160	6	0	0
TOTAL			85,996	19,720	7,405	17,211	15,765	13,234	8,637	50,166	58	31,808	37
INFRASTRUCTURE REHABILITATION													
E 3-05	Community-based Integrated WATSAN Rehabilitation and Management Project	UNHABITAT	1,984	0	0	0	0	0	0	0	0	0	0
E 3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	21,500	673	673	8,926	1,046	3,053	3,277	12,651	59	4,996	23
E 3-02	Rehabilitation of Chlorination Plant	UNIDO	7,016	35	9	603	73	-91	27	548	8	109	2
E 3-07	Kerbala Water Treatment Plant: Rehabilitation of Filter Units	UNOPS	1,251	0	0	0	0	0	0	0	0	0	0
E 3-03	Water Quality Control and Surveillance	WHO	6,262	676	184	1,520	684	2,537	790	4,733	76	1,658	26
E 4-01	Emergency Power Supply	UNDP	11,999	31	28	2,688	197	3,275	860	5,994	50	1,085	9
E 4-02	National Dispatch Centre	UNDP	11,948	10,000	2,000	0	109	0	265	10,000	84	2,374	20
E 4-06	Dredging of Um Qasr Port Approach Channel	UNDP	24,742	24,742	4,891	0	12,672	0	2,833	24,742	100	20,396	82
E 4-07	Rehabilitation of Mousul Power Station	UNDP	17,585	15	15	17,513	3,135	0	157	17,528	100	3,306	19
E 4-08	Rehabilitation of Taji Power Station	UNDP	25,892	67	42	25,780	4,594	0	333	25,846	100	4,969	19
E 4-09	Rehabilitation of Hartha Power Station	UNDP	17,789	15,392	3,047	0	601	0	6,745	15,392	87	10,393	58
E 4-10	Rehabilitation of Mussayib Power Station - Stage 1	UNDP	15,511	0	0	15,345	2,892	0	1,143	15,345	99	4,035	26
E 4-15	Rehabilitation of Mussayib Power Station - Stage 2	UNDP	33,000	0	0	0	0	0	0	0	0	0	0
E 4-04	Strengthening Capacity of Housing Sector	UNHABITAT	5,966	2,965	779	2,718	2,174	586	594	6,269	105	3,547	59
E 4-11	Strengthening Urban Sector through Building Capacities in Municipal Planning and Management	UNHABITAT	2,550	851	117	131	320	1,097	1,125	2,079	82	1,562	61
E 4-14	Rehabilitation of Community Facilities and Infrastructure	UNHABITAT	16,025	0	0	0	0	0	0	0	0	0	0
TOTAL			221,021	55,447	11,785	75,223	28,496	10,458	18,149	141,128	64	58,430	26
REFUGEES, IDPS AND DURABLE SOLUTIONS													
F 8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	7,126	5,225	5,225	1,902	1,007	0	549	7,126	100	6,781	95
F 8-03	Return and Reintegration of Iraqis and Others of Concern in Northern Iraq	UNHCR	990	0	0	0	0	990	336	990	100	336	34
F 8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	9,741	3,788	410	4,528	2,093	227	5,130	8,543	88	7,632	78
TOTAL			17,858	9,012	5,634	6,429	3,100	1,217	6,015	16,659	93	14,748	83
SUPPORT TO ELECTORAL PROCESS													
G 11-02	Support to Electoral Process - Phase 2	UNDP	11,246	10,326	9,259	55	329	286	12	10,668	95	9,601	85
G 11-03	Support to Electoral Process - Phase 3	UNDP	34,501	34,501	27,341	0	4,067	0	967	34,501	100	32,376	94
G 11-04	Technical Assistance to IECI	UNDP	7,802	2,000	600	125	581	1,558	1,103	3,683	47	2,283	29
G 11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	555	0	0	447	441	-50	-45	397	71	397	71
G 11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections - Phase 1	UNOPS	3,416	130	29	2,909	2,974	309	376	3,348	98	3,379	99
G 11-08	Logistics Support to IECI - Phase 1	UNOPS	45,344	10	10	44,109	44,243	1,314	1,516	45,433	100	45,769	101
G 11-09	Logistics Support to IECI - Phase 2	UNOPS	47,606	0	0	0	0	45,337	10,116	45,337	95	10,116	21
G 11-10	Provision of Electoral Support to Observer Groups -Phase 2	UNOPS	5,527	0	0	0	0	308	15	308	6	15	0
TOTAL			155,996	46,968	37,239	47,645	52,636	49,064	14,061	143,676	92	103,936	67
NA	Pilgrim Stampede Emergency Micro-grant Response	UNOPS	300	0	0	0	0	300	113	300	100	113	38
TOTAL			723,181	191,593	96,199	200,923	124,385	103,779	82,179	496,295	69	302,763	42