



**Third 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 July to 31 December 2005**

**PART ONE**

**11 May 2006**

# UNDG Iraq Trust Fund

## PARTICIPATING UN ORGANIZATIONS

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

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### NORTH AMERICA

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## Abbreviations and Acronyms

BCG	Baghdad Coordination Group
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)
ECHA	Executive Committee on Humanitarian Affairs
EIDHR	European Initiative for Democracy and Human Rights (European Commission)
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GEO	Governorate Electoral Office
GIS	geographical information system
IDP	internally displaced person
IECI	Independent Electoral Commission of Iraq
IEHC	Independent Electoral High Commission
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
MDG	Millennium Development Goals
MDTF	multi-donor trust fund
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
MoMPW	Ministry of Municipalities and Public Works
MoPDC	Ministry of Planning and Development Cooperation
MoWR	Ministry of Water Resources
NGO	non-governmental organization
OHCHR	Office of the United Nations High Commissioner for Human Rights
PHC	primary health care
PWC	PricewaterhouseCoopers
RRL	reconstruction, rehabilitation and labour
SWG	Sector Working Group
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
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
UXO	unexploded ordnance
WATSAN	water and sanitation
WFP	World Food Programme
WHO	World Health Organization

## Definitions<sup>1</sup>

### Allocation

*UNDG ITF* – Amount earmarked to a particular Cluster(s) and/or specific UN Participating Organization(s) to fund approved projects.

*World Bank ITF* – Amount 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

*UNDG ITF* – A project that has been approved by the Iraqi Strategic Review Board (ISRB) and the UNDG ITF Steering Committee for which a project document has subsequently been signed.

*World Bank ITF* – A project for which a grant agreement has been negotiated and signed by the World Bank ITF and the Recipient.

### Donor Commitment

A legally binding commitment of a contribution to IRFFI for a specific amount over a specific time frame, formalized through a Letter of Agreement (in the case of the UNDG ITF) or an Administrative Agreement (World Bank ITF).

### Donor Deposit

Cash deposit received by the UNDG ITF or the World Bank ITF.

### 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 World Bank ITF.)

### Project Commitment

The amount for which a legally binding project contract has been signed.

### 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

*UNDG ITF* – Amount of project disbursement plus Unliquidated Obligations related to payments due for the year.

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<sup>1</sup> Common definitions agreed between the UNDG ITF and the World Bank ITF for use in IRFFI reporting.

## Executive Summary

This is the third Six-month Progress Report on Activities Implemented under the United Nations Development Group Iraq Trust Fund (UNDG ITF) submitted to the donors of the International Reconstruction Fund Facility for Iraq (IRFFI) in fulfilment of the reporting provisions of the UNDG ITF Letter of Agreement. The consolidated narrative and financial report, which covers the period from 1 July 2005 to 31 December 2005 (with an informal update to end of March 2006), has two parts as in the Second Progress Report. Part one highlights UNDG ITF progress as a whole while part two provides a review of cluster-level programme implementation. The report builds on the first and second official reports submitted in May and November 2005, respectively.

The introductory chapter of part one outlines the role of the UN in Iraq, the model nature of the UNDG ITF and the purpose and structure of the report.

The second chapter highlights key elements of programme delivery during the reporting period. Of the \$903.41 million deposited into the UNDG ITF account as of 31 December 2005, \$754.71 million (84 per cent) were transferred to UN implementing agencies for 82 approved projects, following vetting and approval by the Iraqi authorities (line ministries; increasingly, Sector Working Groups; then the Iraq Strategic Review Board or, for electoral projects, the Independent Electoral Commission of Iraq (IECI) or, for constitutional projects, the Constitutional Committee of the National Assembly) and the UNDG ITF Steering Committee.

Adapted programme implementation mechanisms have continued to mitigate the considerable hurdles to implementation that insecurity, lack of clear and timely decision-making by Iraqi authorities, difficulties in communication endemic to the remote management approach, etc. have persisted in posing. These hurdles have been aggravated by the prolonged time taken to form the four-year-term Government since the historic 15 December 2005 democratic elections.

Despite the challenges, the pace of project implementation further increased in the second half of 2005 to its highest rate since the opening of the UNDG ITF for business. Fourteen projects have now been operationally completed – 17 per cent of the total.

During the third six-month reporting period alone, a total of \$217.72 million was expended, representing the highest expenditure level of the three six-month reporting periods. By 31 December 2005, the level of disbursements on the approved projects had reached \$409 million (54 per cent of approved funds), representing significant benefits to project beneficiaries. By the end of March 2006, over three quarters of approved funds had already been committed (\$590 million in legal commitments, or 77 per cent) and \$454 million had been disbursed (59 per cent). Most importantly, results are emerging that indicate that the UNDG ITF is having a crucial impact on governance and basic services in Iraq.

The UN has provided vital support to IECI to deliver the October 2005 referendum and December 2005 elections. Essential support was also provided to the National Assembly Constitutional Committee in drafting the new Iraqi Constitution. No constitution has been drafted in such a short period under such difficult circumstances. In parallel, an unprecedented programme of public outreach was organized. As a result, over 500,000 public submissions were received by the Constitutional Committee and 66 per cent of Iraqi citizens participated in the constitutional referendum that approved the Constitution – a successful level of participation by any measure.

Further strong progress was made in delivering basic services. In addition, the quick-impact projects in basic services in education, health, and water and sanitation discussed at the July 2005 Dead Sea, Jordan, IRFFI Donor Meeting and launched in September 2005 demonstrated noteworthy success. Examples include the delivery of textbooks for the academic year across Iraq (nine million copies of 39 titles), contribution towards the prevention of an imminent outbreak of cholera and completion of 90 per cent of the structural



stabilization works for the Kerbala water treatment plant. The overall physical implementation rate at the end of the first quarter of 2006 for the quick-impact projects stood at over 63 per cent (compared to the 100 per cent that the UN Country Team had been hoping to deliver) although some projects such as the Health Care Waste Management project of the World Health Organization (WHO) and the Textbooks Quality Improvement Programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO) achieved a rate of 95 per cent. The result could be considered successful when taking into account the insecurity situation in the south of Iraq that spiked considerably during the present reporting period. All of the quick-impact projects are slated for completion by 30 June 2006.

The third chapter shifts the focus to the future, outlining the key issues for future programme implementation. The deteriorating security situation and the additional risks being faced by UN personnel remain crucial issues. Significant progress in the reconstruction agenda still remains dependent on the political process, as the Special Representative of the Secretary-General for Iraq repeatedly highlighted to the Security Council. The UN will continue to provide crucial support to the constitutional review and electoral processes while delivering on basic services projects. The Iraqi-led Baghdad Coordination Group and the increasingly important sectoral coordination groups, which the UN supports, will remain the focus of attention for ensuring effective Iraqi ownership and delivery of results. The UN will also continue to provide expanding support for the efforts of the Iraqi Government in aid coordination.

The UNDG ITF is increasingly being recognized as a model for transparency and accountability in its operations, particularly through the active use of the [www.irffi.org](http://www.irffi.org) web site. Monthly informative newsletters, details on procurement opportunities and contract award information from all agencies,<sup>2</sup> to name only some items, are posted on the site regularly and updated. Not only can donors, the public and UN organizations know the levels of commitments and disbursements that each Cluster and agency have achieved in project implementation, but they can also observe on the web site details concerning the contractors, which are delivering the bulk of activities. PricewaterhouseCoopers has undertaken an independent lessons-learned and review exercise of the UNDG ITF operations, which will be submitted to the Donor Committee for review.

The fourth and concluding chapter underlines the significant delivery level of the UNDG ITF over its first one and a half years of operation and its pioneer role as an innovative donor funding mechanism for assistance to conflict/post-conflict and “fragile” States. The Iraq experience is being reviewed for its potential applicability (with modifications as required) for the design of multi-donor, multi-agency trust funds in other conflict and post-conflict countries and assistance programmes.

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 the continuation of the UN support to Iraqi reconstruction and development efforts. It is hoped that this issue will be addressed by donors at the Fifth Donor Committee Meeting. Linked to this issue is the need to extend the time horizon of the IRFFI from its current termination date of 31 December 2007.

Part two of the report provides a review, by the seven UN Clusters, of key aspects of programme implementation from 1 July 2005 to 31 December 2005, with updates on progress achieved during the first quarter of 2006 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 2006-2007 UN 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 are available to donors on request.

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<sup>2</sup> In the present report, as in the First and Second Six-month Progress Reports on Activities Implemented under the UNDG ITF, 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.

### **Decision Point for Donors**

Since neither the IRFFI Terms of Reference (TOR) nor the Letter of Agreement (LOA) concluded by the United Nations Development Programme (UNDP) as the Administrative Agent of the United Nations Development Group Iraq Trust Fund (UNDG ITF) has specific guidelines on how to account for refunds from completed projects of Participating UN Organizations to the UNDG ITF account, UNDP is requesting the agreement of UNDG ITF donors to the following procedure:

- To maximize the ability of the UN to readily respond to priorities of the new Iraqi Government and in view of the fact that past unearmarked donor contributions have co-funded activities funded from Cluster- and/or agency-level earmarked contributions, refunds of unutilized balances from completed projects of UN Participating Organizations that are equal to or less than \$1 million be deposited back into the “unearmarked” category of funds;
- Refunds exceeding \$1 million from completed projects be redeposited into the earmarked Cluster or sub-Cluster account from which the project had originally been funded;
- Refunds in excess of \$1 million from a completed project that was originally funded from an agency-level earmarked contribution be redeposited as an earmarked contribution to the specific agency in line with the original decision of the contributing IRFFI donor; and
- Refunds on projects funded from Fund and/or Agency Earned Interest be returned to the relevant Earned Interest account.

## **1. Introduction**

This is the third 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 UN multisectoral operations in Iraq for the period from 1 July 2005 to 31 December 2005 (with an informal update to the end of March 2006). It builds upon the First and Second Six-month Progress Reports of the UNDG ITF<sup>3</sup> submitted to IRFFI donors.

### **1.1 UN Involvement in Iraq**

The UN is continuing to make every effort to implement its mandate under Security Council resolutions 1546 (8 June 2004) and 1637 (8 November 2005), maintaining its core political, electoral and constitutional activities under paragraph 7 (a) of resolution 1546 while planning and implementing its reconstruction, development, humanitarian and human rights activities in a phased and integrated manner, as circumstances permit.

At the most recent Security Council meeting on Iraq (15 March 2006), the Special Representative of the Secretary-General for Iraq underlined that, despite the notable achievement in 2005 of all the political transition benchmarks envisaged in resolution 1546, recent developments had made negotiations on government formation more difficult, creating a dangerous, long political vacuum. Furthermore, the current situation clearly constituted a serious obstacle to the effective implementation of infrastructural and income-generating projects designed to address unemployment and the provision of basic services. If not effectively addressed, ongoing violence would prevent donor-funded programmes, such as the UNDG ITF of the IRFFI, from having their desired impact.

The current political and security environment makes it difficult for the UN to respond positively to the request of the Iraqi Government to further increase the presence of UN international personnel across Iraq. UN staff members remain at risk of becoming targets of violence. Staff security, therefore, remains an overarching guiding principle of the United Nations Assistance Mission for Iraq (UNAMI). If a more robust role were expected of the UN in the next phase of the political transition, there would be a concomitant need for significant improvement of the security situation and enhancement of the necessary safety and security capacities within UNAMI. In the meantime, implementation of reconstruction activities will continue to follow the current remote management approach and use the adapted implementation mechanisms outlined in this and previous progress reports.

### **1.2. Increased Support for Multi-donor, Multi-agency UNDG Trust Funds**

Donors have increasingly realized the value and effectiveness of the innovative UNDG ITF mechanism, which has translated into deposits by 24 donors of \$911 million in the Trust Fund as of 31 March 2006. For a list of donors as of 31 December 2005 and 31 March 2006, see table 2 while detailed information on donor earmarking as of 31 December 2005 is presented in table 3. This information, with regular updates, is also

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<sup>3</sup> The First Six-month Progress Report on Activities Implemented under the UNDG Iraq Trust Fund of the International Reconstruction Fund Facility for Iraq submitted to the IRFFI donors on 14 May 2005 and the Second Six-month Progress Report on Activities Implemented under the UNDG Iraq Trust Fund of the International Reconstruction Fund Facility for Iraq submitted on 30 November 2005.

readily available on the IRFFI web site ([www.irffi.org](http://www.irffi.org)).

The UNDG ITF is increasingly being seen as a useful approach for the way in which the UN should operate in crisis and post-crisis countries. An adapted version of the UNDG ITF operational arrangements is being used for reconstruction in Somalia and the Common Humanitarian Funds both in Sudan and the Democratic Republic of the Congo, and the design of other multi-donor trust funds (MDTFs). The lessons learned from the UNDG ITF experience are covered in more detail in chapter three.

### **1.3. Third 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 LOA – the narrative and the financial – are again 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 first quarter of 2006 (see part two, Cluster-level Progress Reports, Future Work Plan section). These details are included so as to provide donors with the latest implementation information. In addition, the figures for contract project commitments and disbursements are provided as of 31 March 2006 (see section 2.4.3 and part two). The figures for commitments and disbursements for the first quarter of 2006 are provided by the United Nations Country Team (UNCT) in Amman and are best unofficial estimates based on the activities that it has implemented.

In addition to the official six-month progress reports, the UNDG ITF provides monthly UNDG ITF Newsletters. In 2006, each issue has provided an in-depth assessment of the progress of at least one Cluster as well as details on completed projects. Newsletters also include unofficial updates on project-level contract commitments and disbursements, donor deposits and contract awards. As such, they provide a useful complement to the six-month progress reports and should be consulted by donors seeking more up-to-date information. The monthly Newsletters are circulated to donors and the Iraqi Ministry of Planning and Development Cooperation (MoPDC) and posted on the IRFFI web site [www.irffi.org](http://www.irffi.org).

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

The present report covers only the UN activities in Iraq that are funded by the UNDG ITF. As in the First and Second Progress Reports, non-UNDG ITF-funded activities (which are significant for some Clusters) are not included so as to give IRFFI donors an accurate picture of the activities funded by UNDG ITF resources.

### **1.5. Structure of the Report**

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

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

The third chapter presents key issues that merit consideration with respect to programme implementation over the upcoming implementation period. The chapter also indicates how the UNDG ITF is adapting to lessons learned. In addition, it underlines the importance of 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 conclusions on the operations of the UNDG ITF to date. The annexes of part one of the report provide a range of useful information, including detailed presentations of total project commitments and disbursements by reporting period.

Part two of the report provides a review, by Cluster, of key aspects of programme implementation from 1 July 2005 to 31 December 2005, with updates on progress achieved during the first quarter of 2006. It also includes future work plans for ongoing approved projects/programmes for the upcoming period (completed activities to 31 March 2006 and plans until 30 June 2006) as well as a summary of the key areas of action in the draft UN Assistance Strategy for 2006-2007.

## **2. Highlights of UNDG Programme Delivery, 1 July-31 December 2005**

### **2.1. UN Assistance Strategy for Iraq 2005-2007, the Iraq National Development Strategy and Sector Working Groups**

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 and again in April 2006 on the basis of priorities identified by the Iraqi Government. The UN Assistance Strategy reflects the Iraqi priorities articulated by the Minister of Planning and Development Cooperation and Chairman of the Iraqi Strategic Review Board (ISRB) in the National Development Strategy of July 2005 and the strategies identified by the Sector Working Groups (SWGs) established at the Dead Sea meeting in July 2005. The UN Assistance Strategy 2005 was adopted as a joint Iraqi-UN strategy following endorsement by the MoPDC. It is expected that the same approach will be followed for the UN Assistance Strategy 2006, which will be considered as a work in progress that will be adjusted to reflect the new Iraqi priorities that may be articulated by the new Government.

The Baghdad Coordination Group (BCG) as well as the SWGs are becoming increasingly useful forums for the articulation of the priorities of the Iraqi Government on an ongoing basis. The March meeting of the (BCG), chaired by the Minister, MoPDC, dealt extensively with avian influenza issues and ongoing efforts to contain the spread of the disease. To date, deaths have occurred in Diyala, Sulaymaniyah and the south, making avian influenza an extremely pressing policy issue. Avian flu also occupied the attention of the Health SWG, which met in Amman on 14 March 2006. The BCG also agreed on the need of each ministry for capacity-building and laboratory staff and on the need to set up two new testing laboratories – one in the north and one in the south – to supplement the existing Baghdad facility. The attendance of ministries, donors and implementers at the meeting was essential to the good coordination obtained thus far and to continuing to fight the spread of avian influenza effectively in the country.

Indeed, the value of all the SWGs is founded on the participation of key line ministries in Baghdad and representatives from the Prime Minister's Office, the MoPDC and the Ministry of Finance (MoF) as well as the participation of key development partners in Baghdad and in Amman. These development partners include the Department for International Development (DFID); the Embassies of Japan, Turkey and the United States; the European Commission; the Japan International Cooperation Agency; the United States Agency for International Development (USAID); the World Bank; France, Italy and other members of the relevant UN Cluster; and UNAMI.

The Health SWG has achieved much to date, including improving dialogue between the Ministry of Health (MoH) and key development partners and making significant progress in gaining a clearer, fuller picture of the roles that all development partners are playing in Iraq for health through the planning and implementation of two stakeholder analyses. In addition to discussing upcoming policy issues, SWGs are also increasingly becoming involved in the discussion of project proposals prior to their consideration by the ISRB (see section 2.3.1 on project selection).

The Education SWG has also become increasingly significant as a driver of policy. At its meeting in February 2006, it initiated a programme to increase kindergarten and primary enrolment. Priorities were set for vocational education, laboratories and libraries, and a programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO) to train trainers in teacher education was considered. The Rule of Law SWG considered the setting up of an Iraqi-led human rights protection system with participation of police, prison officials and judges.

## **2.2. Progress in Implementation on the Ground**

UN contributions to reconstruction and development goals of Iraq continue to 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 constitutional and electoral 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 (IDPs) are concentrated owing to ongoing conflict. This aspect of the broader UNCT programme also addresses employment creation, poverty alleviation and the Millennium Development Goals (MDGs) or, as the Minister of Planning and Development Cooperation has defined it, “reconstruction, rehabilitation and labour” (RRL). Promoting and protecting human rights and addressing humanitarian needs both cut across this essentially two-pronged approach.

The theme of the Fourth IRFFI Donor Meeting at the Dead Sea, Jordan, in July 2005 was “quick impact”. Reflecting this priority of the Iraqi Minister of Planning and Development Cooperation, the key characteristic of programme delivery during the reporting period (1 July 2005 to 31 December 2005) was precisely this.

In terms of basic services, the Iraqi Minister of Planning and Development Cooperation decided 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 of delivering basic services in the areas of health, education, water and sanitation.

Subsequently, the UNCT expeditiously formulated ten quick-impact projects for delivery in the following six-month period to address these priorities. After extensive consultation between the Iraq Transitional Government line ministries and the UNCT, the projects – two in education, five in health and three in water and sanitation – were approved for UNDG ITF funding of approximately \$39 million. Implementation of these projects started at the end of September 2005 (except for the UNDP emergency water and sanitation project (E3-06) to which the ISRB requested further changes and which was finally approved in October 2005, with implementation beginning in December 2005 following funding clarification). As of 31 March 2006, significant progress – an over 63 per cent implementation rate – had been achieved.

Quick impact was also the key characteristic of the governance programme. The Constitution support programme demonstrated unprecedented rapidity in providing assistance to the drafting of the Constitution and in facilitating wide-ranging public dialogue. The Constitutional Committee requested assistance in May 2005; a programme was formulated and then approved at the end of June, prior to the Dead Sea meeting.

The constitutional referendum was held on 15 October 2005, with 66 per cent of eligible voters participating and resulting in the approval of the draft Constitution. The subsequent elections secured a voter participation rate of over 75 per cent, a significant increase from the voter turnout in the January 2005 elections, which amounted to approximately 58 per cent. The UN support to the referendum on the Constitution and the subsequent elections for a four-year parliament represented again a quick-impact logistical and capacity-building undertaking. The UNCT also continued to provide policy support and capacity-building in other governance areas.

### **2.2.1. UNDG ITF Contributions to Governance**

#### **Constitutional and Electoral Process**

##### ***Constitution***

A series of projects to support the drafting of the Constitution along with accompanying public outreach

programmes was approved at the beginning of June 2005. They were funded entirely by a dedicated earmarked contribution from the European Commission.

The outlines of the impact of UN assistance were provided in terms of key outputs in the Second Progress Report, reflecting the date of submission of that report in November 2005 shortly following the conclusion of the referendum process. 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 (250 computers and Internet access). A web site was set up and resource materials and international case studies were provided as well as expert advice on constitutional issues.

In support of public outreach, the Public Outreach Unit of the Constitutional Committee was assisted in contracting nearly 100 different media outlets, including 61 newspapers, 22 radio stations and 16 television stations, in an effort to reach a broad, inclusive audience. The UN also lent support to the development of an independent news agency, Aswat al-Iraq. The news agency provided a comprehensive news service from a network of correspondents across Iraq, concentrating particularly on political news relating to the drafting of the new Constitution and the election of a new National Assembly. Some 10,000 news items were issued in Arabic and widely published in Iraqi and Arab regional media. To further promote public involvement, 1,000 conferences, meetings, seminars with non-governmental organizations (NGOs), women's groups and human rights groups, etc. were delivered before the referendum. Finally, five million copies of the Constitution were printed in Iraq for public distribution.

In terms of the wider outcome of UN assistance, suggestions made by the UN can be found in key sections of the adopted Constitution, and where shortcomings in the draft were perceived, the attention of the Constitutional Committee was drawn to them. In spite of some particular concerns, the majority of the provisions in the final text are, on balance, positive. The text also reflects almost 500,000 submissions received from the public for inclusion in the drafting process.

The Constitution contains a commitment to human rights, establishes the basis for a democratic State, and endorses these notions in an explicit, definitive manner. Also significant, the text introduces a federal arrangement. The central institutions envisaged in the document conform to the general principles of parliamentary democracy, with adequate checks and balances as well as a separation of powers.

Furthermore, within the context of an Islamic State, this Constitution is in essence a democratic instrument, which shows a real attempt to harmonize contemporary human rights and democratic values with Islamic legal tradition. The final text recognizes and protects most of the rights and freedoms that are contained in international conventions, with minorities receiving some acknowledgement and with language, religious and cultural rights set forth in the section on fundamental rights. Notably, the UN provided significant input on the formulation of the rights and liberties contained in Section Two. This is particularly important with regard to the limitations clause, which was included in the text after numerous recommendations made in this regard even though the preferred formulation of the UN (based on the model provided by the European Convention on Human Rights and reflected in some modern Constitutions) was not used. There is also continued concern about the adequate protection of women's and children's rights in the Constitution.

The model of federalism set forth in the Constitution lacks some of the critical elements of the model provided by the UN. The federal model initially considered by the Constitutional Committee drew extensively from a draft framework, which contained the necessary checks and balances and which was crafted taking into account the key concerns of each of the parties involved. The current text, as it stands, provides for the conversion of governorates into regions with enhanced autonomy, leaving the central government underpowered and possibly under-resourced.

After the adoption of the Constitution, the UN has been providing advice on the management of the constitutional review process, outlining the key issues that the new Council of Representatives and the Government of Iraq will need to consider in terms of the establishment and rules of procedure of the



Constitutional Review Committee. The UN will also provide advice on the substantive issues to be considered by this committee, reflecting the advice of an international team of 15 experts brought together in November 2005 in Cyprus to review the text as well as an analysis of the Constitution submitted by the United Nations Children's Fund (UNICEF). Serious legal questions are likely to dog the review and implementation process. The process of constitutional review envisaged by Article 142 of the ratified Constitution will provide an opportunity for negotiation and consideration of alternative models of problematic constitutional provisions.

With regard to the broader process of implementing the Constitution, the Constitution support programme is developing action plans on federalism and decentralization, the rule of law and human rights, and national reconciliation, all of which contain a regional outreach component. The plans include a series of workshops, designed in cooperation with other UN partners, which aim at facilitating engagement on the major constitutional issues. The workshops, some of which have already taken place (see part two, Cluster C, section G) will be held mostly in the region but also inside Iraq and in countries outside the region. As a follow-up, the Iraqi participants will brief their constituencies or professional and civil society organizations (CSOs) on the main conclusions of the workshops. On the public outreach side of the equation, the efforts to establish an independent news agency, to provide training to journalists and to provide television documentaries on democracy augur well for the maintenance of constitutional checks and balances.

### ***Support to the Electoral Process***

The UN role in the October referendum and the December 2005 elections built upon its groundbreaking role in the January 2005 elections. The Support to Electoral Process Cluster (Cluster G) continued essential institution-building for the new Iraqi national electoral body, the Independent Electoral Commission of Iraq (IECI), which succeeded in conducting a nationwide referendum and elections during the present reporting period in an operational landscape characterized by a precarious security situation.

The relationship between the Board of Commissioners and the Electoral Administration was clarified and Electoral Administration capacities were further reinforced. From July to September 2005, Cluster G undertook a series of training courses for IECI personnel to increase their basic capacities in election-related functions. "Cascade" training began in September for polling centre officials, with groups of IECI officials receiving training that they passed on to others, reaching some 160,000 polling officials by the date of the referendum in October. The updating of the voter registers was completed at the end of August 2005, with over one million names added.

The planning for the referendum and elections was carried out simultaneously. In addition to its role in providing institutional and security support to IECI, the Support to Electoral Process Cluster again provided key logistical support to the electoral operations, including 20 international flights. The first flight left China on 26 September 2005 and flights continued up to the end of December 2005, bringing, inter alia, 21 million ballot papers each for both electoral events. Twelve flights came from two locations in China with Polling Station Kits and Polling Centre Kits; three flights were from Europe (Austria/Slovenia) with ballots and voter lists for the referendum; five flights came from Canada with ballot boxes, lids and seals for the referendum and the ballots and voter lists for the general elections; two flights from Jordan were added to carry voter screens produced in the Syrian Arab Republic.

On arrival at the regional hub at Shariya, United Arab Emirates, goods were repalletized and then sent on to four air bases in Iraq. The IECI delivered voting materials to 6,000 polling centres in 18 governorates and employed 200,000 staff members. Six Field Officers were deployed in Iraq with all necessary support staff and equipment to support the Governorate Electoral Offices (GEOs) and to provide "eyes and ears" during the delivery of the referendum and election materials in their locations. The GEOs and IECI were also given assistance with security for warehouses and personal security support to the Electoral Commissioners. Post-election assistance was provided in collecting tally sheets and delivering them to Baghdad.

Indirect support was also provided to observer groups through three intermediary organizations – the National Democratic Institute Election Information Network, the Amman Centre for Human Rights Studies and the Friedrich Ebert Foundation – resulting in over 300,000 observers being active and thus assuring the integrity of the electoral processes. The referendum was an entirely new process in Iraq that required a major effort at public outreach and civic and voter education. The elections also contained significant new elements about which the public and political entities had to be effectively informed beyond standard electoral information such as the date, time and places of voting.

On 25 October 2005, IECI announced the final results of the referendum on the draft text of the Iraqi Constitution and its approval by the people of Iraq. The referendum was notable because of the high rate of turnout: 66 per cent throughout Iraq and among all the main political constituencies.

The elections held on 15 December 2005 constituted the third major national electoral event in Iraq during 2005. A total of 307 political entities and 19 coalitions encompassing more than 7,500 candidates representing almost all Iraqi communities and political affiliations entered the contest for the 275 seats on the Council of Representatives. Despite security concerns, voter turnout was high throughout the country: 12,191,133 valid votes were cast in approximately 6,300 polling centres that accommodated over 30,000 polling stations. Of the valid votes, 295,377 were cast abroad and 203,856 were cast in 255 special polling centres for detainees, hospital patients and members of the security forces of Iraq. These figures translated into a voter participation rate of over 75 per cent, a significant increase from the voter turnout in the January 2005 elections, which amounted to approximately 58 per cent.

Compared to the January 2005 elections, Sunni Arab voters in the governorates of Anbar, Ninewa, Salahaddin and Tamim – the governorates with the lowest turnouts in the January 2005 elections – participated in significantly greater numbers in the December 2005 elections.

The Electoral Commission received a total of 1,980 complaints concerning the December 2005 elections, of which 58 had the potential to affect the outcome at a specific polling station. As a result of investigations into these complaints, the Electoral Commission annulled the results of 227 polling stations, issued penalties in 27 cases and dismissed polling staff involved in acts associated with attempts at fraud. It also fined several political entities and coalitions for breaching electoral regulations.

On 19 and 20 December 2005, the Electoral Commission announced partial election results. In response, 43 parties protested and lodged complaints against the Electoral Commission. Amid growing protests over the announced partial results and calls by political parties for an external investigation, the Electoral Commission welcomed the decision of the International Mission for Iraqi Elections, an international non-governmental body composed mainly of independent electoral management bodies, to deploy a monitoring team as part of its observation mandate. The International Mission issued its post-election assessment report on 19 January 2006 and concluded that the elections “generally met international standards”, thus paving the way for the announcement of uncertified results on 20 January. Twelve appeals of the uncertified results were then submitted to the Transitional Electoral Panel. Once decisions had been taken regarding these appeals, the Electoral Commission announced the official certified results on 10 February 2006.

The elections resulted in 12 political entities and coalitions, representing a broad political, ethnic and religious spectrum, winning seats in the Council of Representatives. According to the final certified results, the United Iraqi Alliance remains the largest political bloc in the Parliament with 128 seats. The Kurdish Gathering won 53 seats. The Tawafaq Iraqi Front, an alliance of several parties including the General Conference for the People of Iraq, the Iraqi Islamic Party and the Iraqi National Dialogue, obtained 44 seats. The Iraqi National List won 25 seats, and the Sunni-dominated Iraqi National Dialogue Front gained 11 seats. The Islamic Union of Kurdistan secured 5 seats, and the Liberation and Reconciliation Gathering won 3 seats. The Progressives List gained 2 seats. Finally, the Al-Rafedeen List, the Iraqi Turkoman Front, the Mithal al-Aloosi List for the Iraqi Nation and Al Ezediah Movement for Progress and Reform won one seat each.

In conclusion, with UN direct support to IECI and indirect support to observer groups, the elections were conducted transparently and credibly. It was an inclusive exercise that succeeded in incorporating all of the numerous communities and political parties of Iraq. The fact that it generally met international standards is not a small achievement, given that the elections followed an ambitious timetable and took place against the backdrop of a very challenging political and security environment.

### **Policy Advice in Other Areas of Governance**

Beyond the provision of policy advice on electoral systems and the highest level of expertise on constitutional drafting, during the second half of 2005 the UN continued to assist and support the Transitional Government of Iraq in a wider range of policy areas requested. Subsequent to the adoption of new donor coordination mechanisms, policy advice is also being provided through UN support to the SWGs in Baghdad.

Details on policy advice provided are given in the Cluster reports in part two. Two areas are highlighted here. In the field of environmental protection, major progress has been made in developing an environmental framework law, with a final draft now ready for ministerial consideration. Policy development during the reporting period has also been particularly significant in the area of housing and urban policy. Building on the previously adopted comprehensive Slum Upgrading Strategy, comprehensive slum surveys have been undertaken in six cities and the Government is putting aside a sizeable financial allocation from its budget for 2006 for slum upgrading in select cities. A “State of Iraqi Cities Report” involving a detailed analysis of development conditions in 6 cities and general urban profile reports for an additional 12 cities will be ready in mid-2006.

### **Capacity Development**

The UNCT continued to engage 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 CSOs, are provided in the Cluster-level reports in part two.

Some examples of capacity-building during the reporting period include 228 person-weeks of training provided to officials of the Ministry of Construction and Housing and the training at Hitachi, Japan, of 20 site engineers from the Ministry of Electricity (MoEl) to facilitate the rehabilitation of the Mosul and Taji thermal power stations. A total of 2,566 MoH staff at all levels, 6,002 MoEd staff and members of Parent-Teachers Associations, and 268 MoPDC staff members have been trained by the World Food Programme (WFP) in areas including food aid management, development planning and household survey design. Under the United Nations Environment Programme (UNEP) project on support for environmental management of the Iraqi Marshlands, over 270 Iraqis had been trained in technical, policy and institutional aspects of wetland management as of 31 December 2005. Also as of 31 December 2005, 3,211 multidisciplinary health personnel had been trained by the World Health Organization (WHO). A special primary health care (PHC) training package for the 2,500 staff working in the 19 model districts at the PHC level has been prepared and training will start in March 2006.

#### **2.2.2. UNDG ITF Contribution to the Delivery of Basic Services**

The key immediate issue for the population at large, as confirmed by the Iraq Living Conditions Survey 2005, continues to be the delivery of basic services in health, education, and water and sanitation. This point was strongly reiterated by the Minister of Planning and Development Cooperation at the Dead Sea Donor Committee meeting. Consequently, IRFFI Donor Committee members supported the adoption of quick-impact projects to address key needs in delivery of basic services over the subsequent six months. The progress on the quick-impact projects is outlined in the following box.

## Quick-impact Projects

Cluster	Proj. No.	Agency	Project Title	Budget (\$)	% Rate of Completion	Major Accomplishments	Pending Activities
Health	D2-07	WHO	Improving Preparedness and Response to an Impending Cholera Outbreak	857,964	88	Not a single case of cholera reported; 44 clinicians and microbiologists/master trainers trained; medical and laboratory supplies procured.	Public health care training; procurement; health education and distribution of fact sheets.
	D2-08	UNEP	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya Site	905,005	10	Project has had difficulties; only one contractor willing to work in the area, and contractor has submitted a bid that exceeds budget amount. UNEP has requested increase in funding level, so project still in tender stage.	
	D2-09	WHO	Malaria and Leishmania Control and Prevention Emergency Programme	5,156,640	86	Decrease of 40% in reported visceral leishmaniasis cases. Full vector-control support has been provided; provision of treated bed nets to governorates; health education activities; training; procurement of insecticides; first draft of the Malaria Elimination Strategy finalized.	Owing to savings in the procurement phase, request by WHO for an extension to support the CDC, specifically for avian influenza; approval pending. Training and malaria elimination fellowships pending; emergency spraying; final distribution of bed nets.
	D2-10	WHO	Health Care Waste Management	1,407,722	96	Training of health workers completed; developed sustainable health care waste management programme in 19 facilities in Baghdad; designed, printed and delivered 34,000 copies of posters for awareness campaign; procured materials for treatment.	Waiting to finalize selection of contractor for rehabilitation of existing incinerators.
	D2-11	WHO	Emergency Medical Oxygen Production and Supply in Iraq	2,824,760	12	Survey for strategy for long-term oxygen supply almost completed; cylinders being supplied to Baghdad – contract selection for Mosul and Kirkuk under way. Identification of sites for oxygen plants completed; procurement pending.	Building contingency stock pending completion of procurement for current needs. Extension of project needed to ensure smooth procurement and installation of plants.
Education	B1-18	UNESCO	Textbooks Quality Improvement Programme – Phase 2	7,100,000	95	9 million copies of 39 titles printed and 95% distributed to schools.	Training in monitoring of textbook production, storage and distribution to be completed; TORs for national policy development under consideration by MoEd.
	B1-19	UNICEF	Integrated Community-based Project to Deliver Quality Basic Social Services in Iraq	12,900,360	55	Assessment of 100 schools & 25 public health care centres completed. Rehabilitation of water and sanitation facilities ongoing in 65 schools. Rehabilitation of water treatment plants/compact units/booster stations/sewage facilities ongoing. All school furniture delivered to DoEs, health screening material procured & screening teams trained. Hygiene information material completed; teacher training in May. All medical supplies delivered to public health care centres.	Furniture to be distributed to schools; additional bidding processes for rehabilitation works; a three-month extension has been requested.
Water & Sanitation	E3-05	UN-HABITAT	Community-based Integrated WATSAN Rehabilitation & Management Project	1,983,516	45	Installation of water pipeline and excavation works for drainage ongoing; tender process for solid waste collection system equipment under way; community mobilization ongoing.	All ongoing.
	E3-06	UNDP	Emergency WATSAN and Health Support for Basrah Governorate	4,919,519	50	Potable water now available to the communities involved (90%); capacity-building to manage the technical operation and maintenance matters ongoing (80%); vector control (90%); 7 sub-projects generating approx. 48,690 workdays are nearing completion.	IREP contributions for clearing blockages and removal of garbage in progress; public awareness efforts on public health hazards.
	E3-07	UNOPS	Kerbala Water Treatment Plant Rehabilitation of Filter Units	1,251,320	53	Most excavation works completed; repairs of underground clear water storage tank, refurbishment of filters.	Longer-term sustainability activities will not be clear until the project is completed.
<b>TOTAL</b>				<b>39,306,806</b>	<b>63.16</b>		

Implementation rates are at a high level – over 63 per cent. Although the UNCT did not achieve the planned 100 per cent implementation rate, some projects such as the WHO Health Care Waste Management and UNESCO Textbooks Quality Improvement Programme achieved a 95 per cent implementation rate. These results could be considered a success against the background of insecurity (particularly in the south, where it spiked considerably during the reporting period) and the delays in decision-making of counterpart ministries. Moreover, it should be noted that one project (UNDP E3-06, Emergency WATSAN and Health Support for Basrah Governorate) required revisions requested by the ISRB before the project could begin and another, UNEP D2-08, Hazardous Waste Chemicals Collection and Storage: Al Qadissiya Site, has run up against insurmountable obstacles in finding a contractor willing to work within the budgetary envelope.

In order to ensure effective completion, all the quick-impact projects have had their duration extended to 20 June 2006. All participating UN entities receiving funds against these projects, namely, UNDP, UNEP, UNESCO, UNICEF, the United Nations Human Settlements Programme (UN-HABITAT) and WHO, have been submitting brief monthly progress reports to the UNDG ITF Steering Committee, which are then shared with the MoPDC.

The quick-impact projects were by no means the only basic services projects having a strong impact during the reporting period, however. The cumulative impact of the other ongoing standard basic services projects also increased.

## **Impact of Standard Basic Services Projects**

### ***Education***

As of 31 December 2005, the Education and Culture Cluster had contractually committed about \$81 million (69 per cent) and disbursed about \$67 million (57 per cent), significant progress vis-à-vis the previous reporting period when the level of commitments was \$60 million and disbursements totalled \$31.5 million (disbursements more than doubled). On the ground, this has resulted in, for example, the completion of the comprehensive rehabilitation of about 153 schools, including the provision of additional classrooms in selected cases. Work on 135 schools is ongoing with UNDG ITF funds.

### ***Health and Nutrition***

Overall Health and Nutrition Cluster delivery as of 31 December 2005 amounted to \$56.5 million (66 per cent) in commitments and \$39 million (45 per cent) in disbursements in comparison to figures at the end of June 2005 that were approximately \$37 million (49 per cent) in commitments and \$23 million (31 per cent) in terms of disbursements. As a result, 2005 routine immunization coverage was sustained at around 85 per cent, polio-free status was maintained and there were dramatic reductions in reported cases of measles (from 9,181 in 2004 to 908 in 2005) and mumps (from 15,132 in 2004 to 2887 in 2005). Iraq has the lowest-ever incidence of measles and mumps, while other, neighbouring countries are experiencing increases. Iraq is moving from the measles-control phase to measles elimination.

The Cluster has also achieved major success in the rehabilitation of health facilities: the rehabilitation of 86 PHC centres, 18 training centres and five maternity wards has been completed.

Furthermore, through food assistance to vulnerable groups (a Cluster A food security project), 2,181,763 beneficiaries have been assisted (an increase from 629,582 in the previous reporting period), which include malnourished children under five years of age, pregnant and lactating women, and tuberculosis patients. As a result, chronic child malnutrition rates have decreased by up to 35 per cent in assisted districts, and the child wasting rate decreased from 7.5 to 4.9 per cent. Attendance rates at 1,860,092 assisted schools have increased from 60 to 92 per cent for girls and from 78 to 94 per cent for boys, and enrolment rates in assisted schools have also increased by 10 per cent for boys and 4 per cent for girls.

### ***Infrastructure Rehabilitation***

Overall delivery of the Infrastructure Rehabilitation Cluster as of 31 December 2005 amounted to approximately \$149 million (65 per cent) in commitments and \$87.2 million (38 per cent) in disbursements. This level of disbursement represents a significantly higher level of delivery on the ground – more than a doubling since the end of the previous reporting period when disbursements stood at \$40.3 million.

Rehabilitation of major infrastructure inevitably takes longer. However, during the present reporting period, progress in deliveries at Hartha power station were particularly noteworthy, with five shipments delivered during the reporting period for a value of over \$11 million. The 21 site engineers trained under the Mussayib project successfully completed hot and cold assessments of Unit 1 with the assistance of original contractors and UNDP engineers through a portable satellite video link.

The Cluster also completed the main work of dredging the access waterways to the port of Um Qasr in August 2005. Approximately 8 million cubic metres of material were removed from the approach channel and disposed of in the specified spoil areas, opening a channel 80 kilometres long, 11 metres wide and at least 11 metres deep, thus increasing maritime accessibility and enabling the smooth flow of aid and reconstruction needs into the country. Furthermore, a large number of water and sanitation rehabilitation activities in the eight southern governorates are ongoing: while 16 are complete, 25 are in the process of being implemented and are expected to benefit approximately 1.8 million people.

The water resources activities of Cluster A (Agriculture, Food Security, Environment and Natural Resource Management), which assist in the provision of water to rural populations, also progressed significantly. For example, a purchase order for \$2,360,431 was issued for the supply of pumps and equipment for the North Suwira Pumping Station in September 2005 and for \$1,688,159 for the Al-Alimiriya Pumping Station in December 2005.

### ***Refugees, Internally Displaced Persons and Durable Solutions***

Overall delivery of Cluster F (Refugees, Internally Displaced Persons and Durable Solutions) as of 31 December 2005 amounted to approximately \$17.8 million in terms of commitments (100 per cent) and about \$16.8 million (94 per cent) in terms of disbursements. Compared to the \$8.7 million in disbursements at the conclusion of the previous reporting period (30 June 2005), this represents a significant increase in disbursements, denoting a real impact on final beneficiaries.

In total in the south of Iraq, the Cluster has constructed and delivered to the most vulnerable returnee families 152 cement block shelter units and rehabilitated 14 schools. In addition, numerous employment initiatives have been supported, including agricultural business training and construction of 152 poultry houses.

In the north of Iraq, all internationally procured material for 2,713 houses was received in the warehouse and 37 per cent of it has now been distributed fully to construction sites for 1,233 houses. Over 600 houses have now been completed (against only 25 completed at the end of the previous reporting period) and 255 are at the finishing stage, hence almost completed. In addition, nine water projects have been completed.

The majority of Cluster F activities have been carried out with bilateral funding, focusing, inter alia, on the following areas: emergency assistance as well as community assistance for IDPs and their communities, monitoring and reporting on the various groups of concern, capacity-building, protection and assistance of refugees, facilitation of the return of Iraqi refugees, and Legal Aid and Information Centres.

Further details on the impact of UN activities on basic services are provided in part two under Cluster B, Education and Culture; Cluster D, Health and Nutrition; Cluster E, Infrastructure Rehabilitation; and Cluster F, Refugees, Internally Displaced Persons and Durable Solutions.

## **2.3. UNDG Method of Operating in Iraq**

The achievements of the UNCT in delivery on the ground during the present reporting period, as outlined in the previous section, need to be understood in the context of the continuing adaptation of project selection as well as project implementation procedures under the UNDG ITF in response to the difficult operating environment in Iraq.

The main features of the formulation and selection of projects have been detailed in previous reports. UNDG organizations, together with Iraqi partners continue, however, to refine processes to develop Iraqi capacity and maximize Iraqi involvement in project identification and formulation. The review and approval of the quick-impact projects involved a significant degree of Iraqi involvement and guidance by the ISRB.

Iraqi involvement in project implementation is also being increasingly maximized. The continual adaptation of project implementation mechanisms by UN agencies reflects this. Nevertheless, major hurdles to programme implementation remain. Overall, the Participating UN Organizations of the UNDG ITF seek to ensure effective Iraqi ownership and beneficiary participation while retaining overall UN accountability.

After 18 months of operations of the UNDG ITF, a number of projects are now coming to a close. Fourteen projects (17 per cent) have now been operationally closed.

### **2.3.1. Project Selection**

#### **Project Identification and Formulation**

The Iraq National Development Strategy of July 2005 and the strategies being developed in the areas in which SWGs function serve as the basis for project identification and formulation. The UN continues to work closely with the concerned Iraqi line ministries, Iraqi governmental entities, IECI, the National Assembly and NGOs on project identification and formulation. The UNCT looks forward to further articulation of the National Development Strategy by the new four-year Government shortly to be formed.

The UN Clusters remain the basis for the project review process. The experience of working through the cluster model over the last two years has continued to be an ongoing learning platform for UN entities. Since 2005, the UNCT has been taking steps to address identified shortcomings of the cluster system. The reduction of the number of Clusters – from eleven to seven – that was implemented in July 2005 was the first step. Following the 2005 UNCT lessons-learned and planning retreat held at the Dead Sea in late December 2005, the UNCT established three Working Groups to look further at cluster structure and coordination, cross-cutting themes, and processes and procedures in programme and project design. Increasingly, Iraqi counterparts are involved in the deliberations of the various Clusters.

The key criteria that projects funded by the UNDG ITF must meet include:

- (a) alignment with Iraqi-identified priorities in the National Development Strategy (as revised and updated) as well as sector strategies where available;
- (b) implementability in 2006/2007, given the security situation and delivery capacity of the Participating UN Organization;
- (c) impact on employment creation, including a minimum “reconstruction, rehabilitation and labour” (RRL) content for every project (introduced by the ISRB in August 2005);
- (d) degree of inter-agency cooperation in planning and implementation (reflecting the cluster principle); and
- (e) demonstration by an agency requesting additional resources from the UNDG ITF of the achievement of a 50 per cent contract commitment rate and a 25 per cent disbursement rate with respect to the amount already funded from the UNDG ITF.

Independently of the internal UN project proposal review process, the ISRB continues to thoroughly review UNDG ITF project proposals, which is welcomed by the UN, signifying, as it does, strengthened Iraqi ownership of UNDG ITF projects. A number of projects have been significantly reoriented to address ISRB concerns. In some cases, the ISRB, has, for example, been moving away from projects concentrating on capacity-building to those directly delivering services. Consequently, a project dealing with mine action in the three northern governorates, for example, was reformulated to reduce the amount of capacity-building provided to the Kurdistan Mine Action Authority and to increase the supply of equipment.

## **Project Approvals**

Twenty-three projects were funded during the reporting period from 1 July 2005 to 31 December 2005, bringing the cumulative total number of approved projects to 82. There was only one formal meeting of the UNDG ITF Steering Committee – on 29 August 2005. This meeting approved 16 projects for funding by the UNDG ITF. The other projects went through the fast-track process for Steering Committee approval.

During the previous reporting period, project approvals had focused on the requests 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. At the 29 August 2005 Steering Committee meeting, emphasis was on approving projects in the area of basic services. This reflected the emphasis that the Minister of Planning and Development Cooperation had placed on making a rapid difference in ordinary Iraqis' lives at the Dead Sea meeting in July 2005. These project approvals covered most particularly the quick-impact projects but also a number of longer-term projects for the provision of basic services.

### ***Approval Process for Quick-impact Projects for Basic Services***

To approve the quick-impact projects for basic needs (education, health, and water and sanitation) with the goal of “making a difference for Iraqi people within the shortest possible time”, a uniquely interactive approval process was followed with the Iraqi authorities. Resources were first identified from the UNDG ITF account that could be used for the quick-impact projects. Subsequent to this, projects that were expeditiously formulated by the UN entities were informally presented to the MoPDC and discussed at a meeting held on 6 August 2005. Based on the fact sheet submitted by the UN containing the details of projects, the Minister of Planning and Development Cooperation gave an informal go-ahead to the UN to proceed with these projects.

On 24 August 2005, there was a formal ISRB meeting to review the UN projects. In addition to the Iraqi members, the meeting included representatives of the UN, the World Bank and the Embassy of the United States as observers. The meeting deferred approval of the projects. On 28 August during a conference call between the Chair of the UNDG ITF Steering Committee and the Chair of the ISRB, it was agreed that quick-impact projects should more clearly include/demonstrate reconstruction, rehabilitation and labour creation (subsequently referred to as RRL) project activities.

As a result, each of the UN project proposals was reviewed to evaluate the degree to which it addressed the RRL criteria. Projects were reviewed by the UNDG ITF Steering Committee against the RRL criteria and strong efforts were made by the Participating UN Organization to increase the RRL component where it was feasible to do so. For example, under UNICEF project B1-19, Integrated Community-based Project to Deliver Quality Basic Social Services in Iraq, the original calculated RRL component was 47 per cent. UNICEF, however, managed to increase the hardware aspect of the project to a level of more than 60 per cent. An exception to the RRL requirement was agreed for certain projects such as health.

Also reflecting the discussions at the Steering Committee meeting, one UNDP project, E3-06, Emergency WATSAN and Health Support for Basrah Governorate, faced considerable delays at the ISRB before the



RRL component was regarded as sufficient. All other quick-impact projects were approved on 31 August 2005. (For a list of quick-impact projects, see box in section 2.2.2.)

### ***Regular Approvals at the 29 August 2005 Steering Committee Meeting***

The following six projects were approved at the Steering Committee meeting following the regular procedure, that is, they had all been previously approved by the ISRB without objection:

- B1-14, Revitalization of Technical and Vocational Education and Training in Iraq – Phase 2 (\$3,000,000 – UNESCO);
- B1-15, Strengthening Secondary Education in Iraq – Phase 1 (\$4,721,300 – UNESCO);
- B1-17, Iraq Networking Academy – Phase 2 (\$3,780,000 – Economic and Social Commission for Western Asia (ESCWA);
- E3-04, Emergency Rehabilitation of Karama Water Treatment Plant – Line 1 (\$2,955,875 – UNDP);
- E4-14, Rehabilitation of Community Facilities and Infrastructure (\$16,025,007 – UN-HABITAT); and
- F8-03, Return and Reintegration of IDPs and Iraqi Refugees in Northern Iraq (\$2,962,000 – United Nations High Commissioner for Refugees (UNHCR)), with only \$990,000 initially funded.

### ***Fast-track Approvals***

Two projects in the Support to Electoral Process Cluster were approved on 29 September 2005:

- G11-09, Logistics Support to IECI – Phase 2 (\$61,309,996 – EAD/UNOPS); and
- G11-10, Provision of Electoral Support to Observer Groups – Phase 2 (\$6,041,763, including the budget revision request for \$515,000 – EAD/UNOPS).

Further resources were given to existing projects:

- C11-04, Technical Assistance to the IECI, was extended for \$4,759,453 (EAD/UNDP); and
- G11-03, Support to Elections – Phase 3, was extended and an additional \$4,555,887 was provided to ensure security for the IECI Commissioners (EAD/UNDP).

In addition, the unused balances of Phase 1 of projects G11-08, Logistics and GEO Support to IECI, and G11-06, Provision of Electoral Support to Observer Groups of the Iraqi Elections (\$8,849,480 and \$1,126,325, respectively), were transferred to partially fund the newly approved Phase 2 of projects G11-09 and G11-10.

Finally, during the present reporting period, two projects were approved through the fast-track process in the field of governance in November 2005:

- C9-18, Supreme Audit Board (\$4,879,535 – UNDP); and
- C9-12, Support to Government of Iraq in International Assistance Coordination and Capacity-building (\$2,442,060 – UNDP, and \$200,940 – UNOPS).

### ***Use of Interest Earned for Emergency Project***

The reporting period also featured a new use of UNDG ITF resources. On 3 September 2005, IRFFI donors approved, on a “no-objection” basis, the use of interest earned on UNDG ITF funds to respond to the exceptional humanitarian tragedy following the Al-Aemma bridge stampede of pilgrims of 31 August 2005

in Baghdad. The project, Pilgrim Stampede Emergency Micro Grant Response, was funded for \$300,000 in September 2005 and implemented on behalf of the UNCT by the United Nations Office for Project Services (UNOPS). Owing to the exceptional nature of the project, UNOPS waived its normal indirect cost for the implementation of the project activities. Emergency grant packages were procured and immediately distributed to the families affected by this calamity in close collaboration with the Iraqi Red Crescent Society, community organizations and the MoH. This rapid assistance by the donors of the UNDG ITF was most highly appreciated by the families of the bereaved. The report detailing the assistance provided is posted on the UNDG ITF section of the IRFFI web site, [www.irffi.org](http://www.irffi.org).

This precedent has led to a review of both the use of the interest on UNDG ITF funds and the use of ITF funds for humanitarian purposes. IRFFI donors, at the Fourth Donor Committee Meeting at the Dead Sea, Jordan, agreed that the interest earned on donor deposits be credited to the UNDG ITF account and used as “per established mechanism”. The TOR of the IRFFI confine fund use to reconstruction and development activities. Although the UNDG ITF includes a dedicated cluster (Cluster F) to deal with “Refugees, IDPs and Durable Solutions” – a traditional humanitarian area – and the UNCT as a whole has taken the approach of integrating a response to humanitarian emergencies into its reconstruction and development programmes, there is still a major funding gap for quick responses to wider humanitarian emergency needs.

Given the recent spike in sectarian violence and the resulting displacement, the UNCT is considering its options for acquiring the necessary resources to deal with the emergency. There is a strong preference for addressing the issue through the UNDG ITF, possibly using interest accrued for programming through Cluster F. Such a proposal to use interest earned on donor deposits in the UNDG ITF to enable the UN to readily respond to humanitarian emergencies is being submitted by the UN to the IRFFI Donor Committee.

### **2.3.2. 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.

For the period from 1 July to 31 December 2005, additional funding of \$168.29 million was transferred for 23 new projects as well as additional funding for previously approved projects. The small discrepancy between transfers and approvals is explained by the fact that funds for some constitutional projects for which funds were transferred during the present reporting period had been approved in June 2005 during the previous reporting period.

### **2.3.3. Adaptation of Project Implementation Mechanisms**

The security crisis in Iraq continued in 2005 and has worsened of late. 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.

The adapted implementation mechanisms described in the two previous progress reports continued to be used and were further refined by Participating UN Organizations to ensure effective implementation and oversight under the difficult security situation. As a result, there is further empowerment of national entities ranging from UN national staff to government ministries, private consultants and contractors, and NGOs. However, the UN implementing agencies retain financial and programmatic responsibility and accountability and, as a reflection of this, also the role of initiator and guide for programme implementation. This point is worth emphasizing for it ensures that although national ownership is of the essence in UN programmes, when weaknesses are apparent on the Iraqi side, progress in project implementation can still be achieved for the benefit of all those in need of basic services and democratic governance through appropriate guidance and sometimes proactive action. Success in implementation is not hostage to the very weakness – lack of

capacities in public administration – that so many of the projects seek to address.

The UN continues to pursue successful reconstruction, particularly through the development of an effective public service as well as a thriving private sector. The UNCT continues to place emphasis on capacity development across the board in all line ministries. All Clusters organized extensive training sessions and workshops in Amman, Jordan, and in other neighbouring countries during the present reporting period 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. Following Iraqi requests, efforts have been stepped up in this regard, but the realities of fielding recognized expert trainers to Iraq militate against this approach as does the cost of providing necessary security.

One very promising initiative in the area of Iraq-based capacity-building is the interest of expatriate Iraqis to return to their country and contribute to the public service through the UNDP/International Office for Migration (IOM) Iraqis Rebuilding Iraq programme (C10-01 and C10-03). Eight expatriates are already in place in senior positions and a further eight are taking up assignments in 2006. These highly qualified and skilled expatriates can lead from the front in terms of developing the capacities of the public administration.

In the area of capacity-building, an important challenge is to ensure that the supported activities go beyond the positive experience of the participants and contribute effectively to improved operations. In the water and sanitation sector, strong efforts are being made to improve the selection of participants for this purpose and to introduce an enhanced follow-up mechanism after training to address these issues.

One example of how training and technical assistance have been organized and adapted to the unique circumstances in Iraq is provided by UN-HABITAT. It is described in the following box.

## Implementation Modality for UN-HABITAT Technical Assistance and Capacity-building in Iraq

UN-HABITAT technical assistance and capacity-building in the housing and urban sectors in Iraq include training and advisory services, the conceptualization and organization of consultations and workshops, and specialized research and studies. The implementation of these activities is underpinned by the following principles:

- Full agreement of Government of Iraq partners with the content and structure of courses, scope of advisory services, and organizational arrangements;
- Use of Iraqi professionals and institutions whenever available with sufficient technical expertise and consulting experience;
- Use of Arabic-speaking international consultants;
- Emphasis on exposure to good practices in the Middle East region that have a higher contextual relevance for Iraq;
- Seeking of opportunities to create or strengthen in-country capability for capacity-building and technical advisory services in the medium and the longer term; and
- Cost-effectiveness.

Training activities use the following approaches:

- Using off-the-shelf training packages from reputable institutions, which meet the Iraqi needs. UN-HABITAT experts are continuously taking stock of such packages and assess, through a technical committee, course structures and content and the profile of resource persons. If these are relevant, of high quality and cost-effective, UN-HABITAT sponsors Iraqi participants in such courses (e.g., EMEND, for Construction Project Management, and IHS, Netherlands, for Land Management and Informal Settlement Regularization);
- Developing training through in-house resources and support from specialist consultants. UN-HABITAT experts develop a training package and use specialists to run sessions alongside UN-HABITAT experts. UN-HABITAT carries out all organizational arrangements directly (e.g., Training in Strategic and Action Planning for Housing Developments);
- Outsourcing training on a turnkey basis to reputable training service providers. Relevant institutions are invited to submit proposals for evaluation by an in-house technical committee. UN-HABITAT then contracts the provider with the most attractive technical and financial proposal (e.g., Darmstadt University for Community Self-help Initiatives for Housing Projects). Organization and logistics rest with the service provider;
- Outsourcing training to institutions or other UN agencies that deliver specialized courses and that are open to customizing them in line with Iraqi and UN-HABITAT requirements (e.g., ESCWA for Management Skills Training). Organization and logistics rest with the training service provider;
- Using Iraqi institutions to deliver training based on technical assistance from other reputed international agencies. UN-HABITAT sponsors trainers from the Iraqi institutions to undergo further specialized training elsewhere. For example, trainers from Baghdad Technical College were provided additional training in specialized areas by an Amman-based agency and are now successfully delivering geographical information system (GIS) training in Baghdad.

Technical assistance is provided mostly through twinning international consultants – preferably of Iraqi origin – with teams of local Iraqi consultants. On the one hand, there is a severe shortage of Iraqi consultants to support work in the housing and urban sectors since they lack relevant experience and education. On the other hand, most international consultants are not available to travel to Iraq. They do, however, supervise the field work carried out by Iraqi consultants. Frequent meetings are organized between them to ensure quality control. This is helping to strengthen the capacity of local Iraqi professionals, exposing them to international expertise, best practices, tools and techniques. In the longer term, such arrangements will help to reduce dependency on international resources. UN-HABITAT regularly seeks feedback from the Iraqis for technical services to inform the design of subsequent capacity-building and technical assistance activities.

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. In reported contract awards, \$63.5 million had been awarded to over 500 Iraqi entities by 31 March 2006. 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](http://www.irffi.org)) and by adapting bidding methodologies to the security situation.

Efforts to involve Iraqi contractors are not always successful, however. The tendering for the quick-impact project dealing with hazardous waste at the Al Qadissiya site, for example, was delayed in order to include on the short list firms recommended by the MoEn. However, in the end, no bids were submitted from these companies. 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 2.4.3.

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 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 organizations – the Food and Agriculture Organization of the United Nations (FAO) and WHO – were provided in the Second Progress Report. They show a large number of similarities. In the present progress report, the implementation modalities for rehabilitation contracts of UN-HABITAT and UNOPS are highlighted in the two following boxes.

In addition, it should be noted that UNESCO, while maintaining its rigorous contracting standards, does procure goods and services in close cooperation with the Iraqi authorities. The identification of inputs or services required is undertaken jointly by UNESCO and the Iraqi line ministry(s) as well as the preparation of detailed specifications, bills of quantities (BOQs), drawings, delivery time and destination.

## UN-HABITAT Implementation Modality for Rehabilitation Projects

Rehabilitation projects have considerable potential to create employment and enhance the capacity of small contractors. UN-HABITAT adopts an implementation modality that seeks to achieve these key objectives while adhering to a system of tendering and procurement that is based on full transparency, built-in checks and balances, and a clear segregation of functions.

The implementation modality for rehabilitation projects is as follows:

- A detailed assessment of the facility to be rehabilitated is carried out by UN-HABITAT national consultants with the active participation of the local authorities, community groups and the beneficiaries. An assessment report is prepared and forms the basis for discussion among all stakeholders to agree on the priority needs to be addressed by the rehabilitation. As soon as a consensus is reached on the broad scope of the rehabilitation works, a Bill of Quantity (BOQ) is prepared by the consultants that details the scope of work and specifications.
- The BOQ and the technical specifications are sent to the UN-HABITAT Kuwait Office for review (all rehabilitation projects are managed by this office). Once approved, authorization is given by the Programme Manager to prepare tender documents. The rehabilitation works are packaged into small contracts – typically \$50,000 to \$200,000 – so that they can be carried out by small Iraqi companies.
- UN-HABITAT maintains a register of Iraqi contractors (over 1,000 contractors are now registered) and a comprehensive contractor database that is used as a decision support system to select contractors to be invited to tender. Between 10 and 20 Iraqi contractors are normally invited to tender for each rehabilitation contract.
- The tender evaluation process incorporates a system of checks and balances with a clear segregation of functions. Tenders are opened publicly by a Tender Opening Committee and evaluated by a *separate* Tender Evaluation Committee in the Kuwait Office. The Agency Estimate is prepared by a *separate* technical team based in Erbil, Iraq, using a computerized system that generates a priced BOQ using market prices that are updated monthly. For contracts exceeding \$70,000, the tender evaluation report is subject to review and approval by the UN Office in Nairobi and the Local Contracts Committee in Nairobi. Contracts for less than \$70,000 are reviewed and approved by the Programme Manager in the Kuwait Office.
- Once the lowest-priced acceptable tender is established, the contract is awarded and work begins. The rehabilitation works are supervised and monitored by Iraqi national consultants. The progress of the works is monitored in the Kuwait Office through time-series photographs, daily briefings from the consultants, videos, test reports from approved agencies, and interviews with local authority staff and beneficiaries. Payments are released to the contractor on the basis of work completed.
- Before the completed facility is accepted, a final inspection is undertaken by an Acceptance Committee that comprises representatives of the local authority, the beneficiaries, the relevant Department of the Government and UN-HABITAT staff and consultants. The final payment is not released until the Acceptance Committee certifies that all work has been satisfactorily completed. All contracts incorporate a defects liability clause so that any defects that emerge after completion will be repaired by the contractor at no additional cost.
- After the facility has been completed, an interview is held with the beneficiaries to assess the level of satisfaction with the standard of the work.

## UNOPS Procurement Process for Goods, Services and Engineering Works

UNOPS procures goods and services in close collaboration with the clients, Iraqi authorities and the beneficiaries.

- **Requirements**

- The required goods and services are identified jointly with the Iraqi counterparts and as per the agreed project.
- Detailed specifications of equipment, terms of reference for services, scope of works including BOQs and drawings (whenever possible) for engineering works and work plans are prepared by UNOPS with the participation of the Iraqi authorities and, where possible, beneficiaries.

- **Selection of Bidders**

- UNOPS maintains a database of qualified suppliers and service providers in Iraq (including performance assessment, capacity and registration in Iraq) and a roster of registered experts.
- Qualified vendors are also drawn from the databases of the local authority, company registration offices, professional bodies, contracting associations, etc. with the assistance of UNOPS staff.
- Interested companies are also requested to submit their profiles in response to a specific Expression of Interest published on IRFFI, UNOPS and *UN Development Business* web sites and in the Iraqi and international media as appropriate in accordance with the established security guidelines.
- Where necessary and relevant, information on companies/vendors is also drawn from other UN agencies and entities operating in Iraq.

A shortlist of bidders is established by the relevant project officers after reviewing the above-mentioned databases.

- The shortlist is approved by the Country Coordinator for estimated bid amounts of less than \$30,000 and by the Regional Director for amounts of \$30,000 or more.

- **Tendering Process**

- UNOPS issues a Request for Quotation (for amounts less than \$30,000) or an Invitation to Bid/Request for Proposal (for amounts estimated at \$30,000 or more) to all shortlisted companies, requesting them to submit a Quotation/Bid/Proposal in line with the specific requirements.
- In cases where the bidding process is done nationally in Iraq, the Bids/Proposals are hand delivered to the UNOPS Office in Amman or delivered to a courier service in Baghdad and sent to Amman.
- UNOPS, in consultation with the relevant Iraqi authorities and/or beneficiaries, responds to requests for clarification received from potential bidders prior to the closing dates.
- Received bids are publicly opened by a UNOPS Bid Opening Committee, which is open to observers from the relevant Iraqi authorities, the beneficiaries and representatives of bidders.
- The Bid Opening Committee determines the compliance and validity of bids and forwards them to an independent Bid Evaluation Committee. Bids are assessed by the Bid Evaluation Committee using UNOPS standard procedures and the criteria set forth in the solicitation documents.
- Generally a recommendation for award of contract is made to the lowest-priced compliant bid. This recommendation is then approved by UNOPS senior management with delegated authority.

## **Monitoring Systems**

As indicated in previous reports, 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 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. Emphasis is placed on strengthening local-level monitoring capacity. In the remote-control modality, this triangulation of supervision is critical to ensure that work is done to acceptable standards.

One example of the monitoring systems used is that of UNOPS, which is described in the box that follows.



## **UNOPS Monitoring Modality**

### **Internal and External Monitoring**

- Internal monitoring is established through a mechanism at the local level (Local Monitoring Committee), including district authorities/technical ministries and civil society organizations/community leaders).
- The Local Monitoring Committee could comprise two members for each project/programme or, as appropriate, one member from the concerned ministry/authority at the local level and one member from the beneficiary community.
- External monitoring is performed by international independent firms/organizations with expertise in the relevant field and selected using a competitive bidding process.
- The external independent firm or organization would provide training to the internal mechanism to facilitate coherent, compatible monitoring processes.
- Internal and external monitoring are performed independently with a different frequency and timing in line with the work plan of the project/programme, e.g., weekly internal monitoring while external monitoring would be carried out monthly.
- Internal and external monitoring reports are made available through a Monitoring and Evaluation Unit based in Amman and in Baghdad.

### **Performance Delivery – Certification**

- Local personnel are contracted directly by UNOPS and have the responsibility for supervision of the provision of service/completion of work. Monitoring includes preparation of progress reports and certification of payments.
- MOUs are signed with the relevant Iraqi institutions that are responsible for certifying receipt of goods as well as implementation of works and services as required.
- Grant agreements, as required, are signed with the Iraqi institutions for complete implementation of the work plan prepared at the local level with assistance from UNOPS staff in Iraq.
- UNOPS verifies the consistency of information received, monitors and controls key indicators against agreed criteria, reviews and approves work plans proposed by implementation partners, triggers spot checks and finally reports progress to clients and the Iraqi Government as per established agreements.

### **Impact Delivery – Validation/Quality Assurance**

- Spot checks are made on project delivery/impact through internationally/regionally recruited specialized firms/institutions.
- Field audits are carried out upon completion of project/pre-established benchmarks by specialized firms/institutions.
- Mechanisms are established at the municipality level enabling a system of checks and balances for selection of priorities and implementation of activities.
- Support for these mechanisms and oversight of their operations and validity are provided through internationally/regionally recruited specialized firms/institutions.

International UN staff are also present in Iraq when absolutely necessary, such as for assistance in constitutional development or assistance with the referendum and the elections. The UN Deputy Humanitarian and Reconstruction Coordinator is permanently based in Baghdad, with UN Agency Heads and 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.

#### **2.3.4. Adaptation of Project Implementation Approaches**

In addition to adapting traditional implementation modalities relating to contracting, supply delivery, the organization of capacity-building and monitoring to permit project execution under the difficult security circumstances and the reality of remote management, the UNCT has also begun to try out innovative project approaches in order to be more effective on the ground.

##### **Area-based Approaches**

Recent experience by UNICEF and other organizations such as UNDP has demonstrated that a more integrated, area-based approach in closer partnership with concerned development partners (other UN entities, NGOs and local leaders) operational at community levels rather than the implementation of more vertical projects will lead to greater impact on the health and well-being of the beneficiary population and potential sustainability.

The UNICEF quick-impact project, B1-19, Integrated Community-based Project to Deliver Quality Basic Social Services, which was initiated in September 2005, will provide a good case study for evaluating the impact of such an integrated approach in Iraq.

In order to address the paucity and inadequate quality of basic services in deprived communities in an integrated manner, UNICEF is adopting an area-based, multisectoral approach towards addressing all the priority concerns (education, health, and water and sanitation) expressed by the Iraqi authorities and will demonstrate its impact in selected locations in Iraq, focused around child-friendly schools. Using the school as a nucleus, UNICEF is helping to improve the access and quality of basic social services in disadvantaged communities around 100 selected schools in six governorates in an integrated manner (see UNICEF box below).

### **UNICEF Area-based Integrated Approach**

One hundred schools have been selected in 17 districts, based on a rapid field assessment of schools in the neediest six governorates of Iraq. The mutually agreed set of selection criteria included the status of water and sanitation facilities, the conditions of existing toilet facilities, the existence and conditions of playgrounds, the environment around the schools and status of medical and water and environmental sanitation facilities in the vicinity.

Twenty-six primary health care (PHC) /maternal and child health centres and 22 water and sanitation projects were subsequently identified for support around the 100 schools.

Rehabilitation works are ongoing in the selected schools, public health care centres, and water and sanitation facilities, while the supplies have been procured and are being delivered to the governorates. Establishment of multisectoral “action groups” has been initiated at each school, involving all key actors and ensuring synergistic convergence of services at the community level and enhancing the prospects for self-sustainability.

A self-assessment (including community representatives) to determine the impact of the project on the local community will be conducted later in 2006 against the already established baseline data.

In addition to the progress made in the physical works, UNICEF has been working on the complementary software components, which by nature are more challenging, given the security situation and the remote-control modality of present operations. For example, the hygiene promotion package is being finalized and a training-of-trainers course is under preparation. WHO is conducting the basic health screening of all students to detect hearing problems, bone deformities and refractory errors.

All the schools and PHC centres are being visited by the six facilitators on a regular basis to follow up on the overall progress at sites. In January 2006, monitoring visits were conducted in all schools and an additional assessment was carried out to collect further information that will strengthen the baseline, focusing this time on the qualitative aspects of the current status of services for children.

If proven successful after evaluation, the project will pave the way for more of such intersectoral and collaborative work and act as a catalyst in influencing the Government, other actors, donors and the communities to adopt a more integrated area-based approach elsewhere in Iraq. Using the UN cluster system, UNICEF will advocate for more area-based and integrated approaches in future project formulation and implementation, especially in disparity reduction to benefit more disadvantaged communities. Direct involvement of communities in their own positive development, even amidst the most terrible insecurity and at times sense of hopelessness, must surely represent a beacon of hope for the future.

UNDP has also developed an area-based integrated approach in its infrastructure rehabilitation work. For example, building on its major infrastructure works offshore at the port of Um Qasr to clear the waterways of wrecks and to dredge the approach channel, the infrastructure team has sought to comprehensively address the basic services problems of the port and the town to ensure sustainable development for the area. Interventions cover electricity supply, water supply and sanitation as well as work on the local hospital to ensure the provision of health care to the community. Details on the integrated approach taken in two cities – Um Qasr and Safwan – are included in the box below.

UNDP is also developing an integrated area-based recovery and development approach on a regional scale. For example, building on the integrated approach already used in cities in the south, it is currently finalizing an integrated water supply, sanitation and health assessment for the whole of the south of Basrah governorate, covering the cities of Khor Zubair, Safwa, Shouaiba, Um Qasr and Zubair.

The study was carried out in close collaboration with the UNDP counterparts, including town councils, governorate officials and community members. A significant portion of the study consisted of a community survey geared to ensuring that downstream proposals responded to community aspirations and needs.

Furthermore, UNDP carried out a comprehensive socio-economic study, assessment and analysis for the same region. The result of the first assessment report is a set of urgently required infrastructure and social services projects that would help the local authorities to identify their needs and assist in further fundraising activities. Throughout the process of preparing the studies themselves, the technical capacity and understanding of the UNDP counterparts and consultants were developed to such an extent that similar studies can be carried out in the future with no external assistance.

## UNDP Area-based Integrated Approach: Um Qasr and Safwan

Building on the essential work for the national economy of clearing the waterways to Um Qasr port through wreck removal and dredging, the multisectoral recovery and development of the city covered the following multisectoral components:

1. **Um Qasr Port Approach Channel Dredging, including:** dredging and disposal of about eight million cubic metres of material from the Khawr Abd Allah approach channel, enabling commercial ships to reach the port. .
2. **Um Qasr Port Electrical Distribution Component, including:** supply and installation/erection/construction of power generation sets, transformers and electrical cables. This component addressed the socio-economic development and employment-generation and sustainability dimensions of recovery and development. Since the project was finalized, the port is capable of providing its services to vessels on a commercial level and is generating additional employment opportunities for the surrounding communities. Um Qasr port is the major, if not sole, economic activity in the region.
3. **Um Qasr Port Water Supply Component, including:** drilling of groundwater wells, rehabilitation of desalination units and construction of water tanks. Having provided the port with its own water supply, the competing demands (i.e., city and port) on vendor-supplied potable water have been reduced to community demands only. This resulted in lowering the potable water tariffs to the original reasonable value, alleviating the economic pressure on the community.
4. **Um Qasr General Hospital Component, including:** rehabilitation of the water supply/wastewater systems, electrical power generation and distribution, construction of operations theatre, supply of operations theatre and hospital medical equipment, and capacity-building. This component addressed the health dimension of recovery and development.
5. **Um Qasr City Electrical Distribution Component, including:** supply and construction of transformers and electrical cables. This component addressed the social services and socio-economic development dimensions of recovery and development for Um Qasr city, which was originally totally dependent on the port for its power requirements.
6. **Um Qasr City Emergency Water Supply Component, including:** supply of water tankers, supply and construction of water distribution points, supply of groundwater well pumps, spare parts for existing desalination units and capacity-building. This component addressed the social services, socio-economic development, health, gender issues and education dimensions of recovery and development. Gender issues and education are addressed since provision of easily accessible water supply interfaces will reduce the travel time spent by women and girls fetching water, thereby freeing some of their time, which can be dedicated to enjoying more leisure activities and joining education programmes, and helping to increase girls' attendance at school.
7. **Um Qasr City Emergency Sanitation Component, including:** supply of sewage tankers, construction of septic tanks, rehabilitation of some sewage lines, supply of solid waste containers and solid waste skip loaders, and capacity-building.
8. **Um Qasr City Direct Employment Generation Component, including:** implementation of labour-intensive projects.

Another example of the UNDP integrated area-based recovery and development approach on a city/town scale, the UNDP projects in Safwan included the following multisectoral components:

1. **Safwan Electrical Power Supply Component, including:** supply and installation of the city 33-kilovolt power supply line to provide the entire city, including the waterworks site and other crucial infrastructure, with its power requirements.
2. **Safwan Emergency Water Supply Component, including:** drilling and equipping of groundwater wells, supply/installation/erection/construction of potable water desalination plant, elevated storage tanks for potable water, waterworks site electrical generation and distribution equipment, supply of water tankers, supply and construction of water distribution points, and capacity-building.
3. **Safwan Emergency Sanitation Component, including:** supply of sewage tankers, construction of septic tanks, rehabilitation of sewage lines, supply of solid waste containers and solid waste skip loaders, and capacity-building.
4. **Safwan Electrical Distribution Component, including:** supply and construction of electrical distribution cables and transformers. It is worth noting that the supply source is the Safwan waterworks site, where UNDP provided transformers of a size sufficient to supply the surrounding community with electrical power.
5. **Safwan Direct Employment Generation Component including:** implementation of labour-intensive projects.

## **Public-private Partnerships**

Over the past two decades, local governments in many countries have tried out partnerships with private-sector companies and NGOs to deliver municipal services and finance the construction and operation of new public facilities and infrastructure. The benefits of such partnership arrangements have included lower operating costs; a more flexible, responsive work force; and access to private capital for municipal investments. UN-HABITAT is also exploring the innovative use of public-private partnerships to deliver municipal services through a pilot activity in Erbil. It engaged Architects for People in Need as part of its project, Strengthening the Urban Sector through Building Capacities in Municipal Planning and Management, to determine the feasibility of establishing such partnership agreements in the Erbil region. Architects for People in Need is a German NGO that has been working on community development projects in Iraq since 2002.

Since the concept of public-private partnerships is still largely unknown in Iraq, the initial reaction of local officials was one of suspicion and reluctance to consider the idea seriously. To overcome this mind-set, Architects for People in Need worked with governorate and municipal staff to set up ten SWGs to promote the concept and generate a list of potential partnership projects.

After almost two months of meetings and discussion, the groups put forward six potential projects for consideration. The ten group chairs then came together to evaluate and rank the six projects against a number of technical and financial criteria. This resulted in the selection of a shortlist of three potential projects that were further analysed and considered by local officials to be worthy of implementation. These included the construction and operation of a solid waste recycling plant, the design and delivery of a public awareness campaign for more effective garbage disposal and collection, and the construction and operation of a public parking facility in the downtown area of Erbil.

The next step in the process will be the implementation of the three shortlisted projects. This will involve the competitive selection of suitable private-sector or NGO partners and negotiations leading to the signing of a contract. In line with the plans at hand, the projects should be implemented by early 2007. Erbil officials were very positive about their dealings with Architects for People in Need and the prospects of being among the first local governments in Iraq to enter into public-private partnership agreements to deliver services.

UNDP, in its work in the Infrastructure Rehabilitation Cluster, is also currently exploring the potential of directly addressing the public-private partnership concept on a larger scale in the water supply, wastewater, solid waste and electrical power supply sectors across Iraq.

Both of these innovative approaches – focusing on area-based integrated approaches and building local partnerships – seek to improve project sustainability through the use of community-based/pilot initiatives. Indeed, these areas represent the main challenges to all programme implementation in Iraq. Capacity and sound experience in community-based approaches need to be built up.

### **2.3.5. Hurdles to Implementation**

Despite all the above-mentioned adaptations to implementation mechanisms and approaches, the most significant hurdles identified in the First and Second Progress Reports and the accompanying UNDG ITF lessons-learned documents presented to the Dead Sea meeting in July 2005 unfortunately remain. The following hurdles continue to be of particular concern.

## **Insecurity**

Insecurity remains an ever-growing concern for project implementation and can have a severe impact on the implementation of specific projects. The killing of the Ambassador of Egypt to Iraq that took place in Iraq, for example, further complicated the process of providing constitutional assistance since a ban on travel to Iraq imposed by the Government of Egypt limited access to Arabic-speaking experts. Women activists have been threatened and assassinated, even when posting posters in the streets, which in turn dissuaded some from participating actively in awareness-raising and public campaigns supported by the constitutional programme. Mothers are reluctant to go to health facilities for preventive essential health services (immunization, maternal and child health care, antenatal care, etc.), going only when the child is critically ill.

The simple response of concentrating UN interventions on those areas that are secure continues not to be an option, given the peace-building mandate of the UN. Interventions are still based primarily on need (including that of reconciliation between the diverse communities in Iraq) and operations consequently are under way in all governorates.

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. This point was reiterated at the most recent Security Council discussion of Iraq in mid-March 2006, when the Representative of Iraq again requested an increase in the number of UNAMI staff operating throughout the country. It is important to understand that the adapted implementation mechanisms used by the UNCT, as described in this and the previous progress reports, do not require a strong UN international presence in country in order to make an effective contribution to reconstruction and development.

## **Difficulties in Decision-making by Iraqi Authorities**

Delays in decision-making and arbitrary changes in decisions by Iraqi counterparts to the detriment of timely project implementation remain of concern. As indicated previously, 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. A number of examples are provided in part two of the present report.

The possibility of leadership change remains a serious issue for project implementation, with the real danger that key decisions might be overturned by ministerial successors. At levels below the minister, there is a high turnover of key focal points, which results in the loss of built capacity and institutional memory. For example, in the health area, certain plans of action had to be reworked after having been agreed. This compounds an already lengthy decision-making process. Senior managers have approved original action plans and then some of the decisions taken and plans agreed upon would be overruled after project approval.

A particular issue of concern is the level of coordination between the local and the national government or even within ministries. Frequently local departments of health or education are not sufficiently involved in national decision-making. In the area of water resources, for example, project proposals with the official support of the Ministry have then been rejected by different ministerial officials at the ISRB.

It is not only the Iraqi authorities, however, that faced difficulties in cooperation. One of the constitutional programme elements sought to organize a TV Film Festival on new democracies. It was difficult to persuade the Iraqi television stations to broadcast the provided documentaries in the one month before the referendum on the Constitution. This would have allowed proper publicity and the creation of a "festival" spirit – and would have had the most effective impact on the referendum. Instead, stations broadcast them at different times stretching into January 2006.

## **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. This has particularly affected UN organizations such as UN-HABITAT, UNICEF, UNOPS, WHO and others involved in the rehabilitation and construction of community infrastructure. As an example, in the health sector, the number of PHC centres/sub-centres to be rehabilitated within the given budget has had to be reduced from the 274 planned to 134.

In the education sector, an expanded database of competent contractors has been established through collaboration between UN-HABITAT, UNICEF and UNOPS, which has enabled a better and wide selection of contractors for rehabilitation works. UNICEF is also conducting a comprehensive market survey that is updated periodically. This has helped in making more realistic estimates of the rehabilitation projects and consequently has reduced rebidding exercises.

The issue of price increases is not linked only to security and the limited availability of companies. A particular constraint faced during the present reporting period was the sporadic rise in prices of raw materials, fuel, oil and other basic commodities, which had an unfavourable impact on the value of water and sanitation contracts and contributed to several rebidding exercises. This added to the delay in awards of contracts and subsequent implementation. In northern Iraq, steep price increases in some of the material, principally cement and concrete blocks, led to the scaling back of shelter construction for returnees.

## **Lack of Operational Funding for Basic Services**

A particularly serious constraint is the lack of adequate operational funding in service ministries such as the MoH. This issue has been raised in successive UNDG ITF Progress Reports but has still not been adequately addressed.

This lack of operational funding has also led, for example, to the termination of one project – the Basrah Chlorination Plan. Owing to the inability of the Ministry of Industry to come up with the agreed counterpart funds to undertake civil engineering, the United Nations Industrial Development Organization (UNIDO) is presently in the process of terminating the project and returning the balance of UNDG ITF funds not utilized.

## **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.

### **2.3.6. Project Completion**

Eighteen months into the operation of the UNDG ITF, a substantial number of projects have now been completed or are nearing completion. Closing a project financially requires the fulfilment of many crucial steps that require substantial time – sometimes up to a year. Specific procedures are foreseen for project closure in the MOU between UNDP as Administrative Agent and UN Participating Organizations: “Article IV 1 (c) A final narrative report and financial report, after the completion of the project concerned, to be provided no later than 30 April of the year following the financial closing of the project; (d) A final certified financial statement, to be provided no later than 30 June of the year following the financial closing of the project”.



Article V of the LOA includes the requirement that the Administrative Agent provide to the donors a final consolidated narrative report and a financial report after the completion of the project activities financed by the Fund and including the final year of the project activities. The consolidated report is to be provided no later than 30 June of the year following the financial closing of the project activities. Since this coincides with the deadline for the receipt of the financial report from the UN Participating Organization, efforts will be made by the Administrative Agent to complete the consolidation and submission of both reports by 30 September of the year following the financial closing of the project activities.

Projects are first declared “operationally completed” and within no more than 12 months would be declared “financially completed”. Between operational and financial closure, the UN agencies are required to identify and transfer to the national representatives all project deliverables; submit the narrative completion report documents, files, and materials; and settle all financial obligations and prepare a final expenditure report since no adjustments can be made to a financially completed project.

The UNESCO-implemented project, Support for Fair and Professional Media Election Coverage, is the only project that has been operationally and financially completed/closed. UNESCO has submitted the final financial report as at 20 November 2005 and has refunded the balance of \$158,611.06 to UNDG ITF.

The completed projects represent a cross section of the UNDG ITF activities in governance and basic services. In governance, a high number of projects linked to the January 2005 elections and the support to the constitutional process are complete. In basic services projects, key rehabilitation works on schools, mine action and waterways are complete as well as activities for the reintegration of refugees and displaced persons. A brief summary of the impact of these projects is provided below by Cluster while details on their impact are presented in part two of the present report. The number of completed projects is not necessarily directly linked to the overall level of expenditure/impact by Cluster. For the Health and Nutrition Cluster, for example, no project has been completed yet major progress has been made in the rehabilitation of PHC centres as part of one large WHO project, Supporting Primary Health Care System, where almost \$26 million of the \$37-million project have been disbursed.

## **Cluster A. Agriculture, Food Security, Environment and Natural Resource Management**

### **Mine Action**

- **UNOPS – A7-02, Explosive Ordnance Disposal Capacity-building and Clearance**

This project was completed during the previous reporting period. By 30 June 2005, the project had completed significant clearance work, with 106,519 items of mines, explosive ordnance and unexploded ordnance (UXO) recovered and more than 6.5 million square metres of land cleared. All clearance work and training were conducted in accordance with International Mine Action Standards. The benefits of this clearance accrued to the local population, who are in a position to engage in productive cultivation of cleared land, generate income and enjoy greater mobility.

## **Cluster B. Education and Culture**

- **UNESCO – B1-01, Vocational Education**

Project B1-01 has been successfully completed in line with the planned strategy. Delivery and installation of all vocational and information technology equipment had been fully completed by 31 December 2005.

The main project outcome is the reopening of 11 technical and vocational schools, currently operational and fully functional with vocational workshops and state-of-the-art computer labs,

benefiting 4,000 vocational students as direct immediate beneficiaries. In addition, the sector witnessed improvement in the quality of teaching in an environment conducive to new training methodologies. Vocational students acquired information technology skills and are now making full use of improved information technology facilities dedicated to the teaching staff.

- **UN-HABITAT – B1-11, Rehabilitation of School Buildings in Lower South Iraq**

At the end of February 2006, project B1-11 was completed as reported in the UNDG ITF Newsletter for that month. The 10 schools still under rehabilitation at the end of the reporting period were subsequently completed, bringing the total number of schools rehabilitated under the project to 80 (against the original target of 90).

## **Cluster C. Governance and Human Development**

- **UNOPS – C9-03, Civil Society Forums**

This national programme for civil-society development had an impact on all 18 governorates. Forty per cent of the budget was allocated for activities in Baghdad, 25 per cent for the north, 22 per cent for the south, and 13 per cent for Fallujah and Ramadi. Ninety workshops, training courses and conferences were held inside and outside Iraq on human rights, governance and capacity-building. Two hundred NGOs/CSOs benefited from the project (information on all of which was also included in a database that is permanently being maintained). There were 3,000 direct beneficiaries many of whom are now qualified trainers in the field of human rights.

### **Constitution Programme**

- **UNESCO – C9-10c, Media and Human Rights: Promotion of Freedom of Expression and Human Rights in Iraq**

The project has produced concrete products, including more than 15 workshops and seminars, which were attended by about 500 government officials, civil-society representatives and media professionals and which covered diverse topics. A safety guide CD was produced as a guideline for journalists in conflict zones; a proposed draft on the freedom of expression for the new Iraqi Constitution was submitted to the Iraqi constitution drafting committee; an interactive web site for creating debate and discussion on constitutional issues was developed ([www.iraqidustour.com](http://www.iraqidustour.com)); and a database for implementing partners and Iraqi participants from various media sectors was created. Agreements to form a radio station union and a signed professional code of honour (Code of Conduct) among 21 radio stations were the results of two meetings. In addition, a Declaration was issued on the Iraqi Constitution as part of participants' follow-up to discuss a charter of labour rights and press freedom.

- **UNOPS – C9-10d, Civil Society Constitutional Outreach Campaign**

The project was able to engage a wide segment of the Iraqi society in an informed, constructive dialogue. It also assisted Iraqi civil society to design and carry out a public information and awareness campaign on the constitution-making process, with the goal of contributing to an inclusive, participatory and transparent drafting process. The total number of direct beneficiaries was 33,502.

## **Human Development**

- **IOM/UNDP – C10-01, Iraqis Rebuilding Iraq – Phase 1**

The preparatory phase of the project was completed with the launch of the Iraqis Rebuilding Iraq (IRI) official web site on 23 May 2005.

## **Cluster E. Infrastructure Rehabilitation**

- **UNDP – E4-06, Dredging of Um Qasr Port Approach Channel**

The project was completed in August 2005 within the set time frame and budget. Approximately 8 million cubic metres of material were removed from the approach channel and disposed of in the specified spoil areas, opening a channel 80 kilometres long, 11 metres wide and at least 11 metres deep, thus increasing maritime accessibility and enabling the smooth flow of aid and reconstruction needs into the country. A final report, with maps and data, was shared with the Ministry of Transport and the General Company for the Ports of Iraq. With dredging and removal of priority wrecks, a larger flow of port traffic was observed in 2005 over that of 2004.

## **Cluster F. Refugees, Internally Displaced Persons and Durable Solutions**

- **UNOPS – F8-01, Return and Reintegration of IDPs and Iraqi Refugees in the Three Northern Governorates**

Under this project, 560 shelters have been completed and 440 are at various stages of construction; of these 440, 255 are at the finishing stage, hence almost completed. For a variety of reasons, particularly the desire of beneficiaries to construct larger houses than originally planned, implementation is running late and construction scheduled to be completed by 30 September 2005 will in fact be completed during 2006.

On the other hand, locally procured material has been delivered to three UNHCR Implementing Partners for the construction of 500 houses. Nine water projects have been completed; one school has been completed while two are in progress; and of the four planned health centres, one has been cancelled and the others are still in progress. Four vocational training programmes have been completed.

- **UNHCR – F8-02, Return and Reintegration of Iraqis and Others of Concern in Southern Iraq**

Multisectoral interventions aimed at enhancing the water, health and educational services in the selected villages of Missan and Wassit governorates have benefited the whole community. Other achievements are the construction/rehabilitation of 14 schools, construction of one health centre, the digging of a water well, installation of one water pumping station, construction of one community centre, and construction of a market place.

Individual assistance targeted the selected most vulnerable persons with shelter assistance, giving priority to single female heads of household, elderly individuals and the disabled. In total, 152 cement block shelter units were constructed and delivered to the most vulnerable returnee families. In support of employment creation activities for returnees, one farm shop, one mechanics shop and a dipping station were completed and poultry houses were constructed.

## **Cluster G. Support to Electoral Process**

- **UNDP – C11-02, Support to the Iraqi Electoral Process – Phase 2**

This project, almost closed at the end of the first reporting period, contributed enormously to the overall goal of assisting IECI in preparing for the January 2005 elections. The establishment of 18 electoral offices in all of the governorates, including the provision of 92 tonnes of information technology equipment; \$808,000 worth of office furniture, and \$700,000 in stationary and office equipment, was a key part of the electoral process. Similarly, the training of 20 electoral officers in management and provision of hands-on expert advice strengthened the ability of IECI to plan for and manage the electoral process.

- **UNOPS – G11-06, Provision of Electoral Support to Observer Groups in Iraqi Elections**

This project provided support to capacity-building activities, including logistics training and four sessions of specialist information technology training for four participants each for the first round of elections in January 2005. The remaining funds from G11-06 were then transferred to Phase 2: project G11-10, Provision of Electoral Support to Observer Groups.

- **UNESCO – G11- 07, Support to Fair, Safe and Professional Media Coverage**

This project was closed at the end of the previous reporting period. The remaining resources available to the project, \$158,611, were reimbursed to UNDG ITF Cluster G in November 2005. The project worked with four NGOs on media issues. Fifty journalists were given safety training and an election reporting handbook was translated into Arabic and distributed to journalists. Specific media policy guidelines and briefing notes for Iraq were prepared as well as a clip binder on election issues.

- **UNOPS – G11-08, Logistics Support to IECI – Phase 1**

The remaining funds from project G11-08 were transferred to Logistics Support to IECI – Phase 2 for the referendum and December elections (project G11-09). Project G11-08 thus had almost been completed during the last reporting period with the delivery of the logistics support (freight forwarding of ballots, polling screens, etc.) to the January 2005 elections.

## **2.4. Financial Status**

As Administrative Agent of the UNDG ITF, UNDP officially reports to IRFFI donors on a six-month basis on 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 UNDG ITF First Six-month Progress Report for the period from 1 July 2004 to 31 December 2004. This Third Six-month Progress Report covers the Fund activities during the period from 1 July 2005 to 31 December 2005.

### **2.4.1. Donor Contributions to the UNDG ITF**

As of 31 December 2005, the UNDG ITF had received gross donor contributions amounting to \$903.41 million, approximately 97 per cent of total commitments made by donors as of that date. Table 1 provides an

overview of the overall sources, uses and balance of the donor contributions.

**Table 1. Sources, Uses and Balance of UNDG ITF Funds, 1 January 2004-31 December 2005**

		US\$ 1,000s
<b>Source of Funds</b>		
Gross Contributions		903,413
Fund Earned Interest Income		6,273
Agency Earned Interest Income		802
<b>Total – Source of Funds</b>		<b>910,488</b>
<b>Use of Funds</b>		
Transfers to Implementing Agencies		754,710
	from Donor Contributions	754,410
	from Fund Earned Interest	300
Administrative Agent Fees		7,357
Direct Costs (Support to Steering Committee/IRFFI Secretariat)		1,355
Other Expenditures from Fund Earned Interest		136
Bank Charges		8
<b>Total – Use of Funds</b>		<b>763,566</b>
<b>Balance of Funds Available</b>		<b>146,922</b>

Of the \$903.41 million in donor contributions deposited into the UNDG ITF account as of 31 December 2005, 84 per cent (\$754.41 million) had been transferred to the implementing agencies by 31 December 2005. Additional revenues were also realized in terms of interest earned both by the UNDG ITF and the agencies. While table 1 reflects the Fund earned interest income as of 31 December 2005, the agency earned interest income is for the period ending 31 December 2004. Owing to the time required by UN agencies to officially close their year-end accounts, interest earned for the year ending 31 December 2005 was communicated by some but not remitted by any agency as of 31 March 2006. With prior concurrence of the donors, \$300,000 of the Fund earned interest income was used to fund the humanitarian project, Pilgrim Stampede Emergency Micro Grant Response, implemented by UNOPS.

The Administrative Agent fee<sup>4</sup> of approximately \$7.36 million charged up front for the entire duration of the UNDG ITF amounts to 0.82 per cent of total funds deposited, which is less than the 1 per cent that is generally charged for administering funds similar to the UNDG ITF. 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.

In 2005, the four largest contributors to the UNDG ITF were the European Commission (\$195.3 million), Spain (\$20 million), Italy (\$16.5 million) and Australia (\$9.1 million). As shown in table 2, the four largest contributors to the UNDG ITF continue to be Japan (\$361 million), the European Commission (\$297 million), the United Kingdom (\$55 million) and Canada (\$46 million). Additional deposits of \$7.3 million have been received in 2006 from Greece, Luxembourg, New Zealand and Spain, bringing the total figure for donor deposits to \$910.74 million as of 31 March 2006.

<sup>4</sup> Charged as per the sliding scale indicated in the LOA signed between IRFFI donors and UNDP on behalf of UNDG ITF.

**Table 2. Total Donor Deposits into the UNDG ITF**

Donor	Jul. 2004 - Dec. 2005			Jan. 2006 - Mar. 2006		Jul. 2004 - Mar. 2006	
	(Donor Currency )	(US\$)	(US\$)	(Donor Currency )	(US\$)	(Donor Currency )	(US\$)
Australia	AUD	22,822	16,749			22,822	16,749
Belgium	EUR	1,000	1,321			1,000	1,321
Canada	CAD	60,000	46,400			60,000	46,400
Denmark	DKK	45,000	7,693			45,000	7,693
European Commission	EUR	237,990	297,125			237,990	297,125
Finland	EUR	5,000	6,234			5,000	6,234
Greece	EUR	600	764	2,400	2,866	3,000	3,630
Iceland	USD	500	500			500	500
India	USD	5,000	5,000			5,000	5,000
Ireland	EUR	1,000	1,226			1,000	1,226
Italy	EUR	23,900	29,782			23,900	29,782
Japan	USD	360,951	360,951			360,951	360,951
Kuwait	USD	5,000	5,000			5,000	5,000
Luxembourg	USD	200	1,237		1,082	200	2,319
	EUR	800		900		1,700	
Netherlands	EUR	5,000	6,697			5,000	6,697
New Zealand	NZD	3,500	2,361	1,500	1,004	5,000	3,365
Norway	NOK	45,000	7,009			45,000	7,009
Qatar	USD	5,000	5,000			5,000	5,000
Republic of Korea	USD	11,000	11,000			11,000	11,000
Spain	USD	20,000	20,000			20,000	22,380
	EUR			2,000	2,380	2,000	
Sweden	SEK	77,000	10,622			77,000	10,622
Turkey	USD	200	200			200	200
United Kingdom	GBP	30,000	55,542			30,000	55,542
United States	USD	5,000	5,000			5,000	5,000
<b>TOTAL</b>			<b>903,413</b>		<b>7,331</b>		<b>910,744</b>

Pursuant to the UN regulations and rules, the TOR for the IRFFI and the LOA 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
  - **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 projects in the Support to Electoral Process Cluster and the constitutional support sub-Cluster, which are approved by IECI and the Constitution Committee of the National Assembly, respectively). The distribution of donor contributions earmarked by Cluster (old and new) and total unearmarked contributions are provided in table 3.

**Table 3. Donor Contributions, by Cluster/Sub-Cluster and Type of Funds, as of 31 December 2005**

CLUSTER	DEPOSITS		DONOR
	Net Amount (\$ 1,000s)	Share of Total Deposits (%)	
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>87,648</b>	<b>10</b>	<b>European Commission, Italy, Japan, Kuwait, Republic of Korea, Sweden</b>
Agriculture, Water Resources and Environment	82,683	9	
Food Security	-	-	
Mine Action	4,965	1	
<b>Education and Culture</b>	<b>125,585</b>	<b>14</b>	<b>European Commission, Ireland, Japan</b>
<b>Governance and Human Development</b>	<b>71,210</b>	<b>8</b>	<b>Australia, Canada, European Commission (EC, EC RRM, EC EIDHR), Finland, Sweden</b>
Governance and Civil Society	43,958	5	
Poverty Reduction and Human Development	27,252	3	
<b>Health and Nutrition</b>	<b>69,376</b>	<b>8</b>	<b>European Commission, Japan</b>
<b>Infrastructure Rehabilitation</b>	<b>201,207</b>	<b>22</b>	<b>European Commission, Japan, Luxembourg</b>
Water and Sanitation	38,848	4	
Infrastructure and Housing	162,359	18	
<b>Refugees, Internally Displaced Persons and Durable Solutions</b>	<b>6,204</b>	<b>1</b>	<b>Australia, Republic of Korea</b>
<b>Support to Electoral Process</b>	<b>213,913</b>	<b>24</b>	<b>Australia, Belgium, Canada, Denmark, European Commission (EC, EC RRM, EC EIDHR), Finland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Republic of Korea, Spain, Sweden, United Kingdom</b>
<b>Total EARMARKED Funds</b>	<b>775,144</b>	<b>87</b>	
<b>Total UNEARMARKED Funds</b>	<b>119,557</b>	<b>13</b>	<b>Canada, Greece, Iceland, India, Japan, New Zealand, Norway, Qatar, Turkey, United Kingdom, United States</b>
<b>Total Funds</b>	<b>894,701</b>		

Approximately 87 per cent of all donor contributions were received as earmarked contributions to a particular Cluster/sub-Cluster/cross-cutting theme and/or specific Participating UN Organization(s). As of 31 December 2005, net contributions earmarked to various Clusters and/or Participating UN Organizations amounted to \$775.14 million and unearmarked contributions totalled \$119.56 million. Support to Electoral Process and Infrastructure Rehabilitation continue to be the two Clusters receiving the largest share of earmarked donor contributions (a combined 46 per cent).

If activities under approved projects are implemented and the project is completed without fully utilizing the total approved budget, the remaining unutilized balance will be refunded into the UNDG ITF account. Such refunds could become an additional source of income and augment the UNDG ITF resources available to fund new activities. Since neither the IRFFI TOR nor the LOA concluded by UNDP as Administrative Agent of the UNDG ITF has specific guidelines on how to account for refunds from completed approved projects, UNDP is proposing that:

- to maximize the UN ability to respond readily to priorities of the new Iraqi Government and in view of the fact that past unearmarked donor contributions have co-funded activities funded from Cluster- and/or agency-level earmarked contributions, refunds of unutilized balances from completed projects that are equal to or less than \$1 million be deposited back into the “unearmarked” category of funds;
- refunds from completed projects exceeding \$1 million be redeposited into the earmarked Cluster or sub-Cluster account from which the project was originally funded;
- refunds in excess of \$1 million from a completed project that was originally funded from an agency-level earmarked contribution be redeposited as an earmarked contribution to the specific agency in line with the original decision of the contributing IRFFI donor; and
- refunds on projects funded from Fund and/or agency earned interest be returned to the relevant Earned Interest account.

#### **2.4.2. Transfer of Approved Funding to Implementing Agencies**

As of 31 December 2005, the UNDG ITF had funded a total of 82 approved projects for a total of \$754.71 million (84 per cent of the total deposited funds) of which \$637.06 million were from earmarked contributions, \$117.35 million were from unearmarked contributions and \$0.30 million was from interest earned by the UNDG ITF (Pilgrim Stampede Emergency Micro Grant Response Project).

Following the Dead Sea IRFFI Donor Meeting in 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 \$175 million and \$24 million, respectively (the major part of constitution funding was available only in August although projects had been approved in June).

For the period from 1 July 2005 to 31 December 2005, additional funding of \$168.29 million was approved for 23 new projects along with additional funding for previously approved projects. UNDP and UNOPS continue to be the main agencies responsible for implementing the projects in the Governance and Human Development, Infrastructure Rehabilitation and Support to Electoral Process Clusters (on behalf of the UN Department of Political Affairs (DPA) Electoral Assistance Division (EAD)) and have received the largest share of the total funding from the UNDG ITF to date, amounting to \$252.89 million and \$137.43 million, respectively (table 5). UNICEF has also been a major recipient, with five projects in the Education and Culture, and Health and Nutrition Clusters and the Water and Sanitation sub-Cluster. The distribution of approved funding consolidated by Cluster, type of funds and reporting period, is summarized in table 4 and figures 1, 2 and 3.



**Table 4. Distribution of Approved Funding, by Cluster and Type of Funds (\$1,000s)**

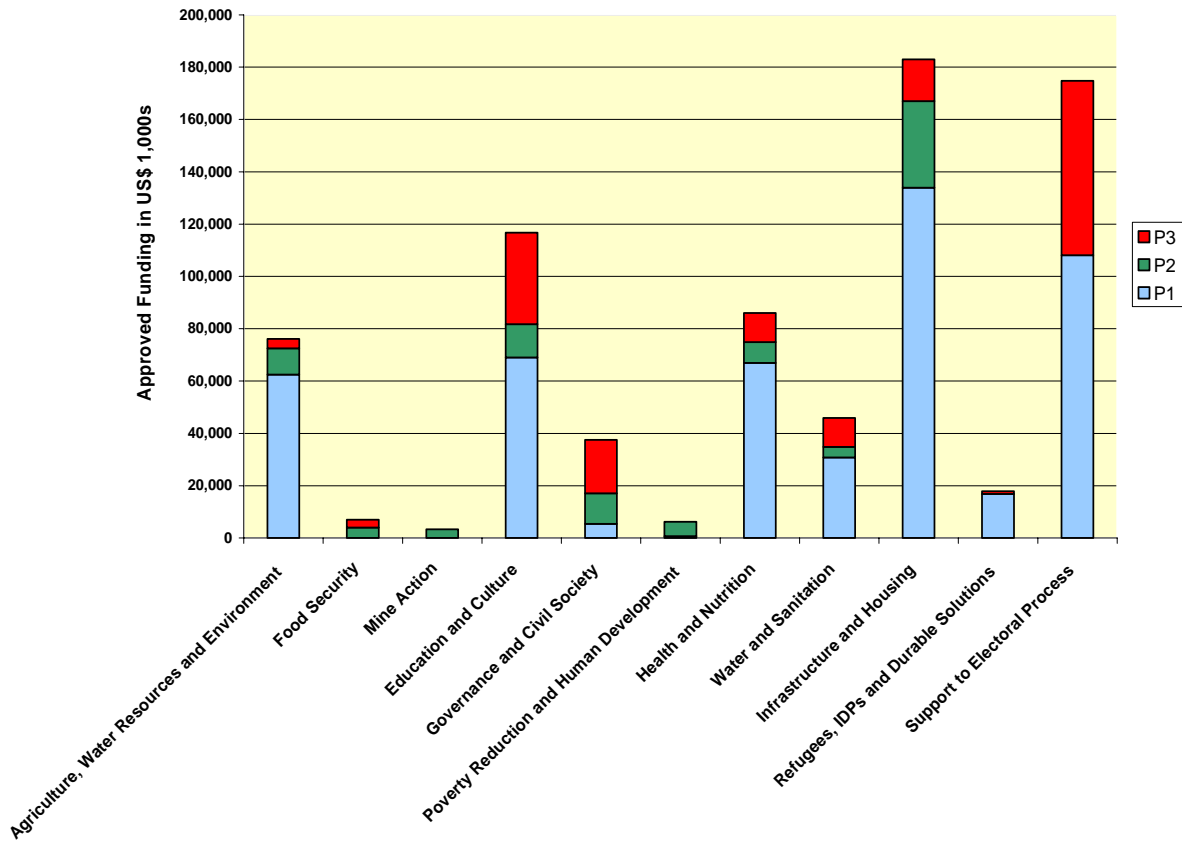
CLUSTER	AS OF 31 DECEMBER 2005				AS OF 31 MARCH 2006	
	Earmarked	Unearmarked	Total	No. of Projects	Total	No. of Projects
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	48,428	37,978	<b>86,406</b>	<b>12</b>	<b>89,328</b>	<b>13</b>
Agriculture, Water Resources and Environment	47,407	28,659	76,066	10	76,066	10
Food Security	0	7,000	7,000	1	7,000	1
Mine Action	1,021	2,319	3,340	1	6,262	2
<b>Education and Culture</b>	116,219	545	<b>116,763</b>	<b>15</b>	<b>116,826</b>	<b>16</b>
<b>Governance and Human Development</b>	43,720	0	<b>43,720</b>	<b>15</b>	<b>46,363</b>	<b>16</b>
Governance and Civil Society	37,531	0	37,531	11	40,174	12
Poverty Reduction and Human Development	6,189	0	6,189	4	6,189	4
<b>Health and Nutrition</b>	49,612	36,384	<b>85,996</b>	<b>10</b>	<b>87,996</b>	<b>11</b>
<b>Infrastructure Rehabilitation</b>	200,073	28,823	<b>228,896</b>	<b>18</b>	<b>228,896</b>	<b>18</b>
Water and Sanitation	37,734	8,154	45,889	7	45,889	7
Infrastructure and Housing	162,339	20,669	183,008	11	183,008	11
<b>Refugees, IDPs and Durable Solutions</b>	4,232	13,625	<b>17,858</b>	<b>3</b>	<b>19,830</b>	<b>3</b>
<b>Support to Electoral Process</b>	174,771	0	<b>174,771</b>	<b>8</b>	<b>174,613</b>	<b>8</b>
<b>Emergency Response Project</b>	0	0	<b>300</b>	<b>1</b>	<b>300</b>	<b>1</b>
<b>TOTAL</b>	<b>637,056</b>	<b>117,355</b>	<b>754,710</b>	<b>82</b>	<b>764,152</b>	<b>86</b>

Areas that received the largest shares of funding as of 31 December 2005 were infrastructure and housing; elections; education; agriculture, water resources and environment; and health. As of 31 December 2005, \$117.36 million of co-mingled, unearmarked donor contributions (from Canada, Greece, Iceland, India, Japan<sup>5</sup>, New Zealand, Norway, Qatar, Turkey, the United Kingdom<sup>6</sup> and the United States) had been used to finance and/or co-finance projects approved and funded in the following Clusters: Agriculture, Food Security, Environment and Natural Resource Management; Health and Nutrition; Infrastructure Rehabilitation; Refugees, Internally Displaced Persons and Durable Solutions; and Education and Culture.

<sup>5</sup> Although earmarked for “employment creation”, treated as “unearmarked” since it could fund activities from various Clusters that promote “employment creation”.

<sup>6</sup> Earmarked to 10 of the 11 original UN Clusters but with inter-Cluster allocation left to the UNDG ITF.

**Figure 1. Distribution of Approved Funding, by Reporting Period (\$1,000s)**



**Figure 2. Distribution of Total Approved Funding, by Cluster, as of 31 December 2005 (\$1,000s)**

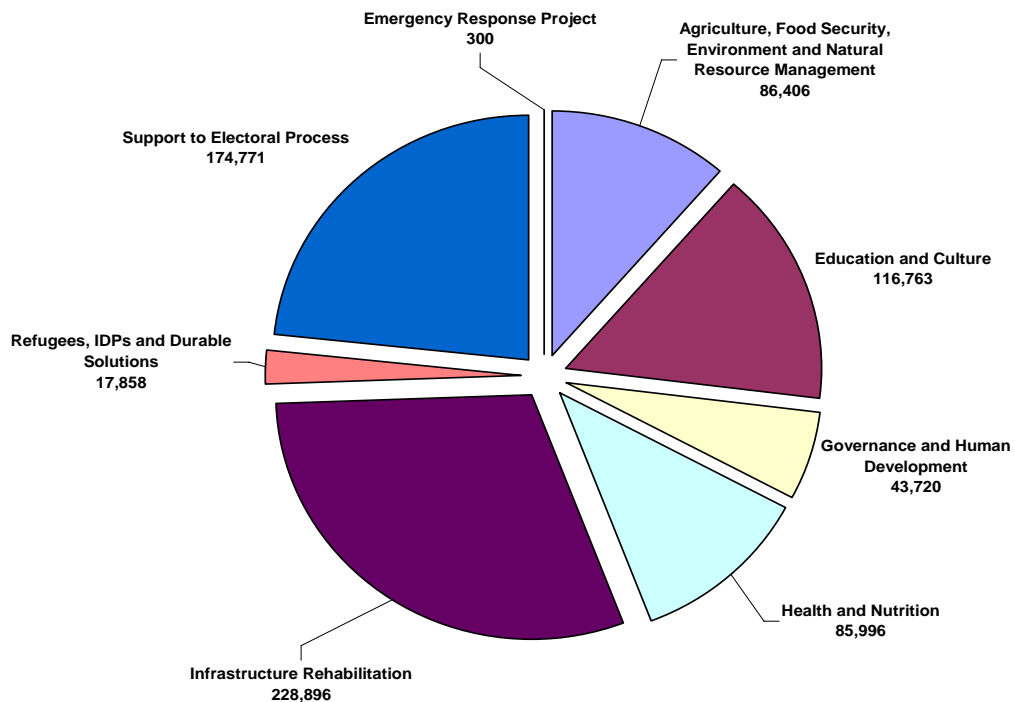
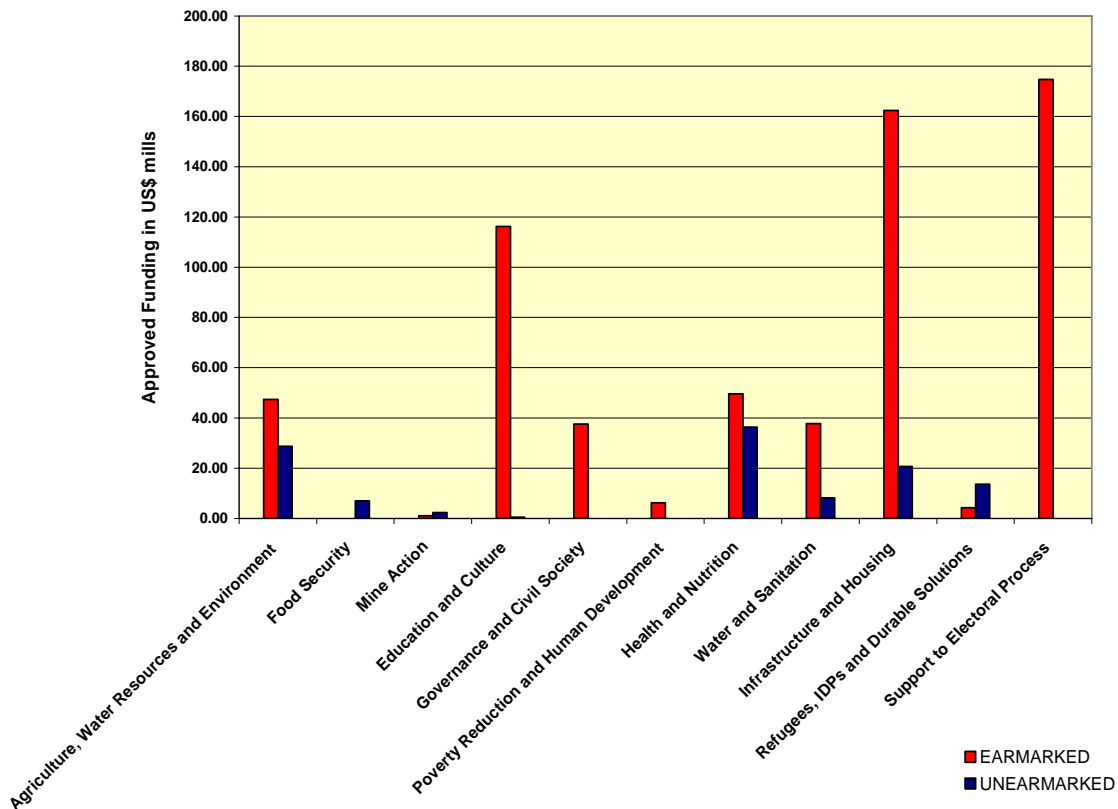


Figure 3 shows the distribution of earmarked and unearmarked funds by Cluster and indicates that the Agriculture, Food Security, Environment and Natural Resource Management; Health and Nutrition; Infrastructure and Housing; and Refugees, Internally Displaced Persons and Durable Solutions Clusters have received the bulk of the unearmarked resources while Education and Culture, Governance and Human Development, and Support to Electoral Process Clusters have been funded mainly through earmarked funds.

During the period from 1 July 2005 to 31 December 2005, \$8.15 million out of the contributions of Japan totalling \$9.98 million that had been earmarked to “employment creation” and retained in the “unearmarked” category were used to fund the post-Dead Sea meeting “quick-impact” projects in the Infrastructure Rehabilitation Cluster (Water and Sanitation sub-Cluster) that have high employment-generation content. Unearmarked resources were also used to provide additional funding for existing projects in the Agriculture, Water Resources and Environment sub-Cluster (\$6.5 million).

**Figure 3. Use of Earmarked and Unearmarked Funds, by Cluster and Sub-Cluster, as of 31 December 2005 (\$1,000s)**



**Table 5. Approved Funding and Number of Projects, by Agency, as of 31 December 2005 (\$1,000s)**

AGENCY	APPROVED FUNDING			
	31 DECEMBER 2005		31 MARCH 2006	
	Amount	No. of Projects	Total	No. of Projects
ESCWA	7,483	3	7,483	3
FAO	49,140	5	49,140	5
ILO	321	1	321	1
UNDP	252,891	21	255,534	22
UNEP	16,605	3	16,605	3
UNESCO	31,572	11	31,414	11
UNFPA	12,603	1	12,603	1
UNHABITAT	49,375	6	49,375	6
UNHCR	8,116	2	10,088	2
UNICEF	92,784	5	92,784	5
UNIDO	14,967	3	14,967	3
UNIFEM	3,575	2	3,575	2
UNOPS	137,429	10	142,413	13
WFP	7,000	1	7,000	1
WHO	70,850	8	70,850	8
<b>TOTAL</b>	<b>754,710</b>	<b>82</b>	<b>764,152</b>	<b>86</b>

Of the available balance of \$140.29 million as of 31 December 2005, 50 per cent of the funds were received in the latter part of December 2005, including a sizeable contribution from the European Commission for support to the electoral process and poverty and human development, thus making them programmable for 2006. A sizeable amount of the funds available has also been earmarked to specific agencies and/or activities. Details of funds available by Cluster as of 31 December 2005 and 31 March 2006 are provided in table 6. Cluster distribution of the current balance of \$138.06 million in the UNDG ITF is also presented in figure 4.

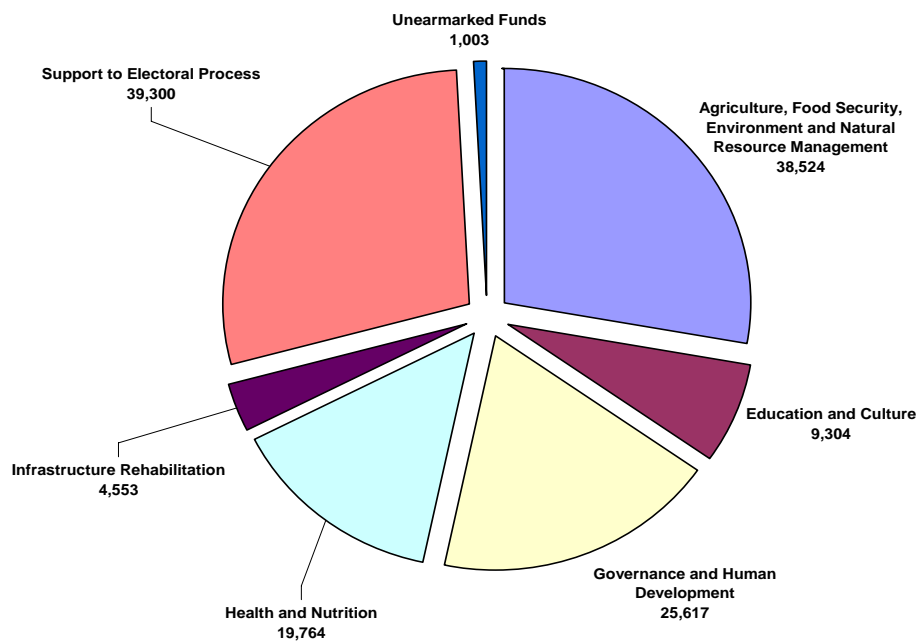
Projects valued at \$110 million are under review and/or approval either at the level of the ISRB or the UNDG ITF Steering Committee or the Clusters that will use this balance, excluding the \$36 million for the Support to Electoral Process Cluster. Concerning support for the electoral process, programming is awaiting appointment of the new Independent Electoral High Commission (IEHC) and the results of the meeting on “Lessons Learned and Upcoming Challenges of the Iraqi Electoral Process”, which will be held in Cyprus from 2 to 4 May 2006.

**Table 6. Balance of Funds, by Cluster and Type of Funds (\$1,000s)**

CLUSTER	BALANCE OF FUNDS	
	END DEC 2005	END MARCH 2006
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>39,220</b>	<b>38,524</b>
Agriculture, Water Resources and Environment	35,276	35,276
Food Security	0	0
Mine Action	3,944	3,248
<b>Education and Culture</b>	<b>9,367</b>	<b>9,304</b>
<b>Governance and Human Development</b>	<b>27,674</b>	<b>25,617</b>
Governance and Civil Society	6,610	4,553
Poverty Reduction and Human Development	21,064	21,064
<b>Health and Nutrition</b>	<b>19,764</b>	<b>19,764</b>
<b>Infrastructure Rehabilitation</b>	<b>1,134</b>	<b>4,553</b>
Water and Sanitation	1,114	2,175
Infrastructure and Housing	20	2,378
<b>Refugees, IDPs and Durable Solutions</b>	<b>1,972</b>	<b>0</b>
<b>Support to Electoral Process</b>	<b>39,142</b>	<b>39,300</b>
<b>Employment Creation</b>	<b>1,831</b>	<b>0</b>
<b>Unearmarked Funds</b>	<b>187</b>	<b>1,003</b>
<b>TOTAL</b>	<b>140,289</b>	<b>138,064</b>

The balance of \$1.8 million, which had been left over from the contributions of Japan (totalling \$9.98 million) that had been earmarked to “employment creation” and retained in the “unearmarked” category (since as a cross-cutting theme, employment creation spans a number of Clusters), was used in early 2006 to partially finance another quick-impact project with high employment-generation content.

**Figure 4. Distribution of Balance of Funds, as of 31 March 2006 (\$1,000s)**



### 2.4.3. Expenditure

As of 31 December 2005, implementing agencies had reported a total cumulative expenditure of \$510.32 million, which amounts to approximately 68 per cent of total approved funding of \$754.71 million. During the third six-month reporting period alone (P3 = 1 July 2005 to 31 December 2005), a total of \$217.72 million was expended, representing the highest expenditure level among the three six-month reporting periods. Table 7 and Figure 5 provide a summary of total expenditure by reporting period (P1, P2, and P3, respectively) and the ten expenditure categories used by UNDG ITF as recommended by the UNDG Financial Policies Working Group for such MDTFs. Further details of expenditure incurred within each Cluster and by each agency are provided in tables 8 and 9, respectively.

**Table 7. Summary of Total Expenditure, by Category and Reporting Period (\$1,000s)**

CATEGORY	TOTAL EXPENDITURE				
	P1	P2	P3	July 2004- December 2005	% of Total Programme Costs
Personnel	4,072	12,381	9,255	<b>25,708</b>	<b>5.3%</b>
Contracts	40,896	93,393	110,138	<b>244,427</b>	<b>50.6%</b>
Training	2,504	3,624	9,780	<b>15,908</b>	<b>3.3%</b>
Transport	224	326	450	<b>1,000</b>	<b>0.2%</b>
Supplies and Commodities	33,485	7,351	38,674	<b>79,510</b>	<b>16.5%</b>
Equipment	28,369	38,389	26,912	<b>93,670</b>	<b>19.4%</b>
Travel	661	2,483	2,511	<b>5,656</b>	<b>1.2%</b>
Security	933	661	993	<b>2,587</b>	<b>0.5%</b>
Miscellaneous	2,705	6,750	5,035	<b>14,489</b>	<b>3.0%</b>
<b>Total Programme Costs</b>	113,847	165,358	203,748	<b>482,954</b>	-
<b>Total Indirect Support Costs</b>	8,759	4,642	13,967	<b>27,368</b>	<b>5.7%</b>
<b>TOTAL Expenditure</b>	<b>122,606</b>	<b>170,001</b>	<b>217,715</b>	<b>510,322</b>	-

**Notes:**

(a) Indirect support cost expenditures take into account adjustments in support costs of P1 and P2 reported earlier due to WHO actual support cost charges that were made at the end of the WHO biennium on 31 December 2005 in accordance with its Financial Rules and Regulations.

(b) Total expenditure for P2 has been reduced by \$8.24 million to \$170 million from the previously reported figure of \$178.24 million to reflect end-year adjustments reported by implementing agencies in their end 2005 certified financial statements.

### Analysis of Expenditure for the Period from 1 July 2005 to 31 December 2005

Similar to the first two reporting periods (P1 and P2), during the third six-month reporting period (P3), procurement of contractual services continued to account for the largest share (\$110.14 million) of total expenditure followed by supplies and commodities (\$38.67 million) and equipment (\$26.91 million). Overall, these three categories of expenditure accounted for 86 per cent of total programme costs.

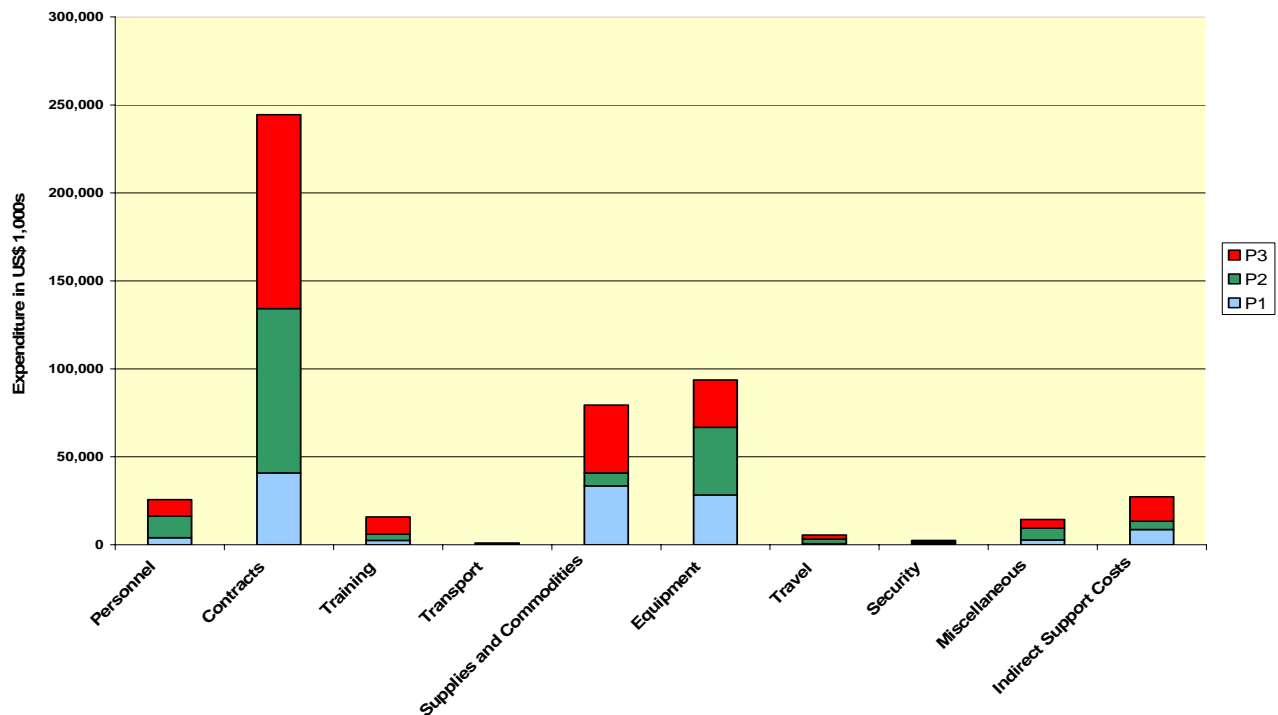
As shown in Figure 5, expenditure within categories continued to be consistent throughout all three reporting periods, with the most variation in the “training” (increased expenditures in the successive reporting periods) and the “supplies and commodities” categories (significantly higher expenditures in the second six months of the year compared to the first half of the year). Over 50 per cent of the total expenditure under the “contract”

category was incurred by the Support to Electoral Process Cluster (\$57.81 million).<sup>7</sup> The increase in expenditure of \$38.67 million against supplies and commodities was incurred mainly by UNICEF (\$28.80 million), which procured additional supplies for the implementation of its education and health projects.<sup>8</sup> The “training” category also saw a big increase in expenditure on account of the various training programmes initiated by FAO, UNESCO and WHO.

Cumulative total security costs, which accounted for only 0.5 per cent of total programme costs, are well below the modest 2 per cent allocation under UNDG ITF approved projects. The main reasons for the unusually low percentage of total programme costs attributed to security, particularly in comparison to comparable bilaterally funded programmes in Iraq, were included in the Second Progress Report. One of the main reasons for the low cost is the fact that the UN implementation modality in Iraq relies exclusively on the use of national staff, line ministries and local contractors. There are no UN international staff inside Iraq directly implementing projects (except those in Baghdad providing time-bound policy and related advisory services under the UN constitutional and electoral support programmes).

The expenditures for categories such as “transport”, “travel” and “miscellaneous” have not shown much of a variation over the earlier period. Expenditure on personnel costs between 1 July 2005 and 31 December 2005 totalled \$9.26 million, as compared to the previous reporting period, when it amounted to \$12.38 million. The reduction is largely due to a reclassification of expenditure by UNOPS and by WHO from personnel to other categories. For the period from 1 July 2004 to 31 December 2005, personnel costs averaged 5.3 per cent, owing to the continued use of an increased number of national staff rather than international personnel in the implementation of UNDG ITF-funded projects.

**Figure 5. Distribution of Total Expenditure, by Expenditure Category and Reporting Period**



<sup>7</sup> Refer to Tables 10 and 12 for a detailed category breakdown of expenditure by Cluster.

<sup>8</sup> Refer to Tables 11 and 13 for a detailed category breakdown of expenditure by agency.

The average rate of indirect support costs charged by implementing agencies to date amounts to 5.7 per cent, which is well within the 5 to 9 per cent range and below the 7 per cent average rate foreseen in the LOA and MOU.

**Table 8. Summary of Total Expenditure, by Cluster, as of 31 December 2005 (\$1,000s)**

CLUSTER	APPROVED FUNDING		EXPENDITURE				% of Total Approved Funding
	Amount	No. of Projects	P1	P2	P3	July 2004-December 2005	
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>86,407</b>	<b>12</b>	<b>10,390</b>	<b>23,804</b>	<b>30,934</b>	<b>65,128</b>	<b>75</b>
Agriculture, Water Resources and Environment	76,066	10	10,390	16,482	30,293	57,165	75
Food Security	7,000	1	0	3,982	641	4,623	66
Mine Action	3,341	1	0	3,341	0	3,341	100
<b>Education and Culture</b>	<b>116,763</b>	<b>15</b>	<b>29,403</b>	<b>12,144</b>	<b>40,558</b>	<b>82,105</b>	<b>70</b>
<b>Governance and Human Development</b>	<b>43,720</b>	<b>15</b>	<b>2,807</b>	<b>5,596</b>	<b>15,581</b>	<b>23,984</b>	<b>55</b>
Governance and Civil Society	37,531	11	2,406	5,362	15,217	22,985	61
Poverty Reduction and Human Development	6,189	4	401	234	363	998	16
<b>Health and Nutrition</b>	<b>85,996</b>	<b>10</b>	<b>16,399</b>	<b>14,889</b>	<b>24,452</b>	<b>55,740</b>	<b>65</b>
<b>Infrastructure Rehabilitation</b>	<b>228,896</b>	<b>18</b>	<b>14,191</b>	<b>52,794</b>	<b>38,849</b>	<b>105,833</b>	<b>46</b>
Water and Sanitation	45,889	7	1,441	2,980	21,000	25,421	55
Infrastructure	183,008	11	12,750	49,813	17,849	80,413	44
<b>Refugees, IDPs and Durable Solutions</b>	<b>17,858</b>	<b>3</b>	<b>8,889</b>	<b>5,614</b>	<b>3,157</b>	<b>17,660</b>	<b>99</b>
<b>Support to Electoral Process</b>	<b>174,771</b>	<b>8</b>	<b>40,527</b>	<b>55,159</b>	<b>63,970</b>	<b>159,657</b>	<b>91</b>
Emergency Pilgrim Stampede Micro Grant	300	1	0	0	214	214	71
<b>TOTAL</b>	<b>754,711</b>	<b>82</b>	<b>122,606</b>	<b>170,001</b>	<b>217,715</b>	<b>510,322</b>	<b>68</b>

Table 8 shows that the four clusters with the highest reported expenditure during the present reporting period are: Support to Electoral Process (\$63.97 million), Education and Culture (\$40.56 million), Infrastructure Rehabilitation (\$38.85 million) and Agriculture, Food Security, Environment and Natural Resource Management (\$30.93 million).

On a cumulative basis, to date, the four Clusters with the highest reported *rate* of expenditure relative to total approved funding are: Refugees, IDPs and Durable Solutions (99 per cent), Support to Electoral Process (91 per cent), Agriculture, Food Security, Environment and Natural Resource Management (75 per cent), and Education and Culture (70 per cent).

It is interesting to note that the three Clusters that received the largest share of additional funding between 1 July 2005 and 31 December 2005 (Support to Electoral Process, Education and Culture, and Infrastructure Rehabilitation) have also demonstrated high rates of implementation as is evident in their respective expenditure rates during P3 as well as cumulatively. Noteworthy, however, is the Water and Sanitation sub-Cluster, where the expenditure rate has gone up significantly on account of the accelerated implementation by UN-HABITAT, UNICEF and WHO.

It is important to note that the definition of expenditure is determined by the financial regulations of the



individual Participating UN Organizations and some slight differences can arise between reported expenditure and disbursements (see next section).

**Table 9. Summary of Total Expenditure, by Agency, as of 31 December 2005 (\$1,000s)**

AGENCY	APPROVED FUNDING		EXPENDITURE				
	Amount	No. of Projects	P1	P2	P3	July 2004-December 2005	% of Total Approved Funding
ESCWA	7,483	3	418	278	334	1,030	14
FAO	49,140	5	8,886	10,441	17,701	37,028	75
ILO	321	1	84	186	37	307	96
UNDP	252,891	21	52,799	56,132	30,824	139,755	55
UNEP	16,605	3	1,127	3,023	8,243	12,393	75
UNESCO	31,572	11	5,820	4,402	9,636	19,858	63
UNFPA	12,603	1	2,705	466	3,375	6,546	52
UNHABITAT	49,375	6	2,093	10,944	15,076	28,112	57
UNHCR	8,116	2	5,225	1,189	1,703	8,116	100
UNICEF	92,784	5	23,043	2,471	42,920	68,433	74
UNIDO	14,967	3	66	1,752	3,650	5,469	37
UNIFEM	3,575	2	716	543	1,166	2,425	68
UNOPS	137,429	10	5,254	58,542	60,529	124,325	90
WFP	7,000	1	0	3,982	641	4,623	66
WHO	70,850	8	14,371	15,650	21,881	51,901	73
<b>TOTAL</b>	<b>754,711</b>	<b>82</b>	<b>122,606</b>	<b>170,001</b>	<b>217,715</b>	<b>510,322</b>	<b>68%</b>

To date, the four agencies that have received the major share of the funding (73 per cent) – UNDP, UNICEF, UNOPS and WHO – account for the bulk of the total expenditure (75 per cent). UNHCR (2 projects totalling \$8.1 million) and International Labour Organization (ILO) (1 project for \$.3 million) have fully disbursed the funds allocated to them. Other agencies such as FAO, UNEP, UNICEF, UNOPS and WHO have also reported high implementation rates in relation to approved funding.

**Table 10. Total Expenditure, by Cluster, with Breakdown by Category, 1 July 2005 to 31 December 2005 (\$1,000s)**

CLUSTER	TOTAL FUNDED USD 000s	EXPENDITURE (Jul 05-Dec 05)		EXPENDITURE by CATEGORY (US\$ 1,000s)									
		USD 000s	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>86,407</b>	<b>30,934</b>	<b>36</b>	<b>3,180</b>	<b>7,515</b>	<b>2,214</b>	<b>467</b>	<b>1,423</b>	<b>11,909</b>	<b>748</b>	<b>190</b>	<b>700</b>	<b>2,586</b>
Agriculture, Water Resources and Environment	76,066	30,293	40	3,025	7,524	2,214	0	1,423	11,892	732	207	721	2,555
Food Security	7,000	641	9	155	0	0	467	0	8	17	-17	-20	31
Mine Action	3,341	0	0	0	-9	0	0	0	9	0	0	0	0
<b>Education and Culture</b>	<b>116,763</b>	<b>40,558</b>	<b>35</b>	<b>1,000</b>	<b>10,940</b>	<b>236</b>	<b>0</b>	<b>18,074</b>	<b>5,966</b>	<b>455</b>	<b>468</b>	<b>692</b>	<b>2,726</b>
<b>Governance and Human Development</b>	<b>43,720</b>	<b>15,581</b>	<b>36</b>	<b>-500</b>	<b>7,186</b>	<b>895</b>	<b>234</b>	<b>46</b>	<b>161</b>	<b>299</b>	<b>101</b>	<b>6,139</b>	<b>1,021</b>
Governance and Civil Society	37,531	15,217	41	-742	7,174	869	234	46	142	292	101	6,112	990
Poverty Reduction and Human Development	6,189	363	6	242	12	26	0	0	19	7	0	26	31
<b>Health and Nutrition</b>	<b>85,996</b>	<b>24,452</b>	<b>28</b>	<b>331</b>	<b>8,868</b>	<b>4,674</b>	<b>-210</b>	<b>7,614</b>	<b>6,071</b>	<b>-117</b>	<b>39</b>	<b>-2,769</b>	<b>-48</b>
<b>Infrastructure Rehabilitation</b>	<b>228,896</b>	<b>38,849</b>	<b>17</b>	<b>2,418</b>	<b>15,634</b>	<b>1,513</b>	<b>-41</b>	<b>11,156</b>	<b>2,872</b>	<b>854</b>	<b>69</b>	<b>30</b>	<b>4,345</b>
Water and Sanitation	45,889	21,000	46	503	7,086	681	-115	11,012	640	187	61	-131	1,076
Infrastructure and Housing	183,008	17,849	10	1,914	8,548	832	74	144	2,232	667	8	161	3,269
<b>Refugees, IDPs and Durable Solutions</b>	<b>17,858</b>	<b>3,157</b>	<b>18</b>	<b>539</b>	<b>1,970</b>	<b>197</b>	<b>0</b>	<b>205</b>	<b>23</b>	<b>2</b>	<b>-45</b>	<b>168</b>	<b>99</b>
<b>Support to Electoral Process</b>	<b>174,771</b>	<b>63,970</b>	<b>37</b>	<b>2,288</b>	<b>57,811</b>	<b>52</b>	<b>0</b>	<b>155</b>	<b>-89</b>	<b>270</b>	<b>172</b>	<b>74</b>	<b>3,238</b>
Emergency Pilgrim Stampede Micro Grant	300	214	71	0	214	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>754,711</b>	<b>217,715</b>	<b>29</b>	<b>9,255</b>	<b>110,138</b>	<b>9,780</b>	<b>450</b>	<b>38,674</b>	<b>26,912</b>	<b>2,511</b>	<b>993</b>	<b>5,035</b>	<b>13,967</b>
	<i>Percentage of Total Programme Costs</i>			<i>4.5</i>	<i>54.1</i>	<i>4.8</i>	<i>0.2</i>	<i>19.0</i>	<i>13.2</i>	<i>1.2</i>	<i>0.5</i>	<i>2.5</i>	<i>6.9</i>

NB: Negative expenditures reported in the Health and Nutrition Cluster relate to end of the biennium (2005) adjustments made by WHO in its certified expenditure reports for the period from 1 July 2005 to 31 December 2005.

**Table 11. Total Expenditure, by Agency, with Breakdown by Category, 1 July 2005-31 December 2005 (\$1,000s)**

AGENCY	TOTAL EXPENDITURE (Jul 05-Dec 05)			EXPENDITURE by CATEGORY (US\$ 1,000s)									
	TOTAL FUNDED	EXPENDITURE		Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
	USD 000s	USD 000s	Rate (%)										
ESCWA	7,483	334	4	40	83	0	0	0	178	11	0	1	21
FAO	49,140	17,701	36	1,087	4,190	1,198	0	1,393	7,143	344	113	432	1,800
ILO	321	37	11	8	0	26	0	0	0	1	0	0	2
UNDP	252,891	30,824	12	3,499	13,211	7	309	354	2,131	877	0	6,062	4,373
UNEP	16,605	8,243	50	1,705	2,914	194	0	30	2,256	327	106	231	481
UNESCO	31,572	9,636	31	317	1,237	1,271	0	0	5,896	42	319	83	471
UNFPA	12,603	3,375	27	126	322	11	0	1,486	1,299	13	0	20	98
UNHABITAT	49,375	15,076	31	1,441	11,166	831	0	41	50	458	17	142	929
UNHCR	8,116	1,703	21	174	1,538	0	0	0	0	0	-52	0	43
UNICEF	92,784	42,920	46	854	8,928	0	0	28,795	6	316	236	710	3,074
UNIDO	14,967	3,650	24	221	308	423	0	0	2,359	55	-12	58	239
UNIFEM	3,575	1,166	33	318	358	210	0	0	128	19	41	27	63
UNOPS	137,429	60,529	44	-884	57,362	275	0	180	51	189	203	373	2,777
WFP	7,000	641	9	155	0	0	467	0	8	17	-17	-20	31
WHO	70,850	21,881	31	193	8,520	5,334	-326	6,393	5,407	-158	39	-3,086	-436
<b>TOTAL</b>	<b>754,711</b>	<b>217,715</b>	<b>29</b>	<b>9,255</b>	<b>110,138</b>	<b>9,780</b>	<b>450</b>	<b>38,674</b>	<b>26,912</b>	<b>2,511</b>	<b>993</b>	<b>5,035</b>	<b>13,967</b>
	<i>Percentage of Total Programme Costs</i>			<i>4.5</i>	<i>54.1</i>	<i>4.8</i>	<i>0.2</i>	<i>19.0</i>	<i>13.2</i>	<i>1.2</i>	<i>0.5</i>	<i>2.5</i>	<i>6.9</i>

NB: Negative expenditures reported relate to (a) end of the biennium (2005) adjustments made by WHO in its certified expenditure reports for the period from 1 July 2005 to 31 December 2005, and (b) a reclassification of expenditure by UNOPS of \$1.89 million from "personnel" to contracts" for its project, Civil Society Constitutional Outreach Campaign. Although the total spent by UNOPS on personnel costs for P3 is \$1.01 million, it had to reduce the expenditure for personnel to offset the overstated figure and increase the expenditure for the "contract" category.

**Table 12. Total Expenditure, by Cluster, with Breakdown by Category, for All Three Reporting Periods (1 July 2004-31 December 2005 (\$1,000s))**

CLUSTER	TOTAL FUNDED USD 000s	EXPENDITURE (Jul 04-Dec 05)		EXPENDITURE by CATEGORY (US\$ 1,000s)									
		USD 000s	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>86,407</b>	<b>65,128</b>	<b>75</b>	<b>8,241</b>	<b>14,977</b>	<b>4,200</b>	<b>467</b>	<b>7,729</b>	<b>21,785</b>	<b>1,687</b>	<b>507</b>	<b>1,523</b>	<b>4,011</b>
Agriculture, Water Resources and Environment	76,066	57,165	75	5,950	13,566	4,081	0	7,729	19,119	1,340	417	1,390	3,573
Food Security	7,000	4,623	66	2,291	0	119	467	0	957	347	88	133	220
Mine Action	3,341	3,341	100	0	1,411	0	0	0	1,709	0	2	0	219
<b>Education and Culture</b>	<b>116,763</b>	<b>82,105</b>	<b>70</b>	<b>3,027</b>	<b>19,468</b>	<b>622</b>	<b>0</b>	<b>38,958</b>	<b>12,476</b>	<b>606</b>	<b>602</b>	<b>976</b>	<b>5,371</b>
<b>Governance and Human Development</b>	<b>43,720</b>	<b>23,984</b>	<b>55</b>	<b>1,839</b>	<b>9,268</b>	<b>2,383</b>	<b>234</b>	<b>511</b>	<b>954</b>	<b>689</b>	<b>188</b>	<b>6,533</b>	<b>1,384</b>
Governance and Civil Society	37,531	22,985	61	1,544	9,214	1,923	234	511	919	657	188	6,475	1,319
Poverty Reduction and Human Development	6,189	998	16	295	54	460	0	0	35	32	0	58	65
<b>Health and Nutrition</b>	<b>85,996</b>	<b>55,740</b>	<b>65</b>	<b>1,536</b>	<b>10,795</b>	<b>5,677</b>	<b>0</b>	<b>20,565</b>	<b>10,566</b>	<b>114</b>	<b>39</b>	<b>3,537</b>	<b>2,912</b>
<b>Infrastructure Rehabilitation</b>	<b>228,896</b>	<b>105,833</b>	<b>46</b>	<b>5,549</b>	<b>40,547</b>	<b>2,601</b>	<b>75</b>	<b>11,374</b>	<b>37,154</b>	<b>1,688</b>	<b>645</b>	<b>572</b>	<b>5,628</b>
Water and Sanitation	45,889	25,421	55	1,346	8,867	717	0	11,097	1,139	281	74	305	1,595
Infrastructure and Housing	183,008	80,413	44	4,203	31,681	1,885	74	277	36,015	1,407	571	267	4,033
<b>Refugees, IDPs and Durable Solutions</b>	<b>17,858</b>	<b>17,660</b>	<b>99</b>	<b>1,198</b>	<b>14,152</b>	<b>311</b>	<b>224</b>	<b>218</b>	<b>191</b>	<b>21</b>	<b>179</b>	<b>337</b>	<b>830</b>
<b>Support to Electoral Process</b>	<b>174,771</b>	<b>159,657</b>	<b>91</b>	<b>4,318</b>	<b>135,005</b>	<b>114</b>	<b>0</b>	<b>155</b>	<b>10,544</b>	<b>850</b>	<b>427</b>	<b>1,011</b>	<b>7,233</b>
Emergency Pilgrim Stampede Micro Grant	300	214	71	0	214	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>754,711</b>	<b>510,322</b>	<b>68</b>	<b>25,708</b>	<b>244,427</b>	<b>15,908</b>	<b>1,000</b>	<b>79,510</b>	<b>93,670</b>	<b>5,656</b>	<b>2,587</b>	<b>14,489</b>	<b>27,368</b>
<i>Percentage of Total Programme Costs</i>				<b>5.3</b>	<b>50.6</b>	<b>3.3</b>	<b>0.2</b>	<b>16.5</b>	<b>19.4</b>	<b>1.2</b>	<b>0.5</b>	<b>3.0</b>	<b>5.7</b>

Table 13. Total Expenditure, by Agency, with Breakdown by Category, for All Three Reporting Periods (1 July 2004-31 December 2005) (\$1,000s)

AGENCY	TOTAL FUNDED	EXPENDITURE (Jul 04-Dec 05)		EXPENDITURE by CATEGORY (US\$ 1,000s)									
	USD 000s	USD 000s	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
ESCWA	7,483	1,030	14	66	185	43	0	0	643	25	0	1	66
FAO	49,140	37,028	75	2,582	8,453	1,431	0	7,686	12,565	709	187	1,010	2,404
ILO	321	307	96	61	0	217	0	0	0	8	0	2	20
UNDP	252,891	139,755	55	6,816	67,204	1,050	309	480	47,005	2,099	817	7,313	6,663
UNEP	16,605	12,393	75	2,678	4,278	959	0	43	2,720	534	165	294	721
UNESCO	31,572	19,858	63	784	2,007	2,294	0	0	13,024	89	498	146	1,015
UNFPA	12,603	6,546	52	259	1,137	73	0	2,496	2,239	92	0	60	191
UNHABITAT	49,375	28,112	57	3,273	20,012	1,919	0	60	83	727	24	267	1,748
UNHCR	8,116	8,116	100	544	6,705	114	144	0	0	0	146	0	462
UNICEF	92,784	68,433	74	2,154	10,153	0	0	49,680	34	393	268	1,008	4,744
UNIDO	14,967	5,469	37	608	1,086	658	0	0	2,604	88	4	69	352
UNIFEM	3,575	2,425	68	353	1,058	465	0	0	218	44	116	40	130
UNOPS	137,429	124,325	90	1,803	112,138	275	79	658	2,143	478	235	670	5,846
WFP	7,000	4,623	66	2,291	0	119	467	0	957	347	88	133	220
WHO	70,850	51,901	73	1,434	10,011	6,291	0	18,407	9,434	22	39	3,477	2,786
<b>TOTAL</b>	<b>754,711</b>	<b>510,322</b>	<b>68</b>	<b>25,708</b>	<b>244,427</b>	<b>15,908</b>	<b>1,000</b>	<b>79,510</b>	<b>93,670</b>	<b>5,656</b>	<b>2,587</b>	<b>14,489</b>	<b>27,368</b>
	<i>Percentage of Total Programme Costs</i>			<i>5.3</i>	<i>50.6</i>	<i>3.3</i>	<i>0.2</i>	<i>16.5</i>	<i>19.4</i>	<i>1.2</i>	<i>0.5</i>	<i>3.0</i>	<i>5.7</i>

## Contract Commitments and Disbursements

Progress in implementation is monitored by UNDP, as Administrative Agent, in terms of the expenditures reported by agencies on a six-month basis as well as by levels of contract commitments and disbursements consolidated by the undg itf based on “unofficial” figures submitted monthly by the Iraq/Amman offices of the Participating UN Organizations. These contract commitment and disbursement figures are used by the undg itf Steering Committee as a basis for new project approvals; they are also reported in the undg itf monthly Newsletter and posted publicly on the IRFFI web site.

As of 31 March 2006, a total of \$589.72 million had been legally committed and \$453.96 million had been disbursed. During the first quarter of 2006 alone (1 January to 31 March 2006), UN agencies reflected an increase of \$45 million in commitments as well as \$45 million in disbursements. The current commitment rate of 77 per cent and disbursement rate of 59 per cent represent record implementation levels attained by the UN agencies in Iraq despite ongoing security challenges and a difficult operating environment on the ground.

Tables 14 and 15 provide preliminary updated figures on total project commitments and disbursements as of 31 December 2005 and 31 March 2006 by Cluster and by agency, respectively.

**Table 14. Total Project Commitments and Disbursements, Updated by Cluster (\$1,000s)**

Cluster	31 December 2005					31 March 2006				
	Funded Amount	Commitment		Disbursement		Funded Amount	Commitment		Disbursement	
		US\$ 1,000	%	US\$ 1,000	%		US\$ 1,000	%	US\$ 1,000	%
<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>86,406</b>	<b>59,704</b>	<b>69</b>	<b>37,621</b>	<b>44</b>	<b>89,328</b>	<b>64,156</b>	<b>72</b>	<b>43,077</b>	<b>48</b>
Agriculture, Water Resources and Environment	76,066	51,741	68	29,658	39	76,066	55,164	73	34,363	45
Food Security	7,000	4,623	66	4,623	66	7,000	5,651	81	5,373	77
Mine Action	3,340	3,341	100	3,341	100	6,262	3,341	53	3,341	53
<b>Education and Culture</b>	<b>116,763</b>	<b>80,999</b>	<b>69</b>	<b>66,966</b>	<b>57</b>	<b>116,826</b>	<b>96,435</b>	<b>83</b>	<b>76,093</b>	<b>65</b>
<b>Governance and Human Development</b>	<b>43,720</b>	<b>21,878</b>	<b>50</b>	<b>20,712</b>	<b>47</b>	<b>46,363</b>	<b>23,365</b>	<b>50</b>	<b>23,493</b>	<b>51</b>
Governance and Civil Society	37,531	21,165	56	20,074	53	40,174	22,200	55	22,451	56
Poverty Reduction and Human Development	6,189	713	12	638	10	6,189	1,165	19	1,042	17
<b>Health and Nutrition</b>	<b>85,996</b>	<b>56,498</b>	<b>66</b>	<b>38,969</b>	<b>45</b>	<b>87,996</b>	<b>64,674</b>	<b>73</b>	<b>45,504</b>	<b>52</b>
<b>Infrastructure Rehabilitation</b>	<b>228,896</b>	<b>149,003</b>	<b>65</b>	<b>87,192</b>	<b>38</b>	<b>228,896</b>	<b>160,487</b>	<b>70</b>	<b>93,099</b>	<b>41</b>
Water and Sanitation	45,889	25,121	55	15,795	34	45,889	31,456	69	17,778	39
Infrastructure and Housing	183,008	123,882	68	71,396	39	183,008	129,031	71	75,321	41
<b>Refugees, IDPs and Durable Solutions</b>	<b>17,858</b>	<b>17,785</b>	<b>100</b>	<b>16,801</b>	<b>94</b>	<b>19,830</b>	<b>19,777</b>	<b>100</b>	<b>17,215</b>	<b>87</b>
<b>Emergency Response Project</b>	<b>300</b>	<b>220</b>	<b>73</b>	<b>192</b>	<b>64</b>	<b>300</b>	<b>220</b>	<b>73</b>	<b>192</b>	<b>64</b>
<b>Subtotal</b>	<b>579,939</b>	<b>386,086</b>	<b>67</b>	<b>268,452</b>	<b>46</b>	<b>589,539</b>	<b>429,113</b>	<b>73</b>	<b>298,674</b>	<b>51</b>
<b>Support to Electoral Process</b>	<b>174,771</b>	<b>158,623</b>	<b>61</b>	<b>140,384</b>	<b>58</b>	<b>174,613</b>	<b>160,606</b>	<b>92</b>	<b>155,286</b>	<b>89</b>
<b>TOTAL</b>	<b>754,710</b>	<b>544,709</b>	<b>72</b>	<b>408,836</b>	<b>54</b>	<b>764,152</b>	<b>589,719</b>	<b>77</b>	<b>453,960</b>	<b>59</b>

As indicated in the Second Progress Report, as of 30 June 2005, the relatively high rate of implementation of the UNDG ITF is not attributable only to the UN programmes implemented under the Support to Electoral Process Cluster. Table 14 shows that even without taking the Support to Electoral Process Cluster into account, total commitments and disbursements for projects implemented in all other Clusters amount to \$429.11 million (73 per cent) and \$298.67 million (51 per cent), respectively.

**Table 15. Total Project Commitments and Disbursements, Updated by Agency (\$1,000s)**

AGENCY	31 December 2005					31 March 2006				
	Funded Amount	Commitment		Disbursement		Funded Amount	Commitment		Disbursement	
		US\$ 1,000	%	US\$ 1,000	%		US\$ 1,000	%	US\$ 1,000	%
ESCWA	7,483	1,087	15	533	7	7,483	2,954	39	1,285	17
FAO	49,140	31,793	65	16,600	34	49,140	33,186	68	17,848	36
ILO	321	301	94	307	96	321	307	96	312	97
UNDP	252,891	177,074	70	126,470	50	255,534	183,067	72	132,764	52
UNEP	16,605	14,203	86	8,415	51	16,605	15,581	94	10,242	62
UNESCO	31,572	19,446	62	11,296	36	31,414	21,092	67	18,792	60
UNFPA	12,603	7,824	62	7,679	61	12,603	7,824	62	7,772	62
UNHABITAT	49,375	31,640	64	24,086	49	49,375	35,712	72	26,109	53
UNHCR	8,116	8,116	100	8,050	99	10,088	10,088	100	8,116	80
UNICEF	92,784	64,638	70	51,637	56	92,784	79,088	85	52,988	57
UNIDO	14,967	3,107	21	2,617	17	14,967	4,389	29	4,007	27
UNIFEM	3,575	2,425	68	2,425	68	3,575	2,326	65	2,546	71
UNOPS	137,429	126,516	92	108,873	79	142,413	129,056	91	123,388	87
WFP	7,000	4,623	66	4,623	66	7,000	5,651	81	5,373	77
WHO	70,850	51,915	73	35,226	50	70,850	59,399	84	42,416	60
<b>TOTAL</b>	<b>754,711</b>	<b>544,709</b>	<b>72</b>	<b>408,836</b>	<b>54</b>	<b>764,152</b>	<b>589,719</b>	<b>77</b>	<b>453,960</b>	<b>59</b>

NB: One of the UNIDO projects funded for approximately \$7 million is in the process of being terminated owing to inadequacy of funds to cover full project requirements. With termination of this project, UNIDO commitment and disbursement rates stand at 51 per cent and 45 per cent, respectively.

**Table 16. Value and Number of Contract Awards, by Country (\$)**

VALUE AND NUMBER OF AWARDS BY COUNTRY										
Country	July- Dec 2004		Jan- June 2005		July-Dec 2005		Jan-March2006		Total 2004 - 2006	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Australia	1	15,664	1	8,372	1	464,850			3	488,886
Austria	4	641,557	9	458,450	4	4,010,726	1	54,008	18	5,164,741
Bahrain			4	124,761	3	2,212,895			7	2,337,656
Belgium	1	22,500,000							1	22,500,000
Canada			2	64,840	2	122,388	1	12,000	5	199,228
China	22	36,040,361	7	12,296,811					29	48,337,172
Croatia			1	11,780					1	11,780
Cyprus			2	137,835	1	82,000			3	219,835
Czech Republic	1	287,522	1	2,164,590	1	3,815,835			3	6,267,947
Denmark	8	11,118,139	6	660,069	11	19,928,515	10	441,415	35	32,148,138
Egypt	11	210,364	4	107,430	19	788,333	1	22,463	35	1,128,590
Finland					2	211,154			2	211,154
France	4	210,377	15	407,882	6	1,449,631	2	650,089	27	2,717,979
Germany	9	1,473,443	40	4,758,811	20	1,745,568	11	713,162	80	8,690,984
India	1	26,496	5	427,071	4	1,403,697	1	28,660	11	1,885,924
Indonesia					1	112,000			1	112,000
Iran (Islamic Republic of)	1	56,980			2	35,635			3	92,615
Iraq	79	9,583,222	216	23,388,704	251	24,995,788	41	5,575,773	587	63,543,487
Ireland			1	51,400	1	28,296			2	79,696
Italy	7	1,625,578	18	2,658,291	12	4,801,335	2	135,626	39	9,220,830
Japan	8	17,317,159	14	51,840,111	6	213,491	2	75,422	30	69,446,183
Jordan	51	6,295,890	49	5,662,901	87	7,555,755	26	114,276	213	19,628,822
Kenya			1	284,457					1	284,457
Kuwait	1	304,750	11	2,163,528	2	1,459,475			14	3,927,753
Lebanon	3	2,637,565	9	1,234,821	4	1,028,385			16	4,900,771
Liechtenstein	1	22,700,000							1	22,700,000
Morocco					1	16,400			1	16,400
Netherlands	10	1,784,903	10	2,498,384	12	1,626,889	3	632,779	35	6,542,955
New Zealand	1	160,997							1	160,997
Norway	1	41,000							1	41,000
Oman	4	493,485	2	16,776	4	1,440,680	2	468,675	12	2,419,616
Other					1	44,632			1	44,632
Pakistan			1	15,062					1	15,062
Saudi Arabia			2	247,385	2	66,634			4	314,019
Slovenia					2	380,980			2	380,980
South Africa			1	1,288	2	40,900	1	6,700	4	48,888
Spain			1	133,899	1	16,696			2	150,595
Sudan					1	78,975			1	78,975
Sweden	2	12,680,046	1	552	2	106,179			5	12,786,777
Switzerland	6	217,532	18	1,859,676	6	176,376			30	2,253,584
Syrian Arab Republic			1	376,661	2	86,400			3	463,061
Thailand	1	8,221			1	43,836			2	52,057
Tunisia	2	38,650	1	12,900	1	34,440			4	85,990
Turkey	6	2,446,956			1	452,500			7	2,899,456
United Arab Emirates	1	32,500	4	41,209,589	3	181,385	2	47,822	10	41,471,296
United Kingdom	23	14,596,065	38	4,029,726	19	33,511,271	13	1,340,721	93	53,477,783
United States	8	1,562,414	13	2,584,273	5	5,237,489	6	157,177	32	9,541,353
<b>Total</b>	<b>278</b>	<b>167,107,836</b>	<b>509</b>	<b>161,899,086</b>	<b>506</b>	<b>120,008,414</b>	<b>125</b>	<b>10,476,768</b>	<b>1418</b>	<b>459,492,104</b>



As shown in Table 16, during the period from 1 July 2004-31 March 2006, 1,418 contracts were posted on the UNDG ITF web site and awarded to suppliers from 47 countries. These contracts are for the provision of services, supplies, commodities, equipment and other project inputs and have a combined value of \$459 million. Iraq, with \$64 million in contract awards (587 separate contracts), is the second largest supplier of goods and services (after Japan with \$69 million for 30 separate contracts), indicating the large volume of national/local contracting, particularly community-level infrastructure rehabilitation, that is being undertaken in Iraq.

**Table 17. Contract Awards, by Cluster (\$)**

CONTRACT AWARDS BY CLUSTER			
July 2004- March 2006			
Cluster	No.	%	Amount
A-Agriculture, Food Security, Environment & Natural Resource Management	196	10	45,031,647
B-Education & Culture	320	18	81,229,895
C-Governance & Human Development	45	1	6,417,314
D-Health & Nutrition	647	10	47,104,456
E-Infrastructure & Rehabilitation	132	28	127,357,748
F-Refugees, IDPs & Durable Solutions	42	3	13,634,760
G-Support to Electoral Process	36	30	138,608,327
	<b>1418</b>	<b>100</b>	<b>459,384,147</b>

**Table 18. Contract Awards, by Method of Procurement (\$)**

Method	July- Dec. 2004			Jan.-June 2005			July-Dec. 2005			Jan.-March 2006		
	No.	%	Amount	No.	%	Amount	No.	%	Amount	No.	%	Amount
Competitive Bidding	168	57	95,590,031	405	63	102,514,591	367	81	97,110,769	86	89	9,310,708
Direct Contracting	79	35	58,963,724	92	36	57,764,031	121	17	19,990,812	38	11	1,164,994
Long-term Agreement	29	7	12,416,013	14	1	1,650,575	18	2	2,906,833	1	0	1,066
	<b>276</b>	<b>100</b>	<b>166,969,768</b>	<b>511</b>	<b>100</b>	<b>161,929,197</b>	<b>506</b>	<b>100</b>	<b>120,008,414</b>	<b>125</b>	<b>100</b>	<b>10,476,768</b>

On a cumulative basis, of the total contract awards of \$459 million, \$304.5 million (66 per cent) were contracted under competitive bidding while \$138 million (30 per cent) and \$17 million (4 per cent) were direct contracts and long-term agreements, respectively, as per the Financial Regulations and Rules of the implementing agencies. Of the \$138 million in “direct contract” awards, \$108 million (78 per cent) were for rehabilitation of major infrastructure contracts where the equipment could be provided only by the original supplier owing to the need to ensure compatibility and standardization.

#### Interest Earned by UN Participating Agencies

At the Fourth Donor Committee Meeting held at the Dead Sea, Jordan, in July 2005, it was decided that all interest earned by the Participating UN Organizations would be credited to the UNDG ITF account unless the governing bodies of the said Organizations had approved decisions that did not allow for such a refund.

Of the fourteen Participating UN Organizations that received funding from UNDG ITF in 2004, all Organizations except UNICEF have reported interest earnings totalling \$2.58 million (UNHCR and ESCWA reported nil interest earnings). 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 its Executive Director, no interest shall be payable on funds administered by UNICEF”.

While WHO and UNDP have reported interest of \$446,510 and \$1,329,142, respectively, they have indicated that they will not be refunding any interest (in UNDP’s case, not at present). WHO has indicated that as per its financial procedures, interest will be used to increase the funds available for programme implementation. UNDP, as per its Financial Rule 126.7, has recorded interest earnings as miscellaneous income to be used for programme implementation in its “UNDP Iraq Reconstruction Trust Fund” (which is separate from the UNDG ITF account), established to receive approved UNDG ITF funds to be used for projects implemented by UNDP. Any surplus remaining in the “UNDP Iraq Reconstruction Trust Fund” at the end of the programme will be credited to the UNDG ITF. The total interest received and credited to the UNDG ITF Agency Earned Interest account for 2004 is \$795,205.

**Table 19. Interest Earned by Implementing UN Agencies as of 31 December 2005**

<b>AGENCY</b>	<b>2004 INTEREST (US\$)</b>	<b>2005 INTEREST (US\$)</b>	<b>TOTAL (US\$)</b>
ESCWA	0	29,467	29,467
FAO	236,302	830,087	1,066,389
ILO	596	0	596
UNDP	1,329,142		1,329,142
UNEP	42,006	94,146	136,153
UNESCO	78,273	460,207	538,480
UNFPA	142,294	218,943	361,237
UN-HABITAT	126,562	258,736	385,298
UNHCR	0	20,456	20,456
UNICEF	0	0	0
UNIDO	47,676	418,423	466,099
UNIFEM	9,368	49,056	58,424
UNOPS	112,128		112,128
WFP	0	0	0
WHO	446,510	851,810	1,298,320
<b>TOTAL</b>	<b>2,570,858</b>	<b>3,231,332</b>	<b>5,802,189</b>

Fifteen agencies received funding from UNDG ITF in 2005 of which twelve (except UNDP, UNICEF and UNOPS) have to date reported interest earnings of \$3.23 million. As of 31 March 2006, none of the agencies had refunded any interest except for UNESCO, which has remitted \$7,293 for its closed project C11-07, “Support for Fair, Safe and Professional Media Election Coverage”.

#### **2.4.4 Cost Recovery**

The cost recovery for UNDG ITF is guided by the applicable provisions of the TOR for the IRFFI, the LOA concluded by UNDP as the Administrative Agent of the UNDG ITF with IRFFI donors, and the MOU concluded with Participating UN Organizations.

For the reporting period from 1 July 2004 to 31 December 2005, the actual costs were as follows:

1. Administrative Agent fee of \$7.4 million, charged for the entire duration of the Fund, amounted to 0.82 per cent of total funds deposited and is less than the one per cent that is generally charged for administering similar funds.
2. Indirect costs of Participating UN Organizations amounted to \$27.4 million, which works out to 5.7 per cent of total programme costs and which is well within the agreed range of 5-9 per cent (with an average of 7 per cent) for such costs.
3. Direct costs for the UNDG ITF Steering Committee Support Office and the IRFFI Secretariat (the latter was discontinued in February 2005 since its benefit did not justify its significant cost outlay) 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 31 December 2005, \$1.4 million had been charged to fund such costs. Based on the actual costs incurred until the end of 2006, in 2007 the difference between the actual costs and the estimated costs based on the notional rate of 0.15 per cent used to date will be credited back to the UNDG ITF account.

#### **2.4.5. Financial Management**

As indicated earlier, as per the provisions of the LOA and the MOU signed by UNDP as the Administrative Agent of the UNDG ITF with donors and the Participating UN Organizations, respectively, the financial management of funds transferred to individual agencies for implementation of projects is the responsibility of the respective UN implementing agency. Each agency maintains records and accounts and applies its own financial regulations, rules and procedures for the receipt, administration, disbursement and reporting of funds that are transferred to it by UNDP, including those related to interest earnings.

#### **2.5. Transparency and Accountability of the UNDG ITF Operations**

The major vehicle for public transparency of UNDG ITF operations continues to be the IRFFI [www.irffi.org](http://www.irffi.org) web site to which readers are referred. The public posting of contract award data on this site has brought a new level of transparency, which has been widely appreciated. It has been advantageous to the public, the business community and the Participating UN Organizations themselves. By accessing the site, UN programme managers, for example, can easily determine costs for activities comparable to those that they are planning.

Within the framework on financial management indicated in the previous section, in the interest of greater transparency and to increase competitive supply sourcing, Participating UN Organizations are increasingly publishing Expressions of Interest, Requests for Proposals and Invitations to Bid on the IRFFI public web site. Adaptations in the content of some calls for tender have also been made in response to lessons learned through the posting on a shared web site.

The UNDG ITF has also initiated a “lessons-learned and review exercise” of the entire UNDG ITF operation. This is being undertaken under the overall responsibility of the UNDP Office of Audit and Performance Review, the UNDP internal auditor, which has engaged PricewaterhouseCoopers (PWC), the management consultancy/audit company, to conduct the review. The review has three main sections: a programmatic (governance) review of all of the UNDG ITF operations, a financial review of the UNDG ITF Unit in New York, and audits of the operations of UNDP and UNOPS for the period from 1 January 2004 to 30 June 2005. The programmatic review report and the key findings of the financial audits will be shared with IRFFI donors.

The PWC report on the UNDG ITF unit indicates the following:

- “On finalization of the UNDG ITF, a particular challenge will be to ensure that the lessons learned and intellectual capability built up by the staff are not lost to the UN because, as mentioned previously, this was a unique model that had not been used previously.”
- “In spite of the significant challenges mentioned above, the overall outcome of the UNDG ITF is very much positive. We have not noted any significant non-compliance with the MOU’s, the LOA, and the applicable Rules, Regulations, Policy and Procedures by the UNDG ITF Unit. Indeed, the UNDG ITF has exceeded their compliance requirements and has taken initiatives to enhance transparency and public reporting that exceed their specific requirements as per the MOU’s and LOA.”

The major observations arising from PWC were mainly in the area of internal control rather than compliance. There were also recommendations on accounting issues and business model enhancements. A summary of the key PWC recommendations, including the UNDG ITF management responses, will also be submitted to donors.

### **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 most recent Report of the Secretary-General to the Security Council on UNAMI (S/2006/137) of 3 March 2006, from which this section draws, underlines that UN staff members are at risk of becoming targets of violence. The political transition and attempts by the Multinational Force and Iraqi security forces to maintain security have been accompanied by the development of an increasingly complex armed opposition capable of maintaining a consistently high level of violent activity across the country. Baghdad, Mosul and the western province of Al Anbar have been experiencing the worst of the destruction – security risk is graded as high. Although the southern and northern governorates are less affected, some areas, particularly Basrah and Kirkuk, have recently witnessed increased tension and a growing number of violent incidents. As a result, the security risk is graded critical for the whole country.

The attacks remain highly lethal in character, producing large numbers of casualties among civilians, particularly those seeking to join the security forces. Iraqis involved in work associated with the Multinational Force, foreign construction companies and infrastructure concerns (such as oil production companies) are seen to be of interest to the various armed opposition groups, as are politicians, government workers and their families. Attacks and kidnappings of foreigners, including journalists and humanitarian workers, have once again increased. The attacks, coupled with the destruction of critical infrastructure, have resulted in severe disruptions to the delivery of essential services across the country, including fuel, water and electricity. The deteriorating situation is further evidenced by the increased levels of sectarian strife, including almost daily reports of inter-communal intimidation and murder.

The UN presence and its ability to operate effectively in Iraq remain severely constrained by the security environment. This high-risk setting greatly restricts freedom of movement, especially by road. To provide UN staff members with the best security possible, and therefore ensure that they are able to maintain a presence in Iraq, a number of mitigating and protective measures have been introduced, which are both expensive and time-consuming. Inevitably, this does restrict the ability and means of the UN, its partners and national institutions to deliver services, goods, technical support and policy advice and to contribute to reconstruction. Therefore, UNDG ITF activities will continue to be carried out with the minimum possible number of international personnel inside Iraq, maximizing the 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 and in previous reports is unavoidable.

The increased progress over the present 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. The nomination of a Prime Minister on 22

April 2006 and the hopes thus engendered for the creation of a national unity government bring with them the chance that the level of sectarian tensions will diminish and security will be improved.

### **3.2. Interdependence of 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 of the UN in support for the political transition and its role in reconstruction – are closely intertwined, and progress in the one continues to be inextricably linked with progress in the other.

As indicated in the First and Second Progress Reports, post-conflict elections teeter on the edge between realizing a legitimate democratic government and unaccepted governments. It is now over four months since the 15 December 2005 elections and there has only just – on 22 April 2006 – been agreement on the nomination of a Prime Minister, who has the responsibility for the formation of the Government.

As occurs in other post-conflict situations, the standoff over the formation of a government for the full constitutionally mandated term has exacerbated the underlying tensions and led to a resurgence of violence. This could potentially discredit the transition process and lead to a halt to reconstruction. The 15 December 2005 elections were reasonably successful at the time in terms of turnout and cross-community participation. In retrospect, however, the most salient feature appears to have been the sectarian nature of the voting.

The UNCT, with funding from the UNDG ITF, will, of necessity, therefore continue with the concentration on governance and basic services in the upcoming reporting period. Governance programmes will seek to promote good and democratic governance, while assistance to the provision of basic services will seek to address some of the underlying tensions and conflict related to economic and social deprivation. Further details on the strategy to be pursued are contained in the draft UN Assistance Strategy 2006-2007 that will be submitted separately to IRFFI donors. In the following section, the key elements of planned support to governance and basic services are given while the key elements of the strategy, by Cluster, are provided in section H of the Cluster reports in part two.

### **3.3. Future Work of the UNDG ITF on Governance and Basic Services**

#### **3.3.1. Governance Support**

As part of a series of last-minute amendments on 12 October 2005, a four-month constitutional review commission was mandated for 2006, soon after the formation of the new Council of Representatives. As indicated in previous reports, it is only on the basis of a constitution widely accepted as legitimate by the people and communities of Iraq that the stage can be set for successful long-term reconstruction. Therefore, a key priority in the governance programme will be support for the constitutional review process. Since the dedicated financial assistance provided by the European Commission to the UNDG ITF Support to the Constitutional Process sub-Cluster has been fully used, an additional financial contribution is required to enable the UNCT to continue to provide direct assistance to the Council of Representatives and the Constitutional Review Commission.

The constitutional review process provides an opportunity for a more considered appraisal of the constitutional text in the light of critical concerns that have been expressed by Iraqi political actors, civil society and international experts and in the commentaries of UNAMI itself. The UNAMI putative recommendations for textual reformulations of the yet-to-be-formed Constitutional Review Commission relate in particular to areas such as the protection and promotion of human rights, the structure of the government including decentralization, and distribution of wealth and power.

The UN has drafted a strategy based on two pillars: (a) assistance to the constitutional review process, and (b) assistance to the constitutional implementation process. In regards to the latter, much of the constitutional framework has been left over for elaboration, including over 60 statutes and 22 constitutionally mandated institutions. UN activities will be delivered across two, cross-cutting, constitutional areas – rule of law and human rights, and decentralization, federalism and good governance – complemented by an extensive programme of public education, consensus-building and reconciliation.

There will be some continuity with the approach taken during the drafting of the Constitution itself with respect to the methodology and modalities of UN support; however, it will, by no means, be a carbon copy for two reasons. First, the political dynamics of the constitutional review phase will be different because of the change in the composition of the Council of Representatives, including greater representation of Sunni and non-sectarian parties. Second, the UN has learned lessons from the first phase, and its approach in the constitutional review phase will be more proactive and robust, with an early engagement of the party leadership.

The public outreach campaign will not merely focus on generic constitutional education and a large-scale submission process from the different communities but will actively promote national dialogue, consensus-building and reconciliation. Knowledge-based initiatives will target parliamentarians, policy-makers, members of the Constitutional Review Commission, CSOs and the wider community, including youth and women.

The UN is cognizant that at a time when the central government faces enormous difficulties in building an effective central administration, key policy issues arising from the Constitution, such as federalism, decentralization, revenue-sharing and resource management, and the evolution of the regions, among others, will be difficult to address. These are critical areas in which the UN is already sharing with a cross-section of Iraqi officials the comparable experiences of countries that have effectively and democratically addressed these challenges.

In the current context of political vacuum, uncertainty and potential further division, the need for sustained inter-communal dialogue and confidence-building measures to promote national reconciliation emerges as the top priority. It is important to continue to encourage communities to talk with one another, to cultivate political compromise and to promote respect for human rights and the setting up of a strong national human rights protection system.

Any constitution-making process presents an opportunity for nation-building. The UN will thus ensure that consensus-building, educational and capacity-building components are incorporated into all of the programmes at the outset and include traditional and nascent Iraqi institutions, including universities, NGOs and the media. It is anticipated that the constitutional review exercise will take place over a year, hence providing Iraqis with a reasonable opportunity to engage in public dialogue and discussions.

Beyond the statutes and institutions that will need to be created as part of the constitutional implementation systems of governance, national accounting tools, civil service reform and modernization initiatives will need to be set in motion.

Opinion polls reveal that Iraqis see the functioning of public services, particularly access to a secure environment, electricity and water, as paramount. Unfortunately, the huge investments in public services of the last two years have had a minimal impact, and sabotage and rising security costs are devouring funds earmarked for reconstruction. According to the Iraq Living Conditions Survey (ILCS 2005) and the following Unidentified Basic Needs Index (due in 2006), a growing number of Iraqis lack access to basic services such as those mentioned above, and provision and access are being jeopardized as a result of rising terrorist incidents and assassinations as well as sabotage.

Given that the estimated revenue of the country in 2005 was in excess of \$33 billion, having access to services in Iraq is not so much a function of income or expenditure but rather of good governance, rule of law, and rebuilding and investing in the political and social capital of the country.

The challenge for decision-makers – Iraqi, regional and international alike – is to develop the institutional ability and flexibility to deliver services and respond to changing needs and circumstances while steadying the course towards strategic goals and objectives: a peaceful, prosperous, democratic and modern Iraq as a fully recognized and accepted member of the international community.

The required political, security, social, structural and economic transformations will have to be Iraqi-led and Iraqi-owned, involving government, civil society and the private sector. Democracy cannot be imported or imposed and laws and institutions cannot be replicated from elsewhere but must be a reflection of Iraqi needs and Iraqi priorities.

The new parliament and the new government will serve for a full four-year period, creating the hope for a more stable administration able to solve some of the country's many urgent problems. Much will now depend on the vision of the new Iraqi Government and its ability to bridge the societal divide and turn the Constitution into a widely accepted social contract. The new Council of Representatives is broadly representative of the communities of Iraq and includes a substantial percentage of women. It is now incumbent on the parties represented in the Council to work towards a fully inclusive government and for the Council to demonstrate responsible leadership by uniting to develop an agreed national compact.

### **3.3.2. Basic Services**

The UNCT determined correctly in the 2005 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. Rather, the UNCT did not assume an end to the conflict or focus only on peaceful regions of the country but instead 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. Its modus operandi introduced rehabilitation and development activities alongside its humanitarian activities under a programme approach within the new cluster system. This approach proved prescient: unfortunately, it is still necessary for the upcoming reporting period and has been integrated into the 2006-2007 strategy.

Recovery and reconstruction in Iraq will be a lengthy process and deliberate planning of the following transition to more regular development will be required. The precise duration of this transition will depend on the political and security situation but is expected to be accelerated by the imminent emergence of a constitutionally elected government. As this transition begins and deepens, Iraq will need to address an array of socio-economic reforms that will rely on the continued commitment of the international community for success. The UNDG ITF and the UN cluster approach now have sufficient institutional and intellectual capacity to become a significant contributor to this transition.

The UNCT takes its lead in recovery, rehabilitation and development action from the priorities of the Government of Iraq. The National Development Strategy prioritizes four drivers of prosperity that reflect the multifaceted and complex challenges confronting the country:

- (a) strengthening the foundations of economic growth;
- (b) revitalizing the private sector;
- (c) improving the quality of life; and
- (d) strengthening good governance and security.



This strategy seeks to deliver on two fronts simultaneously: first, urgent humanitarian interventions to provide basic services such as water, electricity, hospitals and schools; and second, initiation of reforms building of institutions and development of capacities that will support a vibrant, market-oriented economy. The strategy is to provide urgent humanitarian and recovery interventions that also yield benefits in the medium and the long term.

Iraq used the MDGs as a framework for setting the goals to be achieved through its national strategy but adjusted them to meet national conditions and post-conflict needs. Accordingly, the Iraq National Development Goals emphasize basic goods and services, especially health and education, shelter, and income-generation and poverty reduction. The adjustments to targets and indicators also reflect the country's expectations for progress: several targets are more ambitious than corresponding global targets. For example, Iraq Targets 1 and 2 are to reduce by two thirds the proportion of people living below the poverty line and suffering from hunger, respectively, whereas global targets are to halve that proportion. Iraq Target 4 is for all boys and girls to complete primary and secondary school whereas the corresponding global target relates to primary schooling only. The Government of Iraq also added a goal on corruption (Goal 8) because of the massive history of corruption, which bankrupted the country through embezzlement of public funds at the expense of the average citizen. Iraq also adjusted the baseline year for most indicators from 1990 to 2004 in order to account for the impact of the wars on the population. The Iraq National Development Goals are listed below.

<b>Iraq National Development Goals</b>	
<b>Goal 1: Eradicate hunger and poverty</b>	
Target 1	Reduce by two thirds the proportion of people living below the poverty line
Target 2	Reduce by two thirds the proportion of people who suffer from hunger
Target 3	Raise the rate of labour force participation to 70 per cent of the working-age population
<b>Goal 2: Achieve universal literacy and lifelong learning</b>	
Target 4	Ensure that all boys and girls complete a full course of primary and secondary schooling
<b>Goal 3: Promote gender equality and empower women</b>	
Target 5	Eliminate gender disparity in all levels of education
<b>Goal 4: Reduce child mortality</b>	
Target 6	Reduce by two thirds the under-five mortality rate
<b>Goal 5: Reduce maternal mortality</b>	
Target 7	Reduce by two thirds the maternal mortality rate
<b>Goal 6: Achieve universal access to safe water and sanitation</b>	
Target 8	Ensure that all people have sustainable access to safe drinking water and improved sanitation
<b>Goal 7: Achieve decent shelter for all</b>	
Target 9	Increase to 90 per cent the number of households that own their dwellings
Target 10	Reduce by two thirds the number of people living in slums and overcrowded houses
<b>Goal 8: Eradicate corruption</b>	
Target 11	Ratify and implement the United Nations Convention against Corruption by 2006
Target 12	Eliminate State monopoly in the economy and other sectors of social life by 2007
Target 13	Curtail discretionary power (i.e., the lack of clear administrative rules and regulations) by 2007
Target 14	Increase accountability (i.e., poor functioning of watchdog agencies or lack of such agencies, including civil society and media organizations) by 2007

UN assistance activities have aimed to meet immediate humanitarian and social needs while also contributing to longer-term reconstruction and development. This has meant, in practice, an emphasis on

supporting Iraqi institutions to deliver services and functions through capacity-building measures. Concurrently, UN agencies deliver many services, goods and reconstruction activities directly owing to the urgency of the situation and the extent of needs. It maximizes the involvement of Iraqi institutions and beneficiaries in project identification, formulation and implementation as the situation evolves while retaining overall accountability for their actions.

The power vacuum at the national level has aggravated a real loss of already limited institutional capacity as authorities and responsible government personnel and technical staff changed, often with each transition. Local authorities, especially governorates, are becoming stronger in authority as they establish their administrations and in the absence of clear, continuous national leadership. It is to be hoped that the successful formation of the new Government will usher in greater stability.

Regular attacks on critical infrastructure, especially power grids and petroleum industry infrastructure, undermine progress made in restoring basic services and economic functions, block physical repair, discourage investment and raise costs. The intensity and kind of insecurity, however, vary across the country, with many areas relatively safe for movement and commerce. Moreover, Iraqis are adapting to the insecure environment and discovering ways to go about their lives and business, as has occurred in other countries during prolonged periods of strife. This creates certain space for continued reconstruction and development activities. The UNCT will link its assistance to basic services to the promotion of community development and participation so as to simultaneously promote good governance. Area-based integrated approaches will become more important. Emphasis will be on the move towards recovery as humanitarian needs are met and on reconciliation and stabilization.

### 3.3.3. Progress Already during the First Quarter of 2006

Already during the first quarter of 2006, the activities of the UNDG ITF moved forward substantially in support to governance and basic services. From 1 January 2006 to 31 March 2006, UN agencies committed and disbursed a total of approximately \$45 million. As of 31 March 2006, a cumulative total of \$589.72 million had been legally committed and \$453.96 million had been disbursed. The current commitment rate of 77 per cent and the disbursement rate of 59 per cent represent record implementation levels attained by implementing UN agencies in Iraq despite ongoing security challenges and the difficult situation on the ground. Details on activities already undertaken by Clusters during the first quarter of 2006 are contained in section G of the Cluster-level progress reports in part two.

Decisions on new projects by the UNDG ITF Steering Committee during the first quarter of 2006 have also pursued the UNCT emphasis on governance and basic services, with a major human rights programme launched and further assistance to sanitation and mine clearance. Projects approved at the UNDG ITF Steering Committee meeting on 16 March 2006 are listed below.

#### Projects Approved at the UNDG ITF Steering Committee Meeting on 16 March 2006

Project No.	Title	Budget (\$)	Agency
A7-03	Capacity Development in the Iraq Kurdistan Mine Action Centre	2,921,852	UNOPS
B1-20	Basrah Leadership Human Rights Awareness	62,538	UNOPS/OHCHR
D2-12	Establishment of Waste Management System in the City of Kirkuk	2,000,000	UNOPS

As a result of the Steering Committee meeting on 16 March 2006, the total number of projects approved as of 31 March 2006 stood at 86,<sup>9</sup> with a total value of \$764 million.

### **3.4. 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 SWGs. The continued support of Iraqi-led SWGs by the UN resulted in enhanced donor participation in critical sectors such as health, education, the rule of law and energy. The UN has also been facilitating coordination, information flows between the centre and the provinces, and the regular participation of senior Government officials in regional and provincial coordination forums. Similarly, it has continued to facilitate the participation of local officials in discussions of the Baghdad Coordination Group, the Iraqi Strategic Review Board and other central bodies responsible for reconstruction and development and the allocation of resources.

Support for effective donor coordination in Baghdad has allowed for the articulation of common positions among members of the donor community on reconstruction and development challenges as well as the exchange of information on bilateral donor programmes, leading to enhanced efficiency. UN coordination efforts have also led to a greater international focus on issues affecting civil society in Iraq.

One further aspect of UN assistance to aid coordination is that provided by the UNDP projects supporting the MoPDC. Crucially, the Donor Assistance Database (DAD) has been effectively established as the principal tool to track, analyse, monitor and prioritize aid flows to Iraq. DAD, now accessible at [www.mop-iraq.org/dad](http://www.mop-iraq.org/dad), is fully operational and maintained by MoPDC, with data on donor assistance with a value of more than \$8.5 billion incorporated into the database.

Advice and support have also been provided for the establishment of the Aid Coordination Directorate responsible for project implementation and DAD operation at the MoPDC. Further work in 2006 will focus on upgrading management, communications and analytical reporting skills through the provision of essential expertise. Emphasis will be on developing public investment tracking and its integration with DAD, with the aim of supporting the budget planning process. DAD will also be extended over five ministries (finance, electricity, health, education, municipalities and public works) to strengthen their capacities in aid coordination, monitoring and planning.

The ultimate aim of UN assistance continues to be for Iraq to assume complete ownership of its development, with reconstruction and development assistance becoming part of the national budget processes.

### **3.5. Recurrent Cost Implications**

The issue of the implications of recurrent costs has been flagged since the presentation of the UNDG ITF Tokyo interim progress report in October 2004. The assistance being provided by UNDP to the MoPDC in

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<sup>9</sup> The discrepancy of one project – 82 as of 31 December 2005 and 86 as of 31 March 2006 with only three projects approved on 16 March – is explained by the fact that UNDP project C9-12 was approved during the reporting period that closed on 31 December but funding was transferred only in January 2006.

the operationalization of DAD will contribute to making available to the MoPDC and the MoF relevant information that will facilitate addressing this issue.

A recognized hurdle to implementation by the UNCT, however, continues to be the lack of operational budgets, for example in a critical area such as health. The ISRB (where the MoF is represented) is now involved in a very active review of UNDG ITF projects (as are SWGs) before their approval. The recurrent cost implications of these projects should be understood and acted upon to ensure their continued sustainability as part of the overall annual sectoral and ministerial budget review and approval process.

### **3.6. Continual Incorporation of Lessons Learned**

The last Donor Meeting at the Dead Sea in 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 sections of the First and Second UNDG ITF Progress Reports.

Lessons learned are continually being integrated into programme implementation modalities. There is a continual need to adapt to the lack of institutional capacity in Iraqi ministries and 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. The environment is not conducive to sustainability for programmes implemented by the UN (as well as other partners and donors). The UN is adapting to the challenges of implementation in Iraq through a judicious mix of institution-building, strategic advice and direct service delivery when required.

Beyond implementation issues on the ground, it is important to recall that the UNDG ITF is a new mechanism for coordinating assistance. The coordination structure has undergone and continues to undergo adjustments necessary for a new mechanism and in order to ensure its effectiveness in the highly fluid situation in Iraq.

The UNCT itself has the structure constantly under review and set up three task forces at its December 2005 retreat to look into cluster structure and coordination, cross-cutting themes, and processes and procedures in programme and project design. The UNDG ITF Unit in New York also remains at the forefront of UN reform in fund management and draws lessons from its experience for the Iraq Trust Fund and increasingly for other similar MDTFs.

These new funding and coordination structures are also subject to external review. The independent lessons-learned and review exercise on the UNDG ITF, as indicated in previous progress reports, is being coordinated by the UNDP Office of Audit and Performance Review as the body responsible for management review and audit within the Administrative Agent. PricewaterhouseCoopers was contracted to undertake the review and began field work in November 2005. The final report will be presented separately to donors and is therefore covered only very briefly in the present report. In addition to the PricewaterhouseCoopers review, there are two other review exercises ongoing. One is a review of all MDTF mechanisms for transition financing, which has been commissioned by the UNDG/Executive Committee on Humanitarian Assistance (ECHA) Working Group and undertaken by Development Initiatives of the United Kingdom, whose report is in its final draft form. A similar review is being undertaken by Scanteam, a Norwegian consulting group, for the World Bank; it is at the Inception Report stage.

Both the internal and external reviews confirm strongly the value of the pooled funding approach embodied by the IRFFI and the UNDG ITF. The UNCT believes that the multi-donor financial framework of a single unified trust fund has proven to be the best route to meeting urgent needs and Iraqi priorities for both reconstruction and electoral assistance. The UNDG ITF Unit in New York is being asked to assist similar

MDTFs. Phase 2 of the UNDG/ECHA work confirms that as pooled funding mechanisms, MDTFs are designed as practical applications of the broader effectiveness and harmonization agenda. “They embody components of the Paris Declaration including pooling of resources to reduce transaction costs, emphasis on supporting national priorities”, a point which is confirmed by the Inception Report of the World Bank review. In addition, UNDG trust funds are contributing to the ongoing work on UN coherence.

Of course, the UNDG ITF is not without its start-up problems. It is important, however, to be aware, while identifying and adapting to the lessons learned, that, as the UNDG/ECHA draft review so accurately points out: “MDTFs have clear advantages over other forms of financing in transition and it is important that they are not condemned to failure by over-high expectations. A salutary comparison is with aid harmonization, which has been on the DAC agenda since at least 1987.<sup>10</sup>...MDTFs are assuming all the learning costs and risks of being pilot programmes. In this context, managing expectations is important both for the operation of individual MDTFs and to create an environment where ‘failures’ can provide an opportunity for learning rather than a retreat into institutional defensiveness”.

### **3.6.1. Recommendations of UNCT December 2005 Task Forces on Lessons Learned**

At its retreat at the Dead Sea in December 2005, the UNCT formed three task forces to examine: (a) cluster structure and coordination; (b) cross-cutting themes; and (c) processes and procedures in programme and project design. The task forces reaffirmed the utility and benefit of the overall approach and recommended additional adjustments to make the structure and procedures more relevant to coordination of all UNCT activities and less strictly an instrument for the management and coordination of the UNDG ITF. The external assessment of the governance structure of the UNDG ITF by PricewaterhouseCoopers came to similar conclusions and made a series of recommendations that the UNCT is presently considering for implementation.

The review of the cluster structure identified that clusters can help to build complementarities and streamline processes within and among activities and programmes of UN agencies, something that nationally led sectoral working groups cannot always do, especially in the case of Iraq with its weakened institutions. One of the strongest recommendations was thus to include all UNCT work (not just that funded by the UNDG ITF) in the scope of each cluster, initially by sharing information on projects funded from other sources, and to build towards joint programming and a common country programme action plan. Some Clusters have already begun to do so spontaneously.

At the same time, reviews recognized the need to keep clusters manageable by limiting the breadth and number of projects and membership of clusters and by better defining the cluster goals, especially in relation to the Iraqi National Development Strategy and the MDGs. The cluster system consumes an enormous amount of staff time and energy, particularly through the need for high-level participation in frequent meetings and project peer review groups. The task forces also identified weak outcomes on cross-cutting themes – gender, environment, human rights, employment creation and security – that are relevant to most projects, reflect UN commitment to address universal concerns, and are pertinent to Iraq.

A number of recommendations are being seriously considered for implementation in order to improve the cluster system and programme outcomes.

On cluster management, consideration is being given to the encouragement to form sub-clusters in response to evolving needs and priorities; standardize and fine-tune cluster TOR; separate, perhaps, the role of Head of Agency from that of Cluster Coordinator if it is determined that this will promote better allegiance to the

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<sup>10</sup> The Development Cooperation Report 1987 stated that “Aid management should be undertaken within an agreed framework adopted at the highest decision making levels in [developing country] government....A process for unifying donor required documentation should be pursued in order to simplify implementation”.

cluster; select Cluster Coordinators in accordance with a competency profile; and establish a core team required to attend all cluster meetings.

To deal with issues relating to cross-cutting themes, the following recommendation is being considered: to assign individual members of cluster core teams the responsibility for ensuring that cross-cutting themes are adequately addressed in programmes, project proposals and reports in order to provide support to agencies as needed and to work with other clusters on the same theme. In the medium term, these focal points would serve as technical resources for the accelerated mainstreaming of these themes within agency programmes and projects, with the long-term goal of developing indicators to measure and monitor impact on cross-cutting themes across clusters.

On cluster accountability and improved programmatic outcomes, recommendations include preparation of a project review and approval checklist, including guidelines on cross-cutting themes; development of a mechanism for better monitoring of cluster performance; and quarterly cluster reports and Steering Committee reviews.

Additional recommendations focus on ways to accelerate, simplify and enhance the quality of programme approval and to engage the Steering Committee more substantively. The peer review approval would pay particular attention to cross-cutting themes, inter-cluster coordination and complementarities, sharing and application of best practices in implementation and management, and synergy in project delivery in specific geographic locations. A peer review group would also undertake an inter-cluster review of programme and project proposals. The Steering Committee Support Office would submit projects for signature to the Deputy Special Representative of the Secretary-General for Iraq, with a copy to all Heads of Agency, immediately following approval from the cluster peer review and the ISRB without waiting for a Steering Committee meeting. This would speed the approval process and would reinforce the role of the Steering Committee in strategy and policy, implementation approaches, and monitoring of strategic outcomes by removing individual projects from meeting agendas.

Projects that are lifesaving or concerned with a public health threat would be approved on a fast-track basis. Finally, UN projects would also be presented by the appropriate line ministry in Iraq to SWGs for information and coordination.

### **3.6.2. UNDG ITF Multi-donor Trust Fund Approach and Ongoing Reviews**

Already in the First Progress Report on the UNDG ITF, the Lessons Learned section indicated that the UNDG ITF is a good example of the practical implementation of the Statement of Resolve on “fragile states” contained in the Paris Declaration on Aid Effectiveness: “In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity...” (Article 7). Developments since then (and illustrated elsewhere in the present report) have only served to confirm further the extent to which the UNDG ITF has successfully adapted these principles to the environment of weak governance and capacity in Iraq.

There has also been positive progress in adhering to the Paris commitments to “Delivering effective aid in fragile states”:

- 1. “Harmonise their activities ... It should focus on ... joint assessments, joint strategies ... and the establishment of joint donor offices.”**

The UNDG ITF continues to function on the basis of a unified UN Assistance Strategy approved by the Iraqi authorities and endorsed by the Donor Committee. The 2004-2006 UN Assistance Strategy was approved at the Donor Committee meeting in Abu Dhabi in February 2004, following its approval by the

ISRB. In April 2005, the 2005-2007 strategy was adopted as a Joint Iraq-UN strategy. The 2006-2007 strategy is presently under finalization and is expected to be presented at the upcoming Fifth Donor Committee Meeting. The structure of the IRFFI, with its Donor Committee providing strategic guidance to the activities of both the UNDG ITF and World Bank ITF, serves to coordinate donor activities effectively.

**2. “Align to the maximum extent possible behind central government-led strategies...”**

The UN Assistance Strategy for Iraq is based on the Iraq National Development Strategy. The 2006-2007 strategy is based on the newly adopted Iraq National Development Goals, which are a national contextualization of the MDGs.

**3. “Avoid activities that undermine national institution building, such as bypassing national budget process or setting high salaries for local staff.”**

For projects and programmes funded both by UNDG ITF and bilaterally, the UN in Iraq is avoiding, to the maximum extent possible, the creation of stand-alone structures for day-to-day management and implementation of projects and programmes. Instead, it is using existing institutions and present officials of ministries.

**4. “Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.”**

The UNDG ITF has taken a pragmatic approach in the financing of incremental recurrent costs under reconstruction or development projects that it is supporting. Since all UNDG ITF projects are approved by the ISRB, on which the MoF sits, and since the MoPDC is now in possession of an operating donor assistance database (DAD) (through the assistance of a UNDG ITF funded UNDP project), it is hoped that the recurrent budget requirements of the externally financed projects, such as those of UNDG ITF, are taken into account and integrated into the national budget. Indeed the MoPDC has recently underlined that the DAD is perceived as a critical tool for harmonizing aid and capital budget.

The World Bank-commissioned Scanteam Inception Report of April 2006, Review of Multi-donor Trust Funds for Reconstruction, indicates, in support of point one mentioned earlier, that the IRFFI structure has shown that resource pooling is important for effective reconstruction and for reducing costs to each donor. Pooling funds allows the donors to reduce the demands on the recipient governments as well as their own costs.

The UNDG/ECHA draft report also identifies this as the first comparative advantage of MDTFs in transition situations: “they provide a coherent vehicle – and an organising principle – for donors to finance a national plan and reduce transaction costs for government; an MDTF can provide a structure to engage with nascent governments...MDTFs provide a multilateral umbrella which may be less tied by policy prescriptions or procedural rules than bilateral channels; MDTFs can improve complementarities and coordination among donor interventions even when the amount of funding that goes through the MDTF is small relative to the total foreign assistance; MDTFs allow smaller donors to participate in transition and recovery without major transaction costs thus enabling a broader church of donors to be involved; MDTFs offer an opportunity for a seat at the table, without heavy engagement or investment in monitoring and evaluation”.

The draft report also confirms the approach to building Iraqi ownership that has been the characteristic of the UNDG ITF, with the Minister of Planning and Development Cooperation taking over fully ownership of aid coordination based on a national development strategy presented at the Dead Sea meeting in July 2005 – the first time the Iraqi Government was represented by elected ministers. It also provides support for the UN approach to implementation.

The UNDG/ECHA draft review further indicates that “MDTFs for transition are the place where the real challenges on harmonization have to be tackled and trade offs have constantly to be made for example between the imperative to get services delivered immediately (for instance to provide access to basic services) and the need to build government capacity and empower national authorities to lead the recovery process. The former depends on quick implementation; the latter is often a slow and arduous process”. The cut-off point that the UNCT has arrived at is emphasis throughout implementation on building Iraqi capacity. However, UN agencies remain responsible for project outcomes and thus are proactive with Iraqi counterparts in ensuring achievement of project milestones.

In Iraq, the UNCT is convinced that the multilateral financial framework of a single trust fund for the UNCT has proven to be the best route to meeting urgent needs and providing reconstruction and related assistance. Maintaining this structure appears important for the transition to development. The availability of the funds enabled many agencies that depend on non-agency extra-budgetary resources to undertake operations in Iraq quickly. In other cases, the availability of funds complemented and leveraged agencies’ own core funding. The cluster approach facilitates distribution of funds across sectors according to Iraqi priorities and need, contributing to the fact that the UN has been able to spend the bulk of the funds as they have become available. The single funding window proved flexible and fast. The UN agility in response to emerging crises and shifting needs, for example in immediately addressing the outbreak of avian flu, is due in part to the speed with which it has been able to direct resources from the UNDG ITF.

The UNDG ITF, although based on the pass-through mechanism that is premised on providing funding for individual agency projects, is increasingly leading to joint programmes. In the area of school rehabilitation, UN-HABITAT and UNICEF have built a common programme; in the area of immunization, UNICEF and WHO are working jointly. However, inter-cluster collaboration is weak; thus agencies tailor programmes to the mandate of a single cluster in order to access funding. This can impose artificial boundaries when a multi-sectoral, multi-cluster approach would be more appropriate. For example, the innovative area-based integrated approaches discussed in chapter two have difficulty in finding an appropriate cluster home.

In terms of harmonizing rules – clearly there is pressure within the UNDG ITF to harmonize cost recovery, for example, as illustrated by the fact that average rates are at 5.7 per cent against a target of between 5 and 9 per cent – the procurement web site of the UNDG ITF has led to the publication of more tenders, etc. The Iraq UNCT is welcoming this and has further identified the need to integrate to an even greater extent all agency resources, programmes and projects into the cluster system. Coordination mechanisms have become stronger and more streamlined as implementation has progressed. Projects funded by other sources will initially be shared in the cluster system for information, while those requesting UNDG ITF resources will be reviewed and approved through the cluster system. Already, Cluster D, Health and Nutrition, reflects a stronger integration of resources. This will ensure that the design improvements and information-sharing that have been noted as advantages of the cluster approach for UNDG ITF project approval are spread to all Iraq UNCT projects.

In addition, more tailored standards for how clusters use funds will be adopted to help to improve the strategic impact of resources. The urgency of service delivery and programme implementation, coupled with large levels of funding available, placed a priority on speed of preparation, approval and implementation of programmes. With many urgent needs met in Iraq, cluster emphasis is now shifting to closer integration of activities and more finely targeted cluster strategies. Specific criteria for prioritization and approval of programmes and projects in each Cluster will increase the contributions of individual projects as recommended both by the PricewaterhouseCoopers and UNDG/ECHA reviews.

### **3.7. UNDG ITF Funding Issues**

The available funds in the UNDG ITF account, amounting to \$138 million, of which \$36.5 million are



earmarked for the “Support to Electoral Process” Cluster, have been fully programmed. As indicated in section 2.4.2, projects valued at \$110 million are under review and/or approval either at the level of the ISRB or the UNDG ITF Steering Committee or the Clusters that will use this balance, excluding the \$36 million for the Support to Electoral Process Cluster. Concerning support for the electoral process, programming is awaiting appointment of the new Independent Electoral High Commission and the results of the meeting on “Lessons Learned and Upcoming Challenges of the Iraqi Electoral Process”, which was held in Cyprus from 2 to 4 May 2006. The executive mandate of IECI was extended by Parliament on 10 May 2006 for three months.

The UN Assistance Strategy for 2006-2007 has identified the funding needs presented in table 20.

**Table 20. Estimated 2006-2007 Funding Requirements, by UN Cluster (US\$ 1,000s)**

CLUSTER		FUNDING REQUIREMENT		
		2006	2007	TOTAL
<b>A</b>	<b>Agriculture, Food Security, Environment and Natural Resource Management</b>	<b>31,500</b>	<b>44,700</b>	<b>76,200</b>
<b>B</b>	<b>Education and Culture</b>	<b>69,000</b>	<b>99,000</b>	<b>168,000</b>
<b>C</b>	<b>Governance and Human Development</b>	<b>58,327</b>	<b>63,633</b>	<b>121,960</b>
<b>D</b>	<b>Health and Nutrition</b>	<b>96,190</b>	<b>66,470</b>	<b>162,660</b>
<b>E</b>	<b>Infrastructure Rehabilitation</b>	<b>118,400</b>	<b>124,400</b>	<b>242,800</b>
<b>F</b>	<b>Refugees, IDPs and Durable Solutions</b>	<b>31,320</b>	<b>38,448</b>	<b>69,768</b>
<b>G</b>	<b>Support to Electoral Process</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>TOTAL</b>		<b>404,737</b>	<b>436,651</b>	<b>841,388</b>

It is important to underline again that UNDG programming in Iraq is totally dependent on extra-budgetary resources. As a middle-income country, normally Iraq is not eligible for UN core programming resources. 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 with Iraqi counterparts, it is important for IRFFI donors to give an indication of their intentions as early as possible.

## 4. Conclusions

Against a backdrop of spiralling security concerns, the new MDTF mechanism implemented for Iraq, the United Nations Development Group Iraq Trust Fund, is succeeding where it matters most: in effective, coordinated and focused implementation on the ground.

The pace of project implementation further increased in the second half of 2005 to its highest rate since the opening of the UNDG ITF for business. During this period alone, a total of \$217.72 million was expended. By 31 December 2005, the cumulative level of disbursements on the approved projects had reached \$409 million (approximately 54 per cent of approved funds) while by the end of March 2006, over three quarters of approved funds (\$590 million or 77 per cent) had already been committed and \$454 million (59 per cent) had been disbursed.

Fourteen projects have now been completed (17 per cent of the total). This increase in the pace of implementation is in one sense to be expected since a key criterion for project approval of UNDG ITF projects is the ability to implement projects under the prevailing security situation. On the other hand and in retrospect, no one foresaw back in 2004 that the security situation in Iraq could worsen as it did over the years. As a result, every project has faced very considerable hurdles that needed to be overcome to ensure effective delivery.

Most importantly, the UNDG ITF had a crucial impact on governance and basic services in Iraq. The role of the UN in supporting the Independent Electoral Commission for Iraq (IECI) in delivering the October 2005 referendum and December 2005 elections has been widely praised as has the essential support provided to the National Assembly Constitutional Committee in drafting the Constitution. No constitution has been drafted in such a short space of time under such difficult circumstances. In parallel, an unprecedented programme of public outreach was organized. As a result, over 500,000 public submissions were received by the Constitutional Committee and 66 per cent of Iraqi citizens participated in the constitutional referendum which approved the Constitution – a successful level of participation by any measure.

Further strong progress was made in delivering basic services. In particular, the quick-impact projects in basic services in education, health, and water and sanitation, agreed to in principle at the July 2005 Dead Sea Donor Meeting and launched in September 2005, demonstrated noteworthy success. Textbooks were delivered for the academic year across Iraq (nine million copies of 39 titles), and an imminent outbreak of cholera was prevented. The overall implementation rate at the end of the present six-month reporting period for the quick-impact projects stood at almost 60 per cent and all of them are slated to complete implementation in June 2006.

This high delivery record reflected the effective mechanisms set up within the UNDG ITF to vet and approve projects. As of 31 December 2005 (less than two years since the UNDG ITF became operational), funds for 82 approved projects totalling \$754.71 million had been transferred to UN implementing agencies, following vetting and approval by the Iraqi authorities (line ministries, increasingly Sector Working Groups, then the Iraq Strategic Review Board or, for electoral projects, IECI or, for constitutional projects, the Constitutional Committee of the National Assembly) and the UNDG ITF Steering Committee. By the end of March 2006, 86 projects had been funded for \$764 million.

The record also reflected the adapted programme implementation mechanisms that have continued to demonstrate their effectiveness in mitigating the considerable hurdles to implementation on the ground such as insecurity and lack of clear and timely decision-making by Iraqi authorities. Both constraints have been aggravated by the prolonged time that has been taken to form the new four-year-term Government since the 15 December 2005 elections, continuing cost increases for rehabilitation works, and the difficulties in communication endemic to the remote management approach.

It is important to emphasise that despite the difficulties, costs have been kept down. Increases have been limited, for example, to 20 per cent in school rehabilitation. Competitive tenders are used to ensure the best value for money except where the proprietary nature of the supplier or emergency situation makes direct contracting the most efficient and cost-effective option. Teams of monitors are on the ground to check on progress and report directly to UN implementing agencies. Management may be remote, but it is not without effective eyes and ears on project sites.

Only one project has had to be halted – Basrah Chlorination Plant – and that was because of the lack of available counterpart funds. The closure is being organized in an expeditious manner and all technical studies, etc. will be at the disposal of the Ministry of Industry for the moment that it has the resources to implement the project. The balance of unutilized funds will be returned to the UNDG ITF.

The cluster approach under the UNDG ITF has assisted in addressing the hurdles to implementation. In the Education and Culture Cluster, for example, there is strong information-sharing on qualified contractors for school rehabilitation works. Cooperation has become so close that a joint proposal by UN-HABITAT and UNICEF for school rehabilitation is under consideration. During the visits of Cluster heads to Baghdad, they communicate to Iraqi authorities on all Cluster issues and assist in the necessary decision-making processes within ministries.

The UNDG ITF continues to make strides in transparency and accountability in its operations, particularly through the active use of the [www.irffi.org](http://www.irffi.org) web site. Monthly newsletters, details on procurement opportunities and contract award information from all agencies, to name only some items, are posted on the site regularly and updated. Not only can donors, the public and UN Organizations know the levels of commitments and disbursements that each Cluster and agency has achieved in project implementation, but they can also observe on the web site details concerning the contractors, which are delivering many of the activities.

The UNDG ITF continues to blaze a pioneer path in terms of donor funding mechanisms for assistance to countries in transition. This point has been recognized by the PricewaterhouseCoopers independent review of the UNDG ITF as well as both the UNDG and World Bank multi-donor trust fund reviews. The pooling of resources has been instrumental in providing greater coherence to the UNCT, lowering transaction costs of the Iraqi authorities and expeditiously channelling donor resources to Iraq priorities. The Iraq experience is being used for the design of multi-donor, multi-agency trust funds in other countries and situations.

Looking to the future, the deteriorating security situation and the additional risks being faced by UN personnel remain crucial issues. Significant progress on the reconstruction agenda still remains dependent on the political process, as repeatedly highlighted by the Special Representative of the Secretary-General for Iraq to the Security Council. The UN will continue to provide crucial support to the constitutional review and electoral processes while delivering on basic services projects. The Iraqi-led Baghdad Coordination Group and the sectoral coordination groups, which the UN supports, will remain the focus of attention for ensuring effective Iraqi ownership and delivery of results. The UN will also continue to provide expanding support for aid coordination.

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. The detailed funded programme of assistance is contained in the separate draft UN Assistance Strategy 2006-2007. It is hoped that the Fifth Donor Committee Meeting will encourage further donor funding. The Paris Agenda also supports the idea of longer-term funding commitments in order to assist the UN and national authorities to effectively plan such reconstruction and development programmes. In addition, in order to ensure that medium-term reconstruction projects can go ahead and be completed within the time horizon of the International Reconstruction Fund Facility for Iraq, an extension of the IRFFI beyond its present termination date of 31 December 2007 is necessary.

## Annex 1A. Total Expenditure Incurred against Approved and Funded Projects, by Agency, 1 July 2004-31 December 2005

PROJECT	AGENCY	STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT	EXPENDITURE				
				P1	P2	P3	TOTAL	
<b>ESCWA Projects</b>								
B1-10	Iraq Networking Academy Project	ESCWA	22-Jul-04	1,000	418	278	195	892
B1-17	Iraq Networking Academy Project - Phase 2	ESCWA	29-Aug-05	3,780	0	0	111	111
C10-04	Smart Community Project for Iraq	ESCWA	8-Jun-05	2,703	0	0	28	28
<b>TOTAL</b>				<b>7,483</b>	<b>418</b>	<b>278</b>	<b>334</b>	<b>1,030</b>
<b>ILO Projects</b>								
C10-02	International Employment Conference	ILO	22-Aug-04	321	84	186	37	307
<b>TOTAL</b>				<b>321</b>	<b>84</b>	<b>186</b>	<b>37</b>	<b>307</b>
<b>FAO Projects</b>								
A5-01	Drainage Conditions in Agricultural Areas	FAO	3-May-04	5,127	130	571	3,363	4,063
A5-02	Rehabilitation of Pumping Stations	FAO	3-May-04	13,509	264	5,033	5,750	11,046
A5-04	Community Irrigation Schemes	FAO	20-May-04	16,959	5,996	1,211	4,383	11,590
A5-08	Restoration of Veterinary Services in Iraq	FAO	8-Jul-04	5,000	2,495	1,836	1,061	5,391
A5-10	Restoration and Development of Essential Livestock Services in Iraq	FAO	8-Jul-04	8,546	0	1,791	3,145	4,936
<b>TOTAL</b>				<b>49,140</b>	<b>8,886</b>	<b>10,441</b>	<b>17,701</b>	<b>37,028</b>
<b>UNDP Projects</b>								
C9-01	Support to Ministry of Planning and Development Cooperation (MoPDC)	UNDP	8-Jul-04	1,744	197	532	388	1,118
C9-05	Capacity Building and Institutional Strengthening of Municipal Ministry of Public Works	UNDP	22-Mar-05	3,019	0	638	121	760
C9-10/a	Instit. Support for the Constitutional Drafting Process	UNDP	8-Jun-05	14,148	0	784	9,687	10,471
C9-10/e	Involving Iraqi Media and Journalists Covering Constitutional Process	UNDP	8-Jun-05	994	0	0	355	355
C9-10/f	Involving Iraqi Media and Journalists for New Democracies TV Film Festival	UNDP	8-Jun-05	495	0	0	372	372
C9-18	Supreme Audit Board	UNDP	9-Nov-05	4,880	0	0	0	0
C10-01	Iraqis rebuilding Iraq - Phase 1	UNDP	9-Oct-04	387	316	49	-15	350
C10-03	Iraqis rebuilding Iraq - Phase 2	UNDP	22-Mar-05	2,777	0	0	314	314
E3-04	Emergency Rehabilitation of Karama Water Treatment Plant - Line 1	UNDP	29-Aug-05	2,956	0	0	0	0
E3-06	Emergency WATSAN and Health Support for the Basra Governorate	UNDP	29-Aug-05	4,920	0	0	0	0
E4-01	Emergency Power Supply	UNDP	3-May-04	11,999	145	2,125	5,429	7,699
E4-02	National Dispatch Centre	UNDP	3-May-04	11,948	2,266	5,461	-979	6,747
E4-06	Dredging of Um Qasr Port Approach Channel	UNDP	20-May-04	24,742	5,581	12,766	6,482	24,829
E4-07	Rehabilitation of Mosul Gas Power Station	UNDP	22-Jul-04	17,585	179	3,318	232	3,729
E4-08	Rehabilitation of Taji Gas Power Station	UNDP	22-Jul-04	25,892	234	4,926	488	5,647
E4-09	Rehabilitation of Hartha Power station	UNDP	22-Aug-04	17,789	3,450	11,876	715	16,041
E4-10	Rehabilitation of Mussayib Power Station	UNDP	11-Nov-04	15,511	0	6,846	741	7,586
E4-15	Rehabilitation of Mussayib Thermal Power Station - Stage 2	UNDP	8-Jun-05	33,000	0	0	0	0
G11-02	Support to Electoral Process - Phase 2	UNDP	13-Sep-04	11,246	11,162	550	42	11,754
G11-03	Support to Elections - Phase 3	UNDP	23-Sep-04	39,057	28,515	4,953	4,376	37,843
G11-04	Technical Assistance to IECI	UNDP	25-Oct-04	7,802	755	1,309	2,076	4,140
<b>TOTAL</b>				<b>252,891</b>	<b>52,799</b>	<b>56,132</b>	<b>30,824</b>	<b>139,755</b>
<b>UNEP Projects</b>								
A5-07	Strengthening Environmental Governance in Iraq through Assessment and Capacity-building	UNEP	8-Jul-04	4,700	646	309	2,522	3,478
A5-11	Support for EST Applications in the Iraqi Marshlands	UNEP	22-Jul-04	11,000	481	2,714	5,721	8,916
D2-08	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya site	UNEP	29-Aug-05	905	0	0	0	0
<b>TOTAL</b>				<b>16,605</b>	<b>1,127</b>	<b>3,023</b>	<b>8,243</b>	<b>12,393</b>
<b>UNESCO Projects</b>								
A5-12	Capacity Building of Water Institutions	UNESCO	22-Aug-04	3,276	355	1,840	760	2,954
B1-01	Vocational Education	UNESCO	3-May-04	2,758	2,704	27	25	2,756
B1-05	In-service Training for Teachers	UNESCO	10-May-04	2,346	1,119	200	450	1,769
B1-07	Protecting Iraqi Cultural Heritage	UNESCO	20-May-04	2,092	1,531	324	48	1,903
B1-08	Literacy and Life Skills Development	UNESCO	8-Jul-04	2,230	74	861	-138	797
B1-13	Education Management Information System	UNESCO	11-Nov-04	1,500	38	715	203	956
B1-14	Revitalization of Technical and Vocational Education - Phase 2	UNESCO	29-Aug-05	3,000	0	0	60	60
B1-15	Strengthening Secondary Education - Phase 1	UNESCO	29-Aug-05	4,721	0	0	91	91
B1-18	Textbooks Quality Improvement Programme II	UNESCO	29-Aug-05	7,100	0	0	6,365	6,365
C9-10/c	Media and Human Rights: Promotion of Freedom of Expression and Human Rights in Iraq	UNESCO	8-Jun-05	1,994	0	0	1,812	1,812
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7-Dec-04	555	0	435	-39	396
<b>TOTAL</b>				<b>31,572</b>	<b>5,820</b>	<b>4,402</b>	<b>9,636</b>	<b>19,858</b>

## Annex 1A. Total Expenditure Incurred against Approved and Funded Projects, by Agency, 1 July 2004-31 December 2005 (continued)

PROJECT	AGENCY	STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT	EXPENDITURE				
				P1	P2	P3	TOTAL	
<b>UNFPA Projects</b>								
D2-02	Emergency Obstetric Care	UNFPA	10-May-04	12,603	2,705	466	3,375	6,546
			<b>TOTAL</b>	<b>12,603</b>	<b>2,705</b>	<b>466</b>	<b>3,375</b>	<b>6,546</b>
<b>UNHCR Projects</b>								
F8-02	Return and Re-integration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8-Jul-04	7,126	5,225	1,189	713	7,126
F8-03	Return and Re-integration of Iraqis and Others of Concern in Northern Iraq	UNHCR	29-Aug-05	990	0	0	990	990
			<b>TOTAL</b>	<b>8,116</b>	<b>5,225</b>	<b>1,189</b>	<b>1,703</b>	<b>8,116</b>
<b>UNHABITAT Projects</b>								
B1-09	Education Facilities Rehabilitation	UNHABITAT	8-Jul-04	17,581	1,019	5,672	6,739	13,430
B1-11	Rehabilitation of School Buildings in Lower South Iraq	UNHABITAT	11-Nov-04	5,270	178	2,776	2,108	5,062
E3-05	Community-based Integrated WATSAN Rehabilitation and Mgmt. Project	UNHABITAT	29-Aug-05	1,984	0	0	1,486	1,486
E4-04	Strengthening Capacity of Housing Sector	UNHABITAT	10-May-04	5,966	779	2,176	1,847	4,802
E4-11	Strength. Urban Sector through Building Capacities in Municipal Planning and Mgmt.	UNHABITAT	13-Sep-04	2,550	117	320	1,548	1,985
E4-14	Rehabilitation of Community Facilities and Infrastructure	UNHABITAT	29-Aug-05	16,025	0	0	1,347	1,347
			<b>TOTAL</b>	<b>49,375</b>	<b>2,093</b>	<b>10,944</b>	<b>15,076</b>	<b>28,112</b>
<b>UNICEF Projects</b>								
B1-06	Strengthening Primary and Intermediate Education - Phase 1	UNICEF	10-May-04	34,254	22,323	1,291	10,215	33,829
B1-12	Strengthening Primary and Intermediate Education - Phase 2	UNICEF	11-Nov-04	16,230	0	0	10,387	10,387
B1-19	Integrated Community-based Project to Deliver Quality Basis Social Services	UNICEF	29-Aug-05	12,900	0	0	3,699	3,699
D2-06	Strengthening Immunization Services in Iraq	UNICEF	8-Jun-05	7,900	0	0	3,418	3,418
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20-May-04	21,500	720	1,179	15,201	17,100
			<b>TOTAL</b>	<b>92,784</b>	<b>23,043</b>	<b>2,471</b>	<b>42,920</b>	<b>68,433</b>
<b>UNIDO Projects</b>								
A5-06	Promotion of Cottage Industries	UNIDO	20-May-04	5,013	22	998	1,469	2,489
A5-13	Rehabilitation of Dairy Plants	UNIDO	22-Aug-04	2,938	0	181	2,120	2,301
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22-Aug-04	7,016	44	573	62	679
			<b>TOTAL</b>	<b>14,967</b>	<b>66</b>	<b>1,752</b>	<b>3,650</b>	<b>5,469</b>
<b>UNIFEM Projects</b>								
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	9-Oct-04	1,905	716	543	441	1,700
C9-10/b	Iraq National Constitution and Referendum Awareness Campaign (INCRAC)	UNIFEM	8-Jun-05	1,670	0	0	725	725
			<b>TOTAL</b>	<b>3,575</b>	<b>716</b>	<b>543</b>	<b>1,166</b>	<b>2,425</b>
<b>UNOPS Projects</b>								
A7-02	Explosive Ordnance Disposal (EOD) Capacity-building and Clearance	UNOPS	11-Nov-04	3,341	0	3,341	0	3,341
C9-03	Civil Society Forums	UNOPS	22-Aug-04	1,720	1,494	90	40	1,624
C9-10/d	Civil Society Constitutional Outreach Campaign	UNOPS	8-Jun-05	4,964	0	2,774	1,275	4,049
E3-07	Kerbala WTP Rehabilitation of Filter Units	UNOPS	29-Aug-05	1,251	0	0	30	30
F8-01	Return and Reintegration of IDPs in Northern Iraq	UNOPS	20-May-04	9,741	3,665	4,425	1,455	9,544
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS	7-Dec-04	3,416	95	2,980	224	3,299
G11-08	Logistics Support to IECI - Phase 1	UNOPS	23-Dec-04	45,344	0	44,933	196	45,129
G11-09	Logistics Support to IECI - Phase 2	UNOPS	29-Sep-05	61,310	0	0	51,871	51,871
G11-10	Provision of Electoral Support to Observer Groups - Phase 2	UNOPS	20-Sep-05	6,042	0	0	5,225	5,225
NA	Pilgrim Stampede Emergency Micro-Grant Response	UNOPS	2-Sep-05	300	0	0	214	214
			<b>TOTAL</b>	<b>137,429</b>	<b>5,254</b>	<b>58,542</b>	<b>60,529</b>	<b>124,325</b>
<b>WFP Projects</b>								
A6-02	Development of Safety Nets and Food Security through Food Assistance	WFP	11-Nov-04	7,000	0	3,982	641	4,623
			<b>TOTAL</b>	<b>7,000</b>	<b>0</b>	<b>3,982</b>	<b>641</b>	<b>4,623</b>
<b>WHO Projects</b>								
D2-03	Supporting Primary Health Care System	WHO	20-May-04	37,364	11,491	8,138	10,483	30,112
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	8-Jul-04	5,977	1,464	1,951	2,171	5,585
D2-05	Non-Communicable Diseases and Mental Health	WHO	22-Aug-04	11,000	740	4,333	1,687	6,760
D2-07	Improving Preparedness and Response to an Impending Cholera Outbreak	WHO	29-Aug-05	858	0	0	315	315
D2-09	Malaria and Leishmania Control and Prevention Emergency Programme	WHO	29-Aug-05	5,157	0	0	2,818	2,818
D2-10	Health Care Waste Management	WHO	29-Aug-05	1,408	0	0	165	165
D2-11	Provision of Emergency Medical Oxygen Supply of in Baghdad, Mosul and Kirkuk	WHO	29-Aug-05	2,825	0	0	20	20
E3-03	Water Quality Control and Surveillance	WHO	22-Aug-04	6,262	677	1,227	4,221	6,125
			<b>TOTAL</b>	<b>70,850</b>	<b>14,371</b>	<b>15,650</b>	<b>21,881</b>	<b>51,901</b>
			<b>GRAND TOTAL</b>	<b>754,711</b>	<b>122,606</b>	<b>170,001</b>	<b>217,715</b>	<b>510,322</b>

## Annex 1B. Total Expenditure Incurred against Approved and Funded Projects, by Cluster, 1 July 2004-31 December 2005

PROJECT	AGENCY	STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT	EXPENDITURE				
				P1	P2	P3	TOTAL	
<b>Cluster A: Agriculture, Environment, Food Security and Natural Resource Management Projects</b>								
A5-01	Drainage Conditions in Agricultural Areas	FAO	3-May-04	5,127	130	571	3,363	4,063
A5-02	Rehabilitation of Pumping Stations	FAO	3-May-04	13,509	264	5,033	5,750	11,046
A5-04	Community Irrigation Schemes	FAO	20-May-04	16,959	5,996	1,211	4,383	11,590
A5-06	Promotion of Cottage Industries	UNIDO	20-May-04	5,013	22	998	1,469	2,489
A5-07	Strengthening Environmental Governance in Iraq through Assessment and Capacity-building	UNEP	8-Jul-04	4,700	646	309	2,522	3,478
A5-08	Restoration of Veterinary Services in Iraq	FAO	8-Jul-04	5,000	2,495	1,836	1,061	5,391
A5-10	Restoration and Development of Essential Livestock Services in Iraq	FAO	8-Jul-04	8,546	0	1,791	3,145	4,936
A5-11	Support for EST Applications in the Iraqi Marshlands	UNEP	22-Jul-04	11,000	481	2,714	5,721	8,916
A5-12	Capacity Building of Water Institutions	UNESCO	22-Aug-04	3,276	355	1,840	760	2,954
A5-13	Rehabilitation of Dairy Plants	UNIDO	22-Aug-04	2,938	0	181	2,120	2,301
A6-02	Development of Safety Nets and Food Security through Food Assistance	WFP	11-Nov-04	7,000	0	3,982	641	4,623
A7-02	Explosive Ordnance Disposal (EOD) Capacity-building and Clearance	UNOPS	11-Nov-04	3,341	0	3,341	0	3,341
<b>TOTAL</b>				<b>86,407</b>	<b>10,390</b>	<b>23,804</b>	<b>30,934</b>	<b>65,128</b>
<b>Cluster B: Education and Culture Projects</b>								
B1-01	Vocational Education	UNESCO	3-May-04	2,758	2,704	27	25	2,756
B1-05	In-service Training for Teachers	UNESCO	10-May-04	2,346	1,119	200	450	1,769
B1-06	Strengthening Primary and Intermediate Education - Phase 1	UNICEF	10-May-04	34,254	22,323	1,291	10,215	33,829
B1-07	Protecting Iraqi Cultural Heritage	UNESCO	20-May-04	2,092	1,531	324	48	1,903
B1-08	Literacy and Life Skills Development	UNESCO	8-Jul-04	2,230	74	861	-138	797
B1-09	Education Facilities Rehabilitation	UNHABITAT	8-Jul-04	17,581	1,019	5,672	6,739	13,430
B1-10	Iraq Networking Academy Project	ESCWA	22-Jul-04	1,000	418	278	195	892
B1-11	Rehabilitation of School Buildings in Lower South Iraq	UNHABITAT	11-Nov-04	5,270	178	2,776	2,108	5,062
B1-12	Strengthening Primary and Intermediate Education - Phase 2	UNICEF	11-Nov-04	16,230	0	0	10,387	10,387
B1-13	Education Management Information System	UNESCO	11-Nov-04	1,500	38	715	203	956
B1-14	Revitalization of Technical and Vocational Education - Phase 2	UNESCO	29-Aug-05	3,000	0	0	60	60
B1-15	Strengthening Secondary Education - Phase 1	UNESCO	29-Aug-05	4,721	0	0	91	91
B1-17	Iraq Networking Academy Project - Phase 2	ESCWA	29-Aug-05	3,780	0	0	111	111
B1-18	Textbooks Quality Improvement Programme II	UNESCO	29-Aug-05	7,100	0	0	6,365	6,365
B1-19	Integrated Community-based Project to Deliver Quality Basis Social Services	UNICEF	29-Aug-05	12,900	0	0	3,699	3,699
<b>TOTAL</b>				<b>116,763</b>	<b>29,403</b>	<b>12,144</b>	<b>40,558</b>	<b>82,105</b>
<b>Cluster C: Governance and Human Development Projects</b>								
C9-01	Support to Ministry of Planning and Development Cooperation (MoPDC)	UNDP	8-Jul-04	1,744	197	532	388	1,118
C9-03	Civil Society Forums	UNOPS	22-Aug-04	1,720	1,494	90	40	1,624
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	9-Oct-04	1,905	716	543	441	1,700
C9-05	Capacity Building and Institutional Strengthening of Municipal Ministry of Public Works	UNDP	22-Mar-05	3,019	0	638	121	760
C9-10/a	Instit. Support for the Constitutional Drafting Process	UNDP	8-Jun-05	14,148	0	784	9,687	10,471
C9-10/b	Iraq National Constitution and Referendum Awareness Campaign (INCRAC)	UNIFEM	8-Jun-05	1,670	0	0	725	725
C9-10/c	Media and Human Rights: Promotion of Freedom of Expression and Human Rights in Iraq	UNESCO	8-Jun-05	1,994	0	0	1,812	1,812
C9-10/d	Civil Society Constitutional Outreach Campaign	UNOPS	8-Jun-05	4,964	0	2,774	1,275	4,049
C9-10/e	Involving Iraqi Media and Journalists Covering Constitutional Process	UNDP	8-Jun-05	994	0	0	355	355
C9-10/f	Involving Iraqi Media and Journalists for New Democracies TV Film Festival	UNDP	8-Jun-05	495	0	0	372	372
C9-18	Supreme Audit Board	UNDP	9-Nov-05	4,880	0	0	0	0
C10-01	Iraqis rebuilding Iraq - Phase 1	UNDP	9-Oct-04	387	316	49	-15	350
C10-02	International Employment Conference	ILO	22-Aug-04	321	84	186	37	307
C10-03	Iraqis rebuilding Iraq - Phase 2	UNDP	22-Mar-05	2,777	0	0	314	314
C10-04	Smart Community Project for Iraq	ESCWA	8-Jun-05	2,703	0	0	28	28
<b>TOTAL</b>				<b>43,720</b>	<b>2,807</b>	<b>5,596</b>	<b>15,581</b>	<b>23,984</b>

**Annex 1B. Total Expenditure Incurred against Approved and Funded Projects, by Cluster, 1 July 2004-31 December 2005 (continued)**

PROJECT	AGENCY	STEERING COMMITTEE APPROVAL DATE	FUNDED AMOUNT	EXPENDITURE				
				P1	P2	P3	TOTAL	
<b>Cluster D: Health and Nutrition Projects</b>								
D2-02	Emergency Obstetric Care	UNFPA	10-May-04	12,603	2,705	466	3,375	6,546
D2-03	Supporting Primary Health Care System	WHO	20-May-04	37,364	11,491	8,138	10,483	30,112
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	8-Jul-04	5,977	1,464	1,951	2,171	5,585
D2-05	Non-Communicable Diseases and Mental Health	WHO	22-Aug-04	11,000	740	4,333	1,687	6,760
D2-06	Strengthening Immunization Services in Iraq	UNICEF	8-Jun-05	7,900	0	0	3,418	3,418
D2-07	Improving Preparedness and Response to an Impending Cholera Outbreak	WHO	29-Aug-05	858	0	0	315	315
D2-08	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya site	UNEP	29-Aug-05	905	0	0	0	0
D2-09	Malaria and Leishmania Control and Prevention Emergency Programme	WHO	29-Aug-05	5,157	0	0	2,818	2,818
D2-10	Health Care Waste Management	WHO	29-Aug-05	1,408	0	0	165	165
D2-11	Provision of Emergency Medical Oxygen Supply of in Baghdad, Mosul and Kirkuk	WHO	29-Aug-05	2,825	0	0	20	20
<b>TOTAL</b>				<b>85,996</b>	<b>16,399</b>	<b>14,889</b>	<b>24,452</b>	<b>55,740</b>
<b>Cluster E: Infrastructure Rehabilitation Projects</b>								
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20-May-04	21,500	720	1,179	15,201	17,100
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22-Aug-04	7,016	44	573	62	679
E3-03	Water Quality Control and Surveillance	WHO	22-Aug-04	6,262	677	1,227	4,221	6,125
E3-04	Emergency Rehabilitation of Karama Water Treatment Plant - Line 1	UNDP	29-Aug-05	2,956	0	0	0	0
E3-05	Community-based Integrated WATSAN Rehabilitation and Mgmt. Project	UNHABITAT	29-Aug-05	1,984	0	0	1,486	1,486
E3-06	Emergency WATSAN and Health Support for the Basra Governorate	UNDP	29-Aug-05	4,920	0	0	0	0
E3-07	Kerbala WTP Rehabilitation of Filter Units	UNOPS	29-Aug-05	1,251	0	0	30	30
E4-01	Emergency Power Supply	UNDP	3-May-04	11,999	145	2,125	5,429	7,699
E4-02	National Dispatch Centre	UNDP	3-May-04	11,948	2,266	5,461	-979	6,747
E4-04	Strengthening Capacity of Housing Sector	UNHABITAT	10-May-04	5,966	779	2,176	1,847	4,802
E4-06	Dredging of Um Qasr Port Approach Channel	UNDP	20-May-04	24,742	5,581	12,766	6,482	24,829
E4-07	Rehabilitation of Mosul Gas Power Station	UNDP	22-Jul-04	17,585	179	3,318	232	3,729
E4-08	Rehabilitation of Taji Gas Power Station	UNDP	22-Jul-04	25,892	234	4,926	488	5,647
E4-09	Rehabilitation of Hartha Power station	UNDP	22-Aug-04	17,789	3,450	11,876	715	16,041
E4-10	Rehabilitation of Mussayib Power Station	UNDP	11-Nov-04	15,511	0	6,846	741	7,586
E4-11	Strength. Urban Sector through Building Capacities in Municipal Planning and Mgmt.	UNHABITAT	13-Sep-04	2,550	117	320	1,548	1,985
E4-14	Rehabilitation of Community Facilities and Infrastructure	UNHABITAT	29-Aug-05	16,025	0	0	1,347	1,347
E4-15	Rehabilitation of Mussayib Thermal Power Station - Stage 2	UNDP	8-Jun-05	33,000	0	0	0	0
<b>TOTAL</b>				<b>228,896</b>	<b>14,191</b>	<b>52,794</b>	<b>38,849</b>	<b>105,833</b>
<b>Cluster F: Refugees, IDPs and Durable Solutions Projects</b>								
F8-01	Return and Reintegration of IDPs in Northern Iraq	UNOPS	20-May-04	9,741	3,665	4,425	1,455	9,544
F8-02	Return and Re-integration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8-Jul-04	7,126	5,225	1,189	713	7,126
F8-03	Return and Re-integration of Iraqis and Others of Concern in Northern Iraq	UNHCR	29-Aug-05	990	0	0	990	990
<b>TOTAL</b>				<b>17,858</b>	<b>8,889</b>	<b>5,614</b>	<b>3,157</b>	<b>17,660</b>
<b>Cluster G: Support to Electoral Process Projects</b>								
G11-02	Support to Electoral Process - Phase 2	UNDP	13-Sep-04	11,246	11,162	550	42	11,754
G11-03	Support to Elections - Phase 3	UNDP	23-Sep-04	39,057	28,515	4,953	4,376	37,843
G11-04	Technical Assistance to IECI	UNDP	25-Oct-04	7,802	755	1,309	2,076	4,140
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS	7-Dec-04	3,416	95	2,980	224	3,299
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7-Dec-04	555	0	435	-39	396
G11-08	Logistics Support to IECI - Phase 1	UNOPS	23-Dec-04	45,344	0	44,933	196	45,129
G11-09	Logistics Support to IECI - Phase 2	UNOPS	29-Sep-05	61,310	0	0	51,871	51,871
G11-10	Provision of Electoral Support to Observer Groups - Phase 2	UNOPS	20-Sep-05	6,042	0	0	5,225	5,225
<b>TOTAL</b>				<b>174,771</b>	<b>40,527</b>	<b>55,159</b>	<b>63,970</b>	<b>159,657</b>
NA	Pilgrim Stampede Emergency Micro-Grant Response	UNOPS	2-Sep-05	300	0	0	214	214
<b>GRAND TOTAL</b>				<b>754,711</b>	<b>122,606</b>	<b>170,001</b>	<b>217,715</b>	<b>510,322</b>



## Annex 2. Total Project Commitments and Disbursements against Approved and Funded Projects, July 2004-31 March 2006

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PROJECT	AGENCY	AS OF 31 DECEMBER 2005						AS OF 31 MARCH 2006					
		FUNDED		COMMITMENT		DISBURSEMENT		FUNDED		COMMITMENT		DISBURSEMENT	
		US\$ 000s	US\$ 000s	%	US\$ 000s	%	US\$ 000s	US\$ 000s	US\$ 000s	%	US\$ 000s	%	
<b>Cluster A: Agriculture, Environment, Food Security and Natural Resource Management Projects</b>													
A5-01	Drainage Conditions in Agricultural Areas	FAO	5,127	2,859	56	1,149	22	5,127	2,921	57	1,176	23	
A5-02	Rehabilitation of Pumping Stations	FAO	13,509	13,232	98	2,068	15	13,509	13,337	99	2,232	17	
A5-04	Community Irrigation Schemes	FAO	16,959	9,577	56	7,365	43	16,959	10,479	62	7,733	46	
A5-06	Promotion of Cottage Industries	UNIDO	5,013	1,517	30	1,163	23	5,013	2,761	55	2,254	45	
A5-07	Strengthening Environmental Governance	UNEP	4,700	3,320	71	2,599	55	4,700	3,915	83	2,641	56	
A5-08	Restoration of Veterinary Services	FAO	5,000	3,704	74	3,750	75	5,000	4,015	80	4,006	80	
A5-10	Restoration of Livestock Services	FAO	8,546	2,421	28	2,269	27	8,546	2,435	28	2,701	32	
A5-11	Marshlands Environmental Management	UNEP	11,000	10,883	99	5,806	53	11,000	10,883	99	7,500	68	
A5-12	Capacity Bldg. of Water Institutions	UNESCO	3,276	2,934	90	2,462	75	3,276	3,095	94	2,800	85	
A5-13	Rehabilitation of Dairy Plants	UNIDO	2,938	1,294	44	1,028	35	2,938	1,324	45	1,320	45	
A6-02	Development of Safety Nets and Food Security through Food Assistance	WFP	7,000	4,623	66	4,623	66	7,000	5,651	81	5,373	77	
A7-02	Explosive Ordnance Disposal (EOD) Capacity-building and Clearance	UNOPS	3,341	3,341	100	3,341	100	3,341	3,341	100	3,341	100	
A7-03	Support to Iraq-Kurkistan Mine Action Center	UNOPS	0	0	0	0	0	2,922	0	0	0	0	
<b>CLUSTER A TOTAL</b>			<b>86,407</b>	<b>59,704</b>	<b>69</b>	<b>37,621</b>	<b>44</b>	<b>89,328</b>	<b>64,156</b>	<b>72</b>	<b>43,077</b>	<b>48</b>	
<b>Cluster B: Education and Culture Projects</b>													
B1-01	Vocational Education	UNESCO	2,758	2,741	99	2,491	90	2,758	2,719	99	2,534	92	
B1-05	In-service Training for Teachers	UNESCO	2,346	1,754	75	1,538	66	2,346	1,907	81	1,640	70	
B1-06	Strengthening Primary and Intermediate Education - Phase 1	UNICEF	34,254	31,883	93	30,206	88	34,254	32,388	95	30,409	89	
B1-07	Protecting the Iraqi cultural heritage	UNESCO	2,092	1,890	90	1,633	78	2,092	2,040	98	1,773	85	
B1-08	Literacy and Life Skills Development	UNESCO	2,230	786	35	593	27	2,230	1,179	53	974	44	
B1-09	Education Facilities Rehabilitation	UNHABITAT	17,581	15,862	90	13,718	78	17,581	16,198	92	14,618	83	
B1-10	Iraq Networking Academy Project	ESCWA	1,000	892	89	497	50	1,000	892	89	818	82	
B1-11	Rehab. of School Buildings in Lower South Iraq	UNHABITAT	5,270	5,270	100	5,270	100	5,270	5,270	100	5,270	100	
B1-12	Strengthening Primary and Intermediate Education - Phase 2	UNICEF	16,230	9,555	59	8,890	55	16,230	14,043	87	9,444	58	
B1-13	Education Management Information System	UNESCO	1,500	951	63	837	56	1,500	1,184	79	1,036	69	
B1-14	Revitalization of Technical and Vocational Education - Phase 2	UNESCO	3,000	60	2	3	0	3,000	335	11	123	4	
B1-15	Strengthening Secondary Education - Phase 1	UNESCO	4,721	91	2	1	0	4,721	194	4	20	0	
B1-17	Iraq Networking Academy Project - Phase 2	ESCWA	3,780	111	3	27	1	3,780	1,531	41	60	2	
B1-18	Textbooks Quality Improvement Programme II	UNESCO	7,100	6,060	85	55	1	7,100	6,136	86	5,929	84	
B1-19	Integrated Community-based Project to Deliver Quality-based Social Services	UNICEF	12,900	3,092	24	1,204	9	12,900	10,418	81	1,445	11	
B1-20	Basra Leadership Human Rights Awareness	UNOPS	0	0	0	0	0	63	0	0	0	0	
<b>CLUSTER B TOTAL</b>			<b>116,763</b>	<b>80,999</b>	<b>69</b>	<b>66,966</b>	<b>57</b>	<b>116,826</b>	<b>96,435</b>	<b>83</b>	<b>76,093</b>	<b>65</b>	
<b>Cluster C: Governance and Human Development Projects</b>													
C9-01	Support to MoPDC	UNDP	1,744	593	34	592	34	1,744	850	49	890	51	
C9-03	Civil Society Forums	UNOPS	1,720	1,690	98	1,690	98	1,720	1,703	99	1,703	99	
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	1,905	1,700	89	1,700	89	1,905	1,645	86	1,705	90	
C9-05	Capacity-building and Institutional Strengthening of Ministry of Municipalities and Public Works	UNDP	3,019	576	19	576	19	3,019	576	19	1,196	40	
C9-10/a	Instit. Support for the Constitutional Drafting Process	UNDP	14,148	9,023	64	9,023	64	14,148	9,099	64	9,192	65	
C9-10/b	Iraqi National Constitution and Referendum Awareness Campaign (INCRAC)	UNIFEM	1,670	725	43	725	43	1,670	680	41	841	50	
C9-10/c	Media and Human Rights: Promotion of Freedom of Expression	UNESCO	1,994	1,783	89	1,285	64	1,994	1,907	96	1,566	79	
C9-10/d	Civil Society Constitutional Outreach Campaign	UNOPS	4,964	4,347	88	3,755	76	4,964	4,559	92	4,179	84	
C9-10/e	Involving Iraqi Media and Journalists Covering Constitutional Process	UNDP	994	355	36	355	36	994	767	77	767	77	
C9-10/f	Involving Iraqi Media and Journalists for New Democracies TV Film Festival	UNDP	495	372	75	372	75	495	372	75	372	75	
C9-12	Support to Govt. of Iraq in International Assistance Coordination and Capacity-bldg.	UNDP	0	0	0	0	0	2,643	37	1	37	1	
C9-18	Supreme Audit Board	UNDP	4,880	0	0	0	0	4,880	3	0	3	0	
C10-01	Iraqis Rebuilding Iraq - Phase 1	UNDP	387	328	85	323	83	387	328	85	323	83	
C10-02	International Employment Conference	ILO	321	301	94	307	96	321	307	96	312	97	
C10-03	Iraqis Rebuilding Iraq - Phase 2	UNDP	2,777	0	0	0	0	2,777	0	0	0	0	
C10-04	Smart Community Project	ESCWA	2,703	84	3	8	0	2,703	531	20	407	15	
<b>CLUSTER C TOTAL</b>			<b>43,720</b>	<b>21,878</b>	<b>50</b>	<b>20,712</b>	<b>47</b>	<b>46,363</b>	<b>23,365</b>	<b>50</b>	<b>23,493</b>	<b>51</b>	



## Annex 2. Total Project Commitments and Disbursements against Approved and Funded Projects, 1 July 2004-31 March 2006 (continued)

PROJECT	AGENCY	AS OF 31 DECEMBER 2005						AS OF 31 MARCH 2006					
		FUNDED		COMMITMENT		DISBURSEMENT		FUNDED		COMMITMENT		DISBURSEMENT	
		US\$ 000s	US\$ 000s	%	US\$ 000s	%	US\$ 000s	US\$ 000s	US\$ 000s	%	US\$ 000s	%	
<b>Cluster D: Health and Nutrition Projects</b>													
D2-02	Emergency Obstetric Care	UNFPA	12,603	7,824	62	7,679	61	12,603	7,824	62	7,772	62	
D2-03	Supporting Primary Health Care System	WHO	37,364	29,713	80	21,367	57	37,364	33,139	89	25,855	69	
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	5,977	5,590	94	3,696	62	5,977	5,643	94	3,760	63	
D2-05	Non-communicable Diseases and Mental Health	WHO	11,000	6,960	63	4,620	42	11,000	7,843	71	5,155	47	
D2-06	Strengthening Immunization Services in Iraq	UNICEF	7,900	2,969	38	870	11	7,900	3,029	38	930	12	
D2-07	Improving Preparedness and Response to Impending Cholera Outbreak	WHO	858	265	31	98	11	858	564	66	298	35	
D2-08	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya site	UNEP	905	0	0	10	1	905	784	87	102	11	
D2-09	Malaria and Leishmania Control and Prevention Emergency Programme	WHO	5,157	2,800	54	474	9	5,157	4,206	82	1,292	25	
D2-10	Health Care Waste Management	WHO	1,408	197	14	138	10	1,408	1,146	81	195	14	
D2-11	Provision of Emergency Medical Oxygen Supply in Baghdad, Mosul and Kirkuk	WHO	2,825	179	6	16	1	2,825	496	18	146	5	
D2-12	Establishment of Solid Waste Mangement System in City of Kirkuk	UNOPS	0	0	0	0	0	2,000	0	0	0	0	
<b>CLUSTER D TOTAL</b>			<b>85,996</b>	<b>56,498</b>	<b>66</b>	<b>38,969</b>	<b>45</b>	<b>87,996</b>	<b>64,674</b>	<b>73</b>	<b>45,504</b>	<b>52</b>	
<b>Cluster E: Infrastructure Rehabilitation Projects</b>													
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	21,500	17,139	80	10,467	49	21,500	19,208	89	10,760	50	
E3-02	Rehabilitation of Chlorination Plant	UNIDO	7,016	296	4	426	6	7,016	303	4	433	6	
E3-03	Water Quality Control and Surveillance	WHO	6,262	6,211	99	4,816	77	6,262	6,363	102	5,715	91	
E3-04	Emergency Rehabilitation of Karama Water Treatment Plant - Line 1	UNDP	2,956	0	0	0	0	2,956	0	0	0	0	
E3-05	Community-based Integrated WATSAN Rehab and Management Project	UNHABITAT	1,984	1,445	73	67	3	1,984	1,620	82	462	23	
E3-06	Emergency WATSAN and Health Support for the Basra Governorate	UNDP	4,920	0	0	0	0	4,920	3,500	71	294	6	
E3-07	Kerbala WTP Rehabilitation of Filter Units	UNOPS	1,251	30	2	18	1	1,251	462	37	115	9	
E4-01	Emergency Power Supply	UNDP	11,999	5,967	50	3,952	33	11,999	6,899	57	4,429	37	
E4-02	National Dispatch Centre	UNDP	11,948	10,000	84	6,715	56	11,948	10,000	84	6,853	57	
E4-04	Strengthening Capacity of Housing Sector	UN-HABITAT	5,966	5,765	97	3,512	59	5,966	5,937	100	3,716	62	
E4-06	Dredging of Umm Qasr Port Approach Channel	UNDP	24,742	24,742	100	23,675	96	24,742	24,742	100	23,675	96	
E4-07	Rehabilitation of Mosul Power Station	UNDP	17,585	17,528	100	3,591	20	17,585	17,603	100	3,611	21	
E4-08	Rehabilitation of Taji Power Station	UNDP	25,892	25,846	100	5,429	21	25,892	25,921	100	5,450	21	
E4-09	Rehabilitation of Hartha Power Station	UNDP	17,789	15,392	87	15,564	87	17,789	15,707	88	15,831	89	
E4-10	Rehabilitation of Mussayib Power Station	UNDP	15,511	15,345	99	7,441	48	15,511	15,535	100	9,713	63	
E4-11	Strengthening Urban Sector through Building Capacities in Municipal Planning and Mgmt.	UNHABITAT	2,550	1,951	77	1,128	44	2,550	2,253	88	1,301	51	
E4-14	Rehabilitation of Community Facilities and Infrastructure	UNHABITAT	16,025	1,346	8	389	2	16,025	4,434	28	743	5	
E4-15	Rehabilitation of Mussayib Thermal Power Station - Stage 2	UNDP	33,000	0	0	0	0	33,000	0	0	0	0	
<b>CLUSTER E TOTAL</b>			<b>228,896</b>	<b>149,003</b>	<b>65</b>	<b>87,192</b>	<b>38</b>	<b>228,896</b>	<b>160,487</b>	<b>70</b>	<b>93,099</b>	<b>41</b>	
<b>Cluster F: Refugees, IDPs and Durable Solutions Projects</b>													
F8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	9,741	9,669	99	8,750	90	9,741	9,689	99	9,098	93	
F8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	7,126	7,126	100	7,126	100	7,126	7,126	100	7,126	100	
F8-03	Return and Reintegration of Iraqis and Others of Concern in Northern Iraq	UNHCR	990	990	100	924	93	2,962	2,962	100	990	33	
<b>CLUSTER F TOTAL</b>			<b>17,858</b>	<b>17,785</b>	<b>100</b>	<b>16,801</b>	<b>94</b>	<b>19,830</b>	<b>19,777</b>	<b>100</b>	<b>17,215</b>	<b>87</b>	
<b>Cluster G: Support to Electoral Process Projects</b>													
G11-02	Support to Electoral Process - Phase 2	UNDP/EAD	11,246	11,255	100	10,188	91	11,246	11,255	100	10,188	91	
G11-03	Support to Elections - Phase 3	UNDP/EAD	39,057	34,501	88	34,823	89	39,057	34,501	88	35,969	92	
G11-04	Technical Assistance to IECI	UNDP/EAD	7,802	5,251	67	3,851	49	7,802	5,372	69	3,972	51	
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS/EAD	3,416	3,332	98	3,309	97	3,416	3,332	98	3,309	97	
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	555	396	71	396	71	397	396	100	396	100	
G11-08	Logistics Support to IECI - Phase 1	UNOPS/EAD	45,344	45,130	100	44,835	99	45,344	45,156	100	45,155	100	
G11-09	Logistics Support to IECI - Phase 2	UNOPS/EAD	61,310	53,140	87	38,480	63	61,310	54,755	89	51,527	84	
G11-10	Provision of Electoral Support to Observer Groups - Phase 2	UNOPS/EAD	6,042	5,617	93	4,501	74	6,042	5,838	97	4,770	79	
<b>CLUSTER G TOTAL</b>			<b>174,771</b>	<b>158,623</b>	<b>91</b>	<b>140,384</b>	<b>80</b>	<b>174,613</b>	<b>160,606</b>	<b>92</b>	<b>155,286</b>	<b>89</b>	
NA	Supporting Primary Health Care System	UNOPS	300	220	73	192	64	300	220	73	192	64	
<b>GRAND TOTAL</b>			<b>754,711</b>	<b>544,709</b>	<b>72</b>	<b>408,836</b>	<b>54</b>	<b>764,153</b>	<b>589,719</b>	<b>77</b>	<b>453,960</b>	<b>59</b>	

## **Annex 3. Operationally Completed Projects**

### **UNDP**

**C10-01**, Iraqis Rebuilding Iraq – Phase I  
**E4-06** Dredging of Um Qasr Port Approach Channel  
**G11-02** Support to Elections – Phase 2

### **UNESCO**

**B1-01**, Vocational Education  
**C9-10/c**, Media and Human Rights: Promotion of Freedom of Expression and Human Rights in Iraq  
**G11-07** Support for Fair, Safe and Professional Media Coverage

### **UN-HABITAT**

**B1-11**, Rehabilitation of School Buildings in Lower South Iraq

### **UNHCR**

**F8-02**, Return and Reintegration of Iraqis in Southern Iraq

### **UNOPS**

**A7-02**, Explosive Ordnance Disposal Capacity-building and Clearance  
**C9-03**, Civil Society Forums  
**C9-10d** Civil Society Constitutional Outreach Campaign  
**F8-01**, Return and Reintegration of IDPs and Iraqi Refugees in the Three Northern Governorates  
**G11-06** Provision of Electoral Support to Observer Groups in Iraqi Elections  
**G11-08**, Logistics Support to IECI – Phase 1