

REPUBLIC OF IRAQ
MINISTRY OF PLANNING &
DEVELOPMENT
COOPERATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



جمهورية العراق

Speech by:

**H.E. Barham Salih
Minister of Planning & Development Cooperation**

**Presented to the
International Reconstruction Fund Facility Committee
Meeting
Dead Sea, Jordan
July 18-19, 2005**

**Speech by H.E Barham Salih
Minister of Planning and Development Cooperation
to the
International Reconstruction Fund Facility Committee Meeting
Dead Sea, Jordan
July 18-19, 2005**

PLEASE CHECK AGAINST DELIVERY

Ladies and Gentlemen,

On behalf of Prime Minister Ibrahim Ja'afari, I thank you for your commitment to helping the Iraqi people. I thank IRFFI for organizing this conference which, we hope, will lead to expediting the process of reconstruction and the delivery of international aid to Iraq. And I thank also our hosts in Jordan, and particularly the Minister of Planning, for their gracious support and facilitation of this gathering.

This is the fourth time that Donors have met in this forum to discuss rebuilding Iraq. But this meeting comes at a truly critical juncture for Iraq and the international community. It is critical because enough time has gone by to enable us to take a sober look at what we have achieved, and how we can do better.

It is a pivotal time because the first democratic elections are now behind us (PAUSE) the Referendum on the Constitution is before us (PAUSE) and reports of gruesome violence compete with reports of

reconstruction in various areas making it difficult for some of you to see what the future holds for Iraq.

What is clear is that the future of Iraq rests in the balance. What the future holds depends on how we act at this critical time.

In no small measure success is contingent upon the effective and rapid reconstruction of Iraq. Therefore, we cannot act as if it is business as usual. Our message to you, ladies and gentlemen, is that we must enhance our partnership— we must work together and it is time we made a difference to the people of Iraq.

We must work together to obtain the greatest results in the window of opportunity available to us (6 months to one year.)

I believe one of the most important things we need to decide at this meeting is innovative ways to advance Iraqi ownership of reconstruction efforts. Only through greater local ownership can reconstruction be both effective and rapid.

One of the most urgent things we need to accomplish at this meeting is to rethink how we have been working together as partners and find ways of bringing in new partners from within this region and across the world.

At this meeting we need to find ways to give the highest priority to interventions that yield the MOST benefits to the GREATEST number of people in the SHORTEST time possible.

Mr. Chairman, allow me to dwell on each of these issues in some detail.

The first issue is Greater Iraqi Ownership of Reconstruction

The continuing lack of economic opportunity and high level of unemployment is casting a dark shadow over our reconstruction efforts. The high level of unemployment has fuelled economic despair, frustration, anger and insecurity.

So far, much of our reconstruction effort has focused on large-scale capital-intensive infrastructure rebuilding. This was necessary because of the utter wasteland we inherited from the previous regime and obviously we must and will continue to devote resources to such projects.

However, it is now clear, that these mega-projects, though essential, have not succeeded in providing QUICKLY enough for Iraqi's basic needs like electricity, water and sanitation.

For instance, despite tremendous efforts to rebuild Iraq's power sector and claims about megawatt production, electricity supply remains spotty and Iraqis throughout the country remain dissatisfied.

To address this issue we must complement our on-going capital-intensive projects with more community-level projects, driven by local and regional priorities and managed at the community and regional levels. Visible local projects that employ significant members of the community and demonstrably change people lives for the better is essential.

What we need to do alongside international competitive bidding for projects is to find ways to provide real income generating opportunities for Iraqi firms by getting more of them involved in the reconstruction effort. We need to have Iraqi firms hire significant numbers of Iraqis who will then have a stake in what they are rebuilding.

Mr. Chairman,

Donor assistance should move rapidly from larger public works projects to locally owned initiatives (PAUSE) from central government capacity building to local government delivery of services (PAUSE) from international-led implementation to Iraqi-led implementation.

To move in this direction more aid should be channeled through local and regional governments and those governments should be charged with setting priorities in terms of spending for community programs.

This will enable communities to begin defining their own rebuilding goals and generate local ownership of the rebuilding process.

I am heartened to report to you that there is already good progress along these lines. Several Donors have discussed with me their plans to directly support Provincial Reconstruction Development Committee's. Regional-level reconstruction efforts have going on in Basrah and Samawa with success. The Kurdistan Region also offers much relevant experience in this regard. The challenge is to spread this way of working with communities throughout the country and with all Donors.

I am also pleased to report to you that on the Iraqi side, we have demonstrated our commitment to decentralized development by budgeting from our own domestic resources to establish Regional Development Authorities. These RDA's will be at the vanguard of regional efforts to spur development and reconstruction.

Mr. Chairman

The second thing I want to talk about is the need for New and Strengthened Partnerships.

If you take away a single message today let it be this: PLEASE GET INVOLVED NOW. Iraq needs the full and active support of the international community

In today's interdependent world—our self-interest and our mutual interest are inextricably woven together.

For those of you who feel that you would like to get involved but for financial or human resource reasons cannot sustain a presence on the ground in Iraq; the multilateral channel—through the World Bank and the United Nations Development Group Trust Funds --- can get you involved immediately - And we are working with both the UN and the World Bank to improve their rate of implementation.

We are pleased that the United Nations is on the ground in Baghdad and we are optimistic that the World Bank will soon join them. We are also optimistic that the United Nations will significantly scale-up the number of its staff in Iraq to meet its growing mandate.

The second message is: IT CANNOT BE BUSINESS AS USUAL in the way we have been operating. It is time we made a difference to the lives of the Iraqi people. We need to find ways to work better together in a more integrated, coherent and coordinated manner.

In this respect I am pleased to report that we have been working closely with our partners in Baghdad to put in place an Iraqi-led

enhanced Donor Coordination Mechanism. We will present the details of the mechanism later today but for now let me share with you some key features.

The first key feature is a “Consultative Group” type framework called the Iraq Reconstruction Forum (IRFO) to be held twice a year alongside the IRFFI meetings. IRFFI and IRFO will complement each other and serve a common purpose—the rapid reconstruction of Iraq. IRFO will be an Iraqi-led forum that will be chaired by the Minister of Planning and Development Cooperation with The World Bank and UN as supporting donors. This broader structure for mobilization of resources and donor coordination will be open to all donors big and small.

The second key feature is Sector Working Groups to be chaired by line Ministries and supported by a key donor. We have identified nine potential Sector Working Groups but we will start with three --- electricity, health and the rule of law—immediately. Donor capacity on the ground in Baghdad at this time limits us to just three but we envisage all nine being up and running in the near future, my hope no later than the August 30th. And I should say that I am very interested in setting up another Sector Working Group on Private Sector Development, and we are working on fine tuning some proposals in this regard.

The Sector Working Groups will coordinate technical sector al work from identifying priorities and costing programs to earmarking funds. The Sector Working Groups will meet every week in Baghdad.

The third key feature is the Baghdad Coordinating Group. This Iraqi-led forum will make it easier for Baghdad-based heads of aid agencies to interact with each other and the Ministry of Planning and Development Cooperation on a regular basis. It is envisaged that this interaction will enable us to quickly translate strategic/program goals into project deliverables, ensure consistency between sectoral and national priorities, and resolve delays in project implementation. This forum will be open to all Donors.

Mr. Chairman,

An enhanced Donor coordination mechanism is essential but will be worthless unless it is coordinated around a clear Iraqi Vision for Development and a well-thought out strategy for realizing that Vision.

In this respect, I am pleased to report to you that we have embarked on the process of developing a National Development Strategy.

As a FIRST step towards a genuinely NATIONAL STRATEGY we in the economic team of the Council of Ministers have put together in a

coherent framework the strategic objectives and goals of the Iraqi government in a National Development Strategy.

The National Development Strategy is organized around what we believe are four key drivers of economic prosperity:

- Strengthening the Foundations of Economic Growth.
- Revitalizing the Private Sector.
- Improving the Quality of Life.
- Strengthening Good Governance and Improving Security.

We recognize that one of the most important features of any National Development Strategy is country ownership, since ownership is usually the first and best indicator of the likelihood of successful implementation.

In that respect, I am pleased to announce that we will launch a National and Regional Dialogue in September this year. The Dialogues will be public consultations --- involving the private sector, civil society, Governorates, Municipalities and other stakeholders-- on priorities and modalities for economic development and reconstruction.

The regional and national dialogues will bring the "Voices of the People of Iraqi" into the Strategy. The "buy-in" at the local level is essential because implementation at those levels will increase both

the efficiency and impact of financial resources we devote to economic development.

The National Development Strategy is envisaged as a “living document” that will evolve and deepen over time. We aim to build, across the entire spectrum of Iraqi society, a consensus on specific near-term policy actions anchored by a long-term vision. By linking the NDS process --- which would set priorities--- to the annual budget process, we will also improve the strategic use of national expenditures because policy actions identified in the NDS would then be reflected in the national budget.

The NDS process, as we see it is an important first step. It will encourage regional and local participation in policy formulation, foster national and regional debate of trade-offs, and hold line ministries accountable to specific targets and goals. In short, the NDS process can in itself improve transparency and accountability of government,

Mr. Chairman,

The third thing I want to talk about today is Identifying Specific Short-term Priorities.

This is a difficult issue for us because, as I have told many of you before, EVERYTHING is a priority in Iraq today.

It is clear that we need to prioritize basic services.

Yet, despite all our efforts the basic needs of Iraqis from electricity to water have not been met.

How can we choose between clean water and stable electric power or between good health care and functioning schools? These are the basic necessities of life that all human beings require to function properly.

But a journey of a thousand miles must start with one step and that single step will require us to make these difficult choices.

The Joint World Bank-United Nations Needs Assessment Report identified electricity supply as the greatest single need in dollar terms. They estimated that we need around \$20 billion to restore power to 1990 levels. Yet today less than half of this amount has been devoted to electricity. We currently average around 5,000 megawatts and we need 20,000 Megawatts.

The result of the shortfall in electric power generation is that private sector development is weak, which means jobs are not being created, which means household incomes are stagnating, which means the quality of life of the people of Iraq is not improving, which leads to frustration and anger, which fuels insecurity.

Without a stable source of electricity, water cannot be pumped to homes, hospitals cannot operate, schools cannot use computers, children cannot do their homework, businesses cannot operate and adults cannot enjoy their leisure time.

Our first most immediate priority is therefore to restore power to all homes and businesses in Iraq within the next 6 months.

To reach this goal we must speed up implementation of large-scale power projects by streamlining procedures, speeding up disbursement of funds and providing more funding for smaller case projects. More small-scale locally owned electrical power projects will discourage continued sabotage of power lines and supply.

Water and sanitation are the second most important priorities. Survey after survey has shown that lack of potable water and Iraqis cite sanitation most often as contributing to poor living conditions.

The third priority over the next 6 months is some QUICK WINS. These are interventions that benefit the greatest number of people in the shortest time possible.

The challenge for you, for me, for everyone working on these important issues is to come up with some QUICK WINS. Some of the ideas I have heard include

- **Housing program through offering mortgage facilities for building new homes as a way of stimulating the construction sector and promoting private ownership.**
- **A micro-loan program preferably channeled through the fledgling Iraqi lending industry and local governments.**
- **Education grants through local and central governments, to entice young Iraqi's back to school and universities and help relieve economic burdens that currently require many children to drop out of school to supplement family income.**

The aspirations of the Iraqi people for a better life cannot be delayed much longer. We need some QUICK WINS.

Mr. Chairman,

I would like to conclude with reaffirming that through partnership we can make a difference to the people of Iraq. I trust that we are in agreement that it is time we made difference to the people of Iraq.

I Thank You.

It is possible to recognize progress in certain areas (such as number of hospitals built) while also concluding that it is insufficient, overshadowed by massive remaining hurdles and not making a quantified or qualifies difference to Iraqi people.