

**Statement of IRFFI Donor Committee Meeting
Bari, Italy, 29 October 2007**

Donors express their appreciation for the efforts of the Co-chairs and the Facility Coordination Committee, for bringing to a successful conclusion the process of updating the Terms of Reference of IRFFI according to the guidelines set in Istanbul on 30 March 2007.

Four years after the Madrid Conference, the Terms of Reference adopted today by the Donors' Committee have been aligned to the current situation in Iraq taking into account the lessons learned in the performance of the two trust funds and the need for a governance structure ensuring full Iraqi ownership in setting policy directions and priorities, as well as program and project selection under IRFFI within the framework of Iraq's National Development Strategy (NDS) and the International Compact with Iraq (ICI).

Donors have agreed to further extend IRFFI to 2010 and to align it with the goals and benchmarks of the ICI and the NDS.

Donors recognized the donor coordination mechanisms outlined in the ICI and recommended that the Iraq Reconstruction Forum (IRFO) process be reconstituted as the Iraq Consultative Group (ICG), with Government of Iraq leadership, and focused on the NDS and Compact goals, as defined in both documents.

Donors also noted the central importance of the Sector Working Groups (SWGs) as defined in the ICI, and recommended that these report to the Compact CG meetings on their progress in achieving the goals of the ICI Joint Monitoring Matrix in support of the NDS. Donors specifically requested that the Government of Iraq convene all SWGs by December.

Donors have agreed that IRFFI activities should concentrate where they can have the greatest sustainable impact, drawing on monitoring, evaluation and lessons-learned. In this regard, donors are looking forward to the completion of the multi-donor stocktaking review, anticipated for March 2008. Donors agree with the emphasis placed by the Ministry of Planning and Development Cooperation on raising the capacity of Iraqi institutions. Donors stressed the role of IRFFI to:

- build on the recent Government of Iraq success in addressing the challenges of budget execution and making use of its own resources to ensure real improvement in service delivery to the population;
- support increased capacity development in line with the ICI;
- promote initiatives -- through its fast track procedures -- with regard to sectors deemed of high priority by the community of Donors and as requested by the Government of Iraq, including increased assistance to Iraqi IDPs.

Donors have agreed to task the Executive Committee established by the new Terms of Reference with the following by 15 December:

- review the situation of funds still available to finance new projects;
- in conjunction with the ICI secretariat, provide the Donor Committee with an outline of priority sectors, along with specific, prioritized reforms and projects -- to be drawn from the ICI Joint Monitoring Matrix and NDS -- identified by the Government of Iraq that are eligible for financing through IRFFI in 2008;
- review the possibility of co-financing projects with Iraqi resources.