

## **Final Statement of IRFFI Donor Committee Meeting Naples, Italy, 18 February 2009**

The IRFFI Donor Committee expressed its appreciation to Italy for hosting the Eighth IRFFI Donor Committee Meeting in Naples and in particular to Ambassador Gianludovico de Martino, Deputy Minister Dr. Ismail and United Nations (UN) and the World Bank (WB).

Donors welcomed the **UNDG Iraq Trust Fund (UNDG ITF) and the World Bank Iraq Trust Fund (WB ITF) progress reports**. As of 31 December 2008, it was shown that the UNDG ITF total gross deposits currently amount to US\$1.33 billion with US\$1.22 billion approved and transferred for a total of 159 projects and joint programmes. The approved funding contractually committed by Participating UN Organizations amounts to US\$945 million (77%) while the approved funding disbursed is US\$ 838 million (69%). Moreover, in line with the decision taken during the seventh Donor Committee meeting to approve up to US\$ 20 million for humanitarian assistance, the UNDG ITF Steering Committee approved US\$15 million to be used through the Humanitarian Emergency Response Fund (ERF).

As of January 31, 2009, donors had deposited US\$ 494 million to **the World Bank Iraq Trust Fund**. The WB ITF has financed 18 projects for US\$ 481.6 million of which over 78% has been contracted and over 45% disbursed on project expenditures.

Donors expressed their appreciation for the finalization of the **IRFFI Multi-Donor Stocktaking Review** conducted by Scanteam, Norway, whose aim is to provide an independent assessment of the appropriateness, efficiency and effectiveness of IRFFI. In order to conduct the analysis, a representative sampling of 17 projects was chosen from IRFFI portfolio (4 projects from WB ITF and 13 from UNDG ITF). Scanteam's overall analysis is positive stating that IRFFI has made a contribution to recovery in Iraq. The report found that, despite the difficult security situation and poor field conditions, significant tangible results were achieved, contributing improvement in the lives of the beneficiaries. Further, the Multi-donor Trust Fund (MDTF) mechanism was found to offer a high level of transparency, accountability and reduction of corruption risk. The Donor Committee believes the lessons learned from the review should be applied to strengthening UN and World Bank coordination and donor oversight during the implementation of remaining IRFFI activities, and to future MDTFs. Donors highlighted that IRFFI lessons learned should be made available with regard to other MDTFs. Several donors underlined the necessity of having independent audits and evaluations of all individual projects financed under IRFFI. Moreover, donors should have the possibility to play an active role during the monitoring of ongoing projects.

Donors agreed on the **Concept Paper regarding the procedures for the closure of IRFFI** which sets out cut-off dates for donors' contributions to the two Iraq Trust Funds: 31 December 2008 for WB ITF and 30 June 2009 for UNDG ITF. In this respect, the WB and the UN agreed that no new projects would be approved beyond 31 December 2009. Donors agreed that the WB ITF will terminate on 31 December 2013, before which time all projects would be completed and financing disbursed. Donors also agreed with the UNDG ITF proposal not to enter into any further contractual commitments later than 31 December 2010 and that funds not committed by 31 December 2010 will be returned to the MDTF Office, UNDP, in its capacity as the Administrative Agent of the UNDG ITF, for credit to the UNDG ITF Account. The utilization/disposal of unspent UNDG/WB ITF funds will be determined in accordance with their respective donor agreements. Donors also agreed to the UNDG ITF and World Bank ITF proposals to adopt annual progress report submissions to donors, supported by ad hoc reports for the Donor Committee meetings, instead of the current practice of six monthly progresses reporting, in line with the UNDG and World Bank practice of reporting their Multi-Donor Trust Fund operations.

The GoI and donors endorsed the **UN's proposed post-IRFFI mechanism, as set out in the Concept Paper presented to the meeting, to maintain coordinated UN system programming and the role of the Resident Coordinator** in supporting strategic programme harmonization across the UN Country Team, and aligning to the principles of the Paris Declaration. The donors supported this comprehensive mechanism articulating the Resident Coordinator's role in strategic programme formulation, resource mobilisation, donor coordination, and monitoring and evaluation at the strategic level.

**The UN recommendations recognise the roles of the ICI, the MDGs and the Paris Declaration Principles, maintaining the current coordination mechanism through ISRB and the IPF.** In this regard the discussion highlighted the importance of GoI leadership and ownership, including for co-financing, and making the most of lessons learned from IRFFI – as the first multi-donor trust fund to be established and to close – to strengthen the United Nations' future activities in Iraq. Donors also welcomed the World Bank's plans to strengthen their role in donor coordination under the new Interim Strategy Note and encouraged the World Bank to further strengthen their presence in Iraq. While the World Bank's projects are subject to its own operational policies, the World Bank agreed to discuss its projects at the Iraq Partners Forum and Peer Review processes to the extent possible.

Donors also warmly welcomed the **Government of Iraq's concept paper on capacity development and private sector promotion.** The document emphasized the importance of international community engagement with regard to transition to open market economy requirements, especially the support to private sector development, and also to integrate institutional capacity development with sectoral strategies.

Donors expressed the wish that the GoI will activate the ICI Consultative Group in Baghdad in order to take stock of the positive results of the IRFFI process.

Donors welcomed the presentation of the **Prisma System** by Italy, which is used for project management and monitoring.

Donors welcomed Denmark and its designation of Ambassador Mikael Winther, as the **new Chair of the IRFFI Donor Committee** and joined the GoI in expressing their appreciation for the leadership and work done by Ambassador Gianludovico de Martino in successfully guiding IRFFI during his Chairmanship.

The **next Donor Committee meeting will be** convened during 2009 in Baghdad, Iraq, the exact timing to be determined by the new Chair and the GoI.