

donors to join together to contribute to Iraq's implementation of the Compact goals.

The Compact is of utmost importance to help Iraq meet clear security, political, and economic reform benchmarks. It emphasizes the link between security and political stabilization issues on the one hand, and reconstruction and economic development on the other. It provides a framework that will help define how the international community and Iraq's neighbours will support these reforms.

The IRFFI Donor Committee, at its meeting in Istanbul on March 20th, 2007, confirmed its agreement to extend IRFFI to December 2010, to enable it to support the implementation of the Compact. In order to provide Iraq a visible leadership role in IRFFI, the Donor Committee also agreed that Iraq would co-chair the Donor Committee together with the Government of Italy for the next year.

The co-chairs, together with the UN and the World Bank, have over the past months reviewed current programme identification, approval, and implementation processes in order to streamline procedures and further increase IRFFI's efficiency and effectiveness.

At the same time the Co-Chairs and the Facility Coordination Committee have completed a review of IRFFI's terms of reference to ensure that the facility continues to remain closely aligned with Iraqi priorities as specified in the International Compact with Iraq Compact and set out in the National Development Strategy.

The way ahead for IRFFI, four years after the Madrid Conference and the launch of the Facility, is based on Iraqi ownership, with a clear definition of priorities within the National Development Strategy - in line with the goals set by the ICI - to be addressed through IRFFI.

To this regard we look forward with regard to UN Agencies activities related to IRFFI to an effective coordination role of UNAMI and the SGSR as stated in Resolution 1770. Within this framework we believe the sector working groups should play a significant role with reference to the actual fields of future activities.

While implementation in the field can be addressed drawing on four years of experience - and priority criteria and benchmarks set according to performance - also from the point of view of monitoring, it is at this stage crucial for IRFFI to share experience and lessons learnt with other donors who are not part of IRFFI. To this regard, we look forward to continue to work together with the Iraqi Government to develop further

coordination of IRFFI activities with bilateral and multi bilateral donors' commitments.

The support which IRFFI can give to help Iraq meet its economic and social growth goals is significant, yet compared to the national budgetary resources available it is but a small portion. IRFFI has therefore to play a catalytic role with regard to Iraq's own budget, while the requirements to be met through IRFFI need to be prioritized.

Together with our Iraqi friends we are now addressing the crucial issue of improving the interface mechanism between IRFFI and related Iraqi governance processes. To this regard we are confident that the advantages of a holistic approach comprehensive of all available tools will be fully developed together with the Government of Iraq.

IRFFI has assisted Iraq on this. It is ready to continue to play a vital role as indicated in the ICI itself as a financial tool for its implementation and in this perspective the Donors Committee looks forward to broadening its membership with new contributions.