



**First 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 2004 to 31 December 2004

presented to the
IRFFI Donor Committee
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Abbreviations and Acronyms

BOQ	Bill of Quantity
CBO	community-based organization
CSO	civil society organization
DFID	Department for International Development (United Kingdom)
DoE	Directorate of Education
EAD	Electoral Assistance Division (United Nations)
EOD	explosive ordnance disposal
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GIS	geographical information system
IDP	internally displaced person
IECI	Independent Electoral Commission of Iraq
ILO	International Labour Organization
IOM	International Organization for Migration
IRFFI	International Reconstruction Fund Facility for Iraq
ISRB	Iraqi Strategic Review Board
ITF	Iraq Trust Fund
ITU	International Telecommunication Union
MoA	Ministry of Agriculture
MoDM	Ministry of Displacement and Migration
MoEd	Ministry of Education
MoEn	Ministry of Environment
MoH	Ministry of Health
MoLSA	Ministry of Labour and Social Affairs
MoMPW	Ministry of Municipalities and Public Works
MoPDC	Ministry of Planning and Development Cooperation
MoWR	Ministry of Water Resources
NDC	National Dispatch Centre
NDS	National Development Strategy
NGO	non-governmental organization
OAPR	Office of Audit and Performance Review
OFFP	Oil-for-Food Programme
OHCHR	Office of the United Nations High Commissioner for Human Rights
PDS	public distribution system
PIU	Programme Implementation Unit
PMT	Project Management Team
SCSO	Steering Committee Support Office
TOKTEN	Transfer of Knowledge through Expatriate Nationals
TOR	Terms of Reference
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNDPA	United Nations Department of Political Affairs
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
UNODC	United Nations Office for Drugs and Crime
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
UXO	unexploded ordnance
WFP	World Food Programme
WHO	World Health Organization

Definitions¹

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 WB ITF).
Donor Commitment	A legally binding commitment of a contribution to IRFFI for a specific amount over a specific timeframe, formalized through a Letter of Agreement (UNDG ITF) or Administrative Agreement (WB ITF).
Donor Deposits	Cash deposits received by the UNDG ITF or the WB ITF
Project Commitment	The amount for which legally-binding project contracts have been signed.
Allocation	<i>UNDG ITF</i> – amount earmarked to a particular Cluster(s) and/or specific UN Participating Organization(s) to fund approved projects. <i>WB ITF</i> – 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	<i>UNDG ITF</i> – a project that has been approved by the ISRB and the UNDG ITF Steering Committee for which a project document has been subsequently signed. <i>WB ITF</i> – a grant agreement has been negotiated and signed by the World Bank ITF and the Recipient.
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	<i>UNDG ITF</i> – Amount of project disbursement plus Unliquidated Obligations related to payments due for the year.

¹ Common definitions agreed with the UNDG ITF and the World Bank for use in IRFFI reporting

Summary and Decision Points for Donors

Summary

This is the first official six-month progress report on the activities of the United Nations Development Group Iraq Trust Fund (UNDG ITF) submitted to IRFFI donors. The report, which covers the period 1 July to 31 December 2004, has six chapters. The first chapter provides background on UNDG's involvement in post-conflict transition in general and Iraq in particular, while identifying the innovative nature of the UNDG ITF. The second chapter describes highlights of programme delivery for projects approved in 2004 from project selection to results on the ground using a wide range of implementation mechanisms to overcome various hurdles faced. Chapter three includes a review by the eleven UN Clusters of key aspects of programme implementation in 2004 with updates on progress achieved during the first quarter of 2005 for the projects approved in 2004.

The fourth chapter presents a number of key issues that the IRFFI Donor Committee might wish to consider with respect to programme implementation over the upcoming period while chapter five offers some preliminary ideas on lessons learned and how the UNDG ITF model fits into the overall aid architecture. The report ends with the sixth chapter, which contains the conclusions drawn from the operations of the UNDG ITF in 2004.

Decision Points for Donors

- Acceptance of the first formal progress report on UNDG ITF operations as fulfilling the reporting requirements of the UNDG Iraq Trust Fund Letter of Agreement.
- The UNDG ITF Letter of Agreement with donors specifies the submission of the six-month narrative and financial progress reports at separate times – three and five months, respectively, after the closing of the reporting period. In this report, following the concurrence received from IRFFI donors by the Executive Coordinator, the narrative and financial reports are consolidated into one. Since the combined report provides donors with more complete information on activities implemented, it is the intention of the UNDG ITF to continue this practice, for which the concurrence of the Donor Committee is requested.
- The concurrence of the Donor Committee is requested for the proposal of the Executive Coordinator that all interest earned on deposits be credited to the UNDG ITF as additional resources for programme expenses except in those cases where the financial regulations and rules of the receiving Participating UN Organization require otherwise (chapter 2, section 5.5).
- An independent lessons-learned and review exercise of the first year operations of the UNDG ITF, which was not foreseen in the IRFFI terms of reference, has been initiated. In accordance with the rules and procedures of UNDP that require costs of such evaluations to be charged to project budgets, the concurrence of the Donor Committee is requested to charge the costs of the review exercise to the UNDG ITF account as direct costs (chapter 5, section 1.5).

1. Introduction

This is the first official 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). It fulfils the requirements of the Letter of Agreement with donors on reporting. This document, along with further updates, will be submitted to the upcoming meeting of the Donor Committee of the IRFFI planned for July 2005 in Amman. The work of the UNDG ITF builds on the United Nations historic involvement in post-conflict transitions and its long years of involvement in Iraq.

The UNDG ITF is a unique mechanism exhibiting a number of innovative features for tackling post-conflict transitions. The report provides detailed information on the achievements and lessons of the UN multisectoral operations in Iraq while placing the UNDG ITF mechanism in the context of reform of the aid architecture, particularly as it relates to post-crisis countries.

1.1. UN Involvement in Post-conflict Transition

Assisting countries in post-conflict transition is at the core of the mandates of both the UN and the UNDG organizations in particular. In the Millennium Declaration of September 2000, the Heads of State and Government reiterated their commitment to “make the United Nations more effective in maintaining peace and security by giving it the resources and tools it needs for conflict prevention, peaceful resolution of disputes, peacekeeping, post-conflict peace-building and reconstruction”.

It should be recalled that the General Assembly, in its resolution 53/192 of 1998 on the triennial comprehensive policy review of operational activities for development of the United Nations system, recognized “that the phases of relief, rehabilitation, reconstruction and development are generally not consecutive but often overlap and occur simultaneously”. The policy review therefore stressed the urgent need to develop a “comprehensive approach” to crisis, which UNDG has subsequently formulated and adopted. The policy review also called for an early application of developmental tools in humanitarian emergencies. These tools, developed by the UNDG, including post-conflict needs assessment, transitional strategies, funding for transition and UN system transition mechanisms, are now available (see www.undg.org). The UN is utilizing these tools and developing effective linkages between them. In the case of Iraq, the tools were used for the UN-World Bank Joint Needs Assessment and the results framework of the United Nations Assistance Strategy for Iraq.

1.2. UN Involvement in Iraq

The UN involvement in Iraq since May 2003 is governed by UN Security Council resolutions 1483 (22 May 2003), 1511 (16 October 2003) and 1546 (8 June 2004). Security Council resolution 1483 gave the Special Representative of the Secretary-General for Iraq responsibility for, among other things, “coordinating activities of the United Nations in post-conflict processes in Iraq, coordinating among United Nations and international agencies engaged in humanitarian assistance and reconstruction activities in Iraq”. The resolutions further called for the UN to take an active role in: (a) humanitarian and reconstruction assistance; (b) promoting the reconstruction of the economy, key infrastructure and public institutions; (c) promoting the protection of human rights; and (d) developing the national dialogue and electoral processes that would lead to an internationally recognized and representative government and national constitution.

1.3. Setting up of the UNDG Iraq Trust Fund: An Innovative Mechanism

On 24 June 2003, the UN hosted a conference of nearly 50 concerned nations, which requested the UN and the World Bank to carry out an in-depth assessment of Iraq's needs, financial and otherwise, and to design a multi-donor trust fund that would direct contributions to Iraq's priority requirements.

This was followed by the Madrid International Donors Conference for the Reconstruction of Iraq in October 2003, at which countries pledged to contribute about \$33 billion towards Iraqi reconstruction and also established the International Reconstruction Fund Facility for Iraq (IRFFI). Of the total pledge, about \$22 billion was in grants of which up to \$3.4 billion (excluding the United States bilateral grant of \$18.6 billion) were potentially available for channelling through the IRFFI. The terms of reference (TOR) for the IRFFI were finalized following extensive discussions and consultations held with Iraqi national authorities and donor representatives.

In February 2004, the UN presented its Strategy for Assistance to Iraq to the first IRFFI Donor Committee meeting in Abu Dhabi. The Donor Committee endorsed the strategy, which focused the work of the UN on specific areas of reconstruction assistance, or cluster areas, and committed funds to the UNDG Iraq Trust Fund (ITF), which, with the World Bank Iraq Trust Fund, forms the IRFFI. The UNDG ITF represents a number of innovations for the UNDG (see box).

UNDG ITF Firsts

- The first time the UN is administering a multi-donor *reconstruction* trust fund alongside the World Bank in a joint funding facility (the IRFFI).
- The first time UNDG organizations, pursuant to the Secretary-General's reform agenda, have adopted common planning, funding, implementation and reporting arrangements for such a large-scale operation, referred to as the "UN cluster approach". Most importantly, this arrangement assists key Iraqi ministries such as the Ministry of Planning and Development Cooperation (MoPDC) to work with UNDG as one entity, facilitating coordinated, collaborative joint programming.
- The first time UNDG organizations have made it possible for donors to fund their projects through a single channel, reducing donors' transaction costs and UN organizations' resource mobilization and reporting costs.

The UNDG ITF is the primary source of funding for the UN cluster approach in Iraq, which includes 11 clusters: Education and Culture; Health; Water and Sanitation; Infrastructure and Housing; Agriculture, Water Resources and Environment; Food Security; Mine Action; Internally Displaced Persons (IDPs) and Refugees; Governance and Civil Society; Poverty Reduction and Human Development; and Support to Electoral Process. The United Nations Development Programme (UNDP) administers the UNDG ITF on behalf of itself and other Participating UN Organizations. Nineteen UN organizations have signed the Memorandum of Understanding with UNDP for participation in the UNDG ITF (see annex 1, List of Participating UN Organizations).

The UNDG ITF represents a new way of managing donor funds. Unearmarked funds are co-mingled upon receipt of the deposit. Earmarked funds are co-mingled in the specific Cluster to which donors have decided to allocate their contributions. This occurs even when the contribution is further earmarked

to a particular UN implementing agency.² The receipt of funds and management of the ITF are based on the cluster approach as are reports on earmarked and unearmarked donor contributions (by Cluster), disbursements made to Participating UN Organizations (by Cluster and agency), and expenditures incurred under the projects (by Cluster and agency). The cluster approach is also reflected in the consolidated six-month progress reports to donors that are provided by the Executive Coordinator of the UNDG ITF.

From the start, donors have recognized the potential value of the innovative UNDG ITF mechanism and have deposited over time \$631 million in the Trust Fund. This amount represents almost 100 per cent of the commitments made, which is a major success compared with other trust funds. For a list of donors as of 31 December 2004, see table 2. Detailed information on donor deposits as of 31 December 2004 is presented in table 3.

In addition to attracting the traditional donors from Europe, Japan and North America, the UNDG ITF is also receiving contributions from a new group of “developing country donors”. Such countries as India, Islamic Republic of Iran, Kuwait, Qatar and the Republic of Korea are contributing \$10 million each to the IRFFI, thereby becoming members of the Donor Committee. Another “developing country donor”, Turkey, is also a member of the Donor Committee as one of the countries representing donors contributing less than \$10 million.

1.4. First Official Progress Report on the UNDG ITF

In accordance with article VIII, annex 2 of the IRFFI TOR and as stipulated in article V of the Letter of Agreement (LOA) signed by donors with UNDP, “Consolidated Fund-level reporting will be provided to donors by UNDP as Administrative Agent, on a semi-annual basis”. Since project implementation has been under way only since July 2004, this first official six-month report on UNDG ITF activities covers the period from 1 July to 31 December 2004.

With the concurrence received by the Executive Coordinator of the UNDG ITF from IRFFI donors, the two reports foreseen in the LOA – the narrative and the financial – are consolidated here in one report, providing information on progress to date. It is believed that in this way, donors can obtain a more accurate and holistic overview of activities and it is the intention of the UNDG ITF to continue this practice, for which the concurrence of the Donor Committee is requested.

In addition to the official six-month reports, the UNDG ITF provides regular informal monthly updates on project commitments and disbursements, with related narrative reports, through the UNDG ITF Newsletter. This Newsletter is circulated to donors and other interested parties and posted on the web site www.irffi.org.

In order to provide donors with the most up-to-date information on implementation, the present report also provides additional details on activities implemented in the first quarter of 2005 in the Future Work Plans section of the cluster progress reports in chapter three. In addition, the figures for project commitments and disbursements for the projects that were approved in 2004 and that are the subject of this first progress report are provided as of 31 March 2005 (see chapter 2, section 5 and chapter 3). It should be noted that unlike the figures to 31 December 2004, which are official and certified, the 2005 figures are not certified. The commitments and disbursements for the first quarter of 2005 are provided by the UNCT in Amman and are best estimates based on their activities. In most cases the figures have not yet been fully entered into the official accounts of the respective Participating UN Organizations.

² In this report, 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.

1.5. UN Activities in Iraq Funded by Non-UNDG ITF Resources

It should be underlined that this report covers only the 2004 activities of the UN that are funded by the UNDG ITF. UN activities in Iraq funded through other sources represent a major share of the concerned UN organizations' 2004 activities for most Clusters such as Education, Health, Water and Sanitation, Infrastructure, Food Security, Mine Action, IDPs and Refugees, Governance and Civil Society, and Poverty Reduction and Human Development. They are, however, not included in this report so as to give IRFFI donors an accurate picture of the use of their contributions to the UNDG ITF. As indicated in chapter 1, section 2, the UN's involvement in humanitarian and reconstruction assistance in Iraq was already mandated in May 2003 whereas it was only in mid-2004 that projects funded by the UNDG ITF began to be implemented. Chapter 2, section 3.6 provides a summary outline of the results of the 2004 operations in Iraq implemented by the UNCT using non-UNDG ITF resources. A separate report on bilaterally funded UN activities in Iraq that will complement the present report will be prepared by the United Nations Assistance Mission for Iraq (UNAMI), which leads and coordinates the overall UN activities in Iraq. This report will be made available at the next IRFFI Donor Committee meeting.

1.6. Structure of the Report

The report has six chapters, including the present introduction.

The second chapter provides highlights of programme delivery in 2004. It covers the process for project selection; the various project implementation mechanisms; the level of progress in implementation, measured in terms of results being achieved on the ground and level of expenditure; and the hurdles faced during implementation. Finally, it looks at additional measures being taken to further strengthen the accountability and transparency of the operation of the UNDG ITF.

The third chapter includes a review, by Cluster, of key aspects of programme implementation. Further detailed information on progress in the implementation of individual projects is available in the individual project progress reports submitted to UNDP by the Participating UN Organizations, in accordance with the reporting provisions of the Memorandum of Understanding (MOU) signed between the agencies and UNDP. These reports will be posted on the Report page of the UNDG ITF section of the IRFFI web site (www.irffi.org).

The fourth chapter presents a number of key issues that merit consideration with respect to programme implementation over the upcoming period. Among the issues raised is the need for adequate replenishment of UNDG ITF resources if the UN is to continue to assist Iraq in addressing its humanitarian, reconstruction and development challenges.

The fifth chapter offers some initial pointers on lessons learned through the UNDG ITF operation to date and its possible place in the overall aid architecture. UNDP, as the Administrative Agent of the UNDG ITF, will continually monitor, document and refine this innovative multi-donor and multi-agency trust fund model so that its model of coordination and operations can both serve Iraq reconstruction in the best way possible and offer lessons for application elsewhere.

The report ends with the sixth chapter, which contains the conclusions drawn from the operations of the UNDG ITF in 2004.

2. Highlights of United Nations Development Group Programme Delivery in 2004

2.1. UN Assistance Strategy for Iraq 2004-2006

At the first IRFFI Donor Committee meeting, held in Abu Dhabi in February 2004, the UN presented its United Nations Assistance Strategy for Iraq, which had been approved by the Iraq Strategic Review Board (ISRB). While reflecting a three-year perspective, the strategy, at a total unfunded cost of about \$1 billion, concentrated on outputs in 2004 and 2005. The Donor Committee endorsed the strategy and firmly committed to the UNDG ITF \$403 million of the \$1 billion that was committed to the IRFFI, while \$360 million had yet to be allocated between the two trust funds.

In the absence of a sovereign government and a Common Country Assessment for Iraq, the UN Assistance Strategy was based on the UN/World Bank Joint Needs Assessment. It used the Results Matrix that is utilized by the UNDG in the formulation of country-specific United Nations Development Assistance Frameworks (UNDAFs) as the template for structuring the various programmes under each Cluster.

Almost everywhere that the Iraq the United Nations Country Team (UNCT) looked, there were numerous critically interrelated needs. These ranged from the local provision of minimum basic services – water, electricity and sanitation – to the rehabilitation of sector-specific infrastructure and facilities, to institution-building and strengthening, including capacity development. It was necessary to address all these needs in parallel since without a capable institution (ministry, governorate, municipality, agency) with competent people and operational budgets to run and maintain adequate infrastructure and facilities, the results of external reconstruction and development assistance would be short-lived and some parts of the country would continue to depend on humanitarian interventions from outside. By addressing the three categories of needs together, with the activities in each category clearly prioritized, the level of humanitarian intervention could be reduced in line with the increase in rehabilitated infrastructure and the improvement in institutional capability, competency and long-term planning, sector by sector.

Based on the fourteen sectors used for the UN-World Bank Needs Assessment, the UN strategy regrouped its assistance strategy to focus on ten Clusters along with five cross-cutting themes that were incorporated into all cluster activities. The establishment of the Clusters reflected a strategic approach incorporating results-based management principles into programming and delivery, covering security, planning, support, collaborative implementation and oversight.

Following the endorsement of the UN Assistance Strategy at the Abu Dhabi meeting, donors began to deposit funds into the UNDG ITF account in fulfilment of commitments made. A critical mass of donor funding was deposited into the UNDG ITF account just prior to the Doha Donor Committee meeting at the end of May 2004. This enabled project implementation to begin in July 2004, following ISRB approval and in accordance with the strategy.

In February 2005, an updated version of the strategy for 2005-2007 was prepared by the UNCT. On 24 March 2005, the UNCT, led by the Deputy Special Representative of the Secretary-General for Iraq, and the Iraqi authorities, led by the previous Chairman of the ISRB and Minister of Planning and Development Cooperation, participated in a joint comprehensive review of the strategy. The review resulted in a jointly owned UN-Iraqi Assistance Strategic Framework that outlined the suggested main priority areas for action in 2005-2007 in Iraq. The document will be further reviewed with the new Chairman of ISRB and Minister of MoPDC of the Transitional Government of Iraq as soon as feasible.

2.2. The UNDG Method of Operating in Iraq

The methods used by UNDG in Iraq are unique in many ways. Its unified country operation emphasizes transfer of knowledge both because of its intrinsic merits (empowerment and capacity development of Iraqis) and out of necessity – the “light foot print” imposed by the security situation, where UN international staff are obliged to work from outside Iraq. Given the enormous reconstruction needs, Iraqi entities need to absorb and implement large amounts of external assistance with a system that is able to deliver quick impact in a difficult security situation and a changing legal and institutional environment. To assist in this situation, the UNDG organizations have put in place a series of processes to develop Iraqi capacity and maximize Iraqi involvement in project identification, formulation and implementation. The aim is to ensure progressive but effective Iraqi ownership and beneficiary participation while retaining overall UN accountability.

2.2.1. Project Selection

Transparent mechanisms for project identification, formulation, review of proposals and decisions on allocation of funding have been developed, refined and effectively used during the reporting period. This has facilitated quick, efficient project implementation using modalities adapted to the special Iraqi context.

Project Identification and Formulation

In identifying and then formulating the specific projects to be submitted for funding under the UNDG ITF, the Participating UN Organizations have been guided primarily by the UN Strategic Plan approved by the ISRB and endorsed by the Donor Committee and by project submissions from the Ministry of Planning and Development Cooperation (MoPDC) at the Abu Dhabi and Doha meetings. Subsequent to the Tokyo Donor Committee meeting in October 2004, the Iraq National Development Strategy (NDS) served as the basis for project identification and formulation. The UN continues to work closely with the concerned Iraqi line ministries, Iraqi governmental entities and non-governmental organizations (NGOs) on project identification and formulation, emphasizing capacity development at every stage.

The key criteria that projects funded by the UNDG ITF must meet are: (a) alignment with Iraqi-identified priorities; (b) implementability in 2004/2005 given the security situation and delivery capacity of the Participating UN Organization; (c) impact on employment creation, and (d) degree of inter-agency cooperation in planning and implementation (reflecting the cluster principle). To ensure greater effectiveness, these criteria were refined and tightened in March 2005 to take into account the demonstrated delivery capacity of the implementing UN agencies. The new criteria require that an agency requesting additional resources from the UNDG ITF demonstrate achievement of a 50 per cent commitment rate and a 25 per cent disbursement rate on projects already funded from the UNDG ITF.

The UNDG ITF project submission and project document formats are included as annexes to the detailed TOR and Rules of Procedure of the UNDG ITF Steering Committee. These are publicly posted on the UNDG ITF section of the www.irffi.org web site.

Review Procedures

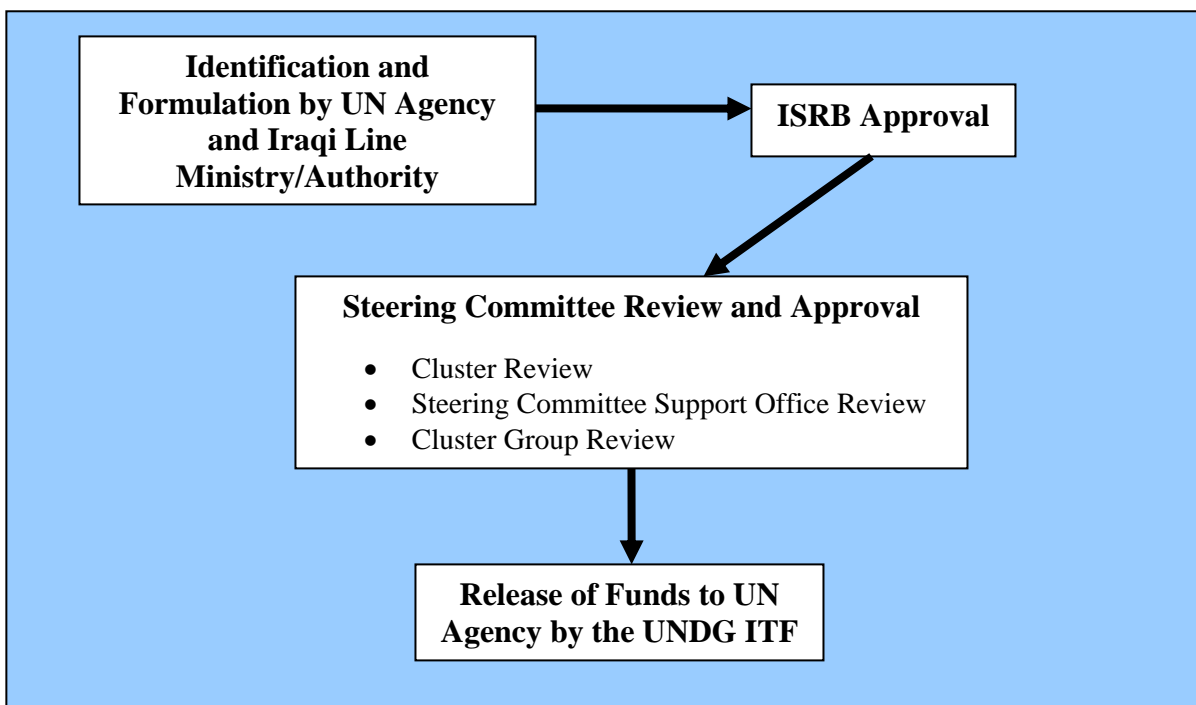
The methodology used to review the quality of project proposals has been critical to the success of the UNDG ITF. As in normal UN country operations, the prior endorsement of UN projects by Iraqi institutions and line ministry are required for subsequent approval. As was agreed at the Doha IRFFI Donor Committee meeting in May 2004, the ISRB has the primary role in deciding on the individual projects that the UNDG ITF will consider for funding.

The agreed procedure requires initial approval of the UN project proposal by the concerned line ministry (fig. 1). This is followed by formal approval by the ISRB, which is chaired by the Minister of the MoPDC, thus ensuring that all UN actions are in accordance with immediate Iraqi priorities. Following approval of the ISRB, project proposals are submitted to the relevant UN Cluster for detailed technical review.

Once technical endorsement has been secured, the proposals are submitted for further vetting by the UNDG ITF Steering Committee Support Office (SCSO) and the Cluster Group, consisting of task managers of all the Clusters and of the cross-cutting themes. The SCSO review focuses on project management issues in light of UNDG ITF project submission guidelines. The Cluster Group reviews the proposals for inter-Cluster coordination, best management and implementation practices and location-specific synergy.

Upon Cluster Group approval, projects are tabled by the SCSO for Steering Committee review and approval, including allocation of funding. The Steering Committee, chaired by the Deputy Special Representative of the Secretary-General (DSRSG) for Iraq, comprises heads of UN organizations based in Amman, with the UNDG ITF Executive Coordinator participating as an ex-officio member.

Figure 1. UNDG ITF Project Selection, Review and Approval Process as of 1 July 2004

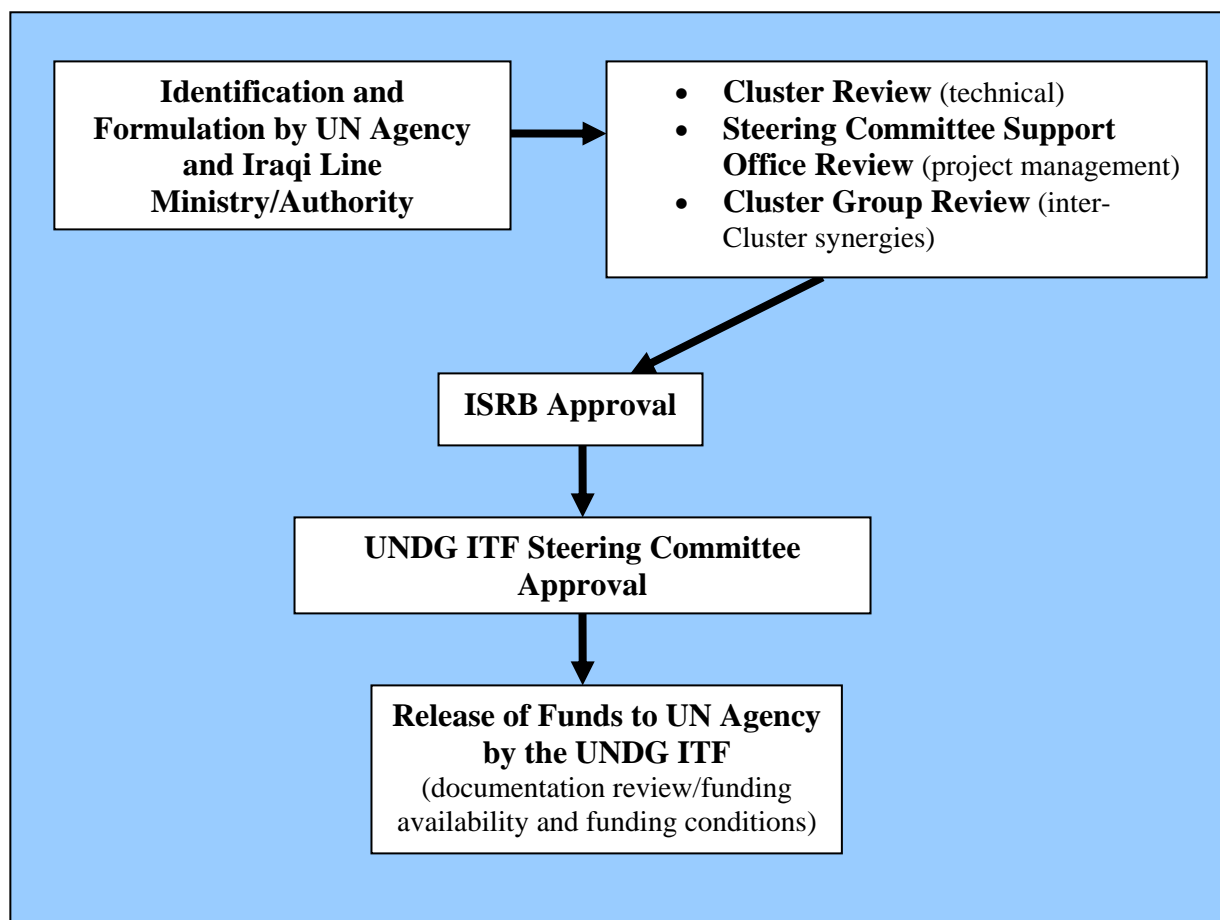


Project proposals are also evaluated against a series of social and environmental indicators. To the extent possible, potential impact on both employment and the environment is measured. The cluster system ensures the necessary social and environmental input through the presence, in Cluster meetings, of the specialized agencies, funds and programmes and in particular the focal points for the five cross-cutting themes (security, human rights, gender, environment and employment generation). For example, the United Nations Environment Programme (UNEP) has increasingly taken a lead role in environmental review. In August 2004, it established a country presence in Amman. Since then, it has been involved in the project review process, participating in the Cluster managers' reviews and the Steering Committee approval process.

The UNDG ITF Steering Committee has continued to assess the operational issues faced and lessons-learned in the approval process and has amended its procedures periodically as appropriate. A new fast-track approval process permitting electronic approval of projects within 72 hours of submission to the Steering Committee was agreed in August 2004 specifically to address the needs of the Support to Electoral Process Cluster. In particular, in order to maintain the independence of the electoral process, the Independent Electoral Commission of Iraq (IECI), and not the ISRB, approves projects in this area.

Since the ISRB has met increasingly infrequently since September 2004 and so as not to unduly hold up the review process and also ensure that what is sent for ISRB approval has been properly reviewed and vetted by the Clusters, the UNDG ITF modified its procedures (fig. 2). Since then, ISRB approval for projects is sought only after the Cluster review is complete (rather than before the technical review by the Cluster). The UNDG ITF has benefited from the guidance and approval provided by the ISRB and looks forward to strengthened review and coordination by Iraqi authorities. Such a review will ensure not only that UNDG ITF resources are used to address prioritized Iraqi needs across and within sectors and regions but also that they will be complementary to the development assistance of other funding sources. UN proposals on strengthening Iraqi leadership in aid coordination are discussed in chapter 4, section 5 of this report.

Figure 2. Revised UNDG ITF Project Selection, Review and Approval Process



Project Approvals

The first 17 projects were approved by the UNDG ITF Steering Committee at three meetings in May

2004. However, funds could not be transferred immediately for these approved projects so that they could start implementation since ISRB final approval was only received at the end of June 2004. Between June and August 2004, UNDG ITF project proposals were reviewed and approved by the ISRB on a regular basis, which in turn enabled the UNDG ITF Steering Committee to review and approve these projects at two meetings in July and one in August. While the Steering Committee met on a monthly basis thereafter, it was unable to proceed at a similar pace in its decision-making owing to the need to await the required ISRB approvals.

As of 31 December 2004, 55 projects had been approved by the UNDG ITF Steering Committee, 48 of which have been funded. The seven remaining projects are awaiting availability of unearmarked funds. The list of approved projects, by agency, with date of approval by the UNDG ITF Steering Committee and date of transfer of funding, is provided in annex 2.

Although few projects have been totally rejected by the UNDG ITF Steering Committee after having passed the multi-layer vetting procedures, a number of project proposals have been approved with conditions or at times returned to Clusters for further review and refinement. In particular, Clusters have been requested to: (a) sharpen their implementation arrangements; (b) define capacity-development measures explicitly; (c) re-examine and consider budgeting allocations to project categories, including support costs; (d) increase inter-Cluster collaboration; and (e) demonstrate concrete implementation capacity, including location synergy.

2.2.2. Transfer of Funds to Implementing Participating UN Organizations

As the Administrative Agent of the Participating UN Organizations, UNDP receives donor contributions and subsequently transfers funds to the UN implementing agencies once project proposals have been approved by the Steering Committee. In the course of implementing the approved project, the UN agency in turn commits funds on the basis of legally binding contracts, agreements or purchase orders. Funds are then disbursed by the UN implementing agency against such legal contracts.

Fund transfer by the Executive Coordinator to Participating UN Organizations is only made after all the conditions for project approval and fund transfer have been fulfilled. These include, among others, the signing of the project document by the Chairman of the UNDG ITF Steering Committee and the respective representative of the Participating UN Organization, actual availability of deposited contributions in the UNDG ITF account, and fulfilment of the conditions attached to contributions and specified in the Letter of Agreement concluded with the donors. While this applies primarily to earmarked contributions (to specific Clusters and/or agencies), it also pertains to unearmarked contributions that include negative stipulations (activities that the particular contribution will not finance). These factors partially explain the time gap between the dates of the Steering Committee project approvals and transfer of funds from the UNDG ITF account as shown in annex 2.

Following the ISRB approval in late June 2004, UNDP was in a position to transfer the first tranche of funds to implementing agencies only as of July 2004. By 31 December 2004, UNDP had transferred \$494 million, of which approximately \$401 million came from earmarked contributions and \$93 million from unearmarked contributions. A summary of the total approved funding as of 31 December 2004, by Cluster and by Participating UN Organization, is presented in table 5 and figures 4 and 6.

As a result of the lack of adequate unearmarked contributions, seven projects totalling US\$52 million and approved by the ISRB and the UNDG ITF Steering Committee, had not been allocated funding by 31 December 2004. The Mine Action and Food Security Clusters, for example, had projects approved in 2004 for which only a partial transfer of funds was made in January 2005 due to lack of unearmarked funding. In a few cases, partial funding of approved projects was made from funds previously transferred to an agency for a project approved earlier but for which immediate availability of funds was

not critical. The procedure of partially funding approved projects has enabled the early start-up of project activities.

When the required funds are available in the UNDG ITF account and full authorizing documentation has been received subsequent to fulfilment of all the conditions of project approvals, the Executive Coordinator transfers approved funds to implementing agencies within one to two days. The 72-hour review period foreseen for fast-track electoral assistance projects has also been matched by expeditious fund transfer, with most fund transfers being effected within one day.

In accordance with the Rules of Procedure of the UNDG ITF Steering Committee, the Executive Coordinator presents at each Steering Committee meeting a comprehensive Funding Framework that provides detailed information on the available funding as of that date, whether earmarked (to Clusters or agency) or unearmarked, including any special conditions specified for the contributions as well as information on pending donor contribution deposits. Based on the information given in the Funding Framework, a number of projects that have gone through the review process have been put on hold and have not been submitted to the UNDG ITF Steering Committee until further donor deposits have been received.

2.2.3. Adaptation of Project Implementation Mechanisms

Faced with the continuing security crisis in Iraq in 2004, the UN had to relocate its international staff outside of the country. In response, it has developed innovative implementation mechanisms that give primary responsibility for project implementation to national entities ranging from UN national staff to government ministries, private consultants and contractors, and NGOs while retaining overall financial and programmatic accountability.

The UNDG organizations are using a mix of execution modalities, including transfer of funds to line ministries for specific items, depending on the area of intervention and the degree of institutional capacity. In some cases, there is complete reliance on existing national rules and implementation mechanisms, as in the Health Cluster. In other Clusters, however, greater independence has been exercised, as in the Internally Displaced Persons (IDPs) and Refugee Cluster and in projects dealing with the development of civil society.

As Iraq moves to a transitional elected government and then to a full-fledged democratic government and further national capacity is built, reconstruction and development programmes will increasingly rely directly on existing institutions and systems for implementation. This, however, requires a concerted effort over the short to medium term to rebuild local capacity and constitute an appropriate accountability framework.

The UN is presently strengthening line ministries in two main ways. It is using ministry staff to constitute Programme Implementation Units (PIUs) or Project Management Teams (PMTs) to assist in project implementation. This is combined with a major emphasis on developing the capacity of Iraqi ministry counterparts and officials in general through extensive in-service and regional training programmes.

Project Implementation Units /Project Management Teams

The UN is endeavouring to ensure that PIUs are managed in the interests of long-term sustainability as well as the transparency and efficiency needed in the management of UNDG ITF resources. As a result, ministry staff are appointed to manage, oversee or coordinate implementation and no separate entities are created. As previously reported in the interim progress report submitted to the Tokyo IRFFI Donor Committee meeting, the World Health Organization (WHO), for example, has empowered the chief

official responsible for primary health and two deputies to constitute the PIU for the primary health programme that it is implementing. These officials operate under detailed TOR and guidelines agreed with WHO. This has avoided the PIU becoming a separate entity while ensuring appropriate programme and financial management and monitoring. The Governance and Civil Society Cluster uses still more informal project management teams, consisting of beneficiary ministries and institutions along with the UN agencies. The teams ensure the smooth flow of information, joint work planning, monitoring of activities, and continuous interaction with the UN agencies.

One difficulty with PIUs or PMTs is that the superior performance that is expected of the officials working in PIUs carries with it commensurate expectations of reward. This can make PIUs expensive and can lead to distortions in the civil service pay structure, with negative effects on wider public service reform and reintegration of PIU staff into ministries. UNEP, for example, has encountered some challenges associated with payments for services rendered by Iraqi partners. For instance, the decision of some bilateral initiatives to offer up to \$70,000 per year to Iraqi nationals working in Iraq has significantly skewed the labour market for qualified persons, negatively impacting the ability of the UN to engage persons with similar qualifications at the UN rate.

At present, the remuneration of national staff differs not only between UN and non-UN organizations but also at times between similar UN-supported initiatives. The Iraq UNCT is therefore seeking to develop, in conjunction with the MoPDC, a standard, unified approach to appropriate incentive schemes to ensure consistency across UN projects.

The PIU dilemma is an issue well known to development practitioners and one that has been addressed by both UNDP (in its responsibility for managing the UN Resident Coordinator system) and the World Bank. PIUs have been set up in many countries receiving aid and they take various forms. Where there is a strong, established capacity within ministries, no PIUs are needed and the ministry simply absorbs the project into its existing structures. In other cases where there is no capacity to implement reconstruction programmes, an independent unit separate from government structures is often established for project management and implementation.

In reviewing implementation options, the UNCT seeks to evaluate the costs and benefits of insulating the project from political influence, the ability of the management structure to employ suitably qualified personnel for immediate delivery, and the balance between direct accountability provided by a fenced off PIU and institutional development, which is better fostered by a PMT in the ministry. UNDP studies that have generally argued against the use of PIUs because of their negative impact on longer-term sustainability have indicated that in post-conflict countries where capacity is weak and large quantities of aid need to be disbursed quickly, PIUs can facilitate this process.

Capacity Development for Iraqi Officials

Aware that the best guarantor of successful reconstruction is an effective public service and that promoting isolated PIU enclaves can be counterproductive to longer-term sustainability, the UNCT is placing great emphasis on capacity development across the board in all line ministries. As the third chapter of the report illustrates, virtually all Clusters have organized extensive training sessions and workshops in Amman and other neighbouring countries in the effort to upgrade and develop the capacity of Iraqi officials.

Further Elements of Building National Ownership

Building national ownership is not limited to increasing the responsibility, involvement and capacity of officials in government institutions.

- **UN national staff.** One distinguishing aspect of the way in which UN operations in Iraq have been reconfigured is the major increase in responsibility given to UN national staff. The UNCT has at its disposal a pool of highly trained and motivated national staff who worked for the UN during the implementation of the Oil-for-Food Programme (OFFP), particularly in the three northern governorates. These trained staff, are increasingly empowered to take on major responsibility for programme implementation.

Many national staff in Iraq have already worked with international staff for many years and have developed extensive programme and financial management skills. The United Nations Office for Project Services (UNOPS), for example, is using its national staff, trained over the past four years in the areas of procurement, finance, programme management, community organization and mobilization, and its group of highly qualified civil engineers in the implementation of its programme for the reintegration of IDPs in the north of Iraq. Similarly, the national staff of WHO based in Baghdad, Basra, Dohuk, Erbil, Mosul, Najaf and Sulaimaniah are implementing the primary health care programme. UNICEF has over 100 national staff who are playing a major role in the management of its programmes in Iraq.

- **Local consultants.** Local consultants conversant with UN operations are also being used extensively. Following the termination of the OFP, many former technical national staff formed and/or joined construction, consulting and other companies. With the experience that they gained from many years of work for the UN and their knowledge of the Iraqi market, they are in a good position to provide high-level consultancy services, in particular for infrastructure projects. Many such consulting companies have been pre-qualified and registered and a number have been contracted by, for example, UNDP for power projects and UNICEF and the UN Human Settlements Programme (UN-HABITAT) for school rehabilitation.
- **Iraqi local contractors.** Iraqi local contractors have significant experience in implementing projects for the UN, particularly with respect to civil engineering/rehabilitation. These same contractors are now a prime resource for inclusion on short lists for specialist rehabilitation tenders. A number of contracts have been awarded by UN organizations such as UNDP, UNICEF, UN-HABITAT, UNESCO, UNHCR, UNOPS and WHO for the provision of goods and the implementation of services and works using UNDG ITF resources. The UNCT is making concerted effort to utilize Iraqi contractors by making information on procurement opportunities known to them, including through the IRFFI web site (www.irffi.org). A wide range of contracts are being awarded to Iraqi contractors and some of them are already listed in the contract awards table posted on the UNDG ITF Procurement page of the IRFFI web site.

Monitoring and Due Diligence in Project Implementation

International staff based in Amman, Kuwait and more recently Nicosia continue to provide supervision and backstopping support to government officials, national staff and private contractors through regular phone contact, video conferencing and face-to-face meetings in Amman or at border meetings/short missions in the south. The DSRSG and a number of UN international staff have made periodic visits to Baghdad. Meetings are organized on a priority basis with relevant ministries to facilitate programme implementation. In their meetings with ministries, the international staff visiting Baghdad represent the entire UNCT. This is a further extension of the reconfiguration of operations of the UN system in Iraq in order to maximize safety, efficiency and added value.

To bolster coordination and communication with ministries in Baghdad, a UNDG consultant was fielded from September 2004 to early 2005. In January 2005, this function was further strengthened by the appointment of a UN Deputy Humanitarian and Reconstruction Coordinator, who is based permanently in Baghdad and works under the supervision of the DSRSG.

In many cases, implementing agencies have had to substantially revise their standard contracting and supply delivery procedures to adapt 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 the business processes. For example, since the beginning of 2004, security restrictions on UNICEF staff movements inside Iraq and the deteriorating security environment have led to the decision to deliver, to the extent possible, all shipments directly to the partners in the governorates rather than routing them through UNICEF warehouses. UNICEF established systems for direct delivery of supplies from ports of discharge in neighbouring countries (Aqaba in Jordan and Mersin in Turkey) to all 18 governorates under a “Through Bill of Lading” procedure. This enabled the provision of UNICEF Global Insurance to remain intact and saved significant amounts in transit insurance and trans-shipment costs. Various corridors were used (through four countries) to ship over 1,242 containers, or about 25,000 metric tonnes into Iraq. Education kits for the UNDG ITF-financed UNICEF project, Strengthening Primary and Secondary Education, constituted over 936 containers.

To monitor final delivery, UNICEF set up Consignee Signatory Panels within counterpart agencies to provide proof of delivery (POD) at the governorate/Directorate level. This enabled safe delivery of supplies to the 18 governorates instead of central delivery in Baghdad and redistribution via secondary transportation as formerly practised. For the establishment of POD involving freight forwarders, authorized staff were identified in relevant warehouses in the Governorates and systems were set up for receiving supplies and certifying Transporters’ Convention of Merchandise by Road (CMR)/Waybills to be used as POD. Warehouse operations inside Iraq have had to be kept to a minimum. Instead, temporary warehousing in Kuwait and Amman has been used.

The Logistics Support to IECI Project implemented by UNOPS under the overall supervision of the UN Electoral Assistance Division (EAD) involved air freighting about 2,800 tons of election material from Austria, Canada, China and Jordan through the United Arab Emirates. The material was then organized for 133 flights to 10 airports in Iraq and onward to warehouses in all 18 governorates. The materials were subject to pre-shipment inspection at the point of origin and to confirmation at the various trans-shipment points.

Apart from the large supply needs, the UNDG ITF programme is confronted with a huge demand for rehabilitation work in all sectors. This requires careful, extensive work on bidding, adjudicating and contract preparation and processing institutional contracts and Project Cooperation Agreements with NGO partners. Some agencies had previously suspended contracting following international staff evacuation until new and acceptable modalities for bid administration could be established. By the start of the UNDG ITF programme in July 2004, new modalities for bidding and issuance of institutional contracts inside Iraq had been put in place by most agencies. The two boxes hereunder show two examples of the new procedures that have been developed and that are being effectively utilized by the two agencies with the highest level of UNDG ITF expenditure in 2004: UNICEF and UNDP. Other UN organizations such as FAO, UN-HABITAT, UNOPS and WHO also use broadly similar procedures.

UNICEF Implementation Modality for Rehabilitation

- Bills of Quantity (BOQs) prepared inside Iraq by Iraqi engineers working for UNICEF under an institutional contract in collaboration with the government engineers;
- BOQs costed jointly by the government- and UNICEF-contracted engineers;
- BOQs sent by pouch to UNICEF Amman office for review by the Programme Section.
- Contracts Section prepares bidding documents on the basis of documents received;
- Bidding documents delivered to Iraq by a locally contracted firm in sealed envelopes to the invited companies (on the basis of pre-qualified company lists);
- Bid responses collected in Iraq by the local firm in sealed envelopes are delivered to Contracts Section in Amman for analysis in consultation with Programme Section;
- Analysis presented to the Contracts Review Committee in UNICEF Amman and a recommendation to award the contract is made to the UNICEF Iraq Representative;
- After the decision to award is made, a request for contract is prepared by the Programme Section and forwarded to Contracts Unit, which issues a contract;
- All payments to the Iraqi contractors are made in Amman (no problems encountered);
- Rehabilitation work is undertaken by the awarded contractor under day-to-day supervision of a monitor hired under the institutional contract, backed up by a government engineer, checked periodically (when security permits) by UNICEF staff;
- Upon satisfactory completion of work, the Government sets up a committee of three people who certify and accept the work on behalf of the Government;
- Following acceptance, payments made by UNICEF;
- 10 per cent retention fee (warranty) held for three months to ensure work is well done.

UNDP Implementation Modality for Rehabilitation

- Advertisements in major Iraq newspapers and on UNDP and IRFFI web sites requesting services of government-registered Iraqi contractors and consultants in electrical, civil, mechanical, etc. areas;
- Contractors/consultants are pre-qualified against set criteria and the successful companies are selected for consideration for contract scales ranging in value from \$50,000 to above \$300,000 based on experience and past financial turnover;
- Scope of Works /TORs are prepared by the UNDP procurement unit in liaison with Iraqi engineering consultants and in collaboration with the Ministries concerned and, in some cases, via international consultants contracted by UNDP;
- Bidding documents prepared by the procurement unit in Amman/Cyprus and sent to the prequalified companies;
- Running parallel with the “works” contract is a “supervisory” consultancy contract to monitor the progress of the implementation of the “works”;
- Sealed bid responses collected by UNDP-contracted Baghdad courier company and delivered to UNDP Amman for evaluation;
- Procurement unit in Amman/Cyprus evaluates offers and makes recommendation for award to the Contracts Assets Procurement Committee in Amman (and, depending on the value of the contract, to the Advisory Committee on Procurement in New York);
- Upon approval of recommendation, the contract(s) is drafted by the procurement unit in Amman/Cyprus and awarded to the successful contractor(s);
- Implementation of the “works” carried out by the works contractor is monitored by the “supervisory” consultants;
- Stage payments are made based on progress reports from the consultant;
- Final payment made to the contractor upon satisfactory completion of the work and receipt of the final consultant report;
- All payments made either by bank transfer in the case of Baghdad and north area contractors or via cash provider in the case of south area contractors. No problems have been encountered in using either of these methods;
- Payments are made under standard UNDP payment terms.

Participating UN Organizations retain responsibility for monitoring and oversight, including site assessments, review of detailed designs and bills of quantities, 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, and the participation of, line ministries.

Broadly speaking, agencies have succeeded in ensuring their monitoring function within the provisions of their own financial regulations and rules without compromising the safety of non-staff personnel/contractors employed to do the monitoring. Some former UN national staff have developed project monitoring skills and are providing this service as private contractors. This work consists mainly of end-use monitoring of supply and assessment of quality of performance. Supervision by private contractors is usually combined with that of national staff and government officials. In the remote-control modality, this triangulation of supervision is critical to ensure that work is done to acceptable standards.

The UNDG ITF independent “lessons-learned and review exercise” that will be carried out in June 2005 (see chapter 5, section 1.5) is expected, among other things, to review and assess the nature and effectiveness of the agency monitoring systems that have been put in place by the various UN implementing agencies.

Despite the many changes introduced by the UNCT in implementation modalities, some tried and tested mechanisms continue to be used but on a selective and limited basis at best:

- **International NGOs.** In the area of refugee integration, for example, the United Nations High Commission for Refugees (UNHCR) continues to work with its traditional international NGO partners, which are still present in the lower south.
- **International consultants and contractors** continued to be used. For example, in the health sector, short-term international consultants have contributed to the implementation of project activities mainly in the area of training and capacity development. With respect to infrastructure, international engineering companies are rehabilitating power stations.
- **UN electoral assistance staff** were present in Baghdad under strict security arrangements to provide technical assistance and programme management support to the Independent Electoral Commission of Iraq (IECI) in preparation for and follow-up to the successful election on 30 January 2005.

Further details on the various implementation modalities and their use by different Participating UN Organizations are provided in the Cluster progress reports in chapter 3 and the individual project progress reports of the different Participating UN Organizations that are available from the UNDG ITF.

These approaches to programme implementation, with their strong reliance on national staff and capacity development of Iraqi ministries and other entities, have faced some initial delays in the start-up phase. The UNDG ITF is confident, however, that in the longer term, the gains in national ownership and increased capacity will bear significant fruit.

2.3. Progress in Implementation on the Ground

The Iraq UNCT is cognizant of the understandable expectations of Iraqis and donors for expeditious project implementation, which is partly reflected through such financial parameters as project commitments and disbursements. Indeed, legislatures are demanding to know “yesterday” the impact on the ground of their contributions to the UNDG ITF. While inevitably programme achievements to date

may not necessarily meet the very high expectations of some, the UNDG ITF is convinced that, given the security situation in Iraq and the existing institutional circumstances, it is showing a solid record of achievement in comparison with the record of other entities in Iraq or other crisis and post-crisis situations.

The results of UNDG ITF activities are analysed hereunder according to a number of key indicators judged as essential for reconstruction and development: capacity development, policy dialogue, service delivery and employment creation.

Chapter 2, section 3.5 on implementation results reviews the success of the UN operation in assisting the IEI. The Support to the Electoral Process Cluster, under the management of the UN EAD, was implemented by UNDP, UNESCO, and UNOPS. The Cluster had the highest budget allocation (\$108 million) and the highest level of disbursement with \$37 million as of 31 December 2004 and \$87 million (81 per cent of approved funds for the Cluster) by 31 March 2005. This illustrates the UNDG ITF direct impact on the ground, which spans the key areas of capacity development, policy dialogue, service delivery and employment creation.

2.3.1. Capacity Development

Iraq has a long tradition of strong public and private institutions, a capable civil service and a sound basic legal infrastructure. Iraqi institutions, however, have been isolated from international developments and best practice for a quarter century. The UNCT has therefore engaged in a broad range of capacity-development activities, programmes and projects across all Clusters in collaboration with line ministries. Prior to December 2004, statistics were not kept by the UN on activities in this area. However, from December 2004 to March 2005, the UNCT carried out almost 100 capacity-development activities through technical training, workshops, seminars, conferences and high-level meetings, actively involving participants from all ministries and various civil society organizations. UNAMI now provides a monthly update of capacity-development initiatives for the month ahead.

High-profile, high-level meetings have included the December 2004 International Employment Conference on Iraq organized by the International Labour Organization (ILO) in Amman, which endorsed and adopted a declaration and action plan for job creation. Similarly, UN-HABITAT organized a forum on housing policy in September 2004. One of the significant achievements of the forum that has a far-reaching impact was the unanimous adoption of the Housing and Urban Development Declaration, Recommended Interventions and Plan of Action. Other capacity-development initiatives have been lower key.

The Education and Culture Cluster, for example, has strongly supported the Ministry of Education (MoEd) in the conduct of terminal and non-terminal examinations, including the orientation of teachers, based on the awareness of the value of examinations by Iraqi society at large and the confidence in the education system that is created by an effective examination system. Preparations are under way for the implementation of the training of 50,000 primary school teachers and 30,000 secondary school teachers during 2005. Many government counterparts benefited from these interventions as their capacity was boosted through interaction with international experts and study tours to many countries in the region and beyond. UNESCO has supported the MoEd on curriculum reforms in higher education and with a study visit of senior-level Iraqi delegates to the British Open University. The Economic and Social Commission for Western Asia (ESCWA) Networking Academy project has completed the training of the staff of the various concerned Iraqi universities. The training included bringing 13 participants from 4 universities in Iraq to Lebanon for a comprehensive 5-week training programme.

WHO, just in its water quality surveillance project (Water and Sanitation Cluster), has organized five training programmes for participants (a total of 61 people from both the Ministry of Environment (MoEn) and the Ministry of Municipalities), which have been conducted in Amman.

In its work to rehabilitate power stations (Infrastructure and Housing Cluster), UNDP was faced with the unwillingness of the international manufacturing companies to go on site in Iraq to commission work. It has instead organized the training of Ministry of Electricity officials and Iraqi private contractors at manufacturers' sites. The on-site training has led to the "certification" of some of the Iraqi engineers by the manufacturers as sufficiently well qualified to commission rehabilitation work on behalf of the international companies.

The UN has provided significant capacity development support even in areas that have traditionally been seen as closer to the emergency end of the continuum, such as that of the IDPs and Refugees Cluster. UNHCR has assisted the Ministry of Displacement and Migration (MoDM) to establish clear organizational and administrative structures at both the central (Baghdad) and regional levels. By the end of 2004, MoDM regional/branch offices were open and functional in Amarah, Basrah and Nasiriyah, while preparatory work is now under way to open additional offices in Kut and Najaf Governorates. In addition, UNHCR organized a number of training sessions targeting MoDM and other stakeholders in the provision of protection and assistance, including key government and non-governmental counterparts. Subjects ranged from protection, IDP guiding principles and monitoring to emergency response, programming, administration/finance, human resources and public relations.

UNHCR's capacity development work has not been concentrated on ministry officials alone. Extensive training has been provided for local government officers dealing with reintegration of refugees, for example. Indeed, the programmes of the IDPs and Refugees Cluster enjoy the full support of the beneficiary communities. Community participation in beneficiary selection and implementation has been encouraged and coordination and endorsement of local authorities pursued. Work by the Governance and Civil Society Cluster has also included training for 55 NGOs in project formulation, monitoring and evaluation in four governorates

2.3.2. Policy Dialogue

As indicated in the UN Assistance Strategy for Iraq 2005-2007, the Iraq UNCT did not seek to actively engage in supporting government policy formulation during 2004 for varying reasons. First, the need for more basic and urgent services and resources such as medicines, health facilities, education materials, water and electricity took precedence. Moreover, many agencies and Clusters believed that it was premature to consider longer-term policy formulation support in light of the fact that an Interim Government was in place whose structure and focus could change dramatically in a post-election Iraq.

Following the successful elections of 30 January 2005, the UN is ready in 2005 to assist and support the Transitional Government of Iraq more actively in areas requested. Indeed, it is actively considering at present how it might assist in the setting up of sectoral working groups in Baghdad. These groups would bring together concerned Iraqi officials and multilateral and bilateral representatives to consider strategic issues.

In 2004, the UN did assist in policy areas of a more technical and administrative nature or those having a direct impact on urgent services. In keeping with its mandate, it also endeavoured to present alternative perspectives on some important policies pursued by the Interim Government. The Governance Cluster, for example, took a number of measures to assist the MoPDC with the National Development Strategy (NDS), a key document for development cooperation. A comprehensive review of the NDS was conducted from a human development perspective, and a strategic framework, "Iraq: Nation-building", was developed. The framework, which was shared with the MoPDC and the UNCT, covers issues and

challenges in economic and structural reforms, infrastructure, governance, social protection and safety nets and also contains recommendations. The report, along with the new UN strategy for 2005-2007, will serve as the basis for deepening discussions with the transitional elected Government of Iraq on options for Iraq's reconstruction.

To further support the development of the NDS, a public opinion survey was conducted with the support of UNDP and the Central Office for Statistics and Information Technology (COSIT) on socio-economic issues identified in the NDS. The MoPDC held a press conference and made the results of the survey public on 17 January 2005.

Aid coordination is another essential element in effective development cooperation. UNDP took a leading role in this area, coordinating with donors, particularly the United States, the approach and methodology to help to establish the Donor Assistance Database (DAD). Through the Support to the MoPDC project funded by the UNDG ITF, UNDP provided training on DAD to 12 staff of the MoPDC. This will help to provide the mechanisms for collecting, compiling and disseminating financial information and data through the MoPDC, which, in turn, will share them with the wider community.

Addressing an area essential to its mandate during the period under review, UNHCR regularly provided support and inputs to the MoDM at the strategic, policy, technical and infrastructural levels. The law governing the Ministry's activities was revised, its populations of concern determined, and its role and responsibilities clarified and defined.

WHO also worked closely to support the development of health policies in Iraq in essential areas derived from its mandate. Under the Primary Health Care System project, WHO is assisting in the development of four key policies: (a) establishment of national health accounts; (b) financing options for the Iraq health sector; (c) a health strategy, and (d) nursing and midwifery legislation and regulations. Each of these four project focus areas are discussed in detail in chapter 3, Health Cluster.

Another area of major policy concern during the reconstruction phase in any country is environmental protection. It is important to have the preventive mechanisms in place to avoid possibly irreparable damage to the environment. The immediate environmental hazards presented by toxic hotspots also need to be urgently addressed. Thus, UNEP, in September 2004, began a project on Strengthening Environmental Governance in Iraq through assessment and capacity-building. The project strengthens the Iraqi environmental management capacity to deal with environmental policy and law-making, contamination, and exposure of the population to health risks. UNEP has primarily targeted the newly established MoEn with support in the areas of environmental law development (including support to establishing a right to a clean environment in the new Constitution); environmental site assessment (a database of 311 hot spots has already been compiled); and the introduction of environmental monitoring.

Development of a process of environmental impact assessments and the application of environmental safeguard policies are essential for the environmentally sound reconstruction of Iraq. Once the security situation improves and economic activity picks up, Iraq has the potential to be a destination of rapid investment in industrial revitalization. Environmental safeguards need to be put in place before this rapid investment begins. UNEP is assisting the MoEn to prepare for a period of rapid re-industrialization and infrastructure development.

Similarly, an appropriate regulatory framework is required in the water and sanitation sector. The various arms of the UN system are assisting in the updating and strengthening of the regulatory framework to allow effective private-sector participation. The water pricing policy, which is intertwined with the overall government policy on subsidy, is another priority area where the Water and Sanitation Cluster is assisting the Government of Iraq. A globally accepted principle is that in addition to being a basic human right, water is an economic good and the pricing policy must reflect this in all the competing uses of water. Additionally, a rational pricing policy would be the quickest way to reduce

water wastage, a huge problem in Iraq.

2.3.3. Service Delivery

Having appropriate policies and sufficiently trained public servants in place is essential for the long-term reconstruction of Iraq. As Iraqi elected politicians have recognized, however, the key immediate issue for the population at large is the delivery of basic services. The UN also successfully assisted in this area during 2004 and it expects to have an increased impact during 2005 as delivery on the ground accelerates.

Health

The Health Cluster had two major success stories in 2004 in two essential areas of public health: polio eradication and the reduction in the incidence of measles, mumps and rubella (MMR). These efforts were partially funded by the UNDG ITF.

WHO input was crucial in the preparation of national guidelines for polio surveillance. WHO provided rapid assessment and identification of needs and assisted the Ministry of Health (MoH) in the certification of standard acute flaccid paralysis (AFP) surveillance indicators. It also assisted in the replenishment of vaccine stocks, supplies and reporting forms; the intensification of supervisory activities; and logistical support for the successful national polio immunization day campaigns.

The second success could be seen in the incidence of MMR for 2004: there was a huge decrease in the number of new cases reported. WHO achieved this reduction through the formulation of policies and guidelines during workshops conducted in Amman and then by technically and logistically supporting the implementation of two measles immunization campaigns conducted in March and December 2004. Support included social mobilization, training sessions and meetings. In addition, an emergency campaign was conducted for Falluja IDPs, targeting children from nine months to seven years of age.

Education

The Education Cluster was highly successful in the delivery of educational supplies. Essential learning materials were procured and distributed during the 2004/2005 school year; by the end of November, materials had been distributed to just over six million students in more than 17,000 schools throughout Iraq.

Informed by lessons learned from the 2003 programme, UNICEF brought together senior officials from the MoEd and staff from its Supply Division in Copenhagen to decide the content, quantity, quality and specifications of the materials needed for children and schools. Reports from monitors inside Iraq were used, but UNICEF also consulted with teachers, head teachers and parents in determining the type and quantity of essential supplies needed.

This multi-pronged consultation resulted in the development of education kits for about six million primary and intermediate-level students and 17,000 schools. Two types of kits were designed for students, one for those in grades 1-4 and another for students in grades 5-9. The kits included school bags, notebooks of assorted sizes, pencils, rulers, pencil erasers, a pencil sharpener, geometry sets, crayons and drawing books. The school kits also contained large blackboards and chalk to meet the needs of 17,000 schools.

Procurement, assembly, delivery and distribution of these materials required a massive operation. The materials were produced and assembled in five countries and then shipped to Jordan and Turkey. From there, they were shipped directly to counterparts through freight forwarders; the operation involved over 1,000 transport trucks. UNICEF spent approximately \$40 million in the procurement of these supplies, of which about 40 per cent came from the UNDG ITF.

Electricity

With summer fast approaching and therefore peak demand for electricity, there is great pressure on the Ministry of Electricity to provide sufficient and regular power. Most importantly, power needs to be continuously available for key humanitarian services such as hospitals. During 2004 and into 2005, UNDP, with UNDG ITF resources, has made major contributions to assuring adequate power.

In 2004, through Infrastructure and Housing Cluster projects, UNDP emergency support:

- Rehabilitated the electrical installations and some of the basic infrastructures in nine key medical facilities in Baghdad and in the central region of the country;
- Supported the Ministry of Electricity maintenance teams in repairing 18 key transmission lines in the north and central parts of the country. These lines had collapsed during the war or as a result of sabotage and looting;
- Procured, delivered and installed 51 diesel generators of various capacities (50-1000 kVA) as a back-up supply for essential humanitarian services in the south and west of the country;
- Procured 126 generators of various capacities (150-2000 kVA) for essential humanitarian services (water pumping and hospitals) in the northern and central parts of the country. Some of these generators were delivered during 2004 and others are scheduled for delivery in 2005;
- Procured and delivered various urgently required spare parts, equipment and tools. These included three mobile substations, 218 distribution transformers, four underground cable fault-finding vehicles, cables and conductors of various sizes, safety equipment and tools. These items were used for emergency repair work of the electricity grid in various parts of the country.

Furthermore, UNDP has initiated projects aimed at increasing the generation outputs of four strategic generation power plants in the Iraqi national system and rehabilitating the Iraqi National Dispatch Centre. Two major contracts were signed during 2004, the first for continuing the rehabilitation of Units 1 and 4 of the Hartha power plant, located in Basra in the south. The second contract is for rebuilding and developing the National Dispatch Centre in Baghdad that controls the flow of electrical power in the national grid. Completion of this work will substantially reduce the number of outages.

Water

Together with the call for electricity, the other most strident cry of Iraqi people and politicians is for water. The Water and Sanitation Cluster began an active service delivery programme in 2004 with UNDG ITF resources while the majority of its 2004 activities were funded from non-UNDG ITF sources.

UNICEF, for example, rehabilitated 10 defective compact water treatment units in Wassit Governorate, providing urgently needed clean drinking water to more than 50,000 people. The people in these communities were also trained in the maintenance of the units and on good hygiene practices. A reverse osmosis water treatment plant was installed in Basra to provide clean drinking water to Al-Talimi Hospital. The unit itself was the result of an anonymous donation to the German National Committee for UNICEF, but the installation was carried out with UNDG ITF resources.

Basic Services for Refugees and Displaced Persons

Under the project for the Return and Re-integration of Iraqis and Others of Concern in Southern Iraq, UNHCR and its partners have committed and initiated multisectoral assistance to fifteen villages identified as the most vulnerable. Activities within the communities and nearby cities have ensured that more than 200,000 persons, including 40,000 returnees, have had access to rehabilitated schools, water systems and vocational training. Technical and equipment support has also been provided for their traditional agriculture and livestock activities. Nearly 300,000 persons have benefited from quick-impact projects that improve their villages in accordance with the communities' expressed needs and wishes. More than 1,000 vulnerable families in rural areas have been identified to receive shelter support, including host families.

2.3.4. Employment Creation

Employment creation has been a major criterion for decision-making on projects under the UNDG ITF. Since June 2004, a forecast of short- and longer-term direct and indirect employment impact has been made part of the submission requirement for project approvals. However, it has not proven easy to estimate ex-ante potential employment gains of approved projects. Similarly, it is too early at this stage to accurately assess results. However, efforts will continue to be made to collect information on employment impact as projects progress further in implementation.

A number of UNDG ITF projects are specifically geared to the creation of employment, such as the UNIDO/FAO project to foster the development of cottage industries. Review meetings between the Minister of Labour and Social Affairs, UNIDO and FAO have taken place to discuss issues of employment generation. The UNESCO project in support of vocational training is also directly supporting job creation.

In December 2004, ILO organized a major conference, "Jobs for the Future of Iraq", in Amman with all key stakeholders to consider how to increase the employment-creation aspect of reconstruction. Technical papers were delivered and considered, and a five-day technical training course was organized for ministry officials subsequent to the conference.

Rehabilitation operations are considered to have the highest employment multiplier and a considerable number of substantial labour-intensive rehabilitation operations are under implementation within the UNDG ITF portfolio of projects. For example, the Education Cluster has initiated the rehabilitation of hundreds of schools and the Health Cluster is undertaking major rehabilitation of health facilities. These programmes are already providing thousands of jobs to Iraqis and are expected to more than double their national employment as the programmes expand.

2.3.5. UNDG ITF and the 30 January 2005 Elections

The UN role in the recent Iraqi elections was quite unlike the part that it has typically played in other transitional and post-conflict environments. The successful 30 January 2005 elections have set the stage for successful reconstruction led by a legitimate elected transitional administration. Furthermore, the actions of the Support to Electoral Process Cluster in supporting Iraq's first democratic elections illustrate the key role played by the UNDG ITF in facilitating the UN's activities on the ground in the areas of capacity development, policy dialogue, service delivery and employment creation.

Within eight months, the UN assisted in establishing a new Iraqi national electoral body, the Independent Electoral Commission of Iraq (IECI). The IECI succeeded in conducting nationwide elections in an operational landscape characterized by a precarious security situation in four provinces,

calls for boycotts, and the frequent intimidation, often with fatal intent, of staff members and candidates by groups opposed to the vote.

Despite the difficulties, a team of technical experts from the UN and from other international organizations and donors assisted the IECI, its nine Commissioners and its 1,000 headquarters staff to carry out the country's first vote for a transitional National Assembly, 18 governorate assemblies and the Kurdistan National Assembly.

Participation in the 30 January 2005 Iraqi elections exceeded expectations. A total of 8.5 million citizens cast their ballots. Approximately 170,000 Iraqis helped to organize the poll, while a further 1,000 staff worked at the IECI headquarters. More than 8,000 candidates contested the 275 available Assembly seats, and a further 11,000 stood in the Kurdistan and the 18 governorate elections. Oversight of the elections was provided by 96,000 Iraqis registered as political entities or independent observers (supported by a specific UNDG ITF project on electoral observation).

The UN supported the IECI in specialized policy and operational sectors ranging from the drafting of the regulatory framework and electoral procedures to the setting up of the IECI information technology unit and post-election tally centre. Projects implemented in 2004 included the equipping of the IECI offices with computers and office furniture and the creation of a voter register with the names of 14 million citizens. In January 2005, the accurate delivery to tight deadlines of 36,000 polling station kits, 7,000 polling centre kits, 90,000 ballot boxes, 45,000,000 ballot papers and 144,000 voting screens was assured with the completion of the majority of deliveries in 13 days from 17-29 January 2005.

Capacity development of the IECI was provided through the training of staff. For instance, 30 provincial logistics coordinators attended a one-day workshop in Baghdad while a further 17 site visits were conducted by UN staff in 17 of 18 provinces in Iraq to carry out training and coordination. In addition, a group of 94 Iraqi election trainers completed training workshops in Jordan on creating election and polling-day education materials, setting up of polling stations and how to conduct the counting process as well as how to carry out civic education.

2.3.6. Results of Non-UNDG ITF Activities

It should be noted that the agency programmes discussed in the previous chapters relate only to UNDG ITF-funded activities and do not cover the overall UN programme in 2004, funded by non-UNDG ITF resources.

UNDP, for example, received bilaterally over US\$96 million for projects in 2004 that fall under the four clusters for which it is Cluster Manager. This includes activities in the Infrastructure and Housing Cluster such as dredge fleet management and wreck removal from Iraqi waterways, complementing the project for dredging access to the Port of Um Qasr funded by the UNDG ITF; the Iraq Reconstruction and Employment Programme (in the Poverty Reduction and Human Development Cluster), which provides short-term employment opportunities for the poor and vulnerable households, benefiting 45,250 unemployed workers generating 2,250,000 working days for a total budget of \$13 million; and the development of an independent Iraqi media and the projects to support the newly created Ministry of Human Rights and Justice (in the Governance and Civil Society Cluster).

In the case of UNICEF, in 2004 under the Water and Sanitation Cluster, it provided potable water by tanker for more than a million people, improved sanitation for more than 4 million, improved access to drinking water to more than 10 million and essential chemicals (chlorine and aluminum sulfate) to the entire country. Under the Education and Culture Cluster, UNICEF has also utilized major bilateral resources. UNDG ITF contributed only 40 per cent of the total funding of \$88 million to cover the delivery of school kits.

Similar results on activities undertaken by UNHCR under the IDPs and Refugees Cluster, WHO under the Health Cluster and WFP under the Food Security Cluster could also be reported. As indicated in chapter 1, section 5, UNAMI will prepare a separate report on the UN activities in Iraq that are funded by non-UNDG-ITF resources.

2.4. Hurdles to Implementation

Despite the short period of implementation, the UNDG ITF operations have by and large achieved a relatively good record in delivering services. However, the results were not achieved without significant difficulties, and considerable hurdles to implementation remain. While details are provided by Cluster in chapter three, a number of common themes have emerged.

- **Insecurity.** Threats of terrorism, border closures, movement restrictions within Iraq, kidnapping and burglary have vastly complicated activity planning and execution. The assassination of the UNICEF focal person in the MoEd, for example, had a chilling effect on other MoEd staff, who refused to fill his post. Regular attacks against MoEd facilities by direct mortar fire and car bombs as well as assassination attempts against senior officials further hindered progress and severely disrupted project implementation. It has often been necessary to allocate extra time for travel inside Iraq, with additional cost implications, not to mention the additional cost implications of organizing most training sessions out of country. The movement of UN national staff in Iraq remains extremely restricted.
- **Lack of Timely Decision-making.** Delay in decision-making by Iraqi counterparts to the detriment of timely project implementation is often encountered because of the centralized decision-making structure that remains the norm for government ministries. The MoH, for example, responded slowly in the re-identification of health facilities to be rehabilitated, the approval of BOQs of assessed sites, the provision of import licenses for drugs, and nominations of personnel for participation in key activities, such as capacity development, despite reminders and multiple contacts. Last-minute changes in nominations have resulted in significant pressure on logistical arrangements. In the work of the Education and Culture Cluster, lack of proper coordination between the MoEd and Directorates of Education led to the allocation of the same schools to two or more organizations, resulting in loss of time and additional efforts required to undertake technical assessments, preparation of BOQs and the bidding process. In the work of the Infrastructure and Housing Cluster, the Emergency Power Supply project, for example, has faced serious delays due to lack of timely decisions by the Ministry on the location of a training centre.
- **Uncertainty about Leadership Change.** A number of decisions on several activities have been delayed due to uncertainty over leadership, as partner organizations have been advised to ascertain the probability and timing of leadership change associated with the elections. The primary concern is the potential annulment by new leaders of decisions made by the former leadership. Such concerns have been compounded by uncertainty in the timing of changes in government and personnel.
- **Paucity of Reliable Data.** Lack of suitable data from the concerned ministries to support the projects has prolonged project formulation or delayed implementation. For example, in the Agriculture, Water Resources and Environment Cluster, the community irrigation project spent a great deal of time obtaining appropriate data from the Ministry of Water Resources (MoWR) to prepare pre-feasibility and feasibility studies. Changes in project design have also been requested after project approval, necessitating a return to the drawing board.

- **Significant Cost Increases.** Rehabilitation works have been beset by cost inflation owing to the very limited number of qualified local companies available and the security situation. For example, the Education and Culture Cluster, in the area of school rehabilitation, found that contractors' offers were two to three times higher than estimated market prices, leading to numerous rebidding exercises.
- **Absence of Decision-makers in Direct Discussions.** Since international staff could not be inside Iraq, the decision-making process was lengthened owing to the fact that junior officials might come to Amman for discussions with their UN counterparts but could not take decisions since they lacked sufficient authority. They had to go back to Iraq to discuss matters with higher officials and then return to Amman for further discussion. In the future, this situation will be mitigated by expanded use of video conferencing. However, video conferencing cannot totally replace the presence of UN staff in a peaceful working environment inside Iraq where in-person contacts at a high level could accelerate the present decision-making process. The same is true for the remote organization of bidding for rehabilitation work: extra delays and limitations in local knowledge of the market are inevitable in the process.
- **Communication Difficulties.** Options for communication with various ministries and other relevant organizations remain limited. Landlines often do not work, virtually eliminating the option of using a fax machine. Responses to official correspondence are often not forthcoming, thereby delaying major decisions or limiting time for turnaround. This situation will be alleviated by an increased UN presence in Baghdad but will remain a continuing concern.
- **Withdrawal of Partners from Iraq.** Most of the qualified, reputable international NGOs that had entered into agreements with the activities of the Education and Culture Cluster have either temporarily suspended their operations or substantially slowed down their work, owing to the deteriorated security situation. The Infrastructure and Housing Cluster faced serious delays in the signing of rehabilitation contracts due to partners' concern about security.

2.5. Financial Status

The UNDG ITF accepts donor contributions that are unearmarked or earmarked by Cluster and/or agency. Unearmarked funds are co-mingled upon receipt of deposit by the Fund, whereas earmarked funds, even when specified for a UN organization(s), are co-mingled in the Cluster to which they were earmarked. In the case of Cluster- and/or agency-earmarked contributions, the UNDG ITF transfers funds for approved projects to implementing agencies fully in line with the requirements of the donors.

Funding for individual projects may be provided by a combination of earmarked and unearmarked contributions from a single or multiple donors. At the project level, all funds are considered shared contributions to the project as a whole without any identifiable link of specific contributions to individual expenditures or to categories of expenditure.

The UNDG ITF is driven by the cluster approach and it reports on donor contributions (earmarked and unearmarked) received by Cluster, transfers made to Participating UN Organizations from earmarked and unearmarked funds by Cluster and agency, and expenditures incurred against projects by Cluster and agency. The six-month report also reflects this approach.

2.5.1. Donor Contributions to the UNDG ITF

Since its inception, the UNDG ITF has received contributions from 20 donors amounting to US\$629

million. Table 1 provides an overview of the sources, uses and balance of UNDG ITF funds.

Table 1. Sources, Uses and Balance of UNDG ITF Funds: JAN. 2004 - DEC. 2004

	(US\$)
Source of funds	
Gross Contributions	628,820,832.15
Interest Income	2,157,548.15
Total – Source of funds	630,978,380.30
Use of funds	
Transfer to Implementing Agencies	494,265,132.60
Administrative Agent fees	5,189,186.70
Direct Costs (Support to Steering Committee/IRFFI Secretariat)	943,231.18
Bank charges	4,789.15
Total – Use of funds	500,402,339.63
Balance of funds available	130,576,040.67

At the first IRFFI Donor Committee meeting held in Abu Dhabi in February 2004, donors committed \$403 million to the UNDG ITF. By 31 December 2004, a total of \$664 million had been committed and approximately 95 per cent of total commitments amounting to about \$629 million had been deposited in the Money Market Account that UNDP, Treasury Section, maintains for UNDG ITF. While every effort is made to transfer funds to implementing agencies as soon as the projects are approved, not all deposited funds were used and interest earned on unutilized funds amounted to \$2.2 million for the period ending 31 December 2004. Of the \$629 million that had been deposited in the account, \$494 million were transferred to the implementing agencies by the end of the year. The Administrative Agent fee of \$5.2 million charged up front for the entire duration of the Fund is as per the sliding scale indicated in the Letter of Agreement and is equivalent to 0.8 per cent of funds deposited. The costs relating to the Secretariat and the UNDG Steering Committee Support Office 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. The actual costs will be reported in the final financial report. The amount of \$4,789 represents the bank charges incurred for the maintenance of the bank account.

As shown in table 2, the four largest contributors to the Fund have been Japan, the European Commission, the United Kingdom and Canada, with total 2004 contributions ranging from \$361 million to \$38 million.

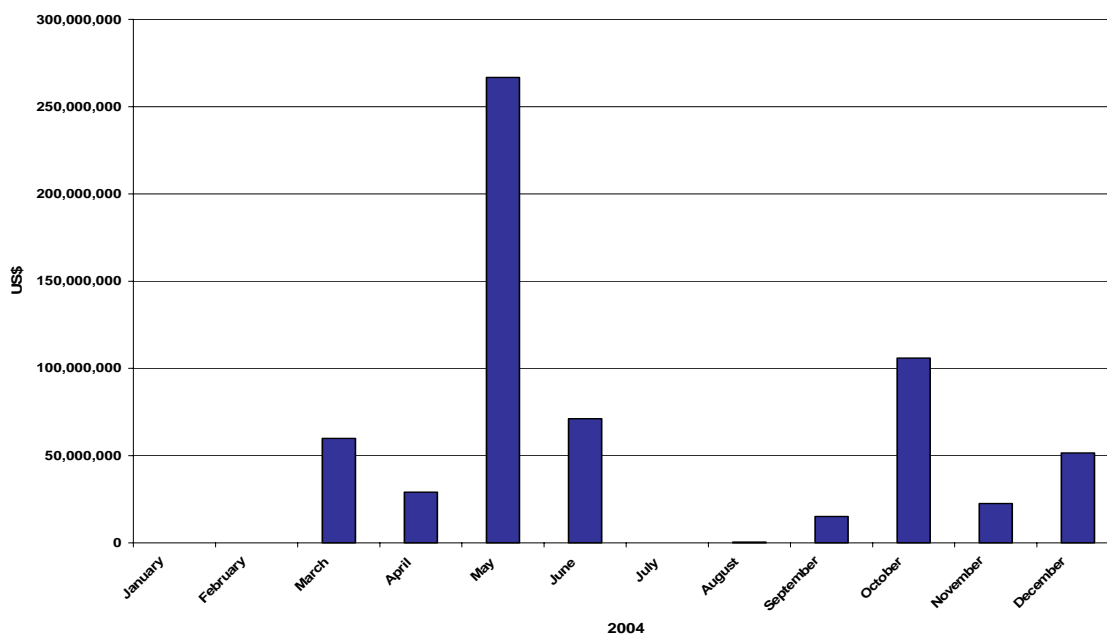
Most recently (between 1 January and 31 March 2005), an additional \$30 million were deposited into the UNDG ITF by Belgium, the European Commission, Italy, Luxembourg and Sweden, bringing total donor deposits to \$659 million.

Table 2. Total Donor Deposits into the UNDG ITF as of 31 December 2004

Donor		Total Deposit (Donor Currency)	Total Deposit (US\$)
Australia	AUD	10,822,000	7,689,261
Canada	CAD	50,000,000	37,767,199
Denmark	DKK	25,000,000	4,525,870
European Commission ³	EUR	80,400,000	101,797,576
Finland	EUR	3,000,000	3,885,600
Greece	EUR	600,000	763,980
Iceland	USD	500,000	500,000
India	USD	2,500,000	2,500,000
Ireland	EUR	1,000,000	1,226,400
Italy	EUR	10,000,000	13,261,000
Japan	USD	360,950,528	360,950,526
Korea	USD	7,000,000	7,000,000
Kuwait	USD	5,000,000	5,000,000
Netherlands	EUR	5,000,000	6,697,000
New Zealand	NZD	1,500,000	940,800
Norway	NOK	45,000,000	4,449,125
Qatar	USD	5,000,000	2,500,000
Sweden	SEK	47,000,000	6,824,494
United Kingdom	GBP	30,000,000	55,542,000
United States	USD	5,000,000	5,000,000
TOTAL			628,820,832

Figure 3 shows the amounts deposited by the end of each month from March to December 2004, with May experiencing the highest level of deposits.

Figure 3. Monthly Donor Deposits into the UNDG ITF, 2004



³ Of which euro 17.80 million are a contribution from the European Commission's Rapid Response Mechanism earmarked to the Governance and Civil Society and the Support to Electoral Process Clusters.

Pursuant to the UN regulations and rules, the TOR for the IRFFI and the Letter of Agreement signed with IRFFI donors, the UNDG ITF enables donors to provide contributions either as earmarked or un-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)** ;
 - 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.

Table 3. Donor Contributions, by Cluster/Sub-Cluster and Type of Funds as at 31 December 2004

Cluster/Sub-Cluster	Net Deposit (US\$)	Donor
Education and Culture	78,081,171	European Commission, Ireland, Japan
Education	76,533,514	European Commission, Ireland, Japan
Culture	1,547,657	Japan
Health	35,650,973	European Commission, Japan
Water and Sanitation	34,064,600	European Commission, Japan
Infrastructure	162,359,141	Japan
Infrastructure	24,762,519	Japan
Infrastructure - Electric	121,620,412	Japan
Infrastructure - Housing	15,976,210	Japan
Agriculture, Water Resources and Environment	48,191,726	European Commission, Italy, Japan, Kuwait
Agriculture, Water Resources and Environment (combined)	4,905,000	Kuwait
Agriculture and Water Resources ⁴	27,610,454	European Commission, Italy
Environment	15,676,272	Japan
Food Security	0	-
Mine Action	3,979,154	Republic of Korea, Sweden
IDPs and Refugees	4,232,367	Australia, Republic of Korea
Governance and Civil Society	15,283,011	Australia, European Commission, Finland, Sweden
Poverty Reduction and Human Development	4,845,036	European Commission
Support to Electoral Process	125,464,450	Australia, Canada, Denmark, European Commission, Finland, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Sweden, United Kingdom
TOTAL - EARMARKED Funds	512,151,630	
TOTAL - UNEARMARKED Funds⁵	110,536,782	Canada, Greece, Iceland, India, Japan, Norway, Qatar, United Kingdom, United States
TOTAL FUNDS	622,688,412	All

⁴ While Italy's contribution is specifically earmarked to UNIDO, it is held in the cluster where UNIDO has submitted/formulated projects, namely the Agriculture, Water Resources and Environment Cluster.

⁵ Includes US\$ 30 million of Japan's contribution. While Japan expressed a preference for Health/Medical Care (\$10 million), Employment Creation (\$10 million) and Water and Sanitation and Environment (\$10 million), these funds are available to finance activities in other Clusters, based on prior consultations between Japan and the UNDG ITF. Also includes the United Kingdom's \$45 million contribution, which is broadly earmarked to 10 out of 11 Clusters (excluding the funding of some activities) without specific funding allocations by Cluster.

Of the 20 UNDG ITF donors, 14 have earmarked contributions to particular Clusters/cross-cutting themes and/or specific Participating UN Organizations. Over 80 per cent of donor contributions to date have been earmarked by Cluster and/or Participating UN Organization; only \$110.5 million have been unearmarked (see footnote 4). The distribution of donor contributions earmarked by Cluster/sub-Cluster as well as total unearmarked contributions are provided in table 3, while table 4 shows donor contributions earmarked by Participating UN Organization and by Cluster/sub-Cluster.

Table 4. Earmarked Donor Contributions, by Participating UN Organization and Cluster/Sub-Cluster

Participating UN Organization	Cluster/Sub-Cluster	Net Deposit (US\$)	Donor
UNDP	Infrastructure - Electricity	121,620,412	Japan
	Infrastructure	24,762,519	Japan
	Mine Action	2,958,000	Republic of Korea
UNEP	Environment	15,676,272	Japan
UNESCO	Education	10,074,751	Japan
	Culture	1,547,657	Japan
UNFPA	Health	6,989,421	Japan
UN-HABITAT	Education	17,373,703	Japan
	Infrastructure - Housing	15,976,210	Japan
UNHCR	IDPs and Refugees	986,000	Republic of Korea
UNICEF	Education	31,951,637	Japan
	Education	1,203,098	Ireland
	Water and Sanitation	21,467,506	Japan
	Health	7,988,105	Japan
UNIDO	None	13,075,346	Italy
WHO	Health	10,983,375	Japan
TOTAL		304,634,012	

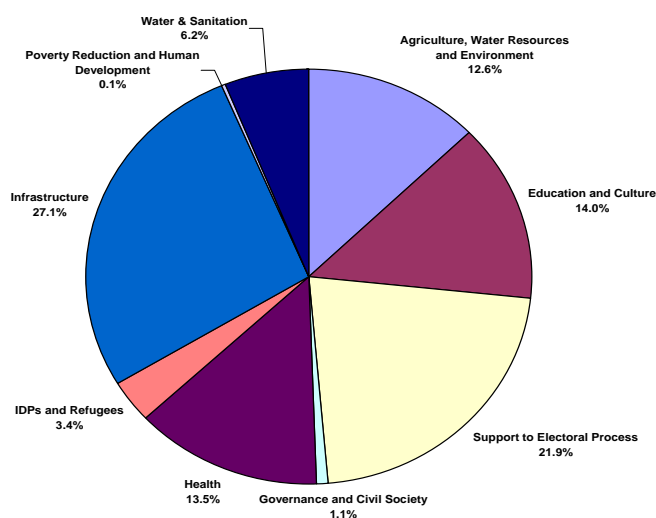
2.5.2. Disbursement to Agencies

In only six months, approximately 80 per cent of the funds deposited into the UNDG ITF account were transferred to Participating UN Organizations for the implementation of approved projects. Of the total \$494 million transferred by the UNDG ITF to agencies, \$401 million were earmarked funds and \$93 million were unearmarked contributions. The distribution of approved funding, consolidated by Cluster/sub-Cluster and type of funds, is summarized in table 5 and figure 4.

Table 5. Distribution of Approved Funding, by Cluster/Sub-Cluster and Type of Funds as at 31 December 2004

Cluster/Sub-Cluster	Earmarked (US\$)	Unearmarked (US\$)	Total (US\$)
Education and Culture	68,487,150	544,343	69,031,493
Education	66,939,493	0	66,939,493
Culture	1,547,657	544,343	2,092,000
Health	27,662,868	39,281,215	66,944,083
Water & Sanitation	30,762,094	0	30,762,094
Infrastructure	113,467,647	20,514,994	133,982,641
Infrastructure	24,742,359	0	24,742,359
Infrastructure – Electric	88,725,288	11,999,140	100,724,428
Infrastructure – Housing	0	8,515,854	8,515,854
Agriculture, Water Resources and Environment	43,061,930	19,458,256	62,520,186
Agriculture, Water Resources and Environment (combined)	4,900,000	226,600	5,126,600
Agriculture and Water Resources	22,485,658	19,207,928	41,693,586
Environment	15,676,272	23,728	15,700,000
Food Security	0	0	0
Mine Action	0	0	0
IDPs and Refugees	3,246,367	13,621,148	16,867,515
Governance and Civil Society	5,368,840	0	5,368,840
Poverty Reduction and Human Development	708,105	0	708,105
Support to Electoral Process	108,080,176	0	108,080,176
TOTAL	400,845,177	93,419,956	494,265,133

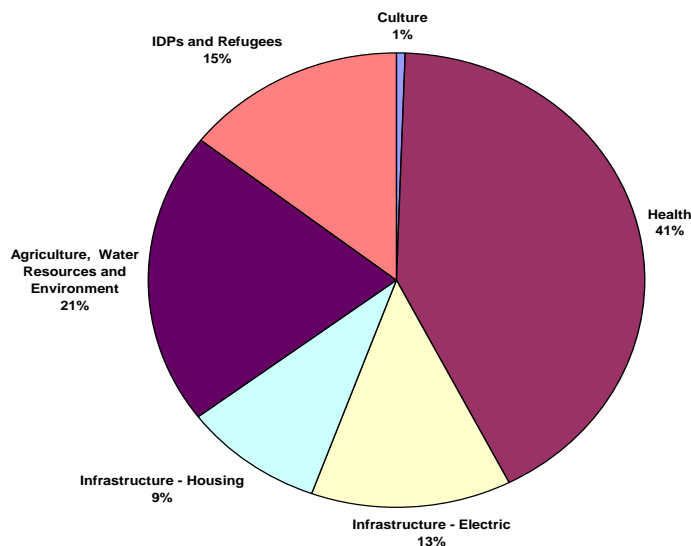
Figure 4. Distribution of Approved Funding, by Cluster



In 2004, \$93 million of co-mingled, unearmarked donor contributions (from Canada, Greece, Iceland, India, Japan, Norway, Qatar, the United Kingdom (technically earmarked to 10 of the 11 UN Clusters) and the United States were used to finance and/or co-finance projects approved and funded in the following Clusters/sub-Clusters: Culture; Health; Infrastructure (both Electricity and Housing);

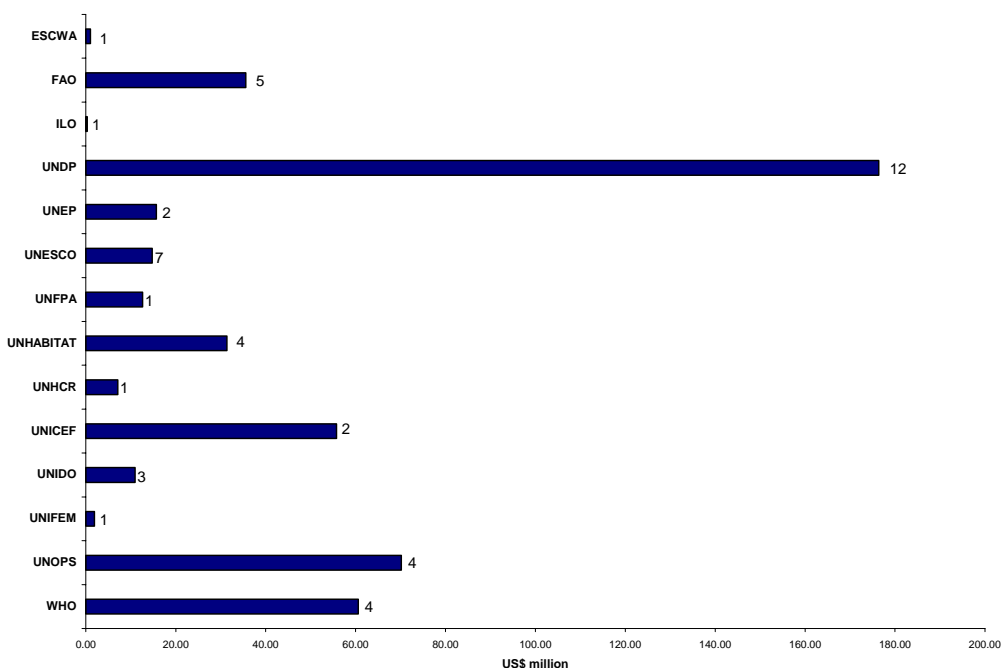
Agriculture, Water Resources and Environment; and IDPs and Refugees. The Health Cluster received the largest proportion of unearmarked funds (41 per cent). The use of unearmarked funds, by Cluster/sub-Cluster, is presented in figure 5.

Figure 5. Distribution of Unearmarked Funds, by Cluster/Sub-Cluster



Fifteen (including UN EAD) of the 19 Participating UN Organizations of the UNDG ITF have received funding for the implementation of approved projects and programmes, as shown in figure 6.

Figure 6. Distribution of Approved Funding and Number of Projects, by Participating UN Organization



While the balance of funds is greatest in the Infrastructure (39 per cent) and Support to Electoral Process (14 per cent) Clusters (as shown in table 6), the majority of these funds have already been allocated to specific pipeline projects and programmes currently being formulated or awaiting ISRB approval. Similarly, the balance of funds in four Clusters – Education and Culture, Health, Governance and Civil

Society, and Poverty Reduction and Human Development – has also been earmarked for specific Participating UN Organizations, and projects are being formulated in line with Iraqi priorities.

Table 6. Balance of Funds, by Cluster/Sub-Cluster and Type of Funds as at 31 December 2004

Cluster/Sub-Cluster	Balance (US\$)
Education and Culture	9,594,021
Education	9,594,021
Culture	0
Health	7,988,105
Water and Sanitation	3,302,506
Infrastructure	48,891,494
Infrastructure	20,160
Infrastructure - Electric	32,895,124
Infrastructure - Housing	15,976,210
Agriculture, Water Resources and Environment	5,129,796
Agriculture, Water Resources and Environment (combined)	5,000
Agriculture and Water Resources	5,124,796
Environment	0
Food Security	0
Mine Action	3,979,154
IDPs and Refugees	986,000
Governance and Civil Society	9,914,171
Poverty Reduction and Human Development	4,136,931
Support to Electoral Process	17,384,274
Unearmarked	17,116,827
TOTAL	128,423,279

Of the \$17.1 million in unearmarked funds, \$9.98 million are actually “earmarked” for employment creation but are deposited in the “unearmarked” category since, as a cross-cutting theme, it spans a number of Clusters and could not be deposited in a particular Cluster. This left approximately \$7.1 million in unearmarked funds that were available to fund projects already approved in 2004 requiring unearmarked funds. The distribution of the balance of funds as of 31 December 2004 and 31 March 2005 are provided in figures 7 and 8, respectively.

Figure 7. Distribution of Balance of Funds as of 31 December 2004

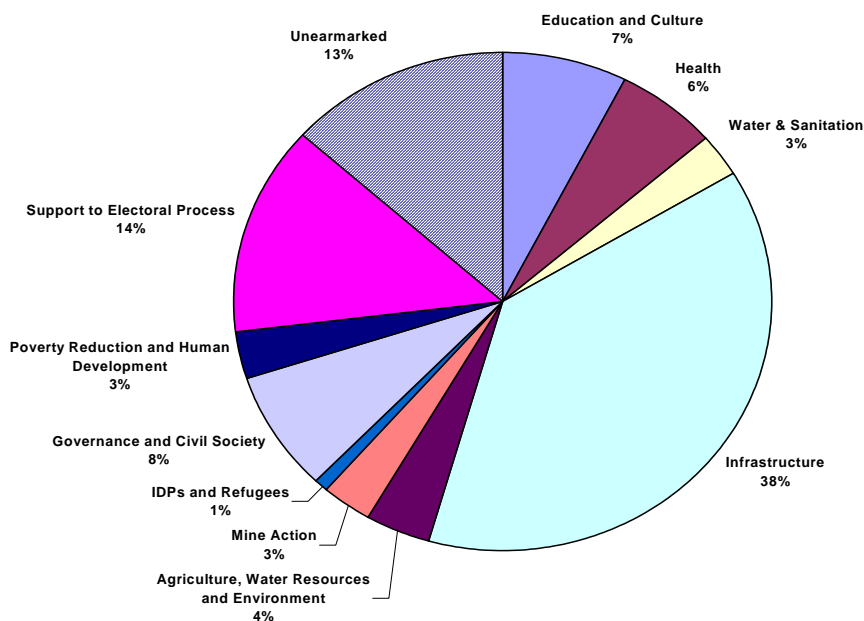
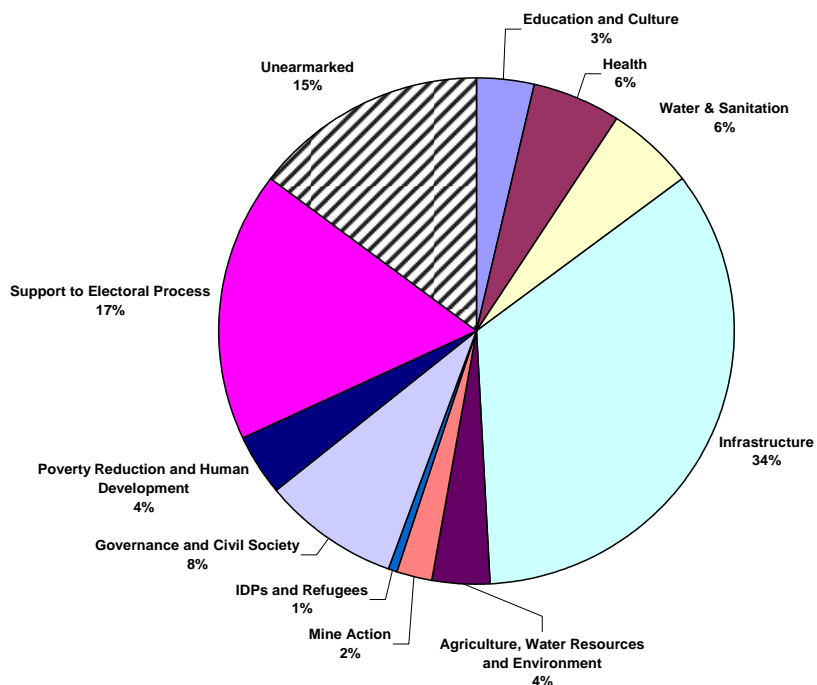


Figure 8. Distribution of Balance of Funds as of 31 March 2005



2.5.3. Expenditure

Although the present report provides information on implementation only over the first six-month period since start-up in mid-July (with a preliminary update to 31 March 2005), expenditure as of 31 December 2004 was considerable. Of a total approved budget of \$494,265,133, \$120,094,275, or 24.3 per cent of

approved funds, were expended during the first six months of the UNDG ITF (see table 7), a relatively high rate in comparison to similar operations in Iraq or elsewhere.

Table 7. Total Expenditure, by Cluster, 1 July to 31 December 2004

Cluster		Approved Budget (US\$)	Total Expenditure (US\$)	Expenditure Rate (%)
1	Education and Culture	69,031,493	29,374,940	42.6
2	Health	66,944,083	14,143,740	21.1
3	Water and Sanitation	30,762,094	1,105,573	3.6
4	Infrastructure and Housing	133,982,641	12,750,221	9.5
5	Agriculture, Water Resources and Environment	62,520,186	10,389,700	16.6
6	Food Security	0	0	0
7	Mine Action	0	0	0
8	IDPs and Refugees	16,867,515	8,905,898	52.8
9	Governance and Civil Society	5,368,840	2,421,460	45.1
10	Poverty Reduction and Human Development	708,105	400,656	56.6
11	Support to Electoral Process	108,080,176	40,572,086	37.5
Total		494,265,133	120,064,275	24.3

Table 8 provides a breakdown of total expenditure by agency for the period from 1 July 2004 to 31 December 2004.

Table 8. Total Expenditure, by Agency, 1 July to 31 December 2004

Agency	Approved Budget (US\$)	Total Expenditure (US\$)	Expenditure Rate (%)
ESCWA	1,000,000	418,341	41.8
FAO	35,954,086	8,885,513	25.0
ILO	321,000	84,306	26.3
UNDP	127,597,892	12,367,111	9.7
UNDP/EAD	48,789,746	40,432,154	82.9
UNEP	15,700,000	1,127,214	7.2
UNESCO	14,757,624	5,820,289	39.4
UNFPA	12,603,477	2,707,770	21.5
UN-HABITAT	31,366,669	2,092,868	6.7
UNHCR	7,126,200	5,224,562	73.3
UNICEF	55,753,604	23,014,437	41.3
UNIDO	10,950,550	66,254	0.6
UNIFEM	1,904,616	715,747	37.6
UNOPS	11,461,539	5,190,376	45.3
UNOPS/EAD	58,735,430	139,932	0.2
WHO	60,602,700	11,777,400	19.4
Total	494,265,133	120,064,275	24.3

The 31 December 2004 expenditure figures represent the certified figures entered into the official accounts of the Participating UN Organizations for 2004. They include disbursements and unliquidated obligations (balance of contractual commitments for 2004 not paid as of the end of the reporting period). Annex 3 provides the rate of expenditure for each project carried out by each agency. Disbursements account for 71.2 per cent of total expenditure.

In addition, levels of commitment and disbursement are monitored monthly based on the figures available to the Iraq/Amman offices of the UN organizations. Tables 9 and 10 provide preliminary updated figures on total project commitments and disbursements as of 31 March 2005 by Cluster and by agency, respectively, reflecting progress during the first quarter of the year. A further update on actual commitment and disbursement figures will be provided at the Donor Committee meeting to be held in Amman in June 2005.

Table 9. Total Project Commitments and Disbursements, Updated by Cluster, 1 July 2004 to 31 March 2005 (US\$)

Cluster	Approved Budget	JUL. 2004 - DEC. 2004 ACTUAL		JAN. 2005 - MAR. 2005 ACTUAL		JUL. 2004 - MAR. 2005 ACTUALS			
		Commitment	Disbursement	Commitment	Disbursement	Commitment		Disbursement	
						(US\$)	(%)	(US\$)	(%)
1 Education and Culture	69,031,493	37,434,987	20,089,279	10,100,954	4,953,204	47,535,941	68.9	25,042,483	36.3
2 Health	66,944,083	19,720,260	7,405,117	8,238,175	5,056,009	27,958,435	41.8	12,461,126	18.6
3 Water and Sanitation	30,762,094	2,100,659	905,804	3,940,127	814,543	6,040,786	19.6	1,720,347	5.6
4 Infrastructure and Housing	133,982,641	54,062,973	10,918,992	1,012,999	846,135	55,075,972	41.1	11,765,127	8.8
5 Agriculture, Water Res. And Environment	62,520,186	23,922,441	1,939,053	11,251,147	3,147,043	35,173,588	56.3	5,086,096	8.1
6 Food Security	0	NA	NA	NA	NA	NA	NA	NA	NA
7 Mine Action	0	NA	NA	NA	NA	NA	NA	NA	NA
8 IDPs and Refugees	16,867,515	9,012,090	5,634,071	2,609,914	1,596,370	11,622,004	68.9	7,230,441	42.9
9 Governance and Civil Society	5,368,840	2,394,861	1,052,393	1,041,333	751,315	3,436,194	64.0	1,803,708	33.6
10 Poverty Reduction and Human Development	708,105	602,269	395,548	42,761	229,902	645,030	91.1	625,450	88.3
11 Support to Electoral Process	108,080,176	46,967,606	37,238,961	46,990,749	49,788,072	93,958,355	86.9	87,027,033	80.5
TOTAL	494,265,133	196,218,146	85,579,218	85,228,159	67,182,593	281,446,305	56.9	152,761,811	30.9

The overall implementation rate of the Participating UN Organizations is significantly higher than would normally be expected for the first six-month period of a programme of this scale, even without the difficult security situation that prevails in Iraq. In order to achieve this accelerated implementation rate, a number of UN organizations took a number of special measures such as advancing funding from their own resources to set up their respective agency project management teams, finance meetings in Amman and elsewhere with counterpart Iraqi line ministries, and initiate a range of preparatory actions and implementation plans.

In addition, agencies with ongoing operations in Iraq utilized the existing management or contractual arrangements to jump-start their UNDG ITF-financed projects. In the case of UNHCR, which has recorded the highest rate of project implementation and has nearly fully implemented project activities, UNDG ITF resources have been used to expand existing subcontract agreements with national and international NGO partners. UNICEF was also able to combine procurement of some items for its UNDG ITF-funded education project (a project that is also nearly fully implemented) with the procurement for similar education projects funded bilaterally. However, other UN organizations were not able to start implementation before receipt of funds and thus inevitably have demonstrated a more gradual implementation start-up rate.

Table 10. Total Project Commitments and Disbursements, Updated by Agency, 1 July 2004 to 31 March 2005 (US\$)

Agency	Approved Budget	JUL. 2004 - DEC. 2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS			
		Commitment	Disbursement	Commitment	Disbursement	Commitment		Disbursement	
						(US\$)	(%)	(US\$)	(%)
ESCWA	1,000,000	418,341	129,092	160,630	16,631	578,971	57.9	145,723	14.6
FAO	35,594,086	12,613,066	654,099	7,676,483	1,846,279	20,289,549	57.0	2,500,378	7.0
ILO	321,000	286,447	84,306	15,000	202,141	301,447	93.9	286,447	89.2
UNDP	127,597,892	50,732,567	10,503,464	702,775	662,636	51,435,342	40.3	11,166,100	8.8
UNDP/EAD	48,789,746	46,827,675	37,200,626	182,750	2,857,797	47,010,425	96.4	40,058,423	82.1
UNEP	15,700,000	10,904,317	1,127,214	1,874,151	967,116	12,778,468	81.4	2,094,330	13.3
UNESCO	14,757,624	5,529,295	499,561	3,721,307	3,594,886	9,250,602	62.7	4,094,447	27.7
UNFPA	12,603,477	6,228,507	2,707,770	1,222,585	1,222,585	7,451,092	59.1	3,930,355	31.2
UN-HABITAT	31,366,669	10,866,349	2,092,868	2,020,069	1,721,520	12,886,418	41.1	3,814,388	12.2
UNHCR	7,126,200	5,224,562	5,224,562	1,901,638	549,000	7,126,200	100.0	5,773,562	81.0
UNICEF	55,753,604	26,133,780	19,120,143	10,449,678	1,369,301	36,583,458	65.6	20,489,444	36.7
UNIDO	10,950,550	133,425	23,383	209,370	76,599	342,795	3.1	99,982	0.9
UNIFEM	1,904,616	715,747	715,747	482,417	0	1,198,164	62.9	715,747	37.6
UNOPS	11,461,539	5,296,568	576,792	919,460	1,450,953	6,216,028	54.2	2,027,745	17.7
UNOPS/EAD	58,735,430	139,931	38,335	46,424,284	46,689,595	46,564,215	79.3	46,727,930	79.6
WHO	60,602,700	14,167,569	4,881,256	7,265,562	3,955,554	21,433,131	35.4	8,836,810	14.6
TOTAL	494,265,133	196,218,146	85,579,218	85,228,159	67,182,593	281,446,305	56.9	152,761,811	30.9

Full project start-up depends on actual receipt of funds. Projects with at least four months of activity (funds transferred between July and early September 2004) achieved implementation rates of more than 30 per cent, while those with three months of activity or less generally had average implementation rates of 10 per cent or less.

Those Clusters with projects involving significant capital investments, such as FAO rehabilitation of irrigation pumps or UNDP rehabilitation of power generation, have a longer preparation period and thus have shown relatively lower implementation rates.

Planning for infrastructure projects involves lengthy lead times and necessitates the availability of engineering data and/or time for planning to regenerate the needed data. There are no shortcuts to establishing engineering planning data. Furthermore, there is a long lead time required for the purchase and manufacturing of often large infrastructure equipment unavailable "off the shelf"; its installation and commissioning often require months or even years before the concerned project(s) can be considered fully completed. The identification of the international contractor(s) followed by contract negotiations and completion of tendering and contract documentation, etc. are all aspects of a process that requires extensive time, often as long as six months, and availability of a minimum internal management structure, which at times also has to be tailor-made to oversee large scale contracts. Delivery time to site is also often considerable owing to the requirement of a security escort.

The infrastructure projects are, however, expected to show significant disbursement and implementation rates once the initial preparatory phase has been completed.

Analysis of 2004 Expenditures

Project expenditures, incurred and monitored by each Participating UN Organization, are reported according to the categories (except for security) recommended by the UNDG Financial Policies Working Group to harmonize reporting on development expenditure to donors. These categories are: personnel, contracts, training, transport, supplies and commodities, equipment, travel, miscellaneous, security and indirect support costs. The security category has been introduced for the UNDG ITF because of the particular circumstances of Iraq. Since security costs constitute a considerable portion of total expenditure for ongoing reconstruction and development projects of a number of donors, it was thought that it would be useful to separately identify this category of costs for the UNDG ITF. Detailed breakdowns of the value of all expenditures in these categories can be found in tables 11 (by Cluster) and 12 (by agency). The following is a brief analysis of key categories of expenditure.

The largest proportion of total project expenditures has gone for procurement of contractual services, supplies and commodities, and equipment. These categories account for a combined total of 90 per cent of all expenditures. Only 3.6 per cent of total expenditures have been for project personnel costs.

In order to increase the transparency and effectiveness of procurement, UNDG ITF management established a "Procurement Page" on the UNDG ITF section of the IRFFI web site (www.irffi.org) in February 2005 to provide public announcements of procurement notices and details of contract awards. The information is furnished by the respective Participating UN Organizations.

While all agencies have not yet provided information on all contracts awarded from the beginning of the programme, available information covers a total of 140 contracts awarded during the July-December 2004 reporting period. In 2004, contracts were awarded to suppliers from 29 countries and one UN agency (table 13). These contracts, which are for the provision of services, supplies and commodities, and equipment, have a combined value of \$137,815,328. The cumulative value of awards reported increased to \$202,451,135 as of 31 March 2005.

Each agency conducted procurement according to its own procurement rules and procedures. Approximately three fourths of all awards were issued on the basis of competitive bidding, including both individual tenders and orders placed under long-term agreements (which are also concluded by UN agencies following international competitive bidding). A substantial amount of additional procurement is under way.

Table 11. Total Expenditure by Cluster, with Breakdown by Category, as at 31 December 2004 (US\$)

Cluster	Approved Budget	Total Expenditure	CATEGORY									
			Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Miscellaneous	Security	Indirect Support Costs
1 Education and Culture	69,031,493	29,374,940	565,823	945,809	83,717	3,793,444	17,036,535	4,896,821	42,438	29,626	114,243	1,866,483
2 Health	66,944,083	14,143,740	408,605	2,680,320	1,123,502	0	6,502,838	826,852	0	1,913,177	0	688,445
3 Water and Sanitation	30,762,094	1,105,573	178,805	539,687	112,602	0	126,396	26,415	30,916	21,434	0	69,317
4 Infrastructure and Housing	133,982,641	12,750,221	575,546	8,114	486,031	0	0	10,356,983	123,780	13,180	595,739	590,847
5 Agriculture, Water Res. And Environment	62,520,186	10,389,700	784,945	229,792	208,912	0	6,007,345	1,811,009	354,037	212,220	115,715	665,725
6 Food Security	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7 Mine Action	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
8 IDPs and Refugees	16,867,515	8,905,898	545,124	7,087,397	114,256	144,314	30,000	133,600	16,133	191,576	160,114	483,384
9 Governance and Civil Society	5,368,840	2,421,460	129,776	1,683,447	317,979	0	3,214	87,850	11,482	40,186	12,656	134,870
10 Poverty Reduction and Human Development	708,105	400,656	248,965	4,839	56,630	0	0	30,600	5,446	28,000	0	26,176
11 Support to Electoral Process	108,080,176	40,572,086	718,843	27,553,071	0	0	1,016	10,346,837	81,797	254,012	0	1,616,510
TOTAL	494,265,133	120,064,275	4,156,432	40,732,477	2,503,629	3,937,758	29,707,345	28,516,968	666,030	2,703,410	998,468	6,141,758
As a percentage of total programme costs			3.6%	35.8%	2.2%	3.5%	26.1%	25.0%	0.6%	2.4%	0.9%	5.4%

NB: Percentage of total programme costs excludes indirect support costs.

Table 12. Total Expenditure, by Agency, with Breakdown by Category, as at 31 December 2004 (US\$)

Agency	Approved Budget	Total Expenditure	CATEGORY									
			Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Miscellaneous	Security	Indirect Support Costs
ESCWA	1,000,000	418,341	7,493	39,000	43,192	0	0	296,037	5,102	149	0	27,368
FAO	35,594,086	8,885,513	401,607	0	580	0	6,000,533	1,441,739	243,799	170,374	45,587	581,295
ILO	321,000	84,306	18,185	0	56,630	0	0	0	3,976	0	0	5,515
UNDP	127,597,892	12,367,111	524,618	12,953	172,746	0	0	10,387,583	70,636	41,370	586,430	570,775
UNDP/EAD	48,789,746	40,432,154	718,843	27,458,869	0	0	1,016	10,320,405	71,404	251,770	0	1,609,847
UNEP	15,700,000	1,127,214	292,900	209,792	100,977	0	6,812	303,366	105,216	30,248	8,903	69,000
UNESCO	14,757,624	5,820,289	241,353	235,217	147,880	0	0	4,656,288	24,122	29,777	169,360	316,292
UNFPA	12,603,477	2,707,770	0	815,313	0	0	986,737	826,852	0	0	0	78,867
UN-HABITAT	31,366,669	2,092,868	669,813	691,592	486,031	0	0	5,400	78,495	9,000	24,573	127,963
UNHCR	7,126,200	5,224,562	328,555	4,160,529	114,256	144,314	0	0	0	0	135,114	341,794
UNICEF	55,753,604	23,014,437	69,664	521,732	0	3,793,444	17,048,484	26,415	27,646	21,434	0	1,505,617
UNIDO	10,950,550	66,254	13,366	17,955	20,030	0	0	5,000	3,271	2,298	0	4,334
UNIFEM	1,904,616	715,747	0	470,000	145,233	0	0	60,000	0	0	0	40,514
UNOPS	11,461,539	5,190,376	346,345	4,140,315	0	0	33,214	161,450	21,973	231,572	28,500	227,007
UNOPS/EAD	58,735,430	139,932	0	94,202	0	0	0	26,432	10,393	2,242	0	6,663
WHO	60,602,700	11,777,400	523,689	1,865,007	1,216,074	0	5,630,548	0	0	1,913,177	0	628,905
TOTAL	494,265,133	120,064,275	4,156,432	40,732,477	2,503,629	3,937,758	29,707,345	28,516,968	666,030	2,703,410	998,468	6,141,758
	As a percentage of total programme costs*		3.6%	35.8%	2.2%	3.5%	26.1%	25.0%	0.6%	2.4%	0.9%	5.4%

* Percentage of total programme costs excludes indirect support costs.

NB: In Table 12, WHO's indirect support costs are quoted as a percentage of total expenditure incurred to date. In accordance with WHO's Financial Regulations and Rules within a biennium, programme support costs have been charged on the total approved project budgets. At the end of the biennium (2006), WHO will adjust programme support costs as charged on actual project expenditure.

Table 13. Amount and Number of Contract Awards, by Country (US\$)

Country	Jul.- Dec. 2004		Jan.-Mar. 2005		Total 2004 & 2005	
	Awards	Amount	Awards	Amount	Awards	Amount
Austria		0	1	31,604	1	31,604
Belgium	1	22,500,000		0	1	22,500,000
Canada		0	1	50,840	1	50,840
China	15	18,093,610		0	15	18,093,610
Czech Rep.	1	287,522		0	1	287,522
Denmark	8	11,143,241	4	431,623	12	11,574,864
Egypt	1	33,000		0	1	33,000
Finland	1	2,670,578		0	1	2,670,578
France	5	232,883	1	25,022	6	257,905
Germany	9	710,664	20	3,853,798	29	4,564,462
India	1	23,040	3	255,600	4	278,640
Iraq	26	5,216,907	10	1,950,011	36	7,166,918
Ireland		0	1	51,400	1	51,400
Italy	2	1,396,518	5	1,514,030	7	2,910,548
Japan	8	17,317,159	3	884,400	11	18,201,559
Jordan	14	2,084,372	2	375,774	16	2,460,146
Kuwait	1	304,750	8	1,360,607	9	1,665,357
Lebanon		0	1	40,878	1	40,878
Lichtenstein	1	22,700,000		0	1	22,700,000
Netherlands	9	1,682,051	1	1,304,562	10	2,986,613
New Zealand	1	160,997		0	1	160,997
Oman	3	579,560		0	3	579,560
Spain		0	1	133,899	1	133,899
Sweden	3	12,701,292		0	3	12,701,292
Switzerland	1	62,126	4	856,327	5	918,453
Turkey	6	2,446,956		0	6	2,446,956
United Arab Emirates	4	931,053	3	48,995,880	7	49,926,933
United Kingdom	13	13,939,091	10	1,967,245	23	15,906,336
UN Agency	1	26,970		0	1	26,970
United States	5	570,988	3	552,306	8	1,123,294
	140	137,815,328	82	64,635,807	222	202,451,135

The contract awards for 2004, by method of procurement, are provided in table 14.

Table 14. 2004 and First Quarter 2005 Contract Awards, by Method of Procurement

Method	Jul.-Dec. 2004			Jan.-Mar. 2005		
	No.	Amount (US\$)	(%)	No.	Amount (US\$)	(%)
Competitive Bidding	70	66,702,947	48.4	24	54,820,629	84.8
Long-term Agreement	43	16,921,212	12.3	54	9,546,849	14.8
Direct Contracting	27	54,191,169	39.3	4	268,328	0.4
	140	137,815,328	100.0	82	64,635,806	100.0

Expenditures by Participating UN Organizations for security are far lower than those reported by other donors and development agencies operating in Iraq. The UNDG ITF has budgeted 2 per cent for security expenditure while the actual expenditure to date is only 0.9 per cent, significantly lower than the 25-40 per cent reported by others. While this figure may rise a little more as implementation increases, the very low level of security expenses reflects the particular implementation model described in chapter 2, section 2.3. This model emphasizes in-country management of programmes by national staff, with out-of-country capacity development of Iraqi counterparts.

The presence of international staff in Iraq is strictly limited and UN national staff work from virtual offices and travel inconspicuously to avoid drawing attention to themselves, thereby maximizing their security. Management is organized remotely from Amman and Kuwait, lowering the security costs without the creation of additional risks to staff and significantly increasing the overall efficiency of the use of donor resources. The variations in security expenditure among Clusters – Infrastructure the highest (4.9 per cent of the Cluster's total expenditure) followed by support to IDPs and Refugees (1.9 per cent) – reflect the greater relative presence of short-term expatriate technical resources for technical design in the first case and frequent land travel in disputed areas in the second.

Expenditure for indirect support costs among Participating UN Organizations ranges from a low of 3 per cent in the case of two WHO and UNFPA projects to a high of 7 per cent for several projects, with an average level of indirect support costs of 5.4 per cent. This is well within the 5-9 per cent range, with an average support cost of 7 per cent agreed for the UNDG ITF. The relatively low figures reflect the care taken by the Participating UN Organizations in estimating rates commensurate with the cost of implementation, including taking into consideration the relatively large scale of most of the projects. It also reflects the diligence of the UNDG ITF Steering Committee Support Office, the Steering Committee and the UNDG ITF management in maintaining close scrutiny of proposed rates.

2.5.4. Cost Recovery under the UNDG ITF

Cost recovery under the UNDG ITF is governed by the applicable provisions of the TOR for the IRFFI; the Letter of Agreement concluded by UNDP, as the Administrative Agent of the UNDG, with IRFFI donors; and the Memorandum of Understanding concluded with Participating UN Organizations.

According to these provisions, the UNDG ITF cost recovery charged to the UNDG ITF account consists of the following:

- UNDP's fee as Administrative Agent for the management of the Trust Fund, ranging from 0.75 per cent to 1.75 per cent of contributions, based on a sliding scale (1.75 per cent on contributions of \$200,000 to \$5,000,000, 1.25 per cent on contributions of \$5,000,001 to \$20,000,000 and 0.75 per cent on contributions of \$20,000,001 and above)
- Indirect support costs of Participating UN Organizations directly executing UNDG ITF projects, ranging between 5 and 9 per cent, with an expected average of 7 per cent; and
- Actual costs incurred by UNDP in support of the Donor Committee Secretariat and the UNDG ITF Steering Committee Support Office.

The actual costs for the reporting period from 1 July 2004 to 31 December 2004 were as follows:

- UNDP's fee as Administrative Agent was equivalent to 0.8 per cent of funds deposited;
- Indirect costs of Participating UN Organizations was 5.4 per cent of expenditure; and

- Actual costs of approximately \$220,000 for two staff members and related support were charged to the UNDG ITF account. One staff member was recruited to serve on the Donor Committee Secretariat with the second heading the UNDG ITF Steering Committee Support Office. The Facility Coordination Committee together with the Chair of the Donor Committee decided in February 2005 to discontinue the Secretariat as it had functioned in Amman. As a result, the first of these posts is no longer charged to the UNDG ITF.

For the reporting period, the total value of cost recovery charged to the UNDG ITF is judged to be below the support cost that donor contributions are usually charged for the execution of projects even in countries with normal security conditions.

2.5.5. Financial Management under UNDG ITF-financed Projects

As per the Letter of Agreement between UNDG and donors and the Memorandum of Understanding between UNDG and Participating UN Organizations, the financial management of the funds transferred to individual agencies for projects is the responsibility of the respective implementing agency. Each agency maintains adequate records and accounts and applies its own financial regulations, rules, procedures and monitoring for the receipt and administration of the funds that the Administrative Agent disburses to it from the UNDG ITF account, including those relating to interest.

UNDG ITF has received details regarding interest earned on unused funds from several of the agencies. However, a majority have not been able to report on this item as yet since interest is not apportioned until May-June of the following year. It is expected that either the January-June 2005 or the July-December 2005 report will reflect the interest earned.

The UNDG ITF management proposes that all interest earned on deposits be credited to the Fund as additional contributions for programme expenses except in those cases where the financial regulations and rules of the receiving Participating UN Organization specify the use of interest earned on donor contributions or require otherwise. The Executive Coordinator of the UNDG ITF requests the concurrence of the Donor Committee with respect to this procedure.

Processes to support high quality and consistency in financial and operational management of the UNDG ITF and, where required or requested, to support the UNCT and Participating UN Organizations have been initiated. These include the development of clear guidelines on project approval and expenditure reporting, issuance of “Guidance Notes” on topics such as support costs, and organization of briefing sessions. They also involve liaising and coordinating with the Participating UN Organizations on a range of issues, including the independent lessons-learned and review exercise of the UNDG ITF and regular interaction and coordination with the World Bank on common IRFFI issues such as financial reporting.

2.6. Transparency, Delivery Capacity and Accountability of UNDG ITF Operations

To ensure that the Iraqi authorities, IRFFI donors and the general public are fully aware of the nature and scope of the UN operations in Iraq that are financed by the UNDG ITF, a number of transparency, quality-assurance and accountability measures have already been introduced by the UNDG ITF.

Increased Transparency

- Details of the UNDG ITF approval and implementation procedures and descriptions of the activities carried out under approved projects are posted on the UNDG ITF section of the IRFFI public web site (www.irffi.org). In addition, regular monthly updates on project

commitments and disbursements as well as selected highlights of project progress are posted on the web site and distributed as a newsletter to IRFFI donors.

- Procurement requests and full details of contract awards are publicly posted. To ensure competitive contracting and give equal opportunity to potential suppliers, General Procurement Notices for each project as well as individual Requests for Proposal and Invitations to Bid are posted in the UN Procurement section of www.irffi.org. This represents a major step forward in the transparency of UNDG and agency procurement procedures since it provides a common forum for the procurement activities of all UN organizations for projects funded by the UNDG ITF. In addition, the contracts awards page provides details by project, supplier name, type of award process, award date, origin of supplier and value of the award for UNDG ITF programme contracts valued over \$20,000.

Increased Focus on Delivery Capacity

Notwithstanding the relatively strong performance of the Participating UN Organizations during the first six months of the UNDG ITF-funded UN activities in Iraq, the UNDG ITF Steering Committee remains committed to ensuring that project approvals go hand in hand with the demonstrated delivery capacity of the Participating UN Organizations. In March 2005, the UNDG ITF Steering Committee adopted interim additional rigorous project approval criteria that increase the focus on successful project implementation. Under the new criteria, a UN agency will not be able to submit new projects for approval until:

- Agency overall financial commitments against previously approved projects are at least at 50 per cent; and
- Agency overall financial disbursements against previously approved projects are at least at 25 per cent.

However, special consideration will be given to projects that address emergencies and emerging priorities, as identified by the Iraqi authorities and the IRFFI donors.

Increased Quality Assurance and Accountability

In view of the new implementation modalities being used by the UN as described in chapter 2, section 2.3, the UNCT is conscious of the potential risks involved in programme monitoring in an environment where international staff are unable to directly supervise project implementation. As a result, individual Participating UN Organizations that have the primary responsibility for project monitoring, evaluation and audit are introducing additional mechanisms involving specialized independent monitoring and evaluation firms.

In addition, to address risk and related issues that go beyond individual projects and are common to a Cluster(s), UNDG ITF is making arrangements to engage an independent Iraq-based monitoring and evaluation firm that can be tasked by UN Clusters to undertake on-site field impact evaluations of issues of common concern.

The UNDG ITF, through the UNDP Office of Audit and Performance Review (OAPR), has initiated a “lessons-learned and review exercise” of the entire UNDG ITF operation. The review will be undertaken by an independent international firm specialized in management and finance. Details on the lessons learned and review exercise are given in chapter 5, section 1.5.

Furthermore, at the request of the UNDG ITF, the UNDP External Board of Auditors has initiated discussions among the external auditors of the Participating UN Organizations on mechanisms for

collective assurance that will further strengthen the accountability framework of the UN operations in Iraq.

3. Progress Report by Cluster

The 11 United Nations Clusters and their corresponding Cluster Task Managers are:

Cluster	Cluster Task Manager
1. Education and Culture	UNICEF
2. Health	WHO
3. Water and Sanitation	UNICEF
4. Infrastructure and Housing	UNDP
5. Agriculture, Water Resources and Environment	FAO
6. Food Security	WFP
7. Mine Action	UNDP
8. Internally Displaced Persons and Refugees	UNHCR
9. Governance and Civil Society	UNDP
10. Poverty Reduction and Human Development	UNDP
11. Support to Electoral Process	UN DPA/EAD

Each Cluster-level report provides information on:

- A. Purpose of cluster;
- B. Programmes/projects funded to date;
- C. Key accomplishments;
- D. Implementation mechanisms;
- E. Specific agency implementation;
- F. Hurdles encountered and implementation constraints;
- G. Future work plan for existing approved projects/programmes; and
- H. 2005-2007 Joint UN-Iraqi Assistance Strategy.

3.1 Education and Culture

Objectives of the Programme

To increase participation and completion rates at all levels of education, particularly of vulnerable child groups; strengthen the overall quality of education and service delivery; support and inform policy development; advise and assist Iraq in reconstructing and revitalizing its education system in all possible ways; and protect and restore Iraqi cultural heritage.

A. Purpose of Cluster

Both the Iraqi National Development Strategy (NDS) and the Millennium Development Goals (MDGs) equally stress the centrality of education for development. The Interim Government also identified culture as one of its priorities for the rebirth of the country. The Education and Culture Cluster has as its main purpose to increase participation and completion rates at all levels of education, especially for vulnerable groups, strengthen service delivery, improve learning achievement, support and inform policy development, and advise and assist Iraq to restore its cultural patrimony.

B. Programmes/Projects Funded to Date

To date, nine projects totalling approximately \$69 million have been funded in the Education and Culture Cluster. While seven of these projects were among the first projects approved and funded by the UNDG ITF, projects C1-11 and C1-13 were funded in December 2004 and therefore show limited implementation in 2004. Overall cluster delivery at the end of 2004 amounted to about \$37 million in terms of commitments and about \$20 million in terms of disbursements. In the first quarter of 2005, there were approximately \$10 million in additional commitments and \$5 million in additional disbursements.

Table 15. Education and Culture Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C1-01	Vocational Education	2,758,274	UNESCO	2,548,396	4,465	183,375	434,587	99.0	15.9
C1-05	In-service Training for Teachers	2,346,400	UNESCO	1,045,524	23,127	156,570	1,117,842	51.2	48.6
C1-06	Strengthening Primary and Intermediate Education	34,253,604	UNICEF	24,789,480	18,412,550	6,965,616	748,799	92.7	55.9
C1-07	Protecting Iraqi Cultural Heritage	2,092,000	UNESCO	1,460,010	301,721	288,097	1,169,186	83.6	70.3
C1-08	Literacy and Life Skills Development	2,230,400	UNESCO	71,890	19,545	262,981	205,117	15.0	10.1
C1-09	Education Facilities Rehabilitation	17,580,663	UN-HABITAT	5,848,398	1,018,653	900,000	1,112,754	38.4	12.1
C1-10	Iraq Networking Academy Project	1,000,000	ESCWA	418,341	129,092	160,630	16,631	57.9	14.6
C1-11	Rehabilitation of School Bldgs. in Lower South Iraq	5,270,152	UN-HABITAT	1,201,649	178,082	434,351	49,774	31.0	4.3
C1-13	Educational Management Info. System	1,500,000	UNESCO	51,299	2,044	749,334	98,514	53.4	6.7
CLUSTER TOTAL		69,031,493		37,434,987	20,089,279	10,100,954	4,953,204	68.9	36.3

C. Key Accomplishments

Working with the UNDG ITF complemented with other bilateral funds, the Cluster significantly contributed to the revitalization of the primary and intermediate levels of education in the critical areas of physical rehabilitation, service delivery of school supplies and capacity development. Rehabilitation of hundreds of schools was initiated and is still ongoing, providing by the same token thousands of jobs to Iraqis. Education learning materials were successfully provided to 6 million children.

The Cluster also generated the first post-war data on all primary, intermediate and secondary schools in the country, including gender and geographically disaggregated data on students and teachers. Among other findings, these data unveiled a disturbing trend in girls' enrolment and attendance, especially in the rural areas of the lower south. This trend needs to be addressed as soon as possible to offset the potential threat to the health of girls and women and children. New Education Management Information Software (EMIS) was tested for use in the collation of school data.

The Cluster succeeded in launching advocacy for early childhood stimulation and learning and for non-formal, accelerated learning for out-of-school children with MoLSA and MoEd partners, with a view to opening the way for the expansion of activities in these areas in 2005. In the areas of non-formal education and literacy, strategies were developed focusing on community learning centres and a National Literacy Resource Centre for income-generation and life skills.

In higher education, the Cluster contributed to dialogue and policy formulation in the subsector, particularly on curriculum reforms, while ensuring preparatory work for the establishment of academies in four universities and the establishment of tens of local networking academies.

With respect to capacity development, based on the awareness of the value of examinations by the Iraqi society at large and the confidence it has in the education system, the Cluster has squarely supported the MoEd for the conduct of terminal and non-terminal examinations, including the orientation of teachers. Preparations for the training of 50,000 primary school teachers and 30,000 secondary school teachers were under way, with implementation scheduled for 2005. Many government counterparts benefited from these interventions as their capacity was boosted through interaction with international experts and study tours to many countries in the region and beyond. In addition, the Cluster has been very much present in the key areas of empowerment of women, particularly with respect to elections and citizenry education, and of human rights through contributions to the human rights education of the Iraqi Teachers' Union members.

D. Implementation Mechanisms

The Cluster had 10 Participating UN Organizations, with UNICEF as Cluster Manager ensuring the nodal coordinating role with support from UNESCO. The other cluster members are UN-HABITAT, ESCWA, UNIDO, UNIFEM, UNFPA, OHCHR, WFP and WHO.

The Cluster has 10 international officers, who are currently outside Iraq, while over 20 national staff and many more national consultants ensure implementation and monitoring of activities from Baghdad, Basra and Erbil offices inside the country. It has also put in place a unique partnership with civil society through outsourcing of services and partner agreements with the MoEd and NGOs. Cluster member agencies have contracted a number of agencies and secured the services of numerous experts, senior and professional education monitors and civil engineers on an ongoing basis to further augment the capacity for effective delivery on the ground. Outside Iraq, organizations in Jordan, Kuwait and Lebanon contribute to the management of programmes.

Division of labour among Cluster agencies is based on respective comparative advantage, with UNICEF focusing mainly on basic education (including early childhood and the primary and intermediate levels of education). UNESCO has responsibility for the development and implementation of the secondary, tertiary and vocational/technical levels of education. Both organizations actively collaborate with other UN agencies to benefit from their technical expertise, area of specialization and comparative advantage and to obtain the best possible synergy of actions on the ground. UN-HABITAT works on the establishment of standards and designs in the area of rehabilitation of schools and educational buildings and rehabilitation of some schools/sites; UNIDO provides technical expertise and support to the design and production of local school furniture. WHO is involved in the development and implementation of a comprehensive school health education/promotion programme on a pilot basis. It is also working to

integrate school health, personal hygiene, environmental sanitation, and nutrition messages/activities into the new revised education policy and curriculum. In addition, WHO will provide technical assistance in health profession education and related areas such as physical rehabilitation/renovation of health education institutions, provision of teaching/learning materials, and review and reform of curricula.

UNFPA is preparing for the development and integration of reproductive health care education and activities once the new education policy and curriculum have been revised. WFP is supporting the initiation of a pilot project on school feeding based on strategies and project design agreed to between various national and international partners. UNIFEM brings its expertise in gender-related issues in education while ESCWA is providing technical and institutional support for developing the capacities of counterparts at the secondary and tertiary education levels, particularly in the area of information and communication technology. The Office of the United Nations High Commissioner for Human Rights (OHCHR) is to provide its technical inputs for a review of the curriculum and the education policy framework from a human rights perspective.

The linkages with Iraqi authorities and other actors are ensured through the Education Sector Coordination Forum that meets monthly and brings together all education partners. Regular thematic group meetings of interested partners around issues of common interest (such as school feeding, standards of school furniture and EMIS) are organized. Donor coordination meetings are planned to start in 2005 to achieve synergy in the activities of the UN with other partners, including bilateral donors.

E. Specific Agency Implementation

UNICEF – C1-06 Strengthening Primary and Intermediate Education

Delivery of School Kits

Multi-pronged consultation resulted in the development of two types of education kits designed for students (those in grades 1-4 and those in grades 5-9). The kits included school bags, notebooks of assorted sizes, pencils, rulers, pencil erasers, pencil sharpener, geometry sets, crayons and drawing books. They also contained big blackboards and chalk. Kits were procured and distributed successfully to over 6 million students in more than 17,000 schools. UNDG ITF contributed 40 per cent of the total funding of \$88 million to cover these activities, with the balance coming from UNICEF's regular programmes.

Rehabilitation of Schools

The comprehensive rehabilitation of 84 schools (9 funded by UNDG ITF) that is under way will benefit approximately 47,000 boys and 38,450 girls. The work comprises the rehabilitation of the school buildings, including tiles, plastering of walls, repair/replacement of windows and doors, improvement of playgrounds and repair of water and sanitation facilities. The schools are in Anbar, Babil, Diala, Missan, Muthana, Qadissiyah, Rasafa 1 (Baghdad), Salahaddin and Tamim Governorates.

UNESCO – C1-01 Vocational Education; C1-05 In-service Training for Teachers; C1-08 Literacy and Life Skills Development; C1-13 Educational Management Information System

UNESCO supported the MoEd to finalize the implementation strategy for the Literacy and Life Skills Development project. The equipment and other supplies (totalling \$1.5 million) have been finalized and are anticipated to reach the MoEd in May-June 2005 to equip the five Community Learning Centres and the National Literacy Resource Centre for income-generation and life-skills development. EMIS software has been tested and will now be used to enter the educational data.

A study visit by Iraqi delegates to India, Jordan and Thailand was also organized (5-18 March 2005). In

addition, a selected number of secondary school teachers and senior-level administrators visited the British Open University in the United Kingdom to share knowledge and experiences in distance education and the use of multimedia teaching methods. Computers and other information technology (IT) equipment worth \$1.2 million have been provided to the MoEd in preparation for the training of 2,000-3,000 secondary school teachers. They will also be used for the rehabilitation of workshops of 11 technical and vocational centres within the frameworks of the In-service Training of Secondary School Teachers and the Revitalization of Technical and Vocational Education projects, respectively.

UNESCO – C1-07 Protecting Iraqi Cultural Heritage

In the area of *culture*, UNESCO supported site protection, including the provision of equipment such as vehicles and security and communication devices delivered to the Ministry of Culture in Baghdad. It is also promoting and fostering research in the field of intangible heritage conservation through the rehabilitation of the Melodic Institute in Baghdad. In addition, an educational programme is being developed for the child museum and a regional centre for conservation is being supported as is the rehabilitation of a national library with provision of equipment (hardware and networking). A manual on museum management adapted to the Iraqi situation has been produced in Arabic and English by the International Council of Museums (ICOM). Equipment valued at \$120,000 was procured for the training courses and delivered and used for training and application to museum management.

UN-HABITAT – C1-09 Educational Facilities Rehabilitation; C1-11 Rehabilitation of School Buildings in Lower South Iraq

UN-HABITAT has been assisting with the rehabilitation of educational facilities since March 2004, with its initial focus on the rehabilitation of school buildings in the lower south of Iraq, using funding provided through a bilateral grant from the Government of Japan. Eighty-five schools have been rehabilitated to date and work has started on another 57 schools. The objective of this programme is to rehabilitate a total of 200 schools to provide an improved learning environment for over 53,000 students. UNDG ITF funding was provided to continue with the school rehabilitation programme in the lower south at the end of December 2004 (project C1-11).

Through UNDG ITF project C1-09, a project to rehabilitate another 34 educational institutes was launched in August 2004, this time focusing on the rehabilitation of technical institutes and universities as well as 26 schools in the city of Baghdad. This project is well under way, with the Teachers Institute for Females in Samawa City and five vocational training workshops of the Basrah Technical Institute already completed. Work is in progress on three vocational training schools in Samawa and another three technical and vocational training workshops of the Basrah Technical Institute. Tenders are under evaluation for the rehabilitation of 10 schools in Baghdad. This project will benefit over 30,000 students and will significantly enhance the standard of technical and vocational education in Iraq. Another major objective of the rehabilitation programme is to generate jobs in order to reduce the high rate of unemployment in Iraq. In this regard, the UN-HABITAT rehabilitation programme under this Cluster is generating an estimated 3,000 jobs per day, a figure that is expected to increase to over 8,000 jobs per day as the programme expands.

ESCWA – C1-10 Iraq Networking Academy

ESCWA is implementing the Iraq Networking Academy System, which consists of the establishment of regional academies in 4 Iraqi universities, followed by the establishment of 40 local networking academies in higher and secondary education institutions all over the country. The cost of the first stage of the project is \$2 million, half of which has been financed by UNDG ITF and the other half by Cisco Systems, Inc. The core staff of the 4 regional academies have been trained, some equipment and teaching material have arrived and the first training course of 30 students is set to start soon at one university. When fully operational, the system will educate, train and graduate 2,000 students per year in up-to-date computer hardware, software and networking skills.

F. Hurdles Encountered and Implementation Constraints

Hurdles

- The continuing turnover among the government partners resulted in serious delays in approval of project activities. These delays made it difficult to maintain the momentum of planned activities. Lack of proper coordination between the MoEd and Directorates of Education led to allocation of the same schools to two or more organizations, resulting in a loss of time and additional efforts required to undertake technical assessment, BOQ preparation and bidding processes.
- The assassination of UNICEF's focal person in the MoEd had a chilling effect on other MoEd staff, who refused to fill his post. Regular attacks against MoEd facilities by direct mortar fire and car bombs as well as an assassination attempt against the Education Minister further hindered progress and severely disrupted the implementation of projects.
- The relocation of UN international staff to Amman while national staff could operate inside Iraq only under strict security restrictions has required new procedures while protecting national staff from too much exposure. Therefore, progress in areas such as the rehabilitation of schools and of water and sanitation facilities in schools slowed.
- For the same security reasons, most of the qualified and reputable international NGOs that had entered into agreements with activities of the Cluster have either temporarily suspended their operations or seriously slowed down their work owing to the deteriorated security situation. The latter has also prompted the need for low visibility within Iraq.
- Price inflation in the area of school rehabilitation and contractors' offers that were two to three times higher than estimated market prices led to numerous rebidding exercises and subsequent delays in project implementation.

G. Future Work Plan for Existing Approved Projects/Programmes

Based on lessons learned in 2004, the Cluster team is taking steps to reinforce coordination of activities on the ground, including through developing the capacity for donor coordination of government counterparts in line ministries. Policy dialogue with the MoEd, in collaboration with bilateral donors, has led, under the teacher training programme, to a more proactive engagement of MoEd staff in design and the request for capacity development in the areas of donor coordination and proposal writing.

The major issues to be addressed by the Cluster members include: (a) their insufficient presence in the field to further support national counterparts and national UN staff; (b) better prioritization of projects and activities within the Cluster; (c) greater joint programming and inter-Cluster work, including sharing of human and financial resources; and (d) a greater focus on monitoring of implementation on the ground.

Furthermore, the Cluster will work on strengthening the access to and quality of formal education at the primary, secondary and tertiary levels. It will seek to enhance investment in all levels of education through worldwide mobilization of all stakeholders so as to secure a broader funding base. It will continue dialogue on policy formulation, system development and capacity development for teacher education and training and support to curriculum reform and improvement of the teaching/learning environment at all levels.

The Cluster will aim to enhance access of UN interventions to the most vulnerable child groups,

particularly girls, and provide quality basic education and skills and training in generating livelihoods to out-of-school children and youth through alternative channels. Efforts will also be made to strengthen national, regional and international networking and coordination among technical institutions for all levels of education, particularly higher education, and to strengthen the database and EMIS.

The Cluster will continue to rehabilitate schools: in the lower south (project C1-11), complete 20 schools, award contracts for 50 more and complete the assessment and BOQs for the remaining 40 schools; for project C1-09, complete all rehabilitation work for 6 of the 8 technical and vocational institutes in Samawa, start (and substantially complete) the rehabilitation of the remaining 2 technical and vocational training institutes in Samawa, and complete the rehabilitation of the Basrah Technical Institute, including the supply of equipment, completing the rehabilitation of the 26 schools in Baghdad. Child-friendly school furniture designs will be developed.

The Cluster will also promote education for peace aimed at facilitating the peace process under reconstruction. This will include respect for diversity, peace-building, sectarian/ethnic conflict prevention and resolution, trauma management/healing, and human rights. The Cluster will assist in retrieving and restoring national cultural artifacts that had been stolen or went missing, strengthening the capacity of culture repositories, updating professional skills in the field of culture heritage conservation, and protecting and promoting greater information-sharing and linkages in the field of cultural heritage.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The 2005 objective of the UN in the Education and Culture Cluster is to increase participation and completion rates at all levels of education, particularly those of vulnerable child groups; strengthen service delivery; improve learning achievement; support and inform policy development; and advise and assist Iraq in whatever way possible to restore its cultural patrimony as soon as possible.

The strategy underpinning the UN efforts at contributing to rebuild the education and culture systems is based on the following: (a) Iraqi ownership of the reconstruction process; (b) close linkage of priority areas with the Iraqi National Development Strategy (NDS); (c) the experiences gained and lessons learned in implementing the 2004 approved projects; (d) the aim of contributing to sectoral planning, policy development and capacity development initiatives in whatever way possible within security constraints; (e) the need for a Cluster response that balances the real priorities in the humanitarian, rehabilitation and development phases; and (f) the need to find ways to maximize the added value of the significant breadth and depth of the collective expertise and resources of the UN.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document "Joint UN-Iraq Assistance Strategy for Iraq 2005-2007". **As indicated in this document, in 2005, the Education and Culture Cluster has a total net funding requirement of \$66 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.2 Health

Objectives of the Programme

To support the Iraqi Ministry of Health vision of “an accessible, affordable, safe and comprehensive quality health service of the highest possible standard that is financially sound and founded on scientific principles in order to meet the present and future health needs of Iraqi people regardless of their ethnicity, geographic origin, gender or religious affiliation”.

A. Purpose of Cluster

The purpose of the Health Cluster is to support the Ministry of Health (MoH) in improving the health status of the Iraqi people in accordance with the National Development Strategy for Iraq. The Health Cluster’s strategy is in line with the MoH Strategy and NDS: to re-establish basic health services while transforming centrally planned and curative care-based services into a new system, based on primary health care, prevention and evidence-based policy, that is equitable, of high quality, accessible and affordable. The primary health care approach will result in substantially reduced mortality and morbidity among pregnant women and children in the shortest possible time. The Health Cluster strives to support this process in as participatory and consensual a way as possible.

B. Programmes/Projects Funded to Date

To date, four projects totalling about \$67 million have been funded in the Health Cluster. Overall Cluster delivery at the end of 2004 amounted to approximately \$20 million in terms of commitments and about \$7 million in terms of disbursements. In the first quarter of 2005, the Cluster committed about \$8 million in additional funds and disbursed approximately \$5 million.

Table 16. Health Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C2-02	Emergency Obstetric Care	12,603,477	UNFPA	6,228,507	2,707,770	1,222,585	1,222,585	59.1	31.2
C2-03	Supporting Primary Health Care System	37,363,516	WHO	11,287,030	4,587,117	3,733,589	3,312,269	40.2	21.1
C2-04	Re-establishing the National Drug Quality Control Laboratory	5,977,090	WHO	1,464,818	87,641	291,718	173,703	29.4	4.4
C2-05	Non-communicable Diseases and Mental Health	11,000,000	WHO	739,905	22,589	2,990,283	347,452	33.9	3.4
CLUSTER TOTAL		66,944,083		19,720,260	7,405,117	8,238,175	5,056,009	41.8	18.6

C. Key Accomplishments

The Health Cluster has achieved much in the past six months both inside and outside of the UNDG ITF programmes. Key achievements made within the Cluster under the UNDG ITF-supported programmes alone include the development of six key policies to support the MoH as well as a plethora of standard operating procedures and guidelines. Over 1,500 health personnel were trained inside and outside Iraq in a wide range of subjects – from health and human rights to primary health care systems. In addition, a large amount of procurement has been completed and more continues to be processed, including the procurement of 40 ambulances, 38 4WD vehicles, 300 motorcycles, 300 portable food safety kits, 1,086 oxygen cylinders daily for key health care facilities, 19 mobile clinics, informatics equipment, and emergency medical supplies and equipment to support areas under crisis, such as Falluja, Najaf and Tallafar. The physical and functional rehabilitation and construction of key health facilities have been planned and/or started in Iraq, including 272 primary health care facilities, 19 training centres for

continued education, the national drug quality control laboratory, 17 mental health care facilities and 21 maternal health wards.

A comprehensive needs assessment of all primary health care allocated under the 19 model districts, including in-service and pre-service skills, facility conditions, capabilities of staff and the availability of basic health services, has been completed. Community empowerment is being achieved through the inception of the Basic Development Needs Programme in 6 villages and the initiation of the Healthy Cities Programme in Al-Sader city and Falluja. Significant communicable disease control has been achieved, with a decline in the number of incidents reported, showing the impact of such programmes (prevalence of polio, measles, mumps, rubella, Leishmaniasis and malaria all reduced).

D. Implementation Mechanisms

The MoH and Health Cluster members – WHO (the Cluster Manager), UNFPA, UNICEF and WFP – work closely together during the implementation of project activities and coordinate their work in order to maximize their complementary activities and prevent duplication of effort. The Cluster also works closely with the MoEd, Ministry of Higher Education and MoEn in addition to closely coordinating with the World Bank and various international and national NGOs. The UN relations with the Iraqi authorities provide a solid basis for on-going institutional development and capacity development as well as critical linkages to other Clusters relating to health and well-being. WHO has developed direct links with MoH representatives, key managers, middle managers and health professionals from the central, governorate and district levels. Such mechanisms lead directly to an increase in levels of capacity development and ensure long-term sustainability.

WHO has a national staff network of about 70 in Iraq and has representation in eight governorates through WHO staff and MoH focal points. From its base in Amman and its national staff network, it works closely with the MoH/district directors through teleconferencing and direct meetings in Amman. Information flow is streamlined for sharing with partners, planning, decision-making and advocacy. The entire WHO network of staff, logistics and telecommunications has been put at the disposal of the MoH.

In order to enhance the capacity of the MoH, WHO recruited three staff to work with the Minister's Office for Donor Relations so as to coordinate all the efforts of the different donors and to produce a variety of publications and monthly donor relations newsletters. Moreover, the engineering unit in MoH has also been strengthened by WHO through the recruitment of engineers to facilitate the rehabilitation work.

During meetings in Amman and scheduled seminars and workshops, health policies and strategies are regularly reviewed and discussed. Each proposal submitted to the UNDG ITF is usually reviewed by no fewer than 30 MoH staff from different technical departments and health cadres.

E. Specific Agency Implementation

WHO – C2-03 Strengthening Primary Health Care Services Programme

WHO has supported the development of four key policies with the MoH under this programme alone. Support was provided to: (a) the establishment of national health accounts; (b) financing options for Iraq's health sector, (c) the High Policy Seminar on Health Strategy and (d) nursing and midwifery legislation and regulations.

Establishment of National Health Accounts

National Health Accounts (NHAs) are a standard set of tables that show the flows of funds through a health system. The tables provide key indicators for use by policy-makers and researchers to diagnose

the *financial health* of the health system. The NHA is a tool for policy formulation, monitoring and evaluation.

To support the implementation of NHAs in Iraq, WHO and the World Bank held a workshop with the MoH in May 2004 attended by 39 key representatives from the MoH, Ministry of Finance, Ministry of Planning, the World Bank and Abt Associates. The objectives of the workshop were: (a) to introduce the NHA concept, structure, and policy contribution; (b) to train Iraq's NHA team in line with recently released guidelines; and (c) to promote the development of the NHA function in Iraq. This strengthens the primary health care (PHC) system because the NHA is a tool for policy formulation, monitoring and evaluation. It can answer questions such as: *How are health funds distributed across different services, interventions and activities that the health system produces? What is produced? Who provides which service? and Who benefits from health expenditure?* All these are factors aim to enhance the health stock of the society and to improve its distribution. Given that resources are scarce, the health system should perform more efficiently.

Financing Options for Iraq's Health Sector

Financing options for Iraq's health sector are key to its existence and sustainability. Strategies for financing options for the sector were discussed by the National Conference on Health in August 2004. The Conference focused on international and regional experiences in different forms of raising revenues for the health care system, including the implications of relying on general taxation, social insurance, and private insurance and out-of-pocket contributions, and the different ways to organize and manage health funds.

Following these discussions, WHO and the World Bank supported the MoH in this endeavour by holding a workshop on health care financing in November 2004. The workshop was attended by 13 senior representatives from the MoH – including the Minister – as well as 4 representatives from the Colleges of Medicine and one representative from the Ministry of Planning and the Ministry of Finance. The workshop objective was to provide a conceptual framework for defining the goals and components of the health financing system for Iraq. The current macroeconomic and fiscal situation of the country was discussed as were future projections for economic stability and growth and how these factors will affect the revenue base for supporting the health system in the medium term. Different options for raising revenues and structures for the management of health care financing in Iraq were explored. Also, a review was undertaken of the global experiences with the different forms of provider payment systems and their impact on health system performance in terms of efficiency, equity and quality of care and the potential implications for Iraq from the perspective of the providers as well as the “purchasers”.

The MoH is preparing a strategic document with its financing options and future direction in order to strengthen the public health care system. Ultimately, a country's choice of a health financing system should be guided by the option that is most likely to enable universal coverage within that particular country's context. Prepayment and pooling of resources and risks are basic principles of financial protection that should be adhered to irrespective of the organizational mechanism selected.

High Policy Seminar

WHO gave technical support under the Primary Health Care programme to an MoH “High Policy Seminar” held in Amman in July 2004. The seminar was attended by 47 senior representatives of the MoH, donors, UN organizations, NGOs and other health stakeholders. Led by the Minister of Health, the seminar solidified the health vision for Iraq and, using a situation analysis, identified short- and medium-term goals. WHO provided technical support in the preparation of the National Health Strategy of Iraq 2004, which was presented during the meeting.

Nursing and Midwifery Legislation and Regulation

In September 2004, WHO supported the MoH to conduct a national workshop on the Orientation of Nursing and Midwifery Legislation and Regulation, followed by a review of the nursing curriculum. Twenty-eight senior-level participants from 11 governorates in Iraq took part, representing the MoH, Ministry of Higher Education, teaching hospitals, technical institutes and training centres. The key output was a policy document that was drafted and later finalized and endorsed by the MoH.

In November 2004, a nationwide needs assessment of 128 primary health care (PHC) centres and 144 sub-centres in 19 selected districts was conducted. Following this assessment, all 272 health care facilities were selected for functional rehabilitation, which is due to start in April 2005 as well as the construction of 19 training centres. To support the MoH in strengthening its referral system, WHO has procured and provided a wide range of ambulances, transportation vehicles and portable food safety kits and medical equipment.

Furthermore, WHO has supported communicable disease prevention and control nationwide in Iraq, as illustrated by the malaria and Leishmaniasis prevention programme undertaken in September 2004 and support to immunization campaigns undertaken in Falluja and nationwide, with 900,000 children vaccinated. It has also supported hospital infection control and waste management in 12 hospitals covering 3 million people to fight nosocomial infection. Finally, as of 31 December 2004, WHO had conducted 55 international fellowships and had trained 1,349 Iraqi staff through national training activities specifically under the Supporting Primary Health Care System project.

WHO – C2-05 Mental Health and Non-communicable Disease Programme

In the area of mental health, WHO has supported technical consultations to develop and carry out an assessment of mental health in Iraq. Furthermore, it has supported capacity-building activities, such as Iraqi participation in an international training programme on country mental health indicators and two national workshops on national priorities in mental health. Moreover, WHO has trained 29 Iraqis at a Refresher Course on Psychiatry, 40 Iraqis at a Training of Trainers Course on Mental Health and Substance Abuse and 25 Iraqis at a Health and Human Rights workshop. Further extensive training is planned. WHO is processing a list of essential mental health drugs requested by the MoH.

WHO has also completed all planning for the construction of six mental health centres and the rehabilitation of 11 others. In the area of non-communicable diseases, it is supporting the MoH eye hospitals and eye centres through the procurement of \$608,000 worth of ophthalmic supplies, which has been initiated. Furthermore, training activities are being implemented with the MoH Non-communicable Diseases Department, and an international nutrition consultant is supporting the MoH in food and nutrition policy. These will significantly impact the prevalence of non-communicable diseases such as obesity, hypertension, diabetes and cardiovascular diseases.

WHO – C2 -04 National Drug Quality Control Laboratory (NDQCL) Programme

Under this programme, WHO has supported the development of a National Medicines Policy and a National Drug Quality Control Strategy. Furthermore, in the area of policy development, WHO is to conduct training and workshops in April and May 2005 aimed at developing further laboratory guidelines and standard operating procedures as well as strengthening the lab testing capacity so as to improve drug quality control and assurance. In order to build the capacity of the personnel of the NDQCL, a study tour for three NDQCL personnel has been completed and staff training packages on specific testing procedures have been developed, with training plans firmly in place. Lists of lab equipment, lab reagents and supplies as well as needed computer hardware and software worth over \$3.3 million have been compiled, reviewed and prepared for procurement. Finally, the actual physical rehabilitation of the Laboratory has started. A contract valued at \$1,130,927 for the physical rehabilitation of the Laboratory was signed by an Iraqi contractor on 4 December 2004 and work is due

to be completed in May 2005.

UNFPA – C2-02 Emergency Obstetric Care (EOC) Programme

In 2004, UNFPA focused on validation of the scope of the rehabilitation of maternal wards, contracts for construction and procurement of equipment.

UNFPA has signed an agreement with UNOPS to assess 21 locations designated by the MoH for the project, develop BOQs for the needed renovations, contract for the renovations and monitor the progress of the renovation work. At the end of 2004, two sites were inaccessible owing to the security situation. Pre-assessments at six sites showed that no rehabilitation work was required. Detailed assessments and preparation of tender documents were ongoing at eight sites and tender documents, including drawings and BOQs, were available for three sites (Balad General Hospital, Balad, Salah-al-Din, site no. 7; Al-Noor Hospital, Baghdad, site no. 9; and Al-Emam Ali Hospital, Baghdad, site no. 10).

UNFPA has procured the first batch of medical equipment, supplies and essential drugs according to the request by MoH, with delivery expected during the first quarter of 2005. It has also procured 21 ambulances, with delivery expected in the first quarter of 2005, and it is in the process of procuring an additional 21 ambulances per MoH request. UNFPA developed the specifications and put out requests for bids for 3 armoured vehicles for monitoring work. UNFPA has worked closely with the MoH, UNICEF and WHO to re-establish a surveillance system for maternal health, reactivate the referral system and strengthen national capacity.

The MoH has been assisted in developing the framework of “Iraq's Child and Reproductive Health Strategy and Plan of Action”. The development of this strategy has involved several stakeholders through workshops and seminars at both the central and governorate level, with the participation of NGOs working in the health field such as the Iraqi Reproductive Health and Family Planning Association.

F. Hurdles Encountered and Implementation Constraints

The change of government and the high turnover of senior MoH management have been a significant constraint on implementation; certain plans of action had to be reworked after having been agreed. With the change of personnel came a loss of some of the capacity already built. Since the Cluster operates according to the principle of achieving implementation through intense capacity development of the MoH, the process sometimes had to be started again.

The decision-making process was often lengthy: senior managers approved original action plans and then some of the decisions taken and plans agreed upon would be overruled after project approval.

Security constraints to the in-city and inter-city movement of national staff have also constituted a major constraint to implementation.

With regard to hospital rehabilitation, there were several hospitals on the initial list from the MoH where the maternity wards were already renovated and others that could not be reached by the assessment team owing to the very dangerous situation. This resulted in delays in identifying the final 21 maternity wards for rehabilitation.

Communication between the MoH at the centre and periphery has often been inadequate. The operational budget of the MoH has also been a significant hurdle. The Cluster is engaging middle-level managers at both the central and governorate levels in order to mitigate the effect of these hurdles and to ensure commitment from a wider range of professionals.

G. Future Work Plan for Existing Approved Projects/Programmes

WHO

Primary Health Care Programme

In the coming months, the rehabilitation of the PHC centres will be completed as will the establishment of a health information systems network. Moreover, an assessment of needs for more equipment to be used in the PHC centres is being completed by the MoH and will be acted upon. The assessment of in-service and pre-service skills and knowledge that has been carried out will result in a series of workshops and fellowships in order to upgrade the technical, supervisory and managerial expertise of MoH staff at different levels. The referral system will be in place and this will also entail technical and logistical assistance that will be provided by WHO during the implementation period.

National Drug Quality Control Programme

It is expected that during the upcoming reporting period, the physical rehabilitation will have been completed and that most of the ordered equipment will have been delivered to the sites. The focus during the coming three to four months will therefore be on the following areas. The newly acquired equipment will be installed and calibrated and start-up training will be provided by suppliers where applicable. Staff will be trained in the use of the specific techniques and equipment through fellowships in neighbouring countries as well as on-the-job training. Capacity-building will be carried out in other areas of quality assurance schemes and procedures, including completing the Standard Operating Procedures for Good Laboratory Practices applicable to the NDQCL.

Non-communicable Disease and Mental Health Programme

WHO will accelerate the implementation of this vital programme in the coming months. Already in early 2005, key results have been seen, such as the Workshop on Health and Human Rights and a training course in Palliative Care (both of which will be reported on fully in the next interim report). WHO is confident that, with the constraints now minimized and the lessons learned in the first three months of implementation, this programme will now go forward to benefit the Iraqi people nationwide. As illustrated, there are many key pipeline activities to be completed in the coming months, such as the delivery of the drugs and equipment, the training of key MoH staff (including a training workshop for 65 Iraqi nationals representing members of the Supreme Committee of the National Programme for Early Detection of Breast Cancer in the MoH) and the construction of mental health units.

UNFPA

Emergency Obstetrics Care Programme

A needs assessment will be carried out at the 21 sites targeted by the project in consultation with the MoH to recognize the determinants of maternal mortality. The assessment will focus on issues such as domestic violence, community response, inefficiency and delay of referrals in addition to cultural and social behaviours that might have an effect on increasing maternal deaths. It will be carried out in order to provide more information on reproductive health issues in a more detailed manner than the previous assessment in 2003.

Following the rapid pre-assessments of accessible sites, detailed site assessments will be initiated at nine sites. The bulk of the renovations and reconstruction is expected to be carried out during the remainder of 2005 and early 2006 if needed.

Based on MoH requests, the project will purchase another 21 ambulances, bringing the total to 42. This would mean that each of the 21 hospitals would receive 2 ambulances. UNFPA will continue to procure medical supplies and essential drugs to meet the requests of the MoH for pharmaceuticals and essential

drugs needed to cover the project area until the end of the project. Requests for supplies and drugs will be prepared and reviewed jointly with the MoH.

A training facility within the premises of up to 15 regional health training centres will be equipped with computers and printers so that continued refresher training for the staff from the region and on-the-job training can be provided. In addition, a significant amount of equipment will be procured to support the training activity. The locations for the training centres will be finalized in collaboration with the MoH, and procurement of the equipment and furniture for the training centres is planned for the third and fourth quarters of 2005. Training in critical emergency obstetrics and safe motherhood will be provided to the staff of the maternity wards, clinics and PHC centres. Refresher and TOT courses will be organized during 2005 in Egypt for obstetricians/gynecologists and nurses/midwives to build on the Egyptian experience in the health sector and to ultimately contribute to the restoration and improvement of the Iraqi health system.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN objective in the Health Cluster in 2005 is to support the MoH Health Strategy and National Development Strategy to re-establish basic health services while transforming centrally planned and curative care-based services into a new system, based on primary care, prevention, and evidence-based policy, that is equitable, of high quality, accessible and affordable. It includes paying particular attention to improving the situation of maternal and child mortality and morbidity as well as that of other vulnerable groups. This in turn involves, for example, general support to strengthen the capacity of the MoH and governorate health offices to run such a health system, technical and financial support to primary health care initiatives, support for education and training of health care professionals, and support to the rehabilitation of appropriately selected infrastructure. Attention will also be given to protecting consumer health with required standards of hygiene, safety and nutritional value for food produced and imported

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document "Joint UN-Iraq Assistance Strategy for Iraq 2005-2007". As indicated in this document, **in 2005, the Health Cluster has a total net funding requirement of \$61 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.3. Water and Sanitation

Objectives of the Programme

To achieve significant progress in increasing access to potable water, increasing sewage treatment and access to urban sewerage systems, increasing solid waste collection and disposal, increasing sanitation services in rural areas, and contributing to improvements in management efficiency.

A. Purpose of Cluster

The purpose of the Water and Sanitation Cluster is to help to reduce the percentage of people without access to safe drinking water and sanitation by 50 per cent by 2015 and to contribute significantly to reaching the infant mortality rate and nutrition targets of the MDGs. It will do so by providing: (a) rehabilitation support for water treatment plants, pumping stations (water and sewage), testing facilities, installation of capital equipment and rural sanitation; (b) development support for urban master plans, replacing networks and equipment, piloting alternative systems and technologies, promoting better hygiene, promoting decentralized management systems, capacity-building of senior staff and technical staff training; and (c) in conjunction with local authorities, work to catalyse systemic change in processes and technologies that, once proven, will be taken to scale with long-term investment resources.

B. Programmes/Projects Funded to Date

To date, three projects totalling \$31 million have been funded in the Water and Sanitation Cluster. Overall cluster delivery at the end of 2004 amounted to about \$2 million of commitments and \$0.9 million in disbursements. During the first quarter of 2005, the Cluster committed about \$4 million in additional funds and disbursed about \$800,000.

Table 17. Water and Sanitation Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	21,500,000	UNICEF	1,344,300	707,593	3,484,062	620,502	22.5	6.2
C3-02	Rehabilitation of Chlorination Plant	3,000,000	UNIDO	80,543	14,302	206,093	71,911	9.6	2.9
C3-03	Water Quality Control and Surveillance	6,262,094	WHO	675,816	183,909	249,972	122,130	14.8	4.9
CLUSTER TOTAL		30,762,094		2,100,659	905,804	3,940,127	814,543	19.6	5.6

C. Key Accomplishments

The key accomplishments of the Cluster in 2004, funded by the UNDG ITF, were in the areas of rehabilitation of important installations in the lower southern governorates and the provision of equipment and training for water quality surveillance across the country.

Work on the rehabilitation of 10 defective compact water treatment units in Wasset Governorate that provide urgently needed clean drinking water to more than 50,000 people is under way. The people in these communities are also being trained in the maintenance of these units and in hygiene promotion. Work has begun on the rehabilitation of Al-Thumuziya booster station in Babil Governorate and the Al-Kufa water treatment plant. A reverse osmosis water treatment plant is being installed in Basra in order to provide clean drinking water to Al-Talimi Hospital.

In collaboration with UNOPS, an assessment of the need to rehabilitate the water networks in eight towns and cities in the lower south has been completed. In addition, more than 100 projects for rehabilitation have been identified in the lower south and BOQs developed. Negotiations are now ongoing with the Ministry of Municipalities and Public Works (MoMPW) in order to prioritize this work.

The Cluster is also working on the rehabilitation of a chlorine production plant in Basrah. The baseline survey of the plant has been completed and the inception workshop to review technology options and decide on which technology to use has been held. The TOR have been developed for the basic engineering work.

Water quality surveillance is the other key area of Cluster intervention. Equipment and supplies for MoEn water quality control laboratories and MoMPW water treatment plant testing laboratories have been ordered. The BOQ for the rehabilitation of the MoEn Central Water Quality Laboratories has been completed. Vehicles for the collection of samples have been ordered as well as computers to run the information management system.

There was also a heavy emphasis on capacity-building. Five training programmes (a total of 61 participants from both the MoEn and the MoMPW) have been conducted in Amman. The first course was on how to conduct a sanitary survey for a water system, the initial stage in converting the pre-existing monitoring system into a surveillance system. Geographic information systems (GISs) were introduced in the second session. The following three training sessions – on Procedures for Water Examination, Determination of Organic Pollutants, and Isolation of *Vibrio Cholera* – served as refresher courses. Training the staff of both Ministries together has the added benefit of fostering cooperation between them, something that will be critical if water quality is to improve.

In addition as explained in chapter 2, section 3.6, outside UNDG ITF funding, the Cluster has had a significant impact on water and sanitation. For example, in 2004 it provided potable water by tanker for more than a million people and provided essential chemicals (chlorine and aluminium sulphate).

D. Implementation Mechanisms

The UN partners in this cluster are UNICEF (the Cluster Manager), UNDP, UNEP, UN-HABITAT, UNIDO, UNOPS and WHO. They work closely with the World Bank, the MoMPW, the Ministry of Industry, the MoEn, the Baghdad Mayoralty, communities, NGOs, and the private sector (consultants and contractors).

Implementation is being carried out through a number of different modalities. Once a detailed agreement is reached with Iraqi governmental counterparts, supplies are usually ordered offshore through normal agency procurement systems and delivered directly to site (see box, chapter 2, section 2.3) for the particular contracting steps UNICEF follows in Iraq). Rehabilitation is usually done by Iraqi contractors normally hired directly by the agency but also sometimes contracted by the Government. BOQs are normally developed by Iraqi contractors in conjunction with government engineers and signed off by the relevant Ministry before being put out for tender. Some of the rehabilitation in the lower south, where security is relatively better, is being conducted through international NGOs. Supervision is undertaken by national staff, private contractors and government officials. As most of the projects are being run by remote control, this triangulation of supervision is critical to ensure that work is done to acceptable standards.

UNICEF plays a central role in the implementation of each of the Cluster projects. It is a partner in the implementation of the chlorine project, supplying data on chlorine consumption for water purification (therefore establishing the project target). It also provides logistical support through its office in Basrah

to the implementation of the project, thus cutting down on overhead costs. The Watsan programme operated by UNICEF serves as the major client for the project in terms of being the consumer of the chlorine produced.

UNICEF is also jointly managing with WHO the Water Quality project, where strong emphasis is placed on capacity-building of Iraqi ministry staff at all levels of the hierarchy. The good coordination and continuous cooperation among all key players (the MoEn, MoMPW, UNICEF and WHO) has led to smooth implementation of the major activities, which as a consequence will have a positive impact on the performance and functionality of the water-quality monitoring system. This will lead to more precise diagnosis of the pollution sources and will help the decision-makers to choose the best available solutions. Iraqi counterparts are engaged at every stage of planning and implementation to ensure ownership and congruence with their future vision. There is strong coordination and collaboration with different stakeholders, including NGOs and donors.

E. Specific Agency Implementation

UNICEF – C3-01: Rehabilitation of Water and Sanitation Systems in Southern Iraq

Sensing an urgent need for the improvement of the fresh water treatment and supply systems, particularly in the far-flung rural areas, UNICEF, in partnership with the international NGO HELP, embarked on the rehabilitation of compact units in Wassit. The project benefits over 50,000 people and includes the rehabilitation of 10 defective compact water treatment units and the training of maintenance personnel and hygiene promotion. Work has been completed on one treatment unit in Muthana village, while rehabilitation works have begun on the remaining 9 treatment units.

In the upper south of Iraq, work has been completed on the rehabilitation of Al-Thumuziya booster station in Babil Governorate and the rehabilitation of the Al-Kufa water treatment plant.

UNICEF has awarded the contract for the civil works related to the installation of the two Reverse Osmosis (RO) Units in Al-Talimi Hospital, Basrah. The units were a donation from the German National Committee for UNICEF.

As part of the Memorandum of Understanding with UNICEF, UNOPS conducted a preliminary assessment of water treatment facilities, namely, Al-Maymounah and Al-Adl water projects in Missan Governorate; Al-Fuhood, Al-Shuyoukh, Al-Nasr and Al-Batha Water Projects in Thi-Qar Governorate; and Al-Hay Water and New Aziziyah Water Projects in Wassit Governorate.

UNIDO – C3-02: Rehabilitation of Chlorination Plant

A baseline assessment of the conditions of the chlorine plant was completed by an independent consultant and an inception workshop to specify the technology options was held in December 2004. Contacts with major equipment and technology suppliers have been established. The suppliers have assisted in validating existing data, assessing costs and establishing priorities in the rehabilitation programme. TORs for the basic engineering have been developed and the contract for the basic engineering has been tendered.

The main substantive results to date are, first, that the existing chlorine production line is not worth rehabilitation. From the technical and financial viewpoints, it is advisable that a new line be established, conforming to the best available technology (BAT). This is also preferable from an environmental point of view. Second, membrane technology has been proposed as the BAT for the new production line. Its capacity is 10,000-12,000 tonnes per annum with a possibility of expansion to 20,000-25,000 tonnes yearly. The project is therefore proceeding on the basis of these two strategic considerations.

WHO – C3-03: Water Quality Control and Surveillance

Procurement

The rehabilitation of the MoEn Central Water Quality Control Laboratory in Baghdad progressed as planned. The MoEn engineers, in consultation with WHO Iraq engineers, have completed all the drawings and BOQs. The tenders have been announced through the Ministry to qualified contractors in Baghdad. The renovation, which is expected to cost \$370,000, is expected to be completed before July 2005.

WHO has initiated the procurement of equipment and supplies with an estimated value of \$1.6 million for the MoEn water quality control laboratories. The list of needed equipment for water quality testing at the 15 central and 30 district laboratories, with technical specifications, was prepared in consultation between WHO and the MoEn in November 2004. International procurement is now under way: purchase orders for a value of \$146,000 were finalized while others are still in process.

WHO has initiated the procurement of equipment and supplies valued at \$2.6 million for the MoMPW water quality control laboratories. Details of items to be procured were finalized as part of the implementation working session of WHO technical staff, UNICEF technical staff, the MoMPW technical team and the MoEn in Amman on 18-19 December 2004. The equipment and supplies will be for the 220 laboratories at water treatment plants in different governorates. They will be used for water quality testing to ensure that water supplied to the consumers is in compliance with the Iraqi standards.

WHO has procured and delivered into Iraq six vehicles for the MoEn at a cost of about \$120,000. The vehicles are being used as a means of collecting water samples from different water resources and transporting the samples to the laboratories for testing.

Capacity Development

In addition to the training in Amman described in part C, WHO supported the MoEn in the implementation of seven training courses in water quality control inside the country, benefiting about 140 technicians.

In order to enhance the capabilities of the technical staff responsible for water-quality monitoring and surveillance and to give them access to the latest publications and literature on water quality, WHO has provided the MoEn with more than 900 copies of publications and books in the water quality field.

To ensure the best use of all the information relating to water quality, a Laboratory Information Management System (LIMS) will be established within the MoEn laboratories network. The network will be built upon the procurement of computers, servers and printers for the MoEn water quality control laboratories with an estimated value of \$60,000; procurement has been initiated by WHO. It is expected that the hardware, which will be used for a water quality data management system within the laboratories, will be received in Iraq in April 2005. The training for LIMS will be conducted in March 2005.

F. Hurdles Encountered and Implementation Constraints

All projects in the Cluster are affected in varying degrees by the security situation. UNICEF has been seriously constrained by the withdrawal of some of its traditional international NGO partners. The major success for UNDG ITF activities in the reporting period was with one international NGO – HELP – that remained.

UNIDO is facing difficulty with the chlorination project due to the lack of access to the project site by project contractors, project staff and UNIDO personnel. Several monitoring, delivery and management

options are being considered. For this project, it will not be possible to supply the plant and equipment on a turn-key basis within the limits of the budget allotted to the project. Consequently, the project may be implemented only with heavy participation from the Government of Iraq and Iraqi companies; this is also desired by the Government.

WHO national staff are restricted in their movements within the country. This affects in particular their ability to follow up implementation with the line ministries and to organize regular visits to the local areas where activities are under implementation. This in turn potentially influences the accuracy of on-the-ground assessments of project implementation, reliance having to be placed more on written reports, which may not reflect the real situation. Limitations in telephone and video conferencing connections with line ministries and WHO national staff inside Iraq have affected project implementation, but this situation is being improved.

G. Future Work Plan for Existing Approved Projects/Programmes

The water and sanitation sector, which draws heavily on data collected with UNDG assistance, is identified in the National Development Strategy as a priority area. Under the economic reform policies elaborated in the NDS, the sector is already contributing significantly to the development of the private sector in terms of construction. Increasingly in the future, however, the private sector will be brought into the management of the sector. Study tours to Jordan, where this process is already in an advanced stage of implementation, are already being organized.

The private sector can participate effectively in the water and sanitation sector only when there is an appropriate regulatory framework, another priority under the Economic Reform Plan. The various arms of the UN are assisting to update and strengthen the regulatory framework to allow effective private-sector participation. The water pricing policy, which is intertwined with the overall government policy on subsidy, is another priority area where the Cluster will assist the Government. A globally accepted principle is that in addition to being a basic human right, water is an economic good and the pricing policy must reflect this in all the competing uses of water. Additionally, a rational pricing policy would be the quickest way to reduce water wastage, a huge problem in Iraq.

The human resources to implement these changes will continue to be a priority. Capacity development of staff at all levels is ongoing in all projects and will increase in priority as more cost-effective ways of training Iraq staff are found. Training has already begun inside Iraq and as security improves, more and more training is expected to take place inside the country. Capacity development within the Cluster focuses not only on technical aspects of the sector but also on improving the effectiveness and efficiency of public institutions, the clearest example being through training in decentralized management.

Finally, involvement in the sector by civil society has also already begun. Several pilot projects on community-based management of water and sanitation, a concept unheard of in Iraq prior to the war, are under way. In addition, community-based approaches to solid waste collection and disposal are being developed.

UNICEF – Rehabilitation of Water and Sanitation Systems in Southern Iraq

Rehabilitation works with international NGOs (totalling \$2 million) will be ongoing in the Governorates of Wassit and Missan along with other rehabilitation works through contracts in Basrah, Babil, Missan and Najaf. These cover over 18 compact units, 5 water treatment plants, a booster station, installation of 2 reverse osmosis units, training of operators and hygiene promotion. Negotiations with two other international NGOs for projects worth \$3 million are in the final stages of completion and would mainly cover rehabilitation of over 20 compact units, rehabilitation of water networks, drainage channels, improvement of sewage-filled neighbourhood sites and solid waste management along with training of operators and a hygiene promotion component in select urban, rural and marsh areas of Missan, Muthanna and Thi-Qar Governorates. BOQs (worth \$3.3 million) needed for undertaking rehabilitation

of water and sanitation projects in the 8 southern governorates are being finalized. The above works are expected to benefit about 3 million people.

UNIDO – Rehabilitation of Chlorination Plant

The finalized assessment of the conditions of the chlorination plant in Basra demonstrated that the plant rehabilitation using the existing diaphragm technology is not economically feasible or technically advisable. The plant is dilapidated and installation of new core facilities according to the BAT will be similar in cost and will bring environmental improvements.

UNIDO will purchase, deliver and install major equipment for the new membrane technology. At the initial phase, there are plans for a membrane cells section to be designed and engineered and equipment for it purchased and installed. Following receipt of responses to the international bid in May 2005, an appropriate company will be contracted for the work. The project will be implemented in close cooperation with UNDP and UNICEF and will also use NGOs and private companies as implementing partners in the field.

WHO – Water Quality Control and Surveillance

Implementation will concentrate on the follow-up of pipeline activities such as the procurement of equipment and supplies, renovation of the central water quality control laboratories in Baghdad, and capacity-building.

Lists of needed laboratory reagents for MoMPW laboratories for water quality control will be prepared in consultation with UNICEF and technical teams from the Ministry, a tender document will be issued and a supply contract signed. A tender will also be issued for laboratory equipment and supplies for the MoMPW water quality control laboratories.

A contract for the rehabilitation of the central water quality control laboratory in Baghdad will be finalized after analysis of the offers received by the MoEn.

Eight training courses will be implemented in April and May 2005. It is expected that a total of about 300 laboratory technicians will benefit from the capacity-building activities in the upcoming reporting period. Some trainees will act as trainers in undertaking similar courses inside Iraq, thus increasing the number of indirect beneficiaries. Each trainer will receive the full training package, including CDs. Furthermore, the MoMPW will receive deliveries in April and May 2005 of more than 200 copies of different publications and books relating to water treatment, supplies and quality.

A hygiene education campaign will be implemented, with emphasis on high-risk and high-density areas for water-borne diseases. The first campaign will target Al-Sadr City in Baghdad.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Water and Sanitation Cluster is to support the efforts of the national authorities to significantly reduce the number of people without access to safe drinking water and proper sanitation and, in so doing, to contribute to improving the national infant mortality rate and nutrition.

The UN seeks to achieve significant progress in the following key areas: (a) increasing access to potable water in urban and in rural areas; (b) increasing sewage treatment and access to urban sewerage systems; (c) increasing solid waste collection and disposal; (d) increasing sanitation services in rural areas; and (e) contributing to improving the effectiveness of public management systems. In addition, it will work closely with government partners to reform the Iraqi water and sanitation administration. Part of this institutional reform will be to re-establish an effective operation and maintenance system in Iraq, non-

existent since the imposition of sanctions and without which none of the work being done in the sector will be sustainable.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document, "Joint UN-Iraq Assistance Strategy for Iraq 2005-2007". As indicated in this document, **in 2005, the Water and Sanitation Cluster has a total net funding requirement of \$120 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.4. Infrastructure and Housing

Objectives of the programme

To deliver targeted support for the prioritized rehabilitation of key subsectors and the building of counterparts' institutional capacities. In particular, support will be provided for: (a) modern, reliable and sustainable electricity infrastructure that covers the electrical load requirements of all consumer categories and national institutions that lead the sector development process in accordance with a well-defined plan; (b) seaports and key waterways with their associated infrastructure fully rehabilitated, ensuring vital maritime accessibility, smooth flow of humanitarian aid to the country and efficient management and operation of the port; (c) adequate housing for all within environmentally sustainable urban and rural settlements, properly serviced; and (d) a vibrant, modern construction sector that responds effectively to reconstruction needs and provides employment opportunities.

A. Purpose of Cluster

The Infrastructure and Housing Cluster aims to develop national capacities for planning and implementing rehabilitation and development programmes, taking into account human development needs and priorities. Efforts will be made to develop the capacities of institutions and human resources for the efficient operation, management and maintenance of the electrical network and for the provision of procurement and administrative support. The availability of humanitarian services and power to the population will be increased.

The Cluster also aims to fully rehabilitate waterways and seaports to ensure navigability and develop institutional and human resource capacities for the efficient management and operation of these facilities.

It will work towards putting in place a fully operational urban planning system to provide the necessary strategic direction and land management controls and a progressive housing policy that ensures an acceptable and sustainable rate of housing delivery. Attention will be directed towards modernizing and increasing the capacity of Iraqi institutions to provide efficient management of the urban sector, reviving and modernizing the Land Administration Department and modernizing the construction industry to improve the supply capacity for the delivery of housing and infrastructure.

B. Programmes/Projects Funded to Date

To date, nine projects (totalling about \$134 million) have been funded in the Infrastructure and Housing Cluster. Overall cluster delivery at the end of 2004 amounted to approximately \$54 million in commitments and \$11 million in disbursements. Seven of the projects were funded in July and August 2004. Two projects, however, the UNDP project, "Rehabilitation of Mussayib Power Station", and the UN-HABITAT initiative, "Strengthening Urban Sector through Building Capacities in Municipal Planning and Management" were approved in mid-September and mid-November 2004, respectively. These two projects did not receive funding until late December 2004, which explains the low delivery rates reported for them below. By the end of the first quarter of 2005, approximately \$1 million in additional commitments and \$850,000 in additional disbursements had been made.

Table 18. Infrastructure and Housing Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C4-01	Emergency Power Supply	11,999,140	UNDP	30,898	27,962	57,892	57,892	0.7	0.7
C4-02	National Dispatch Centre	11,947,978	UNDP	10,000,000	2,000,000	0	10,070	83.7	16.8
C4-04	Strengthening Capacity of Housing Sector	5,965,638	UN-HABITAT	2,964,986	779,000	645,718	529,471	60.5	21.9
C4-06	Dredging of Um Qasr Port Approach Channel	24,742,359	UNDP	24,742,359	4,890,706	0	89,044	100.0	20.1
C4-07	Rehabilitation of Mosul Gas Power Station	17,585,450	UNDP	66,693	42,132	57,699	57,699	0.7	0.6
C4-08	Rehabilitation of Taji Gas Power Station	25,891,860	UNDP	14,984	14,852	45,374	52,012	0.2	0.3
C4-09	Rehabilitation of Hartha Power Station	17,789,018	UNDP	15,391,737	3,047,207	0	4,850	86.5	17.2
C4-10	Rehabilitation of Mussayib Power Station	15,510,982	UNDP	0	0	166,316	15,576	1.1	0.1
C4-11	Strength. Urban Sector through Bldg. Capacities in Municipal Plng. and Mgmt.	2,550,216	UN-HABITAT	851,316	117,133	40,000	29,521	35.0	5.8
CLUSTER TOTAL		133,982,641		54,062,973	10,918,992	1,012,999	846,135	41.1	8.8

C. Key Accomplishments

In some cases, it is difficult to differentiate between Cluster projects funded bilaterally and those funded through the UNDG ITF. In some instances, the Cluster partners secured funds from the UNDG ITF either to expand a specific ongoing emergency intervention or to complete others that could not be satisfactorily completed with the levels of funding existing at the time. Specific examples are the projects for the rehabilitation of Units 1 and 4 of the Hartha Power Plant, the National Dispatch Centre, the Dredging of the Approach Channels to the Port of Um Qasr and other emergency initiatives for rehabilitating the infrastructure of key essential service facilities.

The main achievements of the cluster during 2004 fell into four categories: emergency interventions, physical rehabilitation of key infrastructures, capacity development and planning/policy dialogue.

Emergency Interventions

Activities under this category started immediately following the war in 2003 and are still continuing in areas most affected by military activities and/or looting and vandalism. The achievements to date are: (a) rehabilitation of the electrical installations and some of the basic infrastructures in nine key medical facilities in Baghdad and in the central region of the country; (b) support to electricity maintenance teams for repairing 18 key transmission lines in the north and central parts of the country, lines that had collapsed during the war or as a result of sabotage and looting; (c) procurement, delivery and installation of 51 diesel generators of various capacities (50-1000 kVA) as a back-up supply for essential humanitarian services in the south and west of the country; and (d) procurement of 126 generators of various capacities (150-2000 kVA) for essential humanitarian services (water pumping and hospitals) in the northern and central parts of the country. Some of these generators were delivered during 2004 and the others are scheduled for delivery in 2005.

In addition, various urgently required spare parts, equipment and tools were procured and delivered, such as three mobile substations, 218 distribution transformers, four underground cable fault-finding vehicles, cables and conductors of various sizes, safety equipment and tools. These items were used for emergency repair work of the electricity grid in various parts of the country. Most of this equipment was delivered during 2004 except for the three mobile substations that are scheduled for delivery early in 2005.

Physical Rehabilitation of Key Infrastructures

These projects aimed at increasing the generation outputs of four strategic generation power plants in the Iraqi national system and the Iraqi National Dispatch Centre.

In addition, the Cluster continued with a programme that it had started immediately following the war to rehabilitate the Iraqi waterways and ports with the objective of increasing maritime accessibility and enabling the smooth flow of aid and reconstruction needs into the country. Under this category, three major contracts totalling some \$50 million were signed during 2004. The first was for continuing the rehabilitation of Units 1 and 4 of Hartha power plant, located in Basra in the south. The second was for rebuilding and developing the National Dispatch Centre that controls the flow of electrical power in the national grid, while the third major contract is for dredging the approach channels to the Iraqi sea port of Um Qasr.

Substantial works were also undertaken during 2004 by the Cluster in preparation for signing four other major contracts for rehabilitation works in the Mousel, Mussayib and Taji power plants. To summarize these activities, which are difficult to quantify at this stage, the Cluster identified and mobilized a team of seven experts in various fields of generation. The team worked closely from remote with Iraqi specialized engineers to assess the technical conditions of the units identified for rehabilitation and to identify the detailed scope of works required. In addition, they would draft the technical specifications of equipment and spare parts to be procured, design the details of the training programmes for upgrading the capacities of counterpart staff, and agree with the stakeholders on implementation arrangements and other preparatory activities necessary for ensuring the quality of works.

Capacity Development

The Cluster undertook several initiatives to address the chronic shortcomings in institutional and technical capacities of its Iraqi counterparts that had resulted from years of sanctions and decades of isolation. To summarize, the Cluster provided 127 person-weeks of training for Iraqi staff working in housing-related sectors through a series of four training workshops on GISs and their applications in housing and urban development; a training workshop, stakeholder consultation and a round-table meeting on slum upgrading; a study tour on building materials and technologies; and a training workshop and round-table meeting on housing finance.

In addition, under the overall objective of strengthening the urban sector in Iraq through developing capacities in municipal planning and management, Cluster achievements included a series of three training workshops on GISs and their applications in municipal management and a study tour on solid waste management.

The Cluster also organized and sponsored several technical training programmes as an integral part of major physical rehabilitation projects such as Hartha and the National Dispatch Centre in addition to several training courses under emergency intervention projects.

Planning/Policy Dialogue

Recognizing the lack of long-term planning capabilities of Iraqi counterparts, the Cluster used bilateral and UNDG ITF funds to initiate a pilot project aimed at providing the staff of the Ministry of Electricity with an efficient tool to (a) electronically model the electricity distribution networks of the country, (b) identify weak portions of these networks, and (c) anticipate future load growth and expansion requirements. The required modern hardware and sophisticated planning tools were procured and delivered to Amman during 2004 in anticipation of the arrival of about 30 Iraqi trainees in 2005 to launch the training and planning programmes under the project.

Preparatory work was initiated to develop a number of policies/programmes to improve the management

and planning capabilities of the MoMPW and selected pilot municipalities. This includes initiating the completion of a comprehensive training programme for the Ministry and pilot municipalities; review of the municipal tax system; and preparation of city development strategies. An ongoing dialogue is taking place with government, the private sector and civil society to support the development of enabling policies for establishing a vibrant housing finance regime. Support is also provided to an inter-ministerial group charged with the formulation of a National Slum Policy and implementation strategies.

Inter-Cluster Initiative

Cluster partners took the lead in initiating a process under which other Clusters contributed to identifying the living conditions of the inhabitants of the town of Um Qasr. Several assessment missions were organized to meet with the town council and to assess the situation on the ground. The Health, Governance and Civil Society, and Infrastructure and Housing Clusters agreed on the requirements to rehabilitate some basic infrastructure facilities in the town with the active involvement of the residents, many of whom have low income, as a part of an employment initiative. The process of procuring the necessary items, such as electrical materials and water pipes, has already started and delivery and implementation on the ground are expected to begin during 2005.

D. Implementation Mechanisms

The Cluster members include UNDP (the Cluster Manager), ESCWA, UN-HABITAT and UNIDO. They work closely with partners such as the Iraqi counterpart ministries, the World Bank, NGOs, and the private sector (consultants and contractors) to deliver targeted support for the prioritized rehabilitation of key subsectors and the building of counterpart institutional capacity.

For some project activities, such as planning, training, coordination and consultation, the Iraqi counterparts were invited to Amman and/or Kuwait for meetings with the Cluster partners and consultants. For other implementation activities inside the country, UN national staff, working from virtual offices inside Iraq, coordinated with the counterparts and private-sector contractors/engineering firms to undertake these activities. Coordination and consultation between national staff inside the country and international staff outside continued through video conferencing and electronic communication facilities.

In some specific cases and when the security situation permitted, border meetings and cross-border operations were organized. Specifically, missions from Kuwait to Um Qasr were organized on several occasions for international staff to be directly involved in coordinating and supervising specific activities.

In light of the deteriorating security situation, however, the Cluster partners adopted the approach of inviting the counterparts to neighbouring countries, and particularly to Amman, for meetings, consultations and training; several consultation meetings, workshops and training programmes were conducted outside of Iraq. This proved not only successful in achieving the direct goals of the projects but also enabled broader coordination that in some cases led to new interventions and revision of ongoing activities to meet the emerging priorities of the counterparts. A specific example was the electricity workshop organized in mid-2004 to discuss in detail the scope of works of the emergency power supply project. Following detailed technical discussions, the workshop agreed not only on the specifics of the project but also on expanding the scope of other UNDG ITF- and bilaterally funded projects such as the National Dispatch Centre (UNDG ITF) and the Distribution Planning Project (bilateral) to better meet the needs of the counterparts.

The Cluster also emphasized the need for offshore training of counterpart staff. These training programmes have been incorporated into all funded projects to ensure that the technical skills of the counterpart staff are upgraded to be able to handle and operate new and modern equipment and the new

technologies introduced. In addition, the training programmes were carefully designed and developed after assessing the human resources capacities on the ground and reviewing the experience of available staff.

E. Specific Agency Implementation

UNDP

Three major contracts were signed by UNDP in late December 2004. These were under the projects on the National Dispatch Centre, Hartha stage II and dredging of the approach channels to Um Qasr. Achieving these three important milestones by late 2004 was possible only following extensive technical investigations, assessments and lengthy coordination by groups of experts in the various fields. It is worthwhile noting that under normal circumstances, achieving such critical milestones would require at least one year of dedicated efforts. To achieve them under the difficult situation prevailing in Iraq in less than one year is considered a remarkable achievement.

In addition to the above, UNDP was able to launch an inter-Cluster initiative to improve the livelihoods and living conditions of the inhabitants of the town of Um Qasr by rebuilding basic service infrastructures. International procurement processes were initiated to purchase necessary equipment and spare parts and plans were put in place, in full consultation with the local communities, to start implementation works as soon as the equipment procured is delivered. This is expected to start during the first quarter of 2005.

UN-HABITAT – C4-04 Strengthening Capacity of the Housing Sector project

UN-HABITAT has managed to provide 127 person-weeks of training, including: (a) a series of four training workshops on geographic GISs and their applications in housing and urban development; (b) a training workshop, stakeholder consultation and a round-table meeting on slum upgrading; (c) a study tour on building materials and technologies; and (d) a training workshop and round-table meeting on housing finance.

UN-HABITAT – C4-11 Strengthening the Urban Sector through Building Capacities in Municipal Planning and Management

UN-HABITAT has delivered: (a) a series of three training workshops on GISs and their applications in municipal management; (b) a training workshop, stakeholder consultation and a round-table meeting on slum upgrading; and (c) a study tour on solid waste management.

UN-HABITAT also organized a three-day Symposium on Housing and Urban Development from 26-29 September 2004, inaugurated by the MoPDC and attended by over 100 delegates from several ministries, the private sector and civil society. The symposium agreed upon a Vision, an Action Plan for Iraq and a clear direction in which housing and urban development programmes must move.

F. Hurdles Encountered and Implementation Constraints

Despite the achievements made and the ongoing efforts to facilitate effective project design and implementation, operating from remote can never be described as an easy option. Delays at various stages have been encountered and continue to be unavoidable, with serious implications for timely project delivery. In some cases, the costs of organizing planning and review meetings, workshops, seminars, etc. with Iraqi counterpart ministries, while significantly contributing to national capacity-building and institutional development, have also entailed relatively higher costs that must be covered under project budgets. In addition, the relocation of the majority of the Cluster's staff to Cyprus owing to the ceiling set by the UN for UN agency staff in Amman has further complicated the operations of the

Cluster, which has incurred additional costs and experienced delays in implementation.

In addition, the constraints relating to infrastructure projects in general need to be factored in. The entire conceptualization, design and planning of the programme, establishment of a physical and human resources structure and a contracting machinery, the identification of implementing agents/contractors, preparation of project documents, supervision and coordination of the work of the various implementing agents, provision of local administrative and logistics support to the contractors, monitoring implementation, liaison with authorities to identify priority needs and to ensure full cooperation in all implementation activities through to completed project delivery can for large infrastructure undertakings take as long as 18-24 months before completion.

Specific security and administrative hurdles constrain infrastructure project implementation. For example, three mobile substations have been procured for the Ministry of Electricity; two for Baghdad and one for Basra. Owing to the weight and bulk of these units, in excess of 100 tonnes each, they travel at a maximum speed of 30 km/hr. Consequently, long delays have occurred (over one month) in their projected delivery time owing to the requirement of a security escort. A British army escort, after a long delay, escorted the unit to Basra from the Kuwait border, but the units for Baghdad are still waiting at the Syrian border for an escort to be provided by the Iraqi police. There is a continual threat to trucks with contents being abducted, UNDP-Iraq having lost one consignment of tracking devices bound for Baghdad.

Delays are also experienced at the Iraq borders owing to the fact that the Iraqi customs officials are not aware of the tax/duty exemptions for UNDP goods going into Iraq. This should be rectified in the coming period. Insurance cover is also a major problem, especially in the case of third party cover, mandatory for contractors carrying out UNDP works contracts. Understandably, all risks freight insurance cover is higher for freight services in Iraq. The UNDP forwarder offers 2.5 per cent of goods value, which is lower than the UNDP global insurer's rates for Iraq but compares to a maximum of 1 per cent for cover in Europe and Asia.

G. Future Work Plan for Existing Approved Projects/Programmes

The Cluster partners have agreed to substantially review the Cluster's strategy in light of the National Development Strategy issued by the Government and to work closely with the counterparts to improve the strategy document on the one hand and to incorporate the guidelines of the document into the Cluster's strategy on the other hand. This exercise will enable Cluster partners to respond in a more efficient and effective manner to the needs in line with the development goals of Iraq.

Detailed preparatory works have already been completed to enable UNDP to enter into contractual arrangements under the Mousel, Mussayib and Taji projects to rehabilitate several power generation units in these plants. These contracts are expected to be in place during the first quarter of 2005.

As regards the electricity projects for which contracts were signed during 2004, manufacturing of equipment will start early in 2005, with expected deliveries after the middle of the year. The survey phase of the project on Dredging of the Approach Channels of Um Qasr will start as early as January 2005 and plans are in place to complete implementation works towards the end of 2005.

UN-HABITAT will continue a number of major capacity-building initiatives on slum upgrading, urban planning, new technologies and building materials, and land management. The capacity development programme for municipal government will select two pilot municipalities for 2005 and organize training courses on GIS applications for city planning and city planning trends and methods.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Infrastructure and Housing Cluster is to ensure that infrastructure – electricity, waterways, ports, housing – is rehabilitated and used efficiently and to make real progress towards developing national capacities for dealing effectively and efficiently with the various infrastructure sectors in terms of planning, prioritization and implementation.

This overall objective is defined further through the following goals: (a) establishment of modern, reliable and sustainable electricity infrastructure that covers electrical load requirements of all consumer categories and national institutions that lead the sector development process in accordance with a well-defined plan; (b) fully rehabilitated sea ports and key waterways with their associated infrastructure, ensuring vital maritime accessibility, smooth flow of humanitarian aid to the country and efficient management and operation of the port; (c) provision of adequate housing within environmentally sustainable urban and rural settlements that are properly serviced; and (d) creation of a vibrant, modern construction sector that responds effectively to reconstruction needs and provides employment opportunities. The objective for 2005 and onwards is to deliver targeted support, as circumstances permit, for the prioritized rehabilitation of key subsectors and to build counterpart institutional capacity.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document, “Joint UN-Iraq Assistance Strategy for Iraq: 2005-2007”. As indicated in this document, **in 2005, the Infrastructure and Housing Cluster has a total net funding requirement of \$98 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.5. Agriculture, Water Resources and Environment

Objectives of the programme

To promote sustainable and environmentally sound development and ensure effective management of water resources and agricultural production, which benefits people, communities and their environment.

A. Purpose of Cluster

The purpose of the Agriculture, Water Resources and Environment Cluster is to address the most urgent needs of the vulnerable, while laying down the policy, regulatory, legislative, institutional and operational foundations for achieving sustainable, economically efficient, socially acceptable and environmentally sound rural development, the effective management of natural resources and agricultural production for the improvement of incomes, food security, nutrition and the environment.

B. Programmes/Projects Funded to Date

To date, ten projects (totalling \$63 million) have been funded in the Agriculture, Water Resources and Environment Cluster (eight projects within the agriculture and water resources sectors and two environment projects). Overall cluster delivery at the end of 2004 amounted to approximately \$24 million in terms of commitments and approximately \$2 million in terms of disbursements. Substantial implementation progress has been made in the first quarter of 2005, during which the Cluster committed about \$11 million in additional funds and disbursed over \$3 million.

Table 19. Agriculture, Water Resources and Environment Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C5-01	Drainage Conditions in Agricultural Areas	5,126,600	FAO	2,416	127,651	3,153,657	153,378	61.6	5.5
C5-02	Rehabilitation of Pumping Stations	13,508,544	FAO	4,783,557	213,634	2,742,977	197,944	55.7	3.0
C5-04	Community Irrigation Schemes	8,958,942	FAO	5,605,654	207,458	-174,758	1,328,510	60.6	17.1
C5-06	Promotion of Cottage Industries	5,013,000	UNIDO	35,062	9,081	0	3,121	0.7	0.2
C5-07	Strength. Environmental Governance in Iraq through Assessment and Capacity-building	4,700,000	UNEP	2,830,000	646,459	629,380	291,122	73.6	19.9
C5-08	Restoration of Veterinary Services in Iraq	5,000,000	FAO	2,216,439	105,356	1,513,189	142,914	74.6	5.0
C5-10	Restoration and Development of Essential Livestock Services in Iraq	3,000,000	FAO	5,000	0	441,418	23,533	14.9	0.8
C5-11	Support for EST Applications in the Iraqi Marshlands	11,000,000	UNEP	8,074,317	480,755	1,244,771	675,994	84.7	10.5
C5-12	Capacity building of Water Institutions	3,275,550	UNESCO	352,176	148,659	1,697,236	328,960	62.6	14.6
C5-13	Rehabilitation of Dairy Plants	2,937,550	UNIDO	17,820	0	3,277	1,567	0.7	0.1
CLUSTER TOTAL		62,520,186		23,922,441	1,939,053	11,251,147	3,147,043	56.3	8.1

C. Key Accomplishments

Policy Dialogue

Extensive policy dialogue between international experts and officials of counterpart ministries was

required to prepare and launch the large number of projects in the Cluster. For example, two major round-table discussions were held with the Ministry of Water Resources (MoWR) concerning the three irrigation projects. Furthermore, the field offices in Baghdad and Amman conduct continuous policy dialogue with the Ministry of Agriculture (MoA) and MoWR whenever there are issues to be discussed.

The National Development Strategy clearly identifies the critical situation of the agricultural sector, specifically the reduction in productivity leading to the drastic decline in per capita agricultural production. The Cluster is assisting in exploring the implications of a reversal of the previous policy of keeping food prices artificially low and the decline in agricultural production. Revitalization of the agricultural sector needs to be closely aligned with reform of the public distribution system (PDS). The transition from the current situation of subsidized agricultural inputs and low output prices to a relatively free market will have to be gradual in order to avoid a breakdown in supply. Small farmers will require assistance to operate effectively under the new policy environment.

FAO and UNIDO held meetings with the Minister of Labour and Social Affairs and discussed employment generation through rural development projects, particularly vis-à-vis the Cottage Industries project.

Discussion on national water policy formulation was initiated with the MoWR, including the necessity for dialogue on water sharing/agreements on the Tigris/Euphrates Rivers with neighbouring countries.

In the field of environmental protection, consultative sessions with the senior decision-makers in the MoEn have facilitated the sharing of experiences on institution-building in post-conflict countries and initiated discussion on an appropriate regulatory regime. An increased awareness in the Ministry on issues relating to land contamination has been developed and the latest techniques for environmental assessment provided.

The UNDG ITF-supported project on environmental governance targets primarily the newly established MoEn with support in the areas of environmental law development (including support to establishing a right to a clean environment in the new constitution), environmental site assessment, environmental impact assessment, environmental governance, environmental monitoring, etc. This support promotes Iraq's ratification and accession to the multilateral environment agreements. Progress was made in developing an environmental impact assessment process and applying environmental safeguard policies essential for the environmentally sound reconstruction of Iraq.

Capacity Development

It may be too early to state the impact of capacity development as the benefits will become more vivid over time. However, one capacity development initiative that showed quick results was the training provided to the planning staff of the MoWR Pumping Station regarding pumping station survey reports. The training that took place in Amman enabled the trainees to fill out survey forms on pumping stations, which directly contributed to the implementation of the pumping station project.

Within the Ramadi drain project, the local technical institutions were strengthened through training and through the provision of essential equipment for the operation and maintenance of the rehabilitated infrastructure (main drains). Local technicians have been trained in weed control in drainage canals and farmers have been trained in cropping technology to take maximum advantage of the improved drainage conditions.

Capacity development in the water planning sector aims to enable Iraqi water experts to conduct water-related study and research. Following a workshop in 2004, UNESCO has already received research proposals by the trained Iraqi experts in groundwater protection in the Karbala and Najaf aquifers.

Under the UNEP project on support for environmental management of the Iraqi marshlands, an Arabic version of the Environmentally Sound Technology Information System (ESTIS) was prepared and briefing sessions were organized for ministerial officials. Training materials on water quality management, sustainable sanitation, and phyto-technology for wetland management were prepared in English and distributed during training sessions.

Assessments

In the area of environmental protection, UNEP has assisted in the identification of 311 potentially contaminated sites. A database to act as a repository of information on contaminated sites in Iraq has been developed and is being populated. The database further has the ability to act as a decision support system by integrating information on the source (contamination), pathway (media) and receptor (human, environment). In addition to the data being gathered in Iraq, UNEP is also gathering information from other external sources (such as the UN Monitoring, Verification and Inspection Commission) to provide this information. UNEP and the MoEn have jointly identified five sites for priority detailed assessments.

With respect to irrigation, an assessment has been undertaken of the post-conflict capacities and resources available with the central and local authorities, technical institutions, and companies previously in charge of the planning, design, construction, equipment, operation, maintenance and management of major irrigation schemes or areas with major irrigation projects. Joint assessments of the damage to irrigation infrastructure and equipment were carried out with central and local institutions as well as its effects on present and future food availability and water supply for the different population groups in the affected areas.

Joint assessments of the damage to the water treatment/distribution infrastructure and equipment were also carried out with central and local institutions. A prioritized programme was prepared for repair/rehabilitation/replacement of water treatment/distribution infrastructure and equipment, based on the joint needs assessments.

D. Implementation Mechanisms

The UN Partners in the Cluster are FAO , the Cluster Manager, UNEP, UNIDO, UNICEF, WFP, UNHCR and UNESCO, which who work closely with the ministries of Agriculture, Water Resources, Environment, and Planning and Development Cooperation. Other key partners include municipalities, research centres, extension service providers, universities, NGOs, women's associations, veterinarian associations, and the private sector – contractors and suppliers.

Substantial capacity development took place in 2004 through the use of national and local staff as well as through training, workshops and study tours mostly in Amman and elsewhere in the world. Agencies in the cluster jointly had approximately 40 national staff and national consultants operating across the country (procurement, logistics, electronic data processing/IT, administration/finance, engineering services/contract management, technical, security, radio operator, drivers). Owing to the security situation, local staff worked from home. In addition, there were 10 international management/technical/operational experts located in and operating from Amman to provide technical support, who were supported by the headquarters. Contact with field staff in Iraq was carried out via satellite phone, mobile phone, Internet and fax.

Moreover, the Cluster used contractors in the project on the improvement of drainage conditions in major agricultural areas (Ramadi drain), for example; local project managers in the improvement of water supply and drainage provisions through the Rehabilitation of Pumping Stations project; and local NGOs in the Support for EST Applications in the Iraqi Marshlands project.

In 2005, the Cluster will operate through its staff located in Baghdad, Basrah and Erbil, possibly with additional international staff, depending on allocations received from UNAMI. Local staff will work from home as much as possible. Agencies in the Cluster will work very closely with the counterpart ministries and use Project Management Units and contractors to implement in the field.

Much of the capacity development will be conducted outside the country until security improves. International management/technical/operational experts located in and operating from Amman supported by the headquarters will backstop and supervise. In-country and out-of-country operations will be implemented in collaboration with Iraqi ministries, international universities and research centres, NGOs, consulting firms, enterprises, professional associations and farmer and women associations. Tenders for local inputs will be launched and contracts concluded in Amman, or Baghdad, security permitting.

Operations will be essentially cross-border. Supplies will be delivered to sites. The MoA, MoEn and MoWR will carry out commissioning. A number of in-country operations (surveys, assessments, training, demonstrations, etc.) will be carried out using Iraqi counterparts and the Iraq UNCT.

E. Specific Agency Implementation

FAO

FAO – C5-04 Community Irrigation

Under the Community Irrigation Schemes project, five potential project sites were identified in collaboration with the MoWR, two in northern Iraq and three in the south and centre. The technical dossier of Heran Irrigation Scheme in northern Iraq has been completed and approved by the MoWR. The pre-feasibility study of the Kalar Irrigation Scheme in northern Iraq has been completed. Agricultural commodities and supplies valued at \$5.3 million, consisting of fertilizer and seeds, were procured at the end of 2004 for delivery in early 2005. Surveying instrumentation, including 10 total survey stations and plotters to assist MoWR in project design, has been put out to tender for a value of \$300,000. A draft training programme to reinforce basic irrigation and drainage engineering and agronomic skills is being reviewed by MoA and MoWR.

FAO – C5-01 Improvement of Drainage Conditions in Major Agricultural Areas: Connection of Ramadi Main Drain

Under the Ramadi Drain project, the technical dossier required for the preparation of a Contract for Civil Works has been finalized. The dossier includes the feasibility study, site maps, technical drawings and BOQs. The Contract for the Civil Works is being drawn up and the Contract for the Supervision of the Civil Works has been drawn up and is being tendered. Earth-moving equipment, including bulldozers, tipper trucks, wheel loaders and hydraulic excavators, has been put out for tender for a value of \$1 million.

FAO – C5-02 Rehabilitation of Pumping Stations

As part of the Pumping Stations project, a survey document for pump station condition assessments was developed and workshops for MoWR staff were held on how to undertake pump station surveys. Three of the original pump manufacturers based in Europe were visited. Eight pumping-station final survey reports were completed. General technical specifications for mechanical, electrical, and civil works were developed for use in the rehabilitation of pumping stations. Three tender documents were prepared: (a) for Kirkuk Pump Stations 1 and 2: Spare Parts and Equipment; (b) for N. Suwira and Al Amiriyah Pump Stations: Manufacture/Supply; and (c) for Mandeli 1 Pump Station: Manufacture/Supply/Installation.

FAO – C5-10 Restoration and Development of Livestock Services

Under the Livestock Services project, specifications were prepared for the feed laboratory supplies and glassware (64 items), veterinary hormones for the artificial insemination (AI) centre (6 items), equipment for the feed laboratory (38 items), laboratory equipment for general use (6 items), AI equipment (60 items) and technical publications (25 items) in conjunction with the Iraqi MoA in Amman. In addition, specifications were finalized for the bulls (30) for the AI centre and for sheep (1,000) and goats (200) for the breeding programmes in conjunction with MoA staff. Country of Origin requests were put forward by MoA for all the livestock.

FAO – C5-08 Veterinary Services

Under the veterinary services project, the specifications for veterinary laboratory supplies (42 items), veterinary field supplies (42 items), veterinary laboratory equipment (11 items), veterinary chemicals (114 items), forklifts (2), refrigerated trucks (15), pickups (6) and motorcycles (100) were finalized during discussions with MoA staff. The first training session in Amman for 28 Iraqi veterinary staff was successfully completed in December 2004, covering: (a) the restructuring of national veterinary services; (b) disease surveillance and epidemiological analysis as a basis for decision-making, planning and implementation of national disease control programmes; and (c) preparedness for trans-boundary animal diseases and other emergency diseases. Purchase orders were issued for the procurement of equipment totalling \$3.36 million. A Jordanian company was engaged to complete the engineering design, specifications, BOQ and tender documents for the veterinary centres (\$1.3 million).

UNESCO – C5-12 Capacity-building in Water Institutions of Iraq

Agreement was reached with the MoWR regarding the project implementation arrangements, revised work plan for the first half of 2005, the training programme and the list of equipment (for example, water testing, laboratory and IT items for GIS-based water planning and training; and book stocks and journals for the library of MoWR) to be provided. Two training courses were successfully completed, one on introductory groundwater modelling in Cairo and the other on project formulation in Amman. A total of 28 participants from MoWR and local governorates were trained. UNESCO organized the launch meeting of the “Water Cooperation Facility”, which will be an alliance of international organizations and experts created as a mediating body to address issues relating to the sharing of international water resources.

UNEP – C5-11 Support for Environmental Management of the Iraqi Marshlands

The project organized a UNEP round-table on Iraqi marshland management with the active participation of community leaders (sheikhs) to kick off the project, to examine the current status of marshland management and various UN initiatives, and to identify areas of potential cooperation. The project launched the Arabic version web site of the global Environmentally Sound Technology Information Systems (ESTIS) (<http://www.estis.net/default.asp?language=ar>), which serves as the basis for the Marshland Information Network (MIN). MIN remote-sensing and GIS activities to document changes in re-flooding have also begun.

Three training courses were provided to participants of the MoEn, MoWR, MoMPW, academia and southern governorates. The courses comprised a two-week intensive curriculum in policy formulation and educating technical personnel on areas of planned pilot implementation, such as sustainable sanitation and phyto-technology for wetland management. A portfolio of key environmentally sound technologies (ESTs) that could be considered for the pilot implementation was identified. A dedicated project web site (<http://marshlands.unep.or.jp>) has been developed and prepared in Arabic, English and Japanese; it is updated regularly.

UNEP – C5-07 Strengthening Environmental Governance through Assessment and Capacity-building

Under the project on Strengthening Environmental Governance in Iraq, consultative sessions with the senior decision-makers in the MoEn have facilitated sharing of experiences on institution-building in post-conflict countries. Technical training sessions were provided to the Ministry. Awareness in the Ministry was increased with respect to issues relating to land contamination, and participants were provided with the latest techniques for assessment. The Ministry has been provided with modern equipment for site sampling, field monitoring and reporting. Training in modern health and safety practices was provided to the staff undertaking site assessments.

UNIDO – C5-06 Promotion of Cottage Industries

An Inter-Agency Agreement (IAA) was signed between UNIDO and FAO on 17 December 2004 for the joint implementation of the project on cottage industries. The IAA includes financial and implementation modalities and defines the role of each agency. An inception workshop was held with all stakeholders and preparations for conducting the baseline assessment were finalized. A consulting company was identified for conducting the baseline assessment and a survey questionnaire was prepared and agreed by the two agencies. As part of the preparations for the training of trainers, TOR for contracting training institutes were prepared and approved and training modules for the training of trainers were prepared by UNIDO (for the non-food component) and FAO (food-processing component).

F. Hurdles Encountered and Implementation Constraints

The Cluster believes that the implementation rate should be judged at the end of the foreseen project implementation period as all of the Cluster projects need a long lead time for detailed project preparation prior to implementation in the field. The period covered to date was the springboard period and the essential preparatory phase, with implementation rates expected to pick up in 2005.

Notwithstanding the above, the Cluster has faced the following implementation constraints to date:

- Lengthy decision-making process. Most importantly, because international Cluster staff could not be inside Iraq, the decision-making process lengthened. This was owing to the fact that junior officials might go to Amman for discussions with their UN counterparts but were unable to take the required decisions since they lacked sufficient authority. They then had to go back to Iraq for discussion with higher officials and subsequently return to Amman for more discussion. In future, this situation will be mitigated by the establishment of video conferencing. However, video conferencing cannot replace the presence of UN staff in a peaceful work environment inside Iraq where in-person contacts at a high level could accelerate the current decision-making process.
- Security. Threats of terrorism, border closures, movement restrictions within Iraq, kidnapping and burglary have vastly complicated activity planning and execution. It has often been necessary to allocate extra time for travel inside Iraq, with additional cost implications. In December, owing to border closure between Iraq and Jordan, trainees going to attend the veterinary training were held at the crossing point; they had not been informed of the closure prior to departure. Some waited for up to 24 hours and then returned to Baghdad, but others went to the Syrian border and arrived in Jordan via a circuitous journey.
- Communication difficulties. Communication options with various ministries and other relevant organizations remain limited. Landlines often are not working, virtually eliminating

the option of using a fax. Responses to official correspondence often were not forthcoming, thereby delaying major decisions or limiting time for turnaround.

- Delay in decision-making. The centralized decision-making structure with direct ministerial decisions remains the norm for government agencies. Nominations of personnel for participation in key activities, such as capacity development, were often delayed despite reminders and multiple contacts. A planned workshop on Water Resources was cancelled in November because nominations by the MoWR were not received. Last-minute changes in nominations have resulted in significant pressure on logistical arrangements.
- Uncertainty of leadership change. The Cluster has had to postpone decisions on several activities, as partner organizations have been advised to ascertain the probability and timing of leadership change associated with the elections. The primary concern is the potential annulment by the new leadership of decisions made by the former leadership. Uncertainties in the timing of government and personnel change have compounded such concern.
- Lack of suitable data from the relevant ministries to support the projects. The community irrigation project, for example, spent a great deal of time obtaining appropriate data from the MoWR to prepare pre-feasibility and feasibility studies.

Other project-specific hurdles included:

- Late receipt of project sites, e.g., site selection for the five irrigation sites under the Community Irrigation Scheme project took a long time;
- The non-existence of community organizations concerned with irrigation development, such as Water Users' Associations;
- The need to crosscheck for accuracy all information received from Iraq pertaining to the pumping station project. Moreover, the parts are outdated and are no longer being produced; they must therefore be forged in the factories that made them originally. As a result, a great deal of work was required to determine the specifications for tender.
- Significant constraints in shipping breeding livestock to Iraq, significantly hampering the efforts to obtain bids for livestock supply;
- Difficulty in identifying key training needs and the most suitable personnel for training, leading to the possibility of some duplication with the training programmes of other donors.

G. Future Work Plan for Existing Approved Projects/Programmes

The Cluster will continue to assist in strengthening capacity and institutions in the agriculture, water resources and environment sectors, combined with activities to develop policy and strategy and physical rehabilitation.

Agriculture - FAO

Overall there is a requirement to develop further the strategy for the agricultural and rural sector. General capacity development efforts will continue under all agriculture projects in 2005.

Community Irrigation

The pre-feasibility and feasibility studies for the remaining three sub-projects in the south and centre will be finalized, including the preparation of BOQs, tender and award of contracts. The Work Orders for the Contracts for Supervision of Civil Works will be prepared. There is a need to ensure that the distribution of agricultural inputs facilitates the building up of the farming communities in the project sites. The programme for the training of trainers will be implemented for training of water user

associations and farmers in the implementation of improved irrigation techniques. Procurement of surveying and weed-harvesting equipment will be finalized.

Ramadi Drain

The contractual arrangements for the Contract for Civil Works and the Contract for the Supervision of Civil Works will be finalized and implementation will be monitored. Procurement of earth-moving equipment will be finalized. Coordination links will be established between MoWR and MoA on the training of water user associations, farmer training and extension, and the training programmes will be implemented.

Pumping Stations

Two further tender documents for manufacture, supply and installation in Huttaman/Al-Hussianyah/Salman Pak and Al-Sijillah will be finalized and appropriate contracts signed. Separate contracts will be finalized for spare parts and for the supervision of the rehabilitation of seven pumping stations. A pumping station asset database will be established for 196 pumping stations and MoWR staff will be trained in data collection and the operation and use of the database.

Livestock Services

A contract for feed laboratory supplies and equipment and artificial insemination equipment will be prepared and tendered. Chemical specifications will be finalized and procurement initiated. Importation arrangements will also be finalized and procurement of bulls for the Artificial Insemination Centre and sheep and goats for the breeding programme will be initiated. Arrangements for focused training and study tours on artificial insemination and for training in feed quality control will be finalized and training will be implemented.

Veterinary Services

FAO will continue to address the requirement for improved veterinary services, focusing on the provision of veterinary supplies and extensive training. A training session with two components will be scheduled, the first consisting of programme planning and an operations manual, the second, technical training (introduction to epidemiological methods, and disease outbreak investigation techniques). A national control programme for brucellosis based on a statistically valid serological survey and an agreed national control programme will be developed and implemented at the governorate level. Change management training modules will be used at six-week intervals to identify future procurement items and or field programmes, including equipment and training for epidemiological data management for livestock disease control. Nine new veterinary centres will be built and seven cold storage units and backup generators will be installed.

Water Resources – UNESCO

Capacity Development of Water Institutions

UNESCO has started work on a water resources master plan as required under the National Development Strategy. The formulation of this comprehensive master plan requires all water-consuming sectors and related UN agencies to be involved under the Cluster approach. During the first six months of 2005, more than 150 Iraqis will be trained in several aspects of water resources management, including groundwater and watershed modelling. An expert panel meeting for international water-sharing will take place in May in Beirut, followed by a training session on conflict prevention and consensus-building on shared water resources in June. IT and GIS equipment and equipment for water testing and analysis will be delivered by the end of May and the end of June

2005, respectively. Implementation of pilot studies is expected to begin in May after the evaluation of proposals for seed funding.

Agro-industry – UNIDO

Implementation of two key agro-industry projects, the dairy-sector pilot rehabilitation project and the cottage industry project with FAO, will be accelerated. The former seeks to eventually build on production activities with FAO (such as cow and buffalo breeding, networks of milk collection depots) and processing of, for example, other value-added dairy products such as cheese and yoghurt. The cottage industry project seeks to build up cottage food and non-food-sector businesses through capacity development.

Dairy Sector

In the dairy sector, several future interventions are planned: assignment of a national expert located in Baghdad, selecting and contracting an international company to undertake assessment, finalizing the assessment and conducting workshop for the PSC meeting, finalizing the identification of beneficiaries and exact locations of the project, establishing a development strategy and procuring of equipment, and identifying participants for training of trainers and conducting training

Cottage Industries

Under the cottage industries project, the baseline assessment, for which a company has been contracted and questionnaires have been prepared, will start in March/April 2005; the results of the assessment are expected to be available in May/June 2005. Efforts will be made to involve the beneficiaries of the project (vulnerable households in urban and rural areas of southern Iraq) in the decision-making process through membership of their representatives in the project steering committee.

Public institutions (MoA, MoPDC and MoLSA and the Thi-Qar Governorate) will be engaged in policy dialogue on targeting the most vulnerable groups. Micro-enterprise development and the provision of working capital in the form of micro-credit for the cottage and micro-industries to be established will be encouraged and promoted.

Thirty public experts from the three ministries (MoA, MoPDC, and MoLSA) will be trained as trainers in entrepreneurship development and basic food and non-food processing in April and May 2005. The rehabilitation and equipping of existing training institutes of the MoLSA and the MoA with necessary pilot plants for training the beneficiaries will be carried out in May-June 2005. Between June 2005 and June 2006, cottage and micro-industries will be assisted or established at the household level and for associations.

Environment – UNEP

Environmental Management and EST Applications in Marshlands

The main focus of the project in 2005 is on the pilot implementation of environmentally sound technologies (EST). Based on water quality and field assessment results, the project will identify suitable ESTs for local conditions and needs and will implement them on a pilot basis. The pilot implementation process will be documented and evaluated in order to facilitate the replication of suitable ESTs on a wider scale.

UNEP will provide a Training Course on Applications of Remote Sensing and GIS for Marshland Assessment and Monitoring, with emphasis on the status of re-flooding. It will also develop a Water Quality Analysis Protocol and organize a technical meeting on data collection and analysis with relevant ministries, the Marsh Arab Forum, Iraq Foundation and UN agencies. UNEP will work with

an inter-ministerial field sampling team within Iraq for the proposed water sampling, with the MoEn as the lead agency. Agreement has been reached on six sites that are considered suitable from technical and social perspectives for pilot implementation in Basrah, Missan and Thi-Qar Governorates. As pilot implementation of EST requires extensive field work and tenders, it is likely to face more logistical and security challenges, which may result in delays.

The project will also continue to organize capacity-development activities, including policy-relevant training courses on wetland management, integrated water resource management and community-level initiatives, and technical training on a marshland information network, drinking water ESTs, and EST assessment methodology.

Strengthening Environmental Governance

Samples of water and soil will be collected and sent for analyses in reputable international laboratories according to agreed plans and a risk assessment will be made. The final report on the contaminated site assessment will be made available.

A training programme for key stakeholders in best practices for developing and implementing environmental policies, laws and standards was held in Amman in March 2005. Additional support to the MoEn for institutional assessment and reorganization will be given upon formation of the new government.

UNEP, in consultation with the MoEn, will develop an environmental information centre in Baghdad and re-furbish the environmental laboratory by June 2005.

A number of specific training sessions are planned: monitoring and management of biodiversity (end of April 2005); multilateral environmental agreements, and environmental monitoring with particular emphasis on the management and information aspects (May 2005); disaster management and preparedness, including coordination, information exchange and linkages to regional and international bodies (June 2005); and management of natural resources (July 2005).

H. 2005-2007 Joint UN-Iraq Assistance Strategy

The UN 2005 objective in the Agriculture, Water Resources and Environment Cluster is to promote sustainable and environmentally sound development and to ensure effective management of natural resources, which benefits people, communities and their environment. The focus will be on immediate needs such as the restoration of critical agricultural infrastructure and service as well as support to the long-term human needs. Policy and institutional reform issues in water resources and environmental management will be addressed through development of both capacity and human resources.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document "Joint UN-Iraq Assistance Strategy for Iraq 2005-2007". As indicated in this document, **in 2005, the Agriculture, Water Resources and Environment Cluster has a total net funding requirement of \$50 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.6. Food Security

Objectives of the programme

To assist the efforts of the Iraqi authorities in examining appropriate, viable alternatives to the public distribution system and its replacement by a well-targeted safety net for vulnerable groups that would achieve sustainable food security. This will be done through appropriate technical support as well as the implementation of pilot projects that address the needs of the vulnerable segments of the population through the provision of targeted commodity inputs.

A. Purpose of Cluster

The Food Security Cluster aims to assist in the achievement of sustainable food security in Iraq through building institutional capacity for comprehensive analysis and vulnerability mapping, providing clear policy guidance and service delivery. The Cluster will assist in developing a sustainable, efficient and affordable food security system, targeting the most vulnerable segments of the Iraqi population, who are food insecure.

It will work to ensure that regular joint household food security surveys are conducted with the full participation of the Ministries of Planning, Health and other partners as a basis for the development and updating of a national safety net and national economic strategies. The efficiency of the Safety Net System for the most vulnerable groups will be enhanced as will the capacity to promote efficient food security policies. The Cluster will support the enrolment and retention of primary school children and target malnutrition

B. Programmes/Projects Funded to Date

In consultation with the Ministries of Education (MoEd), Health (MOH) and Planning and Development Cooperation (MoPDC), WFP formulated a major food security project in 2004, "Building Institutional Capacity for Development of Safety Nets and Food Security through Food Assistance", as part of an Emergency Operation Programme. Targeting the most vulnerable groups in Iraq, it required a budget of \$60 million to provide 67,000MT of food to 220,000 malnourished children and their family members (over 1.1 million), 1,742,000 million primary school children, 350,250 pregnant and lactating mothers and 6,400 tuberculosis patients.

The Cluster Group in its review of the project took into consideration the unavailability of funds and requested the Food Security Cluster and WFP to present separate documents covering partial components of the project and excluding food procurement. In response, WFP formulated specific components for UNDG ITF funding covering capacity development, transport, storage and handling. The total proposed budget was \$9.2 million, with the remaining balance to be covered from other sources. Based on the findings of the 2004 WFP household and vulnerability survey (described in the next part) that revealed a much higher school drop-out rate for young girls (two thirds) and an increasing malnutrition rate among vulnerable groups, the project aims to ensure that children, and particularly girls, remain at school through take-home incentive packages and advocacy for the improvement of the nutritional status of children, pregnant and lactating women and tuberculosis patients.

The project was subsequently approved by the UNDG ITF Steering Committee in November 2004. However, owing to the unavailability of unearmarked funds in the UNDG ITF account, it remained in the category of projects approved but not funded. Assured of UNDG ITF funding and in light of the requests that WFP was receiving from the MoEd to start project implementation as early as possible (the Ministry even provided a modest counterpart contribution towards the project financing), WFP exceptionally authorized funds out of its Immediate Response Account (IRA) to start implementation. The project was subsequently given UNDG ITF partial funding of \$4 million on 4 March 2005. As of 31

March 2005, WFP had committed and disbursed approximately \$2.2 million of the partial funds received and had requested additional unearmarked funds.

Table 20. Food Security Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C6-02	Development of Safety Nets and Food Security	4,000,000	WFP	0	0	2,189,733	2,189,733	54.7	54.7
CLUSTER TOTAL		4,000,000		0	0	2,189,733	2,189,733	54.7	54.7

C. Key Accomplishments

On the basis of the results of vulnerability analysis with partners, WFP provides policy guidance to national institutions that have mandates on safety nets, food security and social protection. The study results and other analytical outputs are used as inputs for better-designed and better-implemented food security programmes and interventions. Short-term interventions are linked with longer-term food security policies, such as agricultural subsidies, agro-industry development, internal market development, access to investment financing and services, and private-sector participation. The study also provides further analysis at the macro- and microeconomic levels for a better understanding of peoples' livelihoods and their coping strategies, especially those of the most vulnerable segments of the population, taking into account the role of food markets and potential security systems.

WFP implemented a baseline study in 2004 on household and vulnerability mapping that revealed that 25 per cent of the Iraqi population is dependent on the public distribution system and is thus food insecure. The WFP and partners' baseline Food Security Assessment identified vulnerable groups by category and geographical location.

WFP also implemented a number of emergency feeding operations in 2004 that were bilaterally funded.

D. Implementation Mechanisms

The UN Cluster partners are WFP (the Cluster Manager), FAO, UNICEF, UNIDO and WHO. They work closely with the Ministries of Trade, Health, Education, and Planning and Development Cooperation as well as with the World Bank, donors, and international and local NGOs. The broad range of partner agencies ensures a multisectoral approach and provides a base for continuous local capacity-building, while external technical support is readily available to engage at any time.

E. Specific Agency Implementation

While no UNDG ITF project was funded (although one was approved) in this cluster in 2004, WFP started the implementation of the project "Assistance to Primary School Children and Vulnerable Groups" through borrowing from its Immediate Response Account and bilateral resources. Sections B and G provide information on the WFP implementation of the "Building Institutional Capacity for Development of Safety Nets and Food Security through Food Assistance" project.

F. Hurdles Encountered and Implementation Constraints

The primary implementation constraint that the cluster faced during 2004 was lack of timely availability of funds that would permit the implementation of the approved project.

G. Future Work Plan for Existing Approved Projects/Programmes

The uncertainty of when the balance of approved UNDG ITF funds would be made available to WFP has made it difficult to prepare a detailed work plan for the remaining activities of the full project. The supply and distribution of the commodities, including high energy biscuits (HEB), vegetable oil, wheat flour and pea/wheat blend to the designated schools and primary health care units are ongoing in Iraq . The focus will continue to be on ensuring the continued school enrolment and retention of children in primary schools and support of vulnerable group feeding activities through the maintenance of a regular food pipeline to schools and health centres.

Training in vulnerability and assessment mapping (VAM) will continue to be conducted for members of the Iraqi Central Office of Statistics and Information Technology (COSIT) of the MoPDC as well as MoH and MoEd officials, parent-teacher associations and civil society groups. The training will contribute to the effective establishment of a Food Security Analysis and Monitoring Unit within COSIT. It has also equipped trainees with the necessary analytical tools to undertake the follow-up to the baseline food security analysis that was launched in Iraq last year and a new survey is planned for May/June 2005.

WFP will also continue to work with the World Bank on the identification and analysis of safety net options, with a view to possible reform of the public distribution system.

H. 2005-2007 Joint UN-Iraq Assistance Strategy

The UN 2005 objective in the Food Security Cluster is to provide food assistance to the substantial highly vulnerable population (particularly malnourished children and their family members (over 1.1 million), 1,742,000 primary school children, 350,250 pregnant and lactating mothers and 6,400 tuberculosis patients) and to link short-term interventions with policy advice regarding longer-term food security policies. These policies relate to such areas as agricultural subsidies, agro-industry development, internal market development, access to investment financing and services, and private-sector participation. The Cluster also aims to provide further analysis at the macro- and microeconomic levels for better understanding of peoples' livelihoods and their coping strategies, especially those of the most vulnerable segments of the population, taking into account the role of food markets and potential security systems.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document "Joint UN-Iraq Assistance Strategy for Iraq 2005-2007". As indicated in this document, **in 2005, the Food Security Cluster has a total net funding requirement of \$41 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.7. Mine Action

Objectives of the programme

To assist in the reduction of casualty rates and risks to the local population and to free land and infrastructure assets for productive use by developing the national institutional and operational capacities in the areas of mine clearance, mine risk education and victim assistance.

A. Purpose of Cluster

The Mine Action Cluster aims to assist in meeting the challenge of respecting the right of the Iraqi people to live free from the threat of Explosive Remnants of War (ERW) and to receive assistance to become mine-free in accordance with the Antipersonnel Mine Ban Treaty and other relevant international Conventions. Equally important, it aims to work towards creating a moral and legal obligation for authorities, organizations and private individuals in Iraq to provide assistance to mine action when they are in a position to do so and to continue the efforts of the UN, in accordance with General Assembly resolution A/RES/54/191, to establish mine-action capacities in Iraq.

The UN mine-action support in Iraq aims at providing comprehensive management and technical support to the National Mine Action Authority (NMAA) in the establishment and implementation of an indigenous, sustainable mine-action programme to deal effectively with the humanitarian and developmental problems relating to explosive remnants of war (ERW) contamination and provide support services to victims of unexploded ordnances (UXOs).

B. Programmes/Projects Funded to Date

Although no projects were funded by the UNDG ITF in this Cluster during 2004, UNOPS received partial UNDG ITF funding for its “Explosive Ordnance Disposal (EOD) Capacity Building and Clearance” project in February 2005. In the very short period between February and March 2005, UNOPS has made substantial progress in implementation, amounting to about \$2.6 million in commitments and over \$700,000 in disbursements.

Table 21. Mine Action Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C7-02	EOD Capacity-building and Clearance	3,000,000	UNOPS	0	0	2,621,295	733,557	87.4	24.5
CLUSTER TOTAL		3,000,000		0	0	2,621,295	733,557	87.4	24.5

C. Key Accomplishments

The UN is a leader in international standards and guidelines in mine action. Its many years of experience can guide the growth and development of national de-mining plans. The UN can assist local authorities to achieve “quick wins”, to align their activities with recognized international frameworks and to alleviate the impact of the presence of UXOs on the Iraqi people. Considerable progress has been made in 2004 but using non-UNDG ITF funds.

D. Implementation Mechanisms

The UN partners include UNDP (the Cluster Manager), UNEP, UNICEF, the United Nations Mine Action Service and UNOPS, which work closely with the National Mine Action Authority, Regional Mine Action Centres, and a number of international and national NGOs, including Commercial Mine Action Co., Danish Church Aid, Danish Demining Group, Handicap International France, Geneva International Centre for Humanitarian Demining (GICHD), HELP, International Campaign to Ban Landmines, International Committee of the Red Cross (ICRC), the International Mine Initiative (IMI), INTERSOS, the Mines Advisory Group and Norwegian People's Aid.

E. Specific Agency Implementation

No implementation with UNDG ITF funding during 2004. However, various projects were implemented through bilateral funding.

F. Hurdles Encountered and Implementation Constraints

The adverse security situation in central and southern parts of the country significantly hampered the implementation of the UN-supported mine action activities in Iraq.

No UN staff member working on mine-action activities was allowed to visit or be based inside Iraq. This made monitoring and quality assurance of the projects more difficult as other organizations had to be contracted to undertake these tasks.

The merging of the Iraqi Mine Action Centre into the broader structure of the National Mine Action Authority (NMAA), relocation of the NMAA office outside the "Green Zone", change of the NMAA director general, and the transfer of authority from the former Coalition Provisional Authority to the Iraq Interim Government posed difficulties for coordination with the NMAA.

G. Future Work Plan for Existing Approved Projects/Programmes

The Mine Action Cluster seeks to assist in assuring: (a) an NMAA capable of managing the mine-action functions of government in all of Iraq; (b) development of a National Legislative Framework on Mine Action and plans for accession to international Conventions; (c) establishment of linkages between the Iraqi NMAA and regional and international mine-action organizations; (d) collection of required data to support mine clearance, mine-risk education and victim assistance; and (e) establishment of governmental and non-governmental national capacities in mine clearance, mine-risk education and victim assistance that are functional.

In March 2005, UNOPS began the foreseen capacity-building activities under UNOPS project C7-02, "Explosive Ordnance Disposal: Capacity-building and Clearance in Southern Iraq". Preparations were made for the resumption of training of ten new Iraqi Explosive Ordnance Disposal (EOD) teams (a total of 52 students). Each team consists of a team leader, three de-miners and one medic. Training of the new teams had been suspended earlier until the arrival of project vehicles, detectors, disposal equipment, communications equipment and protective clothing.

Five Iraqi EOD teams have already completed training and have been engaged in humanitarian EOD work in the general area of Az Zubayr and Safwan on tasks assigned by the Regional Mine Action Centre in Basra and under the supervision of the international trainers from Mine Tech International. These five teams completed two tasks in March and are currently working on four tasks where the local population is at high risk from ERW. Additional training in first aid and casualty evacuation was delivered in March.

In addition, 13,812 items of mines, explosive ordnance and unexploded ordnance were recovered and an

area of 225,400 square metres was cleared in March 2005. All clearance work and training are being conducted in accordance with International Mine Action Standards.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Mine Action Cluster is to assist the NMAA in the reduction of casualty rates and risks to the local population and to free land and infrastructure assets for productive use. To do so, it will support the development of the national institutional and operational capacities in the areas of mine/UXO clearance, mine-risk education and victim assistance. This will contribute to meeting the immediate challenge of reducing the number of casualties caused by ERW contamination by educating the Iraqi civilian population to live safely in an unsafe environment and by clearing high-priority affected areas. It will also help to meet the longer-term challenge of respecting the right of the Iraqi people to live free from the threat of ERW and to receive assistance to become ERW impact-free in accordance with the Ottawa Treaty on Landmines and other relevant international Conventions.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document "Joint UN-Iraq Assistance Strategy for Iraq 2005-2007". As indicated in this document, **in 2005, the Mine Action Cluster has a total net funding requirement of \$29 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.8. Internally Displaced Persons (IDPs) and Refugees

Objectives of programme

To ensure durable solutions for returning displaced persons and refugees in Iraq and to advise Iraqi authorities and provide capacity-building support on the application of international protection principles and standards. The complex nature of displacement, including social, political and economic issues, requires a broad range of support and expertise.

A. Purpose of Cluster

The Internally Displaced Persons (IDPs) and Refugees Cluster seeks to enhance national capacity to deliver assistance to refugees, IDPs and returnees. It provides policy assistance, legal advice and technical assistance chiefly to the Ministry of Displacement and Migration (MoDM) and humanitarian assistance to refugee, IDP and returnee populations. It also seeks to identify and implement durable solutions for these populations as well as Stateless persons. The Cluster conducts assessments and mapping for improved understanding of the intentions, needs and locations of beneficiaries; strengthens information management tools and dissemination systems; and monitors and evaluates assistance programmes.

While the overall focus of the UN is on the transition to development, it is imperative that, given the experiences of the past year and the current situation in Iraq, the UN also remains ready to meet urgent humanitarian needs during emergency situations. The Cluster continues to monitor areas where tensions are increasing in order to feed into the contingency planning process.

B. Programmes/Projects Funded to Date

To date, two projects totalling approximately \$17 million have been funded in the IDPs and Refugees Cluster. Overall Cluster delivery at the end of 2004 amounted to approximately \$9 million in terms of commitments and about \$5.6 million in terms of disbursements. During the first quarter of 2005, additional commitments amounting to approximately \$2.6 million and additional disbursements totalling about \$1.6 million were achieved.

Table 22. IDPs and Refugees Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Three Northern Governorates	9,741,315	UNOPS	3,787,528	409,509	708,276	1,047,370	46.2	15.0
C8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	7,126,200	UNHCR	5,224,562	5,224,562	1,901,638	549,000	100.0	81.0
CLUSTER TOTAL		16,867,515		9,012,090	5,634,071	2,609,914	1,596,370	68.9	42.9

C. Key Accomplishments

Cluster activities in northern Iraq introduce an innovative approach that differs from the approach of the previous UN interventions in northern Iraq in the past few years. The main achievement of the project was to bring together local authorities and representatives of beneficiaries and involve them in a dialogue on demands and needs to be addressed. Even though it took a considerable amount of time and effort to make this arrangement work, it now allows the beneficiaries to participate in the process from the initial design phase to implementation in line with their requirements. At the project start-up, the expectations of the beneficiaries were strongly influenced by the previous assistance when turnkey

standards were provided. These expectations required additional inputs in terms of time and staff involvement, but the problems were eventually overcome and one of the main achievements of the initial phase was to build a consensus between the local authorities and the beneficiaries.

In the south, the Cluster and its partners have committed and initiated multisectoral assistance to 15 villages identified as the most vulnerable. Activities within the communities and nearby cities have ensured that more than 200,000 persons, including 40,000 returnees, have had access to rehabilitated schools, water systems and vocational training and have received technical and equipment support for their traditional agriculture and livestock activities. Nearly 300,000 persons have benefited from quick-impact projects, which improve their villages in accordance with the communities' expressed needs and wishes.

More than 1,000 vulnerable families in rural areas have been identified to receive shelter support, including host families. Concrete support in the form of office rental and equipment has been provided to Iraqi entities, including the MoDM, the Human Rights Association of Iraq and the Basra Law School.

Capacity Development and Policy Advice

During the period under review, the MoDM was regularly provided support and inputs at the strategic, policy, technical and infrastructural levels. The law governing the Ministry was revised, its populations of concern were determined and its role and responsibilities were clarified and defined. Assistance was also provided in establishing clear organizational and administrative structures, both at the centre (Baghdad) and the regional levels. By the end of 2004, MoDM regional/branch offices had been opened and were functional in Ammarah, Basrah and Nassiriyah, while preparatory work is now under way to open additional offices in Kut and Najaf Governorates.

In addition, a number of training sessions were organized targeting the MoDM and other stakeholders in the provision of protection and assistance, including key government and non-governmental counterparts. Subjects ranged from protection, IDP guiding principles, and monitoring to emergency response, programme, administration/finance, human resources and public relations.

D. Implementation Mechanisms

Cluster partners include: UNHCR (the Cluster Manager), FAO, ILO, IOM, OHCHR, UNAMI, UNDP, UN-HABITAT, UNICEF, UNIDO, UNOPS, WFP and WHO. The Cluster will continue to work closely with the Inter-Ministerial Committee on Displacement and Migration, the MoDM, the Ministry of Human Rights, the Ministry of Justice, regional and local authorities, the Iraqi Property Claims Commission, the World Bank, ICRC, NGOs, community-based organizations (CBOs) and the national human rights institutions.

The programmes enjoy the full support of the beneficiary communities and authorities on the central and local levels. Community participation in beneficiary selection and implementation has been encouraged and coordination and endorsement of local authorities were pursued. A number of important partnerships have been established with the international and national NGOs that are directly involved in implementation, such as ACTED, Ockenden International and the Salvation Army.

Owing to the delicate and politically sensitive issues involved in the reintegration of IDPs and refugees into the local communities that they had been obliged to leave, NGOs play the lead role in service delivery. The governmental agencies on the other hand take the equally important role of planning, coordination and overall oversight. The NGOs are selected by UNHCR and UNOPS not only for their intimate familiarity with the local environment but also for their demonstrated operational experience in dealing with such groups and resettlement issues.

E. Specific Agency Implementation

UNOPS – C8-01: Return and Reintegration of IDPs and Iraqi Refugees in the Three Northern Governorates

The first of five objectives of this project was the storage and distribution of UNHCR's internationally procured shelter material. A UNOPS warehouse was established in Erbil to accommodate materials (doors, windows, spindars, plastic sheets, iron angles) procured internationally by UNHCR. Between 11 November and the end of 2004, 65 truckloads (47 of which in December 2004) of materials for around 1,008 housing units were received, unloaded and inspected. Also, warehouses were arranged in Soran and Kalar, provided by the local authorities.

The project also aimed to supply 3,000 families returning to their places of origin with construction materials and – in cooperation with UNHCR implementing partners – provide guidance for the construction of houses. The overall project target of 3,000 families has been affected by the skyrocketing prices of construction materials and skilled labour costs in northern Iraq. A more realistic target is some 1,600 families.

In Kalar, a list including 225 beneficiaries was screened against UNHCR vulnerability criteria. Some selected beneficiaries did not meet the criteria. The District Planning Committee (DPC) was advised and was re-drafting the list by end December 2004. A list of 125 beneficiaries was prepared and screened against the criteria in Qaladza and a further 150 beneficiaries were verified in Qushtapa. In two locations, Spindar and Aradna (Dohuk), the project did not move forward owing to higher expectations of beneficiaries. Additional discussions were undertaken by UNOPS and the local authorities and 8 villages in the same district were selected and the beneficiary selection process concluded. Based on the previous experience, the design and methodologies for assistance were extensively discussed with the beneficiaries. Construction will start in spring 2005.

The demarcation of plots was supported by UNOPS and completed in Kalar, Qaladza, Qushtapa and Soran, where beneficiary families received plots of 200m² each. This process, however, could not be concluded in Aradna and Spindar owing to the above-mentioned constraints. UNOPS concluded purchase orders for the supply of construction materials for some 500 concrete-roof shelters in Kalar town and the eight villages of Dohuk.

A further objective of the project was to improve basic communal services. Owing to the weather conditions, construction work for communal projects could not advance over the reporting period. However, preparatory activities were completed so that implementation could begin in early spring 2005. Detailed engineering designs were drafted for health centres, staff houses for health workers and school renovation in Kalar Municipality, Sulaymaniyah.

BOQs and project proposals for the water supply and the rehabilitation of schools and health centres were prepared for the communal projects in Qaladza and Qushtapa. The revised BOQs exceed the scope of work and costs initially anticipated.

The project also aims to promote community social awareness, enhance employability and provide micro-grant assistance to heads of household. The identification of vocational training needs as well as the selection of beneficiaries was completed or ongoing as follows. In Qaladza, 60 beneficiaries were selected to enrol in the four different types of training identified according to the market needs. In Qushtapa, 75 beneficiaries were selected to be trained in four skills. A further 80 people in Soran were identified; six different kinds of training will be provided. In addition, 190 teachers were selected in these three locations to participate in the psycho-social training. Once the vocational training has concluded, the provision of toolkits and micro-grants will start in 2005.

The project also seeks to provide support to local authorities by developing human resources through

institutional capacity development activities and the provision of facilities. DPCs, comprising some five members of the local administration, were established in all project locations. They will facilitate project implementation and in particular contribute to the project's socio-economic activities and beneficiary selection. The Kalar DPC is already operational. Community Steering Groups (CSGs), comprising 10 to 20 community members, will contribute to beneficiary selection and the monitoring of project implementation. The selection of CSG members has concluded in Qaladza, Qushtapa and Soran and is ongoing in Kalar and Sarsink.

UNHCR – C8-02: Return and Reintegration of Iraqis in Southern Iraq

This UNHCR project, designed to implement multisectoral community-based assistance to promote reintegration of returning IDPs and refugees in southern Iraq, has recorded the highest rate of project implementation (100 per cent of approved funds committed and 81 per cent disbursed as of 31 March 2005) of all the projects funded under the UNDG ITF. Following returnee monitoring assessments carried out in 2003 and 2004 of locations witnessing the return of over 162,000 returnees, UNHCR and its implementing partners identified the 15 most vulnerable returnee-affected rural communities in the four Iraqi lower south governorates. The selected communities are situated in the Governorates of Basra (5 villages), Meysin (6 villages) and Thi-Qar (4 villages). The combined population of these 15 villages is more than 200,000, of whom some 40,000 are returning displaced persons or refugees. The following activities have been completed: rehabilitation of 12 schools, nine water sources and four health clinics; construction of three community centres; establishment of 12 agriculture and livestock support workshops, 25 short-term classes in computers, Arabic, literacy and child refresher courses; and distribution of non-food items (NFIs) to over 500 of the most vulnerable returnee families.

UNHCR also aims to initiate pilot shelter projects to meet returnee accommodation needs and ensure their sustainable reintegration. With technical advice from UN-HABITAT and in coordination with other actors, it established a two-pronged strategy to provide shelter to the most vulnerable returnees, including construction of traditional houses in rural areas and provision of rehabilitation materials to host families. UNHCR committed funds for 779 traditional houses for returnees and to support 250 host family homes. At the end of the reporting period, some 400 houses had been completed. The activities are ongoing in rural areas in Basra, Meysin and Thi-Qar Governorates. The traditional houses – built primarily of mud and reeds – are well received by the beneficiaries and do not exceed or fall below local community standards. The assistance alleviates the burden on the limited housing in rural villages and, in many cases, has permitted returnees squatting in public buildings to receive a modest, serviceable home complete with access to electricity, sanitation and safe water. The homes have been designed to ensure that cultural and privacy needs of women are respected.

Quick-impact projects will be initiated to make available short-term employment opportunities in returnee-affected communities to achieve community-identified objectives. Through its partners, UNHCR is implementing activities including mosquito spraying in the marsh areas, construction of foot bridges to facilitate access to schools for children, and a cash-for-work programme to produce linen for the local hospital. Mosquito spraying and mosquito net production reached more than 465,000 persons in Meysin and Thi-Qar Governorates. The activity has provided short-term employment to nearly 200 local persons. An additional activity to produce mosquito nets will employ more people and, in particular, will ensure that women have the opportunity for short-term employment. Sixty persons were employed to produce hospital linens for the Health Directorate. Sixty persons will be employed to construct the foot bridges in Thi-Qar Governorate, affecting several thousand persons, particularly the 2,870 children on their way to school.

In addition, the project will promote capacity development for government ministries and local NGOs to ensure that returnee policy will be advocated today and in the future. In consultation with the MoDM-Baghdad and Cluster members, UNHCR provided time-bound support and made available rented buildings for the regional MoDM office in Basra and Amarah, pending the Government's designation of

permanent structures. Provision of short-term financial support was also made to cover recurrent costs, including salaries and other operational costs. Numerous training sessions were organized in Amman and Kuwait targeting newly appointed MoDM officials in the region as well as staff of NGO implementing partners and UNHCR national staff.

F. Hurdles Encountered and Implementation Constraints

UNHCR and its implementing partners identified, and attempted to overcome through lessons learned, a number of implementation constraints. The primary – and oft-repeated – constraint echoed by all was that of insecurity. Other constraints included difficulties in identifying and implementing projects that were satisfactory to the central and regional authorities, logistical problems and the rising cost of construction materials.

The deteriorating, unpredictable security situation in Iraq had a significant impact on the implementation of the activities by all partners, requiring most international staff of NGOs to withdraw to neighbouring countries. This was further complicated by an uprising by organized paramilitaries in the southern governorates. NGOs were forced to restructure their implementation modalities to decentralize on-the-ground decision-making to their national staff. This restructuring required considerable training and consultation with national staff, which was further complicated by the necessity for visas and travel on insecure roads. This in turn caused several lengthy implementation delays.

The targeted assistance to rural communities in the south also had its own complications. The small villages were generally remote and traditional in their outlook. Negotiations with the village leaders had to include the issue of personal safety for implementing partner staff, contractors and material assets. Villagers demanded that non-local men be forbidden access to the village. The building of trust and the receiving of written assurances from the local leadership were important elements of the preparations made before any work could start. Several NGO national staff members experienced personal violence when expectations were not immediately addressed. Furthermore, discussion about possible assistance was quickly perceived as a promise to help, despite extreme efforts to explain otherwise.

In the north, it was initially foreseen that beneficiaries would return to their traditional settlements, from which they had been expelled during the past two decades. However, it later became apparent that expectations of selected beneficiaries were beyond the project's scope (they requested that they be provided with materials for three-room houses) and beyond the local authority's resettlement policy.

Several logistical issues have had to be continually addressed, including late and incomplete advice on arriving shipments to Erbil warehouse by freight forwarder, inappropriate packing of goods and quality control of products.

Major problems, resulting in a change in the project's outputs, were caused by the sudden increase in prices of construction materials procured both internationally as well as on the local market. Owing to the increase in prices of materials on the international market, UNHCR will be able to contribute in-kind materials for 2,713 shelters. The increase of about 30 per cent on the local market led to a reduction in the number of housing units and adjustments to the project output. A total of 1,600 new housing units will be now constructed and an additional 1,000 will be upgraded or renovated with the UNHCR in-kind contribution.

G. Future Work Plan for Existing Approved Projects/Programmes

UNOPS – C8-01: Return and Reintegration of IDPs and Iraqi Refugees in the Three Northern Governorates

The project will facilitate and empower the process of research in order to design sub-projects with

strong impact, for example, traditional housing and market-oriented income-generation.

Tenders for materials for the remaining 600 housing units for NGO partners in Dahuk and Erbil Governorates will be completed and construction in all project locations will be finished. A selection of local contractors will be made, with prioritization of those who can provide the highest-quality services in the project sites.

Training will be conducted for mayors and members of Community Steering Groups, vocational training will be completed and “Start your Business” courses will be conducted. A micro-grants distribution system will be prepared.

Frequent, qualitative communication with local communities not only through the DPC and the CSG but also through beneficiaries themselves will be ensured to fully inform them of the project status and challenges. A field visit by international staff members will be planned, as the security situation allows.

UNHCR – C8-02: Return and Reintegration in Southern Iraq

The project will provide support and technical advice to regional offices of the MoDM in Amara, Basra and Nasiriyah; additional MoDM offices may be opened in Kerbala during 2005. A regional database to monitor returnees will be maintained, describing the return environment in different parts of southern Iraq as well as identifying the most vulnerable returnee-affected communities. It is hoped that by the end of 2005, the returnee database will be handed over to the MoDM along with the technical capacity and support to maintain it.

In the 15 most vulnerable rural returnee communities, a two-pronged strategy will continue to be implemented to assist the communities to meet the multisectoral needs of their members as well as provide protection to returnees. Multisectoral interventions include improving access to protection as well as to basic services such as water, sanitation, education and rehabilitation of schools, primary health centres and other municipal services. The project will also provide limited direct assistance to organized returnees upon their arrival, including processing through UNHCR/implementing partner transit facilities; return transport to places of origin; one-month, one-off food assistance in coordination with WFP; and limited UNHCR NFI rations (blankets, soap and sanitary napkins).

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Internally Displaced Persons and Refugees Cluster is to support and facilitate the development and implementation of a comprehensive, coherent national strategy for the protection and assistance of all refugees, IDPs, and returnees and to improve national capacity to implement this strategy. This includes providing policy advice and development of institutional capacity; providing humanitarian assistance to refugee, IDP and returnee populations; identifying and implementing durable solutions for refugee, IDP and returnee populations as well as Stateless persons; supporting information collection and management; and monitoring assistance programmes.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document “Joint UN-Iraq Assistance Strategy for Iraq 2005-2007”. As indicated in this document, **in 2005, the Internally Displaced Persons and Refugees Cluster has a total net funding requirement of \$58 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.9. Governance and Civil Society

Objectives of the programme

To contribute to the development of social capital and help to establish democratic, accountable and transparent institutions with vibrant grass-roots movements.

A. Purpose of Cluster

The Governance and Civil Society Cluster aims to restore the capacity of the public administration so that it can start to operate according to updated methodologies in a more efficient, transparent, decentralized and participatory manner. It seeks to provide support to decision-makers at the national, governorate and municipal levels and to civil society organizations (CSOs) and NGOs during the constitutional and decentralization discussions as well as to equip public institutions, public officials, CSOs and NGOs so that they can provide urgently needed social services.

The Cluster also aims to raise the general awareness and level of involvement of the population and to have governmental and non-governmental actors start to operate on the basis of a democratic system based on the rule of law, human rights and good governance. In addition, it seeks to assist in the development of a free, professional and independent media that will convey reliable facts and support debate (such as during the constitutional and decentralization discussions) that represents the diversity of communities and views within Iraq. In creating the right environment for the production and reception of democratically informed media output, it is important to provide targeted information to civil society groups and officials on human rights.

B. Programmes/Projects Funded to Date

To date, three projects totalling \$5 million have been funded in the Governance and Civil Society Cluster. Overall cluster delivery at the end of 2004 amounted to approximately \$2.4 million in terms of commitments and about \$1 million in terms of disbursements. Approximately \$1 million in additional commitments and \$750,000 in additional disbursements had been made by the end of March 2005.

Table 23. Governance and Civil Society Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C9-01	Support to Ministry of Planning and Development Cooperation (MoPDC)	1,744,000	UNDP	170,074	169,363	347,732	347,732	29.7	29.6
C9-03	Civil Society Forums	1,720,224	UNOPS	1,509,040	167,283	211,184	403,583	100.0	33.2
C9-04	Women Solidarity toward Active Participation in Elections	1,904,616	UNIFEM	715,747	715,747	482,417	0	62.9	37.6
CLUSTER TOTAL		5,368,840		2,394,861	1,052,393	1,041,333	751,315	64.0	33.6

C. Key Accomplishments

Cluster members report that there is a greater awareness among the Iraqi population of the functioning of the democratic system (hence the high participation during the January 2005 elections), human rights and gender equality issues due to the active participation of NGOs and other actors. As for developing the capacity of the public administration at all levels of government, the progress is relatively satisfactory despite the security situation and the daunting task of institutional reforms in hand. The Cluster activities are funded from three different sources: (a) projects funded by the UNDG ITF and implemented by UNDP, UNIFEM and UNOPS; (b) projects funded through bilateral sources, mainly UNDP; and (c) in the case of UNDP, regular funds were used to start projects, such as the mapping of Iraqi NGOs in northern Iraq.

Key areas of achievement in 2004 include policy advice and capacity development.

Policy Advice

A comprehensive review of the National Development Strategy (NDS), prepared by the MoPDC, was conducted, and a Strategic Framework, “Iraq: Nation-building”, was developed. The framework, which was shared with the MoPDC and the UNCT, covers issues and challenges and makes recommendations on economic and structural reforms, infrastructure, governance, social protection and safety nets. The report, along with the new UN strategy for 2005-2007, will serve as the basis for deepening discussions with the Government of Iraq on options for Iraq’s reconstruction. Furthermore, a public opinion survey was conducted with the support of UNDP, the MoPDC and the Central Organization for Statistics and Information Technology (COSIT) on socio-economic issues identified in the NDS. The Minister of Planning held a press conference and made the results of the survey public on 17 January 2005.

The Cluster coordinated the approach and methodology with major donors to help to establish a donor assistance database (DAD), which will assist the MoPDC in strengthening its aid coordination role.

Strategic Planning meetings were held with key ministries, including: the MoPDC, Ministry of Human Rights and Justice, Ministry of Women’s Affairs (MoWA), MoMPW and Ministry of Provincial Affairs, among others. As a result of these strategic meetings, two programmes, “Human Rights and the Rule of Law” and “Media Development”, were developed, including action plans and project proposals for UNDG ITF funding in 2005. Interventions were prioritized with the Ministries.

A strategic planning session on decentralization and strengthening local governments with the Ministry of Provincial Affairs was also held in 2004. As a result, the Ministry is planning national consultations on decentralization and federalism for 2005 during the constitutional drafting process.

Capacity Development

The Cluster contributed to developing the capacities – institutional, organizational and human resources – of central agencies and key line ministries. Most importantly, it is providing training to 25 senior managers at the MoPDC on modern management systems. It also provided support for local governance and decentralization initiatives. A major civil society forum was held in December 2004 to consider how the sector could be strengthened in Iraq. The Cluster also provided 45 small grants to NGOs in four governorates and training to 55 NGOs on project formulation, monitoring and evaluation.

In addition, the Cluster continued to support the development of a free and independent media by strengthening its capacities and enhancing dialogue with national institutions through the provision of training programmes for 51 journalists during electoral discussions. It also helped to develop news exchange through a web site that acts as a repository of training material, useful links and key information about Iraq

D. Implementation Mechanisms

Partners in this Cluster are UNDP (the Cluster Manager), with ESCWA, ILO, IOM, OHCHR, UNAMI, UNEP, UNESCO, UN-HABITAT, UNHCR, UNICEF, UNIDO, UNIFEM and UNOPS. Cluster members worked closely with the counterpart ministries, institutions, CSOs, human rights and women’s groups and media, among others, to achieve the objectives. The Cluster membership has matured in terms of working within the new Cluster business model and is effectively using the comparative strengths of each member. It has moved further by adopting a programme approach, with specialized or lead organizations such as OHCHR, UNDP and UNESCO heading specific subprogrammes that are part of their core mandates.

Strategic planning meetings with counterparts were conducted in Amman. Implementation of projects

was undertaken in close coordination and agreement with the Iraqi authorities and national CSOs. Projects and programmes were directly implemented by the concerned UN agencies, which are accountable for the attainment of the project/programme objectives. The beneficiary ministries and institutions were closely involved in decision-making and in the actual implementation of project activities. The policies, procedures and financial accounting system of the UN were adhered to throughout. Acquisition of goods and services was based on cost-effective, transparent and competitive procurement procedures.

The interaction of the beneficiary ministries and institutions with the UN agencies was normally conducted through project management teams (at the project level) formed by the counterparts (Iraqi and UN agencies) to ensure the smooth flow of information, joint work planning, monitoring of activities, and interaction with the UN agencies. The overall management/monitoring and reporting of the projects are the responsibility of UN agencies in Amman. There are regular meetings between the UN agencies and the counterparts via teleconferencing or video conferencing as well as meetings held in Amman. Plans are under way to include regional partners, such as other Arab States Governments, research and training institutions, CSOs and NGOs. In addition, Iraqi public and private sectors will act as implementation partners.

E. Specific Agency Implementation

UNDP – C9-01: Support to Ministry of Planning and Development Cooperation

Management Development Training for Senior Management

Between October 2004 and February 2005, two Management Development Training courses were organized in Beirut, targeting 10 senior managers from the National Centre for Planning and Management Development and 15 senior managers from the MoPDC. Forty per cent of the participants were women. The two training workshops, entitled “Good Governance and Managerial Skills”, were organized in collaboration with ESCWA and the International Management and Training Institute. The Institute has an excellent track record in management training in the region and caters to public-sector managers from Arab States. Because of the success of the training programme, as evaluated by the participants and ESCWA, the Ministry has requested UNDP to increase the number of training courses under the project to four to enable additional senior managers from the governorates to benefit from the programme.

Public Opinion Surveys on Socio-economic Issues

The project provided assistance to the Central Organization for Statistics and Information Technology (COSIT) to help to conduct a public opinion survey on socio-economic issues identified in the NDS and help to build the capacity of COSIT. A questionnaire was designed by the Fafo Institute for Applied International Studies (Fafo-AIS) in collaboration with COSIT and UNDP. In addition, Fafo provided a technical train-the-trainer course on the use of new polling techniques. The carefully designed survey targeted 4,000 Iraqi households from all the regions.

Donor Assistance Database (DAD)

The project is also helping to establish the Aid Management Directorate in the MoPDC and develop a Donor Assistance Database (DAD) system within the Ministry. A consultant, working with the UNDP Governance Team, obtained and incorporated the input of the senior staff of the MoPDC into the project design. When DAD is fully set up and operational at the MoPDC, staff should be able to collect, analyse and synthesize information and provide aid-management and financial options to the decision-makers in the Government. Along with the MoPDC, the Ministry of Finance will be able to incorporate the information into the annual budgeting process of the Government. Synergy International has been contracted to provide and configure the database hardware/software. The DAD system has been

temporarily set up at UNDP Iraq-Amman Office and the first orientation/training of a team of 12 managers and technical staff of the MoPDC was successfully conducted. The hardware/software will be transferred to the MoPDC in Baghdad by the end of April 2005, and supervision of the data entry and quality control will also be provided continuously by the newly recruited UNDP project manager.

Preparation of Policy Papers

A comprehensive review of the National Development Strategy prepared by the MoPDC was conducted.

UNOPS – C9-03: Civil Society Forums

This project continued to support Iraqi CSOs in the areas of human rights, gender, child protection, media and the environment so that they play an active role in the reconstruction of the country – socially, politically, economically and physically. UNOPS held the first meeting on the role of the civil society in Iraq in Amman on 1 December 2004. The meeting encouraged the creation of the network of NGOs and academics from all over Iraq and the Middle East and produced a set of recommendations for the design of the civil-society legislation in Iraq. Continuation of similar forums inside Iraq by engaging Iraqi universities and NGOs was recommended. A follow-up workshop in Beirut on the legal framework of NGOs was held on 13 and 14 December 2004.

UNOPS entered into an agreement with OHCHR and the UNAMI Human Rights Office that stipulates the types of activities and collaboration between the three agencies in the area of human rights promotion and protection. Consequently, UNOPS, with the help of OHCHR and the UNAMI Human Rights Office (HRO), identified a number of partners among the human rights organizations in the region. Through a call for proposals, competent organizations were selected and contracts signed. UNOPS and the UNAMI HRO started the mapping of NGOs in Iraq and development of a database on their role, interests and capacities. The selection criteria for the distribution of grants for human rights and social development projects were agreed upon between the UNAMI HRO and UNOPS.

UNIFEM – C9-04: Women Solidarity toward Active Participation in Elections (IRAQIA)

Under this project, training was provided to a core of 30 capable “master trainers” in the MoMPW who are specialized in women’s rights and women’s roles in the electoral process. In preparation for this task, UNIFEM organized a three-day workshop for 30 focal points from the MoMPW to raise their awareness of the importance of elections. The training was designed to ensure that focal points would train women in different governorates on the elections and the significance of their involvement in the process. The aim was to encourage women to step forward and participate in the electoral process as voters or candidates. The training focused on the complexities of the Iraqi situation, especially that it has been a long while since the country witnessed fair and free elections.

The MoMPW organized training workshops for the Ministry staff and focal points from other line ministries and CSOs from Baghdad and other governorates. Further training took place in the northern governorates. A preliminary survey via direct feedback showed that more than 70 per cent of project participants have taken initiatives in elections by voting, advocating and/or volunteering.

UNIFEM compiled a list of all the active, experienced, Iraqi international and national qualified CSOs that share the same vision of empowering Iraqi women. This list has been referenced for subcontracting NGOs for specific activities to complement MoMPW work. CSOs were empowered by IRAQIA: the project directly funded five not-for-profit organizations to produce posters, booklets, TV spots and a documentary about women and elections. TV spots were aired on selected local TV and radio stations. Posters were distributed in all 12 governorates while booklets were distributed among women NGO members and staff of line ministries. UNIFEM contracted Oki to establish the Voice of Women radio station. Premises were rented and renovated and equipment was purchased, delivered and installed in Baghdad

F. Hurdles Encountered and Implementation Constraints

The Cluster Manager travelled to Baghdad to assess first-hand some of the hurdles to the smooth implementation of projects. Mobility in Baghdad is a major hurdle both for Iraqis and UN personnel. Iraqi public servants were able to meet with the Cluster Manager, but it was almost impossible to meet with Iraqi NGOs, which fear for their lives if they are seen to come in and out of the Green Zone. However, the Cluster Manager identified three Iraqi public policy groups that will be able to act as implementing partners/consultants to deliver projects in the field. Identifying the right consultants and project managers is always a challenge, but hiring personnel prepared to go to work in Iraq, particularly Baghdad, is a major challenge. In civil society work, prolonged use of the remote management modality decreases the possibility for quality control and places local staff under increasing pressure from local authorities and local communities, making it more difficult for them to engage in negotiations, make decisions, etc.

Other challenges were graver. Immediate counterparts were either killed such as the Deputy Minister of MoMPW, the Governor of Basra, the president of the Supreme Audit Board, Margaret Hassan of Care International, or assassination attempts even on counterpart ministers were made.

It takes longer than the usual period of time to organize strategic meetings, workshops or training in neighbouring countries, given the security and travel challenges. Several women NGOs declined to participate in management training courses in Lebanon and Jordan, due to direct threats to their lives.

Considerable delays were faced in obtaining ISRB approval for projects of the Governance and Civil Society Cluster.

G. Future Work Plan for Existing Approved Projects/Programmes

UNDP – C9-01: Support to Ministry of Planning and Development Cooperation

In 2005, plans are under way to fully operationalize the DAD system so that the MoPDC can coordinate and establish mechanisms for donor/MoPDC data gathering, synthesis, analysis and dissemination of financial data, which will be shared with donors and line ministries. This will include in-depth training of DAD database managers and users, including the line ministries (April-December 2005). Other support planned includes a management training programme for senior managers at the governorate level (April 2005), formulation of policy papers (by September 2005), an update to the NDS (June 2005), and assistance to the MoPDC on aid coordination in general and for the upcoming IRFFI Donor Committee meeting (June 2005).

The training provided to the MoPDC management cadre will be repeated for other ministries. Capacity development and training initiatives are under way with the Ministry of Municipalities and Public Works, with priority given to the governorates and the Municipality of Baghdad.

UNOPS – C9-03: Civil Society Forums

The emphasis of future activities will be to increase the contact with the Iraqi national staff by increasing the visits and consultations with all the project staff in Amman. Every opportunity will be taken to bring local partners and government officials to Amman for consultations, agreements and exchanges of ideas and lessons learned. Furthermore, national staff from both Amman and Iraq will participate in as many training sessions as is feasible. To support and monitor the Iraqi NGOs' executed projects, preliminary contacts have been made with available consultancy firms inside Iraq.

In order to strengthen its engagement in the area of civil-society support, UNOPS, together with its partners, will continue to facilitate the Iraqi-led discussions on the role of the civil society and its

relationship with the Government of Iraq. In collaboration with OHCHR and the UNAMI HRO, UNOPS is contracting a consultant for the baseline research on the legal framework of the civil society. In addition, several workshops and meetings have been scheduled for 2005 in order to explore the issue of civil society and Iraqi civil society.

UNIFEM – C9-04: Women Solidarity toward Active Participation in Elections (IRAQIA)

The Ministry of Women’s Affairs (MoWA) will create the database for Iraqi women NGOs and update it as needed. UNIFEM and MoWA will jointly oversee this database and monitor its use to guarantee safe use of information.

UNIFEM will organize and deliver a training workshop for CSOs on shadow reports and observation of government activities in September 2005. It also will set up three civic education centres.

UNIFEM will continue to support the Voice of Women radio station, which started broadcasting on 25 March 2005. Station activities will serve Iraqi women and subsequently Iraqi society. Extra security resources will need to be provided to cover the security expenses of the station for 2005.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Governance and Civil Society Cluster is to strengthen the democratic process and help to make public institutions become efficient, transparent and accountable, based on the principles of human rights, gender equality, the rule of law and good governance, whereby an enabling environment is created for Iraqi people and institutions to interact in a vibrant, participatory and transparent manner. This includes general and specific efforts to: (a) restore the capacity of the public administration so as to start operating according to updated methodologies in a more efficient, transparent, decentralized and participatory manner; (b) equip public institutions, public officials, CSOs and NGOs so that they can provide urgently needed social services; (c) raise the general awareness and level of involvement of the population and have governmental and non-governmental actors starting to operate on the basis of a democratic system based on the rule of law, gender equality, human rights and good governance; (d) provide support to decision-makers at the national, governorate and municipal levels and to CSOs and NGOs during the constitutional and decentralization discussions; and (e) develop free, professional and independent media, which will convey reliable facts and support debate, such as during the constitutional and decentralization discussions, that represents the diversity of communities and views within Iraq.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document “Joint UN-Iraq Assistance Strategy for Iraq 2005-2007”. As indicated in this document, **in 2005, the Governance and Civil Society Cluster has a total net funding requirement of \$32 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.10. Poverty Reduction and Human Development

Objectives of the programme

Empower the national process of Iraq regarding social safety nets, poverty alleviation and employment through advice on policy frameworks and options and an enabling environment; initiatives on integrated sustainable livelihoods, including community development; and capacity-building focused on human development.

A. Purpose of Cluster

The Poverty Reduction and Human Development Cluster aims to assist in prioritizing and sequencing reforms through advocacy and high-level policy advice to ensure that human development, pro-poor growth strategies and the MDGs are addressed in sectoral operational plans and further articulated by line ministries.

As noted in the UN/World Bank Needs Assessment and reiterated by Iraqi authorities and donors, there is an ongoing need to continue to provide immediate employment opportunities to the most disadvantaged sectors of the population and to help to strengthen a nascent private sector. Eventually, with the restructuring of the market, there will be a congruent need to structure and organize the labour market in order to disseminate information and provide equal opportunities to workers countrywide. During this process, it will be necessary to deal effectively with an Iraqi economy characterized by extremely high unemployment rates, a collapsed productive public sector, and a weak and marginal private sector and protect vulnerable groups during this time of flux and transition.

The Cluster will work to advise and assist authorities on how to move quickly away from applying old budgetary, priority-setting and decision-making methodologies with their strong orientation towards infrastructure and central control. Support will also be needed for the public sector in shifting from a provider of services to a manager of services.

Policy analysis and advice as well as sharing international experiences and practices with policy makers are required in order that policy makers are apprised of good practice and lessons learnt from economic reforms in other parts of the world particularly pro poor growth strategies and human development policies. This should lead to developing a policy framework and an enabling environment under which programmes, projects and activities are elaborated.

B. Programmes/Projects Funded to Date

To date, two projects totalling \$708,105 have been funded in the Poverty Reduction and Human Development Cluster. Overall cluster delivery at the end of 2004 amounted to approximately \$600,000 in terms of commitments and about \$400,000 in terms of disbursements. In the first quarter of 2005, additional commitments of about \$43,000 were made and about \$230,000 were disbursed.

Table 24. Poverty Reduction and Human Development Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C10-01	Iraqis Rebuilding Iraq	387,105	UNDP	315,822	311,242	27,761	27,761	88.8	87.6
C10-02	International Employment Conference	321,000	ILO	286,447	84,306	15,000	202,141	93.9	89.2
CLUSTER TOTAL		708,105		602,269	395,548	42,761	229,902	91.1	88.3

C. Key Accomplishments

The results of the Cluster were concentrated in two main areas in 2004: the establishment of an action plan for employment creation in Iraq, recognizing that this would make a major contribution to peace and stability, and the encouragement of Iraqi expatriates to return to assist in capacity development in the public sector.

Led by ILO, the Cluster organized a major conference on employment. The conference aimed to provide a platform for discussions and exchanges of experiences between Iraqi decision-makers and international experts on the best means for promoting employment through international best practices at both the policy and programme levels. A recent survey indicated that two million members of the Iraqi labour force of around seven million were unemployed.

More than 60 representatives of government, employers and workers in Iraq as well as representatives of local authorities, civil society, UN agencies, the World Bank and international donors attended the conference. All concerned parties recognized the centrality of employment in the rebuilding of the new Iraq and the need for fostering socio-economic rehabilitation and development approaches in the country. Participants examined the current employment situation and the key elements that contribute to the creation of adequate job opportunities and basic social protection provisions.

The conference increased the knowledge base and skills and capacities of relevant Iraqi ministries and institutions in employment and labour market policies and programmes. It adopted an Iraqi "Employment for the future" vision for a policy environment that nurtures productive job opportunities, the development of small and medium-sized enterprises (SMEs) and equitable economic development for the Iraqi people.

The conference also adopted an action plan that committed participants to:

- (a) Increasing the employment intensity of the reconstruction effort through the appropriate, efficient choice of techniques and the expansion of project choices and implementation towards local and municipal-level activities;
- (b) Adopting sound macroeconomic structural policies that encourage sustainable savings and investment, entrepreneurship and growth of employment-generating sectors through appropriate incentives;
- (c) Investing in skills and developing a demand-driven training system in order to foster a competitive, diversified economy;
- (d) Strengthening labour-market institutions, including workers' and employers' organizations, and practices that, when functioning effectively, will make the path to raising employment levels smoother and address the social dimension of the economic reform;
- (e) Making decent employment explicit in the National Development Strategy and developing the institutional capacity to monitor labour-market developments and propose appropriate policy responses;

- (f) Strengthening the growth of SMEs through reform of the policy and regulatory environment, provision of business development services and microfinance, promoting entrepreneurship among youth, encouraging economic empowerment of women, and linking large and medium enterprises;
- (g) Reconstructing the social security system in the context of transition;
- (h) Seeking the views and support of independent organizations of employers and workers in the formulation and pursuit of employment policy;
- (i) Cooperating with women's organizations in order to promote equal employment opportunities and conditions without any discrimination;
- (j) Preparing the economy to adapt to structural change and absorb new technologies and global competitiveness; and
- (k) Developing follow-up mechanisms to ensure implementation of the action plan.

The recommendations of the action plan will be used in the development of follow-up project proposals, as prioritized by the Iraqi delegates at a five-day follow up technical workshop.

The international community also made a commitment to ensure that their contribution to Iraq's reconstruction will take a form that maximizes employment opportunities in the short run and lays the foundations for the creation of decent jobs.

The UNDP Iraq Reconstruction and Employment Programme (IREP) in 2004 demonstrated the employment-intensive approach to reconstruction (funded through bilateral contributions preceding the undg ITF). IREP provided temporary emergency employment in basic infrastructure rehabilitation in urban and rural environments for periods ranging from one to six months, for the most vulnerable unemployed population of Iraq. IREP simultaneously improved the capacities of different governmental institutions (departments, municipality, local councils, employment and training centres) to deal with project formulation and implementation, selection and monitoring of the workers, project monitoring and reporting. Community based prioritization ensures that real needs are identified and addressed. The individual sub-projects, with a value of \$15,000-\$30,000 each, contain a minimum labour component of sixty per cent while a maximum of forty per cent of the sub-project budget can be spent on materials and tools necessary for project implementation. The local councils and employment centres are responsible for the selection of workers, with inputs from local NGO's and other potential stakeholders, such as tribal representatives. In order to avoid corruption and conflicts of interest, overall responsibility lies with the implementing partner (Department/Municipality), while the selection of workers, monitoring of their work and their salary payments are undertaken by the local councils. IREP uses both local and international NGOs, private companies and local consultants as implementing partners. As of the end of April 2005, 363 projects had been implemented or are being implemented in social and physical infrastructure rehabilitation and capacity development benefiting 45,250 unemployed workers generating 2,250,000 working days.

In its work to assist Iraqis in rebuilding Iraq, the Cluster, led by UNDP in cooperation with IOM, finalized the preparatory phase for bringing Iraqi expatriates back to work in Iraqi ministries. Operational offices were set up in Baghdad and Amman, Iraqi authorities were assisted in the identification of human resource gaps in key areas of the public sector, and a web site was designed and developed for online registration along with a database in order to collect and maintain an Iraqi Skills Roster to match the demand and supply of human resources. Finally, an information campaign for the launch of Iraqis Rebuilding Iraq was also prepared.

D. Implementation Mechanisms

The undg partners in this cluster are UNDP (the Cluster Manager), ESCWA, ILO, IOM, UN-HABITAT, UNICEF, UNIDO, UNIFEM and UNOPS. They work closely with the World Bank and the

following Iraqi Ministries: Ministry of Finance, Ministry of Trade, MoLSA, MoPDC, Ministry of Industry and Minerals, MoEd, MoMPW, MoWA and the Ministry of Youth. Close liaison is maintained with all partners in other Clusters to ensure that employment and income-generation are seen as a cross-cutting issue to be considered in all programmes.

E. Specific Agency Implementation

UNDP and IOM – C10-01: Iraqis Rebuilding Iraq

The Amman Management Unit was completed and the Baghdad support cell has been established. The human resources mapping exercise was initiated and resulted in over 30 requests for experts from various participating ministries (22). Research was carried out on the size of the Iraqi émigré populations, Iraqi Associations, Iraqi-related multipliers and Iraqi media abroad.

The initial web site in English and a database have been designed and developed. Administrative forms have been produced in Arabic and English and promotional materials have been developed.

ILO – C10-02: International Employment Conference

An International Employment Conference, “Jobs for the Future of Iraq”, was held during December 2004 on job creation. In addition, consultations were undertaken with Iraqi counterparts, a labour impact assessment was carried out, technical papers were prepared by Iraqi and international consultants, and five days of technical training were provided for Iraqi officials of the Ministry of Labour.

F. Hurdles Encountered and Implementation Constraints

Overall, the Cluster faced a challenging year in 2004. Work in poverty alleviation is two-pronged: emergency rehabilitation and long-term development work. With respect to rehabilitation, the Iraq Reconstruction and Employment Programme (at present funded through bilateral sources) provided millions of workdays through public works projects all over the country. Development work, on the other hand, takes longer as projects require ongoing consultations and the design and formulation of projects are by nature more time-consuming, particularly in a situation where the team is working remotely and contacts with counterparts are difficult to say the least. The members of the Cluster held a retreat with their counterparts, which resulted in the production of the Cluster work plan in January 2005; it also solidified the intensive team-building that had taken place in the Cluster during 2004.

The key implementation constraints faced by the Cluster in 2004 included: (a) a slow bureaucracy in terms of sustained contact and communication with counterparts for example, changes of officials assigned to follow up with the Cluster on particular themes, e.g., economic reforms and the national human development report, and new counterparts who needed to be apprised of Cluster goals and intended activities, e.g., the Ministry of Youth, which all contributed to delay in project activities; (b) setbacks resulting from the insecurity surrounding continuation of funding; (c) logistics difficulties in maintaining contacts remotely with existing and potential counterparts; and (d) as the Cluster diversified its outreach to youth, much background work was needed that only became concretized during the Cluster retreat with counterparts in January 2005.

G. Future Work Plan for Existing Approved Projects/Programmes

UNDP and IOM – C10-01: Iraqis Rebuilding Iraq

During the first half of 2005, the main areas of activity will be the public information campaign, continued research on the Iraqi émigré community, expansion of the Amman Management Unit to provide support to interested candidates, recruitment of the first experts joining the programme, payment of compensation packages, travel tickets and temporary accommodation. This will complete the first

stage of the project.

The UNDG ITF Steering Committee approved the second stage of the project on 22 March 2005.

ILO – C10-02: International Labour Conference

The conference project is essentially complete. Follow-up activities will concentrate on assisting in the implementation of the action plan. This includes the strengthening of labour market institutions and the capacities of the concerned Ministries to provide employment services, which facilitate job creation and lead to an equitable and efficient labour market. Assistance will be provided in the development of an integrated strategy for employment-generation and strengthened coordination among key ministries to further employment goals. ILO will also promote the fundamental principles and rights at work, including freedom of association and collective bargaining, social dialogue, and the elimination of child and forced labour and of discrimination in employment and occupation.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Poverty Reduction and Human Development Cluster is to support the implementation of the National Development Strategy through: (a) promotion of sustainable livelihoods; (b) the earliest provision of employment and income-generating opportunities across all sectors of society, including vulnerable groups; (c) the provision of social safety nets; (d) poverty alleviation through the revitalization of the private sector and the building of public/private partnerships; (e) the promotion of appropriate, labour-based technologies for widespread employment-generation; and (f) focus on youth as a target group in order to upgrade their skills and employability as well as build their capacities in being better integrated as citizens and their abilities to address and resolve conflict situations. This will include: (a) prioritization and sequencing of reforms, advocacy and high-level policy advice to ensure that human development, pro-poor growth strategies and MDGs are addressed in sectoral operational plans and further articulated by line ministries; (b) the provision of short- and long-term employment opportunities and income-generation programmes in order to increase self-reliance; (c) the promotion of local sustainable development and safety nets for the protection of disadvantaged groups; and (d) support to the public sector so that employment issues are addressed during the transition to a market economy.

In close cooperation with the concerned line ministries, the Cluster has identified, and in some cases formulated, projects that reflect the programme outcomes and outputs described in detail in the document “Joint UN-Iraqi Assistance Strategy for Iraq 2005-2007”. As indicated in this document, **in 2005, the Poverty Reduction and Human Development Cluster has a total net funding requirement of \$45 million.** The work-in-progress document was reviewed with the Chairman of the ISRB and the Minister of Planning and Development Cooperation and his team on 24 March 2005.

3.11. Support to Electoral Process

Objectives of the programme

To respond, in pursuance of the United Nations mandate under Security Council resolution 1546, to the formal request on 31 June 2004 from the Chairman of the Independent Electoral Commission of Iraq to the Secretary-General requesting United Nations electoral assistance, including:

“... establishing the electoral commission as an institution; and assist in the planning, preparation and organization of the electoral process; the training of Iraqis to become skilled electoral staff; the coordination of international technical assistance; and guidance towards assuring an inclusive, transparent and credible election, in accordance with international standards.”

A. Purpose of Cluster

The UN was originally requested, in Security Council resolutions 1483, 1511, 1546, to assist Iraq in holding elections by 31 January 2005 and establishing thereafter a representative government, including a Transitional National Assembly. To ensure the credibility of the electoral process, plans were made to create a nationwide indigenous institution that would be buttressed by technical assistance from the UN and other specialized international and national electoral bodies.

Although the Cluster was formally set up in August 2004 to coordinate donor assistance to help the Iraqis organize the vote, the UN had already begun to support the Iraqis several months earlier in setting up the structures and staff of their own Independent Electoral Commission. An operational plan defined the areas in which the Independent Electoral Commission of Iraq (IECI) would need to concentrate its efforts and for which the UN could provide support and technical assistance. The areas were: (a) the establishment of the electoral commission as an institution; (b) coordination of international technical assistance; (c) support for the establishment of IECI headquarters and field structures; (d) operational planning and logistical support; (e) strategic advice; (f) IT support and establishment of a voter register; (g) assistance in drafting the legal framework, regulations and procedures; (h) capacity development and training of Iraqis to become skilled electoral staff; (i) public outreach; and (j) guidance towards assuring an inclusive, transparent and credible election in accordance with international standards.

The MDGs would be furthered in that the Iraqi electoral project sought to promote the practice of democracy and good governance, in keeping with the values expressed in the UN Millennium Declaration.

B. Programmes/Projects Funded to Date

To date, six projects totalling \$108 million have been funded in the Support to Electoral Process Cluster. Overall Cluster delivery at the end of 2004 amounted to approximately \$47 million in terms of commitments and \$37 million in terms of disbursements. As of the end of March 2005, approximately \$47 million in additional commitments and \$50 million in additional disbursements had been made (making a cumulative total of approximately \$94 million in commitments and \$87 million in disbursements).

Table 25. Support to Electoral Process Cluster: Project Commitments and Disbursements

Project No.	Project Title	Approved Budget (US\$)	Agency	2004 ACTUALS		JAN. 2005 - MAR. 2005 ACTUALS		JUL. 2004 - MAR. 2005 ACTUALS	
				Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
				(US\$)	(US\$)	(US\$)	(US\$)	(%)	(%)
C11-02	Support to Electoral Process (Phase II)	11,245,944	UNDP/EAD	10,326,418	9,259,430	55,177	297,505	92.3	85.0
C11-03	Support to Elections (Phase III)	34,501,257	UNDP/EAD	34,501,257	27,341,196	0	2,104,129	100.0	85.3
C11-04	Technical Assistance to IECI	3,042,545	UNDP/EAD	2,000,000	600,000	127,574	456,163	69.9	34.7
C11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	4,542,300	UNOPS/EAD	130,147	28,551	2,896,764	2,974,683	66.6	66.1
C11-07	Support for Fair, Safe and Professional Media Coverage	555,000	UNESCO	0	0	383,714	240,680	69.1	43.4
C11-08	Logistics Support to IECI	54,193,130	UNOPS/EAD	9,784	9,784	43,527,520	43,714,912	80.3	80.7
CLUSTER TOTAL		108,080,176		46,967,606	37,238,961	46,990,749	49,788,072	86.9	80.5

C. Key Accomplishments

The UN role in the recent Iraqi vote was groundbreaking and quite unlike the part that it had typically played in other transitional and post-conflict environments. Within eight months, it assisted in creating a new Iraqi national electoral body that succeeded in conducting nationwide elections in an operational landscape characterized by a precarious security situation in four provinces, calls for boycotts, and the frequent intimidation, often with fatal intent, of staff members and candidates by groups opposed to the vote.

Despite the difficulties, a team of technical experts from the UN and from other international organizations and donors assisted IECI, its nine Commissioners and its 1,000 headquarters staff to carry out the country's first vote for a Transitional National Assembly, 18 governorate assemblies and the Kurdistan National Assembly.

Participation in the 30 January 2005 Iraqi elections exceeded expectations. In the end, 8.5 million citizens cast their ballots. Approximately 170,000 Iraqis helped to organize the poll while a further 1,000 staff worked at IECI headquarters. More than 8,000 candidates contested the 275 available Assembly seats, and a further 11,000 stood in the Kurdistan and the 18 governorate elections. Oversight of the elections was provided by 96,000 Iraqis registered as political-entity or independent observers.

The success of the 30 January elections would not have been possible without the support of the donors who contributed to the Cluster. Donor funds amounting to \$108 million were spent on six main projects with various crucial activities for each.

The UN supported IECI in specialized operational sectors ranging from the drafting of the regulatory framework and electoral procedures to the setting up of the IECI IT unit and post-election tally centre. Other projects included the creation of a voter register with the names of 14 million citizens; 3,000 tons of sensitive and non-sensitive elections materials were also delivered. The IECI offices were equipped with computers and office furniture.

Capacity development of IECI was provided through the training of staff. For instance, 30 provincial logistics coordinators attended a one-day workshop in Baghdad while a further 17 site visits were conducted by UN staff in 17 of 18 provinces to carry out training and coordination. In addition, a group of 94 Iraqi election trainers completed training workshops in Jordan on creating election and polling-day education materials, setting up polling stations and how to conduct the counting process as well as how to carry out civic education.

Following is a more complete list of the activities of the Cluster projects that were completed for the 30

January 2005 elections:

- Delivery of 3 million kilos of election materials to IECI headquarters and 18 governorates, including warehousing and security. This included a total of approximately 90,000 ballot boxes, 36,000 polling station kits, 7,000 polling centre kits, and 500 tons of ballot papers.
- Use of 65 Boeing 747s (or equivalent) to deliver material from Austria, Canada and China to Sharjah, United Arab Emirates in 7 days, including 6 flights of the AN 225, the world's largest cargo plane;
- 133 flights flown into Iraq over a period of 12 days (including 23 night flights into Iraqi airfields);
- Organization of 188 armed convoys (8 trucks plus security) to 24 Iraqi warehouses in 4 days;
- Delivery of electoral material to 24 warehouses completed by 25 January 2005;
- Training of IECI staff in logistics management at both the headquarters and field levels;
- Training and capacity-building of IECI staff on such issues as electoral systems procedures and how to conduct voter education;
- Support to the domestic observers network through the provision of equipment, training and the creation of a specific web site allowing for information exchange among observers;
- Creation of an Iraqi Voter Register containing 14 million registrants;
- Equipping and furnishing of IECI headquarters and 18 governorates;
- Ongoing training of journalists in election coverage;
- Contestant relations: certification of electoral contestants and their candidate lists, including advice on the establishment of mechanisms for the timely and accurate processing of applications, and the establishment of an electronic database of applications;
- Media coordination, which consisted of helping to accredit 2,000 journalists to cover the electoral events as well as the coordination of interviews and press conferences and the operation of the IECI press centres;
- Electoral observation: training of staff to administer accreditation procedures;
- Advice on the setting up, operation and management of the tally room, including the development of databases to record the results as well as the seat allocation software;
- Monitoring of out-of-country voting by supporting 14 IECI representatives with international technical experts;
- Liaison with the International Mission for Iraq Elections;
- Technical assistance for complaint adjudication; and
- Coordination and financial management of funds from 17 countries.

D. Implementation Mechanisms

The UN partners in this Cluster are UN DPA/EAD (Cluster Manager), UNDP and UNOPS.

The function of the UNAMI Chief Electoral Officer was essential in that it combined the functions of international member of IECI (who was in charge of coordination of international technical assistance) and leader of the UN electoral experts team. Donors appreciated the bi-weekly information coordination meetings held in Baghdad and felt that they were well apprised of activities and needs. An agreement has been reached that these meetings should be maintained.

Since the Baghdad office was regularly holding meetings with donors in a group approach, the Amman support office was dealing with the management of the Cluster and its requirements in terms of managing procedures, preparing the format and project document, approvals and selection of executing agencies. In addition, individual meetings with donors were seen as a successful method of supporting the bi-weekly meetings of Baghdad.

The fast-track mechanism of approving funds within the UNDG ITF remains one of the main factors that

helped the electoral team to immediately respond to and cover the needs of IECI. The continuation of this mechanism will be important as will the review of the functioning of the Cluster to ensure maximum effectiveness.

E. Specific Agency Implementation

The main implementing partners of EAD and their core projects are described below.

UNDP – C11-02: Support to Electoral Process (Phase 11); C11-03: Support to Electoral Process (Phase III); and C11-04: Technical Assistance to IECI

Through these projects a total of \$10 million worth of IT equipment was purchased through UNDP/Inter-Agency Procurement Services Office (IAPSO) Copenhagen and delivered on schedule in mid-November 2004. The total volume of this delivery was 92 tonnes, i.e., 664cbm loaded onto four DC8 aircraft and flown directly into Baghdad. UNDP sub-contracted a commercial company to handle the movement of this valuable equipment from Baghdad International Airport to the International Zone; this was not without high risk as considerable security precautions had to be undertaken and complex truck movements organized for this particularly “at risk” routing at the time.

A total of \$108,000 worth of furniture for the IECI headquarters was purchased and delivered locally in Baghdad. In addition, \$700,000 worth of furniture for the governorate offices were also been purchased and were delivered to locations in the provinces. UNDP also procured and delivered stationery, security equipment, audio visual and office equipment for a total of \$700,000. Because of security issues and difficulties in arranging logistics locally in Baghdad, many of the items were delivered in Amman, stored at a leased warehouse and then air-freighted into Baghdad by UN Logistics Teams as it was required and could be accommodated by the Electoral Commission. In total, some \$13 million was used by UNDP for the procurement and delivery of electoral material.

Construction of the voter registration database was completed after the public distribution system (PDS) database was migrated and amalgamated. This was done through a \$22.5 million contract awarded to a data management company that put together the final electoral register. In addition, a security contract was provided for the members of the Board of Commissioners for a 12-month period.

During January 2005, under the umbrella of UN assistance to the IECI, UNDP provided logistical assistance to fifteen international electoral experts and fourteen representatives of the IECI in fourteen countries around the world where out-of-country voting took place. UNDP provided human resources support for hiring the fifteen international experts, including all contractual and payroll-related functions as well as round-the-clock support across all the time zones for the 29 team members. This encompassed flight arrangements, car hire, hotels, visas, computer facilities, office facilities, mobile telephones, medical and travel insurance and all other arrangements needed to facilitate their work. The overall budget for this activity was \$640,000.

Since October 2004, UNDP has been providing human resources facilities (recruitment, payroll, etc.) for 29 experts working under the supervision of the UN EAD and providing support to the IECI. Half of these experts were located in Baghdad, with the remainder in Jordan and New York.

UNOPS – C11-08: Logistics Support to IECI

Sensitive and non-sensitive materials were transported and warehoused. A total of 3 million kilos of election materials were delivered to IECI headquarters and 18 governorates, including warehousing and security. Among the materials were approximately 90,000 ballot boxes, 36,000 polling station kits, 7,000 polling centre kits, and 500 tons of ballot papers. A total of 65 Boeing 747s (or equivalent) were used to deliver material from Austria, Canada and China to Sharjah, United Arab Emirates in 7 days,

including 6 flights of the AN 225, the world's largest cargo plane. Also 133 flights were flown into Iraq over a period of 12 days (including 23 night flights into Iraqi airfields). A total of 188 armed convoys (8 trucks plus security) were organized to 24 Iraqi warehouses in 4 days, and delivery of electoral material to 24 warehouses was completed by 25 January 2005. IECI staff were trained in logistics management at both the headquarters and field levels.

UNOPS – 11-06: Electoral Support to Observer Groups

Facilitation Funding

The UN did not provide assistance directly to observer groups but rather through non-partisan umbrella partners in order to avoid any perceived conflict of interest. The National Democratic Institute (NDI) and the Friedrich Ebert Foundation (FEF) were both considered to be appropriate umbrella organizations. Partnering agreements were drafted and signed by both parties, allowing funding to be provided to non-partisan electoral observer groups throughout Iraq.

Both organizations provided receipts to UNOPS (the facilitating agency) confirming that the funds had been received and used for appropriate observation programmes and facilitation of observer groups. All funds were accounted for and delivery of the funds took place according to a timetable agreed with the recipient observation groups.

The European Union mission in Jordan also agreed to participate in the project by providing documentation, including standardized observer forms, observer handbooks and web site material.

Electoral Observation Expertise

The project provided briefings on electoral matters to Iraqi domestic observation groups undertaking training in Jordan and online assistance via the web site to international and domestic observer groups. This assistance was made available in both Arabic and English. The briefing and background material was also made available to the observer groups online.

Observation Manual

The electoral observation manual drafted by the European Union was non-generic and contained the most recent material provided by IECI. The electoral observer support undertook to edit this publication to ensure that the Arabic and English versions were clear and did not contain ambiguous information. The final version was agreed and accepted by all participating partners. Following publication of the manual, additional regulations and procedures were provided to the observer groups online.

Briefing Packs for International Observers

The project made available electoral observation briefing packs for International Observers. This information was also made available online for Domestic Observers.

Electoral Observers Web Site

A web site was developed and made available to all IECI-accredited observer groups. It provided printable copies of all current electoral information provided by IECI, real-time media monitoring of electoral activities (within and outside Iraq), and simulated animations of the voting process from the point of view of the observer and the elector. Standardized electoral observation reporting forms were posted together with IECI regulations as they became available. The site also allowed observer groups to coordinate their activities through the use of a monitored chat room. Electoral experts were available to provide real-time explanations to questions on electoral procedures raised by the accredited electoral observers.

UNESCO – C11- 07: Support to Fair, Safe and Professional Media Coverage

In the less-than-two-week period from the allocation of funds from the Trust Fund to UNESCO on 22 December 2004 until the end of the reporting period, 31 December 2004, UNESCO followed up contacts with key NGOs as possible implementing partners of the various activities. Four NGOs were chosen based on their specific experience in building capacity in election reporting as well as safety training and publication of journalistic material. The four NGOs selected also had earlier experiences from working in Iraq and other conflict areas as well as serving as solid partners to UNESCO.

The NGO partners began their planning of the actual implementation of their respective assignments even before they had signed contracts, owing to the tight time schedule. No payments were issued before the end of the reporting period as contracts were finalized and actual implementation began in January 2005. Before the end of January, journalists had been trained; a handbook had been translated and published; media policy guidelines and briefing notes had been written, translated, published and disseminated at training events and via the Internet; an election clip binder had been produced, translated and disseminated; and three workshops and a seminar had been held after the elections to analyse the elections, democracy and the role of the media.

F. Hurdles Encountered and Implementation Constraints

At a recent (16-18 March 2005) meeting of the IECI Commissioners and EAD senior staff at UN headquarters, the overall consensus was that the technical assistance provided by an international team under the UN umbrella will need to continue to support the Iraqi electoral authorities in carrying out their duties during the country's political transition

Public Outreach

The public outreach/media component will require a new strategy following the realization by IECI that previous outreach arrangements were insufficient and would necessitate capacity development both at the field and regional levels to keep pace with the development of IECI. As a result, an international assessment will be needed to determine how best to support IECI in developing its public outreach capacity.

Security and Deployment of Staff to Baghdad

One of the main challenges to future cooperation remains the difficult security situation, which will continue to restrict movement of international electoral staff and will thus continue to be a major implementation constraint. Nevertheless, additional staff in key positions, particularly a focal point for each project, will need to be deployed to Baghdad in order to support operations.

While IECI has made considerable headway in establishing itself, its status and capacities need to be consolidated, particularly at the governorate and sub-governorate levels. For instance, support mechanisms will need to be put in place to address the need for IECI to better develop its field operational and training capacity as well as communications and reporting to headquarters.

In addition to the development of the institutional and staff capacity of IECI, parallel operational preparations for both the referendum and the general assembly elections will need to start as soon as possible. A needs assessment mission of EAD/UNOPS, supported by the UNOPS logistics project, is currently in Iraq. UN EAD will be deploying senior electoral experts in May for this comprehensive needs assessment mission.

G. Future Work Plan for Existing Approved Projects/Programmes

The 30 January 2005 Iraqi elections were an important milestone in the transition process, but there is much more to come in 2005. The Support to Electoral Process Cluster (or the Governance and Civil Society Cluster) will very likely work to assist the National Assembly in its efforts to write electoral articles for the constitution and select the electoral system (this will be a separate activity in support to the National Assembly). In addition, preparations need to be made for the referendum and for general elections.

As such, the coming year will present a whole new set of challenges for the Organization, challenges that will undoubtedly require international support. This support will need to be two-pronged: capacity development for IECI, and operational support for the referendum and general elections.

For the second phase of Iraq's election programme, the following areas have been identified for assistance: (a) institutional development; (b) capacity development; (c) operational conceptualization, planning, and execution; and (d) inclusion of electoral modalities within the constitutional debate. Each of these areas will be a complex, time-consuming task that will require specialized technical assistance in planning and operational support, the training of staff, provision of equipment and coordination of activities. For instance, efforts will be made to ensure that IECI becomes a permanent, functional, independent electoral administration with well-defined organizational structures at both the headquarters and field levels. There will also be a focus on establishing financial procedures, human resource management and IT systems consistent with the requirements of a modern public-sector organization.

Ultimately, the UN in 2005 will work towards helping to fulfil the institutional and operational requirements of IECI while transferring the necessary skills to Iraqi counterparts, thus ensuring that their electoral institution becomes sustainable in the years to come.

H. 2005-2007 Joint UN-Iraqi Assistance Strategy

The UN 2005 objective in the Support to Electoral Process Cluster is to provide operational and capacity-development support to the IECI and other authorities involved in the electoral process. Capacity-development support will focus on IECI with technical assistance and training in the areas of organization, operational administration, finance, human resources, logistics, public outreach and civic education. Operational support will concentrate on the referendum on the draft constitution scheduled for October and the general elections scheduled for December.

4. Issues for Future Programme Implementation

4.1. 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 months has been one of continuing security risks. As a result, the number of UN international staff in Iraq is likely to continue to be significantly below that normally required for the implementation of the ongoing and future reconstruction and development projects.

As reported in chapters two and three, the UNDG organizations are flexibly adapting to the difficult reality on the ground by using diverse implementation modalities. In this respect, the risk exposure of UN national staff and non-UN personnel is being carefully and constantly reviewed. The continued timely implementation of UNDG ITF-funded projects is clearly dependent on the security situation and its improvement in the months ahead. The Iraq National Development Strategy (NDS) prepared by the ISRB also recognizes the same security-related constraints, clearly indicating that “these (development) objectives can only be accomplished in a context of improved security”.

Present UN operational plans for Iraq continue to regard the security risk as being at a critical or high level throughout the country. For the immediate future, it is expected that Baghdad and some central and northern governorates of Iraq will generally remain in Security Phase IV, and it is this assumption that has underlain the preparation of the UN Assistance Strategy for 2005-2007. Until the security situation improves, staff employed in Baghdad are likely to face serious difficulties with respect to effectiveness and efficiency. UNDG ITF activities will continue to be carried out with the minimum possible number of international personnel inside Iraq, making the maximum possible 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 outlined in the second chapter is unavoidable.

4.2. Alignment of UN Operations with the Iraq National Development Strategy

As indicated in the first chapter of the report, all UNDG ITF projects are fully aligned with Iraqi-identified priorities. In addition, UNDG, along with the World Bank, was privileged to be asked by the MoPDC to provide its comments on the new National Development Strategy (NDS), which was presented to donors at the Tokyo Donor Committee meeting in October 2004. The UNDG comments focused mainly on human development aspects of transition, covering social development, economic reform and social safety nets, job creation, capacity-building, civil society, human rights and gender. UNDG ITF projects presently being implemented are totally consistent with the NDS. These linkages are made explicit in the Cluster-level progress reports in chapter 3. The UNCT will continue to ensure that future UNDG ITF-financed projects will continue to fully conform to the priorities identified in the NDS and as further articulated by the transitional Iraqi administration.

4.3. 2005-2007 UN Strategic Framework of Assistance for Iraq

Many significant changes and developments took place in 2004, not least of which were: (a) the issuance of UN Security Council resolution 1546 (8 June); (b) the return of sovereignty to Iraqis (28 June); and (c) the publication of the Iraqi-owned National Development Strategy 2005-2007 on 13 October. Hence, there was clearly a need for the UNCT to revisit its strategic plan 2004-2006 to assess the relevance and effectiveness of various programmes and operational arrangements in 2004. Based on the lessons learned to date, additional measures that may be required will be taken to continue the full alignment the

UN strategic response with the NDS and the circumstances on the ground – both prevailing and anticipated.

The new document, the 2005-2007 UN Strategic Framework of Assistance for Iraq, which is considered a “work-in-progress,” first and foremost builds on the NDS, the UNDG ITF 2004 experiences in implementation, Cluster and agency contributions, new available data, and ongoing and widespread consultations between clusters and agencies and their respective line ministries and government counterparts. In keeping with the UN core values, the document was written from a rights-based perspective on sustainable human development within the framework provided by the Millennium Declaration, global conferences and Conventions.

From this perspective, development is not confined to the economic spectrum but entails a much broader vision relating to the achievement of the five categories of human rights – civil, cultural, economic, political and social – which are inextricably linked. This is why the revised document highlights the poverty situation from a social, economic, governance and human rights perspective and defines common responses based on the implications of the concept of sustainable human development. The revised document, which also reflects the UNAMI mandate as outlined in Security Council resolution 1546, will be used as a framework for promoting more equitable and sustainable human development in Iraq.

For Iraq, the UN has identified the scope of people-centred rehabilitation and development necessary to address and realize the overall UN goal of poverty alleviation. Indicators for success across the three key areas – social, economic and governance – that are vital for sustainable development are: (a) broad-based, environmentally sustainable economic growth; (b) greater empowerment of women and youth; (c) protection of vulnerable groups, including reintegration; (d) strengthening of public institutions, capacity development and upgrading of skills; (e) greater democratization, decentralization, transparency and accountability; (f) promotion of conflict resolution at the national as well as local community level; and (g) building of social capital and a vibrant civil society.

In consideration of the scope of this long-term development, the UN has identified three major challenges: (a) promoting the right of access to, and making available, basic social services; (b) ensuring broad-based, diversified and environmentally sustainable economic growth; and (c) strengthening institutional and governance capacities and human security within the country.

The overall UN Goal for 2005-2007 is to contribute significantly to the creation of a secure enabling environment conducive to the fulfilment of the rights of the Iraqi people to survival, development and equal participation through the achievement of the following objectives.

- (a) Improve the quality of, and widespread access to, basic social services and food, including humanitarian emergency response and preparedness;
- (b) Rehabilitate and develop the country’s social, economic, financial, physical and institutional infrastructure to ensure sustainable livelihoods; and
- (c) Promote better governance, peace-building and protection of human rights.

On 24 March 2005, UNAMI organized a joint comprehensive review of the UN Assistance Strategic Framework with the Iraqi authorities. The review meeting was co-chaired by the Deputy Special Representative of the Secretary-General (DSRSG) for Iraq and the former Iraqi Minister of Planning and Development Cooperation. The alignment of the UN 2005-2007 strategy with the Iraq NDS was confirmed by the Minister. The outcome of the review was a jointly owned “UN-Iraqi Assistance Strategic Framework” outlining the main priority areas suggested for future action in Iraq.

The framework will be used for discussions with IRFFI donors regarding future funding considerations for the UNDG ITF. At the same time, it will be refined and adjusted, as required, following further review and discussion with the new Minister of the MoPDC of the Transitional Government of Iraq.

Table 26. UNDG ITF Funding Requirements for 2005 (in US\$ millions)

No.	Cluster	2004 Funded ^a	2004 Committed Funds ^b	2005 Unfunded ^c
1	Education & Culture	69.03	47.54	66.05
2	Health	66.94	27.96	61.00
3	Water & Sanitation	30.76	6.04	119.50
4	Infrastructure & Housing	133.98	55.08	97.50
5	Agriculture, Water Res. & Environment	62.52	35.17	50.20
6	Food Security	0	0.00	41.00
7	Mine Action	0	0.00	29.30
8	IDPs & Refugees	16.87	11.62	58.35
9	Governance & Civil Society	5.37	3.44	31.80
10	Poverty Reduction & Human Dev.	0.71	0.65	45.00
11	Support to Electoral Process	108.08	93.95	TBD
	TOTAL	494.26	281.45	599.70

^a Total approved and funded projects by UNDG ITF as of 31 December 2004.

^b Funds legally committed by Participating UN Organizations as of end March 2005 against 2004 approved and funded UNDG ITF projects.

^c Funding required for new projects based on figures reported under the 2005 unfunded programme in the May 2005 draft of the UN Assistance Framework for Iraq for 2005.

4.4. Linkage: 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 in support for the political transition and the role in reconstruction – are closely intertwined and progress in the one is inextricably linked with progress in the other.

Post-conflict elections teeter on the edge between realizing a legitimate democratic government and unaccepted governments. In the former case, the election stabilizes the transition and serves to provide conflict mitigation and therefore a boost to reconstruction; in the latter case, it can exacerbate the underlying tensions and lead to a resurgence of violence, the discrediting of the transition process and a potential halt to reconstruction.

This explains the very serious effort made by the UNCT and donors to support the electoral process through the Support to Electoral Process Cluster of the UNDG ITF. The UN consistently advocated that the organization and management of the Iraqi elections must be nationally led and owned. In those circumstances, the provision of critical support to the operations of the IECI was essential for the delivery of elections within the tight timeframe.

The successful outcome of the 30 January 2005 elections, together with the continual efforts of the SRSG vis-à-vis the political transition, and particularly his continuous plea for a broad-based and inclusive political process, augurs well for Iraq's moving along the path to further reconstruction. The

UNCT is therefore cautiously optimistic about improved prospects for reconstruction. However, the principal goal of the elected transitional National Assembly is the writing of a new constitution. It is only on the basis of a constitution adopted by the people of Iraq that the stage can be set for successful long-term reconstruction.

Mutually reinforcing actions to support the transitional National Assembly in developing a constitution and assistance in reconstruction support will therefore be the focus of the UNDG ITF Governance and Civil Society Cluster in 2005. The UN has offered the Transitional Government the services of a veteran South African constitutional expert, who is a long-time legal adviser to former President Nelson Mandela and who has been involved in the Burundi peace process, in the drafting of the new constitution.

4.5. Coordination of Development Activities in Iraq: Building on UNDG ITF Operations

Given the unique demands and opportunities in the current phase of Iraq's political transition, if requested, the UN is committed to serving as a facilitator and focal point for donor coordination on reconstruction and development issues. Extensive consultations with donors and Iraqi officials have revealed a clear need for improved aid coordination to maximize the effective utilization of external resources for reconstruction and development and a need to reaffirm stronger Iraqi leadership of the process. The mechanism of donor coordination and the tracking of both multilateral and bilateral funding are central to success in these areas. It is recognized that the IRFFI has enhanced donor coordination among the donors contributing to the IRFFI, but further assistance to the MoPDC is needed to strengthen its role.

One aspect of UN assistance to aid coordination is that provided by the UNDP project, Support to MoPDC (C9-01) under the Governance and Civil Society Cluster, which is assisting the MoPDC in the setting up of a donor assistance database (DAD). The second proposed element of the UN approach to development coordination is for the UN to act as a secretariat for regular Baghdad-based, Iraqi-led forums where donors and Iraqi officials discuss strategic policies and priorities in guiding development efforts from an in-country perspective. The aim of this dialogue is to promote donor coordination on issues of policy as well as key sectoral themes so that national development strategies are adequately supported and government coordination capacities are increasingly strengthened.

The relevant institutions of the Government of Iraq need to take the leadership role in coordinating donor assistance and guiding development policies according to national strategies and priorities. The UN is prepared to offer its support to this function in line with its commitment to strengthening the institutional capacities of the government to manage aid coordination. A proposed mechanism has been formulated and is ready for discussion with the incoming elected transitional administration.

The ultimate aim of UN assistance, in accordance with the Paris commitments on aid effectiveness (see chapter 5), is for Iraq to take on complete ownership of its development with reconstruction and development assistance becoming part of the national budget processes.

4.6. Recurrent Cost Implications of UNDG ITF Projects

As indicated in the UNDG ITF Tokyo interim progress report, the UNDG ITF finances investment and capital expenditure costs as well as the required incremental recurrent costs. However, it is important to recognize that in the case of rehabilitation and reconstruction projects, such as those being financed by the UNDG ITF, the distinction between incremental recurrent costs and ongoing recurrent costs is sometimes blurred. In addition, the funding requirements of most of the basic services in Clusters,

such as Education and Culture as well as Health, tend to include significant recurrent costs, some of which are clearly incremental.

The UNDG ITF projects are reviewed and approved by the ISRB, of which the Ministry of Finance is a member. As a result, it is assumed that the recurrent cost implications of these projects and their continued sustainability will be addressed as part of the overall annual sectoral and ministerial budget review and approval. The UN will work with the transitional administration to assist in ensuring this integration. The UNDP project to assist the MoPDC in the operationalization of a development assistance database (DAD) is expected to be a vital tool in the national budgetary process.

4.7. UNDG ITF Funding Issues

As shown in table 6 in chapter 2, section 5 on financial status, the available unearmarked and earmarked funds for the UNDG ITF are already nearly exhausted.

As of 31 December 2004, there were no unearmarked funds in the UNDG ITF account that could be used to fund new projects. Following additional deposits, as of 31 March 2005, \$10.9 million of unearmarked resources were available; however, it should be noted that three partially funded projects are still waiting to receive the balance of their previously approved funding amounting to \$24.6 million. The \$10.9 million will be released to the three approved projects once they demonstrate immediate need for funds for contract commitments. The limited unearmarked funds are also in principle being kept as a reserve to enable the UN to expeditiously respond to possible urgent requests from the Transitional Government of Iraq. The available earmarked resources are already allocated to priority project proposals, which are at an advanced stage of formulation or of the ISRB and UNDG ITF Steering Committee approval process.

The UNDG ITF activities pipeline for 2005, as described in the UN Assistance Strategy for Iraq 2005-2007 and given in table 26 of chapter 4 indicate requirements for an additional \$600 million to fully fund the 2005 UN assistance programme.

The UNDG ITF is pleased that some IRFFI donors, with the European Commission in the lead, have already decided to replenish their contributions to the UNDG ITF while others are actively considering their potential contributions. At the same time, the Chair of the IRFFI Donor Committee has indicated his plans to make concerted efforts to widen the IRFFI donor base. In order for the Participating UN Organizations and the UN Clusters to continue to respond to the requests of the Iraq line ministries (which also need to be further prioritized) and for the UNDG ITF Steering Committee to effectively prioritize its project approval decisions, clear indications of donor intentions for 2005 will be needed as soon as practicable.

5. Lessons Learned: Improving and Refining the UNDG ITF Model in Iraq and for the Wider Aid Architecture

5.1. Preliminary Lessons Learned to Date

5.1.1. UNDG-Iraq Multi-donor Multi-agency Trust Fund Achieves High Implementation Rates despite Adverse Security Conditions

It is too early to draw firm conclusions about the experience and outcome of the UNDG ITF. Nevertheless, the UNDG ITF has demonstrated a strong implementation record since the fund opened for contributions in January 2004 and became fully operational in July 2004 (when the first set of projects that had been approved by the UNDG ITF Steering Committee in May started to be funded following ISRB approval in June).

The UNDG ITF is successfully assisting key Iraqi ministries, such as the MoPDC, to work with UNDG as one entity facilitating coordinated, collaborative joint programming. Effective procedures for management of this innovative multilateral mechanism have been set up, tested and further refined in 2005 and funds for priority projects have been allocated to UN implementing agencies following vetting by the Iraqi authorities and the UN. Project expenditure rates surpassed \$120 million on 31 December 2004, and by 31 March 2005, commitment rates had reached \$281 million (57 per cent of approved funding) and \$153 million had been disbursed (31 per cent of approved funding). Implementation mechanisms are being adapted to the difficult reality on the ground and practical achievements resulting from the UNDG ITF-funded projects are already in evidence.

While the speed of disbursement of the UNDG programme has been impressive by most standards, additional measures are being taken to further accelerate project implementation. However, the financial indicators, important as they are, are by no means the only indicators of success nor do they tell the full story of the UN's work. Chapter 2, section 3 and cluster reports provide details on many significant achievements in capacity development and policy dialogue that are not necessarily immediately reflected in high project commitment and disbursement levels.

The implementation record is substantial, but it is too early at present to derive definitive lessons learned from the experience. Nevertheless, a number of pertinent issues to be considered as potential lessons learned can already be described on the basis of experience to date. Furthermore, the UNDG ITF has commissioned an independent lessons-learned and review exercise (see chapter 5, section 1.5) to examine the first year of operations of the UNDG ITF and, it is hoped, come up with some more definitive answers. The issues raised hereunder are broadly divided into three categories:

- issues that are potentially specific only to the Iraq situation;
- issues that perhaps are common to a multi-donor fund (whether UN or World Bank); and
- issues common to a UNDG cluster-based trust fund.

5.1.2. Iraq-specific Common Multi-donor Trust Fund Issues

Planning Framework Dependent upon Progress in Iraqi Ownership Capacity

The evolution of Iraqi involvement in terms of capacity and legitimacy has been and remains critical. At the initial IRFFI Abu Dhabi Donor Committee meeting in February 2004, the Chairman of the ISRB presented 727 individual projects for funding. While these projects reflected the urgent requirements of the various Iraqi line ministries, they were not presented within a strategic framework of priorities that would have served as guidance to the UNDG ITF, the World Bank ITF or bilateral

donors. At the second IRFFI Donor Committee meeting in Qatar in May 2004, the Iraqi delegation presented a more prioritized list of 120 projects. While a step in the right direction, there was still a lack of strategic prioritization between sectors.

With the restoration of national sovereignty on 28 June 2004, steps were taken by the MoPDC to prepare a National Development Strategy (NDS) as a framework for planning and prioritizing national reconstruction and development. This benefited from assistance provided jointly by the UN and the World Bank in early September. The NDS was presented by the Iraqi delegation at the Tokyo Meeting of the IRFFI Donor Committee on 13-14 October 2004. There is still considerable work to be done to elaborate the key vision, priorities and strategy. The UNCT has carried out a review of the human development implications of the NDS and impact on vulnerable groups of the current priorities, strategies and programmes cluster by cluster. The UN Assistance Strategy was established from the outset as a work in progress and as such could accommodate the evolving priorities that emerge as the Government of Iraq clarifies and sharpens national priorities. The development of an assistance strategy based on a nationally owned strategy is very much dependent upon progress in Iraqi ownership capacity. The UNDG is looking forward to strengthened strategic guidance from the Iraqi Transitional Administration.

Concurrence on Core Areas of External Assistance

Within the UN/World Bank Facility Coordination Committee of the IRFFI, there is concurrence on the strong case for moving ahead on twin tracks, with a major thrust on supporting physical reconstruction and activities that will contribute to social stability while developing the capacity that will facilitate the transition from emergency recovery to sustainable development. The emphasis of the various Clusters is necessarily a little different. Some Clusters, such as the Governance and Civil Society Cluster, stress capacity development and, indeed, link up with the crucial constitutional development tasks facing the elected Transitional Administration whereas others, such as the Infrastructure and Housing Cluster, stress physical reconstruction. While emphasis in the electricity sector, for example, is necessarily on rehabilitating power stations to maximize additional megawatts entering the grid, the methodology adopted to achieve this places a heavy emphasis on training Iraqi counterparts. Not the least of the reasons for this is the unwillingness of international contractors to enter the country to commission the rehabilitated stations, necessitating the training of Iraqi experts on site at foreign manufacturers.

5.1.3. General Multi-donor Trust Fund Issues

Resource Pooling Is Effective for Donors and Counterparts

Another point of concurrence in the UN/World Bank Facility Coordination Committee is that the IRFFI structure has shown that the pooling of resources can be effective in scaling up reconstruction and reducing costs to Iraq and donors. As major donors have indicated, the setting up of multi-donor trust funds has facilitated the quick transfer of pledged funds. It also provides a one-stop shop to Iraqi counterparts such as the MoPDC.

From the UNDG ITF perspective, one fine example is that of the operations of the Support to Electoral Process Cluster. Donors contributed to this Cluster with amounts ranging from \$200,000 to \$40 million. There was no necessity for donors or the IECI to identify the agency or specific project: all amounts managed centrally through the UNDG ITF system were gratefully used for a common purpose and strategy funding project activities approved by the IECI, vetted by the Electoral Assistance Division (EAD) of the UN (the Cluster Manager) and implemented by Cluster members such as UNDP, UNESCO, UNIFEM and UNOPS.

Less Strict Donor Earmarking: Quicker Response to Iraqi Priorities and Easier Fund Management

UNDG has been able to respond more easily to Iraqi priorities when unearmarked or broadly earmarked resources have been provided. While the UNDG ITF is able to discharge its responsibilities emanating from donor earmarking and negative preference decisions (which are permissible), it is important to note that earmarked contributions require more complex fund management, with great care needed to ensure that the specific donor conditions are strictly observed. A complex financial management system needs to be set up and managed to enable tracking of resources according to individual donor preferences, involving tracking at the sub-Cluster level, which is additional to the systems required simply to ensure prudent financial management. Furthermore, continual strong efforts are required in the case of the UNDG ITF to advise the Steering Committee at each of its meetings (through the provision of a continually updated “Funding Framework” document) as to the precise funding possibilities available for each Cluster and/or agency.

Reporting to Donors: Further Alignment Is Necessary

The Letter of Agreement concluded between UNDP as Administrative Agent and donors specified different times for submission of the UNDG ITF narrative and financial reports. In addition, the specified times of reporting in the Letters of Agreement with UNDP and the World Bank are different. However, in order to achieve a consolidated narrative and financial report as well as a common IRFFI six-month report (in addition to the separate fund reports), the reporting deadlines of the World Bank ITF and the UNDG ITF would need to be harmonized. It would not be useful to submit the narrative of actions undertaken without analysing and presenting what this has meant in terms of project expenditure. The Executive Coordinator of the UNDG ITF therefore submitted an official request to IRFFI donors to synchronize the reporting periods by submitting the narrative and financial reports on the same date. A large number of IRFFI donors endorsed this request and the UNDG ITF therefore intends to continue this practice. Further, if the IRFFI is to operate as one Facility, efforts need to be made to harmonize reporting submissions between the UNDG and the World Bank.

5.1.4. UN Multi-agency Multi-donor Trust Fund Issues

A Shift from a Bilateral Funding Paradigm to a UN Multi-donor Multi-agency Fund Paradigm Requires Time, Effort and Commitment

The year 2004 was a transition period between the traditional bilateral donor funding for individual agencies and the multi-donor multi-agency UNDG ITF funding – earmarked and unearmarked for Clusters or, in some instances, agencies. Many agencies, but not all, had bilateral funding in place for programmes and projects prior to the operationalization of and receipt of funds by the UNDG ITF.

While the IRFFI TOR recognizes that the UNDG ITF is not the exclusive mechanism for funding the operations of the UNCT, it was expected that it would be the major source of funding. Some agencies have not yet decided if they will seek funding for their operations in Iraq only through the UNDG ITF even though bilateral donors are well aware of the advantages of the UNDG ITF, the UNCT’s new way of doing business and the fact that Cluster and/or agency level earmarked funds can be smoothly contributed through the UNDG ITF. Continuing to pursue bilateral channels as well as the UNDG ITF (although it is open to all parties) does raise a number of complex issues of parallel programmes and projects with potential overlap and dilution of accountability.

Donors, Participating UN Organizations and the Iraqis need to make an assessment of the most appropriate way forward in terms of funding mechanisms, bearing in mind the pros and cons of each mechanism.

The Cluster Approach Is Central to UNDG ITF Success and It Is Important That It Function Well

The UNCT Clusters are crucial for the technical review of project proposals within the UNDG ITF system for project approval. The present cluster system has both strengths and shortcomings, which vary among Clusters. Recognizing this, the UNCT has already initiated an internal review of the existing structure with a view to possible streamlining. The upcoming lessons-learned and review exercise discussed in the next chapter will also look at the cluster set-up and business processes and provide recommendations on how best to structure the system as well as improve its effectiveness and its ability to add value. Recommendations coming from both the internal and external reviews will provide a strong basis for informed decision-making on the future of the cluster approach. It needs to be underlined at this stage, however, that the strong cooperation in Clusters is on a voluntary basis and, in many cases, cooperation goes well beyond that which might be readily known by the management and governing bodies of the various Participating UN Organizations.

Whatever the ideal cluster structure, in order to ensure effective project proposal review, it is particularly important for the UNDG ITF to ensure strong representation of focal points for cross-cutting themes within the Clusters. Security has been well covered by the Office of the UN Security Coordinator (UNSECOORD) and through having a security office in each agency, which has been important given the requirement that projects be implementable despite the difficult security situation. As for the other cross-cutting themes, which concern the integration of environmental and social safeguards, the situation is more complex. While a range of Cluster members have certain expertise in employment, gender, environment and human rights and indeed have internal procedures to ensure compliance on these issues, there is a certain merit to the UNDG ITF ensuring systematic independent review of these themes by dedicated focal points. This, however, raises cost issues that will need to be addressed.

During 2004, there was only one person each from the relevant, specialized agencies in Amman. It has proved impossible to date for these four focal points to attend all cluster meetings in addition to other meetings and carry out the normal work associated with their respective themes. Checklists have been provided in the cases of environment and gender and UNEP begun to review all project submissions to the UNDG ITF Steering Committee starting in September 2004. However, in order to ensure appropriate review of environmental and social concerns, this input would need to be more systematically provided and funded

What Should the Extent of the Cluster Approach Be?

While there has been general acceptance of the cluster approach in relation to joint planning and programming, Participating UN Organizations have yet to reach full agreement on the use of the cluster approach in project implementation.

Some Clusters already do work extremely closely together on implementation. In the Internally Displaced Persons and Refugees Cluster, UNHCR closely supervises or coordinates project implementation of other members of the Cluster; in the Education and Culture and the Water and Sanitation Clusters, UNICEF assists and coordinates the implementation of all projects; and in the Health Cluster, WHO has become the “clearing house” for health-related policy and operational issues of UN health projects. However, this is not the case across the board.

A number of agencies have raised concerns relating to the “diversion” of programme managers from core programme implementation tasks to Cluster management issues. Where the Cluster Task Manager is from an agency that in any case has a core mandate for coordination in the area, such as UNHCR for IDPs and Refugees or WHO for Health, this is not a major concern; in others, such as the Agriculture, Water Resources and Environment or the Governance and Civil Society Cluster, this is. As the UNDG organizations are working as a team in delivering the UN Assistance Strategy, this

should not be a major issue since UNDG guidelines provide for recognition of work for the UNCT in individual performance evaluations. Clearly, however, it will need to be addressed when considering staffing needs for the UNCT as a whole. If the Cluster Manager role in implementation is to be strengthened, this issue will become even more pressing.

Decisions on these questions will also have implications for the most appropriate additional quality assurance systems for the UNDG ITF discussed in the second chapter.

The Cluster Approach Facilitates Donor Relations and Reporting

The Clusters do facilitate the way in which donors and the UN work together, with a significant share of contributions being earmarked to the UNDG ITF at the cluster level. While recognizing the value of a multi-donor and multi-agency fund and the need for flexibility in adapting to beneficiary country needs, many donors still find it useful to earmark funds to broad areas of assistance such as those identified by the Clusters. As reflected in the present report, cluster-level reporting is also extremely helpful, providing a useful overview of progress in key areas. It often provides a more useful benchmark of impact than individual agency-level project reports. With this in mind, any future reconfiguration of clusters would need to be undertaken in consultation with donors.

Accountability and Transparency of a Multi-agency UN Trust Fund

(a) Monitoring, Evaluation and Audit

Monitoring and evaluation of approved projects are being undertaken in accordance with the provisions contained in the specific projects submitted by the concerned Participating UN Organization and approved by the Trust Fund Steering Committee, which are consistent with the respective regulations, rules and procedures of the Participating UN Organizations (MOU, Article V). Approved projects are also implemented by each Participating UN Organization in accordance with regulations, rules, directives and procedures applicable to it.

Nevertheless, there is a perception created by the very functioning of this multi-donor UNDG trust fund that there is a common “UNDG accountability”. This inference is a result of the common funding, planning and review that are carried out within the UNDG ITF Cluster and Steering Committee system. Since each Participating UN Organization assumes full financial accountability for the funds disbursed to it by UNDP as the UNDG ITF Administrative Agent and full programmatic accountability for project results, the perception of “UNDG accountability” would need to be addressed by the lessons-learned and review exercise.

Various measures for strengthened quality assurance have been explored and some have been implemented (see chapter 2, section 6). The launching of the strengthened independent review of the UNDG ITF as a whole is also an important response and is discussed in chapter 5, section 1.5.

(b) Transparency

Another lesson learned from the issues being raised by the Independent Inquiry Committee into the Oil-for-Food Programme is the importance of transparency. It is not sufficient merely to have transparent policies and procedures. They must be effectively communicated to stakeholders. For this reason, the UNDG ITF management has ensured that all documentation concerning the UNDG ITF, including its set-up, TOR and Rules of Procedure of the Steering Committee (and the Cluster approach), review procedures, details of projects financed, levels of project commitments and disbursements, and project implementation updates through publication of regular newsletters, is available to the public at www.irffi.org.

Specific pages on the IRFFI web site have also been created to promote transparency in UN procurement processes. All projects are issuing a general procurement notice and agencies are encouraged to publish requests for proposals and invitations to bid. All contract awards above \$20,000 are published on the web site, including details of the awardees and the procurement process used. The setting up of the procurement and contracts award page was difficult in the initial stages, necessitating agency gradual buy-in. However, with consensual agreement, the establishment of the pages has been adopted enthusiastically and is considered as a best practice. The transparent procedures used for the UNDG ITF are also likely to have an impact on the general procurement methods used by Participating UN Organizations in other contexts.

(c) Importance of Maintaining Independent Fiduciary Responsibility in a UN Multi-agency Fund

The Deputy Special Representative of the Secretary-General (DSRSG), who also is the UN Resident Coordinator, chairs the UNDG ITF Steering Committee, which is charged with leading and coordinating the overall management of the UNDG ITF and reviewing and approving projects and allocating resources. On the other hand, UNDP, as the Administrative Agent, through the Executive Coordinator of the UNDG ITF, has separate fiduciary responsibility for the management of the funds within the multi-donor, multi-agency UNDG ITF in order to ensure accountability and transparency.

Fiduciary responsibilities are normally considered to cover the following:

- Funds flow smoothly, adequately, regularly and, to the extent possible, predictably from donors to UN implementing agencies for project activities;
- Funds received by the Participating UN Organizations are utilized only for the purposes agreed and approved;
- Sufficient and accurate information on project activities, including usage of funds, flows smoothly and regularly among all stakeholders, particularly donors; and
- Accountability is stimulated through a strong flow of information among all layers of the UNDG ITF, particularly UN implementing agencies receiving the funds.

The Executive Coordinator fulfils this complementary but distinct role for the UNDG ITF vis-à-vis the DSRSG.

5.1.5. Upcoming Independent Lessons-Learned and Review Exercise of the UNDG ITF

Drawing lessons learned from the UNDG ITF operation through regular internal reviews and reflection is useful, but such internal reviews need to be complemented by independent external reviews from time to time.

Although not foreseen in the terms of reference of the IRFFI, the MOU between UNDP (as the UNDG ITF Administrative Agent) and the Participating UN Organizations stipulates that UNDP will commission “an independent annual lessons-learned and review exercise”. Following the initiative of UNDP, the UNDG ITF Steering Committee has agreed to the overall scope of the review exercise.

The specific objectives of the review exercise, which are still in the final stages of consultation with the Participating UN Organizations, is expected to cover the following:

- (a) Assessment of the efficiency and effectiveness, over the first year, of the organizational structure set up by the UNDG ITF in response to the IRFFI Terms of Reference and the MOU and Letters of Agreement (LOA) concluded by UNDP, as Administrative Agent, with the Participating UN Organizations and IRFFI donors, respectively;

- (b) Assessment of business processes relating to project review (regarding project design, implementation and monitoring mechanisms) and project approval;
- (c) Assessment of the appropriateness of approved project goals and implementation mechanisms in relation to Fund criteria for project approval;
- (d) Propriety of:
 - i. The financial transactions undertaken by UNDP as Administrative Agent of the UNDG ITF and their compliance with:
 - Provisions of the LOA signed between UNDP and donors, and
 - Provisions of the MOU signed between UNDP and UN Participating Organizations as well as the review and consolidation of financial reports;
 - ii. The compliance of Participating UN Organizations with the MOU signed with UNDP as Administrative Agent, particularly in regard to financial reporting; and
 - iii. The financial transactions and processes performed by Participating UN Organizations as they pertain to funds allocated by the UNDG ITF.

The review will be carried out in cooperation with UNCT project managers, Cluster Managers, the Government, and possibly donor representatives. UN offices in Amman, UNDP headquarters in New York, and headquarters of Participating UN Organizations will be visited as necessary as will a limited number of project sites in Iraq.

The expected deliverable from this review is a report setting out the conclusions reached as well as recommendations for improvements, if necessary. These conclusions and recommendations will be drawn as lessons learned during the first year of business and will be the basis for:

- (a) Further improving the efficiency and effectiveness in the management and financial administration of the trust fund and the projects/programmes it finances; and
- (b) Developing concise, practical guidelines for the setting up and operation of a multi-donor trust fund (MDTF) in countries facing similar reconstruction and development challenges.

The UNDP OAPR is leading and coordinating the review, which is to be carried out by an independent company specialized in management and finance. UNDP has requested expressions of interest (based on the above scope of work) from firms based in the Arab States region that are internationally recognized for their expertise in management and finance. Four companies have been short-listed and a request for proposals (RFP) has been drafted by OAPR. It is at present being circulated to Participating UN Organizations for their comments. The responses to the request will be evaluated by a panel of internal auditors chaired by UNDP, with one UN organization (UNESCO) representing UN specialized agencies and another (UNICEF) representing the UN Funds and Programmes. The plan is to have the review team on the ground by the end of June and a report finalized with management comments by the beginning of August 2005.

This review is regarded as an important part of due diligence. It also responds to the recommendations of the Volcker Independent Inquiry Committee into the Oil-for-Food Programme (IIC) report. In view of ongoing issues relating to the UN's previous operations in Iraq and the present security conditions in the country, which have necessitated the adoption of special implementation arrangements by UNCT, the scope as outlined above goes beyond the annual lessons-learned exercise specified in the

MOU between UNDP as Administrative Agent and Participating UN Organizations. The review is designed to address, at an early stage of the UNDG ITF, the issues of transparency, accountability and operational efficiency.

The expanded review exercise, which was not foreseen in the IRFFI TOR, will require additional funds. Since the costs of such external evaluation, according to UNDP rules and procedures, are charged to project budgets, UNDP is requesting the concurrence of the Donor Committee to charge the costs as direct costs to the UNDG ITF account.

5.2. Are There Potential Lessons in the UNDG ITF Model for the Wider Aid Architecture?

While awaiting the outcome of the independent lessons-learned and review exercise, based on the preliminary lessons learned to date, the UNDG ITF could offer the following possible contributions to the UN reform agenda, which is dedicated to increased aid effectiveness.

5.2.1. Possible Contribution to the Operationalization of UN Reform

The Secretary-General's reform package of 1997 to improve the efficiency and coordination of the UN led to the creation of an executive committee to provide better coordination in the humanitarian and development fields. In 2002 in the report and agenda for further change, the Secretary General set out further steps aimed more directly at improving work at the country level, particularly by strengthening the UN Resident Coordinator system. In the Secretary-General's report, "In larger freedom: towards development, security and human rights for all" (A/59/2005) regarding "System Coherence", the Secretary-General indicates that in the medium to long term, agencies, funds and programmes might even be grouped into more tightly managed entities dealing, respectively, with development, environment and humanitarian action. Furthermore, this regrouping might involve eliminating or merging those funds, programmes or agencies that have complementary or overlapping mandates and expertise. Meanwhile, actions are being taken immediately to further improve the coordination of the UN country presence as an "integrated United Nations Mission". This point had already been made by the Secretary-General to the Iraq UNCT in October 2003, and the functioning of the cluster system and the UNDG ITF illustrate the reality of the coordination of UN Funds, Programmes and Specialized Agencies in practice.

In the post-crisis situation of Iraq, the UN/World Bank Joint Needs Assessment replaced the requirement for a Common Country Assessment. The UN Assistance Strategy for Iraq used the UNDAF Results Matrix to frame the document in accordance with the harmonization and alignment agenda of UNDG. The Iraq programme follows closely the Guidance Note on Joint Programming finalized by UNDG on 19 December 2003. The present consolidated report represents the single report on the joint programme foreseen in the guidelines and, as indicated, serves to reduce transaction costs to donors, Participating UN Organizations and Iraqi counterparts, particularly the MoPDC.

The UNDG ITF, following the definitions of the UNDG Guidance Note on Joint Programming, is an example of what is called a "pass-through fund management" mechanism. Donors and Participating UN Organizations have agreed to channel funds through UNDP, which serves as Administrative Agent. A joint programme has been developed: the UN Assistance Strategy for Iraq. UNDP has signed MOUs with Participating UN Organizations and LOAs with donors. Funds received are recorded by UNDP in a separate UNDG ITF account. Following UNDG ITF Steering Committee decisions on projects, UNDP, as Administrative Agent, transfers funds to Participating UN Organizations. Programmatic and financial accountability rests fully with the Participating UN Organizations. Reporting formats have been harmonized: UNDG ITF project progress reports and financial reports

use the UNDG standard guidelines on donor reporting. The present report uses a common format to describe activities under each Cluster of the programme.

In many respects, however, the UNDG ITF has moved significantly beyond the “pass-through” mechanism foreseen in the Guidance Note, primarily in response to questions of accountability. Given the large size of the programme, the strategic importance of the UN’s role in the transition in Iraq (reflecting Security Council resolutions) and the potential risk factors for the UN, UNDP, as Administrative Agent, is of the view that management and operations best practices, beyond those envisaged for the “pass-through” mechanism, need to be followed. The annual review of the common work plan foreseen in the Guidance Note has therefore been strengthened to take the form of an independent lessons-learned and review exercise, as described in the previous section. Further measures are being taken to strengthen the UN-wide accountability and audit regime. Additional transparency on trust fund activities is already provided by a joint web site, www.irffi.org, as described in chapter 2, section 6. UNDP’s role in the submission of the consolidated report to donors (of which this document is the first official example in addition to the interim report submitted at the IRFFI Tokyo Donor Committee) moves beyond simply collating the standardized project progress reports submitted by each Participating UN Organization. Rather, UNDP has attempted to provide an overview of the impact of the Trust Fund as a whole and to consider general programme implementation issues and lessons learned. Similarly, in the submission of the consolidated financial report, UNDP’s role as Administrative Agent involves support work to the agencies and review and synthesis of their submissions and not mere collating of received financial reports.

The UNDG ITF also supports further reform proposals outlined in the Secretary-General’s report, “In larger freedom) (A/59/2005), and could in particular offer some potential pointers for the proposed activities of a Peacebuilding Commission. As indicated in the report, “In larger freedom”, roughly half of all countries that emerge from war lapse back into violence within five years. However, no part of the UN system effectively addresses the challenge of helping countries with the transition from war to lasting peace. The Secretary-General has therefore proposed the creation of an intergovernmental Peacebuilding Commission as well as a Peacebuilding Support Office within the United Nations Secretariat, which is obtaining broad support from Member States. As the report articulates:

“A Peacebuilding Commission could perform the following functions: in the immediate aftermath of war, improve United Nations planning for sustained recovery, focusing on early efforts to establish the necessary institutions; help to ensure predictable financing for early recovery activities, in part by providing an overview of assessed, voluntary and standing funding mechanisms; improve the coordination of the many post-conflict activities of the United Nations funds, programmes and agencies; provides a forum in which the United Nations, major bilateral donors, troop contributors, relevant regional actors and organizations, the international financial institutions and the national or transitional Government of the country concerned can share information about their respective post-conflict recovery strategies, in the interests of greater coherence; periodically review progress towards medium-term recovery goals; and extend the period of political attention to post-conflict recovery.”

The UNDG ITF and the IRFFI have already started to address a number of the important issues raised above and are expected to do more so in the years ahead.

The UNDG ITF has ensured funding to key priority activities in cases where UN agencies, perhaps working on a bilateral basis, would not have succeeded. It has ensured coherence between agencies on programming both through the adoption of the UN Assistance Strategy and the review of projects at the Cluster and Steering Committee levels. The IRFFI has served to provide coherence between the operations of the World Bank and the UN and the two institutions are strategically guided by a Donor Committee of major donors, which operates with the active participation of the Iraqi administration

and the International Monetary Fund. It has been through this coordinated approach that the World Bank and the UN have been able to assist the Iraqi authorities in drafting a National Development Strategy, which was presented to the Tokyo Donor Committee meeting in October 2004.

The UNDG ITF and the IRFFI present an interesting pilot model, albeit on a small scale, which the UN may wish to review in developing the proposal on the Peacebuilding Commission and Support Office. As more extensive lessons learned are drawn up from the upcoming independent lessons-learned and review exercise, the model will be further refined and updated.

5.2.2. Convergence of the UNDG ITF Model with the Aid Effectiveness Agenda Articulated in the 2 March 2005 Paris Declaration

The UNDG ITF is still at an early stage of operations and conclusive lessons learned cannot yet be drawn. However, the UNDG ITF operations already demonstrate a number of areas of convergence with the aid effectiveness agenda articulated in the Paris Declaration.

The UNDG Statement to the High-level Forum on Aid Effectiveness highlighted five distinct roles for the UN in the new aid architecture emerging from the Monterrey Consensus. The functioning of the UNDG ITF supports all five:

“1. To assist partner countries in developing their capacities to manage aid from an increasing number of sources.”

The UNDG ITF, acting in a crisis situation, has provided to the Government of Iraq the service of being a one-stop shop for all the Participating UN Organizations and donors contributing to the multi-donor multi-agency fund. The Iraq MoPDC need deal with only one interlocutor: the UNDG ITF. The UNDG ITF offers donors the opportunity to rationalize their activities and simplify their policies and procedures vis-à-vis Iraq. All the diverse reporting requirements vis-à-vis donors are handled by the UNDG ITF itself, placing no burden on the Iraqi authorities.

Recognizing that the increasing ownership of the Government of Iraq is vital, particularly as an elected administration takes over, the UNDG ITF operations from formulation to implementation are required to take this important issue into account. In addition, the UNDG ITF is funding a project that assists the MoPDC in its role as the primary coordinator of development cooperation. A donor assistance database is being established by UNDP, which will bring together information on all sources of donor assistance. Further assistance will be provided by the UN to the Government of Iraq to coordinate donor development assistance in Baghdad.

“2. To be a strong advocate for the Millennium Declaration and the integration of the MDGs in national development policies and strategies, such as poverty reduction strategies.”

The UNCT, through the Governance and Civil Society Cluster, has provided detailed commentary from a human development perspective on the Iraq National Development Strategy prepared in October 2004.

“3. To spearhead initiatives to scale up programmes to meet the MDGs especially at the local level and to support the provision of essential aid and services in post-conflict and other difficult situations.”

The UNDG ITF is precisely a model of how to provide essential aid and services in a post-conflict situation (see chapter 2 of the present report).

“4. To offer state-of-the-art and evidence-based policy advice.”

Under UNDG ITF-financed projects, a number of UN agencies are already providing significant policy advice to Iraqi authorities in areas ranging from education and health to IDPs and refugees. Further details are provided in chapters 2 and 3 of the present report.

“5. To act as a bridge and neutral convenor between government and civil society, between governments and development partners and between warring factions.”

The UNDG ITF funded a Civil Society Forums project under the Governance and Civil Society Cluster specifically facilitating the interaction between the government and civil society, while the IRFFI structure has facilitated the interaction between the Government of Iraq and development partners (donors, World Bank and the UN). The SRSB acts as a neutral convenor between the competing factions in Iraq.

UNDG believes that for countries in post-crisis and difficult situations, harmonization and alignment are particularly needed. In the last two years, the UN has worked to bring the humanitarian and development communities closer together by spearheading the development of some very innovative tools. Among these are the handbook, Post-Conflict Needs Assessment, developed jointly with the World Bank. It was the completion of the Joint UN/World Bank Needs Assessment in 2003, based on much of the material in this handbook that led directly to the setting up of the IRFFI and the UNDG ITF. The UNDG ITF model, bringing together all UN agencies undertaking reconstruction assistance to Iraq and covering both the humanitarian and development arms of the UNDG, is a further innovative tool.

The UNDG paper continues:

“Equally important has been the UN’s role in managing funds earmarked by the international community for post crisis operations ... the UN has proven to be an effective and efficient manager and coordinator of donor funds in cases where rapid disbursement was needed to support initial peace initiatives or rapid restoration of basic state services.”

The contents of the present report, including the rapid commitments and disbursements that are being demonstrated, illustrate that the UNDG ITF is a good example of the UN’s effective and efficient management and coordination of donor funds.

In the Paris commitments to Delivering effective aid in fragile states (paragraphs 37 to 39), donors make a commitment to:

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

The UNDG ITF functions on the basis of a unified UN Assistance Strategy approved by the Iraqi authorities and endorsed by the Donor Committee at its meeting in Abu Dhabi in February 2004. The structure of the IRFFI, with its Donor Committee providing strategic guidance to the activities of both the UNDG ITF and World Bank Iraq Trust Fund, serves to effectively coordinate donor activities.

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

The Facility Coordination Committee and IRFFI Donor Chair continually underlined the importance to Iraqi authorities of drawing up a development strategy and leading its own reconstruction and development. The UN Assistance Strategy for Iraq 2005-2007 is aligned with the Iraq National Development Strategy presented to the Tokyo IRFFI Donor Committee.

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

The UN in Iraq, for projects and programmes funded both by UNDG ITF and bilaterally, is avoiding, to the maximum extent possible, the creation of stand-alone structures for day-to-day management and implementation of projects and programmes and is instead using existing institutions and present officials of ministries (see chapter 2, section 2.3 on PIUs).

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 recurrent costs under reconstruction or development projects that it is supporting. Since all UNDG ITF projects are approved by the ISRB, on which the Ministry of Finance sits, it is hoped that the recurrent budget requirements of the UNDG ITF projects are taken into account and integrated into the national budget.

The UNDG ITF is a good example 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).

This first consolidated report of the UNDG ITF illustrates the harmonization of the UNDG approach in Iraq, aligned to the Iraq National Development Strategy, with clear indicators of achievement to date. The implementation forum in Paris challenged participants to have a clear strategy to respond to the issue of capacity. In the first year of operation of the UNDG ITF, all its Clusters have placed the greatest emphasis on capacity development of ministerial staff, national staff and NGOs in order to address the issue of weak governance and capacity.

6. Conclusions

The UNDG ITF demonstrated a notable implementation record in 2004, successfully assisting key Iraqi ministries, such as the MoPDC, to work with UNDG as one entity facilitating coordinated, collaborative joint programming. Procedures for fund management of this innovative multilateral mechanism were set up and refined and as of 31 December 2004, \$494 million for 48 projects had been transferred to UN implementing agencies, following vetting and approval by the Iraqi authorities and the UN. By 31 March 2005, the amount transferred increased to \$516 million for 53 projects.

Project expenditures for the 48 projects approved in 2004 surpassed \$120 million on 31 December 2004 and by 31 March 2005, commitment rates for these projects had reached \$281 million (57 per cent of approved funding) and \$153 million had been disbursed (31 per cent of approved funding). A number of innovative programme implementation mechanisms have been adopted to permit implementation in the difficult security situation.

The UNDG ITF projects have supported a broad range of capacity-development activities from technical training, to workshops, seminars, conferences and high-level meetings, all actively involving participants from ministries and various civil society organizations. The UN has also contributed to policy dialogue in technical areas, including the review of the Iraq National Development Strategy from a human development perspective and in areas directly impacting urgent services such as health policy.

Major strides were also made in delivering basic services. Successful national polio immunization, a major drop in the incidence of measles, mumps and rubella, delivery of essential learning materials to six million students, rehabilitation of electrical installations in hospitals, delivery of generators, and the rehabilitation of water treatment units were some of the key areas of support.

In December 2004, the Poverty Reduction and Human Development Cluster organized a major conference, “Jobs for the Future of Iraq”, in Amman with all key stakeholders to consider how to increase the employment creation aspect of reconstruction projects and programmes. Already a number of UNDG ITF projects are specifically geared to the creation of employment and include major employment-intensive rehabilitation operations, for example, schools and health care centres.

The success of the Support to Electoral Process cluster in delivering to the IECI policy advice, capacity development and logistics support, with \$87 million disbursed from \$108 million approved for six projects within a very tight deadline, is illustrative of the strengths of the UNDG ITF implementation record.

The UNDG ITF has undertaken a number of initiatives to optimize transparency and accountability, including the posting of extensive information on project review and approval procedures, procurement opportunities, contract award and project progress on the www.irffi.org web site and the commissioning of an independent review exercise to draw lessons learned.

While it too early to draw firm conclusions on the operations of the UNDG ITF, it already exemplifies the flexibility of the UNDG in adopting new ways of doing business as required by the Paris aid effectiveness agenda. Potentially, the UNDG ITF can serve as a model for the UN in fulfilling its reconstruction and development mandates in accordance with broader UN reform. The UNDG ITF model will therefore be continually refined and updated.

A further update on UNDG ITF implementation progress since 31 March 2005 will be provided at the upcoming IRFFI Donor Committee meeting.

7. Addendum

Further to the information contained in the UNDG ITF's First Six Month Progress Report for period ending 31 December 2004, the following Addendum has been prepared to reflect updates relating to financial information contained in the report. These changes/updates are a result of official agency end-year financial closings, which for some agencies took place end March/early April 2005, following the submission deadline of financial statements to the UNDG ITF.

1. *Reference made to Tables 11 and 12, Pg.44-455 & Annex 3, Pg.142*
Table A1 reflects UNOPS' revised certified expenditure statements for the following UNDG ITF funded projects:

Table A1. Updates of end December 2004 Expenditure, by Project

Project No.	Project Title	Agency	Approved Budget	Previously reported Expenditure	Revised Expenditure	
C8-01	Return & Reintegration of IDPs (N. Iraq)	UNOPS	9,741,315	3,681,336	3,664,820	37.6%
C9-03	Civil Society Forums	UNOPS	1,720,224	1,509,040	1,494,054	86.9%
C11-06	Provision of Electrical Support to Observer Groups in Iraqi Elections	UNOPS/EAD	4,542,300	130,149	95,306	2.1%
C11-08	Logistics Support to IECI	UNOPS/EAD	54,193,130	9,784	9,784	0.0%
TOTAL			70,196,969	5,330,309	5,263,964	7.5%

2. *Reference made to Table 1, Pg.32*
Following UNDP's end year financial closing, the final income interest earned at the "fund level" on donor contributions deposited into the UNDG ITF Account as of end December 2004 is \$2,156,141.88 as opposed to the previously reported figure of \$2,156,548.15 (difference of \$406.27).
3. Thirteen agencies⁶ have reported the interest earned on the unutilized portion of the funds transferred to them by the UNDG ITF (i.e. at the interest earned at the "agency level"). The total approved funding transferred to these agencies amounts to \$436.5 million and the total interest earned as of end December 2004 amounts to \$ 2.57 million.
4. *Reference made to Tables 11 and 12, Pg.44-45*
UNICEF's revised certified expenditure statement for project C1-06 reflects additional expenditure of \$3,793,444.22 under the category of Supplies and Commodities as opposed to the Transport category (as was previously reported). As such, the fund's cumulative expenditure incurred against Transport decreases to \$ 144,314 (0.1% of total programme expenditure) and cumulative expenditure incurred against Supplies and Commodities category increases to \$ 33,500,789 (29.4% of total programme expenditure).

⁶ ESCWA, FAO, ILO, UNDP, UNEP, UNESCO, UNFPA, UNHABITAT, UNHCR, UNIDO, UNIFEM, UNOPS, and WHO

Annexes

1. List of Participating UN Organizations⁷

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

⁷ The International Organization for Migration (IOM), although not a Participating UN Organization, is a member of the UNCT and it is also a member of the UNDG ITF Steering Committee and some UN Clusters.

2. List of Approved and Funded Projects, by Agency, with Date of Approval by the UNDG ITF Steering Committee and Date of Transfer of Funding as of 31 December 2004

Cluster Project No.	Project Title	Agency	Approved Budget (US\$)	Steering Committee Approval Date	UNDG ITF Transfer Date
ESCWA					
C1-10	Iraq Networking Academy Project	ESCWA	1,000,000	22-Jul-04	26-Aug-04
		TOTAL	1,000,000		
FAO					
C5-01	Drainage Conditions in Agricultural Areas	FAO	5,126,600	3-May-04	6-Jul-04
C5-02	Rehabilitation of Pumping Stations	FAO	13,508,544	3-May-04	6-Jul-04
C5-04	Community Irrigation Schemes	FAO	8,958,942	20-May-04	6-Jul-04
C5-08	Restoration of Veterinary Services in Iraq	FAO	5,000,000	8-Jul-04	7-Oct-04
C5-10	Restoration and Development of Essential Livestock Services in Iraq	FAO	3,000,000	8-Jul-04	21-Nov-04
		TOTAL	35,594,086		
ILO					
C10-02	International Employment Conference	ILO	321,000	22-Aug-04	1-Oct-04
		TOTAL	321,000		
UNDP					
C4-01	Emergency Power Supply	UNDP	11,999,140	3-May-04	10-Jul-04
C4-02	National Dispatch Centre	UNDP	11,947,978	3-May-04	10-Jul-04
C4-06	Dredging of Um Qasr Port Approach Channel	UNDP	24,742,359	20-May-04	10-Jul-04
C9-01	Support to Ministry of Planning and Development Cooperation (MoPDC)	UNDP	1,744,000	8-Jul-04	19-Aug-04
C4-07	Rehabilitation of Mosul Gas Power Station	UNDP	17,585,450	22-Jul-04	16-Aug-04
C4-08	Rehabilitation of Taji Gas Power Station	UNDP	25,891,860	22-Jul-04	16-Aug-04
C4-09	Rehabilitation of Hartha Power station	UNDP	17,789,018	22-Aug-04	26-Aug-04
C10-01	Iraqis rebuilding Iraq	UNDP	387,105	9-Oct-04	13-Oct-04
C4-10	Rehabilitation of Mussayib Power Station	UNDP	15,510,982	11-Nov-04	21-Dec-04
		TOTAL	127,597,892		
UNDP/EAD					
C11-02	Support to Electoral Process (Phase II)	UNDP/EAD	11,245,944	13-Sep-04	14-Sep-04
C11-03	Support to Elections (Phase III)	UNDP/EAD	34,501,257	23-Sep-04	28-Sep-04
C11-04	Technical Assistance to IECI	UNDP/EAD	3,042,545	25-Oct-04	27-Oct-04
		TOTAL	48,789,746		
UNEP					
C5-07	Strengthen Environmental Governance in Iraq through Assessment and Capacity-building	UNEP	4,700,000	8-Jul-04	3-Sep-04
C5-11	Support for EST Applications in the Iraqi Marshlands	UNEP	11,000,000	22-Jul-04	20-Sep-04
		TOTAL	15,700,000		
UNESCO					
C1-01	Vocational Education	UNESCO	2,758,274	3-May-04	8-Jul-04
C1-05	In-service Training for Teachers	UNESCO	2,346,400	10-May-04	8-Jul-04
C1-07	Protecting Iraqi Cultural Heritage	UNESCO	2,092,000	20-May-04	8-Jul-04
C1-08	Literacy and Life Skills Development	UNESCO	2,230,400	8-Jul-04	11-Aug-04
C5-12	Capacity-building of Water Institutions	UNESCO	3,275,550	22-Aug-04	17-Sep-04
C1-13	Educational Management Info. System	UNESCO	1,500,000	11-Nov-04	6-Dec-04
C11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	555,000	7-Dec-04	23-Dec-04
		TOTAL	14,757,624		
UNFPA					
C2-02	Emergency Obstetric Care	UNFPA	12,603,477	10-May-04	7-Jul-04
		TOTAL	12,603,477		

Cluster Project No.	Project Title	Agency	Approved Budget (US\$)	Steering Committee Approval Date	UNDG ITF Transfer Date
UNHABITAT					
C4-04	Strengthening Capacity of Housing Sector	UN-HABITAT	5,965,638	10-May-04	6-Jul-04
C1-09	Education Facilities Rehabilitation	UN-HABITAT	17,580,663	8-Jul-04	6-Aug-04
C4-11	Strength. Urban Sector through Bldg. Capacities in Municipal Plng. and Mgmt.	UN-HABITAT	2,550,216	13-Sep-04	22-Dec-04
C1-11	Rehabilitation of School Bldgs in Lower South Iraq	UN-HABITAT	5,270,152	11-Nov-04	22-Dec-04
		TOTAL	31,366,669		
UNHCR					
C8-02	Return and Re-integration of Iraqis and Others of Concern in Southern Iraq	UNHCR	7,126,200	8-Jul-04	9-Aug-04
		TOTAL	7,126,200		
UNICEF					
C1-06	Strengthening Primary and Intermediate Education	UNICEF	34,253,604	10-May-04	1-Jul-04
C3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	21,500,000	20-May-04	1-Jul-04
		TOTAL	55,753,604		
UNIDO					
C5-06	Promotion of Cottage Industries	UNIDO	5,013,000	20-May-04	4-Aug-04
C3-02	Rehabilitation of Chlorination Plant	UNIDO	3,000,000	22-Aug-04	28-Oct-04
C5-13	Rehabilitation of Dairy Plants	UNIDO	2,937,550	22-Aug-04	9-Dec-04
		TOTAL	10,950,550		
UNIFEM					
C9-04	Women Solidarity toward Active Participation in Elections	UNIFEM	1,904,616	9-Oct-04	18-Oct-04
		TOTAL	1,904,616		
UNOPS					
C8-01	Return and Reintegration of IDPs (N. Iraq)	UNOPS	9,741,315	20-May-04	23-Jul-04
C9-03	Civil Society Forums	UNOPS	1,720,224	22-Aug-04	24-Sep-04
		TOTAL	11,461,539		
UNOPS/EAD					
C11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS/EAD	4,542,300	7-Dec-04	23-Dec-04
C11-08	Logistics Support to IECI	UNOPS/EAD	54,193,130	23-Dec-04	27-Dec-04
		TOTAL	58,735,430		
WHO					
C2-03	Supporting Primary Health Care System	WHO	37,363,516	20-May-04	2-Jul-04
C2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	5,977,090	8-Jul-04	10-Aug-04
C2-05	Non-Communicable Diseases and Mental Health	WHO	11,000,000	22-Aug-04	20-Sep-04
C3-03	Water Quality Control and Surveillance	WHO	6,262,094	22-Aug-04	20-Sep-04
		TOTAL	60,602,700		
GRAND TOTAL APPROVED AND FUNDED PROJECTS			494,265,133		
Approved but Unfunded Projects as of 31 December 2004					
C5-08	Restoration of Veterinary Services in Iraq	FAO	5,565,843	8-Jul-04	NA
C5-10	Restoration and Development of Essential Livestock Services in Iraq	FAO	5,545,727	8-Jul-04	NA
C5-04	Community Irrigation Schemes	FAO	8,000,000	20-May-04	NA
C3-02	Rehabilitation of Chlorination Plant	UNIDO	4,016,330	22-Aug-04	NA
C1-12	Strengthening Primary and Intermediate Education (Phase II)	UNICEF	16,230,000	11-Nov-04	NA
C7-02	Explosive Ordnance Disposal (EOD) Capacity-building and Clearance	UNOPS	3,340,612	11-Nov-04	NA
C6-02	Development of Safety Nets and Food Security	WFP	9,194,839	11-Nov-04	NA
TOTAL APPROVED BUT UNFUNDED PROJECTS			51,893,351		

3. Project Expenditures, by Implementing Agency, July-December 2004

Cluster Project No.	Project Title	Agency	Approved Budget (US\$)	Total Expenditure (US\$)	Expenditure Rate (%)
ESCWA					
C1-10	Iraq Networking Academy Project	ESCWA	1,000,000	418,341	41.8
		TOTAL	1,000,000	418,341	41.8
FAO					
C5-01	Drainage Conditions in Agricultural Areas	FAO	5,126,600	130,008	2.5
C5-02	Rehabilitation of Pumping Stations	FAO	13,508,544	263,849	2.0
C5-04	Community Irrigation Schemes	FAO	8,958,942	5,996,397	66.9
C5-08	Restoration of Veterinary Services in Iraq	FAO	5,000,000	2,495,259	49.9
C5-10	Restoration and Development of Essential Livestock Services in Iraq	FAO	3,000,000	0	0.0
		TOTAL	35,594,086	8,885,513	25.0
ILO					
C10-02	International Employment Conference	ILO	321,000	84,306	26.3
		TOTAL	321,000	84,306	26.3
UNDP					
C4-01	Emergency Power Supply	UNDP	11,999,140	144,830	1.2
C4-02	National Dispatch Centre	UNDP	11,947,978	2,265,714	19.0
C4-06	Dredging of Um Qasr Port Approach Channel	UNDP	24,742,359	5,581,169	22.6
C9-01	Support to Ministry of Planning and Development Cooperation (MoPDC)	UNDP	1,744,000	196,673	11.3
C4-07	Rehabilitation of Mosul Gas Power Station	UNDP	17,585,450	178,962	1.0
C4-08	Rehabilitation of Taji Gas Power Station	UNDP	25,891,860	233,641	0.9
C4-09	Rehabilitation of Hartha Power station	UNDP	17,789,018	3,449,772	19.4
C10-01	Iraqis rebuilding Iraq	UNDP	387,105	316,350	81.7
C4-10	Rehabilitation of Mussayib Power Station	UNDP	15,510,982	0	0.0
		TOTAL	127,597,892	12,367,111	9.7
UNDP/EAD					
C11-02	Support to Electoral Process (Phase II)	UNDP/EAD	11,245,944	11,161,791	99.3
C11-03	Support to Elections (Phase III)	UNDP/EAD	34,501,257	28,514,979	82.6
C11-04	Technical Assistance to IECI	UNDP/EAD	3,042,545	755,384	24.8
		TOTAL	48,789,746	40,432,154	82.9
UNEP					
C5-07	Strengthen Environmental Governance in Iraq through Assessment and Capacity-building	UNEP	4,700,000	646,459	13.8
C5-11	Support for EST Applications in the Iraqi Marshlands	UNEP	11,000,000	480,755	4.4
		TOTAL	15,700,000	1,127,214	7.2
UNESCO					
C1-01	Vocational Education	UNESCO	2,758,274	2,703,848	98.0
C1-05	In-service Training for Teachers	UNESCO	2,346,400	1,118,710	47.7
C1-07	Protecting Iraqi Cultural Heritage	UNESCO	2,092,000	1,530,975	73.2
C1-08	Literacy and Life Skills Development	UNESCO	2,230,400	74,041	3.3
C5-12	Capacity-building of Water Institutions	UNESCO	3,275,550	354,862	10.8
C1-13	Educational Management Info. System	UNESCO	1,500,000	37,853	2.5
C11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	555,000	0	0.0
		TOTAL	14,757,624	5,820,289	39.4

Cluster Project No.	Project Title	Agency	Approved Budget (US\$)	Total Expenditure (US\$)	Expenditure Rate (%)
UNFPA					
C2-02	Emergency Obstetric Care	UNFPA	12,603,477	2,707,770	21.5
		TOTAL	12,603,477	2,707,770	21.5
UNHABITAT					
C4-04	Strengthening Capacity of Housing Sector	UN-HABITAT	5,965,638	779,000	13.1
C1-09	Education Facilities Rehabilitation	UN-HABITAT	17,580,663	1,018,653	5.8
C4-11	Strength. Urban Sector through Bldg. Capacities in Municipal Plng. and Mgmt.	UN-HABITAT	2,550,216	117,133	4.6
C1-11	Rehabilitation of School Bldgs in Lower South Iraq	UN-HABITAT	5,270,152	178,082	3.4
		TOTAL	31,366,669	2,092,868	6.7
UNHCR					
C8-02	Return and Re-integration of Iraqis and Others of Concern in Southern Iraq	UNHCR	7,126,200	5,224,562	73.3
		TOTAL	7,126,200	5,224,562	73.3
UNICEF					
C1-06	Strengthening Primary and Intermediate Education	UNICEF	34,253,604	22,294,437	65.1
C3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	21,500,000	720,000	3.3
		TOTAL	55,753,604	23,014,437	41.3
UNIDO					
C5-06	Promotion of Cottage Industries	UNIDO	5,013,000	22,111	0.4
C3-02	Rehabilitation of Chlorination Plant	UNIDO	3,000,000	44,143	1.5
C5-13	Rehabilitation of Dairy Plants	UNIDO	2,937,550	0	0.0
		TOTAL	10,950,550	66,254	0.6
UNIFEM					
C9-04	Women Solidarity toward Active Participation in Elections	UNIFEM	1,904,616	715,747	37.6
		TOTAL	1,904,616	715,747	37.6
UNOPS					
C8-01	Return and Reintegration of IDPs (N. Iraq)	UNOPS	9,741,315	3,681,336	37.8
C9-03	Civil Society Forums	UNOPS	1,720,224	1,509,040	87.7
		TOTAL	11,461,539	5,190,376	45.3
UNOPS/EAD					
C11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS/EAD	4,542,300	130,149	2.9
C11-08	Logistics Support to IECI	UNOPS/EAD	54,193,130	9,784	0.0
		TOTAL	58,735,430	139,933	0.2
WHO					
C2-03	Supporting Primary Health Care System	WHO	37,363,516	9,938,163	26.6
C2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	5,977,090	1,373,509	23.0
C2-05	Non-Communicable Diseases and Mental Health	WHO	11,000,000	124,299	1.1
C3-03	Water Quality Control and Surveillance	WHO	6,262,094	341,429	5.5
		TOTAL	60,602,700	11,777,400	19.4
GRAND TOTAL			494,265,133	120,064,275	24.3