

State of Play

January 2010

Introduction

For several years the European Commission (EC) has closely monitored the situation of Iraq's refugees and internally displaced people (IDPs). The significant displacement that has taken place in recent years has put considerable strain on service provision and host communities, both inside and outside Iraq.

The Commission has therefore given a high priority to ensuring that displaced Iraqis have access to basic needs and services, such as food, clean water, shelter, education and healthcare. The **'feature article'** of this State of Play gives an overview of **EC efforts to assist displaced Iraqis** (*see point 1*).

The **EU 2009 Assistance Programme for Iraq** financed under the Development Cooperation Instrument (DCI) was approved in December last and this edition of the State of Play presents that **Programme** (*see point 2*).

This State of Play also includes an **update on the International Reconstruction Fund Facility for Iraq (IRFFI)**, the multi-donor trust fund through which most EC reconstruction assistance was channelled in the period 2003-2007, and which is now being phased out (*see point 3*).

In November 2009 the European Union and Iraq completed negotiations on a **Partnership and Cooperation Agreement** (*see point 4*).

In addition to the specific financial envelope under the Development Cooperation Instrument, Iraq has also access to **other EU funding instruments**. These include the European Instrument for Democracy and Human Rights (EIDHR) and the thematic programmes under the DCI regulation (*see point 5*).

Finally, this State of Play provides a concise **overview of EC assistance for the period 2003-2009** (*see point 6*).

aid, amounts to a total of over €170 million since 2003.

Recent UNHCR figures¹ suggest that there are now about 1.5 million IDPs in Iraq (only displacements after 2006 are included in this figure).

Most of Iraq's refugees have fled to neighbouring countries. Although exact numbers are difficult to determine, the current population of registered Iraqi refugees in Syria stands at over 200,000 with close to 50,000 in Jordan. The situation of many of the refugees remains precarious, with several cases of homelessness, child labour, early marriage and survival sex workers.

In the period from January to November 2009, UNHCR has identified a total of 189,780 returns, out of which 154,930 were IDP returns and 34,850 were refugee returns.



English lessons for Iraqi refugees at Ibrahim Khalil Church in Masaken Barzeh Damascus, Syria, supported by UNHCR. (UNHCR / J. Wreford / January 2007)

Already in 2006 the EC allocated €10 million to the International Reconstruction Fund Facility for Iraq (IRFFI) in support of displaced people within Iraq. The EC contribution was co-mingled with other donor funds within the Protection Sector of the UNDG ITF (UN arm of the IRFFI, *see point 5*).

The projects are improving infrastructure for, and services to, displaced people and urban and rural communities affected by displacement. The projects have also contributed to a Revision of Iraq's 1971

1. EC assistance to refugees, IDPs and returnees

Specific EC support to Iraq's refugees, returnees and IDPs, including both humanitarian and development

¹ UNHCR Iraq September 2009 Factsheet

Refugee Act, and the elaboration of a draft National Policy on Displaced Persons.

In a further effort to support the return and reintegration of returnees and IDPs within Iraq, the Commission 2008 Assistance Programme included a €6 million programme, currently being implemented by UNHCR. The programme focuses on the provision of safe and adequate minimum standard of accommodation and community services to vulnerable returnees and IDP families. IDPs and returnees also have access to the services provided by Protection and Assistance Centres (PACs) and mobile teams. In Basrah and Erbil almost 30,000 returnees and IDPs have benefited from these services.

Implementation of this project is underway since January 2009 and the rehabilitation of over 1,300 shelters is now completed. In order to increase the availability of safe drinking water, seven water projects are currently being implemented.



UNHCR staff register Iraqi refugees at the Douma registration centre located on the outskirts of Damascus, Syria. Registering with UNHCR ensure that the most vulnerable refugees receive aid. (UNHCR / B. Heger / August 2007)

The EC has also allocated significant targeted **support for Iraqi refugees in Syria and Jordan**. The focus of this support has been the provision of basic services. The large influx of refugees in Syria and Jordan has placed a considerable strain on the economy and infrastructure of these neighbouring countries. This support is mainly channelled through the existing public state systems, in an effort to strengthen existing structures in the host countries and to create synergies between the various interventions.

In *Syria* the education sector is the main target. Current projects include one (€10 million) which supports the Syrian public authorities in coping with the financial and physical strain caused in the

education sector by the large influx of Iraqi refugees. The programme helps the Government in facing the increased salary cost of education staff in schools with a high concentration of Iraqi children.

Another programme (€4 million), implemented by UNICEF, contributes to the absorption capacity of the school system and to the maintenance of the quality of education for children in Syria. This project reaches about 30,000 students in both primary and secondary schools in six governorates throughout Syria which have faced a high inflow of Iraqi refugees.

One programme (€9 million) centres on assisting the Syrian Government in providing Iraqi refugees with improved access to medical health care.

Focusing specifically on the waste sector in Syria and, in particular, solid waste and medical waste management, the implementation of a €10 million programme is expected to get underway shortly. It will provide critical equipment and support to improve waste management services in response to the rapidly increasing demand in areas where there is a high concentration of Iraqi refugees.

In *Jordan*, a €26.68 million programme was launched in 2007 in support of the education sector. This programme seeks to consolidate the performance and quality of education services and develop an improved physical and learning environment, while ensuring the increased enrolment of Iraqi children.

Finally, also in Jordan, a €12 million programme to be implemented by the country's Water Authority is due to start shortly. The programme focuses on assisting Jordanian authorities in managing scarce water resources and reducing losses in the water distribution network in the area of Zarqa, where there is a large concentration of Iraqi refugees.

2. Assistance Programme for Iraq 2009

The 2009 Assistance Programme for Iraq was approved by the Commission in December last. The programme is an integral part of the two-year integrated assistance package for Iraq for the period 2009-2010 set out in the July edition of the State of Play. The two-year package centres on capacity building in the area of 'Good Governance' and the delivery of 'Basic Services'.



Iraq has a rich and diverse resource base, and the efficient utilisation of these resources can lay the foundation for sustainable growth. However, access of the population to basic services is presently very limited. Through the provision of capacity building assistance, the EU will endeavour to help Iraq mobilise its own resources more efficiently in order to improve the welfare of the Iraqi people and to rebuild the country's infrastructure.

The 2009 programme confirms the gradual evolution to a bilateral approach reflecting also the increasing capacity for dialogue and leadership of the GoI in the reconstruction efforts. The improving security situation allows also for more direct modes of implementation.

The 2009 assistance package was developed in close collaboration with Iraq's authorities and following extensive consultations with other donors and NGOs. It has four components for a total of **€42 million**.

The two main components of the 2009 programme centre on the education sector. Development of the education system has been severely hampered in recent decades by the political and security situation, lack of resources and emigration of teachers. Numerous challenges need to be overcome, including the rehabilitation of the infrastructure, the poor quality of education and overcrowding in schools.

Component 1: Improved access to basic education in Iraq – This is the largest component, with a budget of €18 million, and it aims at increasing the capacity of the Government in the education sector with a view to providing technical support at the national, governorate, and local levels.

Component 2: Support to improving the quality of education in Iraq with a focus on Technical and Vocational Education and Training (TVET) – This component has a budget of €9 million and targets quality in schools and in the TVET sectors. It will build the capacity of Iraqi TVET institutions, in order to develop their autonomy and their flexibility, so that they can meet the dynamic needs of local communities and the industry. Institutions need to be strengthened, curricula modernised and the capacity of staff enhanced so that the sector can better meet the needs of the Iraq economy.

Component 3: Technological Capacity Building Support to the Independent High Electoral Commission of Iraq (IHEC) - Given the many political developments in Iraq, much remains to be

done in the field of elections. With an envelope of €8 million, this component aims to ensure that Iraqi electoral processes are conducted openly and transparently through a targeted support to the national institution in charge of the organisation of elections.

Component 4: Capacity Building for the Independent Human Rights Commission (IHRC)

- With an allocation of €6 million, this component will support the newly established IHRC. The IHRC must play a key role in improving the human rights record of Iraq.

This programme will take into account cross-cutting issues such as gender equality, human rights, child protection and vulnerable groups such as displaced Iraqis, their host communities and ethnic and religious minorities.

3. Phasing out of the IRFFI mechanism

At the 7th and 8th IRFFI Donor committee meetings in July 2008 and February 2009, donors agreed a cut-off date for further contributions to the IRFFI by mid-2009. The deadline for approval of new IRFFI projects is June 30th 2010.

Latest figures from the end of September 2009 show that total donor deposits stood at US \$1 853.53 million. The EC was the largest contributor of the 25 donors to the IRFFI, with an amount of €605m or US \$772m (US \$592m to the UNDG ITF and \$180m to the WB ITF).

The 9th IRFFI Donor Committee meeting took place in Baghdad, on November 8th 2009. In the context of the phasing out of the IRFFI, one of the points for discussion related to the evaluation of the programmes and the need for a result-oriented review of IRFFI projects. Donors expressed their support for an Independent Lessons Learned Exercise to be undertaken between January and June 2010. The objective of the exercise is to focus on the results of the IRFFI and to provide a full assessment with regard to the extent to which the IRFFI was able to deliver effective and sustainable results through the Trust Fund Mechanism.

More information can be found in the IRFFI website at: <http://www.irffi.org>.

4. EU and Iraq complete negotiations on Partnership and Cooperation Agreement (PCA)

Negotiators from the EU and Iraq successfully completed talks on the text of a Partnership and Cooperation Agreement in November 2009. This landmark achievement paves the way for the signature of what will be the first ever contractual agreement between the EU and Iraq. The deal will establish a comprehensive platform for enhancing ties and cooperation in a wide range of areas: from political matters such as countering terrorism and promoting human rights, to boosting trade and investment in key areas such as energy and services.

The signature of the agreement is foreseen to take place during 2010.

5. Support through Thematic Operations

In addition to the DCI (Development Cooperation Instrument) country-specific envelope for co-operation activities with Iraq, the EU uses other instruments to fund activities in the country. These include thematic programmes such as 'Investing in people' (IiP), 'Non-State Actors and Local Authorities in development' (NSA-LA) and the European Instrument for Democracy and Human Rights (EIDHR).

In 2008 the EC signed a contract for the implementation of one project, selected for funding under the EIDHR, and implementation of this project is now underway. The project seeks to build the capacity of Iraqi civil society organisations and improve the awareness of, and enhance respect for, human rights.

In 2009, two further EIDHR-funded projects were agreed. Both of these projects will support the development of the media sector in Iraq and their implementation is now underway.

More information on these funding instruments is available at the following address:
http://ec.europa.eu/europeaid/what/delivering-aid/funding-instruments/index_en.htm

Regular Calls for Proposals are published on DG EuropeAid's website, and after a selection procedure, grants are awarded to fund successful proposals. Non-governmental organisations seeking to implement projects in Iraq should monitor DG EuropeAid's website where all Calls for Proposals

are announced. More information on these Calls for Proposals is available at the following website:
http://ec.europa.eu/europeaid/work/funding/index_en.htm

6. Overview of EC support during the years 2003-2009

EC support to Iraq from 2003 to the end of 2009 amounted to over €995 million. This includes reconstruction support, amounting to €827 million, and humanitarian assistance, amounting to €168 million. All assistance was given in the form of grants:

EC support to Iraq

	AIDCO	RELEX	Total	ECHO	Total
2003	34.0	8.0	42.0	100.0	142.0
2004	162.5	14.0	176.5	-	176.5
2005	200.0	-	200.0	-	200.0
2006	200.0	-	200.0	-	200.0
2007	89.7	3.0	92.7	17.8	110.5
2008	72.6	1.5	74.1	30.0	104.1
2009	42.0	-	42.0	20.0	62.0
Total	800.8	26.5	827.3	167.8	995.1

**All figures in € million.*

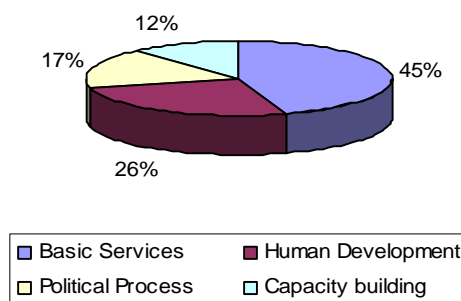
AIDCO: EuropeAid Cooperation Office

RELEX: External Relations Directorate-General

ECHO: Humanitarian Aid Directorate-General

The pie chart shown below illustrates the main categories into which EC reconstruction support is divided. In line with the main objective of EC aid to Iraq, almost half of the aid has been allocated to the development of basic services and almost one quarter has been used in Human Development sectors. The balance has been attributed to electoral support and institutional capacity building.

EC Aid Distribution by Main Category



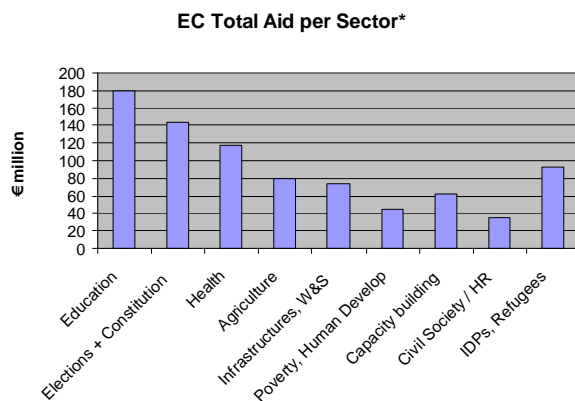


Basic Services: Education, Health, Infrastructure, Water & Sanitation.

Human Development: Agriculture, Rural Development, Poverty Reduction, Land Mine Action, Durable Solutions for Refugees.

Political Process: Elections, Constitutional Process.

Capacity Building: Civil Society, Human Rights, Trade & Customs, Technical Assistance, Justice & Rule of Law.



* excluding Humanitarian Aid, managed by ECHO.

To enhance aid effectiveness, sustainability and Iraqi ownership, EC assistance to Iraq is in line with the objectives of the International Compact with Iraq and the Iraqi National Development Strategy.

From 2004-2007 EC support was principally channelled through the IRFFI – the International Reconstruction Fund Facility for Iraq, a multilateral mechanism established in 2004. The IRFFI consists of two distinct trust funds, working independently but in a coordinated way: the undg ITF and the WB ITF.

Channelling funds through the IRFFI has had considerable advantages in a period where reconstruction work in Iraq was extremely difficult. It has allowed the International Community to combine their efforts through a common strategy and action channel. Working through the IRFFI has also enabled the EC to acquire knowledge which is invaluable for future EC activities in Iraq.

An example of an important EC-funded programme, implemented via the WB ITF, focuses on Public Finance Management Reform and Banking Restructuring. Implementation of this programme is now underway after a careful preparation period. This ambitious programme is expected to substantially reform the financial processes of the Government and the public banking system in Iraq,

both continuing to work under a very centralised set-up, inherited from the previous regime. The programme received €20 million funding from the Commission for a foreseen duration of three years, and is being implemented by the World Bank in close partnership with the Iraqi Ministry of Finance and the Central Bank.

From 2008 onwards, the approach of channelling funds via the IRFFI Multi-Donor Trust Fund is progressively being replaced by bilateral actions, in recognition of the increasing capacity for dialogue and leadership of the Iraqi Government in the administration of the reconstruction efforts. Examples of this new approach are given in the recently approved 2009 assistance programme (see point 2 above).

In addition to the multilateral aid channelled through the IRFFI, a number of EC-funded actions with UN agencies have been undertaken to-date. These include among others:

Human Rights - €2.6 million: In 2005 a project was agreed with UNDP and UNOPS providing critical support, including training, to civil society development in Iraq in the field of Human Rights. The project supported a network of civil society organisations working in the monitoring of the conditions of detention in prisons, and provided funding for the rehabilitation of victims of torture. The project is now completed and its valuable work is being followed up as a component of the 2007 Rule of Law programme described below.

Rule of Law: In 2007 the EC provided funding for a €14 million Rule of Law and Justice programme to be implemented by UNDP and UNOPS. Strengthening the rule of law is a priority for the Government of Iraq and central to creating conditions for national reconciliation and reconstruction. The programme provides technical assistance to several institutions of the highest importance to the rule of law sector. The programme also seeks to improve the administrative procedures in a few chosen Model Courts, for later application to the other courts in the country. It also contributes to the development of the different Civil Society Organisations active in the field of human rights, particularly targeting physical and psychological rehabilitation of torture victims and the development of a prison monitoring network.

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**Channelling of EC funds**

	Reconstruction aid (managed by AIDCO & RELEX)						Humanitarian aid (managed by ECHO)		Total
	UNDG ITF		WB ITF		Bilateral		Bilateral		
Year	€M	%	€M	%	€M	%	€M	%	€M
2003	39,0	27%	3,0	2%		0%	100,0	70%	142,0
2004	95,0	54%	80,0	45%	1,5	1%		0%	176,5
2005	154,1	77%	40,0	20%	5,9	3%		0%	200,0
2006	187,5	94%		0%	12,5	6%		0%	200,0
2007	20,0	18%	20,0	18%	52,7	48%	17,8	16%	110,5
2008		0%		0%	74,1	79%	30,0	21%	104,1
2009		0%		0%	42,0	68%	20,0	32%	62,0
Total	495,6		143,0		188,7		167,8		995,1

Figures in € millions

UNDG ITF: United Nations Development Group Iraq Trust Fund

WB ITF: World Bank Iraq Trust Fund

You can find more information on the EC support to Iraq in our website:

http://ec.europa.eu/europeaid/where/gulf-region/country-cooperation/iraq/iraq_en.htm