



State of Play April 2009

Introduction

European Commission (EC) assistance to Iraq has progressively adapted, in line European Parliament (EP) recommendations, to the changing conditions in the country. The Commission is therefore shifting its interventions from contributions through the multi-donor trust fund established in 2004, to agreements with UN agencies, and gradually to bilateral agreements between the EC and the Government of Iraq (GoI). Indeed, in March 2009, the first direct bilateral agreement with the GoI was signed (*see point 5*). In terms of volume, EC assistance has decreased slightly in 2008 as compared to 2007.

As the GoI's most important need is in the area of capacity development for the correct and efficient management of Iraq's abundant financial resources, EC assistance will increasingly focus on this specific area (*see point 3*). In the meantime, IRFFI (International Reconstruction Fund Facility for Iraq) operations will be gradually phased out. As the International Community reflects on the evolving co-operation with Iraq, the IRFFI Donor Committee met in Naples in February 2009. This State of Play includes a short review of the main results of that meeting (*see point 2*).

The feature article of this State of Play is a presentation of the support delivered by the EC to the electoral process in Iraq (*see point 1*). As part of the Commission's efforts to enhance democracy in Iraq, significant EC assistance has been provided to election-related activities.

Finally, the State of Play provides an overview of EC assistance to Iraq since 2003 which, in light of the Commission Decision of 9 December 2009 on the 2008 Assistance Programme, amounts to €33 million (*see point 6*).

1. EC Support to the Electoral Process

Since 2004, support for the electoral process in Iraq has been a key focus for the Commission. The provincial elections, which took place in January 2009 in 14 of the 18 Governorates in Iraq, marked the start of an important cycle of elections and

referenda due to take place in Iraq during 2009 and early 2010.

The Commission has supported the electoral process in Iraq with a total amount of €3.8 million since 2004. Most of this was implemented through the UN arm of the IRFFI. The Commission's contribution was pooled with other donors' funds for the implementation of projects to support the GoI in ensuring that electoral operations are transparent and cost efficient. Assistance was also provided to the Independent High Electoral Commission (IHEC)¹ with a view to meeting international standards and best practices. Increasing education and awareness of election-related matters among the Iraqi electorate by working closely with civil society was also an important activity.

Support to the IHEC has been of significant value in building democracy in Iraq, given the crucial role played by the IHEC in ensuring the smooth functioning of elections and referenda and maximising voter participation.

EC funding in support of the electoral process, implemented via the IRFFI, led to enhanced technical capacity of the IHEC and its predecessor, the IECI (see footnote), notably in the 2004-2005 electoral operations. The EC provided important logistical and administrative expertise and material support to the IECI and UNAMI (UN Assistance Mission for Iraq), to make sure the 2005 elections were properly organised. This included support for the voter registration process in three electoral events in 2005, amongst other, support with procurement, logistics, security, electoral expertise and communications. Considerable efforts were also made to improve the

¹ The Independent High Electoral Commission (IHEC) is independent from the Government and subject to the oversight of the Iraqi Council of Representatives (CoR). The IHEC has exclusive responsibility for the organisation, implementation and supervision of the voter registration update and all upcoming elections and referenda. The IHEC was appointed in April 2007 to replace the Independent Electoral Commission of Iraq (IECI), the transitional election body responsible for conducting the 2004 and 2005 Iraq election events.



capacity at the institutional and staff member level, including through capacity-building training courses in a number of priority areas.

With regard to voters, support has led to increased knowledge and understanding of electoral systems among the Iraqi electorate, through a series of successful workshops and outreach campaigns with the assistance of civil society and the media. The Commission's contribution has also resulted in increased public participation in elections and enhanced capacity of electoral observer groups for the successful observation of electoral events.

A sizeable number of projects are making a considerable positive difference to the electoral process in Iraq, as illustrated by the following examples.

One project that sought to empower women and youth in the Iraqi electoral process, led to the training of 69 non-governmental organisations (NGOs)/civil society organisations (CSOs). These organisations in turn worked to promote, and increase, the participation and presence of women and youth in the Iraqi political process. These efforts sought to increase their free and open participation in the electoral process, and assist young men and women devise and lead 'advocacy strategies' to improve their position in the Iraq electoral process. Among other, the project resulted in the launch of a publicity campaign to promote the concept of gender balance in the electoral process, the drafting and distribution of an advisory guide on more effective participation in the electoral process for women and youth, and the training of 23 representatives in public outreach and preparation of advocacy strategies. 207 awareness sessions were organised for the public, attended by some 6,210 people who were informed of relevant major issues and encouraged to take part in the electoral process.

Another project contributed to an enhanced implementation of electoral processes in Iraq through the provision of electoral observation and media monitoring, training, and support to electoral observers.

Finally, another project focused specifically on the media, aimed at promoting professional election reporting through advocacy campaigns and the publication of an election guide, as well as at raising awareness to enhance access to public information and supporting efforts to promote safety of journalists. Three workshops were held on safety

training for journalists and 3000 copies of a media and elections handbook were translated, printed and distributed. A series of workshops were held for journalists and senior editors on analysis of election, democracy and role of the media. Key publications related to elections and principles of access to information and professional press freedom issues were translated into Arabic.

In addition to this substantial financial support, ahead of the provincial elections in 14 Iraqi Governorates earlier this year, the Commission made available expertise to support the IHEC in the coordination of election monitors and to act as a focal point for international observers. Two further experts were mobilised for one month of work in Baghdad, to monitor the provincial elections process. These experts provided strategic analysis and reporting on the ongoing electoral processes during, and after, the elections.

All of these efforts made a significant positive impact on the provincial elections of January 2009, in which over 14,000 candidates, of which almost 4,000 women, contested 444 seats.

2. IRFFI Donor Committee Meeting

The Eighth IRFFI Donor Committee Meeting took place in Naples in February 2009.

The donors welcomed the UNDG Iraq Trust Fund (UNDG ITF) and the World Bank Iraq Trust Fund (WB ITF) progress reports. The UNDG ITF total gross deposits currently (as of 31 December 2008) amount to US\$1.33 billion, with US\$1.22 billion approved and transferred for a total of 159 projects and joint programmes. Also as of 31 December 2008, the donors had deposited US\$ 494 million to the WB ITF. This Fund has financed 18 projects for US\$ 481.6 million, of which over 78% has been contracted and 45% disbursed on project expenditures.

The donor community expressed its appreciation for the finalisation of the IRFFI Multi-Donor Stocktaking Review conducted by Scanteam, Norway. This report provides an independent assessment of the appropriateness, efficiency and effectiveness of 17 projects of the IRFFI portfolio (4 projects from WB ITF and 13 from UNDG ITF). Scanteam's overall analysis concludes that the



IRFFI has made a positive contribution to recovery in Iraq. The report found that, despite the difficult security situation and poor field conditions, significant tangible results were achieved, contributing to improvement in the lives of the beneficiaries. Furthermore, the Multi-donor Trust Fund (MDTF) mechanism was found to offer a high level of transparency, accountability with a positive impact on the management of the risks of corruption.

The Donor Committee believes the lessons learned from the review should be applied to strengthening UN and World Bank coordination and donor oversight during the implementation of remaining IRFFI activities, and to future MDTFs. Several donors underlined the necessity of having independent audits and evaluations of all individual projects financed under IRFFI. The GoI and the donors agreed to maintain a system for coordinated programming aligning to the principles of the Paris Declaration.

Donors agreed the procedures for the closure of IRFFI which sets out cut-off dates for donors' contributions to the two Iraq Trust Funds: 31 December 2008 for WB ITF and 30 June 2009 for UNDG ITF. The WB and the UN agreed that no new projects would be approved beyond 31 December 2009. The donors agreed that the WB ITF will terminate on 31 December 2013, before which time all projects would be completed. The donors also agreed with the UNDG ITF proposal not to enter into any further contractual commitments after 31 December 2010.

Denmark was been appointed as the new Chair of the IRFFI Donor Committee.

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3. EC Assistance for Iraq - 2009-2010 Programme

The Commission intends to define a two-year assistance programme for the period 2009-2010. For the period 2011-2013 a Country Strategy Paper will be prepared in accordance with established procedures. This illustrates the Commission's wish to position co-operation with Iraq on a regular track, based on a multi-annual strategy. The Commission is currently finalising plans for the 2009-2010 Programme which will then go through the formal decision-making process, requiring a positive

opinion of the EU Member States and consultation with the European Parliament before the final Commission Decision can be taken.

In line with EP recommendations, the 2009-2010 programme will focus on capacity building, based on the assumption that the GoI has now sufficient financial resources for infrastructure development and other needs. Parallel or co-financing by the GoI will thus be a positive factor for the success of the Commission's interventions.

Key priorities for the Commission's assistance in 2009 and 2010 will be Good Governance and support to the provision of basic services. Support to the development of civil society in Iraq is equally considered.

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4. Humanitarian Assistance for Iraq in 2009

On May 15th the Commission announced a new EC decision for €20 million in support of humanitarian relief for Iraq. The priorities for that support, within Iraq, are expected to include, protection, water and sanitation, possibilities for quick impact emergency operations in other sectors, coordination, and support to non-Iraqi refugees inside Iraq. In neighbouring countries, mainly Syria and Jordan, assistance will focus on protection and registration, basic assistance such as food and non-food items, health and psychosocial support.

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5. 2008 Assistance Programme - Commission signs its first bilateral Financing Agreement with Iraq Government

As reported in the January State of Play, last December the Commission approved the 2008 Special Measure for Iraq under the Development Cooperation Instrument (DCI); the financial envelope amounts to €72.6 million.

One of the eight programmes of the Iraq 2008 Special Measure is a programme of €10.6 million for Technical Assistance to Iraqi institutions. The Agreement for this Technical assistance programme was already signed in March by the Commission and the Government of Iraq. This is the first bilateral programme between the EC and the GoI and the



implementation is foreseen to start at the end of 2009.

The overall objective of this programme is to assist in building the capacity of specific Iraqi institutions, with a view to establishing a modern Iraqi administration, based on the principles of democracy, good governance and accountability. The programme will provide technical assistance to specific Iraqi institutions such as the Council of Representatives, the Higher Institute of the Ministry of Interior and several Iraqi ministries.

The aims of the 2008 Assistance Programme are to strengthen the capacity of Iraqi institutions, and to improve the quality of life of the population. As set out in the January 2009 State of Play the other seven programmes are:

1. Support to specialised medical services (€13 million) - to improve the functioning of the national and regional blood bank services and emergency medical services.

2. Enhanced and sustained water and sanitation services in Iraq (€7 million) - to enhance services and increase Government capacity to better manage the water and sanitation sectors.

Five programmes in support of Iraq's displaced

An amount of €42 million has been allocated to five programmes in support of refugees in neighbouring countries and IDPs (Internally Displaced People):

3. Support to the return and reintegration of returnees and IDPs within Iraq (€6 million) - to create a protective environment for returnees and IDPs in Iraq, and facilitate their search for durable solutions.

The EC will continue to support neighbouring countries Syria and Jordan in coping with Iraqi refugees, focusing again on the provision of basic services. The aim of EC support in both countries is to strengthen existing structures without recourse to the creation of parallel structures.

4. Water loss reduction programme in Zarqa, Jordan (€12 million) - to assist in managing scarce water resources in the region of Zarqa, where there is a large concentration of Iraqi refugees.

5. Emergency support to Syrian education sector (€10 million) - to support the Syrian public authorities in coping with the financial and physical

strain caused in the education sector by the large influx of Iraqi refugees.

6. EC support II to education in Syria (€4 million) - contribute to expanding the absorption capacity and improving the quality of primary and secondary education for Iraqi and Syrian children in Syria.

7. Support to Syria's solid waste and medical waste management (€10 million) - to provide critical equipment and support to improve solid waste and medical waste management services in response to the rapidly increasing demand in areas where there is a high concentration of Iraqi refugees.

Apart from the Special Measure for Iraq detailed above, a proposal financed by the European Instrument for Democracy and Human Rights (EIDHR) was approved in December 2008 and implementation of this project is now underway. The project seeks to build the capacity of Iraqi civil society organisations, improve the awareness of, and enhance respect for, human rights.

6. Background Overview of EC Support

2003- 2007

EC support to Iraq from 2003 to the end of 2008 amounted to €33.1 million. This includes reconstruction support, amounting to €785.3 million and managed by EuropeAid and RELEX, and humanitarian assistance, managed by ECHO. All assistance was given in the form of grants.

Table 1: 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
Total	758.8	26.5	785.3	147.8	933.1

**All figures in € million.*

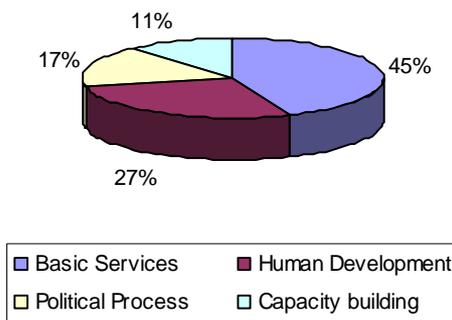
AIDCO: EuropeAid Cooperation Office

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



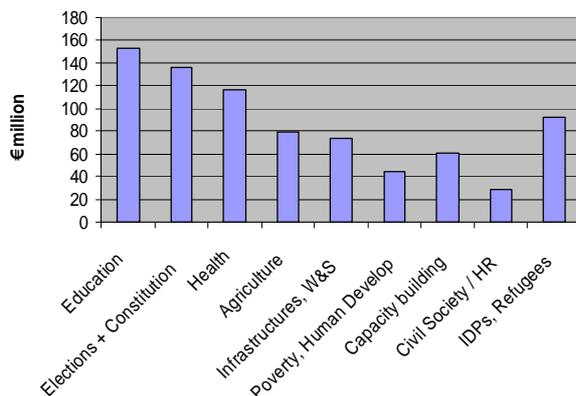
Basic Services: Education, Health, Infrastructure, Water & Sanitation.

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.

EC Total Aid per Sector*



* excluding Humanitarian Aid, managed by ECHO.

To enhance aid effectiveness, sustainability and Iraqi ownership, programming for 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 has principally been channelled through the IRFFI – the International Reconstruction Fund Facility for Iraq, a multilateral reconstruction 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 combine their efforts through a common strategy and action channel. Working through the IRFFI has enabled the EC to acquire knowledge which is invaluable for future EC activities in Iraq.

From 2008 onwards, this approach is being replaced by more bilateral actions, in recognition of the increasing capacity for dialogue and leadership of the Iraqi Government in the reconstruction efforts.

A total of 25 donors have contributed to the IRFFI, for a total of US\$ 1 854 million as of end of March 2009. The total EC commitment to the IRFFI was €605 million or \$772 (\$591.79 to the UN ITF and \$179.74 to the WB ITF) or 41.6% of all commitments to the IRFFI.

One important EC-funded programme, implemented via the WB ITF, focuses on Public Finance Management Reform and Banking Restructuring. Implementation of this programme got underway last month after a careful preparation period, involving detailed arrangements with regard to full implementation of the programme. 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 Iraq Ministry of Finance and the Central Bank.

In addition to the multilateral aid channelled through the IRFFI, a number of 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 reinforced 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 €4 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 (e.g. Iraqi Bar Association, Judicial Training Institute, Ministry of Justice). 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.

Channelling of EC funds

	Reconstruction aid (managed by AIDCO & RELEX)						Humanitarian aid (managed by ECHO)		Total €M
	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
Total	495,6	60%	143,0	17%	146,7	9%	147,8	14%	933,1

Figures in € millions

UNDG ITF: includes the UNDG Iraq Trust Fund and UNDP Thematic Trust Fund for Crisis Prevention and Recovery (in 2003)

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

