

# COOPERATION BETWEEN THE EUROPEAN UNION AND IRAQ

## Joint Strategy Paper 2011 – 2013



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## List of Acronyms

CAT – Convention Against Torture  
CCA – Common Country Assessment  
DAD – Donor Assistance Database  
DCI – Development and Cooperation Instrument  
DDR – Demobilisation Disarmament and Reintegration  
DGCS – Directorate General for Development Cooperation  
ECHO – European Commission for Humanitarian Aid  
EIDHR – European Initiative for Democracy and Human Rights  
Energy MoU – EU Strategic Partnership on Energy with Iraq  
EU – European Union  
FGM – Female Genital Mutilation  
GHD – Good Humanitarian Donorship  
ICI – International Compact with Iraq  
ICI+ - Instrument for Cooperation with Industrialised Countries  
ICRC – International Committee of the Red Cross  
IDPs – Internally Displaced Persons  
IFRC – International Federation of Red Cross and Red Crescent Societies  
IRFFI – International Reconstruction Fund Facility for Iraq  
IHSES – Iraq Household Socio-Economic Survey  
IMF – International Monetary Fund  
IPF – Iraqi Partners Forum  
ISRB – Iraqi Strategic Review Board  
JRS – Joint Response Strategy  
JSP – Joint Strategy Paper  
MDGs – Millennium Development Goals  
MNF-I – Multinational Forces in Iraq  
MoPDC – Ministry of Planning and Development Cooperation  
NDP – National Development Plan  
NDS – National Development Strategy  
NGO – Non-governmental organisation  
OECD – Organisation for Economic Cooperation and Development  
PCA – Partnership and Cooperation Agreement  
PDS – Public Distribution System  
PRT (Italy) – Provincial Reconstruction Team  
SALW – Small Arms and Light Weapons  
SIDA – Swedish International Development Cooperation Agency  
SMEs – Small and Medium Sized Enterprises  
TVET - Technical and Vocational Education and Training  
UNAMI – UN Assistance Mission for Iraq  
UNDAF – UN Development Assistance Framework  
UNDG IFT – UN Development Group Iraq Trust Fund  
UNFCCC – UN Convention on Climate Change  
UNHCR – UN High Commissioner for Refugees  
UNSC – United Nations Security Council  
UPR – Universal Periodic Review  
WB ITF – World Bank Iraq Trust Fund  
WMD – Weapons of Mass Destruction

## EXECUTIVE SUMMARY

The European Union is steadily reinforcing its relations with Iraq. As part of this endeavour, medium-term planning of assistance is being introduced, replacing annual programming cycles<sup>1</sup> which were followed during the conflict phase and moving towards regular, strategic development cooperation. The political and security gains in Iraq since 2008 have enabled this shift in the EU's approach.

The **Joint Strategy Paper and National Indicative Programme for Iraq for the period 2011-2013**<sup>2</sup> represents the **joint efforts of the European Commission, Italy and Sweden. These combined cooperation programmes are based on deploying** the best practices and comparative advantage of the European Union to support Iraq in achieving political and socio-economic progress in line with the Millennium Development Goals. The strategy responds to the main Iraqi priorities discussed during the thorough consultation process with the government and civil society.

The first-ever Joint Strategy Paper is a natural follow-up to past and ongoing European Union support to Iraq. It builds in particular upon the two year integrated assistance package for 2009/2010, focusing on institution building in the fields of governance, rule of law and basic services. It also falls within the overall political and legal framework for European Union cooperation with Iraq defined in the Partnership and Cooperation Agreement and in the Memorandum of Understanding on Strategic Partnership in Energy.

The overall **indicative allocation** is around **€95** million (European Commission, Sweden). The Italian contribution will be determined based on the annual budget adopted at the end of each year and will come on top of this amount. In addition to the grants, Italy will provide a soft loan of €300 million for the period 2011-2012.

The main challenge for European Union - Iraq cooperation will be to help Iraq mobilise and effectively use its own resources to improve the welfare of the Iraqi people and rebuild its infrastructure. The EU support in capacity building should leverage Iraqi reconstruction efforts in the direction of genuinely sustainable development.

The focal sectors of the European Union's intervention will be i) good governance; ii) socio-economic recovery through education and strengthening institutional capacity; iii) water management and agriculture. Cross-cutting issues like human rights, gender and protection of vulnerable groups will be mainstreamed. Each of the sectors will be treated in an integrated way and programmes will be implemented bilaterally through Financing Agreements between the EU and the Government of Iraq. Assistance delivery methods will aim for a balance between top-down (targeting governmental institutions) and bottom-up approaches (focusing mainly on local actors including civil society organisations, local authorities etc.).

The Joint Strategy Paper has to take into account significant challenges linked to the unpredictability of political and security developments. Therefore a necessary degree of flexibility will be applied with regard to both the sectors concerned and the implementing methods, which will be adjusted to the prevailing circumstances.

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<sup>1</sup> Art. 23 of the Regulation (EC) No 1905/2006 of 18/12/2006 establishing a financing instrument for development cooperation (DCI).

<sup>2</sup> Art. 19 of the DCI Regulation (EC) No 1905/2006 of 18/12/2006.

## **INTRODUCTION: FROM RECONSTRUCTION TO DEVELOPMENT**

2009 witnessed a common shift by the Government in Iraq and main donors away from short-term emergency reconstruction projects, towards a genuine long term development plan. Iraq, the United Nations, the World Bank and the European Union all embarked upon preparations of their medium– to long – term development cooperation strategies. The overall objectives are coherent and based on the most urgent Iraqi priorities which are good governance, sustainable economic growth and investment in human capital.

These key sectors have been reflected in the Iraqi National Development Plan (NDP) for the years 2010-2014 which was adopted in April 2010. In January 2010, the National Strategy for Poverty Reduction, prepared jointly with the World Bank, was launched and incorporated into the NDP. The European Union, hand in hand with the United Nations and other actors, has strongly encouraged Iraq to have one single development strategy which would serve as a reference for both the Government and for donors.

In 2009 the United Nations conducted a comprehensive exercise aimed at reviewing Iraq's major development challenges, which resulted in the preparation of a United Nations Common Country Assessment (CCA) and which was translated into objectives for the United Nations Development Assistance Framework for 2011-2014 (UNDAF). The UNDAF, which was approved in May 2010 and endorsed by the Iraqi authorities, provides a single and coordinated strategy for delivery of UN assistance.

The European Union's Joint Strategy Paper (JSP) is therefore coherent with both the NDP and UNDAF. It shows the European Union's unified commitment to a long-term and mutually beneficial relationship with Iraq. The JSP is also an illustration of the European Union's wish for a long-term partnership with Iraq. As presented above, the JSP is very well synchronised and will be closely coordinated with the major development activities of Iraq and its donors.

The concrete preparation of medium and long-term approaches would not be possible without the considerable political and security gains in Iraq which have enabled a gradual shift from emergency and yearly planning to multi-annual development cooperation. Nevertheless, ongoing security incidents are a reminder of the fragility of Iraq's security gains. The security situation will inevitably have a major impact on the implementation of the Joint Strategy. Therefore a flexible approach in the response strategy will be needed in order to adapt it to future security and reform developments in Iraq.

The Strategy derives from discussions and consultations held with the Iraqi Government and civil society throughout 2008-2010. It is based on the information and documents received from the Iraqi side. The United Nations' and the World Bank's main strategic documents also served as important source bases during the JSP drafting process.

The Member States that have worked directly on this Joint Strategy both have well-established bilateral development cooperation programmes with Iraq. Other EU Member States, especially Germany have also welcomed the idea of joint programming, offering their support and close collaboration (see German summary of ongoing and future programmes in Annex 3).

## **CHAPTER 1: FRAMEWORK FOR RELATIONS BETWEEN THE EU AND IRAQ**

### **1.1. General objectives for cooperation with Iraq**

Under Saddam Hussein's regime, the European Union (EU) had no political or contractual relations with Iraq and its role was limited to implementing United Nations Security Council (UNSC) resolutions on sanctions. Since the 1990s, the European Union (EU) has been an important actor in the humanitarian field. From 1992 onwards, the EU was the largest single donor of humanitarian assistance to Iraq after the UN. The EU's efforts between 2003 and 2006 focused mostly on providing humanitarian relief and political and financial support to launch the reconstruction process.

In 2004 the EU decided to strive towards establishing a regular cooperation framework with Iraq in all spheres. The progressive development of EU-Iraq relations was reflected among other things in:

1. Communication from the Commission to the Council and the European Parliament "The EU and Iraq: a framework for engagement" COM (2004) 417/1.
2. EU-Iraq Joint Declaration on Political Dialogue (2005).
3. Communication from the Commission to the Council and the European Parliament "Recommendations for renewed European Union engagement with Iraq" COM (2006) 283.
4. Joint letters of the EU High Representative for the Common Foreign and Security Policy and Commissioner for External Relations (10430/2004 and 10465/2006).
5. Conclusions of the General Affairs Council and the External Relations Council (2004-2009).

In each case the EU's fundamental interest in seeking greater engagement with Iraq has been expressed. The overall medium-term objectives are:

- the development of a secure, stable and democratic Iraq where human rights and fundamental freedoms are respected.
- the establishment of an open, stable, sustainable and diversified market economy and society as a basis for human security, economic growth, employment, poverty reduction, with resources to promote equitable economic and social development.
- Iraq's economic and political integration into the wider region and the international economic system.

Helping Iraqi national efforts in achieving the Millennium Development Goals (MDGs) which have a strong two-way link to the peace consolidation process has thus become fundamental for the EU. Together with other organisations such as the UN and the World Bank, the EU's objective has been to help Iraq mobilise its own resources for recovery and development, with the support of the international community.

### **1.2. Strategic objectives for cooperation with Iraq**

The strategic objectives are set out in two main documents for cooperation with Iraq.

The overarching framework which will constitute the legal basis for such cooperation is the Partnership and Cooperation Agreement (PCA – see Chapter 1.3.). The main objectives of this Partnership are:

- to provide an appropriate framework for political dialogue
- respect for democratic principles, the rule of law and human rights
- to promote trade and investment, and harmonious economic relations in order to foster sustainable economic development
- to provide a basis for legislative, economic, social, financial and cultural cooperation

The Memorandum of Understanding between the Government of Iraq and the EU on a Strategic Partnership in Energy (Energy MoU) reflects strategic EU policy guidelines aiming at diversifying energy supply to the EU. Taking into account the possible role of Iraq as a natural gas supplier for the Southern Corridor and that Iraq has the world's third largest proven petroleum reserves, Iraq could become an energy bridge linking the Middle East, the Mediterranean and the EU.

### **1.3. Main bilateral agreements**

As mentioned above, the EU's strategic objectives have been presented in the PCA and the Energy MoU. The PCA negotiations were concluded on 13 November 2009 and the Agreement is expected to be signed in the course of 2010. It is a non-preferential agreement that incorporates basic WTO rules (even though Iraq is not yet a member of the WTO) with substantial market access to the EU and some preferential elements in public procurement, services and investments. It also sets out a framework for continuing cooperation in a wide range of other areas, such as energy, health, education or environment. The Agreement will also support Iraq's own reform and development efforts and facilitate its integration into the wider international economy.

The Energy MoU which was signed in January 2010 provides a political framework for strengthening energy relations between Iraq and the EU. It outlines the following areas of cooperation: development of energy policy for Iraq; security of energy supplies between Iraq and the EU; renewable energy and energy efficiency measures in Iraq and enhancing prospects for technological, scientific and industrial cooperation.

## **CHAPTER 2: JOINT COUNTRY DIAGNOSIS**

### **2.1. Analysis of the political, economic, social and environmental situation in Iraq**

#### **2.1.1. Political and security situation**

Iraq has been facing internal and external turmoil since the 1980s. The years following the overthrow of Saddam Hussein in 2003 have been characterised by a high degree of political volatility, sectarian violence, population displacement and socio-economic devastation. Subsequent UN Security Council (UNSC) Resolutions<sup>3</sup> have provided a broad mandate to the UN Assistance Mission for Iraq (UNAMI) to assist and support Iraqi political and reconstruction process.

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<sup>3</sup> Security Council resolution 1546 of 2004, then renewals of the UNAMI mandate; the latest one is UNSC Resolution 1883 extending the mandate until August 2010.

In June 2004, the Coalition Provisional Authority (CPA) transferred power to an Interim Iraqi Government, followed by national elections in January 2005, which established the Transitional National Assembly. The Constitution was passed by referendum in October 2005. In December 2005, general elections, which were boycotted by the main Sunni groups, resulted in the formation of the first post-Saddam Iraqi Government in May 2006. The governing coalition reflects the fact that a majority of the Iraqi population is Shia (approximately 60%), but also includes Sunni representatives (in the Government, Parliament and Presidency Council) and other religious and ethnic groups (Kurds, Turkmen and Christians). Out of Iraq's 18 Provinces, the three northern provinces form the Kurdistan Region<sup>4</sup>. Representatives from the Kurdistan Regional Government hold a number of key portfolios in the central Government. A share of 17% of the central budget is allocated to this region.

The period of 2008/9 was marked by a significant improvement of the security situation and reduced sectarian violence; the ending of the UNSC mandate for Multinational Forces in Iraq (MNF-I), the conclusion of a Security Agreement with the United States<sup>5</sup>; and the successful holding of provincial elections in January and Kurdistan regional elections in June 2009. The elections constituted the first Iraqi polls since 2005 and were considered a litmus test for Iraq's safety and democratic maturity. Iraq conducted general elections on 7 March 2010. Former Prime Minister Iyad Allawi's grouping Iraqiyya (supported mainly by Sunnis) won the most seats with 91 out of 325, while the present Prime Minister Nouri al-Maliki's State of Law Coalition (predominantly Shia) won 89 seats. Even though Prime Minister al-Maliki insisted on a recount, it did not change the result of elections. At the time of writing it is therefore not known which block will form a bigger coalition and will have a priority to establish a new government. The conduct of the elections themselves was broadly viewed as positive. The precise make-up of the (eventual) government remains very sensitive. Meanwhile, although violence has fallen dramatically in Iraq since 2008, a spate of al-Qaeda attacks in the post-electoral period has also heightened fears that insurgents might be regrouping.

Iraq continues to face a complex mixture of political, security and socio-economic challenges that are prerequisites for the consolidation of democracy, lasting reconciliation and stability. These range from reconciliation with former Ba'athists and insurgents to strengthening the rule of law and human rights and eradicating corruption<sup>6</sup>. The internal organisation of Iraq also continues to be a subject of political debate and a number of issues, including the degree of federalism, the status of Kirkuk, the delineation of internal boundaries, and the sharing of resources remain unresolved.

The main human rights issues include the use of the death penalty (reintroduced in May 2009), the fight against impunity, arbitrary arrests, lack of access to judicial overview, allegations of torture and ill-treatment of detainees, freedom of the press, violence against human rights defenders and persons belonging to minorities. Widespread violence against women and violations of children's rights are also matters of particular concern.

The EU has taken note of positive democratic developments in Iraq such as elections (provincial) and regional (Kurdistan) in 2009, as well as the general elections in March 2010) which are an important milestone in the consolidation process of democracy in Iraq. Moreover, the inclusion of provisions for

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<sup>4</sup> Dohuk, Erbil and Suleimaniyah.

<sup>5</sup> In November 2008 the US and Iraq signed the Status of Forces Agreement (SoFA) which sets a time-table for a complete withdrawal of US forces by the end of 2011. US troops already pulled out of towns and urban centres by end of June 2009 (now there are about 120 000 US troops in Iraq, in bases situated outside of towns and urban centres).

<sup>6</sup> Ranked fifth from the bottom of Transparency International's corruption list of 180 nations. Since 2008 Iraq has launched the anticorruption campaign: it ratified the UN Convention against Corruption as well as drafted the national strategy. Source: EU Delegation in Iraq.

minority representation in the electoral law and the adoption of the Convention against Torture (CAT) are illustrative of Iraqi efforts towards building a democratic state with enhanced respect for human rights.

The UN Universal Periodic Review (UPR) on the fulfilment of human rights obligations by Iraq took place in February 2010. Of the great number of 135 UPR recommendations supported by Iraq (of in total 176 recommendations), several recommendations were based on the issue of developing the institutional environment for human rights protection in Iraq (IHCHR), holding standing invitations to all UN Special Rapporteurs and fruitful cooperation with UN treaty bodies, and on combating all forms of violence against women, in particular domestic violence, honour killings and female genital mutilation (FGM).

Since 2004 Iraq has aimed at implementing its commitments to international non-proliferation treaties and conventions on: counter-terrorism, non-proliferation of weapons of mass destruction (WMD), illegal arms trafficking, mine clearance, dissemination of small arms and light weapons (SALW) as well as people trafficking, illegal migration, demobilisation, disarmament and re-integration (DDR). Those items, especially counter-terrorism have been very highly placed in the Iraqi political agenda and subject to bilateral cooperation with third countries. They have also been reflected in the EU-Iraq PCA (especially counter-terrorism, WMD and SALW).

### **2.1.2. Economic and social situation**

A centralised economy until 2003, ongoing wars since the 1980s, and international economic sanctions have cumulatively damaged all sectors of the Iraqi economy and society in general.

The Iraqi economy is very strongly influenced by developments in the oil sector, which generates more than half of GDP and around 90% of Federal Budget revenues<sup>7</sup>. Crude oil accounts for more than 97% of export earnings. Iraq's major economic indicators show<sup>8</sup> that economic growth is likely to strengthen in 2010-2011 and reach an annual average of 6.4%. More foreign direct investment in a range of oil and infrastructure projects is foreseen (since 2009 foreign companies have become very actively involved in oil and trade tenders) and the fiscal deficit is expected to narrow, as oil revenue recovers.

The 2010 budget (US\$ 72.4 bn) foresees a 22.8% increase in spending in comparison to 2009, but a reduced deficit of US\$ 19.6 bn or 27.1 % (compared to 34.4 % in 2009) ref. The 2009 budget was based on an assumed average oil price of US\$ 50/barrel; the 2010 budget is based on US\$ 62/barrel.

Iraq's performance criteria for macro-stability were set out in Stand-by Arrangements concluded with the International Monetary Fund. Subsequently, 80% of the Paris Club debt was written off.

Iraq's chief economic challenges are: i) investment in the energy field to gain full potential; ii) economic diversification, including development of the agricultural sector; iii) creating a conducive environment to private sector development, including Small and Medium Sized Enterprises (SMEs); iiiii) job generation with special focus on the young population.

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<sup>7</sup> Source: the Economist Intelligence Unit Limited, Country Report January 2010

<sup>8</sup> Main economic indicators are included in Annex 1.

Economic growth is an essential condition for the well-being of the state but is not sufficient unless accompanied by an increase of employment opportunities, productivity and improved access to basic services, especially education and health. Even though Iraq has achieved noticeable improvements, overall progress towards the MDGs remains a challenge. Of particular concern are poverty, education, health, gender and environment-related MDGs (especially water management<sup>9</sup>).

The necessity of the complex socio-economic reforms requires in parallel adoption of relevant measures to mitigate their negative impact, especially on the poor (population living below the poverty line in Iraq is estimated at 22.9% - see Chapter 2.2.). One such measure is addressing the growing development needs in the budget and improved spending of the allocated funds. Another one is the creation of social safety nets (see Chapter 2.1.3.).

### **2.1.3. Social situation, including decent work and unemployment**

The analysis of the social situation in Iraq was based upon the data collected from the Iraq Household Socio-Economic Survey (IHSES) conducted in 2007 and which served as a basis for the formulation of the Poverty Reduction Strategy (by the Government of Iraq and the World Bank) approved in November 2009 (see Chapter 2.2.). The social description of the country is closely interrelated with the poverty analysis.

Iraq has never been considered as a “poor country”. Rather, Iraq is a lower-middle-income country with the poverty line at 22.9% (39.3% in rural and 16.1% in urban area). It means that about 6.9 million out of 30 million population are classified as poor, living on less than US\$ 2.2 per day. The poverty gap is 4.5 % (9% in rural and 2.7% in urban area). The Kurdistan Region has a much lower poverty rate (between 3 and 9%) compared with the rest of Iraq.

Internally displaced persons (IDPs) and refugees<sup>10</sup> form a particular category of Iraqi society, though not a cohesive social group. Current estimates are 5 million displaced outside and inside Iraq. The number of UNHCR-registered refugees is 227,000<sup>11</sup>, much lower than the estimate figures. However, IDPs and refugees do not constitute a vulnerable group as such but often form part of local vulnerable groups.

Iraq is one of the youngest countries in the region (more than 40% of the population is below the age of 15). The Iraqi labour force amounts to only 8.5 million, of which 1.3 million are unemployed (15.2%). Unemployment is concentrated among youth (especially girls and women) with 28.8% of the population aged 15-24 currently out of the labour market. Such a high rate of unemployment amongst youth risks generating an “underground economy” and potentially creating fertile ground for recruitment into armed militia/terrorist groups. The state is the main employer (state owned enterprises represent 37% of the labour force), 3% of the population is food insecure, with 9% food vulnerable and 24% dependent on the Public Distribution System (PDS)<sup>12</sup>.

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<sup>9</sup> Despite its abundant water resources from the twin rivers Tigris and Euphrates, Iraq faces serious water problems (see Chapter 2.1.5. and Annex 2).

<sup>10</sup> See in Annex 4 “Country Migration Profile”.

<sup>11</sup> As of 31 December 2009.

<sup>12</sup> Public Distribution System, for which the Government continues to allocate around 4.5% of Federal Budget expenditure annually for 2009-2012, is seen as the main poverty control tool despite many shortages. However, it remains fundamental to the needs of the Iraqi population, especially the IDPs, and will continue to be so for the immediate and medium term future. Currently the Government of Iraq is working on modifications of the PDS. The PDS reform strategy is expected to be ready by mid 2010.

Children and youth in Iraq face particular problems, the most serious being malnutrition (22% aged 1-5), trauma, and the loss of one or both parents. Girls are vulnerable to child trafficking and prostitution, early marriage, honour killings and female genital mutilation (FGM).

Among the many concerns confronting Iraq's young population, declining access to education<sup>13</sup> and quality learning has become alarming. Today's objective is not only to enhance access to all levels of learning but also to create linkages between the acquired knowledge and possibilities to find a job. Adjusting education to market needs has become as much of a challenge as increasing the enrolment rates in primary and secondary education.

The health care system in Iraq is also in need of structural reforms<sup>14</sup>. The main concern is not the limited access to health services<sup>15</sup> (even though the poor have less access than the non-poor) but the lack of preventive care, and health problems related to water supply and sanitation. Poor living conditions, outdated medical facilities, lack of skilled personnel, high rates of maternal and child mortality (84 per 100,000 and 61 per 1,000 births respectively) as well as malnutrition constitute additional factors. Cholera is described as endemic, and measles cases have trebled already in 2009 compared to 2008<sup>16</sup>.

The quality of water and sanitation services<sup>17</sup> affect community health in general and in particular the levels of observed malnutrition. Access to clean water fell from 83% in 1990 to 77% in 2007. The situation is particularly dire in rural areas where lack of drinking water and inadequate sewage systems were one of the main causes of outbreaks of cholera in 2007 and 2008. In addition to that, the continuous drought as well as damaged or outdated irrigation and drainage networks affected the agricultural production. There are only 13% of households reporting stable and sufficient water supply. 18 % of the poor use rivers or creeks as their primary source of water. Over 80% of households do not treat their drinking and cooking water and over 40% of the rural population have inadequate sanitation.

Iraq is in need of comprehensive social policies with a shift toward a new approach that invests strategically in enhancing productive capacities, especially in favour of those who are poor. Iraq is already committing significant budgetary resources in the name of poverty reduction (PDS, social safety net programmes comprising of conditional cash transfers and micro-loans for the poorest). But in parallel investments are needed so that the poor have a chance to get out of poverty. In practical terms it means more effective spending in education, health, infrastructure and jobs. Nothing is more fundamental than investing in human capabilities, especially through education, in order to bring tangible economic benefits for both individuals and society at large. The National Development Plan for 2010-2014 is an attempt to cover some of the aforementioned subjects (see Chapter 2.2).

#### **2.1.4. Iraq in the International Context**

##### **Region**

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<sup>13</sup> See in Annex 1 "Key Educational Indicators".

<sup>14</sup> In 2008 the Government of Iraq has launched a multi-annual health reform including decentralised primary health care system, but institutional capacities and funds allocated remain inadequate.

<sup>15</sup> See in Annex 1 "Key Health Indicators".

<sup>16</sup> Source: HTSPE Limited, Thamesfield House, UK.

<sup>17</sup> See in Annex 1 "Key Infrastructure Indicators".

When the military action took place in 2003 Iraq had already been affected by previous wars, thirteen years of UN-backed sanctions and extended isolation from the international community.

From 2005-2008, international support aimed at regional stability and improving Iraqi relationships with its neighbours was manifested in a series of “Neighbours Process” meetings. Over recent years Iraq's relations with most of its neighbouring countries and countries in the wider region have gradually improved. Many of them have re-opened embassies in Baghdad. Nevertheless, concerns and tensions still exist. Overall, Iraq's recent foreign policy was characterised by efforts to establish a more independent role while seeking to balance its ties with Iran to the east and its Arab neighbours to the south and west.

Relations with Kuwait are still influenced by unresolved issues in connection with the 1990 invasion (Chapter VII still applies; the question of borders and the payment of compensation are still to be resolved). Relations with Saudi Arabia remain rather distant.

Relations with Syria have been long characterised by strong rivalry with Iraq. However, in early 2009 a positive trend emerged as Syria appeared to be playing a much more constructive role (comprehensive bilateral agreements signed in 2008). This lasted until the 19 August 2009 bombings in Baghdad and the subsequent strong allegations by the Iraqi Government of Syria's possible role.

Jordan has always supported an Iraqi political process that should be inclusive of all components of Iraqi society. Jordan, like Syria, is also a recipient country of Iraqi refugees, mostly of Sunni Arab origin (estimated 450,000 in Jordan, more than a million in Syria<sup>18</sup>).

Iran-Iraq relations are complex mainly due to the 8 year war in the 1980s which left bilateral issues such as Shatt al-Arab waterway and the Iraq-Iran border, 1200 km long, still to be settled by both parties. In 2006, Iran formally re-established relations with Baghdad and appointed its first ambassador to Iraq for 25 years. Overall, Iran maintains close contacts with Iraq's Shia establishments.

Iraq-Turkey relations are flourishing. High level bilateral visits have increased recently. A High-Level Strategic Cooperation Council has been established (cooperation in political, military, security, economic and cultural affairs). The engine behind these very active Iraq-Turkish relations has been economic and commercial exchange.

### **International Community**

Iraq's cooperation with the international community began with the adoption of UNSC Resolution 1483, in which the Security Council appealed to the international community to inter alia “assist the people of Iraq in their efforts to reform their institutions and rebuild their country and to contribute to conditions of stability and security in Iraq”. As a consequence, the Donors' Conference in Madrid in 2003 initiated regular donor meetings. Given the role of UNAMI in the political and reconstruction process of Iraq, the international community has also established close multi-dimensional cooperation with Iraq through supporting the legally mandated role of UNAMI.

Since 2007 the main platform for the international community's commitment in Iraq was the International Compact with Iraq (ICI), which at the same time served as the main vehicle for reforms until 2009 (see Chapter 2.2.).

As from the end of 2009 discussions are being held between Iraq and the international community to give a new impetus to the partnership under strong Iraqi leadership. As from early 2009 Iraq has intensified bilateral cooperation with third countries. A series of high-level visits to Baghdad from

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<sup>18</sup> Source: UNHCR.

different countries (including from EU Member States) have taken place which have led to the signing of several agreements on bilateral cooperation and some investment agreements.

### 2.1.5. Environmental situation

The environmental situation in Iraq<sup>19</sup> is critical for its citizens and dangerous for the global climate. The concept of the ‘environment’ is understood to extend beyond pollution to all aspects of ecology, natural resources, climate, and sustainability, but these issues are not yet well linked in a coherent environmental policy framework.

These environmental challenges include water (supplies, quality, distribution), desertification, droughts, gas flaring, oil spillage, waste, industrial pollution, war waste, destruction of eco-systems and bio-diversity (in particular the southern marshes), air quality, and disaster protection and mitigation.

Gas flaring and water supplies are the two most strategic challenges as these have the greatest long term impacts on the global climate and the sustainability of Iraq respectively. Water supplies are also a source of international tension as the vital water flows into Iraq along the Tigris and Euphrates are largely controlled by Turkey, Syria and to some extent Iran. The problems of water supplies, waste and air quality have the greatest impact on citizens’ lives.

Even though Iraq has recognised the environment as a critical area, sufficient information and a conceptual policy framework is still lacking. Nevertheless the new National Development Plan for 2010-2014 has recognised it as a very important area and has included a number of environmental projects, especially on water. Most of the environmental problems are interrelated and require a combination of policies and actions.

## 2.2. Development strategy of Iraq

Until 2007, the main Iraqi strategy relevant for international community support was the **National Development Strategy 2005-2007** (NDS), presented in 2005. Even though the NDS has never been officially endorsed it has been used as a reference document for project budget approval.

Between **2007 and 2009 The International Compact with Iraq** (led by the UN and the World Bank with financial support from the EU) was the main framework for reform under three main pillars – economic, political and security. The ICI benchmarks were used to review the reform process in Iraq. On the 7<sup>th</sup> November 2009 the Government of Iraq and representatives from the international community held a high level meeting on the development of a new partnership between Iraq and the international community. In the final statement they considered that “the success of the ICI and the changing Iraqi context characterised by consolidated sovereignty, stability and relations with the international community called for a new framework of cooperation between Iraq and its partners”.

**The new overarching document** is the **Five-Year National Development Plan (NDP) 2010-2014** (Council of Ministers’ approval in April 2010, required budget: US\$ 200 billion). The Government of Iraq has prepared a series of 14 sectoral analytical papers to provide the basis for the NDP and accelerate achievement of the MDGs. It is to be pointed out that this document together with the new partnership replacing the ICI, might become the main reference for Iraqi cooperation with the international community.

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<sup>19</sup> See in Annex 2 “Country Environmental Profile”.

The World Bank-supported **National Strategy for Poverty Reduction in Iraq 2010-2014** (PRS) was approved by the Government of Iraq in November 2009. The paper was prepared by the High Committee for Poverty Reduction which comprised different ministries from the federal and regional (Kurdistan) governments, advisors and the World Bank. The main goal is the alleviation of poverty from its current rate of 23% to 16% in 2014 by achieving six basic outcomes:

- A higher income for the poor
- Improvement of health standards for the poor
- Dissemination and improvement of the poor’s education
- A better housing environment for the poor
- Effective social protection for the poor
- Less inequality between poor men and women.

The next step is the “translation” of the PRS goals into each ministry's own strategic planning.

The current status on **MDGs achievement** presents a mixed picture. Overall, progress towards MDGs is slow and uneven, and the achievement of most goals by 2015 remains a challenge. Of particular concern are the education, health and gender goals, as well as environmental protection.

The Paris Declaration on Aid Effectiveness, which Iraq endorsed in May 2008, is particularly relevant in the Iraqi context. There remain efforts to be made from both the donors and the Government of Iraq in all five partnership principles. Translated into the Iraqi context these can be summarised as follows:

<b>Principles</b>	<b>Donor Obligations</b>	<b>Government of Iraq obligations</b>
Ownership	Respect Government of Iraq policies and strengthen the Iraqi capacity to exercise it	Take a lead in coordinating aid and translating strategies into operational programmes
Alignment	Structure support around national development strategies, institutions and procedures	Undertake necessary reforms to improve government systems (public financial management, procurement)
Harmonisation	Improve donor-donor coordination to reduce transaction costs and other inefficiencies	Enhance complementarities between donors and government to establish a more efficient division of labour
Managing for results	Jointly improve management of resources and decision-making through results oriented reporting and assessment frameworks	
Mutual Accountability	Provide timely transparent and comprehensive information on aid flows	Assess progress in meeting aid effectiveness commitments

### **2.3 Analysis of the viability of current policies and the medium term challenges**

Three particular features of the development approach in Iraq are:

- ⇒ The continuing lack of a single coherent overall strategic policy framework with a multiplicity of alternative policies and development programmes, which results in the lack of clear

development policy leadership. The NDP has been approved by the Council of Ministers but not yet officially announced as the country's single strategy. This task will be in the hands of the yet to be formed new government.

- ⇒ Lack of administrative capacity, mainly due to a lack of qualified people and a persistent "brain drain" syndrome.
- ⇒ Difficulties with mobilisation of Iraq's own resources which is linked to the lack of administrative capacity.

There is a very large number of development projects supported by numerous donors as well as the Government of Iraq budget, but not all of these are coordinated in the Ministry of Planning and Development Cooperation, as responsibilities for development policies are shared among a number of institutions.

In addition to the lack of a coherent policy framework, there is a lack of an up-to-date development methodology. The predominant practice of planning and budgeting is project-based, single year rather than multi-year, lacking systematic programme planning, and lacking policy frameworks to guide programmes to gain longer term strategic goals. This complexity is at least partly a consequence of the donors' own failure to work effectively together in the years after 2003.

While ICI and NDS have been used as references for project approval, these are neither linked to the national budget nor used as guidelines to design projects and programmes as building-blocks to achieve development objectives.

It is possible to identify a total of at least 16 national development policy and planning frameworks (including sectoral policies). The problem is that none of these has been clearly declared and committed as the leading strategy. Improvements are expected to materialise following the Government of Iraq's efforts to re-orientate the ICI process and link it to the newly drafted NDP and PRS.

Despite all the above mentioned constraints, Iraq has recently made a significant achievement by starting to regain ownership and leadership in the development process. At this stage, after three decades of political, human and socio-economic devastation, added to the burden of recent wars and violence, the development course recently set by the Iraqi Government should be perceived as a milestone achievement in this difficult post-conflict era. The prospective NDP reflects all these efforts which have been encouraged by the EU, the World Bank and most other international partners.

## **CHAPTER 3: JOINT OVERVIEW OF COOPERATION AND POLITICAL DIALOGUE, COMPLEMENTARITY AND CONSISTENCY**

### **3.1. European Union**

#### **3.1.1. Overview of the European Union's past and present cooperation (lessons learned)**

EU support to Iraq from 2003 to the end of 2009 amounted to almost **€1 billion**. This includes both reconstruction<sup>20</sup> and humanitarian assistance. Between 1992 and 2003 the EU provided humanitarian support in Iraq of around €157 million (m) for relief activities. Since 2003 assistance for the reconstruction of Iraq has targeted mainly the following sectors: basic services such as education,

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<sup>20</sup> DCI Regulation (EC) No 1905/2006 of 18/12/2006.

health, water and sanitation, infrastructure; political and electoral process; support to refugees and IDPs; rule of law; human rights; and capacity building of Iraqi institutions. To enhance aid effectiveness, sustainability and Iraqi ownership, EU assistance to Iraq has been in line with ICI and NDS objectives.

The EU has supported the electoral and political process in Iraq with a total amount of over €4 million since 2004. This includes assistance for dialogue on national reconciliation (hand in hand with UNAMI), technical assistance to the Independent High Electoral Commission and the sending of electoral experts (the European Commission deployed Electoral Experts' Missions in 2005 and twice in 2009; in January 2010 an Election Assessment Team was deployed to Iraq for general elections in March 2010).

As regards the rule of law and human rights, in 2006 implementation began of a two-year project financed under the European Initiative for Democracy and Human Rights (EIDHR) aimed at *Promotion of Human Rights Culture in Iraq through Support to Human Rights Iraqi Civil Society Organisations*. This project is now being followed up as a component of the 2007 Rule of Law programme which provides technical assistance to judicial institutions and contributes to the development of civil society organisations active in the field of human rights. Good governance and technical assistance to the rule of law institutions remained priority areas of the 2008 and 2009-2010 assistance programmes. In the period 2007-2009 the European Commission's programmes in this area amounted to more than €32m.

European Commission programmes complement the EUJUST LEX mission, which is a civilian crisis management operation under the auspices of the Common Security and Defence Policy. The EUJUST LEX Mission has committed €39m so far. Established in 2005 and extended until 30 June 2010 (with further prospects for extension until 2012) to strengthen the rule of law and promote a culture of respect for human rights in Iraq, EUJUST LEX provides professional development opportunities to senior Iraqi officials from the criminal justice system. Until mid-2009 all the training courses took place in Member States. In 2009 EUJUST LEX embarked on pilot activities inside Iraq which are harmonised with the Commission's ongoing Rule of Law and Justice project in Iraq aimed at supporting judicial institutions as well as strengthening the national human rights protection system.

For several years the Commission has closely monitored the situations of Iraq's refugees and internally displaced persons (IDPs). Since 2003 total EU support to Iraq's refugees, returnees and IDPs has amounted to over €188m. In 2008 alone the European Commission allocated €73.5m (Development Cooperation Instrument (DCI) and ECHO funds) to programmes aimed at supporting displaced Iraqis both in Iraq and in neighbouring countries. Further support is planned as part of the 2010 assistance programme to assist Iraq in creating a favourable environment in which to return<sup>21</sup>.

European Commission support to basic services (education, health, infrastructure, water & sanitation) accounts for almost half of the overall EU contribution to the reconstruction of Iraq to date amounting to €372 m since 2004. In the education sector Commission support has sought to improve quality and enhance access to, and improve participation and completion at all levels of education in Iraq, including vocational training. Projects have also aimed at rehabilitation of schools and developing an

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<sup>21</sup> According to UNHCR Iraq estimates, there have been 745,630 IDP returns between 2003 and 2009 (incl. 167,740 in 2009) and 433,696 refugee returns (incl. 37,090 in 2009). There is an estimated 2,764,111 IDPs remaining in Iraq (1,212,108 pre-2006 and 1,552,003 after 2006). The total number of returnees in 2009 was slightly lower than in 2008 (204,830 and 221,260 respectively), but the ratio of refugee returns was higher in 2009 (37,090 vs. 25,370).

improved learning environment. Assistance in the health sector has focused on revitalisation of the primary health care system as well as training of staff, and revision of policies and strategies. In the water and sanitation sector assistance has been provided to increase water supplies, improve existing water distribution networks, increase access to safe water through rehabilitation of treatment units, improve operation and management of water and sanitation systems and assist in the design of sector master plans.

**Total EU support to Iraq 2003-2009** (all figures in €million):

	Development cooperation (AIDCO & RELEX)	Humanitarian aid (ECHO)	Total
2003	42.0	100.0	142.0
2004	176.5	-	176.5
2005	200.0	-	200.0
2006	200.0	-	200.0
2007	92.7	17.8	110.5
2008	74.1	30.0	104.1
2009	42.0	20.0	62
2010	Decision to be adopted in the course of 2010	18	18
<b>Total</b>	<b>827.3</b>	<b>185.8</b>	<b>1013.1</b>

**Total EU Assistance to refugees/IDPs** (all figures in millions of €):

	2003	2004	2005	2006	2007	2008	2009	2010	Total
<b>Reconstruction</b>	-	-	1.4	10.7	38.68	43.5	-	Decision to be adopted in the course of 2010	94.28
<b>Humanitarian</b>	8	-	-	-	17.80	30.0	20	18	93.80
<b>Total</b>	8	-	1.4	10.7	56.48	73.50	20	<b>18</b>	<b>188.08</b>

EU humanitarian aid

Between 2003 and 2010, nearly €186 million of humanitarian aid to Iraqi people has been channelled through the International Committee of the Red Cross and Red Crescent, UN organisations and International NGOs.

In Iraq, given the presence of large development programmes since 2004 and the significant government budget offered by oil revenues, the European Commission's Directorate-General for Humanitarian Aid and Civil Protection (DG ECHO) has focused its support since 2007 on responding to the immediate emergency needs of the most vulnerable within the population. Such emergency needs are measles outbreaks, immediate support to hospital emergency rooms treating victims of mass casualty explosions, and on protection activities such as visits to detainees.

For the Iraqi refugees in neighbouring countries, EU humanitarian assistance started after the massive population displacements which followed the bombing of the Samara mosque in 2006. This support focuses on protection and registration, distribution of non-food items, health care, psychosocial support and food aid.

## Delivering assistance; lessons learned

In the past (2004-2007) donor coordination was channelled through the International Reconstruction Fund Facility for Iraq (IRFFI), a multilateral mechanism established in 2004 which consists of two distinct trust funds, the United Nations Development Group Iraq Trust Fund (UNDG ITF) and the World Bank Iraq Trust Fund (World Bank ITF). The EU was the largest contributor of the 25 donors to the IRFFI with its contribution reaching €605 m (42% of all commitments). The EU's contributions are combined with other donor's funds within each sector for the implementation of the approved projects of that sector. Channelling funds via the IRFFI facilitated the implementation of EU assistance in a period where an extremely challenging security environment and limited Iraqi administrative capacity did not allow for bilateral funding. The EU's obligation ultimately to cancel the one bilateral component of the 2006 programme (technical assistance in the field of trade and customs) is an illustration of the security and administrative complexities faced.

The IRFFI Donor Committee launched an independent external evaluation<sup>22</sup> (Multi-Donor Stocktaking Review) of the IRFFI in order to assess the quality, and impact, of the extensive work undertaken so far by the Multi-Donor Trust Fund for Iraq. This independent review was carried out in 2008 and the methodology focused on the performance of individual IRFFI projects, where a representative sampling of 17 projects was chosen from the IRFFI portfolio, four from the World Bank ITF and 13 from the UNDG ITF. The evaluation noted that the completion of the majority of IRFFI projects was delayed, and all projects reviewed underwent a change to their objectives, including sometimes a reduction in scope. This was partly due to difficult field conditions but, in a few cases, also to deficiencies in planning. However, the evaluators conclude that in a high risk situation, in which direct programming and implementation was physically difficult for most donors, the IRFFI was a pragmatic response and provided a platform for dialogue, collaboration and for shifting the focus of international efforts to the recovery and reconstruction of the country, with positive results for a large majority of the projects. This includes the provision of effective support to capacity development in Iraqi institutions and the delivery of tangible physical goods which contributed to normalising the situation on the ground. From the portfolio examined as part of this review accomplishments were noted in the education sector, with the construction and rehabilitation of schools and provision of essential learning materials; restoring healthcare services; and, a contribution in the area of infrastructure, with electrical generation, pumping and irrigation.

In recognition of the gradual normalisation of the situation in Iraq, in 2008 the donors decided to wind down the IRFFI (the mandate expires in December 2010). The main focus of the EU and other donors has been on working out modalities for a smooth transition into bilaterally funded, yet coordinated programming and management. The Iraq Partners Forum created in 2009, which convenes once a month, meets that need. The Forum serves to exchange information on individual initiatives and to agree on common approaches (see Chapter 3.1.4.).

Bilateral cooperation might initially be more cumbersome to implement but is paramount to pursuing the objective of improved Iraqi ownership and enabling, for example, co-financing of actions by the European Commission and the Government of Iraq. As the Commission adopts an increasingly bilateral approach for the implementation of assistance, once security conditions allow, performance

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<sup>22</sup> "Multi-Donor Stocktaking Review", Scanteam, Norway.

monitoring arrangements will be concluded for Commission programmes in order to assess their impact.

In parallel with the shift towards bilateral funding, the European Commission has also moved its overall focus from reconstruction to capacity building. This gradual move was also based on Iraq's potential to utilise its own resources to achieve the country's development targets. The 2008 portfolio with the overall objective of strengthening the capacity of Iraqi institutions and to improve the quality of life of the population is being delivered bilaterally based on the first-ever Financing Agreement with the Government of Iraq<sup>23</sup> and through bilateral agreements with the UN institutions and other implementing partners.

Implementation of the above-mentioned bilateral actions started at the beginning of 2009. While all the projects are currently delivering results in accordance with set targets, it is still too early to draw lessons from this experience. To date, these interventions have shown a need to enhance communication and coordination with, and among, Iraqi institutions in order to conclude financing agreements and to ensure the smooth execution of projects.

Furthermore, the visibility of the EU contribution to Iraq has significantly improved as a consequence of more bilateral actions. A careful selection of the implementation method, and of implementing organisations themselves according to proven record of experience in terms of coordination and project implementation in Iraq, is considered a prerequisite for success.

In addition to the DCI country specific envelope for co-operation activities with Iraq, since 2005 the EU has regularly used the European Instrument for Democracy and Human Rights (EIDHR) to promote human rights and democracy projects with the involvement of civil society in Iraq.

The new portfolio (2009 budget agreed in December 2009) will form part of a direct bilateral agreement with the Government of Iraq, with stronger participation from the Iraqi side in the form of co-financing. A comprehensive monitoring and evaluation exercise shall be launched to oversee all activities conducted under the 2009-2010 Capacity Building Programme for Iraq.

EU humanitarian aid interventions in the Iraqi crisis were subject to an external evaluation at the end of 2009.<sup>24</sup> This evaluation concluded that in Iraq, the assistance has been globally appropriate, that protection activities were still needed, and water rehabilitation was effective if well targeted. In that context, the ICRC, the European Commission's main partner in Iraq, appears as a major aid actor through its long-standing presence and capacity of dialogue with all parties, as well as its working method (direct control of the operations, no armed escort).

In addition, all the components of the support to Iraqi refugees were found to be appropriate, although sometimes at varying levels, which was mostly due to local constraints. Legal protection and registration efforts were seen as the most crucial aspects of the overall protection framework for the refugees, and support to psycho-social assistance was seen by the evaluators as particularly important too.

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<sup>23</sup> Signed in April 2009.

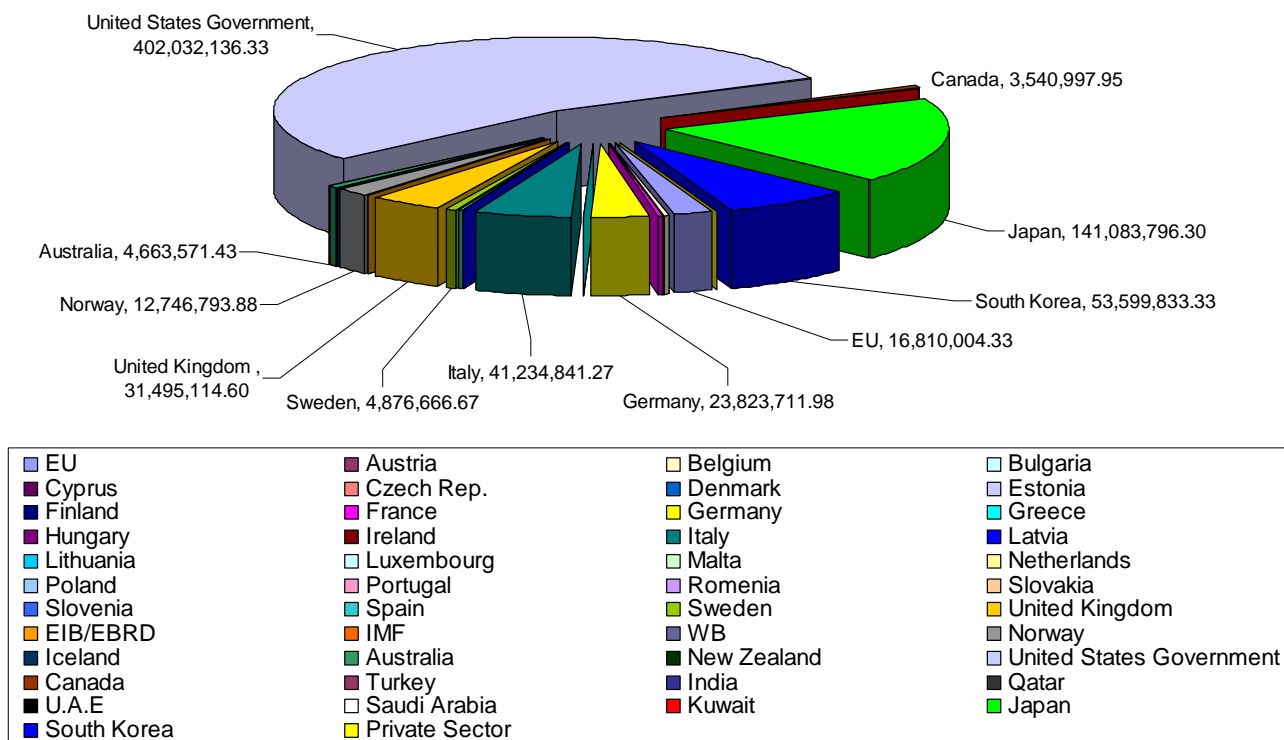
<sup>24</sup> Evaluation of the European Commission's Directorate-General for Humanitarian Aid and Civil Protection's action in response to the Iraqi crisis, final report, February 2010.

### 3.1.2. Information on the programmes of other donors (complementarity)

Donor pledges, as of 2010, total US\$ 28 billion, as recorded in the Donor Assistance Database (DAD)<sup>25</sup> with US\$ 15 billion of disbursed funds. Translating international assistance funds rapidly and efficiently into tangible benefits for the Iraqi people remains the biggest challenge. A number of initiatives launched towards donor coordination over the past years have often proven scattered and inefficient. The ICI Secretariat also started to collect information about donor programmes but has not issued a final report to date. As a consequence, no comprehensive overview of donor assistance to Iraq is available at present.

Even though the EU has been the largest contributor to the IRFFI, EU funding remains modest as compared with assistance provided by donors such as the USA, Japan or South Korea. Among the EU Member States the biggest donors are Italy and the UK. When considering grants only, the US, Japan and South Korea account for 75% of all development assistance in Iraq.

**Ongoing Grants by Donor - Yearly Estimates**

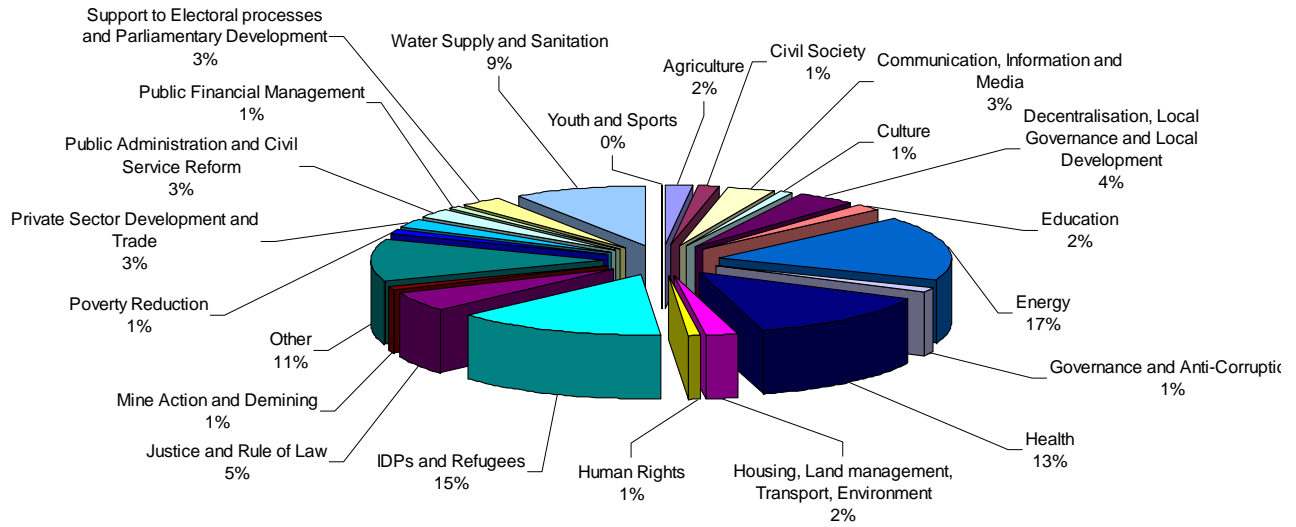


As regards the areas of funding, bilateral grants currently go principally to the following sectors: Energy, Health, Water Supply & Sanitation and Migration. Most of the donors focus on capacity building measures.

According to available donor data at the time of writing, the coming years may see more focus on migration, good governance and education (including through the EU's 2009 programme) while other areas such as health, energy (oil, electricity, gas) water supply and sanitation will receive significantly less funding.

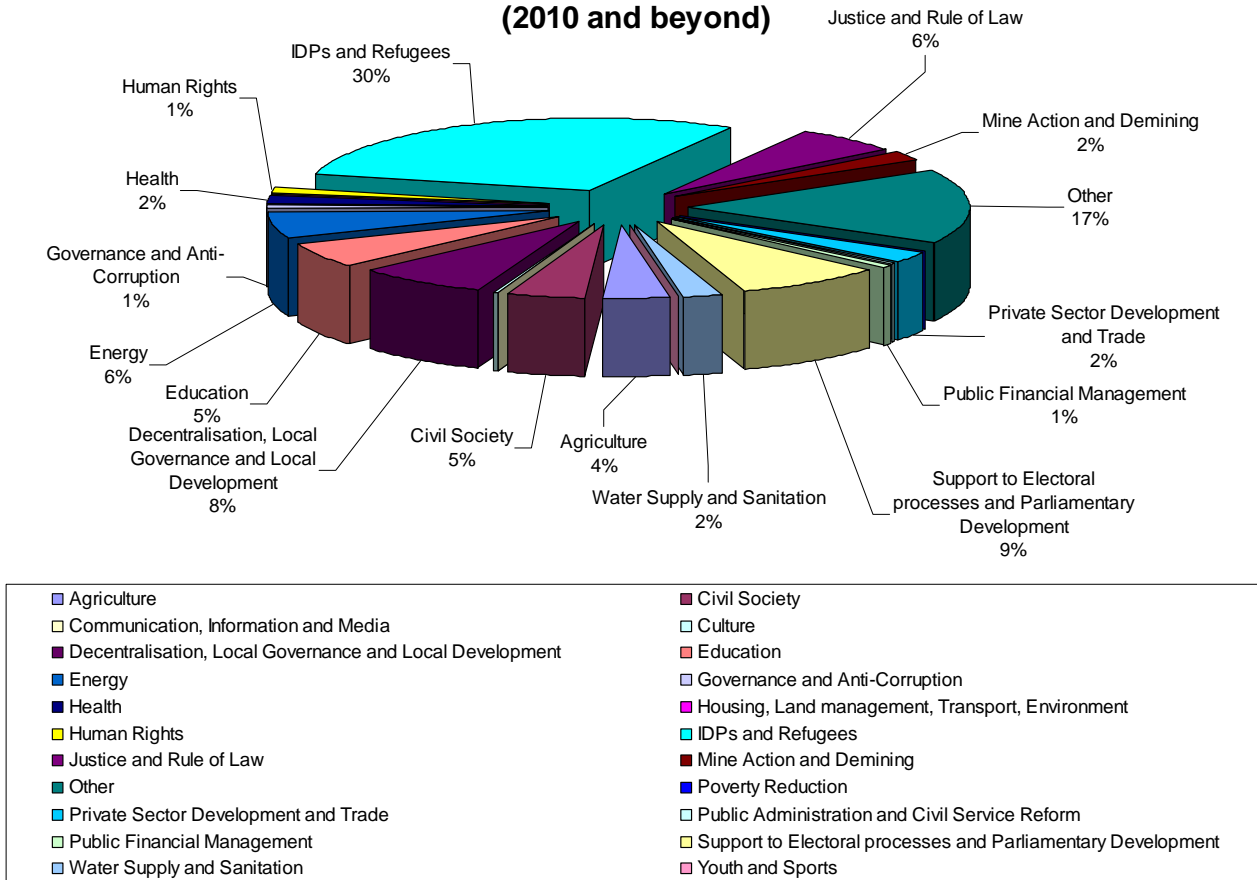
<sup>25</sup> The Ministry of Planning and Development Cooperation's database.

### Ongoing Bilateral Grants by Sector (as of 2009)



■ Agriculture	■ Civil Society
■ Communication, Information and Media	■ Culture
■ Decentralisation, Local Governance and Local Development	■ Education
■ Energy	■ Governance and Anti-Corruption
■ Health	■ Housing, Land management, Transport, Environment
■ Human Rights	■ IDPs and Refugees
■ Justice and Rule of Law	■ Mine Action and Demining
■ Other	■ Poverty Reduction
■ Private Sector Development and Trade	■ Public Administration and Civil Service Reform
■ Public Financial Management	■ Support to Electoral processes and Parliamentary Development
■ Water Supply and Sanitation	■ Youth and Sports

### Future Bilateral Grants by Sector (2010 and beyond)



Most of the donors will gradually decrease their development aid, thus acknowledging Iraqi capacity to rebuild the country with its own increasing financial resources.

Despite noticeable efforts towards achieving complementarity of donor interventions, the prevailing security situation over the past years has significantly impeded the implementation of programmes in a systematic, transparent and coordinated way.

A more dynamic and more substantive partnership of Iraq with the international community is essential for the sustainable development of the country (see Chapter 3.1.4.). Therefore better coordination mechanisms between Iraq and the international community as well as among donors themselves shall help maximise impact of development work in Iraq. The EU places great emphasis on the value of co-ordination among donors and integration of their actions within an Iraqi-owned strategy. Even though the UN has played a leading role in this process, the EU’s efforts in this regard are well seen and highly appreciated. The level of visibility and information-sharing among donors has recently improved, though there is a wide scope for improvement. The JSP drafting process has provided a good opportunity to strengthen cooperation not only in view of post-IRFFI mechanism but also at the EU level.

#### 3.1.3. Description of the political dialogue between the EU and Iraq

As soon as the Iraqi Transitional Government was formed in 2005, the EU and Iraq signed a Joint Declaration on Political Dialogue (21 September 2005), in which the “EU and Iraq share the same goal

of a secure, stable, unified, prosperous and democratic Iraq, where the human and political rights of all citizens are protected”. According to this Declaration discussions shall include the EU’s support to the Iraqi political process, good governance, rule of law, democracy, human rights, dialogue on non-proliferation and counter-terrorism.

In 2005 Baghdad hosted the first ad hoc EU-Iraq Ministerial Troika. The second meeting took place in Brussels in May 2009. In parallel Ministerial Troikas in New York in the margins of the United Nations General Assembly meetings have become a regular platform of EU-Iraq political dialogue.

As soon as the PCA enters into force with its broad framework for political dialogue, it will automatically replace previous arrangements.

The years 2008-2010 have been marked by an increased number of bilateral meetings between the EU and Iraq (EU and bilateral Member States’ visits). Iraqi Prime Minister al-Maliki paid a visit to Brussels in April 2008. The EU-Iraq energy dialogue took place in Baghdad in January 2010, during which the EU Energy Commissioner and Iraqi Oil Minister signed the Energy MoU.

Political dialogue gives an opportunity to discuss in detail not only EU-Iraq relations but also the main internal and external developments linked to the democratisation process, human rights, rule of law, civil society, elections, national reconciliation, relations with neighbours, etc. During recent meetings the question of the death penalty and adoption of various international human rights conventions such as the Torture Convention were raised in particular. Finally, the role of civil society in the political and development process of Iraq has been a key focus for the EU in its dialogue with Iraqi partners.

EU statements, demarches and Foreign Affairs Council Conclusions constitute additional means of raising the EU’s main concerns vis à vis Iraq.

#### **3.1.4. Description of the state of development cooperation with Iraq and progress towards harmonisation**

Coordination with the Government of Iraq is done through the Iraq Strategic Review Board (ISRB) and through ad-hoc meetings chaired by the Prime Minister's Advisory Board in coordination with the Ministry of Planning and Development Cooperation (MoPDC). The respective line ministries participate in these coordination meetings. In 2009 the Iraqi Government launched an initiative to reinforce the Prime Minister's Advisory Board's coordination capacity between national priorities and external aid.

As a predominant contributor to the IRFFI, the EU has taken an active part in the related technical and steering committees. UN agencies and the World Bank also make significant efforts to coordinate in a transparent way, notably in the form of regular peer group reviews attended by the EU under IRFFI and through the Iraqi Partners Forum (IPF).

Finally, there is a series of sector coordination groups, most of them organised on an ad-hoc basis. These working groups provide a forum for all partners to exchange information on sector related issues and projects under implementation, and add to the sector strategy.

As mentioned earlier the difficult conditions of implementation in Iraq often caused delays, higher costs, overlaps, postponements and even cancellations. Donors’ coordination and project harmonisation together with Iraqi involvement have been the major challenges. Efforts to establish more effective

coordination mechanisms are constantly being worked out and modified. The fact that they have not been set up yet also remains a part of a challenge towards more successful donors' coordination. The above mentioned IPF involving the World Bank, UN agencies, EU and other donors serves to exchange information on individual initiatives and to agree on common approaches. The meetings are held once per month. At EU level there are also regular briefing sessions with EU Member States organised by the EU Delegation in Baghdad. Moreover, there are regular meetings between the European Commission and EU Member States in order to exchange information about ongoing and planned activities.

The Government of Iraq considers EU support to be an integral part of Iraq's development strategy and EU assistance is highly valued by the Government of Iraq. The EU has always welcomed the Government of Iraq's endeavour to draw up a single national strategy for development. The foreseen New Partnership, deriving from the ICI principles should build on increased Iraqi ownership, greater commitment by all involved parties, coordinated approach both by the different branches of Iraqi government and with the international partners. The EU, as one of Iraq's most important partners has always stood ready to lend its continued support and cooperate with Government of Iraq, UN, World Bank and other partners, learning from the important lessons of ICI and IRFFI. The EU also welcomed the Government of Iraq's 6-point proposal for a "Partnership for Development"<sup>26</sup>, which includes a co-financing mechanism for new programmes undertaken with international partners and Iraq's adoption of the OECD's Paris Principles on Aid Effectiveness.

### **3.1.5. Analysis of consistency with EU policies (policy coherence)**

Given Iraq's important role in the region and potential as a trading partner, the EU has always seen the mutual benefits of developing ties with Iraq and contributing to a secure, stable, unified, democratic and prosperous state. The EU has also remained committed to supporting Iraqi efforts to strengthen respect for human rights, including through further institution and rule of law building. *The EU Guidelines on Human Rights* as well as priorities focusing on good governance and democratic process have been a key focus in the EU cooperation with Iraq.

The areas covered by the Partnership and Cooperation Agreement and the Energy MoU are all compatible with main EU priorities as regards trade, energy, migration and others.

Another key issue at the top of the EU policy agenda is environment. Water management which constitutes one of the major environmental challenges, especially in Iraq, a country greatly affected by pollution and drought, forms a part of the Joint Response Strategy. It will be consistent with the *6th Environment Action Programme of the European Union 2002-2012*, which identifies four priority areas: climate change, nature and biodiversity, environment and health, natural resources and waste.

The EU programmes targeting refugees have been in line with and complementary to EU policies on migration, resettlement and asylum in which an integrated approach to protection across the EU has been a key focus. For example since 2008, those EU Member States who hosted the largest numbers of Iraqi refugees could benefit from the newly established European Refugee Fund which complemented the DCI assistance programmes to refugees and IDPs inside and outside Iraq.

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<sup>26</sup> The proposal was presented at the first ICI Annual Review Conference in Stockholm in May 2008, during which the Government of Iraq invited international partners to invest in the future of Iraq and presented its initiatives for integration with the regional and global economy.

Other most pertinent EU policies targeting education, health and social development are most relevant and applicable in the Iraqi context.

## **3.2. Italy**

### **3.2.1. Italy's overview – past and present cooperation with Iraq**

Italy's cooperation with Iraq dates back to the 1990s, initially through the support granted to the emergency and health sector with the financing to the ICRC and other international organisations.

Following the second Gulf War in 2003, in line with international commitments and country needs, Italian cooperation with Iraq was diversified covering several areas and involving more than hundred projects in the following fields: culture and education, archaeology and cultural heritage, health and environment, private sector and public administration capacity building, irrigation and water resources, humanitarian assistance, human rights and political dialogue, rule of law, agriculture.

Humanitarian assistance has been mainly focused, during this period, in the aid to refugees in Syria and Jordan, to IDPs and in supporting the mine clearance campaign.

Furthermore, since 2006, Italy has assumed the lead of the Provincial Reconstruction Team of Nassiyria, coordinating the international donor's effort in the province. Since 2003 a specific financial and technical contribution (the New Eden Project) was provided by the Italian Government, through the Ministry of Environment, Land and Sea (IMELS), in the fields of water and environmental resources management, implemented under the coordination and supervision of the United Nations Environment Program (UNEP), and in cooperation with the Iraqi Ministries of Water Resources (MWR), Environment and Municipalities/Public Works. The project was aimed at the restoration of the Marshes of southern Iraq, the largest wetlands of the Middle East, through the development of an extensive Master Plan for the Integrated Water Resources Management in the area and an extensive capacity building and training activity.

The aid provided by Italy to Iraq during the period 2003 – 2009 amounts to €50 million grants, plus €400 million soft loan (€100 million already engaged in the field of agriculture – irrigation and €300 million to be allocated in the two year period 2010-2011 in fields to be further identified) and €2.4 million as cancellation of the country public foreign debt in the framework of the Paris Club agreements.

The lessons learned from the execution of cooperation projects in Iraq, together with the importance of increasing Iraqi ownership and involvement in the projects, have led Italy to define a new strategy of intervention concentrating efforts on a few areas to be carefully selected, to avoid duplication with other donors' efforts and to take advantage of possible synergies with on-going programmes.

Following this new approach new projects are focused on priority fields taking into account the added value that Italy can bring to Iraq compared to other donor countries.

It has been therefore envisaged, starting in year 2010, to concentrate Italy's efforts on the following sectors: cultural (cultural heritage), social services (health and education), agriculture, irrigation (water supply management), private sector support (SMEs) although ongoing projects on climate change and environmental restoration/management, institution building and support to the political process will be continued.

### **3.2.2. Information on Italian bilateral programmes<sup>27</sup>**

Italian cooperation projects in Iraq have been mainly concentrated in Baghdad, the Kurdistan Region and the Dhi Qar province and carried out through both bilateral and multilateral channels.

The sectors involved are: human rights, justice and rule of law, support to electoral process and parliamentary development, private sector development, education, culture, health, environment, IDPs and refugees, agriculture and water.

### **3.2.3. Description of the bilateral political dialogue between Italy and Iraq**

Since 2003 political dialogue with Iraq has been deep in accordance with the political engagement of the Italian Government in the country, within the Coalition Provisional Authority (CPA) first and then through the support to the new institutions. A wide range of exchange of ministerial visits has taken place. Italy has since the beginning strongly supported the International Compact with Iraq and the “Neighbours Process”. It has chaired the Donors Committee of IRFFI from March 2007 to February 2009.

The Treaty of Friendship, Partnership and Cooperation between the Republic of Iraq and the Republic of Italy entered into force on July 5 2009, and paved the way for an enhanced bilateral political cooperation and foresees a high level Political Dialogue through structured meetings between the Prime Ministers, Ministers and Vice Ministers as well as semi annual meetings between the Foreign Affairs Ministers chairing the High Level Joint Commission.

Effective engagements are foreseen in the following fields: socio-economic (women, child, environment, agriculture, infrastructure, energy, health, institution building, water resources and poverty reduction), security, cultural heritage, education, science and technology, rule of law and public administration, finance.

The first meeting of the High Level Joint Commission was held in Rome on 15 December 2009.

## **3.3. Sweden**

### **3.3.1. Sweden’s overview – past and present cooperation with Iraq**

In 2003 Swedish development assistance to Iraq amounted, in total to around SEK 560 million (around €7m); almost half of this went to humanitarian assistance. From 1991 to 2003 Sweden provided humanitarian assistance to Iraq through for example ICRC and NGOs. The total amount of Swedish assistance to Iraq 2004 -2009 has reached €77.5 million.

The main focus has been on democracy development, human rights, civil society, energy, water and humanitarian assistance.

The humanitarian assistance from 2003 -2009 has focused both on humanitarian needs inside Iraq for IDP and vulnerable populations as well as support to Iraqi refugees in Syria, Jordan and Lebanon. In addition, Swedish International Development Cooperation Agency (SIDA) has been providing support to clearance of remnants of conflict, both in the Northern as well as in the Southern part of the country.

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<sup>27</sup> See Italy Donor Coordination Matrix in Annex 3.

The support has been channelled through the ICRC/IFRC, UN and NGOs. The support is guided by the Strategy for SIDA's Humanitarian Assistance 2008-2010. The goal for this strategy is to save lives, alleviate suffering and uphold human dignity in the face of situations of human catastrophe. SIDA's humanitarian support to Iraq is also guided by the principles of Good Humanitarian Donorship (GHD), which emphasise: flexible, non-earmarked and timely funding in proportion to needs; adequate involvement of beneficiaries; and that humanitarian support should support recovery and transition towards long-term development.

In July 2009 a new Country Strategy for Development Cooperation was adopted by the Swedish Government. This new strategy, which will govern development cooperation with Iraq, is valid until 31 December 2014.

The overall objective of Swedish Development Cooperation with Iraq is lasting peace in Iraq, improving living conditions and democratic development. Sweden will also aim to work towards improved aid effectiveness with stronger Iraqi ownership, improved coordination and harmonisation of development assistance under Iraqi leadership in accordance with Paris Agenda.

The cooperation will focus on two sectors; (i) democratic governance and human rights and (ii) trade, industry and financial systems.

### **3.3.2. Information about the Swedish bilateral programmes**

Sweden has funded programmes in all geographical areas of Iraq. The main channel for the support has been through multilateral agencies such as United Nations and World Bank as well as non-governmental organisations. The main part of the development assistance has been channelled through IRFFI.

### **3.3.3. Description of the bilateral political dialogue between Sweden and Iraq**

Sweden's relations with Iraq are extensive and include, apart from diplomatic relations and development assistance, an increasing number of trade relations, exchange and cooperation projects in, for example, research and education. The large number of Swedish-Iraqis serves as a bridge between the two countries in many contexts and is consequently an asset in these relations.

In the area of human rights and gender equality, emphasis is placed upon the situation for vulnerable groups such as women and children. The implementation of Security Council Resolutions 1325, 1820 and 1612, will be given priority. Democratic accountability and compliance with the UN Convention against Corruption is another important issue for dialogue.

The role and conditions of the civil society in Iraq will also be particularly emphasised in the political dialogue.

The Swedish Embassy re-opened in Baghdad in 2009, which has improved the possibilities for strengthened dialogue within different areas.

Sweden also hosted the ICI conference in Stockholm in May 2008, bringing together a vast gathering of Iraqi representatives and its international partners.

## **CHAPTER 4: THE JOINT RESPONSE STRATEGY**

By embarking on a process towards the National Development Plan for 2010-2014 Iraq has recognised that rebuilding the state, improving the quality of services delivery and sustained economic growth, including effective management of natural resources are paramount to the achievement of development goals in Iraq.

Even though Iraq is emerging from several conflicts and wars, it is not a poor country. The country has a rich and diverse resource base, and the effective and efficient utilisation of these resources has the potential to lay the foundation for lasting sustainable growth. The annual budget which is currently around US\$72 billion is expected to increase to over US\$300 billion in the coming years. This trend coincides with a gradual decrease of funds from the international community. Since 2007, the EU has gradually reduced its funding for Iraq by 30 % to 50% per year reaching €23.8 million for 2010.

One of the major lessons learnt from the past is that the international community, including the EU should help Iraq mobilise its own resources to improve the welfare of the Iraqi people and rebuild the country's infrastructure.

This approach is fully in line with the Iraqi national strategies, which are currently being consolidated into a single, comprehensive plan.

The joint approach will serve better to structure the European Union's intervention, including alignment, complementarity and coherence. It will also help streamline the coordination and information-sharing processes internally within the European Union and externally with the Government of Iraq and other donors. The joint programming reflects the wish of the EU to strongly commit to the Paris Principles. The EU Member States already work very closely in order to ensure synergy and complementarity of their assistance. This approach will be strengthened, especially when it comes to sectors of common interest, in order to avoid overlap and ensure efficient coordination, including co-financing possibilities.

### **4.1. Main challenges and risks affecting the joint programming**

The Joint Response Strategy (JRS) will have to take into account various challenges and risks which might affect the smooth implementation of the JSP National Indicative Programme. The most important ones are:

- Uncertain political and security developments. This Strategy is based on a "best case scenario" whereby a stable government will be formed after the March 2010 elections, with an acceptable level of security gains. However, it has to be noted that the alternative "worst case scenario" could be protracted political instability and insecurity with major implications for the EU Strategy.
- Internal Iraqi coordination and lack of a single development plan. Despite the endorsement of the NDP Iraq is still without a coherent policy framework to set and to match objectives and directions with the annual budget and development operations of the public and private sector. However, Iraq has taken steps to link the NDP to the 2011-2013 Budget Strategy. This was discussed during the Istanbul meeting in May 2010. It is still unknown what share of the budget will be devoted to future development plans. There are no yet detailed indicators available which would set the course of each development goal.

- Implementing modalities, including co-financing. It is expected that the Iraqi Government will be fully involved in the implementation process and will co-finance EU projects (in principle, Iraq would finance the “hardware” i.e. reconstruction, infrastructure, and the EU would work on the “software” i.e. capacity building). It is also hoped that one single coordinator will be appointed in order to be the key contact point for, and coordinator of, EU assistance, able to sign the Financing Agreements and assure continued and smooth interaction during the whole implementation phase.

The main implication of the above for the JRS is that the choice of sectors concerned, and the resulting work programme, will require a large margin of flexibility. It will be also difficult to rely on conventional implementation indicators as is the case for EU cooperation with other countries with well established development policies.

## 4.2. The sectors of joint programming

**Focal sectors:** i) good governance; ii) socio-economic recovery through education and strengthening institutional capacity; iii) water management and agriculture;

**Cross-cutting issues:** human capital/competence building, human rights, gender, protection of vulnerable groups, environment.

The overarching aim is to enhance the capacity of the state and its institutions to perform its core functions and to deliver quality services in a transparent way that responds to citizens’ main needs and expectations, such as improved access to education, health and economic opportunities, protecting citizens’ rights and preserving the environment. The needs of IDPs and of returnees will be integrated in all actions covering all sectors. All activities shall, in a non-discriminatory manner, aim at maintaining a geographical and ethnic balance, i.e. they will be implemented throughout Iraq in a representative way.

The programmes will focus on institution and competence building, requiring full Iraqi involvement and co-financing, so that EU resources are used to leverage Iraqi capital and to contribute to the Iraqi driven programmes (asset based and partnership approach). The Joint Response Strategy will tackle both governmental and non-governmental levels, including local authorities and civil society. It will also try to achieve an active balance between the top-down and bottom-up assistance delivery modalities. The sectors concerned are considered to represent the maximum possible EU added value, in which the EU has been one of the leading donors (especially in the governance and education areas). They also respond to the Iraqi request for long impact projects and are rooted largely in the follow up of previous and ongoing European Commission programmes, in which considerable experience has been gained. Where possible, linkages between ongoing and future programmes will be assured.

### 4.2.1. Justification of the sectors

The overarching objective is to **improve the functioning of the public sector**, in order to increase state capacities to deliver basic services as well as to create the conditions for socio-economic growth. More citizen-oriented and efficient public administration, based on improved management and performance, is not only the key to a strengthened state-society relationship but also to achieving sustainable development and combating poverty. Therefore good governance and support to civil service reform, especially with regards to rule of law institutions, will be the key focus of the joint programming exercise.

Capacity building involves an "investment in human capital", which is a holistic process requiring substantial investment in **education**. Development of leadership skills and entrepreneurialism among

young people, who represent 40% of the Iraqi population, constitutes another key factor for enabling socio-economic growth. The objective is to equip the population, in particular the youth, with the skills to meet the Iraqi labour market demands. Technical and vocational education underpinned by programmes aiming at the improvement of the economic climate, and private sector development, should help the people of Iraq to become self-sufficient and enterprising.

**Water** issues are the third main focal sector of the JSP. Waterborne diseases pose a major threat to the health of populations in conflict and natural disaster affected zones. It has been affected by conflicts for decades, water resources have become ever scarcer, and it has experienced droughts in the past decade. The lack of access to drinking water and no sustainable water management system cause epidemics, agricultural deficiencies and contribute to economic weakening. Enhanced water management as well as environment and climate-related business development should help avoid health threats, boost agriculture and investment as well as mitigate the losses due to climate change.

The sectors selected reflect the Iraqi needs expressed in priority sequence during the thorough consultation process. Good governance, education and health, water management and overall promotion of socio-economic growth are among the key, recurrent priorities articulated by Iraqi counterparts. Since the needs in each of those sectors are significant, the fact that EU, Italy and Sweden will pursue common areas of intervention should offer further added value. This approach will avoid “shallow projects” and will be in line with the Government of Iraq wish to diminish fragmentation in order to gain sustainable effects. It also constitutes an asset in terms of possible co-financing and the “comprehensive delivery package”.

The cross-cutting issues indicated earlier will be taken into account in all of the programmes. Protection of vulnerable groups and promotion and protection of human rights of women and children will be mainstreamed throughout.

#### **4.2.2. Consistency of the Joint Programming**

The European Commission, Sweden and Italy will work very closely on the coherence and harmonisation of every component of the JRS.

Following the identification of the main areas, all three parties have agreed to focus on specific elements within the same sectors, in order to gain a broader social impact and maintain a holistic and integrated approach. For example the European Commission’s education programme would be linked to the fight against unemployment and creating opportunities for youth, whereas in parallel Italy would contribute to other pillars of education linked also to health promotion. The same principle of complementarity will be applied in the governance sector and water management. The Commission’s and Sweden’s institution building and civil service programmes will tackle central, regional and local levels, with the Commission’s focus more on the rule of law institutions and Sweden’s on popular participation in decision-making processes. The Commission’s water management programme linked to comprehensive water policies would be complemented by Italy’s contribution in health, agriculture and climate change. Sweden’s capacity support for trade policies would be complementary to Italy’s small and medium sized enterprises development programme. Finally Sweden’s environment- and climate related business development would tie in with the Commission’s and Italy’s intervention in the water and agricultural sectors.

### 4.2.3. Expected results

The Joint Strategy Paper is carried out at a critical moment for Iraq, as it undergoes the transition from a post-conflict phase characterised by urgent responses, towards longer term development and sustainable progress. Therefore, the main expected results should be reflected in more efficient, accountable and transparent public administration, where rule of law prevails and human rights are respected. Another key development outcome would be an increased access to education and job opportunities in a more diversified and competitive market economy. Finally, a comprehensive water management system which is efficient, equitable and environmentally sustainable would be the third main outcome. Specific impacts should include greater access to public and social services, improved access to justice, larger available economic space and environmental impacts, especially on health, agriculture and education. Intermediate impacts would be improved conditions for good governance, economic growth as well as enhanced human capacity. This should contribute to the achievement of the MDGs with the overall impacts of economic growth, social development and poverty reduction.<sup>28</sup>

### 4.2.4. The European Commission's Programme

After several years of annual programming covering a wide range of sectors (Special Measure provision under Article 23 of the Regulation establishing a financing instrument for development cooperation<sup>29</sup>), cooperation is now based on a mutually agreed approach to focus on capacity development and will tackle limited areas of intervention. As mentioned before, all the sectors in the JRS will be treated in an integrated manner.

Under the Development Cooperation Instrument (DCI) an indicative allocation of €58.7 million has been earmarked for Iraq for the period 2011-2013. The sectors concerned are:

1. Good governance and rule of law
2. Education matching labour market needs
3. Water management and efficiency.

#### Good governance and rule of law

Since 2005 one of the EU's top priorities has been to help increase the capacity of the Iraqi Government and civil society. The objective is to strengthen democracy, ensure respect for human rights, including the rights of women and persons belonging to minority and ethnic groups, boost the rule of law, combat corruption and promote transparency, accountability and good governance.

The Iraqi Government refers to this overall aim which is to "fill in the governance gap and build strong institutions that are able to function in a sound manner to achieve development goals". In order to do so in a sustainable way, the Iraqi side has recognised that a comprehensive public administration reform process must include civil service reform (restructuring of public sector institutions in harmony with the new decentralised governance structure), and the reform and the administration of the justice system. The whole process must build on a thoroughly researched baseline and needs assessment (reviewing mandates, structures, policies, human resources management, formulation of strategies) that

<sup>28</sup> The limited provision of impact indicators in this Strategy is due to the lack of currently available data.

<sup>29</sup> Art. 23 of the Regulation (EC) no 1905/2006 of 18/12/2006.

will be integrated into national and local development plans and budgets, including sector strategic needs.

The EU's response strategy for the years 2011-2013 aims at contributing to: i) public sector modernisation; ii) administration of the justice system, and iii) local governance. Even though the local governance component is heavily weighted by the major donor, which is the United States, the main EU focus will be on enhanced service delivery, especially in the education and water sectors. The need for EU intervention to help improve the local capacities in basic services distribution has been very highly advocated, especially by the civil society. This part of the programme will complement the Swedish contribution to the democratic governance and human rights. It also builds upon the EU's overall contribution to the governance sector in Iraq (constitutional and electoral process, rule of law and human rights, public administration reform) to which the EU has been the largest donor with a total amount of around € 190 million. A baseline and specific indicators will only be available after the completion of phase one of the Public Sector Modernisation Programme which should start during 2010 (€100 million, US funds, IRFFI commitments).

<b>Main objective: Improved governance, citizen-friendly justice administration, enhanced service delivery</b>
<b>National Development Priorities:</b>
NPD, PRS set the realisation of "good governance" as prerequisite to attain development objectives.
<b>Specific objective nr 1: Support to public sector modernisation</b>
<ul style="list-style-type: none"> <li>- financial planning and management</li> <li>- development of human resources (organisation, performance, working conditions).</li> <li>- development and implementation of policies and procedures</li> <li>- quality management system</li> <li>- role of the civil society component in the reform process</li> </ul>
<b>Specific objective nr 2: Support to justice administration:</b>
<ul style="list-style-type: none"> <li>- development of the administration of justice from an organizational and policy perspective</li> <li>- judicial chain management</li> <li>- citizen-friendly legal aid system</li> <li>- creation of networks between different rule of law institutions on central and local levels, especially judiciary and penitentiary</li> </ul>
<b>Specific objective nr 3: Support to local governance in enhancing basic services delivery:</b>
<ul style="list-style-type: none"> <li>- planning and management</li> <li>- enhancing service delivery capacities with the main focus on education and water</li> <li>- participatory governance</li> </ul>
<b>Key Development Outcomes:</b>
<ul style="list-style-type: none"> <li>- strengthened and improved public administration at central, regional and local levels with improved institutional accountability</li> <li>- more effective mechanisms of coordination, at all levels</li> <li>- improved delivery of basic services by state institutions</li> <li>- improved operational rule of law framework for administration and access to justice</li> <li>- increased citizens' confidence in public administration, and administration's confidence in citizens' participation.</li> </ul>
<b>Mainstreaming and cross-cutting issues:</b>
human rights, anti-corruption, juveniles, women, children, disabled persons, IDPs/returnees
<b>Main indicators<sup>30</sup></b>
<ul style="list-style-type: none"> <li>number of civil servants trained and proportion of the budget dedicated to this purpose</li> <li>- confidence ratings of citizens regarding public administration efficiency and access to justice</li> </ul>

<sup>30</sup> Baselines only available after completion of phase one of the PSM programme. -

- number of regulatory frameworks adopted concerning civil service and justice administration
- level of financial recourses available for local authorities
- % of population benefitting from the better service delivery
- number of all vulnerable groups benefiting from programmes
- number of all vulnerable groups asserting their fundamental rights
- number of civil society organisations benefiting from and participating in programmes

## Education

The particular importance of education in Iraq today derives from its large young population, high unemployment rate and the need to achieve economic recovery. Ensuring education targets the unemployed as well as vulnerable and marginalised groups is one of the major social development concerns, especially in view of substantial urban-rural discrepancies and gender disparity. The NDP stresses the importance of “tightening the relationship between education and labour market in order to create a self-motivation for the learners to grasp educational opportunity”. Intrinsically linked to the achievement of educational goals is the elimination of barriers that keep children out of school (households work especially among the IDPs, participation of children in family businesses, girls prevented from receiving education because of socio-cultural norms).

This track will be followed in the years 2011-2013, building on the initial outcomes and results of the Commission's 2009 Education component from the 2009-2010 Capacity Building Programme. The result of this programme will also allow the re-definition of the baseline and indicators including impact indicators. The Commission's response to the education sector will focus on education linkages to social cohesion, fighting unemployment and matching education provision with labour market needs. The aim is to overcome the problem of skill and education shortage from which the poor suffer and to facilitate their chances of obtaining income-generating work. The main components will be: i) technical and vocational education, contributing to the development of education policies consistent with economic and social plans (including teacher/on-the-job training and specialised courses and degrees adapted to market needs; ii) increased access to secondary education (the sub-baccalaureate market constitutes a major part of employment). Improving qualifications of women, IDPs and returnees will be mainstreamed.

<b>Main objective: Increased access to job opportunities, quality education system matching labour market needs, enhanced service delivery</b>
<b>National Development Priorities:</b>
NDP: “Education is a basic factor for the progress of society”; improving education is a high priority in PRS
<b>Specific objective nr 1: Technical and Vocational Education and Training (TVET)</b>
<ul style="list-style-type: none"> <li>- creating learning opportunities to develop professional skills requested by the job market</li> <li>- development of curricula matching Iraq's economic environment</li> <li>- development of programmes and workshops aiming at (re)integration of youth in the social and economic life</li> <li>- organisation of “on-the job training” to promote productive employment and transition to privatisation</li> <li>- development of leadership and entrepreneurialism among young people</li> <li>- help establish relevant vocational training facilities</li> <li>- support for obtaining specialised courses and degrees adapted to market needs</li> </ul>
<b>Specific objective nr 2: Improve access to secondary education</b>
<ul style="list-style-type: none"> <li>- support and promote secondary education and policy development at the sub-baccalaureate level</li> <li>- provision of teaching and learning materials</li> <li>- organisation of Accelerated Learning Programmes for out of school youth (12-18+ years)</li> </ul>
<b>Specific objective nr 3: Creation of networks between schools and employers</b>
<ul style="list-style-type: none"> <li>- help establish mechanisms between secondary and vocational schools, technical institutes, universities</li> </ul>

and employers in order to ensure educational linkages with labour market demand - establishment of student follow-up and tracking mechanisms
<b>Key Development Outcomes:</b>
- improved access to quality learning (vocational, secondary, non-formal education) matching the market needs - improved access to job and income opportunities in a diversified and competitive market economy - vulnerable people (especially youth, women) attending secondary education and benefiting from skills-developing vocational programmes
<b>Mainstreaming and cross-cutting issues:</b>
empowerment of youth, women, children, disabled persons, IDPs/returnees, employees rights
<b>Main indicators</b>
- number of new jobs generated (baseline is not available) - number/percentage of youth (especially girls and women) enrolled in secondary schools and TVET (baseline: secondary enrolment: 21%, number of TVET students >70,000 - IHSES 2007) - number of new SMEs registered (baseline is not available) - % of economically active labour force (baseline: 43.6%, IHSES 2007) - % change in unemployment rate (baseline: 11.7%, IHSES 2007) Impact Indicator: alleviation of poverty rate (baseline: 23%, PRS 2009)

## Water management and efficiency

Even though Iraq has been endowed with an abundance of water from two major rivers, the Tigris and Euphrates, years of conflicts (man-made disasters), devastation and mismanagement have led to critical water level decline and extensive pollution. As a result, according to the UN and other international organisations, Iraq's water sector has "faced a major deterioration in recent years". Other factors contributing to water shortage include: climate change, natural disasters such as droughts, environmental degradation as well as a serious lack of coordination between - and weak capacity of - various public institutions. According to UN and Iraqi water experts, 70% of Iraq's water resources are used for agriculture, where 50% of water is lost during transfer. Meanwhile Iraq still imports the overwhelming majority of its agricultural products.

The Iraqi Ministry of Water Resources describes the water shortage in Iraq as "critical". This has created the following impact on Iraq's environment and agriculture:

- decrease in agricultural production and productivity (by 45% in 2007 due to severe droughts);
- decrease in biodiversity of Iraqi Marshlands (the size has shrunk by 60% in 30 years);
- inefficient irrigation techniques;
- desertification (from a historic figure of 50% surface area used for agriculture, the current figure is just 17%);
- high water salinity leading to low soil fertility;
- increase of toxic chemicals in the air, increase of sandstorms;
- lack of a cross-border water distribution agreement, resulting in a decline of 58% in upstream water supply from the Tigris and a 42% decline for the Euphrates.

Because of the reasons mentioned above, achieving MDG 7 will be very difficult. At the moment Iraq has no comprehensive water strategy and only very little baseline information is available. In 2009 the Government of Iraq has recognised the water sector as extremely important and announced the intention to prepare a 30 year water strategy.

Since this sector is directly connected to human health and life-quality, the EU response will focus on: i) technical assistance to the Iraqi institutions (on the central and local levels) to strengthen the national capacity for water management including support to health institutions to prevent and control waterborne diseases; ii) water education in a large sense, addressing identified educational gaps of the greater public and including sector specific requirements.

Water management requires a holistic and inclusive programme design including environmental aspects to secure the biodiversity of Iraq. An extensive package of solutions, including policies, incentives, technologies, infrastructure, operations management and organisational improvements is needed. Therefore the EU's and Italy's interventions in this sector will be carried out in a complementary and integrated manner. More specific indicators will be defined as part of the project.

<b>Main objective: Assisting the Government of Iraq in establishing a comprehensive water management system which is economically efficient, equitable and environmentally sustainable; enhanced service delivery;</b>
<b>National Development Priorities:</b>
NPD: upgrade water services in order to position Iraq as optimum services provider, urgent need for water projects for people living in rural areas. PRS: water aspect as a part of the 2 <sup>nd</sup> and 5 <sup>th</sup> objective regarding improvement of the health standard and housing environment for the poor.
<b>Specific objective nr 1: policy formulation and technical assistance to institutions</b>
<ul style="list-style-type: none"> <li>- help develop a comprehensive regulatory and institutional framework for sustainable water management (including environmental aspects)</li> <li>- strengthen relevant institutions in operational and managerial capacities for water management (including trans-boundary water policies, treaties and biodiversity)</li> <li>- prevention and control of waterborne diseases through support to health institutions</li> </ul>
<b>Specific objectives nr 2: Capacity support to Iraqi investments in water modernisation/sanitation:</b>
<ul style="list-style-type: none"> <li>- help improve water availability in rural areas</li> <li>- help improve wastewater systems in crowded agglomerations</li> <li>- help reduce leakages and water losses</li> <li>- help establish a system for assessing water and soil qualities</li> <li>- help to retain the biodiversity of Iraq</li> </ul>
<b>Specific objectives nr 3: Water education:</b>
<ul style="list-style-type: none"> <li>- comprehensive training programmes including awareness campaigns on good hygiene, water saving, waterborne disease control and environmental friendly policies</li> <li>- enhance the capacity of local farmers for efficient water usage</li> </ul>
<b>Key Development Outcomes:</b>
<ul style="list-style-type: none"> <li>- comprehensive policy framework for sustainable water resources management adopted</li> <li>- improved institutional capacity for water resources planning and management</li> <li>- improved water use efficiency</li> <li>- improved mechanisms to prevent, mitigate and respond to natural disasters established</li> <li>- increased effectiveness of existing water infrastructure</li> <li>- enhanced water and sanitation services</li> <li>- improved access to water</li> <li>- water losses reduced</li> <li>- incidence of waterborne diseases reduced</li> <li>- increased citizen's water knowledge and environmental awareness created</li> </ul>
<b>Mainstreaming and cross-cutting issues:</b>
human rights, children, women, IDPs/returnees, health, agriculture, employment generation
<b>Main indicators</b>
- mid term national participatory strategy agreed and adequately resourced for the sustainable management of water resources

- number of participatory strategies agreed and adequately resourced to protect biodiversity
- % of households using an improved drinking water source (2009 79.2%)
- % of waste water treated (2009 25 %)
- % of preserved natural resources for biodiversity
- number of water audits carried out (2009 0)
- number of water quality monitoring laboratories upgraded (2009 0)
- additional water available with recharge in water basins (Mm3)
- bacteriological control level according to norms in urban areas
- number of studies and training sessions carried out
- availability of water resources database
- number of water and sanitation projects carried out by the Government of Iraq
- number of activities to promote water awareness
- number of waterborne diseases

#### **4.2.5. Italy's programme**

The intervention will be focused on few areas, to be carefully selected to avoid duplications with other partners, taking advantage of possible synergies with ongoing programmes and bearing in mind also the facilities of the Italian led PRT in the Dhi Qar Province which are available for other international partners' efforts and projects.

Starting from 2010 Italy's programmes will be concentrated in the following sectors:

1. Cultural heritage
2. Health and education
3. Agriculture
4. Water supply management
5. SMEs
6. Support to institutions and political process

#### **Cultural heritage**

Since the very beginning of its contribution to Iraq's reconstruction, Italy has been significantly engaged in this field thanks to its expertise. Bearing in mind the relevance of this sector in consolidating Iraq's national identity, further programmes will aim to support restoration activities whilst taking into account their potential impact on economic development (i.e. cultural and religious tourism).

#### **Health and education**

Efforts will be concentrated on providing support in both these areas in terms of training and capacity building rather than infrastructure, in close consultation with the Iraqi Government and paying attention to the country's priorities and requirements.

#### **Agriculture**

In line with the NDP, the agricultural sector has been given great relevance and therefore Italy's intervention will be focused in providing both machinery and training in order to modernise this sector and restore its relevance as contributor to Iraq's GDP.

#### **Water supply management**

Complementing the effort provided in drawing the master plan for water resources in the southern region the activities will focus in supporting public water resources capacity. For the period 2010-2014, the Italian Ministry of Environment will continue and strengthen its support extending water and environmental resources management to other priority areas of Iraq including the training of the Iraqi institutional structure which will be in charge of managing the UN Convention on Climate Change (UNFCCC) and the Kyoto Protocol .

### **Small and Medium Sized Enterprises**

Following Iraqi Government request, assistance will be provided both in the definition of the industrial development programme at strategic level and in the implementation plans with the main focus of the development of the SMEs.

### **Support to institutions and political processes**

It has been very clear since the beginning of the Iraqi democratic process that there is a need to support democratic institutions and develop dialogue among Iraq's different political and social stakeholders. Italy has been therefore and will continue to be engaged in facilitating such dialogue through specific programmes in agreement with the Iraqi Parliament, the Government and other political forces (such as?).

#### **4.2.6. Sweden's Programme**

The new Swedish development cooperation strategy for Iraq will focus on two sectors:

- |   |
|---|
| <ol style="list-style-type: none"><li>1. Democratic governance and human rights</li><li>2. Trade, industry and financial systems.</li></ol> |
|---|

For the first sector the objective is to strengthen democratic state-building at different levels of society with a special focus on popular participation in decision-making processes. Initiatives could be supported at different levels of Iraqi society.

To make the focus clearer, the main sector is divided into two sub-sectors; human rights and democratic governance. However, links can be made between the two sub-sectors in the implementation process. The human rights perspective, and especially women's enjoyment of human rights, is central to the entire sector.

Within the sub-sector of human rights, which aims at *strengthening the capacity of Iraqi actors to promote and respect human rights, with a special focus on the enjoyment of human rights by women and children*, support can be provided to cross-sectoral efforts aimed at strengthening respect for human rights and to specialised government institutions, such as the new Human Rights Commission. Given the role of the civil society organisations, support can also be provided to government bodies regulating the conditions for civil society organisations.

In order to achieve the objective of the sub-sector democratic governance, i.e. strengthened democratic state-building at different levels of society with a special focus on popular participation in decision-making processes, Sweden will support democratic governance at different levels of the Iraqi society. This support will develop institutional capacity in public sector administration and organisations.

The main objective for the second sector is to achieve greater opportunities for poor people in Iraq to become self-sufficient. Support will be provided to the promotion of economic development through improvement of the business climate and development of the private sector.

The starting point for cooperation should be from the perspective of the poor and that of human rights. Human rights for all should be the guiding principle in all assistance. Furthermore, the human rights of women and children should be given special emphasis.

**The planned Swedish programme and aid modalities**

As Iraq has substantial resources of its own, joint financing with Iraq is an important instrument that the Swedish development cooperation will aim for as a method of increasing the Iraqi ownership. SIDA will furthermore explore programme support possibilities within the two cooperation sectors. Multilateral channels and forms of joint financing will be used to the extent possible. Support will be supplemented by initiatives channelled through Swedish society organizations and international organization working to strengthen Iraqi organization.

SIDA could also offer loan guarantees to support the use of local financial resources in Iraq and encourage investments. These could supplement capacity enhancing public administration support in the area of infrastructure.

The choice of aid modalities and forms of cooperation will be characterised by flexibility and the capacity to provide increased humanitarian aid if needed. In addition, the programme portfolio as a whole will include risk management and planning for alternative channels in the event of a deterioration of the security situation.

Furthermore, the sizeable Iraqi diaspora in Sweden plays an important role in establishing networks between Iraq and Sweden as they represent a broad range of knowledge and skills that are an important resource.

The issue of corruption is of great importance, as are women’s rights, both of which will be mainstreamed as a way of connecting the two sectors.

Taken the above into consideration, the tables below give a rough illustration of some of the planned Swedish interventions in Iraq between 2010-2014.

<b>SUPPORT TO STRENGTHEN INSTITUTIONAL CAPACITY IN THE AREA OF TRADE &amp; PRIVATE SECTOR DEVELOPMENT</b>
Training programme - Trade policy
International training programme within the area of technical barriers for trade
International training programme within the area of trade and quality infrastructure for food safety
Capacity support for trade politics
trade policy support
National Quality Infrastructure
Trade in agro business

Market development
Environment- and climate related business development
Investments CSR
Business for development
Support for structural and regulatory developments in the financial market
Financial market

<b>SUPPORT TO DEMOCRATIC GOVERNANCE &amp; HUMAN RIGHTS</b>
Cooperation with the Adam Smith Institute – indicative coordinated Swedish support with focus on capacity building of central government
Indicative support to capacity building of regional local governance in the area of infrastructure.
Planned support in the area of women’s empowerment and participation channelled through the Swedish organisation “Woman to Woman”
Indicative coordinated Swedish support to the establishment and capacity building of Iraq’s commission for Human Rights.

It is expected that Sweden will continue its humanitarian assistance to Iraq in 2010 at a similar level as that of 2009. Although the security situation in the country is visibly better, there are still high numbers of IDPs and a relatively weak preparedness structure to respond to possible new emergencies. The humanitarian assistance will be channelled mainly through the ICRC, UN agencies UNHCR and UNICEF, through NGOs either bilaterally or through the Emergency Response Fund (ERF), and Myndigheten för Samhällsberedskap (MSB) which translates into English as Swedish Civil Contingencies Agency, the former Swedish Rescue Services Agency. Since Sweden’s humanitarian assistance is needs-based it will be reassessed on a yearly basis.

### 4.3. Other instruments

#### 4.3.1. Thematic budget lines

The use of thematic instruments in Iraq will aim chiefly at strengthening and protecting civil society. Civil society is at the same time the beneficiary and implementing partner of the programmes financed through thematic lines.

In 2011-2013 Iraq-based projects will continue to be eligible for funding under global calls for proposals under a number of thematic instruments such as: i) the European Instrument for Democracy and Human Rights (EIDHR), which promotes at global level inter alia the priorities highlighted in the EU Human Rights Guidelines: the fight against death penalty, torture, the protection of human rights defenders and children; and the thematic programmes of the DCI, namely ii) Investing in People, which supports actions in six different areas such as health, education, gender equality, social

cohesion/unemployment and children, iii) Non-state Actors and Local Authorities in Development, iv) Migration and Asylum, which fosters the links between migration and development, fight against illegal immigration and trafficking as well as protects migrants and refugees; v) Food Security; vi) Environment and Sustainable Management of Natural Resources Including Energy.

Iraq will continue to be eligible under the Instrument for Stability (IfS) of which the main objectives are conflict prevention, crisis management and peace building. Crisis response projects under this instrument focus on a wide range of issues, such as support to mediation, confidence building, interim administrations, strengthening the rule of law, transitional justice and the role of natural resources in conflict.

Between 2008-2010 there has been an increase in the number of projects implemented under the thematic budget lines, notably EIDHR and Investing in People.

#### **4.3.2. Humanitarian assistance**

The assessment of the humanitarian situation is done on yearly basis and therefore difficult to predict. For the time being humanitarian assistance has been provided until 2010<sup>31</sup>. The Joint Response Strategy foresees further humanitarian assistance if the need arises.

#### **4.3.3. Other opportunities**

As from 2010 Iraq together with other countries will fall under the newly extended Instrument for Cooperation with Industrialised Countries ('ICI+')<sup>32</sup>. This will be a non-development oriented assistance with the aim of complementing development activities. All sectors may be covered, but particular relevance shall be accorded to those to be designated of strategic importance for the EU and Iraq, such as energy (development, security, supply) in particular in the framework of the Energy MoU.

In the years 2011-2013 Iraq will continue to benefit from the Erasmus Mundus action 2 programme which aims to enhance quality in higher education through scholarships and academic cooperation between Europe and the rest of the world.

Further possibilities can be also explored with regard to the future cooperation between the European Training Foundation and Iraq.

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<sup>31</sup> The Commission's Decision on the approval and financing of a Global Plan for humanitarian actions in Iraq and neighbouring countries from the general budget of the European Union (ECHO/-ME/BUD/2010/02000) – amount of €18 million.

<sup>32</sup> Adoption of the "ICI+" is foreseen for 2010.

## **CHAPTER 5: THE NATIONAL INDICATIVE PROGRAMME 2011-2013**

### **5.1. European Commission**

After the consultations with the Iraqi government and civil society the European Commission has decided to implement one component per year. This will help to maximise focus on the programme and ensure manageable workflow while maintaining a steady level of activity. Handling several components per year simultaneously would split the Commission's intervention in small parts and require a multitude of agreements and tendering procedures which will be very difficult to manage in the Iraqi context. Implementation of one component per year will also increase transparency and coherence during the coordination process with Italy and Sweden as well as with other donors. For example, the Commission's water management programme in 2011 will therefore be complemented by Italy's contribution in the same sector so that all the projects are presented as "packages". At the same time Sweden will implement its democratic governance and human rights component, which will prepare the ground for the Commission's further good governance programme (see details below).

1. At this point in time it is foreseen that the programme on water management and efficiency would be part of the 2011 allocation as Iraq urgently needs to address its short- and long-term water problems.
2. The good governance programme in 2012 would build on the results of the Commission's ongoing projects in this area including the US\$55million Public Sector Modernisation Programme (PSM) (including US\$45 million from the Government of Iraq) which was rolled out in 2010. This will allow to continue previous efforts and to reach greater sustainability.
3. Finally, education linked to labour market would be placed in 2013 as stage number two of the current Commission's intervention in this sector, to which €27m was allocated in 2009 and implementation of which should continue until 2013.

The Joint Strategy will seek to benefit from the main lessons learned from past and ongoing EU assistance, notably since bilateral channels have been used. These include: the need for greater donor coordination and oversight, improving the system of coordinated programming with strong Iraqi ownership and co-financing modalities in line with the Paris Declaration principles. Throughout the development and implementation phase of the JRS programmes regular discussions will be held between the EC, Italy and Sweden to ensure complementarity of the programmes and the involvement of other EU Member States will be encouraged in an effort to develop a co-ordinated approach. Other donors and the Government of Iraq will be consulted regularly to work towards increased integration of the actions of all partners within an Iraqi-owned strategy.

<b>YEAR</b>	<b>EUROPEAN UNION (budget allocation and sector)</b>
2011	€15.7 million - Water Management and Efficiency
2012	€2 million - Good Governance and Rule of Law
2013	€1 million - Education/Labour Market

## **5.2. Italy**

As the only EU country leading a PRT in Iraq and therefore with significant presence in terms of human resources and facilities in the Dhi Qar Province, Italy can implement there simultaneous bilateral projects under the direction of the Embassy in Baghdad and the coordination of the Directorate General for Development Cooperation (DGCS). The facilities there could eventually be made available to other strategic partners.

The rolling over of the projects will take into consideration the different timeframes necessary for their implementation and therefore the execution priority will be given to multiannual initiatives such as in the agriculture and water resources management.

Italy budget allocation: The Italian intervention in Iraq is still based on an extraordinary annual or semi-annual budget therefore the amount of commitment cannot be planned for the years 2011-2013. Despite this uncertainty on the grants, there is a clear definition on the cooperation complementary measures. An amount of €300 million has been committed as soft loan for such period.

Italy's engagement will cover all three sectors chosen by the EU for the JSP.

## **5.3. Sweden**

As the current Swedish cooperation strategy with Iraq was only adopted in July 2009, the programme portfolio is at the moment being built up. The projects/programmes listed above are only on a planning stage and much will depend on the developments on the ground in Iraq.

As from 2010 Sweden is expected to commit €12 million yearly provided that there are no significant changes in the conditions that would result in a lower amount.

Annual follow-up of the programme and its conditions will take place. Continuous analysis of corruption risks in operations will be undertaken and action will be taken to minimise the risks. Also of importance for the Swedish support to Iraq is that all sectors of the Iraqi population are included.

## **5.4. Implementation methods**

Coordination of the joint-programming will be done through regular consultations between the European Commission, Italy and Sweden but also with other EU Member States and donors. Given Iraq's specificity, a necessary degree of flexibility will be applied with regard to both the sectors concerned and implementing methods, which will be adjusted as required by the prevailing circumstances at the time of implementation. The 'worst case scenario' could mean even more possible modifications of the resources, sectors and implementing methods.

Since the coordination mechanisms are under constant review, it is also to be expected that the joint programming will naturally create more thorough coordination modalities internally between EU partners as well as externally with other donors. This will apply to post-IRFFI donor coordination mechanisms – still to be determined.

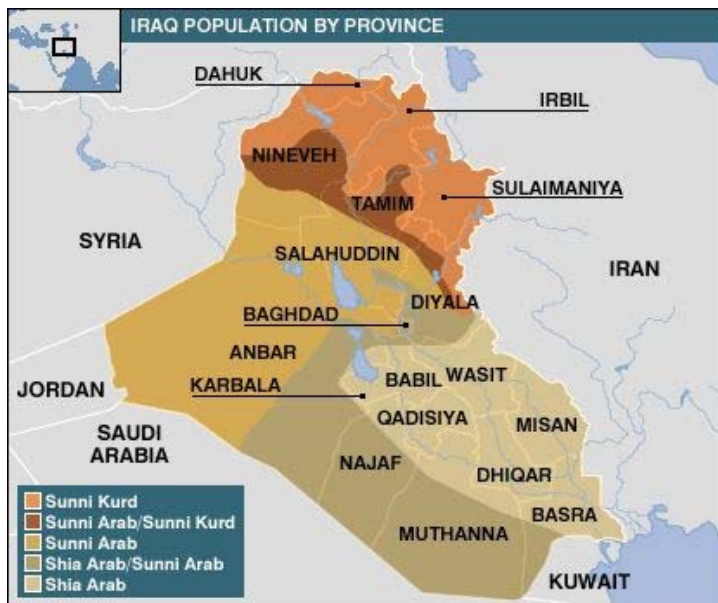
The leitmotif for implementation will be bilaterally agreed co-financing between the Government of Iraq, the EU as well as Sweden and Italy. The annual EU programmes will form part of Financing Agreements with the Government of Iraq which aim at underpinning the EU's contribution by co-financing through the Government of Iraq. The role of non-state actors in the implementation process will be taken into account so that a judicious balance between top-down (targeting governmental institutions) and bottom-up (focusing mainly on local actors including civil society organisations, local authorities etc.) approaches is maintained. Depending on the security situation, aid delivery methods will strike a balance between different management methods including joint management with international organisations.

However, as mentioned before, the risks which might affect the implementation of the JRS will necessarily be taken into account in the selection of appropriate implementation approaches. In particular, the security situation and political stability are the main factors to be taken into account as the programme proceeds. Depending on the security situation, implementation partners will include international organisations, EU Member States and their respective development agencies, NGOs and private companies.

# **A N N E X E S**

## ANNEX 1 - IRAQ – COUNTRY FACT SHEET\*

<b>Official name:</b>	Republic of Iraq
<b>Capital:</b>	Baghdad
<b>Surface area:</b>	438 thousand sq km
<b>Official languages:</b>	Arabic, Kurdish
<b>Other languages:</b>	Turkoman, Aramaic
<b>Population:</b>	31.1 million (IMF 2009 estimate)
<b>Main minority groups:</b>	Kurds, Turkmen, Christians (Chaldean, Syrians, Assyrians, Armenians), Mandeans, Shabaks, Yazidis
<b>Regions:</b>	<a href="#">Kurdistan</a> Region of Iraq (Kurdistan Regional Government (KRG))
<b>Governorates and Districts:</b>	Eighteen <a href="#">governorates</a> subdivided into 111 districts:



<b>Climate:</b>	Very hot summers, cool winters
<b>Currency:</b>	New Iraqi dinar (ID) since October 1st 2003
<b>National Day:</b>	14 July (anniversary of the 1958 overthrow of the Hashemite monarchy)
<b>Political structure (executive powers):</b>	The Prime Minister and Cabinet have executive authority, whereas the positions of President and two Vice-Presidents, who make up the Presidency Council, are largely ceremonial
<b>Main political parties:</b>	The main Shia Arab-led parties are the Islamic Supreme Council of Iraq (ISCI), al-Dawa, the Sadrist Movement and Islamic Virtue Party (al-Fadhila). Kurdish parties include the Kurdistan Democratic Party (KDP), Patriotic Union of Kurdistan (PUK), Kurdistan Islamic Union and the Goran (Change). Among the Sunni Arab groupings are the Iraqi Islamic Party and the National Dialogue Front. The Sunni Awakening Councils are seeking a political role following their function as counter-insurgent militias. Among the representatives of other minorities are the Iraqi Turkoman Front and the Assyrian Democratic Movement.
<b>Head of State:</b>	President Jalal Talabani (PUK)
<b>Head of Government:</b>	Prime Minister Nouri Kamil al-Maliki (al-Dawa)
<b>Parliament:</b>	Council of Representatives

\*Source: The Economist Intelligence Unit Limited 2010, BBC (map).

ANNEX 1 – IRAQ – SELECTED ECONOMIC INDICATORS

Iraq Selected Economic Indicators

	2003	2004	2005	2006	2007	2008 (est)	2009 (proj)	2010 (proj)
<b>Economic growth</b>								
Real GDP growth (%) <sup>1</sup>	na	46.5	-0.7	6.2	1.5	9.5	4.6	6.9
Real GDP growth (%) <sup>2</sup>	-33.1	23.0	3.3	6.2	1.5	7.8	5.0	6.2
Real oil GDP growth (%) <sup>1</sup>	na	na	-8.1	5.3	4.0	12.3	4.6	6.7
Real non-oil GDP growth (%) <sup>1</sup>	-3.4	5.0	12.0	7.5	-2.0	5.4	4.0	4.5
GDP per capita (US\$, PPP) <sup>3</sup>	na	na	2,958	3,148	3,189	3,479	3,655	3,817
GDP current prices (US\$bn) <sup>1</sup>	na	25.5	31.4	49.5	62.4	91.5	72.8	86.7
Oil production (mbd) <sup>4</sup>	1.44	2.26	2.08	2.13	2.12	2.41	2.40	2.6
Oil exports (mbd) <sup>4</sup>	0.80	1.47	1.37	1.51	1.67	1.86	1.89	2.1
<b>Money and prices</b>								
CPI inflation (headline, %) <sup>1</sup>	36.3	32.0	37.0	53.2	30.8	2.7	6.9	6.0
CPI inflation (core, %) <sup>5</sup>	na	na	28.7	31.9	12.3	11.8	10.4	-
Exchange rate (IQD/US\$) <sup>2</sup>	1,690	1,460	1,475	1,391	1,216	1,172	1,168	1,164
Policy interest rate (% , year end) <sup>5</sup>	na	na	7	16	20	15	7	-
Iraq oil export prices (US\$ pb) <sup>3</sup>	na	31.6	43.9	55.6	63.0	91.5	55.6	62.5
Int. reserves (mths imports) <sup>1</sup>	2.6	3.7	5.8	9.3	7.6	10.4	8.6	7.8
<b>Public finances<sup>6</sup></b>								
Total revenue, planned (\$bn)	na	na	23.7	30.3	33.4	67.1	42.7	52.8
Total revenue, actual (\$bn)	na	20.4	27.5	32.8	41.8	66.9	26.9	na
Oil export revenue, planned (\$bn)	na	na	21.4	28.1	31.0	60.7	36.5	47.9
Oil export revenue, actual (\$bn)	na	17.2	23.0	29.6	37.8	61.9	22.2	na
Other revenue, planned (\$bn)	na	na	2.3	2.2	2.4	6.3	6.2	4.9
Other revenue, actual (\$bn)	na	3.2	4.5	3.2	4.0	5.0	4.7	na
Total expenditure, planned (\$bn)	na	22.6	24.4	34.0	41.1	72.2	58.6	72.4
Total expenditure, actual (\$bn)	na	30.7	17.9	22.8	26.6	49.5	23.4	na
Recurrent expenditure, planned (\$bn)	na	19.2	19.3	27.8	31.0	51.1	45.9	52.1
Recurrent expenditure, actual (\$bn)	na	25.0	16.4	20.8	23.2	40.3	19.5	na
Investment expenditure, planned (\$bn)	na	3.4	5.1	6.2	10.1	21.1	12.7	20.3
Investment expenditure, actual (\$bn)	na	5.6	1.5	2.0	3.4	9.2	3.9	na
Budget balance, planned (\$bn)	na	na	-0.7	-3.7	-7.7	-5.1	-15.9	-19.6
Budget balance, actual (\$bn)	na	-10.3	9.6	10.0	15.2	17.4	3.5	na
Budget balance, actual (% GDP)	na	-40.5	30.5	20.2	24.3	19.0	4.9	na
External debt stock (% GDP) <sup>2</sup>	na	na	326	235	164	80	68	59

<sup>1</sup> 2004 data is from IMF (Aug 2005) *Iraq 2005 Article IV Consultation*; 2005-8 data is from IMF (Oct 2009) *Regional Economic Outlook: Middle East and Central Asia*. 2009-10 data is from IMF (Dec 2009) *Iraq Selected Economic Indicators*.

<sup>2</sup> Economist Intelligence Unit *Iraq Country Reports*, Aug 2008 and Dec 2009

<sup>3</sup> IMF (April 2009) *World Economic Outlook*.

<sup>4</sup> 2003-2008 are from the Brookings Institution (July 2009) *Iraq Index*, where the 2003 figure is the average May-Dec. 2009 estimate is the average Jan-Oct from U.S. State Dept (Oct 2009) *Iraq Status Report*. 2010 estimate is an IMF draft forecast.

<sup>5</sup> Central Bank of Iraq (CBI) *Key Financial Indicators* ([www.cbi.iq/key\\_financial\\_indicators.html](http://www.cbi.iq/key_financial_indicators.html)). The 2009 estimate is up to September.

<sup>6</sup> 2004 actual revenue and expenditure data is from IMF (Aug 2005) *Iraq 2005 Article IV Consultation*.

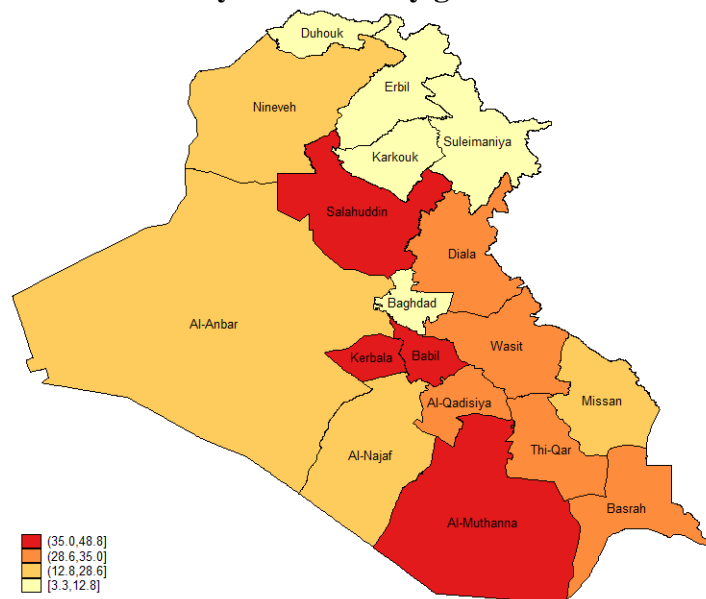
2005-8 data and 2009 planned data are from Annual Budget Laws and Ministry of Finance expenditure reports. 2009 actual data is from Ministry of Finance expenditure data up to Sept 2009. 2010 planned data is from the 2010 Budget Law.

ANNEX 1 – IRAQ – KEY POVERTY INDICATORS\* - TABLE 1

**Table 1: Key Poverty Indicators, Iraq**

	Iraq, All	Rural	Urban
<b>The poor</b> (population, in millions) The number of Iraqis who fall below the official poverty line.	6.88	3.44	3.45
<b>Poverty headcount index (% of the population)</b> The proportion of the total population of each geographic area below the poverty line (in percent).	22.9	39.3	16.1
<b>Poverty gap index (%)</b> This indicator measures the intensity (or depth) of poverty, that is, how poor the poor are. The index gives the average poverty gap for each geographic area (i.e. the distance from the poverty line) as a percentage of the poverty line.	4.5	9.0	2.7
<b>Poverty gap index squared (%)</b> An indicator that is widely used to highlight “extreme” poverty.	1.4	3.1	0.7
<b>Aggregate poverty deficit (ID billions/year)</b> This is the amount of money that would be needed to give each poor Iraqi exactly the difference between his or her actual per capita expenditure and the poverty line. In principle, this amount of money (with perfect targeting at the poor) would completely eradicate poverty.	1,261	728	533
<b>Poverty headcount index, using the US2.50 per day standard (%)</b> To facilitate comparison among countries, the World Bank frequently adapts US2.50 per day (at PPP-adjusted exchange rates) as a poverty line for middle-income countries.	13.9	25.9	9.0

**Poverty headcount by governorate**



\*Sources: Poverty Analysis Report prepared jointly by the Poverty Reduction Strategy High Committee and the World Bank.

ANNEX 1 – IRAQ – KEY POVERTY INDICATORS\* - TABLE 2

**Table 2. Key Educational Indicators**

<b>Access (in distance)</b>				
<i>Nearest primary school.</i> 89% less than 1 kilometre 99% less than 5 kilometres				
<i>Nearest middle or secondary school.</i> 70% less than 1 kilometre. 90% less than 5 kilometres.				
<b>Utilisation (enrollment)</b>				
	<i>Non poor (%)</i>		<i>Poor (%)</i>	
Primary, male	90		80	
Primary, female	87		70	
Secondary, male	26		11	
Secondary, female	23		12	
	<i>Non poor (%)</i>		<i>Poor (%)</i>	
	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>
Primary, male	91	86	80	79
Primary, female	90	78	82	60
Secondary, male	29	18	12	9
Secondary, female	26	10	20	4
<b>Female-to-male ratio in primary and secondary</b>				
Iraq: 78% MENA: 94% LMI 98%				
Share of poor, rural, secondary-age girls enrolled in school: 4%				
<b>Returns to education</b>				
<i>One additional year of education raises a worker's hourly wage on average by:</i>				
Iraq: 2.6%. International average: 6%				
<b>Literacy</b>				
	<i>15-24 years</i>	<i>35-44 years</i>		
Male	88%	93%		
Female	81%	75%		
Both	85%	84%		
<b>Student-teacher ratio in primary schools</b>				
Iraq: 17 to 1 Middle East North Africa Region (MENA) average: 23 to 1 lower-middle-income (LMI) country average: 19 to 1				
<b>Government spending on education</b>				
<i>Education budget as a share of total government budget</i>				
Iraq: 6% MENA average: 18%				
<i>Investment expenditure as a share of education budget</i>				
Iraq: 2% MENA average: 6%				
<i>Non-salary expenditure as a share of education recurrent expenditure</i>				
Iraq: 11% MENA average: 19%				
<b>Household spending on education</b>				
<i>Iraq average out-of-pocket expenditure per primary student</i>				
Amount: ID 8,000 per month				
(as share of poverty line: 10%)				
<i>Iraq average out-of-pocket expenditure per secondary student</i>				
Amount: ID 25,500 per month				
(as share of poverty line: 33%)				

*Sources:* Government spending on education, World Bank 2008 Iraq Public Expenditure and Institutional Assessment Volume 1 Public Financial Management in a Conflict-Affected Environment; data on MENA and international comparisons, Budget data does not include KRG. World Development Indicators 2008 (CD version). Other data from IHSES analysis.

ANNEX 1 – IRAQ – KEY POVERTY INDICATORS\* - TABLE 3

**Table 3. Key Health Indicators**

<p><b>Access (in distance)</b>  <i>Medical center or doctor.</i> 99% of urban population and 80% of rural population live within 10 kilometres.  <i>Public hospital.</i> 91% of urban population and 43% of rural population live within 10 kilometres.</p>	
<p><b>Utilization</b>  <i>Share receiving medical attention for a reported illness or injury.</i> 95% received medical attention among poor and non-poor alike.  <i>Share receiving medical attention for a reported chronic disease.</i> 77% of poor and 84% of non-poor received medical attention.</p>	
<p><b>Health status</b>  <i>Low birth weight</i><sup>c</sup>                  Iraq: 15 per 100                  MENA average: 12 per 100                  LMI average: 7 per 100  <i>Underweight among children under 5 years</i>                  Among poor children: 10%                  Among non-poor children: 7%                  MENA average: 17 %                  LMI average: 11%  <i>Lifetime exposure to trauma</i><sup>a</sup>                  Iraq: 56%</p>	<p><i>Infant mortality (deaths by first birthday)</i>                  Iraq: 35 deaths per 1,000 live births                  MENA average: 34 per 1,000 live births                  LMI average: 27 per 1,000 live births  <i>Under-five mortality</i>                  Iraq: 41 per 1,000                  MENA average: 42 per 1,000                  LMI average: 36  <i>Stunted growth among children under 5 years</i>                  Among poor children: 26%                  Among non-poor children: 20%                  MENA average: 26%                  LMI average: 25%  <i>Infants protected from neonatal tetanus</i><sup>b</sup>                  Iraq: 61%</p>
<p><b>Government spending on health</b>  <i>Government health spending as share of total government expenditure (2005)</i>                  Iraq: 3.4%    MENA average: 8.2%    LMI average: 5.9%</p>	
<p><b>Out-of-pocket spending by households</b>  <i>Average expenditure per month for those experiencing an illness or injury</i> 23,800 ID (poor ID 17,800 and the non-poor 24,800).</p>	

*Sources:* Iraq data, IHSES; data on government spending on healthcare, WDI 2008. Budget data does not include KRG. Health status data for Iraq is Iraq Multiple Indicator Cluster Survey III (COSIT and UNICEF) (the data was combined with IHSES data) International data from WDI 2008 (CD version) Trauma data from Iraq Mental Health Survey (Government of Iraq and WHO)

*Notes:*

<sup>a</sup> Lifetime exposure to trauma is taken from the Iraq Mental Health Survey Report (GOI and WHO). The methodology and definitions are from the World Mental Health Survey Initiative.

<sup>b</sup> Pregnant women are given the tetanus toxoid vaccine to prevent maternal tetanus and neonatal tetanus, both of which are major causes of mortality. Iraq's current rate of 61 percent coverage can be compared to Algeria 70; Egypt 86, Kuwait 90, Lebanon 72, Oman 94, Syria 87, Tunisia 89, Turkey 67 Saudi 56% (WDI, 2009) or Algeria 70, Djibouti 77, Iran, 83, Jordan 87, Morocco 85, Oman 95, Syria 92, Tunisia 96, Yemen 52 (WHO data, 2007).

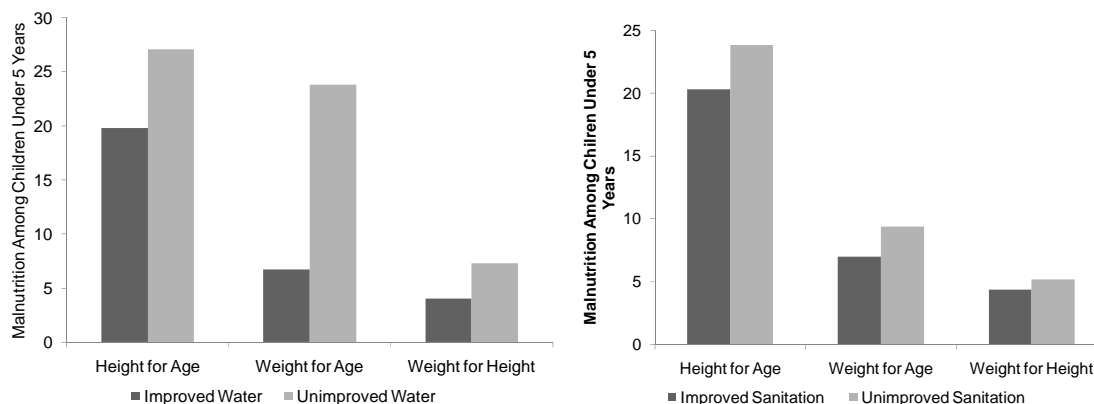
<sup>c</sup> Low birthweight (less than 2,500 grams) indicates an increased risk of dying during an infant's early months and years. Those who survive face increased risks throughout their lives.

ANNEX 1 – IRAQ – KEY POVERTY INDICATORS\* - TABLE 4

**Table 4. Key Infrastructure Indicators**

<p><b>Population living on paved roads</b>                  Urban: 32%                  Rural: 14%</p>
<p><b>Population connected to public water supply</b>                  Overall: 81%                  Poor households: 67%                  Non poor households: 86%                  Households reporting stable and sufficient water supply                  Urban: Poor households, 13%; non-poor, 14%                  Rural: Poor households, 6%; non-poor, 12%</p>
<p><b>Public sewerage system or septic tanks (%)</b>                  Overall: 77 poor 65% non-poor 80%                  Urban poor households: 79% urban non-poor 86%                  Rural poor households: 51% rural non-poor 61%</p>
<p><b>Connected to electrical grid</b>                  Percentage connected: 97%                  Average number of hours per day: 10 hours (for those using grid)</p>

**Table 5. Child Malnutrition, Improved versus Unimproved Water and Sanitation**



Source: COSIT and UNICEF MICS3 Survey

## ANNEX 2 - ENVIRONMENTAL PROFILE OF IRAQ

### State of the Environment – Main Features

Iraq has a long history of changes to its natural environment. Apart from ancient times when it was the birthplace of agriculture and civilization, a network of canals and roads were constructed during the 1930s to improve agriculture. In the 1950s Iraq was one of the first developing countries to embark on an ambitious and largely successful programme to control the annual floods and to harness the waters of the Tigris and Euphrates. Regrettably there has since been deterioration to the point of disaster (though not yet irredeemable) in terms of environmental management. Decades of wars and conflicts have left extensive environmental, health and safety damage, such as desertification, chemicals, depleted uranium (an estimated 2,000 tons) and military waste.

The total land area of over 438,000 square kilometres is usually described as having four main parts: the Northern Uplands, the Western Desert Plateau, Northeastern Highlands, and Central Alluvial Plain. Although a 'desert country', Iraq has extensive irrigated land resources and the deserts themselves – if not devastated - could sustain useful livestock activities. It is estimated that 25% of the total land area is fit for agriculture<sup>33</sup>. The highly productive areas are situated in the Kurdistan Region. Also other locations such as Diyala and Baghdad could have the same potential provided there are sufficient water supplies, efficient water management and sound husbandry.

In the 1950's 4% of the total land area of Iraq was classified as forest, while the current estimates are 0.2%. Traditionally the Shatt al Arab area around Basra was one of the densest date plantations in the world, renowned for the quality of the fruit, but the Iraq-Iran war destroyed 80% of the palms in this area. High levels of destruction were also inflicted by salination, drought and insect damage. Marine and Coastal Resources are very limited, as Iraq has a coastline of only 58 kilometres which is one of the most congested marine areas in the world, serving not only as oil and commercial terminals but also attracting oil spill pollution and oil fire hazards. However, there are freshwater fish stocks in the marshes, rivers and canals, with potential for fish farming and in tanks. This potential would however depend on restoration of the marshes and controlling the pollution and salinity of the marshes and rivers.

### Critical environmental challenges

Iraq both adversely contributes to global climate change through excessive flared gas and suffers from it through a series of droughts in Iraq itself and in the headwaters of the rivers in the mountains of Turkey and Iran, which have been attributed to climate change rather than desert drought cycles. The main environmental challenges would be therefore linked to gas flaring and oil spillage, water (supplies, quality, distribution),

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\* Source: HTSPE Limited, Thamesfield House, UK.

<sup>33</sup> The agricultural economy has been affected by the oil-for-food programme replacing local production with imports, especially in the north-east, and by the recent droughts and breakdowns in the irrigation systems.

desertification, waste, industrial pollution, destruction of eco-systems (especially the southern marshes) and air quality.

spacing

Water supplies in particular are the subject of international (regional) concern as vital water flows into Iraq along the Tigris and Euphrates are largely controlled by Turkey, Syria and to some extent Iran. The problems of water supplies, waste and air quality have the greatest impact on the citizens' lives.

### Water resources and drought

Iraq has historically had the greatest comparative advantage in the Middle East of abundant water resources from the twin rivers and their network of tributaries and canals. Indeed, in the past the rivers were as much a cause of flood disaster as abundance, until a series of dams and barrages were constructed in the 1950s. However, today there is a series of serious problems related to water resources:

**Drought** has afflicted Iraq and the whole region for the past three years. Rainfall in 2009 has been 50% lower than traditional averages, and 80% lower in 2008. In addition to reducing the snow and rain precipitation to feed the rivers, drought has harmed agriculture, reduced vegetation and exacerbated soil erosion. The consequent lower domestic food production has in turn increased food prices, imports and inflation, while soil erosion worsened the sandstorms with their harmful impacts on human health.

**Desertification** is a risk in any country with marginal and vulnerable land. In the Iraq case "degradation" is a more accurate term for the problems of overgrazing, drought and increased vehicle traffic destroying the surface crust of the desert, all of which make the deserts unproductive so that they can no longer sustain herding and even more vulnerable to wind blown sand storms and dust pollution. The Ministry of Environment's Department for Combating Desertification estimates that the land is deteriorating at a rate of 5% per year, caused by yet another vicious cycle of drought reducing ground cover vegetation; electricity shortages preventing water pumping for irrigation to sustain trees and crops; electricity, kerosene and cooking gas shortages forcing villagers to chop trees and bushes for firewood; poverty and the need for increased food production forcing farmers to cultivate and overgraze marginal land, which in turn further deteriorates from drought and lack of irrigation,

There has been a significant reduction of up to 50% in the **water flows** down the Tigris and Euphrates to Iraq caused not only by droughts but also construction of the dams in Turkey, Syria and Iran. These not only affect water supplies but have side effects such as the silting of shipping canals in the Shatt al Arab. Also limited coastline restricts the scope for desalination.

In addition to water flows, there are critical problems **of water and sewage treatment, distribution, conservation and management**. Before 1991 all urban centres and about half the rural population were served by water treatment and distribution systems. War damage, bad management and looting after 1991 resulted that water distribution became unreliable and limited, water supplies further reduced by the lack of recycled water and by leakage, while untreated sewage was discharged into the rivers and canals, which

further polluted the water supplies. The quantitative and qualitative limitations of water obviously reduce the quality of life for citizens, as well as constrain agricultural and industrial growth in a downward spiral of adverse impacts.

**The Marshlands** of Southern Iraq have been the most widely publicized environmental issue in the country, and represented as a threat of destruction not only of an ecological but also a social system. Up to the 1970s, the marshlands covered an area over 20,000 sq. km, which dramatically shrank to 759 sq kms in 2002. The destruction resulted in transforming a unique eco-system into a man-made desert, destroying the ancient home of the Marsh Arabs (over 300,000 of them were forced to flee the marshes) and leading to extinction of several endemic animal and botanical species, disappearance of the way-station for migratory birds, saltwater intrusion, soil salinity and disruption to the agricultural and food supply of the whole of southern Iraq depriving Iraq of much needed agricultural land. In addition to the Southern Marshlands, there are numerous other locations of special biodiversity in Iraq, especially for birdlife. There are the salt lakes to the west of Baghdad, the north-east highlands, and Birdlife International has identified 42 important sites. There is limited information on the mammal, reptile, fish and plant species in Iraq, but a number are endangered: some bat species, otters, turtle and tortoise.

#### Oil and gas

Oil and gas dominate the economy. The main environmental challenges in that area are gas flaring (there is no capture system to cope with the gas associated with oil production) and the risks of oil spillage, seepage into water aquifers, fire and explosion associated with oil production, refining and distribution. The potential solutions to this problem lie in the scope for extensive investment for gas gathering schemes, for the replacement and expansion of the oil installations, and for their upgrading to highest international safety and environmental standards with the application of state-of-the-art technology and environmental impact studies before large investments are committed. This in turn requires access to the investment capital and technology of the international oil companies, which in turn requires agreement on the national petroleum policy and support for foreign participation in the oil and gas sector.

#### Air Quality

Poor air quality is a result of a number of the problems cited above, but nevertheless merits separate mention as it directly effects the quality of life and health of citizens. Air quality is poor in all parts of Iraq : the worst are the oil-producing industrial urban areas (such as Basra, Kirkuk, Baghdad, Baiji) where there is a combination of gas flaring, oil refining emissions, industrial emissions (especially chemicals and cement), power generation emissions, traffic fumes, waste pollutants, and sandstorms; second worst are the large urban areas (Mosul, Erbil, Suleimaniyah, Karbala, an-Najaf, Hilla, Nasriyah) with a combination of industrial emissions, power generation emissions, traffic fumes, waste pollutants, and sandstorms, and even the rural areas and smaller towns are effected by the increasing number of sandstorms.

## Waste

This environmental problem involves: municipal, social and domestic waste (MSW) in 2009 around a ton of waste per person was produced; the causes of the waste problem are linked to wars, subsequent breakdown of public services and lack of waste disposal), industrial waste and toxic industrial and mineral waste. Other types of waste are military and agricultural waste. This leads to serious health hazard as a location for infection and vermin. New technologies are needed to dismantle and recycle most kinds of waste, especially the MSW convert MSW to electricity in significant amounts as well as recycle metals.

## Carbon Reduction

Given the number and degree of the environmental problems, and the urgent need for water and electricity, it is not surprising that there has been relatively little attention paid to conservation and carbon reduction (other than the reclamation and conservation of the marshes). However, although there have been some useful innovations such as solar street lighting, there are no systematic plans to introduce conservation and carbon reduction. The necessity for the extensive reconstruction of Iraq could be turned to a virtue with the opportunity to introduce the post-conflict generations to a new frontier of advanced standards of conservation and carbon-reducing technologies for entirely 'green' economy and lifestyle.

## **Environmental policies**

Environmental policies, regulations and management may be described as still at an embryonic stage. Even though the principle of environmental protection has been enshrined in Article 33 of the Constitution, Iraq still lacks comprehensive National Environmental Development Strategy. However, the environment has since been recognised as a critical theme for the new National Development Plan 2010-2014, (especially water).

In relation to institutions for environmental policy and management responsibilities and programmes are shared among the Ministries of Environment, Water Resources, Agriculture, Municipalities & Public Works, while other ministries have a significant role in environmental protection, such as Oil, Electricity, Industry, Transport, as well as the regional, provincial and municipal governments. This leads to a risk of fragmentation of roles and responsibilities with a loss of a comprehensive approach to environmental protection and sustainability.

## **International support for environmental policy**

The UN has already completed the Desk Report on the Environment in Iraq in 2003 and the Hot Spot report in 2005 (funded by Switzerland) and contributed to a range of environmental studies and projects, especially related to water. Japan has established a joint Special Committee on Environment. The US has contributed to the first national environment conference, while the Ministry of Water Resources has announced the intention to prepare a 30 year national water plan with technical assistance from UNESCO. The US also provides an extensive programme of capacity-building assistance

to all ministries through the Tatweer programme, and to the provinces through Tatweer and also the Provincial Reconstruction Teams (PRTs). While these programmes do not deal with the environment as a single broad subject, they certainly address some of the main environmental challenges, such as water management and waste. For example, the Basra PRT introduced a special performance improvement programme aimed at management and organizational reforms to improve the delivery of water services. The World Bank provided funds for the Ministry of Environment in 2005, and in September 2009 has funded Swedish consultants to advice on pollution policies, legislation and on waste management for Baghdad. Some environmental NGOs have been established and are contributing to debate and advocacy for standards.

Many of the environmental problems are interrelated and require a combination of policies and actions to achieve a solution. For example, improvements in water supplies are linked to better air quality and require actions to mitigate drought and the associated soil erosion and desertification, together with actions against gas flaring, industrial and vehicle emissions, all of which exacerbate sandstorms and dust pollution. These in turn require policy management across a number of government agencies, private sector and civil society.

## ANNEX 3 – DESCRIPTION OF THE DONORS' MATRIX EXERCISE

### **Donor Coordination The 'Donor Matrix' Exercise**

#### **1. Background and Methodology**

The "Donor Matrix" was developed by the Operational Section of the EU Delegation to Iraq, between September 2009 and April 2010. EU Member States and other missions to Iraq were consulted and requested to provide data in a template specifying the following elements:

- Sector (following ICI terminology)
- Type of funding: Grants / Loans
- Ongoing projects/programmes or future/planned activity
- Implementation timeline and other information

To date, information gaps remain, notably due to possible reluctance to share, lack of response, or the unavailability of data.

Moreover, different planning mechanisms and implementation cycles may make comparison difficult.

The exercise focuses on ongoing and planned Bilateral Development Aid (loans and grants) only, and does not take into account other types of donor funding such as Multidonor Trust Funds, Humanitarian Assistance, Military or other types of funding.

To some extent, data on these types of funding is available from other sources, such as the Donor Assistance Database (DAD), the IRFFI website, the 3W database, the OECD IDS and National statistics.

#### **2. Provisional Results as of April 2010**

As shown in the following graphs, bilateral grants currently go principally to the following sectors: Energy, Health, Water Supply & Sanitation and Migration.

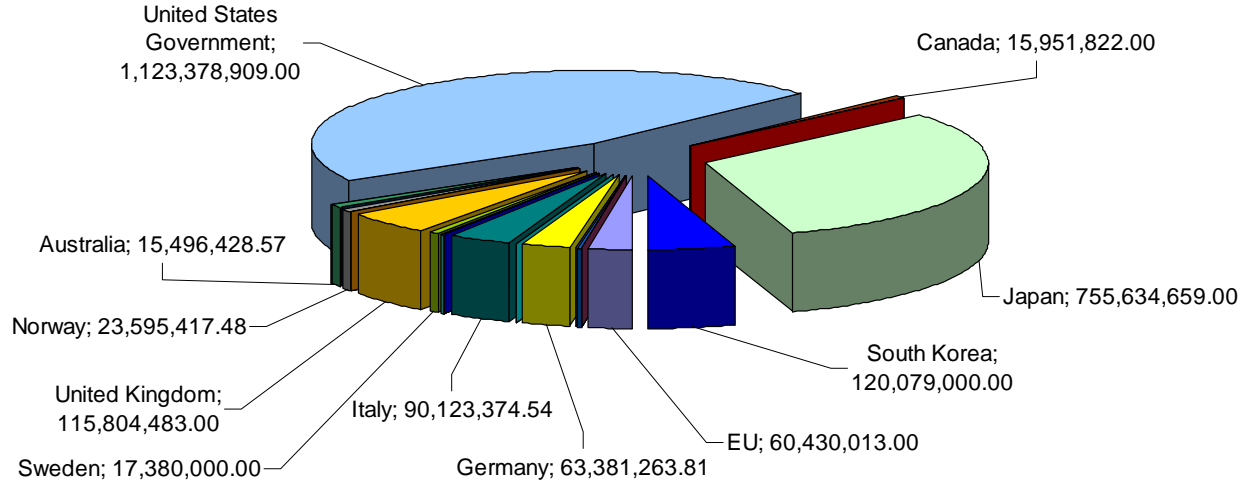
In the future there will be even more focus on Migration, Governance & Democratic processes, and Education.

Donors are likely to significantly decrease their funding through grants, particularly in the following sectors:

- Health
- Energy (Oil, Electricity, Gas)
- Water Supply and Sanitation

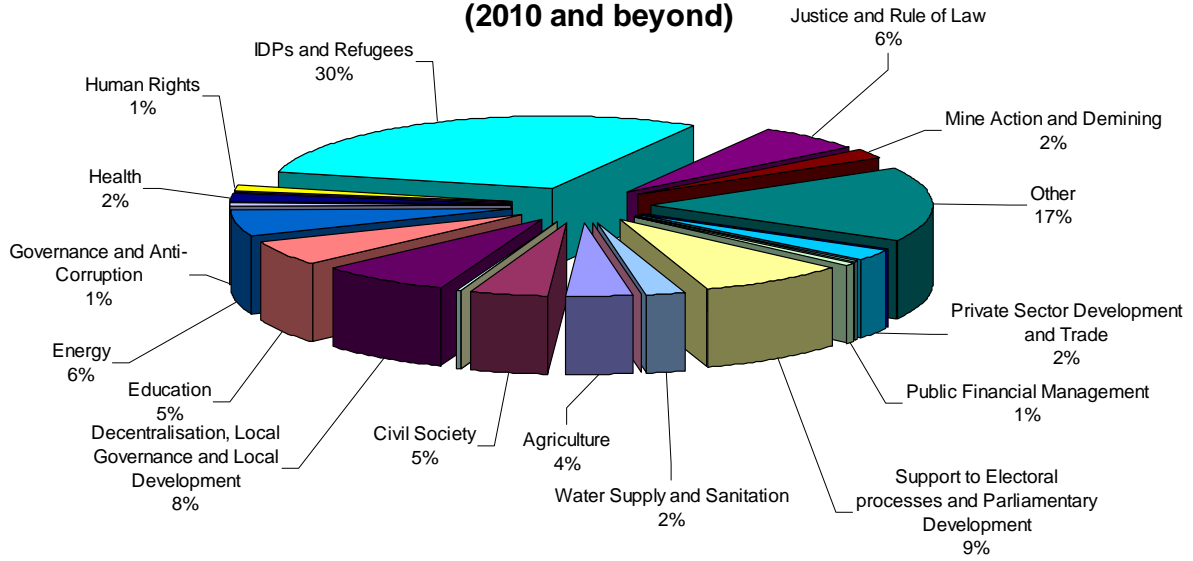


### Ongoing Bilateral Grants by Donor (as of 2009)



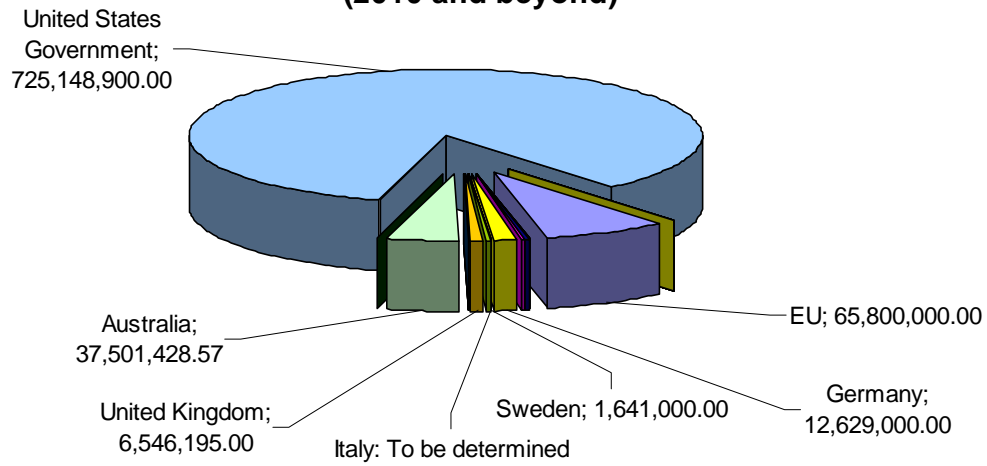
EU	Austria	Belgium	Bulgaria	Cyprus
Czech Rep.	Denmark	Estonia	Finland	France
Germany	Greece	Hungary	Ireland	Italy
Latvia	Lithuania	Luxembourg	Malta	Netherlands
Poland	Portugal	Romenia	Slovakia	Slovenia
Spain	Sweden	United Kingdom	EIB/EBRD	IMF
WB	Norway	Iceland	Australia	New Zealand
United States Government	Canada	Turkey	India	Qatar
U.A.E	Saudi Arabia	Kuwait	Japan	South Korea
Private Sector				

## Future Bilateral Grants by Sector (2010 and beyond)



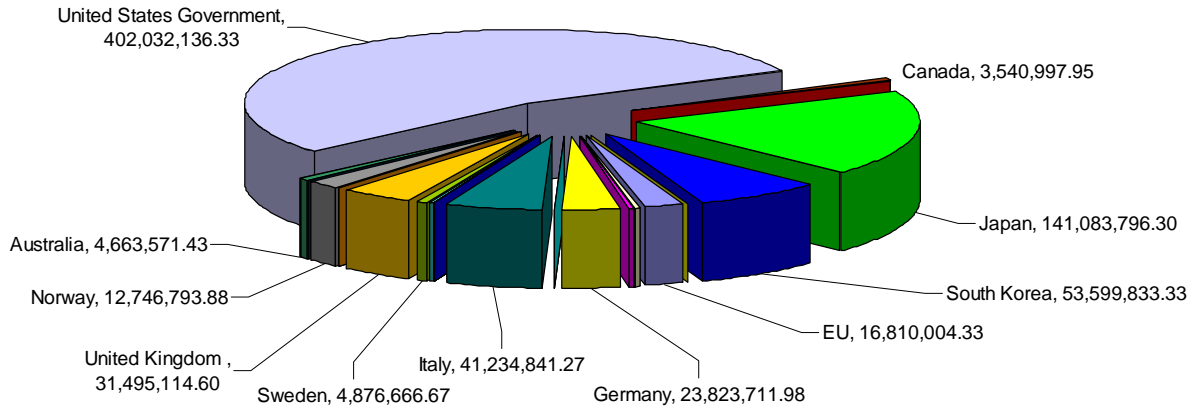
■ Agriculture	■ Civil Society
■ Communication, Information and Media	■ Culture
■ Decentralisation, Local Governance and Local Development	■ Education
■ Energy	■ Governance and Anti-Corruption
■ Health	■ Housing, Land management, Transport, Environment
■ Human Rights	■ IDPs and Refugees
■ Justice and Rule of Law	■ Mine Action and Demining
■ Other	■ Poverty Reduction
■ Private Sector Development and Trade	■ Public Administration and Civil Service Reform
■ Public Financial Management	■ Support to Electoral processes and Parliamentary Development
■ Water Supply and Sanitation	■ Youth and Sports

### Future Bilateral Grants by Donor (2010 and beyond)



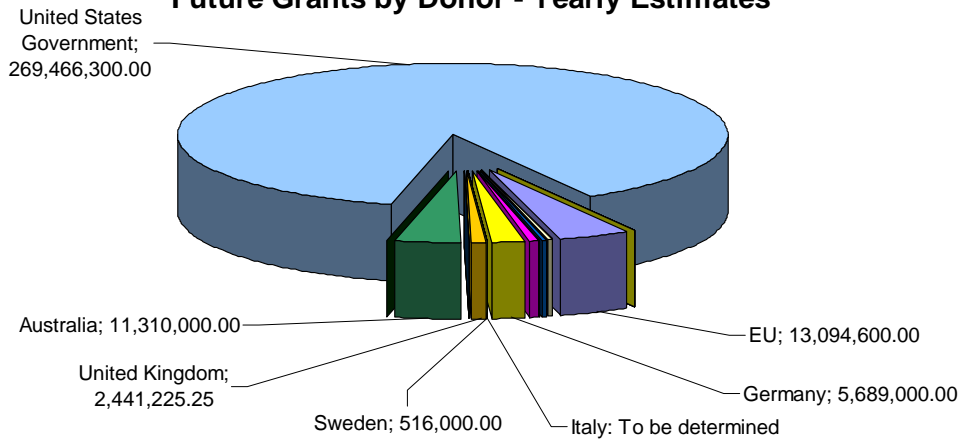
EU	Austria	Belgium	Bulgaria
Cyprus	Czech Rep.	Denmark	Estonia
Finland	France	Germany	Greece
Hungary	Ireland	Italy	Latvia
Lithuania	Luxembourg	Malta	Netherlands
Poland	Portugal	Romania	Slovakia
Slovenia	Spain	Sweden	United Kingdom
EIB/EBRD	IMF	WB	Norway
Iceland	Australia	New Zealand	United States Government
Canada	Turkey	India	Qatar
U.A.E	Saudi Arabia	Kuwait	Japan
South Korea	Private Sector		

### Ongoing Grants by Donor - Yearly Estimates



EU	Austria	Belgium	Bulgaria
Cyprus	Czech Rep.	Denmark	Estonia
Finland	France	Germany	Greece
Hungary	Ireland	Italy	Latvia
Lithuania	Luxembourg	Malta	Netherlands
Poland	Portugal	Romenia	Slovakia
Slovenia	Spain	Sweden	United Kingdom
EIB/EBRD	IMF	WB	Norway
Iceland	Australia	New Zealand	United States Government
Canada	Turkey	India	Qatar
U.A.E	Saudi Arabia	Kuwait	Japan
South Korea	Private Sector		

### Future Grants by Donor - Yearly Estimates



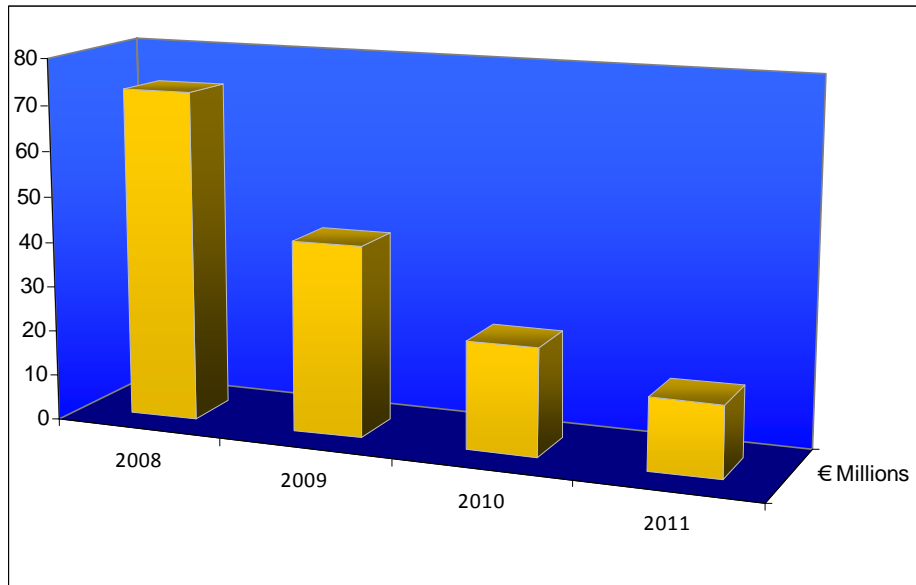
EU	Austria	Belgium	Bulgaria
Cyprus	Czech Rep.	Denmark	Estonia
Finland	France	Germany	Greece
Hungary	Ireland	Italy	Latvia
Lithuania	Luxembourg	Malta	Netherlands
Poland	Portugal	Romenia	Slovakia
Slovenia	Spain	Sweden	United Kingdom
EIB/EBRD	IMF	WB	Norway
Iceland	Australia	New Zealand	United States Government
Canada	Turkey	India	Qatar
U.A.E	Saudi Arabia	Kuwait	Japan
South Korea	Private Sector		

**Evolution of grant funding to Iraq**

Figures below 100 (in red) indicate a decrease in future funding through grants:

Donor	EU	Belgium	Denmark	France	Germany	Sweden	United Kingdom	Australia	United States
Variation	78	23	175	97	26	11	8	246	69

**Evolution of EU funding to Iraq**



## ANNEX 3 – DESCRIPTION OF GERMAN COOPERATION WITH IRAQ

### **German ongoing and future development programmes that will be subject to alignment and close coordination in the implementation phase of the JSP**

Since 2003, Germany has provided extensive bilateral and multilateral support to Iraq for political and economic reconstruction, amounting to 400 Million EUR. Additionally, debt cancellations provided under the Paris Club amounted to almost 4.8 billion EUR. The current cooperation focuses on three major fields: the rule of law sector, economic and technical cooperation and strengthening civil society, including human rights.

Germany in close coordination with EU/bilateral MS underlines the need for supporting and fostering Iraqi ownership especially regarding donor coordination as well as for increasing the visibility of EU/MS policy and support to Iraq.

#### **1. Rule of Law**

The future of the rule of law sector remains one of the major challenges for the political and economic stabilisation in Iraq. Germany will continue to provide advisory services and support to the development of capacities within Iraqi institutions, while focussing on the justice sector (training measures for judges, prosecutors and officials of the human rights institutions; consultancy in constitutional matters) and on trainings of administrative staff (diplomats, parliamentary staff, local administration). Additionally, Germany will continue its support for EUJUST LEX conversion processes, including greater presence on the ground, streamlining of training/alumni measures and improving coordination with other EU and international donors in the area of Rule of Law.

##### **a. Justice Sector**

- European Union’s **Rule of Law mission EUJUST LEX**; since 2005 Germany has been organising training courses in Germany and Iraq;
- **Training Courses for Iraqi Judges and Prosecutors** in the framework of the Leadership Training Program (LTP); seminars in 2010 include the following topics “Registration of property“; “Media and Justice“; “Minority Rights“ and “Compensation of the victims of the Saddam regime“ (German NGO AGEF gGmbH; since 2009); [www.agef.net](http://www.agef.net)
- **Support to the Implementation of the Iraqi Constitution and Development of a long-term Training Programme for Law Professionals on Constitutional Law** delivered by the Max-Planck-Institute for Comparative Public Law and International Law in Heidelberg in close cooperation with the President of the High Judicial Council. In this context, a **free online-databases for translations of Iraqi legal documents** as well as a manual on Constitutional Law for the Judiciary of Iraq was developed. [http://www.mpil.de/ww/en/pub/research/details/know\\_transfer/iraq.cfm](http://www.mpil.de/ww/en/pub/research/details/know_transfer/iraq.cfm);
- **Modernisation of Training Curriculum** for Judges at the **Judicial Training Institute (JTI)** in the framework of an UNDP programme (2010-2011);

##### **b. Training of Other Administrative Staff**

- **Leadership Training Programme** for Administrative Staff, Senior and Middle Management in the **European Technology and Training Institute (ETTC)** in Erbil. The

- training centre opened in February 2009 (AGEF, since 2009). [www.agef.net](http://www.agef.net);
- **Support to Reconciliation Strategies for disputed areas** via a UNAMI/UNOPS programme; targeted advice for political stakeholders on property issues, education curricula and support for local NGOs (2009-2010);
  - **Capacity Building for Kirkuk’s Province Administration** (German political foundation Friedrich-Naumann-Stiftung für die Freiheit (FNF); additional project 2010 -2011); [www.freiheit.org](http://www.freiheit.org);
  - **Train-the-Trainers Courses on Promotion of Human Rights** in the Iraqi Police Sector and Penal System (InWent; 2007-2010); compilation of a **handbook for human rights trainings** in Arabic (free download: <http://gc21.inwent.org/iraq-human-rights>);
  - Annual Executive **Seminar for Diplomats** from Iraq (German Federal Foreign Office);
  - **Trainings for Iraqi Parliamentary Staff** (German Bundestag; since 2006);
  - **Train-the-Trainers programme for Iraqi Election Observers** (German political foundation Friedrich–Ebert-Stiftung (FES) in cooperation with local NGOs/Democratic Future Network, IDFN); since 2007); [www.fes.de](http://www.fes.de);
  - **Training for local administrative staff on prevention/handling of natural disasters** in the Dohuk province since 2009.

## **2. Economic Cooperation**

Germany will continue its contribution to sustainable growth and socio-economic recovery in Iraq. This will include enhancing the traditionally tight bilateral trade relations between Germany and Iraq as well as targeted advisory services to improve the framework for private investments and the transfer of knowledge between the private sectors. In terms of Technical and Vocational Education and Trainings Germany will continue its support and advisory services.

### **a. Bilateral Economic Relations**

- **German Liaison Offices** for Industry and Commerce Iraq **in Baghdad and Erbil**. In Basra a branch office of the Baghdad office was opened in 2010;
- **Business Web Portal (“Wirtschaftsplattform Irak“)** providing background information for bilateral business relations (German and Arabic); launched in 2009 by German NGO „Media in Cooperation and transition, MICT“; [www.wp-irak.de](http://www.wp-irak.de);
- **“Iraq Horizons“ Exchange Programme for Young Professionals** from Iraq including courses on German language and traineeships in German companies (German Foreign Office in cooperation with the Goethe-Institute, the Federation of German Industries (BDI) and the Association of German Chambers of Industry and Commerce (DIHK); <http://www.wp-irak.de/index.php/iraq-horizons-2015>;

### **b. Socio-Economic Development**

- **Macro-Economic Advisory Services in collaboration with the Ministry of Industry and Minerals** and others (GTZ; 2008-2011)
- **Cooperation of three Chambers of Commerce in Northern Iraq** implemented by the Association of German Chambers of Industry and Commerce (DIHK; 2010-2013)
- **Support of a project on Micro-Enterprises** for Accelerated and Sustainable Livelihood

Recovery in the Ninewa Governorate (UNIDO; 2009-2011);

- **Programme for Human Security and Stabilization for returning refugees** (IOM; 2009-2010);

### c. Technical and Vocational Education and Training (TVET)

- **The German contribution to the International Reconstruction Fund Facility for Iraq (IRFFI)** was provided for the TVET Sector;
- **Training of Iraqi Ministerial Staff and Managers on TVET** in Egypt (“TRIP”) (GTZ; 2008-2011);
- **Advisory Services to TVET-Management** (GTZ, 2011-2013)
- Reintegration Programme for Iraqi **Returnees from Germany** “Return to Employment in Iraq” (AGEF; since 2008);
- **Vocational Training Programme in Post-Conflict States** (InWent; 2009-2012);
- Fact Finding Mission by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) to further assess the Iraqi Technical and Vocational Education and Training Sector and its needs;

### d. Water Management

- **Support the Reconstruction of the Water Supply and Sanitation Sector** in Iraq by means of a pilot project comprising the components of sector analysis, advice and small-scale financing, (Kreditanstalt für Wiederaufbau (KfW); 2010-2012)
- **Training Programme on Integrated Water Resource Management** for decision makers in the MENA region (UNESCO);
- **Guest Programme of the Federal Government** planned for October 2010 in Berlin, including high representatives from **Iraq, Syria and Turkey** to discuss water distribution strategies;

## 3. Civil Society

Iraq needs further international support for the establishment of civil society structures. Germany will therefore focus on supporting NGOs that are working on issues of reconciliation and human rights, strengthening cooperation between universities and fostering cultural relations.

### a. Human Rights/Reconciliation

- Production of 10 short **video-podcasts on human rights** by the German Institute for Human Rights (DIMR) and the Goethe-Institute in cooperation with local media experts (2010-2011).
- **Database for Missing Persons** at the Ministry of Human Rights (International Committee for Missing Persons, ICMP);
- Creation of a **Memorial Center** for surviving women of the Anfal operations in Razkary by the German NGO Haukari e.V.; (ongoing since 2009); [www.haukari.de](http://www.haukari.de);
- **Protection of Women** against Violence and Honour Killings (Haukari; 2009-2010);
- **Trauma Centres for Victims of Torture and Terrorism** in Erbil, Sulaimania and Halabja implemented by German NGO *Berliner Zentrum für Folteropfer* (since 2006);

[www.bzfo.de/international/netzwerk.html](http://www.bzfo.de/international/netzwerk.html);

- Assistance for Protection activities of the **International Committee of the Red Cross**;
- Workshop on **psychological treatment for child victims of torture and terrorism** (Children of Baghdad e.V.);

#### **b. Culture/Media**

- German-Iraqi co-operations in the fields of computer science, regional planning, geology and economics; plans to install a **German-Iraqi University are being developed**; funding programmes for **Iraqi students** for their stay in Germany (German Academic Exchange Service, DAAD); <http://www.daad.de/hochschulen/wiederaufbau/irak/10208.de.html>;
- **German School in Erbil** starting in September 2010;
- **Goethe-Institute Iraq**; opening of a liaison office in Erbil in January 2010
- **Trilingual Website (Arabic, English, Kurdish)** on politics, media and culture in Iraq (niqash); launched in 2009 by Media in Cooperation and transition (MICT) and based on a network of Iraqi correspondents; <http://www.niqash.org>;

**ANNEX 3 – DONORS’ MATRIX - ITALIAN CONTRIBUTION**

ICI Theme / Sector	Ongoing Funding in EURO	Planned Funding in EURO	Implementation timeline	Type of funding (Grant / Loan)	Donor	Description of Activity / Assistance Programme	Beneficiary / Implementing Institution
						<b>INITIATIVES IMPLEMENTED IN 2009 AND TO BE IMPLEMENTED IN 2010</b>	
<b>A. STRENGTHENING INSTITUTIONS AND IMPROVING GOVERNANCE</b>							
<b>A1. Governance and Anti-Corruption</b>							
						-	
<b>Sub-total</b>	<b>0.00</b>	<b>0.00</b>					
<b>A2. Public Administration and Civil Service Reform</b>							
	311.000,00		2009	Grant by Ministry of Foreign Affairs (MoFA) / L.U.I.S.S. University	IT	Master course in Politics and International Relations for Iraqi diplomats.	Ministry of Foreign Affairs / L.U.I.S.S. University
<b>Sub-total</b>		<b>0,00</b>					

	<b>311.000,00</b>						
<b>A3. Human rights</b>							
	45.436,00		2009	Grant by MoFA	IT	Training course in Baghdad in the field of international humanitarian law for Iraqi officials.	Ministry of Human and other relevant Ministries / International Institute for Human Law - Sanremo
	51.200,00		2010	Grant by MoFA	IT	Second Training course in Baghdad in the field of international humanitarian law for Iraqi officials.	Ministry of Human and other relevant Ministries / Sanremo International Institute for Humanitarian Law - Sanremo
<b>Sub-total</b>	<b>96.636,00</b>	<b>0,00</b>					
<b>A4. Justice and Rule of Law</b>							
<b>Italian participation to the NATO Training Mission-Iraq</b>		na.	2007-2010	Grant by Ministry of Defence	IT	Advising for the training of Iraqi Defence officials and training of Iraqi Federal Police through Carabinieri in the framework of the NATO Training Mission.	Iraqi Armed Forces Iraqi Federal Police Armed Forces
<b>Italian participation to EUJUST LEX programme</b>		n.a.	2005-2010	Grant by MoFA	IT	Training courses for prosecutors, judges, penitentiary officers and police officers in the field of penal justice (both in Italy and Iraq), within the framework of EUJUST LEX.	Ministry of Interior Ministry of Justice Judiciary / Eujust 1 mission-ISSP Vert Italian led PRT Dh
<b>Sub-total</b>	<b>n.a.</b>	<b>n.a.</b>					
<b>A5. Decentralisation, Local Governance and Local Development</b>							

	3..296.000.00		2009	Grant by MoFA	IT	Support to the Reconstruction and governance capability of the Dhi Qar province	Dhi Qar provincial administration and population / direct implementation and NGOs, Universities and other bodies
	3.074.000.00		2010	Grant by MoFA	IT	Support to the Reconstruction and governance capability of the Dhi Qar province	Dhi Qar provincial administration and population / direct implementation and NGOs, Universities and other bodies
<b>Sub-total</b>	<b>6.370.000,00</b>	<b>0,00</b>					
<b>A6. Civil Society</b>							
<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>A7. Support to Electoral processes and Parliamentary Development</b>							
	950.000,00		2009-2010	Grant by MoFA	IT	Informatization of the library and of the research center of the Iraqi Parliament.	Iraqi Council of Representatives / U
	980000 (for Iraq, Lebanon and Egypt)		2009-2010	Grant by MoFA	IT	Strengthening the role of the Parliaments of Iraq, Lebanon and Egypt in addressing the social costs of national economic reform and promoting e-parliament knowledge	Iraqi Council of Representatives / IDLO
	378.400,00		2009-2010	Grant by MoFA	IT	Support to the national reconciliation process and Parliament capacity on the matter	Iraqi Members of Parliament and of Government / Italian PALMO and USIF

<b>Sub-total</b>	<b>1.328.400,00</b>	<b>0,00</b>					
<b>A8. Communication, Information and Media</b>							
	496.100,00		2010	Grant by MoFA	IT	Communication of the initiatives of the Italian Cooperation in favour of Iraq	Iraqi media, civil s and institutions / d implementation
<b>Sub-total</b>	<b>496.100,00</b>	<b>0,00</b>					
<b>B. PUBLIC RESOURCES MANAGEMENT</b>							
<b>B1. Public Financial Management</b>							
<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>C. ECONOMIC REFORM</b>							
<b>C1. Private Sector Development and Trade</b>							
	2.100.000,00		2010	Grant by MoFA	IT	Investment Program in Iraq (IPI).	Ministry of Industr National Investme Commission-Iraqi entrepreneurs / UN
	2.200.000,00		2009-2010	Grant by MoFA	IT	Enterprise Development through Information and Communication Technology ( EDICT).	Ministry of Industr business promotion UNIDO
	3.000.000,00		2010	Grant by MoFA	IT	Industrial Zones Development for Iraq	Ministry of Planni UNIDO
<b>Sub-total</b>	<b>7.300.000,00</b>	<b>0,00</b>					
<b>C2. Financial Restructuring</b>							

<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>C3. Other key areas</b>							
	178.200,00		2008-2009	Grant by MoFA	IT	Strategic Industry Management course in Italy for Iraqi Officials	Ministries of Industry, Foreign Affairs, Interior, Prime Minister Office, ISINTEG
<b>Sub-total</b>	<b>178.200,00</b>	<b>0,00</b>					
<b>D. HUMAN DEVELOPMENT AND HUMAN SECURITY</b>							
<b>D1. Poverty reduction</b>							
<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>D2. Education</b>							
	296.595,00		2009-2010	Grant by MoFA	IT	Scholarship programs in Italy for Iraqi PhD students	Iraqi Ministry of Higher Education and Scientific Research / Universities / Language Network - Centro
	140.000,00		2009	Grant by MoFA	IT	Scholarships for Iraqi students for PhD in various fields and Italian short term language courses in Italy	Iraqi Universities and students / direct implementation and Universities
	140.000,00		2010	Grant by MoFA	IT	Scholarships for Iraqi students for PhD in various fields and Italian short term language courses in Italy	Iraqi Universities and students / direct implementation and Universities
	23.000,00		2009	Grant by MoFA	IT	Support to the Italian language department of the University of Baghdad	University of Baghdad / direct implementation

	2.900.000,00		2009-2010	Grant by MoFA	IT	Specialised Institute Engineering Industries (SIEI)	Ministry of Industry UNIDO
<b>Sub-total</b>	<b>3.499.595,00</b>	<b>0,00</b>					
<b>D3. Culture</b>							
	2.008.420,00		2009-2010	Grant by MoFA	IT	Capacity building for the rehabilitation and the management of the Iraqi cultural heritage. Master Plan for the management of the Iraq Museum and the museums' system. Supplying of a Geographic Information System (GIS). On-the-job training for the preservation of the Ur site.	State Board of Antiquities and Heritage / Italian Ministry of Cultural Heritage and Activities through the Higher Institute for Conservation and Restoration of Roman Monuments
	941.600,00		2007-2010	Grant by MoFA	IT	Projects for the rehabilitation of the Museums of Diwanya, Najaf and Nassryah and works on the latter.	State Board of Antiquities and Heritage / Italian Ministry of Cultural Heritage and Activities through the Higher Institute for Conservation and Restoration of Roman Monuments
	60.000,00		2009	Grant by the Italian Ministry of Cultural Heritage and Activities	IT	Training programme on emergency measures for conservation and restoration of the Ur archeological site.	State Board of Antiquities and Heritage / Italian Ministry of Cultural Heritage and Activities through the Higher Institute for Conservation and Restoration of Roman Monuments
	730.476,37		2009-2010	Grant by MoFA	IT	Conservation and restoration of the Citadel of Erbil. Rehabilitation of the museums of Erbil, Suleimanya, Dohuk.	Kurdistan Regional Government / Italian Institute for Africa and the Orient (ISIAO)
<b>Sub-total</b>	<b>3.740.496,37</b>	<b>0,00</b>					
<b>D4. Youth and Sports</b>							

<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>D5. Health</b>							
	1.895.652,00		2010	Grant by MoFA / Sassari University	IT	Strengthening the health services and capabilities in the Dhi Qar province. Support to the medical unit in Tallill. Supplying of drugs and medical appliances.	Dhi Qar Health De and civil society / University of Sassari
<b>Sub-total</b>	<b>1.895.652,00</b>	<b>0,00</b>					
<b>D6. Environment</b>							
	899.272,50		2009-2010	Grant by the MoFA	IT	Training Program for the sustainable management of the marshlands in the Dhi Qar province.	Ministry of Agriculture / Ministry of Water Resources / University of Florence
	36.000.000,00		2003-2010	Grant by the Italian Ministry of Environment	IT	NEW EDEN project for integrated water resources management in Iraq	Ministry of Environment / Ministry of Water Resources, Municipalities and Works / Nature Iraq Foundation
	3.000.000,00		2009-2011	Grant by the MoFA	IT	Support to MENA countries in their adaptation and mitigation efforts in addressing the problem of climate change within the relevant World Bank initiative	Ministry of Environment / Ministry of Water Resources, Ministry of Planning / World Bank
	3.330.000,00		2009-2010	Grant by MoFA	IT	Regional Master Plan on Water	Ministry of Water Resources - Ministry of Agriculture - Ministry of Planning / FAO
	1.000.000,00		2009-2010	Grant by MoFA	IT	Decision Support System (DSS) for Water Resource Planning	Ministry of Water Resources / UNDP
<b>Sub-total</b>	<b>39.899.272,50</b>	<b>0,00</b>					
<b>D7. Housing and Land management</b>							

<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>D8. IDPs and Refugees</b>							
	2.800.000,00		2009-2010	Grant by the MoFA	IT	Response to Global Appeal 2009 in favour of Iraqi refugees in Syria.	Iraqi refugees in S Iraq / UNHCR
	2.800.000,00		2010	Grant by the MoFA	IT	Support to Iraqi refugees for universities studies and health assistance	Iraqi refugees in S UNHCR
	1.500.000,00		2009-2010	Grant by the MoFA	IT	Professional Training for refugees	Iraqi Refugees in I UNHCR UNIDO
	860.000,00		2009-2010	Grant by the MoFA	IT	Support to Iraqi refugees in Jordan	Iraqi refugees in Jo direct implementat
	1.000.000,00		2009-2010	Grant by the MoFA	IT	Support to Iraqi refugees in Syria	Iraqi refugees in S direct implementat
	5.000.000,00		2009-2010	Grant by the MoFA	IT	Support to food security of Iraqi refugees in Syria	Iraqi refugees in S WFP
<b>Sub-total</b>	<b>13.960.000,00</b>	<b>0,00</b>					
<b>D9. Mine Action and Demining</b>							
<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>E. ENERGY</b>							
<b>E1. Oil, Gas and Electricity</b>							

<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>F. AGRICULTURE AND WATER</b>							
<b>F1. Agriculture</b>							
	100.000.000,00	300.000.000,00	2009-2010	Soft Loan and Grant by the MoFA	IT	Rebuilding Iraq agricultural and irrigation sectors, promoting the related services and revitalising the private sector	Ministry of Agriculture / Ministry of Water Resources - Iraqi for direct implementation
	308.484,00		2009	Grant by the MoFA	IT	Multidisciplinary training courses in the agriculture field in Italy for Iraqi experts and officials	Ministry of Agriculture / Mediterranean Agriculture Institute of Bari (I)
	1.000.000,00		2009	Grant by the MoFA	IT	One year scholarships on sustainable agricultural development for experts from countries with mediterranean climate	Ministry of Agriculture / Mediterranean Agriculture Institute of Bari (I)
	500.000,00		2009-2010	Grant by the MoFA	IT	Integrated Pest Management Programme (IPM) to fight harmful insects.	Ministry of Agriculture / FAO
	900.000,00		2009-2010	Grant by MoFa	IT	Marshlands' rehabilitation projects	Dhi Qar province - Marshlands comm / University of Flor
	1.900.000,00		2010	Grant by MoFa	IT	Mossul Milk Plant Rehabilitation	Mosul milk plant-I / of Industry / UNID
	1.170.000,00		2009-2010	Grant by the MoFA	IT	Professional Training in agriculture sector.	Ministry of Agriculture / Kurdistan Regional Government / Mediterranean Agriculture Institute of Bari (I)
<b>Sub-total</b>	<b>104.608.484,00</b>	<b>300.000.000,00</b>					
<b>F2. Water Supply and Sanitation</b>							

<b>Sub-total</b>	<b>0,00</b>	<b>0,00</b>					
<b>G. OTHER ASSISTANCE ACTIVITIES</b>							
	4.870.000,00		2010	Soft Loan and Grant by the MoFA	IT	Rehabilitaton of Iraqi Metereological System for Baghdad and Mosul airports and training of the relevant personnel.	Iraqi Meteoreologi Organization - Ministry of Transportation / In Atmospheric Science Climate (ISAC) of Italian National Research Council (CNR)
	612.872,00		2010	Grant by the MoFA and by University of Insubria	IT	Retraining and reorientation of Iraqi bio-chem Scientists	Ministries of Science, Technology, Agriculture, Environment, Higher Education and Health Landau Network - Volta

### ANNEX 3 – DONORS’ MATRIX

(see excel file apart)

## ANNEX 4 – IRAQ – MIGRATION PROFILE

The ongoing violence, lack of security and difficult conditions which prevail in Iraq, have forced an unprecedented number of people to flee their homes in search of refuge in other parts of Iraq or in other countries, especially in the years 2003-2007. The magnitude of this humanitarian and development challenge is considerable as current estimates reveal that a total of 4.8 million<sup>34</sup> refugees and Internally Displaced Persons (IDPs) are displaced from their homes in Iraq.

<b>Statistical Snapshot*</b>	
<b>Residing in Iraq [1]</b>	
<b>Refugees [2]</b>	39,503
<b>Asylum Seekers [3]</b>	2,057
<b>Returned Refugees [4]</b>	25,644
<b>Internally Displaced Persons (IDPS) [5]</b>	2,647,251
<b>Returned IDPs [6]</b>	195,890
<b>Stateless Persons [7]</b>	230,000
<b>Various [8]</b>	0
<b>Total Population of Concern</b>	3,140,345
<b>Originating from Iraq [1]</b>	
<b>Refugees [2]</b>	1,903,519 Refugee figures for Iraqis in Jordan and the Syrian Arab Republic are Government estimates.
<b>Asylum Seekers [3]</b>	25,675
<b>Returned Refugees [4]</b>	25,644
<b>Internally Displaced Persons (IDPS) [5]</b>	2,647,251
<b>Returned IDPs [6]</b>	195,890
<b>Various [8]</b>	0
<b>Total Population of Concern</b>	4,797,979

<sup>34</sup> UNHCR Report January 2009.

Data regarding migrants residing in or originating in Iraq is monitored by the Government of Iraq through the Ministry of Displacement and Migration. In parallel, the United Nations High Commissioner for Refugees (UNHCR) office and the International Organization for Migration (IOM) are actively involved in collecting information, building institutional capacity and assisting Iraqi Displaced Persons (IDPs) and refugees. Despite efforts made by all institutions involved, the accuracy of data available is questionable due to the dynamic of migration flows and to security concerns discouraging registration.

### **Internally Displaced Persons**

While ever increasing numbers of Iraqis did leave their homes, it was after the bombing of the al-Askari shrine in Samarra in February 2006 and the escalating sectarian violence which ensued, that the number of people forced to flee their homes grew significantly. Almost 90% of post-Samarra IDPs originate in three Governorates - Baghdad (64%), Diyala (19%), and Ninevah (6%). In general throughout Iraq, patterns have shown that Shiites have moved from the centre to the south; Sunnis from the south to the upper centre; Christians fled to Ninevah Province and Kurds ended up within Diyala or Tamim/Kirkuk Provinces.

Four line ministries are directly involved to provide support to IDPs. The Ministry of Displacement and Migration (MODM), the Ministry of Trade (providing Ration Cards to displaced families based on the Public Distribution System), Ministry of Interior (providing documents for access to services) and Ministry of Education (in charge of registering IDPs' school children and enroll them in local schools). The Government of Iraq has allocated US\$ 195 million in support of IDPs to ensure basic needs are met, to cover emergency costs and secure housing rehabilitation for their voluntary return, amounting in average to USD 130 per individual. For two years (2006-2007), IDPs have been covered by Social Safety Net benefits, amounting to 35\$-100\$/family.

According to a priority needs assessment carried out by IOM and released in October 2009, 19.1% of IDPs have no access to clean water, 64.9% are in need of shelter, 65.8% cannot satisfy their food needs, 5.7% have no access to education, 17.5% have health related priority needs, 73.6% are claiming no access to work, 7.2% consider access to sanitation as their first priority, 16.5% are seeking legal help.

### **Refugees**

While the number of persons from Iraq who are seeking refuge in neighbouring countries and further afield is difficult to verify, it is estimated to be around 2 million people<sup>35</sup>. The majority of refugees are found in Syria and Jordan, but there are also significant numbers in Lebanon, Iran, Egypt, Turkey and the Gulf States. Neither of the two main host countries, Syria or Jordan has acceded to the 1951 Convention Relating to the Status of Refugees, the cornerstone of International Refugee law, nor its 1967 Protocol, and displaced Iraqis are not formally recognised as refugees in either country.<sup>36</sup>

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<sup>35</sup> UNHCR data shows that the vast majority of Iraqi refugees have settled in Syria (around 1,200,000 individuals), followed by Jordan (around 450,000), Gulf States (150,000), Iran (58,000), Lebanon (50,000), Egypt (40,000) and Turkey (7,000).

<sup>36</sup> Although the host countries do not acknowledge Iraqi nationals as refugees, the UNHCR registers Iraqi nationals as refugees 'prima facie'

The large influx of refugees has placed a considerable strain on the economy<sup>37</sup>, infrastructure and resources in the host countries, which in turn negatively affects the living conditions of the population at large.

Refugees in **Syria** are spread through all Governorates and districts, with the highest number concentrated in Damascus City and rural Damascus.

Main reasons for coming to Syria <sup>38</sup>
65% fleeing from direct threat to themselves or family
30% fleeing general insecurity in Iraq
2% as their home is destroyed
1% due to health problems
1% were deported or forced to leave by force
1% other (incl. education reasons, submitting documents to embassies etc)

Syria has a legal framework that grants open and free access to schools for all Arab children living there. The number of Iraqi children enrolled in school increased from reached 47,500 in 2007/08. However, despite this increase a significant number of Iraqi children are still out of school. UNHCR figures show that probably less than 25% of Iraqi children are enrolled in schools.

The Syrian Government provides Iraqis with the same access to medical care as Syrian citizens. However, with the recent influx concentrated in specific regions, the burden on Syrian health services has severely increased.

According to the UNHCR only 4% of respondents plan to return to Iraq, mainly as they feel they are under direct threat there. This could mean they face a prolonged stay outside Iraq. Therefore strategies aimed at assisting Iraqi refugees must focus not only on provision of basic and immediate needs of refugees but also on longer term needs such as education and training.

The number of Iraqi refugees in **Jordan** is estimated to be around 500,000<sup>39</sup>(almost exclusively in urban areas). Close to 70% of Iraqi residents in Jordan are of working age (15+) and 22% of Iraqis are currently participating in the labour market. In Jordan Iraqis are recognised guests, visitors, investors or residents. Almost all households are connected to the public electricity network, the water network and the sewage network. Accordingly, large pressure is put on the various public services in Jordan, particularly energy, water, health, education and security. More than 50% of the Iraqis from Jordan have no plans of returning to Iraq. Iraqi children were not permitted to attend public schools in Jordan until authorities announced in July 2007 that State schools were to open their doors to Iraqi children. UNHCR claims that in 2006-2007 some 14,000 Iraqi children were said to be attending schools in Jordan and these figures increased to 24,600 for the 2007-2008 school year.

<sup>37</sup> UNHCR "In Syria, government sources indicate that food prices have increased by some 35%, electricity by 27%, water by 21% and real estate by up to 300%."

<sup>38</sup> UNHCR Syria: "Assessment on Returns to Iraq Amongst Iraqi Refugee Population in Syria" (April 2008). Survey carried out in March 2008. 994 interviews were conducted by a group of 15 interviewers.

<sup>39</sup> UNHCR Global Report 2007- (data from Government of Jordan).

## **Returns**

According to the UNHCR data 204,830 Iraqis have returned in 2009, of which 167,740 IDPs and 37,090 refugees. The largest number of returnees has settled in Baghdad. To provide assistance to IDPs and encourage returns from both inside and outside Iraq, the Government has assigned specific responsibilities to the Ministry of Displacement and Migration and has allocated budgets to provide cash incentives for the population concerned, consisting of around USD 820 per family for internal returnees and around USD 2,460 per family for those returning from abroad. At the end of June 2009, the MODM reported the disbursement of 27,102 compensations for internally displaced agreeing to return to their place of origin. Despite financial efforts, only around 20% of IDPs and 5% of refugees have returned to date.

The Property Claim Commission was established by the Government to address property rights violations and to assist displaced families to return.

## **Asylum Seekers**

While Afghanistan remained the leading country of origin of asylum seekers worldwide in 2007, Iraqis were the second largest nationality of origin. In 2006 and 2007 Iraqis constituted the major source of asylum applications in the European Union (EU), with 57,661 applications. “Whereas Iraqi citizens claimed asylum in 89 countries worldwide in 2007, almost half of those claims were lodged in Sweden (18,600).<sup>40</sup>” One quarter of all positive decisions in Europe in 2007 were issued to Iraqi asylum seekers.

18,838 refugees have been accepted in the United States in 2009 and a total of 34,510 since the immigration programme started in 2007. The State Department’s Bureau of Population, Refugees and Migration contributed \$ 303.4 million to international organizations and nongovernmental organizations in 2009 to assist displaced Iraqis inside the country and in the region.

## **Major challenges in addressing migration**

The main challenge is the security situation. Political instability and lack of trust with regard to the Iraqi government performing socio-economic reforms as well as inefficient delivery of basic services is an additional factor hampering return.

In order to create a climate conducive for return, Iraq is in need of integrating policies and programmes in which line ministries should participate in a harmonized manner based on a common strategy and funding. Current institutional arrangements with one dedicated ministry (MODM strategy from 2008) could prove to be efficient only if its prerogatives are expanded to allow for coordination of all other Governmental agencies, including the local authorities, to provide the necessary support to existing displaced families and refugees facing basic needs. In particular, the so-called disputed internal boundaries (DIBS), the oil-rich governorate of Kirkuk as well as Nineveh, Diyala and Baghdad Governorates will continue to remain fragile unless concerted central and local efforts are made to secure unstable communities.

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<sup>40</sup> UNHCR 2007 Global Trends.

Also, the incapacity of the existing labour market to absorb new comers has led to major discontent among youth, for whom the government should undergo radical reforms of its public sector and of planning capacities to prioritise socio-economic interventions to pave the way for enhanced economic output and high-quality service delivery.

### **International support**

Apart from bilateral funding (the US the biggest donor in this field with more than \$500 million since 2003) the international community organised in 2008 under the coordination of relevant agencies of the United Nations, the Consolidated Appeal Process (CAP) aimed at meeting immediate humanitarian needs and contributing to the restoration of stability not only in Iraq, but also targeting around 1.7 million Iraqis living abroad. The CAP, through its two pillars – Pillar I for humanitarian needs inside Iraq and Pillar II for protection and assistance for Iraqi refugees living in neighboring countries, has managed to fund 43% of the requirements identified in support of needy populations (33% of Pillar I<sup>41</sup> and 50% of Pillar II requirements funded by mid-year 2009). Strengthened cooperation with Iraqi authorities is required to enhance effectiveness of the CAP and to secure additional support from donors who otherwise may perceive the lack of interest of the Government as an invitation to revise the mandate and goals of their joint appeal.

Many NGOs have been involved in alleviating the refugee crisis in Iraq.

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<sup>41</sup> CAP Estimated needs for Pillar I amount to US\$308,794,656 (humanitarian assistance inside Iraq) whereas Pillar II needs have been estimated at US\$341,638,041.

## ANNEX 5 – DESCRIPTION OF THE JSP DRAFTING PROCESS

The EU's assistance planning is rooted in a process of continuous dialogue with the Iraqi Government and other partners, including the civil society. All the actors have been consulted and expressed their views on every stage of programming.

The process of broader consultations was launched already in August 2008 when a first joint EU delegation visited Amman and Baghdad. The aim was to discuss further EU engagement in the rule of law sector in the light of the extension of the EUJUST LEX mandate and continuation of the EC engagement in that area. It was also the turning point as regards passing from yearly to medium-term planning. These consultations provided the preliminary feedback for the 2009-2010 Capacity Building Programme as well as EUJUST LEX pilot activities carried out on the Iraqi ground in 2009.

As a natural consequence, the end of 2008 and the year 2009 resulted in more frequent contacts with the Iraqi side, international organisations, EU and other donors and civil society. Between November 2008 and October 2009 two more missions to Iraq were carried out in order to discuss the EU medium-term programming in more detail.

The October 2009 consultations were headed by the Director for Middle East and Southern Mediterranean within the External Relations Directorate General of the European Commission. The discussions entailed central government in Baghdad, Iraqi parliament (Council of Representatives), regional government in the Iraqi Kurdistan Region, UN organizations, World Bank, EU Member States, US, Japan and other donors as well as Iraqi and international civil society. The Iraqi Government and civil society recognised the consequent EU steps towards enhancement of the EU-Iraq relations reflected i.a. through the multi-annual planning, and encouraged the EU to play a more substantial and visible role in Iraq.

In April 2010 the main sectors were re-confirmed by the EU Delegation in Iraq (Operational Section). The Joint Strategy Paper Concept Note was shared with the Iraqi Government, EU Member States, other donors and civil society.

As regards civil society which constitutes an important vehicle in the delivery of assistance overall, since 2008 the EU has kept informing and consulting the civil society about its' future medium-term development plans for Iraq. A number of meetings were held between the second half of 2008 and beginning of 2010 in Baghdad, Erbil, Amman and Brussels.

The EU Delegation in Iraq has been very actively involved in the whole process. It refers not only to the organisation of and participation in all the missions but also to regular follow ups and written contributions to the CSP.

## **ANNEX 6 - HARMONISATION ROAD MAP**

To ensure donor harmonisation as requested by the Paris Declaration on Aid Effectiveness to which Iraq adhered in May 2008, the EU through its Delegation in Iraq will continue to seek partnership with donors and civil society organisations through coordination mechanisms around solutions and programmes envisaged for the implementation of the Joint Strategy Paper.

Direct engagement with the Government of Iraq during the process of the preparation, endorsement and implementation of relevant development policies will be assured to secure consistency of goals.