



**Progress Report and Lessons Learned on the activities of the United Nations
Development Group Iraq Trust Fund during its first year:
1 July 2004 to 30 June 2005**

**Supporting documentation for the information of participants in the Fourth
Expanded Meeting of the International Reconstruction Fund Facility for Iraq,
Dead Sea, Jordan, 18 July 2005**

**Session 2: Donor Response: Progress and Lessons Learned
and for the Donor Committee Meeting 19 July 2005.**

Definitions

Donor Pledge	An amount indicated as a voluntary contribution by a donor. (Pledges are not included in the financial statements. Financial reports will report on legally binding Donor Commitments and Deposits to the UNDG ITF and the WB ITF).
Donor Commitment	A legally binding commitment of a contribution to IRFFI for a specific amount over a specific timeframe, formalized through a Letter of Agreement (UNDG ITF) or Administrative Agreement (WB ITF).
Donor Deposits	Cash deposits received by the UNDG ITF or the WB ITF
Project Commitment	The amount for which legally-binding project contracts have been signed.
Allocation	<i>UNDG ITF</i> – amount earmarked to a particular Cluster(s) and/or specific UN Participating Organization(s) to fund approved projects. <i>WB ITF</i> – to be disbursed to the vendor or the Iraqi line ministry implementing an approved project for the actual costs of the goods received or services delivered.
Approved Project	<i>UNDG ITF</i> – a project that has been approved by the ISRB and the UNDG ITF Steering Committee for which a project document has been subsequently signed. <i>WB ITF</i> – a grant agreement has been negotiated and signed by the World Bank ITF and the Recipient (for WB ITF).
Project Disbursement	The amount paid to a vendor or entity for goods received, work completed and/or services rendered (does not include unliquidated obligations).
Project Expenditure	<i>UNDG ITF</i> – Amount of project disbursement plus Unliquidated Obligations related to payments due for the year.

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Introduction

This progress and lessons learned report on the activities of the United Nations Development Group Iraq Trust Fund (UNDG ITF) of the International Reconstruction Fund Facility for Iraq (IRFFI), is provided for information of participants in the fourth expanded meeting of the International Reconstruction Fund Facility for Iraq, Dead Sea, Jordan, 18 July 2005, and the Donor Committee meeting 19 July 2005. It is based on the first official six monthly progress report of the UNDG ITF 1 July to 31 December 2004, but extends the period of coverage to 30 June 2005. **This report provides an update on achievements, hurdles encountered and lessons-learned on the UN multi-sectoral operations in Iraq.**

1. The background and innovative nature of the UNDG ITF

The UNDG ITF represents a number of innovations for the UNDG (see box).

UNDG ITF Firsts

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

The UNDG ITF is the primary source of funding for the UN cluster approach in Iraq, which to date includes eleven clusters: Education and Culture; Health; Water and Sanitation; Infrastructure and Housing; Agriculture, Water Resources and Environment; Food Security; Mine Action; Internally Displaced Persons (IDPs) and Refugees; Governance and Civil Society; Poverty Reduction and Human Development; and Support to Electoral Process.¹

The United Nations Development Programme (UNDP) administers the UNDG ITF on behalf of itself and other Participating UN Organizations. Nineteen UN organizations have signed the Memorandum of Understanding with UNDP for participation in the UNDG ITF (see annex 1, List of Participating UN Organizations). On the funding side, 23 donors have signed a Letter of Agreement with UNDP, which

¹ Following a review of UN clusters the UNCT decided, at its meeting on 8 June 2005, to consolidate and reduce the number of clusters from eleven to seven as follows: Agriculture, Food Security, Environment and Natural Resource Management, Education and Culture, Governance and Human Development, Health and Nutrition, Infrastructure Rehabilitation, Refugees, IDPs and Durable Solutions and Support to the Electoral Process. This cluster streamlining will be discussed at the Donor Committee meeting

resulted in deposits over time of \$667.4 million in the Trust Fund as of end June 2005 (table 2). This amount constitutes almost 100 per cent of the commitments made, which is a major success compared with other trust funds.

The UNDG ITF represents a new way of managing donor funds. Unearmarked funds are co-mingled upon receipt of the deposit. Earmarked funds are also co-mingled in the specific Cluster to which donors have decided to allocate their contributions. This occurs even when the contribution is further earmarked to a particular UN implementing agency.² The receipt of funds and management of the ITF are based on the cluster approach as are reports on earmarked and unearmarked donor contributions (by Cluster), disbursements made to Participating UN Organizations (by Cluster and agency), and expenditures incurred under the projects (by Cluster and agency).

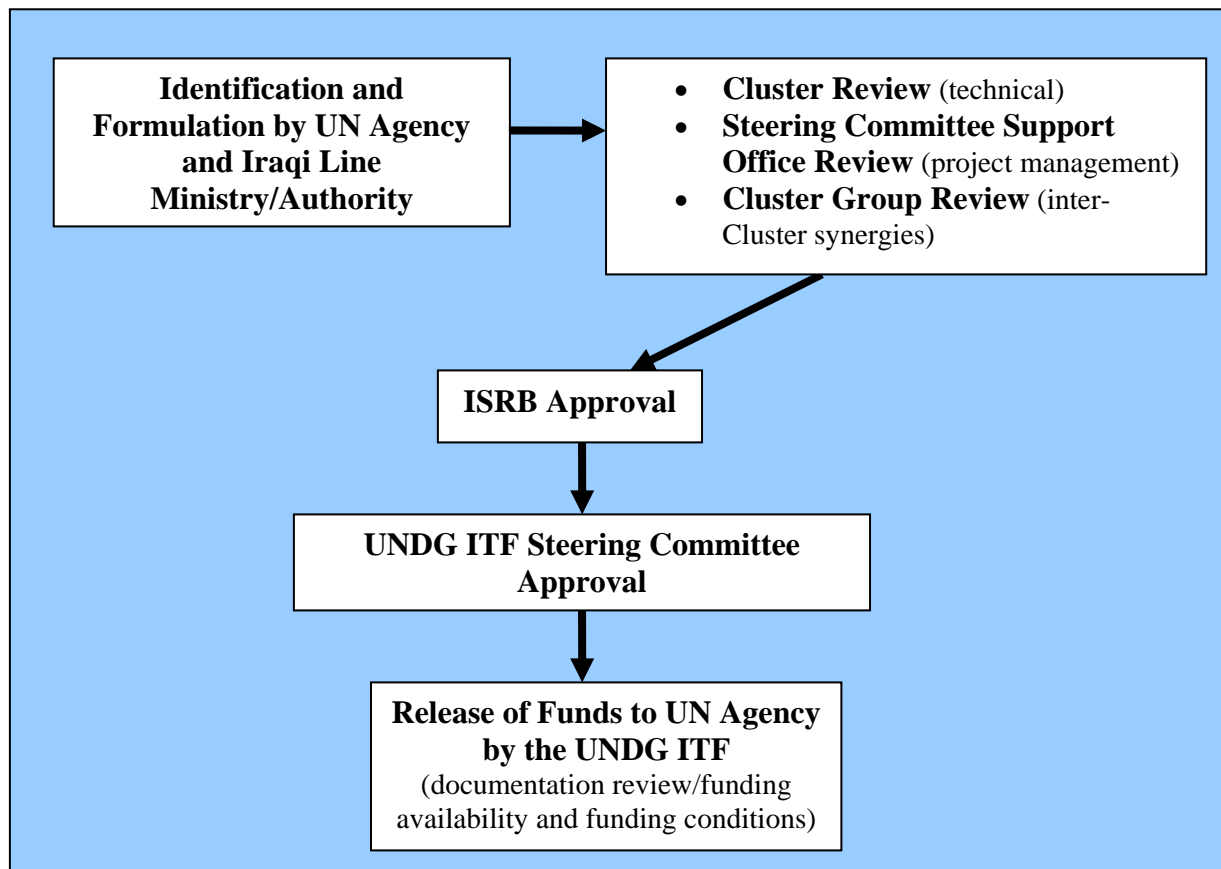
2. UNDG Method of Operating in Iraq

The implementation mechanisms used by UNDG in Iraq are unique in many ways. Its unified country operation emphasizes transfer of knowledge both because of its intrinsic merits (empowerment and capacity development of Iraqis) and out of necessity – the “light foot print” imposed by the security situation, where the bulk of UN international staff are obliged to work from outside Iraq. The UNDG organizations have put in place a series of processes to develop Iraqi capacity and maximize Iraqi involvement in project identification, formulation and implementation. The aim is to ensure effective Iraqi ownership and beneficiary participation while retaining UN accountability for funds entrusted to the UN.

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

² In this report, the term “agency” is used interchangeably with “organization” to describe the Participating UN Organizations although only a few of the UN organizations are legally defined as agencies.

Revised UNDG ITF Project Selection, Review and Approval Process



The methodology used to review the quality of project proposals has been critical to the success of the UNDG ITF. As in normal UN country operations, the prior endorsement of UN projects by Iraqi institutions and line ministries are required for subsequent project processing and approval. Project proposals are submitted by the UN Agency to the relevant UN Cluster for detailed technical review. Once technical endorsement has been secured, the proposals are submitted for further vetting by the UNDG ITF Steering Committee Support Office (SCSO) and the Cluster Group, consisting of task managers of all the Clusters and of the cross-cutting themes. The SCSO review focuses on project management issues in light of UNDG ITF project submission guidelines. The Cluster Group reviews the proposals for inter-Cluster coordination, best management and implementation practices and location-specific synergy.

Project proposals are also evaluated against a series of social and environmental indicators. To the extent possible, potential impact on both employment and the environment is measured. The cluster system ensures the necessary social and environmental input through the presence, in Cluster meetings, of the specialized agencies, funds and programmes and in particular the focal points for the five cross-cutting themes (security, human rights, gender, environment and employment generation).

As was agreed at the Doha IRFFI Donor Committee meeting in May 2004, the Iraq Strategic Review Board (ISRB) has the primary role in deciding on the individual projects that the UNDG ITF will consider for funding. After Cluster Group approval therefore, proposals are submitted to the ISRB for approval. Upon ISRB endorsement the proposal is reviewed by the UNDG ITF Steering Committee for approval, including allocation of funding. The Steering Committee, chaired by the Deputy Special Representative of the Secretary General (DSRSG) for Iraq, comprises heads of UN organisations based in

Amman, with the UNDG ITF Executive Coordinator participating as an ex officio member. Finally, approved funds are released by the UNDG ITF Executive Coordinator to the particular Participating UN Organisation that will exercise full programmatic responsibility for the implementation of the projects and financial accountability for the funds received. Transfer by the Executive Coordinator to Participating UN Organizations is only made after all the conditions for project approval and fund transfer have been fulfilled. These include, among others, the signing of the project document by the Chairman of the UNDG ITF Steering Committee and the respective representative of the Participating UN Organization, actual availability of deposited contributions in the UNDG ITF account, and fulfilment of the conditions attached to contributions and specified in the Letter of Agreement concluded with donors and with the provisions of the Memorandum of Understanding concluded with the UN Agencies..

As of 30 June 2005 a total of 59 projects had been approved. The overall level of project funding for the 59 projects has risen to \$586.4 million. The list of approved projects, by agency, with date of approval by the UNDG ITF Steering Committee and date of transfer of funding, is provided in annex 2.

Faced with the continuing security crisis in Iraq most international staff have continued to operate from outside of the country, primarily Amman, Jordan and national staff have been severely restricted in their movements. In response, the UN has developed innovative implementation mechanisms that give primary responsibility for project implementation to national entities ranging from government ministries, private consultants and contractors, and NGOs while placing greater reliance on UN national staff to maintain financial and programmatic accountability.

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

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

Building national ownership is not limited to increasing the responsibility, involvement and capacity of officials in government institutions. One distinguishing aspect of the way in which UN operations in Iraq have been reconfigured is the major increase in responsibility given to UN national staff. Local consultants conversant with UN operations are also being used extensively. Former technical national staff formed and/or joined construction, consulting and other companies. Iraqi local contractors have significant experience in implementing projects for the UN, particularly with respect to civil engineering/rehabilitation. A wide range of contracts are being awarded to Iraqi contractors and some of them are already listed in the contract awards table posted on the UNDG ITF Procurement page of the IRFFI web site www.irffi.org (approx \$15,6 million for 80 contracts reported to date).

In many cases, implementing UN agencies have had to substantially revise their standard contracting and supply delivery procedures to adapt to the necessity of remote supervision by international staff and the requirement to ensure the least exposure of national staff while safeguarding the transparency and integrity of business processes.

3. Progress in Implementation on the Ground

It should be underlined that this report covers only the activities of the UN that are funded by the UNDG ITF. UN activities in Iraq funded through other sources represent a major share of the concerned UN organizations' 2004 activities for most Clusters such as Education, Health, Water and Sanitation, Infrastructure, Food Security, Mine Action, IDPs and Refugees, Governance and Civil Society, and Poverty Reduction and Human Development. It was only in mid-2004 that projects funded by the UNDG ITF began to be implemented.

A sample of the results of UNDG ITF activities are presented here according to a number of key indicators judged as essential for reconstruction and development: capacity development, policy dialogue, service delivery and employment creation.

UNDG ITF projects have supported a broad range of capacity-development activities from technical training, to workshops, seminars, conferences and high-level meetings, all actively involving participants from ministries and various civil society organizations. From December 2004 to March 2005, for example, the UNCT carried out almost 100 capacity-development activities. These have included high-profile, high-level meetings such as the December 2004 International Employment Conference on Iraq organized by the International Labour Organization (ILO) in Amman, which endorsed and adopted a declaration and action plan for job creation, a three-day Symposium on Housing and Urban Development in September 2004, organised by UN HABITAT, which agreed upon a Vision and an Action Plan for Iraq. At the same time lower key capacity building initiatives have been undertaken in a number of clusters. For example, the Education and Culture Cluster has strongly supported the Ministry of Education (MoEd) in the conduct of terminal and non-terminal examinations, including the orientation of teachers.

The UN has also contributed to policy dialogue in technical areas, including the review of the Iraq National Development Strategy from a human development perspective and in areas directly impacting urgent services such as primary health care policy. The UN made a major contribution to Iraqi aid coordination policy, in particular coordinating with donors, especially the United States, the approach and methodology to help to establish the Donor Assistance Database.

Major strides were also made in delivering basic services. The health cluster, led by WHO was instrumental in achieving successful national polio immunization and a major drop in the incidence of measles, mumps and rubella. UNFPA procured medical equipment, supplies and essential drugs according to the request by Ministry of Health and 42 ambulances. The education cluster, led by UNICEF, delivered essential learning materials to six million students for the 2004-5 academic year requiring a massive procurement, assembly, delivery and distribution operation and already has the procurement operation underway for October 2005 delivery of 3,379,121 sets of learning materials for primary school students for the 2005-6 academic year. UNESCO equipped five Community Learning Centres and the National Literacy Resource Centre to assist in income-generation and life-skills development and delivered computers and other information technology equipment to the Ministry of Education for the training of 2,000-3,000 secondary school teachers.

The infrastructure and housing cluster led by UNDP has undertaken a number of emergency repair operations for electrical installations in medical facilities in Baghdad and in the central region of the country; supported the Ministry of Electricity maintenance teams in repairing 18 key transmission lines in the north and central parts of the country; procured, delivered and installed 177 generators for essential humanitarian services as well as three mobile substations, 218 distribution transformers, four underground cable fault-finding vehicles and other urgently required equipment.

Furthermore, UNDP has initiated projects aimed at increasing the generation outputs of four strategic

generation power plants in the Iraqi national system and rehabilitating the Iraqi National Dispatch Centre. Two major contracts were signed during 2004, the first for continuing the rehabilitation of Units 1 and 4 of the Hartha power plant, located in Basra in the south. The second contract is for rebuilding and developing the National Dispatch Centre in Baghdad that controls the flow of electrical power in the national grid. Completion of this work will substantially reduce the number of outages. Three major contracts have been signed in 2005, following extensive technical preparation and negotiation, for the rehabilitation of Taji gas turbine units No. 1, 4 and 6, Mosul gas turbine units 2 & 4 and Mussaib Emergency Rehabilitation of Unit 1; Stage I.

In the area of water and sanitation, UNICEF, with UNDG ITF resources, rehabilitated defective compact water treatment units in Wassit Governorate, providing urgently needed clean drinking water to more than 50,000 people. The people in these communities were also trained in the maintenance of the units and on good hygiene practices. A reverse osmosis water treatment plant was installed in Basra to provide clean drinking water to Al-Talimi Hospital and a training programme provided on the proper operation and maintenance of reverse osmosis units.

In 2005 FAO has delivered agriculture supplies to farming communities and veterinary field supplies, laboratory equipment and supplies, refrigerated trucks, forklifts, motorbikes, pickup trucks, and cold storage rooms for the veterinary hospitals. Work on rehabilitation of pumping stations is also picking up with three purchase orders issued for the provision of spare parts for the two Kirkuk pumping stations.

UNHCR and its partners, utilizing UNDG ITF resources, have committed and initiated multisectoral assistance to fifteen villages identified as the most vulnerable Activities within the communities and nearby cities (all funds are now contractually committed and 81% disbursed).have ensured that more than 200,000 persons, including 40,000 returnees, have had access to rehabilitated schools, water systems and vocational training. Technical and equipment support has also been provided for their traditional agriculture and livestock activities. Nearly 300,000 persons have benefited from quick-impact projects that improve their villages in accordance with the communities' expressed needs and wishes. More than 1,000 vulnerable families in rural areas have been identified to receive shelter support, including host families.

A number of UNDG ITF projects are specifically geared to the creation of employment and include major employment-intensive rehabilitation operations, for example, the rehabilitation of schools and health care centres. UN HABITAT has, for example, just during May 2005 completed rehabilitation work on three (3) Technical and Vocational Institutes in Muthanna Governorate in the Lower South.. These programmes are already providing thousands of jobs to Iraqis and are expected to more than double their employment impact as the programmes expand.

The success of the Support to Electoral Process cluster in delivering to the Independent Electoral Commission of Iraq (IECI) policy advice, capacity development and logistics support, with \$87 million disbursed for six projects within a very tight deadline, is illustrative of the strengths of the UNDG ITF implementation record.

Within eight months, the UN assisted in establishing a new Iraqi national electoral body, the IECI, which succeeded in conducting successful nationwide elections in a precarious security situation. The UN supported the IECI in specialized policy and operational sectors ranging from the drafting of the regulatory framework and electoral procedures to the setting up of the IECI information technology unit and post-election tally centre. Projects implemented in 2004 included UNDP projects for the equipping of the IECI offices with computers and office furniture and the creation of a voter register with the names of 14 million citizens. In January 2005, the accurate delivery to tight deadlines of 36,000 polling station kits, 7,000 polling centre kits, 90,000 ballot boxes, 45,000,000 ballot papers and 144,000 voting screens was assured by UNOPS with the completion of the majority of deliveries in 13 days from 17-29 January 2005.

In addition UNESCO trained journalists; translated and published a handbook and clip binder on the elections and wrote media policy guidelines and briefing notes, which were translated, published and disseminated at training events and via the Internet.

4. Financial Status

Table 1. Sources, Uses and Balance of UNDG ITF Funds: Jan. 2004 – end Jun. 2005

	(US\$)
Source of funds	
Gross Contributions	667,418,053
Interest Income ³	2,156,142
Total – Source of funds	669,574,195
Use of funds	
Transfer to Implementing Agencies	586,421,310
Administrative Agent fees	5,594,333
Direct Costs (Support to Steering Committee/IRFFI Secretariat)	1,001,127
Bank charges ⁴	4,789
Total – Use of funds	593,021,558
Balance of funds available	76,552,637

By 30 June 2005, of the total \$ 672.6 million committed by donors to the UNDG ITF, approximately \$ 667 million have been deposited of which \$ 586.4 million have been transferred to implementing agencies to date. Over 80 per cent of donor contributions have been earmarked by Cluster and/or Participating UN Organization; only \$120.62 million (gross) have been unearmarked contributions, as shown in Table 2 and Figure 2.

The Administrative Agent (AA) fee of \$5.6 million charged up front for the entire duration of the Fund is as per the sliding scale indicated in the Letter of Agreement and is cumulatively equivalent to 0.8 per cent of deposited funds. Based on the four-year life cycle of the Fund, the annual AA fee earned on deposited donor contributions to date is approximately \$1.4 million (0.95 percent of approved and funded projects). The direct costs relating to the Secretariat and the UNDG Steering Committee Support Office are currently charged at a notional rate of 0.15 per cent based on an estimate of such costs for the four-year life cycle of the Fund. The actual Administrative Agent and direct costs will be reported in the Fund's final financial report.

³ Reflects interest income recorded as of end 31 December 2004. Interest in 2005 will be reflected as of end 31 December 2005.

⁴ Reflects bank charges recorded as of end 31 December 2004. Bank charges incurred in 2005 will be reflected as of end 31 December 2005.

Figure 1. Sources, Uses and Balance of UNDG ITF Funds: Jan. 2004 – end Jun. 2005

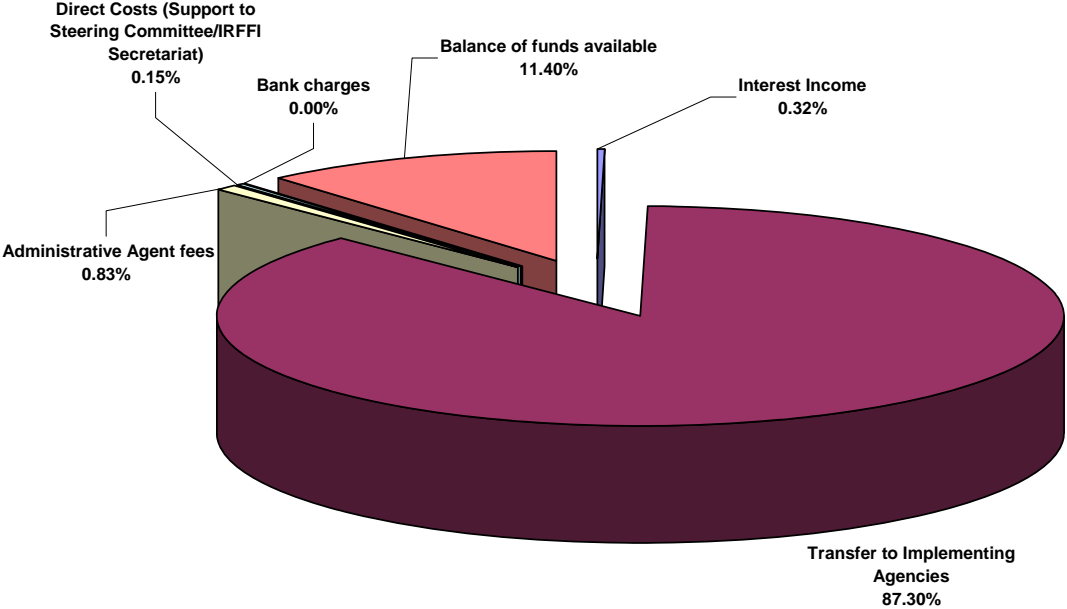
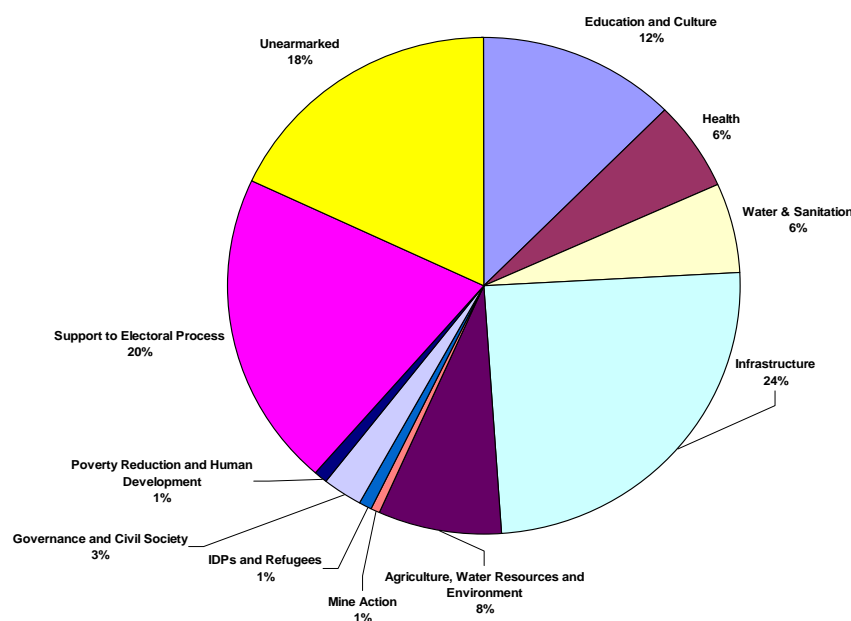


Table 2: Net Donor Contributions, by Cluster and Type of Funds (30 June 2005)

Cluster	Net Deposits (US\$)	Donor(s)
Education and Culture	82,426,521	European Commission, Ireland, Japan
Health	38,547,873	European Commission, Japan
Water and Sanitation	38,848,063	European Commission, Japan, Luxembourg
Infrastructure and Housing	162,359,141	Japan
Agriculture, Water Resources and Environment	52,537,076	European Commission, Italy, Japan, Kuwait
Food Security	0	
Mine Action	3,979,154	Republic of Korea, Sweden
IDPs and Refugees	4,232,367	Australia, Republic of Korea
Governance and Civil Society	17,310,840	Australia, European Commission, Finland, Sweden
Poverty Reduction and Human Development	6,293,486	European Commission
Support to Electoral Process	134,928,554	Australia, Belgium, Canada, Denmark, European Commission, Finland, Italy, Japan, Republic of Korea, Luxembourg, Netherlands, New Zealand, Norway, Sweden, United Kingdom
TOTAL - EARMARKED Funds	541,463,075	
TOTAL - UNEARMARKED Funds⁵	119,359,516	Canada, Greece, Iceland, India, Japan, New Zealand, Norway, Qatar, United Kingdom, United States
TOTAL FUNDS	660,822,591	

Figure 2: Net Donor Deposits, consolidated by Cluster (30 June 2005)



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

Sixteen (including UN EAD) of the 19 Participating UN Organizations of the UNDG ITF have received funding for the implementation of approved projects and programmes to date. Areas that received the largest shares of donor earmarked funds to date are Infrastructure (24 per cent); Support to Electoral Process (20 per cent); Education and Culture (12 per cent); and Agriculture, Water Resources and Environment (8 per cent); Health (6 per cent). Total approved and transferred funding is consolidated by Cluster and Agency in Table 3 and 4, respectively.

Table 3: Distribution of Approved Funding, by Cluster and Type of Funds (30 June 2005)

Cluster	Earmarked (US\$)	Unearmarked (US\$)	Total (US\$)
Education and Culture	81,186,844	544,343	81,731,187
Health	38,459,768	36,384,315	74,844,083
Water & Sanitation	34,778,424	0	34,778,424
Infrastructure and Housing	146,362,771	20,619,870	166,982,641
Agriculture, Water Resources and Environment	47,407,280	25,112,906	72,520,186
Food Security	0	4,000,000	4,000,000
Mine Action	1,021,154	2,319,458	3,340,612
IDPs and Refugees	3,246,367	13,621,148	16,867,515
Governance and Civil Society	17,087,550	0	17,087,550
Poverty Reduction and Human Development	6,188,630	0	6,188,630
Support to Electoral Process	108,080,176	0	108,080,176
TOTAL	483,818,964	102,602,040	586,421,004

Table 4: Distribution of Approved Funding, by Agency (30 June 2005)

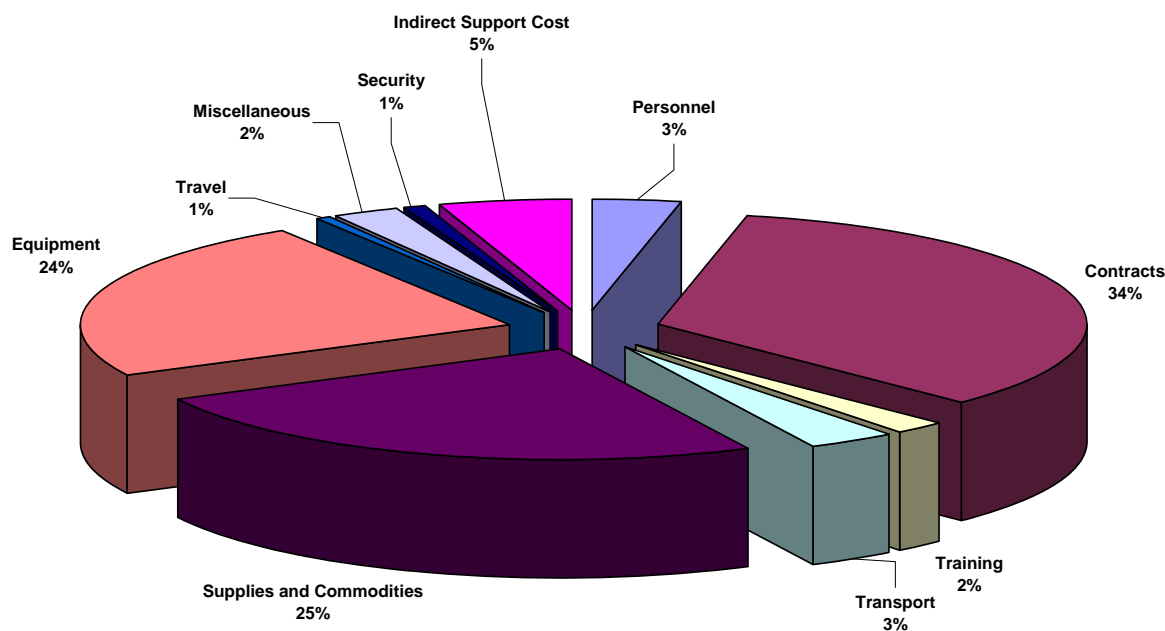
Agency	Funded Amount (US\$)	Number of Projects
ESCWA	3,703,202	2
FAO	45,594,086	5
ILO	321,000	1
UNDP	222,183,671	16
UNEP	15,700,000	2
UNESCO	15,457,624	8
UNFPA	12,603,477	1
UN-HABITAT	31,366,669	4
UNHCR	7,126,200	1
UNICEF	76,353,604	4
UNIDO	14,966,880	3
UNIFEM	1,904,616	1
UNOPS	74,537,581	6
WFP	4,000,000	1
WHO	60,602,700	4
Total	586,421,310	59

As of 31 December 2004, total expenditure incurred by implementing agencies was considerable. Of a total approved budget of \$494,265,133, \$120,094,275 (24.3 per cent of approved funds) was expended during the first six months of the UNDG ITF, a relatively high rate in comparison to similar operations in Iraq and elsewhere. **Annexes 4 and 5** provide details on official expenditure by cluster and agency, respectively.

End-December 2004 Expenditure Highlights

Those Clusters with projects involving significant capital investments, such as FAO rehabilitation of irrigation pumps or UNDP rehabilitation of power generation, have a longer preparation period and thus have shown relatively lower implementation rates in 2004 with the pace quickening in 2005. The largest proportion of total project expenditures in 2004 has gone towards the procurement of contractual services, supplies and commodities, and equipment. These categories account for a combined total of 90 per cent of all expenditures. Only 3.6 per cent of total expenditures have been for project personnel costs and indirect support costs have been at an average level of 5.4 %, well below the agreed average level of 7%.

Figure 3: Breakdown of Total end December 2004 Expenditure by Category



End June 2005 Commitment and Disbursement Levels

As implementation progressed in 2005, levels of commitments against UNDG ITF-funded projects reached \$ 396 million (68 per cent of approved funding) and \$ 218 million in disbursements (37 per cent of approved funding). **Tables 5 and 6** provide details by Cluster and Agency (respectively) of the cumulative commitment and disbursement levels recorded as of end June 2005. The percentage rate of total commitments has slightly reduced over that in the end May 2005 Newsletter as a number of projects were approved and funded in late June 2005 (particularly the projects funded under the Support to Constitutional Development Programme, C9-10/A, C9-10/C and C9-10/D).

Table 5: Total Project Commitments and Disbursements, consolidated by Cluster, 1 July 2004 to 30 June 2005 (US\$)

Cluster		Funded Amount	JUL. 2004 - DEC. 2004 ACTUALS		JAN. 2005 - JUN. 2005 ACTUALS		JUL. 2004 - JUN. 2005 ACTUALS			
			Commitment	Disbursement	Commitment	Disbursement	Commitment		Disbursement	
							(US\$)	(%)	(US\$)	(%)
1	Education and Culture	81,731,493	37,434,987	20,089,279	26,469,499	8,989,866	63,904,486	78.2	29,079,145	35.6
2	Health	74,844,083	19,720,260	7,405,117	17,211,312	15,765,193	36,931,572	49.3	23,170,310	31.0
3	Water and Sanitation	34,778,424	2,055,178	900,583	11,049,039	1,802,538	13,104,217	37.7	2,703,121	7.8
4	Infrastructure and Housing	166,982,641	54,062,973	10,918,992	64,174,247	26,693,764	118,237,220	70.8	37,612,756	22.5
5	Agriculture, Water Resources and Environment	72,520,186	23,967,922	10,175,688	15,009,405	5,728,606	38,977,327	53.7	15,904,294	21.9
6	Food Security	4,000,000	0	0	3,981,646	3,981,646	3,981,646	99.5	3,981,646	99.5
7	Mine Action	3,340,612	0	0	3,340,612	3,161,172	3,340,612	100.0	3,161,172	94.6
8	IDPs and Refugees	16,867,515	9,012,090	5,634,071	6,429,293	3,099,565	15,441,383	91.5	8,733,636	51.8
9	Governance and Civil Society	17,087,550	2,394,861	1,052,393	4,474,598	2,252,737	6,869,459	40.2	3,305,130	19.3
10	Poverty Reduction and Human Development	6,188,630	602,269	395,548	48,623	234,250	650,892	10.5	629,798	10.2
11	Support to Electoral Process	108,080,176	46,967,606	37,238,961	47,644,800	52,636,024	94,612,406	87.5	89,874,985	83.2
TOTAL		586,421,310	196,218,146	93,810,633	199,833,074	124,345,361	396,051,220	67.5	218,155,994	37.2

Table 6: Total Project Commitments and Disbursements, consolidated by Agency, 1 July 2004 to 30 June 2005 (US\$)

Agency	Funded Amount	JUL. 2004 - DEC. 2004 ACTUALS		JAN. 2005 - JUN. 2005 ACTUALS		JUL. 2004 - JUN. 2005 ACTUALS			
		Commitment	Disbursement	Commitment	Disbursement	Commitment		Disbursement	
						(US\$)	(%)	(US\$)	(%)
ESCWA	3,703,202	418,341	129,092	278,293	153,600	696,634	18.8	282,692	7.6
FAO	45,594,086	12,613,066	8,885,514	8,759,398	1,661,340	21,372,464	46.9	10,546,854	23.1
ILO	321,000	286,447	84,306	15,000	202,141	301,447	93.9	286,447	89.2
UNDP	222,183,671	97,560,242	47,704,090	63,172,228	29,981,915	160,732,470	72.3	77,686,005	35.0
UNEP	15,700,000	10,904,317	1,127,214	2,950,647	2,701,670	13,854,964	88.2	3,828,884	24.4
UNESCO	15,457,624	5,529,295	499,561	5,031,417	6,467,292	10,560,712	68.3	6,966,853	45.1
UNFPA	12,603,477	6,228,507	2,707,770	1,856,171	1,856,171	8,084,678	64.1	4,563,941	36.2
UN-HABITAT	31,366,669	10,866,349	2,092,868	9,363,530	5,125,763	20,229,879	64.5	7,218,631	23.0
UNHCR	7,126,200	5,224,562	5,224,562	1,901,638	1,007,000	7,126,200	100.0	6,231,562	87.4
UNICEF	76,353,604	26,133,780	19,120,143	25,936,431	2,143,345	52,070,211	68.2	21,263,488	27.8
UNIDO	14,966,880	133,425	23,383	1,998,727	519,976	2,132,152	14.2	543,359	3.6
UNIFEM	1,904,616	715,747	715,747	0	0	715,747	37.6	715,747	37.6
UNOPS	74,537,581	5,436,499	615,127	57,712,736	53,950,665	63,149,235	84.7	54,565,792	73.2
WFP	4,000,000	0	0	3,981,646	3,981,646	3,981,646	99.5	3,981,646	99.5
WHO	60,602,700	14,167,569	4,881,256	16,875,212	14,592,837	31,042,781	51.2	19,474,093	32.1
TOTAL	586,421,310	196,218,146	93,810,633	199,833,074	124,345,361	396,051,220	67.5	218,155,994	37.2

5. Issues for future programme implementation

Due to the security situation, the number of UN international staff in Iraq is likely to continue to be significantly below that normally required for the implementation of ongoing and future reconstruction and development projects. As reported earlier, UNDG organizations are flexibly adapting to the difficult reality on the ground by using diverse implementation modalities. In this respect, the risk exposure of UN national staff and non-UN personnel is being carefully and constantly reviewed. Present UN operational plans for Iraq continue to regard the security risk as being at a critical or high level throughout the country. For the immediate future, it is expected that Baghdad and some central and northern governorates of Iraq will generally remain in Security Phase IV, and it is this assumption that has underlain the preparation of the UN Assistance Strategy for 2005-2007. However it should be noted that the UN is increasing its operational presence in the Green Zone, Baghdad, Basrah and Erbil.

Future programme implementation will be based on the jointly owned “UN-Iraqi Assistance Strategic Framework 2005-2007, which is considered a “work-in-progress,” and builds on the Iraq National Development Strategy, the UNDG ITF 2004 experiences in implementation, new available data, and ongoing and widespread consultations between clusters and agencies and their respective line ministries and government counterparts. In particular the UN stands ready to respond to the top priorities of the Transitional Government of Iraq. The overall UN Goal for 2005-2007 is to contribute significantly to the creation of a secure enabling environment conducive to the fulfilment of the rights of the Iraqi people to survival, development and equal participation through the achievement of the following objectives.

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

The UNDG ITF activities pipeline for 2005, as described in the UN Assistance Strategy for Iraq 2005-2007 indicates requirements for an additional \$600? million to fully fund the 2005 UN assistance programme.

Table 7: UNDG ITF Funding Requirements for 2005 (in US\$ millions)

No.	Cluster	Funded to date ^a	Committed Funds to date ^b	2005 Unfunded ^c
1	Education & Culture	81.73	63.90	66.05
2	Health	74.84	36.93	61.00
3	Water & Sanitation	34.78	13.10	119.50
4	Infrastructure & Housing	166.98	118.24	97.50
5	Agriculture, Water Res. & Environment	72.52	38.98	50.20
6	Food Security	4.00	3.98	41.00
7	Mine Action	3.34	3.34	29.30
8	IDPs & Refugees	16.87	15.44	58.35
9	Governance & Civil Society	17.09	6.87	31.80
10	Poverty Reduction & Human Dev.	6.19	0.65	45.00
11	Support to Electoral Process	108.08	94.61	?TBD
	TOTAL	586.42	396.05	599.70/TBD?

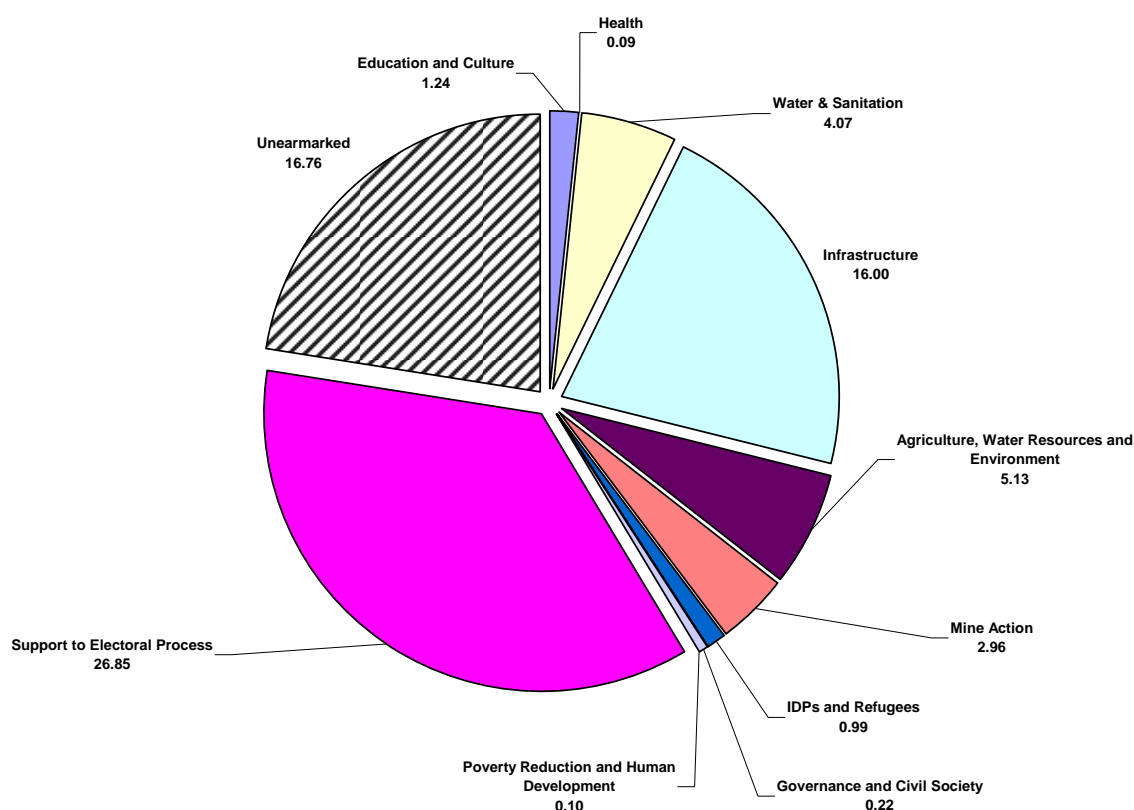
^a Total approved and funded projects by UNDG ITF as of 30 June 2005.

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

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

The first four items (education, health, water and sanitation, infrastructure and housing) respond directly to the UN's understanding of the immediate priority requirements of the Iraq Transitional Government and need funding of \$344 million in 2005.

Figure 5: Distribution of Balance of Funds, by Cluster, as of 30 June 2005 (US\$ mill)



Of the unearmarked \$16.76 million shown in Figure 5, US\$ 9.98 million is earmarked to Employment Creation and only \$6.8 million is available against a total requirement of US\$ 33.4 million to finance approved but not yet funded UNDG ITF projects. The available earmarked resources (\$57.6 million) are already allocated to priority activities (mainly elections and housing), which are at an advanced stage of formulation or of the approval process.

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Given the unique demands and opportunities in the current phase of Iraq's political transition, if requested, the UN is committed to serving as a facilitator for donor coordination on reconstruction and development issues. Extensive consultations with donors and Iraqi officials have revealed a clear need for improved aid coordination to maximize the effective utilization of external resources for reconstruction and development and a need to reaffirm stronger Iraqi leadership of the process. The mechanism of donor coordination and the tracking of both multilateral and bilateral funding are central to success in these areas. It is recognized that the IRFFI has enhanced donor coordination among the donors contributing to the IRFFI. **In addition the UN is ready to provide, if requested, support to regular Baghdad-based, Iraqi-led forums where donors and Iraqi officials would discuss strategic policies and priorities in guiding development efforts from an in-country perspective. Reflect Brussels preparation?**

6. Hurdles to Implementation and Lessons learned –improving the UNDG ITF for Iraq and the wider aid architecture

HURDLES TO IMPLEMENTATION

The UNDG ITF has by and large achieved a relatively good record in delivering services over the first year of operations. However, the results were not achieved without significant difficulties, and considerable hurdles to implementation remain. The most significant hurdles are the following:

Insecurity Threats of terrorism, border closures, movement restrictions within Iraq, kidnapping and burglary have vastly complicated activity planning and execution. It has often been necessary to allocate extra time for travel inside Iraq, with additional cost implications, not to mention the additional cost implications of organizing most training sessions out of country. The movement of UN national staff in Iraq remains extremely restricted.

Lack of Timely Decision-making Delay in decision-making by Iraqi counterparts to the detriment of timely project implementation is often encountered because of the centralized decision-making structure that remains the norm for government ministries. Ministries responded slowly in the identification of facilities to be rehabilitated, nominations of personnel for participation in key activities, such as capacity development, despite reminders and multiple contacts.

Uncertainty about Leadership Change A number of decisions on several activities have been delayed due to uncertainty over leadership, as partner organizations have been advised to ascertain the probability and timing of leadership change associated with the elections. The primary concern is the potential annulment by new leaders of decisions made by the former leadership. Such concerns have been compounded by uncertainty in the timing of changes in government and personnel.

Paucity of Reliable Data Lack of suitable data from the concerned ministries to support projects has prolonged project formulation or delayed implementation. Changes in project design have also been requested after project approval, necessitating a return to the drawing board.

Significant Cost Increases Rehabilitation works have been beset by cost inflation owing to the very limited number of qualified local companies available and the security situation. For example, contractors' offers have been two to three times higher than estimated market prices, leading to numerous rebidding exercises. The remote organization of bidding for rehabilitation work also incurs extra delays and limitations in local knowledge of the market are inevitable in the process.

Absence of Decision-makers in Direct Discussions Since international staff could not be inside Iraq, the decision-making process was lengthened owing to the fact that junior officials might come to Amman for discussions with their UN counterparts but could not take decisions since they lacked sufficient authority. They had to go back to Iraq to discuss matters with higher officials and then return to Amman for further discussion. In the future, this situation will be mitigated by expanded use of video conferencing and more frequent presence of UN international staff.

Communication Difficulties Options for communication with various ministries and other relevant organizations remain limited. Landlines often do not work, virtually eliminating the option of using a fax machine. Responses to official correspondence are often not forthcoming, thereby delaying major decisions or limiting time for turnaround. This situation will be alleviated by an increased UN presence in Baghdad but will remain a continuing concern.

Withdrawal of Partners from Iraq Most of the qualified, reputable international NGOs that had entered into agreements with the UN have either temporarily suspended their operations or substantially slowed down their work, owing to the deteriorated security situation. International companies have also delayed the signing of rehabilitation contracts due to concern about security.

LESSONS LEARNED

The following lessons have been learnt from the first year of UNDG ITF operations:

Need for greater Iraqi ownership. The evolution of Iraqi involvement in terms of capacity and legitimacy has been and remains critical. The development of an assistance strategy based on a nationally owned strategy is very much dependent upon progress in Iraqi ownership capacity. The UNDG is looking forward to strengthened strategic guidance from the Iraqi Transitional Government.

Pooling of donor resources is most effective. The UNDG ITF has demonstrated that pooling of resources can be effective in scaling up reconstruction and reducing costs to Iraq and donors. As major donors have indicated, the setting up of multi-donor trust funds has facilitated the quick transfer of pledged funds. It also provides a one-stop shop to Iraqi counterparts such as the MoPDC, or IECI. One fine example is that of the successful operations of the Support to Electoral Process Cluster in assisting the IECI with commingled contributions from 15 donors.

Earmarked resources vs unearmarked. UNDG has been able to respond more easily to Iraqi priorities when unearmarked or broadly earmarked resources have been provided. Continuing to pursue bilateral channels as well as the UNDG ITF (although it is open to all parties) does raise a number of complex issues of parallel programmes and projects with potential overlap and dilution of accountability. Donors, Participating UN Organizations and the Iraqis need to make an assessment of the most appropriate way forward in terms of funding mechanisms, bearing in mind the pros and cons of each mechanism.

A significant share of contributions has been earmarked to the UNDG ITF at the cluster level. While recognizing the value of a multi-donor and multi-agency fund and the need for flexibility in adapting to beneficiary country needs, many donors still find it useful to earmark funds to broad areas of assistance such as those identified by the Clusters. As reflected in the formal UNDG ITF progress report, cluster-level reporting is also extremely helpful, providing a useful overview of progress in key areas. It often provides a more useful bench mark of impact than individual agency-level project reports. With this in mind, the

proposed reconfiguration of clusters by the UNCT adopted in June 2005 will be presented to donors.

UN Clusters are crucial. The UN Clusters are crucial for the technical review of project proposals within the UNDG ITF system for project approval. In order to ensure effective project proposal review, it is particularly important for the UNDG ITF to ensure strong representation of focal points for cross-cutting themes within the Clusters. Security has been well covered by the Office of the UN Department for Security Services. For the integration of environmental and social safeguards, the situation is more complex. While a range of Cluster members have certain expertise in employment, gender, environment and human rights and indeed have internal procedures to ensure compliance on these issues, there is a certain merit to the UNDG ITF ensuring systematic independent review of these themes by dedicated focal points. UNEP is leading the way here with systematic environmental review of proposals to the UNDG ITF since September 2004.

Blurring of incremental and ongoing recurrent costs is necessary. The UNDG ITF finances investment and capital expenditure costs as well as the required incremental recurrent costs. However, it is important to recognize that in the case of rehabilitation and reconstruction projects, such as those being financed by the UNDG ITF, the distinction between incremental recurrent costs and ongoing recurrent costs is sometimes blurred. In addition, the funding requirements of most of the basic services in Clusters, such as Education and Culture as well as Health, tend to include significant recurrent costs, some of which are clearly incremental. The UNDG ITF projects are reviewed and approved by the ISRB, of which the Ministry of Finance is a member. As a result, it is assumed that the recurrent cost implications of these projects and their continued sustainability will be addressed as part of the overall annual sectoral and ministerial budget review and approval. The UN will work with the transitional administration to assist in ensuring this integration. The UNDP project to assist the MoPDC in the operationalization of a development assistance database (DAD) is expected to be a vital tool in the national budgetary process.

High levels of transparency and accountability of UNDG ITF operations are essential

- Details of the UNDG ITF approval and implementation procedures and descriptions of the activities carried out under approved projects are posted on the UNDG ITF section of the IRFFI public web site (www.irffi.org). In addition, regular monthly updates on project commitments and disbursements as well as selected highlights of project progress are posted on the web site and distributed as a newsletter to IRFFI donors.

- Procurement requests and full details of contract awards are publicly posted. To ensure competitive contracting and give equal opportunity to potential suppliers, General Procurement Notices for each project as well as individual Requests for Proposal and Invitations to Bid are posted in the UN Procurement section of www.irffi.org. In addition, the contracts awards page provides details by project, supplier name, type of award process, award date, origin of supplier and value of the award for UNDG ITF programme contracts valued over \$20,000 with total contracts amounting so far to \$286.5 million.

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

The UNDG ITF, through the UNDP Office of Audit and Performance Review (OAPR), has initiated a “lessons-learned and review exercise” of the entire UNDG ITF operation. The review will be undertaken by an independent international management consultancy firm. Furthermore, at the request of the UNDG ITF, the UNDP External Board of Auditors has initiated discussions among the external auditors of the Participating UN Organizations on mechanisms for collective assurance that will further strengthen the accountability framework of the UN operations in Iraq.

UNDG ITF could be a model for donors in other post crisis countries

As well as being on the cutting edge of present UN reform initiatives, the UNDG ITF also supports further UN reform proposals outlined in the Secretary-General's report, "In larger freedom) (A/59/2005), and could in particular offer some potential pointers for the proposed activities of a Peace building Commission. For example the UNDG ITF has ensured funding to key priority activities in cases where UN agencies, perhaps working on a bilateral basis, would not have succeeded. It has ensured coherence between agencies on programming both through the adoption of the UN Assistance Strategy and the review of projects at the Cluster and Steering Committee levels.

The IRFFI has served to provide coherence between the operations of the World Bank and the UN and the two institutions are strategically guided by a Donor Committee of major donors, which operates with the active participation of the Iraqi Government and the International Monetary Fund. It has been through this coordinated approach that the World Bank and the UN have been able to assist the Iraqi authorities in drafting a National Development Strategy, which was presented to the Tokyo Donor Committee meeting in October 2004. The UNDG ITF and IRFFI also clearly follow the Paris commitments to Delivering effective aid in fragile states, of March 2 2005, concerning the harmonization of donor activities, alignment with national strategies and avoiding activities that undermine national institution building.

7. Conclusions

The UNDG ITF has demonstrated a notable implementation record in its first year, successfully assisting key Iraqi ministries, such as the MoPDC, to work with UNDG as one entity, facilitating coordinated, collaborative joint programming. Procedures for fund management of this innovative multilateral mechanism were set up and refined and as of 30 June 2005, \$586.4 million for 59 projects had been transferred to UN implementing agencies, following vetting and approval by the Iraqi authorities and the UN.

By 30 June 2005, commitment rates for these 59 projects had reached \$396 million (67.5% per cent of approved funding) and \$218 million had been disbursed (37.2 per cent of approved funding). A number of innovative programme implementation mechanisms have been adopted to permit implementation in the difficult security situation.

While it too early to draw firm conclusions on the operations of the UNDG ITF, it already exemplifies the flexibility of the UNDG in adopting new ways of doing business as required by the Paris aid effectiveness agenda. Potentially, the UNDG ITF can serve as a model for the UN in fulfilling its reconstruction and development mandates in accordance with broader UN reform and be of great service to Iraq.

ANNEXES

Annex 1: Gross Donor Deposits as of 30 June 2005

Donor	Total Deposit (Donor Currency)		Total Deposit (US\$)
Australia	AUD	10,822,000	7,689,261
Belgium	EUR	1,000,000	1,320,995
Canada	CAD	50,000,000	37,767,199
Denmark	DKK	25,000,000	4,525,870
European Commission ⁶	EUR	100,000,000	126,240,050
Finland	EUR	3,000,000	3,885,600
Greece	EUR	600,000	763,980
Iceland	USD	500,000	500,000
India	USD	5,000,000	5,000,000
Ireland	EUR	1,000,000	1,226,400
Italy	EUR	12,000,000	15,876,981
Japan	USD	360,950,528	360,950,528
Korea	USD	7,000,000	7,000,000
Kuwait	USD	5,000,000	5,000,000
Luxembourg	USD	200,000	200,000
	EUR	800,000	1,037,200
Netherlands	EUR	5,000,000	6,697,000
New Zealand	NZD	3,500,000	2,361,200
Norway	NOK	45,000,000	7,009,288
Qatar	USD	5,000,000	5,000,000
Sweden	SEK	47,000,000	6,824,494
United Kingdom	GBP	30,000,000	55,542,000
United States	USD	5,000,000	5,000,000
TOTAL			667,418,045

⁶ Of which euro 19.00 million are a contribution from the European Commission's Rapid Response Mechanism earmarked to the Governance and Civil Society and the Support to Electoral Process Clusters and euro 1.00 million is a contribution from the European Commission's Human Rights earmarked to the Support to Electoral Process Cluster.

Annex 2: List of Participating UN Organizations*

Participating UN Organization	Abbreviation/Acronym
Economic and Social Commission for Western Asia	ESCWA
Food and Agriculture Organization of the United Nations	FAO
International Labour Organization	ILO
International Telecommunication Union	ITU
Office of the United Nations High Commissioner for Human Rights	OHCHR
United Nations Development Programme	UNDP
United Nations Department of Political Affairs/Electoral Assistance Division	UN DPA/EAD
United Nations Environment Programme	UNEP
United Nations Educational, Scientific and Cultural Organization	UNESCO
United Nations Population Fund	UNFPA
United Nations Human Settlements Programme	UN-HABITAT
United Nations High Commissioner for Refugees	UNHCR
United Nations Children's Fund	UNICEF
United Nations Industrial Development Organization	UNIDO
United Nations Development Fund for Women	UNIFEM
United Nations Office on Drugs and Crime	UNODC
United Nations Office for Project Services	UNOPS
World Food Programme	WFP
World Health Organization	WHO

* The International Organization for Migration (IOM), although not a Participating UN Organization, is a member of the UNCT and it is also a member of the UNDG ITF Steering Committee and some UN Clusters.

Annex 3. List of Approved and Funded Projects, by Cluster, with Date of Approval by the UNDG ITF Steering Committee and Date of Transfer of Funding as of 30 June 2005

Cluster	Project No.	Project Title	Funded Amount (US\$)	Agency	Steering Committee Approval Date	UNDG ITF Transfer Date
Education and Culture	C1-01	Vocational Education	2,758,274	UNESCO	3-May-04	8-Jul-04
	C1-05	In Service Training for Teachers	2,346,400	UNESCO	10-May-04	8-Jul-04
	C1-06	Strengthening Primary & Intermediate Education (Phase 1)	34,253,604	UNICEF	10-May-04	1-Jul-04
	C1-07	Protecting Iraqi Cultural Heritage	2,092,000	UNESCO	20-May-04	8-Jul-04
	C1-08	Literarcy and life Skills Development	2,230,400	UNESCO	8-Jul-04	11-Aug-04
	C1-09	Education Facilities Rehabilitation	17,580,663	UN-HABITAT	8-Jul-04	6-Aug-04
	C1-10	Iraq Networking Academy Project	1,000,000	ESCWA	22-Jul-04	26-Aug-04
	C1-11	Rehabilitation of School Bldgs in Lower South Iraq	5,270,152	UN-HABITAT	11-Nov-04	22-Dec-04
	C1-13	Education Management Information System	1,500,000	UNESCO	11-Nov-04	6-Dec-04
	C1-12	Strengthening Primary & Intermediate Education (Phase 2)	12,700,000	UNICEF	11-Nov-04	14-Mar-04
Cluster TOTAL			81,731,493			
Health	C2-02	Emergency Obstetric Care	12,603,477	UNFPA	10-May-04	7-Jul-04
	C2-03	Supporting Primary Health Care System	37,363,516	WHO	20-May-04	2-Jul-04
	C2-04	Re-establishing the National Drug Quality Control Laboratory	5,977,090	WHO	8-Jul-04	10-Aug-04
	C2-05	Non-Communicable Diseases and Mental Health	11,000,000	WHO	22-Aug-04	20-Sep-04
	C2-06	Strengthening Immunization Services in Iraq	7,900,000	UNICEF	8-Jun-05	16-Jun-05
	Cluster TOTAL			74,844,083		
Water and Sanitation	C3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	21,500,000	UNICEF	20-May-04	1-Jul-04
	C3-02	Rehabilitation of Chlorination Plant	7,016,330	UNIDO	22-Aug-04	28-Oct-04
	C3-03	Water Quality Control and Surveillance	6,262,094	WHO	22-Aug-04	20-Sep-04
Cluster TOTAL			34,778,424			
Infrastructure and Housing	C4-01	Emergency Power Supply	11,999,140	UNDP	3-May-04	10-Jul-04
	C4-02	National Dispatch Centre	11,947,978	UNDP	3-May-04	10-Jul-04
	C4-04	Strengthening Capacity of Housing Sector	5,965,638	UN-HABITAT	10-May-04	6-Jul-04
	C4-06	Dredging of Um Qasr Port Approach Channel	24,742,359	UNDP	20-May-04	10-Jul-04
	C4-07	Rehabilitation of Mosul Gas Power Station	17,585,450	UNDP	22-Jul-04	16-Aug-04
	C4-08	Rehabilitation of Taji Gas Power Station	25,891,860	UNDP	22-Jul-04	16-Aug-04
	C4-09	Rehabilitation of Hartha Power station	17,789,018	UNDP	22-Aug-04	26-Aug-04
	C4-10	Rehabilitation of Mussayib Power Station	15,510,982	UNDP	11-Nov-04	21-Dec-04
	C4-11	Strength. Urban Sector through bldg capacities in Municipal Plng and Mgmt	2,550,216	UN-HABITAT	13-Sep-04	22-Dec-04
	C4-15	Rehabilitation of Mosul Gas Power Station (Phase 2)	33,000,000	UNDP	8-Jun-05	15-Jun-05
	Cluster TOTAL			166,982,641		

Cluster	Project No.	Project Title	Funded Amount (US\$)	Agency	Steering Committee Approval Date	UNDG ITF Transfer Date	
Agriculture, Water Resources and Environment	C5-01	Drainage Conditions in Agricultural Areas	5,126,600	FAO	3-May-04	6-Jul-04	
	C5-02	Rehabilitation of Pumping Stations	13,508,544	FAO	3-May-04	6-Jul-04	
	C5-04	Community Irrigation Schemes	16,958,942	FAO	20-May-04	6-Jul-04	
	C5-06	Promotion of Cottage Industries	5,013,000	UNIDO	20-May-04	4-Aug-04	
	C5-07	Strengthening environmental governance in Iraq through assessment and capacity building	4,700,000	UNEP	8-Jul-04	3-Sep-04	
	C5-08*	Restoration of Veterinary Services in Iraq	5,000,000	FAO	8-Jul-04	16-Jun-05	
	C5-10*	Restoration and Development of Essential Livestock Services in Iraq	5,000,000	FAO	8-Jul-04	16-Jun-05	
	C5-11	Support for EST Applications in the Iraqi Marshlands	11,000,000	UNEP	22-Jul-04	20-Sep-04	
	C5-12	Capacity Building of Water Institutions	3,275,550	UNESCO	22-Aug-04	17-Sep-04	
	C5-13	Rehabilitation of Dairy Plants	2,937,550	UNIDO	22-Aug-04	9-Dec-04	
	Cluster TOTAL			72,520,186			
	Food Security	C6-02*	Development of Safety Nets and Food Security through Food Assistance	4,000,000	WFP	11-Nov-04	14-Mar-05
		Cluster TOTAL			4,000,000		
Mine Action	C7-02	Explosive Ordnance Disposal (EOD) capacity building and clearance	3,340,612	UNOPS	11-Nov-04	22-Feb-05	
	Cluster TOTAL			3,340,612			
IDPs and Refugees	C8-01	Return and Reintegration of IDPs (N. Iraq)	9,741,315	UNOPS	20-May-04	23-Jul-04	
	C8-02	Return and re-integration of Iraqis and others of concern in Southern Iraq	7,126,200	UNHCR	8-Jul-04	9-Aug-04	
	Cluster TOTAL			16,867,515			
Governance and Civil Society	C9-01	Support to Ministry of Planning and Development Cooperation (MoPDC)	1,744,000	UNDP	8-Jul-04	19-Aug-04	
	C9-03	Civil Society Forums	1,720,224	UNOPS	22-Aug-04	24-Sep-04	
	C9-04	Women solidarity toward active participation in elections	1,904,616	UNIFEM	9-Oct-04	18-Oct-04	
	C9-05	Capacity Building and institutional strengthening of Municipal Ministry of Public Works	3,018,710	UNDP	22-Mar-05	6-May-05	
	C9-10/A*	Institutional Support for the constitutional drafting process	7,000,000	UNDP	8-Jun-05	20-Jun-05	
	C9-10/C*	Media and Human Rights: Promotion of Freedom of Expression and Human Rights in Iraq	700,000	UNESCO	8-Jun-05	22-Jun-05	
	C9-10/D*	Civil Society Constitutional Outreach Campaign	1,000,000	UNOPS	8-Jun-05	27-Jun-06	
Cluster TOTAL			17,087,550				
Poverty Reduction and Human Development	C10-01	Iraqis rebuilding Iraq (Phase 1)	387,105	UNDP	9-Oct-04	13-Oct-04	
	C10-02	International Employment Conference	321,000	ILO	22-Aug-04	1-Oct-04	
	C10-03	Iraqis rebuilding Iraq (Phase 2)	2,777,323	UNDP	22-Mar-05	15-Apr-05	
	C10-04	Smart Community Project for Iraq	2,703,202	ESCWA	8-Jun-05	29-Jun-05	
	Cluster TOTAL			6,188,630			
Support to Electoral Process	C11-02	Support to Electoral Process (Phase II)	11,245,944	UNDP/EAD	13-Sep-04	14-Sep-04	
	C11-03	Support to Elections (Phase III)	34,501,257	UNDP/EAD	23-Sep-04	28-Sep-04	
	C11-04	Technical Assistance to IECI	3,042,545	UNDP/EAD	25-Oct-04	27-Oct-04	
	C11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	4,542,300	UNOPS/EAD	7-Dec-04	23-Dec-04	
	C11-07	Support for fair, safe and professional media coverage	555,000	UNESCO	7-Dec-04	23-Dec-04	
	C11-08	Logistics Support to IECI	54,193,130	UNOPS/EAD	23-Dec-04	27-Dec-04	
	Cluster TOTAL			108,080,176			
	GRAND TOTAL			586,421,310			

* Partially funded project due to inavailability of funds.

Annex 4. Total Expenditure, by Cluster, 1 July to 31 December 2004

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

Annex 5. Total Expenditure, by Agency, 1 July to 31 December 2004

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

Annex 6. Total Expenditure by Cluster, with Breakdown by Category, as at 31 December 2004 (US\$)

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

* Percentage of total programme costs excludes indirect support costs.

Annex 7. Total Expenditure, by Agency, with Breakdown by Category, as at 31 December 2004 (US\$)

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

* Percentage of total programme costs excludes indirect support costs.

NB: In Annex 7, WHO's indirect support costs are quoted as a percentage of total expenditure incurred to date. In accordance with WHO's Financial Regulations and Rules within a biennium, programme support costs have been charged on the total approved project budgets. At the end of the biennium (2006), WHO will adjust programme support costs as charged on actual project expenditure.

