



**Fourth Six-month Progress Report on Activities Implemented under the
United Nations Development Group Iraq Trust Fund of the
International Reconstruction Fund Facility for Iraq**

**Report of the Administrative Agent of the UNDG ITF
for the Period 1 January to 30 June 2006**

**Multi-Donor Trust Fund Office,
Bureau for Resources and Strategic Partnerships**

10 November 2006

UNDG Iraq Trust Fund

PARTICIPATING UN ORGANIZATIONS

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

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Abbreviations and Acronyms

DAD	Donor Assistance Database
DoEd	Directorate of Education
DPA	Department of Political Affairs (United Nations)
EAD	Electoral Assistance Division (United Nations)
ECHA	Executive Committee on Humanitarian Affairs
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
ICI	International Compact with Iraq
IDP	internally displaced person
IECI	Independent Electoral Commission of Iraq
IHEC	Independent High Electoral Commission
ILO	International Labour Organization
IMF	International Monetary Fund
IRFFI	International Reconstruction Fund Facility for Iraq
IRI	Iraqis Rebuilding Iraq
ISRB	Iraqi Strategic Review Board
ITF	Iraq Trust Fund
LOA	Letter of Agreement
MDG	Millennium Development Goal
MDTF	multi-donor trust fund
MoEd	Ministry of Education
MoEl	Ministry of Electricity
MoEn	Ministry of Environment
MoH	Ministry of Health
MoMPW	Ministry of Municipalities and Public Works
MoPDC	Ministry of Planning and Development Cooperation
NGO	non-governmental organization
OCS	Office of Constitutional Support (UNAMI)
OHCHR	Office of the United Nations High Commissioner for Human Rights
PHC	primary health care
PWC	PricewaterhouseCoopers
SWG	Sector Working Group
TOR	Terms of Reference
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
WATSAN	water and sanitation

WFP
WHO

World Food Programme
World Health Organization

Definitions¹

Allocation

UNDG ITF – Amount earmarked to a particular Cluster(s) and/or specific Participating UN Organization(s) to fund approved projects.

World Bank ITF – Amount 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

UNDG ITF – A project that has been approved by the Iraqi Strategic Review Board (ISRB) and the UNDG ITF Steering Committee for which a project document has subsequently been signed.

World Bank ITF – A project for which a grant agreement has been negotiated and signed by the World Bank ITF and the recipient.

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 World Bank ITF.)

Donor Commitment

A legally binding commitment of a contribution to the International Reconstruction Fund Facility for Iraq (IRFFI) for a specific amount over a specific time frame, formalized through a Letter of Agreement (in the case of the UNDG ITF) or an Administrative Agreement (World Bank ITF).

Donor Deposit

Cash deposit received by the UNDG ITF or the World Bank ITF.

Project Commitment

The amount for which a legally binding project contract has been signed.

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

UNDG ITF – Amount of project disbursement plus Unliquidated Obligations related to payments due for the year.

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

Executive Summary

This is the fourth Six-month Progress Report on Activities Implemented under the United Nations Development Group Iraq Trust Fund (UNDG ITF) submitted to the donors of the International Reconstruction Fund Facility for Iraq (IRFFI) in fulfilment of the reporting provisions of the Letter of Agreement (LOA) signed with donors contributing to the UNDG ITF. The consolidated narrative and financial report, which covers the period from 1 January 2006 to 30 June 2006 (with an informal update to 30 September 2006), highlights UNDG ITF progress as a whole. For detailed information on project-level progress, donors are referred to individual project progress reports, which can be obtained by writing to the Executive Coordinator of the UNDG ITF. The present report is based on individual progress reports submitted by 16 Participating UN Organizations of the UNDG ITF in conformity with provisions of the LOA and builds on the three previous consolidated progress reports submitted.

The introductory chapter outlines the role of the United Nations in Iraq and the purpose and structure of the report.

The second chapter highlights key elements of programme delivery during the reporting period. Of the \$919 million deposited into the UNDG ITF account as of 30 June 2006, \$809 million (88 per cent) had been transferred to the United Nations implementing agencies for 93 approved projects, following vetting and approval by the Iraqi authorities (line ministries; increasingly, Sector Working Groups and the Iraqi Strategic Review Board) followed by approval by the UNDG ITF Steering Committee. As of the end of the reporting period, three projects (A7-02/UNOPS, C11-07/UNESCO and F8-02/UNHCR) had been operationally and financially closed and the unused balance, if any, had been refunded to the UNDG ITF. Seventeen projects had been operationally closed.

The considerable hurdles to implementation present since the beginning of UNDG ITF operations have become more pronounced. Since the bombing of the Samarra shrine in February 2006, the security situation has deteriorated. The long hiatus in establishing the first democratically elected four-year Government exacerbated the lack of clear, timely decision-making by Iraqi authorities noted in previous reports.

During the fourth six-month reporting period, a total of \$90.5 million was expended, bringing the cumulative expenditure from inception to 30 June 2006 to \$600 million, or almost 75 per cent of the total approved funding of \$809 million. This latest expenditure figure is significantly lower than the \$220 million expended during the third reporting period. Part of the difference might be explained by the effects on project implementation of the drastic escalation in sectarian violence that has occurred since February 2006.

By 30 June 2006, the level of disbursements on the approved projects had reached \$499 million (62 per cent of approved funds), and during the third quarter of 2006 (1 July to 30 September 2006), United Nations agencies² recorded additional disbursements totalling \$47 million. The current contract commitment rate of 75 per cent and disbursement rate of 63 per cent represent substantial implementation levels attained by the United Nations agencies in Iraq despite ongoing security challenges and a difficult operating environment on the ground.

Most importantly, the UNDG ITF-funded operations continue to have a significant impact on support to governance and delivery of basic services in Iraq.

² In the present report, as in the First, Second and Third Six-month Progress Reports on Activities Implemented under the UNDG ITF, 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.

Efforts continued to address the constitutional issues at the heart of the constitutional review process, which has yet to be formally launched. In addition, major efforts were made in institutional strengthening across the public sector. However, overall progress on governance was less than expected. Moreover the political hiatus and deterioration in the security situation prevented any of the planned electoral events from taking place. Despite the hurdles on the governance side, further strong progress was made in delivering basic services. The quick-impact projects in basic services in education, health, and water and sanitation discussed at the July 2005 IRFFI Donor Meeting at the Dead Sea, Jordan, and launched in September 2005 had all, bar two, been successfully completed by the end of the present reporting period. Other examples of the strong impact of basic services projects included the following: 262 schools rehabilitated to a child-friendly design, enabling about 142,000 students to attend school; 192 primary health care centres rehabilitated; retention of a polio- and cholera-free status in Iraq; and 160 water and sanitation systems rehabilitated.

The third chapter shifts the focus to the future. The drastically deteriorating security situation and the concomitant additional risks being faced by United Nations personnel and implementing partners are becoming ever higher hurdles to programme implementation. Support to further multiparty dialogues on the Constitution will continue and, depending on political developments, a series of electoral events, including a referendum on the review of the Constitution and a Kirkuk referendum, will take place in 2007. In support to basic services, plans for the future are being adjusted to focus on area-based approaches. Lessons continue to be learned on the operations of the UNDG ITF, including from the Independent Programmatic Review undertaken in 2005. The IRFFI structure, with its parallel UNDG and World Bank trust funds and with joint governance arrangements, has been recognized by the independent UNDG-Executive Committee on Humanitarian Affairs review of multi-donor trust funds (finalized in May 2006) as a good model for transition multi-donor trust funds.

The fourth and concluding chapter underlines the significant delivery level of the UNDG ITF over its two years of operation despite the deteriorating security situation and points to the effectiveness of the IRFFI mechanism.

1. Introduction

This is the fourth Six-month Progress Report on Activities Implemented under the United Nations Development Group Iraq Trust Fund (UNDG ITF) presented to donors of the International Reconstruction Fund Facility for Iraq (IRFFI). The report provides information on the continuing progress of United Nations multisectoral operations in Iraq for the period from 1 January 2006 to 30 June 2006 (with an informal update to 30 September 2006). It builds upon the first three six-month progress reports of the UNDG ITF³ submitted to IRFFI donors.

1.1 United Nations Involvement in Iraq

Following the request of the first democratically elected Government of Iraq, the Security Council, in its meeting of 10 August 2006, extended the United Nations Assistance Mission for Iraq (UNAMI) through 10 August 2007. The Council welcomed the request by the Government that the United Nations continue to help the war-torn country to build peace and security and assist in the restoration of its shattered physical and economic infrastructure. The Secretary-General of the United Nations, in requesting the extension of the UNAMI mandate, indicated that Iraq “continued to face formidable political, security and economic challenges” and still needed the support of the international community.

Adopting resolution 1700 (2006), the Security Council again unanimously reaffirmed the United Nations lead role in assisting the Iraqi people and Government in strengthening institutions and promoting national dialogue and unity. The action of the Security Council provides the framework for the Mission and for the UNDG ITF to continue helping Iraq in key areas identified by the Secretary-General, such as drafting a constitution, setting up an elected government and providing social services and humanitarian assistance.

The limitations and constraints on United Nations action during the reporting period were encapsulated in two significant developments, with deleterious impact on the security situation:

- On 22 February 2006, the holy Shiite shrine of Imams Ali Al-Hadi and Al-Hasan Al-Askari in Samarra was bombed. This incident led to the escalation of sectarian violence and complications in the political climate of the country.
- Following long and protracted negotiations, it was only on 8 June 2006 that the Prime Minister presented his candidates for the last three posts in his cabinet – the Ministers of Defence, Interior and National Security – and the formation of the Government following the elections in December 2005 was completed. The long delay in formation of the Government provided fertile ground on which insecurity could grow.

1.2 Fourth Progress Report on the UNDG ITF

In accordance with the decision of the IRFFI Donor Committee at the Dead Sea meeting of July 2005, the two reports foreseen in the Letter of Agreement (LOA) – the narrative and the financial – are again consolidated here into one report, providing more complete information on progress to date.

³ The First Six-month Progress Report on Activities Implemented under the United Nations Development Group Iraq Trust Fund of the International Reconstruction Fund Facility for Iraq submitted to the IRFFI donors on 14 May 2005, the Second Six-month Progress Report on Activities Implemented under the United Nations Development Group Iraq Trust Fund of the International Reconstruction Fund Facility for Iraq submitted on 30 November 2005 and the Third Six-month Progress Report on Activities implemented under the United Nations Development Group Iraq Trust Fund of the International Reconstruction Fund Facility for Iraq submitted on 11 May 2006.

The progress report also provides information on project contract commitments and disbursements as of 30 September 2006 (see section 2.4.3) furnished by the United Nations Country Team (UNCT) in Amman so as to give donors an indication of the implementation trend in the subsequent six-month reporting period covering 1 July to 31 December 2006.

In addition to the official six-month progress reports, the UNDG ITF provides monthly UNDG ITF Newsletters. In 2006, each issue has provided an assessment of the progress of at least one Cluster as well as details on completed projects. Having completed the cycle of cluster progress reporting in mid-2006, the UNDG ITF Newsletters are now providing thematic information covering issues, challenges, lessons and opportunities of each Cluster, permitting additional updated feedback. Donors who seek more up-to-date information are invited to consult the IRFFI web site www.irffi.org for the latest newsletter. In view of the progress of the various UNDG ITF Clusters reported in each of the monthly UNDG ITF newsletters during the first half of 2006, the Cluster-level reporting, which was a feature of the previous six-month progress reports (see, for example, Part 2 of the Third Six-month Progress Report), is not repeated in the present progress report. The present report focuses on Fund-level progress against agreed benchmarks.

1.3 United Nations Activities in Iraq Funded by Non-UNDG ITF Resources

The present report covers only the United Nations activities in Iraq that are funded by the UNDG ITF. As in previous reports, non-UNDG ITF-funded activities (which are significant for some Clusters though decreasing) are not included so as to give IRFFI donors an accurate picture of the activities funded by UNDG ITF resources.

1.4 Structure of the Report

The present report contains four chapters, including the present introductory chapter.

The second chapter provides highlights of programme delivery during the first half of 2006 and details of the UNDG method of operation in Iraq, including project selection and project implementation approaches.

The third chapter looks towards the future with details on the prospective security situation, the proposed plan of action in relation to the International Compact with Iraq (ICI) and the lessons being learned and integrated into UNDG ITF operations.

The fourth chapter contains conclusions on the progress of the UNDG ITF to date.

The annexes of the report provide a range of useful data and information, including detailed presentations of total project commitments and disbursements by reporting period.

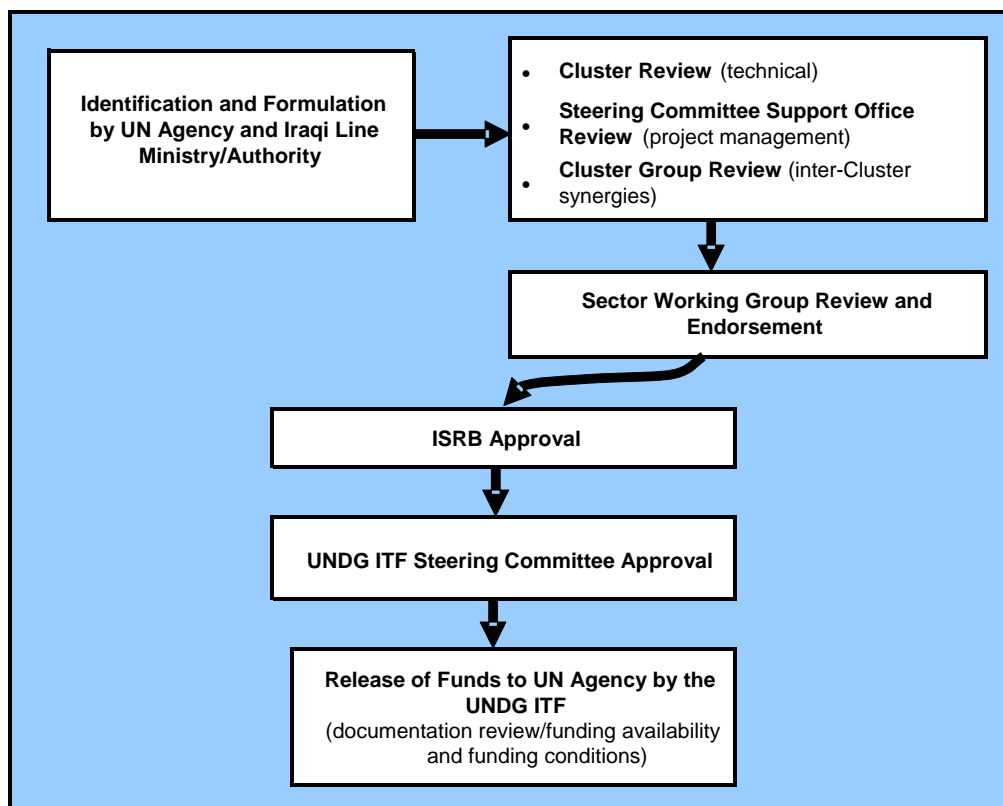
2. Highlights of UNDG Programme Delivery, 1 January-30 June 2006

2.1 Strategic Background: The United Nations Assistance Strategy for Iraq, the Iraq National Development Strategy, Sector Working Groups and the International Compact with Iraq

The operations of the UNDG ITF are based on the United Nations Assistance Strategy for Iraq, which was first adopted at Abu Dhabi in February 2004 and then updated in March 2005 and again in April 2006 on the basis of priorities identified by the Government of Iraq. The United Nations Assistance Strategy reflects the Iraqi priorities articulated by the Minister of Planning and Development Cooperation and Chairman of the Iraqi Strategic Review Board (ISRB) in the National Development Strategy of July 2005 and the strategies identified by the Iraq-led Sector Working Groups (SWGs).

It may be useful to recall the project/programme identification, review and approval processes that activities that are funded by the UNDG ITF presently follow. As shown in figure 1, the Iraqi-led institutions play the key role in the identification (line ministry), review (SWGs for sectors that have been established) and approval (ISRB) of UNDG ITF-funded projects/programmes.

Figure 1. Project/Programme Identification, Review and Approval Processes for UNDG ITF-funded Activities



Over the past six months, the humanitarian, reconstruction and development environment in Iraq has evolved as the political dynamics have changed through the course of the protracted post-election period, leading to the formation of a new government. The UNCT, led by UNAMI, has been instrumental in facilitating donor as well as non-governmental organization (NGO) coordination; supporting the revision of the National

Development Strategy and promotion of regional dialogue through a series of workshops in Baghdad led by the Ministry of Planning and Development Cooperation (MoPDC); assisting government on key issues such as avian influenza response, monitoring and surveillance; and coordination of response efforts related to displacement and reconstruction.

At the same time, UNAMI and United Nations agencies, programmes and funds continued to support the new Government of Iraq by working to strengthen ministerial capacities, to provide and coordinate access to basic services and to restore public infrastructure. The Baghdad Coordination Group and the SWGs are now central to the articulation of the priorities of the Iraqi Government on an ongoing basis. The UNCT continues to support the Iraqi-led SWGs, resulting in enhanced donor participation in critical sectors such as health, education, the rule of law and energy. The UNDG ITF, through the United Nations Development Programme (UNDP), has also supported the establishment of the MoPDC Donor Coordination Unit. In addition, the Donor Assistance Database (DAD) is now operational, with its first three reports produced.

The Health SWG, headed by the Minister of Health, met five times during the reporting period, with the support of the World Health Organization (WHO) acting as the secretariat. As articulated in the National Development Strategy, the SWG provides a framework that will enable the Government and multilateral and bilateral donors to articulate and finalize support strategies for a particular sector while ensuring consistency with national development goals. It also provides a forum for policy dialogue, discussion on technical assistance and sectoral strategies; supports line ministries and the Government in the formulation of sector-wide priorities, programmatic activities, projects and outcome indicators (Projects will be presented for information at the Health SWG for the purpose of coordination and complementarity. All projects will subsequently be reviewed and approved by ISRB.). In addition, it assists in the monitoring and evaluation of progress in each sector and reports regularly to the Baghdad Coordination Group on indicators of progress in the sector as well as bottlenecks to implementation and delivery of donor assistance.

The Iraq avian influenza contingency plan was extensively discussed during the Health SWG meetings, especially after the confirmation of the first human avian influenza case inside Iraq. A number of other major activities such as the National Immunization Campaigns were announced in this forum. In addition, the following project proposals were considered by the Group: “Expanded Programme on Immunization” (Ministry of Health (MoH) as the implementing partner, with the support of the United Nations Children’s Fund (UNICEF) and WHO); “Assistance to Primary School Children and Vulnerable Groups” (MoH as the implementing partner, with the support of the World Food Programme, or WFP); and “Rebuilding of Food Safety and Food Processing Industry Capacity in Iraq” (the Ministry of Agriculture, MoH and Ministry of Industry, with the support of the Food and Agriculture Organization of the United Nations (FAO), UNIDO and WHO). The World Bank also shared with the forum its “Emergency Obstetric and Neonatal Care Project” (MoH and World Bank).

The Education and Culture SWG (ECSWG) had four meetings up until February 2006. At the February meeting, it adopted terms of reference (TOR) for the SWG that indicated that the overall objective of the ECSWG is to increase the effectiveness and efficiency of aid coordination in support of the attainment of national development and reconstruction objectives through implementation of the national budget for the education sector. The ECSWG adapted the agreed SWG TOR to focus on education, including the Education Sector Strategy and updating information on International Commitment to Education in Iraq.

The United Nations Educational, Scientific and Cultural Organization (UNESCO), UNICEF, the United States Agency for International Development (USAID) and the World Bank, all acting as a technical arm of the SWG, assisted the MoEd in developing a strategic framework for the basic education subsector, and education strategy has been a focus of discussion at SWG meetings. The SWG has also been a forum for the endorsement of a number of projects including, “Training of Trainers in Teacher Education for Sustained Quality Education” (UNESCO B1-23) and “School Rehabilitation Programme” (UNICEF/United Nations Human Settlements Programme (UN-HABITAT) B1-22). However, frequent changes at the MoEd helm and

in MoEd departments did not allow the group to move as fast as many stakeholders might have wished. One of the constraints is bringing together the subsectors (basic education and higher education in particular).

The UNAMI Human Rights Office (HRO) and the United Nations Development Programme (UNDP) continue to play an active role in supporting the activities of the SWG on the Rule of Law, which comprises representatives of various ministries and donors under the chairmanship of the President of the Higher Judicial Council. Together with the Iraqi authorities, HRO has provided participants with a matrix that is an overview of ongoing assistance in the sector by the donor community and the United Nations as well as the needs expressed by the Iraqi judiciary and ministries. A Unified Work Paper, summarizing the requests by the Higher Judicial Council and key ministries, was finalized. Six core teams were created to allow technical discussions at the level of each ministry and to assist the SWG on the Rule of Law in developing a policy framework and a comprehensive strategy on the rule of law. This effort should ultimately contribute to the United Nations efforts on the International Compact with Iraq.

International Compact with Iraq

The purpose of the International Compact with Iraq (ICI) is to achieve a National Vision for Iraq that aims to consolidate peace and pursue political, economic and social development over the next five years. The primary focus will be to build a framework for Iraq's economic transformation and integration into the regional and global economy. At the request of the Prime Minister of Iraq, the Compact will be chaired by the Iraqi Deputy Prime Minister for Reconstruction and Economic Affairs and the Deputy Secretary-General of the United Nations.

The ICI has established a Preparatory Group tasked with providing strategic advice and engendering high-level political support for the Compact, which is co-chaired by the United Nations and the Government of Iraq, strongly supported by UNDP and the World Bank. The Preparatory Group is closely coordinated with the International Monetary Fund (IMF) and other international financial institutions and includes key members of the international donor community: the Arab Development Fund, the European Union, the Islamic Development Bank, France, Germany, Italy, Japan, Kuwait, the Republic of Korea, Saudi Arabia, Spain, the United Arab Emirates, the United Kingdom and the United States. In addition, the Preparatory Group invites the IRFFI Chair (Canada) to participate in order to ensure proper coordination between the Compact and the IRFFI trust funds. The Preparatory Group liaises directly with the Deputy Prime Minister of Iraq and the Deputy Secretary-General of the United Nations, as the focal points for the Compact process.

In addition, the Government of Iraq and the United Nations have designated an Executive Committee to assist the Preparatory Group in establishing a timetable, guiding negotiations and overseeing implementation, including the role of monitoring and evaluation against benchmarks once the Compact is launched. The Executive Committee will manage the process towards the adoption of the Compact and beyond. It also will assist the Government to formulate a strategy for economic regeneration and fundamental reforms for integrating Iraq into the regional and international communities.

The Government of Iraq regards the ICI as a critical process for the country's future development. The Compact will build on the achievements of the Iraqi people and provide an opportunity to develop a broader international consensus of support and engagement with Iraq to bring about its economic transformation and realize its best economic potential for the sake, well-being and prosperity of the Iraqi people. Further steps on the Compact are outlined in chapter three.

2.2 Progress in Implementation on the Ground

United Nations contributions to reconstruction and development goals of Iraq continued to focus primarily on two broad areas during the reporting period: governance and delivery of basic social services.

In the area of governance, the UNCT continued to focus on supporting the Iraqi authorities to develop democratic governance. This included support for the constitutional process as well as providing policy advisory services and support to institutional strengthening in key ministries. The delivery of basic social services focused on education, health, water and sanitation, and basic infrastructure in regions with the greatest needs as well as in areas where internally displaced persons (IDPs) were concentrated owing to ongoing conflict (an area of increasing concern as the reporting period drew to a close). Promoting and protecting human rights and addressing humanitarian needs both cut across this essentially two-pronged approach.

The UNDG ITF continued to deliver on its pledge at the Fourth IRFFI Donor Meeting at the Dead Sea, Jordan, in July 2005 with respect to “quick impact”. Concerning the delivery of basic services in the areas of health, education, and water and sanitation, the ten quick-impact projects to address these priorities were delivered: 8 of the 10 projects have been almost fully implemented (see table 2 in section 2.2.2). Other basic services projects also continued to demonstrate significant impact. On the governance side, the formal constitutional review process has not been completed as required by the Constitution since the appropriate committee has not been established by the Parliament. However, in an attempt to break through this impasse, the United Nations constitutional support programme has held a series of multilateral dialogues aimed at providing an informal and neutral arena for key political leaders to discuss contentious constitutional issues assisted by recognized international experts.

2.2.1 UNDG ITF Contributions to Governance

Support to governance by the UNDG ITF covered a number of key areas: the constitutional process, the electoral process (both mandated by Security Council resolutions), and institutional strengthening of the public administration (a key need identified in the United Nations/World Bank Joint Iraq Needs Assessment of 2003 and validated in the Iraqi National Development Strategy).

2.2.1.1 Support to the Constitutional Process (Activities Supported by a Dedicated Contribution from the European Commission)

As a result of last-minute negotiations three days prior to the 15 October 2005 Referendum, a constitutional review process was prescribed in Article 142 of the new Constitution. The process calls for a review committee to be established by Parliament “at the beginning of its work” that will present a report to Parliament within four months suggesting amendments to the Constitution. While the Government has been formed and Parliament sat during the reporting period, no such committee has yet been established. Parliament has yet to agree to its rules of procedure, a precursor to the establishment of committees, and it recessed for the summer (at the end of the reporting period) without a decision.

In the absence of a formal constitutional review process to enable discussion of some of the more contentious issues, debate continues informally among Iraqi parliamentarians, other political leaders and civil society. In recognition of this ongoing debate, the UNAMI Office of Constitutional Support (OCS) and UNDP,⁴ using specific earmarked resources from the European Commission, held a series of multilateral dialogues aimed at providing informal and neutral arenas for key political leaders to discuss contentious constitutional issues assisted by recognized international experts.

The series of multiparty dialogues was convened on prioritized constitutional issues with a view to producing technical solutions to practical problems. It was the only forum in Iraq through which key players were engaging in an ongoing process of structured, informed dialogue during this period on the critical issues in contention. Iraqi participants in the dialogues were nominated by political parties on the basis of representation and expertise and were joined by recognized Iraqi and international experts in each field. Each

⁴ Project UNDP C9-10a, “Institutional Support to the Constitution Drafting Process”.

event seminar was followed up with a press conference back in Baghdad for participants to talk with the media about the dialogues. In addition, mini-workshops were held in Baghdad, conducted by participants with the support of OCS, to brief key political leaders unable to attend the events abroad and to stimulate and move forward the debates in Iraq.

The series of seminars concluded on 16 August 2006. The focus was on the most contentious constitutional issues, including: federalism (the overall schema, fiscal federalism and revenue sharing), human rights, the judiciary, and accountability of government, including in particular civil/military relations and the role of militia in society. As a result of all of these seminars, the United Nations has been able to pinpoint to a greater degree of specificity the nature of the debate in Iraq, to ascertain party positions, and to assist in moving parties from clearly held positions to more consensual arguments. The key results of the different seminars and details on location and participants are described in table 1.

The reports from these meetings, including expert papers and suggested textual reformulations of actual constitutional articles, will be collated for distribution to Iraqi participants, parliamentarians and other key stakeholders, including civil society. It is hoped that these documents will provide a useful expert resource for future review committee members as they undertake the task of suggesting amendments to the Constitution.

A second generation of multiparty dialogues is now being planned in order to support the constitutional review process in Iraq.

Table 1. Multiparty Dialogues on Constitutional Issues

Seminar Subject	Date and Location	Participants	Justification	Key Results
Iraq's Federal Constitution: The Position of the Sunni Arabs of Iraq	27 Feb.-2 March, Dead Sea, Jordan, co-hosted with the United States Institute of Peace	30 leading Iraqis with influence on the Sunni Arab parties	Wide recognition among Iraq's three major communities that the Sunni Arabs had the weakest negotiating position in the constitutional drafting process. Also, the referendum vote clearly showed their widespread opposition to the Constitution. Seminar sought to articulate, refine and prioritize their demands for constitutional review.	<p>Eight points/ key demands:</p> <ul style="list-style-type: none"> • provisions on federalism, particularly the creation of new federal regions, should be suspended in the Arab areas of Iraq for at least one electoral cycle; • stronger guarantees for national unity; • more central government powers, including explicit authorization to co-manage and distribute revenues from natural resources; • the armed forces and security services to be formed of all Iraqis without discrimination or exclusion; • provisions dealing with de-Baathification, Articles 7 and 135, should be cancelled as they contradict the spirit of Article 14, which establishes the principle of equality before the law.
South Africa Study Tour on Reconciliation, Constitutionalism and Transitional Justice	6-11 March, Cape Town, Durban, Johannesburg, Pretoria	9 Iraqis, including Assyrian, Turcoman, Kurd, Shiite and Sunni Arab representatives	To enable Iraqis to draw lessons from both the successes and failures in transition in South Africa. The five-day programme in four cities covered the themes of managing political transition during conflict, multiparty engagement, minority inclusion and transitional justice.	<p>President Mbeki and Archbishop Tutu engaged enthusiastically with the delegation.</p> <p>In KwaZulu-Natal, where African National Congress and Inkatha Freedom Party fought, two rival militia leaders explained how they achieved and sustained a peace accord by combining strong support from national leadership with multilateral peace structures at local levels. This led to the concept of a Baghdad Peace Accord.</p> <p>Details on the guarantees that the minority required in the Constitution and elsewhere in order to be prepared to relinquish power.</p> <p>The value of constitutionalism when based on consensus and strict adherence to agreed principles.</p>
Oil and Gas Seminar	4-6 April 2006, Dead Sea, Jordan	23 Iraqi participants and experts and 13 international experts from OCS, Forum of Federations, World Bank and IMF, advisors to the Iraqi Ministry of Oil, Iraq Revenue Watch and the Norwegian Ministry of Foreign Affairs	To discuss management and control of oil and gas resources in Iraq. Participants considered oil and gas ownership and rights regulation in the future Iraqi federal system, the regulation of upstream and downstream oil and gas resources, fiscal aspects of the putative oil and gas regime, investment issues and possible institutional arrangements.	<p>Agreements that (a) an explicit general taxing power for the federal government, currently absent in the Constitution, needs to be provided; and (b) intergovernmental institutions are required for co-management, production, control, regulation and revenue sharing of oil and gas resources in the future.</p> <p>The workshop produced a list of problematic areas and a delineation of possible solutions (with regard to both constitutional reformulation and non-constitutional options).</p>
The Judiciary Seminar	11-13 April 2006, Syracuse, Italy	18 Iraqi participants from political parties, the judiciary, the Bar Association and academia	Discussion of the Federal Supreme Court, the Supreme Judicial Council, the Shura Council, regional courts, conditions of service, special courts, the role of Islam in the Constitution (in particular Article 2) and transitional justice.	<p>Agreement on issues that would need to be addressed by the Constitutional Review Committee.</p> <p>Agreed set of recommendations to be considered going forward.</p> <p>Plan to establish a Working Group in Baghdad to continue the debate, to be serviced by OCS.</p>

Table 1. Multiparty Dialogues on Constitutional Issues (continued)

Seminar Subject	Date and Location	Participants	Justification	Key Results
Fiscal and Financial Constitutional Arrangements, Distribution of Resources and Management of the Economy of the Iraq	16-18 May 2006, Dead Sea, Jordan	27 Iraqi participants from all political groups and other key official institutions (in particular, the Ministry of Finance and the MoPDC)	Discussion of constitutional arrangements and legal implications in the areas of overall fiscal framework, distribution of powers and expenditure responsibility, revenue raising and mechanisms for equalization, direct and indirect sources of public revenue, and institutional implications for the implementation of the fiscal schema.	<p>General agreement on the idea that distribution of responsibilities needs to be accompanied by adequate distribution of resources to discharge these responsibilities and that transparency and accountability are essential components in revenue raising, transfer and expenditure processes.</p> <p>Participant agreement on a list of key areas that need to be addressed by the legislature in order to provide further definition of the fiscal and financial structure.</p>
Issues on the Application, Enforcement and Possible Reformulation of the Iraqi Bill of Rights	6-8 June, Vienna, co-organized with the Austrian Ministry for Foreign Affairs	35 Iraqi participants from all political groups, key institutions (in particular Ministry of Human Rights, Ministry of Justice), and civil society	Constitutional issues relating to the Bill of Rights.	<p>Agreement that the Bill of Rights could be improved in relation to the formulation of some rights (e.g., freedom of expression) and the limitation clause(s) and the text as it provides for states of emergency.</p> <p>Agreement that the scope of some rights (e.g., economic and social rights) needed to be clarified and provisions relating to the judiciary (its schema, jurisdiction, appointment and independence) needed to be improved to ensure that it was enabled to better enforce the rights provisions.</p> <p>Agreement to improve transitional justice structure in Iraq and encourage a “human rights culture”.</p>
Federal Arrangements under the New Iraqi Constitution	11-13 June, Madrid, Spain, co-organized with the Spanish Centre for Political and Constitutional Studies and the Forum of Federations	30 Iraqi participants from all major political parties	Multiparty dialogue on federalism and decentralization, including issues relating to distribution of powers, regional formation and management of joint responsibilities from the perspective of (a) constitutional allocation of powers, and (b) joint management and issues of pre-eminence; fiscal federalism; role of regions at the national level; and preservation of unity in a federal state.	<p>Specific recommendations referred to the need for:</p> <ul style="list-style-type: none"> • constitutional formulation of the composition and powers of the second chamber of Parliament; • clarification of the allocation of taxation powers within the overall set of powers listed in the Constitution; and • clarification of the constitutional distinction between regions and governorates not organized into a region, in particular as it relates to allocation of residual power.
Separation of Powers, Independent Institutions, Civil Service, Civil/Military Relations/Militias, De-Baathification and Transitional Justice	25-28 July, Istanbul, Turkey, co-organized with the Turkish Ministry of Foreign Affairs	30 representatives of Iraqi political parties, technocrats, academics and civil society organizations, along with leading international experts on key constitutional issues	During the constitution-drafting negotiations, an underlying concern was how to better ensure government accountability through constitutional protections. Accountability concerns stem from Iraq’s legacy of dictatorship and Government-sanctioned human rights abuses, the significant role played by the military in governance, the ongoing predominant position held by militia in society, and more generally Iraq’s former highly centralized and opaque governance system.	<p>Recommendations underlined the importance of the separation of powers and the need to define relations between them; expressed a need to expedite the establishment of independent democratic institutions to monitor performance of the Government during the transitional justice phase; urged enactment of a law to manage the public services; stressed the importance of government separation from influence by the army and for the need to disarm, dissolve, reintegrate and rehabilitate the militia members; and noted the transitional role of the De-Baathification Commission: it should expedite the submission of its report to Parliament and abide by relevant legal standards.</p>

UNDG ITF support to the constitutional process was not confined to seminars. During the reporting period, 38 Iraqi civil society organizations were supported and implemented projects on constitutional awareness and dissemination of democratic values, including human rights, women's rights, rule of law, youth empowerment and political participation through seminars, workshops and artistic events. During the reporting period, the United Nations Development Fund for Women (UNIFEM), as part of the constitutional review process, focused activities on promoting women's role in peace-building as well as on laying the groundwork for advocacy for an amendment to Article 41 of the Constitution.⁵ The article in question refers to the personal status of Iraqis and reads as follows: "Iraqis are free in their commitment to their personal status according to their religions, sects, beliefs or choices. This shall be regulated by law." There is a danger that this article might lead to women losing their international human rights.

Aswat al-Iraq (www.aswataliraq.info), the growing independent news agency, was also supported⁶ by funds made available through the UNDG ITF in the expansion of its editorial network to cover all 18 governorates of Iraq and doubled its output of news items in Arabic, English and Kurdish to nearly 2,000 news items a month covering politics, business, sports and culture. An Iraqi editor-in-chief was recruited and established himself as a strong leader of the news agency. This was achieved despite increasingly direct threats to the safety of staff, which forced the evacuation of the senior management team from Baghdad to Cairo and closure of the agency's main office in Baghdad. However, security threats and recruitment problems delayed the launch of a much-needed photo service.

Work continued on involving media and journalists in organizing public debates:⁷ Civil Pillar, an NGO, organized a workshop in Erbil from 18-23 May in which 30 journalists participated, with contributions from local experts and high-profile judges, lawyers, prosecutors and members of Parliament.

The series of projects to support the drafting of the Constitution along with accompanying public outreach programmes was funded entirely by a dedicated earmarked contribution from the European Commission.

2.2.1.2 Support to the Electoral Process

After the certification of the results of the December 2005 elections, Cluster G, Support to Electoral Process, provided strategic and operational support to the drafting of the post-election operational plan. The plan included the following priorities: transition from the Independent Electoral Commission of Iraq (IECI) to the Independent High Electoral Commission (IHEC), updating of the voters roll, assistance to any future electoral event and capacity development of the electoral administration. These priorities are the result of a series of departmental lessons-learned workshops in the operations, logistics, public outreach, administration, finance and procurement departments.

A total of 26 electoral staff working in Baghdad and Amman continued to be provided in support of election activities: 16 staff in Baghdad to provide advice and training to the IECI Secretariat, 6 staff in Amman to provide support and advice to the electoral team in Baghdad, and 4 support staff. Fifteen of these staff members completed their contracts during the reporting period, while another nine continued through to late August 2006.⁸

In addition to the departmental lessons-learned exercises, an external audit was organized of the out-of-country voting. Following evaluation of the proposals received on 12 April 2006, a contract was awarded to PricewaterhouseCoopers (PWC)-Egypt. Initial interviews started on 10 May and the United Nations Office for Project Services (UNOPS) facilitated the travel and accommodation of IECI and PWC. A draft final

⁵ UNIFEM C9-10b, "Iraq National Constitution and Referendum Awareness Campaign".

⁶ UNDP C9-10e, "Involving the Iraqi Media and Journalists in Covering the Constitutional Process".

⁷ UNDP C9-10f, "Involving the Iraqi Media in Public Debates".

⁸ EAD/UNDP G11-04, "Technical Assistance to IECI".

report on the management and financial aspects of the out-of-country voting activities was received on 26 June 2006 and additional meetings were held with IECI to obtain its comments. The final report with the management response is being finalized.

From 2 to 5 May 2006, Cluster G and the United Nations Electoral Assistance Division (EAD) of the Department of Political Affairs (DPA), together with IECI, sponsored a major Lessons Learned Conference in Cyprus⁹ in which the main partners to the electoral process participated, including the European Union, the International Foundation for Election Systems, UNDP, UNOPS and Scuola Superiore Santa Ana. The Conference dealt with issues relating to the legal framework, the complaints and appeals processes, the out-of-country voting operation, the conduct of the electoral operation and its security implications, the process of accreditation of political entities, election observation, and voter education and public outreach. It also agreed that the international staff supplied by Cluster G should place greater emphasis on building capacity and that some staff should be transferred to the north. In addition to this major lessons-learned exercise, Cluster G continued its institutional memory project to preserve in a database all the valuable lessons learned across the board in the Iraqi electoral operation.

In late May 2006, the IECI Voter Registration Committee (VRC) was established with the help of Cluster G in order to plan the registration updating process as well as the basis for a permanent voters roll. The VRC has established contact with the Public Distribution System (PDS) under the Ministry of Trade. Agreement has also been reached to contact the Ministry of Interior to ascertain what kind of civil registration plans may be under way. A group or division to work on practical voter registration issues (e.g., statistical analysis and detailed planning) will be established under the IECI Operations Department to complement the VRC working on policies, concepts and external contacts.

On 2 July 2006, the Council of Representatives requested the assistance of Cluster G in the drafting of the legal framework for the establishment of a permanent electoral commission along with other related issues, such as the conduct of upcoming electoral events. In response to the request of the Council of Representatives, the UNAMI Electoral Assistance Team provided technical assistance to the Legal Committee of the Council in the drafting of the law establishing the IHEC as well as in the formulation of the new electoral law.

On 16 and 25 July 2006, the Council of Representatives conducted its first and second readings of the draft law on the establishment of the IHEC. The Council decided that it would resume its discussions on the matter in September. In the meantime, the Council decided to extend the caretaker mandate of the IECI for an additional two months, until 10 October 2006.

Cluster G stands ready to provide required technical assistance to support the transition of the IECI to the new IHEC. Given the current controversy concerning the IECI and the impact of bad publicity, the transition of the current electoral commission into the new IHEC is a priority. However, this is not likely to be achieved until the end of December 2006.

Cluster G is aware of the recent disputes and scandals, which have led to the imprisonment of the Chief Electoral Officer (CEO) and a number of electoral administration staff. The funds concerned in the disputes do not relate to those of the UNDG ITF. Although the CEO has now been released (11 September 2006), he remains suspended from duty. These events have led to a tarnished image of the electoral institutions, individual members of the IECI and related staff. The administrative activities of the IECI have also now largely come to a halt. The resultant cloud over the electoral institutions has affected the ability of the IECI to recruit and maintain qualified staff and the impact of the capacity-building activities undertaken to date. The deteriorating security situation has also had an effect on the ability of the electoral institutions to retain capacity.

⁹ UNOPS G11-09, "Logistics Support to IECI - Phase 2".

These disputes over IECI funds have also affected the application for funds for electoral activities from the UNDG ITF. It has been the practice to date to ensure that the IECI has had a role in reviewing project proposals before they are submitted to the UNDG ITF Steering Committee for approval (for election projects, the IECI replaced the ISRB in approving proposed projects). The current president of the Board of the IECI has asked that the Commission not be involved in any further financial dealings, including the review and approval of new projects, which has led to the suspension of the review and approval of projects.

Cluster G continued its parallel activities of indirect support to the electoral process during the reporting period. Working on the project, “Empowerment of Women and Youth in the Iraqi Electoral Process”,¹⁰ the implementation partner, the Amman Center for Human Rights Studies (ACHRS), selected 69 NGOs, identified 23 Iraqi Coordinators and held a coordination meeting in Amman from 27 to 31 May 2006 at which the agenda for the workshops to be held in Iraq by the 69 organizations was finalized. Each participating NGO will organize three workshops in Iraq (each for three days and for 30 participants) between 10 July and 10 October 2006. The objective of these workshops will be to enhance the public's understanding of the role of women and youth in a developed and democratic society. ACHRS partially drafted an advisory guide to help to educate Iraqi women and youth as to how they might be able to participate more effectively in the electoral process and the transitional period in Iraq. Ten thousand copies of the guide will be printed.

2.2.1.3 Institutional Strengthening

In October 2003, three years before the finalization of the present report, the United Nations/World Bank Joint Iraq Needs Assessment found that “While the civil service has many well trained and competent staff, after a decade of isolation there is a need for massive retraining programs that should start as soon as possible. In addition to enhancing technical competencies and skills, these should include cultural and attitudinal change programs that will support the transition to transparent, professional, decentralized government and engender a culture of human rights throughout the system.”

This has led to a number of essential governance programmes seeking to address general public administration competencies such as policy formulation, transparency and accountability. However, it has become increasingly apparent that the important work of institutional strengthening cannot be perceived as an issue confined to the governance cluster or a governance programme. Given that the estimated revenue of Iraq in 2005 was in excess of \$33 billion, having access to services in Iraq is not so much a function of income or expenditure as it is of good governance, rule of law, institutional capacity, the proper setting up and functioning of governmental systems, and rebuilding and investing in the political and social capital of the country.

At the present stage in the budgetary cycle in Iraq (final quarter), there are large unspent national budgets. The challenge of delivering basic services (addressed in the next section) is therefore also one of developing the institutional ability and flexibility to deliver services and respond to changing needs and circumstances while steadying the course towards strategic goals and objectives. The UNCT has recognized this in its programming under the UNDG ITF and, in addition to the capacity-building programmes in Cluster C (Governance and Human Development), also integrates institutional strengthening into its implementation of projects and programmes for the delivery of basic services. A further crucial element of institutional strengthening, in view of the Iraqi Government's desire as part of the Compact process to formulate a National Vision for Iraq, has been the assistance to the MoPDC in aid coordination and the analysis of human development needs.

¹⁰ UNOPS G11-13, “Empowerment of Women and Youth in the Iraqi Electoral Process”.

General Public Administration

Strengthening Accountability and Audit

A classic, essential aspect of building the public administration, particularly in view of the questions raised about corruption, has been the work of Cluster C on capacity-building of the Supreme Audit Board. This project¹¹ directly addresses the need identified in the United Nations/World Bank Joint Needs Assessment to “Strengthen the capacity of the Supreme Audit Agency to enable it to undertake management and financial audits of public sector entities on a regular basis. Management audits conducted would serve to inform any government reforms that may take place under an elected Iraqi government”.

The project is seeking to expose the auditors to international audit standards that will help to foster transparency and professionalism among Supreme Audit Board staff. Agreements are being reached to work with the national audit offices of Egypt, India, Jordan, Saudi Arabia, Tunisia and the United Kingdom as well as the World Bank and IMF.

One major project activity was scheduled for the first half of 2006, namely, the Privatization Audit Course, which was successfully delivered in April and May 2006 by audit training experts from the Audit Bureau of Jordan. Twenty auditors of the Supreme Audit Board received two weeks of technical training in conducting privatization audits. Ten of these auditors also received four weeks of train-the-trainer training to allow them to train other Iraqi auditors upon their return. The first in-house training session on privatization audits took place in Baghdad in June 2006.

In July 2006, strategic meetings were held with the Court of Accounts of Tunisia to discuss the upcoming training course in Performance Auditing, the reintegration of the Supreme Audit Board into the Arab Organization of Supreme Audit Institutions, and the Tunisian control structures for public finances.

Bringing in Expatriate Iraqi Expertise

Another key element in addressing cultural and attitudinal change has been the efforts to include expatriate Iraqis who bring with them outstanding expertise in public administration as well as exposure to other cultures. The Iraqis Rebuilding Iraq (IRI) programme¹² (www.iraq-iri.org) assigns experts to ministries in order to train ministry staff, to share skills, expertise and know-how for improved functioning of the various departments. As of 30 June 2006, notwithstanding the deteriorated security situation in Iraq, which inevitably discourages the return of Iraqis from the diaspora, a total of 26 IRI experts had been deployed throughout the public sector of Iraq under the programme, and an additional 25 were in the process of recruitment. The IRI programme has received 96 requests for experts from 19 different participating ministries. During the reporting period, it received 220 applications from interested Iraqis; 18 IRI experts were recruited through the programme in Baghdad, Erbil and Sulaymaniyah; and 7 experts finished their short-term assignments and returned to their country of residence.

Supporting Crucial Policy Reform

With the constitutionally elected government now in place, UNCT concentration on providing appropriate policy advice has increased. During the reporting period, the focus has been on assistance in the area of economic reform and sustainability/environmental protection.

¹¹ UNDP C9-18, “Supreme Audit Board”.

¹² International Organization for Migration-UNDP C10-01 and C10-03, “Iraqis Rebuilding Iraq” (Phases 1 and 2).

A crucial area of economic reform identified by UN-HABITAT in Cluster E (Infrastructure Rehabilitation) is that of the housing sector.¹³ In many industrialized countries, this sector is often seen as a benchmark of economic health. In Iraq, current housing institutions are highly centralized and still dominated by classical engineers with no market orientation and with a limited vision of the future of the housing sector.

Issues relating to private-sector participation in housing delivery have been raised as well as the need for a comprehensive picture of housing-sector challenges and opportunities for addressing them. A study of the housing market is being implemented not only to present a comprehensive assessment of the current situation but also to form the basis for the development of a housing-market information system.

To finance large housing operations, Iraq needs to secure permanent revenues as well to attract private capital investment in the housing sector. Sixty person-months of technical advice have been provided to look into housing strategies and policies that involve private-sector participation in housing and service delivery. The result has been the preparation of the draft Housing Investment Law and the Slum Upgrading Action Plan. This complex operation cannot be the responsibility of a single ministry, however. Similarly, the establishment of effective housing finance systems is contingent on the reforms of the financial markets as a whole, and this will take not only a longer time but also the collective effort of multiple ministries.

In the vital area of environmental protection and ensuring sustainable development, technical assistance was provided by Cluster A, Agriculture, Food Security, Environment and Natural Resource Management, to the law drafting team in the Ministry of Environment (MoEn).¹⁴ The MoEn has taken ownership of the process and produced a first draft framework law, which has been submitted for an interministerial review. Based on the high-quality feedback received, the MoEn has produced a final draft, which it submitted to the Ministerial Council for review and endorsement.

Similarly, the project activities relating to the Institutional Capacity Assessment have led to discussions inside the MoEn on mandates, functions, staffing issues and organizational structures. A new organizational structure has now been prepared by the MoEn and submitted for approval. The Ministry has also started to take a proactive role in advocating the relevance of the Multilateral Environment Agreements for Iraq and the potential opportunities that these offer for accessing additional capacity-building and policy support as well as the return of Iraq to the international environment arena.

It is important to emphasize that in accordance with the coordination framework of IRFFI, Cluster A has coordinated its support to the environment sector with the World Bank. The World Bank is planning to assist the MoEn with a reduced package of capacity-building support reflecting the capacity support already provided. The Bank will support the development of subsidiary legislation building on the framework already in place as well as air quality monitoring equipment and systems.

Institutional Strengthening for the Key Ministry Dealing with Essential Services

Under the Cluster C Capacity-building and Institutional Strengthening for Ministry of Municipalities and Public Works (MoMPW) programme,¹⁵ the management training for 60 mid-level managers at the central and governorate levels was completed. Follow-up support to behavioural change of the participants once they return to their work place has been strictly implemented by the MoMPW. While this is mainly a governance project devoted to institutional strengthening, the nature of the Ministry's mandate ensures that the capacity-building work here has a direct impact on basic services for the Iraqi population.

¹³ UN-HABITAT E4-04, "Strengthening Capacity of Housing Sector".

¹⁴ UNEP A5-07, "Strengthening Governance in Iraq through Assessment and Capacity-building".

¹⁵ UNDP C9-05, "Capacity-building and Institutional Strengthening for Ministry of Municipalities and Public Works".

The comprehensive training needs assessment report completed in May 2006 identified high-priority areas for training based on an assessment of employees' perception of which training programmes should be implemented at the MoMPW and in the 18 governorates and the nature of difficulties encountered by employees in each service delivery sector. In response, the assessment proposed training programme requirements in terms of budget, type of training and training institutions, which have now been incorporated into the Human Resources Plan of the MoMPW.

Again in support of the need for addressing cultural and attitudinal change, agreements were reached with municipalities in Italy, Lebanon, Morocco and Spain to support the capacity-building programme that will bring together 150 representatives of several local authorities and actors at several levels of government to learn about relevant practices and benefit from one another's experience. The training will focus on three main areas: models of decentralization and lessons learned from experiences in foreign countries, such as those under a federal system; methods and tools for strategic planning of local development, including participative approaches; and management of delivery of basic services (waste management, water sanitation or other relevant fields). The first training workshop started in September 2006 in Barcelona.

Support to Basic Services Administration

As stated in the introduction to this section, it is important to emphasize that within the UNDG ITF portfolio of projects, there is no strict delineation between pure capacity-building/institutional strengthening "governance" projects and projects dealing with delivery of basic services. An essential element of projects in the area of basic services is to build the capacity in Iraqi institutions so that the delivery of essential services becomes sustainable. In response to the identified difficulties in delivering services, these capacity-building actions have been strengthened and widened.

For example, under the Cluster D (Health and Nutrition) Primary Health Care Programme,¹⁶ the target was 2,000 trained health personnel at all levels. This has been 186 per cent achieved: almost 3,722 staff from different cadres working in the MoH and other line ministry personnel have been trained. Many long-term fellowships and master's studies have been cancelled owing to instability in ministries' senior management. Emphasis has shifted instead to providing more focused training with a wider range of health workers on the front lines of service delivery.

In the Education Sector, two major two-week workshops were held in 2006 alone for 30 participants each from the MoEd and DoEds on Methods and Techniques of Educational Planning and Management, Project Formulation and Management as well as School Mapping.

During the reporting period, the programme on strengthening capacity in the housing sector¹⁷ trained national civil servants as well as staff from municipalities and community-based organizations, helping to exceed by far the original target of providing training to 120 persons. This accounted for the provision of 118 person-weeks of training during the reporting period and a total of 635 person-weeks of training to date, exceeding the original target of 350 person-weeks.

The "Water Quality Control and Surveillance" programme¹⁸ completed 16 training-of-trainer's workshops, which were conducted in Amman for about 200 laboratory technicians from both the MoEn and the MoMPW. This had a positive impact on the performance of the staff and also assisted trained technicians to conduct 47 similar courses inside Iraq for other technicians from all over the country. The hygiene education campaign conducted in Al Sadr city and the four lower south governorates also succeeded in training 700 school teachers and community leaders. The direct impact of these capacity-building activities on the

¹⁶ WHO D2-03, "Supporting Primary Health Care System".

¹⁷ UN-HABITAT E4-04, "Strengthening Capacity of Housing Sector".

¹⁸ WHO E3-03, "Water Quality Control and Surveillance".

incidence of waterborne diseases and disease prevention through good hygiene practices, while difficult to quantify, is quite considerable.

In terms of the more upstream management of water resources – an essential element in providing sustained safe drinking water to the population – during the reporting period, the “Capacity-building of Water Institutions” programme¹⁹ delivered five training courses, one workshop and one meeting in the field of integrated water resources management, reaching a total of 73 Iraqi water experts. In addition, following the trilateral meeting (Iraq, Syrian Arab Republic and Turkey) in November 2005 on the Euphrates and Tigris transboundary issues, a workshop on rainwater-harvesting training in the Syrian Arab Republic was organized in collaboration with Syrian authorities, and a joint workshop on dam safety assessment was hosted by Turkish authorities in order to facilitate mutual dialogue and to exchange views and experiences among technical experts from these countries.

Support to the Ministry of Planning and Development Cooperation

Cluster C, Governance and Human Development, has assisted the setting up of an Aid Coordination Unit in the MoPDC and the provision of the appropriate technical capability to the Ministry in the form of a functioning donor assistance database (DAD).²⁰

Public investment tracking and integration with DAD have been completed, including the conversion of DAD into the IMF classification of Government functions and expenses standards. New applications as well as enhancement of DAD functionalities were approved by the MoPDC and the Ministry of Finance and key donors. An enhancement to track loans, the tracking of donor pledges and the tracking of capital investment projects financed by the national budget have been in trial operation since the end of June 2006. Three analytical reports on donor aid have been produced and disseminated.

Improving the technical functionality of DAD has been accompanied by the training of staff of the ministries of Planning and Development Cooperation, Finance, Electricity and Public Works in effective communications, financial analysis and decision-making. One group of 12 people has already been trained and training for three more groups is planned.

Cluster C has also provided capacity-building support to the national team that is partnering with UNDP to prepare the National Human Development Report (NHDR) in 2006 and 2007. A consultative workshop that was attended by 50 Iraqi experts took place at the end of January 2006. This meeting resulted in the selection of the NHDR theme and the identification of the contributors to the background papers and chapters of the report. The team of authors was then trained in a one-week workshop in Beirut in March 2006 and an international NHDR consultant was provided. In addition, equipment was provided to the Human Development Section in the MoPDC and a dedicated web site (www.iraq-nhdr.net) was created for the project.

2.2.2 UNDG ITF Contribution to the Delivery of Basic Services

The MoPDC at the Dead Sea Donor Committee meeting in July 2005 strongly emphasized the importance of making a difference quickly to ordinary Iraqis through the delivery of basic services in health, education, and water and sanitation. Consequently, the United Nations agreed in autumn 2005 to a series of 10 quick-impact projects to address key needs in the delivery of basic services. These projects, with the exception of two, are now virtually complete. Details on their impact are contained in the following table:

¹⁹ UNESCO A5-12, “Capacity-building of Water Institutions”.

²⁰ C9-01, “Support to Ministry of Planning and Development Cooperation” and C9-12, “Support to Government of Iraq in International Assistance Coordination”.

Table 2. Quick-impact Projects

Cluster	Agency	Project No.	Project Title	Budget (\$)	Rate of Completion (%)	Expenditure (\$)	Major Accomplishments	Pending Activities
Health and Nutrition	WHO	D2-07	Improving Preparedness and Response to an Impending Cholera Outbreak	857,964	99	845,498	Successful prevention of the importation and occurrence of a cholera outbreak in Iraq. Following the cholera outbreak in the Islamic Republic of Iran, no cholera cases reported in Iraq during 2005, whereas only 9 sporadic cases were reported in 2 governorates of Iraq during the first 7 months of 2006 in comparison to 35 cases in 2004 and 200 cases in 2003. Provision of emergency drugs, intravenous fluids, antiseptics and laboratory reagents to manage up to 5,000 hospitalized patients. Since no outbreak was reported during the previous summer, these drugs and laboratory supplies will remain as buffer stocks for the coming 2 years to investigate and manage any diarrhea cases/outbreak. 200 workshops with 8,000 participants were held on cholera prevention.	Ensure that the 150,000 bottles of IV fluids delivered to Mosul, Basra and Babylon Directorates of Health (DoH) are equitably distributed and well stored in all Iraq DoHs. Capacity-building activities will continue to ensure that all staff are trained and updated. Monitoring of all diarrhoeal cases.
	UNEP	D2-08	Hazardous Waste Chemicals Collection and Storage: Al-Qadissiya Site	905,005	50	896, 847	Second round of international competitive bidding organized, resulting in the submission of 5 bids (4 Iraqi, 1 Lebanese). However, the Iraqi bids again exceeded the available budget or lacked sufficient quality whereas the Lebanese bid was evaluated as technically sound and within the available budget. This contractor immediately proceeded to organize training for employees and government staff on the methodologies and health safety protocols for hazardous waste collection and storage. Ceilings and walls of the Al-Qadissiya warehouse repaired and cleaned. The pesticides were collected in plastic bags and stored in 149 sealed drums, labelled and indicating that drum contents are toxic, hazardous, flammable and not to be touched. Works at Al-Suwaira pesticide warehouse completed, removing an important public health hazard posed by mercury and cyanide.	Works ongoing at Al-Qadissiya site slowly and steadily with planned end date reflecting the initial contractual difficulties scheduled for the end of 2006.
	WHO	D2-09	Malaria and Leishmania Control and Prevention Emergency Programme	5,156,640	98	5, 133, 804	For cutaneous leishmaniasis, clear decrease in the incidence of cases has been noticed: only 1,115 cases were reported during the first 6 months of 2006 while 1,607 cases had been reported during the first 6 months of 2005. No cases of malaria reported in Iraq during the first six months of 2006, while 18 cases had been reported during the first six months of 2005. Full support provided for the spraying campaign conducted in April-May 2006 and for the fogging activities.	Project essentially operationally complete and extension has been requested only to ensure the full disbursement and delivery of very limited items as well as the agreed extension of the project to cover avian influenza activities.

Table 2. Quick-impact Projects (continued)

Cluster	Agency	Project No.	Project Title	Budget (\$)	Rate of Completion (%)	Expenditure (\$)	Major Accomplishments	Pending Activities
Health and Nutrition							During the first 6 months of 2006, 14 national training workshops were conducted to raise the awareness of medical and paramedical workers in the government and private sectors on different malaria and leishmania control activities. Procurement by WHO of about 245,150 different pieces of medical equipment, supplies, kits, insecticides; accessories, etc. worth almost US\$3.437 million for malaria, leishmania and avian influenza programmes. Testing of 400 human samples for avian flu; only two were positive. Workshop on surveillance tools conducted in Amman on 17-18 March 2006 for avian influenza focal points in all governorates.	
	WHO	D2-10	Health-care Waste Management	1,407,722	99	1,406,679	Participation of 30 health professionals in training-of-trainers course on operation and maintenance of shredder autoclave. 14 shredder autoclaves with 14 water treatment units for the treatment of health-care waste within the selected health facilities and valued at US\$660,000 are being procured, shipped and distributed to the 14 selected hospitals. Health-care waste management supplies (e.g., plastic bags, garbage bins, sharps containers, goggles, safety shoes and gloves) valued at \$120,000 are being procured, shipped to Baghdad and distributed for the selected health facilities. Ongoing rehabilitation of the existing incinerators within the 14 selected hospitals.	Almost completed. The main focus from now on will be on finalizing the installation of the equipment and the completion of the ongoing rehabilitation of the incinerators. The rapid assessment tools will be further improved based on the developed exercise.
	WHO	D2-11	Emergency Medical Oxygen Production and Supply in Iraq	2,824,760	50	473,663	Survey for strategy for long-term oxygen supply completed in February. Oxygen cylinders worth \$300,000 supplied to a total of 45 hospitals in Baghdad (25), Kirkuk (5) and Mosul (11). Procurement delay for three oxygen plants as lowest bid proved not to be technically competent after quality control.	Details of installation contract under negotiation. Longer period requested by the suppliers to manufacture and deliver the production equipment than originally anticipated using security argument. MoH requested to additionally assist with storage and pre-installation work.
Education and Culture	UNESCO	B1-18	Textbooks Quality Improvement Programme - Phase 2	7,100,000	99	6,587,261	9 million copies of 39 titles printed and distributed to schools serving 6 million students in 14,000 schools (100% completion). Establishment of a modern Pre-press Centre (100% completion). Training of 14 MoEd pre-press designers (100% completion).	Assisting the MoEd in formulating its national textbook policy is still ongoing. Building of MoEd textbook capacity and development of textbook policies will provide long-term jobs for textbook

Table 2. Quick-impact Projects (continued)

Cluster	Agency	Project No.	Project Title	Budget (\$)	Rate of Completion (%)	Expenditure (\$)	Major Accomplishments	Pending Activities
Education and Culture							Establishment of a textbook and CD library (100% completion). Training workshop for MoEd authors on writing and designing textbooks (100% completion). Since a few million textbooks were printed locally, the project resulted in the creation of 300 to 500 medium-term job opportunities within 18 Iraq-based printing companies.	designers, authors, auditors, instructors, workers, logistics officers, etc. It will also provide temporary jobs for contractors, building workers, engineers, etc.
	UNICEF	B1-19	Integrated Community-based Project to Deliver Quality Basic Social Services in Iraq	12,900,360	90	5,868,383	Rehabilitation of 90 schools completed in Baghdad, Basrah, Erbil, Missan and Wassit Governorates while work is still ongoing in 20 schools in Thi-Qar Governorate. Distribution of 47,000 student chairs and 23,500 student desks (each for two students) has almost been completed. In addition, health screening of 4,500 school children was implemented in March 2006. Nearly 325,000 people in Baghdad, Erbil and Missan Governorates have now enhanced access to water and improved sanitation. Rehabilitation works initiated in 9 primary health care (PHC) centres were carried out in 6 governorates. 100 per cent of the rehabilitation works have been achieved in Baghdad, Basrah, Erbil, Missan and Thi-Qar while in Wassit, only 65 per cent were accomplished owing to a security threat to the contractor.	Complete PHC centre rehabilitation in Wassit governorate. Expedite the procurement and subsequent delivery of chemicals and equipment for wastewater quality monitoring to the four governorates. Costs for the rehabilitation of water and sanitation facilities and recreational areas in 100 schools are lower than originally planned, with an under-expenditure of \$200,000. The balance of funds is being used to rehabilitate an additional 10 schools in Basrah, Qurn and Zuber.
WATSAN	UN-HABITAT	E3-05	Community-based Integrated Water and Sanitation Rehabilitation and Management Project	1,983,516	98	1,687,499	Project now nearly complete except for delivery of some solid waste management equipment. Installation of a new water supply pipeline and a new storm water drainage system, including construction of a sewage pumping station. Refurbishment of street network and development of landscape and green spaces. 3 workshops conducted (health awareness, community awareness and human development). A drug awareness workshop was also conducted. An extended public outreach campaign comprising water conservation and hygiene was carried out. Survey undertaken of the needs and capabilities of the local society in Hay 14 Ramadan in Al-Diwaniya.	Some solid waste management equipment is awaiting delivery from international suppliers; others have been held up at the customs office on the Kuwait-Iraq border. Some delays resulting from lack of consensus on technical options for physical rehabilitation works and a slow, cumbersome decision-making process in the local municipality. Completion in September 2006.

Table 2. Quick-impact Projects (continued)

Cluster	Agency	Project No.	Project Title	Budget (\$)	Rate of Completion (%)	Expenditure (\$)	Major Accomplishments	Pending Activities
WATSAN							Significant improvement in the overall environment within the neighbourhood, encouraging residents to invest in upgrading housing using their own resources; overall improvement in public awareness on issues of hygiene, solid waste management, water conservation, etc. and generation of local employment (skilled and unskilled) ranging from 350 to 500 person-days per week.	
	UNDP	E3-06	Emergency Water, Sanitation and Health Support for Southern Iraq	4,919,519	80	3,952,993	48,690 workdays of employment. Seven sub-projects to install water distribution networks in Khor Zubair and Shuaiba towns were initiated. Adequately equipped warehouses with sufficient spare parts and consumables for 2 years of operation established for Khor Zubair and Safwan, respectively. Sustainable water and sanitation service level addressed through provision of spare parts, consumables, adequate water storage facilities. Delivery of all project equipment completed (i.e., reverse osmosis plants, spare parts, consumables, water tankers, sewage tankers, solid waste containers, solid waste skip loaders, water storage tanks, stand-by power generation sets, transformers). Removal of 400 cubic metres per day of garbage from the concerned municipalities to safe dumping grounds. Removal of 200 cubic metres per day of sewage from the concerned municipalities.	Changes in project design introduced by MoMPW resulted in the need to procure non-manufacturer standard, shelved items such as reverse osmosis plants, which require a total manufacturing period of 4 months. The project therefore is scheduled for completion in December 2006.
	UNOPS	E3-07	Kerbala Water Treatment Plant – Rehabilitation of Filter Units	1,251,320	100	1,057,742	Physical works to restore the existing sand filter units at the water treatment facility in Kerbala now complete, including structural stabilization of the work filter units, rehabilitation of the 10 filters, rehabilitation of the pipe network in filter gallery, re-commissioning of all filter units. The security of the water supply for the population of the city has been guaranteed for the foreseeable future. Radical improvement in the operational efficiency of the water treatment plant to significantly enhance the quality and quantity of water supplied to the population.	Attainment of the project outcomes associated with the reduction in the incidence of water-borne diseases will take some time to become evident. Financial resources remaining will be used to rehabilitate additional filters in another water treatment plant in Kerbala Governorate.
TOTALS				39,306,806		27,910,369		

These results should be considered a success against the background of increasing insecurity and some delays in decision-making by counterpart ministries and local authorities.

The delay in the United Nations Environment Programme (UNEP) project D2-08, “Hazardous Waste Chemicals Collection and Storage: Al-Qadissiya Site”, was explained in the last report. The almost insurmountable obstacles in finding a contractor willing to work within the budgetary envelope were finally overcome during the reporting period and works are now under way. The Project UNDP E3-06, “Emergency WATSAN and Health Support for Basrah Governorate”, which required revisions requested by the ISRB before the project could begin, is now scheduled for completion at the end of 2006.

The one unforeseen delay has been with project WHO D2-11, “Emergency Medical Oxygen Production and Supply in Iraq”. Under this project, there has been a procurement delay for the three oxygen plants as the lowest bid proved not to be technically competent after quality control. In addition, negotiations with the next most competent contractor regarding contract conditions are still ongoing. A longer period has been requested by the suppliers to manufacture and deliver the production equipment than originally anticipated so as to take into account the deteriorating security situation as well as additional MoH assistance with storage and pre-installation work.

The quick-impact projects form only part of the package of projects that the UNDG ITF has supported to address basic services. The cumulative impact of the other ongoing standard basic services projects has also increased and is detailed below. At the end of the section, information is also included on progress by Cluster F, Refugees, Internally Displaced Persons and Durable Solutions, as this assistance also relates mainly to the delivery of basic services to this specific target group.

Impact of Other Basic Services Projects

The impact on the ground of UNDG ITF-financed basic services is set out in the following section against the core needs identified in the United Nations/World Bank Joint Needs Assessment and the key outcomes and targets detailed in the United Nations Assistance Strategy 2004-2006. The overall financial impact in terms of funds allocated for projects and disbursed for basic services is summarized in section 2.4.1 of the financial section.

Education

The United Nations/World Bank Iraq Needs Assessment indicated that the essential need in the education sector was initially to restore indicators to the levels attained in the early 1980s and then to begin the process of reform. This entails initial concentration on rehabilitating schools damaged by neglect, conflict and underinvestment; relieving the serious congestion in the system; and bringing out-of-school children, including girls, back into the classroom. Thereafter, the focus will be on improving quality and modernizing the system in terms of teacher upgrading and updating the curriculum and instruction methods.

In response, as of 30 June 2006, the Education and Culture Cluster had contractually committed cumulatively about \$100 million (86 per cent), an increase from \$81 million during the previous reporting period, and it had disbursed about \$84 million (72 per cent), an increase from \$67 million for the previous period. Both commitments and disbursements represented significant progress vis-à-vis the previous reporting period.

Table 3 indicates key progress against benchmarks from the United Nations Strategy for Assistance to Iraq 2004-2006. Major elements of progress in the Education Cluster during the reporting period for ongoing projects are described below.

Back-to-school interventions covered a number of items. Procurement and distribution of essential learning materials to approximately 4.5 million students in more than 14,000 primary schools for the academic year

2005/2006 were successfully completed. The provision of basic furniture to 114,000 students in 164 primary schools has been completed: 100 per cent of type A furniture (grades 1 through 3) and 100 per cent of type B furniture (grades 4 through 6) have been distributed to schools to date. The assembly of the furniture has been completed. The procurement of 32,000 cupboards has also been completed. The cupboards are being delivered to the warehouses of the 23 DoEds and from there to 16,000 primary and intermediate schools (2 cupboards per school). Textbooks were delivered as indicated in table 2.

The Education Management Information System (EMIS) is now ready for use in Iraq and the actual entry of education data for the years 2004-2005 and 2005-2006 will begin very soon. Levels 1 and 2 of the capacity-building programmes for MoEd and DoEd staff in the EMIS have been completed while level 3 is ongoing in a collaborative effort between UNESCO and UNICEF where the software was tested in August 2006 and slightly modified. Installation of information technology equipment at the MoEd and all 23 DoEds was completed and the Local Area Network was established in 16 out of 18 governorates. The training of 33 statisticians in Education for All statistics was organized at the Dead Sea, Jordan, from 1 to 13 April 2006; another group comprising 30 statisticians was trained in Aqaba (23 July to 5 August). In addition, an EMIS Coordination Group, including UNESCO, UNICEF, USAID and the World Bank, is meeting on a regular basis in order to coordinate the efforts of all stakeholders working on the EMIS in Iraq. An EMIS matrix listing the main actions to be taken by each partner has been developed and is regularly updated. With regard to the impact of results, the EMIS project contributes to the decentralization of the education sector through the empowerment of governorates. Each DoEd will be fully equipped with relevant hardware and software, 2 technicians and 20 data-entry staff.

In the area of teacher training, a core team of 62 teacher trainers has been identified and trained by UNESCO in developing instructional materials, which include mentor guides and teacher guides in the three subjects of mathematics, science and the English language. Trained in the country, the mentors will in turn train more than 30,000 secondary school teachers in Iraq. The core trainers were trained by professors of the Open University Worldwide (United Kingdom) in two groups, the first one in Amman during August-September 2005. The second was undertaken in Milton Keynes (United Kingdom) during February-March 2006 in order to review the materials developed by Iraqi core trainers inside Iraq from October 2005 until February 2006 and to undertake the training in methods and techniques of training mentors using the mentor guides.

School rehabilitation also progressed significantly. Under phase 1 of the UNICEF education programme (project B1-06), 40 primary and intermediate schools were completed (including 11 in Fallujah city and 7 in the Marshlands). These 40 schools are located in Anbar, Babil, Baghdad, Basrah, Kerbala, Missan, Muthanna, Tamim and Thi-Qar Governorates. One of the rehabilitated facilities is Qasr Al-Hamra' kindergarten, which was rehabilitated to serve as a national centre for early childhood development. During phase 2 of the project (B1-12), UNICEF planned to rehabilitate another 50 schools. This number was reduced to 26 (including 9 schools in Fallujah city) owing to the increase in rehabilitation costs. Rehabilitation of the 26 schools has been completed and schools were handed over to the related DoEds. The UNICEF comprehensive rehabilitation initiative (phases 1 and 2 of the project) aims to benefit about 28,000 students (20,000 boys and 8,000 girls) in 66 schools. An additional 90 schools (out of 110) have been rehabilitated under the quick-impact initiative for area-based integrated basic services (UNICEF project B1-19).

The UN-HABITAT project for Educational Facilities Rehabilitation (B1-09) has now been 70 per cent completed. To date, it has completed the rehabilitation of 25 schools in Baghdad, the rehabilitation of the Basrah Technical Institute, building rehabilitation and extension works at Basrah University, rehabilitation of the Sooq Al-Shyokh Industrial School in Nassiriyah, rehabilitation of 6 educational institutes in Samawah, delivery of information technology equipment to the University of Technology in Baghdad, and delivery of about \$462,000 worth of laboratory and workshop equipment to Basrah. Rehabilitation works are ongoing in a further four institutes and further equipment deliveries are planned to Basrah and Samawah Technical

Institutes. With better facilities and an improved learning environment, the 25 completed educational institutes are now providing an enhanced standard of education to over 25,000 Iraqi students.

Rehabilitation contracts have been awarded to 44 small Iraqi contractors whose management and technical capacity have been upgraded through the management of the rehabilitation contracts. The rehabilitation works are being supervised by a team of about 25 Iraqi professionals under the general guidance of UN-HABITAT international staff. This is helping to build the capacity of Iraqi architects and engineers. The project has so far generated an estimated 322,743 person-days of employment. Based on savings generated through the project, two further schools will be rehabilitated.

Under the UNESCO Literacy and Skills Development project (B1-08) for out-of-school youths, funds have been instrumental in setting up the National Literacy Resource Centre and four Community Learning Centres in Al-Muthanna, Baghdad and Diyalah that cater to the learning needs of adult illiterates in the group of those 18+ years of age, in particular the girls and women.

Under the second phase of the UNESCO Technical Quality Improvement programme, essential vocational workshop equipment and information technology infrastructure to be supplied to 17 institutions in the Governorates of Al-Anbar, Babylon, Baghdad, Basrah, Diwanya, Diyalah, Kerbala, Kirkuk, Missan, Najaf, Salah al-Din, Thi-Qar and Wassit are in the contracting stage. The programme outlines for nine vocational disciplines – electronics, sewing, agriculture, communication, electrics, automotive, mechanics, food service and production, and construction – are fully prepared. A workshop in May 2006 for all stakeholders endorsed the final equipment specifications and these are posted for tender.

Other important achievements in the Education and Culture Cluster included the full establishment of the four Regional Networking Academies and six Local Networking Academies under the Economic and Social Commission for Western Asia (ESCWA) Networking Academies project, phase 1. The implementation of phase 2 of the project started; it includes the establishment of one more Regional Academy in Erbil and 10 more Local Academies. Furthermore under UNESCO's Protection of Iraqi Cultural Heritage, the rehabilitation works were completed at the Child Museum at the premises of the National Museum in Baghdad during the period from March to June 2006. In addition, equipment contributing to the rehabilitation of the National Library in Baghdad, such as furniture, microfilms and computers, were delivered during the period from May to September 2006.

Table 3. Major Elements of Progress in Education

Key 2004-2006 Objectives/Outcomes	Quantifiable Targets	Achieved as of 30 Oct. 2006
Back to school interventions	Provide essential teaching/ learning materials	Procurement and distribution of essential learning materials to approximately 4.5 million students in more than 14,000 primary schools for the academic year 2005/2006. Provision of basic furniture to 114,000 students in 164 primary schools has almost been almost completed. Procurement of 32,000 cupboards has been completed. The cupboards are to be delivered to 16,000 primary and intermediate schools. Nine million copies of textbooks (comprising 39 titles) have been fully printed and distributed throughout Iraq to benefit about 6 million students at about 14,000 primary and secondary schools.
Educational management system	Updated gender-disaggregated school data for academic years 2004/2005 and 2005/2006. Capacities of MoEd enhanced.	Capacity-building of MoEd and DoEd staff in planning and management of the education sector, in Education for All Statistics (63 statisticians trained), in managing the Local Area Network established in their departments, in the installation and use of EMIS Software and Structured Query Language (SQL) Server, and in the use of Statistical Package for the Social Sciences (SPSS) software to issue statistical reports as well as in data entry using the EMIS software. Software tested in August 2006 and slightly modified; the data entry process started.
Curriculum reform	Textbooks with gender equity, etc. life skills	Assisting the MoEd in its national textbook policy is still ongoing.
Teacher in-service training	Cadre of resource persons – 200,000 teachers provided 7-day in-service training	A core team of 62 teacher trainers was identified and trained in developing instructional materials, which include mentor guides and teacher guides in the three subjects of mathematics, science and the English language. The core trainers will be responsible for training about 300 mentors inside Iraq. These mentors will eventually train secondary school teachers in Iraq. Under UNICEF support, over 20,000 primary school teachers have been trained out of 50,000 to improve the overall quality of education and the quality of teaching in primary schools.
Examination and certification	Students attend terminal and non-terminal examinations and receive certification	Achieved in academic years 2004/2005 and 2005/2006.
School rehabilitation	600 schools rehabilitated Child-friendly design	262 schools rehabilitated to a child-friendly design.
Capacity-building of MoEd	Technical and managerial capacities strengthened	Training of 30 high-level officials at the MoEd and DoEd in Planning and Management of the Education Sector was held in Amman from 15-27 April 2006; another batch of 26 planners and project managers trained in Aqaba (12-24 August 2006).
Accelerated learning for out-of-school children and youths	Learning activities – course content, certification, entry to formal schools	Set up a National Literacy Resource Centre and four Community Learning Centres in Al-Muthanna, Baghdad and Diyalah to cater to the learning needs of adult illiterate and semi-illiterate girls and women ages 18+ belonging to the most disadvantaged population groups. The first batch of 14,000 ALP students of all levels sat for their final exams in the 6 piloted governorates. Approximately 87 per cent of ALP students passed the final exams in the two northern governorates whereas around 40 to 50 per cent passed in the southern governorates.
Vocational education schools rehabilitated		Rehabilitation and full equipment of 11 technical and vocational education and training (TVET) schools in Baghdad, Mosul and Samawah with workshop and information technology equipment. The second phase is ongoing and shall benefit 17 other TVET schools in terms of rehabilitation and equipment to enhance the training delivery process.

Health and Nutrition

The United Nations/World Bank Joint Needs Assessment in the area of health indicated the essential need as initially to restore indicators to the levels attained in the early 1980s and then to begin the process of reform: “In health, the challenge for Iraqi policy makers, health workers, and the donor community is to restore basic services in the short term and to initiate long-term transformation of the current system into a decentralized and sustainable model based on primary care, prevention, partnership, and evidence-based policy”.

In response, overall Health and Nutrition Cluster delivery as of 30 June 2006 amounted to \$73 million (75 per cent) in commitments and \$54 million (56 per cent) in disbursements in comparison to figures as at 31 December 2005 that were approximately \$56.5 million (66 per cent) in commitments and \$39 million (45 per cent) in disbursements.

Table 4 indicates key progress against benchmarks from the United Nations Strategy for Assistance to Iraq 2004-2006. During the reporting period, major strides were made in delivering health care to the vulnerable in Iraq.

Under the most important immunization programme, \$1 million worth of cold chain equipment and related supplies, including spare parts, was procured and delivered to all governorates. In addition, 70 per cent of the rehabilitation works on the national vaccine store were completed. Under a contract (worth \$460,000) for transportation for vaccination outreach teams to support the spring Polio National Immunization Days, 5,586 vehicles were hired for 10 to 12 days. Ten million doses of oral polio vaccine for two rounds of the Polio National Immunization Days were procured and delivered to the national vaccine store in Baghdad. All the vaccination teams (19,752 vaccinators) and field supervisors (1,411) were trained in outreach activities. The campaign was implemented in April/May 2006, reaching coverage of over 98 per cent: out of 4,844,723 children below 5 years of age, 4,630,021 and 4,711,478 children were vaccinated in the first and second rounds, respectively. In addition, the procurement of an additional 10 million doses of oral polio vaccine for Polio National Immunization Days scheduled for fall 2006 was initiated.

All these inputs assisted the MoH to sustain the national immunization programme and contributed to achieving 84 per cent of national diphtheria, pertussis (whooping cough) and tetanus (DPT3) coverage. It also contributed to maintaining the polio-free status in Iraq as well as the remarkable reduction in reported cases of measles, mumps and rubella. The number of measles cases decreased more than ten times, from 9,181 cases in 2004 to 820 cases in 2005, and mumps from 15,132 in 2004 to 2,161 in 2005. An even greater drop was reported from the three northern governorates: the number of measles cases fell from 3,422 in 2002 to 163 in 2004 and 60 in 2005 while the number of mumps cases dropped from 3,211 in 2003 to just 254 in 2005.

The surveillance system swiftly identified, professionally investigated and contained a measles outbreak that started in March 2006 and peaked in April and seems to have ended in July 2006. Ninety per cent of the confirmed measles cases were reported from one province (Wassit). The outbreak was limited to only two districts in the affected province. An emergency mop-up campaign for children 9 to 59 months using measles-containing vaccine to contain the outbreak was conducted in June 2006. The campaign targeted all 9- to 59-month old children in the two affected districts. Two weeks after the campaign, the number of cases started to come down, and no confirmed measles cases were reported from the two affected districts in July 2006.

Since the confirmation that the highly pathogenic strain H5N1 of Type A Influenza virus was present in Iraq, FAO, under its project A5-08, “Restoration of Veterinary Services in Iraq”, has undertaken emergency procurement of highly pathogenic avian influenza (HPAI) equipment worth \$190,000, including a batch of testing sera and reagents, 2,700 kg of disinfectant Vircon S, 10,000 sets of protective clothing and 100 motorized knapsack sprayers and mist blowers. Five poultry culling machines were air freighted to Baghdad

Airport on 21 June 2006 and distributed to the Governorates of Baghdad, Diyala, Kirkuk, Missan and Sulaymaniyah. Through the projects training and study tours programme to Berlin, Germany; Orange, Australia; Pennsylvania, United States; and Weybridge, United Kingdom, the diagnostic capability of veterinary staff on avian virology, epidemiology and quarantine procedures has been significantly improved. Through in-service FAO workshops in Rome, Amman and Paris (the last one together with the International Office of Epizootics), senior Iraqi veterinary experts and managers have furthermore improved their emergency preparedness capacity, response planning and outbreak management strategies.

WFP has dispatched into Iraq 15,790 metric tonnes (mt) for the vulnerable groups and distributed 114,016 mt of wheat flour, vegetable oil and pea-wheat blended food through 1,227 PHC centres and community child care centres to 2,181,763 beneficiaries, which include malnourished children less than five years of age, pregnant and lactating women, and tuberculosis patients. Health personnel have reported improvements in regular attendance by the vulnerable groups over the past one and a half years of project assistance and that the project has also contributed to the success of the vaccination programme, which is linked to the ration distribution schedules.

About 13,188 mt (11,113 mt of high-energy biscuits and 2,075 mt of vegetable oil) have been delivered into 3,013 schools in Iraq, with approximately 10,797 mt of high-energy biscuits and 1,936 mt of vegetable oil distributed under school feeding activities benefiting 1,856,816 school children. Data collected by project implementation staff revealed that attendance rates increased by 10 per cent and female student enrolment by 12 per cent in the districts where vegetable oil was distributed as an incentive.

Despite this assistance, the 2005 Food Security and Vulnerability Analysis survey published in May 2006 indicated an increase in the acute malnutrition rate to 9 per cent from the 4 per cent reported by WFP in 2004. The results also showed that 15 per cent of the Iraqi population are food insecure and in dire need of assistance. The need to address the increasing rate of acute malnutrition for children under five years of age through food assistance before the damage to the children becomes irreversible is a matter of urgency. The report has been posted on the MoPDC web site http://www.iraqcosit.org/english/activities_reports.shtm for access by the public.

The Cluster has also achieved major success in the rehabilitation of health facilities. To date under the WHO Primary Health Care Programme, 134 PHC centres (as against 84 at the end of the previous reporting period) and 19 training centres geographically spread throughout the 19 model districts are ready. All the equipment and furniture shipped to Baghdad has been distributed to these PHC centres. In addition, nine maternity wards have been completed and work on ten is ongoing. Thirteen trucks loaded with \$1,337,912 worth of procured items for the maternity wards were delivered.

A sustainable, functioning system of PHC centres (providing a basic health package to their population and including a functional referral system) in each of the selected 19 model districts (two in Baghdad and one in each of the other seventeen governorates) has been 97 per cent achieved; some items are in Amman to be shipped once security permits. In addition, 3,722 staff from different cadres working in the MoH and other line ministry personnel have been trained – more than the 2,000 planned. A family physician and nurse practitioner model has been initiated and 50 per cent achieved; the family physician concept is to begin piloting soon, with the training of staff having been completed in Baghdad Rasafa (and due to start soon in Karkh). The enhanced community participation in health activities has been 80 per cent achieved; the training package has been completed, with 63 workshops having been conducted.

The standardized baseline data on common risk factors for noncommunicable diseases has been established; a surveillance system for cardiovascular diseases, cancer and diabetes has been established; and the national cancer registry system has been strengthened. Twenty fellows (13 males and 7 females) were trained in the United Kingdom from 27 March-7 April 2006 in the integration of care for noncommunicable diseases into the PHC service. Equipment valued at \$3.6 million was also purchased.

Table 4. Major Elements of Progress in Health and Nutrition

United Nations 2004-2006 Planned Outcome	Specific Targets	Achieved as of 30 June 2006
50% reduction in under-5 mortality	<p>Re-establish routine immunization Measles catch-up</p> <p>Diarrhoeal disease programme Targeted nutrition programmes</p> <p>Capacity-building at all levels</p> <p>Cold chain at all levels</p>	<p>Iraq is polio free for the 6th consecutive year. Since 2003, eight national immunization rounds have taken place, with each covering on average 4.7 million children under 5 years of age.</p> <p>In 2006 (to-date), routine immunization coverage is sustained at about 76%. Ten million doses of oral polio vaccine for two rounds of the Polio National Immunization Days were procured and delivered (to the national vaccine store in Baghdad). The campaign was implemented in April/May 2006, reaching coverage of over 98%: 9,341,499 children were vaccinated; of these, 4,844,723 were children under 5 years of age.</p> <p>Measles control activities were effectively implemented, with 91% reductions in reported cases in 2005 and the first 7 months of 2006 compared to 2004. The surveillance system swiftly identified, professionally investigated and contained a measles outbreak that started in March 2006, peaked in April and seems to have ended in July 2006. An emergency mop-up campaign for children 9 to 59 months old using measles-containing vaccine to contain the outbreak was conducted in June 2006.</p> <p>The target of 2,000 trained health personnel at all levels has been 186% achieved: almost 3,722 staff from different cadres working in MoH and other line ministry personnel have been trained.</p> <p>Over \$1 million in cold chain equipment and related supplies, including spare parts, were procured and delivered to all governorates. Rehabilitation of the national vaccine store 70% completed.</p>
15% reduction in maternal mortality	<p>75% of women have access to emergency obstetric care</p> <p>Supplementary feeding for pregnant and lactating women</p>	<p>WFP dispatched into Iraq 15,790 metric tonnes (mt) for the vulnerable groups and distributed 114,016 mt of wheat flour, vegetable oil and pea-wheat blended food to 2,181,763 beneficiaries.</p> <p>Pregnant and lactating women and tuberculosis patients are now regularly following their schedules of clinic visits. The project covers 1,227 health facilities: 958 Community Child Care Units and 269 PHC centres.</p>
Increased access to quality health-care services especially for the vulnerable	<p>Rehabilitation of 60 PHC centres and maternal health facilities</p> <p>Mental health services in four lower south governorates</p> <p>National health policies</p>	<p>192 PHC centres have now been rehabilitated/constructed and are expected to serve a population of 5 million. 9 planned maternal wards have been completed.</p> <p>PHC centre system (including a functional referral system) in each of the selected 19 model districts is providing a basic health package to their population, with two districts located in Baghdad and one in each of the other seventeen governorates functioning almost 100%.</p> <p>Existing mental health facilities have been revitalized and the system strengthened with 7 new mental health units. Furthermore, training aimed at improving the quality of work and a smooth integration of mental health activities within PHC is being provided.</p> <p>Creation and deployment of human resources for mental health care in different parts of the country, e.g., 20 general practitioners were trained to serve 18 governorates and 26 psychiatric nurses were also trained. 15 research projects into mental health of the population approved in December 2005 had all been completed as scheduled by 31 March 2006. Two new 8-bed psychiatric units in Al-Najaf and Erbil have been completed.</p> <p>10 national policies adopted, including Disease Surveillance Strategic Plan, Malaria and HIV/AIDS Strategic Plan, Measles Elimination Plan of Action, Wheat Flour Fortification Plan, Drug Quality Control Strategy, Food Safety Strategy, Maternal, Child and Reproductive Health Strategy, Iodine Deficiency Disorders Programme, and Iraqi National Medicines Policy (2006).</p>

Table 4. Major Elements of Progress in Health and Nutrition (continued)

United Nations 2004-2006 Planned Outcome	Specific Targets	Achieved as of 30 June 2006
Enhance disease prevention	<p>Incidence of tropical diseases (malaria, leishmaniasis) reduced by 50%</p> <p>Public health laboratory network rehabilitated</p> <p>Water quality control services re-established</p>	<p>For cutaneous leishmaniasis, clear decrease in the incidence of cases was noticed: only 1,115 cases were reported during the first 6 months of 2006 while 1,607 cases were reported during the first 6 months of 2005. No cases of malaria were reported in Iraq during the first six months of 2006, while 18 cases had been reported during the first six months of 2005.</p> <p>Completion of the physical rehabilitation of the main national drug laboratory building. Installation of \$2.6 million in laboratory equipment (99 % of orders). The national drug quality control system has been able to increase its capacity to perform quality-control analysis through training and use of newly state-of-the-art lab equipment.</p> <p>The rehabilitation of the MoEn Central Water Quality Control Laboratory in Baghdad was completed and the laboratory is now fully functional and conducting analyses of water quality samples. \$4 million of procured equipment was distributed and installed in the 265 water quality control laboratories, which are now fully functioning and used for water quality testing to ensure that water supplied to the consumers is in compliance with the Iraqi standards. There has been an 80-per cent increase in the number of water samples being tested.</p>

Mental health facilities are also being revitalized and the system is being strengthened with new units. Two new eight-bed psychiatric units in Al-Najaf and Erbil have been completed, for example. Furthermore, training aimed at improving the quality of work and a smooth integration of mental health activities into PHC is being provided, e.g., 20 general practitioners and 26 psychiatric nurses were trained. The 15 research projects on mental health approved in December 2005 had all been completed as scheduled by 31 March 2006, providing valuable information for the planning of mental health services (for example, the high mental morbidity in children has called for special programmes to address children's needs) as well as significant capacity-building for the researchers.

All these measures with respect to primary health represent considerable progress against the goal in the Needs Assessment of moving to a decentralized, sustainable model based on primary care,

Concerning national drug quality control, the physical rehabilitation of the main laboratory building has been completed and the rehabilitation of the lab annexes is ongoing. Installation of \$2,649,767 in laboratory equipment (98.9 per cent of orders) has been completed and capacity-building and development of guidelines and standard operating procedures undertaken. As a result, the system has been able to increase its capacity to perform quality-control analysis through training and use of newly state-of-the-art lab equipment. The improved access to safe drugs attested by quality control is contributing to the partial achievement of some of the national development goals, such as proportion of children immunized, proportion of population receiving safe medications against malaria and tuberculosis, and reduction of maternal and infant mortality rates.

In terms of animal health supported by the FAO project A5-10, "Restoration and Development of Essential Livestock Services", the completed delivery of the equipment of the central laboratory for feed quality control as well as those of the livestock improvement programme, including its new liquid nitrogen plant, will greatly improve the operational capability of the Livestock Department, its feed analysis laboratories and its artificial insemination programme. The livestock breeding capability of the Department has substantially improved with the supply of large and small ruminant breeding stock in early 2006 (bulls, sheep and goats). The (still ongoing) programme of technical training, study tours and supply of technical publications and reference books will continue to improve the technical resources available to the Livestock Department and enhance its ability to support the livestock sector in Iraq.

Infrastructure Rehabilitation

The United Nations/World Bank Joint Need Assessment indicated a serious degradation of the infrastructure of Iraq: "Most Iraqis today have limited or no access to essential basic services or must rely on costly alternatives for electricity and water services. Serious environmental and health risks associated with contaminated water supplies, inappropriate handling of solid waste and disposal of sewage threaten to further burden the already severely stressed health system."

In response, the overall delivery of the Infrastructure Rehabilitation Cluster as of 30 June 2006 amounted to approximately \$162 million (73 per cent) in commitments and \$110 million (49 per cent) in disbursements. This level of disbursement represents another significant hike in delivery on the ground: at the end of the previous reporting period, disbursement was at \$87.2 million (38 per cent), which in turn was more than a doubling since a year ago when disbursements stood at \$40.3 million. These figures reflect the nature of infrastructure projects, with their longer lead times.

Table 5 indicates key progress against benchmarks from the United Nations Strategy for Assistance to Iraq 2004-2006. Concerning rehabilitation of water services in rural areas, the elements of the Cluster A work dealing with water resources must also be factored in and are therefore included in the 2004-2006 benchmarks below.

Table 5. Key Elements of Progress in Infrastructure Rehabilitation

Water and Sanitation

United Nations 2004-2006 Planned Outcome	Specific Targets	Achieved as of 30 June 2006
Increased access to potable water in urban areas by 10%	<p>Provision of chlorinated water to urban population; rehabilitation of water treatment labs</p> <p>Rehabilitation of water treatment plants and pumping stations</p>	<p>160 water and sanitation systems rehabilitated in total, benefiting more than 2 million people. Installation of two reverse osmosis units in Al-Talimi hospital, Basrah, and rehabilitation of 8 water treatment plants (1 in Samawah and 7 in Basrah) against a target of 15 water treatment plants.</p> <p>Provision of clean drinking water to more than 15,000 residents in six villages in the Marshlands was started upon the installation of EST equipment worth \$3.7 million. Distribution pipelines and common water taps were installed in these six villages to improve the access to safe water.</p>
Increased sewage treatment in urban areas by 5%	Rehabilitation of sewage plants and pumping stations	More than 16 km of sewer network and a sewage pumping station have been rehabilitated.
Increased solid waste collection and disposal by 30%	<p>Capital equipment</p> <p>Innovative collection and disposal</p>	<p>140 public waste receptacles were provided to enable proper collection and disposal of solid waste in Samawah and Nassiriyah.</p> <p>5,000 families in the Marshlands were provided with 10-litre bins to facilitate management of household waste.</p>
Potable water access increased in rural areas by 30%	<p>Rehabilitation of compact units</p> <p>Rehabilitation of water pumping stations</p>	<p>Rehabilitation of 64 compact units/water treatment plants.</p> <p>3,300 families in the Marshland areas have been provided with two 10-litre jerry cans and a 50-litre storage tank each to encourage safe storage of water.</p>
Sanitation services in rural areas increased by 30%	<p>Provision of toilets to schools</p> <p>Rehabilitation of rural sanitation</p> <p>Key hygiene behaviours changed</p>	<p>Construction of 375 family latrines benefiting approximately 2,400 people in the Marshland areas. Implementation of school sanitation and hygiene education programmes in 5 primary schools in Missan Governorate. In addition, 52 teachers from Missan were trained in health/hygiene awareness and community awareness programmes were conducted in 10 villages in Wassit Governorate.</p>
Effectiveness of public management systems improved.	Senior Staff trained in public management techniques.	<p>Training of the following: nearly 190 engineers/operators in the proper operation and maintenance of water treatment plants/compact units and control of unaccounted-for water; 48 government staff in water quality sampling and testing methods; 62 government staff in "public private partnership in solid waste management" and "design of sanitary landfills"; and 20 engineers in the proper operation and maintenance of reverse osmosis units.</p>

Table 5. Key Elements of Progress in Infrastructure Rehabilitation (continued)

Water Resources

United Nations 2004-2006 Planned Outcome	Specific Targets	Achieved as of 30 June 2006
Water resources and irrigation sector policy formulated, institutional strengthening	Water resources and irrigation support unit established	Owing to the security situation, a Water Resources and Irrigation Support Unit (WRISU) could not be established as originally planned with staffing including three expatriate WRI specialists based in Iraq. However, a WRISU has been established in Amman with expatriate specialists and national specialists established in the vicinity of the project locations in Iraq to facilitate project implementation.
Critical community irrigation and drainage infrastructure and equipment rehabilitated	Priority community irrigation schemes, canal and drainage systems restored and related equipment supplied to assure adequate, timely provision of water	The replacement pumps and electrical equipment for Mandali pumping station (project A5-02) have been manufactured, inspected and delivered to site. Two MoWR engineers have been trained by the equipment supplier and an FAO site engineer has been appointed. Installation works are to start imminently. Heran community irrigation rehabilitation works were completed early in 2006, assisting 180 farming families. The equipment to be supplied and installed at Mussayib pumping station (Drain 22) is under manufacture. The rehabilitation of the Mussayib Irrigation Scheme had been well under way since the beginning of June 2006 and by July, over 40% of the works had been completed. The project will benefit 2,500 farming families.

Infrastructure

United Nations 2004-2006 Planned Outcome	Specific Targets	Achieved as of 30 June 2006
MoEI capacity to transmit power to key load centres, hospitals and pumping stations	Rebuild transmission lines	Rehabilitation of Um Qasr electrical distribution network is 98% complete and has been handed over. Transmission lines rebuilt; 65 generators installed at key humanitarian facilities; 440 distribution transformers installed.
Key humanitarian facilities functioning	Back-up generators Electricity to major hospitals	Installation of 43 small diesel generators was completed during April 2006. The generators were installed at water and sanitation facilities, medical clinics, hospitals and workshops and will benefit a large sector of the population in southern Iraq.
Ministry of Electricity (MoEI) able to control flow	Rehabilitation of National Dispatch Centre Supervisory control and data acquisition (SCADA) system commissioned Remote Terminal Units commissioned	Completed. Completed. Delayed.

Table 5. Key Elements of Progress in Infrastructure Rehabilitation (continued)

Infrastructure (Continued)

United Nations 2004-2006 Planned Outcome	Specific Targets	Achieved as of 30 June 2006
Improved electricity in south of Iraq	<p>Increased reliability of Hartha Power Plant</p> <p>Technical upgrading of staff</p>	<p>\$15 million in supplies successfully delivered and completion of annual maintenance on Units 1 and 4. After rehabilitation works, the Units have not experienced any tripping due to equipment failure. Completion certificate has been given to Mitsubishi and Release of Advance payment guarantee has also been processed. Valves worth \$800,000 were received free of cost. 70% of supplied items already used by Hartha staff without need for additional intervention, reflecting capacity-building: Iraqi engineers were trained in Japan in the following fields: general training; combined gas turbine control system. Training of Iraqi engineers in AVT system completed in Nicosia.</p>
Improved electricity in central Iraq	<p>Increased reliability of Mussayib and Taji power stations</p>	<p>Mussayib: equipment, in particular, long-lead pressure parts components for the boiler, delivered to site in March 2006. Detailed inspection of the equipment of lots 1, 2 and 3 is in progress. Under phase 2, second half of October, UNDP will have a meeting with the main contractor, Hitachi, prior to allocating any funds under the project.</p> <p>Taji: Iraqi engineers were trained in Japan in April 2006. Training of Iraqi engineers on AVT System was completed in Nicosia. All the pre-site preparatory works have been completed and Hitachi was to start disconnection works in July 2006.</p>
Information on wrecks in Shat Al-Arab and removal process initiated	<p>Prioritized information.</p> <p>Essential wreck removal completed</p>	<p>Completed.</p> <p>Not started owing to lack of funds.</p>
Maritime accessibility to Um Qasr port	<p>Survey of port and port dredging</p>	<p>Port and access channel dredging complete. Eight million cubic metres of material removed to open a channel 80 km long, 11 metres wide and 11 metres deep.</p>
Housing plans prepared and selected high-priority plans implemented to improve the living conditions of vulnerable groups	<p>Based on surveys, launch of a programme to reconstruct damaged houses and community facilities, prioritizing vulnerable groups</p>	<p>Rehabilitation of 814 houses (84 in Baghdad, 158 in Samawah, 528 in Basrah and 44 in Najaf) against a target of 2,369 houses.</p>

During the reporting period, considerable progress was made in infrastructure rehabilitation, which plays a key role in supporting improvement in health and education.

Rehabilitation of water and sanitation infrastructure has been completed at a number of locations while others are nearing completion. Already 1.5 million people have benefitted from the rehabilitated WATSAN facilities. The key elements of progress include the following:

- 64 compact units/water treatment plants have been rehabilitated, including 22 in rural areas of Wassit and Missan Governorates, 7 in Basrah and 1 in Samawah;
- Over 45 km of water network have been extended/rehabilitated;
- More than 16 km of sewer network and a sewage pumping station have been rehabilitated;
- Approximately 4.5 km of storm water drains have been constructed in Nassiriyah and Samawah cities;
- 9 sewage-flooded neighbourhood sites have been transformed into play areas for children;
- Two reverse osmosis units have been installed in Al-Talimi hospital, Basrah, and 20 engineers have been trained in their proper operation and maintenance;
- 3,300 families in the Marshland areas have been provided with two 10-litre jerry cans and a 50-litre storage tank each to encourage safe storage of water;
- 375 family latrines have been constructed, benefitting approximately 2,400 people in the Marshland areas; and
- School sanitation and hygiene education programmes have been implemented in 5 primary schools in Missan Governorate. In addition, 52 teachers from Missan were trained in health/hygiene awareness and community awareness programmes were conducted in 10 villages in Wassit Governorate.

In terms of the essential element of capacity-building in delivery of basic services, nearly 190 engineers/operators have been trained in the proper operation and maintenance of water treatment plants/compact units and control of unaccounted-for water; 48 government staff have been trained in water quality sampling and testing methods; and 7 government staff have been trained in integrated water resources management. To support appropriate management, survey equipment has been supplied to the water and sewerage authorities in the eight southern governorates; water quality laboratory equipment/supplies have been provided to the eight central governorate laboratories; and two sets of leak detection equipment have been provided to Wassit Governorate.

In the area of waste management, 62 government staff have been trained in “public private partnership in solid waste management” and “design of sanitary landfills”; 5,000 families in the Marshlands were provided with 10-litre bins to facilitate management of household wastes; and 140 public waste receptacles were provided to enable proper collection and disposal of solid waste in Nassiriyah and Samawah.

The water resource activities of Cluster A (Agriculture, Food Security, Environment and Natural Resource Management), which assist in the provision of water to rural populations, also progressed during the reporting period. The replacement pumps and electrical equipment for Mandali pumping station have been manufactured, inspected and delivered to site. Two MoWR engineers have been trained by the equipment supplier and an FAO site engineer has been appointed. Installation works are to start imminently. Heran community irrigation rehabilitation works were completed early in 2006, assisting 180 farming families.

The rehabilitation of the Mussayib Irrigation Scheme had been well under way since the beginning of June 2006 and by July, over 40 per cent of the works had been completed. When completed, this will help 2,500 farming families. The equipment to be supplied and installed at the related Mussayib pumping station (Drain 22) is under manufacture.

In accordance with the UNCT general approach of providing capacity-building for the provision of basic services, 30 Iraqi engineers attended and successfully completed lengthy (6 to 8 weeks) training programmes in Italy and the Netherlands.

In the Marshlands following the installation of \$3.7 million of environmentally sound technology, the supply of clean drinking water to more than 15,000 residents in six villages started. This included the installation of water treatment units to a total nominal capacity of 750 m³/day. This included new installations at five villages using a low-pressure reverse-osmosis treatment system together with rehabilitation of an existing conventional water treatment plant; the installation of water distribution pipeline for a total length of 23 km, with 86 common water distribution points in six villages, and the training of operators who are local residents to operate the water treatment plants. Monitoring and evaluation of the pilot project component was initiated in early January 2006, and since then, three field visits to each of the six pilot sites have been made. The overall response of the residents was of great satisfaction as the plants filled the dire need for potable drinking water in their villages.

Key Progress in Electricity Supply

For short-term electricity supply, Cluster E completed the installation of 43 small diesel generators during April 2006. The generators were installed at water and sanitation facilities, medical clinics, hospitals and workshops and will benefit a large sector of the population in southern Iraq. The rehabilitation of the Um Qasr electrical distribution network is 98 per cent complete and has been handed over to the MoEI, Basrah. The amount of training, however, had to be reduced to take into account the necessary increase in security costs.

Concerning the longer-term rehabilitation work on power stations to ensure a regular supply of power, rehabilitation work continued on four power stations.

Rehabilitation works worth \$15 million have been completed at Hartha power station and annual maintenance was completed on Units 1 and 4 during the reporting period. This has resulted in the expected stability of the Units. After rehabilitation works, the Units have not experienced any tripping on account of equipment failure and 70 per cent of supplied items have already been used by Hartha staff without the need for additional intervention. Mitsubishi supplied valves worth \$800,000 free of cost.

For Taji power station, Iraqi engineers were trained in Japan in April 2006 on both general issues and the Combined Gas Turbine Control System. In order to assist real-time monitoring and advice, the training of Iraqi engineers on the audio/video/telecom satellite-based system was completed in Nicosia. All the pre-site preparatory works have been completed and Hitachi started disconnection works in July 2006. For the Mosul power station, the contract was signed on a turn-key basis with Hitachi Ltd. to supply equipment, transport and installation. Training was undertaken in tandem with Taji.

For Mussayib power station, a contract between UNDP and Hitachi was executed on 11 May 2005 for the provision of goods and services under stage 1. Equipment, in particular long-lead pressure parts components for the boiler, was duly delivered to site in March 2006. The detailed inspection of the equipment of lots 1, 2 and 3 is in progress at Mussayib. A group of 21 staff from the MoEI received three weeks of training in Japan and the Republic of Korea on unit condition assessment, improved maintenance practices and enhanced thermal unit operation. In addition, Hitachi/ Hyundai specialists temporarily based in Amman are monitoring the Unit 1 assessment work. The second stage of the project has been delayed since, following due diligence procedures, it has been determined that the prices requested by Hitachi for the short- and long-lead items are higher than the market would indicate. Resolution will be sought in October/November.

Housing

A total of 814 houses has been rehabilitated (84 in Baghdad, 528 in Basrah, 144 in Najaf and 58 in Samawah) against a target of 2,369 houses. This improved housing benefits approximately 6,000 persons.

Refugees, Internally Displaced Persons and Durable Solutions

Overall delivery of Cluster F (Refugees, Internally Displaced Persons and Durable Solutions) as of 30 June 2006 amounted to approximately \$19.8 million in commitments (100 per cent) and about \$17.5 million (88 per cent) in disbursements. These figures indicate that the small additional resources of \$2 million provided to the Cluster were immediately committed and on their way to disbursement.

In keeping with the targets in the United Nations Assistance Strategy 2004-2006, the Cluster continued the work of ensuring social infrastructure in areas of return and facilitating the delivery of social services, provision of employment generation activities for the benefit of IDPs, and local integration as a durable solution. Two of the three UNDG ITF-funded projects of the Cluster have already been completed and delivery was reported on in previous progress reports. The single ongoing Cluster project is United Nations High Commissioner for Refugees (UNHCR) F8-03, "Return and Reintegration of Iraqis and Others of Concern in Northern Iraq".

During the reporting period, UNHCR partner Shelter For Life, in close cooperation with the local authorities, identified 51 beneficiary families in Dohuk Governorate after intense consultations with the targeted returnee/IDP communities. Land allocation and ownership issues were resolved and the beneficiaries signed agreements to participate in the self-built shelter project and to move to the houses upon completion. Local suppliers were identified and construction materials were delivered to the construction sites. By the end of June, site preparations for all 51 houses and excavation for 41 houses had been completed. Construction activities took off rapidly in July.

Four existing community-based organizations were supported and two new ones were created in six villages in the Soran area, Erbil. As a result, a number of community development initiatives were completed, such as distribution of rubbish bins to over 730 families, mobilization of the community to install electricity power lines and poles, fixing of water taps and repair of potholes in the road. A total of 241 families will be provided with skills training or livelihood grants. Fourteen women graduated from the first two sewing courses in Sardaw 1 and New Jundian.

In line with the local concept and practice of *silfah*, 13 revolving-fund groups were established in five communities in Soran and the first disbursement of funds was to one person in each of the 13 groups. Two more *silfah* groups will be formed in the coming months.

The UNHCR partner International Relief and Development (IRD) established three, independent Legal Aid and Information Centres (LAIC) in Dohuk, Erbil and Sulaymaniyah. The three LAICs have become fully operational since April. In addition to providing information and advice, legal representation in courts is provided in select cases.

Returnee monitoring activities by IRD-trained monitors were carried out and data were regularly entered into the UNHCR database in the three northern governorates. Thus, a total of 1,073 household forms, 87 group forms and 63 village forms were filled out and analysed. The analysis of statistical data, disaggregated by age and sex, for Halabja shows that housing and stable employment are two major hurdles on the way to sustainable reintegration for the great majority of returnees.

IRD conducted a needs assessment of the capacity of the central and regional institutions dealing with property claims and proposed a plan of action. Agreements were signed by IRD to provide nominal fees for

food rations and wheat flour for Turkish-Syrian refugees in Dohuk through a State-run food distribution agency. Similar arrangements were put in place for distribution of kerosene to these refugees.

Concern is growing over the displacement of civilians as a result of intercommunal violence and military operations. According to United Nations and Government of Iraq sources, the number of displaced persons since the Samarra attack on 22 February 2006 exceeds 30,000 families (approximately 200,000 individuals), bringing the country total for all IDPs to over 1.5 million.

While not specifically dealing with refugees and displaced persons, a number of projects dealt with employment and community development issues in remote impoverished rural regions. ESCWA, in close partnership with UN-HABITAT, the International Labour Organization (ILO) and the United Nations Industrial Development Organization (UNIDO), set up two functioning Multipurpose Technology Community Centres. Municipal authorities have donated buildings to host Multipurpose Technology Community Centre and Agricultural Food Processing Unit facilities and have underwritten the cost of rehabilitation work associated with site preparation. Additionally, two workshops were successfully conducted to train the trainers at these facilities.

Work continued to promote cottage industries: 31 men and 13 women were trained as trainers and 167 trainees were trained in non-food-processing technologies and practices. All of the vocational training centre equipment has been purchased and delivered. For the promotion of dairy plants, 18 trainers were trained in good hygienic practices, good manufacturing practices, and hazard-analysis critical control points. A total of 200 people received training in Iraq; based on the training provided, the Food Department of the University of Baghdad is preparing a separate curriculum for dairy experts.

2.3 UNDG Method of Operating in Iraq

The main features of the formulation and selection of projects have been detailed in previous reports. UNDG organizations, together with Iraqi partners, continue, however, to refine processes to develop Iraqi capacity and maximize Iraqi involvement in project identification and formulation both of governmental institutions and civil society. Iraqi involvement in project implementation is also being increasingly maximized. Hurdles to implementation remain, though, and are growing. Adaptations are being made particularly through the increasing use of area-based approaches. However, key issues remain relating to ensuring that the Iraqi administration covers recurrent operational costs of essential services such as health and education. These questions will need to be tackled through the ongoing International Compact process.

2.3.1 Project Cycle

2.3.1.1 Project Identification and Formulation

The Iraq National Development Strategy of July 2005 and the strategies being developed in the areas in which SWGs function serve as the basis for project identification and formulation. The United Nations continues to work closely with the concerned Iraqi line ministries, Iraqi governmental entities, the National Assembly and NGOs on project identification and formulation. Future programming will be realigned with the new priorities of the Government of Iraq that are expected to come out of the International Compact with Iraq.

2.3.1.2 Project Approvals

Ten projects were funded during the reporting period from 1 January 2006 to 30 June 2006 (tables 6 and 7), and one project received substantial further funding, for a total of \$48 million. There were two formal meetings of the UNDG ITF Steering Committee: one on 16 March 2006 and the second on 20 April 2006. These meetings approved eight projects for funding by the UNDG ITF that had all received the approval of

the ISRB. The other two projects went through the fast-track process for Steering Committee approval. The cumulative number of approved projects rose to 93.

Table 6. Projects Approved at the UNDG ITF Steering Committee Meeting on 16 March 2006

Regular Approval			
Project No.	Title	Agency	Budget (\$)
A7-03	Support to the Iraq-Kurdistan Mine Action Centre	UNOPS	2,921,852
B1-20	Basra Leadership Human Rights Awareness	UNOPS/OHR	62,538
C9-19	Human Rights Project for Iraq 2006-2007 – Phase 1	UNAMI OHR/ UNOPS	2,570,000
C10-05	Development of National Gender Statistics in Iraq	ESCWA/UNDP/ UNIFEM	856,553
D2-12	Establishment of Waste Management System in the City of Kirkuk	UNOPS	2,000,000
Fast-track Approval			
G11-13	Empowerment of Women and Youth in Iraq Electoral Process	UNOPS/UN DPA/EAD	2,843,985

Table 7. Projects Approved at the UNDG ITF Steering Committee Meeting on 20 April 2006

Regular Approval			
Project No.	Title	Agency	Budget (\$)
A5-15	Restoration and Modernization of Fish Production in Iraq	FAO	7,312,117
A5-16	Rehabilitation and Development of the National Seed Industry in Iraq	FAO	5,383,460
A5-17	Community Livelihoods and Micro-industry Support in Rural and Urban Areas of Northern Iraq	UNIDO/FAO	5,800,116
Fast-track Approval			
D2-16	Strengthening Immunization Services in Iraq	WHO/ UNICEF	8,162,830

The Government of Iraq, as indeed the UNCT, is reviewing the overall approval process for UNDG ITF projects. In addition to changes at the national level, consideration is also being given to involving

decentralized bodies at the regional or governorate level in the approval process in addition to obtaining approval at the national level by a line ministry and the MoPDC. Such endorsements may better reflect the ongoing decentralization of administration within Iraq and minimize the lack of consistent information and coordination within the Iraqi administration of various United Nations-supported activities.

2.3.1.3 Completion

Two years into the operation of the UNDG ITF, a substantial number of projects are at or near completion despite the considerable hurdles to implementation enumerated in the next section.

As indicated in the previous report, closing a project financially requires the fulfilment of many crucial steps that require substantial time – sometimes up to a year. Specific procedures are foreseen for project closure in the Memorandum of Understanding (MOU) between UNDP as Administrative Agent and Participating UN Organizations. Projects are first declared “operationally completed” and within no more than 12 months would be declared “financially completed”. Between operational and financial closure, the United Nations agencies are required to identify and transfer to the national representatives all project deliverables; submit the narrative completion report documents, files, and materials; and settle all financial obligations and prepare a final expenditure report since no adjustments can be made to a financially completed project.

In addition to the UNESCO-implemented project, “Support for Fair and Professional Media Election Coverage”, which was financially completed by the end of the previous reporting period, two further projects were financially completed during the present reporting period: UNOPS A7-02, “Explosive Ordnance Disposal, Capacity-building and Clearance”, and UNHCR F8-02, “Return and Reintegration of Iraqis and Others of Concern in Southern Iraq”.

Three additional projects were “operationally completed” during this reporting period, making a total of 17 completed projects. The three newly completed projects were:

- **UNOPS E3-07, “Kerbala WTP Rehabilitation of Filter Units”**

Physical works to restore the existing sand filter units at the water treatment facility in Kerbala were completed, including the structural stabilization of the work filter units, rehabilitation of the 10 filters, rehabilitation of the pipe network in filter gallery and recommissioning of all filter units. The security of the water supply for the population of the city has thereby been guaranteed for the foreseeable future. The operational efficiency of the water treatment plant has been radically improved to significantly enhance the quality and quantity of water supplied to the population.

- **UNDP G11-03, “Support to Elections - Phase 3”**

Security was provided up to 15 March 2006 for 8 Electoral Commissioners predominantly in Baghdad but also for field trips to Basrah, Erbil, Kirkuk and Mosul. Twenty-seven security staff (14 of whom were Iraqi nationals) were employed to provide this security. There was considerable skills transfer from the international to the Iraqi staff. The security services component was contracted out to a private security firm, which provided the necessary equipment and personnel to protect the eight Commissioners of the IECI. The IECI procured and managed these services, while UNDP made the necessary funds available for the contract. Similarly, a private firm was contracted to scan registration forms and conduct data entry. This contract was also managed by the IECI as the National Executing Agent.

- **UN-HABITAT E4-11, “Strengthening the Urban Sector”**

The project was completed with the organization of the three stakeholder meetings that were held in mid-May 2006 to review the project draft reports. Subsequent to the meetings, the project consultants and staff prepared a series of final reports: An Action Plan for the Reform of Urban and Land Management; An Action Plan for the Reform of Municipal Finance-related Laws, Policies and Programmes; A Review of Existing Laws, Policies and Programmes in Urban and Land Management; International Best Practices in Urban and Land Management Reform; Local Government Organization in Basrah and Erbil; Planning and Development Control in Basrah and Erbil; A City Development Strategy for Basrah and Erbil; Improving Municipal Financial Management in Basrah and Erbil; and Establishing Public-Private Partnerships for the Delivery of Municipal Services in Erbil. The State of Iraqi Cities Report (co-funded by the Iraqi Government) will be published by the Iraqi Government in October 2006. A draft of this report, which covers in-depth studies of six major cities and profiles of 12 others, was presented at the Third Session of the World Urban Forum in Vancouver in June 2006.

The list of projects already reported as operationally completed in the previous report are provided in annex 3.

2.3.2 Hurdles to Implementation

The UNCT had hoped to have completed more projects during the present reporting period and to have kept up the high rate of expenditure reported during the third reporting period. However, rather than being overcome, the hurdles to implementation identified in previous reports have remained the same while becoming ever higher and sometimes seemingly insurmountable.

2.3.2.1 Increasing Insecurity

Insecurity remains an ever-growing concern for project implementation and can have a severe impact on the implementation of specific projects. Violence and killings in Iraq have escalated in the past seven to eight months, with some 100 people killed in the country every day. Sectarian violence, armed militias and death squads have created a "very worrying deterioration of conditions" for Iraqi civilians. Apart from this, more than 300,000 Iraqis have been displaced since February 2006, when a Shiite shrine in the city of Samarra was bombed, sparking waves of violence. This in turn had a profound impact on a number of interrelated issues. In particular, it is suggested that events have significantly delayed the implementation of the political agenda in Iraq. This has had a notable effect on related economic and social programmes as well as electoral events and their timetables.

The UNDG ITF has sought to address the rehabilitation of Al-Askari shrine as well as the rehabilitation of mosques and churches damaged after the bombing of Samarra. It has also sought to capitalize on the rebuilding process as a symbol for reconciliation and the restoration of security, peace-building and consensus-building.

Two meetings of experts were convened to agree to undertake a quick assessment and provide a tentative work plan for the restoration and rehabilitation of Al-Askari shrines of Samarra and other religious sites in Iraq listed by the MoPDC.

A third meeting was held with a delegation from Samarra to agree on starting the reconstruction of the shrine as soon as possible, providing security in the field for the experts and the workers, protecting the site before and during implementation, and obtaining a list of prioritized projects prepared by the people of Samarra to be submitted to UNESCO and UNDP.

UNESCO has received a written statement signed by all community leaders in both the area and the city of Samarra, whereby they commit themselves to supporting the UNDG ITF project for the reconstruction of the shrine, which is funded by a dedicated contribution from the European Commission. It should be noted, however, that progress on the rehabilitation has been severely delayed by the very same insecurity that the destruction of the shrine unleashed.

The UNDG takes every precaution possible to ensure the safety of project staff. However, it is increasingly difficult to adequately respond to or advise project personnel on the appropriate security precautions to take. The choice of vehicle taken for a monitoring mission can make the difference between life and death – armoured or low-profile – but both approaches have concomitant risks. Armoured vehicles might provide protection against small arms fire but become targets for insurgents with improvised explosive devices. Travelling in a low-profile vehicle often remains the best option but can cause problems at checkpoints and may be deadly if caught in crossfire.

Many suppliers of equipment are now refusing to send staff to Iraq. Consequently, inspection of equipment and training of Iraqis for equipment maintenance and operation were, and will continue for sometime to be, undertaken outside the country. This increases cost and causes delay in implementation. Promoting community participation also becomes very difficult when international or even national NGO execution partners cannot be present on the ground owing to security concerns. Indeed, the whole area of promoting the development of civil society as an essential pillar of a well-functioning democracy is increasingly falling victim to the security situation. In the section on progress on the Constitution, the significant progress in promoting an independent news agency, Aswat al-Iraq, was indicated. As a case study, it is important to understand the security difficulties facing this project, which is featured in the box below.

Case Study of Security-related Concerns in 2006:
UNDP Project C9-10/e, “Involving the Iraqi Media and Journalists in Covering the Constitutional Process”

The project is supporting the development of an independent news agency, Aswat al-Iraq. The security situation in Iraq and for the project worsened sharply after insurgents blew up the shrine in Samarra in February 2006:

- The Aswat al-Iraq news agency correspondent in Mosul was injured by gunfire when she went to cover an attack on a mosque on 24 February. The injuries were not life-threatening and she has since returned to work.
- The Aswat al-Iraq computer support engineer was kidnapped on 3 June outside the agency’s headquarters in Baghdad by armed men, beaten up and interrogated at length on the agency’s operations. He was released after several hours. Soon afterwards, he resigned and moved with his family to Dubai.
- The aforementioned kidnapping was the climax of a series of threats to the office. Guards had noticed a man taking photographs of the office in March and regular observation of the office by particular cars. The Baghdad coordinator was stopped and questioned outside the office by a man who warned her not to return to work there.
- After this, the office was closed. Guards and the cleaner were paid off and furniture and equipment were moved, some to a small office belonging to the Editor-in-Chief, some to the Aswat al-Iraq office in Sulaymaniya.
- The photographer recruited to head the Aswat al-Iraq photo service resigned in July after being threatened outside his home by a man who warned him “not to work with those you don’t know”.
- The Aswat al-Iraq correspondent in Hilla, capital of Babylon Governorate, was threatened and explosives were thrown at his house in May after he wrote a story saying that militiamen had abducted two men from a local hospital. Aswat al-Iraq withdrew the story and organized meetings between the correspondent and the militia, supervised by the local chief of police, to secure guarantees for his future safety.
- The Aswat al-Iraq security advisor, a colonel in the anti-terrorism branch of the Interior Ministry, was shot dead in May. Although the assassination was unconnected to his consultancy for Aswat al-Iraq, it emphasized the rapid increase in violence in Baghdad.
- The Aswat al-Iraq driver in Baghdad was slightly injured and his car badly damaged when he was caught in a suicide car bomb explosion in June.
- Three experienced correspondents decided to leave Baghdad because of worsening security. Another Aswat al-Iraq correspondent previously fled from Basrah.
- The competent administration manager of Aswat al-Iraq resigned and moved to Dubai in June to escape the dangers of Baghdad.
- Senior management of the agency have moved to Cairo.

The project UNDP C9-10/f, “Involving the Iraqi Media and Journalists in Organizing Public Debates on the New Iraqi Constitution”, faced similar problems. For two months following the attack on the Samarra shrine, the NGO Civil Pillar was unable to travel around the country to execute the planned workshops because of the danger of militias and other violence.

2.3.2.2 Difficulties in Decision-making by Iraqi Authorities

Delays in decision-making and arbitrary changes in decisions by Iraqi counterparts to the detriment of timely project implementation remain of concern. The hiatus in leadership change following the December 2005 elections caused much progress simply to stop in its tracks owing to the fear that any key decisions made would simply be overturned by ministerial successors. At levels below that of minister, the high turnover of key focal points continued. The replacement of key officials/directors in essential counterpart ministries led to delays in project progress as new officials were brought up to speed with project progress and in some cases reversed decisions by their predecessors. As building national ownership is an important requirement for UNDG ITF projects, however, waiting for counterpart ministry input at key points cannot be avoided despite the delays sometimes incurred.

At the local level, delay in the start of some projects was due to the belated handing over of sites by the local authorities to the contractor as well as delays in final taking over of projects by the authorities. Further problems have been caused by lack of consensus on technical options for physical rehabilitation works and a slow and cumbersome decision-making process in the local municipalities.

The level of coordination between the local and the national government or even within ministries at the local and national levels remained a fundamental blockage to progress. This is one of the reasons why the UNCT, despite the difficulties with some local authorities, is turning more and more to an area-based development approach.

2.3.2.3 Cost Increases Severely Limiting Project Impact

Rehabilitation works continue to be affected by significant cost escalations as a result of the very limited number of qualified local companies available and the security situation. Contractors' offers have often been significantly higher than estimated market prices, leading to numerous rebidding exercises. Price inflation remained a critical issue, for example in school and health rehabilitation, as offers continue to exceed estimated market prices, further delaying the required works. This constraint is ultimately having an impact on the number of schools or health centres to be rehabilitated within the agreed budget.

Volatility in the prices of raw materials and other basic commodities also had an unfavourable impact on the value of water and sanitation contracts and contributed to several rebidding exercises, adding to delay in the awarding of contracts and subsequent implementation. Border crossing at the Kuwait-Iraq border continues to pose a problem for projects involving the supply/delivery of internationally procured equipment and goods, owing to the frequent imposition of unwarranted customs duties.

2.3.2.4 Lack of Operational Funding for Basic Services

A particularly serious constraint continues to be the lack of adequate operational funding in service ministries such as the ministries of health and education. This issue has been raised in successive UNDG ITF progress reports, with government counterparts and donors but still no solution appears to be in sight. It is imperative that the Government invest in health and education; however, again the ministers of health and education have come to the two United Nations Clusters with requests for urgent assistance, for example for the under-five immunization campaign 2006 and for basic learning materials for the school year 2006-2007. UNDG greatly appreciates the flexibility demonstrated by key donors in meeting such recurring costs although most are legitimately "incremental costs"; however, this issue will need to be addressed as part of the upcoming negotiations on the International Compact.

2.3.3 Project Implementation Mechanisms

The security crisis in Iraq continued in 2006 and has deepened of late. As a result, United Nations international staff involved in the implementation of UNDG ITF-funded projects, except those working on the United Nations support to the constitutional and electoral processes and the preparatory work for the International Compact, continued to operate outside of the country. However, the United Nations Deputy Humanitarian and Reconstruction Coordinator is permanently based in Baghdad, the Deputy Special Representative of the Secretary-General visits regularly, and United Nations Agency Heads and Cluster Coordinators continue to visit Baghdad from time to time on a rotating basis. Large numbers of United Nations national staff continue, however, to work on project implementation in-country. The overall picture on project staff is provided in table 8.

Table 8. Project Staffing Levels, by Cluster, 1 January-30 June 2006

Cluster	International Staff	National Staff
A – Agriculture, Food Security, Environment and Natural Resource Management	18	137
B – Education and Culture	19	154
C – Governance and Human Development	4	94
D – Health and Nutrition	2	41
E – Infrastructure Rehabilitation	19	48
F – Refugees, IDPs and Durable Solutions	-	-
G – Support to Electoral Process	20	42
Total	82	516

The adapted implementation mechanisms described in the three previous progress reports continued to be used. United Nations implementing agencies retain financial and programmatic responsibility and accountability and, as a reflection of this, also the role of initiator and guide for programme implementation. This point is worth re-emphasizing for it ensures that, although national ownership is of the essence in United Nations programmes, when weaknesses are apparent on the Iraqi side, progress in project implementation can still be achieved for the benefit of all those in need of basic services and democratic governance through appropriate guidance and sometimes proactive action. Success in implementation is not hostage to the very weakness – lack of capacities in public administration – that so many of the projects seek to address.

This is also particularly important in view of the clear weaknesses identified in the Iraqi administration and detailed in audits of the Development Fund for Iraq undertaken under the auspices of the International Advisory and Monitoring Board. The 10 August 2006 Summary of Audit Results for 1 July 2005 to 31 December 2005, for example, indicates that there are no comprehensive internal controls, no unified procurement systems, a lack of adequate contract management systems and no independence of internal control. To address these issues, the UNCT continues to place emphasis on capacity development across the board in all line ministries, as indicated in the section on institutional strengthening.

As indicated in previous reports, implementing agencies have had to adapt their standard contracting and supply delivery procedures 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. It is important to note, however, that the effect of these adaptations has been to increase the proportion of projects being implemented by Iraqi local contractors. With \$77 million in contract awards (666 separate contracts), which represents an increase from \$63.5 million for 500 contracts as of 31 March 2006, Iraq is the largest supplier of goods and services, indicating the large volume of national/local

contracting, particularly community-level infrastructure rehabilitation, that is being undertaken in Iraq. This continues to reflect the investment made by the UNCT in opening up procurement to Iraqi contractors. As previously mentioned, however, efforts to involve Iraqi contractors are not always successful. The tendering for the quick-impact project dealing with hazardous waste at the Al-Qadissiya site, for example, was delayed in order to include on the short list firms recommended by the MoEn. However, in the end, no bids were submitted from these companies in the first round. A second round was then launched as the international bid was not within budget. In response to the second round, Iraqi bids were made but these also were not within budget. Finally, the most technically and financially advantageous bid came from a Lebanese company, which was then contracted. Further details and analysis of contracts awarded under the UNDG ITF, based on the contract awards table posted on the UNDG ITF procurement page of the IRFFI web site, are given in section 2.4.3.

2.3.3.1 Monitoring Systems

As indicated in previous reports, monitoring systems used by the United Nations implementing organizations have been adapted to the security situation in Iraq and there have been few significant further adaptations to the now tried and tested methods during the present reporting period. Participating UN Organizations retain responsibility for monitoring and oversight in accordance with their standard implementation modalities; this responsibility is not handed over to a separate monitoring agent. Monitoring is undertaken in close consultation with counterpart line ministries and with their participation. In most cases, a triangular system is used comprising supervision by private contractors combined with that by national staff and government officials overseen by international United Nations staff working in Amman.

The UNICEF operation is a good example of how the system functions. UNICEF has nine well-qualified education staff between the Baghdad, Basrah and Erbil offices, assisted by 10 qualified engineers and 15 monitors hired under an institutional contract. In addition, it has full-fledged operations, supply/logistics and finance support units in Baghdad and Erbil offices that support education as well as other sectoral programmes. They track the arrival of supplies/equipment and supervise the civil works and installation of equipment in various governorates while reporting to the UNICEF staff in Baghdad/Amman for technical guidance and adherence to implementation schedules.

In view of the stage of progress on their major infrastructure projects, Cluster A reported six specific monitoring missions during the reporting period and Cluster E, four. In addition, Cluster G carried out a specific evaluation of its activities leading into its lessons-learned exercise in May 2006.

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

2.3.3.2 Refocusing of Project Implementation Approaches

Reflecting the heightened hurdles to implementation and the limit reached in the possibilities for further adapting the project implementation methodologies of United Nations agencies, the UNCT has most recently been concentrating on revising project approaches in order to be more effective on the ground.

In the Third Progress Report, the innovative area-based approaches pursued by UNDP and UNICEF were explained in some detail. A more integrated, area-based approach in closer partnership with concerned development partners (other United Nations entities, NGOs and local leaders) operational at community levels rather than the implementation of more vertical projects does seem to be leading to greater impact on the health and well-being of the beneficiary population and potential sustainability.

The UNICEF quick-impact project, B1-19, "Integrated Community-based Project to Deliver Quality Basic

Social Services”, which was initiated in September 2005, is making considerable progress, as indicated in the box below. Using the school as a nucleus, UNICEF is helping to improve the access and quality of basic social services in disadvantaged communities around 100 selected schools in six governorates in an integrated manner.

Progress in Area-based Approaches

Considerable progress has been made under the innovative area-based UNICEF project B1-19, “Integrated Community-based Project to Deliver Quality Basic Social Services”.

Assistance to Schools

Contracts were awarded for the rehabilitation of all 110 schools in the 6 governorates. This intervention includes the rehabilitation of water and sanitation facilities in all 110 schools, construction of playgrounds for 47 schools, and rehabilitation of playgrounds for another 53 schools. Furthermore, all 110 schools will be provided with essential sports and recreation materials such as volleyball and football poles and nets and basketball poles and rings, including lining the yards using oil paint.

To date, rehabilitation of 74 schools has already been completed in Baghdad, Basrah, Erbil and Missan Governorates while work is still ongoing in 36 schools in both Thi-Qar and Wassit Governorates.

The procurement of 47,000 student chairs and 23,500 student desks (each for two students) was almost completed as was delivery to the concerned Directorates of Education (DoEds). The delivery process for these supplies is ongoing from the DoEds to the targeted schools. In addition, recreational supplies were procured and delivered to the UNICEF warehouse and are awaiting distribution to the targeted DoEds from which they will be distributed to the 110 schools. Sanitation supplies were also procured. Supplies were deposited in the concerned DoEd warehouses, to be distributed to the targeted schools.

Health Screening

Field visits and screening of 4,500 school children were implemented from 7 to 20 March 2006. Students at primary schools were screened for visual and hearing difficulties. Those who are identified to have problems will be provided with eyeglasses and hearing aids. Students at primary schools screened for bone deformities will be referred to a hospital specialist for further treatment. To support this work, health equipment has been supplied: 42 audiometers with accessories for detection of hearing difficulties; 47 ophthalmoscopes with accessories for detection of visual problems; and 40 Snellen's plastic charts. In addition, training courses were provided to the health teams: 178 orthopaedicians, ophthalmologists, technicians and teachers were trained from the 6 governorates. Two primary health care/maternal and child health training courses were conducted in 5 governorates during the reporting period, and 396 health workers were trained. In Erbil Governorate, the training was completed earlier in December 2005 for 52 primary health care staff; hence the total number of training courses conducted under this project to date is 14 and the trained staff total 448.

Rehabilitation works have been initiated in 9 primary health care centres distributed over 6 governorates. One hundred per cent of the rehabilitation works have been achieved in Basrah, Erbil and Thi-Qar; in Baghdad, 98 per cent; and in Missan, 80 per cent while in Wassit, only 77 per cent have been achieved and work stopped for the last month (the contractor was threatened and UNICEF took the required action to expedite completion of the required rehabilitation).

Following initial needs assessment, some medical supplies and equipment for primary health care/maternal and child health were procured and are being distributed to the selected primary health care centres. Procurement of 17 vehicles was initiated to assist MoH in strengthening primary health care outreach immunization services for over 100,000 people living in remote areas and having no access to basic health services.

Water and Sanitation

Nearly 325,000 people in Baghdad, Erbil and Missan Governorates have enhanced access to water and improved sanitation. The rehabilitation works relating to water treatment plants in Al-Hai, Al-Kut and Al-Numaniyah in Wassit Governorate are nearing completion (91 per cent). Nearly 1,000 one-tonne chlorine cylinders have already been delivered to the respective warehouses in Baghdad, Basrah, Erbil and Wassit Governorates. This would ensure adequate availability of chlorine at all treatment plants within the project area.

The area-based integrated approach of UNDP in its infrastructure rehabilitation work is also demonstrating results. Building on its major infrastructure works offshore at the port of Um Qasr to clear the waterways of wrecks and to dredge the approach channel, the infrastructure team has sought to address comprehensively the basic-services problems of the community in the port and nearby town to ensure sustainable development for the area. Interventions cover electricity supply, water supply and sanitation as well as work on the local hospital to ensure the provision of health care to the community.

UNDP is also developing an integrated area-based recovery and development approach on a regional scale. For example, building on the integrated approach already used in cities in the south, it is currently finalizing an integrated water supply, sanitation and health assessment for the whole of the south of Basrah Governorate, covering the cities of Khor Zubair, Safwa, Shouaiba, Um Qasr and Zubair. The study was carried out in close collaboration with the UNDP counterparts, including town councils, governorate officials and community members. A significant portion of the study consisted of a community survey geared to ensuring that downstream proposals responded to community aspirations and needs. Furthermore, UNDP carried out a comprehensive socio-economic study, assessment and analysis for the same region. The result of the first assessment report is a set of urgently required infrastructure and social services projects that would help the local authorities to identify their needs and assist in further fundraising activities.

The introduction of this innovative approach has not been without its challenges despite the successes noted. One of the challenges that UNICEF faced, for example, stemmed from the fact that the project, despite its area-based focus, was a quick-impact project prepared to an extremely short time frame in consultation with the central ministries, not with the governorate-level directorates, let alone the communities.

Once the project reached the ground with UNICEF area-based monitors (“facilitators”) and engineers, UNICEF found that local authorities, local councils and school headmasters did not have sufficient ownership of the project. In Thi-Qar, in particular, the governorate council barred UNICEF contractors from carrying out the work on the grounds that they had never invited this project. Although it was difficult to determine and compare the level of decentralization in each of the six governorates, the shifting political climate in the country was clearly felt. This was documented through a mid-course review meeting in Amman with the “facilitators”, who brought back feedback from the local councils and community leaders as well as schoolteachers.

UNICEF promptly encouraged the “facilitators” to invest more time and initiative in bringing the local stakeholders on board through whichever locally effective means they knew. As a result, each week, UNICEF has been receiving reports on the progression of discussions with the district-level school supervisors, health directors, local council people and school headmasters. Particular effort has been put into engaging the education authorities to be involved in reactivating the Parent-Teacher Associations as a vehicle to strengthen the community participation in the issues of education. Besides the stakeholder participation efforts, the “facilitators” have been able to give UNICEF an almost photographic description of the lives of the children in the communities and the problems that they face, including unhygienic practices and unmotivated teachers.

While the work of the “facilitators” is equally constrained by the security situation, as it is for any other monitors, the holistic mandate and the delegation of authority to adopt locally acceptable innovations have allowed them to work effectively at the community level, involving various types of stakeholders.

Building on the demonstrated success of this area-based innovative project approach, the UNCT continues to work through its programmatic plans with a new focus on area-based development. It also plans to include relevant governorate and local authorities in approval mechanisms to ensure appropriate local ownership. Numerous missions and regular dialogue throughout the reporting period have resulted in targeting the specific needs of the communities in various regions. As part of this process, UNAMI continued to support the initiative of the MoPDC to enhance coordination and interaction between the provincial and central

authorities on reconstruction and development challenges. As this report is being finalized, a workshop is being planned between senior members of the UNCT and government counterparts to develop a joint priority action plan until the end of 2007 that would target resources using an area-based development approach.

2.4 Financial Status

As Administrative Agent of the UNDG ITF, UNDP officially reports to IRFFI donors on a six-month basis on total contributions (earmarked and unearmarked) received, transfers made to Participating UN Organizations for the implementation of approved projects and the expenditures incurred against these projects.

2.4.1 Donor Contributions to the UNDG ITF

As of 30 June 2006, the UNDG ITF had received gross donor contributions amounting to \$918.63 million, which represents 98 per cent of the total of the commitments made by donors as of this date. Table 9 provides an overview of the overall sources, uses and balance of the UNDG ITF funds as of 30 June 2006.

Table 9. Sources, Uses and Balance of UNDG ITF Funds, 1 January 2004-30 June 2006

	(\$000s)
Source of Funds	
Gross Contributions	918,632
Fund Earned Interest Income	9,702
Agency Earned Interest Income	1,551
Total – Source of Funds	929,884
Use of Funds	
Transfers to Implementing Agencies	808,889
From Donor Contributions	808,589
From Fund Earned Interest	300
Refund of Unutilized Balances on Closed Projects by Implementing Agencies	(6,404)
Administrative Agent Fees	7,451
Direct Costs (Support to Steering Committee/IRFFI Secretariat)	1,378
Other Expenditures from Fund Earned Interest	200
Bank Charges	9
Total – Use of Funds	811,524
Balance of Funds Available	118,360

As of 30 June 2006, \$918.63 million in donor contributions had been deposited into the UNDG ITF account. Of this amount, \$808.89 million (88 per cent) had been transferred to the implementing agencies by 30 June 2006. Additional revenues had also been realized in terms of the interest earned by the UNDG ITF (\$9.7 million) and the earned interest transferred by the agencies to the UNDG ITF (\$1.55 million). While table 9 reflects the Fund earned interest income as of 30 June 2006, the agency earned interest income is for the period ending 31 December 2005. As reported in the Third Progress Report, \$300,000 of the Fund earned interest income financed the humanitarian project, “Pilgrim Stampede Emergency Micro Grant Response” implemented by UNOPS, and a partial payment of \$199,816 to PWC for its review of the UNDG ITF (“Other Expenditures from Fund Earned Interest” in table 9). The final payment of \$49,955 made to PWC in July 2006 will be reported in the next six-month progress report.

The Administrative Agent fee of approximately \$7.45 million charged up front for the entire duration of the

UNDG ITF amounts to 0.81 per cent of the total funds deposited. Costs relating to the UNDG ITF Steering Committee Support Office continue to be charged at a notional rate of 0.15 per cent, based on an estimate of such costs for the four-year life cycle of the Fund. The actual costs will be reported in the final financial report.

At the end of the present reporting period (30 June 2006), the four largest contributors to the UNDG ITF continued to be Japan (\$361 million), the European Commission (\$299 million), the United Kingdom (\$56 million) and Canada (\$46 million), as shown in table 10. Deposits totalling \$15.22 million were received from Australia, Denmark, the European Commission, Greece, Luxembourg, New Zealand and Spain for the period from 1 January to 30 June 2006. In the three months following the reporting period, additional contributions totalling \$197.28 were received of which about \$162.15 million were contributed by the European Commission, \$25.13 million by Spain and \$10 million by Germany. As a result, the total figure for donor deposits increased to \$1,115.92 million as of 30 September 2006 and the European Commission became the largest contributor to the UNDG ITF, followed by Japan, the United Kingdom and Spain.

Table 10. Total Donor Deposits into the UNDG ITF

Donor	Gross Donor Deposits (\$000s)							
	July 2004 to June 2006		July to September 2006		Total July 2004 to September 2006			
	(Donor Currency)	(US\$)	(Donor Currency)	(US\$)	Currency	(US\$)		
Australia	AUD	27,322	20,067	AUD		AUD	27,322	20,067
Belgium	EUR	1,000	1,321	EUR		EUR	1,000	1,321
Canada	CAD	60,000	46,400	CAD		CAD	60,000	46,400
Denmark	DKK	63,183	10,666	DKK		DKK	63,183	10,666
European Commission	EUR	239,350	298,721	EUR	126,248	EUR	365,598	460,876
Finland	EUR	5,000	6,234	EUR		EUR	5,000	6,234
Germany	USD			USD	10,000	USD	10,000	10,000
Greece	EUR	3,000	3,630	EUR		EUR	3,000	3,630
Iceland	USD	500	500	USD		USD	500	500
India	USD	5,000	5,000	USD		USD	5,000	5,000
Ireland	EUR	1,000	1,226	EUR		EUR	1,000	1,226
Italy	EUR	23,900	29,782	EUR		EUR	23,900	29,782
Japan	USD	360,951	360,951	USD		USD	360,951	360,951
Kuwait	USD	5,000	5,000	USD		USD	5,000	5,000
Luxembourg	USD	200	200	USD		USD	200	
	EUR	1,700	2,119	EUR		EUR	1,700	2,319
Netherlands	EUR	5,000	6,697	EUR		EUR	5,000	6,697
New Zealand	NZD	5,000	3,365	NZD		NZD	5,000	3,365
Norway	NOK	45,000	7,009	NOK		NOK	45,000	7,009
Qatar	USD	5,000	5,000	USD		USD	5,000	5,000
Republic of Korea	USD	11,000	11,000	USD		USD	11,000	11,000
Spain	USD	20,000	20,000	USD		USD	20,000	
	EUR	2,000	2,380	EUR	19,600	EUR	21,600	47,509
Sweden	SEK	77,000	10,622	SEK		SEK	77,000	10,622
Turkey	USD	200	200	USD		USD	200	200
United Kingdom	GBP	30,000	55,542	GBP		GBP	30,000	55,542
United States of America	USD	5,000	5,000	USD		USD	5,000	5,000
TOTAL			918,632		197,284		1,115,916	

The Issue of Earmarking under the UNDG ITF

Pursuant to the United Nations regulations and rules, the terms of reference (TOR) for the IRFFI and the LOA signed with IRFFI donors, the UNDG ITF enables donors to provide contributions either as unearmarked or earmarked funds. To date, donor contributions to the UNDG ITF have been received as:

- (a) unearmarked contributions;
- (b) earmarked contributions to finance:

- a specific Cluster(s) or sub-Cluster;
- a specific Participating UN Organization(s);
- a specific Participating UN Organization (s) in a specific Cluster(s); and
- a cross-cutting theme (s).

It is important to underline that earmarking by project is not permitted under the UNDG ITF and that most earmarking is only at the level of the Cluster. Irrespective of the nature of the donor contribution, all projects submitted by Participating UN Organizations to the UNDG ITF Steering Committee require the same review and approval procedure. Thus a project that plans to utilize resources earmarked by a donor to a specific Participating UN Organization in a specific Cluster requires approval by the relevant line ministry, undergoes the same type of Cluster and inter-Cluster review as a project for unearmarked resources, and requires ISRB approval (except for the projects in the Support to Electoral Process Cluster and the constitutional support sub-Cluster, which are approved by the IECI and the Constitution Committee of the National Assembly, respectively). In this way, the UNDG ensures that all projects are in accordance with Iraqi priorities. The distribution of donor contributions earmarked by Cluster and the total of unearmarked contributions are provided in table 11.

Table 11. Donor Contributions, by Cluster/Sub-Cluster and Type of Funds, as of 30 June 2006 (\$000s)

CLUSTER	DEPOSITS		DONOR
	Net Amount (\$000s)	Share of Total Deposits (%)	
Agriculture, Food Security, Environment and Natural Resource Management	91,711	10	Australia, European Commission, Greece, Italy, Japan, Kuwait, Republic of Korea, Sweden
Agriculture, Water Resources and Environment	84,520	9	
Food Security	-	-	
Mine Action	7,191	1	
Education and Culture	125,585	14	European Commission, Ireland, Japan
Governance and Human Development	73,151	8	Australia, Canada, Denmark, European Commission (EC, EC RRM, EC EIDHR), Greece, Finland, Sweden
Governance and Civil Society	20,458	2	
Support to Constitution Process	25,381	3	
Poverty Reduction and Human Development	27,313	3	
Health	69,376	8	European Commission, Japan
Infrastructure Rehabilitation	204,627	22	European Commission, Japan, Luxembourg, Spain
Water and Sanitation	39,909	4	
Infrastructure	164,717	18	
Internally Displaced Persons and Refugees	10,140	1	Australia, Denmark, Republic of Korea
Support to Electoral Process	214,854	24	Australia, Belgium, Canada, Denmark, European Commission (EC, EC RRM, EC EIDHR) Finland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Republic of Korea, Spain, Sweden, United Kingdom
Total EARMARKED Funds	789,444	87	
Total UNEARMARKED Funds	120,358	13	Canada, Greece, Iceland, India, Japan^a, New Zealand, Norway, Qatar, Turkey, United Kingdom^b, United States
Total Funds	909,802		

Notes:
^a Although earmarked for "employment creation", treated as "unearmarked" since it could fund activities from various Clusters that promote "employment creation".
^b Earmarked to 10 of the 11 original United Nations Clusters but with inter-Cluster allocation left to the UNDG ITF.

Approximately 87 per cent of all donor contributions were received as earmarked contributions to a particular Cluster/sub-Cluster/cross-cutting theme and/or specific Participating UN Organization(s). As of 30 June 2006, net contributions earmarked to various Clusters and/or Participating UN Organizations amounted to \$789.44 million and unearmarked contributions totaled approximately \$120.36 million. While unearmarked contributions are clearly more preferable to earmarked funds, in the case of the UNDG ITF earmarking is based on Iraqi priorities rather than being solely a reflection of donor preferences.

Based on the Iraqi Strategic Review Board-approved United Nations Assistance Strategy 2004-2006 document presented to the IRFFI Donor Committee meeting of February 2004, donors provided to the UNDG ITF an initial contribution of \$425 million by 30 June 2004 (\$306 million earmarked and \$118 million unearmarked). In the absence of rigorous prioritization by the Iraqi authorities, the United Nations considered all of the 11 original Clusters on an equal footing, with donors subsequently funding the Clusters that matched their respective assistance strategy for Iraq. As Iraqi priorities were refined over time in the National Development Strategy of October 2004 and subsequently in the revised National Development Strategy presented to the July 2005 Dead Sea Donor Committee meeting, donor earmarking followed suit. The Minister of Planning and Development Cooperation in July 2005 stressed the issue of support to basic services; consequently, donor earmarking concentrated on these areas. In addition, it should be noted that the UNDG ITF unearmarked resources have also largely been used to fund the Iraqi emphasized basic services priorities similar to the use of earmarked contributions.

Table 12. Comparison of Contributions Received and Funds Approved, Expended, Committed and Disbursed, by Basic Services Clusters and Support to Electoral Process Cluster in Relation to Total for All Clusters, as of 30 June 2006 (\$000s)

Cluster	Total for All Clusters	Basic Services				Total Basic Services Clusters	Total Basic Services as % of Total for All Clusters	Support to Electoral Process	Total Basic Services as % of Total for All Clusters w/o Support to Electoral Process	Total Basic Services plus Support to Electoral Process	Total Basic Services plus Support to Electoral Process as % of Total for All Clusters
		Education and Culture	Health and Nutrition	Water and Sanitation	Infra-structure and Housing						
Net Donor Contributions	909,802	125,585	69,376	39,909	164,717	399,588	43.9	214,854	57.5	614,442	67.5
Approved Earmarked Funding	682,988	116,281	57,775	31,489	162,339	367,884	53.9	177,615	72.8	545,499	79.9
Approved Unearmarked Funding	119,197	545	38,384	8,154	20,669	67,751	56.8	(159)	56.8	67,593	56.7
Expenditure	599,644	93,712	68,459	30,968	121,449	314,587	52.5	167,222	72.8	481,810	80.3
Commitment	620,521	100,216	72,557	31,946	130,057	334,776	54.0	163,302	73.2	498,078	80.3
Disbursement	499,031	83,747	53,755	21,568	88,612	247,682	49.6	156,523	72.3	404,205	81.0
Number of Projects	93	16	12	7	11	46	49.5	9	54.8	55	59.1

Table 12 shows that 54 per cent of earmarked funding has gone to basic services. If the contribution (\$214.85 million) and expenditure (\$167.22 million) figures for the “Support to Electoral Process” Cluster (another major Iraqi priority) were deducted from the total contribution (\$909.8 million) and expenditure (\$599.64 million) figures for all Clusters, the percentages represented by basic services would increase to 57.5 per cent and 72.8 per cent, respectively. Furthermore if the totals for basic services and elections – the two major Iraqi priorities – are combined, these two categories represent approximately 80 per cent of both total approved earmarked funding and of expenditure.

The distribution of the funding and expenditure within the basic services and other Clusters is given in figures 2 and 3, respectively.

Figure 2. Funding (Earmarked and Unearmarked) for Basic Services and Other Clusters, as of 30 June 2006 (\$000s)

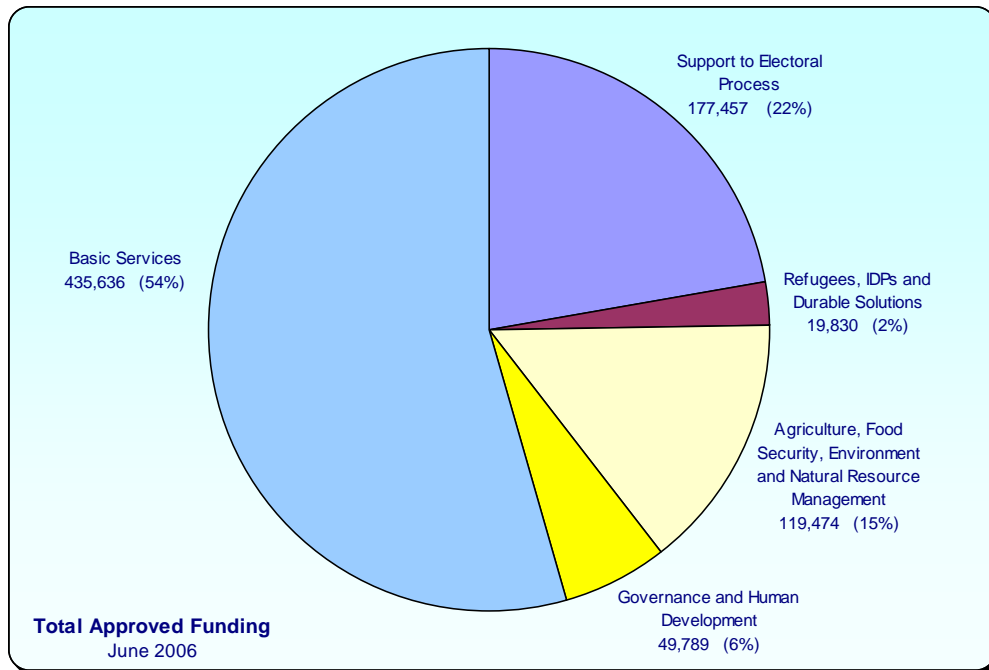
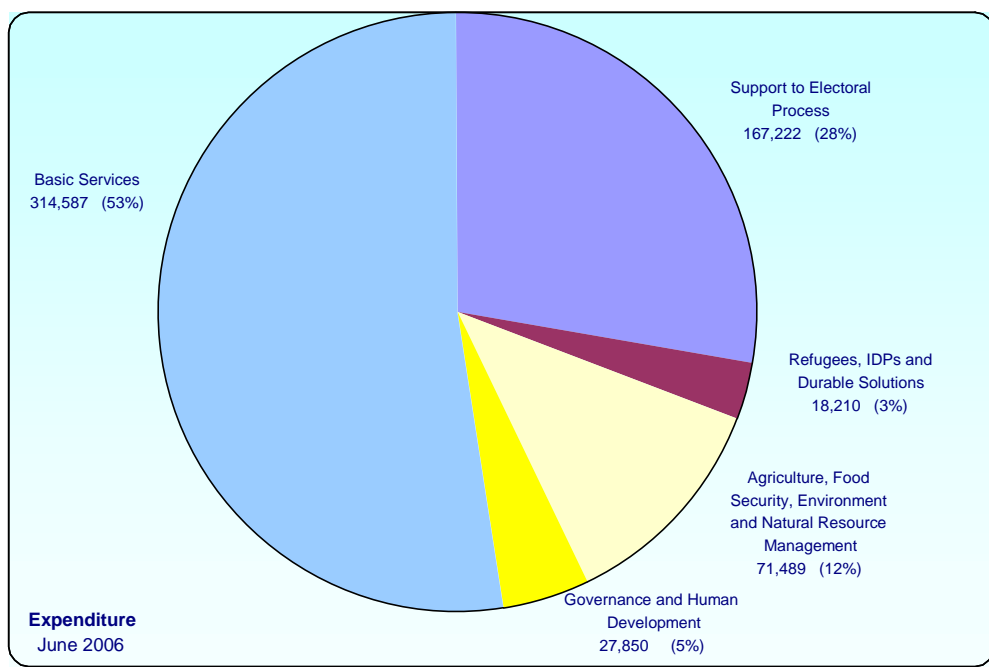


Figure 3. Distribution of Expenditure by Basic Services and Other Clusters, as of 30 June 2006 (\$000s)



As of the end of the reporting period under review, three projects (G11-07/UNESCO, A7-02/UNOPS and F8-02/UNHCR) had been operationally and financially closed and the unutilized balance, if any, had been refunded to the UNDG ITF. The refund becomes an additional source of income and augments the UNDG ITF resources available to fund new activities. Since neither the IRFFI TOR nor the LOA concluded by UNDP as Administrative Agent of the UNDG ITF provided specific guidelines on how to account for refunds from completed approved projects, the following UNDP proposal was presented to UNDG ITF donors in the UNDG ITF Third Progress Report reviewed at the United Nations/World Bank briefing meeting held in Amman, Jordan, on 24 May 2006:

- to maximize the ability of the United Nations to respond readily to priorities of the new Iraqi Government and in view of the fact that past unearmarked donor contributions have co-funded activities funded from Cluster and/or agency-level earmarked contributions, refunds of unutilized balances from completed projects that are equal to or less than \$1 million be deposited back into the “unearmarked” category of funds;
- refunds from completed projects exceeding \$1 million be redeposited into the earmarked Cluster or sub-Cluster account from which the project was originally funded;
- refunds in excess of \$1 million from a completed project that was originally funded from an agency-level earmarked contribution be redeposited as an earmarked contribution to the specific agency in line with the original decision of the contributing IRFFI donor; and
- refunds on projects funded from Fund and/or agency earned interest be returned to the relevant Earned Interest account.

In the absence of objections from any donors, the above proposals were implemented as of July 2006.

2.4.2 Transfer of Approved Funding to Implementing Agencies

As of 30 June 2006, the UNDG ITF had funded a total of 93 approved projects amounting to approximately \$802.49 million (total approved \$808.89 million less refund of unused funds), or 88 per cent of the total net deposited funds. Approximately \$682.99 million were from earmarked contributions, \$119.20 million were from unearmarked contributions and \$0.30 million was from interest earned by the UNDG ITF (“Pilgrim Stampede Emergency Micro Grant Response” project). The distribution of approved funding, consolidated by Cluster, type of funds and reporting period, is summarized in table 13 and figure 4.

Table 13. Distribution of Approved Funding, by Cluster and Type of Funds (\$000s)

CLUSTER	as of 30 June 2006					as of 30 September 2006		
	Earmarked (\$000s)	Unearmarked (\$000s)	Total (\$000s)	% of Total Approved Funding	No. of Projects	Total (\$000s)	% of Total Approved Funding	No. of Projects
Agriculture, Food Security, Environment and Natural Resource Management	81,495	37,979	119,474	15	16	124,507	14	19
Agriculture, Water Resources and Environment	77,552	28,659	106,212	13	13	108,048	13	15
Food Security	0	7,000	7,000	1	1	7,000	1	1
Mine Action	3,943	2,319	6,262	1	2	9,458	1	3
Education and Culture	116,281	545	116,826	15	16	152,984	18	19
Governance and Human Development	49,789	0	49,789	6	18	53,916	6	19
Governance and Civil Society	18,480	0	18,480	2	7	18,480	2	7
Support to Constitution Process	24,264	0	24,264	3	6	24,264	3	6
Poverty Reduction and Human Development	7,045	0	7,045	1	5	11,171	1	6
Health and Nutrition	57,775	38,384	96,159	12	12	107,664	12	14
Infrastructure Rehabilitation	193,828	28,823	222,651	28	18	224,730	26	19
Water and Sanitation	31,489	8,154	39,643	5	7	41,722	5	8
Infrastructure and Housing	162,339	20,669	183,008	23	11	183,008	21	11
Refugees, IDPs and Durable Solutions	6,204	13,625	19,830	2	3	19,830	2	3
Support to Electoral Process	177,615	(159)	177,457	22	9	177,457	21	9
Emergency Response Project	0	0	300	0	1	300	0	1
TOTAL	682,988	119,197	802,486		93	861,387		103

For the period from 1 January to 30 June 2006, additional funding of \$47.78 million was approved for 11 new projects along with additional funding for previously approved projects. Four of the projects, amounting to \$33.07 million, were funded in the Agriculture, Food Security, Environment and Natural Resources Management Cluster, three projects totalling \$6.06 million in the Governance and Human Development Cluster, two projects for \$10.16 million in the Health and Nutrition Cluster and one each in the Education and Culture and Support to Electoral Process Clusters. The total level of approved funding in the Infrastructure Rehabilitation Cluster decreased by \$6.24 million, representing funds refunded by UNIDO for the project "Rehabilitation of Chlorination Production Facilities in Iraq for Water and Sanitation".

For the period from 1 July to 30 September 2006, additional contributions totalling approximately \$197.28 million were received, of which a large amount (\$162.15 million) was contributed by the European Commission at the end of August, thus making it programmable for the latter half of 2006. During this period, 10 new projects were funded for a total of \$58.90 million. These were in the Education and Culture (\$36.16 million), Health and Nutrition (\$11.51 million), Agriculture, Food Security, Environment and Natural Resource Management (\$5.03 million), Governance and Human Development (\$4.13 million) and Infrastructure Rehabilitation (\$2.08 million) Clusters.

Figure 4. Distribution of Approved Funding, by Reporting Period (\$000s)

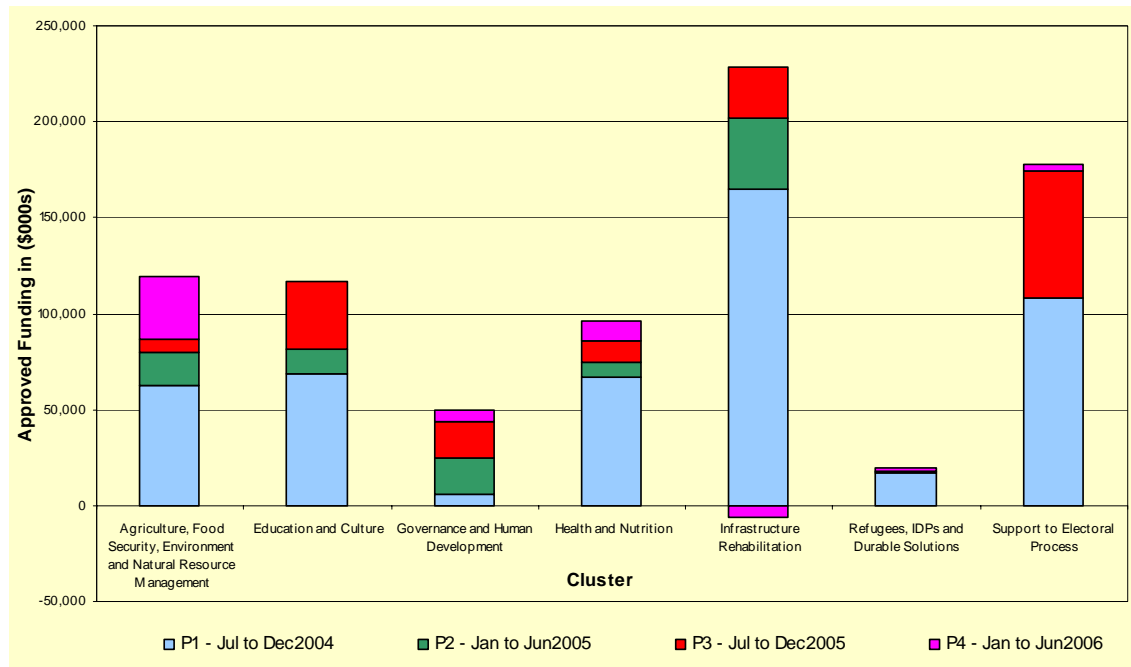
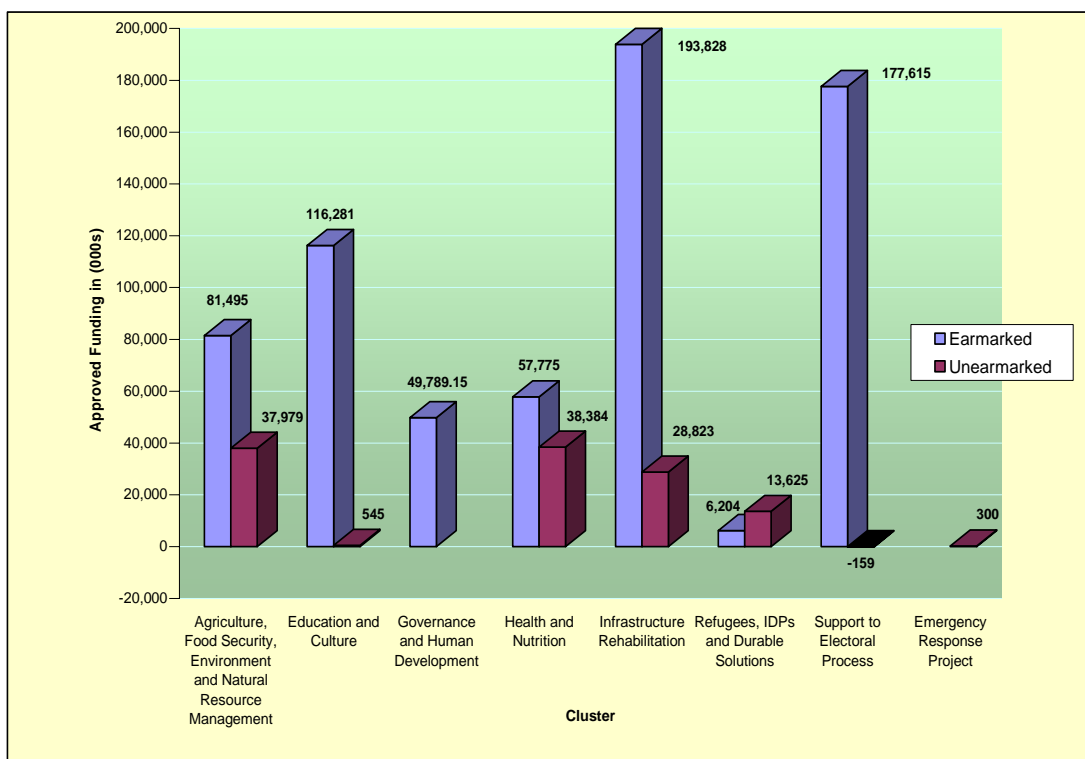


Figure 5 shows the distribution of earmarked and unearmarked funds, by Cluster, and indicates that the Health and Nutrition; Agriculture, Food Security, Environment and Natural Resource Management; Infrastructure Rehabilitation; and Refugees, Internally Displaced Persons and Durable Solutions Clusters received the bulk of the unearmarked resources while the Education and Culture, Governance and Human Development, and Support to Electoral Process Clusters have been funded mainly through earmarked funds. This would indicate that, with the exception of the Health and Nutrition Cluster, donor earmarking has fairly accurately mirrored the Government’s emphasis on basic services. Even in the case of health, the large proportion of unearmarked funds reflects the availability of considerable unearmarked resources in the initial stages of the UNDG ITF, which were used for this priority area. Later donor contributions earmarked by Cluster reflected accurately the needs in the Health and Nutrition Cluster.

Figure 5. Use of Earmarked and Unearmarked Funds, by Cluster, as of 30 June 2006 (\$000s)



As indicated in table 14, UNDP and UNOPS are the two organizations that have received the largest share of the total funding (\$247.73 million and \$147.83 million, respectively). They are responsible for implementing projects mainly in the following Clusters: Infrastructure Rehabilitation, Support to Electoral Process (on behalf of the United Nations Department of Political Affairs Electoral Assistance Division), and Governance and Human Development. UNICEF continues to be the third major recipient of UNDG ITF funds, having received about \$92.78 million as at the end of the present reporting period. WHO and FAO are the fourth and fifth largest recipients of donor contributions at \$79.01 million and \$73.49 million, respectively, with projects implemented mainly in the Clusters that they lead: Health and Nutrition and Agriculture, Food Security, Environment and Natural Resource Management. It is also notable that a number of smaller, more specialized Participating UN Organizations have also been able to obtain funding through the UNDG ITF mechanism for specifically targeted projects, e.g., ESCWA and ILO. Without the existence of the UNDG ITF, resource mobilization for these valuable contributions would have been more costly for all stakeholders.

Table 14. Approved Funding and Number of Projects, by Agency, as of 30 June 2006 (\$000s)

AGENCY	APPROVED FUNDING (\$000s)			
	30 June 2006		30 September 2006	
	Amount	No. of Projects	Total	No. of Projects
ESCWA	8,340	4	8,340	4
FAO	73,485	7	75,322	7
ILO	321	1	321	1
UNDP	247,732	21	251,948	23
UN DPA/EAD	7,802	1	7,802	1
UNEP	16,605	3	16,605	3
UNESCO	31,414	11	33,739	12
UNFPA	12,603	1	12,603	1
UN-HABITAT	49,375	6	56,007	7
UNHCR	10,088	2	10,088	2
UNICEF	92,784	5	121,044	8
UNIDO	14,522	4	14,522	4
UNIFEM	3,575	2	3,575	2
UNOPS	147,827	15	151,953	16
WFP	7,000	1	11,999	2
WHO	79,013	9	85,519	10
TOTAL	802,486	93	861,387	103

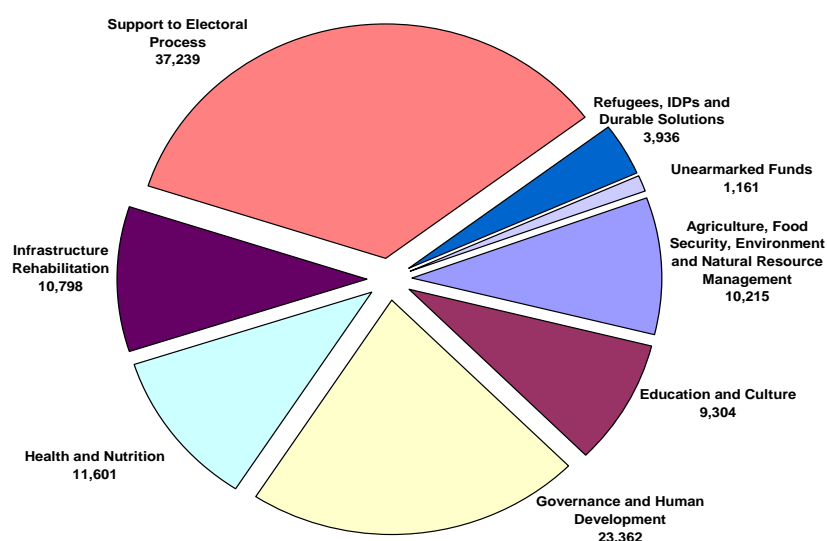
Of the available balance of \$107.62 million as of 30 June 2006, a sizeable amount (viz. \$37 million) is in the Support to Electoral Process Cluster. As indicated in section 3.7, UNDG ITF Funding Issues, the use of this balance is awaiting the creation of the permanent Electoral Commission. A breakdown of the balance of funds, by Cluster and type of funds, is given in table 15 and figure 6.

With the receipt of approximately \$162.15 million from the European Commission, \$10 million from Germany and \$25 million from Spain in the third trimester of 2006, the net available balance as at 30 September 2006 increased to \$244.17 million. These resources will be programmed in accordance with the United Nations Assistance Strategy 2006-2007 and its adaptations to the International Compact process.

Table 15. Balance of Funds, Earmarked by Cluster and Sub-Cluster (\$000s)

CLUSTER	BALANCE OF FUNDS	
	END JUN 2006	END SEPT 2006
Agriculture, Food Security, Environment and Natural Resource Management	10,215	29,422
Agriculture, Water Resources and Environment	6,967	29,370
Food Security	0	0
Mine Action	3,248	52
Education and Culture	9,304	37,707
Governance and Human Development	23,362	75,317
Governance and Civil Society	1,978	26,881
Support to Constitution Process	1,117	13,054
Poverty Reduction and Human Development	20,267	35,382
Health and Nutrition	11,601	30,395
Infrastructure Rehabilitation	10,798	26,899
Water and Sanitation	8,420	24,521
Infrastructure and Housing	2,378	2,378
Refugees, IDPs and Durable Solutions	3,936	3,936
Support to Electoral Process	37,239	39,156
Unearmarked Funds	1,161	1,343
TOTAL	107,616	244,174

Figure 6. Distribution of Balance of Funds, as of 30 June 2006 (\$000s)



2.4.3. Expenditure

The expenditure for the period from 1 January to 30 June 2006 (the fourth reporting period on the UNDG

ITF) is a mid-year expenditure figure, and it is at best an approximation for the reporting period. Official figures for 2006 will be finalized at year end.

During the fourth six-month reporting period (P4), a total of \$90.49 million was expended, bringing the cumulative expenditure as reported by implementing agencies from inception to 30 June 2006 to \$599.64 million, or approximately 75 per cent of the total approved funding of \$802.49 million. Table 16 and figure 7 provide a summary of total expenditure by reporting period (P1, P2, P3 and P4) and by the ten expenditure categories used by the UNDG ITF as recommended by the UNDG Financial Policies Working Group for such multi-donor trust funds (MDTFs). Further details of expenditure incurred within each Cluster and by each agency are provided in tables 17 and 18, respectively.

Table 16. Summary of Total Expenditure, by Category and Reporting Period (\$000s)

CATEGORY	TOTAL EXPENDITURE					
	P1	P2	P3	P4	July 2004-June 2006	% of Total Programme Costs
Personnel	3,619	12,381	7,504	8,701	32,205	5.6
Contracts	47,819	93,393	111,857	37,071	290,140	50.9
Training	2,413	3,624	8,905	4,411	19,353	3.4
Transport	303	326	147	2,164	2,940	0.5
Supplies and Commodities	41,001	7,351	38,975	(321)	87,005	15.3
Equipment	12,888	38,389	28,715	29,767	109,759	19.2
Travel	658	2,483	2,393	2,566	8,101	1.4
Security	672	661	1,363	1,355	4,051	0.7
Miscellaneous	3,047	6,750	5,020	2,152	16,968	3.0
Total Programme Costs	112,419	165,358	204,879	87,866	570,522	-
Total Indirect Support Costs	6,579	4,642	15,276	2,624	29,121	5.1
TOTAL Expenditure	118,997	170,001	220,155	90,490	599,644	

Notes:

- (a) Total expenditure for P1 and for P3 has been adjusted from what was previously reported to reflect a reduction of \$3.6 million for 2004 and an increase of \$2.4 million for 2005 as a result of the revisions made by UNDP.
- (b) For P4, expenditures in excess of funded amounts have been reported by some organizations and will be adjusted at year-end 2006.
- (c) For P4, indirect support-cost expenditures have been charged on total project budget amounts instead of on actual expenditures by some agencies as per their Rules and Regulations. While some agencies will adjust these costs at the end of their biennium, others will not.
- (d) Changes to expenditure within categories for P1 and P3 have been made by some agencies from what was previously reported.

Analysis of Expenditure for the Period from 1 July 2004 to 30 June 2006

Similar to the earlier reporting periods (P1, P2 and P3), during P4, procurement of contractual services continued to account for the largest share (\$37.07 million) of total expenditure, followed by equipment (\$29.77 million). Overall, these two categories of expenditure accounted for 76 per cent of total programme costs. However, the total expenditure for P4 has been below the amounts reported in the previous periods, which is most likely attributable to the increasing security challenges and more difficult operating environment on the ground.

As shown in figure 7, overall, the balance of expenditure between categories continued to be consistent throughout all four reporting periods. The greatest variation occurred in “supplies and commodities”, which showed a significant drop in P4 due to the reclassification by the United Nations Population Fund (UNFPA) and UNICEF of their previously reported figures for this category to contracts, equipment, and security. There was also some variation in “transport” since UNDP and WFP reported a higher expenditure for this category during the reporting period under review.

Cumulative total security costs account for only 0.7 per cent of total programme costs in comparison with the UNDG ITF guidelines for United Nations agencies that permits charging security costs of up to a maximum ceiling of 2 per cent of total project expenditure. As explained in earlier progress reports, the main reasons for the unusually low percentage of total programme costs attributed to security compared to costs incurred under comparable bilaterally funded programmes in Iraq are:

- (a) The United Nations implementation mechanism relies exclusively on the use of national staff, line ministries and local contractors. Presently, there are no United Nations international staff in Iraq (except those in Baghdad providing time-bound service under the United Nations support to the constitutional and electoral programmes of Iraq) directly implementing projects, as is the case in other countries where the United Nations implements comparable projects. If they had been, security costs would have been substantially higher.
- (b) Only security costs that are attributable to the direct cost of the United Nations agencies delivering the project services are captured under the security expenditure category reported herein. As a result, the substantial security cost incurred by the United Nations or on behalf of the United Nations by the multinational forces in support of the key political and overall coordination work of the United Nations in Baghdad, Basrah and Erbil are not included. The argument here is that even without the UNDG ITF-funded reconstruction projects, the United Nations would have incurred these security costs in carrying out its political mandate and as such, these costs cannot be attributable to UNDG ITF-funded projects.
- (c) The current difficult security situation has resulted in national staff doing their work with great discretion. This has in fact led to minimal use of large-scale office buildings, project vehicles, etc. (as is usually the case in other countries), which has again lowered security costs that otherwise might have been higher.
- (d) Finally, in delivering goods and services, some contractors may have included security costs as part of the overall contract costs and they may not necessarily have been captured in the agencies’ “security” expenditure category.

Expenditure for personnel between 1 January and 30 June 2006 totalled \$8.7 million. Overall, this category of expenditure accounts for 5.6 per cent of total programme costs, which is quite low owing to the continued use of an increased number of national rather than international personnel in the implementation of UNDG ITF-funded projects. A rate of 5.6 per cent for personnel costs is relatively low in comparison to the expenditure rates for comparable programmes in Iraq, particularly those that are bilaterally funded.

Indirect support-cost expenditures have been charged on total project budget amounts instead of on actual expenditures by a few agencies as per their Rules and Regulations, with appropriate adjustments to be made upon project completion. The rate of indirect support costs charged by implementing agencies to date, however, is still only 5.1 per cent, which is close to the floor of the 5 to 9 per cent range and below the 7 per cent average rate foreseen in the LOA and MOU.

Figure 7. Distribution of Total Expenditure, by Expenditure Category and Reporting Period

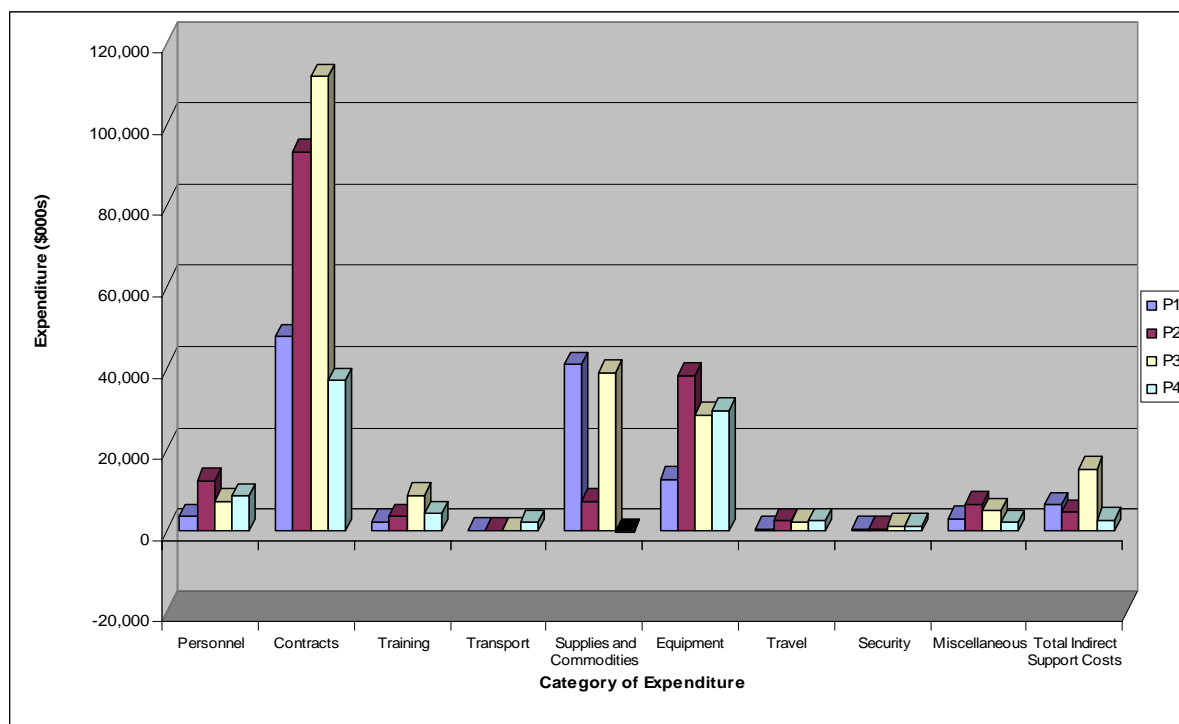


Table 17. Summary of Total Expenditure, by Cluster, as of 30 June 2006 (\$000s)

CLUSTER	APPROVED FUNDING		EXPENDITURE				July 2004-June 2006	% of Approved Funding
	Amount	No. of Projects	P1	P2	P3	P4		
Agriculture, Food Security, Environment and Natural Resource Management	119,474	16	10,390	23,804	30,934	6,360	71,489	60
Agriculture, Water Resources and Environment	106,212	13	10,390	16,482	30,293	4,456	61,621	58
Food Security	7,000	1	0	3,982	641	1,903	6,526	93
Mine Action	6,262	2	0	3,341	0	1	3,341	53
Education and Culture	116,826	16	29,403	12,144	40,558	11,607	93,712	80
Governance and Human Development	49,789	18	2,780	5,596	15,142	4,332	27,850	56
Governance and Civil Society	18,480	7	2,380	1,804	968	1,213	6,364	34
Support to Constitutional Process	24,264	6	0	3,558	13,810	1,824	19,192	79
Poverty Reduction and Human Development	7,045	5	400	234	364	1,296	2,294	33
Health and Nutrition	96,159	12	16,399	14,889	24,453	12,718	68,459	71
Infrastructure Rehabilitation	222,651	18	12,573	52,794	39,925	47,124	152,416	68
Water and Sanitation	39,644	7	1,441	2,980	21,000	5,547	30,968	78
Infrastructure	183,008	11	11,133	49,813	18,925	41,577	121,449	66
Refugees, IDPs and Durable Solutions	19,830	3	8,889	5,614	3,157	550	18,210	92
Support to Electoral Process	177,457	9	38,563	55,159	65,772	7,728	167,222	94
Emergency Pilgrim Stampede Micro Grant	300	1	0	0	214	72	286	95
TOTAL	802,486	93	118,997	170,001	220,155	90,490	599,644	75

Table 17 shows that the four Clusters with the highest reported expenditure during the present reporting period are: Infrastructure Rehabilitation (\$47.12 million), Health and Nutrition (\$12.72 million), Education and Culture (\$11.61 million) and Support to Electoral Process (\$7.73 million), reflecting the UNDG ITF

emphasis on basic services delivery and support to the electoral process. This is also consistent with the overall rate of expenditure as a percentage of approved funding, which remained the highest for these Clusters, with Infrastructure Rehabilitation (68 per cent), Health and Nutrition (71 per cent), Education and Culture (80 per cent) and Support to Electoral Process (94 per cent). The Refugees, IDPs and Durable Solutions Cluster also recorded a very high total expenditure rate of 92 per cent. Noteworthy during the reporting period was the significant increase in expenditure in the Infrastructure sub-Cluster from \$19 million to \$42 million, owing to the accelerated implementation reported by UNDP and UN-HABITAT.

Table 18. Summary of Total Expenditure, by Agency, as of 30 June 2006 (\$000s)

AGENCY	APPROVED FUNDING		EXPENDITURE					
	Amount	No. of Projects	P1	P2	P3	P4	July 2004-June 2006	% of Approved Funding
ESCWA	8,340	4	418	278	334	3,180	4,210	50
FAO	73,485	7	8,886	10,441	17,701	2,209	39,237	53
ILO	321	1	84	186	37	6	312	97
UNDP	247,732	21	48,487	54,823	31,357	41,360	176,026	71
UN DPA/EAD	7,802	1	704	1,309	1,906	493	4,412	57
UNEP	16,605	3	1,127	3,023	8,254	1,303	13,707	83
UNESCO	31,414	11	5,820	4,402	9,636	2,595	22,454	71
UNFPA	12,603	1	2,705	466	3,366	1,288	7,825	62
UN-HABITAT	49,375	6	2,093	10,944	15,076	10,100	38,212	77
UNHCR	10,088	2	5,225	1,189	1,703	485	8,601	85
UNICEF	92,784	5	23,043	2,471	42,920	5,341	73,774	80
UNIDO	14,522	4	66	1,752	3,650	1,675	7,144	49
UNIFEM	3,575	2	716	543	1,166	378	2,803	78
UNOPS	147,827	15	5,254	58,542	60,529	7,836	132,161	89
WFP	7,000	1	0	3,982	641	1,903	6,526	93
WHO	79,013	9	14,371	15,650	21,881	10,338	62,239	79
TOTAL	802,486	93	118,997	170,001	220,155	90,490	599,644	75

To date, the four agencies that have received the major share of the funding (71 per cent) – UNDP, UNICEF, UNOPS and WHO – also account for the bulk of the total expenditure (74 per cent). Agencies such as ILO, UNEP, UNHCR, UNICEF, UNOPS and WFP also have reported high implementation rates, with expenditure at or above 80 per cent of approved funding (table18).

Table 19. Total Expenditure, by Cluster, with Breakdown by Category, 1 January 2006-30 June 2006 (\$000s)

CLUSTER	TOTAL FUNDED (\$000s)	EXPENDITURE (Jan to Jun 2006)		EXPENDITURE by CATEGORY (\$000s)										
		(\$000s)	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs	
Agriculture, Food Security, Environment and Natural Resource Management	119,474	6,360	5	2,988	1,028	694	646	473	58	346	101	757	(730)	
Agriculture, Water Resources and Environment	106,212	4,456	4	1,890	889	672	0	473	646	183	125	423	(843)	
Food Security	7,000	1,903	27	1,098	140	22	646	0	(589)	162	(22)	335	113	
Mine Action	6,262	1	0	0	0	0	0	0	1	2	(2)	0	0	
Education and Culture	116,826	11,607	10	1,078	7,041	800	17	1,205	415	84	107	74	785	
Governance and Human Development	49,789	4,332	9	682	1,468	384	(104)	263	186	862	37	165	388	
Governance and Civil Society	18,480	1,213	7	37	681	0	0	0	25	167	12	25	265	
Support to Constitutional Process	24,264	1,824	8	272	647	134	(104)	5	3	685	25	109	47	
Poverty Reduction and Human Development	7,045	1,296	18	372	141	250	0	259	158	9	0	31	76	
Health and Nutrition	96,159	12,718	13	862	2,983	2,347	50	831	3,340	1	502	635	1,166	
Infrastructure Rehabilitation	222,651	47,124	21	1,707	19,032	187	1,556	(3,099)	25,768	868	46	250	810	
Water and Sanitation	39,644	5,547	14	457	3,812	(7)	1,556	(3,115)	2,203	189	30	87	335	
Infrastructure and Housing	183,008	41,577	23	1,250	15,220	194	0	15	23,566	679	16	163	475	
Refugees, IDPs and Durable Solutions	19,830	550	3	138	343	0	0	(1)	0	5	(1)	29	36	
Support to Electoral Process	177,457	7,728	4	1,245	5,106	0	0	7	(1)	400	564	239	168	
Emergency Pilgrim Stampede Micro Grant	300	72	24	0	69	0	0	0	0	0	0	3	0	
TOTAL	802,486	90,490	11	8,701	37,071	4,411	2,164	(321)	29,767	2,566	1,355	2,152	2,624	
				<i>Percentage of Total Programme Costs</i>	<i>9.9</i>	<i>42.2</i>	<i>5.0</i>	<i>2.5</i>	<i>(0.4)</i>	<i>33.9</i>	<i>2.9</i>	<i>1.5</i>	<i>2.4</i>	<i>3.0</i>

Note: Negative expenditure reported in the Supplies and Commodities category relates to adjustments made by UNFPA and UNICEF due to reclassification of expenditure for the current period.

Table 20. Total Expenditure, by Agency, with Breakdown by Category, 1 January 2006-30 June 2006 (\$000s)

AGENCY	TOTAL FUNDED (\$000s)	EXPENDITURE (Jan to Jun 2006)		EXPENDITURE by CATEGORY (\$000s)									
		(\$000s)	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
ESCWA	8,340	3,180	38	555	170	308	3	1,493	391	19	3	51	188
FAO	73,485	2,209	3	1,197	153	497	0	473	210	106	105	389	(920)
ILO	321	6	2	0	0	5	0	0	0	0	0	0	0
UNDP	247,732	41,360	17	252	12,106	0	1,452	(1)	25,687	1,293	1	153	416
UN DPA/EAD	7,802	493	6	206	145	0	0	0	0	111	0	31	0
UNEP	16,605	1,303	8	410	748	0	0	0	12	29	0	26	77
UNESCO	31,414	2,595	8	509	843	812	0	0	126	74	1	87	143
UNFPA	12,603	1,288	10	(64)	820	354	0	(2,233)	1,967	(37)	451	(8)	38
UN-HABITAT	49,375	10,100	20	1,329	7,548	194	0	16	(0)	255	16	94	648
UNHCR	10,088	485	5	108	343	0	0	0	0	0	0	0	34
UNICEF	92,784	5,341	6	562	7,153	81	14	(3,128)	34	136	104	(29)	413
UNIDO	14,522	1,675	12	334	676	85	0	0	459	52	19	6	44
UNIFEM	3,575	378	11	64	201	68	0	5	0	9	10	0	21
UNOPS	147,827	7,836	5	1,402	4,745	0	0	8	32	345	631	326	347
WFP	7,000	1,903	27	1,098	140	22	646	0	(589)	162	(22)	335	113
WHO	79,013	10,338	13	738	1,281	1,986	50	3,046	1,437	13	35	690	1,063
TOTAL	802,486	90,490	11	8,701	37,071	4,411	2,164	(321)	29,767	2,566	1,355	2,152	2,624
	<i>Percentage of Total Programme Costs</i>			<i>9.9</i>	<i>42.2</i>	<i>5.0</i>	<i>2.5</i>	<i>(0.4)</i>	<i>33.9</i>	<i>2.9</i>	<i>1.5</i>	<i>2.4</i>	<i>3.0</i>

Note: Negative expenditure reported in the Supplies and Commodities category relates to adjustments made by UNFPA and UNICEF due to reclassification of expenditure for the current period.

Table 21. Total Expenditure, by Cluster, with Breakdown by Category, for All Four Reporting Periods (1 July 2004-30 June 2006 (\$000s))

CLUSTER	TOTAL FUNDED (\$000s)	EXPENDITURE (Jul 04-Jun 06)		EXPENDITURE by CATEGORY (\$000s)									
		(\$000s)	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
Agriculture, Food Security, Environment and Natural Resource Management	119,474	71,489	60	11,060	16,212	4,852	1,113	8,202	21,866	1,997	608	2,281	3,298
Agriculture, Water Resources and Environment	106,212	61,621	58	7,671	14,661	4,712	0	8,202	19,788	1,486	542	1,813	2,746
Food Security	7,000	6,526	93	3,389	140	141	1,113	0	368	508	66	468	333
Mine Action	6,262	3,341	53	0	1,411	0	0	0	1,710	2	0	0	219
Education and Culture	116,826	93,712	80	4,207	26,473	1,422	17	40,163	12,825	690	709	1,050	6,156
Governance and Human Development	49,789	27,850	56	1,771	11,642	1,837	(21)	696	1,584	1,468	308	6,975	1,589
Governance and Civil Society	18,480	6,364	34	570	3,232	455	83	5	425	524	127	168	776
Support to Constitutional Process	24,264	19,192	79	752	7,869	915	(104)	433	966	904	101	6,683	672
Poverty Reduction and Human Development	7,045	2,294	33	448	541	467	0	259	193	41	80	124	141
Health and Nutrition	96,159	68,459	71	2,408	13,769	8,024	50	21,396	13,906	115	541	4,172	4,078
Infrastructure Rehabilitation	222,651	152,416	68	6,430	66,596	2,793	1,556	8,248	56,806	2,556	717	818	5,896
Water and Sanitation	39,644	30,968	78	1,802	12,679	710	1,556	7,983	3,342	471	104	392	1,930
Infrastructure and Housing	183,008	121,449	66	4,628	53,917	2,083	0	266	53,464	2,086	613	426	3,966
Refugees, IDPs and Durable Solutions	19,830	18,210	92	1,336	14,495	311	224	217	191	26	178	367	866
Support to Electoral Process	177,457	167,222	94	4,993	140,669	114	3	8,082	2,581	1,248	991	1,303	7,238
Emergency Pilgrim Stampede Micro Grant	300	286	95	0	283	0	0	0	0	0	0	3	0
TOTAL	802,486	599,644	75	32,205	290,140	19,353	2,940	87,005	109,759	8,101	4,051	16,968	29,121
	<i>Percentage of Total Programme Costs</i>			<i>5.6</i>	<i>50.9</i>	<i>3.4</i>	<i>0.5</i>	<i>15.3</i>	<i>19.2</i>	<i>1.4</i>	<i>0.7</i>	<i>3.0</i>	<i>5.1</i>

Table 22. Total Expenditure, by Agency, with Breakdown by Category, for All Four Reporting Periods (1 July 2004-30 June 2006) (\$000s)

AGENCY	TOTAL FUNDED (\$000s)	EXPENDITURE (Jul 04-Jun 06)		EXPENDITURE by CATEGORY (\$000s)									
		(\$000s)	Rate (%)	Personnel	Contracts	Training	Transport	Supplies and Commodities	Equipment	Travel	Security	Miscellaneous	Indirect Support Costs
ESCWA	8,340	4,210	50	724	319	351	3	1,493	969	43	3	52	254
FAO	73,485	39,237	53	3,778	8,606	1,910	0	8,159	12,775	815	292	1,399	1,502
ILO	321	312	97	61	0	222	0	0	0	8	0	2	20
UNDP	247,732	176,026	71	2,044	87,286	125	1,534	8,272	59,055	2,877	927	7,764	6,142
UN DPA/EAD	7,802	4,412	57	3,085	649	0	3	24	2	541	0	61	49
UNEP	16,605	13,707	83	2,930	5,233	936	0	43	2,756	525	165	321	798
UNESCO	31,414	22,454	71	1,292	2,850	3,107	0	0	13,150	165	500	233	1,156
UNFPA	12,603	7,825	62	196	1,948	427	0	262	4,206	56	451	52	228
UN-HABITAT	49,375	38,212	77	4,602	27,560	2,113	0	76	82	982	40	362	2,396
UNHCR	10,088	8,601	85	652	7,048	114	144	0	0	0	146	0	496
UNICEF	92,784	73,774	80	2,716	17,306	81	14	46,552	67	530	372	979	5,157
UNIDO	14,522	7,144	49	942	1,762	743	0	0	3,064	140	23	75	395
UNIFEM	3,575	2,803	78	417	1,259	533	0	5	218	53	127	40	152
UNOPS	147,827	132,161	89	3,205	116,882	275	79	666	2,175	823	866	996	6,193
WFP	7,000	6,526	93	3,389	140	141	1,113	0	368	508	66	468	333
WHO	79,013	62,239	79	2,172	11,291	8,277	50	21,453	10,871	35	74	4,167	3,848
TOTAL	802,486	599,644	75	32,205	290,140	19,353	2,940	87,005	109,759	8,101	4,051	16,968	29,121
<i>Percentage of Total Programme Costs</i>				<i>5.6</i>	<i>50.9</i>	<i>3.4</i>	<i>0.5</i>	<i>15.3</i>	<i>19.2</i>	<i>1.4</i>	<i>0.7</i>	<i>3.0</i>	<i>5.1</i>

Contract Commitments and Disbursements

In addition to consolidated six-month progress reports submitted by UNDP as Administrative Agent on the basis of individual project reports from Participating UN Organizations, UNDP also receives and consolidates monthly figures of project commitments and disbursements as well as contract awards from these agencies. These contract commitment and disbursement figures provide a good indirect indicator of project implementation progress and are used by the UNDG ITF Steering Committee as a basis for new project approvals. They are also reported in the UNDG ITF monthly Newsletter and posted publicly on the IRFFI web site.

As of 30 June 2006, a total of \$620.52 million had been legally committed and \$499.03 million had been disbursed. During the third quarter of 2006 (1 July to 30 September 2006), Participating UN Organizations committed an additional \$24 million and disbursed an additional \$47 million. For the period ending 30 September 2006, the Refugees, IDPs and Durable Solutions and Support to Electoral Process Clusters had commitment and disbursement rates at or close to 100 per cent of approved funding. Particularly high rates of commitments and disbursements can also be seen in the United Nations programmes and projects implemented in two other sub-Clusters: Food Security (98 per cent commitment and 90 per cent disbursement) and Support to Constitution (83 per cent commitment and 81 per cent disbursement).

Tables 23 and 24 provide preliminary updated figures on total project commitments and disbursements as of 30 June 2006 and 30 September 2006 by Cluster and by agency, respectively.

Table 23. Total Project Commitments and Disbursements, Updated by Cluster (\$000s)

Cluster	30 June 2006					30 September 2006				
	Funded Amount	Commitment		Disbursement		Funded Amount	Commitment		Disbursement	
		(\$000s)	% Approved Funding	(\$000s)	% Approved Funding		(\$000s)	% Approved Funding	(\$000s)	% Approved Funding
Agriculture, Food Security, Environment and Natural Resource Management	119,474	75,636	63	51,920	43	124,507	86,393	69	59,557	48
Agriculture, Water Resources and Environment	106,212	65,647	62	42,742	40	108,048	76,177	71	49,898	46
Food Security	7,000	6,647	95	5,837	83	7,000	6,840	98	6,310	90
Mine Action	6,262	3,341	53	3,341	53	9,458	3,375	36	3,348	35
Education and Culture	116,826	100,216	86	83,747	72	152,984	102,724	67	90,748	59
Governance and Human Development ²	49,789	26,692	54	25,295	51	53,916	28,671	53	27,164	50
Governance and Civil Society	18,480	5,965	32	5,698	31	18,480	6,422	35	6,042	33
Support to Constitution	24,264	18,709	77	18,362	76	24,264	20,047	83	19,692	81
Poverty Reduction and Human Development	7,045	2,019	29	1,235	18	11,171	2,202	20	1,430	13
Health and Nutrition ¹	96,159	72,557	75	53,755	56	107,664	76,992	72	61,318	57
Infrastructure Rehabilitation	222,651	162,003	73	110,180	49	224,730	165,008	73	127,390	57
Water and Sanitation	39,644	31,946	81	21,568	54	41,722	32,516	78	25,132	60
Infrastructure and Housing	183,008	130,057	71	88,612	48	183,008	132,492	72	102,258	56
Refugees, IDPs and Durable Solutions ²	19,830	19,830	100	17,418	88	19,830	19,830	100	18,250	92
Emergency Response Project	300	286	95	193	64	300	295	98	274	91
Subtotal	625,029	457,219	73	342,508	55	683,930	479,912	70	384,700	56
Support to Electoral Process ²	177,457	163,302	92	156,523	88	177,457	164,301	93	161,059	91
TOTAL	802,486	620,521	77	499,031	62	861,387	644,213	75	545,759	63

Note - Adjustment to figures reported in UNDG ITF Newsletter of June 2006:

¹ UNFPA commitments increased by \$991,173; disbursements decreased by \$3,497,093;

² UNOPS commitments decreased by \$2,066,283; disbursements decreased by \$559,961.

The overall current commitment rate of 75 per cent and the disbursement rate of 63 per cent represent record implementation levels attained by the United Nations agencies in Iraq despite ongoing security challenges and a difficult operating environment on the ground.

Table 24. Total Project Commitments and Disbursements, Updated by Agency (\$000s)

AGENCY	30 June 2006					30 September 2006				
	Funded Amount	Commitment		Disbursement		Funded Amount	Commitment		Disbursement	
		(\$000s)	% Approved Funding	(\$000s)	% Approved Funding		(\$000s)	% Approved Funding	(\$000s)	% Approved Funding
ESCWA	8,340	4,274	51	3,008	36	8,340	4,510	54	3,347	40
FAO	73,485	41,217	56	22,960	31	75,322	51,048	68	29,673	39
ILO	321	315	98	312	97	321	315	98	314	98
UNDP	247,732	178,224	72	142,358	57	251,948	180,185	72	157,199	62
UNDPA/EAD	7,802	5,744	74	4,344	56	7,802	6,487	83	5,087	65
UNEP	16,605	15,315	92	11,668	70	16,605	15,322	92	11,355	68
UNESCO	31,414	22,359	71	20,263	65	33,739	23,382	69	21,441	64
UNFPA ¹	12,603	8,995	71	5,896	47	12,603	9,123	72	6,083	48
UNHABITAT	49,375	39,674	80	30,250	61	56,007	42,108	75	33,658	60
UNHCR	10,088	10,088	100	8,224	82	10,088	10,088	100	8,977	89
UNICEF	92,784	81,038	87	58,041	63	121,044	82,073	68	64,092	53
UNIDO	14,522	7,082	49	5,736	39	14,522	7,705	53	6,452	44
UNIFEM	3,575	2,628	74	2,803	78	3,575	3,227	90	3,173	89
UNOPS ²	147,827	132,294	89	124,601	84	151,953	133,773	88	129,532	85
WFP	7,000	6,647	95	5,837	83	11,999	7,167	60	6,637	55
WHO	79,013	64,630	82	52,730	67	85,519	67,700	79	58,739	69
TOTAL	802,486	620,521	77	499,031	62	861,387	644,213	75	545,759	63

Note - Adjustment to figures reported in UNDG ITF Newsletter of June 2006:

¹ UNFPA commitments increased by \$991,173; disbursements decreased by \$3,497,093;

² UNOPS commitments decreased by \$2,066,283; disbursements decreased by \$559,961.

Table 25. Value and Number of Contract Awards, by Country (\$)

VALUE AND NUMBER OF AWARDS BY COUNTRY										
Country	July- Dec 2004		Jan- Dec 2005		Jan-June 2006		July-Sept 2006		Total 2004 - 2006	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Australia	1	15,664	2	473,222					3	488,886
Austria	4	641,557	13	4,469,176	1	54,008			18	5,164,741
Bahrain			7	2,337,656					7	2,337,656
Belgium	1	22,500,000	0	0					1	22,500,000
Canada			4	187,228	1	12,000			5	199,228
China	20	34,872,695	10	13,509,109					30	48,381,804
Croatia			1	11,780					1	11,780
Cyprus			3	219,835					3	219,835
Czech Republic	1	287,522	2	5,980,425			1	23,681	4	6,291,628
Denmark	8	11,118,139	17	20,588,584	13	723,869			38	32,430,592
Egypt	11	210,364	23	895,763	1	22,463			35	1,128,590
Finland			2	211,154					2	211,154
France	4	210,377	21	1,857,513	3	654,094			28	2,721,984
Germany	9	1,473,443	60	6,504,379	16	1,317,780	2	7,314,457	87	16,610,059
India	1	26,496	9	1,830,768	1	28,660			11	1,885,924
Indonesia			1	112,000					1	112,000
Iran (Islamic Republic of)	1	56,980	3	55,635					4	112,615
Iraq	78	8,128,524	467	49,784,490	108	16,486,460	13	2,447,398	666	76,846,872
Ireland			2	79,696					2	79,696
Italy	6	1,603,691	30	7,459,626	4	165,737			40	9,229,054
Japan	8	17,317,159	20	52,053,602	3	118,802	1	7,197	32	69,496,760
Jordan	51	6,295,890	127	12,574,368	50	208,860	11	64,192	239	19,143,310
Kenya			1	284,457					1	284,457
Kuwait	1	304,750	13	3,623,003					14	3,927,753
Lebanon	3	2,637,565	13	2,263,206					16	4,900,771
Liechtenstein	1	22,700,000	0	0					1	22,700,000
Morocco			1	16,400					1	16,400
Netherlands	10	1,784,903	22	4,125,271	4	966,127			36	6,876,301
New Zealand	1	160,997	0	0					1	160,997
Norway	1	41,000	0	0					1	41,000
Oman	4	493,485	6	1,457,456	4	489,610			14	2,440,551
Pakistan			1	15,062					1	15,062
Saudi Arabia			4	314,019	1	153,000			5	467,019
Slovenia			2	380,980					2	380,980
South Africa			3	42,188	1	6,700			4	48,888
Spain			2	150,595			1	24,623	3	175,218
Sudan			1	78,975					1	78,975
Sweden	2	12,680,046	3	106,731	3	56,892	1	109,637	9	12,953,306
Switzerland	5	184,332	25	2,069,252	1	27,660			31	2,281,244
Syrian Arab Republic			3	463,061					3	463,061
Thailand	1	8,221	1	43,836					2	52,057
Tunisia	2	38,650	2	47,340					4	85,990
Turkey	6	2,446,956	1	452,500					7	2,899,456
United Arab Emirates	1	32,500	7	41,390,975	2	47,822	1	46,800	11	41,518,097
United Kingdom	23	14,596,065	57	37,540,997	17	1,488,435	4	644,081	101	54,269,578
United States	8	1,562,414	18	7,821,762	7	158,437			33	9,542,613
Total	273	164,430,385	1,010	283,884,075	241	23,187,416	35	10,682,066	1559	482,183,942

As shown in table 25, during the period from 1 July 2004 to 30 September 2006, 1,559 contracts were posted on the UNDG ITF web site and awarded to suppliers from 46 countries. These contracts are for the provision of services, supplies, commodities, equipment and other project inputs and have a combined value of \$482 million. Iraq, with \$77 million in contract awards (666 separate contracts), is the largest supplier of goods and services, indicating the large volume of national/local contracting, particularly for community-level infrastructure rehabilitation, that is being undertaken in Iraq.

Table 26. Contract Awards, by Cluster (\$)

CONTRACT AWARDS BY CLUSTER			
1 July 2004- 30 September 2006			
Cluster	No.	%	Amount
A-Agriculture, Food Security, Environment & Natural Resource Management	197	11	52,534,909
B-Education & Culture	417	19	90,868,303
C-Governance & Human Development	45	1	6,417,314
D-Health & Nutrition	674	10	48,572,597
E-Infrastructure & Rehabilitation	148	27	131,547,735
F-Refugees, IDPs & Durable Solutions	42	3	13,634,760
G-Support to Electoral Process	36	29	138,608,327
	1559	100	482,183,945

Table 27. Contract Awards, by Method of Procurement (\$)

Method	July- Dec 2004			Jan-Dec 2005			Jan-Sept 2006			Cumulative
	No.	%	Amount	No.	%	Amount	No.	%	Amount	
Competitive Bidding	165	57	94,400,478	764	71	200,201,996	196	71	24,143,860	318,746,334
Direct Contracting	79	35	57,613,894	214	28	79,124,673	79	29	9,724,557	146,463,124
Long-term Agreement	29	8	12,416,013	32	2	4,557,408	1	0	1,066	16,974,487
	273		164,430,385	1,010		283,884,077	276		33,869,483	482,183,945

On a cumulative basis, of the total contract awards of approximately \$482 million, contracts totalling some \$319 million (66 per cent) were awarded under competitive bidding while there were about \$146 million (30 per cent) and \$17 million (4 per cent) in direct contracts and long-term agreements, respectively, as per the Financial Regulations and Rules of the implementing agencies. Of the \$146 million in “direct contract” awards, \$116 million (79 per cent) were for the rehabilitation of major infrastructure where the equipment could be provided only by the original supplier owing to the need to ensure compatibility and standardization.

Interest Earned by Participating UN Organizations

At the Fourth Donor Committee Meeting held at the Dead Sea, Jordan, in July 2005, it was decided that all interest earned by the Participating UN Organizations would be credited to the UNDG ITF account unless the governing bodies of the said organizations had approved decisions that did not allow for such a refund.

Of the fifteen Participating UN Organizations that received funding from UNDG ITF in 2004 and 2005, all organizations except UNICEF have reported interest earnings totaling \$10.82 million (see table 28). UNICEF has indicated that, in accordance with its Financial Regulation 11.4, “Interest derived from placement of funds shall be credited to miscellaneous income. Unless otherwise authorized by its Executive Director, no interest shall be payable on funds administered by UNICEF”. WFP reported no interest earnings due to

immediate use of approved funds.

While WHO and UNDP have reported total interest earnings of \$1,298,320 and \$5,445,541, respectively, they have indicated that they will not be refunding any interest (in the case of UNDP, not at present). WHO has indicated that, as per its financial procedures, interest will be used to increase the funds available for programme implementation. In keeping with the aforesaid, WHO has expended \$191,225 for a project in Iraq funded from its interest earnings. UNDP, as per its Financial Rule 126.7, has recorded interest earnings as miscellaneous income to be used for programme implementation under its “UNDP Iraq Reconstruction Trust Fund” (which is separate from the UNDG ITF account), established to receive approved UNDG ITF funds to be used for projects implemented by UNDP. Any surplus remaining in the “UNDP Iraq Reconstruction Trust Fund” at the end of the programme will be credited to the UNDG ITF account. As of the reporting period under review, the total interest received from agencies and credited to the UNDG ITF Agency Earned Interest account for 2004 and 2005 is \$795,205 and \$755,703.35, respectively.

Table 28. Reported Interest Earned by Implementing UN Organizations as of 30 June 2006 (\$)

AGENCY	2004 INTEREST	2005 INTEREST	TOTAL
ESCWA	0	29,467	29,467
FAO	236,302	830,087	1,066,389
ILO	596	1,151	1,747
UNDP	1,329,142	4,116,399	5,445,541
UNEP	42,006	100,514	142,521
UNESCO	78,273	467,500	545,773
UNFPA	142,294	218,943	361,237
UN-HABITAT	126,562	258,736	385,298
UNHCR	0	20,456	20,456
UNICEF	0	0	0
UNIDO	47,676	418,423	466,099
UNIFEM	9,368	49,056	58,424
UNOPS	112,128	888,303	1,000,431
WFP	0	0	0
WHO	446,510	851,810	1,298,320
TOTAL	2,570,858	8,250,846	10,821,703

2.4.4 Cost Recovery

As indicated in the earlier reports, the cost recovery for UNDG ITF is guided by the applicable provisions of the IRFFI TOR, the LOA concluded by UNDP as the Administrative Agent of the UNDG ITF with IRFFI donors, and the MOU concluded with Participating UN Organizations.

For the reporting period from 1 July 2004 to 30 June 2006, the actual costs were as follows:

1. The Administrative Agent fee of \$7.45 million, charged for the entire duration of the Fund, amounted to 0.81 per cent of total funds deposited and is less than the one per cent that is generally agreed among UNDG organizations for administering similar funds.

2. Indirect costs of Participating UN Organizations amounted to \$29.12 million, which works out to 5.1 per cent of total programme costs and which is at the lower agreed range of 5 to 9 per cent (with an average of 7 per cent) for such costs.
3. Direct costs for the UNDG ITF Steering Committee Support Office and the IRFFI Secretariat (the latter was discontinued in February 2005 since the benefit from it did not justify its significant cost outlay) 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. As of 30 June 2006, \$1.38 million had been set aside to fund such costs. Based on the actual costs incurred until the end of 2006 and the proposed extension of the UNDG ITF to 2008 or 2010 (similar to the World Bank), it may be necessary to adjust the rate for direct costs from 2007 onwards.

The UNDG ITF has earned interest on bank accounts amounting to \$9.70 million and incurred \$8,986 as bank charges for the period ending 30 June 2006. Fund earned interest income totalling \$300,000 was used to fund the humanitarian project, “Pilgrim Stampede Emergency Micro Grant Response”, implemented by UNOPS, and \$199,816 were used to make partial payment to PWC for its review and assessment study of the UNDG ITF.

2.4.5. Financial Management

As indicated earlier, as per the provisions of the LOA and the MOU signed by UNDP as the Administrative Agent of the UNDG ITF with donors and the Participating UN Organizations, respectively, the financial management of funds transferred to individual agencies for implementation of projects is the responsibility of the respective United Nations implementing agency. Each agency maintains records and accounts and applies its own financial regulations, rules and procedures for the receipt, administration, disbursement and reporting of funds that are transferred to it by UNDP and for interest earnings.

2.5. Transparency and Accountability of the UNDG ITF Operations

The major vehicle for public transparency of UNDG ITF operations continues to be the IRFFI www.irffi.org web site to which readers are referred. The public posting of contract award data on this site has brought a high level of transparency, which has been widely appreciated. It has been advantageous to the public, the business community and the Participating UN Organizations themselves. By accessing the site, United Nations programme managers, for example, can easily determine costs for activities comparable to those that they are planning while vendors can benchmark their subsequent product and service offerings to be competitive in future bidding exercises.

Within the framework on financial management indicated in the previous section, in the interest of greater transparency and to increase competitive supply sourcing, Participating UN Organizations are increasingly publishing Expressions of Interest, Requests for Proposals and Invitations to Bid on the IRFFI public web site in addition to publishing such notices in their own agency procurement notice outlets. Adaptations in the content of some calls for tender have also been made in response to lessons learned through the posting on a shared web site.

The UNDG ITF had also initiated an independent “lessons-learned and review exercise”. This review was undertaken by PWC under the overall responsibility of the UNDP Office of Audit and Performance Review. Some of the key findings and recommendations as discussed at the Amman informal briefing are included in the Lessons Learned section of this report (section 3.6)

3. Future Programme Implementation

3.1 Security

The evolution of the security situation continues to be a strong determining factor for the success of future UNDG ITF programme implementation. During July and August 2006, the security situation deteriorated.

The most recent Report of the Secretary-General to the Security Council on UNAMI (S/2006/706) of 1 September 2006, on which this section draws, underlines that United Nations staff members remain at risk of becoming targets of violence.

The level of violence in Iraq continues to rise in many areas of the country. The sectarian nature of most of the violence, together with resistance groups, extremist-led armed groups and organized criminal groups, combine to create a very complex and dangerous operating environment. The current level of violence and disorder is likely to continue for some time. Daily civilian casualties remain high. Large-scale kidnappings are now common as are false checkpoints and summary executions by various Shiite and Sunni armed groups. Despite the introduction of the Baghdad security plan by the Government in June 2006, the levels of violence in the city have actually risen, indicating the worrisome capability of insurgents, armed opposition groups and criminal gangs. Early in August 2006, the Government of Iraq announced a second phase of the Baghdad security plan in which more than 3,700 Multinational Force troops and their armoured fighting vehicles were deployed in the city in another attempt to contain the intensifying violence.

The security situation in Iraq varies widely, however. Next to Baghdad, the western province of Al-Anbar is considered the most dangerous area in the country. As a result, the United Nations is unable to conduct operations there. In Baghdad, many districts have been effectively out of bounds for United Nations operations for extended periods. Large numbers of civilians as well as personnel of Iraqi security forces and troops of the Multinational Force are killed every week.

United Nations national staff members have been directly and indirectly affected by the violence, particularly in Baghdad and Basrah. One national staff member of WHO has been missing since early May 2006 and several others have been threatened. The immediate relatives of several other staff members have been kidnapped and subsequently released in return for ransom or murdered. United Nations national staff members in Basrah have been directly threatened and, in a few cases, their family members or close relatives have been killed. United Nations staff members are exposed to the effects of violence on a regular basis and must take appropriate action to avoid potential threats. Therefore, exceptional measures have been adopted, including flexible working hours, biweekly security briefings, the establishment of a national staff security working group, limited temporary accommodation in the international zone, and subsequent interaction with the Multinational Force, the Government of Iraq and other entities, when appropriate. Assisting its national staff members remains one of the foremost concerns of the Mission.

Project staff and monitors of UNDG ITF projects are as badly affected by the deteriorating security situation. The case of the whole editorial board of *Aswat al-Iraq* being moved out of Baghdad cited in chapter two is a case in point. The ability of the UNCT to operate effectively in Iraq in delivering UNDG ITF programmes remains, therefore, severely constrained by the security environment. Inevitably, this does restrict the ability and means of the United Nations, its partners and national institutions to deliver services, goods, technical support and policy advice and to contribute to reconstruction. UNDG ITF activities will continue to use the adapted remote management implementation mechanisms and proceed with caution at all times.

3.2 Interdependence of Reconstruction and the Political Process

Security Council resolution 1546 (2004) and its update 1700 (2006) clearly outline the breadth of the United Nations mandate in Iraq. The different elements of the mandate – the leading role of the United Nations in support for the political transition and its role in reconstruction – are closely intertwined, and progress in the one continues to be inextricably linked with progress in the other.

As has occurred in some other post-conflict situations, the standoff over the formation of a government for the full constitutionally mandated term exacerbated the underlying tensions and led to a resurgence of violence. In retrospect, the most salient feature of the elections appears to have been the sectarian nature of the voting. The attack on the Samarra shrine in February 2006 has led to an explosion in sectarian violence, which is having a continuing negative impact on reconstruction activities.

The UNCT, with funding from the UNDG ITF, will, of necessity, continue with the concentration on governance and basic services in the upcoming reporting period. It should be noted, however, that on key constitutional and electoral issues, little immediate progress is foreseen in 2006. A second round of multiparty-stakeholder dialogues may be launched by the Constitution support office team, but this will not replace in any real way the actual discussion on constitutional amendments that is needed in the appropriate committee of the National Assembly. After all, during the present reporting period, the team succeeded in addressing all contentious issues and identifying draft text. What is required at this stage is political movement. The political office of UNAMI is working hard on facilitating this process. Assistance to the provision of basic services will continue in its efforts to address some of the underlying tensions and conflict related to economic and social deprivation.

An important element of the attempt to move the political and reconstruction processes forward is the International Compact with Iraq (ICI). It has already been recognized that this process, in order to be effective, must not only seek to tackle the economic reform agenda but also address political and security concerns.

On 10 September 2006, the Government of the United Arab Emirates hosted a preparatory meeting in Abu Dhabi on the ICI. The meeting, which was co-chaired by the Deputy Prime Minister of Iraq and the Deputy Secretary-General of the United Nations, was attended by States and multilateral institutions.

The purpose of the meeting was to assess the preparatory work of the ICI, an initiative of the Iraqi Government supported by the international community. The event was attended by representatives of 13 Governments, the European Union, the European Commission and the League of Arab States and senior officials of the Arab Fund for Economic and Social Development, the IMF, the Islamic Development Bank and the World Bank. The meeting resulted in an agreement on the direction and process of the ICI as presented by the Government of Iraq.

The participants welcomed the commitments made by the Government of Iraq within a comprehensive political, security and economic framework that addresses the urgent needs of the Iraqi people. They also pledged their support to work closely with the Government of Iraq in further developing the ICI with the assistance of the United Nations and the World Bank. The participants affirmed that the IRFFI would be recalibrated as an important instrument for the international community to support the implementation of the ICI. For its part, the United Nations is committed to supporting and facilitating the ICI through its Mission and agencies in Iraq and the good offices of the Secretary-General and his representatives.

The Preparatory Group Meeting recognized the need to expeditiously complete the development of the ICI through a broad consultative process at the national, regional and international levels. To this end, the participants expressed their commitment to working towards the adoption of the ICI by the end of the year.

On 9 October 2006, the Preparatory Group for ICI held its second meeting at the UNAMI office in Baghdad. Co-chaired by the Iraqi Deputy Prime Minister and the Special Representative of the Secretary-General in Iraq, the meeting was also attended by a high-level delegation of the Iraqi Government, including the Minister of Finance, the Minister of Planning and Development Cooperation, the Deputy Minister for Foreign Affairs, advisers to the Vice President, advisers to the Prime Ministers, the Government Spokesman and the Baghdad representatives of the ICI Preparatory Group member States (European Commission, France, Germany, Italy, Japan, Republic of Korea, United Kingdom, United States). The meeting was also attended, via video link, by representatives of the Arab Fund for Economic and Social Development, the European Union Presidency, the Islamic Development Bank, United Nations Headquarters in New York and the World Bank.

The meeting discussed progress made to date and the upcoming steps to ensure success of the ICI. These steps will include, among others, expanding and reviewing the ICI draft to reflect comments by Iraqi officials and donors. Outcomes of the first round of SWGs and the second iteration of the ICI document as updated will be presented to the Preparatory Group members at the next Preparatory Group meeting to be held on 19 October in Baghdad.

Further updates on the progress of the Compact can be found on the dedicated web site for the process: <http://www.iraqcompact.org/>

3.3 Future Work of the UNDG ITF

The UNCT will continue to assist the Iraqi Government to better govern and manage its affairs for the medium and long term and ensure that UNCT activities address the basic needs and remedy the vital problems that presently afflict ordinary Iraqis. The situation has changed in Iraq, and despite all the previous efforts of UNDG ITF projects, the overall level of basic services has steadily declined. Moreover, a fragile Government currently exists, which must grapple with the anticipated impact of the Compact and its proposed reforms. Therefore, the UNCT plans to revisit the United Nations Assistance Strategy document and come up with a realistic and manageable intervention for the United Nations to accelerate the provision of basic services that are critical to support the broad-based economic reform measures that are expected to be implemented as an outcome of the ICI.

The United Nations strategy and the list of activities that are based on the National Development Strategy are still valid, but there are too many objectives. As such, the UNCT is now planning to focus on limited areas (beyond the Constitution and electoral processes) where it believes that it can help the Iraqi Government to better govern and manage its resources (i.e., through policy advice, good governance and economic reforms) and to concentrate on three urgent priority areas that are manageable sectors of intervention where the United Nations can make a visible impact on addressing the deteriorating humanitarian situation (i.e., through provision of key basic social services).

3.3.1 Governance Support

The following is an outline of proposed UNCT future action on the Constitution and the electoral process.

3.3.1.1 Constitutional Work

In light of the political developments in Iraq since the formation of the elected government, UNAMI and UNDP have been assessing whether there will be a full or partial review of the Constitution. According to the Constitution, a full review followed by a referendum would take place soon after the formation of the Government, but it is unclear how in-depth this review will be. Based on the new realities on the ground, UNAMI and UNDP will revise and adjust strategies to ensure that the United Nations meets its obligations

under Security Council resolution 1546 and provides the necessary support to Iraqi institutions and the population at large in amending the Constitution.

At present, a second phase of multilateral dialogues is planned for implementation as circumstances permit and advise. These interventions are aimed at further deepening the understanding of the critical constitutional issues among key stakeholders. Proposed dialogues include:

Governor's Conference on Federal and Fiscal Arrangements

Building upon the three multiparty dialogues on federalism – Oil and Gas, Fiscal Federalism and Federal Arrangements – a conference of governors will be held in order to bring the debate to the territorial levels of government, present governors with the conclusions of these multiparty dialogues, and facilitate discussion on the issues. The dynamics of this conference will be equivalent to that of the first-generation dialogues, and efforts will be made to bring the content of these discussions to the table of the constitutional review committee.

Single Constituency Dialogues/Multiparty Dialogues on Federal and Financial Arrangements – Particular Focus on Revenue Management and Distribution

Building upon the experience of the workshop on the constitutional negotiations and the Sunni Arabs of Iraq, similar initiatives will be organized or co-organized aimed at addressing the expectations and concerns of the other two key constituencies in the country. Dialogues are currently being held with Kurdish leaders to implement a similar initiative in cooperation with the United States Institute of Peace. A similar approach can be explored with the Shia community.

The objective of these initiatives is to facilitate as much as possible a technical approach based on prioritization of key issues so that members of each constituency can approach negotiations in the constitutional review phase with a strategic position based on careful analysis of the different possibilities and not on long-standing claims not expressed in technical terms. As noted above, the Sunni meeting has been perceived in different quarters as instrumental in both promoting a single strategy among Sunni groups and in shifting the overall Sunni position from opposition to negotiation and then to technical engagement in the review process. At the same time, the organization of a second-generation multiparty dialogue on revenue management and distribution will be considered at a later point in order to facilitate discussion on this particular aspect.

Multiparty Dialogue on the Judiciary in a Federal State

As follow-up to the multiparty dialogue on the judiciary in Iraq, a dialogue will be organized aimed at specifically addressing issues relating to the architecture of the judiciary in a federal system. The need for such dialogue arises from the expressed concern about the overall absence of a constitutional reference to integration between judicial institutions at the federal and regional levels of government. This dialogue will run parallel to other follow-up initiatives in Baghdad.

Multiparty Dialogue on Civil Service Militias/De-Baathification

Building upon the general agreement on the need for further constitutional/legislative clarification on accountability and transitional justice, a second-generation dialogue aimed at defining more specific lines of action for the constitutional review committee and legislators will be planned.

Support to the Constitutional Review Committee

With the new government in place and the Council of Representatives having elected the membership and chairmanship of the different parliamentary committees, the procedures to initiate a constitutional review process are currently under discussion.

Conversations with the leadership of the Council of Representatives and the different parties have confirmed that the constitutional review committee is likely to be established only after the August parliamentary recess and not necessarily be operational until soon thereafter. With the current deteriorating security environment in Iraq, however, it is possible that this time frame might be lengthened as some politicians have indicated the need to concentrate on State security issues as a priority. On the basis that resolution of underlying conflict will help to improve the security environment of Iraq and that many of these issues are concretized as positions in the Constitution, it is suggested that early formation of the constitutional review committee would be helpful.

Unfortunately, one key element of the National Reconciliation Plan – the Iraqi political powers conference planned for 21 October – was cancelled on 15 October, the anniversary of the adoption of the Constitution, “for emergency reasons“. The Government acknowledged that the adoption of the Constitution had intensified the insurgency: "It is your vote on the constitution that forced the terrorists...to commit horrific massacres against innocent civilians and violate the sanctity of holy places, destroy infrastructure, obstruct reconstruction and services", the Prime Minister said in his October 15 statement.

3.3.1.2 Electoral Process

Given the lack of progress on constitutional issues, it is unlikely that any electoral event will occur in 2006. For 2007, however, there are a number of potential electoral events: governorate elections; a referendum on a revised Constitution; a referendum on Kirkuk; a census in Kirkuk; and a voter registration drive. Key legislation must be passed in order for a new electoral commission to take over from the current caretaker Commission and pave the way for future electoral events.

Current political developments within the Council of Representatives, however, suggest that electoral legislation is not a priority. The Law on the Formation of Regions and the formation of the Constitutional Review Committee appear to be of significant importance to various factions within the legislature. As these political agendas are played out, electoral legislation will be delayed. Any delay significantly impacts both the time frame for the holding of elections and the capacity of the current commission and its administration.

On the side of the United Nations, a new Chief Technical Adviser is currently under recruitment and it is hoped that she will deploy to the field by mid-November 2006. She will lead the International Electoral Assistance Team and be in a position to advise on future capacity-building projects, the needs of a new commission and potential electoral activities for 2007.

3.3.2 Basic Services

The UNCT has never assumed an end to the conflict in its planning or focused only on peaceful regions of the country but instead has insisted on taking steps to deal with the basic needs of the population in as many areas as possible while paving the way for eventual development activities. Its modus operandi introduced rehabilitation and development activities alongside its humanitarian activities under a programme approach within the new cluster system. This approach is integrated into the 2006-2007 strategy.

The Compact process foresees Iraq addressing an array of socio-economic reforms that will rely on the continued commitment of the international community for success. The UNDG ITF and the United Nations

cluster system aim to contribute significantly to the papers underpinning the Compact process. The UNCT is therefore actively assisting the Government of Iraq in making appropriate adaptations to the National Development Strategy and ensuring that considerations such as the Millennium Development Goals (MDGs), social safety nets and human development remain at the forefront of the proposed package of economic and subsidy reforms. A workshop will be held for senior members of the UNCT and government counterparts to develop a joint priority action plan for the period from the conclusion of the workshop until the end of 2007 that would target resources using an area-based development approach. At the end of October 2006, the UNCT will present a draft to the Government for its consideration.

In the meantime, the UNDG ITF continues to focus on urgent interventions to provide basic services such as water, electricity, hospitals and schools; and secondly, initiation of reforms, building of institutions and development of capacities that will support a vibrant, market-oriented economy. The strategy is to provide urgent humanitarian and recovery interventions that also yield benefits in the medium and the long term.

United Nations assistance focuses on supporting Iraqi institutions in the delivery of services and functions through capacity-building measures. Concurrently, United Nations agencies deliver many services, goods and reconstruction activities directly, owing to the urgency of the situation and the extent of needs. They maximize the involvement of Iraqi institutions and beneficiaries in project identification, formulation and implementation as the situation evolves while retaining overall accountability for actions.

Local authorities, especially governorates, are becoming stronger in authority as they establish their administrations and in the absence of clear, continuous national leadership. The UNCT will link its assistance to basic services to the promotion of community development and participation so as to simultaneously promote good governance. Area-based integrated approaches, as indicated in chapter two, are becoming more important and indeed the focus of future programming.

3.3.3 Project Cycle Progress during the Third Quarter of 2006

During the third quarter of 2006, the activities of the UNDG ITF moved forward substantially in support to governance and basic services. From 1 July 2006 to 30 September 2006, Participating UN Organizations committed approximately \$23.69 million and disbursed \$46.73 million. As of 30 September 2006, a cumulative total of \$644.21 million had been committed and \$545.76 million had been disbursed. The current commitment rate of 75 per cent and the disbursement rate of 63 per cent represent record implementation levels attained by implementing United Nations agencies in Iraq despite ongoing security challenges and the difficult situation on the ground.

Decisions on new projects by the UNDG ITF Steering Committee during the third quarter of 2006 have also pursued the UNCT emphasis on governance and basic services (see table 29 for the list of approved projects). The total number of projects approved by the Steering Committee as of 30 September 2006 now stands at 103.

Table 29. Projects Approved at the UNDG ITF Steering Committee Meeting on 16 July 2006

Project No.	Title	Agency	Budget (\$)
B1-22	School Rehabilitation and Capacity-building for School Maintenance	UNICEF, UN-HABITAT	15,660,938
B1-23	Training of Trainers in Teacher Education for Sustained Quality Education	UNESCO	3,072,116
C9-14	Governance in Support of Employment Creation (GEC) Programme	UNOPS	4,126,284
D2-14	Assistance to Primary School and Children Vulnerable Groups	WFP	4,999,050
D2-17	Rebuilding Food Safety and Food-processing Industry Capacity in Iraq	FAO, UNIDO, WHO	6,506,112
E3-08	Addressing Short- and Long-term Water and Sanitation Needs for Um Qasr	UNDP	1,020,000
E3-09	Emergency Water Supply to Unserved/ Underserved/Vulnerable Areas in Baghdad and the IDPs	UNICEF	1,058,663

As stated in the Third Progress Report, in order to ensure that medium-term reconstruction projects can go ahead and be completed within the time horizon of the IRFFI, an extension of the IRFFI beyond its present termination date of 31 December 2007 is necessary. At this stage, the UNDG ITF is requesting IRFFI donors to extend the IRFFI termination date applicable to UNDG ITF operations to 31 December 2008. The 31 December 2008 termination date would apply to funding of new projects. In line with the termination clause of the LOA (and MOU), projects approved prior to 31 December 2008 would be given the required time to ensure the orderly completion of project activities.

3.4 Coordination of Development Activities in Iraq

The United Nations has continued to facilitate coordination and information flows between the centre and the provinces and the regular participation of senior Government officials in regional and provincial coordination forums. Similarly, it has continued to facilitate the participation of local officials in discussions of the Baghdad Coordination Group, the ISRB and other central bodies responsible for reconstruction and development and the allocation of resources.

The Donor Assistance Database (DAD) www.mop-iraq.org/dad has been effectively established and continues to expand its remit as the principal tool to track, analyse, monitor and prioritize aid flows to Iraq. The ultimate aim of United Nations assistance continues to be for Iraq to assume complete ownership of its development, with reconstruction and development assistance becoming part of the national budget processes.

3.5 Recurrent Cost Implications

The issue of the implications of recurrent costs has been flagged since the presentation of the UNDG ITF Tokyo interim progress report in October 2004. A recognized hurdle to implementation by the UNCT continues to be the lack of operational budgets, for example in critical areas such as health and education. The recurrent cost implications of these projects should be understood and acted upon to ensure their continued sustainability as part of the overall annual sectoral and ministerial budget review and approval process.

3.6 Lessons Learned

As an innovative new funding mechanism, the UNDG ITF is continually drawing lessons learned and directly incorporating them into its operations.

Following the recommendations of an internal lessons-learned exercise in December 2005, all UNCT work (not simply that funded by the UNDG ITF) is gradually being included in the scope of each Cluster, initially by sharing information on projects funded from other sources and then by building towards joint programming and a common country programme action plan. In September 2006, the UNCT eliminated separate meetings of the UNDG ITF Steering Committee and constituted itself as the Heads of Agency Meeting.

As already indicated in section 2.5 on transparency and accountability, an independent “lessons-learned and review exercise” of the entire UNDG ITF operation was undertaken by PWC under contract with the UNDP Office of Audit and Performance Review in 2005. The Participating UN Organizations and Administrative Agent have provided management comments on the resulting programmatic review report. These together with the final PWC report will be issued by the UNDP Office of Audit and Performance Review.

The PWC report acknowledged the substantial contributions that Participating UN Organizations had made to Iraq’s reconstruction despite the very difficult working and adverse security conditions and gave a positive overall assessment of the operations of the UNDG ITF. The report also gave positive recognition to the services that UNDP is providing as the Administrative Agent.

The review assessed the governance and organizational structure for the effectiveness and efficiency of its framework of authorities, workflows, staffing, procedures and systems based on six elements: composition of governing body and organizational structure; operations and effectiveness; planning and monitoring; internal control and compliance process; transparency and disclosure; and ethics and environment.

The main observations made by PWC are provided below. The key management comments of UNDP as Administrative Agent are also provided against the different observations. The UNDP Office of Audit and Performance Review will issue the consolidated management comments of the Participating UN Organizations together with the PWC report.

Governing body and organization structure: PWC indicated a need for an independent body to oversee operations and, in the long term, a UNDG oversight mechanism. The fact that at present there is no body that oversees the Steering Committee as a collective decision-making body has been recognized by the UNDG in advance of the present report. Within the UNDG Management Committee, a UNDG Working Group on Multi-donor Trust Funds (MDTF) and Joint Programmes (JP) was tasked with the formulation of an appropriate oversight framework for MDTFs/JPs that is presently being finalized.

PWC indicated a concern that the role of the UNDG ITF Steering Committee ends with project approval and does not extend to a full monitoring capability. PWC therefore recommends that, in the short term, monitoring capability be developed by the Steering Committee and the Administrative Agent. In response to this recommendation, the Administrative Agent noted in its management response that the MOU between the Participating UN Organizations and the Administrative Agent indicates that the Participating UN Organizations have full programmatic and financial responsibility for project implementation following project approval by the Steering Committee. Monitoring and evaluation of individual projects are also the responsibilities of the Participating UN Organizations. The Administrative Agent does consolidate the six-month progress reports of the implementing United Nations agencies, which provide wide-ranging information on implementation, including a comparison of monitoring approaches. This is all that can be done under the present legal arrangements.

Operations and effectiveness: PWC indicated a concern with uneven performance among Clusters and the need to institutionalize and standardize business mechanisms and processes. In response, the Administrative Agent indicated that the UNDG ITF already has a “Steering Committee Terms of Reference and Rules of Procedure” drafted by the Administrative Agent and approved by the Steering Committee. These detail the tasks and responsibilities of the Participating UN Organizations, the Cluster, the Steering Committee Support Office, the Cluster Group, the Steering Committee and the Administrative Agent. These documents deal with most of the items recommended by PWC except for “project closure”. UNDP has agreed to work further on the recommended definition of a “Code of Governance” document in consultation with the Steering Committee. As clearly set forth in the MOU, the ownership and disposal of project assets, procurement, etc. will be in accordance with the Financial Rules and Regulations of each agency.

Planning and monitoring: PWC stresses the importance of alignment and linkage to national priorities and the National Development Strategy, the uneven reliance on planning tools, and the importance of strengthening monitoring as a single entity. The Administrative Agent, in its response, underlined that the projects approved by the UNDG ITF Steering Committee already must be in accordance with the Iraq National Development Strategy and are all approved by the ISRB. Certainly, the use of the Cluster Results Matrices could be strengthened. However, to address the issue of monitoring by the Steering Committee, it is important to ensure that any new arrangement does not duplicate or erode the responsibility of implementing United Nations agencies for the monitoring and evaluation of the projects that they are managing. Nevertheless, monitoring at the level of Cluster outcomes would be a useful addition and for this purpose, the Steering Committee Support Office is at present recruiting a Monitoring and Evaluation Officer.

Internal control and compliance process: PWC indicated that the regulatory framework (IRFFI TOR, MOU, LOA and the Steering Committee TOR) fully complied with and even exceeded specified requirements. However, PWC also indicated that, in its view, the chairperson of the Steering Committee and the Administrative Agent had a level of accountability that was not commensurate with their authority. It also noted the need for an agreed upon audit and oversight regime. In response, the Administrative Agent indicated that the MOUs between the Administrative Agent and the Participating UN Organizations delineate the relative accountabilities and that in terms of the audit regime, while the operations of each United Nations agency will be subject to the audit arrangements of that particular organization, the UNDG audit bodies are working on the adoption of common approaches, which will facilitate consolidation.

Transparency and disclosure: PWC found that “highly innovative steps” had been taken to ensure transparency and disclosure of information, which can be classified as a best practice in the area of development. The UNDP Multi-donor Trust Fund Office plans to promote the adoption of this best practice to further MDTFs as they are set up.

Ethics and environment: PWC indicated that the performance of the different entities is, more than is customary, dependent on the person holding the leadership of that entity. As persons change positions, performance of units/entities could be affected. An environment of continuous pressure to deliver results increases risks of wrongdoing. There is therefore a need for institutionalized and stronger systems and mechanisms. The Administrative Agent indicated that the Participating UN Organizations do have tried and tested systems and mechanisms in place to deal with crisis/post-conflict situations. However, every effort will, of course, be made to strengthen them as required.

Two external reviews of MDTFs in general but including the IRFFI have been under way in 2006 and were discussed in the Third Progress Report. The review of all MDTF mechanisms for transition financing, which was commissioned by the UNDG/Executive Committee on Humanitarian Affairs (ECHA) Working Group and undertaken by Development Initiatives of the United Kingdom, has now been completed. The parallel review being undertaken by Scanteam, a Norwegian consulting group, for Norway and the World Bank has completed its field visits and is finalizing its findings. The final report of the Norway/World Bank review will be discussed at a stakeholder meeting in The Hague in early December 2006.

Both external reviews confirm strongly the value of the pooled funding represented by MDTFs and the strategic and complementary roles of both the World Bank and the UNDG organizations. MDTFs are designed as practical applications of the broader effectiveness and harmonization agenda and more particularly a practical implementation of the Statement of Resolve on “fragile states” contained in the Paris Declaration on Aid Effectiveness: “In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity“. UNDG trust funds are also contributing to the ongoing work on United Nations coherence. UNDP, in consequence and responding to specific recommendations from both reviews, has widened the remit of the UNDG ITF Unit in New York to become a focal point for MDTF matters in a newly constituted MDTF Office within the Bureau for Resources and Strategic Partnerships.

Some of the key conclusions of the UNDG/ECHA review include:

- “Countries going through transition need the resources provided by both the World Bank and the UN. The Bank’s articles prevent it financing security-related spending which is central to most transition situations: financing the police, security and law and order are usually preconditions for any other developments.
- But it is not only for these purposes that the UN needs to be present. Transition situations, almost by definition, involve new and transitional governments and periods and places where there is little or no government at all. The UN has the capacity and authority to implement activities outside of government when necessary – but under a rubric of building government capacity and respecting national priorities.
- Equally, the fact that the World Bank can only work with government does not mean holding off engagement until a fully competent government eligible for IDA funding is in place. It has its role in building government capacity to enable economic development activities to be financed.
- This leads to the conclusions that: a) World Bank and UN managed MDTFs are both necessary in most transition situations, b) they cannot be treated as successive stages but need to operate concurrently albeit with the UN MDTFs starting earlier and the World Bank MDTFs continuing until governments are in a position to accept General Budget Support (GBS), c) that they need to work within a structure which maximises synergies and complementarities and encourages donors to see them as two arms of transition financing, rather than competing options. “

Within UNDP, careful consideration has been given to the issue of firewalls between the fund management and programme implementation sides of MDTFs. In the case of the UNDG ITF, the Administrative Agent is situated in the Bureau for Resources and Strategic Partnerships, whereas programme implementation is under the responsibility of the Regional Bureau for Arab States. This division of responsibilities resulting from a recent corporate decision has been confirmed and expanded to apply to all new MDTFs where UNDP may be requested to act as Administrative Agent.

3.7 UNDG ITF Funding Issues

The available funds in the UNDG ITF account as of 30 June 2006 amount to \$107.62 million. The funding situation for the UNDG ITF improved in August 2006 when the European Commission made its 2006 contribution of €20 million (\$154 million). The funds are to be used to support “Improving the quality of life of Iraqis and furthering democracy in Iraq”. The European Commission funds are earmarked at the cluster level to education, health, water and sanitation, rural development, poverty reduction and employment generation, and support to the constitutional process.

With the signature of an LOA with UNDG ITF on 29 August 2006 for \$10 million, Germany has joined the Donor Committee of IRFFI. The contribution is earmarked for vocational education programmes within the Education and Culture Cluster. An additional major contribution of \$25 million for governance was also made by the Government of Spain. As of 30 September 2006, a total of \$244 million is available to fund new projects of the UNCT. Details of the available balances by Cluster are given in table 15. The situation with respect to funding needs for the United Nations Assistance Strategy for 2006-2007 detailed in the Third Progress Report has therefore improved.

The funding position in two Clusters, F (which has received very limited funding to date) and G (which has been very well funded), requires explanation.

(a) Cluster F, Refugees, Internally Displaced Persons and Durable Solutions

Iraq stands at a turning point where the international community may help to lead its transition in the direction of stability and security for all Iraqis, including the nation's most vulnerable. One in every thirteen Iraqis is in a displacement context, and funding for their assistance, including humanitarian intervention, promotes durable solutions for Iraq. However, though humanitarian needs are growing as is the cost of monitoring, protection and assistance, financial support for sustainable humanitarian activities inside Iraq has decreased significantly in 2006. Cluster F therefore seeks the support of all stakeholders in Iraqi recovery for the implementation of agency programmes tailored to effectively meet the many displacement and protection needs of Iraq. The UNDG ITF is grateful for the €10 million contribution that the European Commission has decided to provide to Cluster F in response to the displacement problem that has recently become more acute.

(b) Cluster G, Support to Electoral Process

The UNCT is aware of the level of resources remaining in Cluster G, Support for Electoral Process, and that there has been little allocation of these funds during 2006. Recently, the Chairman of the Board of the IECI requested that no further role in project approval be played by the IECI. Progress is therefore dependent on the establishment of the new permanent electoral commission. A new Chief Technical Adviser is currently under recruitment and it is hoped that she will be deployed to the field by mid-November. She will lead the International Electoral Assistance Team and be in a position to advise on future capacity-building projects, needs of the new commission, and potential electoral activities for 2007. A review of the future utilization of the funds deposited in Cluster G will have to be delayed until the new commission is in place and the new Chief Technical Adviser has been in country and received a comprehensive briefing on issues relating to IRFFI.

4. Conclusions

The UNDG ITF continues to deliver effective, coordinated and focused implementation of assistance on the ground in Iraq. Project implementation continued during the reporting period with \$90.5 million in additional expenditure during the first six months of 2006, bringing the cumulative expenditure from inception to 30 June 2006 to \$600 million, or almost 75 per cent of the total approved funding of \$809 million. By 30 June 2006, the cumulative level of contract commitments had reached \$620.5 million while disbursements on the approved projects had reached \$499 million. By the end of September 2006, Participating UN Organizations had committed a further \$24 million and disbursed a further \$47 million. It should be noted, however, that the progress of implementation took a hit from the escalation in sectarian strife following the bombing of the Samarra shrine. During the present reporting period, only three more projects were operationally closed.

The UNDG ITF continues to have a crucial impact on governance and basic services in Iraq. Although a formal constitutional review was not undertaken as foreseen under the last-minute amendments to the Constitution approved in October 2005, a series of multiparty dialogues was held on the major outstanding contentious issues.

Further progress was made in delivering basic services so essential to the well-being of Iraqi citizens. In particular, the 10 quick-impact projects in basic services in education, health, and water and sanitation agreed to in principle at the July 2005 Dead Sea Donor Meeting and launched in September 2005 were all, apart from two, coming close to final delivery.

The UNDG ITF is very concerned about the increasingly difficult security situation, which is having an untoward effect on programme delivery. However, given what circumstances have permitted, the UNDG ITF still believes that the mechanisms that it has in place are functioning effectively. The adapted programme implementation mechanisms have continued to demonstrate their effectiveness in mitigating the ever heightening hurdles to implementation on the ground such as insecurity and lack of clear and timely decision-making by Iraqi authorities. Both constraints have been aggravated by the prolonged time that has been taken to form the new four-year-term Government since the 15 December 2005 elections, continuing cost increases for rehabilitation works, and the difficulties in communication endemic to the remote management approach.

The UNDG ITF continues to gain support as an effective model funding mechanism for assistance to countries in transition/post conflict. The positive experience of IRFFI as a single MDTF entity with two trust fund windows was noted in the independent Development Initiatives Review commissioned by UNDG/ECHA and the review recommended its wider replication in future post-crisis situations in order to build on the comparative advantages of the UNDG and the World Bank. The pooling of resources has been instrumental in providing greater coherence to the UNCT, lowering transaction costs for the Iraqi authorities and expeditiously channelling donor resources to the priorities of Iraq.

Looking to the future in Iraq, the deteriorating security situation and the additional risks being faced by United Nations personnel remain crucial issues. The United Nations will continue to provide support to the constitutional review while delivering on basic services projects. It also will seek to address the increasing problem of displacement resulting from the violence. The United Nations stand ready to support the internal and external support mechanisms that will result from the International Compact with Iraq. The United Nations Assistance Strategy 2006-2007 will be adapted and aligned to the priorities articulated in the upcoming International Compact and any necessary recalibration of the UNDG ITF and the IRFFI will be made in consultation and agreement with all the IRFFI stakeholders.

The UNDG ITF is grateful for the continued support of its donors.

Annex 1A. Total Expenditure Incurred against Approved and Funded Projects, by Agency, 1 July 2004-30 June 2006 (\$000s)

PROJECT	AGENCY	Steering Committee Approval Date	FUNDED AMOUNT June 2006 (\$000s)	EXPENDITURE					TOTAL July 2004-June 2006 (\$000s)
				P1	P2	P3	P4		
				Jul-Dec '04 (\$000s)	Jan-Jun '05 (\$000s)	Jul-Dec '05 (\$000s)	Jan-Jun '06 (\$000s)		
ESCWA Projects									
B1-10	Iraq Networking Academy Project	ESCWA	22 Jul 04	1,000	418	278	195	81	973
B1-17	Iraq Networking Academy Project - Phase 2	ESCWA	29 Aug 05	3,780	0	0	111	1,807	1,918
C10-04	Smart Community Project	ESCWA	8 Jun 05	2,703	0	0	28	1,292	1,320
C10-05	Development of National Gender Statistics	ESCWA	16 Mar 06	857	0	0	0	0	0
ESCWA Total				8,340	418	278	334	3,180	4,210
FAO Projects									
A5-01	Drainage Conditions in Agricultural Areas	FAO	3 May 04	5,127	130	571	3,363	(56)	4,008
A5-02	Rehabilitation of Pumping Stations	FAO	3 May 04	25,159	264	5,033	5,750	81	11,127
A5-04	Community Irrigation Schemes	FAO	20 May 04	16,959	5,996	1,211	4,383	377	11,968
A5-08	Restoration of Veterinary Services	FAO	8 Jul 04	5,000	2,495	1,836	1,061	702	6,093
A5-10	Restoration of Livestock Services	FAO	8 Jul 04	8,546	0	1,791	3,145	1,105	6,042
A5-15	Restoration and Modernization of Fish Production in Iraq	FAO	20 Apr 06	7,312	0	0	0	0	0
A5-16	Rehabilitation and Development of National Seed Industry	FAO	20 Apr 06	5,383	0	0	0	0	0
FAO Total				73,485	8,886	10,441	17,701	2,209	39,237
ILO Projects									
C10-02	International Employment Conference	ILO	22 Aug 04	321	84	186	37	6	312
ILO Total				321	84	186	37	6	312
UNDP Projects									
C9-01	Support to MoPDC	UNDP	8 Jul 04	1,744	170	532	389	594	1,686
C9-05	Capacity-building and Institutional Strengthening of Ministry of Municipalities and Public Works (MMPW)	UNDP	22 Mar 05	3,019	0	638	97	(70)	665
C9-12	Support to Govt. of Iraq in International Assistance Coordination and Capacity-bldg.	UNDP	9 Nov 05	2,643	0	0	0	234	234
C9-18	Supreme Audit Board	UNDP	9 Nov 05	4,880	0	0	0	367	367
C9-10/a	Instit. Support for the Constitutional Drafting Process	UNDP	8 Jun 05	14,148	0	784	9,271	1,013	11,068
C9-10/e	Involving Iraqi Media and Journalists Covering Constitutional Process	UNDP	8 Jun 05	994	0	0	355	1	356
C9-10/f	Involving Iraqi Media and Journalists for New Democracies TV Film Festival	UNDP	8 Jun 05	495	0	0	372	1	373
C10-01	Iraqis Rebuilding Iraq - Phase 1	UNDP	9 Oct 04	387	316	49	(20)	(2)	342
C10-03	Iraqis Rebuilding Iraq - Phase 2	UNDP	22 Mar 05	2,777	0	0	319	0	319
E3-04	Emergency Rehabilitation of Karama Water Treatment Plant - Line 1	UNDP	29 Aug 05	2,956	0	0	0	27	27
E3-06	Emergency WATSAN and Health Support for the Basra Governorate	UNDP	29 Aug 05	4,920	0	0	0	3,953	3,953
E4-01	Emergency Power Supply	UNDP	3 May 04	11,999	69	2,125	5,045	1,790	9,030
E4-02	National Dispatch Centre	UNDP	3 May 04	11,948	2,000	5,461	(702)	2,393	9,152
E4-06	Dredging of Umm Qasr Port Approach Channel	UNDP	20 May 04	24,742	4,963	12,766	7,079	(1)	24,806
E4-07	Rehabilitation of Mosul Power Station	UNDP	22 Jul 04	17,585	75	3,318	337	9,664	13,394
E4-08	Rehabilitation of Taji Power Station	UNDP	22 Jul 04	25,892	83	4,926	637	12,232	17,878
E4-09	Rehabilitation of Hartha Power Station	UNDP	22 Aug 04	17,789	3,047	11,876	1,063	844	16,830
E4-10	Rehabilitation of Mussayib Power Station	UNDP	11 Nov 04	15,511	0	6,846	724	7,232	14,802
E4-15	Rehabilitation of Mussayib Thermal Power Station - Stage 2	UNDP	8 Jun 05	33,000	0	0	0	0	0
G11-02	Support to Electoral Process - Phase 2	UNDP	13 Sep 04	11,246	10,305	550	953	(125)	11,684
G11-03	Support to Elections - Phase 3	UNDP	23 Sep 04	39,057	27,459	4,953	5,436	1,212	39,060
UNDP Total				247,732	48,487	54,823	31,357	41,360	176,026
UNDP/A/EAD Projects									
G11-04	Technical Assistance to IECI	UNDP/A/EAD	25 Oct 04	7,802	704	1,309	1,906	493	4,412
UNDP/A/EAD Total				7,802	704	1,309	1,906	493	4,412
UNEP Projects									
A5-07	Strengthening Environmental Governance	UNEP	8 Jul 04	4,700	646	309	2,522	300	3,777
A5-11	Marshlands Environmental Management	UNEP	22 Jul 04	11,000	481	2,714	5,721	117	9,033
D2-08	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya Site	UNEP	29 Aug 05	905	0	0	10	886	897
UNEP Total				16,605	1,127	3,023	8,254	1,303	13,707
UNESCO Projects									
A5-12	Capacity Bldg. of Water Institutions	UNESCO	22 Aug 04	3,276	355	1,840	760	184	3,138
B1-01	Vocational Education	UNESCO	3 May 04	2,758	2,704	27	25	(219)	2,538
B1-05	In-service Training for Teachers	UNESCO	10 May 04	2,346	1,119	200	450	300	2,069
B1-07	Protecting the Iraqi Cultural Heritage	UNESCO	20 May 04	2,092	1,531	324	48	141	2,043
B1-08	Literacy and Life Skills Development	UNESCO	8 Jul 04	2,230	74	861	(138)	856	1,653
B1-13	Education Management Information System (EMIS)	UNESCO	11 Nov 04	1,500	38	715	203	338	1,293
B1-14	Revitalization of Technical and Vocational Education - Phase 2	UNESCO	29 Aug 05	3,000	0	0	60	351	410
B1-15	Strengthening Secondary Education - Phase 1	UNESCO	29 Aug 05	4,721	0	0	91	300	391
B1-18	Textbooks Quality Improvement Programme II	UNESCO	29 Aug 05	7,100	0	0	6,365	223	6,587
C9-10/c	Media and Human Rights: Promotion of Freedom of Expression	UNESCO	8 Jun 05	1,994	0	0	1,812	123	1,934
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7 Dec 04	396	0	435	(39)	0	396
UNESCO Total				31,414	5,820	4,402	9,636	2,595	22,454
UNFPA Projects									
D2-02	Emergency Obstetric Care	UNFPA	10 May 04	12,603	2,705	466	3,366	1,288	7,825
UNFPA Total				12,603	2,705	466	3,366	1,288	7,825
UN-HABITAT Projects									
B1-09	Education Facilities Rehabilitation	UN-HABITAT	8 Jul 04	17,581	1,019	5,672	6,739	2,375	15,805
B1-11	Rehab. of School Buildings in Lower South Iraq	UN-HABITAT	11 Nov 04	5,270	178	2,776	2,108	101	5,163
E3-05	Community-based Integrated WATSAN Rehab and Management Project	UN-HABITAT	29 Aug 05	1,984	0	0	1,486	202	1,687
E4-04	Strengthening Capacity of Housing Sector	UN-HABITAT	10 May 04	5,966	779	2,176	1,847	497	5,299
E4-11	Strengthening Urban Sector through Building Capacities in Municipal Planning and Mgmt.	UN-HABITAT	13 Sep 04	2,550	117	320	1,548	384	2,370
E4-14	Rehabilitation of Community Facilities and Infrastructure	UN-HABITAT	29 Aug 05	16,025	0	0	1,347	6,541	7,888
UN-HABITAT Total				49,375	2,093	10,944	15,076	10,100	38,212

^a Date of Steering Committee Approval does not signify date of project implementation start-up.

^b Expenditure exceeds funded amount at 30 June 2006, and will be adjusted by Agency by 31 December 2006

Annex 1A (continued). Total Expenditure Incurred against Approved and Funded Projects, by Agency, 1 July 2004-30 June 2006 (\$000s)

PROJECT	AGENCY	Steering Committee Approval Date	FUNDED AMOUNT June 2006 (\$000s)	EXPENDITURE					TOTAL July 2004-June 2006 (\$000s)
				P1	P2	P3	P4		
				Jul-Dec '04 (\$000s)	Jan-Jun '05 (\$000s)	Jul-Dec '05 (\$000s)	Jan-Jun '06 (\$000s)		
UNHCR Projects									
F8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8 Jul 04	7,126	5,225	1,189	713	0	7,126
F8-03	Return and Reintegration of Iraqis and Others of Concern in Northern Iraq	UNHCR	29 Aug 05	2,962	0	0	990	485	1,475
UNHCR Total			10,088	5,225	1,189	1,703	485	8,601	
UNICEF Projects									
B1-06	Strengthening Primary and Intermediate Education- Phase 1	UNICEF	10 May 04	34,254	22,323	1,291	10,215	489	34,318
B1-12	Strengthening Primary and Intermediate Education - Phase 2	UNICEF	11 Nov 04	16,230	0	0	10,387	2,296	12,682
B1-19	Integrated Community-based Project to Deliver Quality-based Social Services	UNICEF	29 Aug 05	12,900	0	0	3,699	2,170	5,868
D2-06	Strengthening Immunization Services in Iraq	UNICEF	8 Jun 05	7,900	0	0	3,418	198	3,616
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20 May 04	21,500	720	1,179	15,201	188	17,289
UNICEF Total			92,784	23,043	2,471	42,920	5,341	73,774	
UNIDO Projects									
A5-06	Promotion of Cottage Industries	UNIDO	20 May 04	5,013	22	998	1,469	1,353	3,842
A5-13	Rehabilitation of Dairy Plants	UNIDO	22 Aug 04	2,938	0	181	2,120	293	2,594
A5-17	Community Livelihoods and Micro-industry Support in Rural and Urban Areas of N. Iraq	UNIDO	20 Apr 06	5,800	0	0	0	0	0
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22 Aug 04	771	44	573	62	29	708
UNIDO Total			14,522	66	1,752	3,650	1,675	7,144	
UNIFEM Projects									
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	9 Oct 04	1,905	716	543	441	9	1,709
C9-10/b	Iraqi National Constitution and Referendum Awareness Campaign (INCRAC)	UNIFEM	8 Jun 05	1,670	0	0	725	369	1,094
UNIFEM Total			3,575	716	543	1,166	378	2,803	
UNOPS Projects									
A7-02	Explosive Ordnance Disposal (EOD) Capacity-building and Clearance	UNOPS	11 Nov 04	3,341	0	3,341	0	0	3,341
A7-03	Support to Iraq Kurdistan Mine Action Center	UNOPS	16 Mar 06	2,922	0	0	0	1	1
B1-20	Basra Leadership Human Rights Awareness	UNOPS	16 Mar 06	63	0	0	0	0	0
C9-03	Civil Society Forums	UNOPS	22 Aug 04	1,720	1,494	90	40	45	1,669
C9-10/d	Civil Society Constitutional Outreach Campaign	UNOPS	8 Jun 05	4,964	0	2,774	1,275	317	4,366
C9-19	Human Rights Project for Iraq 2006-2007 Phase 1	UNOPS	4 Apr 06	2,570	0	0	0	34	34
D2-12	Establishment of Solid Waste Mangement System in City of Kirkuk	UNOPS	23 Mar 06	2,000	0	0	0	128	128
E3-07	Kerbala WTP Rehabilitation of Filter Units	UNOPS	29 Aug 05	1,251	0	0	30	1,028	1,058
F8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	20 May 04	9,741	3,665	4,425	1,455	65	9,609
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS/EAD	7 Dec 04	3,416	95	2,980	224	(3)	3,296
G11-08	Logistics Support to IECI - Phase 1	UNOPS/EAD	23 Dec 04	45,344	0	44,933	196	171	45,301
G11-09	Logistics Support to IECI - Phase 2	UNOPS/EAD	29 Sep 05	61,310	0	0	51,871	3,485	55,355
G11-10	Provision of Electoral Support to Observer Groups - Phase 2	UNOPS/EAD	20 Sep 05	6,042	0	0	5,225	(287)	4,938
G11-13	Empowerment of Women and Youth in Iraqi Elections	UNOPS	26 Mar 06	2,844	0	0	0	2,781	2,781
NA	Pilgrim Stampede Emergency Micro-grant Response	UNOPS/EAD	2 Sep 05	300	0	0	214	72	286
UNOPS Total			147,827	5,254	58,542	60,529	7,836	132,161	
WFP Projects									
A6-02	Development of Safety nets and Food Security	WFP	11 Nov 04	7,000	0	3,982	641	1,903	6,526
WFP Total			7,000	0	3,982	641	1,903	6,526	
WHO Projects									
D2-03	Supporting Primary Health Care System	WHO	20 May 04	37,364	11,491	8,138	10,483	4,585	34,697
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	8 Jul 04	5,977	1,464	1,951	2,171	179	5,765
D2-05	Non-communicable Diseases and Mental Health	WHO	22 Aug 04	11,000	740	4,333	1,687	912	7,672
D2-07	Improving Preparedness and Response to Impending Cholera Outbreak	WHO	29 Aug 05	858	0	0	315	530	845
D2-09	Malaria and Leishmania Control and Prevention Emergency Programme	WHO	29 Aug 05	5,157	0	0	2,818	2,315	5,134
D2-10	Health Care Waste Management	WHO	29 Aug 05	1,408	0	0	165	1,241	1,407
D2-11	Provision of Emergency Medical Oxygen Supply in Baghdad, Mosul and Kirkuk	WHO	29 Aug 05	2,825	0	0	20	454	474
D2-16	Strengthening Immunization Services - Phase 2	WHO	19 Apr 06	8,163	0	0	0	0	0
E3-03	Water Quality Control and Surveillance	WHO	22 Aug 04	6,262	677	1,227	4,221	121	6,246
WHO Total			79,013	14,371	15,650	21,881	10,338	62,239	
Grand Total			802,486	118,997	170,001	220,155	90,490	599,644	

^a Date of Steering Committee Approval does not signify date of project implementation start-up.

^b Expenditure exceeds funded amount at 30 June 2006, and will be adjusted by Agency by 31 December 2006

Annex 1B. Total Expenditure Incurred against Approved and Funded Projects, by Cluster, 1 July 2004-30 June 2006 (\$000)

PROJECT	AGENCY	Steering Committee Approval Date	FUNDED AMOUNT June 2006 (\$000s)	EXPENDITURE					TOTAL July 2004-June 2006 (\$000s)
				P1	P2	P3	P4		
				Jul-Dec '04 (\$000s)	Jan-Jun '05 (\$000s)	Jul-Dec '05 (\$000s)	Jan-Jun '06 (\$000s)		
Cluster A: Agriculture, Food Security, Environment and Natural Resource Management									
A5-01	FAO	3 May 04	5,127	130	571	3,363	(56)	4,008	
A5-02	FAO	3 May 04	25,159	264	5,033	5,750	81	11,127	
A5-04	FAO	20 May 04	16,959	5,996	1,211	4,383	377	11,968	
A5-06	UNIDO	20 May 04	5,013	22	998	1,469	1,353	3,842	
A5-07	UNEP	8 Jul 04	4,700	646	309	2,522	300	3,777	
A5-08	FAO	8 Jul 04	5,000	2,495	1,836	1,061	702	6,093	
A5-10	FAO	8 Jul 04	8,546	0	1,791	3,145	1,105	6,042	
A5-11	UNEP	22 Jul 04	11,000	481	2,714	5,721	117	9,033	
A5-12	UNESCO	22 Aug 04	3,276	355	1,840	760	184	3,138	
A5-13	UNIDO	22 Aug 04	2,938	0	181	2,120	293	2,594	
A5-15	FAO	20 Apr 06	7,312	0	0	0	0	0	
A5-16	FAO	20 Apr 06	5,383	0	0	0	0	0	
A5-17	UNIDO	20 Apr 06	5,800	0	0	0	0	0	
A6-02	WFP	11 Nov 04	7,000	0	3,982	641	1,903	6,526	
A7-02	UNOPS	11 Nov 04	3,341	0	3,341	0	0	3,341	
A7-03	UNOPS	16 Mar 06	2,922	0	0	0	1	1	
			119,474	10,390	23,804	30,934	6,360	71,489	
Cluster B: Education and Culture									
B1-01	UNESCO	3 May 04	2,758	2,704	27	25	(219)	2,538	
B1-05	UNESCO	10 May 04	2,346	1,119	200	450	300	2,069	
B1-06	UNICEF	10 May 04	34,254	22,323	1,291	10,215	489	34,318	
B1-07	UNESCO	20 May 04	2,092	1,531	324	48	141	2,043	
B1-08	UNESCO	8 Jul 04	2,230	74	861	(138)	856	1,653	
B1-09	UN-HABITAT	8 Jul 04	17,581	1,019	5,672	6,739	2,375	15,805	
B1-10	ESCWA	22 Jul 04	1,000	418	278	195	81	973	
B1-11	UN-HABITAT	11 Nov 04	5,270	178	2,776	2,108	101	5,163	
B1-12	UNICEF	11 Nov 04	16,230	0	0	10,387	2,296	12,682	
B1-13	UNESCO	11 Nov 04	1,500	38	715	203	338	1,293	
B1-14	UNESCO	29 Aug 05	3,000	0	0	60	351	410	
B1-15	UNESCO	29 Aug 05	4,721	0	0	91	300	391	
B1-17	ESCWA	29 Aug 05	3,780	0	0	111	1,807	1,918	
B1-18	UNESCO	29 Aug 05	7,100	0	0	6,365	223	6,587	
B1-19	UNICEF	29 Aug 05	12,900	0	0	3,699	2,170	5,868	
B1-20	UNOPS	16 Mar 06	63	0	0	0	0	0	
			116,826	29,403	12,144	40,558	11,607	93,712	
Cluster C: Governance and Human Development									
C10-01	UNDP	9 Oct 04	387	316	49	(20)	(2)	342	
C10-02	ILO	22 Aug 04	321	84	186	37	6	312	
C10-03	UNDP	22 Mar 05	2,777	0	0	319	0	319	
C10-04	ESCWA	8 Jun 05	2,703	0	0	28	1,292	1,320	
C10-05	ESCWA	16 Mar 06	857	0	0	0	0	0	
C9-01	UNDP	8 Jul 04	1,744	170	532	389	594	1,686	
C9-03	UNOPS	22 Aug 04	1,720	1,494	90	40	45	1,669	
C9-04	UNIFEM	9 Oct 04	1,905	716	543	441	9	1,709	
C9-05	UNDP	22 Mar 05	3,019	0	638	97	(70)	665	
C9-10/a	UNDP	8 Jun 05	14,148	0	784	9,271	1,013	11,068	
C9-10/b	UNIFEM	8 Jun 05	1,670	0	0	725	369	1,094	
C9-10/c	UNESCO	8 Jun 05	1,994	0	0	1,812	123	1,934	
C9-10/d	UNOPS	8 Jun 05	4,964	0	2,774	1,275	317	4,366	
C9-10/e	UNDP	8 Jun 05	994	0	0	355	1	356	
C9-10/f	UNDP	8 Jun 05	495	0	0	372	1	373	
C9-12	UNDP	9 Nov 05	2,643	0	0	0	234	234	
C9-18	UNDP	9 Nov 05	4,880	0	0	0	367	367	
C9-19	UNOPS	4 Apr 06	2,570	0	0	0	34	34	
			49,789	2,780	5,596	15,142	4,332	27,850	
Cluster D: Health and Nutrition									
D2-02	UNFPA	10 May 04	12,603	2,705	466	3,366	1,288	7,825	
D2-03	WHO	20 May 04	37,364	11,491	8,138	10,483	4,585	34,697	
D2-04	WHO	8 Jul 04	5,977	1,464	1,951	2,171	179	5,765	
D2-05	WHO	22 Aug 04	11,000	740	4,333	1,687	912	7,672	
D2-06	UNICEF	8 Jun 05	7,900	0	0	3,418	198	3,616	
D2-07	WHO	29 Aug 05	858	0	0	315	530	845	
D2-08	UNEP	29 Aug 05	905	0	0	10	886	897	
D2-09	WHO	29 Aug 05	5,157	0	0	2,818	2,315	5,134	
D2-10	WHO	29 Aug 05	1,408	0	0	165	1,241	1,407	
D2-11	WHO	29 Aug 05	2,825	0	0	20	454	474	
D2-12	UNOPS	23 Mar 06	2,000	0	0	0	128	128	
D2-16	WHO	19 Apr 06	8,163	0	0	0	0	0	
			96,159	16,399	14,889	24,453	12,718	68,459	

^a Date of Steering Committee Approval does not signify date of project implementation start-up.

^b Expenditure exceeds funded amount at 30 June 2006, and will be adjusted by Agency by 31 December 2006

Annex 1B (continued). Total Expenditure Incurred against Approved and Funded Projects, by Cluster, 1 July 2004-30 June 2006 (\$000s)

PROJECT	AGENCY	Steering Committee Approval Date	FUNDED AMOUNT June 2006 (\$000s)	EXPENDITURE					TOTAL July 2004-June 2006 (\$000s)
				P1	P2	P3	P4		
				Jul-Dec '04 (\$000s)	Jan-Jun '05 (\$000s)	Jul-Dec '05 (\$000s)	Jan-Jun '06 (\$000s)	July 2004-June 2006 (\$000s)	
Cluster E: Infrastructure Rehabilitation									
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20 May 04	21,500	720	1,179	15,201	188	17,289
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22 Aug 04	771	44	573	62	29	708
E3-03	Water Quality Control and Surveillance	WHO	22 Aug 04	6,262	677	1,227	4,221	121	6,246
E3-04	Emergency Rehabilitation of Karama Water Treatment Plant - Line 1	UNDP	29 Aug 05	2,956	0	0	0	27	27
E3-05	Community-based Integrated WATSAN Rehab and Management Project	UN-HABITAT	29 Aug 05	1,984	0	0	1,486	202	1,687
E3-06	Emergency WATSAN and Health Support for the Basra Governorate	UNDP	29 Aug 05	4,920	0	0	0	3,953	3,953
E3-07	Kerbala WTP Rehabilitation of Filter Units	UNOPS	29 Aug 05	1,251	0	0	30	1,028	1,058
E4-01	Emergency Power Supply	UNDP	3 May 04	11,999	69	2,125	5,045	1,790	9,030
E4-02	National Dispatch Centre	UNDP	3 May 04	11,948	2,000	5,461	(702)	2,393	9,152
E4-04	Strengthening Capacity of Housing Sector	UN-HABITAT	10 May 04	5,966	779	2,176	1,847	497	5,299
E4-06	Dredging of Umm Qasr Port Approach Channel	UNDP	20 May 04	24,742	4,963	12,766	7,079	(1)	24,806
E4-07	Rehabilitation of Mosul Power Station	UNDP	22 Jul 04	17,585	75	3,318	337	9,664	13,394
E4-08	Rehabilitation of Taji Power Station	UNDP	22 Jul 04	25,892	83	4,926	637	12,232	17,878
E4-09	Rehabilitation of Hartha Power Station	UNDP	22 Aug 04	17,789	3,047	11,876	1,063	844	16,830
E4-10	Rehabilitation of Mussayib Power Station	UNDP	11 Nov 04	15,511	0	6,846	724	7,232	14,802
E4-11	Strengthening Urban Sector through Building Capacities in Municipal Planning and Mgmt.	UN-HABITAT	13 Sep 04	2,550	117	320	1,548	384	2,370
E4-14	Rehabilitation of Community Facilities and Infrastructure	UN-HABITAT	29 Aug 05	16,025	0	0	1,347	6,541	7,888
E4-15	Rehabilitation of Mussayib Thermal Power Station - Stage 2	UNDP	8 Jun 05	33,000	0	0	0	0	0
				222,651	12,573	52,794	39,925	47,124	152,416
Cluster F: Refugees, Internally Displaced Persons and Durable Solutions									
F8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	20 May 04	9,741	3,665	4,425	1,455	65	9,609
F8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8 Jul 04	7,126	5,225	1,189	713	0	7,126
F8-03	Return and Reintegration of Iraqis and Others of Concern in Northern Iraq	UNHCR	29 Aug 05	2,962	0	0	990	485	1,475
				19,830	8,889	5,614	3,157	550	18,210
Cluster G: Support to Electoral Process									
G11-02	Support to Electoral Process - Phase 2	UNDP/EAD	13 Sep 04	11,246	10,305	550	953	(125)	11,684
G11-03	Support to Elections - Phase 3	UNDP/EAD	23 Sep 04	39,057	27,459	4,953	5,436	1,212	39,060
G11-04	Technical Assistance to IECI	UNDP/EAD	25 Oct 04	7,802	704	1,309	1,906	493	4,412
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS/EAD	7 Dec 04	3,416	95	2,980	224	(3)	3,296
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7 Dec 04	396	0	435	(39)	0	396
G11-08	Logistics Support to IECI - Phase 1	UNOPS/EAD	23 Dec 04	45,344	0	44,933	196	171	45,301
G11-09	Logistics Support to IECI - Phase 2	UNOPS/EAD	29 Sep 05	61,310	0	0	51,871	3,485	55,355
G11-10	Provision of Electoral Support to Observer Groups - Phase 2	UNOPS/EAD	20 Sep 05	6,042	0	0	5,225	(287)	4,938
G11-13	Empowerment of Women and Youth in Iraqi Elections	UNOPS	26 Mar 06	2,844	0	0	0	2,781	2,781
				177,457	38,563	55,159	65,772	7,728	167,222
NA	Pilgrim Stampede Emergency Micro-grant Response	UNOPS/EAD	2 Sep 05	300	0	0	214	72	286
				802,486	118,997	170,001	220,155	90,490	599,644

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^b Expenditure exceeds funded amount at 30 June 2006, and will be adjusted by Agency by 31 December 2006.

Annex 2. Total Project Commitments and Disbursements against Approved and Funded Projects, 1 July 2004-30 September 2006 (\$000s)

PROJECT	AGENCY	Steering Committee Approval Date	as of June 2006						as of September 2006					
			FUNDED		COMMITMENT		DISBURSEMENT		FUNDED		COMMITMENT		DISBURSEMENT	
			(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	%
Cluster A: Agriculture, Food Security, Environment and Natural Resource Management														
A5-01	Drainage Conditions in Agricultural Areas	FAO	3 May 04	5,127	4,227	82	1,515	30	5,127	4,324	84	1,651	32	
A5-02	Rehabilitation of Pumping Stations	FAO	3 May 04	25,159	11,744	47	3,323	13	25,159	20,060	80	6,757	27	
A5-04	Community Irrigation Schemes	FAO	20 May 04	16,959	12,334	73	8,100	48	16,959	13,247	78	10,124	60	
A5-06	Promotion of Cottage Industries	UNIDO	20 May 04	5,013	3,851	77	3,435	69	5,013	3,995	80	4,016	80	
A5-07	Strengthening Environmental Governance	UNEP	8 Jul 04	4,700	3,968	84	2,870	61	4,700	3,953	84	2,916	62	
A5-08	Restoration of Veterinary Services	FAO	8 Jul 04	5,000	6,347	127	4,323	86	6,837	6,525	95	4,723	69	
A5-10	Restoration of Livestock Services	FAO	8 Jul 04	8,546	6,565	77	5,700	67	8,546	6,886	81	6,416	75	
A5-11	Marshlands Environmental Management	UNEP	22 Jul 04	11,000	10,883	99	8,661	79	11,000	10,883	99	8,283	79	
A5-12	Capacity Bldg. of Water Institutions	UNESCO	22 Aug 04	3,276	3,132	96	2,955	90	3,276	3,205	98	3,001	92	
A5-13	Rehabilitation of Dairy Plants	UNIDO	22 Aug 04	2,938	2,597	88	1,859	63	2,938	2,647	90	1,988	68	
A5-15	Restoration and Modernization of Fish Production in Iraq	FAO	20 Apr 06	7,312	0	0	0	0	7,312	0	0	0	0	
A5-16	Rehabilitation and Development of National Seed Industry	FAO	20 Apr 06	5,383	0	0	0	0	5,383	6	0	3	0	
A5-17	Community Livelihoods and Micro-industry Support in Rural and Urban Areas of N. Iraq	UNIDO	20 Apr 06	5,800	0	0	0	0	5,800	446	8	22	0	
A6-02	Development of Safety nets and Food Security	WFP	11 Nov 04	7,000	6,647	95	5,837	83	7,000	6,840	98	6,310	90	
A7-02	Explosive Ordnance Disposal (EOD) Capacity-building and Clearance	UNOPS	11 Nov 04	3,341	3,341	100	3,341	100	3,341	3,341	100	3,341	100	
A7-03	Support to Iraq Kurdistan Mine Action Center	UNOPS	16 Mar 06	2,922	1	0	1	0	2,922	34	1	8	0	
A7-04	Strengthening of National Mine Action Organization In Southern Iraq	UNDP	28 Sep 06	0	0	0	0	0	3,196	0	0	0	0	
				119,474	75,636	63	51,920	43	124,507	86,393	69	59,557	48	
Cluster B: Education and Culture														
B1-01	Vocational Education	UNESCO	3 May 04	2,758	2,538	92	2,537	92	2,758	2,738	99	2,538	92	
B1-05	In-service Training for Teachers	UNESCO	10 May 04	2,346	2,045	87	1,877	80	2,346	2,173	93	1,901	81	
B1-06	Strengthening Primary and Intermediate Education - Phase 1	UNICEF	10 May 04	34,254	32,422	95	30,739	90	34,254	32,419	95	30,722	90	
B1-07	Protecting the Iraqi Cultural Heritage	UNESCO	20 May 04	2,092	2,047	98	1,898	91	2,092	2,059	98	1,904	91	
B1-08	Literacy and Life Skills Development	UNESCO	8 Jul 04	2,230	1,613	72	1,104	50	2,230	1,700	76	1,553	70	
B1-09	Education Facilities Rehabilitation	UN-HABITAT	8 Jul 04	17,581	17,525	100	16,017	91	17,581	17,581	100	17,261	98	
B1-10	Iraq Networking Academy Project	ESCWA	22 Jul 04	1,000	969	97	893	89	1,000	998	100	926	93	
B1-11	Rehab. of School Buildings in Lower South Iraq	UN-HABITAT	11 Nov 04	5,270	5,270	100	5,270	100	5,270	5,270	100	5,270	100	
B1-12	Strengthening Primary and Intermediate Education - Phase 2	UNICEF	11 Nov 04	16,230	14,209	88	10,999	68	16,230	14,027	86	13,151	81	
B1-13	Education Management Information System (EMIS)	UNESCO	11 Nov 04	1,500	1,287	86	1,170	78	1,500	1,460	97	1,359	91	
B1-14	Revitalization of Technical and Vocational Education - Phase 2	UNESCO	29 Aug 05	3,000	424	14	272	9	3,000	593	20	384	13	
B1-15	Strengthening Secondary Education - Phase 1	UNESCO	29 Aug 05	4,721	381	8	114	2	4,721	470	10	276	6	
B1-17	Iraq Networking Academy Project - Phase 2	ESCWA	29 Aug 05	3,780	1,928	51	1,515	40	3,780	2,000	53	1,645	44	
B1-18	Textbooks Quality Improvement Programme II	UNESCO	29 Aug 05	7,100	6,570	93	6,194	87	7,100	6,659	94	6,326	89	
B1-19	Integrated Community-based Project to Deliver Quality-based Social Services	UNICEF	29 Aug 05	12,900	10,987	85	3,146	24	12,900	11,299	88	5,456	42	
B1-20	Basra Leadership Human Rights Awareness	UNOPS	16 Mar 06	63	0	0	0	0	63	42	67	32	51	
B1-22/a	School Rehabilitation and Capacity Building - Phase 1 & 2	UNICEF	16 Jul 06	0	0	0	0	0	9,029	1,114	12	44	0	
B1-22/b	School Rehabilitation and Capacity Building - Phase 1 & 2	UN-HABITAT	16 Jul 06	0	0	0	0	0	6,632	123	2	0	0	
B1-23	Training of Trainers in Teacher Education for Sustained Quality Education	UNESCO	16 Jul 06	0	0	0	0	0	2,325	0	0	0	0	
B1-24	Provision of Learning Materials for All Primary Level Students in Iraq	UNICEF	28 Sep 06	0	0	0	0	0	18,173	0	0	0	0	
				116,826	100,216	86	83,747	72	152,984	102,724	67	90,748	59	
Cluster C: Governance and Human Development														
C9-01	Support to MoPDC	UNDP	8 Jul 04	1,744	1,025	59	1,024	59	1,744	1,013	58	1,012	58	
C9-03	Civil Society Forums	UNOPS	22 Aug 04	1,720	1,675	97	1,384	80	1,720	1,707	99	1,395	81	
C9-04	Women Solidarity Toward Active Participation in Elections	UNIFEM	9 Oct 04	1,905	1,655	87	1,709	90	1,905	1,745	92	1,712	90	
C9-05	Capacity-building and Institutional Strengthening of Ministry of Municipalities and Public Works (MMPW)	UNDP	22 Mar 05	3,019	1,295	43	1,295	43	3,019	1,333	44	1,333	44	
C9-10/a	Instit. Support for the Constitutional Drafting Process	UNDP	8 Jun 05	14,148	9,979	71	9,979	71	14,148	10,551	75	10,551	75	
C9-10/b	Iraqi National Constitution and Referendum Awareness Campaign (INCRAC)	UNIFEM	8 Jun 05	1,670	973	58	1,094	66	1,670	1,482	89	1,461	87	
C9-10/c	Media and Human Rights: Promotion of Freedom of Expression	UNESCO	8 Jun 05	1,994	1,925	97	1,745	88	1,994	1,929	97	1,803	90	
C9-10/d	Civil Society Constitutional Outreach Campaign	UNOPS	8 Jun 05	4,964	4,607	93	4,319	87	4,964	4,858	98	4,649	94	
C9-10/e	Involving Iraqi Media and Journalists Covering Constitutional Process	UNDP	8 Jun 05	994	768	77	768	77	994	770	77	770	77	
C9-10/f	Involving Iraqi Media and Journalists for New Democracies TV Film Festival	UNDP	8 Jun 05	495	457	92	457	92	495	457	92	457	92	
C9-12	Support to Govt. of Iraq in International Assistance Coordination and Capacity-bldg.	UNDP	9 Nov 05	2,643	61	2	61	2	2,643	213	8	213	8	
C9-18	Supreme Audit Board	UNDP	9 Nov 05	4,880	220	5	220	5	4,880	247	5	247	5	
C9-19	Human Rights Project for Iraq 2006-2007 Phase 1	UNOPS	4 Apr 06	2,570	34	1	4	0	2,570	164	6	130	5	
C10-01	Iraqis Rebuilding Iraq - Phase 1	UNDP	9 Oct 04	387	328	85	323	83	387	328	85	326	84	
C10-02	International Employment Conference	ILO	22 Aug 04	321	315	98	312	97	321	315	98	314	98	
C10-03	Iraqis Rebuilding Iraq - Phase 2	UNDP	22 Mar 05	2,777	0	0	0	0	2,777	0	0	0	0	
C10-04	Smart Community Project	ESCWA	8 Jun 05	2,703	1,376	51	600	22	2,703	1,495	55	770	28	
C10-05	Development of National Gender Statistics	ESCWA	16 Mar 06	857	0	0	0	0	857	17	2	6	1	
C10-06	Governance in Support of Employment Creation Programme	UNOPS	16 Jul 06	0	0	0	0	0	4,126	48	1	14	0	
				49,789	26,692	54	25,295	51	53,916	28,671	53	27,164	50	

NB: Date of Steering Committee Approval does not signify date of project implementation start-up.

Annex 2 (continued). Total Project Commitments and Disbursements against Approved and Funded Projects, 1 July 2004-30 September 2006 (\$000s)

PROJECT	AGENCY	Steering Committee Approval Date	as of June 2006						as of September 2006					
			FUNDED		COMMITMENT		DISBURSEMENT		FUNDED		COMMITMENT		DISBURSEMENT	
			(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	%
Cluster D: Health and Nutrition														
D2-02	Emergency Obstetric Care	UNFPA	10 May 04	12,603	8,995	71	5,896	47	12,603	9,123	72	6,083	48	
D2-03	Supporting Primary Health Care System	WHO	20 May 04	37,364	35,057	94	31,337	84	37,364	35,368	95	34,069	91	
D2-04	Re-establishing the National Drug Quality Control Laboratory	WHO	8 Jul 04	5,977	5,899	99	4,387	73	5,977	5,679	95	4,531	76	
D2-05	Non-communicable Diseases and Mental Health	WHO	22 Aug 04	11,000	9,451	86	6,080	55	11,000	9,462	86	7,109	65	
D2-06	Strengthening Immunization Services in Iraq	UNICEF	8 Jun 05	7,900	4,601	58	1,077	14	7,900	4,833	61	1,832	23	
D2-07	Improving Preparedness and Response to Impending Cholera Outbreak	WHO	29 Aug 05	858	799	93	769	90	858	848	99	755	88	
D2-08	Hazardous Waste Chemicals Collection and Storage: Al Qadissiya Site	UNEP	29 Aug 05	905	465	51	137	15	905	486	54	156	17	
D2-09	Malaria and Leishmania Control and Prevention Emergency Programme	WHO	29 Aug 05	5,157	5,111	99	3,039	59	5,157	5,153	100	4,195	81	
D2-10	Health Care Waste Management	WHO	29 Aug 05	1,408	1,408	100	803	57	1,408	1,404	100	1,140	81	
D2-11	Provision of Emergency Medical Oxygen Supply in Baghdad, Mosul and Kirkuk	WHO	29 Aug 05	2,825	644	23	224	8	2,825	675	24	268	9	
D2-12	Establishment of Solid Waste Mangement System in City of Kirkuk	UNOPS	23 Mar 06	2,000	128	6	7	0	2,000	783	39	285	14	
D2-14	Assistance to Primary School Children and Vulnerable Groups	WFP	16 Jul 06	0	0	0	0	0	4,999	327	7	327	7	
D2-16	Strengthening Immunization Services - Phase 2	WHO	19 Apr 06	8,163	0	0	0	0	8,163	2,680	33	565	7	
D2-17	Rebuilding Food Safety and Food Processing Industry Capacity	WHO	16 Jul 06	0	0	0	0	0	6,506	172	3	2	0	
				96,159	72,557	75	53,755	56	107,664	76,992	72	61,318	57	
Cluster E: Infrastructure Rehabilitation														
E3-01	Rehabilitation of Water and Sanitation Systems in Southern Iraq	UNICEF	20 May 04	21,500	18,819	88	12,079	56	21,500	17,735	82	12,870	60	
E3-02	Rehabilitation of Chlorination Plant	UNIDO	22 Aug 04	771	634	82	441	57	771	616	80	426	55	
E3-03	Water Quality Control and Surveillance	WHO	22 Aug 04	6,262	6,262	100	6,091	97	6,262	6,260	100	6,105	97	
E3-04	Emergency Rehabilitation of Karama Water Treatment Plant - Line 1	UNDP	29 Aug 05	2,956	15	1	11	0	2,956	261	9	114	4	
E3-05	Community-based Integrated WATSAN Rehab and Management Project	UN-HABITAT	29 Aug 05	1,984	1,641	83	879	44	1,984	1,641	83	900	45	
E3-06	Emergency WATSAN and Health Support for the Basra Governorate	UNDP	29 Aug 05	4,920	3,500	71	1,470	30	4,920	3,874	79	3,874	79	
E3-07	Kerbala WTP Rehabilitation of Filter Units	UNOPS	29 Aug 05	1,251	1,075	86	596	48	1,251	1,099	88	826	66	
E3-08	Addressing Short and Long Term Water and Sanitation Needs in Umm Qasr	UNDP	16 Jul 06	0	0	0	0	0	1,020	384	38	0	0	
E3-09	Emergency Water Supply in Unserved/Underserved/Vulnerable Areas in Baghdad and IDPs	UNICEF	16 Jul 06	0	0	0	0	0	1,059	646	61	16	2	
E4-01	Emergency Power Supply	UNDP	3 May 04	11,999	5,967	50	4,920	41	11,999	5,967	50	5,988	50	
E4-02	National Dispatch Centre	UNDP	3 May 04	11,948	10,000	84	7,323	61	11,948	10,000	84	7,537	63	
E4-04	Strengthening Capacity of Housing Sector	UN-HABITAT	10 May 04	5,966	5,966	100	4,172	70	5,966	5,966	100	4,285	72	
E4-06	Dredging of Umm Qasr Port Approach Channel	UNDP	20 May 04	24,742	24,742	100	23,675	96	24,742	24,742	100	23,692	96	
E4-07	Rehabilitation of Mosul Power Station	UNDP	22 Jul 04	17,585	17,528	100	3,928	22	17,585	17,528	100	9,914	56	
E4-08	Rehabilitation of Taji Power Station	UNDP	22 Jul 04	25,892	25,846	100	13,966	54	25,892	25,846	100	14,586	56	
E4-09	Rehabilitation of Hartha Power Station	UNDP	22 Aug 04	17,789	15,392	87	16,237	91	17,789	15,392	87	16,611	93	
E4-10	Rehabilitation of Mussayib Power Station	UNDP	11 Nov 04	15,511	15,345	99	10,480	68	15,511	15,345	99	13,526	87	
E4-11	Strengthening Urban Sector through Building Capacities in Municipal Planning and Mgmt.	UN-HABITAT	13 Sep 04	2,550	2,306	90	1,495	59	2,550	2,312	91	1,634	64	
E4-14	Rehabilitation of Community Facilities and Infrastructure	UN-HABITAT	29 Aug 05	16,025	6,965	43	2,417	15	16,025	9,217	58	4,307	27	
E4-15	Rehabilitation of Mussayib Thermal Power Station - Stage 2	UNDP	8 Jun 05	33,000	0	0	0	0	33,000	178	1	178	1	
				222,651	162,003	73	110,180	49	224,730	165,008	73	127,390	57	
Cluster F: Refugees, Internally Displaced Persons and Durable Solutions														
F8-01	Return and Reintegration of IDPs and Iraqi Refugees in the Northern Governorates	UNOPS	20 May 04	9,741	9,741	100	9,194	94	9,741	9,741	100	9,273	95	
F8-02	Return and Reintegration of Iraqis and Others of Concern in Southern Iraq	UNHCR	8 Jul 04	7,126	7,126	100	7,126	100	7,126	7,126	100	7,126	100	
F8-03	Return and Reintegration of Iraqis and Others of Concern in Northern Iraq	UNHCR	29 Aug 05	2,962	2,962	100	1,097	37	2,962	2,962	100	1,851	62	
				19,830	19,830	100	17,418	88	19,830	19,830	100	18,250	92	
Cluster G: Support to Electoral Process														
G11-02	Support to Electoral Process - Phase 2	UNDP/EAD	13 Sep 04	11,246	11,255	100	10,188	91	11,246	11,255	100	10,188	91	
G11-03	Support to Elections - Phase 3	UNDP/EAD	23 Sep 04	39,057	34,501	88	36,034	92	39,057	34,501	88	36,083	92	
G11-04	Technical Assistance to IECI	UNDP/EAD	25 Oct 04	7,802	5,744	74	4,344	56	7,802	6,487	83	5,087	65	
G11-06	Provision of Electoral Support to Observer Groups in Iraqi Elections	UNOPS/EAD	7 Dec 04	3,416	3,295	96	3,293	96	3,416	3,416	100	3,413	100	
G11-07	Support for Fair, Safe and Professional Media Coverage	UNESCO	7 Dec 04	396	396	100	396	100	396	396	100	396	100	
G11-08	Logistics Support to IECI - Phase 1	UNOPS/EAD	23 Dec 04	45,344	45,301	100	45,301	100	45,344	45,344	100	45,344	100	
G11-09	Logistics Support to IECI - Phase 2	UNOPS/EAD	29 Sep 05	61,310	55,020	90	52,120	85	61,310	55,089	90	53,683	88	
G11-10	Provision of Electoral Support to Observer Groups - Phase 2	UNOPS/EAD	20 Sep 05	6,042	5,011	83	4,323	72	6,042	5,030	83	4,961	82	
G11-13	Empowerment of Women and Youth in Iraqi Elections	UNOPS	26 Mar 06	2,844	2,780	98	524	18	2,844	2,782	98	1,905	67	
				177,457	163,302	92	156,523	88	177,457	164,301	93	161,059	91	
NA	Pilgrim Stampede Emergency Micro-grant Response	UNOPS/EAD	2 Sep 05	300	286	95	193	64	300	295	98	274	91	
				300	286	95	193	64	300	295	98	274	91	
GRAND TOTAL				802,486	620,521	77	499,031	62	861,387	644,213	75	545,759	63	

NB: Date of Steering Committee Approval does not signify date of project implementation start-up.

Annex 3. Projects Operationally Completed as of 31 December 2005

UNDP

C10-01, Iraqis Rebuilding Iraq – Phase I
E4-06, Dredging of Um Qasr Port Approach Channel
G11-02, Support to Electoral Process – Phase 2

UNESCO

B1-01, Vocational Education
C9-10/c, Media and Human Rights: Promotion of Freedom of Expression and Human Rights in Iraq
G11-07, Support for Fair, Safe and Professional Media Coverage

UN-HABITAT

B1-11, Rehabilitation of School Buildings in Lower South Iraq

UNHCR

F8-02, Return and Reintegration of Iraqis and Others of Concern in Southern Iraq

UNOPS

A7-02, Explosive Ordnance Disposal Capacity-building and Clearance
C9-03, Civil Society Forums
C9-10d, Civil Society Constitutional Outreach Campaign
F8-01, Return and Reintegration of IDPs and Iraqi Refugees in the Three Northern Governorates
G11-06, Provision of Electoral Support to Observer Groups in Iraqi Elections
G11-08, Logistics Support to IECI – Phase 1