AID MANAGEMENT IN IRAQ:

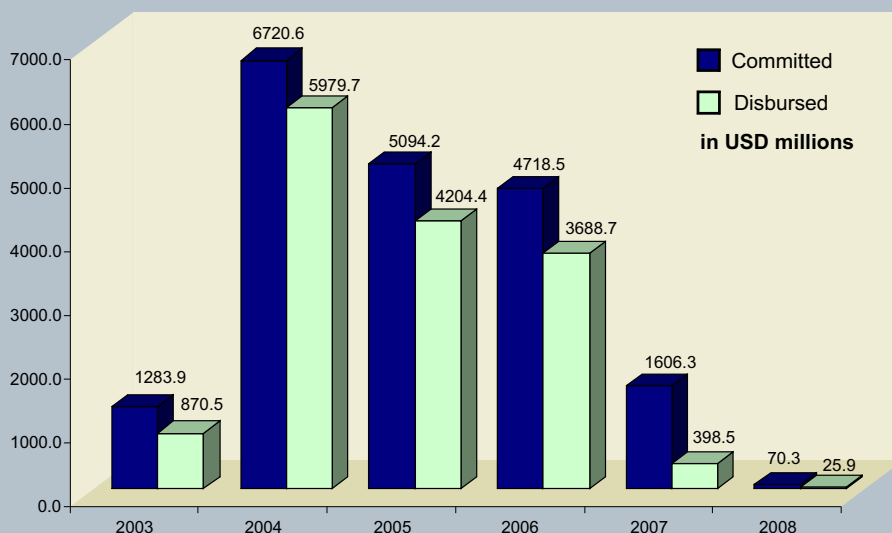## ACHIEVEMENTS AND THE WAY FORWARD

MAY 2008

CONTEXT

Effective management and coordination of foreign assistance is crucial for successful development and responsible use of public resources. Planning, monitoring, coordination, tracking and reporting on international aid flows are all key components of the aid management system that is at the very heart of sustainable reconstruction and development.

A well functioning aid management system is particularly crucial for the Iraqi Government as it possesses significant domestic revenues coupled with vast contributions from the international donor community, while confronting an exceptionally challenging development environment.

Donor pledges to date total US$ 28 billion, as recorded in the Development Assistance Database (DAD), 1 May 2008, as described below.

Donors have to date disbursed over US$ 15 billion according to the DAD. Translating international assistance funds rapidly and efficiently into tangible benefits for the Iraqi people remains an uphill battle. Severe security constraints; lack of presence on the ground; insufficient inter-donor information sharing; and poor alignment of aid with the Iraqi Government's development framework as articulated by the National Development Strategy (NDS) and the International Compact with Iraq (ICI), are just some of the key factors hampering aid effectiveness.

The Paris Declaration on Aid Effectiveness, with its focus on enhancing aid effectiveness, is particularly relevant to the Iraqi context. Significant efficiency gains could be made from strengthened Iraqi development ownership, improved alignment of donor support to the national development agenda, and increased harmonization of donor assistance.

Progress in Aid Management

Aid management has become increasingly important since early 2008. Firstly, the implementation of the International Compact with Iraq began in May 2008, and has become the framework of reference for international development assistance. The Compact, an agreement between the Iraqi Government and the International Community, aims to address the political, economic and security priorities for Iraq. Secondly, The Iraqi Government possesses and is exercising its responsibilities in the overall management of the funds administered by the International Reconstruction Fund Facility for Iraq (IRFFI).

These developments have made it particularly important to develop strong, well functioning institutions and procedures that can plan, allocate and oversee vast amounts of development resources in an effective and sustainable manner.
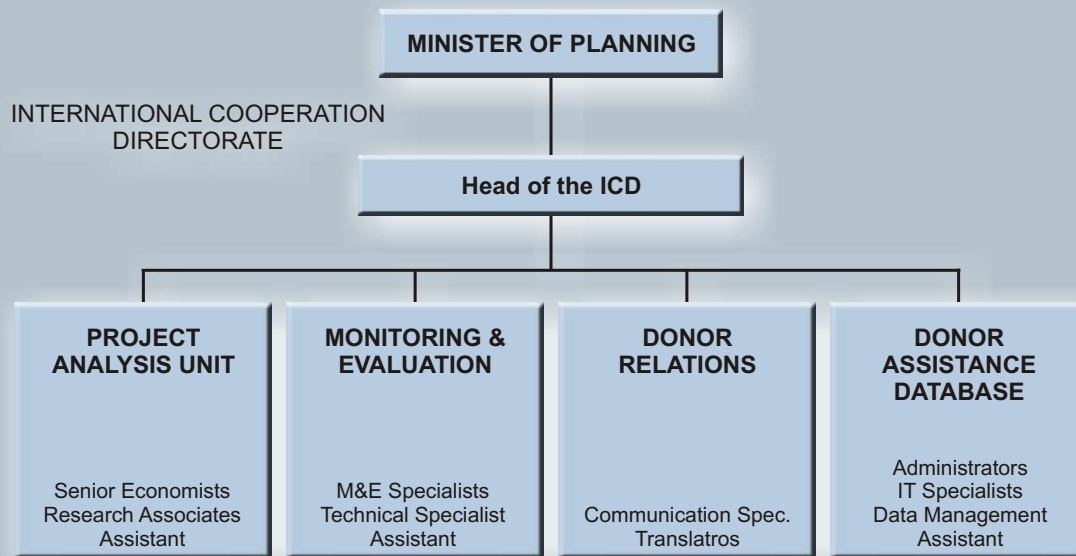
Significant progress has been made since UNDP started supporting the Iraqi government to strengthen its management of aid in 2005 (see back page for a detailed guide).

Institution Building: UNDP Iraq has provided technical guidance and management support to the Ministry of Planning and Development Cooperation (MoPDC). A direct outcome has been the establishment of the International Cooperation Directorate (ICD), responsible for coordination, planning, monitoring and evaluation of grant supported development projects. The ICD is comprised of four units: the Project Analysis Unit, responsible for screening and appraisal of grant assisted development projects; a Monitoring and Evaluation Unit, responsible for tracking and examination of project progress; a Donor Relations Unit, responsible for information sharing and communication with the donor community and other external stakeholders; and a Development Assistance Database (DAD) Unit, responsible for information management and maintenance of the DAD system that gathers and feeds development information to the other units.

With UNDP Iraq support an institutional structure for improved management of grant assistance and administration of soft loans, the External Resource Management Unit (ERMU), is also under development for the Ministry of Planning of the Kurdistan Region.

INTERNATIONAL COOPERATION DIRECTORATE (ICD): Organizational Chart

INTERNATIONAL COOPERATION DIRECTORATE

MINISTER OF PLANNING

Head of the ICD

PROJECT ANALYSIS UNIT	MONITORING & EVALUATION	DONOR RELATIONS	DONOR ASSISTANCE DATABASE
Senior Economists Research Associates Assistant	M&E Specialists Technical Specialist Assistant	Communication Spec. Translatros	Administrators IT Specialists Data Management Assistant

Capacity Development: A large number of training sessions have been delivered, including computer and IT skills, aid management core skills, strategic planning, and project appraisal and screening. The skills acquired from these sessions have been put into practice by the MoPDC through initiatives such as the Iraqi Strategic Review Board (ISRB), the successful transfer of ownership and management of the DAD Iraq system and the launch and maintenance of the MoPDC web portal.

DAD Implementation: A key component of UNDP's support has been the successful creation of the Development Assistance Database (DAD) (accessible via **www.mop-iraq.org**), an aid management system owned by the MoPDC that currently tracks almost 20,000 development projects inside Iraq. A recent notable achievement was the launch of a subset of DAD Iraq in the Kurdistan Regional Government in February 2008. The value of the DAD to inform policy-making is dependent on timely and accurate contributions by donor countries. Despite significant progress to date, this area remains a key challenge for the Government of Iraq.

Launch of DAD in KRG, Feb 2008 [UNDP Iraq]

e-Government: UNDP's aid management support also includes provision of infrastructure and internet connectivity for the MoPDC and Ministry of Planning of the KRG. A UNDP e-government specialist has helped the MoPDC to design and implement a state-of-the-art web portal. Technical support and training has enabled the MoPDC to harness the features of the content management system to display data and analysis on aid management and development in a transparent and easily accessible format. The portal is accessible at www.mop-iraq.org.

MoPDC portal homepage [UNDP Iraq]

Capital Budget: A current priority is to integrate external assistance with national budget capital investment in order to harmonise financial flows. The Capital Budget and Resource Tracking (CBRT) process is currently being strengthened in order to enhance the monitoring of the Government of Iraq development projects. Data collected by the CBRT process will be integrated into the DAD system in order to provide a single source of information and analysis on Iraqi development activities and funding. This will provide the Government of Iraq a very powerful tool that links data on grant funded projects with capital budget resource utilization. Greatly facilitated overall planning and development efficiency is anticipated to result.

Paris Declaration and Iraq

The Paris Declaration on Aid Effectiveness (PD) was endorsed on 2 March 2005 by 90 countries and 26 multilateral organisations, to take far-reaching and measurable actions to reform the delivery and management of aid (full text is available from **www.oecd.org/dac**). The PD provides a detailed road map for increasing development effectiveness by enhancing partnership commitments, aligning donor support to partner countries' development strategies, harmonizing donor actions, managing and implementing aid/development resources with a focus on development results, and improving mutual accountability.

To help measure progress on these commitments, donors and partner countries have set 12 indicators and corresponding global targets to be achieved by 2010.

Following endorsement by the Government of Iraq, UNDP can assist with the implementation of the Paris Declaration on Aid Effectiveness by building on the significant progress already made in aid management in order to:

1. **Improve information-sharing:** increase visibility and leverage to make donors provide more accurate and timely information on aid programming through the DAD

2. **Enhance aid delivery:** encourage donors to support the Government of Iraq by providing transparent and predictable aid flows that target national objectives and strategies such as the NDS and ICI

3. **Reduce transaction costs:** influence donors to collaborate through integrated project implementation units (PIUs), joint assessments and missions to minimise duplication

4. **Focus on the Government of Iraq:** encourage donors to work through and build capacity in government systems and processes, such as the MoPDC ICD and the Iraqi Strategic Review Board (ISRB)

5. **Establish sector wide approaches (SWAP)**: support a consolidated approach across sectors to ensure that each is supported in a strategic and comprehensive manner by donors that logically support the realization of the NDS and the ICI

6. **Mainstream crosscutting issues:** focus on harmonisation and alignment to promote integrated solutions for crosscutting issues such as human rights, environmental sustainability and gender equality

7. **Untie aid:** induce donors to reduce the tying of aid in order to improve value for money

8. **Global membership:** promote access to best practise, lessons learned and support to improve the Government of Iraq's overall aid management capacity

Implementation and Technical support

Capitalising on its record and comparative advantage, UNDP Iraq will continue to substantively contribute to the enhancement of aid effectiveness in Iraq, in particular through the following service offerings:

Capacity Building and Data Integration: UNDP's activities will continue to be focused on enhancing national aid management capability through policy support, institution strengthening and practical skills development. Particular emphasis will be given technical support and improvement of the Development Assistance Database (DAD) system and integration of the Capital Budget Resource Tracking (CBRT) into the DAD.

Monitoring: building on experiences in other countries, UNDP will provide technical support to design and monitor Paris Declaration aid effectiveness indicators and targets customised to the evolving Iraqi context.

Facilitation: UNDP will continue to: facilitate dialogue and partnership-building between donors, government and all actors at the country level; promote knowledge sharing at the regional and global level including the application of lessons learned from other country experiences; provide support to the Paris Declaration process, in particular the Accra High Level Forum in September 2008.

Technical Support: UNDP will continue to provide expertise and assistance to the GoI in particular in the areas of aid management best practice, communication, data management, monitoring and evaluation, report writing and analysis.

Select Achievements

Development Assistance Database (DAD) Iraq

Duration: 2.5 years (January 2006-June 2008)
Government counterpart: MoPDC
Budget: $2,6743,000
Source: Iraq Trust Fund
Delivery up to December 2007: $2,100,000

Description: Assist the Government of Iraq in establishing a comprehensive, sustainable, transparent and accountable aid management system, based on capacity building both at the federal Government and regional/sub-national levels

Achievements:

- Six DAD training workshops in Amman for a total of 63 Government specialists
- Two DAD advanced training in Armenia for 7 experts
- One training workshop in Erbil for 15 officials from various ministries of KRG
- Two IT training sessions in Amman for 20 participants on windows networking and security and Oracle 10g database administration
- Four training sessions for a total of 49 participants on Financial and Economic Analysis in Amman
- Four training sessions for a total of 49 participants on Effective Communications
- Four training workshops for a total of 49 participants on making and taking decisions
- One training session for 6 participants on e-governance

Impact: improved capacity of the Government of Iraq to coordinate and manage external assistance through implementation of a transparent and accountable aid management system (DAD Iraq).

Aid Management, International Cooperation Directorate and External Resource Management Unit

Duration: 2.5 years (March 2006-June 2008)
Government counterpart: MoPDC & MoP, Kurdistan Regional Government
Budget: $2,223,594
Source: Swedish Ministry of Foreign Affairs
Delivery up to December 2007: $1,298,266

Description: Assist the MoPDC in Baghdad, and the Ministry of Planning (MoP) in the Kurdistan Region to improve their compilation, allocation, monitoring, and evaluation of donor assistance through the strengthening of the International Cooperation Directorate (ICD) within the MoPDC, and the (ERMU) within the MOP under the overall guidance of the Government

Achievements:

- Lessons learnt report containing a set of aid management experiences from other countries;
- Draft Mission Statement for the ICD and the ERMU
- Draft organizational structure of the ICD
- Identification of staffing needs of the ICD and the ERMU
- Two training sessions on Basic Management Skills for a total of 50 MoPDC and MoP staff
- Three training sessions on Project Screening and Appraisal for a total of 70 staff from the MoPDC and the MoP

Impact: Clarification of institutional mandate, strengthened organizational structure of the ICD and the ERMU that are in the process of being established. The ICd and the ERMU are expected to enable the Iraqi Government to better screen, monitor and evaluate donor supported projects, as well to more effectively exchange information with the donor community which ultimately will benefit the Iraqi development and reconstruction efforts.

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