

Appendix E

International Reconstruction Fund Facility for Iraq

This appendix outlines the International Reconstruction Fund Facility for Iraq (IRFFI).

International Reconstruction Fund Facility for Iraq

The World Bank and the United Nations Development Group (UNDG) led the creation of the International Reconstruction Fund Facility for Iraq (IRFFI) to provide a multinational vehicle for coordinating reconstruction efforts with the emerging Iraqi government. The IRFFI comprises two trust funds run by the World Bank and UNDG. Each trust fund has developed a strategic framework for its operations that has been reviewed by the Iraqi Strategic Review Board (ISRB), the Ministry of Planning and Development Cooperation, and the donor committee:

- A Facility Coordination Committee coordinates the two trust funds. The committee, which meets monthly, will include members of the World Bank and UNDG. A member of the International Monetary Fund (IMF) participates as an observer.
- A Facility Donor Committee, representing each government that has contributed at least \$10 million to the IRFFI, meets semiannually to provide oversight and approve programs and priorities. The committee also has up to two members who are chosen by consensus from among donor nations whose contributions are less than \$10 million.

The IRFFI funds projects outside the Project and Contracting Office (PCO) program, but efforts between the PCO and IRFFI must be coordinated on all levels. The ISRB and the Ministry act as central points of coordination to encourage direct communication between the organizations.

As of March 18, 2005, \$1.017 billion have been deposited into the IRRFI. Table E-2 lists the current deposits by country into the respective trust funds. The largest donor, Japan, has contributed almost half (48%) of the trust fund donations.

UNDG Iraq Trust Fund

In early 2004, the UN Country Team for Iraq developed a strategic assistance plan that has been formally approved by the Iraqi government and the donor community. These are the key elements of the plan:

- grouping sectoral activities into 11 clusters
- encouraging joint logistical support across cluster activities
- soliciting Iraqi prioritization of reconstruction needs as part of the planning process

Table E-1 lists the many UN organizations participating in the reconstruction of Iraq. The number of organizations and size of the projects reinforce the need for a cluster approach to coordinate activities across UN organizations. The UNDG Trust Fund has formalized general principles for prioritizing programs within a cluster, as well

as general criteria for prioritizing cluster activities for funding. A Steering Committee is responsible for allocating the funds, and Iraqi authorities must approve all projects before their implementation.

UN Organizations Participating in Iraq Reconstruction by Project Total, as of March 18, 2005	
Participating UN Organizations	Amount
United Nations Development Program	\$127,597,892
United Nations Children's Fund	64,753,604
World Health Organization	60,602,700
United Nations Office for Project Services/EAD	58,735,430
United Nations Development Program/EAD	48,789,746
Food and Agriculture Organization (United Nations)	35,594,086
United Nations – HABITAT	31,366,669
United Nations Environment Program	15,700,000
United Nations Educational, Scientific and Cultural Organization (since 1945; Paris, France)	14,757,624
United Nations Office for Project Services	14,461,539
United Nations Population Fund (formerly United Nations Fund for Population Activities)	12,603,477
United Nations Industrial Development Organization	10,950,550
United Nations High Commissioner for Refugees	7,126,200
World Food Programme (United Nations)	4,000,000
United Nations Development Fund for Women	1,904,616
Economic and Social Commission for Western Asia	1,000,000
International Labour Organization	321,000
Total Approved Funding	\$510,265,133
Note: Data not formally reviewed, audited, or verified.	

Table E-1

World Bank Iraq Trust Fund and World Bank Assistance

The World Bank has provided valuable analytical and administrative support for the reconstruction of Iraq, including participation in the joint needs assessment with the UN in October 2003 and administration of the World Bank Iraq Trust Fund (WBITF). In January 2004, the World Bank released an “Interim Strategy Note of the World Bank Group for Iraq.” This document outlined three objectives for the interim period (the first six to nine months of 2004):

1. Prepare and implement emergency operations to address urgent needs.
2. Build Iraqi institutional capacity.
3. Lay the groundwork for Iraq’s medium-term program (2005-2007).

The World Bank uses WBIF resources to finance projects and uses internal, budgeted resources for economic and sector work, as well as policy advice. The bulk of the initial round of World Bank projects has focused on emergency needs primarily in water supply and sanitation, health care, and education.

The second primary objective is to build Iraqi institutional capacity. The first institutional capacity building project (\$3.6 million) was completed on August 9, 2004. It trained 581 Iraqi civil servants from 19 ministries to enable them to effectively participate in the definition and prioritization of international programs of support. The project focus was on:

- managing the project cycle
- sector-specific training for line ministries
- private sector capacity enhancement

The second Iraqi institutional capacity building project is funded at \$7 million, and it is aimed at senior Iraqi policy-makers and technical specialists. The program objective is to build the capacity of Iraqis in economic reform and transition, public sector management, and managing the project cycle (including legal aspects of reconstruction). The first private sector development project, is scheduled to begin soon (funded at \$55 million). Its focus is to finance part of the telecommunications backbone (\$40 million) and infrastructure for a payment system, promote investment and export, and provide direct support for private sector opportunities.

The third objective, laying the groundwork for Iraq's medium-term program (2005-2007), is being met through internal World Bank resources. The economic and sector work program has been grouped in three clusters:

- economic reform and transition
- poverty, safety nets, and social development
- public sector management

The World Bank, in close collaboration with counterpart ministries, is finalizing a number of short policy notes focusing on key reforms, including investment climate and state-owned enterprise reform, trade reform, telecommunication sector reform, financial sector reform, oil and gas sector reform, and social protection and safety net issues. These working versions of policy notes are currently available: Investment Climate, Reform of State-Owned Enterprises, Food Grain Market Reform, and World Trade Organization Accession.

Total IRRFI Donor Contributions and World Bank Iraq Trust Fund Allocations, as of March 15, 2005

Donor	Commitments		Deposits	
	World Bank ²	United Nations	World Bank	United Nations
Australia	\$10,200,000	\$4,396,800	\$10,200,000	\$4,396,800
Australia (Dept. of Immigration)	N/A	3,292,462	N/A	3,292,462
Belgium	N/A	1,307,190	N/A	0
Canada ¹	22,300,000	37,767,199	22,300,000	37,767,199
Denmark ¹	N/A	4,525,870	N/A	4,525,870
European Commission ¹	102,500,000	101,610,269	102,500,000	101,610,269
European Commission (RRM) ¹	N/A	25,141,605	N/A	23,572,978
European Commission (Human Rights) ¹	N/A	1,307,190	N/A	0
Finland ¹	2,600,000	3,885,600	2,600,000	3,885,600
Greece ¹	N/A	3,901,235	N/A	763,980
Iceland	1,000,000	500,000	1,000,000	500,000
India ³	2,500,000	5,000,000	2,500,000	2,500,000
Ireland	N/A	1,226,400	N/A	1,226,400
Italy	N/A	15,876,981	N/A	15,876,981
Japan	130,000,000	360,950,528	130,000,000	360,950,528
Luxembourg ¹	N/A	200,000	N/A	200,000
Luxembourg ¹	N/A	1,037,200	N/A	1,037,200
Korea	3,000,000	7,000,000	3,000,000	7,000,000
Kuwait	5,000,000	5,000,000	5,000,000	5,000,000
The Netherlands	6,200,000	6,697,000	6,200,000	6,697,000
New Zealand		940,800		940,800
Norway ¹	2,200,000	7,009,288	2,200,000	7,009,288
Qatar	5,000,000	5,000,000	2,500,000	2,500,000
Spain	20,000,000	0	20,000,000	0
Sweden	5,400,000	6,824,493	5,800,000	6,824,493
Turkey	0	200,000	0	0
United Kingdom	71,400,000	55,542,000	71,400,000	55,542,000
United States	5,000,000	5,000,000	5,000,000	5,000,000
Total	\$394,300,000	\$671,140,110	\$392,200,000	\$658,619,848

¹ USD equivalent of commitments not yet deposited are estimates based on UN Operational Exchange rates.

² The "Commitments" column shows commitments in currencies other than U.S. money converted at the exchange rate as of the date of the agreement and is for indicative purposes only. The "Deposits" column shows the actual US\$ equivalent amount credited to the ITF account at the time of deposit.

³ Agreement letter signed for U.S. \$2.5 million. Actual pledge is US\$ 5.0 million.

Note: Data not formally reviewed, audited, or verified.

Table E-2

