

## **EU JOINT STRATEGY PAPER FOR IRAQ 2011-2013 CONCEPT NOTE**

### ***SUMMARY:***

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

The first Joint Strategy Paper and National Indicative Programme for Iraq for the period 2011-2013 is a natural follow-up of the past and ongoing European Union support to Iraq. It builds in particular upon the two year integrated assistance package for 2009/2010, focusing on institution building in the fields of governance, rule of law and basic services. It also falls within the overall political and legal framework for European Union cooperation with Iraq defined in the Partnership and Cooperation Agreement which is due to be signed in the course of 2010, and in the Memorandum of Understanding on a "Strategic Energy Partnership" which was signed in January 2010.

The Paper represents the **joint efforts of the European Commission, Italy and Sweden** to base their cooperation on the best practices and comparative advantage of the European Union to support Iraq in achieving political and socio-economic progress in line with the Millennium Development Goals. The Strategy responds to the main Iraqi priorities discussed during the thorough consultation process with the government and civil society.

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

The focal sectors of the European Union's intervention will be capacity building in the area of good governance, basic services and socio-economic recovery. Cross-cutting issues like human rights, gender balance and protection of vulnerable groups will be mainstreamed. All the sectors will be tackled in an integrated way and implemented bilaterally. Assistance delivery methods will aim for a balance between top-down and bottom-up approaches.

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

## ***FROM RECONSTRUCTION TO DEVELOPMENT***

Iraq has a rich and diverse resource base, and the effective and efficient utilisation of these resources can lay the foundation for sustainable growth. A key role for the international community, including the European Union, is therefore to help Iraq mobilise its own resources to improve the welfare of the Iraqi people and rebuild the country's infrastructure.

The year 2009 witnessed a common shift by the Government in Iraq (GoI) and main donors away from short-term emergency reconstruction projects, towards a genuine long term development plan. Iraq embarked on an active preparation of a five year National Development Plan (NDP) which will formulate policy options, program priorities and implementation strategies for the years 2010-2014. The key thematic areas for Iraq's future development are good governance, sustainable economic growth and investment in human capital.

The EU is united in its commitment to synchronize its cooperation with the major development activities of Iraq and its donors. This first ever EU Joint Strategy Paper for Iraq for the years 2011-2013 is an illustration of the EU's wish for a long-term partnership with Iraq.

## ***EU ASSISTANCE OVERVIEW***

**The European Commission (EC)** has allocated around **one billion Euro** (reconstruction and humanitarian assistance) to Iraq since 2003. The key areas of Community assistance have been: political and electoral process, rule of law and human rights, support to refugees and IDPs, basic services, human development, and capacity building of Iraqi institutions.

The aid provided by **Italy** to Iraq during the period 2003 – 2009 has amounted to Euro **350 million grants** plus Euros **400 million soft loan** committed (areas of agriculture, education, culture, rule of law, humanitarian assistance). As the Italian intervention in Iraq is based on an extraordinary annual or semi-annual budget, the exact amount of commitment for the years 2011-2013 will be determined on yearly basis. An amount of 300 million Euros has already been committed as soft loan for such period.

The total amount of **Swedish** assistance to Iraq 2004-2009 has reached **77,5 million Euro**. The main focus has been on democracy development, human rights, civil society, energy, water and humanitarian assistance. In July 2009 a new Country Strategy for Development Cooperation (2009-2014) was adopted by the Swedish Government which is fully complementary to the EU Joint Strategy Paper. As from 2010 Sweden is expected to commit up to 12 million Euro yearly.

## ***THE JOINT RESPONSE STRATEGY 2011-2013***

The Joint Response Strategy (JRS) is based on the best EU experience, complementarity and lessons learned from past and ongoing EC/EU programmes. It is in line with the Iraqi national strategies, which are currently being consolidated into a single, comprehensive plan. Main challenges and risks affecting the joint programming are linked to uncertain political and security developments, internal Iraqi coordination and rapid approval of a single development plan. It is expected that the Iraqi government will be fully involved in the JRS implementation process, including co-financing modalities.

### **The sectors of the joint programming**

**Main focal sectors:** i) good governance; ii) education for the promotion of socio-economic growth; iii) water management and agriculture;

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

The programmes will focus on institution and competence building, requiring full Iraqi involvement and co-financing, so that the EU resources are used to leverage Iraqi capital and to contribute to the Iraqi driven programmes (asset based and partnership approach). The Joint Response Strategy will tackle both governmental and non-governmental levels, including local authorities and civil society. The needs of internally displaced people and of the returnees will be integrated in all actions covering all sectors. All activities shall aim at maintaining a geographical and ethnic balance, i.e. they will be implemented all over Iraq in a representative way. The JRS will also try to achieve an active balance between the top-down and bottom-up assistance delivery modalities. The sectors concerned are considered to represent the maximum possible EU added value, in which the EU has been one of the leading donors. They also respond to the Iraqi request for long impact projects and are rooted largely in the follow up of previous and ongoing EC/EU programmes, in which considerable experience has been gained.

### **Consistency of the Joint Programming**

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

Following the identification of the main areas, all three parties have agreed to focus on specific elements within the same sectors, in order to gain a broader social impact and maintain a holistic and integrated approach. The principle of complementarity will be applied in all sectors concerned.

### **Expected results**

The Joint Strategy Paper comes at a critical moment for Iraq, as it undergoes the transition from a post-conflict phase characterised by urgent responses, towards longer term development and sustainable progress. Therefore the main expected results should be reflected in more efficient, accountable and transparent public administration, where rule of law prevails and human rights are respected. Another key development outcome would be an increased access to education and job

opportunities in a more diversified and competitive market economy. Finally, a comprehensive water management system which is efficient, equitable and environmentally sustainable would be the third main outcome. Specific impacts should include greater access to public and social services, improved access to justice, larger available economic space and environmental impacts, especially on health, agriculture and education. Intermediate impacts would be improved conditions for good governance, economic growth as well as enhanced human capacity. All this should contribute to the achievement of the MDGs with the overall impacts of economic growth, social development and poverty reduction.

### **The European Commission's Programme**

The sectors concerned are:

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

#### **Good governance and rule of law**

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

The EC's response for the years 2011-2013 aims at contributing to: i) public sector modernisation; ii) administration of the justice system, and iii) local governance. This part of the programme will complement the Swedish contribution to the democratic governance and human rights. It also builds upon the EC's overall contribution to the governance sector in Iraq (constitutional and electoral process, rule of law and human rights, public administration reform) to which the EC has been one of the largest donor with a total amount of around €190 million.

#### **Education**

The particular importance of education in Iraq today derives from its large young population, high unemployment rate and the need to achieve economic recovery. Dissemination and improvement of education to the unemployed as well as vulnerable and marginalised groups is one of the major social development concerns. Inherently linked to the achievement of educational goals is the elimination of barriers that keep children out of school.

This track will be followed in the years 2011-2013, building on the initial outcomes and results of the EC's 2009 Education component from the 2009-2010 Capacity Building Programme. The EC's response to the education sector will focus on education linkages to social cohesion, fighting unemployment and matching education provision with labour market needs. The main components will be: i) technical and vocational education, contributing to the development of education policies consistent with economic and social plans (including teacher/ on-the-job training and specialised

courses and degrees adapted to market needs; ii) increased access to secondary education. Improving qualifications of women, IDPs and returnees will be mainstreamed.

### **Water management and efficiency**

Even though Iraq has been endowed with an abundance of water from two major rivers, the Tigris and Euphrates, years of conflicts (man-made disasters), devastation and mismanagement have led to critical water level decline and extensive pollution. As a result, according to the UN and other international organisations, Iraq's water sector has "faced a major deterioration in recent years".

Since this sector is directly connected to human health and life-quality, the EC response will focus on: i) technical assistance to the Iraqi institutions (on the central and local levels) to strengthen the national capacity for water management including support to health institutions to prevent and control waterborne diseases; ii) water education in a large sense, addressing identified educational gaps of the greater public and including sector specific requirements. Water management requires a holistic and inclusive program design including environmental aspects to secure the biodiversity of Iraq. An extensive package of solutions, including policies, incentives, technologies, infrastructure, operations management and organisational improvements is needed. Therefore the EC's and Italy's interventions in this sector will be carried out in a complementary and integrated manner.

### **Italy's programme**

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

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| <ol style="list-style-type: none"><li>1. Cultural heritage</li><li>2. Health and education</li><li>3. Agriculture</li><li>4. Water supply management</li><li>5. Small and Medium Enterprises</li><li>6. Support to institutions and political process</li></ol> |
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### **Cultural heritage**

Since the very beginning of its contribution to Iraqis' reconstruction Italy has been significantly engaged in this field. Further programmes will be aimed at supporting the restoration of cultural heritage taking also into account its potential impact on economic development (i.e. cultural and religious tourism)

### **Health and education**

Efforts will be concentrated in providing support in both areas in terms of training and capacity building rather than infrastructure in close consultation with the Iraqi government and paying attention to the county priorities and requirements.

### **Agriculture**

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

### **Water supply management**

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

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

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

### **Support to Institutions and political process**

It has been very clear since the beginning the need to support democratic Institutions and develop dialogue among the Iraqi's different political and social stakeholders as a priority. Italy has been therefore and will continue to be engaged in facilitating such dialogue through specific programmes in agreement with the Iraqi Parliament, the Government and political forces.

### **Sweden's Programme**

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

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| <ol style="list-style-type: none"><li>1. Democratic governance and human rights</li><li>2. Trade, industry and financial systems.</li></ol> |
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For the first sector the objective is to strengthen democratic state-building at different levels of society with a special focus on popular participation in decision-making processes. Initiatives could be supported at different levels of Iraqi society. This sector is divided into two sub-sectors; human rights and democratic governance. Within the sub-sector human rights support can be provided to cross-sectoral efforts aimed at strengthening respect for human rights and to specialized government institutions, such as the new Human Rights Commission. Given the role of the civil society organizations, support can also be provided to government bodies regulating the conditions for civil society organizations.

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

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

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

### **Thematic budget lines**

In 2011-2013 Iraq will continue to be eligible for global calls for proposals under a number of thematic instruments such as: i) Investing in People, ii) Migration and Asylum; iii) European Instrument for Democracy and Human Rights (EIDHR); iv) Non-state actors and local authorities.

Iraq will be also eligible to Instrument for Stability (IfS) of which the main objectives are conflict prevention, crisis management and peace building.

### **Humanitarian assistance**

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

### **Other opportunities**

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

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

### **Implementation methods**

The leitmotiv for implementation will be bilaterally agreed co-financing between the GoI, the EU as well as Sweden and Italy. The annual EU programmes will form part of Financing Agreements with the GoI which aim at underpinning the EU's contribution by co-financing through the GoI. The role of Non-State actors in the implementation process will be taken into account so that a judicious balance between top-down and bottom-up implementation modalities is maintained.

However, as mentioned before, the risks which might affect the implementation of the JRS will necessarily be taken into account in the selection of appropriate implementation approaches. In particular, the security situation and political stability are the main factors to be taken into account as the programme proceeds. Therefore, a necessary degree of flexibility will be applied with regard to both the sectors concerned and implementing methods, which will be adjusted as required by the prevailing circumstances at the time of implementation. Depending on the security situation, implementation partners will include international organisations, EU MS and their respective development agencies, NGOs and private companies.