

Additional guidelines to the simplified country strategy for Swedish development cooperation with Iraq

Summary

The purpose of this revised framework is to bring the simplified country strategy for Iraq adopted by the Government on 19 May 2004 (UD2004/26102/MENA) up to date and to make additions to it. The strategy and its priorities remain. However, a pre-condition for effective support for reconstruction is an improved security situation. In the difficult prevailing situation, it is of utmost importance that Sweden makes thorough assessments with regard to what is feasible and the areas of Iraq where actions are possible. Sweden shall also be flexible in its priorities and in its choice of sectors where comparative Swedish advantages exist. The humanitarian situation in Iraq will be continuously assessed and humanitarian assistance shall be based on actual needs and determined by generally accepted humanitarian principles for saving lives and alleviating need. The strategy is being extended until 30 June 2008.

Background

In the Government's appropriation directions to the Swedish International Development Cooperation Agency (Sida) with regard to the fiscal year 2006, the Government extended the simplified country strategy for Iraq until December 2007. At the same time the Government commissioned Sida to submit a proposal for a revised framework for the strategy by 31 October 2006. The reason behind this decision was Iraq's newly reaffirmed sovereignty and the political and security-related developments and their ramifications on the implementation of Swedish development cooperation.

The political situation

The UN Security Council adopted Resolution 1546 in June 2004. This Resolution reaffirmed the sovereignty of Iraq and recognised that the presence of the multinational forces in the country was at the request of the Iraqi Interim Government. Iraq has since then, through free and general elections, established a Parliament, a Government and a Constitution. A referendum on the Constitution was carried out in October 2005. The Constitution was subsequently adopted by Parliament. It was, however, decided that the new Parliament would appoint a committee to review certain parts of the Constitution and the latter would be subjected to a further referendum. The review is expected to focus primarily on how the federal structure shall be shaped and how the natural resources of Iraq shall be distributed.

A new Parliament was elected for a four-year period on 15 December. Over 300 parties participated in the election, and the Shia coalition almost managed to obtain a majority by winning 128 out of the 275 seats in the Parliament. A government led by the Shiite Nuri al-Maliki was appointed on 22 May 2006. The multinational forces are still present in Iraq. The mandate set out in Resolution 1546 has been extended through Resolution 1637 (2005), which once again recognises that the presence of the multinational forces until the end of 2006 is at the request of the Iraqi Government. The Iraqi Government has submitted a further request for assistance from the multinational force until December 2007, a request that the Security Council is expected to adopt in December 2006.

The Government of Iraq and the United Nations presented the initiative *International Compact for Iraq*, ICI in July 2006. The ICI, which shall be launched before the end of 2006, establishes undertakings by the Iraqi Government to implement economic, political and security-related reforms in partnership with the international community. It is expected that *International Compact for Iraq* will provide the main focus of cooperation between the international community and Iraq over the next few years.

The security situation

The security situation has deteriorated enormously since the present strategy was decided. Violence is spreading throughout the country with the exception of the three Kurdish provinces. The central parts of Iraq and Baghdad are the most afflicted. The situation is also precarious in Basra, the second largest city of Iraq.

The violence was previously dominated by confrontations between armed groups and the multinational forces as well as attacks against Iraqis who can be linked to the international presence in Iraq. However, sectarian violence has spread further since the bombing of the golden Shia Islam mosque in Samarra in February 2006.

The situation is very serious. The unchecked violence kills around 110 people every day according to the Iraqi Ministry of Health. The International Committee of the Red Cross has reported that in 2006, 3 438 Iraqis were killed during the month of July alone. Thousands of families are fleeing due to the sectarian violence and this is leading to an ethnic division of Iraq. Some Iraqis who are unable to flee abroad are trying to take themselves to the safer Kurdish provinces. The UNHCR estimated that there were 1.5 million internally displaced persons in Iraq in October 2006. 1.6 million have already fled the country, most going to Jordan and Syria.

The economic situation

The economy of Iraq has not recovered since the war in 2003. It has been difficult to get oil production to reach the same levels as previously,

amongst other things due to the escalating violence. Oil smuggling is on the increase, corruption is spreading and creating new barriers to reconstruction.

Unemployment is high; a majority of the Iraqi population is dependent on the Government's distribution of food baskets. A study carried out by the Iraqi Ministry of Planning and Development in May 2006, funded by the *World Food Programme*, WFP and UNICEF, classified 15 percent of Iraqi households as living in extreme poverty. A third of Iraqi children are undernourished according to the same study. Nine percent of the children are suffering from acute malnutrition.

Major parts of central Iraq lack access to clean water. Electricity provision functions only periodically and the lack of petrol throughout the country means that it is impossible to keep generators going the whole time. This is having a severely negative impact on public health.

The simplified country strategy for Swedish development cooperation with Iraq 2004-2007

The following goals for development cooperation are given priority in the current country strategy for Iraq, which was drawn up in 2004:

- to promote a peaceful development towards a democratic state governed by law where human rights are respected
- to support economic recovery focused on growth that favours poor groups
- to lay the foundation for broad cooperation between Sweden and Iraq

The following areas for cooperation are given priority in the strategy:

- Democracy and human rights
- Infrastructure
- Other social reconstruction undertakings through support to the central bank and increased cooperation between the Swedish and Iraqi civil society

According to the strategy, development cooperation within these areas shall be planned and implemented in such a way that it benefits particularly vulnerable groups, for example women and children. Moreover, humanitarian assistance shall be continued at the same time as the development assistance are introduced to a greater extent.

When the strategy was adopted, the emphasis was on temporary development cooperation of 3 to 5 years. The development cooperation was to have a clear exit strategy. A precondition for this was, however, that the country's creditworthiness was restored and hence access to loans on the international financial markets, and that the situation in the country had generally normalised.

Current efforts and experience

Sweden has, since 2004, paid out SEK 137 million to support the reconstruction of Iraq, primarily through the *International Reconstruction Fund For Iraq*, IRFFI, which is managed by the World Bank and the United Nations (UNDG).

Democracy and human rights

SEK 77 million have been channelled through the fund to support democratic governance and the elections held during 2004 and 2005. Assistance was directed at the interim parliamentary elections in January 2005 and the ordinary parliamentary elections in December of the same year. Continued assistance channelled through the IRFFI aimed at democratic governance is planned in collaboration with the UNDG.

The overriding problem with undertakings managed via the IRFFI has been the slow implementation and management within the fund. This has been partly due to the complicated control and decision structure of the fund, but also the difficult security situation in Iraq. SEK 40 million was allocated in 2005 for election assistance and democracy efforts, of which SEK 30 million went to supporting the election process. The remainder, i.e. SEK 10 million, which were earmarked for democracy assistance, were never paid out due to a lack of substantiating documentation from the fund.

Infrastructure

In 2004 SEK 40 million was paid to the World Bank for undertakings within the electricity sector. These funds have not, however, been used yet since the World Bank has been unable to come to a final agreement with regard to any of the planned projects within the field.

Continued assistance in the electricity sector is planned in cooperation with the UNDG/UNDP. It is expected that the assistance will also include the reconstruction of electricity supplies for waterworks and hospitals in several places in Iraq with a clear focus on vulnerable groups. The assistance will amount to approximately SEK 40 million during the first year. Other actions in the area of infrastructure may also become applicable to northern Iraq.

In 2005, Sida initiated a bilateral project for SEK 35 million with the Iraqi Electricity Ministry with regard to capacity support in the electricity sector. The project is aimed at training measures for Iraqis in Jordan, Sweden and Germany, focusing on maintenance, rehabilitation and management issues. A number of Swedish companies will be participating in the project.

As yet nothing has been done in the area of employment generation. However, Sida is planning assistance via the UNDP aimed at creating job opportunities within the following areas: water, sanitary, electricity

supply, schools, roads and *community centres*. This assistance amounts to SEK 20 million during 2007.

Other social reconstruction undertakings through support to the central bank and civil society

SEK 20 million was paid to support the central bank via the *International Monetary Fund*, IMF, for the period 2004 – 2006. The aim was to reinforce the capacity of the Iraqi Central Bank through training measures. The Central Bank has been forced to carry out these measures outside Iraq due to the security situation, which is why they have entailed increased costs and have taken longer than anticipated.

SEK 20 million has been paid to support the civil society in 2005 and 2006. This assistance is managed by the Olof Palme International Center and involves organisations of Iraqis in exile in Sweden. The aim is to develop the capacity and organisation of the Iraqi civil society and to train organisations in Sweden interested in development cooperation with Iraq. In total 16 organisations are currently receiving support, five of which are active in the Kurdish provinces and Kirkuk. The others are active in mid and southern Iraq. The focus of this assistance is equal opportunities, human rights, democracy and conflict prevention measures.

This assistance has also resulted in a centre for the civil society organisations in Erbil, with a branch in Baghdad. The centre provides support for capacity and organisational development aimed at organisations, the purpose being to work effectively for democratic social development in the country. This assistance will be evaluated in 2007.

Humanitarian assistance

Humanitarian assistance for the period 2004 – 2006 has amounted to a total of SEK 76 590 000. The humanitarian problems remain primarily in the southern and central parts of the country as well as around Kirkuk and Mosul. Assistance in these areas has been hampered by the security situation since there is a lack of implementing organisations in the region. However, a certain amount of assistance has been provided for activities in these areas as well as in northern Iraq, channelled through the Swedish Red Cross and the ICRC. Some of the humanitarian assistance has also been channelled through the Swedish organisation Qandil, which enjoys local support and which is able to act despite the security situation. Assistance has primarily been allocated to water and sanitary measures in the Kurdish provinces within the framework of the early reconstruction work, and to increase the provision of primary healthcare particularly for vulnerable groups such as domestic refugees. The funding of the activities of Qandil will be transferred to appropriation 8:1 item 6, Asia, the Middle East and North Africa in 2006. Humanitarian assistance has also been paid to the *Mines Advisory*

Group (MAG) for mine clearance measures and training and aware-raising measures focusing on the problem of mines in the Kurdish region in Iraq.

Changes from 2007

The overriding goal of Swedish development cooperation is to help create the scope for poor people to improve their living conditions. This necessitates the growth of a society that is based on the principles of the rule of law with democratic and independent institutions, respect for human rights and gender equality. In the Iraqi context this is to a great extent dependent on the security situation, which is a precondition for effective assistance for reconstruction.

In the future, it is of utmost importance that Sweden and Sida, in their planning of development cooperation with Iraq, carry out a thorough assessment of feasible actions, regardless of whether the security situation has improved or not. A further continuous assessment should be made of the humanitarian situation in the country, and humanitarian assistance should be weighed against reconstruction assistance. Humanitarian assistance must be based on actual needs and determined by generally accepted humanitarian principles for saving lives and alleviating need.

The current strategy for 2004 – 2007 emphasises the importance of reasonable geographical priorities. At present it is very difficult to carry out and follow up actions in the central and southern parts of the country. If the violent development continues, Sweden must consider carrying out Swedish development assistance to a greater extent in areas where the security situation is less of an obstacle, even if this may mean a certain amount of geographical imbalance. Sida shall prepare actions in order to alleviate the situation for returnees in the Kurdish region in Iraq together with the Swedish Government Offices (Ministry for Foreign Affairs) in the first preparatory phase. Conflict sensitivity in the assessment of each action is, however, of crucial importance in order to ensure that Swedish assistance does not contribute to regional, religious or ethnic divisions.

Sweden shall also work with a certain amount of openness for new sectors where there are comparative Swedish advantages in the shape of established Swedish partner organisations or expert knowledge.

Sweden must keep on working to find secure channels to support the needy in Iraq if it is going to reach out with effective assistance. Sweden shall coordinate actions with other donors in accordance with the Paris Declaration, but at the same time be very pragmatic in the choice of channel in order to achieve sustainable, effective and enduring development cooperation that focuses on human rights and democracy, and benefits the poor and the vulnerable in Iraq.

In the light of these additions, the current country strategy for Swedish development cooperation with Iraq is extended to 30 June 2008. A thorough assessment of the results and experience gained will be an important point of departure for further planning.

Volume

The financial framework for development cooperation with Iraq amounts to at most SEK 150 million per year although this figure may be much lower if the serious security situation in the country prevails.

At present no staff resources are being allocated through Sida's management funds for the implementation of the country strategy with Iraq. Since 2004, Sida has instead been specially authorised by the Government to establish two new positions a year at its headquarters in Stockholm within the framework of field personnel funding. For 2007 and until 30 June 2008, Sida is further authorised to establish two positions at its headquarters within the framework of field personal funding. It is not, however, advisable to use only specific appropriations for the implementation of a bilateral country strategy and Sida shall include the necessary staff resources in the appropriations for administration when drawing up any new cooperation strategy.

Project agreements concluded by Sida may be valid until at most the end of 2008.