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MULTIANNUAL INDICATIVE PROGRAMME FOR IRAQ

2014-2017

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Abbreviations and Acronyms

AAPs	Annual Action Programmes
CfP	Call for Proposals
CIDA	Canadian International Development Agency
CSO(s)	Civil society organization(s)
CSP	Concentrated Solar Power
CoR	Council of Representatives
DCI	Development Cooperation Instrument
DFID	Department for International Development (UK)
EC	European Commission
EFA	Education for All
EIDHR	European Initiative for Democracy and Human Rights
EEAS	European External Action Service
EU	European Union
GoI	Government of Iraq
IEA	International Energy Agency
INES	Integrated National Energy Strategy
IPF	Iraq Partners Forum
IRFFI	International Reconstruction Fund Facility for Iraq
JD	Joint Declaration
KRG	Kurdistan Regional Government
LA	Local Authorities
MDG(s)	Millennium Development Goal(s)
MIP	Multiannual Indicative Programme
MoE	Ministry of Education
MoEl	Ministry of Electricity
MoF	Ministry of Finance
MoHESR	Ministry of Higher Education and Scientific Research
MoOil	Ministry of Oil
MoPDC	Ministry of Planning and Development Cooperation
MoU	Memorandum of Understanding
MS	Member State
NDP	National development Plan
OECD	Organisation for Economic Co-operation and Development
PCA	Partnership and Cooperation Agreement
PI	Partnership Instrument
PMAC	Prime Minister's Advisory Commission
RoL	Rule of Law
UN	United Nations
UNAMI	United Nations Assistance Mission for Iraq
UNDAF	United Nations Development Assistance Fund
UPR	Universal Periodical Review
WB	World Bank

1 The overall lines for the EU response

1.1 Strategic objectives of the EU's relationship with Iraq

Since the fall of the Saddam Hussein regime in 2003, Iraq has faced important challenges in its effort to develop into a stable and democratic country. Despite the enormous financial, political and military resources deployed by the international community, Iraq continues to struggle with a climate of violence and sectarian polarisation. While important elements of a democratic framework have been maintained for almost a decade (regular elections, plurality of parties, media freedom), a culture of dialogue, tolerance and compromise has yet to take root in the country. Internal struggles among the main national components (Shia, Sunni, Kurd) and institutional shortcomings have made Iraq prone to political and security crises. Increasing regional instability - particularly the war in Syria, which shows no signs of abating – has further exacerbated the situation. At the time of writing (March 2014) tens of people are killed daily in terrorist acts and the security forces struggle with radical terrorist groups linked to al-Qaeda for control of some cities.

In this context, the main strategic objective of the EU is to promote the stability of Iraq and the development of its nascent democracy. To this end, the EU must foster democratic governance and inclusive development. This should contribute to the improvement of the country's security and stability, accelerate its re-integration into the international community and make it a more effective partner for the European Union. The EU's involvement should assist in the improvement of Millennium Development Goals (hereinafter MDGs) performance, together with support of human rights, rule of law, democracy, inclusive growth along with environmental sustainability and climate resilient development. The EU also aims at strengthening the relations with Iraq in a wide range of political, economic and social sector, taking into account environmental considerations and reinforcing EU-Iraq energy cooperation. In this context a comprehensive EU-Iraq Partnership and Cooperation Agreement (hereinafter PCA) was signed in 2012.

In the post 2003 era, EU development cooperation was channelled through the International Reconstruction Fund Facility (hereinafter IRFFI), a multilateral funding mechanism established in 2004 and managed by UNDP and the World Bank. Out of the total 25 donors and a total budget of USD 1,853.53 million, the EU was the largest contributor with around 41 %. From 2008 onwards, funding via the IRFFI has been progressively replaced by bilateral support, reflecting the Iraqi government's increased capacity for dialogue and leadership in the management of reconstruction efforts, leading to the first ever Country Strategy Paper (CSP)/MIP 2011-2013. It should also be noted that this CSP represented the joint efforts of the European Commission, Italy and Sweden to support Iraq in achieving political and socio-economic progress towards the MDGs. Unfortunately the development of a joint EU and Member States programming document for the new DCI cycle has not been possible due to the phasing out of Member States cooperation programmes from Iraq (see further below in the same chapter).

Iraq has the fifth largest proven oil reserves (only overtaken by Saudi Arabia, Venezuela, Canada and Iran) and 95 % of state revenues – Iraq budget for 2013 is around USD 120 billion - are derived from the oil export. There are credible expectations that the oil revenues will significantly increase in the coming years. Thus Iraq cannot be considered as a *classical development country* as it can potentially finance its own recovery. As a consequence, Iraq has also witnessed the significant reduction in

development cooperation volume and in many cases the gradual withdrawal of donors from country (e.g. DFID, SIDA, etc.).

In this context, the EU together with the US (State Department) have become the lead donors in terms of overall funding in Iraq. The UN agencies established in the follow up of the IRFFI, the United Nations Development Assistance Framework Fund (hereinafter UNDAF Fund). The World Bank is also continuing its programme in Iraq. However, the combined financial assistance of all donors (including EU and US) is minimal compared to the Iraqi budget resources.

Taking Iraq's economic indicators into account, the international donors' community is to focus development assistance, not on infrastructure projects, but on technical assistance, aiming at promoting stability, rule of law, but also sustainability in their further development, and raising the institutional capacity of Iraqi governmental authorities and Civil Society.

Initiatives of other EU institutions may also be taken into account in the upcoming programme. In this respect, in 2011 Iraq was added by the European Union to the list of countries that are eligible for financing by the European Investment Bank (EIB), the EU Bank¹. As the largest multilateral lender and through its practical experience in structuring and lending to investment projects worldwide, the EIB can provide much needed assistance to Iraq in a wide range of sectors, including support to private sector and small and medium-sized enterprises (SMEs), energy, social services (including education), climate change and microfinance. The ratification of the Framework Agreement between EIB and Iraq (currently pending approval on the Government of Iraq side) will allow Iraq to benefit from all these opportunities mentioned above.

At the time of drafting of this document, there are no joint action plans for Iraq. The EU Delegation to Iraq kept informed the EU Member States for the upcoming DCI programming and invited them to participate in joint programming. However, this did not prove possible largely due to the necessity to concentrate on least developed countries with more pressing needs for development assistance of a wider scale than Iraq. EU MS have welcomed EU's continuation of development programmes as they recognise the benefits of institutional capacity building in Iraq which is needed to contribute to the weak capacities and inadequate governance model.

Iraq is currently in its third democratic election cycle, which started with provincial elections 2013 and will be finalized with the federal elections in April 2014. The successful implementation and the formation of a stable government are vital for Iraq's transition towards a stable democracy and for the success of EU cooperation. Fostering democratization in Iraq is essential to mitigate ongoing sectarian tensions, to increase the effectiveness of the state to deliver basic services and reinforce the respect for human rights, gender equality, human dignity, and peaceful coexistence in the region.

Increased violence and insecurity in the last year and the recent events in Al Anbar Governorate has led to a deterioration of the humanitarian situation and an increased number of displaced populations (at the moment of writing there are an estimated 400,000 IDPs within Iraq, in addition to almost 300,000 Syrian refugees). The Syrian civil war has significant negative impact on the security situation in Iraq in particular in the central region. There is also a migration movement from Syria to Iraq of people seeking refuge (mostly in the North). The European Commission will continue to closely monitor the humanitarian situation and respond to the emergency needs of populations affected from the internal

¹ Decision n. 1080/2011/EU of the European Parliament and the Council of 25 October 2011

conflict and the Syrian refugees seeking refuge in Iraq.

1.2 Choice of sectors

1.2.1 Justifications

The Iraq programme follows the principles set out by the Agenda for Change namely (I) Alignment (ownership by the beneficiary), (II) Concentration (selection of maximum 3 areas of cooperation) and (III) Harmonization (coordination with other donors to avoid duplication). In this context, considerable effort has been made to align DCI programming to the National Development Plan (NDP) 2013-2017 of Iraq. Furthermore, the EU Delegation has taken into account all other Government of Iraq policy planning documents and commitments with the international Community, in general, and the EU in particular (i.e. Memorandum of Understanding in Energy, PCA, Integrated National Energy Strategy, National Strategy in Education, etc.). In accordance with the Agenda for Change, a rights based approach encompassing all human rights will be applied across all the priority areas, to assist partner countries in implementing their international human rights obligations and to support the right holders, with a focus on poor and vulnerable groups, in claiming their rights. EU climate related issues will be taken into account to enable where possible the promotion of sustainable development.

In order to align and synchronize EU future assistance with the new National Development Plan of Iraq 2013-2017 (NDP), the EU suggests a two-phase program with the first phase, spanning years 2014 to 2017. The second phase will cover years 2018 to 2020. As already mentioned, the resources at the disposal of the Government of Iraq for its NDP are adequate. Any EU intervention will thus need to be carefully targeted and avoid substituting the government while at the same time keeping a strong EU profile in the country. EU aims at devising a cooperation scheme which will be flexible enough to accommodate rapid changes and place a focus on governance and promotion of international human rights standards, instead of massive financial aid. The protection of vulnerable groups, - including women, detainees in pre-trial detention centres, internally displaced people and refugees - and promotion and protection of human rights of women and children will be mainstreamed throughout and are considered as cross-cutting issues.

Iraq is considered a high level risk country. This affects the way the EU Delegation is staffed and is managing its cooperation portfolio. Due to strict security restrictions, it is difficult for international staff to gather direct field experience and to perform project monitoring. Therefore EU Delegation has to rely on remote management tools such as reference documents, studies, external monitoring and limited interaction with the counterparts.

Considering past, on-going and planned cooperation, and the above mentioned principles to develop the next programme, the choice of areas for future intervention shall be defined by (1) areas where EU has interest in and added value for, (2) areas where activities will be nationally owned and promote rights based approach and (3) an impact of programmes is likely building upon 10 years of EU and broader international engagement in the country. The EU services are in regular exchange with national Civil Society Organisations (CSOs) and International NGOs active, among others, in the fields of Women's rights, capital punishment, rights of minorities through the EU Working group on Human Rights, ad hoc meetings when receiving HQ Delegations and numerous bilateral meetings with national and international partners. EU is supporting CSOs on a project-based approach as well as including as

potential beneficiaries/target groups of the Partnership and Cooperation Agreement.

Taking also into account the cooperation funds available, the three areas of cooperation identified, are as follows:

(I) Human rights and Rule of Law

The stability of Iraq is negatively affected by a range of policies and practices, including violations of human rights (in particular use of the death penalty and torture) and restrictions on freedom of expression and press (violence against journalists), freedom of assembly and labour rights, freedom of movement, women's rights and minority rights. Following credible elections in 2010, rising levels of terrorist violence, corruption, and organisational dysfunction undermined effective protection of human rights.

The most important drivers for human rights violations are: politically motivated sectarian and ethnic killings, including by the resurgent terrorist network led by al-Qaida and its affiliate, the Islamic State of Iraq and the Levant (ISIL) and abuses by government actors and illegal armed groups, exacerbated by lack of transparency and widespread corruption at all levels of government and society.

Sectarian violence in Iraq shows a clear upward trend. According to United Nations Assistance Mission for Iraq (UNAMI), civilian casualties (including police) in 2013 amounted to 7,818 killed and 17,981 injured. The number of deaths exceeds the one of 2008 (6,787). Iraq is a high risk country, with recent statistics unfortunately confirming an upward trend; a deteriorating security situation.

While terrorist groups probably receive support from outside Iraq, a great part of the violence and chaos in Iraq is domestically generated. Illegally armed sectarian and ethnic groups, including terrorist groups, committed deadly, politically motivated acts of violence, killing with suicide bombings, improvised explosive devices, drive-by shootings, as well as kidnappings and other forms of violence. Militants and terrorists targeted fellow citizens – Shia, Sunni, as well as members of other religious groups or ethnicities – security forces, places of worship, religious pilgrims, schools, public spaces, economic infrastructure, and government officials. In fact, inclusiveness and compromise at political level are still far to be fully achieved. As a consequence, sectarian issues are polarising the society and the security situation is deteriorating.

To break this vicious circle, the central government must adopt reconciliatory policies, embrace rule of law and promote human rights in the country.

On a structural level, Iraq lacks of a stable system of rule of law. The Iraqi legal framework is inspired by different, often conflicting, legal traditions. The judiciary, legislative and executive branches suffer from the heritage of 35 years of international isolation, severe UN sanctions and the post-2003 occupation.

Available reports – in particular the regular Human Rights report of UNAMI – and information, emanating from Iraqi authorities, underscore multiple problems in Iraq's criminal justice system. There are concerns regarding the right to a fair trial (disappearances; arbitrary arrest and lengthy pre-trial detention, sometimes incommunicado; impunity for security forces abuses; denial of fair public trials; insufficient judicial institutional capacity; ineffective implementation of civil judicial procedures and

remedies). Violations of Human Rights in police custody and in the penitentiary system are also prevalent, including gender-based violence, abuses of detainees and coerced confessions as methods of investigation. The latter are especially troubling in light of Iraq's continued application of the death penalty.

Access to legal services in Iraq varies widely according to location, income, social status and local government. Although in criminal cases, defendants have a right to a lawyer, the existing court-appointed defence system has numerous flaws. In addition to the lack of legal aid by trained and effective lawyers, public ignorance about the law further compromises the protection of civil/human rights.

In proposing Human Rights and Rule of Law, the EU remains committed to key areas of the Agenda for Change, and is in line with the political interests of the EU, as described in the most recent European Union Council Conclusions. Recent Council Conclusions (22 April 2013) underline that: *'The EU reiterates its continuing commitment to support Iraq's transition towards a sustainable democratic system, including through targeted assistance advancing good governance and the rule of law....'*

According to the Agenda for Change, *"Good governance, in its political, economic, social and environmental terms, is vital for inclusive and sustainable development. EU support to governance should feature more prominently in all partnerships, notably through incentives for results-oriented reform and a focus on partners' commitments to human rights, democracy and the rule of law and to meeting their peoples' demands and needs."* EU cooperation has an added value in these areas. In the case of Iraq in particular, the EU might also be seen as an independent broker. This fact is believed to increase the likelihood of impact. Our Iraqi counterparts have, on several occasions, publicly expressed their appreciation of EU's involvement in helping them improve and accelerate their democratization process.

In addressing these challenges, the cooperation should also consider other vital country strategic documents such as the three-year Human Rights National Action Plan on implementing the Universal Periodic Review (hereinafter UPR) recommendations. The latter is up for review in the year 2014. Iraq has committed to implement the 135 recommendations accepted by its Government during the UPR done in Geneva in February 2010. The National Action Plan was formally adopted by the Government of Iraq in December 2011.

In this sense, through implementing the PCA, the EU and the Government of Iraq, together with the Iraqi High Commission for Human Rights (IHCHR) and CSOs will put a joint effort in promoting the rights of women (including measures to prevent domestic violence and to promote gender equality), in moving against the use of death penalty and in protecting the rights of minorities.

Finally, the cooperation will create synergies and complementarities with the European Initiative for Democracy and Human Rights (hereinafter EIDHR) 2014-2017 Thematic Programme (EUR 1.5 million is the indicative amount requested for the 2014 – 2017 period). The involvement of the CSO-LA (Civil Society – Local Administration) thematic programmes has been also requested with a total budget of EUR 3.5 million allocated for projects offering capacity building to Civil Society Organisations and to Local Authorities (for the same period, 2014-2017). Thus, projects worth an additional EUR 5 million, will be committed during the first phase of the MIP, complementing the DCI-funded interventions in Governance, Human Rights and Education.

(II) Capacity Building in Primary and Secondary Education

The proposed sector embraces the values of EU which promote access to quality basic education for all children, youth and adults. This global commitment of EU was agreed upon through the international Education for All (EFA) movement. Education is a driver of sustainable and inclusive growth and poverty reduction, and vital to the achievement of broader sustainable development goals. The proposed sector is also in line with the principles of the *Agenda for Change* and with the Millennium Development Goals (MDGs) of universal primary education and gender equality in education - a key priority of the EU's development policy.

The recently endorsed NDP (2013 – 2017), the National Employment Policy and the National Strategy on Education (2011 – 2020) all outline the current constraints of the education system as overlapping responsibilities between ministries, centralized administrative structures and a slow decision-making, resulting in a weak organizational climate and a complex and rigid set of laws that govern education. Moreover there is an uneven geographic distribution of teachers, a shortage of supplies and infrastructure, poor quality control and teacher performance, student overcrowding and sometimes lack of academic relevance.

The National Education Strategy will serve as a general guide to the design of our interventions in the sector, in particular its chapters referring to the institutional capacity needs and priorities of Iraq. DCI-funded projects will, if necessary, include an initial phase of needs assessment in order to analyse thoroughly the situation and to recalibrate our project objectives to match the real needs and abilities of the beneficiary.

Building upon the experience of the ongoing education projects, the delegation will also ensure strong cooperation and communication between various stakeholders involved in the education sector in Iraq to avoid overlapping and guarantee the sustainability of programmes. A key lesson learnt is the importance of working at various levels: central, provincial, districts and schools levels to ensure a much more efficient and result-bearing way of cooperation. Maintaining effective relationship and coordination with different institutions concerned with the education system will ensure that if the situation in the MoE is unstable in terms of staff turnover, the other institutions can play a role in continuing delivery of the projects.

As previously mentioned, the Delegation will also seek to create synergies and complementarities with the Civil Society Organisations – Local Authorities (hereinafter CSO – LA) 2014-2017 Thematic Programme (requested indicative allocation amounts to EUR 3.5 million for period 2014-2017). A significant part of the CSO-LA programme will target educational issues.

(III) Sustainable Energy for All

A key impediment to Iraq's economic and social development is the poor conditions of electricity provision that affect human development and economic growth. In accordance with, the Energy for All initiative, the *Agenda for Change*, and Iraq's priorities, EU support will address this challenge.

The energy sector is of great importance for both sides: for the EU, as regards potential hydrocarbons imports and business opportunities in Iraq, and for Iraq, as the main sector for revenue generation but also a sector that needs to be modernised and upgraded to a great extent, in particular with respect to

environmental and climate impacts, based on foreign investment. Iraq is an attractive market for EU business in the longer term, above all because of its huge reconstruction needs and its growing oil revenues available to finance development. It has favourable demographics, a positive attitude towards European companies, interest in EU know-how and technologies, in particular in terms of environmental and climate protection, a largely-untapped consumer market, and a strategic geographic location between the Mediterranean and the Gulf. EU has a long-standing commitment to expanding its Energy cooperation with Iraq.

The EU-Iraq Memorandum of Understanding (MoU) on a Strategic Partnership in Energy was signed on 18 January 2010. The memorandum has opened a new era for the bilateral energy cooperation engaging the two parties to enhance their energy relations. In addition to this, a Joint Declaration (JD) was signed, by which EU and Iraq agreed to work together in the immediate future (26 May 2011). Iraq is already benefiting from the Instrument for Cooperation with Industrialised Countries (ICI+) in the field of Energy (EU – IRAQ Energy Centre) and will also be a beneficiary of the upcoming Partnership Instrument (PI). In the 2013-2017 NDP, an indicative investment of 38.2 % is foreseen for Industry (including Energy production).

Iraq's Integrated National Energy Strategy (hereinafter INES) is the most recent strategic document the Government has for the sector. In line with other studies it is expecting an increase in production of oil and gas. INES as well as the IEA (International Energy Agency) study, outline the potential of the energy and affiliated sectors. They are also highlighting the current shortcomings in terms of infrastructure, provision of electricity to the public, institutional and regulatory frame as well as missing capacities within the public and private sector.

Environmental sustainability and the potential for low carbon development are an integral part of the EU cooperation with Iraq in the energy sector, as it is emphasized both in the PCA and in the Memorandum of Understanding.

1.2.2 Stepping-up coordination between relief, rehabilitation and development

As is the case in other conflict-affected countries, EU will strive to support the Government in its effort for developing an efficient and service delivery oriented administration. After a protracted period of oppressive rule, wars and political turmoil, communities have lost the social cohesion that contains conflict. Political reform can be crucial to violence prevention but elections alone are not a substitute for broader democratic institutions, which take time to build. In particular in Iraq, the run up to the upcoming 2014 national elections is associated with increased levels of violence.

The particularity of Iraq's situation calls for a non-conventional response. In fragile situations, the priority for institutional transformation and good governance is specifically to deliver citizen security, justice, and jobs. Without a basic level of citizen security there can be no enduring social and economic development. Progress will not be sustained unless underlying problems are addressed to prevent a recurrence of violence. To this end, EU will direct its development cooperation efforts under the new DCI Programming Cycle for Iraq towards, among others, the:

- Support for bottom-up state-society relations in insecure areas, such as combined community-based programs for policing, service delivery, and access to local justice and dispute resolution systems.

- Security and justice reform programs that start with the basics and recognize the linkages between policing and civilian justice rather than treating them separately.
- Support and capacity building to environmental and climate protection, in particular in resilience building, considering the level of vulnerability and consequent additional threats to security.
- Introducing a gender equality dimension in the design and implementation of the programmes.
- Possibly focused anti-corruption actions to demonstrate that new initiatives and revenues can be well governed, drawing on external and community monitoring capacity.

Furthermore, EU recognises the importance of involving development actors in the response to the needs of the IDPs and Syrian refugees in Iraq to mitigate tensions between refugees and host communities. In this context, the EU will advocate support to IDPs and refugees and consider incorporating relief operations in future actions.

2 Financial overview

The amounts mentioned below provide an indication of the overall breakdown of funds between the focal sectors. The breakdown may be adjusted in the light of operational, mid-term, final or ad hoc reviews.²

Support to Human Rights and Rule of Law	30.6 million EUR	40%
Capacity Building in Primary and Secondary Education	23.0 million EUR	29%
Sustainable Energy for All	23.0 million EUR	29%
Support Measures	1.4 million EUR	2%
Total	78.0 million EUR	100%

3 EU support per sector

The proposed EU support consists of technical assistance and transfer of expertise and know how. This technical assistance may involve cooperation with EU and non EU (e.g. UN) partners as well as Civil Society and private service providers aiming at supporting essential institutional reforms and implementation capabilities.

3.1 Support to Rule of Law and Human Rights (indicative amount: EUR 30.6 million)

Future programming will take into account and expand EU programming based on DCI Annual Action Programme (AAP) 2013 on Good Governance Programme, Civil Society Component currently implemented stemming from the DCI Action Fiche 2010 which includes a Call for Proposals in support of CSOs, as well as a programme to develop a CSO compact. Moreover, the Human Rights programme

² For the period 2018-2020, a midterm review of MIP can be envisaged for the indicative allocation of EUR 23 million, subject to Iraq remaining eligible to DCI bilateral funding. In case of a change in the category of income according to the OECD/DAC list, the Commission will review progress, performance and status of EU development co-operation with Iraq. The Commission will seek the views of the European Parliament in order to consider the application of the exception clause.

designed under the DCI Action Fiche 2009 may also be useful for the design of any future intervention. The Human Rights programme includes a Call for Proposals and a project in support of the Human Rights Commission and the Committee of Human Rights in the Council of Representatives.

The Council conclusions on 22 April 2013 and 10 February 2014 represent a solid ground for the EU commitment to development the rule of law and democracy in Iraq: The EU reiterates its continuing commitment to support Iraq's transition towards a sustainable democratic system, including through targeted assistance advancing good governance and the rule of law, namely the separation of executive, legislative and judicial powers as foreseen by the law. The EU affirms the utmost importance of the independence of justice and penitentiary sectors to avoid any political use of them, of adequate police training, good governance and tackling corruption in support for the rule of law in Iraq. In this context, the EU ensures that follow-up activity builds on lessons learnt and achievements accomplished by the European Union Integrated Rule of Law Mission for Iraq, EUJUST LEX-Iraq, to other EU and international actors and to Iraqi authorities. In view of the security challenges, the EU expressed its support to the Iraqi authorities in the fight against extreme violence and its readiness to cooperate with Iraq on a comprehensive response to this global threat that is compliant with human rights and international humanitarian law. The high level of violence remains a significant threat to the stability of Iraq, and the wider region and tackling this threat will require a sustained, strategic approach. This must be based upon the highest human rights standards.

Consequently, one of the goals of the future programming should be the protection, preservation and further development of political, financial and human capital, invested in Iraq by the EU Member States during the 2005 – 2013 period through the Common Security Defence Policy EU JUST-LEX IRAQ mission, the project budget of which amounted to approximately EUR 22 million per year.

The EU sees a persistent need for support to electoral reforms in conformity with international standards in order to promote social harmony and political cohesion. Implementation of EU Election Observation Mission's or EU Election Expert Mission's recommendations represents another important dimension of our cooperation and dialogue.

Cooperation experiences in Iraq indicate the challenge to identify the right mix of interventions and the selection of implementing partners. Future cooperation may use pilot initiatives to pursue and select the best method of implementation including an assessment of potential implementing partner such as International Organizations (i.e. UN agencies) as well as Member States development agencies and private consultancies in accordance to their added value, transformation costs and managerial burden to the cooperation.

3.1.1 Overall and specific objectives

The overall objective of the EU support is to assist Iraq in the transition towards a functioning and sustainable democracy built on the rule of law and the respect of human rights.

The following specific objectives will be pursued:

- (1) Support to the democratic development of Iraq including through enhanced functioning of parliamentary democracy**

- (2) Improve the national Rule of Law and Human Rights protection system in order to increase the performance of public institutions and strengthen monitoring capabilities of CSOs**
- (3) Promote the principle of judicial independence and sustain the Security Sector Reform process**

3.1.2 Main expected Results

Expected result objective 1:

- Improved functioning of democratic institutions.

Expected results objective 2:

- Increased functionality of the Rule of Law system in particular but not limited to monitoring and referral processes for Human Rights violations;
- Strengthened role and organisational capacities of Civil Society to oversee government activities;
- Strengthened role and capacities of Civil Society and Human Rights defenders to advocate for Human Rights, monitor violations and promote basic services.

Expected results objective 3:

- Improved curriculum for justice sector professionals;
- Improved footprint of the principle of fair trial in Iraq notably through improved access to legal advice, appeal procedure, access to evidence, limited use of exceptional tribunals;
- Enhanced managerial and institutional capacities of national Rule of Law authorities;
- Improved detention policy framework, improved conditions for detainees, and improved managerial capacities in accordance to international human rights standards and international rules for treatment of prisoners.

3.1.3 Main indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

3.1.4 Donor coordination and policy dialogue

There is a high degree of coordination between UN, World Bank (WB) and EU. The Iraqi Partners Forum, chaired by UN and WB, regularly brings together international donors and International Organisations to improve coordination. The Delegation is an active member of the Iraqi Partners' Forum and its thematic working groups, as well as other ad-hoc coordination fora (Council of Representatives, Rule of Law, etc.).

The Delegation hosts regular coordination meetings with EU Member States in Baghdad, organised and chaired by the Operations Section of the EU Delegation. The objective of the meetings is to provide a forum for EU and Member States representatives to present, discuss and exchange information about development cooperation issues. Moreover, the Political Section of the delegation has been convening and chairing the Human Rights Working Group. The group has become a key forum for the exchange of

information on human rights problems in Iraq and the coordination of EU interventions. Through its role chairing the EU Working Group on Human Rights, the EU Delegation meets regularly with Member States representatives, members of Civil Society and NGOs, supra-national organisations such as UNAMI and ICRC to monitor a diverse range of files ranging from: the Death Penalty; Family Law; gender issues and women's rights; and lesbian, gay, bisexual, and transgender (LGBT) issues.

The Delegation remains in close contact with Civil Society. In concert with Member States, the EU Delegation has made several demarches to the relevant Iraqi authority on human rights issues.

The Delegation has been engaging in policy dialogue and aid coordination in the framework of the Partnership Committee, chaired by the Deputy Prime Minister and comprised of high-level representatives of the MoPl (Ministry of Planning), MoF (Ministry of Finance), PMAC (Prime Minister's Advisory Commission) and donor countries.

In the framework of the EU-IRAQ Partnership Cooperation Agreement (PCA), a specialised EU – Iraq Sub-Committee on Democracy and Human Rights was established and may be used as a vehicle to ensure greater reciprocal engagement with Iraq, including better mutual accountability for results.

It must also be noted that EU Del Iraq has been actively involved in the drafting of the Good Governance, Rule of Law and Human Rights chapter of the new NDP by dedicating a specific project for this objective.

The EU Delegation has played a pivotal role in coordinating the international diplomatic effort to oversee elections at both provincial and national levels, liaising closely with Civil Society Representatives, UNAMI, the independent electoral commission (IHEC), Member States and other diplomatic representations with a vested interest in the delivery of transparent, credible and inclusive elections.

The European Union has been instrumental in providing financial and technical support to the development the Charter of Cooperation between Public Authorities and Non-Governmental Organizations which defines the relation between Civil Society and the public authorities.

3.1.5 Government's financial and policy commitments

The Iraqi government has formally committed itself to enhance the Rule of law and the Human rights' protection in Iraq. As mentioned above, the new NDP 2013-2017 contains a Good Governance chapter which was drafted with the active support of the EU Delegation. Within this chapter, the Government confirms its ambition to strengthen the judiciary independence, to translate human rights principles into reality, to consolidate the separation of powers and to strengthen the role and capacity of Civil Society Organisations (CSOs).

The Iraqi government has also committed itself to implement 135 recommendations of the Universal Periodic Review (UPR) of February 2010 on human rights, an important number of which are related to the efficiency, independency and fairness of the judiciary system and to women and children's rights. In response to the UPR, Iraq has also adopted in December 2011 a National Action Plan on Human Rights which contains a programme of policy, institutional and legislative reforms (covering inter alia the independence and impartiality of the judicial authority, the treatment of prisoners, the revision of the Criminal Law and the Code of Criminal Procedure especially with regards to those articles that enshrine discrimination against women).

Iraq is also signatory to a number of International Conventions, notably the Convention on Civil and Political rights on the international standards for the protection and due process rights of the detainees, and the Convention against Torture and other Cruel, Inhuman or Degrading Treatments and the Convention on the Rights of the Child (which requires that the detention of a child be used as a last resort for the shortest appropriated period of time and that children accused of criminal offenses are detained separately from adults). The Government of Iraq recently formed a high committee for the protection of the family, working along several lines to eliminate domestic violence in Iraqi society. Iraq has also accessed the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions in 2013.

The Partnership and Cooperation Agreement signed in May 2012 with the EU, contains as well provisions on Rule of Law, engaging the Parties to "a constant commitment to the Rule of Law, including the independence of the Judiciary, access to justice and the right to a fair trial". In the framework of the PCA, on 11 November 2013, the first meeting of the Subcommittee on Democracy & Human Rights took place in Baghdad. EU and the Government of Iraq officials agreed that human rights are the basis for achieving development and progress in all aspects and welcomed the opportunity given to have an open exchange of views on these issues. Both sides also agreed on the importance of associating civil society to this dialogue and committed to regular consultations as part of this process. Moreover, the two sides discussed the need to improve conditions of detention in Iraq's prisons.

3.1.6 Overall risk assessment of the sector intervention

Stability in Iraq: The major risk that could affect the programme is the security situation which remains unpredictable. During the second quarter of 2013 there was a rise in the number of violent incidents in Iraq and a corresponding decline in the security situation. Insurgents continue to constitute an extreme threat in the capital Baghdad and in areas north and north-west of the capital. In addition to coalition forces and Iraqi administrative and security targets, insurgents have attacked NGOs, diplomatic interests, infrastructure, civilian contractors, and Shia Arab civilians and institutions. However, violent crime occurs far more frequently than guerrilla or terrorist violence. Tribally based criminal gangs carry out armed robberies, abductions and vehicle hijacks across the country. Criminal attacks are indiscriminate and have focused mainly on Iraqis, whose levels of security protection are much lower than those of foreign organisations.

In contrast, levels of violent crime are relatively low in the Kurdistan Region (KR), where the security environment is much better than elsewhere in Iraq. Smuggling is widespread throughout Iraq and may involve actors both outside and within government structures.

If the current situation continues it will have an impact on the ability of project implementers to operate and an increase in security costs. The relative political instability in the country coupled with the regional context (i.e. spillover effects of Syrian crisis) could affect the pace of implementation; cost and duration of programmes can also be affected should the political instability lead to social disturbance, brain drain and high turn-over of staff in the Iraqi administration. Mitigating measures include building on the considerable amount of experience gained in the recent years to materialize complex programmes/operations in Iraq under challenging conditions.

The fragility of Iraqi institutions: Coordination, decision making and implementation capacities of the key stakeholders are concerns. The GoI has a high turnover of personnel, with significant reshuffling

occurring when ministers or legislatures change. Iraq is confronted with a 'brain drain', which has a considerable impact on the availability of educated and experienced staff, as well as notable deficiencies in the area of financial management. GoI institutions are also suffering from severe structural deficiencies (corruption, inefficient or often non-existing organigrammes, etc.). The risk is mitigated by the fact that the programme implementation will concentrate on institutional engagement rather than an engagement with individual officials to help ensure continuity and long lasting effects. The programme is focused on building capacity, fact which may address the problems of 'brain drain' and deficiencies in financial management.

Political environment: *Sufficient political* will and engagement for reform are required to enable a proper implementation of any assistance provided. In this respect a constant political and policy dialogue is of paramount importance in the rule of law support area. Such a dialogue and related EU assistance will support the Government of Iraq in its effort for mainstreaming essential reforms in Iraq.

The National Election held in April 2014 is already stirring up political uncertainty. The formation of a new government, still ongoing, will be a cumbersome task for the Iraqi political establishment. The possible changes at top management level in Ministries and the ensuing delays (newly-appointed officials to become familiar with projects, etc.) is another risk factor that has to be borne in mind.

3.2 Capacity building in primary and secondary education (indicative amount: EUR 23 million)

Future programming will take into account and expand EU programming based on DCI AAP 2013 on Education and Labour market currently in preparation and the on-going DCI AAP 2009 programmes to Improve Access to Basic Education (DCI-MED/2010/259-637) and Support to Improving the Quality of Education in Iraq with a focus on Technical and Vocational Education and Training (DCI-MED/2010/259-085), which will also contribute to the development of capacities to satisfy the green jobs market.

3.2.1 Overall and specific objectives

The main objective for EU action will be to improve Iraq's education system with specific focus on governance structure and functioning for primary and secondary education. It will be built on and complement previous and existing EU projects in the field of education. Technical assistance will aim at institutional capacity building in the Ministries of Education, Finance and Planning, as well as governorates and local administration, improving data gathering and analysis, strengthening the capacity to update existing curricula and draft new ones, planning and budgetary execution and education services delivery.

The following specific objectives will be pursued:

- (1) Develop and streamline education policies aimed at enhancing access, equity and quality of primary and secondary education**
- (2) Improve education management at central, district and school levels**
- (3) Improve budgeting, expenditure controls and reporting at central, provincial and district levels.**

3.2.2 Main expected Results

Expected Results for objective 1:

- Improved quality and access to primary and secondary education with improved learning opportunities for girls and in remote areas.

Expected Results for objective 2:

- Establishment of modern management methodologies within the educational authorities;
- Enhanced national capacities for modern administration and efficient decentralization;
- Improved strategic planning framework based on coordination mechanisms between relevant ministries and governmental and non-governmental stakeholders including the private sector;
- Increased functionality of Governorates (Directorates/Provincial Council) in accordance to their respective mandates.

Expected Results for objective 3:

- Improved spending efficiency and financing based on strategic planning;
- New trends in educational administration and decentralization that allows the rationalization of the available financial resources to provide a high quality education for all;
- Enhanced capacities of the government for implementation of the investment budget.

3.2.3 Main indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

3.2.4 Donor coordination and policy dialogue

The Government of Iraq, through the Ministry of Education (MoE), is the dominant player in the education sector with oversight of pre-school through primary and secondary education. The MoE in KRG has a similar mandate. The Ministry of Higher Education and Scientific Research (MoHESR) provides for higher education and together, they broadly provide for the education system. It is important to note that other key players beyond MoE and MoHESR, such as the Prime Minister's Office, Ministry of Finance (MoF), Ministry of Planning and Development Cooperation (MoPDC) are equally vital to the delivery of educational services.

The international community, including donors, the World Bank (WB) and United Nations (UN) agencies coordinate their activities through the Iraq Partners Forum (IPF). The IPF is an information exchange forum on individual initiatives and on common approaches. The Iraq Partners Forum is now a strong donor coordination mechanism in which key agencies and donor countries, such as Canada, Denmark EU, Japan, Italy, OECD, Poland, UK, and USA, operating in Iraq as resident and no-resident agencies, are members.

The EU has improved donor coordination with EU Member States present in Baghdad and Amman through regular monthly meetings to help exchange of information and experience, and identify future initiatives in order to increase effectiveness and synergies, and avoid overlap. Capacity building in

primary and secondary education is consistent with the Agenda for Change which promotes social inclusion and human development.

3.2.5 Government's financial and policy commitments

The Constitution of Iraq (2005) enshrines education as a key factor for the advancement of society.

The Government's vision, as outlined in the National Development Plan 2013 - 2017, is "...*Education opportunities for all so as to ensure the requirements of labour market, the knowledge economy and promoting the citizenship values*". It also states that the planning and formulation of policies for education and knowledge-building is a main chapter of making people more aware about the major challenge facing their cognitive and technical future.

The NDP 2013-2017 earmarks 10 % of the budget for education. To increase the enrolment rate at all stages, the Government plans to build 9,570 new buildings and to rebuild 1,056 schools. Investment in education will also target the gender gap notably by expanding the establishment of schools for females in rural areas.

The National Strategy for Education (2011-2020) that was launched in 2012, confirmed that Education is "...*an essential factor for the progress of society and a right guaranteed by the country as well as country's guarantee to combat illiteracy, in addition to strengthening of educational quality requirements for all stages in order to prepare a qualified manpower whom shall be able to fulfil society and country's burdens*".

3.2.6 Overall risk assessment of the sector intervention

Stability in Iraq: As mentioned in paragraph 3.1.6 for Human Rights and Rule of Law

The fragility of Iraqi institutions: As mentioned in paragraph 3.1.6 for Human Rights and Rule of Law

Duration of the school/academic year: The Iraqi school year is short. Education institutions close for 4 months in the summer season. Considering also a substantial number of public holidays, education institutions are closed for about 5 months per year. In terms of implementing an education project the time available to work with educational centres is limited. This situation will have to be factored into detailed implementation plans, and considerable flexibility should be applied when implementing activities that directly involve schools.

3.3 Sustainable Energy for All (indicative amount: EUR 23 million)

The future program will also use the experience the EU services will have gained, setting up an EU – Iraq Energy centre.

3.3.1 Overall and specific objectives

The overall objective for Sustainable Energy is to provide tailored technical assistance for regulatory energy framework reform including increasing sustainability of the energy sector, better management and institutional capacities, to increase access to electricity for the poorest, to promote energy efficiency, and availability of energy for the Iraqi population and to promote the increase of renewable energy in the energy mix.

The specific objectives are:

- (1) To improve legislative and regulatory framework of the electricity sector**
- (2) To improve institutional development policies and managerial capacities, including for climate change considerations, to deliver capital investment projects**
- (3) To improve energy efficiency with particular emphasis on renewable energy resources**

3.3.2 Main expected results

Expected Results for objective 1

- Enhanced drafting, processing and implementation capabilities for relevant institutional and legislative reform, including for the development of renewable sources of energy, energy efficiency and management of impacts on climate and environment;
- Improved effectiveness and efficiency of electricity metering, billing and payment collection management.

Expected Results for objective 2

- An institutional development plan and human resources policy framework for the Ministry of Electricity;
- Enhanced management capabilities to design, implement and monitor projects, including their impacts on climate and environment but also taking into account climate change considerations (such as climate proofing of infrastructure, sustainable use of natural resources etc).

Expected Results for objective 3

- Identification and establishment of necessary institutional arrangements and HR capacities to deal with renewable energy and environmental and climate change issues in the wider context of sustainable development;
- Conclusion of a mapping and pre-feasibility exercise of Iraq's renewable energy potential (wind, solar, hydro, waste, bio-energy etc.);
- Assist Iraq in devising a subsector strategy in gas (mapping of supplies, perspectives for exports to neighbouring countries, domestic supply and use (industrial – residential), prefeasibility study on Iraq's production of non-associated gas).

3.3.3 Main indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

3.3.4 Donor coordination and policy dialogue

As for the sectors mentioned previously, Energy is discussed in all donor's forums related to Iraq (Iraq Partners' Forum, EU Development Counsellors' meetings, other relevant meetings organized ad hoc to discuss Energy issues). EU Delegation has extensively discussed its upcoming energy programming with international donors (World Bank, GIZ, Member States) and relevant Government authorities (MoOil, MoEl, etc.). Given the substantial Iraqi financial resources originating from fossil fuel extraction and export, there is no need of significant donors' involvement in the sector. Iraq is pursuing its energy policy agenda in close cooperation with the major players in the Oil Companies market (Royal Dutch Shell,

Petronas, ExxonMobil, Lukoil, etc.). However, in the field of renewable energy resources Iraq could substantially benefit from EU and EU Member States experience and expertise in knowledge and technology transfer and green energy research.

In the framework of the PCA and in particular the Subcommittee on Energy, official discussions in the Energy sector were recently launched between Iraqi line ministries (Oil, Electricity, Research) and the EU. EU Member States and the EIB attended the proceedings of the Energy subcommittee meeting with the status of observer.

3.3.5 Government's financial and policy commitments

The Government has put in place, mainly through the Integrated National Energy Strategy 2011-2030, and also through the current NDP, an ambitious investment and development plan targeting all components of energy sector. To this end, NDP foresees 38 % of the budget for Industry and energy (around EUR 81 billion).

Investment in Oil is the key to economic prosperity in Iraq. Oil investment plan aims at expanding production, storage, transportation, and export capacity, to accommodate the expected increase of oil production to reach 13 million bpd over the next seven years, as the present government contracts with foreign oil companies suggest. In 2013, investment in electricity reaching EUR 3.87 billion, has the second largest share of budgeted investment, targeted at infrastructure reparations and increasing production.

In the electricity sector, the Government has a stated vision in its NDP to meet the actual need of the country's electrical energy through economically efficient and sustainable methods. To this end, the Government plans to increase the production capacity in the electrical system to cover the entire growing demand for energy by raising it to 25 GW, which will exceed the projected demand in 2017 by about 5 GW. An extensive governmental programme will address the deficiencies of transmission and distribution components and will also look into the modernization of the legal and regulatory framework which currently discourages foreign investors from getting involved in Iraq (procedures for power purchase agreement from the investor, Iraq's banking system, lack of proper bill collection system, etc).

Renewable Energy resources constitute another priority for the Government. Currently, 10 sites are being developed in the periphery of the country to produce a maximum of 60 MW of clean energy within the next 3 years. Iraq has an expressed objective to achieve 2% of electricity production from renewable energy resources by 2016.

3.3.6 Overall risk assessment of the sector intervention

Stability in Iraq: In general terms, same as what is mentioned in paragraph 3.1.7 for Human Rights and Rule of Law. Nonetheless, given the importance of the sector, commitments in Energy sector are less likely to be adversely affected compared to policies in other sectors.

The fragility of Iraqi institutions: As above. Energy sector ministries and Ministry of Oil in particular stand out for their high efficiency and expertise of their staff. However a serious deterioration of the political and security situation will inevitably have a negative impact on the implementation of the programme.

Climate change: Iraq is one of the most vulnerable countries to climate change in the region and it is expected that climate change will exacerbate the environmental problems and threaten people's livelihoods, added to existing tensions and scarcities, acting as a "threat multiplier" that may provide tipping points for non-violent contentions to turn into violent conflicts (e.g. in relation to water availability).

Environmental Assessment: A Strategic Environmental Assessment (SEA), measuring the impact of the plans on the environment and on climate change, will be carried out in coordination with the GoI and other donors involved in the energy sector.

4 Support Measures (indicative amount EUR 1.4 million)

Measures to support or accompany the programming, preparation or implementation of actions

In order to maximize the impact of development assistance and provide a high degree of flexibility in attracting and mobilising funds from different donors, the EC and the EIB could explore the possibility to offer Iraq an integrated EU financing package in the upcoming programming cycle through the blending of EIB loans and related activities with a) a technical assistance grant from the EU budget or b) refundable technical assistance, possibly under the EIB External Lending Mandate.³

Considering other sources within the EU system itself, in the framework of PCA, Iraq might benefit from the upcoming Partnership Instrument (PI). Iraq is already receiving aid from the Instrument for Cooperation with Industrialized Countries (ICI+) for the establishment of the EU-Iraq Energy Centre. The Thematic Instruments namely EIDHR (European Instrument for Democracy & Human Rights) and CSO-LA (Civil Society Organisations – Local Authorities) will also be mobilised for the next 4 years in Iraq. Furthermore, Iraq will benefit from specific instruments in the field of international high level research as well as higher education and youth through the Erasmus+ programme (capacity building activities and access to joint master degrees) and in the field of research and innovation through Horizon 2020 programme. However, Iraq's participation in the latter needs to be accompanied by capacity-building measures and targeted technical assistance.

The fact that Iraq is a high risk country has obvious consequences in programme implementation, one of them being the costs of deployment of international staff. This has to be borne in mind when designing the upcoming programme. Joint identification missions to Iraq in the three focal areas shall be envisaged as well as the mobilisation of external design experts to prepare the identification, formulation and implementation of programmes.

Given the budgetary resources of the GoI and their ability to co-finance projects, EU is willing to consider this option as well when designing the specific projects under the upcoming programming cycle.

5 Annexes

- (1) Country at a glance
- (2) Donor matrix showing the indicative allocations per sector

³ Subject to the signature of an EIB-Iraq Framework Agreement on which negotiations are on-going.

- (3) Sector intervention framework and performance indicators
- (4) Indicative timetable for commitment of funds

5.1 Iraq at a glance



Capital (and largest city)	Baghdad
Official language(s)	Arabic, Kurdish
Government	Federal parliamentary republic
- President	Jalal Talabani
- Prime Minister	Nouri al-Maliki
- Speaker of Council of Representatives	Usama al-Nujayfi
Legislature	Council of Representatives
Independence	
- from the United Kingdom	3 October 1932
- Declaration of the republic	14 July 1958
- Current constitution	15 October 2005
Area	
- Total	438,317 km ²
- Water (%)	1.1
Population	
2014 estimate	32.585.692 million
GDP	
- official exchange rate	\$259.591 billion (2014 est.)
- per capita (PPP)	\$5.835 (2014 est.)
Currency	Iraqi dinar (IQD)

Governance in Iraq is challenging as the country is still recovering from the times of intense conflict and terrorism. For the past three decades, Iraq has been hampered by conflict and isolation. Iraq has recently managed to establish democratic institutions and structures, nonetheless, democratic principles are often disrespected. The country remains in a state of low-level armed conflict; little has changed since early 2009 with an almost daily occurrence of violent incidents punctuated by occasional larger-

scale attacks intended to kill many people at once⁴. Violence in Iraq remains unevenly distributed, with the majority of incidents and civilian deaths occurring in the central provinces, in the Anbar region and in the disputed zone lying along border with the KRG administered territory. Consequently the main priority for the country is stabilization as a prerequisite for development.

A number of potential indicators that could be applied to gauge the progress of Iraq in various sectors, taking into account the country's volatile and non-secure environment; have been included in the main text of the draft MIP. Iraq is classified as a **low-middle income country** with a population of approximately 32.5 million people of which Children and Young Iraqis below the age of 35 constitute almost 80%. The current figure for the GDP (Gross Domestic Product - nominal) stands at 259.591 billion USD⁵.

Iraq is heavily dependent on the **oil sector**. Oil contributes 60% of Iraq's GDP, 99% of exports and more than 90% of Government revenue⁶, but represents only about 1% of all employment. Oil production is set to increase from its current level of 2.9 million barrels per day to more than 4 million barrels per day in 2015. The 2013 Federal Budget Law foresees total revenues at approx. IQD 119 trillion (EUR 80 billion), based on an estimated rate of exportation of 2.9 million barrels per day at USD 90 per barrel. As a consequence, the oil sector will grow to be even more dominant in the coming years, making economic diversification a challenging task. This will further reduce the significance of personal tax revenues, increase the dominance of the Iraqi state over its citizens and challenge the accountability of government. This system gives little incentive to reform the existing institutions.

The **political environment** constitutes the main obstacle to good governance in the country. A succession of oversized governments based on fragile power-sharing arrangements and a culture of strong administrative centralisation have hampered Iraq's recovery. Albeit foreseen in the Constitution, the separation of powers has yet to be achieved in practice. Institutional checks and balances are missing or ineffective and public participation remains weak.

In **Economy**, Iraqi authorities have engaged with the international community (mainly UN agencies – UNDP and World Bank) in devising a comprehensive strategy for the modernisation of both the Public and Private Sectors. GoI remains committed in continuing on the path of reform and despite the slow progress there is widespread consent among political parties on the need for creating an economic environment conducive to business development and increased employment opportunities, in particular for the youth. Youth unemployment increased 15% since 2008 to reach 30% in 2011 (although the government objective is to reduce this rate to 7% by 2014 according to the NDP). GoI has made significant efforts in modernising the Technical and Vocational Education & Training sector thus laying the foundations for decreasing unemployment and creating a highly skilled work force. EU has been particularly active in the field and has been supporting Iraqi endeavours through a number of on-going and future projects in cooperation with the Ministries of Education, Higher Education, Planning, and Labour and Social Affairs.

Electricity provision needs to be further enhanced and improved. Uninterrupted electricity supply to households and businesses remains a challenge. The Government of Iraq is fully aware of the importance of the issue as a driver for economic development and growth. Line ministries are currently devising a comprehensive strategy aiming at boosting electricity production, upgrading the transmission system and modernising the infrastructure and legal framework of the distribution system. The environmental dimension is also included in the policy planning with a focus on eliminating gas flaring from oil wells and using the gas, derived as a by-product of oil extraction, for the production of electricity.

Oil production is on a steady increase and new oilfields are made accessible to international companies for exploration and potential oil extraction. The GoI has officially put in place its Integrated National Energy Strategy (INES) for 2013-2030 marking its first attempt to set out a comprehensive policy document which evaluates needs and resources, plans for a range of scenarios taking into account a variety of internal and international factors, and defines a clear vision for the course of the country's most

⁴ <http://www.iraqbodycount.org/>

⁵ The Economist Intelligence Unit – Country Report – Iraq – 2014

⁶ Second IMF Review Under the Stand-By Arrangement (March 2011 - IMF Country Report No. 11/75) - www.imf.org

vital economic sector. The importance of INES is self-explainable as this sectorial strategy governs the almost exclusive source of funding for Iraq hence it directly affects every other sector of national policy. This holds particularly true due to the centrally planned nature of the Iraqi economy.

With regard to **MDGs**, despite the significant drawbacks mentioned above and adverse conditions prevailing in the country, considerable progress has been marked over the past three years. Of particular concern remains enrolment in and completion of secondary education in rural areas mainly due to the lack of infrastructure (high schools non-existent in certain areas or too far from certain rural communities). Moreover, the Iraqi authorities have identified, as top priority issue, the problem of drinking water supply and wastewater treatment in the southern parts of the country, including the city of Basrah. Finally, it has to be noted that internet access in Iraq remains quite low, at 6% currently.

Basic living standards especially in urban areas have significantly improved. Access to clean and potable water is a reality for the majority of the residents in cities in the centre and the north of the country. A similar trend is observed in the rural areas however still a lot needs to be done as certain parts of the country are less well-served than the more central regions.

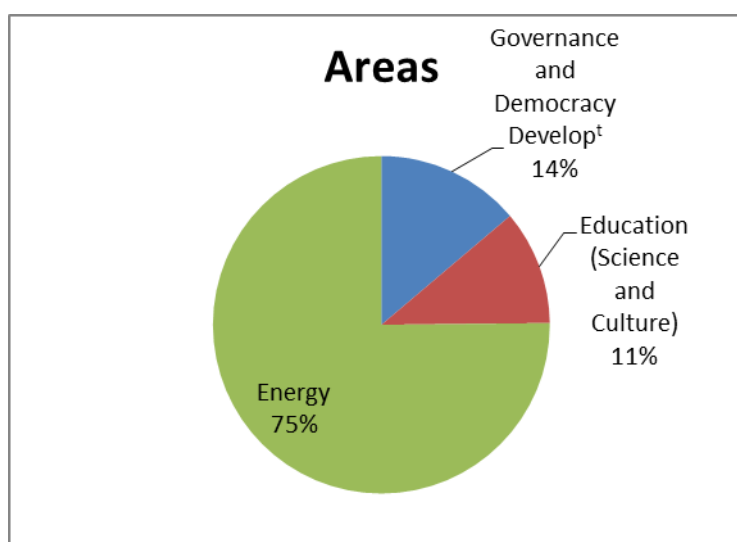
GoI has repeatedly demonstrated its willingness to move ahead in fully achieving its MDG targets and to continue work on setting and implementing the Sustainable Development Goals(SDGs) beyond 2015. To this end, the Ministry of Planning has recently established a specialised Committee assigned to oversee the implementation of the MDGs across all relevant ministries and authorities, to identify potential problems and to propose solutions both at governorate and at federal levels. For the near future, GoI has identified the following five social development areas as requiring special attention:

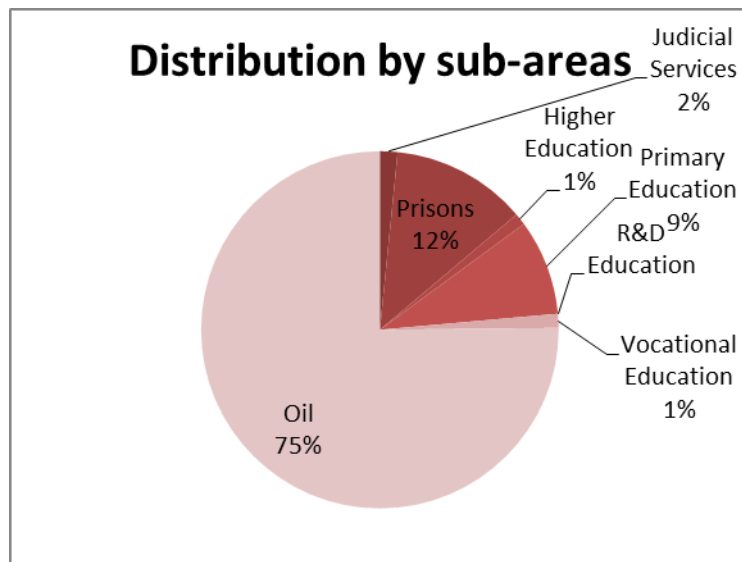
- a) Education (especially secondary education)
- b) Health
- c) Living conditions including employment and income generation
- d) Environment, and
- e) Housing

With respect to **Civil Society's** involvement in governance, both CSOs (Civil Society Organisations) and Government have expressed their strong interest in creating a more stable, inclusive and progressive social environment. Discussions with CSOs highlighted the need for socio-economic development, especially in the remote areas. In support for Human Rights, CSOs inter alia expressed the necessity of having a long term engagement, focusing on marginalised parts of the society, and achieving strong cooperation between international and national partners aiming at developing innovative approaches to capacity building.

5.2 Donor matrix showing the indicative allocations per sector

No	Sector	# of Projects	Committed (USD)
1	<i>Governance and Democracy Development</i>		<i>218,663,555</i>
	Judicial Services	8	25,153,506
	Prisons	5	193,510,049
2	<i>Education (Science and Culture)</i>		<i>173,726,288</i>
	Higher Education	94	16,959,629
	Primary Education	95	136,749,202
	R&D Education	1	17,457
	Vocational Education	2	20,000,000
3	<i>Energy</i>		<i>1,187,693,310</i>
	Oil	34	1,187,693,310





Sector	# of Projects	Committed (USD)
Governance and Democracy Development		243,817,061
Judicial Services	8	25,153,506
US	3	12,180,018
Spain	1	480,000
Sweden	1	598,500
UN Agencies	3	11,894,988
Prisons	5	193,510,049
US	5	193,510,049
Education (Science and Culture)		
Higher Education	94	16,959,629
US	93	14,959,629
EU	1	2,000,000
Primary Education	95	136,749,202
US	93	13,749,202
WB	1	100,000,000
EU	1	23,000,000
R&D Education	1	17,457
Sweden	1	17,457
Vocational Education	2	20,000,000
Korea	1	9,000,000
EU	1	11,000,000
Energy		
Oil	34	1,187,693,310
US	31	572,297,903
UK	1	2,830,189
Japan	2	612,565,218

5.3 Sector intervention framework

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

Baselines will be included in Action documents at the latest.

Specific objective 1: Support to the democratic development of Iraq including through enhanced functioning of parliamentary democracy		
Expected Results	Indicators	Means of verification
Improved functioning of democratic institutions.	<ul style="list-style-type: none"> • Number of enacted legislative reforms by Parliament vis-à-vis the last legislative period; • Number of enacted legislative documents to address the UPR recommendations; • Frequency of exceptional interruptions of Parliamentary sessions; • Duration of exceptional interruptions of Parliamentary sessions; • Number of Civil Society initiatives in support or opposing legislative endeavours; • Voter turnout in the next Iraqi electoral cycle (2017/2018). 	<ul style="list-style-type: none"> • Amended laws ratified; • UPR review; • IHCHR Annual report on Human Rights Iraq; • UNAMI Reports on Human Rights Iraq; • UNAMI Annual Report to UNSC; • US Annual report on HR / Iraq; • Documents produced by CSOs; • The Internal report of the EU experts on general Elections Iraq.

<u>Specific objective 2: Improve the national Rule of Law and Human Rights protection system in order to increase the performance of public institutions and strengthen monitoring capabilities of CSO</u>		
Expected Results	Indicators	Means of verification
Increased functionality of the Rule of Law system in particular but not limited to monitoring and referral processes for Human Rights violations.	<ul style="list-style-type: none"> • % of UPR recommendations implemented; • Number of laws introduced in accordance to international standards and relevant International Conventions and Treaties. 	<ul style="list-style-type: none"> • UPR review; • Laws ratified; • CSOs reports; • IHCHR Annual report on Human Rights Iraq; • UNAMI Reports on Human Rights Iraq; • UNAMI Annual Report to UNSC; • US Annual report on HR / Iraq.
Strengthened role and organisational capacities of Civil Society to oversee government activities.	<ul style="list-style-type: none"> • Number of CSO reports on government's action and inaction. 	<ul style="list-style-type: none"> • IHCHR Annual report on Human Rights Iraq; • UNAMI Reports on Human Rights Iraq; • UNAMI Annual Report to UNSC; • US Annual report on HR / Iraq; • UPR Review; • CSOs reports.
Strengthened role and capacities of Civil	<ul style="list-style-type: none"> • Ranking of Iraq in Press Freedom Index; • Number of incidents related to 	<ul style="list-style-type: none"> • Press freedom index;

<p>Society and Human Rights defenders to advocate for Human Rights, monitor violations and promote basic services.</p>	<p>discrimination in all its forms - ethnic, sectarian, religious, gender, tribal - reported.</p> <ul style="list-style-type: none"> • No of incidents related to discrimination in all its forms - ethnic, sectarian, religious, gender, tribal -processed. 	<ul style="list-style-type: none"> • INGOs and NGOs activity reports; • IHCHR Annual report on Human Rights Iraq.
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Specific objective 3: Promote the principle of judicial independence and sustain the Security Sector Reform process		
Expected Results	Indicators	Means of verification
Improved curriculum for justice sector professionals.	<ul style="list-style-type: none"> • Number of training sessions, mentoring and/or other know how transfer activities in accordance to international standards and/or curriculum for students, academics and professionals in the juridical sector; • Number of drafted and incorporated codes, regulations and instructions issued for legal professionals including the penitentiary personnel. 	<ul style="list-style-type: none"> • Training session reports; • Regulations, codes and instructions issued.
Improved footprint of the principle of fair trial in Iraq, notably through improved access to legal advice, appeal procedure, access to evidence, limited use of exceptional tribunals.	<ul style="list-style-type: none"> • % of prisoners profiting from minimum international rules on prison conditions; • Number of CSOs reporting on prison conditions. 	<ul style="list-style-type: none"> • National and international surveys (UNAMI, Human Rights Watch, Amnesty international, etc.); • Perception surveys; • International and national media; • Police data.
Enhanced managerial and institutional capacities of national Rule of Law authorities and Human Rights actors.	<ul style="list-style-type: none"> • Number of training institutions applying a curricula in accordance to international standards; 	<ul style="list-style-type: none"> • Curricula.
Improved detention policy framework and managerial capacities in accordance to	<ul style="list-style-type: none"> • Number of detention facilities under the authority of the Ministry of Justice 	<ul style="list-style-type: none"> • Feedback from Ministry of Justice and Ministry of Interior;

international Human Rights standards and international rules or treatment of prisoners.	managed in accordance to international standards.	<ul style="list-style-type: none"> National and international surveys (UNAMI, Human Rights Watch, Amnesty international, etc.).
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<u>Specific objective 1: Develop and streamline education policies aimed at enhancing access, equity and quality of primary and secondary education</u>		
Expected Results	Indicators	Means of verification
Improved quality and access to primary and secondary education with improved learning opportunities for girls and in remote areas.	<ul style="list-style-type: none"> Enrolment rate in primary school, especially for girls in remote areas (disaggregated by gender and geographical areas); Enrolment rate in secondary school, especially for girls in remote areas (disaggregated by gender and geographical areas); Number of educational staff trained. 	<ul style="list-style-type: none"> National and international surveys on education; Training session reports and attendance sheets; Questionnaires at the end of the trainings.

<u>Specific objective 2: Improve education management at central, district and school levels</u>		
Expected Results	Indicators	Means of verification
Establishment of modern management methodologies within the educational authorities.	<ul style="list-style-type: none"> Number of training sessions delivered in particular at centralised and decentralised leadership level. 	<ul style="list-style-type: none"> Training sessions reports and attendance sheets; Questionnaires at the end of the trainings.

Enhanced national capacities for modern administration and efficient decentralization.	<ul style="list-style-type: none"> • Number of laws, procedures and decisions amended or adopted to strengthen the administration and to promote the decentralization process. 	<ul style="list-style-type: none"> • Feedback from Government and Community; • Laws, procedures and decisions adopted and implemented.
Improved strategic planning framework based on coordination between governmental and non-governmental stakeholders, including the private sector.	<ul style="list-style-type: none"> • Number of amendments on laws and decisions related to strategic planning; • Number of coordination mechanisms between governmental and non-governmental stakeholders and also between relevant ministries (Ministry of Education, Ministry of Finance and Ministry of Planning). 	<ul style="list-style-type: none"> • Feedback from Government of Iraq, in particular the Ministry of Planning; • Data on education; • Amended laws and decisions ratified; • Coordination meetings organized / Minutes of meetings; • Coordination procedures adopted.
Increased functionality of Governorates (Directorates/Provincial Councils) in accordance to their respective mandates.	<ul style="list-style-type: none"> • Number of service delivery plans developed. • Number of service delivery plans implemented. 	<ul style="list-style-type: none"> • Service delivery data, to be collected i.a. through opinion polls and customer satisfaction surveys; • Feedback from local authorities and Community.

Specific objective 3: Improve budgeting, expenditure controls and reporting at central, provincial and district levels		
Expected Results	Indicators	Means of verification
Improved spending efficiency and financing based on strategic planning.	<ul style="list-style-type: none"> • Ratio of actual disbursement in education sector to planned disbursement. 	<ul style="list-style-type: none"> • Feedback from Ministry of Planning and Ministry of Finance; • Ministry of Finance data.

New trends in educational administration and decentralization that allows the rationalization of the available financial resources to provide a high quality education for all.	<ul style="list-style-type: none"> • % of allocated budget by relevant authorities both at central and provincial level. <p>Milestone 1: absorbed</p> <p>Milestone 2: executed</p>	<ul style="list-style-type: none"> • Ministry of Finance data; • Local authorities' feedback.
Enhanced capacities of the government for implementation of the investment budget.	<ul style="list-style-type: none"> • Number of governmental staff trained on budget execution. 	<ul style="list-style-type: none"> • Training session reports and attendance sheets; • Questionnaires at the end of the trainings.
Specific objective 1: To improve legislative and regulatory framework of the electricity sector		
Expected Results	Indicators	Means of verification
Enhanced drafting, processing and implementation capabilities for relevant institutional and legislative reform, including for the development of renewable sources of energy, energy efficiency and management of environmental impacts.	<ul style="list-style-type: none"> • Number of codes published and ratified (since 2003 no new legislation was introduced); • Existence of regulatory framework for energy efficiency and renewable energy <p>Milestone 1: published</p> <p>Milestone 2: adopted;</p> <ul style="list-style-type: none"> • Existence of Environmental regulatory framework for the energy sector <p>Milestone 1: published</p> <p>Milestone 2: adopted.</p>	<ul style="list-style-type: none"> • National and international surveys; • Feedback from the Ministry of Electricity.

Improved effectiveness and efficiency of electricity metering, billing and payment collection management.	<ul style="list-style-type: none"> • Number of metering & billing units of electricity supplies; • Revenue collected. 	<ul style="list-style-type: none"> • Available national and international Surveys on the Iraqi electricity sector.
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Specific objective 2: To Improve institutional development policies and managerial capacities to deliver capital investment projects		
Expected Results	Indicators	Means of verification
An institutional development plan & human resources policy framework for the Ministry of Electricity.	<ul style="list-style-type: none"> • Time taken for the administrative and procedural processes on procurement, contracting and implementation of power sector projects. • Days (per year) of uninterrupted electricity supply; • % of energy projects with Environmental Impact Assessment completed; • Difference between electricity demand and supply. 	<ul style="list-style-type: none"> • Reports of governmental authorities and non-governmental institutions on daily average electricity supply per governorate and on the gap between electricity demand and supply • Monitoring reports on levels of network losses.
Enhanced management capabilities to design, implement and monitor projects, including their environmental impacts.	<ul style="list-style-type: none"> • Investors' satisfaction of procurement for energy projects in terms of: Milestone 1: speed Milestone 2: efficiency Milestone 3: transparency 	<ul style="list-style-type: none"> • Survey on Investors' satisfaction on speed, efficiency and transparency of procurement for energy projects.

Specific objective 3: To Improve energy efficiency with particular emphasis on renewable energy resources		
Expected Results	Indicators	Means of verification
Identification and establishment of necessary institutional arrangements and HR capacities to deal with renewable energy issues and environmental issues in the wider context of sustainable development.	<ul style="list-style-type: none"> • % of electricity production in Iraq from renewable energy resources; • Number of CSP (Concentrated Solar Power) plants and other innovative and environmentally friendly means of power generation. 	<ul style="list-style-type: none"> • Reports of government authorities and non-governmental entities on % of electricity from renewable energy resources; • Take into consideration sustainable development and climate change issues in the feasibility studies for further renewable energy expansion.
Conclusion of a mapping and pre-feasibility exercise of Iraq's renewable energy potential (wind, solar, hydro, waste, bio-energy etc.).	<ul style="list-style-type: none"> • Report on Iraq's renewable energy resources mapping and pre-feasibility study produced. 	<ul style="list-style-type: none"> • Information from relevant authorities.
Assist Iraq in devising a subsector strategy in gas (mapping of supplies, perspectives for exports to neighbouring countries, domestic supply and use (industrial – residential) prefeasibility study on production of non-associated gas.	<ul style="list-style-type: none"> • Report on mapping of supplies, exports, domestic supply and use, prefeasibility study produced. 	<ul style="list-style-type: none"> • Information from relevant authorities.

5.4 Indicative timetable for commitment of funds

The amounts mentioned in this table are indicative.

Sectors	Indicative allocation (Million EUR)	2014	2015	2016	2017	2018-2020
Rule of Law & Human Rights	30.6	10.0	0.0	10.0	0.0	10.6
Capacity Building in Primary and Secondary Education	23.0	0.0	23.0	0.0	0.0	0.0
Sustainable Energy for All	23.0	0.0	0.0	11.0	0.0	12.0
Support measures	1.4	0.7	0.0	0.3	0.0	0.4
Total commitment	78.0	10.7	23.0	21.3	0.0	23.0