



INTERNATIONAL COMPACT WITH IRAQ



ANNUAL REVIEW CONFERENCE



STOCKHOLM DECLARATION

The International Compact with Iraq (ICI) is an Iraqi-led five-year partnership between Iraq and the international community supported by a framework of mutual commitments. The Compact – launched on 3 May 2007 in Sharm el-Shaikh, Egypt – recognized that resolving the security and political challenges facing the country, strengthening good governance and providing basic services are essential to achieving long-term stability and sustainable development in Iraq.

In accordance with the mutual commitment to meet regularly to review progress, Foreign Ministers, Heads of Organizations and other high-level officials representing some 100 States and Organizations met in Stockholm on 29 May 2008 for the First Compact Annual Review. The Conference was hosted by the Government of Sweden and co-chaired by the Prime Minister of Iraq, Nouri al-Maliki and the Secretary-General of the United Nations, Ban Ki-moon.

The report of the Government of Iraq and United Nations entitled “A New Beginning” outlined strong progress made by Iraq in establishing the rule of law and promoting economic development, supported by a significant increase in oil revenues and strong economic growth. Other successes included a robust increase in rate of budget execution and an appreciable decrease in inflation. While noting continuing political, security and humanitarian challenges facing Iraq, the participants of the Stockholm Conference recognized the important efforts made by the Government to improve security and public order and combat terrorism and sectarian violence across Iraq. They also recognized progress in the legislative agenda, including passage of the Accountability and Justice law, Amnesty Law, Pension Law, and Provincial Powers Law. Given the difficult context, these successes are all the more remarkable.

The Government of Iraq invited international partners to invest in the future of Iraq and presented its initiatives for integration with the regional and global economy. These include the establishment of an investment commission, private sector partnerships and transregional initiatives to promote investment, trade and greater integration and cooperation with neighbouring states. The Conference welcomed the Government of Iraq’s 6-point proposal for a “Partnership for Development,” which includes a co-financing mechanism for new programmes undertaken with international partners and Iraq’s adoption of the OECD’s Paris Principles on Aid Effectiveness. Other achievements in treaty accession during 2007-8, include progress towards WTO accession, joining of the Extractive Industries Transparency Initiative (EITI) and

endorsement of UN Conventions on Anti-Corruption and Torture. The participants also welcomed the revision of the Terms of Reference of the International Reconstruction Fund Facility for Iraq to align the fund directly with the goals of the ICI.

The participants affirmed their support for the Compact as well as their intentions to promote bilateral investment and trade relationships with Iraq and encouraged the Government of Iraq to make further progress in establishing an environment conducive to doing business, including passing of the necessary legislation. To further support Iraq's economic development, creditors external to the Paris Club were encouraged to consider resolving outstanding debts to Iraq on Paris Club or similar terms. The delegates further discussed emerging priorities for Iraq's economic development and political stabilization during 2008-9. In light of the human cost of conflict over the past five years, the interconnected issues of human development, human rights, reconstruction and economic governance were identified as vital areas of mutual interest over the next year. The importance of safeguarding the rights of women, minorities and other vulnerable groups was also identified as an issue of priority by the participants. To this end, the Government of Iraq has undertaken to further consolidate progress in rule of law, promoting human rights, advancing national dialogue and reconciliation, the constitutional review process, assisting displaced persons and pursuing equitable socio-economic reforms. The Government of Iraq expressed deep appreciation for the states that have generously contributed to the stabilization and reconstruction of Iraq through the Compact process.

In closing, the participants reiterated their commitment to support Iraq in their efforts to build a united, federal and democratic country, based on the rule of law and respect to human rights, at peace with its neighbours and itself, and on an accelerated path to sustainable economic self-sufficiency and prosperity. The delegates agreed to meet regularly on an annual basis through 2012 in order to regularly review mutual progress and future priorities and noted the offer by the Government of Iraq to host the next Annual Review conference in Baghdad.