

INTERNATIONAL SUPPORT FOR IRAQ

SIGIR continues to note the challenges in reporting on international contributions to Iraq reconstruction. As Iraq shifts to normalized relations with the international community, the United States is less able to track international funding.

Donor Assistance to the GOI

As of March 30, 2009, the Department of State (DoS) reported \$17 billion in total donor pledges,¹ including \$5.26 billion in grants and \$11.75 billion in loans.²

Of that amount, donors have committed \$6.04 billion in grants through contracts, budget actions, or dedicated international agreements—approximately \$780 million more than the total of grants pledged.³ Donors have also committed \$3.82 billion in loans, approximately \$7.93 billion less than loans pledged.⁴

Last quarter, the GOI was to complete a \$670 million draw on its nearly \$730 million⁵ Stand-By Arrangement with the International Monetary Fund (IMF). Although this estimate appeared in the IMF's Second Stand-By Arrangement Review of December 3, 2008, NEA-I reports that the drawing has not occurred.⁶

Development Assistance Database

U.S. advisors have joined with the United Nations Development Programme (UNDP) and the European Union to help the Ministry of Planning and Development Cooperation improve its tracking of donor contributions to Iraq reconstruction. Initial efforts focused on enhancing the Development Assistance Database (DAD). Efforts continue to establish a broader

Capital Budget Request and Tracking System that would capture all efforts for reconstruction, including those funded by Iraq's national and provincial budgets. However, the efforts to integrate the two systems continue to cause logistical and organizational issues.⁷

There is no standard reporting requirement for donors to provide data and no set time frame for updates to the DAD to be completed. Thus, comparing DoS donor pledge figures to data available in the DAD does not provide an accurate or complete picture of the status of donor support.

As of April 8, 2009, the DAD reported total commitments of \$5.50 billion—a decrease of approximately \$65.2 million since January 2009.⁸ Disbursements fell \$4.60 million this quarter, totaling \$2.65 billion.⁹ For an overview of Iraqi donor spending reported in the DAD, see Table G.1 and Table G.2.

International Reconstruction Fund Facility for Iraq

In February 2007, the Donors Committee of the International Reconstruction Fund Facility for Iraq (IRFFI) met in Istanbul, Turkey, and extended the lifetime of the IRFFI by one year—from the end of 2009 to the end of 2010. In October 2007, the Donors Committee decided to align the activities of the IRFFI in support of the International Compact with Iraq.¹⁰

The eighth Donors Committee meeting was held on February 18, 2009, in Naples, Italy. The central purpose of this meeting was to address IRFFI's project planning and commitment processes to wrap up the program by the end of 2010. The final project completions and

disbursements for IRFFI will occur no later than December 31, 2013.¹¹ As of March 31, 2009, 25 IRFFI donors had committed \$1.85 billion for Iraq reconstruction.¹² The next donors meeting will be held later this year in Baghdad.

A recent review, requested by UNDP and the IRFFI Donors Committee, reported that although the IRFFI program has met only part of its objective of ensuring “a coordinated, flexible, and swift donor response to finance priority expenditures,” the program still had a meaningful impact on the lives of Iraqis. The report concluded that although the IRFFI was hampered by delays, the program was able to make progress to reach its objectives with projects to restore education, build health care services, and improve electricity generation. Most of the 17 projects reviewed were rated moderately satisfactory or higher; only one project was ranked unsatisfactory.¹³

The two funds that constitute the IRFFI are the UNDG Iraq Trust Fund (UNDG ITF) and the World Bank Iraq Trust Fund (WB ITF).

World Bank

The World Bank funds several programs to support the GOI in addressing primary reconstruction needs:

- restoring basic services
- supporting private-sector development
- enhancing social safety nets
- improving public-sector governance

This support for Iraq reconstruction is funded primarily through the WB ITF. Of the total IRFFI commitment, the WB ITF totals \$497

million.¹⁴ The cut-off date for donor’s contributions for the WB ITF was December 31, 2008, and donors have agreed to terminate the fund on December 31, 2013. By this deadline, all WB ITF funding will be disbursed, and all projects will be completed. No new projects will be approved after the end of 2009.¹⁵

The World Bank also assists through loan programs and projects with international partners.

World Bank IDA Loans

The World Bank has provided assistance to Iraq to develop social services through its International Development Association (IDA). Five IDA loans have been approved for Iraq, totaling \$508.5 million.¹⁶ For the status of these projects, see Table G.3.

United Nations

Of the total IRFFI commitment, the UNDG ITF amounts to \$1.36 billion.¹⁷ The UNDG ITF has approved 158 joint projects totaling \$1.22 billion, leaving \$160 million to be committed to new projects.¹⁸ The cut-off date for donor contributions for the UNDG ITF is June 30, 2009; any funds that are not committed by December 31, 2010, will be returned. To meet this requirement, the UN agreed that no new projects will be approved after the end of 2009.¹⁹ Any remaining UN funds will be deposited in the UN’s general Multilateral Donor Trust Fund and will go to support activities overseen by the United Nations Assistance Mission for Iraq (UNAMI).²⁰

In 2008, UNAMI was extended for 12 months, until August 2009, to continue its

TABLE G.1

SNAPSHOT OF TOP DONOR-FUNDED PROJECTS

DONOR	PROJECT COST (\$ MILLIONS)	TITLE	PROJECT IMPLEMENTATION STATUS	SECTOR (TRADITIONAL CLASSIFICATION)	PROVINCE
Sweden, World Bank	\$150.00	Electricity Reconstruction Project (Rehabilitation of units 2 & 3 of HARTHA power station)	Ongoing	Infrastructure	Basrah
Italy	\$128.84	Soft Loan for the Implementation of an Aid Programme for Rebuilding Iraq's Agricultural Sector and Promoting the Related Services	Ongoing	Agriculture, Food, and Fishing	Nationwide
Japan	\$118.71	Construction of a Diesel Power Station (60 MW) in Al-Samawah	Ongoing	Infrastructure	Muthanna
World Bank Iraq Trust Fund	\$110.00	Emergency Water, Sanitation and Urban Reconstruction Project	Ongoing	Environment; Housing, Labor, and Social Affairs	Dahuk, Sulaymaniyah, Erbil
World Bank	\$100.00	New School Buildings Construction	Not Started	Education, Science, and Culture	Nationwide
Japan	\$72.22	Supply and Installation of Units Mobile Substations	Completed	Infrastructure	Baghdad, Babylon, Kerbala, Najaf, Qadissiya, Muthanna, Thi-Qar
Japan	\$68.45	Project for Rehabilitation of Four General Hospitals in the Northern Region of Iraq	Completed	Health	Dahuk, Ninewa, Tameem, Erbil
Japan	\$66.17	Rehabilitation of Taji Gas Turbine Power Station	Completed	Infrastructure	Baghdad
Japan	\$65.04	Project for Improvement of Trunk Communications Network	Completed	Infrastructure	Nationwide
World Bank Iraq Trust Fund	\$65.00	Emergency Baghdad Water Supply and Sanitation Project	Ongoing	Environment; Housing, Labor, and Social Affairs	Baghdad
United Kingdom	\$62.26	Provision of General Food Basket to the Iraqi Population. Upgrading Logistics and Communications Capacity.	Completed	Agriculture, Food, and Fishing	Nationwide
Total	\$1,006.69				

Source: GOI, *Development Assistance Database*, www.mop-iraq.org/dad, accessed 1/10/2009.

Notes: Data not formally reviewed, audited, or verified. Numbers affected by rounding. Data excludes U.S.-funded projects. Committed and disbursed are the international terms used; this terminology is comparable to the SIGIR terms obligated and expended.

TABLE G.2

DONOR PROJECTS BY SECTOR (\$ MILLIONS)

SECTOR	COMMITTED	DISBURSED
Agriculture, Food, and Fishing	\$280.00	\$193.34
Economic Development	\$199.16	\$51.42
Education, Science, and Culture	\$348.97	\$242.94
Energy	\$26.16	\$23.41
Enterprise and Industry	\$0.59	\$3.07
Environment	\$238.82	\$157.41
Governance and Democracy Development	\$570.80	\$409.79
Health	\$569.40	\$445.83
Housing, Labor, and Social Affairs	\$328.41	\$230.13
Infrastructure	\$1,012.78	\$716.50
Security	\$182.99	\$147.15
Unspecified/Unclassified	\$18.06	\$12.47
Unallocated	\$14.94	\$5.31
Total	\$3,790.88	\$2,638.78

Source: GOI, *Development Assistance Database*, www.mop-iraq.org/dad, accessed 1/10/2009.

Note: Data not formally reviewed, audited, or verified. Numbers affected by rounding.

TABLE G.3

WORLD BANK IDA LOANS

Project Name	Product Amount (\$ millions)	Approval Date	Implementing Agency	Description	Status
Third Emergency Education	\$100	11/2005	Ministry of Education	Helps alleviate school overcrowding through construction of 82 new schools in 15 provinces. The project directly benefits about 57,000 students.	The number of schools that could be financed from this project has been reduced from 82 to 59—a result of local cost increases and currency fluctuations. The Ministry of Education is working with the World Bank to restructure the project, which will ensure that the project meets its development objective.
Emergency Road Rehabilitation	\$135	6/2006	Ministry of Construction	Assists in the rehabilitation of highways and village access roads in central and southern Iraq. Three floating bridges will also be replaced with permanent structures.	Although implementation of this project has been slow, progress has significantly improved. The project's Mid-Term Review occurred in March 2009, and the KRG component is fully contracted and is now disbursing. A large highway contract for the Um Qasr-Zubair road is to be bid, and this will quickly move forward the project components in central and southern Iraq.
Dokan and Derbandikhan Hydropower	\$40	12/2006	KRG Ministry of Electricity	Part of Iraq's overall Electricity Master Plan, providing electricity in the Kurdistan region and to the national grid. The project will directly impact an estimated 490,000 households and benefit industrial consumers.	An upcoming project is preparing assessment reports on the environmental and social impacts of the plants and a safety assessment of the dam for future projects. The PMT signed Phase II of the Consultant Contract supporting project implementation. In addition, local bank staff have traveled to Erbil on supervision missions.
Emergency Electricity Reconstruction	\$124	3/2007	Ministry of Electricity	Aims to restore the base-load generating capacity of the Hartha power plant and build capacity at the Ministry of Electricity.	After more than one year of negotiations, a contract to rehabilitate the Hartha power plant has been signed. The main contract commits the entire IDA credit. After suspending contract negotiations, the contract will be signed in April 2009.
Emergency Water Supply	\$109.50	6/2008	Ministry of Water Resources	Intends to improve the quantity and quality of water availability in four high-priority provinces. Assists the GOI on developing a sustainable policy for the water sector.	The Credit Agreement was signed in October 2008. The Ministry of Finance requested an extension for the effectiveness deadline from January 13, 2009, to April 30, 2009, and the World Bank agreed. Bidding has begun for the Ghammas and Nasr water supply projects and the Wassit water treatment works contracts, valued at \$66.5 million. Contracts worth approximately \$103 million have already been launched.
Total	\$508.50				

Source: IRFFI, *World Bank Operations in Iraq Data Sheet*, 12/31/2008.

work in advising and supporting the GOI and the Independent High Electoral Commission (IHEC) for the elections.²¹ Over the past quarters, UNAMI provided IHEC with advice and assistance on electoral issues, conducted training workshops, and provided transparency in the selection of the heads of provincial electoral offices.²²

European Commission

The European Commission is the leading donor of the IRRFI. Since 2003, EC has contributed

€933.1 million (\$1.25 billion) to support Iraq, of which €785.3 million (\$1.05 billion) specifically supported reconstruction.²³ For the percentage of EC support, by category, see Figure G.1.

The current IRFFI mandate will end in 2010; therefore, the EC has shifted toward a more bilateral approach. In December 2008, the EC approved €72.6 million (\$97.3 million) for the Special Measure for Iraq in 2008. The overall objective of this effort is to strengthen the capacity of Iraqi institutions while improving the quality of life of the Iraqi people. This assistance package

TABLE G.4

IRAQ 2008 SPECIAL MEASURE PROGRAMS

PROGRAM OBJECTIVE	ALLOCATED FUNDS (IN MILLIONS)	DESCRIPTION
Provide technical assistance to Iraqi institutions	€10.6	Build the capacity of Iraqi institutions.
Support specialized medical services	€13.0	Improve the national and regional blood bank services and improve hospital services.
Enhance and sustain water and sanitation services in Iraq	€7.0	Improve Iraq's capacity to better manage water and sanitation.
Support Iraqi refugees and IDPs	€42.0	Create a protective environment for the return of refugees and IDPs, develop a water-loss reduction program in Jordan, provide emergency support to Syria's education sector, and support Syria's waste and medical waste management.
Total	€72.6	

Source: EC, response to SIGIR, 2/9/2009

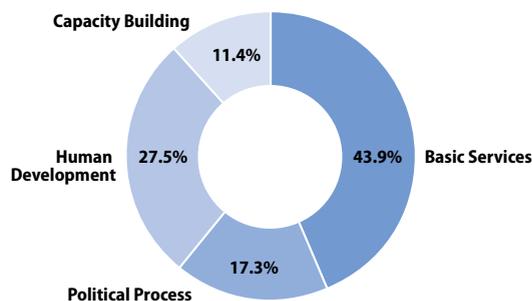
focuses on eight programs, five of which support Iraq's refugees and internally displaced persons, for a total of more than half the funds.²⁴

Other EC efforts in 2009 will provide assistance in multiannual strategy and bilateral channeling.²⁵ Some countries—including the United Arab Emirates, United Kingdom, and

Australia—have also moved from donor assistance to building economic partnerships based on trade and investment.²⁶

FIGURE G.1

PERCENTAGE OF EC SUPPORT, BY CATEGORY
€785.3 Million



Note: Numbers affected by rounding.

Source: EC, response to SIGIR, 3/6/2009.

1 NEA-I, response to SIGIR data call, 4/2/2009.
 2 NEA-I, response to SIGIR data call, 4/2/2009.
 3 NEA-I, response to SIGIR data call, 4/2/2009.
 4 NEA-I, response to SIGIR data call, 4/2/2009.
 5 IMF, "IMF Executive Board Completes Second Review of Iraq's Stand-By Arrangement," 12/17/2008, www.imf.org, accessed 1/18/2009.
 6 NEA-I, response to SIGIR data call, 4/2/2009.
 7 DoS, Section 2207 Report, 7/2008, pp. II-4.
 8 GOI, Development Assistance Database, www.mop-iraq.org/dad, accessed 4/8/2009.
 9 GOI, Development Assistance Database, www.mop-iraq.org/dad, accessed 4/8/2009.
 10 NEA-I, response to SIGIR data call, 1/5/2009.
 11 NEA-I, response to SIGIR data call, 4/2/2009.
 12 IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund," 3/31/2009.
 13 Scanteam, "Stocktaking Review of the International Reconstruction Fund Facility for Iraq," 1/2009, pp. 4-6.
 14 IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund," 3/31/2009.
 15 IRFFI, "Final Statement of IRFFI Donor Committee Meeting," Naples, Italy, 2/18/2009.
 16 IRFFI, World Bank Operations in Iraq Data Sheet, 3/31/2009.
 17 IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund," 3/31/2009.
 18 NEA-I, response to SIGIR data call, 4/2/2009.
 19 IRFFI, "Final Statement of IRFFI Donor Committee Meeting," Naples, Italy, 2/18/2009.
 20 NEA-I, response to SIGIR data call, 4/2/2009.
 21 UN Security Council Press Release, "Security Council Adopts Resolution 1830 (2008), Granting One-year Mandate Extension to United Nations Assistance Mission for Iraq," 8/7/2008.
 22 UNAMI, "Fact Sheet – Role of UNAMI in the Governorate Council Elections," 1/26/2009.
 23 EC, "State of Play," 1/2009, p. 4; XE, "Universal Currency Converter," www.xe.com/ucc, accessed 4/6/2009.
 24 EC, "State of Play," 1/2009, p. 3.
 25 EC, response to SIGIR, 2/9/2009; EC, "State of Play," 1/2009, p. 5.
 26 NEA-I, response to SIGIR data call, 4/2/2009.