

## INTERNATIONAL DONOR ASSISTANCE TO THE GOI

Donor assistance to the GOI includes bilateral and multilateral development assistance in loans and grants. As of March 31, 2010, the Department of State (DoS) reported \$18.10 billion in total donor pledges, including \$5.26 billion in grants and \$12.84 billion in loans.<sup>1</sup> Donor commitments totaled \$11.45 billion—\$6.04 billion in grants and \$5.41 billion in loans.<sup>2</sup> For an overview of bilateral and multilateral development assistance, see Figure D.1.

### Bilateral Development Assistance

As of March 31, 2010, \$8.03 billion in bilateral assistance had been committed to Iraq.<sup>3</sup> The largest international (non-U.S.) donors include Japan, which has committed \$4.38 billion through grants and loans, and the European Commission (EC), which has committed \$0.72 billion through grants.<sup>4</sup> During the quarter, EC commitments increased \$10 million to reflect revisions in their reported assistance for 2008 and 2009.<sup>5</sup>

In February, Iraq and China signed a memorandum of agreement reducing Iraq's debt to Chinese companies by \$8.47 billion (approximately 80%).<sup>6</sup> According to the Iraqi Ministry of Foreign Affairs, the memorandum obligates Iraq to "facilitate the entry of Chinese companies" into the Iraq reconstruction effort.<sup>7</sup>

### Multilateral Development Assistance

As of March 31, 2010, \$3.42 billion in multilateral assistance has been committed to Iraq. Multilateral development assistance includes loan commitments and pledges from the World Bank, International Monetary Fund (IMF), and Islamic Development Bank (IDB), as well as the International Reconstruction Fund Facility for Iraq (IRFFI) grants funded by donor deposits.<sup>8</sup>

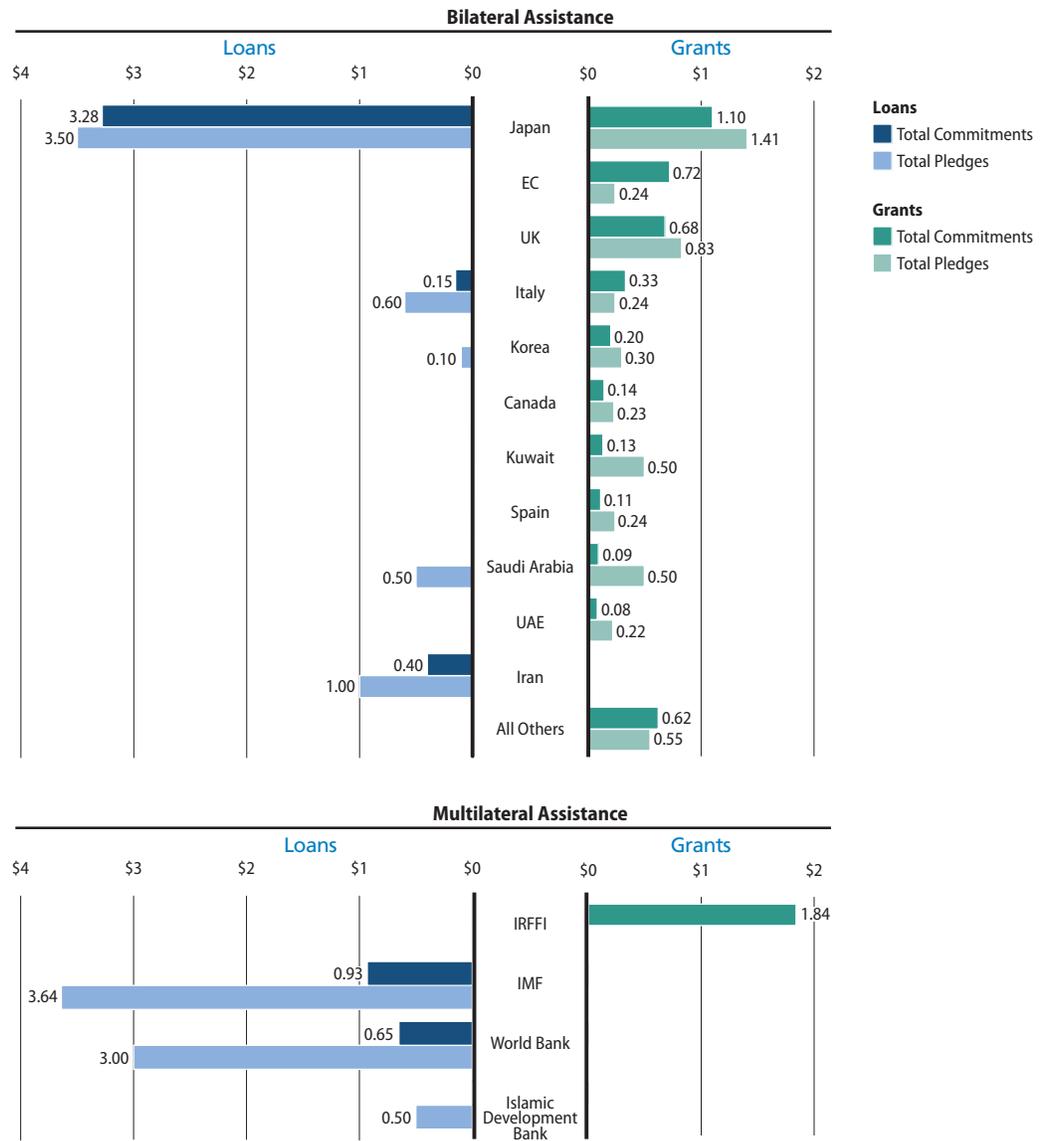
### International Reconstruction Fund Facility for Iraq

The IRFFI was launched in 2004 to help donor nations channel their resources and coordinate support for reconstruction and development in Iraq. The facility comprises the World Bank Iraq Trust Fund (WB ITF) and the United Nations Development Group Iraq Trust Fund (UNDG ITF.) New IRFFI projects must start by the end of 2010; project completions and disbursements are to take place no later than December 31, 2013.<sup>9</sup> As of March 31, 2010, 25 IRFFI donors, including the United States, had committed \$1.86 billion for Iraq reconstruction.<sup>10</sup> The largest IRFFI contributors are the European Commission (\$772 million in IRFFI deposits), Japan (\$492 million), and the United Kingdom (\$127 million).<sup>11</sup>

### International Monetary Fund

On February 24, 2010, the IMF approved a two-year Stand-By Arrangement (SBA) for Iraq totaling \$3.64 billion. The approval made \$455 million immediately available to Iraq.<sup>12</sup> The SBA was made available due to lower than anticipated oil revenues. The funds are intended to help

FIGURE D.1  
**INTERNATIONAL GRANTS AND LOANS, PLEDGED VS. COMMITTED, BY DONOR**  
 \$ Billions



**Note:** Bilateral commitments exclude IRFFI deposits. The European Commission (EC) remains the largest IRFFI contributor, with deposits totaling \$772 million, or 42% of total IRFFI deposits. Numbers affected by rounding. Amounts may differ from prior quarters due to changes in foreign exchange rates.

Source: NEA-I, response to SIGIR data call, 4/14/2010.

TABLE D.1  
**WORLD BANK IDA LOANS**  
 \$ Millions

PROJECT NAME	PROJECT AMOUNT	APPROVAL DATE	IMPLEMENTING AGENCY	DESCRIPTION	STATUS
Third Emergency Education	100.0	11/2005	Ministry of Education	Assists the Ministry of Electricity through reducing school overcrowding and strengthening its capacity to improve the quality of teaching and curricula.	The Bank's Board approved project restructuring in June 2009. The project will now support educational infrastructure (school construction), institutional strengthening (teacher training and curricula development), and project management.
Emergency Road Reconstruction	135.0	6/2006	Ministry of Construction & Housing	Assists in the rehabilitation of highways and village access roads in central, northern, and southern Iraq. Three floating bridges will also be replaced with permanent structures.	Rehabilitation in the KRG is underway and disbursing. Progress in central and southern Iraq is expected to move forward due to a large contract expected to be tendered soon.
Dokan and Derbandikhan Hydropower	40.0	12/2006	KRG Ministry of Electricity	The plan aims to upgrade electricity supply in the Kurdistan region and the national grid. The project will directly impact an estimated 490,000 households and benefit industrial consumers.	Progress has been made over the last several months with total commitments increasing from \$6.5 million in June 2009 to \$32 million as of November 2009. The draft Environmental Management Plans is under review and the terms of reference are being prepared for the Dam Emergency Preparedness Plans.
Emergency Electricity	124.0	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.	A contract to rehabilitate the Hartha power plant was signed in April 2009. The main contract commits the entire IDA credit. However, the contract effectiveness has been delayed due to an issue regarding bank guarantees.
Emergency Water Supply	109.5	6/2008	Ministry of Municipalities and Public Works	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.	On September 17, 2009, the project was declared effective. Approximately \$75 million in contracts have been signed and another \$25 million are in the bidding stage.

Source: IRFFI, *World Bank Operations in Iraq Data Sheets*, 11/2009 and 2/2010.

improve public financial management, increase transparency and accountability in the oil sector, and help reform the banking sector.<sup>13</sup>

## World Bank

The World Bank funds several programs to support the GOI in addressing 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 World Bank Iraq Trust Fund. WB ITF commitments to the IRFFI total \$497 million.<sup>14</sup> The cutoff 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 must be disbursed, and all projects will be completed.<sup>15</sup> As of February 28, 2010, the WB ITF has financed 24 projects, four of which have been fully implemented and closed. The remaining 20 projects are currently under implementation.<sup>16</sup>

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.<sup>17</sup> For the status of these projects, see Table D.1.

TABLE D.2  
**SNAPSHOT OF TOP DONOR-FUNDED PROJECTS**  
 \$ Millions

DONOR	PROJECT COST	TITLE	PROJECT IMPLEMENTATION STATUS	SECTOR (TRADITIONAL CLASSIFICATION)
Sweden, World Bank	150.0	Electricity reconstruction project (Rehabilitation of units 2 & 3 of HARTHA power station)	Ongoing	Infrastructure
Italy	128.8	Soft Loan for the implementation of an Aid Program for Rebuilding Iraq's Agricultural Sector and Promoting the Related Services	Ongoing	Agriculture, Food, and Fishing
World Bank Iraq Trust Fund	120.0	Irrigation and Drainage Schemes Rehabilitation and Water Resources Management Program	Ongoing	Agriculture, Food, and Fishing
Japan	118.7	Construction of a Diesel Power Station (60 MW) in Al-Samawah	Ongoing	Infrastructure
World Bank Iraq Trust Fund	110.0	Emergency Water, Sanitation, and Urban Reconstruction Project	Ongoing	Environment; Housing, Labor, and Social Affairs
World Bank	100.0	Construction of New School Buildings	Not Started	Education, Science, and Culture
Japan	72.2	Supply and Installation of Units Mobile Substations.	Completed	Infrastructure
Japan	68.5	Project for Rehabilitation of Four General Hospitals in the Northern Region of Iraq	Completed	Health
Japan	66.2	Rehabilitation of Taji Gas Turbine Power Station	Completed	Infrastructure
Japan	65.0	Project for Improvement of Trunk Communications Network	Completed	Infrastructure

**Note:** 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.

**Source:** GOI, Development Assistance Database, [www.mop-iraq.org/dad](http://www.mop-iraq.org/dad), accessed 4/12/2010.

### United Nations

UNDG ITF commitments to the IRFFI total \$1.36 billion.<sup>18</sup> The UNDG ITF has approved 165 joint projects totaling \$1.25 billion, leaving \$136 million to be committed to new projects.<sup>19</sup> The cutoff date for donor contributions for the UNDG ITF was June 30, 2009; any funds that are not committed to a specific project by December 31, 2010, will be returned.<sup>20</sup> To meet this requirement, the UN agreed that no new projects will be approved after June 30, 2010.<sup>21</sup> 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 UN Assistance Mission for Iraq (UNAMI).<sup>22</sup>

### Sources for International Donor Information

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. Efforts by international donors now focus on helping Iraq sustain its progress. While some donors continue to support Iraq with technical assistance, economic development projects, and project financing, others are focusing on building relationships based on conventional trade and investment.<sup>23</sup> The Department of State's

Bureau of Near Eastern Affairs-Iraq (NEA-I) does not expect substantial additional increases in donor commitments for Iraq reconstruction.<sup>24</sup>

**Department of State**

NEA-I provides SIGIR with quarterly updates on international pledge and commitment figures from donor countries and international organizations.

**Development Assistance Database**

The Development Assistance Database (DAD) was established to serve as a reliable and credible source of information on donor contributions for the reconstruction, economic recovery, and socioeconomic development of Iraq.<sup>25</sup> However, 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 9, 2010, the DAD reported total commitments of \$6.01 billion and disbursements of \$2.97 billion.<sup>26</sup> Both figures remain unchanged from the previous quarter. For an overview of Iraqi donor spending reported in the DAD, see Table D.2 and Table D.3.

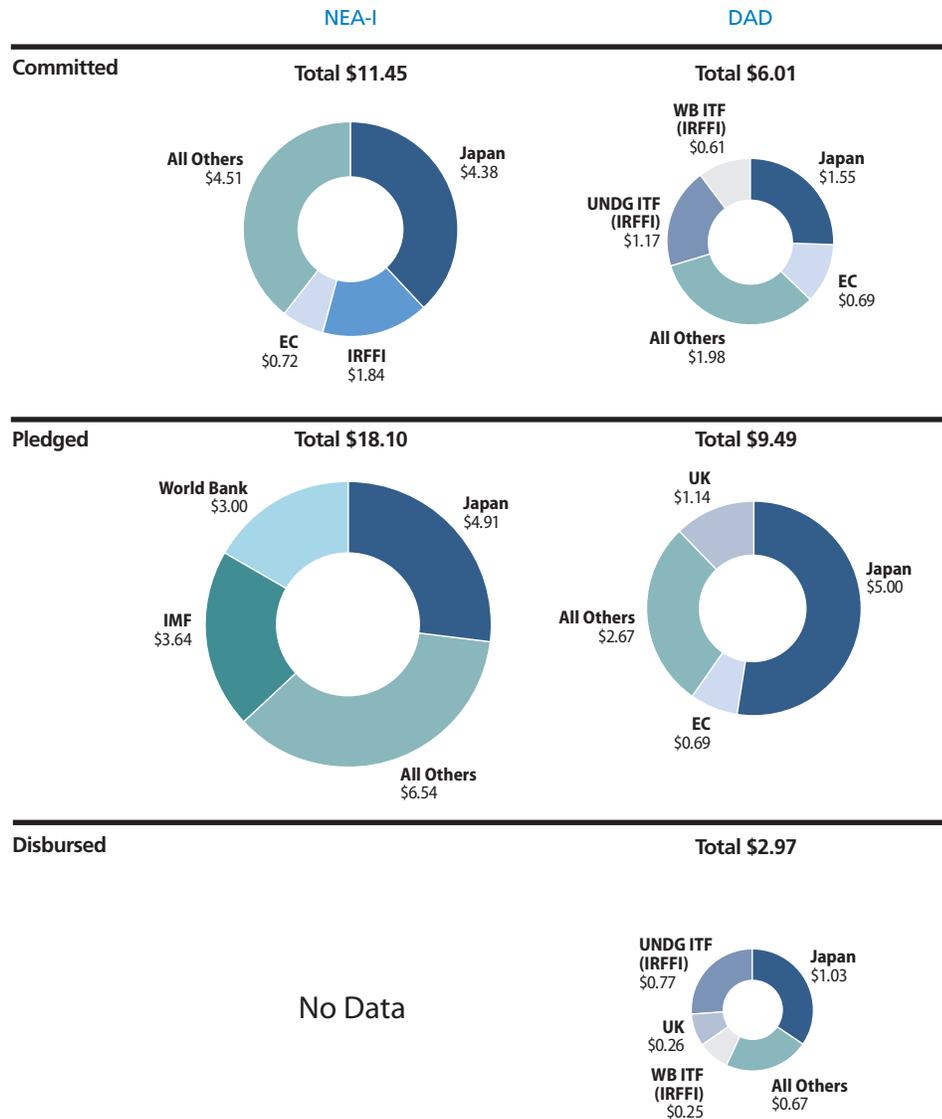
**TABLE D.3**  
**DONOR PROJECTS BY SECTOR**  
\$ Millions

SECTOR	COMMITTED	DISBURSED
Agriculture, Food, and Fishing	406.83	200.42
Economic Development	203.07	67.71
Education, Science, and Culture	365.51	265.78
Energy	37.85	29.02
Enterprise and Industry	6.00	1.39
Environment	324.37	227.21
Governance and Democracy Development	611.52	420.63
Health	606.55	485.99
Housing, Labor, and Social Affairs	357.17	256.35
Infrastructure	1,075.27	742.80
Security	231.14	190.87
Unallocated	15.60	5.31
Unspecified/Unclassified	116.78	78.94
<b>Total</b>	<b>4,357.67</b>	<b>2,972.44</b>

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

Source: GOI, Development Assistance Database, [www.mop-iraq.org/dad](http://www.mop-iraq.org/dad), accessed 4/9/2010.

FIGURE D.2  
**COMMITTED, PLEDGED, AND DISBURSED FUNDS, NEA-I vs. DAD REPORTING**  
 \$ Billions



Note: Numbers affected by rounding. Amounts may differ from prior quarters due to changes in foreign exchange rates.

Sources: NEA-I, response to SIGIR data call, 4/14/2010; GOI, Development Assistance Database, [www.mop-iraq.org/dad](http://www.mop-iraq.org/dad), accessed 4/9/2010.

# APPENDIX D

- 1 NEA-I, response to SIGIR data call, 4/14/2010.
- 2 NEA-I, response to SIGIR data call, 4/14/2010.
- 3 NEA-I, response to SIGIR data call, 4/14/2010.
- 4 NEA-I, response to SIGIR data call, 4/14/2010.
- 5 NEA-I, response to SIGIR data call, 4/8/2010.
- 6 NEA-I, response to SIGIR data call, 4/12/2010.
- 7 GOI, Ministry of Foreign Affairs, "Iraq Signs the Agreement of the Reduction of Iraqi Debts with China," 4/1/2010, [www.mofa.gov.iq/english/news/display.aspx?newsid=8248](http://www.mofa.gov.iq/english/news/display.aspx?newsid=8248), accessed 4/8/2010; GOI, MOF, announcement by the Minister of Finance, 3/18/2010, [www.mof.iq/ar/index.php?name=News&file=article&sid=782](http://www.mof.iq/ar/index.php?name=News&file=article&sid=782), accessed 4/8/2010. Debt reduction is not included in the totals for pledged and committed foreign assistance and loans.
- 8 NEA-I, response to SIGIR data call, 4/8/2010.
- 9 NEA-I, response to SIGIR data call, 4/2/2009.
- 10 NEA-I, response to SIGIR data call, 4/8/2010; IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund," 2/28/2010.
- 11 NEA-I, response to SIGIR data call, 4/8/2010.
- 12 IMF, "IMF Executive Board Approves US \$3.6 Billion Stand-By Arrangement for Iraq," 2/24/2010, [www.imf.org/external/np/sec/pr/2010/pr1060.htm](http://www.imf.org/external/np/sec/pr/2010/pr1060.htm), accessed 4/9/2010.
- 13 IMF, "IMF Provides \$3.6 Billion Loan to Iraq," 3/4/2010, [www.imf.org/external/pubs/ft/survey/so/2010/car030410a.htm](http://www.imf.org/external/pubs/ft/survey/so/2010/car030410a.htm), accessed 4/9/2010.
- 14 IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund," 2/28/2009.
- 15 IRFFI, "Final Statement of IRFFI Donor Committee Meeting," Naples, Italy, 2/18/2009.
- 16 IRFFI, *World Bank Operations in Iraq Data Sheet*, 2/2010.
- 17 IRFFI, *World Bank Operations in Iraq Data Sheet*, 2/2010.
- 18 IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund," 2/28/2010.
- 19 IRFFI, "Final Statement of IRFFI Donor Committee Meeting," Baghdad, Iraq, 11/8/2009.
- 20 IRFFI, "Final Statement of IRFFI Donor Committee Meeting," Naples, Italy, 2/18/2009.
- 21 IRFFI, "Final Statement of IRFFI Donor Committee Meeting," Baghdad, Iraq, 11/8/2009.
- 22 NEA-I, response to SIGIR data call, 4/2/2009.
- 23 NEA-I, response to SIGIR data call, 7/2/2009.
- 24 NEA-I, response to SIGIR data call, 7/13/2009.
- 25 GOI, Development Assistance Database, [www.mop-iraq.org/dad/](http://www.mop-iraq.org/dad/), accessed 7/10/2009.
- 26 GOI, Development Assistance Database, [www.mop-iraq.org/dad/](http://www.mop-iraq.org/dad/), accessed 4/9/2010.