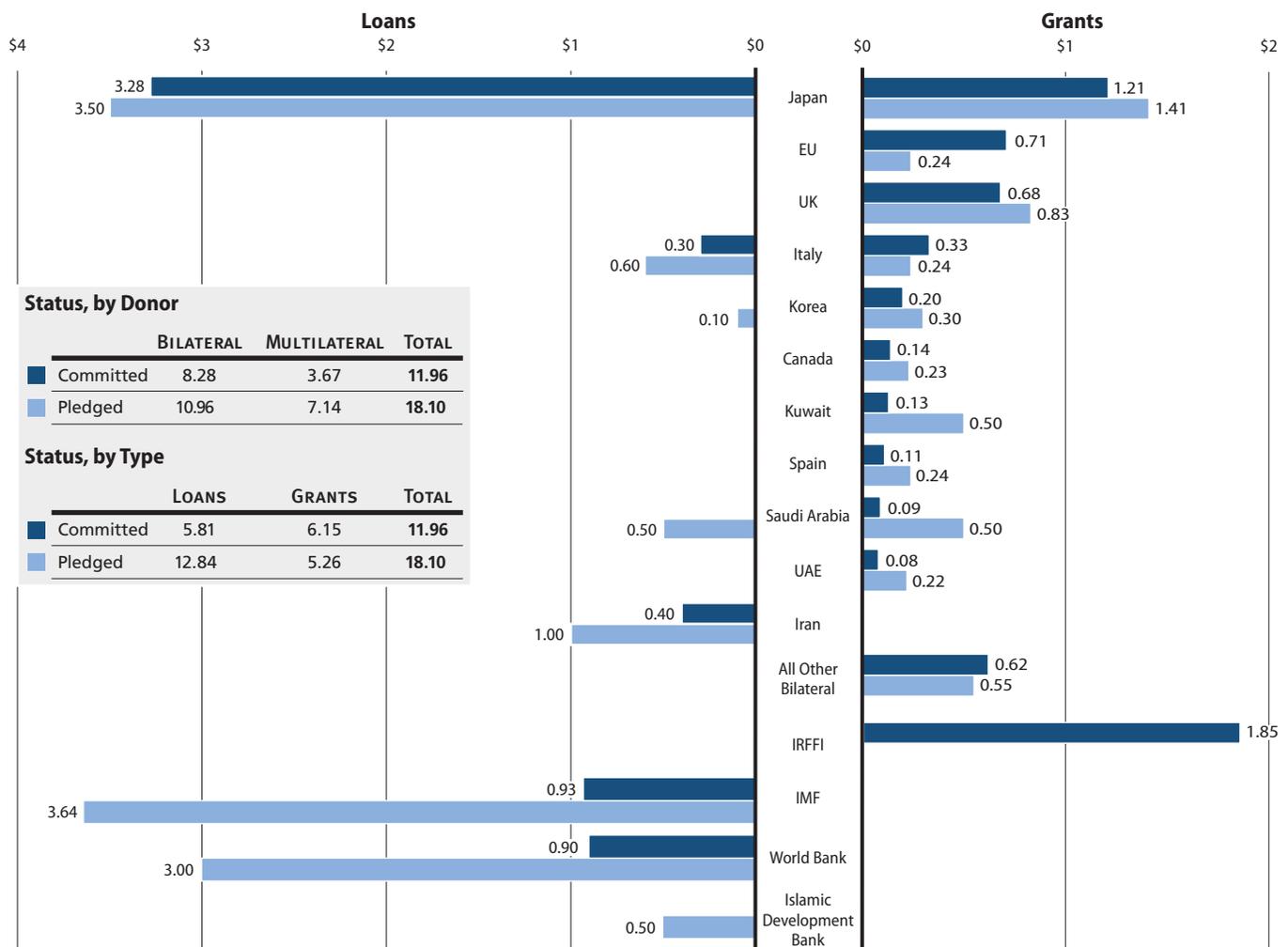


# INTERNATIONAL DONOR ASSISTANCE TO THE GOI

Donor assistance to the GOI includes bilateral and multilateral development assistance in loans and grants. As of June 30, 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 \$11.96 billion—\$6.15 billion in grants and \$5.81 billion in loans.<sup>2</sup> For an overview of bilateral and multilateral development assistance, see Figure D.1.

FIGURE D.1  
INTERNATIONAL GRANTS AND LOANS, BY TYPE OF ASSISTANCE, STATUS, AND DONOR  
\$ Billions



Note: Data not audited. Numbers affected by rounding. Bilateral commitments exclude IRFFI deposits. Amounts may differ from prior quarters due to changes in foreign exchange rates.

Source: NEA-I, response to SIGIR data call, 7/13/2010.

## Bilateral Development Assistance

As of June 30, 2010, \$8.28 billion in bilateral assistance had been committed to Iraq.<sup>3</sup> The largest international (non-U.S.) donors include Japan, which has committed \$4.49 billion through grants and loans, and the European Commission (EC), which has committed \$0.71 billion through grants.<sup>4</sup> During the quarter, Japan committed an additional \$109.4 million in humanitarian assistance, and Italy doubled its commitments to \$300 million.<sup>5</sup>

## Multilateral Development Assistance

As of June 30, 2010, \$3.67 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>6</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>7</sup> As of June 30, 2010, 25 IRFFI donors, including the United States, had committed \$1.86 billion for Iraq reconstruction.<sup>8</sup> The largest IRFFI contributors are the European Commission (\$774 million in IRFFI deposits), Japan (\$492 million), and the United Kingdom (\$127 million).<sup>9</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>10</sup> The SBA was made available due to lower than anticipated oil revenues. The funds are intended to help improve public financial management, increase transparency and accountability in the oil sector, and help reform the banking sector.<sup>11</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>12</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>13</sup> As of May 31, 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>14</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>15</sup> For the status of these projects, see Table D.1.

In May, the World Bank released the second \$250 million tranche of its Development Policy Loan for Iraq in support of the World Bank's reform program, which focuses on public financial management, financial sector reform, and poverty reduction through reforms of social safety-net mechanisms. In April, a team of World Bank specialists launched a capacity-building program

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.	A majority of contracts are finalized and the draft Environmental Preparedness Plan is complete and under review. A supervision and implementation consultant recommended that three rehabilitation projects be considered for additional financing.
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. An Environmental and Social Impact Assessment has been completed.
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.	Roughly \$74 million has been committed while three more works packages and two consultancy services are yet to be tendered. These additional services would commit another \$32 million.

Source: IRFFI, *World Bank Operations in Iraq Data Sheet*, 5/2010.

for Iraqi officials from the Ministries of Labor and Social Affairs, Education, and Municipalities and Public Works, as well as the National Board of Pensions and Baghdad city government. The program aims to enhance their knowledge and skills for more effective implementation of development projects.<sup>16</sup>

### United Nations

UNDG ITF commitments to the IRFFI total \$1.36 billion.<sup>17</sup> The UNDG ITF has approved 176 joint projects totaling \$1.29 billion, leaving \$112 million to be committed to new projects.<sup>18</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>19</sup> To meet this requirement, the UN agreed that no new projects would be approved after June 30, 2010.<sup>20</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>21</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>22</sup> The Department of State's Bureau of Near Eastern Affairs-Iraq (NEA-I) does not expect substantial

# INTERNATIONAL DONOR ASSISTANCE TO THE GOI

additional increases in donor commitments for Iraq reconstruction.<sup>23</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>24</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.

TABLE D.3

## DONOR PROJECTS BY SECTOR

\$ Millions

SECTOR	COMMITTED	DISBURSED
Agriculture, Food, and Fishing	395.52	189.53
Economic Development	203.07	67.71
Education, Science, and Culture	371.01	280.91
Energy	37.85	29.02
Enterprise and Industry	15.00	10.39
Environment	324.37	227.48
Governance and Democracy Development	608.36	424.39
Health	614.05	493.49
Housing, Labor, and Social Affairs	357.17	256.62
Infrastructure	1,077.27	755.92
Security	231.14	190.87
Unallocated	15.60	5.31
Unspecified/Unclassified	116.78	78.94
<b>Total</b>	<b>4,367.20</b>	<b>3,010.58</b>

Note: Data not formally reviewed, audited, or verified. Numbers affected by rounding. Data excludes U.S.-funded projects.

Source: GOI, Development Assistance Database, [www.mop-iraq.org/dad](http://www.mop-iraq.org/dad), accessed 7/12/2010.

TABLE D.2

## SNAPSHOT OF TOP DONOR-FUNDED PROJECTS

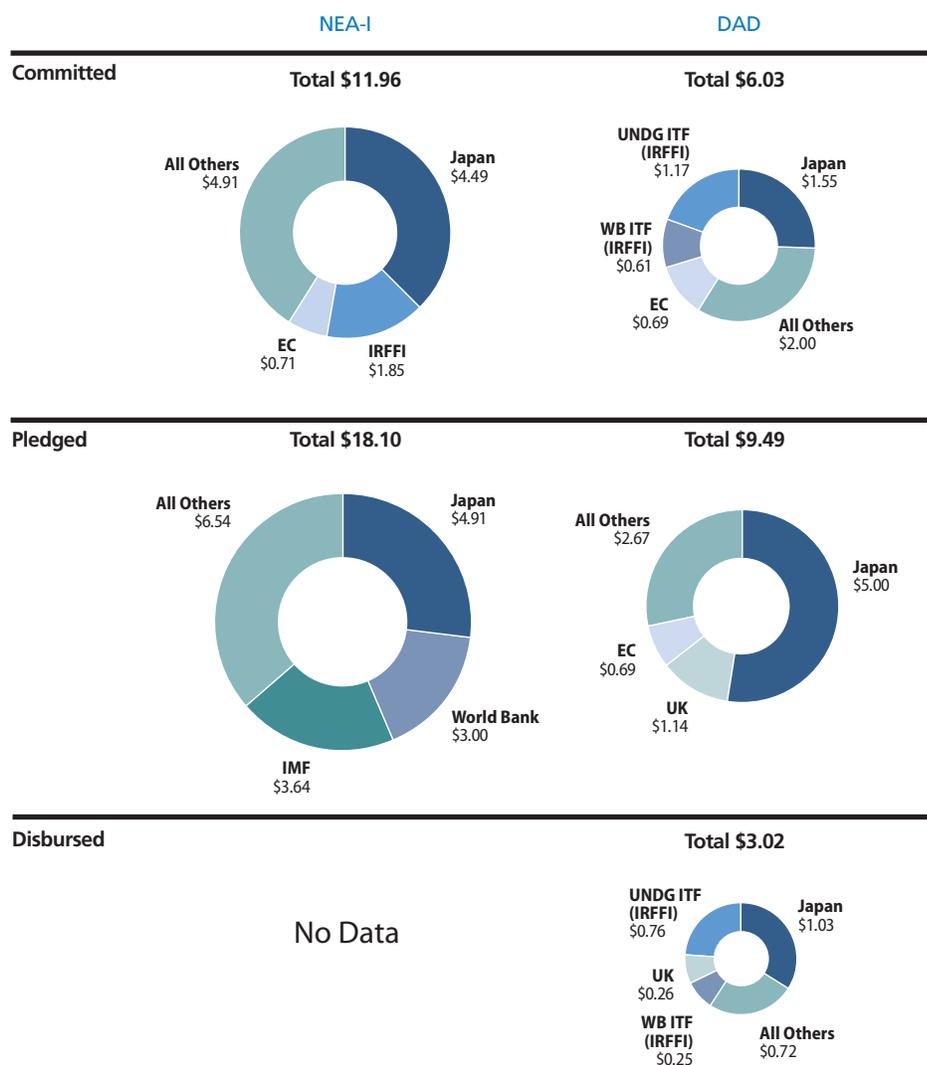
\$ Millions

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-Samawa	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	68.4	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 7/12/2010.

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, 7/13/2010; GOI, Development Assistance Database, [www.mop-iraq.org/dad](http://www.mop-iraq.org/dad), accessed 7/12/2010.

As of July 12, 2010, the DAD reported total commitments of \$6.03 billion and disbursements of \$3.02 billion.<sup>25</sup> For an overview of Iraqi donor spending reported in the DAD, see Table D.2 and Table D.3.

The inconsistent nature of DAD reporting requirements has resulted in significant differences between figures reported by NEA-I and DAD. For a breakdown of these differences, including committed, pledged, and disbursed amounts, see Figure D.2.

## Endnotes

- 1 NEA-I, response to SIGIR data call, 7/13/2010.
- 2 NEA-I, response to SIGIR data call, 7/13/2010.
- 3 NEA-I, response to SIGIR data call, 7/13/2010.
- 4 NEA-I, response to SIGIR data call, 7/13/2010.
- 5 NEA-I, response to SIGIR data call, 7/13/2010.
- 6 NEA-I, response to SIGIR data call, 7/13/2010.
- 7 NEA-I, response to SIGIR data call, 4/2/2009.
- 8 NEA-I, response to SIGIR data call, 7/13/2010; IRFFI, “Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund,” 4/30/2010.
- 9 NEA-I, response to SIGIR data call, 7/13/2010.
- 10 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.
- 11 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.
- 12 IRFFI, “Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund,” 4/30/2010.
- 13 IRFFI, “Final Statement of IRFFI Donor Committee Meeting,” Naples, Italy, 2/18/2009.
- 14 IRFFI, World Bank Operations in Iraq Data Sheet, 5/2010.
- 15 IRFFI, World Bank Operations in Iraq Data Sheet, 5/2010.
- 16 NEA-I, response to SIGIR data call, 7/13/2010.
- 17 IRFFI, “Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Iraq Trust Fund,” 4/30/2010.
- 18 UN Security Council, Report to the Secretary-General pursuant to Paragraph 6 of Resolution 1883 (2009), 5/14/2010, p. 9.
- 19 IRFFI, “Final Statement of IRFFI Donor Committee Meeting,” Naples, Italy, 2/18/2009.
- 20 IRFFI, “Final Statement of IRFFI Donor Committee Meeting,” Baghdad, Iraq, 11/8/2009.
- 21 NEA-I, response to SIGIR data call, 4/2/2009.
- 22 NEA-I, response to SIGIR data call, 7/2/2009.
- 23 NEA-I, response to SIGIR data call, 7/13/2009.
- 24 GOI, Development Assistance Database, [www.mop-iraq.org/dad/](http://www.mop-iraq.org/dad/), accessed 7/10/2009.
- 25 GOI, Development Assistance Database, [www.mop-iraq.org/dad/](http://www.mop-iraq.org/dad/), accessed 7/12/2010.