

## Appendix II

### Contributions from Other Donors

#### International Resources for the Reconstruction of Iraq:

Over the past quarter, the United States has built on the success of the October 2003 Madrid Donors' Conference. At Madrid, the international community pledged over \$32 billion in assistance for the reconstruction of Iraq, including \$5.5 billion in lending from the World Bank and International Monetary Fund and another \$8 billion from foreign governments -- all to be disbursed from 2004 to 2007. As of September 2004, over \$1.3 billion of the pledges by donor governments had been disbursed. The bulk of funds disbursed thus far have been transferred into the International Reconstruction Fund Facility for Iraq (IRFFI), a vehicle for joint management of World Bank and United Nations reconstruction trust funds.

#### *The International Reconstruction Fund Facility for Iraq (IRFFI)*

The Madrid Conference authorized the establishment of the IRFFI, which gives donors a multilateral channel for their assistance to Iraq -- in addition to donors' own bilateral assistance activities. As with bilateral assistance, funds channeled through the IRFFI are funded out of donors' pledges at Madrid.

- The Donors' Committee of the IRFFI held its second meeting in Doha, Qatar on May 26, 2004. The first IRFFI Donors' Committee meeting took place in Abu Dhabi on February 29, 2004. The Donor's Committee consists of 14 countries that have committed at least \$10 million to the fund facility and also includes two rotating representatives (currently Finland and Turkey) from countries that have committed less than \$10 million.
- The next Donors' Committee meeting will be on October 13-14 in Tokyo, Japan.
- Current donor commitments to the IRFFI total about \$1.04 billion. Of this amount, \$490 million is coming from Japan; \$200 million from the European Commission; \$127 million from the UK; \$67 million from Canada; \$20 million from Spain; \$15 million from Australia; \$12 million from Italy; \$10 million each from the United States, India, Kuwait, Republic of Korea, Qatar, Norway, and Sweden. Finland, Greece, Iceland, Ireland, the Netherlands, and Turkey are committing amounts less than \$10 million each.
- Of the \$1.04 billion in commitments, \$896 million has been deposited in the IRFFI trust funds and holding accounts by other donors so far, and an additional \$10 million from the United States for a total of \$906 million.
- The UN and World Bank have submitted their project proposals for approval to the Iraqi Strategic Review Board (ISRB). The ISRB is an Iraqi coordinating body

chaired by the Minister of Planning and Development Cooperation that reviews requests for and offers of external donor assistance.

### Updates on Selected Major Donors

The January report to Congress included a table of pledges made at the Madrid International Donors Conference, held October 23-24, 2003. Since that report, donors have begun disbursing and implementing their assistance.

#### *Japan*

Japan has pledged more assistance to Iraq than any country except the United States. Japan pledged over \$1.5 billion in grant assistance aimed at immediate humanitarian and reconstruction needs, as well as up to \$3.5 billion in yen loans (concessional lending). Among priority areas of Japan's grant assistance are electricity, water and sanitation, health and education, while yen loan priority areas include communication and transport sectors. Japan has extended humanitarian and reconstruction to Iraq through various channels such as direct assistance, international organizations, non-governmental organizations (NGOs), and is providing training in Iraq's neighboring countries.

As of September 2004, Japan had already disbursed \$670 million and allocated another \$470 million of its pledge for a total of \$1.14 billion. From the \$670 million in disbursements, Japan had deposited a total of \$490 million to the IRFFI, of which \$360 million is for the fund administered by the United Nations and \$130 million is for the fund administered by the World Bank. Japan has also disbursed \$10 million to the small business financial facility of the International Finance Corporation (IFC). In addition, Japan has disbursed \$21 million to the United Nations Development Program to employ Iraqis in the northern and southern parts of Iraq, as well as in Baghdad, for programs such as restoration of water and sewage systems, garbage collection, and sanitation.

In terms of allocations for future disbursements, Japan has announced that it will rehabilitate three power stations (\$160 million) and eight general hospitals (\$119 million), provide sanitation equipment (\$57 million), and provide armored vehicles to the Ministry of Interior (\$5 million).

Japanese assistance is already making a difference on the ground in Iraq. Japanese assistance already completed or under implementation spans a range of important projects, including:

- Rehabilitation of three electrical power stations (Taji Gas Turbine, Mosul Gas Turbine, and Mosul Hydroelectric).
- 12 water tankers donated by Japan to be used by the city of Samawa in cooperation with Japan's Self Defense Forces, which are purifying about 70 tons of water a day. With the provision of 26 more water tankers, 311 water tanks, and

6 water treatment units, over 200,000 people in the vicinity will be provided with clean water.

- Grant assistance for Japanese NGO projects to the Samawa Maternity and Children's Hospital, which have provided medical equipment, including infant incubators, photo therapy units for incubators, and electrocardiographs to the only children's and maternity hospital in Al-Muthanna Governorate. Medical supplies for the Samawa General Hospital and Al-Rumaytha and Al-Khidhur hospitals.
- The repair of roads between Al-Khidhur and Darraji and between Mahdi and Sawa in Al-Muthanna Governorate as well as the provision of construction equipment to restore damaged roads and bridges in the Governorate.
- Contributions to UNESCO, which are allowing capacity strengthening in the Ministry of Education and a recovery project for the restoration laboratory of the Iraqi National Museum to move ahead.
- Donation of 1,150 police vehicles.
- Donation of 70 fire trucks to Baghdad, Basra, and Muthanna.
- Rehabilitation and equipping of four general hospitals (Nasiriyah, Najaf, Diwaniyah, and Samawah) in southern Iraq and four more in northern Iraq (Kirkuk, Arbil, Mosul and Dahuk).
- 27 mobile electricity substations.
- 30 compact water treatment units in Baghdad.
- Through HABITAT, assistance for rehabilitation of schools and housing and community facilities.
- Through HABITAT, assistance for rehabilitation of about 271 schools in Basra, Samawa, Nashiria, and Amra, and of about 3,000 housing and community facilities in Baghdad, Samawa, and Kirkuk.
- Training in Japan of Iraqi diplomats, staff of Al-Muthanna TV Station, and hospital directors in Al-Muthanna Governorate. Training in Cairo of 100 Iraqi medical staff and training in Jordan in electricity, statistics, and water resources management for a total of 85 personnel.

### *The United Kingdom*

At Madrid, the UK pledged \$452 million for the Iraq reconstruction effort up until March 2006. This is in addition to the UK's earlier significant assistance for the humanitarian effort and its assessed portion of the European Commission's assistance. By September

2004, the UK's Department for International Development (DFID) had already disbursed about \$218 million of the Madrid pledge. Other agencies within the UK have disbursed additional reconstruction assistance.

The UK has deposited over \$127 million in the IRFFI (\$71 million to the World Bank Trust Fund and \$56 million to the UN Trust Fund). Further contributions to the IRFFI from the UK's Madrid pledge will be considered depending on the effectiveness of its operations and its need for additional funding. The UK also made a \$15 million contribution to an Iraqi small and medium size enterprise (SME) lending facility established by the World Bank's International Finance Corporation (IFC).

In addition to its multilateral contributions, the UK is also implementing bilateral projects for reconstruction. By September 2004, DFID had already disbursed about \$75 million for projects that include reconstruction in Southern Iraq, governance and economic capacity building, and support to the justice sector and civil service.

### *Spain*

Spain pledged \$220 million in reconstruction assistance at the Donor Conference it hosted in Madrid, of which \$60 million was intended for 2004. Out of this \$60 million, Spain has committed \$20 million to the World Bank trust fund within the IRFFI (\$10 million of which has already been deposited), as well as \$5 million for the IFC small business facility. It also provided \$18 million for the production of new Iraqi dinars and is still programming the remaining \$17 million of its 2004 pledge. Since its recent change in government, Spain has reiterated its continued support for Iraqi reconstruction.

### *Canada*

Canada pledged \$187 million at Madrid. In the lead-up to hostilities, Canada provided the UN with \$5.6 million for emergency preparedness, and in the immediate aftermath \$42 million in urgent humanitarian relief was disbursed in response to the UN Humanitarian Appeal.

Canada initially deposited \$44.7 million to the IRFFI, which was equally divided between the UN and the World Bank trust funds of the IRFFI. In September 2004, Canada deposited another \$15.3 million to the UN trust fund to be used to support Iraqi elections. In addition, Canada has disbursed over \$35 million in bilateral assistance. This includes \$29 million to UNICEF and \$3.7 million to CARE Canada for reconstruction work to improve basic services in water and sanitation, basic health and education, and child protection. It has also disbursed \$2 million to assist the "Marsh Arabs" and \$0.5 million to UNDP for work on Iraqi governance.

Canada has also allocated \$7.3 million over two years for deployment of Canadian police instructors to assist in the training of Iraqi police at a multi-national police academy in Jordan. The first contingent of 20 trainers arrived in January.

Canada's priorities for the remainder of its assistance includes: social and economic needs of Iraqis; good governance, in both Iraq and in the region; the promotion of human rights and gender equality; and helping to reconstitute an effective and responsible Iraq security sector.

*The European Commission (EC)*

The EC pledged 200 million euros (then worth \$235 million) at the Madrid Donors Conference. At the end of 2003, the EC provided \$47 million for UN-implemented activities and \$3 million to the World Bank for Iraqi capacity building training. In June 2004, the EC deposited \$100 million in the World Bank portion of the IRFFI and \$58.6 million in the UN portion. As set out in its Iraq Assistance Program adopted on March 4, 2004, the Commission's priorities for Iraq reconstruction in 2004 are:

- Restoring and strengthening delivery of public services - \$113 million to support the re-establishment of key public services – education, both primary and secondary; health, particularly children's immunization programs; and clean water and access to sanitation.
- Livelihoods and poverty reduction - \$75 million to support generation of immediate local employment, contribute to efforts to develop sustainable sources of income through the development of the private and agricultural sectors, and help create social safety net provisions.
- Strengthened governance, civil society, human rights - \$12 million, in part to channel support to the United Nations (UN) and World Bank to assist in the holding of elections, reforming the justice system, reinforcing civil society and a free media, and for assistance in good governance. Additional financing from EC bilateral democracy and human rights programs will complement these initiatives.
- On June 9, 2004, the European Commission set out in a report to the Council and the European Parliament its short- and medium-term strategy for relations between the European Union (EU) and Iraq. In the report, entitled *The European Union and Iraq: A Framework for Engagement* ([http://europa.eu.int/external\\_relations/iraq/news/ip04\\_723.htm](http://europa.eu.int/external_relations/iraq/news/ip04_723.htm)), the EC proposed a further 200 million euro European Commission contribution to Iraq's reconstruction in 2005 and expects that a similar amount could be required in 2006, subject to budgetary constraints and the ability to spend committed funds during 2005. Most of these funds would continue to be directed to the IRFFI, but a portion could be reserved for technical assistance programs and capacity building support.

### *World Bank*

As of September 2004, donors had committed \$413 million to the World Bank trust fund of the IRFFI. Of this, \$361 million had been deposited. With these deposits, the World Bank currently plans to undertake the following projects:

<b>Operation</b>	<b>Projected Costs</b>
Emergency Textbooks	\$40 million
Emergency School Rehabilitation	\$60 million
Water Supply and Sanitation - Baghdad	\$60 million
Water Supply and Sanitation - other than Baghdad	\$90 million
Emergency Health	\$25 million
Emergency Rural Infrastructure	\$20 million
Capacity Building	\$ 7 million
Private Sector Development	\$55 million

As of September 2004, the Textbook project was already underway with the first 40,000 textbooks already in classrooms and millions more being printed and shipped. The World Bank is operating from Amman, Jordan, and has established a video-conference link between its Amman office and the Iraqi government to facilitate project development and coordination with World Bank and UN teams (also operating primarily out of Amman) and with other donors.

Funded by \$3.6 million from the European Commission, the World Bank conducted training for Iraqi officials addressing the environmental and social impact of development projects, infrastructure regulation, restructuring of state-owned enterprises, investment climate issues, and financial sector reform. The World Bank also provided a range of policy advice.

At Madrid, the World Bank pledged to offer at least \$3 billion in lending to Iraq. The Iraqi government is currently considering its intentions on accessing those loans.

### *United Nations*

As of September 2004, \$624.7 million had been committed by donors to the UN trust fund of the IRFFI. Of this, \$545.4 million had been deposited to the trust fund or holding account. The UN has developed a strategic planning framework, organized along eleven “clusters” with various UN specialized agencies working together under a cluster lead agency in each. The clusters are:

1. Education and Culture
2. Health
3. Water and Sanitation

4. Infrastructure and Housing
5. Agriculture, Water Resources, and Environment
6. Food Security
7. Mine Action
8. IDPs and Refugees
9. Governance and Civil Society
10. Poverty Reduction and Human Development
11. Support to Electoral Process

As of September 2004, the UN had developed over 35 projects, valued at over \$360 million, all of which had been approved for implementation by the Iraqi government. The first UN projects under the IRFFI are underway, including the provision of school supplies, vaccines, and support for internally displaced persons (IDPs) and refugees.