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STABILIZING AND REBUILDING IRAQ

Coalition Support and International Donor Commitments

Statement of Joseph A. Christoff, Director International Affairs and Trade





Highlights of GAO-07-827T, a testimony before the House Committee on Foreign Affairs, Subcommittee on International Organizations, Human Rights, and Oversight

Why GAO Did This Study

In March 2003, a U.S.-led multinational force began operations in Iraq. At that time, 48 nations, identified as a "coalition of the willing," offered political, military, and financial support for U.S. efforts in Iraq, with 38 nations other than the United States providing troops. In addition, international donors met in Madrid in October 2003 to pledge funding for the reconstruction of Iraq's infrastructure, which had deteriorated after multiple wars and decades of neglect under the previous regime.

This testimony discusses (1) the troop commitments other countries have made to operations in Iraq, (2) the funding the United States has provided to support other countries' participation in the multinational force, and (3) the financial support international donors have provided to Iraq reconstruction efforts.

This testimony is based on GAO's prior work and data collected for this hearing. Although we reviewed both classified and unclassified documents, the information in this statement is based only on unclassified documents. We completed this work in accordance with generally accepted government auditing standards.

www.gao.gov/cgi-bin/getrpt?GAO-07-827T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph A. Christoff at (202) 512-8979 or christoffj@gao.gov.

STABILIZING AND REBUILDING IRAQ

Coalition Support and International Donor Commitments

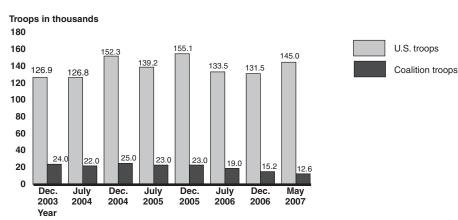
What GAO Found

As of May 2007, 25 countries were contributing 12,600 troops to multinational forces in Iraq. Compared with 145,000 U.S. troops, coalition countries represent about 8 percent of multinational forces in Iraq. From December 2003 through May 2007, the number of coalition troops decreased from 24,000 to 12,600; the number of coalition nations contributing troops decreased from 33 to 25. The United Kingdom, Poland, and Republic of Korea are responsible for leading operations in three of seven security sectors in Iraq. In addition, coalition troops have performed humanitarian, medical, and reconstruction missions. Some have provided combat capabilities, such as infantry and explosive ordnance capabilities.

The United States has spent about \$1.5 billion to transport, sustain, and provide other services for military troops from 20 countries other than the United States and Iraq. The United States used about \$1 billion of the \$1.5 billion to feed, house, and equip these countries. In terms of allocation by country, about \$988 million, or 66 percent, was used to support Poland and the countries under its command, and \$300 million, or 20 percent, supported Jordan for border operations and other activities. In addition to support for operations in Iraq, the United States, through the State Department, has provided about \$1.9 billion in security assistance for military training and equipment to 10 coalition members and Jordan since 2003.

As of April 2007, international donors had pledged about \$14.9 billion for reconstruction efforts in Iraq. Some countries exceeded their pledges by an additional \$744 million for a total of \$15.6 billion. About \$11 billion, or 70 percent, of these pledges are loans, with the remaining \$4.6 billion in the form of grants. As of April 2007, Iraq had accessed about \$436 million in loans and \$3 billion in grants.

U.S. and Coalition Troops in Iraq



Source: GAO analysis of DOD and State data.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss U.S. support for non-U.S. coalition troops¹ in Iraq and international donor support for reconstruction in Iraq. In March 2003, a U.S.-led multinational force began operations in Iraq. At that time, 48 nations (in addition to the United States), identified as a "coalition of the willing," offered political, military, and financial support for U.S. efforts in Iraq. In addition, international donors met in Madrid in October 2003 to pledge funding for the reconstruction of Iraq's infrastructure, which had deteriorated after multiple wars and decades of neglect under the previous regime.

My testimony today discusses (1) the troop commitments other countries have made to the multinational force in Iraq, (2) the funding the United States has provided to support other countries' participation in the multinational force, and (3) the financial support international donors have provided to Iraq reconstruction efforts. This testimony is based on prior GAO reports and on data collected for this hearing. Although we reviewed both classified and unclassified documents, the information in this statement is based only on unclassified U.S. government documents. This limits the detail we can provide on coalition troop strength in Iraq since DOD classifies the specific troop levels for each coalition country that contributes to operations in Iraq. Accordingly, this statement only provides aggregate data on total coalition troop levels in Iraq.

We obtained financial data on the funding the United States has provided to non-U.S. coalition troops operating in Iraq from the Departments of Defense (DOD) and State. For troop levels from coalition countries, DOD and State provided data for December 2003 to April 2007. However, the departments did not have information on coalition troops in Iraq from March to November 2003. We determined that the data we did receive were sufficiently reliable for estimating the U.S. contribution in support of coalition troops and the number of troops contributed by other countries. We obtained data on international contributions to Iraq reconstruction from the Department of State, the United Nations, and the World Bank. We determined that the data were sufficiently reliable for these purposes. We conducted our work in accordance with generally accepted government auditing standards.

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¹For purposes of this report, non-U.S. coalition troops do not include Iraqi security forces.

²We obtained troop data for May 2007 from a publicly available document.

Summary

As of May 2007, 25 countries were contributing 12,600 troops to multinational forces in Iraq. Compared with the 145,000 forces from the United States, other coalition countries represent about 8 percent of multinational forces in Iraq.³ From December 2003 through May 2007, the number of non-U.S. coalition troops decreased from 24,000 to 12,600, and the number of coalition nations contributing troops to military operations decreased from 33 to 25.⁴ Although the numbers of these troops are declining, three countries—United Kingdom, Poland, and Republic of Korea—are responsible for leading operations in three of seven security sectors in Iraq. In addition, coalition troops have performed humanitarian, medical, and reconstruction missions. Some troops have provided combat capabilities, such as infantry and explosive ordnance capabilities.

The United States has spent about \$1.5 billion to transport, sustain, and provide other services for military troops from 20 countries other than the United States and Iraq. The United States used about \$1 billion of the \$1.5 billion to feed, house, and equip these troops. In terms of allocation by country, about \$988 million, or 66 percent, was used to support Poland as the commander of Multinational Division (MND)-Central South. However, the support provided Poland was not solely for its own troops, but for those from other countries under its command. In addition, \$300 million, or about 20 percent, supported Jordan for border operations and other activities. In addition to support for operations in Iraq, the United States has provided about \$1.9 billion since 2003 for military training and equipment to 10 coalition members and Jordan. State Department security assistance programs provided this additional assistance.

As of April 2007, international donors have pledged about \$14.9 billion in support of Iraq reconstruction. In addition, some countries exceeded their original pledges by about an additional \$744 million for a total of \$15.6 billion, according to State Department. About \$11 billion, or 70 percent, of these pledges are loans, with the remaining \$4.6 billion in the form of

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³In addition to U.S. and other coalition troops, the number of Iraqi military and police forces trained and equipped by coalition members totaled about 331,000 as of May 2007. However, GAO has raised concerns about these numbers. See *Stabilizing Iraq: Factors Impeding the Development of Capable Iraqi Security Forces*, GAO-07-612T (Washington, D.C.: Mar. 13, 2007).

⁴In addition to multinational force contributions, seven countries contribute troops to the NATO Training Mission in Iraq, which supports training of Iraqi security forces. As of May 2007, these countries were Hungary, Iceland, Italy, Netherlands, Portugal, Slovenia, and Turkey.

grants. As of April 2007, Iraq had accessed about \$436 million in available loans and \$3 billion in grants.

Background

In March 2003, the United States—along with the United Kingdom, Australia, and other members of the coalition—began combat operations in Iraq. The original "coalition of the willing" consisted of 49 countries (including the United States) that publicly committed to the war effort and also provided a variety of support, such as direct military participation, logistical and intelligence support, over-flight rights, or humanitarian and reconstruction aid. The term "coalition of the willing" refers to those countries that declared political support for the war effort; not all of these countries contributed troops to multinational operations. Between December 2003 and May 2007, 39 countries (including the United States)—some of which were not original coalition members—provided troops to support operations in Iraq.

Three sources of funding help support non-U.S. coalition troops in Iraq: coalition support funds, lift and sustain funds, and peacekeeping operations funds. First, the Emergency Wartime Supplemental Appropriations Act of 2003⁶ authorized DOD to use up to a certain amount of its operations and maintenance funds to reimburse countries for the logistical and military support they provided to U.S. military operations in Iraq. DOD refers to these funds as coalition support funds. Congress has continued to make such funds available in each subsequent fiscal year. Second, DOD's annual Appropriations Act⁷ in 2005 authorized DOD to use funds from its operations and maintenance accounts to provide supplies and services; transportation, including airlift and sealift; and other logistical support to coalition forces supporting military and stability operations in Iraq. DOD refers to these funds as lift and sustain funds. This authority has also been continued in subsequent appropriations acts.

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⁵In March 2003, the White House reported the following countries in the coalition of the willing: Afghanistan; Albania; Angola; Australia; Azerbaijan; Bulgaria; Colombia; Costa Rica; Czech Republic; Denmark; Dominican Republic; El Salvador; Eritrea; Estonia; Ethiopia; Georgia; Honduras; Hungary; Iceland; Italy; Japan; Kuwait; Latvia; Lithuania; Macedonia; Marshall Islands; Micronesia; Mongolia; Netherlands; Nicaragua; Palau; Panama; Philippines; Poland; Portugal; Romania; Rwanda; Singapore; Slovakia; Solomon Islands; Republic of Korea; Spain; Tonga; Turkey; Uganda; Ukraine; United Kingdom; United States; and Uzbekistan.

⁶Emergency Wartime Supplemental Appropriations Act of 2003, P.L. 108-11.

⁷Department of Defense Appropriations Act, 2005, P.L. 108-287.

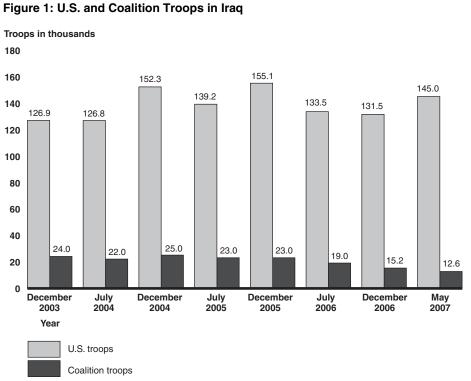
According to a DOD official, both coalition support funds and lift and sustain funds are used for any requirements that could be appropriately paid for from operations and maintenance accounts, including airlift, sealift, and sustainment services such as feeding and billeting for coalition troops, among other things. In addition, a DOD official stated that both of these funds are used to support nations whose economic conditions prevent them from fully funding their troops' presence in Iraq. The key distinction between the coalition support and the lift and sustain funds is that coalition support funds are used to reimburse countries for costs they incur, and lift and sustain funds are used to reimburse U.S. military departments for services they provide to support eligible countries.

Third, the State Department provided peacekeeping operations (PKO) funds in 2003 and 2004 to provide basic supplies and equipment such as armor and medical supplies to coalition troops in Iraq. These funds were used to make initial equipment purchases for countries participating in Polish and U.S.-led divisions in Iraq.

Many nations and various international organizations are supporting the efforts to rebuild Iraq through multilateral or bilateral assistance. U.N. Security Council Resolution 1511 of October 16, 2003, urged member states and international and regional organizations to support the Iraq reconstruction effort. On October 23-24, 2003, an international donors conference was held in Madrid, with 76 countries, 20 international organizations, and 13 nongovernmental organizations participating.

Troop Contributions from Coalition Members Have Declined and Represent a Small Percentage of Total Forces As of May 2007, 25 coalition nations were contributing about 12,600 troops to multinational force operations in Iraq. This compares to the 145,000 U.S. troops in Iraq, for the same time period. See figure 1 for a comparison of U.S. and coalition troops from December 2003 through May 2007.

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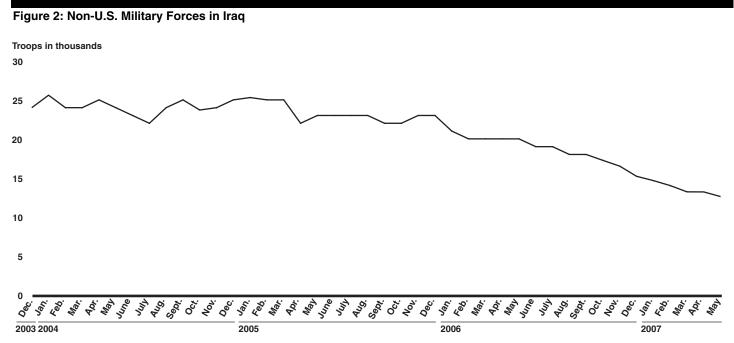
Source: GAO analysis of DOD and State data.

Non-U.S. coalition troops represent about 8 percent of multinational forces in Iraq as of May 2007. Although the coalition has trained and equipped about 331,000 Iraqi army and police forces, we do not include Iraqi security forces (ISF) in our analyses. As we have reported, these data provide limited information on the forces' capabilities, effectiveness, and loyalties. For example, DOD reported in March 2007 that the number of ISF forces present for duty is one-half to two-thirds of the number trained and equipped.⁸

In addition, the number of coalition forces has declined by 47.5 percent—from 24,000 in December 2003 to 12,600 in May 2007, as shown in figure 2.

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⁸See Stabilizing Iraq: Factors Impeding the Development of Capable Iraqi Security Forces, GAO-07-612T (Washington, D.C.: Mar. 13, 2007).



Sources: DOD and State Department.

Although the number of troops is declining, three countries—the United Kingdom, Poland, and the Republic of Korea—have led operations in three of seven security sectors in Iraq (see figure 3).

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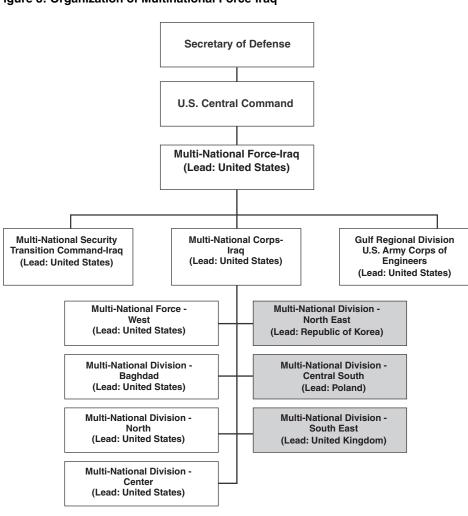


Figure 3: Organization of Multinational Force-Iraq

Source: GAO analysis of DOD and Multinational Force-Iraq documents.

Since July 2003, the United Kingdom has led operations in one of the seven sectors—Multinational Division-Southeast—in southern Iraq in the area around Basra. As of October 2006, coalition troops in this sector were from Italy, Japan, Australia, Romania, Denmark, Portugal, Czech Republic, and Lithuania. Since that time, Italy and Portugal have withdrawn troops from military operations in Iraq.⁹ The United Kingdom has provided the

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⁹Italy and Portugal contribute trainers to the NATO training mission in Iraq.

largest number of non-U.S. coalition troops, peaking at 46,000 from March through April 2003, then declining to 7,100 in November 2006. British forces have conducted combat operations to improve the security environment and have trained Iraqi security forces, among other things. They had sustained 147 fatalities as of May 1, 2007. The United Kingdom announced that it will begin withdrawing troops in 2007 but has pledged to maintain a presence in Iraq into 2008.

Poland has led operations in the MND-Central South, which is south of Baghdad, since September 2003. As of May 2007, non-U.S. coalition troops in this sector were from Poland, Armenia, Bosnia, Denmark, Kazakhstan, Latvia, Lithuania, Mongolia, Romania, El Salvador, Slovakia, and Ukraine. Poland's highest troop level was 2500, declining to 900 by October 2006. Poland's troops have conducted joint combat operations and performed humanitarian, medical, advisory, and training missions, and have sustained 20 fatalities.

The Republic of Korea has led operations in MND-Northeast from Irbil City in the area north of Kirkuk since September 2004. Their peak number of troops was 3,600 troops in that year but declined to 1,600 in March 2007. Their missions have included medical, humanitarian, and reconstruction efforts. The Republic of Korea's government is to draw up a timetable in 2007 for withdrawing its troops from Iraq.

The number of contributing countries has decreased from 33 in December 2003 to 25 in May 2007. Figure 4 shows the countries that have contributed troops between 2003 and 2007. According to State Department officials and government press releases, the decline in the number of troops can be attributed to completion of missions, domestic political considerations, and the deteriorating security condition in Iraq.

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 $^{^{10}\! \}text{The } 25$ contributing countries do not include the seven countries that provide troops to the NATO Training Mission.

Figure 4: Non-U.S. Coalition Countries Providing Troops to MNF-I, December 2003 Through May 2007

Year	2003	2004	2005	2006	2007
List of countries	Albania Australia Azerbaijan Bulgaria Czech Republic Denmark Dominican Republic El Salvador Estonia Georgia Honduras Hungary Italy Kazakhstan Latvia Lithuania Macedonia Moldova Mongolia Netherlands New Zealand Nicaragua Norway Philippines Poland Portugal Republic of Korea Romania Slovakia Spain Thailand Ukraine United Kingdom	Albania Australia Azerbaijan Bulgaria Czech Republic Denmark Dominican Republic El Salvador Estonia Georgia Honduras Hungary Italy Japan Kazakhstan Latvia Lithuania Macedonia Moldova Mongolia Netherlands New Zealand Nicaragua Norway Philippines Poland Portugal Republic of Korea Romania Slovakia Singapore Spain Thailand Tonga	Albania Armenia Australia Azerbaijan Bosnia and Herzegovina Bulgaria Czech Republic Denmark El Salvador Estonia Georgia Italy Japan Kazakhstan Latvia Lithuania Macedonia Moldova Mongolia Netherlands Norway Poland Portugal Republic of Korea Romania Singapore Slovakia Thailand Ukraine United Kingdom	Albania Armenia Bosnia and Herzegovina Australia Azerbaijan Bulgaria Czech Republic Denmark El Salvador Estonia Georgia Italy Japan Kazakhstan Latvia Lithuania Macedonia Moldova Mongolia Netherlands Poland Portugal Republic of Korea Romania Singapore Slovakia Ukraine United Kingdom	Albania Armenia Bosnia and Herzegovina Australia Azerbaijan Bulgaria Czech Republic Denmark El Salvador Estonia Georgia Japan Kazakhstan Latvia Lithuania Macedonia Moldova Mongolia Poland Republic of Korea Romania Singapore Slovakia Ukraine United Kingdom
2	Iraq	United Kingdom Coalition forces Year additional ocontributing troo	countries began	Year stopped contributing troop	s
		Source: GAO analys	sis of DOD data.		

As the figure shows, eight countries withdrew their troops from Iraq during 2004. For example, in mid-April 2004, the new government of Spain announced that it would withdraw its 1,300 troops from Iraq. The

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government withdrew the troops much earlier than the United States expected, after violence escalated in the Spanish area of operations in Iraq. Shortly thereafter, Honduras and the Dominican Republic announced they would also withdraw their national contingents from the multinational force, which they did the same year.

The United States Has Provided about \$1.5 Billion to Support Coalition Troops in Iraq

Some countries that have provided troops to the multinational force in Iraq are not financially able to support those troops in the field for extended periods of time or may need assistance in preparing their troops for this type of operation. Since 2003, the United States has provided about \$1.5 billion to 20 countries. Of the \$1.5 billion spent to support these troops, about \$725.9 million was reimbursed to countries, and about \$702 million was reimbursed to U.S. military departments that provided support to non-U.S. coalition troops. See table 1 below for the total amount of support provided for non-U.S. coalition troops in Iraq.

Table 1: Total Amount Provided for Coalition Nations in Iraq, by Type of Funding and Fiscal Year (dollars in millions)

	FY 2003	FY 2004	FY 2005	FY 2006	Total
Coalition support ^a	\$151.7	\$274.3	\$245.6	\$54.3	\$725.9
Lift and sustain ^b	\$0.0	\$0.0	\$483.3°	\$219.0	\$702.3
Peacekeeping operations ^d	\$50.0	\$16.0	\$0.0	\$0.0	\$66.0
Total	\$201.7	\$290.3	\$728.9	\$273.3	\$1,494.2

^aThese are DOD-managed funds that are reimbursed to countries for support they provided to operations in Irag.

Since 2003, the departments used about \$1 billion of the approximately \$1.5 billion (71.5 percent) for sustainment services such as food, supplies, and base operations services such as communications and equipment. The departments used the remaining funds to support other operational requirements:

- About \$212 million to support Jordan's border operations;
- About \$43 million to support hospital operations; and
- About \$125 million to support lift requirements.

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^bThese are DOD-managed funds that are reimbursed to U.S. military departments for support they provided to coalition troops in Iraq.

^cAccording to a DOD official, this number is relatively larger than the others because it represents costs incurred between 2004 and 2005, and was largely attributable to costs associated with preparing an operating base for MND-Central South.

These are State-managed funds.

Nineteen coalition nations and Jordan received support from these funds. As displayed in table 2, Poland received the largest amount of support—about \$988 million, or 66 percent of total funding—for requirements sustained in its capacity as Commander of the MND-Central South sector. However, the support provided Poland was not solely for its own troops but for the coalition troops under its command—Armenia, Slovakia, Denmark, El Salvador, Ukraine, Romania, Lithuania, Latvia, Mongolia, Kazakhstan, and Bosnia-Herzegovina.

Table 2: U.S. Support to Non-U.S. Coalition Troops from March 2003 through March 2007, by Country (dollars in millions)

Country	Total	Percent
Poland ^a	\$988.4	66.2
Jordan	\$295.0	19.7
Other Nations	\$123.3	8.3
Georgia	\$63.1	4.2
Ukraine	\$12.5	.8
United Kingdom	\$5.6	.4
Romania	\$3.0	.2
Bosnia	\$2.0	.1
Mongolia	\$1.3	.1
Total	\$1,494.2	100

Source: GAO analysis of DOD and State data.

Note: Of the U.S. support to other nations (\$123 million), \$114 million was reimbursed to U.S. military departments by DOD. The data were not arrayed by allocations to specific countries.

According to a DOD official, as a matter of policy, it confined its support to those coalition countries that they deemed were less capable of absorbing the costs associated with participating in operations in Iraq. However, one exception to this policy was the decision in 2005 to reimburse the United Kingdom about \$5.6 million for improvements it made to Royal Air Force (RAF) Base Akritori on Cyprus to accommodate U.S. requirements for lift and refueling needs. Jordan was the next largest

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^aThis funding was not solely for Poland but for the troops from nations operating under its command.

¹¹The countries are Albania, Armenia, Azerbaijan, Bosnia, Czech Republic, El Salvador, Estonia, Georgia, Hungary, Poland, Ukraine, Macedonia, Mongolia, Nicaragua, Romania, Slovakia, Thailand, Tonga, and the United Kingdom.

recipient of support, receiving reimbursement or services worth about \$300 million for border operations and other activities.

It is important to note that the United States also has provided security assistance funds to develop and modernize the militaries of several countries contributing to operations in Iraq. Security assistance has included military equipment, services, and training. From fiscal year 2003 through 2006, the United States provided about \$525 million in security assistance to 10 countries contributing troops to Iraq. In addition, since 2003, the United States has provided Jordan about \$1.34 billion in security assistance.

International Donors
Have Pledged Billions
of Dollars for
Reconstruction
Efforts in Iraq

International donors have pledged about \$14.9 billion in support of Iraq reconstruction. In addition, some countries exceeded their pledges by providing an additional \$744 million for a total of \$15.6 billion, according to the State Department. Of this amount, about \$11 billion, or 70 percent, is in the form of loans. As of April 2007, Iraq had accessed about \$436 million in loans from the International Monetary Fund (IMF). The remaining \$4.6 billion is in the form of grants, to be provided multilaterally or bilaterally; \$3.0 billion has been disbursed to Iraq. See table 3 for pledges made at Madrid and thereafter for Iraq reconstruction. In addition, 16 of the 41 countries that pledged funding for Iraq reconstruction also pledged troops to the multinational force in Iraq.

Donor	Madrid Pledges	Post-Madrid Pledges and Donations in Excess of Madrid Pledges	Total
Australia	45,590	28,680	74,270
Austria	5,480	0	5,480
Belgium	5,890	0	5,890
Bulgaria	640	0	640
Canada	187,470	0	187,470
China	25,000	6,500	31,500

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¹²These countries are Thailand, Bulgaria, Georgia, Hungary, Poland, Romania, Ukraine, Dominican Republic, El Salvador, and Honduras.

		Post-Madrid Pledges and Donations in Excess of	
Donor	Madrid Pledges	Madrid Pledges	Total
Croatia	0	333	333
Cyprus	120	0	120
Czech Republic	14,660	0	14,660
Denmark	26,950	35,000	61,950
European Commission	235,620	685,685	921,305
Estonia	80	0	80
Finland	5,890	2,944	8,834
Germany	0	4,150	4,150
Greece	3,530	3,618	7,148
Hungary	1,240	430	1,670
Iceland	2,500	500	3,000
India	10,000	0	10,000
Iran	5,000	1,000,000	1,005,000
Ireland	3,530	0	3,530
Italy	235,620	0	235,620
Japan	4,914,000	0	4,914,000
Republic of Korea	200,000	0	200,000
Kuwait	500,000	0	500,000
Lithuania	0	30	30
Luxembourg	2,360	199	2,559
Malta	27	0	27
Netherlands	9,420	3,465	12,885
New Zealand	3,350	2,760	6,110
Norway	12,870	10,840	23,710
Oman	3,000	0	3,000
Pakistan	2,500	0	2,500
Portugal	0	600	600
Qatar	100,000	0	100,000
Saudi Arabia	500,000	0	500,000
Slovenia	420	0	420
Spain	220,000	28,000	248,000
Sweden	33,000	0	33,000
Turkey	50,000	0	50,000
United Arab Emirates	215,000	0	215,000
United Kingdom	452,330	198,000	650,330

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Donor	Madrid Pledges	Post-Madrid Pledges and Donations in Excess of Madrid Pledges	Total
Vietnam	0	700	700
Lower end of planned World Bank lending	3,000,000	0	3,000,000
Lower end of planned IMF lending	2,550,000	0	2,550,000
Total non-US pledges and donations	13,583,087	2,012,434	15,595,521

Source: State Department.

Note: Bolded countries also contributed troops to the multinational force.

Most Pledges Were in the Form of Loans

About \$11 billion, or 70 percent, of the \$14.9 billion pledged in support of Iraq reconstruction is in the form of loans. Pledging the majority of these loans were the World Bank (\$3 billion), the IMF (up to \$2.55 billion), Iran (\$1 billion), and Japan (\$3.4 billion), according to the State Department. In September 2004, the IMF provided a \$436 million emergency post-conflict assistance loan to facilitate Iraqi debt relief. The World Bank has approved loans for \$399 million from its concessional international development assistance program, which the Iraqis have not accessed. According to the State Department, the Iraqis lack a system for approving projects supported by donor loans, which has impeded efforts by the World Bank and Japan to initiate loan-based projects. In addition, Iraq has not yet accessed loans from Iran, according to the State Department. Further, according to IMF reporting as of February 2007, Iraq has received about \$39 billion in debt reduction from commercial and bilateral creditors.

Most Grants Have Been Provided

As of April 2007, international donors for Iraq reconstruction had pledged \$3.9 billion in grants to be provided multilaterally and bilaterally. In

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¹³In addition to this loan, Iraq secured a \$685 million Stand-by-Arrangement with the IMF in December 2005; however, the Iraqis have not drawn upon this support, according to the State department.

¹⁴This loan is within a \$500 million program for concessional international development assistance

¹⁵A proposed clause of Iraq's 2007 Budget Law that was intended to clarify matters for approving projects supported by donor loans was deleted by Iraq's Council of Representatives before the law was passed in final form, according to State department.

addition, some countries exceeded their pledges by providing an additional \$744 million, according to the State department.

Of the total grants, donors provided about \$1.6 billion multilaterally to two trust funds, one run by the U.N. Development Group (UNDG) and the other by the World Bank. ¹⁶ Donors have provided about \$1.1 billion to the UN trust fund and \$455 million to the World Bank trust fund. As of March 2007, the UN has disbursed about \$612 million to support, among other things, Iraq's elections, infrastructure projects, health and nutrition, agriculture and natural resources, and assistance to refugees. As of March 2007, the World Bank fund had disbursed about \$96 million to support, among other things, capacity building, school rehabilitation and construction, and health rehabilitation.

Donors provided about \$2.3 billion in bilateral grants for Iraq reconstruction efforts. As of April 2007, these grants have funded more than 400 projects as reported by Iraq's Ministry of Planning and Development Cooperation. According to State, these projects include about \$1 billion in grant assistance from Japan, \$775 million from the United Kingdom, \$153 million from Republic of Korea, \$110 million from Canada, and \$100 million from Spain. These funds have been provided as bilateral grants to Iraqi institutions, implementing contractors, and nongovernmental organizations for reconstruction projects outside the projects funded by the UN and World Bank trust funds.

Mr. Chairman, this concludes my statement. I will be happy to answer any questions you or the members of the subcommittee may have.

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 $^{^{16}\}mathrm{On}$ March 20, 2007, at the (IRFFI) International Reconstruction Fund Facility for Iraq Donors Committee meeting in Istanbul, it was decided that the lifetime of the fund would be extended through December 2010 to allow adequate time to finance the existing projects through to completion.

¹⁷The Iraqi Ministry of Planning and Development Cooperation tracks donor assistance in a recently established Donor Assistance Database.

GAO Contacts and Acknowledgments

For questions regarding this testimony, please call Joseph A. Christoff at (202) 512-8979. Other key contributors to this statement were Muriel Forster, David Bruno, Monica Brym, Dorian Herring, Lynn Cothern, Judith McCloskey, and Mary Moutsos.

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