

## Appendix 2

### Contributions from Other Donors

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

Over the past quarter, the United States has worked to continue the success of the 2003 Madrid Donors' Conference. At Madrid, the international community pledged over \$32 billion in assistance for the reconstruction of Iraq. Since the Madrid conference, there have been a number of positive developments to signal that assistance from other international donors can be expected to comprise a significant source of financing for the reconstruction of Iraq over the next few months:

- The International Reconstruction Fund Facility for Iraq (IRFFI), a vehicle for joint management of World Bank and United Nations reconstruction trust funds, is open and receiving funds.
- The Donors' Committee of the IRFFI held an organizational meeting in Abu Dhabi on February 29, and selected Japan as the chair. The Donor's Committee consists of countries that have committed at least \$10 million to the fund facility.
- At this meeting, donors announced commitments to contribute roughly US \$ 1 billion of their pledged assistance to the IRFFI in 2004. Approximately \$450 million of this amount will come from Japan; \$194 million from the European Commission; \$125 million from the UK; \$67 million from Canada; \$20 million from Spain; \$15 million from Australia; and \$10 million from the United States.
- Another Donors' Committee meeting will be held in Doha, Qatar, during the second half of May.
- The Iraqi Interim Administration has developed a set of sectoral strategies for reconstruction, developing prospective projects with an eye toward employment creation, improved productivity across the economy, and rehabilitation of essential services. The Iraqi Strategic Review Board endorsed these plans.
- The World Bank and United Nations Development Group have developed detailed work plans to structure their reconstruction activities in Iraq. Both of these organizations and CPA are consulting and coordinating with Iraqi interim ministry authorities on their priorities for reconstruction activities, coordinated by the Ministry of Planning and Development Cooperation (MoPDC).
- The World Bank has completed a three week training course on managing development projects for 75 Iraqi officials from twelve ministries. The program provided an overview of the project cycle and included special sessions on procurement, financial management and project management. Such training is a vital step in developing Iraqi government capacity to plan and implement reconstruction.

## Updates on Selected 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 refined their plans for delivering and directing their pledged assistance, working with the list of priority projects presented at the Abu Dhabi meeting by the Iraqi MoPDC. Several donors have provided additional definition regarding their plans for implementation of their 2004 pledges.

### 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 more than \$3.5 billion, primarily in concessional lending. In its current fiscal year (starting April 2003) Japan has extended humanitarian aid exceeding \$130 million to Iraq through such channels as direct assistance, international organizations, and non-governmental organizations (NGOs).

As of March 26, 2004, Japan had already disbursed or allocated \$843 million of its pledge. Japan has also announced that among the activities funded by the balance of its 2004 pledge, it will rehabilitate three power stations and nine hospitals, and provide sanitation equipment.

Among the funds already disbursed, Japan on March 24, 2004 deposited a total of \$450 million to the IRFFI. The breakdown will be \$360 million for the fund administered by the United Nations and \$90 million for the fund administered by the World Bank. An additional \$40 million will be provided to the World Bank trust fund within the IRFFI in the near future. Japan will also contribute \$10 million to the small business financial facility of the International Finance Corporation (IFC). In addition, Japan has announced an allocation of \$15.4 million to the United Nations Development Program to employ Iraqis for programs such as restoration of water and sewage systems, garbage collection, and sanitation.

Japanese assistance is already making a difference on the ground in Iraq. Japanese assistance has spanned a range of important projects, including:

- 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. About 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.

- Japanese 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 valued at \$29 million.
- Donation of 70 fire trucks to Baghdad and other cities valued at \$20 million.
- \$51 million for the rehabilitation and equipping of four hospitals.
- 27 mobile electricity substations valued at \$72 million.
- 30 compact water treatment units in Baghdad, valued at \$55 million.
- Through HABITAT, assistance for rehabilitation of schools (\$6 million) and housing and community facilities (\$2.7 million).

### The United Kingdom

The UK commitment to reconstruction assistance in Iraq at the Madrid conference was £248 million (\$452 million). Prior to the Madrid Donors' Conference on Iraq, the UK announced that it would commit a further £296 million (\$538 million) towards the reconstruction effort in Iraq through March 2006). This pledge included £29 million (\$53 million) for the UK's share of planned European Community spending on Iraq.

The UK will make a £70 million (\$125 million) contribution to the IRFFI, which will be its main future channel of assistance to the UN in Iraq. £40 million (\$74 million) will be disbursed to the World Bank fund, and £30 million (\$51 million) will be deposited in the UN portion of the IRFFI. Another source of assistance from the UK is the Department for International Development (DFID), which is implementing directly humanitarian aid and reconstruction projects in Iraq.

### Spain

Spain pledged \$220 million in reconstruction assistance at the Donor Conference it hosted in Madrid, of which \$60 million is for 2004. From this \$60 million, Spain has committed \$20 million to the World Bank trust fund within the IRFFI, 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.

### Canada

Canada's total commitment of assistance comes to C\$300 million (\$229 million). In the lead-up to hostilities, Canada provided the UN with \$5.6 million for emergency

preparedness, and in the immediate aftermath C\$55 million (\$42 million) in urgent humanitarian relief was disbursed in response to the UN Humanitarian Appeal.

Canada has pledged C\$90 million (\$67 million) to the IRFFI. In addition, Canada has pledged to contribute C\$40 million (\$31 million) to UNICEF and C\$5 million (\$4 million) to CARE Canada, to improve basic services in water and sanitation, basic health and education, and child protection.

Canada has also allocated C\$10 million (\$8 million) 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.

### Australia

Australia has committed over A\$120 million (\$90 million) through its aid budget to assist reconstruction in Iraq. Australia has played an important role with the US in revitalizing Iraq's agriculture sector and has allocated A\$40 million (\$30 million) towards these efforts. It has deployed over 20 advisers to the CPA in agriculture, economic policy, donor coordination, water supply and sanitation, policing and emergency services, the oil sector, and other fields.

In Madrid last year, Australia pledged A\$20 million (\$15 million) to the IRFFI. Australia will commit A\$14 million (\$10 million) to the World Bank trust fund, with a preference that this funding be used to support agriculture and other priority areas. It will commit the remaining A\$6 million (\$5 million) to the UNDG Iraq Trust Fund to support efforts that strengthen governance and civil society in Iraq, in particular projects that support elections.

### The European Commission (EC)

The EC pledged €200 million (\$243 million) at the Madrid Donors Conference. At the end of 2003, the EC provided €39 million (\$47 million) for UN-implemented activities and €3 million (\$3 million) to the World Bank for Iraqi capacity building training. The EC program for reconstruction assistance in Iraq will consist of €160 million (\$194 million) contributed through the IRFFI, with an indicative allocation on three priorities:

- Restoring and strengthening delivery of public services - €90 million (\$109 million): To support the re-establishment of key public services – education, both primary and secondary; health, particularly children's immunization; and clean water and access to sanitation.
- Livelihoods and poverty reduction - €60 million (\$73 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 - €10 million (\$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.

World Bank

The World Bank is prepared to move forward quickly on a number of programs contingent on receipt of adequate funding into the IRFFI. The Bank’s provisional strategy envisions the following operations:

<b>Operation</b>	<b>Projected Costs</b>
Emergency Education	US \$ 100 million
Emergency Community-Based Rural Infrastructure	US \$ 100 million
Emergency Infrastructure Reconstruction	US \$ 200 - 400 million

Additional training addressing the environmental and social impact of development projects; infrastructure regulation; restructuring of state-owned enterprises; investment climate issues; and financial sector reform will take place over the next few months. The World Bank will also provide a range of policy advice, with lending operations potentially commencing in 2005.

United Nations Country Team (UNCT)

The UNCT has engaged in a detailed process leading to a strategic planning framework for the next three years. The framework is organized along ten “clusters” with various UN specialized agencies working together under a cluster lead agency in each. Support and intervention within the clusters take the form of:

- Advocacy, Policy and Regulation;
- Capacity Building;
- Information and Systems;
- Mapping (or Diagnostics) and Assessments;
- Awareness, Education and Communication;
- Service Delivery;
- Facilities and Capital Investment (including equipment, premises, etc.); and
- Initiatives for sustainable job creation, based on “decent work” principles.

While funding has been identified for some activities under the framework, most remain unfunded pending deposits to the Trust Fund and identification of donor intent to fund specific Iraqi priorities.