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December 18, 2007

The Honorable Nita M. Lowey
Chair
The Honorable Frank R. Wolf
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
House of Representatives

Subject: *Rebuilding Iraq: International Donor Pledges for Reconstruction Efforts in Iraq*

At an October 30, 2007, hearing before the subcommittee on U.S. efforts to secure, stabilize, and rebuild Iraq, several members requested additional information on international donors' pledges to reconstruction and stabilization efforts in Iraq.¹ This correspondence provides updated information on the amounts of loans and grants pledged by each donor country, as well as the status of those pledges.

As of October 2007, international donors have pledged about \$16.4 billion in support of Iraq's reconstruction since 2003.² Of this amount, about \$10.8 billion—or about 66 percent—is in the form of loans. The Iraqi government has entered into agreements to use nearly \$2.2 billion of the pledged loans, as of October 2007. Donors also have pledged \$5.6 billion in grants, to be provided multilaterally or bilaterally. Donors have provided about \$4.8 billion of this amount as of October 2007. Appendix I provides additional information on the loans and grants pledged by each donor country and the contributions provided as of October 2007.

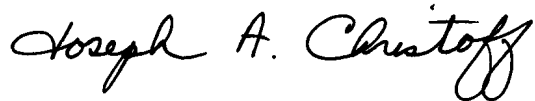
We obtained data on donor pledges and contributions to Iraq reconstruction from the United Nations (UN), the World Bank, and the Department of State. We reviewed UN and World Bank documents on pledges and multilateral contributions and met with cognizant UN and World Bank officials. To obtain information on bilateral grants and loans, we reviewed UN and World Bank trust fund documents and met with State Department officials. The information we have provided is sufficiently reliable for

¹See *Securing, Stabilizing, and Rebuilding Iraq: GAO Audits and Key Oversight Issues*, [GAO-08-231T](#) (Washington, D.C.: Oct. 30, 2007).

²U.S. and Iraqi funding for reconstruction efforts is not included in this total.

the purposes of a broad comparison of overall totals for grants and loans in relation to the pledged amounts. While the information provides a reasonable depiction of donor contributions in terms of loans and grants, some of the individual country information may not fully reflect differences in exchange rates between amounts pledged and grants provided in foreign currencies, or incorporate all the bilateral grants or loans that have been made. Our work was conducted in accordance with generally accepted government auditing standards.

If you have any questions about this information, please contact me at 202-512-8979 or by e-mail at christoffj@gao.gov. Other key contributors to the report include Muriel Forster, Monica Brym, Dorian Herring, Elizabeth Repko, Aniruddha Dasgupta, and David Bruno.

A handwritten signature in black ink that reads "Joseph A. Christoff". The signature is written in a cursive style with a large, stylized initial 'J'.

Joseph A. Christoff
Director, International Affairs and Trade

Appendix I: International Donor Pledges for Iraq Reconstruction

Many nations and various international organizations are providing multilateral and bilateral assistance to support efforts to rebuild Iraq. As of October 2007, donors have pledged, or provided in excess of the amounts pledged,³ about \$16.4 billion for Iraq reconstruction. (Table 1 provides a breakdown of pledges by loans and grants for each donor country.) The majority of this amount, about \$13.6 billion, was pledged at the October 2003 donor conference in Madrid.

Most donor nations have pledged assistance in the form of grants, either multilaterally or bilaterally.⁴ However, the majority of the amount pledged is in the form of loans, primarily from Japan (\$3.4 billion), the World Bank (\$3 billion), the International Monetary Fund (IMF) (up to \$2.55 billion), and Iran (\$1 billion).

Table 1: International Donor Pledges for Iraq Reconstruction, by Grant and Loans (in thousands of U.S. dollars), as of October 2007

| Donor | Total pledged and/or provided in excess of pledge | Pledge offered in the form of grants | Pledge offered in the form of loans | Grants provided ^a | Loans provided |
|----------------------|---|--------------------------------------|-------------------------------------|------------------------------|----------------|
| *Australia | 77,270 | 77,270 | 0 | 51,270 | 0 |
| Austria | 5,480 | 5,480 | 0 | 1,800 | 0 |
| Belgium | 5,890 | 5,890 | 0 | 5,881 | 0 |
| Bulgaria | 640 | 640 | 0 | 530 | 0 |
| *Canada | 187,470 | 187,470 | 0 | 200,490 | 0 |
| China | 31,500 | 31,500 | 0 | Not available | 0 |
| Croatia | 333 | 333 | 0 | 333 | 0 |
| Cyprus | 120 | 120 | 0 | 120 | 0 |
| Czech Rep. | 14,660 | 14,660 | 0 | 6,250 | 0 |
| Denmark | 61,950 | 61,950 | 0 | 18,825 | 0 |
| *European Commission | 921,305 | 921,305 | 0 | 970,000 | 0 |
| Estonia | 80 | 80 | 0 | 80 | 0 |
| Finland | 8,834 | 8,834 | 0 | 8,830 | 0 |
| *Germany | 4,150 | 4,150 | 0 | 10,000 | 0 |
| Greece | 7,148 | 7,148 | 0 | 7,148 | 0 |
| Hungary | 1,670 | 1,670 | 0 | 1,670 | 0 |
| Iceland | 3,000 | 3,000 | 0 | 3,000 | 0 |
| India | 10,000 | 10,000 | | 10,000 | 0 |
| Iran | 1,005,000 | 5,000 | 1,000,000 | Not available | Not available |
| Ireland | 3,530 | 3,530 | 0 | 1,825 | 0 |
| *Italy | 835,620 | 235,620 ^b | 600,000 | 350,000 | 0 |

³Some donors have provided additional funds that exceed the amount they pledged to provide.

⁴The World Bank Group defines a pledge as an indication of intent to mobilize funds for which an approximate sum of contribution is specified.

| | | | | | |
|--|-------------------|----------------------|-------------------|------------------|------------------|
| Japan | 4,914,000 | 1,414,000 | 3,500,000 | 1,491,550 | 1,562,000 |
| Republic of Korea ^c | 400,000 | 200,000 | 200,000 | 200,000 | 0 |
| Kuwait | 500,000 | 500,000 | 0 | 135,000 | 0 |
| Lithuania | 30 | 30 | 0 | 30 | 0 |
| Luxembourg | 2,559 | 2,559 | 0 | 2,559 | 0 |
| Malta | 27 | 27 | 0 | Not available | 0 |
| Netherlands | 12,885 | 12,885 | 0 | 12,900 | 0 |
| *New Zealand | 6,110 | 6,110 | 0 | 6,110 | 0 |
| *Norway | 23,710 | 23,710 | 0 | 23,710 | 0 |
| Oman | 3,000 | 3,000 | 0 | Not available | 0 |
| Pakistan | 2,500 | 2,500 | 0 | 600 | 0 |
| *Portugal | 600 | 600 | 0 | 600 | 0 |
| Qatar | 100,000 | 100,000 ^d | 0 | 27,500 | 0 |
| Saudi Arabia | 500,000 | 500,000 | 0 | 87,000 | 0 |
| *Slovenia | 420 | 420 | 0 | 334 | 0 |
| *Spain | 248,000 | 248,000 | 0 | 213,700 | 0 |
| Sweden | 33,000 | 33,000 | 0 | 18,600 | 0 |
| *Turkey | 60,000 | 60,000 | 0 | 27,500 | 0 |
| United Arab Emirates | 215,000 | 215,000 | 0 | 77,000 | 0 |
| *United Kingdom | 650,330 | 650,330 | 0 | 852,000 | 0 |
| *Vietnam | 700 | 700 | 0 | 700 | 0 |
| World Bank ^e | 3,000,000 | 0 | 3,000,000 | 0 | 241,000 |
| International Monetary Fund ^e | 2,550,000 | 0 | 2,550,000 | 0 | 436,000 |
| Total | 16,408,521 | 5,558,521 | 10,850,000 | 4,825,445 | 2,239,000 |

Source: United Nations, World Bank, and State Department data.

Notes:

*Designates a country that provided additional funds, in excess of amount pledged, or a country that did not pledge funds at the 2003 Donor Conference but has provided funds to Iraq for reconstruction projects.

^aA portion of bilateral grants was provided as assistance in kind.

^bThis figure represents Italy's original pledge, which did not distinguish between grants or loans at the time of the pledge. For the purposes of this table, we have represented this amount as a grant. The \$600 million in loans represents an additional pledge Italy offered in 2007.

^cThe Republic of Korea offered in October 2007 to provide an additional \$200,000 in loans, according to the State Department.

^dThis figure represents Qatar's original pledge, which did not distinguish between grants or loans at the time of the pledge. For the purposes of this table, we have represented this amount as a grant.

^eWe have provided the lower range of planned lending by the World Bank and the IMF. The World Bank pledged assistance ranging from \$3 to \$5 billion and the IMF pledged assistance ranging from nearly \$2.6 to \$4.3 billion.

As of October 2007, Iraq had entered into agreements to access nearly \$1.8 billion of available loans from Japan and the World Bank—nearly \$1.6 billion from Japan and nearly \$241 million from the World Bank for basic infrastructure projects. In addition, the IMF has provided Iraq with \$436 million in emergency post-conflict assistance to facilitate Iraqi debt relief, but the Iraqi government has not drawn on this assistance. South Korea and Italy also have offered loans to Iraq, according to a State official.

Of the total grants, donors have provided about \$1.7 billion multilaterally to two trust funds, one run by the United Nations (UN) Development Group and the other by the World Bank, and over \$3.1 billion in bilateral grants. Of the amount provided multilaterally to the UN and World Bank trust funds, the UN had disbursed about \$685 million while the World Bank had disbursed about \$109 million for reconstruction projects in Iraq, as of October 2007.

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