

## APPENDIX II

### Contributions from Other Donors

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

During the quarter ending March 31, 2006, the United States has continued to work with Iraq and international donors to maximize effective international reconstruction assistance for Iraq. At the October 2003 International Donors' Conference in Madrid, donors other than the United States pledged over \$13.5 billion in assistance for the reconstruction of Iraq. This includes \$8 billion in assistance from foreign governments and \$5.5 billion in lending from the World Bank and International Monetary Fund (IMF) -- all to be disbursed between 2004 and 2007. As of March 2006, over \$3.5 billion of the pledges of non-U.S. assistance had been disbursed or made available for the Iraqi government to draw on; about \$3 billion of this was from other donor governments, either in bilateral projects or through the World Bank and UN-administered International Reconstruction Fund Facility for Iraq (IRFFI). The IMF approved \$436 million in balance-of-payments support in September 2004. In December 2005, the IMF approved a Standby Arrangement (SBA) worth an additional \$685 million to support Iraq's economic program; it made available the first tranche of \$114 million at that time.

Donor government disbursements are defined here as funds that have left government treasuries. Because, however, much of the assistance is being channeled for implementation through trust funds, contractors, NGOs, international organizations, and Iraqi institutions, there is normally some time between disbursement by the donor and impact on the ground in Iraq. The amounts approved for Iraq by the IMF are being treated as precautionary support by the Iraqi government, which has not drawn on them, but are available. There are currently 93 IRFFI projects (83 UN, 10 World Bank) in various stages of completion.

Donors committed an additional \$235 million in contributions to the IRFFI at the July meeting of the IRFFI Donors' Committee at the Dead Sea in Jordan. Most of this money has already been deposited in the IRFFI. In addition, the Islamic Development Bank agreed that it would make \$300 million in new concessional financing available, and the World Bank and Iraq agreed in principle on a \$500 million program for concessional IDA lending. The World Bank Board on November 29 approved the first IDA loan under this program -- the first World Bank loan to Iraq in over thirty years. The \$100 million IDA education project will help the Government of Iraq alleviate school overcrowding and lay the groundwork for educational reform.

#### *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 Iraq assistance -- in addition to their bilateral efforts. The IRFFI contains two primary trust funds, one managed by the World Bank, the other by

the UN. Funds channeled through the IRFFI come from donors' pledges made at the Madrid Conference and those made subsequently. Details on the IRFFI can be found at [www.irffi.org](http://www.irffi.org).

- The IRFFI Donors' Committee held its fourth meeting at the Dead Sea in Jordan, on July 18-19, 2005. The Donors' Committee consists of 18 countries that have committed at least \$10 million to the fund facility and two rotating representatives (currently Finland and Turkey) from countries that have committed less than \$10 million. Since January 2006, Germany has pledged \$10 million, New Zealand has pledged \$0.99 million, and Spain has earmarked \$2.38 million to the UN Trust Fund for Iraq. Canada continued its co-chairmanship of the IRFFI Donors' Committee, which it assumed from Japan in February 2005.
- At the Dead Sea meeting, the Iraqi Transitional Government (ITG) assumed its central role in soliciting and coordinating international support for Iraqi reconstruction. It presented an updated National Development Strategy and a series of new donor coordination mechanisms on the ground in Iraq. Together these efforts represented an important shift toward an Iraq-led reconstruction process, strongly supported by the international community. Chaired by the ITG, but supported by the UN and World Bank, these new coordinating bodies, which include a "Baghdad Coordination Group" of all donors on the ground and "Sectoral Working Groups," have been holding meetings since August 2005. So far, Sectoral Working Groups have been established for Health, Education, Rule of Law, and Electricity.
- The next IRFFI Donors' Committee meeting will be scheduled after close consultation with the new Iraqi government.
- Current donor commitments to the IRFFI total about \$1.39 billion. Of this amount, \$491 million is from Japan; \$466 million from the European Commission; \$127 million from the UK; \$69 million from Canada; \$42.4 million from Spain; \$33 million from Australia, \$29.8 million from Italy; \$13.7 million from Norway; \$12.9 million from the Netherlands; \$16.4 million from Sweden; \$15 million from the Republic of Korea; \$10 million each from the United States, Denmark, Germany, India, Iran<sup>1</sup>, Kuwait, and Qatar. Belgium, Finland, Greece, Iceland, Ireland, Luxembourg, New Zealand, and Turkey are committing amounts less than \$10 million each.
- Of the \$1.39 billion in commitments, donors (including the U.S.) have deposited \$1.36 billion in the IRFFI trust funds as of February 28, 2006.
- The UN and World Bank submit project proposals for approval to the Iraqi Strategic Review Board (ISRB). The ISRB is an Iraqi coordinating body, chaired by the

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<sup>1</sup> Iran pledged \$10 million at the Tokyo meeting in 2004, but the allocation between the World Bank and UN Trust Funds is still pending.

Minister of Planning and Development Cooperation, which reviews requests for and offers of external donor assistance.

### Updates on Selected Major Donors

The January 2004 report to Congress included a table of pledges made at the Madrid International Donors Conference. Since that report, donors have begun disbursing and implementing their assistance.

#### *Japan*

Japan has pledged and disbursed more assistance to Iraq than any other country except the United States. By May 2005, Japan had entirely obligated the \$1.5 billion of grant aid that it had pledged in Madrid. Approximately \$1.55 billion has been allocated and disbursed up to date. Japan is currently in discussions with Iraq on the first projects to be implemented from its \$3.5 billion concessional loan program. In late March Japan announced its intention to provide yen loans up to the total amount of 76,489 million yen (approximately \$655 million) towards three projects in Iraq. After prior notification to the Iraqi side and after the inauguration of the new Iraqi government, the Exchange of Notes will be signed regarding the provision of these loans. The three projects are:

- **Umm-Qasr Port Sector Rehabilitation Project** (~\$259 million): to dredge the port and its surrounding shipping lanes, remove wrecked ships, and rehabilitate the port facilities, as well as to provide equipment and materials such as dredgers and other items. This project aims to reconstruct the Port of Umm-Qasr, and its function as the transportation and distribution network hub.
- **Irrigation Sector Loan** (~\$81 million): to provide irrigation drainage pumps, and equipment and materials for maintaining the operation of irrigation channels in some sites where agriculture is important, including in the Governorate of Al-Muthanna. This sector loan aims to improve the agricultural production and increase employment in Iraq.
- **Al-Mussaib Thermal Power Plant Rehabilitation Project** (~\$315 million): to rehabilitate the existing Al-Mussaib thermal power plants (units 1 and 3), located in the Baghdad suburbs. This project aims to improve the power supply mainly targeting Baghdad.

In December 2005, Japan decided to extend a grant of \$14.4 million to UNDP for the Iraqi Reconstruction and Employment Program and Electricity Network enforcement Program in Al-Muthanna.

In earlier disbursements of its grants assistance, Japan deposited a total of \$490 million to the IRFFI (\$361 million to the UN fund and \$130 million to the World Bank fund). Japan has also deposited \$10 million to the International Finance Corporation's (IFC) Small Business Financing Facility. In addition, Japan has disbursed \$116 million directly

to international organizations to implement projects such as restoration of water and sewage systems, garbage collection, and sanitation. The balance of Japan's disbursements, \$938 million, have been in direct bilateral projects or channeled through Iraqi institutions and NGOs for implementation.

Major Japanese Achievements:

- **Electricity:** Rehabilitation of four electrical power stations (Taji Gas Turbine, Mosul Gas Turbine, Mosul Hydroelectric, and Hartha Power), construction of a diesel power station and provision of generators in Samawah, rehabilitation of the National Dispatch Center and provision of 27 mobile electricity substations.
- **Water and Sanitation:** Provision of 38 water tankers, 311 water tanks, and 6 water treatment units in the Al-Muthanna governorate. Provision of thirty compact water treatment units in Baghdad and rehabilitation of water and sewage facilities in schools in Baghdad and Nineveh.
- **Health:** Grant assistance for Japanese NGO projects to the Samawah Maternity and Children's Hospital, which have provided medical equipment, including infant incubators, phototherapy units for incubators, and electrocardiographs to the only children's and maternity hospital in the Al-Muthanna Governorate. Medical supplies and equipment also have been provided to the Samawah General Hospital and Al-Rumaytha and Al-Khidhur hospitals and to 32 primary health centers in the Al-Muthanna governorate. Rehabilitation and equipping of four general hospitals (Nasiriyah, Najaf, Diwanayah, and Samawah) in southern Iraq, four more in northern Iraq (Kirkuk, Erbil, Mosul, and Dahuk), and three in Central Iraq (Baghdad, Amarah, and Kut).
- **Roads and Bridges:** The repair of roads between Al-Khidhur and Darraji and between Mahdi and Sawa and other roads in Al-Muthanna governorate as well as the provision of construction equipment to restore damaged roads and bridges in the governorate. Rehabilitation of 90 kilometers of roads in Al-Muthanna governorate.
- **Education and Culture:** Contributions to UNESCO, which are building capacity at the Ministry of Education and restoring the Iraqi National Museum's restoration laboratory. Through HABITAT, assistance for rehabilitation of about 200 schools in Basrah, Samawah, Nashiria, and Amra, and of about 3,000 houses and community facilities in Baghdad, Samawah, and Kirkuk.
- **Emergency Services:** Donation of 1,150 police vehicles, 150 police buses, 500 police motorcycles, and 20 armored vehicles. Donation of 70 fire trucks to Baghdad, Basrah, and Al-Muthanna. Donation of 742 ambulances.

- **Capacity Building:** Training over 1200 Iraqis, including Iraqi diplomats, staff of the Al-Muthanna TV station, museum officials, statisticians, election officials, medical staff, and hospital directors.

### *The United Kingdom*

At Madrid, the UK pledged \$452 million for the Iraq reconstruction effort for 2004 through 2006. This was included in the UK's total pledge of £544 million (\$920 million), which counted the UK's previously announced assistance for the humanitarian effort and its assessed portion of the European Commission's assistance. As of March 2006, the UK has disbursed over \$392 million of its Madrid \$452 million reconstruction pledge.

The UK has disbursed approximately \$265 million for projects in support of reconstruction in southern Iraq, governance and economic capacity building, the justice sector, independent media and civil society. The UK's Department for International Development (DFID) is responsible for these projects. The UK also deposited \$127 million in the IRFFI - \$71 million to the World Bank Trust Fund and \$56 million to the UN Trust Fund.

The DFID program in 2005-2006 is entirely bilateral and focuses on economic reform; infrastructure (improving power and water services in the south); governance and institutional building in Baghdad and in the south; and support for civil society and political participation.

In southern Iraq, the UK provided support to rehabilitate emergency infrastructure, working closely with the UK military; an infrastructure project to deliver improved power and water services; support to build the institutional capacity of the four southern governorates and private sector development; a team of technical specialists to advise local councils, UK military, and other donors on infrastructure rehabilitation and construction; and support to strengthen independent broadcasting.

In central Iraq, the UK has supported the Iraqi government on economic reform issues; supported the Center of Government Program to improve functions of government; has supported the justice sector; has provided funds for a Civil Society Fund (CSF) to develop legitimate and representative Iraqi NGOs; and has provided funds for a Political Participation Fund (PPF) to encourage poor and marginalized sections of Iraqi society to engage in the constitutional process.

#### Major UK Achievements:

- **Electricity:** Repaired transmission lines from Hartha Power station to Basrah city, securing electricity supplies for 1.5 million residents; improved power distribution to 13 areas of Basrah. Current programs will supply an additional 50MW of power at Khor As Zubayr power station and add or secure a further 290MW throughout southern Iraq.

- **Water and Sanitation:** Repaired 5,047 leaks across the 4 southern governorates; provided technical advice for sewage installation in Al Amarah – providing up to half the city’s population with access to a piped system and replacing open sewage channels.
- **Capacity Building:** Trained 216 Iraqi judges, lawyers and prosecutors in human rights, international humanitarian law, and independence of the judiciary. Training for journalists, editors and media managers on humanitarian and independent reporting. New, independent TV and radio programs in southern Iraq went on air during summer 2005 through DFID funding.
- **Supporting Iraqi Humanitarian Response:** DFID consultants to the IIG Fallujah Core Coordination Group from December 2004 helped set up mechanisms for the Iraqi Government to respond to future crises of a similar nature.
- **Macroeconomic Reform:** Assisted the Iraqi government in: drawing up its 2005 budget, reaching agreement with the IMF on a \$436 million Emergency Post-Conflict Assistance package, negotiating the Paris Club debt reduction deal and drafting a National Development Strategy.
- **Support to the Political Process:** Helped to promote the political process through support for the electoral commission (\$10 million plus advisers on security and public information), civil society organizations (~\$8.7 million) and public participation in the elections (~\$12.6 million). Helped to set up the Prime Minister’s office and the Cabinet and Committee system. Helped achieve continuity in the transition to the new elected administration.

Further information on the DFID program in Iraq, along with a new quarterly update, is available at <http://www.dfid.gov.uk>.

### *Spain*

In addition to \$80 million it provided in 2003, largely for humanitarian needs, Spain pledged another \$220 million in reconstruction assistance at the Madrid Donors’ Conference for 2004-2007. Of this amount, \$60 million was intended for 2004. Out of this \$60 million, Spain deposited \$20 million to the World Bank trust fund within the IRFFI, as well as \$5 million for the IFC’s Small Business Financing Facility. It has supplied \$8 million of much needed medical equipment to Iraq. Spain also provided \$18 million for the production of new Iraqi dinars. At the Dead Sea meeting, Spain committed an additional \$20 million contribution to the IRFFI (for the United Nations trust fund) to support elections and governance, which it has since deposited. In February 2006, Spain earmarked \$2.38 million to the UN Iraq Trust Fund Infrastructure Rehabilitation Cluster. Spain’s total IRFFI deposits total about \$42.4 million.

In the security sector, Spain also has contributed \$400,000 to the NATO Training Mission Fund, and recently completed a bilateral demining training program with the Iraqi Security Forces.

Spain also has contributed to the EU integrated rule of law training program for judges and security personnel, as well as rehabilitation of a children's hospital and schools in Baghdad.

### *Canada*

Canada has pledged C\$300 million (about \$230 million) for Iraq's humanitarian relief and reconstruction, including C\$245 million (\$187 million) pledged at Madrid and C\$55 million (\$42 million) in urgent humanitarian relief disbursed through multilateral relief agencies in response to the UN Humanitarian Appeal.

Canada became Chair of the IRFFI Donors' Committee in 2005. Canada has committed C\$90 million (about \$69 million) to the IRFFI, of which it initially deposited C\$60 million (\$44.7 million) equally divided between the UN and the World Bank trust funds. In September 2004, Canada deposited another C\$20 million (\$15.3 million) in the UN Trust Fund to be used to support Iraqi elections. In December 2005, an additional C\$10 million (about \$8.5 million) was deposited to support United Nations support to elections and human rights.

In addition to funding to IRFFI, Canada has allocated over C\$100 million in other, non-IRFFI assistance. This includes C\$40 million (about \$34 million) to UNICEF for social sector funding and bilateral assistance through CARE Canada for reconstruction work to improve basic services in water and sanitation, basic health and education, and child protection. CIDA also allocated C\$3 million (about \$2.6 million) to assist in the restoration and management of the ecological health of the "Marsh Arabs." In the area of governance, human rights and civil society capacity building, Canada is supporting a number of projects including: C\$15 million (about \$12.8 million) for the Rapid Civilian Deployment Mechanism for capacity-building, including governance; C\$10 million (about \$8.5 million) for a civil society capacity building fund, including media and human rights training; C\$5 million (about \$4.2 million) to the Middle East Good Governance Fund; C\$2 million (about \$1.7 million) for human rights and diversity management training; C\$2 million (about \$1.7 million) for support to the constitutional process and federal systems; C\$0.7 million (about \$600,000) to UNDP for research on governance questions; and a small fund for building a culture of human rights in Iraq and the Middle East. Canada also supported elections with an additional C\$7 million (about \$5.8 million) allocated to the International Mission for Iraq Elections.

In the security sector, Canada allocated C\$10 million (about \$7.9 million) over two years for deployment of Canadian police instructors to assist in the training of Iraqi police at the Jordan International Police Training Center (JIPTIC) as well as funding to deploy senior police advisors to the Ministry of Interior. Since January, Canada has provided an

additional C\$7.5 million (about \$6.4 million) to these activities. Total Canadian assistance to the security sector is now C\$17.5 million (about \$15 million).

Canada's priorities for the remainder of its assistance include: social and economic needs of Iraqis; good governance in both Iraq and in the Middle East; the promotion of human rights and gender equality; and helping to re-establish an effective and responsible Iraq security sector. More details on Canadian assistance to Iraq are available at [www.acdi-cida.gc.ca/iraq](http://www.acdi-cida.gc.ca/iraq).

### *The European Commission (EC)*

Since 2003, the European Commission has provided €18.5 million (~\$624 million) in assistance to Iraq. In addition, a further €200m (~\$240 million) has recently been made available for 2006.

During 2003, the EC Humanitarian Aid Organization (ECHO) provided humanitarian assistance amounting to €100 million (~\$120 million) targeting the most vulnerable in Iraq. Around 85 humanitarian aid projects were implemented through NGOs and international organizations during this period. The main sectors of support were:

- Basic Health (supply of medicines/essential drugs/medical equipment, rehabilitation of health infrastructures, training of medical and paramedical staff);
- Water and sanitation (Water treatment plants rehabilitation, Compact Unit repair, Water tankering);
- Support to vulnerable groups (elderly, children, internally displaced persons);
- Mine-related activities (UXO/Mine clearance, mine risk education);
- Rehabilitation of primary schools and protection (application of international humanitarian law, visits to Prisoners of War, family tracing); and,
- Food aid.

The EC was active together with other donors in the preparations for the 2003 Madrid conference, and at the conference itself pledged a total contribution of €200 million (~\$241 million) for 2003 and 2004. The EC also supported the creation of the IRFFI and is its second largest donor.

The EC's activities in 2003 (€42 million or ~\$50 million) were based on the results of the joint UN/World Bank Needs Assessments carried out with EC participation. Actions focused on alleviating the daily difficulties of the Iraqis, but also on giving the World Bank the means to quickly deliver capacity building activities to the Iraqi government.

In 2004, the EC allocated a total of €160 million (~\$192 million) to the IRFFI, equally divided between the UN and World Bank funds. Activities were based on the 2003 Needs Assessment and were developed in agreement with the Iraqi provisional authorities. The EC's IRFFI contribution was mainly used to restore the delivery of key essential services (education, health, water and sanitation); to boost employment and reduce poverty (income generating activities and rural development); and to strengthen governance, support civil society and promote human rights. In response to a UN appeal to the international community to help support the Iraqi electoral process, the EC provided a further €16.5 million (~\$20 million) to the January 2005 elections. This was in addition to €15 million (~\$18 million) that had been allocated from the EC's IRFFI contribution, to support the electoral process.

In 2005, EC contributed a total of €99.05 million (~\$240 million) to the IRFFI, of which €40 million (~\$48 million) was channeled through the World Bank and €59.05 million (~\$191 million) to the UN. The contribution to IRFFI included €10 million (~\$12 million) allocated to Iraq for 2005 from the European Initiative for Democracy and Human Rights for promotion of civil society and human rights activities. While the EC's 2005 activities continued to be focused on basic social services, there was greater emphasis on support to the electoral and constitutional process.

The EC's assistance is geared to the framework and policy orientations presented in the Iraqi National Development Strategy (NDS) and to complement activities of other major donors.

In 2006, the EC is allocating a further €200 million (~\$241 million). This is composed of the following elements:

- **Furthering democracy in Iraq (€40 million or ~\$48 million)** by providing support to the political process: assisting the newly elected government in an inclusive constitutional review and in its subsequent implementation, supporting governorate and local elections, and referendum on constitutional review;
- **Promoting good governance (€40 million or ~\$48 million)** through institutional strengthening in the field of civil service reform in key line ministries, rule of law, financial institutions, trade and energy;
- **Improving the quality of life (€10 million or ~\$132 million)** of Iraqis through the restoration and rehabilitation of key social and economic services to the Iraqi population; and
- **Reserve (€10 million or ~\$12 million)** to ensure flexibility in order to adjust to new government priorities.

The EC's assistance program is one of many instruments which the EU is using to engage with Iraq. Other initiatives include: the signing of an EU-Iraq Joint Political Declaration

in September 2005, which provided a clear strategic direction for relations in the months to come; agreement of a mandate for a Trade and Cooperation Agreement with Iraq – negotiations will commence with the new Government of Iraq is formed; and the establishment of a delegation in Baghdad.

Additional information about the EC's relations with Iraq can be found at: [http://www.europa.eu.int/comm/external\\_relations/iraq/intro/index.htm](http://www.europa.eu.int/comm/external_relations/iraq/intro/index.htm).

### *United Nations (UN)*

As of February 28, 2006, donors had committed approximately \$931 million to the UN Trust Fund of the IRFFI. Of this, approximately \$906.8 million has been deposited. The UN has developed a strategic planning framework and organized their programs into “clusters” with various UN specialized agencies working together under a cluster lead agency in each. Originally comprised of eleven clusters, the UN reorganized the clusters into seven, lettered clusters adopted in July 2005. The clusters are:

- Agriculture, Food Security, Environment, and Natural Resource Management
- Education and Culture
- Governance and Human Development
- Health and Nutrition
- Infrastructure Rehabilitation
- Refugees, IDPs, and Durable Solutions
- Support to Electoral Process

As of February 2006, the UN had developed 83 projects, valued at over \$759 million, all of which have been approved for implementation by the Iraqi government. Among these projects, the UN has provided school supplies, rehabilitated schools, provided vaccines, supported internally displaced persons (IDPs) and refugees, conducted capacity-building training programs for Iraqi officials, and assisted in the elections. By end February 2006, the U.N. trust fund had obligated \$573 million in binding contracts for implementation and had disbursed \$451 million. A full list of the U.N.'s IRFFI projects is available at the [www.irffi.org](http://www.irffi.org) website.

## **World Bank**

As of February 2006, donors had pledged \$457 million to the World Bank Trust Fund of the IRFFI, of which \$454 million had been deposited. With these deposits, the World Bank is implementing the following projects:

<b>Operation</b>	<b>Projected Costs</b>
Emergency Textbooks	\$40 million
Emergency School Rehabilitation	\$60 million
Emergency Baghdad Water Supply and Sanitation	\$65 million
Emergency Water Supply, Sanitation, and Urban Reconstruction	\$90 million
Emergency Health Rehabilitation	\$25 million
Emergency Private Sector Development I	\$55 million
Capacity Building I	\$ 3.6 million
Capacity Building II	\$ 7 million
Emergency Community Infrastructure	\$20 million
Emergency Disabilities	\$19.5 million

As of February 28, 2006, the ITG and World Bank had signed grant agreements for all of the projects above totaling \$385 million. Capacity Building I project is complete, and the remaining projects are now in the implementation phase. The Emergency Textbook project is nearly complete and has financed the printing and distribution of more than 79 million textbooks, benefiting 6 million Iraqi students throughout Iraq. As of February 28, 2006, the World Bank had disbursed over \$43 million for work already completed.

The World Bank is primarily operating from Amman, Jordan, and has established a videoconference link between its Amman office and the Iraqi government to facilitate project development and coordination.

Funded by \$3.6 million from the EC, 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. In December 2004, Iraq cleared its arrears to the World Bank, making it eligible for lending again. The World Bank staff on September 15, 2005 presented to its Board an Interim Strategy Note that includes the commencement of a \$500 million IDA (International Development Association) concessional lending program for Iraq. The strategy discussed by the Board also envisions up to an additional \$500 million in IBRD (non-concessional) lending, assuming Iraq makes critical progress regarding IBRD creditworthiness. The World Bank Board, on November 29, 2005, approved the first \$100 million IDA loan within the \$500 million program. The \$100 million Third

Emergency Education Project (TEEP) will help the Government of Iraq alleviate school overcrowding and lay the groundwork for educational reform.

### *IMF*

At the Madrid Donors' Conference, the IMF pledged to provide over \$2.55 billion in lending to Iraq. On September 29, 2004, the IMF Board approved an Emergency Post-Conflict Assistance (EPCA) package that provided Iraq SDR 297.1 million (about \$430 million) in balance-of-payments support. The main goals under the EPCA were to maintain macroeconomic stability and lay the groundwork for a long-term development and reform program. On December 23, 2005, the IMF approved a Stand-by Arrangement (SBA) for Iraq that provides SDR 475 million (about \$685 million) in balance-of-payments support. The 15-month SBA provides a comprehensive framework of policies for economic reform and growth in coming years. The first tranche of the SBA, worth \$114 million, became available to the Iraqi government at the time of SBA approval. Reaching the SBA also triggered the second 30% tranche of debt reduction under Iraq's agreement with the Paris Club.

The IMF also provides technical assistance to Iraq, including training in such policy areas as public expenditure management, fiscal federalism, tax policy, tax and customs administration, monetary operations, banking supervision, payments system reform, and statistics. Some of this training has been done jointly with the World Bank. The IMF has assisted in coordinating macroeconomic training with the other major providers: the World Bank, the US, and the UK.

### Debt Forgiveness

Reduction of Iraq's external debt burden to sustainable levels, another top priority for Iraq's economic development, is a key component of US donor coordination. In November 2004, the Paris Club group of creditors agreed to forgive, in phases, 80 percent, of approximately \$40 billion in Iraqi debt held by its members. As of March 2006, 16 of 18 members of the Paris Club have signed bilateral debt agreements with the Iraqis implementing the 2004 agreement. The US itself went beyond Paris Club terms and has forgiven 100 percent of the \$4.1 billion in US-held Iraqi debt. The terms for forgiveness of what Iraq owes to non-Paris Club countries and commercial creditors are closely tied to the Paris Club deal. To date, Iraq has also made excellent progress on dealing with its commercial external creditors on Paris Club terms. It has reconciled about \$19.15 billion out of its approximately \$22 billion estimated total commercial debt, and of that reconciled amount, creditors accounting for about \$18.4 worth have accepted offers at Paris Club-comparable terms, which will result in approximately \$14.7 billion in debt reduction.

### Other Major Efforts

With the help of US advisors, the Iraqi Ministry of Planning and Development Coordination has completed plans to eliminate the major hurdles faced by donors on the ground in Baghdad. Plans are being implemented to provide security, housing and office space to potential donors inside the International Zone. The accommodations, called “Donor Village,” are inside the secure Army Corps of Engineers/Project and Contracting Office compound. Donors can occupy space, and they will reimburse the USG for billeting arrangements, office space, and meals. The cost-prohibitive nature of setting up individual offices and providing security for accommodations had previously been a major impediment to obtaining further donor assistance, and this integrated plan has been well-received and coordinated.

### Useful References for International Donor Assistance to Iraq:

- The Donor Assistance Database: <http://www.mop-iraq.org/dad>
- The UNDG Iraq Trust Fund and the World Bank Iraq Trust Fund Newsletters, updated every two-three months and both accessible at: <http://www.irffi.org>