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BRIEFING FOR SECRETARY OF STATE: IRAQ

IDC EVIDENCE SESSION, 10 MARCH 2005

ISSUES EXPECTED TO BE RAISED

1. Is DFID work in Iraq about poverty reduction?
2. Link between capacity building programmes and reconstruction and development
3. Limitations of working in an unstable, post-conflict environment
4. Links between DFID and army
5. Assessment of progress in delivering CAP
6. Coordination between UK and other donors
7. What HMG is doing to support human rights

OTHER ISSUES WHICH MAY COME UP

8. Current and planned DFID Programme in Iraq (including comparison with Tsunami spending, MICs and poverty focus)
9. Reconstruction and rehabilitation progress
10. Fallujah
11. Elections
12. Economic Issues (including use of oil revenue, DFI, IAMB, and reform)
13. Refugees and assistance for Iraqi returnees
14. International reconstruction Fund Facility for Iraq (IRFFI)
15. Other donors and coordination (including US Supplemental)

BACKGROUND:

16. Note on IDC visit to Iraq, February 05
17. Information sent to IDC following their visit
18. Development maps of Iraq (also sent to IDC)
19. Iraq timeline: DFID programme and key events – Feb 03-Feb 05

UK COMMITMENT TO HUMANITARIAN/ RECONSTRUCTION IN IRAQ

£544 million pledged for 2003-2006.

DFID: £422.5m (inc our EC contribution)

FCO: £61.5m (mostly CPA secondees)

MOD (QIPs): £30m

GCPP: £30m

DFID PROGRAMME IN IRAQ

Total DFID commitment to Iraq over £334 million

(£135.5m bilateral; £198.5m multilateral) Total

disbursements £254 million since 2003 conflict:

(£73.4m bilateral; £180.6m multilateral).

Disbursement to date:

- £84m - UN Agencies in response to 2003 Emergency Appeal
- £17.5m - Red Cross (ICRC and IFRC)
- £34.7m - Reconstruction in Southern Iraq
- £9.3m - Government, Justice, Media and Civil Society
- £24.2m - DFID secondments and consultants
- £70m - International Reconstruction Fund Facility for Iraq (IRFFI)
- £9.1m - Other multilateral contributions
- £5.4m - NGO support

Key areas of DFID support:

Nationally: inclusive political process, functioning justice sector, economic reform, public administration, SMEs

Southern Iraq: infrastructure reconstruction, restoring admin, economic and political links with Baghdad

Internationally: Engaging international community in Iraq reconstruction; £70m contribution to trust funds, and pressing for faster implementation; supporting dialogue between Iraqi government and donors – advisers in Planning Ministry in Baghdad.

DFID's objectives in Iraq are:

- rapid, sustainable and equitable economic growth
- effective and accountable governance
- social and political cohesion and stability

DFID BILATERAL PROGRAMME

£125 million committed to bilateral projects:

- o £78 million for reconstruction, local government and employment generation in southern Iraq
- o support for the Prime Minister's Office and other centre-of government institutions
- o assisting the design of economic reform programmes
- o supporting NGOs and political participation
- o legal and media training
- o independent media support.

POVERTY FOCUS

2003 UN and World Bank needs assessments showed across Iraq: one fifth of under-5s underweight; infant mortality had risen to 100 per 1000 live births; under-5 mortality was 130 per 1000 compared with regional ave. of 50.

Institution building and economic reform essential to good government and long term poverty reduction.

Programmes in the south providing employment and improving services for the benefit of 5 million Iraqis.

PROGRESS

Reconstruction successes: Food distribution, hospitals functioning, vaccinations, schools open and new textbooks distributed, fuel supplies being improved, extensive rehabilitation of the energy and water supply sectors.

Economy: Encouraging progress and signs of recovery. IMF paper shows 50% growth for 2004, a further 17% growth estimated for 2005. Inflation kept at around 5%. IMF agreed to a post-conflict assistance programme for Iraq on 29 September 2004 worth \$436m. 2005 budget passed through the National Assembly.

Debt: Successful negotiations at Paris Club resulted in 80% debt relief from member countries amounting to \$31 billion. UK share \$1.39 billion.

Oil revenues for 2004 higher than expected and are benefiting Iraq's people through DFI; mainly being used to meet recurrent costs of public services; IAMB monitoring in place.

CONSTRAINTS

Security remains serious concern. Reconstruction effort continuing, but inevitably slowed by security situation. Attacks on key infrastructure, Iraqi police and foreign civilian contractors designed by terrorists to stall reconstruction and prevent political progress.

Intensified international effort to build Iraqi security capacity: progress being made – election security largely managed by Iraqis.

Long-term lack of investment in infrastructure during last 15 years of Saddam – severe constraint, particularly in electricity and oil.

ELECTIONS

- The first democratic multi-party Iraqi elections in 50 years on 30 January
- effective security provided by Iraqi forces and police
- **international observers witnessed sound electoral procedures**
- High number of women voters and 30% successful candidates women
- DFID provided \$10m for security costs of the Electoral Commission; funded 2 UN advisers; financed public participation and voter education projects.

1. IS DFID'S WORK IN IRAQ ABOUT POVERTY REDUCTION?

- All DFID's work in Iraq meets International Development Act requirements and aims to contribute to the reduction of poverty.

Examples of work to reduce poverty:

- Restoration of essential services under Emergency Infrastructure Programme gave over 5 million Iraqis in southern Iraq better access to water, power and fuel.
 - Job creation programme in south is providing more than 1.8 m work days for unskilled workers, raising household incomes.
 - Political Participation Fund and Civil Society Fund are targeted at poor and vulnerable groups.
 - Macro economic reform programme aims to ensure that the economic policy reform needed to create national wealth also takes into account the needs of the poor.
- **Poverty statistics and Iraq's decline over last 30 years:** UN/WB Needs Assessment of October 2003 highlighted Iraq's decline into poverty since the 1970s and its divergence from the Millennium Development Goals.
 - Income per capita fell from US\$3,600 in early 1980s to less than \$1,000 in 2001, continuing to decline thereafter.
 - Per student expenditure fell from US\$620 in 1989 to only US\$47 in 2002.
 - From 1990 to 2000, rural access to safe potable water fell from 75% to 46%.
 - After attaining middle-income status in the 1970s, 60% of Iraqi people are now dependent on the food ration system.

- Power generating capacity in Iraq fell from 9,295 MW in 1990 to 4,400MW in March 2003.
- Under-five mortality has increased from 50 per 1,000 in 1990 to 131 in 1999 (compared to a regional average of 54).

DFID focus on southern Iraq

Our focus on the south is justified because this is where large numbers of poor and vulnerable people in Iraq are situated.

- Under-five mortality rate is twice as high in the south and centre of the country as it is in the north.
- The South has particularly:
 - low level income – recent Fafo survey found Al Muthanna was the poorest Governorate in Iraq in terms of household income
 - high level unemployment
 - poor state of infrastructure
 - little experience of financial management, planning etc.
- The south was neglected for decades under the former regime, which concentrated power and resources around Baghdad.
- Some areas – particularly marshlands – suffered direct discrimination and oppression
- A regional focus- rather than spreading our efforts across the whole country – helps us to make a greater impact on poverty. We do this in other countries, for example, Nigeria, India, Russia.

- UK military presence is an enabling factor in south - allowed us to operate more effectively in the difficult security environment. DFID programmes have benefited from close cooperation with UK forces.
- It would be impossible for us to work in other areas of the country, except the northern Governorates, which have not suffered the same deprivation as the south. Sensible for us to concentrate on where we can actually make a difference.

Examples of DFID work in Al Muthanna and Maysan (particularly poor governorates):

- Infrastructure repairs: leak repairs, re-building of petrol stations, repairs to irrigation distribution channels in Maysan, rehabilitation of As Samawa 40MW power station (in Al Muthanna)
- Employment generation projects:
 - In Al Muthanna: 128,000 workdays completed so far. Work includes: rehabilitation of school gardens, and rehabilitation of streets and public parks.
 - In Maysan: 343,000 workdays agreed. Work includes: refuse removal, park refurbishment, cleaning rivers and canals and planting trees.
- Capacity building programme to strengthen the southern governorates' ability to plan and manage reconstruction finances. DFID staff co-located with military in Maysan, and due to deploy to Al Muthanna next week.

Security and development

- Political process, security and development go hand in hand. FCO, MOD and DFID work in Iraq - three strands working towards a stable, secure and prosperous Iraq.
- DFID recognises impact of security on development and poverty. Tackling causes of insecurity and conflict, and establishment of good governance, make major contributions to reducing poverty.
- DFID's Service Delivery Agreement contains a target for DFID, FCO and MOD to work towards conflict resolution and prevention, addressing the national and regional causes of conflict.
- In Iraq (and many other countries where DFID works: eg. Palestine, Balkans, Caribbean) resolution of violence and conflict is a key factor for achieving sustainable development and reducing poverty.

2. LINK BETWEEN CAPACITY BUILDING PROGRAMMES AND RECONSTRUCTION AND DEVELOPMENT.

- Capacity building central to DFID work:
- Good development practice is to support developing countries to manage their own affairs effectively. All DFID programmes contain a substantial capacity-building element.
- Capacity building helps to:
 - develop effective and accountable public administration
 - reduce corruption
 - encourage governments and local authorities to take the needs of their people into account
 - enable the developing country manage own finances and budget - essential for long-term service provision and poverty reduction.
- 2005 OECD Development Assistance Committee paper on capacity development concludes:
 - Capacity development is one of the most critical issues for both donors and developing countries.
 - Donors need to define capacity as the primary objective of development assistance rather than focusing simply on services and infrastructure
 - Weak institutions and under-skilled people are often central to failure of development efforts:
 - Poor management of public resources and ability to provide for public welfare and security.
 - weak civil society unable to hold government accountable
 - weak capacities to coordinate and prioritise aid.

Capacity building in Iraq:

- The purpose of our capacity building work is to strengthen the Iraqi bureaucracy to deliver services to ordinary people.
- We provide money and expertise to support the development of Iraqi management of finances, people, and administration processes. This is crucial to developing effective, accountable and stable Government for long-term poverty reduction.
- In the first instance, we are working to strengthen national and local government to deliver services in areas crucial to the stabilisation and development of the country as a whole (ie security, economic). All Iraqis will benefit, including the poor. Examples include:
 - a. Support to the **Ministry of Finance** to implement macroeconomic reforms that will ensure growth and poverty reduction
 - b. Support to the **Ministry of Planning and Development Cooperation** to co-ordinate donor contributions
 - c. Support for **employment schemes and other social safety nets** during the process of macroeconomic reform to ensure the poorest are protected
 - d. Support to **Centre of Government** to formulate and manage policies fundamental to development and poverty reduction: eg security, reconstruction, economic management
 - e. Support to all four **governorates in the south** to co-ordinate and manage reconstruction in a particularly poor and socially deprived region.
 - f. Support to the **Ministry of Interior and Police** (through GCPP) to improve security, which is key to stabilisation, growth and poverty reduction.

- NGO/Civil society capacity building is essential for giving all sectors of society a voice – particularly the marginalised and vulnerable. Promotes equality of opportunity, fairer distribution of wealth, and greater respect for human rights.
- DFID's Civil Society Fund supports partnerships between international NGOs and their Iraqi counterparts, in order to build the capacity of the Iraqi NGOs. Examples include:
 - Partnership between UNISON and the Iraqi Federation of Trade Unions. **UNISON will provide training for a new generation of Iraqi trade union leaders.**
 - Partnership between Christian Aid and a Kurdish NGO **to help develop civil society representation in the northern governorates.**
 - **International NGO** Women for Women is developing the capacity of Iraqi women's groups **to engage in the political process and with local communities, and is training Iraqi women in women's rights and leadership.**
 - **Save the children UK is training Iraqi civil society organisations in children's rights over 2 years – focused on the 5 northern governorates and Baghdad.**

3. LIMITATIONS OF WORKING IN AN UNSTABLE, POST-CONFLICT ENVIRONMENT

- The very high operating costs mean that the programme must be tightly focused on work that needs to be done now, and has high rates of return. So we have had to prioritise what we do bilaterally, for example:
 - focus on building for the future eg. macro-economic support focused on helping the Iraqi Government to agree an IMF programme – which is the essential first step towards debt relief: with debts of \$120bn, this work was absolutely critical
 - focus on Baghdad and the south – although other regions benefit from our contributions to multilateral agencies and Civil Society and Political Participation funds.
 - focus on particular sectors for bilateral support, with other sectors (eg. health, education) left to other donors and the trust funds.
- Limited travel due to security. It is therefore harder to establish relationships with our Iraqi development partners. For example:
 - working with ministries in Baghdad harder because travel outside the Green Zone is limited.
 - in the south, we have only recently been able to deploy staff to Dhi Qar, Maysan and Al Muthanna.
- We have had to be flexible – able to change objectives and programming according to the political and security situation. Need to find innovative solutions quickly. Examples:
 - DFID used of local Iraqi contractors for rehabilitation projects in the south due to security constraints – we then set up a database of local Iraqi contractors for future use by ourselves and other donors.

- DFID consultants now in process of setting up a macro-fiscal unit in the Green Zone, in order to overcome current security constraints which limit contact with Iraqi economic specialists and the Iraqi Ministry of Finance.
- response to Fallujah crisis: key role of DFID staff and consultants in Baghdad who worked with the Iraqi Government Fallujah Core Coordination Group and helped to minimise humanitarian impact of the crisis.
- Employment generation project developed because we were aware that reconstruction had not moved as fast as we had hoped and that there was a need to pump money into the local economy to help ensure stability in run up to elections.
- Some limitations in our ability to fully assess project impact, particularly UN and NGO humanitarian projects funded by DFID in 2003 – need for assessments to take place remotely.
- Staff security is our first priority in Iraq – see below.
- But also very keenly aware of the security risks to Iraqis working with us – individual Iraqi staff, and also Iraqi NGOs we are supporting. Very difficult to meet Iraqi national staff working for UN and Red Cross/Crescent because of the risk to them of being seen with foreigners.
- Absence or low-key presence of development partners due to security concerns - UN, World Bank, other bilateral donors, NGOs:

- humanitarian and reconstruction work in Iraq not always as joined up as it could have been between the Iraqi ministries and the UN/NGOs
- reliance on military to deliver humanitarian aid. In more stable circumstances, UN and humanitarian NGO's co-ordinate their efforts as neutral actors. Their absence from southern Iraq has meant that DFID and the UK military have had to fill this gap
- DFID had sought flexible solutions, eg providing consultants to act as in-country liaison officers for the UN and World Bank in the absence of their own staff on the ground.

DFID Staff Security in Iraq

- In Iraq, DFID approaches the security of its personnel jointly with the FCO.
- We share the same procedures and approach as FCO, however we retain the right to adopt *enhanced* procedures should this be felt necessary.
- We have devised Duty Of Care guidelines that clarify our security-related responsibilities to our personnel, our consultancy companies and other implementing partners, and our Staff Appointed In-Country.
- **We cannot force consultants and implementing partners to adopt the same safety procedures, but in practice they are fully integrated.**

- **Security management in the UK:**

DFID Security Officer

DFID Duty Officer

FCO Security Officer,

FCO Deployments Officer

FCO Security Strategy Unit

FCO Response Centre

- **Security management in Baghdad and Basra:**

Security Manager in Embassy

Deputy Security Manager in Embassy

Security Committee (inc. head DFID, HMA, DHM, etc)

Control Risks Group (CRG – private security company) personnel

Measures in place to protect staff

In order to ensure that personnel depart for Iraq fully aware of the actual and potential operating environment, the following measures are taken in the UK, pre-departure:

- Briefings from the relevant team / Advisor / etc
- 5-day hostile environment training course which is Iraq-specific and is tailored for FCO and DFID staff (mandatory)
- Monthly half-day FCO briefings on political and security situation
- Ad-hoc security briefings from DFID Security Officer
- Equipment (body armour, satellite phone) fittings and briefings (mandatory).

Once in-country, additional measures provided include:

- Immediate security briefing from Security Manager or Deputy on arrival
- Provision of communications equipment (VHF radios and mobile phones)
- Half-day Security Induction; additional training, drills and familiarisation as necessary
- Accommodation in areas 'hardened' to protect against certain attacks, with 24 hour armed guard
- Travel outside designated secure areas in armoured vehicle convoys with armed protection, and including a travel briefing for each journey
- 'Route scout' – local unmarked car and SAIC scout a route at 15 minutes notice for certain journeys where deemed necessary
- Individual bodyguard (close protection) where deemed necessary
- Regular security updates
- Regular security assessments and visits from FCO Senior Overseas Security Advisers and DFID.

DFID - and other HMG staff - are aware that their posting in Iraq is voluntary, and they are free, without prejudice, to depart at any time.

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Information sent to the IDC in December 2004 following the evidence session of 16 November (Jim Drummond)

How much is being spent on security and on insurance.

To date DFID has disbursed £249 million on humanitarian and reconstruction work in Iraq: £186 million through multilateral agencies, NGOs and the Red Cross; and £63 million bilaterally. Of this bilateral disbursement, £17 million has been spent on security (armed protection, armoured vehicles, hostile environment and first aid training, and the posting of security managers in Iraq and the UK). For some bilateral projects, security has been provided by the UK military. The £17 million therefore provides direct security cover for projects worth £32 million (without the security element).

However, as well as providing security for projects in Iraq, the £17 million also covers security for DFID's own staff and offices in Baghdad and Basra which enable us to keep in touch with developments on the ground in Iraq, maintain contact with the Iraqi Government and other donors, and monitor the funds we provide multilaterally.

Total insurance costs to date are estimated at around £1 million. This includes the insurance costs of relevant consultants, projects, contractors, some NGOs, and vehicles. This spending has supported project disbursement of around £46 million. Insurance costs are therefore approximately 2% of project spending.

(To note: we have now disbursed approximately **£17.8m** on security. This does not include our share of FCO security spending for which we are still awaiting an invoice from FCO. If we include an estimate of these costs, our total estimated security costs are approximately **£31m**).

4. LINKS BETWEEN DFID AND THE UK MILITARY

- Political process, security and development go hand in hand. MOD and DFID are all both working towards a stable, secure and prosperous Iraq.
- Working relations between MOD and DFID officials in Iraq and London are good. Examples include:
 - fortnightly senior officials meeting in London
 - regular meetings between DFID Basra and MND(SE) staff
 - two DFID consultants working with military since October 2004 to assist with the delivery of QIPs
 - military helping to identify projects for southern employment programme
 - MND(SE) helps out with DFID Basra transport needs, including helicopter transport when feasible.
- Military cooperation has enabled DFID projects in south to take place more quickly and with greater security, eg: the military provided close protection to the DFID-funded consultancy teams on the Emergency Infrastructure Project and during the refurbishment of southern Governorate offices.
- We recognise that DFID and the military have separate goals in reconstruction: DFID's focus is poverty reduction; the military's is force protection. But the results can be mutually reinforcing: QIPs can form the initial components of longer-term development; DFID programmes can help reinforce security.

Lessons learnt:

- DFID and MOD need to maintain good and close coordination from the outset
- Co-location of DFID staff with the military should be encouraged, particularly in the immediate post-conflict phase
- DFID and MOD need to do more joint lobbying where there is a common interest eg. encouraging increased international engagement in reconstruction in southern Iraq
- DFID and MOD need to understand each other's goals, objectives and reconstruction approaches better. Systematic briefing required for staff of both Departments before deployment
- Good joined-up working can help speed up reconstruction.

PCRU will take forward some of the lessons learnt.

- The Government is setting up the Post Conflict Reconstruction Unit to improve our capacity to deal with post conflict stabilisation. Overall, the PCRU will:
 - develop strategy for post conflict stabilisation, including linking military and civilian planning, and working with the wider international community.
 - plan, implement and manage the UK contribution to post conflict stabilisation.

The PCRU is a joint DFID/MoD/FCO initiative, hosted by DFID. It includes officials from all three Departments.

5. ASSESSMENT OF PROGRESS IN DELIVERING THE INTERIM COUNTRY ASSISTANCE PLAN (CAP)

How we monitor progress in delivering CAP in Iraq:

- We follow standard DFID guidelines for monitoring and reporting on our programme.
- Our Iraq Interim **Country Assistance Plan (CAP)**, sets out how DFID will work in Iraq as part of the wider international development effort. The CAP includes a framework for assessing annually DFID's performance in implementing the plan. This covers individual projects and how they contribute to the overall purpose of poverty reduction.
- The first annual assessment will start shortly – reviewing progress against targets and setting out plans for the next year.
- **Individual projects** are monitored through:
 - **Regular progress reporting and DFID visits.** DFID staff regularly visit Iraq to monitor projects, receive feedback from Iraqis, evaluate whether any modifications are needed, and report back to the rest of the Iraq team in London.
 - **Output to Purpose Reviews (OPR):** An OPR assesses progress in delivering project outputs and judges whether the overall project purpose and goal are likely to be achieved. We have already carried out an OPR for several projects e.g. our Emergency Infrastructure Project (EIP) in southern Iraq and our programme of support to the justice sector.
 - **Project Completion Reports (PCR):** A PCR assesses the extent to which planned outputs have been achieved and records lessons for the future. It is mandatory for all our larger projects (over £1m).

Interim Country Assistance Plan: Examples of Progress So Far

Economic Reform Project

(£4.68m). Since May 2004, technical assistance through this project has been instrumental in supporting the negotiations with the IMF on the Emergency Post Conflict Assistance (EPCA) agreement and contributing to the successful deal to reduce Iraq's Paris Club debt by 80%. The project is helping the Iraqi Government identify macro-economic policy options and facilitating liaison between the Iraqi government, IMF and World Bank.

Emergency Infrastructure Project (EIP)

(£20.5 million). This started in October 2003 in response to the deteriorating power, fuel, water and sanitation services in southern Iraq. It bridged a gap until CPA came on stream and developed delivery mechanisms which enabled the CPA to deliver a \$127m essential services programme. Over 100 contracts under EIP have employed Iraqi labour.

EIP helped to repair some of southern Iraq's key infrastructure, specifically:

- Installation of 2000km of high voltage lines and 125 pylons;
- refurbishment and rebuilding of 25 petrol stations;
- 120km of fresh water pipes Manually excavated so providing employment.
- fuel distribution facility in Muftiya opened, greatly improving flow of diesel fuel across Southern Iraq. Work completed within budget by local contractor at costs well below international markets.

Southern Iraq Employment and Services Programme (SIESP)

(£16.5 million) provides funding for employment creation and the maintenance of essential services in southern Iraq.

- Employment generation (£6m): contracts have been signed to provide over 717,000 days' employment. A further 1.1million days of employment will be provided by July.
- Essential services (£10m), £7million projects have been contracted across the four southern governorates (Basra, Maysan, Dhi Qar, Al Muthanna). These include gas turbine replacements and switchgear for Khor Az Zubayr power station (bringing an extra 110 MW to the grid), location and repair of mains water leaks in all four governorates, sewerage pipeline extensions in Maysan, and rehabilitation of the power network in Dhi Qar.

Political Participation Fund

(£5m over 2 years from Autumn 2004, country-wide) aims to maximise participation in the political process, particularly by the poor and vulnerable. So far £1.24million / 29 projects are underway or completed. Initial work focused on the elections, with projects including media training, voter education campaigns and elections monitoring. Following the successful January elections we are drawing up strategy for support to the constitutional process, referendum and elections.

6. COORDINATION BETWEEN UK AND OTHER DONORS

- Priorities are to ensure **strong Iraqi leadership of the reconstruction effort**, and to encourage donors to work together coherently with the Iraqi authorities.
- A "**Core Group**" of donors pledging \$150m or more at Madrid holds monthly telephone conferences with Iraqi Ministry of Planning and Development Cooperation to discuss reconstruction; managed by US State Department; main participants: USA, UK, Japan, Canada, Korea the European Commission, UN and World Bank.
- DFID key player in the international **Donor Committee** meetings set up under the Trust Fund. Three have taken place so far, most recently in Tokyo in October; next planned for Amman in May; attended by a wide range of donors; chaired by a donor (previously Japan, now Canada) but with a strong Iraqi ministerial presence.
- DFID maintains informal contacts with donors and plays active role in promoting donor coordination in Baghdad. UN has just taken over coordinating role in Baghdad.
- In the **South**: Southern Iraq Reconstruction Steering Group established by UK military in September 2004
 - Group now chaired by Iraqis with significant Iraqi participation. DFID manages the group but is aiming to transfer the secretariat to the Iraqis in the next 4-5 months.
 - Objectives of SIRSG are to share information and ensure reconstruction programmes aligned with needs of Iraqis.
 - Most donors participating, including PCO, USAID, UN, Japanese, Dutch and Italians. We are encouraging Iraqi and World Bank representation from Baghdad and promoting links to the ISRB and MoPDC.

Iraqi mechanisms for coordination

- Co-ordination between the Iraqi Ministries and between Ministries and donors has not always been very effective. Reasons: Iraqis not used to being donor recipients; Interim Government only established in June and always had a limited mandate.
- The Iraqi Strategic Review Board (ISRB – primarily Iraqi membership)
 - sets overall policy guidance for donor assistance
 - has final approval authority for reconstruction projects
 - Chaired by Minister for Planning and Development Cooperation and includes Ministry of Finance and Central Bank of Iraq.
 - USA is a member; other donor representatives including DFID attend as observers.
- The Council for International Coordination (CIC – donor and Iraqi membership)
 - chaired by MoPDC
 - brings together donor countries represented in Baghdad with Iraqi authorities, primarily for information exchange
 - effectiveness constrained by absence of development professionals in many foreign missions in Baghdad.
- DFID has provided advisory support to the MoPDC to develop the capacity to take a strategic approach towards donor support to Iraq. We also fund two secondees to the UN and WB, based in Baghdad, to liaise with Iraqi Government and improve lines of communication.

Iraqi co-ordination mechanisms for “post-conflict cities” – eg Fallujah:

- PM Allawi appointed a Reconstruction Adviser – Adel Hillawi – and established a Cabinet Reconstruction Committee chaired by Deputy PM Barham Saleh.

- Key task for Committee is coordinating US spending on post-conflict assistance to cities won back from insurgents. The Committee has \$200m/month of Iraqi money for emergency reconstruction.
- DFID facilitating the work of the committee through Baghdad governance consultants, and our World Bank liaison consultant who is Hillawi's link to the Bank.
- An IIG Fallujah Core Coordination Group (CCG) was established, led by Adel Hillawi, PM's Reconstruction Adviser. DFID advisers and consultants played key role in advising the CCG on health, humanitarian and coordination issues.

US Engagement in coordination?

- The Americans play key role in the Core Group of donors, helping link up donors with the Iraqi Government, the UN, WB and IMF. Also participate in donor meetings in south.
- As the largest donor to Iraq, the USA has a clearly defined programme of delivery managed by the PCO. This programme has been agreed with the Iraqi Government, so other donors' projects cleared through the ISRB should not duplicate US projects.

Donors not represented in Iraq?

- **IRFFI** is main channel for bilateral donors not represented in Baghdad.
- The largest of these donors in term of pledges are the **EC** and **Canada**. A number have Iraq diplomatic missions based in Amman, and some make visits to Baghdad, but few contain development specialists.

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- Some donor coordination meetings take place in Amman, organised by the UN: mainly simple exchanges of information rather than anything operational. The main players – USA and UK – are not represented in Amman by people dealing with Iraq.

7. WHAT DFID/HMG IS DOING TO PROMOTE HUMAN RIGHTS

GCPP: overarching theme of human rights promotion. Specific projects funded include:

- Provision of a Human Rights Conflict Resolution adviser to the Iraqi Ministry of Human Rights
- Human rights training for Iraqi government officials and NGOs – carried out by Nottingham University
- Forensic training and assistance for the excavation of mass graves
- Support to the Iraqi Special tribunal – training of investigators, prosecutors and judges
- Police and Prison mentoring:
 - A team of senior prison and police officers in Basra provide advice and training to the Iraqi authorities. So far 5,000 Iraqi police officers and over 600 prison officers have been trained in Basra, including training on international human rights standards and the rights of detainees
 - The team regularly visits police and prison detention facilities and monitor whether detainees are being legally held and that custody time limits are observed.

DFID Political Participation and Civil Society Funds: many projects focused on human rights training and support to human rights organisations. Examples include:

- Human rights festival organised by the Iraqi Ministry of Human Rights
- Human rights NGO conference in Dec 2004 – attended by representatives from 25 Iraqi Human Rights Organisations.
- Support to the International Legal Assistance Consortium to develop the capacity of the Iraqi Bar Association
- Several projects aimed at strengthening Iraqi women's groups and promoting women's rights, including funding a shelter for women victims of violence.
- Save the Children UK running project to strengthen Iraqi NGO awareness of children's rights

DFID support to the JUSTICE SECTOR: 216 Iraqi judges, lawyers and prosecutors trained in human rights, international humanitarian law, and independence of the judiciary.

DFID support to Iraqi MEDIA: journalists trained in independent and investigative reporting – will help develop culture of transparency and scrutiny of government policies and behaviour.

FCO Global Opportunities Fund

- Iraqi Special Tribunal Prosecutors' Training, including a mock trial due to be completed in March '05 (£230,000)
- Production of human rights brochures for police and prisons staff (in response to the HRW Report) to be completed in March '05 (£90,000)

FCO lines on human rights in Iraq

- The new sovereign Iraq is responsible to ensure human rights are respected in all areas of Iraqi society. The Iraqi authorities are taking positive steps to overcome the ingrained ethos of brutality that marked the Saddam Hussein dictatorship but it will take time to implement fully human rights awareness across all their institutions.
- We are working with the Iraqi Government and International partners to help develop a stronger sense of human rights awareness through capacity building, awareness programmes and other training.
- The recent **Human Rights Watch Report** has highlighted areas where the Iraqi Government, International partners and NGOs need to focus their work. We are working with the Iraqi Government to address these issues.

- **Mass graves:** Forensic exhumations of mass graves began at the end of 2004 with two excavations at Hatra. Others are planned soon. These excavations are to provide evidence that can be used to prosecute those accused of perpetrating these horrific acts.
- FCO works with the Iraqi authorities and the United Nations to establish a **National Centre for Missing Persons and Exhumation policy** so that humanitarian exhumations can start as soon as possible.
- FCO has provided training for forensic and other experts who will carry out the exhumations and we are also providing judicial, prosecutor and investigator training for the Iraq Special Tribunal whose function it is to prosecute those responsible for mass graves.

What is in the Human Rights Watch Report?

On 25 January, Human Rights Watch (HRW) published a 94 page Report, "The New Iraq? Torture and Ill Treatment of Detainees in Iraqi Custody", on abuses committed by Iraqi law enforcement officers in Iraqi detention facilities.

It is primarily aimed at the Iraqi Government, but contains criticism of the International Community and NGOs for not doing enough to help overcome institutionalised procedures that do not conform to international human rights standards. This includes allegations of "systematic use of arbitrary arrest, prolonged pre-trial detention without judicial review, torture and ill treatment of detainees, denial of access by families and lawyers to detainees, improper treatment of detained children and abysmal conditions in pre-trial facilities".

We note that the Report is based on information gained in October 2004 and that the Iraqi authorities have already made improvements in many of the areas it covers, but there is clearly more to be done. We have asked our Diplomatic Missions in Iraq to consult the Iraqi authorities and we are working with the international community, to see how we can assist further in this process.

8. CURRENT AND PLANNED DFID PROGRAMME IN IRAQ: INCLUDING COMPARISON WITH TSUNAMI SPENDING, MICs AND POVERTY FOCUS

DFID's strategy for Iraq?

- Priorities established for the DFID programme in Iraq are:
 - To support Iraq's newly emerging public administration, with advice to the Prime Minister's Office and other "centre-of-government" bodies; and assistance in the design of economic reform measures
 - support for community organisations and for public participation in the political process, including the elections.
 - assistance in training for the judiciary and strengthening an independent media
 - to give southern Iraq, which suffered most under Saddam, direct assistance towards poverty reduction, enabling the region to benefit from progress in Iraq's national development
 - to support the international community's efforts in Iraq: DFID made an initial payment of £70 million to the International Reconstruction Fund Facility for Iraq (IRFFI), managed by the World Bank and the United Nations. We also support the Iraqi Government's efforts to coordinate international assistance.
- These priorities were set out in DFID's interim Country Assistance Plan for Iraq, which was published in February 2004. A substantial review of the Plan is being undertaken

Humanitarian and Poverty Focus

- Reconstruction work in **southern Iraq** has enabled improved provision of power, water and fuel across a population of 5 million, as well as substantial employment opportunities for Iraqis. We have contributed to the restoration of public infrastructure, including schools and hospitals.
- Support for **public administration, justice, media**: developing effective, accountable and stable government is crucial for long term poverty reduction.
- Political Participation Fund, and Civil Society Support Fund are important to develop inclusive and **accountable political processes** in Iraq, and to support the development of **Iraqi civil society** organisations.
- DFID has offices alongside the British Embassy Baghdad and in Basra, helping to deliver and monitor our programme of assistance.
- In 2003, £124 million was allocated through the United Nations, the Red Cross and Red Crescent Movement, and NGOs for **post-conflict humanitarian and reconstruction assistance**. This was used, for example, to help get the food distribution system working, provide emergency medical supplies, rehabilitate water supplies and sanitation, tanker water to thousands of people without any safe supplies, mine clearance, and employment programmes.
- Our £70 million contribution to the **UN and World Bank Trust Funds** is going towards meeting development and poverty reduction goals across a range of sectors, including education, health, water supply and sanitation, refugee support, mine clearance and public administration. Please UN projects now going ahead; remain concerned about lack of progress by World Bank.

- “MICs – LICs” and how is Iraq affecting other DFID programmes?
 - The Iraq programme will not result in any reduction in DFID's planned development expenditure for low-income countries.
 - We remain committed to increase the proportion of bilateral spending on low-income countries to 90% of DFID funding by 2005-06.
 - Funding for the reconstruction of Iraq did not impact on planned DFID expenditure for other countries during 2003/2004. During 2004/05 and 2005/06, funding for the reconstruction Iraq includes £50m reallocated from planned middle income country programmes.
 - As a consequence of our temporary increase in funding to Iraq, we will also need to move an estimated £50m from middle-income country programmes to low income country programmes in line with our commitment to the 90% target.
 - The total effect of these changes will be a reduction in planned bilateral spending in middle-income countries in 2004/05 and 2005/06 of around £100 million. Our budget for humanitarian activities will remain as planned.
 - We have increased total bilateral allocations for DFID's country and regional programmes to 1.816 billion in 2004/05 and plan a further increase to £2.105 billion in 2005/06.
 - We remain committed to deliver £1 billion of bilateral assistance for Africa in 2005-06 and increasing our spending in Asia by some 45% to nearly £800 million by the same year.

- The UK's aid budget will grow to nearly £4.6 billion by 2005/6, an average annual increase over the 2002 spending review period of 8.1% in real terms.
- The UK's level of Official Development Assistance is set to reach 0.4% of national income by 2005/06 – a 93% increase in real terms since 1997. This is evidence of this Government's continued commitment to make progress towards meeting the UN target of an ODA/GNI ratio of 0.7%.
- We will continue to provide substantial support to middle income countries through our contributions to multilateral institutions. In 2001/02 this amounted to some £600 million, of which some £350 million was for middle-income developing countries; and the rest was for middle-income countries in transition.

9. RECONSTRUCTION AND REHABILITATION PROGRESS

- Iraqis are leading reconstruction of their country through the Interim Government. There is massive international support (\$32bn pledged October 2003 at Madrid) available to help them.
- Iraq has enormous potential but decades of damage by a repressive regime cannot be rectified in a year. It will take time to build Iraqi institutions, improve infrastructure and for the private sector to flourish. There has been good progress so far and delivery of essential services is improving; however, much more still to be done.
- Reconstruction continuing despite security problems and regular sabotage of power and pipelines. Considerable efforts being made to build capacity of Iraq security services.
- UK has delivered results on the ground through rehabilitation of essential services such as power, water and sanitation and fuel.
- **Economy:** Considerable growth and reform: successful new Iraqi Dinar; inflation less than 5%; tax system simplified; Central Bank made independent of government; and IMF programme of assistance (\$436 million) agreed. The IMF and World Bank expect a 60% rise in GDP in 2004. Paris Club agreed 80% debt reduction – amounting to \$3.1 billion.
- **Unemployment:** Still high but improvement due to UN, US and UK programmes, a stronger economy, and recovering agriculture and trade sectors. The US report that an average of 110,000 Iraqis are currently being employed each week in projects they are administering. DFID programme is making a significant impact on job opportunities in southern Iraq for unskilled workers and returning refugees.

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- **Oil:** There is now better protection of the main installations and faster repair of damaged pipeline although sabotage is continuing and oil production is currently below target.
- **Energy:** Long-term rehabilitation of an outdated and unreliable system continues. The power supply is more equitable across Iraq than it was before the conflict. However, recent downturn due to planned maintenance, accidents and sabotage on the national grid. It will take time to build Iraq's power infrastructure to meet national demand, after years of under-investment.
- **Fuel and electric power** supplies are low, especially in Baghdad, due to continued disruption of the fuel distribution system. Baghdad fuel supplies are sufficient to maintain current consumption levels through the election.
- **Food distribution** systems were restored soon after the conflict and a pipeline of supplies has been established to maintain the food ration system.
- **Health:** all 240 hospitals and 1,200 primary health centres in Iraq are functioning, though a number still face difficulties. The Iraqi Ministry of Health has established a 24 hour Operations Centre to co-ordinate health issues. International advisers, including a secondee to DFID from the UK Department of Health, are working with the Iraqi Ministry of Health to help address health sector problems.
- Routine **vaccination** for children restarted in mid-2003, and over 30 million doses of vaccines have been procured and distributed by the Iraqi Ministry of Health. Since the conflict, an estimated 3 million children under 5 have been vaccinated. National polio and measles vaccination programmes were completed in September 2004.

- **Water and Sanitation:** Considerable work has taken place across Iraq to improve the quantity, quality and reliability of water supplies which are now better than before the conflict. Particular improvement can be seen in the south, which suffered most under Saddam's regime. As regards sanitation, prior to the conflict, no sewage treatment plants were operating and raw sewage was discharged into rivers and waterways. Subsequent investment has brought pumping stations back into service and repairs have been made to broken equipment.
- **Education:** Schools and higher education institutions have been functioning for over a year. There are over 6 million pupils and 300,000 teachers in over 20,000 schools. In Higher Education institutions there are 350,000 students and 50,000 employees. USAID, UN agencies, and NGOs are undertaking school refurbishment programmes. 70 million new textbooks have already been distributed. The World Bank plans to spend \$100 million for emergency education projects.
- An Iraqi **police** force of 90,000 is being trained and equipped. An extensive training programme is underway for both existing and newly recruited officers.

What about Power/fuel shortages in Iraq?

- It will take time for Iraq to recover from 30 years of under-investment in essential services, particularly in southern Iraq. Many of the power stations currently operating are outdated and are subject to frequent breakdowns.
- Planned maintenance tends to take place during the winter months when demand is lower, so there has been a recent downturn in output.
- Sabotage on energy infrastructure has also increased in recent weeks as insurgents try to disrupt the political process and the forthcoming elections.
- Power is currently provided free of charge to Iraq's population so there is no incentive to limit usage.
- Businesses and public service providers can and do install their own power generators when national supplies are unreliable.
- A long-term strategy and major investment will be needed over the next few years to build new generating capacity. DFID teams in southern Iraq are working with the Iraqi authorities and with other bilateral and multilateral donors to address this problem.
- Although sabotage on oil infrastructure continues, there is now better protection of the main installations and faster repair of damaged pipelines. The Iraqi Ministry of Oil is increasingly resilient and able to find emergency solutions.

10. FALLUJAH

- There was no humanitarian crisis in Fallujah. UN agencies and the Red Cross/Crescent agree with this assessment.
- The Iraqi Interim Government (IIG) established a Fallujah core Coordination Group to work with Multi-National Force Iraq, UN agencies and the Iraqi Red Crescent to ensure that essential supplies were provided for Fallujah's civilians.
- The IIG is coordinating with the military and Iraqi police on the ground to ensure the safe return of civilians to the city. Over 60,000 are living in the city.
- IIG is providing \$100 welfare payment to each displaced Fallujah household, and US military forces have now completed payments of \$200 for each household. Plans are being finalised for larger compensation schemes in order to rebuild damaged homes and businesses.
- Extensive reconstruction plans are in place with resources allocated from Iraqi and US reconstruction budgets.
- DFID is providing advice to the IIG Fallujah Core Coordination Group on humanitarian, health and coordination issues.

Accusations that US forces cut off water supplies?

- We are not aware that Multi-National Forces have taken any deliberate action to cut off water supplies. Supplies to Fallujah were affected during the course of military action, but Iraqi and Multi-National Forces have responded with humanitarian relief on the ground, supplying water, food and medical items to civilians in the city.

Bodies left unburied after the fighting?

- We are aware of these reports, and understand the distress that this would have caused.
- We understand that, where possible, bodies were removed and transferred to the religious authorities. But unfortunately it was not always possible to do this immediately.

11. ELECTIONS

- The first democratic multi-party Iraqi elections in 50 years took place on time on 30 January. This is a triumph for the Iraqi people who braved violence to go to the polls.
- 58% turnout. The high turnout amongst women voters was particularly encouraging. There were a high number of terrorist attacks throughout the polling day, but none managed to halt the electoral process. The Iraqi Security Forces and Police Service effectively controlled security at over 5,000 polling stations throughout the country.
- International observers including British officials and MPs witnessed voting in Baghdad and in the southern provinces of Basra, Dhi Qar, and Maysan. The organisation at polling stations was good, and sound electoral procedures were implemented.
- These elections represent a milestone in Iraq's transition to a democratic society. The Transitional National Assembly (TNA) will soon be in place and tasked with drafting a new constitution. All major parties are agreed on the need to consult widely and to ensure that the constitution is fully representative of Iraqi society. The draft constitution will be subject to a public referendum before constitutional elections are held by the end of 2005.
- The TNA will name a Presidency Council, consisting of a president and two deputy presidents that will appoint a Prime Minister. The Prime Minister and his Council of Ministers must receive a vote of confidence in the Assembly by a simple majority.

DFID support for elections:

- DFID provided \$10 million from our UN Trust Fund contribution to provide security costs for the IECI.
- DFID provided two technical advisors to assist the UN elections team (one security adviser and one public information officer).
- DFID's Political Participation Fund is ensuring that poor, vulnerable and marginalized groups in Iraq have a voice in the political process. PPF is funding a student voter education campaign, workshops on women's rights and the political process, and human rights events.

Women in Political Process?

- Recognise women have faced challenges to their full participation in the political process but much progress has been made. The January elections will result in about 30% of the National Assembly being women – very high by any standards.
- Progress:
 - 6 out of 31 IIG Ministers were women, 5 more than in the previous Cabinet, one of whom fills the new post of Minister for Women. Part of ongoing process to ensure better representation of women.
 - Women are being appointed to senior positions – e.g. Iraq's Ambassador to the USA; and the Deputy Minister for Culture.
 - Women are getting involved, and being supported, in the process of selecting nominees for the Transitional National Assembly.
 - Inter-ministerial committees on gender have been established.
 - Initial reports of high turnout amongst women in the elections.

- **DFID** is focusing its support in this sector on building advocacy skills within Iraqi women's groups. As part of this support, we funded many projects designed to help women's organisations to prepare for and participate in the January 2005 elections, funded through DFID's Political Participation Fund and managed by the British Council.
- DFID is funding up to £500,000 to UNIFEM in their work to mainstream gender equality policies.

12. ECONOMIC ISSUES (INCLUDING USE OF OIL REVENUE, DFI, IAMB AND REFORM)

Condition of Iraq's economy

- In spite of the many economic and institutional difficulties inherited from Saddam's regime, there are now good signs that Iraq's economic recovery is gathering pace. A recent IMF Board paper shows that the economy will have grown by 50% this year, with a further 17% expected in 2005.
- Oil revenues higher than anticipated due to high world oil prices— allowing for further investment in Iraq's future.
- Successful countrywide currency exchange from 2 currencies under Saddam to the new Iraqi Dinar, which has been remarkably stable. The Central Bank has been made independent of Government with the task of controlling inflation: very successful so far with inflation around 5%.
- Independence of the Central Bank means that it no longer simply prints money. Now in a position to take on the role of safeguarding Iraq's future economic well-being. It has successfully held inflation down to around 5%.
- The tax system has been simplified. There is an income tax of 15% and a 5% reconstruction levy on most imports.
- The budgets for 2003 and 2004 have provided a sound foundation for reconstruction spending. For the first time in many years the Iraqi people can see exactly where the revenue from the sales of Iraqi oil is being spent. The 2005 budget was agreed by the IMF and passed through the National Assembly.

Economic reforms

- Significant further reforms are needed to address the economic distortions and budgetary costs caused by heavy subsidies to food, electricity and fuel supplies, and the many inefficient state owned enterprises.
- Important that reforms are implemented in ways that take account of the needs of Iraq's large numbers of poor and vulnerable families.
- DFID is providing advice to the Iraqi government on reform issues.

Role of the private sector

- The IIG and the international agencies supporting the government are seeking to stimulate the private sector, build employment opportunities, and enable Iraq to trade internationally once again. Significant rises in civil servant salaries and remittances from abroad have helped to increase private spending dramatically. There has been an almost twenty-fold rise in private sector imports over 2002-2004.

Public works schemes to provide employment

- Since the end of the conflict, efforts have been made to create Iraqi jobs linked into the reconstruction effort. It is estimated that CPA's reconstruction programmes created more than 400,000 Iraqi jobs.
- DFID programme currently underway in the south is generating employment for unskilled workers and returning refugees on projects such as refuse collection, building parks.
- We have also provided nearly £1million for a UN reconstruction and job creation programme which created 500,000 working days in 2003 and in 2004 is assisting up to 500 communities and providing employment for 250,000 people for a month.

Oil exports

- Steady rise in the quantity of oil produced and exported, although production has not been as high as expected due to sabotage.
- The Government is consolidating management of the oil industry to provide strategic control over the sector while still allowing increased private sector investment.

Use of Iraqi oil revenues and financial assets

- The Iraqi Interim Government (IIG) has full control of Iraqi oil revenues, natural resources and financial assets.
- All Iraqi assets and oil income are being used, and will continue to be used, for the benefit of the people of Iraq. Spending from the Development Fund for Iraq, disbursed through the Iraqi budget, may only be used to:
 - help meet the humanitarian needs of the Iraqi people;
 - help economic reconstruction;
 - allow for continued disarmament; and
 - promote other purposes benefiting the people of Iraq.
- The main use of the DFI has been to meet recurrent costs under the Iraqi budget. Claims that any of the funds are unaccounted for are mistaken.
- The International Advisory and Monitoring Board (IAMB), whose members include the UN, IMF, World Bank and Arab Fund for Social and Economic Development, is overseeing disbursements from the Fund to provide transparency. The IAMB also oversees audits conducted by international accounting firms. Reports of audits to date are published on the IAMB website. The US Government is also auditing the use of Iraqi funds by the CPA.

IMF Programme

- Unanimous IMF approval of \$436 million Emergency Post-Conflict Assistance (EPCA) to Iraq on 29 September, paving the way for discussions on debt relief.
- EPCA is designed to promote better economic management, which will be necessary to sustain economic recovery and handle higher future levels of financial assistance.

Debt relief

- On 21 November 2004, the Paris Club of creditor countries agreed an 80% reduction in the debt owed to them by Iraq. This amounts to \$31 billion, of which the UK's share is \$1.39 billion.
- The debt deal will be delivered in 3 tranches:
 1. 1 January 2005 - 30% reduction.
 2. On signing a standard IMF Programme. Expected sometime in mid to late 2005 - another 30% reduction.
 3. On completion of the IMF Programme. Expected to be 3 years - 20% reduction.
- Under the Paris Club agreement, Iraq has agreed to ask other creditors for comparable treatment of its debt (two-thirds of Iraq's debt was owed to non-Paris Club countries).
- Debt relief for Iraq will help to raise living standards, promote political stability and attract foreign investment. This will in turn help to improve the security situation in Iraq, and bring benefits to creditor countries able to invest in, and export to Iraq.

13. REFUGEES AND ASSISTANCE FOR IRAQI RETURNEES

- According to the United Nations High Commission for Refugees (UNHCR) there were about 400,000 Iraqi refugees around the world in early 2002. UNHCR is providing assistance for voluntary returns from neighbouring countries, and so far 14,000 have returned to Iraq under this programme. Many more Iraqis have returned to their country without assistance. The number of spontaneous returns is not yet clear; estimates range from 15,000 to 50,000.
- Iraqi asylum seekers in the UK: there were 750 applications for asylum from Iraqi nationals in the first six months of 2004. In the same period, 340 Iraqi nationals left the UK (either enforced or took voluntary return).

Returns from UK to Iraq

- Fully recognise very valuable contribution returning Iraqi expatriates can make to their country's reconstruction and future development.
- Iraqis in the UK are eligible to apply for the **Voluntary Assisted Return and Reintegration Programme**, which is operated by the International Organization for Migration on behalf of the Home Office.
- Reintegration assistance cannot be provided in Iraq as there are presently no in-country NGOs available to provide such assistance. However, the government provides an Initial Subsistence Payment of £100 to all voluntary returnees to Iraq.
- The Home Secretary is considering extending the Explore and Prepare Programme, which currently operates in Afghanistan, to Iraqi expatriates. This would enable Iraqis with leave to remain in the UK to return temporarily to Iraq without jeopardising their immigration status here. And research is about to be commissioned to identify other programmes that may be of interest to the Iraqi community in the UK.

Enforced returns

- HMG has already announced its intention to begin [enforced] returns to Iraq as soon as the necessary practical arrangements can be put in place. (If pressed): no date has yet been set.
- (HMG has agreed with the Iraqi Minister for Displacement that the UK should work with the Iraqi Interim Government to take forward returns as soon as the necessary practical arrangements are in place. Returns will be taken forward on a case by case basis and only to those areas assessed as sufficiently stable, and where HMG is satisfied that the individual concerned will not be at risk.)

14. INTERNATIONAL RECONSTRUCTION FUND FACILITY FOR IRAQ

- The UN has approved 46 IRFFI projects worth \$494 million covering education, health, water and sanitation, infrastructure and housing, agriculture, internally displaced people, electricity generation and distribution, and rehabilitation in Iraq's Marshlands. Most are now underway. \$114 million had been disbursed by the end of 2004.
- The World Bank has approved projects worth \$360 million: education (\$100m); infrastructure rehabilitation, primarily water and sanitation (\$170m); health (\$25m); training for Iraqi officials (\$10m); telecommunications and private sector (\$55m). As of February 2005, only \$13.3m had been disbursed.

Speed of IRFFI disbursement

- Disappointed with impact of the Trust Funds on infrastructure and services in Iraq so far.
- The PM and I have written to the World Bank about the need for them to address a number of issues including: mechanisms for faster disbursement of the Trust Funds, establishing a presence on the ground, and the scope for co-operative approaches to disbursement. We are awaiting a substantive response.
- Stand by the decision to contribute. It helped internationalise reconstruction with over \$1 billion from more than 20 donors, most of whom would not have been able to contribute otherwise. Pooled funding allows the Iraqis to be more strategic. Trust Fund enables us to contribute to areas and sectors where we are not present on the ground – eg northern Iraq, health, education. UN trust fund an effective channel for donor support to the elections (UN played a crucial role). Trust fund donor committee is the only international forum for Iraqis to present reconstruction priorities.
- UK £70 million contributed when security environment improving in early 2004. April 2004 downturn in security before funds started moving had a major impact on UN and World Bank's ability to mobilise.

- World Bank's main projects have not started because they have not managed to find a company to do the difficult monitoring work. We have pressed them to find a solution and offered DFID assistance. Also offered security and accommodation for a Bank Team in Baghdad.
- UN projects are underway, after delays while UN developed means of implementing and monitoring them remotely in Iraq's security environment. UN has development staff in Baghdad and participates in donor coordination meetings in Baghdad and Basra.

15. OTHER DONORS

Madrid pledges

- At the Madrid Donors' Conference, in October 2003, more than \$32 billion was pledged in grants and concessional loans, as well as trade credits and assistance in kind.
- USA pledged over \$18 billion in grants.
- Other significant pledges included:
 - Japan – \$1.5 billion in grants and \$3.5 billion in soft loans
 - World Bank – \$3 to 5 billion
 - IMF – \$2.5 billion
 - Kuwait – \$500 million
 - Saudi Arabia – \$500 million.

European Community funding

- The EC's current commitment stands at €100 million in humanitarian assistance for 2003, plus €200 million for reconstruction assistance up to the end of 2004 – this includes a contribution of €160 million to the IRFFI. A contribution of €200 million has been approved for 2005. DFID provides 19% of European Community (EC) funding for Iraq.

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Donor Pledges and Disbursements: March 2005

Donor	Total Pledge (million US\$)	IRFFI Commitments (million US\$)		Latest Disbursement Figure (million US\$)
		World Bank International Trust Fund	United Nations Development Group International Trust Fund	
Australia	90	10.2	4.4	34.2
Austria	5.5			1.7
Belgium	5.9		1.4	4.3
Bulgaria	0.6			
Canada	222	22.3	37.8	67.91
China	25			
Cyprus	0.1			
Czech Republic	14.7			2.3
Denmark	83		4.5	5.7
European Commission (EC)	450	102.5	128.4	252
Estonia	0.8			0.8
Finland	5.9	2.6	3.9	
Germany	150			
Greece	3.6		0.8	
Hungary	1.2			
Iceland	2.7	1	0.5	2.7
India	11	5	5	6
Iran	5			
Ireland	3.5		1.2	2.3
Italy	235.6		13.3	70
Japan	4,914	130	361	800
Jordan	140			63
Korea	260	3	7	15.2
Kuwait	500	5	5	10
Luxembourg	2.4			0.2
Malta	.27			
Netherlands	19	6.2	6.7	19
New Zealand	5		0.9	4.7
Norway	12.8	2.2	7.1	5
Oman	3			
Pakistan	2.5			0.6
Qatar	100	5	5	5
Saudi Arabia	500			
Slovenia	0.42			0.3
Spain	220	20		43
Sweden	33	5.4	5.8	
Turkey	50	1	0.2	4.5

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United Arab Emirates	215			32.4
UK	920	71.4	55.5	485
United States	20,914	5	5	5,788
International Monetary Fund (IMF)	2,500 to 4,250			
World Bank	3,000 to 5,000			
Total	35,627 to 39,377	397.8	663.7	7,726