

**EVALUATING THE PERFORMANCE OF THE DISTRIBUTION OF
INTERNATIONAL GRANTS AFTER 2003 IN IRAQ**

By

AL-NIDAWI, Ali Mahmood Salman

THESIS

Submitted to
KDI School of Public Policy and Management
in partial fulfillment of the requirements
for the degree of

MASTER OF PUBLIC POLICY

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Committee in charge:

Professor Lee, Yong - S, Supervisor

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Professor Dong Young KIM



The image shows three handwritten signatures in black ink, each written over a horizontal line. The top signature is 'Yong Lee', the middle one is 'Hun Joo Park', and the bottom one is 'Dong Young Kim'.

Approval as of October, 2010

ABSTRACT

EVALUATING THE PERFORMANCE OF THE DISTRIBUTION OF INTERNATIONAL GRANTS AFTER 2003 IN IRAQ

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The international aids are grants provided by rich countries to poor countries, or countries that need to international assistance temporary, taking into account the conditions of humanitarian, security, economic and social.

After 2003, Iraq has become one of the countries that need urgent international assistance to address the humanitarian and economic situation due to the wrong policies of the former regime, wars, embargo that caused the collapse of most of the country's infrastructure, as well as invasion of the multinational forces led by the United States of America that brought a catastrophic destruction to the remains of the country's infrastructure.

The United States of America and its partners during the Madrid Conference 2003 have agreed to restore the destroyed infrastructure. This study will aims at evaluating the performance of international assistance in Iraq, according to its policies. Therefore, the question might be posed is: where did the money to rebuild Iraq go? How the money of infrastructure reconstructing is distributed? What are the main leakages that contribute to lose the money? How much the gap between the money disbursed for infrastructure reconstructing and the result of this process? Does it achieve its objectives? What are the policies that promote maintain or protect the public fund in the future?

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ALI, MAHMOOD - IRAQ

DEFINITION OF TERMS AND ACRONYMS

NGOs	Non-Government Organizations
INGOs	International Non-Government Organizations
UNDG	United Nations Development Group
IMF.....	International Monetary Fund
UNCTAD	United Nations Conference for Trade and Development
WB	World Bank
IRFFI	International Reconstruction Fund Facility for Iraq
UN	United Nations
U.S.A	United States of America
EU.....	European Union
USAID.....	United States Agency for International Development
CPA	Coalition Provisional Authority
ODA	Official Development Aid
DAD	Development Assistance Database
SIGIR	Special General for Iraq Reconstruction
IG	Inspector General
IAMB	International Advisory and Monitoring Board
ISRB.....	Iraqi Strategic Review Board
TFF	Trust Fund Facility
ICRC.....	International Committee of the Red Cross
UNICEF	United Nations Children's Fund
UNDP.....	United Nations Development Program

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I. INTRODUCTION

1. The Problem Statement

Iraq is the cradle of one of the old civilizations of the Sumerian and Babylonian these related to five thousand years ago. Large resources, good and fine infrastructure, it is to be compared to its neighbors during the seventies of the last century.

But wrong policies, continuing wars, and international embargo have caused the collapse of most of the country's infrastructure.

The last invasion of the multinational forces led by the United States of America brought a catastrophic destruction to the remains of the country's infrastructure.

The United States of America and its partners, the United Nations (UN), the World Bank, and later the Iraqi Government have agreed to restore the destroyed infrastructure. During the Madrid Conference 2003 they established the International Reconstruction Fund for Iraq (IRFFI). It was supposed to be administered jointly by the World Bank and United Nations Development Group (UNDG) in coordination with the Iraqi authorities and the donor nation.¹

The pledges totaled some \$32 billion after 2003–2009 which were to be channeled through the Trust Fund.²

The serious question is "What has achieved in rebuilding the Iraqi infrastructures?" As Iraqi citizen my point is what is so-called the program of reconstructing Iraq, doesn't show

¹ International Reconstruction Fund Facility: <http://www.irffi.org>

² DAD- Development Assistance Database, June 6, 2009: www.mop-iraq.org/dad

any significant if the situation is compared with the huge amount of money spent on that program.

A visitor to the country now may not find a big difference from the situation in Iraq after the end of military operations in April 2003, and what is demonstrated through media of reconstructing programs are which are far away from reality. They are no more than very simple activities less than required and sometimes lack accuracy.

The slowness and lack of clarity, lack of transparency are the most important features of Iraqi reconstruction programs that the observers can no longer know what is behind the curtains.

Numerous studies affirmed my view that the proportions of what is being implemented in reality of reconstruction programs are very limited. The Japanese study estimated that the rate of implemented reconstruction programs did not exceed 5%, and other studies and surveys show that this implemented programs even though were very limited, but only 27% of the money is spent as investment and the rest goes as the following; 30% is spent for security expenditure and 10% is spent for the U.S. Embassy and their employees, 12% of the investment goes for financing the foreign manpower and 6% is spent as profits to the executing companies and 15% for administrative corruption. Those mentioned numbers are published by the Center of International Strategic Studies in Washington.

What worsen the matter are the costs of the securities and protection to those executed companies that sometimes reach 50% or even 60% of the cost, as estimated by the former Iraqi Planning Minister Mehdi Al-Hafez.

Six years have passed now, but the promise to rebuild the lost infrastructure remains largely unfulfilled.

The examples of the sort of unfulfilled projects in many if the Iraqi sectors are shown as follow:

A. Electricity in Iraq

During the Saddam rule, Baghdad received electricity for between (16 and 24) hours per day with (4 to 8) hours received outside of the capital.

Information from the Brookings Institution in the early of 2007 indicates that Baghdad receives electricity from (4 to 8) hours only per day with the remainder of the nation receiving from (8 to 12) hours of electricity per day³. Currently, the output of the electricity sector in Iraq averages less than 6,000 MW, while the demand is typically more than 10,000 MW⁴. The average peak electricity supply was 4,280 MW falling short of demand averaged 8,180 MW by about 3,950 MW according to (U.S.A) agency officials.

³ Brookings-Quality, Independence, Impact,2010 : The Brookings institution: www.brookings.edu

⁴ IW, Industry week-connecting Manufacturing's Leaders: General Electric wins \$3 Billion Iraqi Power Deal: <http://www.industryweek.com>

B. Security

Security's file is one of thorny issues, and complex. Started after 2003, and affected on the reconstruction of Iraq, this situation is still going, although the huge budget allocated it. About one out of every five dollars that goes toward nonmilitary Iraqi reconstruction is spent on security, United States America officials estimate. It's incomparably more problematic than either corruption or bureaucratic red tape," Stuart Bowen., who heads the office of the Special Inspector General for Iraq Reconstruction (SIGIR), told in May 2006.⁵

C. Water Supply

During the USA-led invasion in 2003, water systems and sewage treatment plants were damaged or destroyed; many of these plants remain dysfunctional.

According to the International Committee of the Red Cross (ICRC), one in four Iraqis does not have access to safe drinking water as of 2010. Most of the Iraqis who have access to safe drinking water still only have scarce and unreliable supplies.

Additionally, it is estimated that 80% of discharged sewage is untreated due to frequent power outages.⁶

⁵ Economic Doldrums in Iraq, council on foreign Relations, June 20, 2007:

http://www.cfr.org/publication/13629/economic_doldrums_in_iraq.

⁶ NCCI OP-ED: Iraq - Water Scarcity in the Land of Two Ancient Rivers, Aug 3, 2010:

<http://www.reliefweb.int>

D. Healthcare

Iraqi health officials say health-care conditions across the country are improving, but are still desperate. Mortality rates for children younger than 5 years (46 per 1000 live births) and maternal mortality rates (84 per 100 000 live births) are far higher than in neighboring countries, and far higher than before the invasion, when these indicators had already tripled after a decade of economic sanctions. Although the USA Government has devoted huge amount to the reconstruction of Iraq since 2003, to health-care infrastructure, but it is far less than has been spent on new vehicles for the Iraqi Army.⁷

The opening of new health clinics has been hailed as a minor victory for Iraq's recovery efforts, according to the U.S. State Department. A total of eighty-five primary healthcare centers have been built since 2003; roughly half are providing care. But like electricity and water services, challenges remain. The State Department says data compiled by the Iraqi Ministry of Health show that over 50 percent of the country's medical staff has fled Iraq in recent years. Oxfam International paints a dire picture. "Health services are generally in a catastrophic situation in the capital, in the main towns, and across the governorates," the July 2007 report notes. "Of the 180 hospitals countrywide, 90 percent lack key resources including basic medical and surgical supplies."⁸

⁷ The Lancet Reconstruction efforts in Iraq failing health care.

<http://www.thelancet.com/journals/lancet/article>

⁸ Rebuilding Iraq, Council on Foreign Relations, January 17, 2008: <http://www.cfr.org/publication>

E. Education

Iraq has a long and proud tradition of distinguished universities, a sequence of wars and sanctions in recent years have severely damaged the system. After the recent invasion of Iraq by the coalition forces, 84% of the infrastructure in Iraqi higher education institutions has been burnt, looted or severely destroyed in some form; 48 academics have been assassinated and many are under daily threat.⁹

Since 2003, the war on terror and sectarian conflict has further destabilized the education system in Iraq. About (2751) schools were damaged severely and require rehabilitation. 2400 schools experienced looting. An estimated 6,200 schools have been repaired since 2003.¹⁰

F. Transportation

Transportation consists of railways, highways, waterways, pipelines, ports and harbors, marines, and airports. In late 2007 plans were under way to reopen the Mosul airport to civilian flights, a major step for the country's still struggling aviation sector. "Iraqi Airways is currently updating the airport's construction and equipment, including the terminals, watchtowers and other facilities," and 96 of 98 railroad stations have been repaired, the Congressional Research Service (CRS) noted in September 2007. Still, like challenges facing

⁹ The current status and future prospects for the transformation and reconstruction of the higher education system in Iraq: www.unu.edu/news/ili/Iraq.doc

¹⁰ Rebuilding Iraq, Council Foreign Relations, January 17, 2008: <http://www.cfr.org/publication>

the oil and water sectors, efforts to rebuild damaged transportation arteries have been slowed by security threats. "Road repairs, mostly village roads, are only targeting a very small percentage of total road and bridge work required," the CRS report concluded.¹¹

G. Communication Systems

One of the success stories in infrastructure is the communications sector, with Iraqis accessing domestic mobile phone service for the first time in the country's history. Under Saddam there were no mobile phone providers in Iraq and, according to the State Department, just 1.2 million people out of the total population of 26 million subscribed to landline phone service, but during the looting and violence after U.S. entry into Iraq in 2003, an estimated half of the landline infrastructure was damaged, so the need for mobile technology was immediate. Unlike the electricity and transportation sectors, the cellular tower infrastructure has been largely safe from violence, in part because the insurgents rely on mobile phones to coordinate attacks."Everybody needs a mobile phone, whether you are a terrorist, whether you are a government official, or whether you are a member of the public," Dr. Siyamend Othman, CEO of Iraq's National Communications and Media Commission, told the Washington Post in January 2006.

As of August 2006, there were over 8 million subscribers to telephone service, an estimated half of which are mobile users, and multiple service providers have emerged. Internet

¹¹ Rebuilding Iraq, Council Foreign Relations: <http://www.cfr.org/publication>

accessibility has not fared as well, with the number of registered users falling from 207,000 in April 2006 to 198,000 in August, according to the Brookings Institute's Iraq Index.¹²

2. The Purpose of the Study

This study is an attempt to make a preliminary observation about the difficulty the Iraqi Reconstruction Fund has encountered with its reconstruction efforts. If ask what are the reasons behind that? Where have the grants or the donors' money gone? The study focuses on the primary infrastructures were targeted by the Fund, which include electricity, water supply, education (preliminary or higher education), law enforcement, and governance public administration.

It is important to stress at the outset that this study is of exploratory nature because the political instability of the Iraqi society today makes it virtually impossible to collect systematic data. Much of the data on which this study relies comes from available government reports and anecdotal evidence.

¹² The online news hour, Iraq in Transition, January 25, 2007: PBS News Hour:
http://www.pbs.org/newshour/indepth_coverage/middle_east/iraq

3. Significance of this Study

Somebody may question the wisdom of conducting this study at a time of great volatility where reliable information is hard to come by my argument to this question is somebody must start some place and provide a benchmark for future study that is more rigorous. Meanwhile life gives on and people must figure out ways to fill the “cracks” as much as they can. This study is conceived with an aim to identify the locus of the problems to explore possible options. The study aims at finding many reasonable suggestions that might contribute to develop the situation in the near future.

4. The Sources of Data

Data used for this study comes mainly from governmental publications, publications of the Ministry of Planning, official reports, journals, articles, meetings with Politicians, economical reports, various reports published by United Nations UN, and World Bank, the International Reconstruction Fund Facility for Iraq web site, the Development Assistance Database web site, the quarterly reports issued by the department of international cooperation at the ministry of planning, and other sites related to the subject. I obtained this official data personally by visiting the Ministry of Planning and Development Cooperation- the Central Organization for Statistics and Information Technology, and the Database Center of the Ministry. They provide me with the necessary data officially by coordination between the Ministry of Higher Education in which I employed and the Ministry of Planning.

5. Limitations of the Study

I have not been able to have access to the operating budget and expenditures of the Fund, because the authorities keep them “confidential” owing to terrorist threats to blow up any reconstruction project. The unavailability of the expenditure data makes it difficult to make any time association of the wisdom the budget allocating.

II. ISSUE BACKGROUND

Since 2003, Iraq is witnessing a process of political and economic transition from heavily centralized state to a democratic state incorporating free market principles.

The stumbling political process , failure to build capable institutions to carry out tasks of reconstructions, inability to establish effective partnership with international partner, in addition to insecurity and violence prevailed in the period 2004 to end of 2006, all these factors have led to the delay and hampering of reconstruction and development despite enormous investments of international and national resources.

It is difficult to find successful examples of states that have experienced post conflict reconstruction. One of reasons that can be diagnosed is considering reconstruction as a mere rebuilding and not an integrated process between economic and social development.

Taking in to account that a post conflict society is often torn by a crisis and problems that are exacerbated by continued instability and threats to human security, given that security and stability are prerequisite for sustainable reconstruction and development.

In this context, it should be pointed out that the source of fragility in Iraq, is weak institutional capacity to provide services including security and stability, and in order move from fragility to resilience and responsiveness.

In Iraq, the democratic transitions provided the basis for legitimacy through elections. Resources also exist for the government to start re-building efficient institutional structures,

once political will and capacity are present. However, the fragility of the political process, the sequential change of government and the intensive staff turnover, resulted in failure to sustain reform attempts by government or the donor community. In addition to the inability of political process to promote what is a consensual national identity, but was limited to a narrow regional thinking, which affected by the course of reconstruction and development.

Aid provided for institutional capacity development has not been able to strengthen institutions due to shallow and superficial choice of training programs which failed to live up to international standards of professional development.

III. THE INFRASTRUCTURE DEVELOPMENT FUND

In the Madrid conference, 2003 the donors examined the urgency of reconstructing the Iraqi infrastructure, which was presented by the World Bank (WB), the United Nations (UN), and the International Monetary Fund (IMF) respectively. The Donors reaffirmed their resolve to meet the urgent needs of the Iraqi population, emphasizing the importance of effective coordination of humanitarian, reconstruction, and development assistance.

The priorities that were **Firstly:** strengthening institutions for transparent governance, and **secondly:** restoring critical infrastructure including electricity, water supply, education, law enforcement. Emphasis was emplaced on good governance because no reconstruction was possible if there were no efficient administration structure. That might be the main fields I suppose. The table below is summarizes pledges made at the International Donors' Conference for Iraq.

Table1. Donor pledged to help Reconstruct Iraq Infrastructure at the Madrid Conference, 2003.

Contribution to the Reconstruction Fund		2004	2005-2007	Unspecified by Year	TOTAL
Grants	International Reconstruction Fund Facility for Iraq	322.12	0.00	83.17	405.29
	— World Bank Iraq Trust Fund	66.09	0.00	0.00	66.09
	— UNDG Trust Fund	6.38	0.00	3.53	9.91
	— Unspecified Fund Facility Contribution	249.65	0.00	79.63	329.28
	Bilateral Grants	110.22	78.19	19,502.71	19,691.13
	Unspecified Grants	252.87	225.42	1,697.00	2,175.29
	Total Grants	685.21	303.62	21,282.88	22,271.71
Loans	1,470.00	4,655.00 — 8,355.00	3,500.00	9,625.00 — 13,325.00	
Unspecified	0.00	0.00	335.62	335.62	
TOTAL	2,155.21	4,958.62 — 8,658.62	25,118.50	32,232.33 — 35,932.33	

International Reconstruction Fund Facility for Iraq website: <http://www.irffi.org>

The pledges made by the donors were in the amount of \$32 billion, the Madrid conference decided that the grants and loans were to be channeled through the Trust Fund Facility (TFF) or bilateral assistance of which Almost the two-thirds were from the United States.

As Table 1 shows, Therefore, (25) donors have pledged is about (USA\$1.841, 977,647) billion to the Trust Fund Facility (TFF) to ensure responsive financing for near-term.

According to the Ministry of Planning the pledge that is received by the country is about \$ 28 billion. The United States of America grants is the main committed among the other donors that reach \$16 billion.¹³

A database of international aid is adopted by the Ministry of Planning since the beginning of 2005 to record all events and activities of donors as a major source of information.

The total amount of aid is about \$28 billion U.S. dollars since 2003 until the June 2009.

The received money that is about \$28 billion has been allocated for reconstruct the Iraqi infrastructure. The amount of the money is astronomical, but the real spending on infrastructure has been far smaller than the pledged amount. One estimate given by the Donor Assistance Data base in Iraqi ministry of planning indicates that the grants provided through multilateral channels like the EU and IRFFI does not exceed 10% of the pledged amount, reflecting the limited role of the government in exercising ownership through the multilateral channel, which in turn limiting the efficiency and effectiveness of aid.¹⁴

This study attempts to see where all the money has gone and why.

¹³ Development Assistance Database, June 3, 2009: www.mop-iraq.org/dad

¹⁴ Position paper on aid management in Iraq: <http://www.mop-iraq.org/mopdc/resources/pdf>

IV. FAILURES OF THE RECONSTRUCTION EFFORTS

Was brings many unexpected contingencies, but international terrorism causes havoc on planned reconstruction efforts. Much has to be improvised and ad hoc in operation, such is the condition of the post war Iraq. A large sum of reconstruction funds were made worldly, but they were not spent on the planned activities. They are several sectors that contribute to the waste of the Fund. Main reasons those might contribute to worsen the Iraqi situation, and promote not to the country development. It is six long years left; with huge of money that must raise the burden of the society as much as the grants and what is to be followed:

1. Administrative fragmentations:

- Bulk of the grants and international aids are spent on humanitarian projects, service far from investment.
- The original allocation of (IRFFI) funds to the various sectors has undergone through a series of reallocation. These reallocation changes have involved shifting money from vital sectors as the water supply, sanitation, and electricity to meet security needs.

2. Inefficient Administrative all levels:

- The loss of coordination and exchange of experiences between the international donors and the Iraqi Strategic Review Board (ISRB) that is responsible for implementation of projects.

- The rate of disbursement of funds administered by the United Nations and World Bank has been slow.
- Lack of administrative oversight because there is inadequate information on the cost-to-complete projects already in progress.
- The high turnover rates of government employees and lack of skilled technocrats.

3. Mismanagement and corruption:

- The failure to provide the necessary data on the details of expenditure of programs and projects, and, therefore, the inability to include them in the state budget, and applying accountability mechanisms for national control and auditing.
- Many false Iraqi and foreign (NGOs) that looks like contracting companies than humanitarian and human rights organizations.
- Serious problem with project follow-up, as for building a school: payments are made and no-one shows up to see if it is being done.
- The lack of transparency and incompetence uncovered by the (SIGIR) led to accusations of corruption in which over-invoicing by contractors has been a recurrent theme.

4. Lack of security and political instability:

- Attacks, murders, bombings and armed vandalism are routine threats to reconstruction contractors.
- Many United Nations agencies have had great difficulty operating in Iraq due to the poor security situation.
- It is estimated that quarter of reconstruction funds have been used to provide security to construction workers and job sites.

V. ADMINISTRATION OF THE RECONSTRUCTION FUND

In this section I demonstrate the real situation of the sectors that benefit the grants allocated to revive them. I attempt to show the policy making that is used by the international donors. Then I would try to show the result of the rehabilitating and reconstructing these sectors.

1. The Grants Distribution According to the Sectors

After 2003 Iraq has received the international aids, which is more than \$28 billion through the Official Development Aid (ODA), in the form of grants and concessional loans pledged. This aid has been provided through two channels. The first through the International Fund Facility for the Reconstruction of Iraq (IRFFI), established after Madrid donors' conference as a multilateral channel to receive financial support from donor countries. The Development Assistance Database (DAD) of donor countries in Iraq indicates the impact of contributions by some donors to Iraq. The funds allocated by donor's countries to implement reconstruction projects in Iraq (grants) that is about (US\$ 21,957,361,156) billion in the period between 2003 - end of June 2009.

The (U.S.A) is the largest in total pledges to (US\$ 18,410,000,000).

The table number (2) show the policy that is used by the international donors, and the donors concentrate mostly on most of the sectors, but many criticisms might be raised in this matter, as follows:

A. It gives the first priority to build governance and democracy, which might weaken the contribution to the other sectors.

B. The other thing is that it gives totals to many sectors all together as for the (housing, Labor, Social Affairs). This means mixing services sectors with other sort of investment as housing and labor. The same thing in classifying the sectors of (education, science, and culture), and the (agriculture, the food and culture), Thus ambiguity is the main feature of such classification, under the supervision of the (UN) and the World Bank which suppose to readjust the economical policy of the country towards development and growth.

C. The sectors of reconstructing the infrastructures of the society are identified in the table; in addition to that the table refers to a category nominated as infrastructure. Thus, this sort of duplication and vague classification is really confusing because it could not show exactly in what sector(s) the money is allocated.

D. The other and last thing is that the table refers to (3) categories under the words unclassified, Indefinite, Unassigned. This adds sort of misleading about the money and the sectors flows. This contributes to worsen the managerial processes of these sectors and the result turn to be disappointed.

Table 2 show the Distribution of projects funded by donor countries:

Sector	Cost of the Project (U.S. \$)	Amounts committed (U.S. \$)	Disbursements (U. S. \$)
Agriculture , Food & Fishing	813,318,827	602,367,734	324,368,785
Economic Development	275,736,723	203,517,134	68,226,774
Education , Science & culture	1,015,222,342	930,209,551	791,325,497
Energy	2,742,039,993	2,739,984,792	2,504,755,712
Projects & Industry	52,006,755	14,268,965	13,074,798
Environment	1,226,255,664	1,029,766,937	694,197,026
Governance & Democracy Development	1,748,118,642	1,539,844,287	1,262,798,457
Health	1,056,932,101	780,402,218	625,505,169
Housing , Labor & Social Affairs	2,432,167,252	2,088,333,699	1,456,612,432
Infrastructure	7,208,320,761	6,891,631,497	5,378,178,152
Security	1,722,608,851	712,482,172	649,231,878
Unclassified	211,574,070	209,829,757	198,826,605
Indefinite	50,935,748	19,255,558	10,563,714
Unassigned	2,141,326,808	2,135,280,977	1,647,752,537
Total	21,957,361,156	19,897,175,278	15,625,417,536

The number of international donors to the (IRFFI) has reached (25) members including the (EU), and the total contribution of donors is approximately (USA\$1.841, 977,647) billion.

Table NO. (3) Shows the projects financed by the (WB and UN) for the reconstruction

International Funds for Iraq reconstruction	Total cost (USA\$)	Number of projects	Commitment (USA\$)	Expense (USA\$)
United Nations Fund	1,353,077,647	166	1,233,049,208	875,022,000
Fund World Bank	488,900,000	18	488,900,000	251,500,000
TOTAL	1,841,977,647	184	1,721,949,208	1,126,522,000

In table number (3) shows that about billion (USA\$) has expensed to establish about (184) projects in the sectors shows in the table number (3).

The table number (4) shows that the United Nations (UN) and the World Bank (WB) follow the same classification of the donors though the World Bank is one of the main international institutions in finance reallocation and adjustments. Therefore:

1. The priorities are not clear set in setting the sectors that need to be developed or rebuild.
2. Most of observation by the student for the last table is committing in this field that shown in the table (4) thought the World Bank is one of the experts of the international institution in the world that is responsible for drawing the public strategies of allocating the flaws and adjustment economies to development.

Table 4: The Distribution of projects funded by (WB and UN) for the reconstruction

Sector	Project Cost (U.S. \$)	Amounts committed (U.S. \$)
Security	12,690,012	12,690,012
Housing , Labor & Social Affairs	323,393,253	178,765,683
Infrastructure	274,937,991	219,802,383
Environment	252,276,382	148,065,468
Education , Science & culture	290,028,050	266,600,859
Economic Development	146,089,396	95,757,649
Agriculture , Food & Fishing	323,538,817	305,366,505
Health	276,652,069	199,246,717
Projects & Industry	4,824,670	586,880
Governance & Democracy Development	377,401,237	296,912,671
Unclassified	27,016,705	7,326,972
Indefinite	24,617,235	24,617,235
Unassigned	5,871,891	5,871,891
TOTAL	1,841,977,647	1,721,949,208

Table (4) Iraqi Strategic Board, the tenth annual Report, Source Ministry of Planning\2009

United Nations Fund for the reconstruction of Iraq UNDG.ITF

Table 5: Total expenditure for projects funded by the United Nations Fund for reconstruction

(UNDG-ITF) by sector (U.S. \$) for the years (2004 -2009)

Sector	Spending	
	2004 -2009	
	Amounts committed (U.S. \$)	Disbursements (U. S. \$)
Basic Social Services	521,525,000	438,580,000
- Education	168,431,000	143,027,000
- Water and Sanitation	60,237,000	49,215,000
- Health	152,924,000	118,051,000
- Housing and Shelter	24,541,000	22,936,000
- Security Food, Agriculture and Food	115,392,000	105,351,000
- Agriculture and Water Resources	75,821,000	73,436,000
- Rural Development	29,354,000	21,697,000
- Security Food	10,217,000	10,217,000
Protection	32,574,000	33,044,000
- Protection	23,880,000	22,840,000
- Mine Action	8,695,000	10,204,000
Governance	235,505,000	232,560,000
- Democratic Process	47,884,000	48,936,000
- Culture	1,960,000	1,960,000
- Reform of the Public Sector	-	-
- Decentralization Programs	4,000	33,000
- Support the Electoral Process	185,657,000	181,631,000
Economic Development	183,787,000	170,556,000
- Economic Reform and Diversification	27,142,000	24,827,000
- Infrastructure for Electricity	113,191,000	104,809,000
- Poverty Reduction	27,723,000	25,422,000
- Development	27,723,000	25,422,000
- Environment	15,731,000	15,498,000
Draft Emergency Response	295,000	282,000
Total	973,686,000	875,022,000

Table (5) Iraqi Strategic Board, the tenth annual Report, Source Ministry of Planning \ 2009

World Bank's fund for the reconstruction of Iraq

Table 6: Distribution of assistance the World Bank's Fund for the reconstruction of Iraq by major sectors

Implementing organizations	Number of projects	Cost of the Project (U.S. \$)	Amounts committed (U.S. \$)	Disbursements (U. S. \$)
Housing , Labor & Social Affairs	4	202,500,000	83,571,428	10,047,929
Infrastructure	1	55,000,000	27,500,000	7,846,509
Environment	3	180,000,000	61,071,428	7,147,929
Education , Science & culture	3	106,000,000	106,000,000	67,900,000
Economic Development	2	64,783,639	31,952,331	11,434,190
Agriculture , Food & Fishing	1	46,000,000	8,695,652	3,345,936
Health	2	33,700,000	33,700,000	13,000,000
Governance & Democracy Development	2	10,600,000	10,600,000	8,800,000
Total	15	488,900,000	488,900,000	251,500,000

Table (6) Iraqi Strategic Board, the tenth annual Report, Source Ministry of Planning

The second channel is bilateral aids by donor's countries to support specific sectors or to provide technical assistance in certain areas, and most of these projects are not passing through Iraqi Strategic Review Board (ISRB), and International Advisory and Monitoring Board (IAMB) mechanism, because (92%) of the projects have been financed through bilateral agreement most of the (U.S.A) projects are funded in this way, except the (EU), (99%) of the contributions is channeled through credit-funds managed by the United Nations and World Bank.¹⁵

¹⁵ Iraq, Ministry of Planning and Development Cooperation, Iraqi Strategic Board, The tenth annual Report 2009

Table 7: shows the contributions to eight major donor states, which represent 79% of the total international aid, except the U.S.A donation, including obligations and the amounts of money they abided by due to expenditure channels, whether through international funds for reconstruction of any amounts that have been filed or through direct spending by bilateral channels, in another word the amounts of money they obliged by to implement projects.

State	Pledges	Amounts committed through spending channels			
		Through bilateral channels	Through (UNDG.IT)	Through (WB.ITF)	Through (UNDP.TTF)
U.S.A	18,410,000,000	15,718,819,408	5,000,000	5,000,000	-
Japan	5,000,000,000	1,060,167,656	360,950,000	130,000,000	-
Korea	260,000,000	210,245,929	11,000,000	4,000,000	-
United Kingdom	1,137,037,037	448,706,893	55,555,556	74,074,074	-
Sweden	58,424,464	100,769,873	10,618,949	5,797,101	-
Canada	286,085,242	109,538,910	46,400,000	22,300,000	-
European Union	687,815,006	5,710,111	492,771,511	152,433,862	43,037,975
Italy	273,753,133	240,213,181	29,705,514	-	-

Table (7) Iraqi Strategic Board, the tenth annual Report, Source Ministry of Planning

The American projects that are registered in the database of the Iraqi Ministry of Planning reached to 19, 230 ones in a total cost amounted 17,221,279,012. Despite the fact that 77% of the U.S.A official funds had been included in the database of information as a draft, however, these data still needed to be checked and updated, since there are many of registered projects do not have the required details. Moreover, these data did not have the beneficiaries of these projects. Through the available data one could have an idea about the U.S.A trends of spending aids as part of the reconstruction campaign. The following table (8) shows the

amounts allocated and spent in U.S dollars for each sector:

Sector	Total cost (USA\$)	Disbursements (USA\$)	The proportion of total spending
Infrastructure	6,080,410,209	4,632,578,178	37%
Governance & Democracy Development	1,035,804,175	842,163,865	7%
Security	493,340,266	456,234,626	4%
Housing , Labor & Social Affairs	1,822,894,334	1,186,646,333	9%
Agriculture , Food & Fishing	232,831,629	123,191,561	1%
Environment	717,250,280	466,982,244	4%
Energy	2,707,773,794	2,475,334,902	20%
Health	280,553,245	124,589,307	1%
Education , Science & culture	552,256,426	515,787,025	4%
Economic Development	43,961	43,961	0%
Projects & Industry	10,760,410	9,945,820	0%
Indefinite	2,077,182,317	1,614,401,769	13%
Unclassified	155,083,328	153,236,733	1%
Unassigned	560,400	129,189	0%
TOTAL	17,221,279,012	12,653,005,093	100%

Table (8) Iraqi Strategic Board, the tenth annual Report, Source Ministry of Planning (42%) of the projects cannot identify the nature of the project, because of the lack of detailed information about the project. Such as a description of the project that is classified under Uncategorized. Most of these projects under the infrastructure sector, especially the electricity sector cannot know what type of project or the nature of the reconstruction projects in most of the electricity sector. billions of dollars of grants and humanitarian aid and services, either by the coalition forces, or a mission the United Nations have, or by state agencies of the Federal and local communities, or by non-governmental organizations, which helped to some extent in bridging some of the urgent humanitarian needs on the level of health,

educational, and service. The above I would try to show the result of the rehabilitating and reconstructing of some of important these sectors.

VI. SUCCESS AND FAILURES OF THE INFRASTRUCTURE RECONSTRUCTION

(FINDINGS)

According to Iraq need to the international aids, humanitarian, and economic aid from the presence of donor countries, to raise Iraq from collapse, the country spent billions of dollars of grants and humanitarian aid and services, either by the coalition forces, or mission, UN, or by state agencies of the Federal and local communities, or by non-governmental organizations, which have helped to some extent in bridging some of the pressing needs in sector of health, and educational, and service.

There are many projects implemented through the conversion of donor countries and donor organizations, including the draft water Nasiriyah, and the draft water Balad Ruz, and the project streams of Fallujah, and the rehabilitation of 14 established stations for drinking water, 100 water pumping station, and heavy processing more than 100 heavy machines varied, and funded from the grant America. In addition to advisory work for the start of 7 water projects, sewage and physical development of a grant funded by the World Bank, and the supply mechanism of 382 by grant funded by Japan. A start a Smart Village in Kirkuk, Dhi Qar, and preparation for the development of towns on the Iraqi-Iranian border, and improve drinking water in parts of Basra province, and urban development neighborhood of 14 Ramadan in

Diwaniya, with funding from the United Nations agencies.¹⁶

This study began with an aim to explain why the reconstruction fund has not made much progress to rebuild the Iraq infrastructure. A preliminary observation of the administration of the Reconstruction Fund shows several inevitable short comings:

First, Security Instability

The attacks, the murders, the bombings and armed vandalism are routine threats to reconstruction contractors. Since reconstruction began in March 2003 until July 30, 2009, there are about (1395) workers on (U.S.A) funded projects have died according to the (U.S.A) departments of Labor and State. The table number (9) shows the number of worker dead in each quarter starting with the first reporting by (SIGIR).

In addition, there have been thousands of insurance claims by construction workers for injuries sustained in attacks. The figures are probably misreported, especially among the Iraqi contractors. Intimidation of workers has delayed projects and reduced the availability of non-Iraqi expert technicians. It is estimated that (25%) of reconstruction funds have been used to provide security to construction workers and job sites. Attacks and vandalism have also affected completed projects including sabotage of oil pipelines and high-voltage electricity

¹⁶ Jamil Odaah, Advisor to the Ministry of State for Civil Society Affairs, July5, 2008 “Foreign grants to Iraq, It has achieved its objectives? <http://www.alnoor.se/article.asp?id=27499>

towers.¹⁷

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2004	NA	NA	22	112
2005	44	54	85	52
2006	52	59	91	101
2007	152	79	72	43
2008	58	48	33	35
2009	57	29		

Table No. (9) Shows the number of worker deaths in each quarter starting with the first reporting by (SIGIR).

International (INGOs) found operating in Iraq highly dangerous to their staff, as between March 2003 and March 2008 (94) aid workers are killed, (248) are injured, (24) arrested or detained and (89) kidnapped or abducted. This has led (INGOs) to completely unwind their operations, or make their activities as low profile as possible. (INGOs) are not treated as neutral parties by large sections of the population due to their beginning operations alongside the invasion and receiving security and funding from the multinational force and the governments that it consists of. The security situation has also led too much of the management of aid programs to take place abroad, thus lowering the effectiveness of the programs and creating a fragmented response.¹⁸

¹⁷Special Inspector General For Iraq Reconstruction (SIGIR) Report to Congress October 30, 07 the Human Toll <http://www.sigir.mil/404.html?aspxerrorpath=/reports/quarterlyreports/Oct07/Default.aspx>

¹⁸ Sarah Bailey and Rachel Atkinson (2008) Humanitarian action in Iraq: putting the pieces together

Researchers at the Overseas Development Institute have discussed the importance of using local organizations and also understanding the violence not a single insurmountable challenge, but understanding various acts of violence more individually, sharing the knowledge between agencies and responding more appropriately - the formation of the (NGO) Coordination Committee in Iraq is a step in this direction.

About one out of every five dollars that goes toward nonmilitary Iraqi reconstruction is spent on security, (U.S.A) officials estimate. "It's incomparably more problematic than either corruption or bureaucratic red tape," Stuart Bowen Jr., who heads the office of the Special Inspector General for Iraq Reconstruction (SIGIR).¹⁹

Second, Under Coordinated: (Proliferation and Fragmentation of Donor Aid)

The bulk of the grants and international aid spent on humanitarian projects, service and temporary, such as street cleaning, and restoration of buildings of the State, schools, hospitals, and payment of some salaries, especially in 2003-2004, buying clothes and food to poor families or displaced, and other resources exchange non-investment.²⁰

Data shows that many of the projects were carried out through multi and bilateral channels like the (EU) and (IRFFI) which does not exceed (10%) of the total grant.

Overseas Development Institute: <http://www.odi.org.uk>

¹⁹ Economic Doldrums in Iraq, Council on Foreign Relations, June 20, 2007: <http://www.cfr.org/publication>

²⁰ Jamil Odaah, Advisor to the Ministry of State for Civil Society Affairs, July 5, 2008 "Foreign grants to Iraq, it has achieved its objectives? <http://www.alnoor.se/article.asp?id=27499>

The other thing is the limited role of the government in exercising ownership through the multilateral channel, which in turn limiting the efficiency and effectiveness of aid.

In addition to earmarking of donors resources to specific sectors resulted in decreasing ownership and limited consistency with national priorities.

The fragmentation in projects sizes and the increasing number of small projects may add additional costs to the implementing departments.

And the steady increase in the volume of official development aid has focused on increasing the number of projects rather than the maintenance and expansion of existing projects and activities to ensure sustainability of development outcomes.

In this context, it be should noted that the donor's countries implemented their aid Programs without consulting the Iraqi federal government and sectoral ministries, but directly through local authorities, and sometimes went to heads of clans in districts, causing confusion and waste of financial resources in areas which may not contribute to advance the level of development in provinces, or focus only on narrow political gains.²¹

Table No. (10) Shows the changes that occurred in allocations

Sector	Allocation Prior to 30 September 2004	Allocation as of 31 December 2005
Electricity	5.46	4.22
Water Resources and Sanitation	4.25	2.13
Security and Law Enforcement	3.24	5.04
Justice, Public Safety Infrastructure and	1.48	2.35

²¹ Position paper on aid management in Iraq: <http://www.mop-iraq.org/mopdc/resources/pdf>

Civil Society		
Private Sector Development	0.18	0.45
Iraq Debt Forgiveness	0.00	0.35
Oil Infrastructure	1.70	1.74
Health Care	0.79	0.74
Transportation and Telecommunication	0.50	0.47
Education, Refugees and Human Rights	0.26	0.41
Roads, Bridges and Construction	0.37	0.33
Administrative	0.21	0.21
Total	18.44	18.44

The original allocation of (IRFFI) funds to the various sectors has undergone a series of reassignments. These allocation changes have occurred in September and December, 2004 and March and December, 2005 and generally involved shifting money from water resources and sanitation and electricity sectors to meet security needs and to provide training and operating funds for facilities already rehabilitated under IRRF funding. The table above shows the changes that occurred in allocations (billions of \$US) between September 2004²² and December 2005.²³

Third, Mismanagement and Corruption

No-bid contracts have been awarded to large American corporations including Halliburton and Bechtel. Halliburton in particular has been singled out for receiving what is

²² Special Inspector General for Iraq Reconstruction, Report to Congress October 30, 2004 Table 8 (PDF) http://www.sigir.mil/reports/quarterlyreports/Oct04/cpaig_october_30_report.pdf.

²³ Special Inspector General for Iraq Reconstruction (SIGIR) Audit Report 06-004 April 28, 2006, Table 1" (PDF). <http://www.sigir.mil/reports/pdf/audits/06-004.pdf>.

perceived to be government favoritism for doing a shoddy job of rebuilding Iraq's oil infrastructure.²⁴

When the Pentagon's own auditors determined that about (\$263) million of a Halliburton subsidiary's costs were potentially excessive, the Army still paid the company all but \$10.1 million of the disputed costs.²⁵

Some say that the reconstruction would have been both much more efficient and inexpensive if more contracts were granted to local Iraqi firms, many of whom were

Shut out of the process due to the fact that they were state-owned²⁶. Congressman Henry Waxman was once told by members of the Iraqi governing council that paying Iraqi companies to rebuild Iraq instead of American ones would save American tax payers 90% of the costs.²⁷

In addition to the security costs for project construction which may sometime exceed 40% of the (USA) projects costs.

Gap of reconstruction which was defined as the difference between the reconstruction planned and that which is actually delivered? As of February 2006, Special Inspector General

²⁴ Economic Doldrums in Iraq, June 20, 2007, Council on Foreign Relations: <http://www.cfr.org/publication>

²⁵ Glanz, James (April 25, 2006). Rebuilding of Iraqi Pipeline as Disaster Waiting to Happen The New York Times, Retrieved May, 22, 2010. <http://www.nytimes.com/2006/04/25/world/middleeast>

²⁶ Glanz, James (February 27, 2006). Army to Pay Halliburton Unit Most Costs Disputed by Audit. The New York Times, Retrieved May, 22, 2010.

²⁷ Iraqi Experts Tossed With The Water". The Washington Post, February 27, 2004. . Retrieved May, 22, 2010 <http://www.washingtonpost.com> The Ruse of Reconstruction

for Iraq Reconstruction (SIGIR) reported that only 36% of water sector projects originally planned will be completed and only 70% of the originally-planned electricity sector projects will be completed. This shortfall is attributed to IRRF reprogramming of funds from these sectors to meet security needs, poor cost estimates in the original reconstruction plan, increased material costs and lack of administrative oversight. Estimates of the funds required to close the reconstruction gap are difficult to obtain because there is inadequate information on the cost-to-complete projects already in progress, in addition to funds for reconstruction.²⁸

The lack of transparency and incompetence uncovered by the (SIGIR) led to accusations of corruption in which over-invoicing by contractors has been a recurrent theme. Bowen's office also found that due to inadequate financial controls regarding the payment of Iraqi employees, "there was no assurance that funds were not provided for so-called 'ghost' employees."

One (CPA) advisor to the ministry of finance estimated that there were as many as (250,000) – (300,000) ghost workers on the government's payroll.²⁹

The Coalition Provisional Authority (CPA) – inspector general (IG) report said. 'As of 19 June 2004, the local commanders have spent \$364.6 million on over 27,600 small projects repairing and refurbishing water and sewer lines, cleaning up highways by removing waste and debris, transporting water to remote villages, purchasing equipment for local police

²⁸ Special Inspector General for Iraq Reconstruction (SIGIR) July 30, 2006 Quarterly and Semiannual Report to Congress: http://www.globalsecurity.org/military/library/report/2006/sigir-jul06_report.htm

²⁹ Iraq: where has the money gone? October 6, 2007: <http://www.arabianbusiness.com/iraq-where-has-money-gone--54293.html>

stations, upgrading schools and clinics, purchasing school supplies, removing ordnance from public spaces. It was too little too late. With the concentration on big infrastructure projects and contracts for American corporate cronies and Iraqi businessmen ‘friends’³⁰

Fourth, Inefficient Administrative on All Levels

The loss of coordination of experiences among international donors on the one hand, and the departments responsible for implementation of projects financed by international donations on the other hand, thus, many projects are executed without recourse to the federal authorities or even local. Even the grant money spent on local companies, most of the money went to fertilizer, food, fuel, raw materials, and semi-manufactured products, not for building projects. The decline in financial flows lead to negative results reflected in the achievement of development.³¹

In this context, it should be pointed out that the source of fragility in Iraq, is weak institutional capacity to provide services including security and stability, and in order move from fragility to resilience and responsiveness, a combination of capacity, resources. The fragility of the political process, the sequential change of government and the intensive staff turnover, resulted in failure to sustain reform attempts by government or the donor

³⁰London reviews of books (LRB), where has all the money gone? Ed Harriman follows the auditors into Iraq, July 7, 2005: <http://www.lrb.co.uk>

³¹ Jamil Odaah, Advisor to the Ministry of State for Civil Society Affairs, July 5, 2008 “Foreign grants to Iraq, it has achieved its objectives? <http://www.alnoor.se/article.asp?id=27499>

community. In addition to the inability of political process to promote what is a consensual national identity, but was limited to a narrow regional thinking, which affected by the course of reconstruction and development.

The international partners engaged in Iraq without any political roadmap, and no previous experience working through two funding windows under very challenging circumstances. All stages of programming were affected, starting from planning and communication to being present on ground to manage projects. The threat to personal security was a major issue obstructing performance which led to the use of remote management style for Iraq programs.

The weakness of the administrative structure of the facility was reflected through its operations, affecting the ability to develop a strategic direction for programming. Obviously, one of the reasons was poor political and institutional efficiency to contain and direct operations of the facility to constructive priorities.

While the donor committee convened on regular basis for the period 2005-2007, I did not provide guidance or strategic direction to the facility, while the Iraqi government was experiencing institutional and security difficulties which required greater engagement by the donor community. Also, the government of Iraq was not able to benefit from the comparative advantage of both administrators and utilize them for formulation of priority programs.

the lack of scientific competence and education facilities, and therefore, Iraq is facing a problem in the provision of qualified and trained to lead the reconstruction and reform,

particularly since most of the scientific competence has abandoned the country, The number of migrants (7350), of whom (67%) and university professors (23%) worked in scientific research centers, and Iraq has thus difficult to offset human investment.³²

Two million Iraqis have fled the country, many of them highly skilled professionals like engineers and doctors—the backbone of a middle class. An estimated (40 %) of Iraq's professional class has fled the country, creating shortages of human and entrepreneurial capital to keep the country's economy running.³³

The weakness of follow-up mechanisms of the government investment program must be pointed out, reflecting the difficulty of following-up the donor programs.

Both the World Bank and the (UN) have carried out several attempts to evaluate the performance of each of the two funds, in addition to the recent joint performance evaluation study submitted to the donor's conference in Naples. But in reality, Iraq has not sensed any fundamental change in the way of project formulation, particularly by the (UN) organizations.

³² Abed Al-wahab Homed the expatriation of the scientific competences, law magazine, Kuwait, no 4 1999, p 16

³³ Economic Doldrums in Iraq, Council on Foreign Relations, June 20, 2007:

<http://www.cfr.org/publication>

VII. SUMMARY AND CONCLUSION

Summary

In this study I began examines the success and failure of the Iraqi Infrastructure Reconstruction Fund. To do this effectively I first looked at the problem to the difficulties associated with the administration of the fund. I then examined where the fund succeeded and failed of the Iraqi Infrastructure Reconstruction efforts. From data made available from Iraqi ministry of planning, and Development Assistance Database (DAD), and International Reconstruction Fund Facility for Iraq (IRFFI), I have reached several preliminary observations of the Reconstruction efforts.

1. In spite of a large amount of international donations, made of Iraqi's infrastructure remains unrepaired. The people in Iraq, for instance, no electricity, water supply, Security, healthcare, education, transportation,...etc.

2. Why has this slow progress (failure) occurred? There are several complex reasons that underline the administration of the reconstruction fund. One such difficulty is lack of security and political instability, administration fragmentations, inefficient administrative on all levels, mismanagement and corruption.

Conclusion

With reference to the above on the management and distribution of international aid and the features of Iraq experience, it can be said that the situation in Iraq is not peculiar to the global experience, and joint efforts are needed to increase aid effectiveness in Iraq. This requires strong political will from the government side to deal with the international community in a way that insures the precedence of national interest over narrow regional and political ones. On the hand, donors are to review their policies governing aid provision with adaptation to the Iraqi context and the special aspects of the transitional period in Iraq, therefore we can conclude:

Huge sums of money have been spent in projects implemented in Iraq through bilateral and multilateral channels, with limited impact due to problems on both the donor and Iraqi sides of the equation.

The stumbling political process , failure to build capable institutions to carry out tasks of reconstructions, inability to establish effective partnership with international partner, in addition to insecurity and violence, all these factors have led to the delay and hampering of reconstruction and development despite enormous investments of international and national resources.

International aid has not always achieved its intended outcome due to many factors that become critical in challenging development contexts such as Iraq. Donor policies are often

inconsistent with locally and nationally identified needs in recipient countries. Although the management of aid is a shared responsibility between donors and the recipient, most aid is only committed when a government is facing a governance crisis, and when institutions are ineffective and there is a deterioration of security conditions. This effectively limits the potential impact of aid due to the fact that the government is preoccupied with stabilising the country. This is in addition to the limited capacity of state institutions to absorb aid and actively engaged with the donor institutions in the planning and implementation of aid programs.

The reconstruction effort has not done what it was meant to do. Reconstruction efforts have been plagued by poor management, mishandling of reconstruction funds, inadequate coordination with Iraqis and widespread attacks on construction sites and contractors as documented by the Office of the Special Inspector General for Iraq Reconstruction (SIGIR).

The (SIGIR) conducts audits, investigations and inspections and issues quarterly reports to Congress. The SIGIR reports and (U.S.A) Congressional testimony of Stuart Bowen, the Inspector General, are a primary source of information on the overall status of (U.S.A) funded Iraq reconstruction. The rate of disbursement of funds administered by the United Nations and World Bank has been slow. Iraqi agencies and ministries are often unable to receive or process funds. Many United Nations agencies have had great difficulty operating in Iraq due to the poor security situation.

VIII. RECOMMENDATIONS AND URGENT NEEDS:

With reference to the above on the management of international aid and the features of Iraq experience, it can be said that the situation in Iraq is not peculiar to the global experience, and joint efforts are needed to increase aid effectiveness in Iraq. This requires strong political will from the government side to deal with the international community in a way that insures the precedence of national interest over narrow regional and political ones. On the hand, donors are to review their policies governing aid provision with adaptation to the Iraqi context and the special aspects of the transitional period in Iraq, therefore it is necessary to develop a number of procedures to address the failures in allocating and managing the international grants, given that aid management is a shared responsibility between Iraq and the donor community that supposes to lead to better outcome unlike the reality in Iraq.

1. Enhance the political stability, and promote the country unification.
2. Increase the capacity building of the government, to face the requirements of rebuilding the country infrastructure is deeply recommended.
3. Promote monitoring and auditing skills of the governmental officials.
4. Review the government strategies and plans for reconstruction, and suggest ways and means to ensure the development of single unified program agreed upon all national stakeholders, which act as a road map for international community interventions to support

Iraq, to ensure consistency with national priorities and complement national resources to achieve development.

5. Insecurity situation which contribute to hinder or slowdown this process.

6. Establish a mechanism of donor coordination and work jointly with the Iraqi body, ensuring transparency, integration, harmony, and alignment with national priorities.

7. Conduct a comprehensive assessment of donor's activities in Iraq including bilateral and multilateral in cooperation with governmental body, to draw lessons and suggest reforms consistent with the transitional phase in Iraq.

8. Establish a base of continuous dialogue with the international community through laying the foundation for partnership and cooperation taking into account emerging Iraqi needs.

9. Examine and analyses the impact of external aid provided to Iraq since 2003 and draw lessons for the next phases of programming.

10. Develop policy and rules for aid management, as well as objectives of donors' interventions to ensure effectiveness and alignment with national priorities.

11. Set out a decentralized mechanism of management of aid to secure division of responsibilities between federal and local entities to avoid duplication and incompatibility.

12. The country need to set the priorities hence, reconstructing the electricity, the water supply systems, the health's networks....etc.

13. Supporting economic and social transition.

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