

**UN/WB Trust Fund Donor Committee Meeting: ♪  
“From Commitment to Action”**

Doha, Qatar 25-26 May

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Chairman of the Iraqi Strategic Review Board

**Greetings**

- I want to thank you all for coming here to Doha. I would also like to thank you for your continued support towards a free, democratic and stable Iraq.
- Special thanks are, of course, due to our Qatari hosts who have done such a magnificent job in making all the arrangements for us here in this lovely setting.
- Finally, I would also like to thank Japan, for serving as the chair of the International Reconstruction Fund Facility for Iraq donor committee, the World Bank, the UN, and everyone who has been involved in organizing this important event.

**Theme**

- The theme of this meeting is “From Commitment to Action.” I plan today to talk about some of the challenges we face, review our achievements, and outline the responsibilities we each have in moving forward.
- When we met in Madrid, you—Iraq’s international partners—pledged generous support to Iraq’s reconstruction. In Abu Dhabi, the last time this donor committee met, you made concrete commitments to the fund facility.
- We have seen progress over this period. Roughly one billion dollars has flowed into the funds. Two weeks ago the first grant agreement from the World Bank Trust Fund was signed and, as a result, \$40 million worth of new textbooks will be available for the youth of Iraq this year, marking a substantial investment in their future.
- However the people of Iraq are desperately eager to see rapid improvements to their lives. All of us, donors, international organizations and the Iraqi government need to move faster in meeting the Iraqi people’s need for a better life.
- However, we face considerable challenges in the reconstruction effort.

## Challenges

- Sovereignty will be restored to an Iraqi state on 1 July, only 36 days from today.
  - This event will occur at a time when the country is going through a number of fundamental changes simultaneously: democratization, economic liberalization, and reintegration into the international economy and the community of nations.
  - Any one of these transformations would be difficult and place great stress upon any country. Taken together they represent a unique set of challenges, each calling for a different response.
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- Security
  - Security is, without doubt, the most significant challenge currently facing Iraq. High levels of crime, kidnapping, and random violence are frightening ordinary citizens. Determined and radical elements both from within Iraq and from abroad continue to attack civilians and security forces and sabotage critical infrastructure throughout Iraq.
  - These criminal acts hurt and intimidate the population, the vast majority of whom deplore the violence.
  - The violence is clearly a serious impediment to progress and development in Iraq on every front. It destroys lives and rips apart bonds of trust. It depresses economic activity and increases the cost while slowing the pace of the reconstruction effort.
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- Political
  - In the political sphere, the legacy of dictatorship must be overcome. The complexity of this undertaking is hard to overstate.
  - Working from the framework established in the Transitional Administrative Law, a new government is being drawn up, with revised institutions. A new constitution is called for, and a series of elections will need to be managed, with the institutions for doing so drawn up entirely from scratch.

- Establishing democracy requires much more than elections, constitutions and high offices. We must also continue to work hard to establish the rule of law, where the state is fair and every Iraqi is treated equally.
  - The new Iraqi government must learn to protect freedom and to foster a vibrant civil society.
  - As Iraqis, we must apply the arts of negotiation and compromise in new areas of our lives. For instance, regional relationships between governments must be worked out through dialogue.
  - These challenges are immense, but we are guided in the certainty that pluralistic, liberal democracy is the best option for a prosperous and stable Iraq in the future.
- Economic
  - The economic challenges we face are well known to this group. Years of neglect and mismanagement have left our capital stock degraded. Indicators on health, education and other aspects of life have deteriorated from levels of decades ago. Poverty exists in Iraq that cannot be justified in a country with our natural endowments. The years of lost opportunities cannot be returned to the citizens of Iraq.
  - Several goals must be pursued in the future.
    - Clearly, Iraq's debt level is unsustainable and must be substantially reduced.
    - We must ensure we use our resources as wisely as possible. This means we must focus on maintaining both sound monetary policy and a conservative and prudent fiscal policy.
    - We must fight corruption, the scourge of economic development. We must continue to strive to liberalize our economy, including the reform of the public sector. The level of subsidies—for fuel and food, especially—is a huge drag on the economy and is also unsustainable.
    - However, we must ensure that if and when we decrease subsidies, we do not hurt the most vulnerable groups in Iraq.
  - Such reforms will set the stage for economic growth led by the private sector and should ensure a bright future for Iraq.

- Social
- A free, democratic Iraq will face a number of social challenges as well. For the state to function, we must find a way to reconcile strongly held tribal, ethnic and sectarian identities with a common Iraqi identity and civic purpose.
- Promoting respect for human rights within Iraq will need particular attention, especially the rights of women.
- Much work will need to be done to ensure that freedom of expression—a prerequisite for a healthy, open society—is both fostered and yet the media are held accountable and exercise this freedom responsibly.

### Achievements

- Bearing all of this in mind, we must not forget the real and significant achievements of the reconstruction process so far.
- The Transitional Administrative Law is, in itself, a substantial political achievement. That the various groups in Iraq were able to negotiate and agree on it is remarkable. The UN has begun working on setting up the electoral commission as a first step in managing the multiple elections that the law foresees.
- Physical reconstruction has been impressive.
  - Electrical generation capacity has surpassed pre-conflict levels.
  - Oil production capacity is well above the pre-conflict levels, with average daily exports above 1.5 million barrels per day.
  - 2500 schools have been renovated.
- Basic services are being restored
  - There are now over one million telephone subscribers—20% more than before hostilities.
  - 240 hospitals and more than 1200 clinics are now operating. 30 million child vaccinations have been performed.
- While macroeconomic performance in many post-conflict economies degenerates into instability, Iraq's fundamental indicators are under control.
  - Iraq's inflation rate is only 28% annually and appears to be decreasing.

- The stable exchange rate of the New Iraqi Dinar is a sign of confidence in the financial markets.
- These results have been accomplished through an impressive effort to liberalize the economy and build capacity. Iraq has:
  - deregulated the financial sector,
  - established the independence of the Central Bank of Iraq,
  - instituted one of the most liberal trade regimes in the world,
  - introduced liberal media laws leading to flourishing of Iraqi press,
  - passed an array of important economic legislation including a new company registration law, a new foreign ownership law that promotes foreign investment, and a new public procurement law, and
  - fostered an environment which has led to over 1,000 NGOs requesting registration.

### Leadership

- The international community has been a key partner in many of these achievements. The coalition has set out a bold agenda and worked towards completing it. The United Nations is helping carry out a political process that should build a lasting foundation for democracy.
- But the moment for Iraqis to take the future back into our own hands has arrived. We are prepared to show leadership and to guide events in our own country. We know the challenges before us. Leadership is how challenges are overcome.
- Iraqi capacity to act on this leadership—to implement the vision for the future—grows every day. Ministry by ministry we are relinquishing our reliance on the CPA to assist and direct the activities of the government. At last count thirteen—nearly half, and many of the most important—of the interim administration ministries had officially “transitioned” to a position of effective sovereignty.
- In the Ministry of Planning and Development Cooperation, we are leading a collaborative effort towards reconstruction. In close cooperation with line Ministries and the Ministry of Finance we are coordinating public investment funding.
  - This work extends into my role as Chairman of the Iraqi Strategic Review Board and of the Council for International Coordination,

where international assistance is taken into account in setting strategic priorities.

- Of course, the primary source of reconstruction assistance in Iraq at this point is the PMO, and my Ministry has established a sound partnership with them. We are working closely together to identify and implement the most urgent projects in the most crucial areas—focusing on investments in infrastructure for the future particularly in seven selected cities while creating jobs that are desperately needed. Your support in these cities is needed.
- Development work should be planned and implemented evaluated on solid evidence and research. For this reason my Ministry, through the Central Statistical Office, will carry out a national census.
- We are also planning to produce a Human Development Report in cooperation with UNDP around the theme of “The Democratic Transformations in Iraq,” and a Poverty Reduction Strategy in cooperation with the World Bank.

### **Role of External Actors**

- Each of us has an important role to play in this endeavor. The Iraqi leadership will, of course, continue to need assistance to successfully navigate the hard road ahead.
- Donors
- Just to take one example: reestablishing essential services—health care, water, sewage, fuel, electricity and communications—forms a top priority in our development strategy. As our needs swamp our resources we must rely on substantial donor assistance to help us put these sectors back together again.
- Without these services, many Iraqis will look for the party to blame, rather than for a way to build a better future. Children who turn to the street rather than to the school for an education will not have a stake in the future.
- You can see how your actions as donors—your programs, your technical assistance and support for long term capacity building—are vital for creating hope and trust, the foundations of a healthy society.

- As you will hear in the briefing on the activities of the PMO, a great start has been made. But Iraq needs others to speed their operations on the ground as well.
- Regional Partners
- To our Arab brotherly Countries and regional partners I say this: Iraq needs your help now. We need open, transparent trade and investment links between our nations. Regional economic integration should help us all to prosper and make us all better partners for one another and for the rest of the world.
- Roles of United Nations and World Bank
- The United Nations and the World Bank, of course, must play important roles in the reconstruction of Iraq. The expertise these organizations possess represents a key resource for the future development of Iraq.
- In this regard I urge the UN and World Bank to re-establish full scale operation in Iraq as soon as possible. While we appreciate their support from the side lines, we need them on the playing field as key players.
- I look forward to seeing these multilateral programs carried out under the strategic direction of, and in close cooperation with, the Iraqi Strategic Review Board and in close coordination with line Ministries.
- This is a truly collaborative effort and the Iraqis stand ready to do our part.
- I also urge donors to make resources available as quickly as possible and to make decisions about how they will be used in coordination with us.
- To all of you I would say this: right now—at this very moment—you have a window of opportunity to have a strong, positive impact on the social, political and economic landscape of Iraq. But this window will not remain open indefinitely. The quicker you act the better our chances for success.

### Continued Support

- To sum up:
- There is much work to be done. Iraq faces enormous challenges.

- We have made great progress already and Iraqis are assuming ever more leadership in plotting out a course to the free, democratic and secure future we want.
- We will require a great deal of assistance and advice in many areas extending well beyond our financial and technical capacity.
- Donors have pledged generous assistance. Some reconstruction assistance has begun reaching us, but faster results are needed on the ground.
- We look forward to working with you, the UN, the World Bank and international NGOs to address our people's urgent needs.
- Iraq greatly appreciates your continued support. You are bringing hope to our people. I am inspired by the international community's commitment to Iraq. We must work together to create an Iraq that is peaceful, democratic and free. The Iraqi people and history are demanding action from me, from you, from the international organizations to move quickly.

Thank you.