



Highlights of [GAO-05-876](#), a report to congressional committees

Why GAO Did This Study

Rebuilding Iraq is a U.S. national security and foreign policy priority and constitutes the largest U.S. assistance program since World War II. Billions of dollars in grants, loans, assets, and revenues from various sources have been made available or pledged to the reconstruction of Iraq. The United States, along with its coalition partners and various international organizations and donors, has embarked on a significant effort to rebuild Iraq following multiple wars and decades of neglect by the former regime. The U.S. effort to restore Iraq's basic infrastructure and essential services is important to attaining U.S. military and political objectives in Iraq and helping Iraq achieve democracy and freedom.

This report provides information on (1) the funding applied to the reconstruction effort and (2) U.S. activities and progress made in the oil, power, water, and health sectors and key challenges that these sectors face.

REBUILDING IRAQ

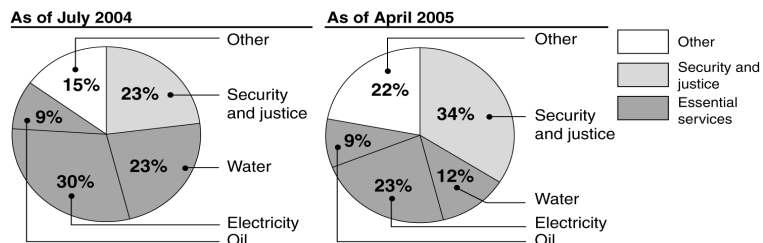
Status of Funding and Reconstruction Efforts

What GAO Found

As of March 2005, the United States, Iraq, and international donors had pledged or made available more than \$60 billion for security, governance, and reconstruction efforts in Iraq. The United States provided about \$24 billion (for fiscal years 2003 through 2005) largely for security and reconstruction activities. Of this amount, about \$18 billion had been obligated and about \$9 billion disbursed. The State department has reported that since July 2004, about \$4.7 billion of \$18.4 billion in fiscal year 2004 funding has been realigned from large electricity and water projects to security, economic development, and smaller immediate impact projects. From May 2003 through June 2004, the Coalition Provisional Authority (CPA) controlled \$23 billion in Iraqi revenues and assets, which was used primarily to fund the operations of the Iraqi government. The CPA allocated a smaller portion of these funds—about \$7 billion—for relief and reconstruction projects. Finally, international donors pledged \$13.6 billion over 4 years (2004 through 2007) for reconstruction activities, about \$10 billion in the form of loans and \$3.6 billion in the form of grants. Iraq had accessed \$436 million of the available loans as of March 2005. As of the same date, donors had deposited more than \$1 billion into funds for multilateral grant assistance, which disbursed about \$167 million for the Iraqi elections and other activities, such as education and health projects.

The U.S. reconstruction effort in Iraq has undertaken many activities in the oil, power, water, and health sectors and has made some progress, although multiple challenges confront each sector. The U.S. has completed projects in Iraq that have helped to restore basic services, such as rehabilitating oil wells and refineries, increasing electrical generation capacity, restoring water treatment plants, and reestablishing Iraqi basic health care services. However, as of May 2005, Iraq's crude oil production and overall power generation were lower than before the 2003 conflict, although power levels have increased recently; some completed water projects were not functioning as intended; and construction at hospital and clinics is under way. Reconstruction efforts continue to face challenges such as rebuilding in an insecure environment, ensuring the sustainability of completed projects, and measuring program results.

Funding Distribution by Sector of \$18.4 Billion for Iraq Relief and Reconstruction



Source: GAO analysis of State Department data.

Note: Other includes democracy, education, governance, agriculture, transportation, telecommunications, health, employment, privatization, and administrative costs.

www.gao.gov/cgi-bin/getrpt?GAO-05-876.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph Christoff at (202) 512-8979 or christoffj@gao.gov.