

# Report for Congress

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## **Iraq: Recent Developments in Humanitarian and Reconstruction Assistance**

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# Iraq: Recent Developments in Humanitarian and Reconstruction Assistance

## Summary

Large-scale humanitarian and reconstruction assistance programs are expected to be undertaken by the United States during and following the war with Iraq. To fund such programs, the President requested \$3.5 billion in FY2003 Supplemental Appropriations on March 25, 2003. In addition to food aid, initial U.S. assistance expenditures, aimed mostly at preparations for the delivery of humanitarian aid, amount to an estimated \$154 million. Humanitarian needs of Iraqi civilians will be met as well by the Oil-for-Food Program managed by the United Nations. Other donors are expected to provide aid, including the European Union which has designated 100 million euros for humanitarian relief agencies.

A post-war planning office for assistance was established in January 2003. The Office of Reconstruction and Humanitarian Assistance, staffed by officials throughout the government, is responsible for producing plans and implementing assistance programs in post-war Iraq. The Office is headed by retired Army Lt. Gen. Jay M. Garner. After an initial period of U.S.-led aid activities, existing Iraqi ministries, nongovernmental organizations (NGOs), and international organizations are expected to assume some of the burden.

It is widely believed that the current humanitarian situation is worsening due to the war. The war is disrupting critical infrastructure, delivery of basic services, and food distribution. The International Committee of the Red Cross, currently the lead humanitarian agency inside Iraq, is monitoring quality and quantity of medical supplies and drinking water. Very little humanitarian aid was delivered to Iraq in the early days of the war. Military operations and logistical problems in the south made it too dangerous to open supply routes, and the situation was too insecure for aid agencies to enter. Supplies, however, are beginning to be delivered through the port Umm Qasr; the Sir Galahad, carrying humanitarian supplies, arrived on March 28.

Contracts for implementation of early reconstruction projects in such areas as capital construction and seaport and airport administration are being selected by the Agency for International Development. Questions have been raised regarding the decision to limit the number of bidders for these projects to a select few American companies. The need for immediate action and security clearances are among the reasons put forward for this decision. Concerns are also being expressed regarding the U.S. position on the role of the United Nations in post-war Iraq. Currently, the United States seems to be seeking U.N. participation in humanitarian activities but very limited U.N. political authority in Iraq. Many European leaders are calling for the U.N. to take-over administration of a post-war Iraq.

The report will be updated as events warrant. For detailed discussion on possible humanitarian and reconstruction aid, see CRS Report RL31814, *Humanitarian Issues in Post-War Iraq: An Overview for Congress* and CRS Report RS21454, *Iraq: Potential Post-War Foreign Aid Issues*. For discussion of other aspects of the war, see CRS Report RL31339, *Iraq: U.S. Regime Change Efforts, the Iraqi Opposition, and Post-War Iraq*.

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# Iraq: Recent Developments in Humanitarian and Reconstruction Assistance

Large-scale humanitarian and reconstruction assistance programs are expected to be undertaken by the United States during and following the war in Iraq. This report describes recent developments in this assistance effort. Given the rapidly-evolving situation concerning these aid programs, some of these reported developments are based on press accounts. The report will be updated as events warrant. For detailed discussion on possible humanitarian and reconstruction aid, see CRS Report RL31814, *Humanitarian Issues in Post-War Iraq: An Overview for Congress* and CRS Report RS21454, *Iraq: Potential Post-War Foreign Aid Issues*. For discussion of other aspects of the war, see CRS Report RL31339, *Iraq: U.S. Regime Change Efforts, the Iraqi Opposition, and Post-War Iraq*.

## **Congressional Action: Recent Developments**

### **FY2003 Supplemental**

On March 25, 2003, the President sent to Congress an FY2003 Supplemental Appropriations request, largely to fund costs associated with the war. In all, the request includes \$3.5 billion in Iraq relief and reconstruction aid, \$2.4 billion of which would be appropriated to a special Iraq Relief and Reconstruction Fund that would not be affected by current restrictions on foreign assistance. Of Fund amounts, \$743 million would be for humanitarian relief efforts, including \$200 million to reimburse accounts that provide emergency food, and \$1.7 billion would be directed at reconstruction efforts in a wide range of sectors from health to education to rule of law. See CRS Report 31829, *Supplemental Appropriations FY2003: Iraq Conflict, Afghanistan, Global War on Terrorism, and Homeland Security*, for further details.

## **Funding for Assistance: Recent Developments**

### **U.S. Assistance**

Initial U.S. assistance expenditures have been aimed at preparations for the delivery of humanitarian aid. The United States has allocated \$154 million for Iraq's humanitarian relief, food distribution, and reconstruction. Of that amount, \$35 million has been spent to date on contingency planning, including \$17.3 million on prepositioning of commodities. The Bureau of Population, Refugees, and Migration (PRM) at the State Department has spent \$15.6 million, and \$22 million has been

allocated to the Emergency Refugee and Migration Account (ERMA). In addition, last week, the United States pledged to release 610,000 tonnes of food.

On March 20, President Bush issued an executive order confiscating non-diplomatic Iraqi assets held in the United States. Of the total assets seized, an estimated \$1.6 billion are expected to be available for reconstruction purposes.

### **Oil-for-Food Program (OFFP)**

The OFFP was suspended between March 18 and March 28, 2003. Prior to its suspension, approximately \$10 billion worth of humanitarian supplies were in the process of being delivered or produced, of which one quarter covered food needs. On March 28, the U.N. Security Council unanimously approved Resolution 1472, which gives Secretary General Annan authority to prioritize and coordinate the immediate humanitarian needs of Iraqi civilians for an initial 45-day period under an expanded OFFP. The resolution authorizes the transfer of responsibility for the distribution of food and medicine in central and southern Iraq from the Iraqi government to the U.N. Secretary-General. Iraq rejected the resolution on March 29. The OFFP is dependent upon Iraq's future cooperation with the OFFP (and use of its distribution network) and the security of the personnel working for the United Nations once inside Iraq.<sup>1</sup> Furthermore, a number of agencies have indicated they plan to use the OFFP system, but how the provision of aid is to be coordinated among multiple donors remains to be worked out.

### **Other Donors**

The United Nations has appealed for \$123.5 million to provide humanitarian and food assistance and to prepare for post-war Iraqi relief. As of March 28, it has received pledges of about \$45 million, with \$35 million received. On March 28, U.N. agencies issued a \$2.2 billion "flash appeal" for humanitarian aid to Iraq to cover expenditures for a six-month period. Of that total, \$1.3 billion would be for food aid. The World Food Program (WFP) continues to stockpile food near Iraq. At a European Union (EU) summit on March 20, leaders agreed to unite to provide humanitarian aid to Iraq, but rejected explicit mention of reconstruction and long-term aid. The EU has designated 100 million euros for humanitarian relief agencies. International contributions have been received from other donors, including New Zealand, Australia, Spain, the U.K., and Belgium. Others have provided assistance to neighboring countries to ease the humanitarian burden, for example, Japan has pledged \$104 million to Jordan and the Palestinian Authority; Russia is giving in-kind emergency supplies to Iran; and Australia agreed to ship 100,000 tonnes of food.

## **U.S. Aid Policy Structure in Iraq**

To prepare for the use of aid, a post-war planning office was established on January 20, 2003, by a presidential directive. The Office of Reconstruction and

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<sup>1</sup> "Iraq Threatens the Oil-for-Food Programme," *Financial Times*, March 31, 2003.

Humanitarian Assistance (ORHA), although located in the Defense Department, is staffed by officials from agencies throughout the government. While immediate overall responsibility for the war and management of U.S. activity in post-war Iraq belongs to General Tommy Franks, Commander of U.S. Central Command, the ORHA is charged with producing plans for his use in carrying out that role. In addition, it is responsible for implementing U.S. assistance efforts in Iraq. The Office, headed by retired Army Lt. Gen. Jay M. Garner, has three civilian coordinators – for reconstruction, civil administration, and humanitarian relief. Plans formulated before the war started call for three regional coordinators – for north, south, and central Iraq – to serve under the functional coordinators. The latter would reportedly be mostly staffed by so-called “free Iraqis”, those who have been living outside Iraq in democratic countries, who would act as advisors. Indigenous Iraqi groups are expected to be formed in each province to propose assistance activities to be implemented in their area.<sup>2</sup>

According to planners, U.S. armed forces will initially take the lead in relief and reconstruction, later turning to existing Iraqi ministries, nongovernmental organizations (NGOs), and international organizations to assume some of the burden.<sup>3</sup> The Pentagon has stated that humanitarian agencies may not have access to all of Iraq immediately. Since October 2002, the U.S. Agency for International Development (USAID) has also been putting together a Disaster Assistance Response Team (DART) and is making preparations to deal with the basic needs of one million people.

The possible length of U.S. military rule and subsequent form of U.S.-run civil administration prior to handing over governance authority to an all-Iraqi government are subjects of debate both internationally and within the Administration. See “Reconstruction Assistance” section below.

## **Humanitarian Assistance: Recent Developments**

### **Background**

It is widely believed that the current humanitarian situation inside Iraq is worsening as a result of the war. The amount of assistance which is ultimately needed will obviously depend on the nature and duration of the conflict. It is anticipated that problems could arise from malnutrition and disruption of food supplies, inadequate sanitation and clean water, and reduced health and medical care. The United Nations reportedly expects that nearly 40% of the Iraqi population could

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<sup>2</sup> *Background briefing on reconstruction and humanitarian assistance in post-war Iraq*, Department of Defense, March 11, 2003.

<sup>3</sup> “U.S. Military Lays Out Postwar Iraq Plan,” *Washington Post*, February 12, 2003.

require food assistance within weeks.<sup>4</sup> Some argue that supplies of water, food, medicine, and electricity are already a matter of urgent concern.<sup>5</sup>

Until it was suspended on the eve of war, U.N. and other humanitarian agencies were providing aid to Iraq through the OFFP, which used revenue from Iraqi oil sales to buy food and medicines for the civilian population.<sup>6</sup> Sixty percent of Iraq's estimated population of 24 to 27 million were receiving monthly food distributions under the OFFP. Sources say that families were not able to make their rations last the full month or they need to sell part of them for other necessities – leaving many people with little food stored in reserve and more vulnerable. Others say that the average Iraqi has food supplies lasting a few months. Food security remains uncertain, just as the amount of food stored in OFFP warehouses is also unknown.

## Contingency Preparations

The war is disrupting critical infrastructure, delivery of basic services, and food distribution. Aid organizations have planned for humanitarian needs amid great uncertainty about conditions in the aftermath of conflict. They report that emergency supplies such as water, food, medicine, shelter materials, and hygiene kits are in place in countries bordering Iraq. Some argue that there is still a huge shortfall of resources and funding available to help refugees. There are also concerns about the absorptive capacity of neighboring countries, whether they can provide adequately for these populations, and the impact of refugee flows on stability in the region. Iran, Turkey, Jordan, Syria, Saudi Arabia, and Kuwait have all publicly stated that they will prevent refugees from entering their countries, although each continues to make preparations for assistance either within Iraq's borders or at transit areas at border crossing points.

U.N. agencies developed possible humanitarian scenarios and contingency plans. The U.N. Humanitarian Coordinator in Iraq, Ramiro Lopez da Silva, has set up an interim logistics hub in Cyprus. Although NGOs have also been putting together plans, the absence of international organizations and NGOs operating in and around Iraq means there are few networks in place and there is little experience on the ground.

## Relief and Security

Military operations and logistical problems in the south have made it too dangerous to open supply routes and the situation on the ground is not secure enough for aid agencies to move in. Once security is established, questions remain about delivery of aid (whether roads used by the military will be usable or whether separate

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<sup>4</sup> "Shortfall Imperils U.N.'s Iraq Aid; Funds Sought for Humanitarian Work," *Washington Post*, February 14, 2003.

<sup>5</sup> "Agencies Fear Consequences But Plan for War in Iraq; Iraq Stocks up Food Ahead of Possible US War." *Turkish Daily News*, December 27, 2002.

<sup>6</sup> For more information about the Oil-for-Food Program (OFFP), see CRS Report RL30472, *Iraq: Oil-for-Food Program, International Sanctions, and Illicit Trade*.

supply routes will need to be put in place); availability of cargo and water trucks (currently in short supply); and distribution (particularly in cities where the military is may not have gained full control over population centers as they push north and keep the offensive focused on Baghdad.)

Aid agencies plan to establish bases within Iraq to support relief operations. However, they fear that receiving protection from coalition-led forces could mean an increase in security risks for their staff because they risk losing neutrality. The EU is also concerned about the “independence and integrity of delivering humanitarian aid.”<sup>7</sup> Continuing instability has prevented attempts to assess the needs of local people and provide humanitarian assistance.

In the short term, security of humanitarian aid delivery and distribution is becoming a matter of concern. When aid gets through, logistical problems and unruly mobs have made it very difficult to distribute even the small amounts of aid made available. Moreover, looting and lawlessness on the one hand combined with some apparent bitterness towards the coalition forces on the other present additional problems.

## **Operational Status: Recent Developments**

The humanitarian situation continues to evolve as the war progresses. As the war began, there were reports of Kurdish civilians either leaving cities located in possible combat zones or attempting to safeguard their homes with sheets of plastic against a possible chemical attack by the Iraqis. In Baghdad, civilians bought water and canned food, converted currency, and filled gas tanks in preparation for war.

The International Committee of the Red Cross (ICRC) is currently the lead humanitarian agency inside Iraq. ICRC teams visited the main hospitals in Baghdad to see the wounded and provide additional medical supplies. ICRC staff also have continued to monitor the quality and quantity of drinking water. Telephone communications with Baghdad are very limited, making it difficult to get new information. In Basra, the ICRC team had restored clean water to approximately 40% of the city, although lack of water and electricity remains a serious problem. In Kirkuk, emergency supplies have been provided to aid agencies assisting Internally Displaced Persons (IDPs). In northern Iraq, the ICRC has continued to monitor the condition of the IDPs and provided emergency and non-aid items to displaced families. High food prices together with poor reserves are said to be a growing problem. Civilian casualties have been reported by the Iraqi health minister and on Al Jazeera TV, but no firm numbers have been confirmed to date.<sup>8</sup> According to the United Nations, the ICRC has been granted access to Prisoners of War of Coalition Forces as of March 31.

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<sup>7</sup> “Keep Aid Neutral, Urges EU Relief Chief,” *Financial Times*, March 31, 2003.

<sup>8</sup> As of March 27, 2003, the Iraqi Ministry of Health reported a total of 4,000 civilian casualties and 350 deaths since the beginning of the war. U.N. Office of the Humanitarian Coordinator for Iraq, “Iraq: Humanitarian Situation Report No. 10,” March 28, 2003.



Very little humanitarian aid has been delivered to Iraq since the opening days of the war. For example, on March 26, 2003, two separate convoys—one to Basra, one as part of a USAID-DART mission to Umm Qasr—distributed some food. It was reported that on March 28, two trucks of Kuwaiti aid arrived in Safwan and since then, a limited number of distributions have taken place. Lack of water, food, and electricity is proving to be a problem for many Iraqis and it is unclear when supplies will arrive. An insufficient water supply is proving to be one of the biggest humanitarian challenges in southern Iraq. Deliveries by tanker to some towns and building an extension to the pipeline from Kuwait to Umm Qasr are underway to address the problem.<sup>9</sup>

Limited or no access by the United Nations and aid agencies makes it difficult to confirm reports of population displacement. According to the United Nations, there is a reported increase in the number of people leaving Baghdad for the countryside.<sup>10</sup> Checkpoints between the three northern governorates and Government of Iraq (GOI) controlled areas remained closed, limiting population movements; some reports estimate 5,000 people may have moved north. Internal population movements appeared to be occurring mainly in the north. Apparently 90% of these IDPs have been able to find local accommodation with friends and relatives. There are concerns that the Turkish-Iraqi border region is highly inaccessible for distribution of food aid. The WFP has started moving food from Turkey into northern Iraq, although U.N. agencies have been encountering difficulties at the border which has been closed for goods entering Iraq. There have been few refugees moving out of Iraq; however, some people are gathering close to the Iraq/Iran border in the south. Third Country Nationals (TCNs) represented the main bulk of individuals leaving Iraq. Asylum seekers have been reported at several border areas, but there are no confirmed arrivals. The International Organization for Migration (IOM) and the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) are providing assistance to TCNs at the borders and to help them with preparations for their onward journey to their home countries.

The now coalition-controlled port of Umm Qasr, Iraq's main outlet to the Persian Gulf, is a crucial gateway for humanitarian supplies. British forces continue to sweep it for mines, but massive dredging and rebuilding is required to prepare the port for large cargo ships. In the meantime, once the port is operational, some sources fear that offloading will be slow and inefficient, leading to risks of delay in the delivery and distribution of relief materials. The Royal Fleet Auxiliary ship *Sir Galahad*, containing humanitarian supplies, arrived at the port on March 28. The food will be stored in a warehouse until the OFFP can be revived. Australian cargo ships carrying food aid have been delayed entry into the port because of the need for further mine sweeping.

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<sup>9</sup> "Ships Arrival at Umm Qasr with First Cargo of Aid Seen as Bringing Iraq Back into World Fold," *Financial Times*, March 31, 2003.

<sup>10</sup> U.N. Office of the Humanitarian Coordinator for Iraq, "Iraq: Humanitarian Situation Report No. 12," March 31, 2003.

## Reconstruction Assistance: Recent Developments

Among the key policy objectives laid out by the Bush Administration in launching a war in Iraq is the economic and political reconstruction of the country. At this point, only limited steps have been taken in preparation for reconstruction programs; unlike humanitarian aid, the war must end before reconstruction can begin. However, discussion and debate within the Administration and the diplomatic community is on-going regarding the form of governance in post-war Iraq and questions over the administration of reconstruction aid, including the role of the U.N.

### Reconstruction Implementation

In February and March 2003, USAID began to announce the recipients of contracts to carry out early reconstruction operations – in seaport and airport administration, capital construction, theater logistical support, public health, primary and secondary education, personnel support, and local governance. For this purpose, normal public bidding requirements were waived, and specific companies which were seen to have preexisting qualifications were requested to submit bids. Halliburton, whose former chief executive was Vice-President Cheney, was one of the firms solicited by USAID for a \$600 million construction contract raising concerns of favoritism and reinforcing suspicions among some critics that the war is being fought for oil. In the end, Halliburton was not awarded the contract. Some officials point out that only a few select firms possess the particular skills and security clearances that would qualify them for the job specifications for Iraq reconstruction.<sup>11</sup> However, some observers have noted that many international organizations and non-U.S. companies were excluded from the selection, and even British companies were not considered despite that country's role in the war. U.S. officials point out, however, that time and security clearances are critical factors and that foreign entities, potentially excluded by "buy America" provisions of law, and other U.S. firms can participate as sub-contractors to the selected American firms. Sub-contractors are likely to compose more than half of the total cost of each contract.<sup>12</sup>

### Governance of Post-War Iraq

How Iraq is administered in the immediate and medium-term post-war period will strongly affect the outcome of U.S. objectives and programs. U.S. officials have stressed the desire to return the governance of Iraq to its people as soon as possible. Although plans for the immediate post-war period may change with evolving circumstances, U.S. officials currently expect a "rolling transfer" of authority to an Iraqi Interim Authority that would run ministries that affect daily civilian life – education, health, etc. The "power" ministries – military, intelligence – would be taken over and reformed by the U.S. military. Current U.S. plans also may include the use of Iraqi regular army personnel to work on many reconstruction programs,

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<sup>11</sup> "Halliburton's Links Sharpen Bids Dispute," *Financial Times*, March 27, 2003, "Halliburton Unit Loses Out on Rebuilding Iraq," *Washington Post*, March 29, 2003.

<sup>12</sup> "U.S. Agency Offers Blueprint for Rebuilding Iraq," *Los Angeles Times*, March 21, 2003.

such as construction, engineering, road work and demining. “Free” Iraqis would be assigned as “advisors” to each of the roughly 21 ministries, and the roughly two million Iraqi civil servants, including educators and health workers, would continue to carry out their functions, with salaries initially paid by the United States. Iraqis would also be asked to form their own constitutional commission to devise a new governmental structure.<sup>13</sup>

A number of European leaders, including those of France and Germany, argue that administration of Iraq should be turned over as soon as possible to the United Nations. They argue that prolonged U.S. military control will be opposed by Iraqis and antagonize the Arab world. They support a role for the U.N. such as it has had in Kosovo. This position has been significantly strengthened by the advocacy of British Prime Minister Blair. However, prior to meeting with President Bush on March 27, Blair indicated that resolution of the issue of a U.N. role in post-war administration could wait. The U.S. position reportedly is that the U.N. may play a major role in humanitarian assistance, but should have no political authority.<sup>14</sup> The Europeans, not including Blair, are apparently reluctant to offer reconstruction assistance unless the U.N. is provided a lead role. The recently-approved Security Council resolution allowing the U.N. to manage the oil-for-food funds to support humanitarian activities was reportedly held up over the issue, although some believe its temporary renewal is designed to allow the United States to place control in the hands of an Iraqi interim authority once the war has ended.<sup>15</sup> A parallel disagreement over the role of the U.N. is reportedly taking place among Administration officials, with the State Department arguing that a U.N.-run post-war Iraq would attract more financial support from the international community while being more acceptable to the Iraqis.<sup>16</sup>

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<sup>13</sup> *Background briefing on reconstruction and humanitarian assistance in post-war Iraq*, Department of Defense, March 11, 2003.

<sup>14</sup> “Blair to Press Bush over U.N. Role,” *Financial Times*, March 26, 2003. “U.S. Plans to Run Iraq Itself, and is Assembling a Civilian Team,” *New York Times*, March 26, 2003.

<sup>15</sup> “Blair Pushes Hard for Strong U.N. Postwar Role,” *Financial Times*, March 21, 2003. “US Should Bear Cost of Rebuilding, Says Berlin,” *Financial Times*, March 26, 2003. “Paris Plans to Regain Place on World Stage,” *Financial Times*, March 27, 2003, “Against France and Russia, Washington Tries to Curb U.N. Role in a Postwar Iraq,” *New York Times*, March 27, 2003.

<sup>16</sup> “At United Nations, Yet Another Clash Looms Over Iraq,” *Washington Post*, March 26, 2003.