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## RECONSTRUCTION

**Over \$13 Billion in Aid Is Pledged to Rebuild Iraq**By **STEVEN R. WEISMAN**

Published: October 25, 2003

**M**ADRID, Oct. 24 — The United States, completing an extraordinary campaign for economic aid to Iraq, won commitments on Friday of at least \$13 billion over five years for reconstruction of water, power, health care and other systems devastated by the American invasion six months ago.

The total surpassed what many had expected, although roughly two-thirds of the aid appeared to be in the form of loans rather than grants, which might complicate efforts by the Bush administration to beat back a drive in Congress to make more American aid in the form of loans. Advertisement

Administration officials have said repeatedly that Iraq needs grants and cannot afford to add to its debt.

Secretary of State Colin L. Powell hailed the \$13 billion sum as larger than the Bush administration expected only a few weeks ago, when he said some colleagues were considering whether to call off the meeting of donors here.

"But here we are, and we've had a very successful conference," Mr. Powell said, adding that the estimated total was at the "low end." A senior American official said afterward that the number might grow by as much as \$4 billion.

Exactly how much of the figure mentioned Friday was in the form of grants was not immediately clear. But it appeared that total grants between now and the end of 2004 would come to between \$3 billion and \$4 billion.

While some donors — which include both nations and institutions — said that was close to what Iraq could realistically absorb, American officials said the country could use far more in grants right away.

Some donors apparently pledged sums that they had already announced and transmitted earlier. Others included import credits, relief assistance — including \$500,000 worth of rice from Vietnam — or other items not on the list of reconstruction and security needs for which the Madrid conference was called. Nor is it clear how much money will be available how soon.

Arab nations did not come through with the large number of grants that the administration had sought, in part because of antipathy toward the war in Iraq and, more recently, the collapse of the Israeli-Palestinian peace negotiations. The United



Reuters

Secretary of State Colin L. Powell and Iyad Alawi, president of the Iraqi Governing Council, attended an international conference of aid donors.

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Arab Emirates offered \$200 million to \$250 million. Saudi Arabia offered \$1 billion in low-cost loans and an additional \$500 million to finance Saudi export credits. Kuwait came up with \$500 million.

Most loans come not from countries but from the World Bank and the International Monetary Fund, which will most likely have to negotiate the terms of their aid along with a plan to reschedule and perhaps forgive at least some of Iraq's existing \$120 billion in debts, according to World Bank officials.

The senior administration official said that while much of the money would be received as loans, interest rates and repayment schedules would be highly favorable to Iraq. Loans, he added, will supply quick infusions of cash to get construction projects going quickly.

Asked why loans were acceptable from the international agencies and other donors but not from Congress, American officials said that they had to recognize the reality of donor finances and that this did not diminish the need for Congress to provide grants.

"Sure, we prefer grants," Treasury Secretary John Snow said. "But what we really are counting on here is financial support, lines of credit, money in the bank that can be drawn on to finance the rebuilding of Iraq."

As delegates left Madrid on Friday evening, many questions remained about the sums pledged. Many development officials cautioned, for example, that the nations pledging them might not live up to their promises. That is what has happened, at least in part, with the \$5 billion raised for Afghanistan last year.

The biggest unanswered question, many delegates said, is whether the troubled security situation in Iraq will prevent the aid from being delivered.

"Security is a problem," Mr. Powell said at a news conference closing the meeting. "We don't deny it. But we are confident that security will improve in a manner that will permit reconstruction to accelerate."

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