

The Daunting Task of Rebuilding Iraq and the Kuwait Conference

Mesut Ozcan

Abstract: After the defeat of the Islamic State (ISIS), the priority for Iraq is now rebuilding the country in order to avoid a similar scenario to that which the country witnessed after the emergence of ISIS in 2014. In order to make a contribution to the efforts of Prime Minister Haider Abadi's government, Kuwait hosted a conference dedicated to the reconstruction of Iraq with the participation of the United Nations and World Bank. To convince participants to contribute to the rebuilding of the country, the Iraqi government declared a road map for reconstruction efforts. The amount promised by participants, however, fell short of the amount needed by Iraq. There are several reasons why these donors were not so generous this time around. Among these reasons are fatigue in the international community regarding the money spent in Iraq over the last two decades, Iraq's natural resources, and the problem of corruption. Nonetheless, the presence of representatives from more than 70 countries and several international organizations demonstrate the solidarity of the international community with Iraq. Regional countries seemed more interested than others in terms of rebuilding their war-torn neighbour. The interests of Iraq and the international community coincide in rebuilding the country and avoiding nightmarish scenarios for the world in which terrorist groups like ISIS emerge and cause problems including security issues and refugee outflows.

Introduction

The Kuwait International Conference of Iraqi Reconstruction and Development took place in Kuwait between Feb. 13-15, 2018, bringing together the representatives of over 70 countries to supply Iraq with much-needed assistance in rebuilding the country. Not only governments, but also international institutions like the United Nations and international companies interested in opportunities in rebuilding Iraq attended the conference. The human suffering in Iraq over several decades and the security threats emanating from the country have been high on the agenda of the international community for many years. The emergence of ISIS and the fight against it seriously hit the already fragile infrastructure of the country. In order to prevent a similar scenario re-emerging in the future, Kuwait took the initiative with the support of the UN and World Bank to bring together countries, international organizations and international companies who have stakes in Iraq.

An Irony of History

It is an irony that an international conference for rebuilding Iraq should take place in Kuwait, which suffered a lot from occupation by the Saddam regime in 1990. That year was a turning point at the history of the region and the world. Iraq still owes Kuwait much money due to the damage inflicted during its occupation of the country between 1990 and 1991. Even before the Iraqi occupation of Kuwait and the Gulf War, Kuwait provided billions of dollars as credit to Iraq during the Iran-Iraq war. Iraqi debts to Kuwait and other Gulf countries was one of the reasons for the occupation. With all of this history in mind, Kuwaiti leaders took the initiative to contribute to the rebuilding of their troubled neighbor. The ramifications of the problems of Iraq for the region and the world in terms of social,

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economic and security consequences have led many actors to take an interest in this conference. With these challenges and the division among the countries of the region in mind, Kuwaiti leaders took the initiative. Hosting of such a conference is in line with Kuwait's regional policy. The Kuwaiti Amir sought to play a conciliatory role during the crisis between Qatar and some other Gulf countries last year. The Kuwaiti leadership is also playing an important role in providing humanitarian assistance to crisis-ridden countries all around the world.

Over the last couple of years, Iraq has been on the agenda of the international community because of emergence of ISIS and the fight against it. This development has caused enormous destruction to many parts of Iraq, but mainly the Sunni-populated areas. The misery of the internally and internationally displaced people and the economic conditions of Iraq has required other countries to help. We should keep in mind that extremist groups like IS emerged from the failure of the government in providing basic services to its people and from the failure to maintain an attachment between the state and parts of society. This failure has much to do with the sectarian attitude of some politicians in Baghdad. Currently there is a widespread understanding among Iraqi politicians to avoid a sectarian agenda. But if the future governments of Iraq fail to create a comprehensive plan for the reconstruction of the cities and fails to address the expectations of its citizens with different ethnic and sectarian background, then there will be similar problems in the future.

Given the influence of Iran on Iraq and the destruction of the Sunni-populated areas, we have witnessed increasing contacts between Baghdad and neighboring Arab countries, with an urgency on the side of Iraq to develop good relations with neighboring countries. There were reciprocal high-level visits last year as a sign of mutual interest in working together to overcome problems. From Baghdad's perspective, and especially that of Prime Minister Abadi, improving relations with the other neighbours is a good way of balancing out Iranian influence. Despite increasing oil exports, Iraqi resources are not sufficient to rebuild the country as quickly as possible. From the point of view of neighbouring states, contributing to the rebuilding the country and winning the hearts and minds of Iraqi people will contribute to the efforts of balancing out Iran in Iraq.

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It is generally accepted that Shia-dominated Baghdad is not prioritizing the rebuilding of Sunni-populated areas given that this part of Iraq is poor in terms of oil in comparison with the south of the country. The support of some segments of the Sunni population to ISIS in the past is also remembered by some Iraqis and these people are not in a rush to spend money for the reconstruction of ISIS-ridden areas. Some local officials in cities like Mosul, when asking for money for reconstruction, were urged "to go to their friends in the Gulf".¹



The Need for Reconstruction

The destruction caused by ISIS and by the fight against it has taken a severe toll in Mosul, which was devastated by coalition airstrikes and suicide bombings. The United Nations estimates that around 40,000 homes were destroyed and needed to be rebuilt in Mosul alone.² In all of Iraq, solely for rebuilding homes, \$17 billion is required, according to the estimates of Iraqi officials and World Bank experts.³ Iraqi Prime Minister Abadi stated that his country needed \$88.³ billion in total for projects. This is a huge amount of money and Iraqi officials have made it clear that their budget will not be sufficient for this.

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According to their reconstruction plans, Iraqi officials say they will first focus on rebuilding and developing hospitals, schools, homes, roads and telecommunications infrastructure that are key for providing jobs, and returning displaced peoples to their hometowns.⁴ Currently, security conditions are relatively stable in the ISIS-cleared areas. Basic services like electricity and running water, however, are not available in large chunks of Iraq, preventing the return of internally displaced people. In addition to the lack of services, the problem of unemployment is also another hurdle in the way of the repatriation of displaced Iraqis. In order to answer these problems, the Iraqi government prepared 157 reconstruction projects for the Kuwait conference. Iraq's Minister of Planning Qusai Abdelfettah said that his country requires \$88 billion USD, \$22 billion of which is needed immediately.⁵

The Role of the UN and other International Organizations

UN Secretary General Antonio Guterres was present at the conference and he announced the launch of a program to speed reconstruction. In that regard, the UN appealed for nearly \$1 billion for the first year of its program. Guterres stated that international community owed a debt to the Iraqi people and that he stood in solidarity with the Iraqi people. What is striking in the UN's plans for Iraq is the focus on reconstruction on the one hand and on its strategy to prevent a recurrence of violence on the other hand.⁶ In order to achieve this, political, economic, social and cultural rights must be fully respected. The World Bank also have a \$300 million project to improve the living conditions of more than 1.5 million poor families in Iraq.

The plans of the Iraqi government for the reconstruction of the country in coordination with the UN and World Bank has short, medium and long-term perspectives for the different needs of the country. Seven governorates (Anbar, Babil, Baghdad, Diyala, Kirkuk, Ninova and Salahaddin) have been targeted with these plans and projects, with priority given to the construction of schools, hospitals, roads, water and electricity infrastructure. In addition to these projects, the World Bank also aims to provide technical assistance to create a positive environment for business opportunities to thrive in Iraq for the rebuilding of the country.⁷ The World Bank is trying to contribute to a business environment where Iraq's heavy reliance on oil is diminished in a gradual way to allow sustainable economic development.

Before the conference, in order to get as much as benefit from this gathering as possible and to convince countries, international organizations and private investors to invest and donate, the Iraqi government also worked hard to prepared guidelines where they



defined needs in different parts of the country, institutional mechanisms to contribute to the reconstruction efforts, financial strategies and steps to be followed.⁸ This preparation shows that the Abadi government is taking the job of reconstruction very seriously and trying to do its homework.

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The total amount of money in terms of different forms of contributions promised to the reconstruction of Iraq has reached \$30 billion. Within this amount, 90 percent of the money has been offered as credits for reconstruction. In this amount, neighboring countries like Kuwait, Turkey and Saudi Arabia are taking the lead. Promises of support from Turkey were striking given the limited amount promised by Iran. This might be interpreted within different perspectives regarding Iraq and the Middle East. Turkey sees its interest in the rebuilding of the region with functioning state structures.

Although the amount promised is one third of what Iraqi authorities are seeking, it is still an important show of solidarity with Iraq and efforts of rebuilding the country. In addition to the support coming from states, various non-governmental organizations also pledged \$330 million to various projects in Iraq.

Despite the calls of the UN and Iraqi politicians, most of the members of the international community feel fatigued by the financial demands stemming from Iraq's problems. Many paid before the reconstruction of Iraq after the invasion in 2003 and are not in a position to do it happily

again. In this respect, U.S. officials made it clear from the very beginning that they are not planning to announce any further contributions, since they already pledged \$150 million for restoring basic utilities to several small businesses at the beginning of this year. This reluctant attitude of the members of the international community is related to the belief that Iraq has enormous natural resources and is in a position to finance its reconstruction. For this reason, the assistance was promised mostly in the form of credits with the belief that Iraq can pay off these credits in the long term. Iraq's national debt is around \$122 billion⁹ and credits for financing projects for rebuilding the country will increase this debt and be a question mark over the financial stability of the country.

The Problem of Corruption

In addition to the recurring destruction in Iraq in terms of discouraging the international community from financial contributions, the other aspect is corruption. According to Transparency International's annual Corruption Perception Index, Iraq is ranked 166th out of 176 countries in terms of corruption.¹⁰ In order to combat corruption, the Abadi government has promised several measures to assure donors that their contributions will be spent for the right purposes. After the defeat of ISIS, Abadi declared that "the coming war will be on corruption".¹¹ One of the most important priorities for donors and investors will be implementation of these promised reforms.

Many people see Iraq's oil resources as the only real source of relief for the country. Increasing output and exports of oil in the last couple of years are positive signs for hopes of recovery. In addition to the presence of representatives of countries and international organizations, the presence of representatives from several international companies at the Kuwait Conference also signify a reflection of these



opportunities. With its proven oil reserves of 148 billion barrels of oil, Iraq is one of the most important players in Organization of the Petroleum Exporting Countries, with oil exports counting for nearly 99 percent of the country's exports.¹²

Although the Iraqi government was unable to reach the declared target of \$88 billion, the conference in Kuwait still signifies that the international community remains interested in the reconstruction of Iraq with some reservations. What is significant about the conference is that no-one wants to provide money to Iraq given recent history. In addition to the recurring destruction of Iraqi infrastructure, the potential of Iraq's natural resources has led many countries and institutions to think that it is better to provide credits to Baghdad to be paid back in the long term. Another important outcome of the conference is the interest of neighboring countries in the reconstruction of Iraq. Compared to other members of the international community, most of Iraq's neighbours pledged larger amounts of money. This shows that they see potential in rebuilding Iraq for the benefit of the region in political and economic terms. The level of corruption is discouraging countries and investors. In order to overcome these problems, Abadi is promising close scrutiny of projects and credits. His popularity is tied to the speed and effectiveness of rebuilding efforts. Both Iraqi institutions and the international community need one another in order not to witness a tragic repeat of what has happened over the last couple of years in Iraq.



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ABOUT THE AUTHOR

Mesut Ozcan is currently the Director of Diplomacy Academy of MFA. He serves on the editorial boards of Insight Turkey, Divan and Perceptions journals. He previously lectured at Istanbul Ticaret University's Department of International Relations and continues to teach at Istanbul Sehir University. Özcan is the author of three books: Sorunlu Miras Irak (Istanbul: Küre, 2003), Harmonizing Foreign Policy: Turkey, the EU and the Middle East (Aldershot: Ashgate, 2008), and Medeniyetler ve Dünya Düzen(ler)i, Mesut Özcan and Muzaffer Şenel (ed), (Istanbul: Klasik, 2010).

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Address: Istanbul Vizyon Park A1 Plaza Floor:6
No:68 Postal Code: 34197
Bahçelievler/ Istanbul / Turkey
Telephone: +902126031815
Fax: +902126031665
Email: info@sharqforum.org

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