The International Reconstruction Fund Facility for Iraq (IRFFI)

The IRFFI aims to help donors channel their resources and coordinate their support for reconstruction and development activities in Iraq in line with the priorities identified in the Needs Assessment and validated by Iraqi authorities. The IRFFI encompasses two trust funds: the World Bank Iraq Trust Fund (ITF), and the UN Development Group Trust Fund (UNDG Trust Fund).

In January 2004, the World Bank Board of Executive Directors approved the Bank to act as Administrator of the ITF. Donors began committing funds to the ITF in February 2004 and began depositing funds in March 2004.

### Distribution of Donors’ Sector Preferences

- Financial/Private Sector: 12%
- Health: 1%
- Rural Development: 5%
- No Preference: 35%
- Water/Sanitation Urban: 32%
- Capacity Building: 3%
- Education: 13%

### Sectoral Distribution of Projects

- Financial/Private Sector: 43%
- Health: 27%
- Capacity Building: 3%
- Rural Development: 5%
- Water/Sanitation Urban: 15%
- Education: 13%

### Summary of Past World Bank Lending to Iraq (1950-1973)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Principal Amount</td>
<td>$106,544,699</td>
</tr>
<tr>
<td>Number of Loans</td>
<td>6</td>
</tr>
<tr>
<td>(all were approved between 1950 and 1973)</td>
<td>6</td>
</tr>
</tbody>
</table>
Interim Assistance Strategy

On January 29, 2004, the Bank’s Board of Executive Directors discussed the Bank’s Interim Strategy Note, which provides the framework for Bank activities in Iraq, including through the Iraq Trust Fund. The Interim Strategy focuses on an incremental approach based on the Needs Assessment and on what practically can be done. The Bank’s immediate objectives are:

(i) Build Iraqi institutional capacity, especially to establish mechanisms of transparency and accountability urgently needed for implementing the large amounts of external funding needed for Iraq’s reconstruction.

(ii) Prepare and start implementing emergency operations to address urgent needs:
   - Generate employment / kick-start economic activity; and
   - Restore essential infrastructure and services.

(iii) Lay the groundwork for Iraq’s medium-term reconstruction and development program and begin assisting in the transition from central planning to market economics, through policy advice and analytical work.

Completed Project

First Capacity Building Project (US$3.6 million). The project focused on key topics for Iraq’s reconstruction – project management, financial management, procurement, environmental/social safeguards, macroeconomic reform, private and financial sector development, and specific topics in the education, health, and infrastructure sectors. The project financed over 20 seminars and workshops that trained about 600 Iraqi officials from 19 ministries, the central bank, universities, and the private sector.

Projects Under Implementation

Emergency Textbook Provision Project (US$40 million). The project is financing the printing and distribution of 69 million textbooks (600 titles) for 6 million students in Iraq’s primary and secondary schools (12 grades) in all 18 governorates for the 2004/05 school year. The Ministry of Education is delivering textbooks to schools at this time, and most deliveries will be completed by the end of October 2004, a substantial improvement over textbook deliveries in 2003.

Emergency School Construction and Rehabilitation Project (US$60 million). The project finances construction of new buildings for about 110 existing primary and secondary schools in unsafe or overcrowded facilities, and major rehabilitation of about 140 schools.

Second Capacity Building Project (US$7 million). The project supports the authorities in tackling medium-term policies, focusing on economic management, public sector management, and social safety nets, three of the six pillars of Iraq’s first National Development Strategy.

Emergency Baghdad Water and Sanitation Project (US$65 million). The project finances the rehabilitation of water supply and sanitation infrastructure throughout Baghdad, including a large portion of sewerage system rehabilitation and extension (US$32 million) in Sadr City.

Emergency Water Supply and Sanitation and Urban Development Project (US$90 million). The project finances water supply and sanitation rehabilitation in nine governorates; and urban reconstruction (roads, sidewalks, community centers, etc.) in the poorest areas of 3 governorates.

Emergency Health and Rehabilitation Project (US$25 million). The project aims to improve quality emergency services in selected health facilities, and finances rehabilitation of priority emergency services, including emergency obstetric care, in 12 selected hospitals. Rehabilitated hospitals will also receive basic medical and laboratory equipment and a 3-6 month supply of up to 37 essential emergency medicines.

First Private Sector Development Project (US$55 million). The project aims to fill critical gaps to improve the investment climate and develop the private sector. It finances part of a high-capacity national telecommunications network (US$43 million) and related infrastructure to interconnect key parts for the Central Bank’s payments and settlements system. Also develops and strengthens the institutional framework for private sector development (investment promotion, export promotion, and SME reform agencies); and provides support to private sector firms to access finance and foreign markets.

Emergency Community Infrastructure Project (US$20 million). The project finances labor-intensive water supply, sanitation, and irrigation rehabilitation in rural areas throughout Iraq, using a flexible programmatic approach and increasing community involvement.

Needs Assessment Reports

The World Bank and the United Nations Development Group (UNDG) produced together a Needs Assessment. The Needs Assessment covers fourteen sectors and three cross-cutting themes and identifies investment needs and priorities for the short (2004) and medium (2005-2007) terms. The sectors are: education; health; employment creation; water and sanitation; transport and telecommunications; electricity; housing and land management; urban management; agriculture, water resources, and food security; finance; state-owned industries; investment climate; mine action; and government institutions. The cross-cutting themes are: gender, environment, and human rights. The reports are available on-line at: www.worldbank.org/iq.