

**PROJECT INFORMATION DOCUMENT (PID)
PAD STAGE**

Report No.: **AB675**

Project Name	Emergency Community Infrastructure Rehabilitation Project
Borrower(s)	GOVERNMENT OF IRAQ
Implementing Agency	IQ - Ministry of Water Resources
Date PID Prepared	September 23, 2004
Date of Appraisal	September 2004 Negotiations completed
Date of Board Approval	October 2004

1. Key Development Issues and Rationale for Bank Involvement

a. Iraq faces monumental reconstruction and development challenges in the coming years. As highlighted in the *Iraq United Nations/World Bank Joint Needs Assessment*, years of conflict, international economic sanctions and dictatorial rule have resulted in the nearly complete degradation of the country's physical, economic and social infrastructures. An estimated 60 percent of the population is dependent on a volatile public food distribution system, while basic human development indicators such as child mortality, universal primary education, gender equality, etc., as well as environmental conditions have greatly deteriorated over the last decade.

b. In the rural space, lack of investment and maintenance in water supply, sanitation, irrigation and drainage infrastructure and services, a centralized command economy with distorting policies and legislation, and physical destruction have led to the disintegration of a potentially productive and market-oriented agriculture-based rural economy. In 2001, agriculture contributed an estimated 8 percent to Iraq's GDP and about 20 percent to total employment. Consisting in large parts of subsistence farming, agriculture currently supports a rural population of 7 million out of an estimated total population of 26 million.

c. The proposed Project will expand the Bank's support to Iraq's reconstruction and address current emergency needs for infrastructure rehabilitation at the community level. This will be undertaken through the restoration of rural infrastructure by financing labor-intensive small-scale civil works programs through water supply, sanitation, irrigation and drainage infrastructure rehabilitation, thereby creating short-term rural employment. The Project will complement the Bank's efforts in water supply infrastructure rehabilitation in urban areas. It is fully consistent with the *World Bank's Interim Strategy Note for Iraq* (January, 2004), which emphasizes the need for rapid rehabilitation of critical infrastructure and services, short-term employment generation, and institutional capacity building as prerequisites for long-term and sustained recovery. The Project's strategic objective is to lay the groundwork for the Bank's medium-term reconstruction and development program in the rural space in Iraq. The Project is part of the Bank's proposed work program that has been agreed upon with key Iraqi ministers. It would be implemented through grant financing from the *World Bank Iraq Trust Fund (ITF)* under the *International Reconstruction Fund Facility for Iraq*.

d. The comparative advantages of the Bank lies in its ability to: (i) bring its international experiences and best practices in community rehabilitation and development projects under post-conflict/in-conflict conditions (Afghanistan, East Timor, Kosovo, West Bank and Gaza); and (ii) build capacity in existing local Iraqi institutions by involving them in the execution of the Project and thereby creating greater commitment and ownership of the reconstruction process of their country.

2. Proposed Objective(s)

a. The project development objective is to contribute to economic and social recovery through developing community-based rehabilitation of rural infrastructure. Starting with the emergency rehabilitation of priority water supply, sanitation, irrigation and drainage in selected rural areas (accompanied by capacity building technical assistance to local institutions), the Project will use a phased and flexible approach building on pilots and increasing community involvement.

b. In summary, the three primary objectives of the Project are: (i) to restore some of the basic small-scale water supply, sanitation, irrigation and drainage facilities in the rural areas that are currently in a damaged state and causing hardship to the rural inhabitants; (ii) to carry out the restoration works in a manner that creates short-term employment in communities where the sub-projects are located; and (iii) to increase community involvement in small-scale infrastructure rehabilitation that will eventually result in decentralization through community planning, implementation and operation and maintenance of these infrastructures.

c. The objective is to be accomplished by means of piloting and financing labor-intensive civil works programs in the form of many small sub-projects that are based on immediate infrastructure rehabilitation needs and priorities of communities, particularly those located in low-income areas.

d. The principal outputs of the Project would thus be: (i) increased short-term employment in project areas; (ii) improved access to community infrastructure and services; (iii) enhanced capacity to implement infrastructure programs; and (iv) increased private sector activity in rural areas through opportunities for local contractors and suppliers.

3. Preliminary Description

a. **Project Components.** The Project is designed as an emergency operation that is able to respond to evolving demands in terms of intervention and financing requirements. Due to insufficient knowledge of the situation on the ground, the Project will consist of two types of interventions:

(i) **Small-scale Water Supply, Sanitation, Irrigation and Drainage Rehabilitation Sub-Projects** according to priorities set by the Ministry of Water Resources (MOWR) and based on available or newly generated design packages. These sub-projects will include rehabilitation of facilities for water supply, sanitation, irrigation and drainage, and community institutional capacity building. Each sub-project would allocate a sizable proportion of the investment budget to direct labor cost and provide short-term employment opportunities through local civil works;

(ii) **Feasibility and Design Studies** in the water supply, sanitation, irrigation and drainage subsectors to develop a pipeline of (i) immediately implementable small-scale rehabilitation projects; and (ii) larger-scale follow-up projects for subsequent implementation that are in line with local development priorities.

b. **Investment Size.** The total investment on each rehabilitation sub-project should be in the range of US\$300,000 to US\$1,000,000, while the maximum amount of financing of feasibility studies which will be determined during the identification of such proposals will not exceed US\$300,000. Proposals for feasibility studies and sub-projects will be geographically distributed throughout Iraq.

c. Given the current security conditions and the lack of Bank field presence, there is a need for an innovative and flexible approach to implementation, including supervision, monitoring, training and disbursement procedures. The Bank will apply emergency procedures under Operational Policy (OP) 8.50 (Emergency Recovery Assistance) in processing the proposed Project. While procurement, financial management and disbursement procedures will be organized centrally, the project team will rely on a team of qualified local Iraqi consultants to appraise, supervise and monitor progress in the field. The consultant team will make periodic visits to sites of rehabilitation sub-projects and to sites for which feasibility studies are to be developed, until such time when security conditions have improved allowing Bank staff to resume traveling to Iraq.

d. Bank staff, in the short-term, will monitor progress based on consultant field reports and will have meetings with the client in Amman to discuss progress. The Video Conferencing (VC) facilities installed in Iraq will also be a regular tool to keep in constant contact with the client. Training will also be provided to the implementing agencies (project staff of MOWR and representatives of local government/farmers/communities) to strengthen capacity in technical, project management and fiduciary skills including environmental and social safeguards.

e. The Ministry of Planning and Development Cooperation (MOPDC) will be the responsible agency coordinating the Project with the Bank. MOWR will prepare lists of specific priority sub-projects to be funded under the Project focusing on rehabilitation of water supply systems, sanitation facilities, irrigation canals and pumps, and drainage infrastructure. Eligibility of sub-projects will be determined according to a set of criteria that include technical, economic and environmental soundness, involvement of community, and readiness for implementation. Details on the eligibility criteria for project financing are being finalized with the Government representatives during negotiations.

f. MOPDC will review the proposed program and ensure that there is no overlap or duplication with other donors' activities. Since the proposed Project is expected to be funded through the ITF, it will be vetted and cleared by the Strategic Review Committee of the Government of Iraq.

g. Project design will rest on rapid rural appraisals and simplified feasibility studies for the sub-projects proposed by MOWR, which will be conducted by the local Iraqi consultants hired under the Project. Given the large information gaps on the situation in rural Iraq, especially the lack of an in-depth social analysis, community driven interventions will be gradually phased in as experience grows, both within the Bank and our counterparts in the ministries and participating Governorates.

h. To ensure fiduciary compliance, the Project scope has been initially limited to the water sector so as to avoid complex procurement and financial management arrangements across several sectoral Government entities. For all Bank operations, including the proposed Project, the Bank will engage a qualified firm to monitor procurement, disbursement, and financial reporting related to the ITF to support the Bank's own supervision.

i. Donor coordination with agencies active in the water sector will be actively pursued as part of the preparation, implementation and monitoring of the proposed emergency intervention.

4. Safeguard Policies that Might Apply

a. The Project recognizes the emergency nature of the proposed relief and reconstruction interventions, and the related need for immediate assistance, while at the same time ensures due diligence in managing potential environmental and social risks. The proposed operation will consist of the design and limited execution of sub-projects in the range of US\$300,000 to US\$1,000,000 consisting basically of small-scale rehabilitation works. These projects are anticipated to have no major environmental or social

impacts. Furthermore, the proposed Project is being processed under emergency procedures OP 8.50, and the environmental and social safeguard assessments are expected to be carried out during implementation under an environmental and social safeguards framework (ESSAF), which has been specifically tuned for the Iraq situation and has already been disclosed in Iraq and in the Bank's InfoShop.

5. Tentative Financing

Source:	(US\$m)
BORROWER	0
SPECIAL FINANCING	20
Total	20

6. Contact Point

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