



International Reconstruction Fund Facility for Iraq

World Bank Iraq Trust Fund

Report to Donors



Status Report as of December 31, 2005



Australia



Canada



European Commission



Greece



India



Ireland



Japan



Kuwait



Netherlands



Qatar



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Iran



Italy



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Luxembourg



Norway



Spain



Turkey



United States

**The World Bank Iraq Trust Fund
Report to Donors
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ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities
CPPR	Country Portfolio Performance Review
DFID	Department for International Development (UK)
EC	European Commission
FMA	Fiduciary Monitoring Agent
G-7	Group of Seven Industrialized Countries
IDA	International Development Assistance
IFC	International Finance Corporation
IMF	International Monetary Fund
IRFFI	International Reconstruction Fund Facility for Iraq
ISRB	Iraqi Strategic Review Board
ITF	Iraq Trust Fund (World Bank)
NDS	National Development Strategy
NGO	Non-Governmental Organization
MNA	Middle East and North Africa Region
PIU	Project Implementation Unit
PMT	Project Management Team
UN	United Nations
UNDG	United Nations Development Group
UNDP	United Nations Development Program
US	United States

INTRODUCTION

As Administrator of the World Bank Iraq Trust Fund (ITF), the World Bank has agreed to furnish to the contributing donors, on a semi-annual basis, a report describing the operations of the ITF, including contributions, disbursements, and implementation progress. This Report covers the period from July 1, 2005 through December 31, 2005. The next report will cover the status of the ITF through July 30, 2006.

A. BACKGROUND

1. **The International Reconstruction Fund Facility for Iraq (IRFFI) was endorsed at the end of 2003, in response to international requests to help donors channel their resources and coordinate their support for reconstruction and development activities in Iraq.** Together, the World Bank and UN designed the structure, governance, and modalities of IRFFI in close consultation with donors and Iraqi authorities. IRFFI encompasses two trust funds: the World Bank Iraq Trust Fund (ITF) administered by the World Bank, and the UN Development Group Trust Fund administered by the United Nations Development Program (UNDP) on behalf of itself and participating UN organizations. The IRFFI structure is designed to promote close cooperation and avoid duplication by providing a common governance structure, including a joint Donor Committee. The World Bank Board of Executive Directors approved the World Bank to act as Administrator of the ITF in January 2004. The ITF became effective upon receipt of the first deposit, on March 30, 2004. A more detailed description of the establishment of the ITF is included in Annex 1.

B. WORLD BANK PROGRAMS IN IRAQ

2. **The Bank's core objective is to help Iraq develop institutional frameworks, policies, and systems for more effective and transparent use of Iraq's resources.** The Bank's strategy, detailed in the Second Interim Strategy Note (September 2005), is two pronged: (i) investment projects, which provide Iraq with hands-on practical experience with the design, implementation, and maintenance of projects; and (ii) analytical and advisory activities (AAA) to assist the new government's transition to more productive, accountable, and efficient systems of resource allocation and governance. World Bank projects in Iraq focus on critical sectors, and typically combine urgent rehabilitation with medium- and long-term institution building needed for longer-term economic development and sector reform.

3. **World Bank programs emphasize Iraqi leadership in accordance with the World Bank's Articles of Agreement, which state that clients are responsible to implement projects financed through the World Bank.** ITF-financed projects are designed hand-in-hand with Iraqi authorities. This client-driven approach helps ensure that ITF-financed projects support Iraq's own priorities as described in its National Development Strategy (NDS). The NDS gives priority in the short term to restoring basic services and creating employment. Overall, the NDS stresses the importance of good governance, private-sector led growth, and strong social safety nets, to position Iraq on a course towards a diversified market-based economy with less dependency on oil.

4. **A major distinction between the approach adopted by the World Bank and that of other donors in Iraq is in the method of implementation: all investment projects financed by the ITF are executed directly by Iraqi government agencies.** Iraqi execution of projects minimizes security costs, maximizes local employment, builds capacity, and increases local ownership and sustainability. The practical, hands-on experience of implementing projects develops strong and transparent procurement, financial management, project management, and fiduciary governance systems within the Iraqi governmental institutions.

5. **Iraqi execution affects the pace of implementation, because projects depend on the capacity of the implementing agency, the efficiency of local banking and payment systems, and stability of technical and political personnel.** The implementation methods of other agencies, which have greater management control of the procurement process, generate faster disbursement, while full client-driven execution helps modernize Iraqi project management skills.

C. STATUS OF DONOR PLEDGES, COMMITMENTS AND DEPOSITS

6. **Seventeen donors have pledged US\$457 million to the ITF, and deposited US\$454 million in the ITF account as of the end of December 2005.** Contributions credited to the ITF since the Dead Sea Donor Meeting in July 2005 total US\$62 million and were provided by: Australia (US\$5.9 million); European Commission (US\$47.2 million); India (US\$2.5 million); Korea (US\$1.0 million); Norway (US\$4.5 million); and Turkey (US\$1.0 million). Nearly 100% of amounts pledged to the ITF have been deposited into the trust fund. The Islamic Republic of Iran pledged US\$10 million to IRFFI at the Tokyo Donor Meeting in October 2004, but the allocation between the World Bank and UNDG Trust Funds is still undecided. Qatar pledged US\$5.0 million at the Madrid conference, and has deposited US\$2.5 million to the ITF to date. Table 1 shows the status of pledges, commitments, and deposits as of December 31, 2005.

**Table 1: Donor Pledges, Commitments and Deposits to ITF
December 31, 2005**

Donor	Pledges in Donor Currency ^{1/}		Pledges (US\$ million)	Commitments ^{2/} (US\$ million)	Deposits (US\$ million)	% of Pledge Deposited
	Currency	Currency (million)				
Australia	AUD	22.0	16.1	16.1	16.1	100%
Canada	CAD	30.0	22.3	22.3	22.3	100%
EC	EUR	123.0	149.8	149.8	149.8	100%
Finland	EUR	2.0	2.6	2.6	2.6	100%
Iceland	USD	1.0	1.0	1.0	1.0	100%
India	USD	5.0	5.0	5.0	5.0	100%
Japan	USD	130.0	130.0	130.0	130.0	100%
Korea	USD	4.0	4.0	4.0	4.0	100%
Kuwait	USD	5.0	5.0	5.0	5.0	100%
Netherlands	EUR	5.0	6.2	6.2	6.2	100%
Norway	NOK	45.0	6.7	6.7	6.7	100%
Qatar	USD	5.0	5.0	5.0	2.5	50%
Spain	USD	20.0	20.0	20.0	20.0	100%
Sweden	SEK	40.0	5.8	5.8	5.8	100%
Turkey	USD	1.0	1.0	1.0	1.0	100%
United Kingdom	GBP	40.0	71.4	71.4	71.4	100%
United States	USD	5.0	5.0	5.0	5.0	100%
Total			456.8	456.8	454.3	99%

^{1/} The Islamic Republic of Iran has pledged US\$10 million to IRFFI at the Tokyo Meeting. The allocation between the World Bank and the UNDG Trust Funds is still pending.

^{2/} The "Commitments" column shows commitments in currencies other than US\$ converted at the exchange rate as of the date of the agreement and is for indicative purposes only. The "Deposits" column shows the actual US\$ equivalent amount credited to the ITF account.

7. **Seventy percent of the funding provided to the ITF is allocated to specific sectors requested by the donor.** Table 2 shows deposits by donor and their sectoral preference, as applicable.

**Table 2: Donor Deposits by Sectoral Preference
(US\$ million)
December 31, 2005**

Donor	No Preference	Capacity Building	Educa-tion	Infra. (WSS & Urban) ^{1/}	Rural Develop-ment	Health	Financial/Private Sector	Econ Mgmt/Soc Pr/Employ	Total
Australia	10.2				5.9				16.1
Canada	22.3								22.3
EC		7.3	55.5	25.7	20.0	29.1		12.2	149.8
Finland	2.6								2.6
Iceland						1.0			1.0
India	5.0								5.0
Japan				90.0			40.0		130.0
Korea				4.0					4.0
Kuwait	5.0								5.0
Netherlands	6.2								6.2
Norway	6.7								6.7
Qatar	2.5								2.5
Spain ^{2/}				8.0		6.0	6.0		20.0
Sweden				5.8					5.8
Turkey ^{2/}		0.3	0.3	0.3		0.3			1.0
United Kingdom	71.4								71.4
United States	5.0								5.0
Total	136.9	7.6	55.8	133.8	25.9	36.4	46.0	12.2	454.4

^{1/} Infrastructure includes US\$25.7 million from EC for Urban Rehabilitation; US\$90 million for Japan from Water Supply and Sanitation; US\$5.8million from Sweden for power; US\$4million from Korea, and notional amounts of US\$0.3 million from Turkey and US\$8 million from Spain for Infrastructure.

^{2/} Split across sectors is notional only, since distribution is not specified by donor in the Adminsitration Agreement.

^{3/} EC 2005 contribution (Euro 40 million) identified preferences for Euro 10 million for capacity building for poverty reduction, economic management, and education and training and Euro 30 million for operations in social protection, including health, education, and employment creation/economic management.

8. **Table 3 summarizes the current use of available funds by sector, as of December 31, 2005.** With the exception of Rural Development, ITF resources obligated to specific sectors exceed the funding designated to those sectors.

Table 3: Source and Use of Funds by Sectoral Preferences
(US\$ million)
December 31, 2005

Inflows and Outflows	No Preference	Capacity Building	Educa-tion	Infra. (WSS & Urban)	Rural Develop-ment	Health	Financial/ Private Sector	Econ Mgmt/ Soc Pr/ Employ	Total
Donor Deposits	136.9	7.6	55.8	133.8	25.9	36.4	46.0	12.2	454.4
Investment Income	15.3								15.3
Total Inflows	152.2	7.6	55.8	133.8	25.9	36.4	46.0	12.2	469.7
Approved Projects									
Capacity Building I		3.6							3.6
Textbook Provision			40.0						40.0
School Rehab. & Construction			60.0						60.0
Baghdad WS & Sanitation				65.0					65.0
Health Rehabilitation						25.0			25.0
Capacity Building II		7.0							7.0
Private Sector Development							55.0		55.0
WSS & Urban Reconstruction				90.0					90.0
Community Infrastructure					20.0				20.0
Disabilities						19.5			19.5
Subtotal		10.6	100.0	155.0	20.0	44.5	55.0		385.1
Project Cost Recovery			0.8	1.0	0.3	0.5	0.6		3.3
Mgmt & Administration		0.1	0.6	1.0	0.1	0.3	0.3		2.4
Total Outflows		10.7	101.4	157.0	20.4	45.3	56.0		390.8

Figure 1: Donor Deposits by Sectoral Preference
December 31, 2005

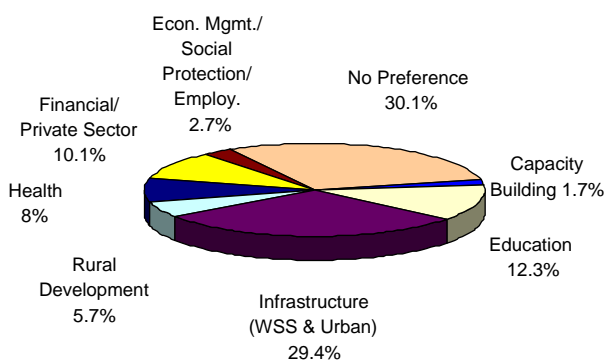
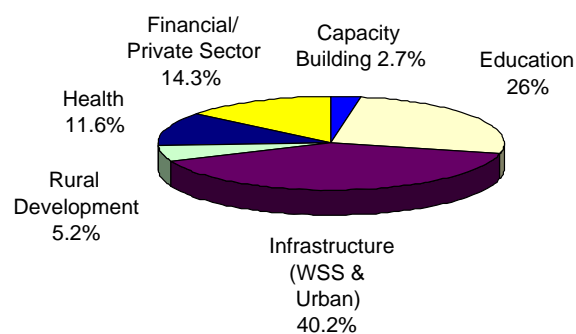


Figure 2: Allocation of Funds by Sectors
December 31, 2005



9. **Within nine months of activation of the ITF, by December 2004, the Bank and Iraqi authorities approved nine projects**, obligating US\$366 million, or 93% of the funds provided by donors at that time. The prompt deposit of pledged amounts by the donors, and timely project appraisal and negotiation by the Bank, were significant accomplishments compared with experiences of other multi-donor trust funds.

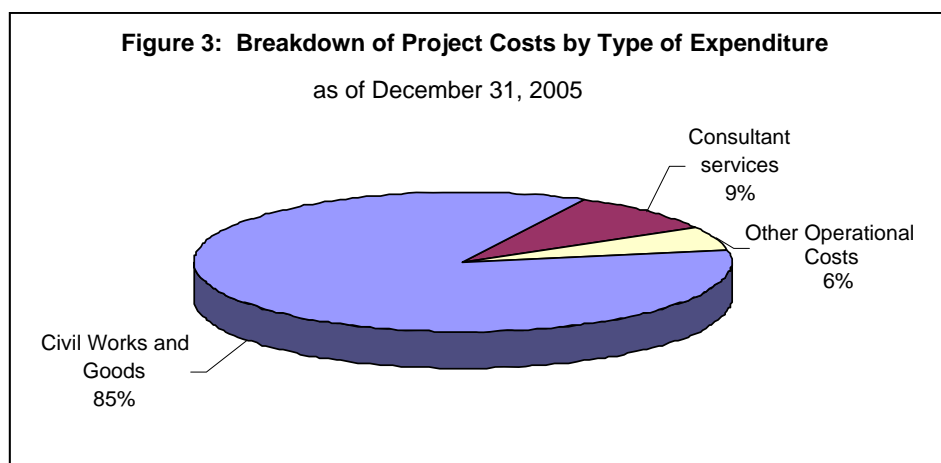
10. **Additional donor contributions deposited after the Dead Sea Donor Meeting in July 2005 financed the tenth project, the Emergency Disabilities Project.** With the signing of this grant in November 2005, the ITF funds ten emergency projects amounting to about US\$385 million, obligating over 82% of donor funds to Iraqi programs. One project, the Capacity Building I Project, is completed and closed.

D. CHARACTERISTICS OF ITF-FINANCED PROJECTS

11. **The ITF-financed portfolio is still relatively young.** Most of the Iraqi-executed grants were approved (signed) in December 2004, and launched in early 2005.

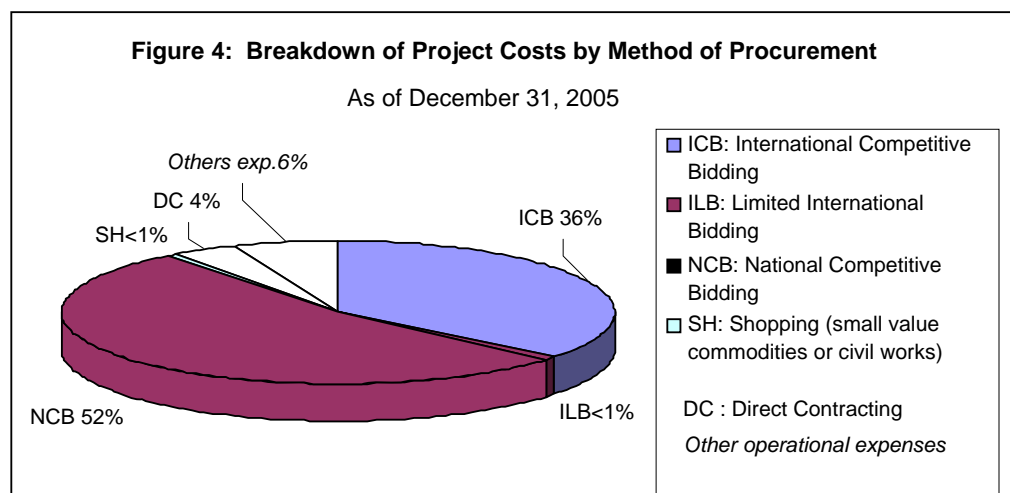
12. **Most ITF resources are directed to relatively large multi-year reconstruction and rehabilitation development projects to be implemented by Iraqi institutions.** The World Bank ITF can not finance activities supporting the political process (e.g. constitutional or electoral support activities), government recurrent expenditures, budget support, or humanitarian aid. ITF-financed investment grants range between approximately US\$20-90 million, with an average grant size of almost US\$50 million.

13. **ITF grants for investment operations finance primarily civil works and goods.** Consultant services—consisting primarily of local consultants for design, engineering, and supervision of works—account for only about 9% of estimated project costs.



14. **Nearly all ITF resources are subject to competitive bidding procedures.** About 90% of ITF-financed works, goods, and services are subject to competitive procurement procedures,

which are carried out directly by the Iraqi implementing agencies with the Bank's close assistance. About 4% of expenditures will be directly contracted without competitive procurement; only about 6% are not subject to procurement procedures.



15. **Of the nine on-going projects, eight of these (amounting to US\$375 million) are grants for investment projects that are executed directly by Iraqi governmental authorities (five ministries and the Municipality of Baghdad).** Thus, 97% of the funds obligated to ITF-financed projects are under the control of the government of Iraq. Iraqi governmental agencies carry out the entire contracting process, hiring private sector firms through internationally-accepted procurement procedures. Iraq's ability to undertake this challenge represents a significant achievement given its lack of exposure to international standards. One project, the Second Capacity Building Project (US\$7 million) is being implemented by the World Bank on behalf of the Ministry of Planning and Development Cooperation. Unlike the investment projects mentioned above, the Second Capacity Building Project finances specific training activities designed to help the authorities tackle medium-term reforms, focused on economic management, public sector management, and social safety nets.

16. **The Bank's focus on Iraqi implementation complements the method used by other donors and agencies.** Donors who maintain managerial control of the procurement process may achieve a quicker impact, while, the Bank's approach bolsters the institutional capacity of the ministries, a critical component to improve controls and reduce fiduciary risks.

17. **Table 4 identifies each ITF-financed project, with its implementation arrangements and basic objective.** More detailed information of the status of each project is provided in Annex 2.

**Table 4: Summary of Projects Financed by the ITF
December 31, 2005**

Emergency Project	Grant (US\$ m)	Implementing Agency	Grant Signing	Objective / Impact
First Capacity Building	3.6	World Bank	2/14/04	Closed. Trained about 600 Iraqi officials , paving the way for emergency operations.
Textbook Provision	40.0	Min. of Education	5/15/04	Financed printing and distribution of 69 million textbooks, benefiting 6 million students in all 19,000 primary and secondary schools throughout Iraq for the 2004/05 school year. Cost savings of \$9 million financed the printing and delivery of 10 million additional textbooks for the 2005/06 school year.
School Rehabilitation and Construction	60.0	Min. of Education	10/14/04	On schedule, with major rehabilitation of 135 schools completed and new school construction now starting. The project benefits over 100,000 families with children attending unsafe or overcrowded schools and creates thousands of jobs through use of Iraqi construction companies.
Baghdad Water Supply and Sanitation	65.0	Municipality of Baghdad	12/4/04	Finances rehabilitation of water supply and sanitation throughout Baghdad and preparation of a comprehensive city development plan. Benefits about one million residents of Baghdad —about 17 percent of the city's population. Disbursements should increase considerably in 2006.
Health Rehabilitation	25.0	Min. of Health	12/4/04	Finances rehabilitation of priority emergency services in 11 hospitals and supplies basic medical and laboratory equipment and essential drugs. The first phase of civil works is expected to begin in February 2006. Benefits about 100,000 people per year who use the improved emergency health services.
Second Capacity Building	7.0	World Bank	12/6/04	Follow up on the first capacity building project to help the authorities tackle medium-term reforms, especially economic management, public sector management, and social safety nets. The project provides direct training to about 1,000 officials, and will have a multiplier effect . Over 375 officials have received training to date.
Private Sector Development	55.0	Min. of Planning and Min. of Telecom.	12/6/04	Finances the supply, installation, and commissioning of a high-capacity national telecommunications network essential for banking and private sector development . The project also finances infrastructure to interconnect key parts for the Central Bank's payments and settlements system. Procurement of the telecommunications component was delayed and is currently under review.
Water, Sanitation, and Urban Reconstruction	90.0	Min. of Municipalities and Public Works	12/8/04	Finances high-impact water supply and sanitation rehabilitation in 9 governorates; and urban reconstruction in the poorest areas of 3 governorates, benefiting over 2 million inhabitants . The first designs and bidding documents will be completed in early 2006, allowing procurement of civil works to commence.

Community Infrastructure Rehabilitation	20.0	Min. of Water Resources	12/18/04	Finances small-scale, labor-intensive civil works to generate near-term employment while improving rural water infrastructure. 12 subprojects amounting to US\$12 million are underway. The project finances about 20-24 subprojects, creating more than 20,000 jobs, rehabilitating about 56,000 hectares, and benefiting about 100,000 farmers.
Disabilities Project	19.5	Min. of Health	11/23/05	Benefits an estimated 1.5 million disabled people and their families, by constructing or reconstructing 14 rehabilitation centers, developing a comprehensive policy and legal framework for disabilities, and strengthening government-NGO partnerships.
TOTAL	385.1			

18. **Additional ITF-financed projects currently in the pipeline (valued at roughly US\$60 million) aim to finance the restoration of basic services and build institutional capacity to support the transition to a modern market-driven economy.** The projects would modernize the collection and analysis of poverty and unemployment data, and reform economic and sectoral policies for social safety nets, pensions, education, agriculture, and environment. ITF-financing would also support investments in power generation (through cofinancing an IDA loan) and upgrading emergency obstetrical and neonatal care facilities.

E. IMPLEMENTATION AND FIDUCIARY ARRANGEMENTS

19. **The World Bank established implementation arrangements that rely to the maximum extent possible on Iraq's own institutions in order to build transparent and robust institutions over time.** To help modernize Iraqi institutions, the World Bank works through dedicated ministry staff that constitute a project management team (PMT). PMT members are civil servants paid by the ministry using the regular pay scale. PMTs are thus designed to be fully integrated into the ministry's institutional structure. In many emergency and conflict-affected environments, the World Bank and other donors rely on ring-fenced Project Implementation Units (PIUs). Experience elsewhere, however, suggests that stand-alone PIUs can undermine long-term sustainability and institution building.

20. **The World Bank provides intensive training and support to PMT staff before project approval and throughout project implementation, in all aspects of modern project management, including procurement and financial management procedures.** The Bank provides continuous assistance to PMT staff through daily contact, periodic workshops, joint supervision missions to Amman, and specialized local consultant support to strengthen fiduciary controls and project management capacity.

21. **The World Bank, as the ITF Administrator, supervises ITF-funded operations in accordance with the World Bank's applicable policies and procedures.** While staff travel throughout Iraq is restricted, the World Bank relies on a network of experienced local consultants, backed by staff in Jordan and Washington, to monitor project progress and support the PMTs. Several professional-level Iraqis, residing in the "Red Zone," function as local Bank staff, working out of their homes (using satellite phone and email connections) and in the

ministries to facilitate implementation of Bank projects. The World Bank funds a DFID consultant, located in the “Green Zone,” to represent the Bank with the Iraqi central government and other donors on the ground. The World Bank’s Interim Office for Iraq in Amman provides overall program coordination of the Iraq work program. Finally, the World Bank continues to finance, and make extensive use of, four video-conferencing facilities installed in the Ministry of Finance, Ministry of Planning and Development Cooperation, Central Bank of Iraq, and the Green Zone Conference Center.

22. The Bank engages a monitoring agent to ensure that donor funds are disbursed only for the purposes intended by the ITF and according to applicable Bank procedures. In December 2005, the World Bank contracted an Iraqi management consulting firm as the Fiduciary Monitoring Agent (FMA) for ITF-financed grants. To help the World Bank monitor project implementation and compliance with applicable corporate policies, the FMA will: (i) visit hundreds of project sites throughout Iraq to verify the physical implementation of projects; (ii) examine expenditures financed from the ITF; (iii) monitor compliance with procurement and financial management requirements; (iv) provide on-the-job training and technical support to ministerial staff; and (v) assist the Bank to identify and resolve systemic implementation issues. The FMA employs about 24 local Iraqi staff, organized into a network of teams to provide full national coverage for procurement and financial management support. The total value of the FMA contract is US\$4.9 million for services to be provided from December 2005 through December 2007.

F. ITF DISBURSEMENTS

23. ITF grants must be disbursed in accordance with the appropriate policies and procedures of the World Bank. Main financial counterparts in PMTs receive intensive training in World Bank procurement and disbursement procedures before and during project implementation. PMT staff receives daily support from Bank staff and consultants. Disbursement progress is directly affected by the capacity of the implementing agencies, each of which is developing expertise about the procurement, financial management, and project implementation requirements of the Bank.

24. Disbursements, which represent payments made for goods and services delivered, lag behind project implementation. Disbursements can be made only once goods are delivered, work is certified to be satisfactorily completed, and invoices are submitted to the ministry for payment. As part of the compensating financial controls for ITF-financed grants, disbursements in Iraq are made primarily by direct payment by the World Bank to the contractors, consultants, and vendors. Small payments are made by the implementing agency from its own resources and these payments are reimbursed, on a periodic basis, by the World Bank upon presentation of proof of payment and a signed withdrawal application.

25. The rate of disbursement, although slow, is consistent with World Bank experience in the MNA region. Historical data show that countries in the MNA region typically disburse 5% of project amounts in the first year following approval. Disbursement performance for ITF-financed projects total 5.4% during the first year, in line with the MNA experience.

26. **Disbursements total US\$47 million as of December 31, 2005; approximately 88% of this amount (US\$42 million) disbursed for project expenditures.** The two education grants, signed in May 2004 and October 2004, account for most of the disbursements (US\$35 million). Disbursements for the two Bank-executed capacity building projects (one of which is completed and closed) total approximately US\$4 million.

27. **Investment income earned on ITF deposits through December 31, 2005 totals over US\$15 million.** Investment income earned on ITF funds must be used for the same purposes as ITF donor deposits. Investment income is credited to the trust fund principal on a monthly basis, becoming immediately available to finance projects or cost recovery charges.

28. **The provisions of the ITF allow the Bank to recover the full costs incurred to process projects and administer the trust fund.** The World Bank recovers the full costs to conduct project analysis, appraisal, supervision, and trust fund management and administration through two mechanisms:

- (a) An administrative fee is charged to offset the costs of central services provided by the trust fund accounting, legal, loan department, and other central units of the World Bank. The fee is set at 0.4% for Bank-executed projects (e.g. the capacity building projects) and 0.2% for the grants implemented by Iraqi institutions. The administrative fee is deducted from the ITF when the project's trust fund is activated after the signing of each Grant Agreement.
- (b) The actual full costs for World Bank staff and consultants who carry out project analysis, appraisal, negotiation, and supervision, including procurement, financial management, safeguards, and other project-specific activities, are charged directly to the trust fund. The costs of the ITF management team, the monitoring agent contract, and the annual external audit are also charged directly to the trust fund, as provided in the standard conditions.

29. **The Bank's full cost recovery totals about US\$5 million and is comprised of approximately US\$3 million to recover expenditures for project analysis, appraisal, negotiation, and supervision, and about US\$2 million for direct trust fund management and administration as well as the monitoring agent payments and administrative fees.** This level of cost recovery represents about 1% of the total ITF resources. Current projections of the total cost recovery charges over the life of the ITF are estimated to be at or below 5% of the value of the fund. Table 5 displays the Sources and Uses of ITF Funds as of December 31, 2005.

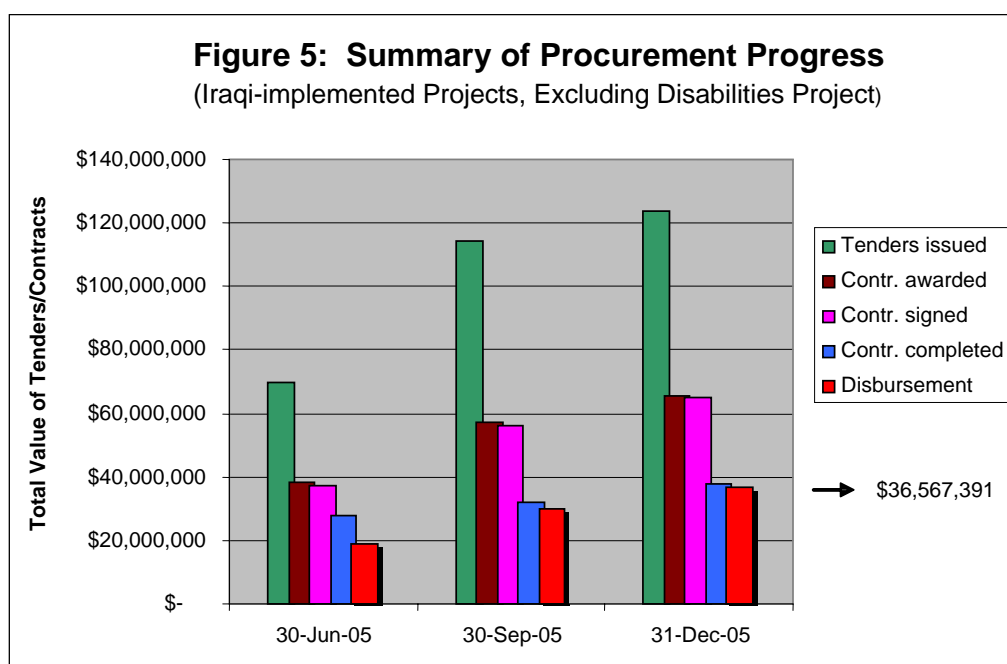
Table 5: Sources and Uses of Funds		
(US\$ Million)		
December 31, 2005		
	Funding Available	Funding Disbursed
Sources of Funds		
Donor Deposits	454.3	454.3
Investment Income	15.3	15.3
Total Sources of Funds	469.6	469.6
Uses of Funds		
Project Financing		
Approved Projects		
Textbook Provision	40.0	31.3
School Construction & Rehabilitation	60.0	3.7
Health Rehabilitation	25.0	0.5
Baghdad Water Supply & Sanitation	65.0	0.2
Water Supply, Sanitation & Urban Reconstruction	90.0	0.7
Private Sector Development	55.0	0.2
Community Infrastructure	20.0	0.8
Disabilities	19.5	
Capacity Building I	3.6	2.5
Capacity Building II	7.0	1.6
Subtotal Approved Projects	385.1	41.5
Project Pipeline	64.3	
Total Project Financing	449.4	41.5
Cost Recovery for Project Processing and Trust Fund Administration	20.2 ^{1/}	5.7
Total Use of Funds	469.6	47.1

^{1/} Includes estimated requirements for Project Processing, Monitoring Agent, and Trust Fund Management and Administration over the life of the ITF.

30. **While project disbursements are a lag indicator of project progress, the status of tenders provides a measure of future disbursements.** Iraqi ministries have issued tender documents for over US\$121 million, about 1/3 of the value of ITF grants, and about 37% of the tenders planned to be issued. Over US\$65 million of contracts have been awarded or completed. Table 6 summarizes the status of tenders, requests for proposals (RFPs), and contracts as of end-December 2005.

**Table 6: Status of Contracts by Project
(US\$ Million)
December 31, 2005**

Project	Grant Amount	Tenders or RFPs issued	Contracts signed
Textbook Provision	40.0	38.8	38.5
School Construction & Rehabilitation	60.0	8.9	8.2
Baghdad Water Supply & Sanitation	65.0	8.7	8.6
Health Rehabilitation	25.0	1.5	1.5
Private Sector Development	55.0	47.7	0.1
Water Supply, Sanitation, Urban Reconstruction	90.0	2.5	2.5
Community Infrastructure	20.0	12.9	5.6
Disabilities	19.5	0.0	0.0
TOTAL	374.5	121.0	65.0



G. IMPLEMENTATION AND DISBURSEMENT ISSUES

31. **ITF-financed projects were designated for fast-track preparation and approval under World Bank emergency procedures.** Under “normal” circumstances project preparation in the World Bank averages 15 months. Despite significant constraints, the appraisal and negotiation of nine projects within nine months of the activation of the trust fund, is a considerable achievement. In an effort to provide Iraq access to grant funding as quickly as possible, several projects were structured to finance consultant contracts for the preparation of engineering designs and bidding documents (prior to the initiation of civil works). This design feature results in relatively low disbursement rates in the start-up phase of the program—by design, large disbursements would not be expected early in project implementation. In order to manage expectations better, in the future, the Bank intends to seek project approval only after detailed designs and tender documents are prepared.

32. **Iraq’s political transitions over the past 24 months caused significant turnover in PMT staff and slowed the resolution of systemic issues that hinder project implementation.** The installation of the first constitutionally-elected government with a four-year term should increase stability within the implementing agencies and enable Iraq and the World Bank to work together to address systemic bottlenecks.

33. **The overall security environment outside the International Zone complicates project management and delays implementation.** Freedom of movement remains constrained; PMT staff, Bank local consultants, and project contractors operate under extraordinary security constraints, which affect all aspects of project implementation, from the delivery of goods to the inspection of project sites.

34. **Although the volatile environment can be disruptive to project implementation, the World Bank’s reliance on Iraqi execution of projects and its selection of project sites produce mitigating effects.** In general, ITF projects are national in scope, with sub-projects located throughout the country, which reduces the impact of any localized instability, while promoting equity across the country. ITF-financed projects employ many Iraqi contractors and consultants, who conduct business and move about in a low-key fashion, to minimize risks.

35. **The time needed for Iraqi implementing agencies to carry out competitive bidding procedures in line with World Bank requirements has caused disbursement delays in many ITF-financed projects.** The Bank provides extensive training to PMTs, and on-going support to the ministries, and many ministries have made significant progress in implementing Bank procurement procedures over the past year. To further support PMTs, the Bank hired an Iraqi procurement specialist to provide direct hands-on assistance to ministry staff. The Bank also relocated a senior procurement specialist from Washington to Amman to provide more real-time support to the teams. Nevertheless, Bank procurement requirements require time for bidding, contracting, performance monitoring, supervision, and invoicing before disbursements can occur.

36. **Although employing competitive bidding procedures has delayed the progress of some projects, it has also improved fiduciary controls and generated cost savings.** Some ministries acknowledge the benefits of the World Bank’s transparent approach to procurement, and chose to adopt these procedures more broadly. Competitive bidding procedures led to

significant cost savings (about US\$9 million) in the Textbook Provision Project; the cost savings financed 10 million additional textbooks, printed and delivered by local contractors, for the second school year.

37. Several ITF-financed grants have experienced significant delays between physical implementation and actual payment to local contractors and suppliers. Payment delays appear to be caused by a combination of factors. Some examples include: (i) difficulties in verifying the delivery of goods and services; (ii) the time it takes to process invoices; and (iii) delays caused when withdrawal applications are incomplete (e.g. missing information or wrong bank account numbers). The Bank also contributed to delays when the processing of withdrawal applications was outsourced (in summer 2005) to Chennai, India, which initially lacked adequate Arabic translation services. Bank teams, including members of the Loan and Treasury departments, are investigating each link in the disbursement chain to, first, identify specific impediments to swift disbursement. Once the drivers of payment delays are fully documented, the Bank will take steps, together with the Iraqis, to address specific issues while maintaining effective fiduciary controls.

38. Following the Donor Meeting at the Dead Sea, the Bank undertook a detailed review of the ITF portfolio to identify idle activities and funds. Together with the government, the Bank identified about US\$20 million (US\$1.7 million from the Health Rehabilitation Project and about US\$18 million from the Private Sector Development Project) that were moving slowly and could be potentially reallocated. Subsequently, implementation of activities to be financed by the potentially reallocated funding sped up, and the government and the Bank agreed to postpone these possible reallocations. The Bank continues to monitor contracting and disbursement monthly to evaluate whether ITF funds are implementing on track or should be reallocated to other projects.

39. The Bank contracted Development Alternatives, Inc. to conduct an external evaluation of the multi-donor trust fund experience of ITF, building on previous analyses of post-conflict funds for other country programs. The analysis will review the IRFFI design, objectives, and governance structure, focusing on the ITF experience to date. The study will review the efficiency and effectiveness of the program, especially regarding fiduciary requirements and procedures, governance structure, management, oversight and accountability, and donor coordination. Final results are expected early in 2006 and will be shared with the Donor Committee.

40. The World Bank will conduct the first Country Portfolio Performance Review (CPPR) for Iraq early in 2006. CPPRs, which normally take place on an annual basis, are carried out with government counterparts to improve the implementation and impact of Bank-financed projects. CPPRs help the Bank, the government, and implementing agencies to identify generic and project-specific issues that affect implementation, and agree on actions to be taken by both the government and the World Bank to improve project performance. The results of the CPPR for Iraq will be discussed with the incoming government and will inform the design of future ITF and IDA projects. The Bank plans to carry out CPPRs for Iraq on a semi-annual basis.

H. EXTENSION OF ITF

41. **The design of the ITF and its initial projects presumed an increasingly stable environment, which did not materialize as anticipated.** The ITF will terminate on December 31, 2007, requiring all World Bank-administered projects to close on or before September 31, 2007. Several projects in the current portfolio will require additional time to complete, due to the various delays outlined in this report. In addition, new projects coming on-stream in mid- or late-2006 may not be fully implemented by the required project closing date.

42. **In addition to the practical issues of the timing of project completion, the ITF continues to provide advantages for Iraq and for donors, as outlined below:**

- **The multi-donor trust fund approach encourages small donors to participate in the international rebuilding efforts in Iraq.** The pooling of donor resources allows donors with only modest resources or those unable to mount bi-lateral aid programs, to be able to contribute in a significant manner to Iraq's long-term economic development.
- **The ITF provides an existing platform for donors to work with the new government and to provide sustained support to the government** throughout its transition to assuming full leadership of donor coordination.
- **The ITF preference for client-execution inherently strengthens the Iraqi ministries and develops a cadre of national staff with high-level fiduciary governance and project management skills and experience.** The ITF provides a unique mechanism for donors to implement projects through Iraqi governmental agencies, seamlessly integrating institution-building into each investment operation.
- **Directing funds through the ITF reduces transaction costs for the Iraqi government and for donors,** since the overall administration and security costs of the ITF are modest, and the supervisory, administrative and financial infrastructure is already in place.

43. **The World Bank recommends that the donors consider extending the ITF for three years (to December 31, 2010) in order to fully finance the planned programs and to provide continued support to the new Iraqi government.** Any incremental costs associated with the extension of the ITF are expected to be offset by the investment income earned by the fund.

I. WORLD BANK ROLE IF ITF IS REPLENISHED

44. **Iraq's new government, to be seated for four years, will take leadership of its institutions and resources and will usher in a dynamic period of development.** World Bank programs in Iraq aim to support the development of efficient, inclusive, transparent, and accountable institutions, which are necessary to promote fiduciary governance, economic stability, and prosperity. In addition, the World Bank's preference for client execution of projects will facilitate the development of strong and transparent institutional systems in order to create sustainable results.

45. **Experience in other conflict-affected environments indicates that it typically takes several years for international aid to reach its maximum effectiveness, due to limited aid**

absorption capacity during the early post-conflict years. In early years, aid should focus on improving policy, institutions, and governance and building credible institutions of social inclusion to lay the groundwork for effective development. During the middle four or five years of the post-conflict decade, international aid is highly effective in raising growth, depending on the quality of policy, institutions, and governance. This post-conflict experience contrasts with expectations of high disbursements in the first two years in Iraq, and argues for continuing with interventions designed to strengthen institutions.

46. **The ITF provides one source of funding toward an integrated package of services designed to set the stage for the longer-term economic prosperity of Iraq.** The World Bank, by leveraging the use of all of the resources at its disposal, can provide a coherent package of policy advice and analytic studies, IDA lending and ITF-financed activities to support the government to develop and implement a strategic approach to reducing poverty, protecting the vulnerable, and designing a sustainable long-term economic program.

47. **As detailed in the Second Interim Strategy Note, the World Bank’s advisory and analytic services focus on three areas: economic reform and transition; poverty, safety nets, and social development; and public sector management.** Trust fund resources could be used to complement and “operationalize” these initiatives by financing projects that:

- Develop and articulate sector strategies to underpin Iraq’s own investment programs;
- Design and implement sustainable pension programs and safety net systems;
- Strengthen the financial and banking sectors and public sector management systems, to advance good governance;
- Implement programs to strengthen institutions, alleviate poverty, and protect the most vulnerable groups.

48. **The Bank will also lend up to US\$500 million of IDA resources in the key sectors requested by Iraq (education, electricity, roads, and water supply and sanitation).** The IDA-financed Third Emergency Education Project (US\$100 million) was approved in October 2005. ITF resources could complement IDA lending by providing financing to activities that lend themselves to grant funding, freeing up loan funding for revenue-generating investments. For instance, trust fund financing could be utilized for projects that aim to:

- Generate immediate near-term employment and maximize local ownership;
- Test smaller-scale, fast-impact pilot operations in new areas;
- Support the implementation of efficient and effective social safety net systems;
- Finance social sector projects, such as health, education, and environmental management;
- Expand the coverage of existing ITF-financed grants that are producing results (e.g. additional community-based drainage and irrigation projects; broader coverage for new school construction projects);
- Co-finance IDA projects.

49. **ITF-financed projects will continue to support long-term solutions to reduce poverty and protect vulnerable populations, while strengthening Iraqi institutions.** Projects already identified as appropriate for ITF financing focus on strengthening governmental initiatives in social safety nets, pensions, education, agriculture, and environmental management, as well as investing in basic services (power generation and upgrading emergency obstetrical and neonatal care facilities). Additional ITF-financing would be required to expand on the initial project concepts briefly outlined below:

- A **Micro-finance Project** that aims to provide the vulnerable poor with the necessary information and credit to generate income through entrepreneurial economic activities. The project will work with existing institutions and partners to develop the regulatory and legal framework of the industry in Iraq.
- A **National Community Development Project** that aims to recapitalize villages, towns and urban neighborhoods so that they may return to a more normal level of economic activity, while maximizing employment and developing healthy linkages between communities and local governments.
- A **Labor and Employment Services Project** designed to strengthen job placement and employment services by modernizing the management of vocational training centers and linking training more closely to the skills demanded by the emerging private sector. The project could pilot innovative employment services (e.g. business development services, occupational assessments, on-the-job training placement, and access to micro-credit and business incubators).

J. INFORMATION DISSEMINATION

50. A joint World Bank/UN website (www.irffi.org) is available for public access. The site is that is jointly managed and updated by World Bank and UNDP staff, using World Bank servers. ITF newsletters, posted on the website at the end of each month, provide brief updates on the financial status of deposits, commitments, and disbursements as well as project implementation progress.

ANNEX 1: ITF BACKGROUND AND COUNTRY CONTEXT

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A. THE INTERNATIONAL RECONSTRUCTION FUND FACILITY FOR IRAQ

1. **Mandate.** At their meeting on April 12, 2003, the Group of Seven Industrialized Countries' (G-7) Finance Ministers and Central Bank Governors recognized the need for a multilateral effort to rebuild and develop Iraq. United Nations (UN) Security Council Resolution 1483 (May 22, 2003) noted the statement of the G-7 and called for the international financial institutions to assist the people of Iraq in reconstruction and to facilitate assistance by the broader donor community. In response, on June 24, 2003, the UN hosted a meeting of some 50 states which, collectively, became known as the Liaison Group. The Liaison Group, in turn, requested a small number of major donors, known as the Core Group, to convene a Donors' Conference. The Liaison Group also asked the World Bank and the UN to assess Iraq's reconstruction needs, and to design a multi-donor trust fund to coalesce donor support around Iraq's priority reconstruction needs.

2. **Joint Needs Assessment.** The World Bank and the UN, with support from Iraqi national officials and the International Monetary Fund (IMF), conducted a Needs Assessment during the period June through August 2003. The Needs Assessment was finalized following consultations in Dubai and Madrid with the Core Group, representatives of Iraq's Governing Council, Iraqi sector ministries, and the Coalition Provisional Authority. The final document was presented at the Donors' Conference in Madrid on October 23-24, 2003, where it was endorsed by the donors present and representatives of the Iraqi Governing Council.

3. **The Design of IRFFI.** In parallel with the Needs Assessment, the Bank and the UNDG designed 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 World Bank and UN designed the structure, governance, and modalities of the IRFFI in close consultation with the Core Group, other donors, and Iraqi national authorities over the period August through December 2003 at meetings held in Washington, D.C., Brussels, New York, Dubai, Madrid, and Amman.

4. **The IRFFI facility encompasses two trust funds:** the World Bank Iraq Trust Fund (ITF) administered by the World Bank, and the UN Development Group Trust Fund (UNDG Trust Fund) administered by the United Nations Development Program (UNDP) on behalf of itself and participating UN organizations. The IRFFI structure is designed to promote close cooperation and avoid duplication by providing a common governance structure.

B. THE WORLD BANK IRAQ TRUST FUND

5. **ITF Effectiveness.** On January 29, 2004, the World Bank Board of Executive Directors approved the World Bank to act as Administrator of the ITF. The ITF became effective upon receipt of the first deposit, on March 30, 2004. Since then, 17 donors have deposited about US\$454 million in the ITF, amounting to almost 100% of the pledged amounts.

6. **Eligible Sectors.** The ITF finances eligible operations in all sectors and cross-cutting themes identified in the Needs Assessment, with the exception of mine action, and with particular emphasis on areas where the World Bank has comparative advantage. The ITF does not finance quick-disbursing Government budget recurrent expenditures or humanitarian relief, nor does it finance peacekeeping efforts, or other security, military, or political interventions. ITF resources are dedicated to specific reconstruction and rehabilitation projects to be implemented by Iraqi institutions, and training/technical assistance programs designed to increase institutional capacity.

7. **Recipients.** Recipients of grants from the ITF need to meet the World Bank's eligibility criteria, including financial viability. Recipient entities responsible for implementing activities financed from the ITF can include: Iraqi ministries, governorates and municipalities, private entities, NGOs, UN agencies, or international financial institutions.

8. **Emphasis on Iraqi Ownership.** The ITF emphasizes Iraqi ownership and building Iraqi institutional capacity. Unlike other donors, World Bank-financed programs, including those financed by the ITF, are implemented by Iraqi institutions with the goal to enhance knowledge transfer (e.g. current international standards for procurement, financial management and governance). This approach is critical in order to assist Iraq to develop institutional policies and systems that can be leveraged by all donors, and will promote the more effective use of all donor funds as well as Iraq's own resources.

9. The process for selecting projects to be financed by the ITF has been designed to ensure Iraqi ownership from the earliest stage. Under the ITF, potential grant recipients, in consultation with World Bank staff, submit project proposals for approval to the Iraqi Strategic Review Board (ISRB). The ISRB determines whether proposals are consistent with priority needs and ensures coordination among donor programs. Following ISRB approval, the World Bank proceeds to appraise the project. For satisfactorily appraised operations, the Bank, as the ITF Administrator, and the recipient negotiate and sign a Grant Agreement. The Grant Agreement spells out the terms and conditions under which funds will be provided to the recipient entity, and governs the actual use and disbursement of funds. It specifies measurable indicators to monitor implementation progress. It also contains detailed financial management, procurement, monitoring, and other fiduciary arrangements to ensure that funds are used for eligible expenditures.

C. THE INTERIM STRATEGY OF THE WORLD BANK GROUP

10. All work conducted by the World Bank in Iraq must be governed by an Interim Strategy. The World Bank's first Interim Strategy Note for Iraq, discussed by the World Bank's Executive Directors in January 2004, initiated work on three tracks in order to: (i) Build Iraqi institutional capacity, especially to establish mechanisms of transparency and accountability; (ii) Prepare and start implementing emergency operations to address urgent needs, especially to generate employment and kick-start economic activity, and restore essential infrastructure and services; and (iii) Lay the groundwork for Iraq's medium-term reconstruction and development program and begin assisting in the transition from central planning to a market-driven economy, through policy advice and analytical work. The first Interim Strategy relied on the ITF to finance

capacity building projects and investment operations, and on the Bank's own resources to conduct diagnostic economic and sector work.

11. Following a request from the Iraqi authorities for US\$500 million in IDA resources, the Bank began discussions with a designated inter-ministerial committee to prepare a Second Interim Strategy Note. The Second Interim Strategy Note, endorsed by the Board in September 2005, defines the World Bank Group's program for the next two years, providing a flexible framework for a program of World Bank lending and ITF grants that makes the best use of available resources and is consistent with Iraq's own development priorities. The Bank's strategy emphasizes Iraqi ownership, crucial for restoring stability and for the success of the reconstruction program. The strategy is based on Iraq's National Development Strategy and on consultations with Iraqi authorities. The Bank's overarching objective is to help Iraq build efficient, inclusive, transparent, and accountable Iraqi institutions as needed for stability, good governance, and sustainable economic prosperity. Under the umbrella of institution building, the Bank Group's work program is organized into four pillars: (i) Restore basic service delivery; (ii) Enable private sector development; (iii) Strengthen social safety nets; and (iv) Improve public sector governance, with particular focus on public resource management. The Bank will emphasize policies and institution building in all four areas, using analytical and advisory work and resources from the ITF, IDA, and IFC. Under the strategy, the Bank anticipates launching 5-10 investment operations in up to seven key areas: agriculture/irrigation, education, electricity, healthcare, transport, urban upgrading, and water supply/sanitation. The Bank will also deepen its analytic and advisory services.

12. **Economic and Sector Work.** The World Bank, through its own budget, is also laying the groundwork for Iraq's medium-term program by providing policy advice and sharing international experience with Iraq in a number of key areas. The Bank's AAA is focused in three core areas: (i) economic reform and transition; (ii) public sector management, including public finance management and anti-corruption; and (iii) poverty and social safety nets. Specific economic and sector work activities include papers and continuing policy dialogue and advice on: (i) public sector reform and public finance management, including key areas of subsidy reform, oil revenue management and anti-corruption; (ii) incentive framework and labor market; (iii) state-owned enterprises and investment climate; (iv) housing construction/housing finance; (v) country water assistance strategy, including donor workshop with the Ministry of Water Resources; (vi) agricultural sector strategy; and (vii) country social assessment. In addition the World Bank is preparing a briefing book on core reform agenda for the new government, drawing on the Bank's knowledge accumulated over 2003-2005. The briefing book will be provided in English and Arabic to the new government, and subsequently shared with international partners.

ANNEX 2: STATUS OF ITF PROJECTS AS OF DECEMBER 31, 2005

TF053196 – First Capacity Building Project (CBI) (Project Closed)

Project Cost

ITF Grant Amount: US\$3.6 million

Effectiveness Date

February 2004

Closing Date

August 2004

Implementing Institution

World Bank

Project Accomplishments




The European Commission Rapid Response Mechanism was the first deposit to the ITF, enabling intensive training programs to be launched without delay. The project focused on building capacity in key public administration areas and on strengthening strategic and technical skills of staff in Iraqi institutions. The project included training on managing the project cycle (e.g. procurement, financial management, project management, and safeguards), as well as sector-specific training for line ministries and training for private sector capacity enhancement. Twenty-two activities were completed and about 580 participants were trained on the topics outlined above. Actual disbursements totaled US\$2.5 million in the limited six-month implementation period.

World Bank Task Manager

Sophie Warlop (Swarlop@worldbank.org)

TF051095 - Emergency Textbook Provision Project (ETTP)

Project Cost	US\$40 million
Effectiveness Date	May 2004
Revised Closing Date	December 2006
Implementing Institution	Ministry of Education (MOE)
Project Objective and Description	The project will improve conditions of learning in primary and secondary schools in Iraq by providing urgently needed textbooks.
Geographic coverage	Nationwide (all 18 governorates)
Project Components and Costs	<ol style="list-style-type: none">1. Provision of textbooks for primary and secondary schools (US\$39.5 million): Printing and distribution of approximately 69 million textbooks (600 titles) for six million students (12 grades) in all governorates for the school year 2004/2005.2. Project management and capacity building (US\$0.5 million): Provision of supplies and equipment for the MoE's Project Management Team needed to manage the project, and provision of technical assistance and capacity building to ensure effective project management and transfer of skills to the MOE.
Costs by Type of Expenditure	Goods (textbooks): US\$ 37.5 million Other goods: US\$ 0.2 million Consultants: US\$ 0.4 million
Project Implementation Status as of December 31, 2005	<ul style="list-style-type: none">• ETTP financed the printing and distribution of more than 79 million textbooks, benefiting more than 6 million students throughout Iraq during the last two school years (2004/05 and 2005/06).• Cost savings of \$9 million from using competitive procurement procedures were used to print 10 million additional textbooks not included in the original project.• ETTP also finances technical assistance and training in project management, procurement, and financial management, as well as audit costs.• ETTP's final procurement activities took place in December: two contracts were signed for the printing of 1.2 million additional textbooks to be delivered in 2006.• The grant closing date was extended to December 31, 2006, to accommodate the procurement of additional textbooks (using cost savings), the request of Kurdish authorities to change some textbook titles and technical specifications, and delays in textbook development capacity building.
	
Donor Coordination	The UN and US financed textbooks for the 2003/2004 school year. ETTP responded to an urgent request from the Ministry of Education to finance textbooks for 2004/2005. The Ministry of Education is using its own resources in addition to cost savings from 2004/2005 to finance textbooks for 2005/2006, and has adopted the Bank's procurement procedures. The Bank is supporting the ministry in developing a strategic framework and a donor coordination strategy.
World Bank Task Manager	Peter Buckland (pbuckland@worldbank.org)

TF053545 - Emergency School Reconstruction and Rehabilitation Project (ESCRP)

Project Cost	US\$60 million
Effectiveness Date	10/01/2004
Closing Date	June 2007
Implementing Institution	Ministry of Education (MOE)
Project Objective and Description	The project will improve conditions of learning in primary and secondary schools by constructing new schools to replace unsafe or overcrowded facilities, and by rehabilitating schools needing urgent repair.
Geographic coverage	Nationwide (both construction and rehabilitation will take place in all 18 governorates)
Project Components and Costs	<ol style="list-style-type: none"> 1. Construction of 117 primary and secondary schools and rehabilitation of 143 schools (US\$58.6 million) 2. Project management and capacity building (US\$1.4 million)
Costs by Type of Expenditure	<p>Civil works: US\$ 56.1 million Goods: US\$ 0.4 million Consulting services: US\$2.5 million (of which US\$0.25 million for international consultants and US\$ 2.25 million for local consultants)</p>
Project Implementation Status as of December 31, 2005	<ul style="list-style-type: none"> • Major rehabilitation (including new classroom construction) started in June 2005. Rehabilitation of 44 schools is complete, with 90 remaining schools to be fully restored by March 2006. • ESCRP will benefit 45,700 primary and secondary students, most in large governorates such as Baghdad (13,600 students) and other deprived governorates such as Najaf and Karbala. • School rehabilitation and construction is creating substantial employment through the use of Iraqi construction companies. • Contracts are also underway to design new schools, with ultimately five to seven new schools per governorate. 32 schools were identified for the first construction stage and packaged into 16 construction contracts to be awarded in May 2006.
Donor Coordination	The World Bank, UN, and US are the main donors supporting education and are coordinating their efforts. The US focused initially on minor rehabilitation; the UN supports both minor and major rehabilitation. The ITF finances major reconstruction and construction; the World Bank is the only agency working through Iraq's Ministry of Education. In addition, the Bank supports the ministry in developing strategic framework and a donor coordination strategy.
World Bank Task Manager	Peter Buckland (pbuckland@worldbank.org)




TF054435 - Emergency Baghdad Water Supply and Sanitation Project (EBWSP)

Project Cost	US\$65 million
Effectiveness Date	December 2004
Closing Date	August 2005
Implementing Institution	Municipality of Baghdad
Project Objective and Description	The project will restore basic water supply and sanitation services for the Municipality of Baghdad (MoB) through the upgrading and replacement of existing facilities. It will also strengthen the technical, institutional, and financial capacity of MoB and its staff through training and technical assistance. It will benefit about one million residents of Baghdad—about 17 percent of the city’s population—and will help develop a comprehensive urban development plan.
Geographic Coverage	Baghdad
Project Components and Costs	<ol style="list-style-type: none"> 1. Rehabilitation of chlorine and chemical units at al-Karkh water treatment plant. (US\$ 2.8 million) 2. Rehabilitation of 2B pumping station in Shark Della water treatment plant. (US\$ 4.5 million) 3. Extension and rehabilitation of the al-Rasheed water treatment plant. (US\$ 7.2 million) 4. Rehabilitation of the Abu Nawas raw water pumping station. (US\$ 6.2 million) 5. Rehabilitation and renewal of the Sadr City sewerage network. (US\$ 15 million) 6. Rehabilitation and renewal of the drinking water network in Za'afarana. (US\$ 15.4 million) 7. Capacity building, including system design and implementation, feasibility studies, and audits. (US\$ 3.9 million) 8. Development of a comprehensive city development plan for Baghdad. (US\$ 3 million) Price and physical contingencies: US\$7 million
Costs by Type of Expenditure	Civil works and goods: US\$ 51.1 million Consulting services: US\$6.9 million (local: US\$4.6 million; international: US\$2.3 million) Price and physical contingencies: US\$7 million
Project Implementation Status as of December 31, 2005	Six large consultancy service contracts are underway to prepare detailed designs of civil works for the water supply and sanitation component and the urban component. The construction phase will begin in 2006. Four goods contracts have been awarded amounting to about US\$8 million; their delivery is expected to take place in 2006.
Donor Coordination	The project was designed to support subprojects that will have high impact and complement US-funded water supply and sanitation rehabilitation. For example, the project supports network rehabilitation linked to the US-funded rehabilitation of the Baghdad sewerage treatment plant. The Bank is also collaborating closely with Japan (including joint missions) to identify joint and complementary financing opportunities for future projects.
World Bank Task Manager	Suhail J.S. Jme'An (Sjmean@worldbank.org)

TF054404 - Emergency Health Rehabilitation Project (EHRP)

Project Cost	US\$25 million
Effectiveness Date	November 2004
Closing Date	December 2006
Implementing Institution	Ministry of Health (MOH)
Project Objective and Description	The project will improve access to quality emergency services in selected health facilities to serve the urgent needs of the Iraqi population. It will finance the rehabilitation of priority emergency services, including emergency obstetric care, in 11 selected hospitals and provide these hospitals with basic medical and laboratory equipment and essential drugs.
Geographic Coverage	Nine governorates in the north, center, and south of Iraq: Baghdad, Diyala, Kirkuk, Missan, Karbala, Anbar, Salah Deen, Erbil, Sulaimanyiah.
Project Components	<ol style="list-style-type: none">1. Rehabilitation of emergency services and provision of basic medical and laboratory equipment (US\$ 21.4 million)2. Provision of emergency drugs (US\$ 2.9 million)3. Support to strengthen planning and management capacity (US\$ 1.7 million)4. Support to project management (US\$ 0.9 million)
Costs by Type of Expenditure	Civil works: US\$ 14.7 million Goods: US\$ 8.4 million Consultant services: US\$1.9 million (of which US\$1.3 million for local firms for design and supervision of works) Training: US\$1.8 million / Operating Costs: US\$0.1 million
Project Implementation Status as of December 31, 2005	The repair, rehabilitation, and equipping of 11 hospital emergency facilities in 9 governorates will be completed in three construction phases which will last 6 months each. Construction activities for the first stage of works, originally scheduled to begin in January 2006, are expected to start in mid-May 2006, mainly because of issues relating to lack of familiarity with World Bank procurement procedures, frequent turnover in Project Management Team staff, and the impact of the overall security situation in the country.
Donor Coordination	The US and Japan are the largest donors to the health sector, focusing on major construction and reconstruction of hospitals and health centers. The Bank has a broad knowledge of health sector issues and can respond selectively to Iraq's immediate needs while laying the groundwork for medium- and long-term health system reform.
World Bank Task Manager	Jean-Jacques Frere (jfrere@worldbank.org)

TF0054373 - Second Capacity Building Project (CBII)

Project Cost	ITF Grant Amount: US\$7 million
Effectiveness Date	November 2004
Closing Date	November 2007
Implementing Institution	World Bank
Project Objective	The project will strengthen economic management and build institutional capacity to improve public administration and services.
Project Implementation Status as of December 31, 2005	<p>The project has financed 22 workshops covering pension reform; labor markets; social safety nets; statistical capacity building; household surveys; microfinance; local budgeting; and fiscal decentralization (the latter jointly with IMF); as well as the development of two websites for the Ministry of Finance and the Ministry of Planning.</p> <p>A total of 335 participants have been trained from various entities, such as the Ministry of Planning and Development Cooperation, Ministry of Finance, Ministry of Trade, Ministry of Labor, and the Central Bank.</p>
	
World Bank Task Manager	Hadia A. Karam (hsamaha@worldbank.org)


TF054052 - Emergency Private Sector Development Project (PSDP)

Project Cost	US\$55 million
Effectiveness date	December 2004
Closing date	June 2007
Implementing Institution	Ministry of Planning (Components 1 and 2) Iraqi Telecom. and Post Company (Components 3 and 4)
Project Objective and Description	The project will lay the foundation for increasing investment and economic growth by addressing selected priorities in institutional capacity building and essential communications infrastructure. It will also create employment through the development of the private sector.
Geographic Coverage	The communication infrastructure will benefit Iraq countrywide. Private sector development components will also benefit private enterprises and organizations countrywide. Two specific industrial estates studies will be undertaken for Arbil in the north and Basra in the south.
Project Components and Costs	<ol style="list-style-type: none"> 1. Develop enabling public institutions that support the private sector (US\$ 6.8 million) 2. Improve the competitiveness of Iraqi private firms by improving their ability to access finance and foreign markets (US\$ 5 million) 3. Build reliable telecommunications infrastructure to interconnect key parts of the Central Bank's payments and settlements system (US\$ 3 million) 4. Build a high capacity national backbone communications network capable of supporting corporate needs and develop the human capacity to operate it efficiently (US\$ 39.5 million) 5 and 6. Finance costs related to project management (US\$ 0.7 million)
Costs by Type of Expenditure	<p>Goods and civil works: US\$42.5 million</p> <p>Consulting services: US\$ 12.2 million</p> <p>The \$42 million telecommunication infrastructure components will be installed by local Iraqi labor force with supervision from the international supplier. International consultants will deliver most of the TA under the PSD components, but local participation and local capacity building is required.</p>
Project Implementation Status as of December 31, 2005	The MPDC has received bid proposals for the supply, installation, and commissioning of a high-capacity national telecommunications network (US\$ 39.5 million). There are complex procedural and technical issues to be resolved before finalization of contract award. The component to modernize the payment systems has recently progressed due to the commitment of the Central Bank and ITPC and support of other major donors.
Donor Coordination	The telecommunication components were designed to complement assistance provided by JICA and by the U.S. Treasury (payment system). The PSD agenda continues to be coordinated with USAID, DFID, the EC, and UNIDO.
World Bank Task Manager	John F. Speakman (jspeakman@worldbank.org)

TF054455 - Emergency Water, Sanitation and Urban Reconstruction Project

Project Cost	US\$90 million
Effectiveness date	December 2004
Closing date	August 2007
Implementing Institution	Ministry of Municipalities & Public Works (MMPW)
Project Objective and Description	The project finances high-impact water supply and sanitation rehabilitation in 9 governorates (Karbala, Majar, Beji, Kena'an, Al Hussainia, Al-Samawa, Badawa, Dohuk and Dukan); and urban reconstruction in the poorest areas of 3 governorates Karbala, Badawa, and Basra, benefiting over 2 million people. The project will also create vitally needed short-term employment and strengthen Iraq's capacity to manage large-scale reconstruction through training and technical assistance.
Geographic Coverage	Nine municipalities: Karbala, Majar, Beji, Kena'an, Al Hussainia, Al-Samawa, Badawa, Dohuk and Dukan.
Project Components and Costs	<ol style="list-style-type: none">1. Rehabilitation and upgrading of water systems in Karbala (and its sewerage system), Majar, Beji, Kena'an, Al Hussainia, Al-Samawa, Badawa, Dohuk (and its storm water drainage system), and Dukan. (US\$54 million)2. Urban rehabilitation in Karbala, Badawa, and Basra. (US\$22 million)3. Capacity building. (US\$4 million)4. Contingencies: US\$10 million
Costs by Type of Expenditure	Civil works: US\$65 million Goods: US\$11 million Consulting services: US\$4 million (local: US\$ 2.6 million; international: US\$1.4 million) Price and Physical Contingencies: US\$ 10 million.
Project Implementation Status as of December 31, 2005	Seven consultant services contracts out of fourteen originally planned have been signed and are currently under implementation. A civil works contract (US\$23 million) for the sanitation rehabilitation of Badawa is pending World Bank no objection to be awarded. The first civil works are expected to commence in late April 2006. In addition, five other construction contracts of about US\$50 million are expected to be awarded by June 2006.
Donor Coordination	The Bank coordinated project design with the US, DFID (in the south), and UN agencies (in the north). The Bank is also collaborating closely with Japan (including joint missions) to identify joint financing opportunities for future projects.
World Bank Task Manager	Suhail J.S. Jme'An (Sjmean@worldbank.org)

TF 053546 - Emergency Community Infrastructure Rehabilitation Project (ECIRP)

Project Cost	US\$20 million
Effectiveness Date	December 2004
Closing Date	June 2007
Implementing Institution	Ministry of Water Resources (MOWR)
Project Objective and Description	<p>The project creates immediate employment, while addressing emergency needs at the community level to improve rural water infrastructure. The project finances a program of about 20 labor-intensive and small-scale civil works subprojects for water supply, sanitation, irrigation, and drainage infrastructure. The subprojects are implemented across 15 governorates in Iraq. The project will create more than 20,000 jobs, rehabilitate about 80,000 hectares of irrigated areas, and benefit more than 130,000 farmers.</p>
Geographic Coverage	Nationwide, covers 15 governorates throughout Iraq
Project Components	<ol style="list-style-type: none">1. 11 subprojects are underway (US\$12 million)2. 9 subprojects pre-identified in other regions (US\$4 million)2. Preparation of feasibility studies (US\$ 3 million)3. Project management and capacity building (US\$1 million)
Costs by Type of Expenditure	<p>Civil works: US\$16 million (rehabilitation subprojects are expected to range from US\$300,000 to US\$1,000,000 each) Goods: US\$0.6 million Consultant services: US\$3.4 million (US\$3 million for local firms for design and supervision and feasibility studies)</p>
Project Implementation Status As of December 31, 2005	<ul style="list-style-type: none">• The grant was reallocated in December 2005 at the request of MOWR to redirect financing for consultant services and project management to additional civil works activities, thereby increasing employment and field impact.• Eleven subprojects amounting to US\$12 million are underway with completion percentages ranging from 5% to 50%. They mainly deal with irrigation and drainage rehabilitation including lining of canals, excavation and improvement of drains, construction of intakes, and other structures, as well as rehabilitation of water supply waterways (Karezes).• The remaining 9 civil work contracts are expected to be signed before end-April 2006 with a completion date expected for end 2006.
	
Donor Coordination	The project employs a flexible programmatic approach that allows interventions to adapt to the changing realities on the ground and to the interventions of other donors.
World Bank Task Manager	Adel Bichara (Abichara@worldbank.org)

TF054052 - Emergency Disabilities Project (EDP)

Project Cost	ITF Grant Amount: US\$19.5 million
Effectiveness Date	November 2005
Closing Date	October 2007
Implementing Institution	Ministry of Health (MOH)
Project Objective and Description	The project will improve rehabilitation and prosthetic services, reducing the burden of physical disability. Specifically, the project will support the development of a national policy on disabilities; increase the capacity of Iraqi institutions and other stakeholders to meet the needs of disabled persons; strengthen the partnerships between the Government and civil society in provision of services to disabled persons; and upgrade the infrastructure and equipment of selected rehabilitation and prosthetic centers throughout Iraq.
Geographic Coverage	Nationwide
Project Components	<ol style="list-style-type: none">1. Policy Development and Partnerships (US\$0.5 million total, including contingencies)2. Delivery of Services to the Disabled (US\$18.6 million total, including contingencies)3. Project Management and Monitoring and Evaluation.(US\$0.4 million total, including contingencies)
Costs by Type of Expenditure	Civil works: US\$ 4.5 million Goods: US\$ 11 million Consultant services: US\$ 0.7 million for local firms (International Competitive Bidding TBD)
Project Implementation Status As of December 31, 2005	The project became effective one month ago.
World Bank Task Manager	Jean-Jacques Frere (jfrere@worldbank.org)