

World Bank Operations in Iraq

As of June 30, 2007



The International Reconstruction Fund Facility for Iraq (IRFFI)

IRFFI aims to help donors channel resources and coordinate support for reconstruction and development in Iraq in line with Iraq's priority program through two trust funds: the World Bank Iraq Trust Fund (ITF), and the UN Development Group Trust Fund.

The ITF finances sixteen grants totaling about US\$437 million, thereby committing nearly all donor deposits (US\$455 million). The Bank recommended extending the ITF for three years, to December 31, 2010, to allow adequate time to finance the existing projects to completion. The extension was formalized in amended legal agreements with each donor, effective April 23, 2007.

Bank Group Strategy

The Second Interim Strategy note was presented to the World Bank Board of Directors on September 15, 2005. The Bank's overarching objective is to help Iraq build efficient, inclusive, transparent, and accountable institutions for stability, good governance, and sustainable economic prosperity.

The Bank Group's work program is organized into four pillars, supporting government efforts to: (i) restore basic service delivery; (ii) enable private sector development; (iii) strengthen social safety nets; (iv) and improve public sector governance. The endorsement of this strategy paved the way for US\$500 million in IDA lending in priority sectors, and for the provision of advisory and analytic work clustered around the four pillars.

Stay Updated

Iraq-Jordan External Auditors' Capacity Building Workshop. The World Bank launched a regional auditor's capacity strengthening program on June 18-19, 2007. The seminar aimed to: (i) increase efficiency in the selection of independent auditors; and (ii) improve quality of the audit reports. The targeted audience included auditors involved in Bank-financed operations in Jordan and Iraq as well as potential auditors.

The review of IRFFI's terms of reference, requested at the Istanbul Donor Committee meeting, was initiated with field work that took place in Amman between 24- 28 June 2007. Building on relevant experiences of other multi-donor trust funds, the review will: (i) evaluate IRFFI organizational structures; (ii) examine project identification, approval, and implementation processes to ensure that Iraq has a clear leadership role for IRFFI; and (iii) make recommendations for changes or clarifications to IRFFI ToRs, as needed, for consideration at the next Donor Meeting.

Emergency Textbook Provision Project Completion Report. The Bank produced an Implementation Completion and Results Report for the project that closed in December 2006. The report included comments from the Ministry of Education of Iraq (MOE). MOE considered this project "a success overall", citing several successes such as "building capacity in the local private printing sector" and "building much needed capacity in the MOE".

For more detailed information visit: www.irffi.org and www.worldbank.org/mena/lq

Financed Projects World Bank Iraq Trust Fund

Project	Project Amount (US\$ mln)	Approval/Effective Date	Implementing Agency
Completed Projects			
Capacity Building I	3.6	Feb-04	World Bank
Textbook Provision	40.0	May-04	Ministry of Education
Active Projects			
School Reconstruction & Rehabilitation	60.0	Oct-04	Ministry of Education
Capacity Building II	7.0	Nov-04	World Bank
Baghdad Water Supply & Sanitation	65.0	Dec-04	Municipality of Baghdad
Water Supply, Sanitation & Urban Reconstruction	110.0	Dec-04	Ministry of Municipalities & Public Works
Health Rehabilitation	25.0	Nov-04	Ministry of Health
Private Sector Development	55.0	Nov-04	Ministry of Planning & Development Cooperation and ITPC
Community Infrastructure	20.0	Dec-04	Ministry of Water Resources
Disabilities	19.5	Nov-05	Ministry of Health
Social Protection	8.0	Jun-06	Ministry of Labor and Social Affairs
Household Survey & Policies (Technical Assistance)	1.5	May-06	World Bank
Household Survey & Policies Grant	5.1	Jul-06	Ministry of Planning & Development Cooperation
Environmental Management	5.0	Dec-06	Ministry of Environment
Marshlands School Construction	6.0	Oct-06	Ministry of Education
Electricity Reconstruction	6.0	Mar-07	Ministry of Electricity
Total Iraq Trust Fund Projects	436.7		

Financed Projects World Bank IDA Lending	Project Amount (US\$ mln)	Approval Date	Closing Date	Implementing Agency
Third Emergency Education	100.0	Nov-05	Jan-09	Ministry of Education
Emergency Road Rehabilitation	135.0	Jun-06	Jun-10	Ministry of Construction/G.D.for Roads & Bridges of KRG
Dokan and Derbandikhan Hydropower	40.0	Dec-06	Dec-10	Ministry of Electricity of KRG
Electricity Reconstruction	124.0	Mar-07	Jun-11	Ministry of Electricity
Total Iraq IDA Lending Approved	399.0			

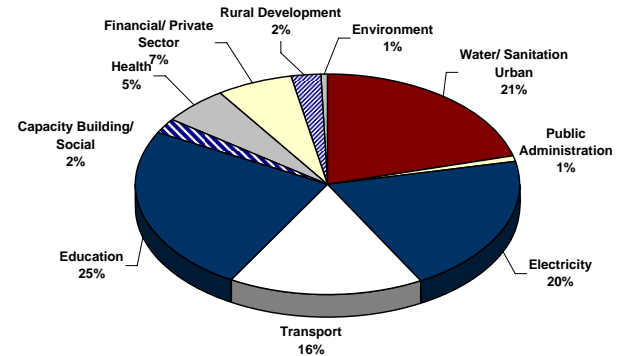
World Bank Iraq Trust Fund

Donor Pledges, Commitments, and Deposits (in US\$ million)

Donors	Pledges	Commitments	Deposits
Australia	16.4	16.4	16.1
Canada	26.7	26.7	26.7
European Commission	150.0	150.0	150.0
Finland	2.6	2.6	2.6
Iceland	1.0	1.0	1.0
India	5.0	5.0	5.0
Japan	130.6	130.6	130.6
Korea	4.0	4.0	4.0
Kuwait	5.0	5.0	5.0
Netherlands	6.2	6.2	6.2
Norway	6.7	6.7	6.7
Qatar	5.0	5.0	2.5
Spain	20.0	20.0	20.0
Sweden	5.8	5.8	5.8
Turkey	1.0	1.0	1.0
United Kingdom	71.4	71.4	71.4
United States	5.0	5.0	5.0
Total Iraq Trust Fund	462.4	462.4	459.6

NB : US\$ equivalency estimated for pledges and commitments. Deposits reflect actual conversion rate.

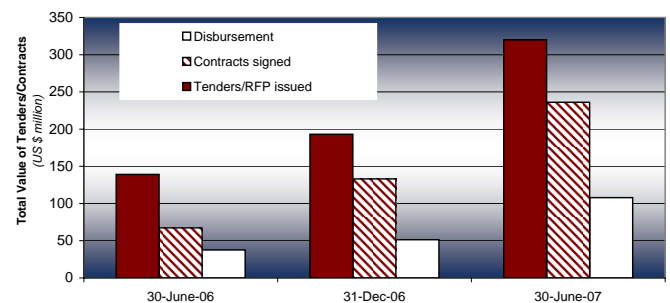
Active World Bank Iraq Program (ITF and IDA-financed Projects) Sectoral Distribution of Projects Funded



Status of Contracting and Disbursements

About 75% of the value of Iraqi-executed grants (US\$320 million out of US\$425 million) have been tendered or contracted. The value of signed contracts exceeds US\$235 million, amounting to 55% of the value of Iraqi-executed grants. Total ITF disbursements currently stand at about US\$108 million.

World Bank ITF Projects : Iraqi-Implemented grants (13 projects)



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ITF Financed Projects Completed

First Institutional Capacity Building Project (ITF-US\$3.6 million)**Signed Feb. 2004**

Description: Build the capacity of the Iraqi authorities, to pave the way for emergency projects. The European Commission's Rapid Response Mechanism provided €3 million to the ITF for a six-month implementation period.

Status: The project closed in August 2004 and enabled Iraqi officials to design and implement projects and develop sector strategies. It financed over 20 seminars, training about 600 Iraqi officials from 19 ministries, the Central Bank, universities and the private sector. Workshops addressed key topics, including project management, financial management, procurement, environmental and social safeguards, macroeconomic reform, private and financial sector development, as well as specific topics in education, health, and infrastructure.

Implemented by the World Bank / Disbursed amount : \$2.5 m / Completed and Closed on Aug. 2004



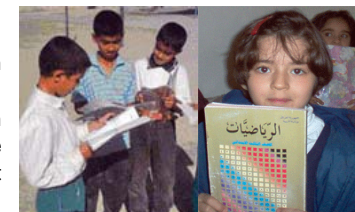
© ITF Capacity Building project

Emergency Textbook Provision Project (ITF-US\$40 million)**Signed May 2004**

Description: Improve the conditions of learning and teaching through the provision of school textbooks to students in Iraq's primary and secondary schools. **Geographic Coverage:** Nationwide (18 governorates)

Status: The project closed in Dec. 2006. It has achieved its objective and financed over 82 million textbooks: 79 million textbooks benefiting 6 million students in 2004-05 plus an additional 13.5 million textbooks for 2005-06, which were financed by cost savings that resulted from competitive procurement. The project maximized local employment and built the capacity of the MOE to undertake competitive procurement procedures.

Ministry of Education (MOE) / Contracted to-date: \$39.1m / Disbursed to-date: \$38.8 m / Completed Dec. 2006



© ETPP (Baghdad, May 06)

ITF Financed Projects Under Implementation

Emergency School Construction and Rehabilitation Project (ITF-US\$60 million)**Signed Oct. 2004**

Description: Aims to improve learning conditions in primary and secondary schools through the construction of 60 new schools and major rehabilitation of 133 schools. The project will benefit over 100,000 families with child attending unsafe or overcrowded schools and will create thousands of jobs through use of Iraqi construction firms. **Coverage:** Nationwide

Status: Major rehabilitation of 133 schools is complete benefiting 46,000 students. Construction of 30 new schools is underway with remaining schools (30) halfway through the design phase.

Ministry of Education / Contracted to-date : \$36.9 m / Disbursed to-date: \$11.2 m



© ESCRP (Diyalyah, Feb. 06)

Second Capacity Building Project (ITF-US\$7 million)**Signed Nov. 2004**

Description: The project follows up on the First Capacity Building project to help the authorities tackle medium-term policies, focusing on economic management, public sector management, and social safety nets.

Status: The project has financed 50 workshops, training about 1,000 participants. In April, 2007, a second workshop on sub-national public financial management (PFM) was held in Beirut, to assist GOI define its priorities for improving PFM nationwide based on international benchmarks and expertise. The first workshop, held in Erbil in Jan 2007, focused on sub-national PFM issues in KRG.

Implemented by the World Bank / Contracted to-date: \$3.9 m / Disbursed to-date: \$3.9 m



© CB2/Erbil (Jan 07)

Emergency Health and Rehabilitation Project (ITF-US\$25 million).**Signed Nov. 2004**

Description: Improve access to quality emergency services in 11 selected hospitals, and provides 12 hospitals with basic medical and laboratory equipment and essential drugs. **Coverage:** Nine Governorates (Baghdad, Diyala, Kirkuk, Missan, Karbala, Anbar, Salah Deen, Erbil, Sulaimanyiah).

Status: Seven hospitals are under reconstruction (In Missan, Salah El Din, Erbil, south Baghdad and Kirkuk). Four of these are about to be completed. Medical drugs worth \$1.26 million have been procured and are currently under distribution. Remaining drugs worth of \$2 million have been contracted to the WHO for procurement. Also, 50 doctors were trained in Emergency Preparedness and Response in the fall 2006.

Ministry of Health / Contracted to-date : \$11.2 m / Disbursed to-date: \$4.1 m



© EHRP (Al Sadr City/ Baghdad, Dec 06)

First Private Sector Development Project (ITF-US\$55 million)**Signed Nov. 2004**

Description: Lay the foundation for increasing investment and economic growth by addressing selected priorities in institutional capacity building and essential communications infrastructure (through the installation of a high-capacity national telecommunications network) to help foster the development of the private and financial sectors. **Coverage:** Communication infrastructure : Baghdad, the North, South and West regions. PSD components : nationwide.

Status: The contract to supply and install a high-capacity national telecommunications network (US\$38 million) was awarded in July 2006. Procurement for consultancy services for institutional capacity building is in the final stages.

Minister of Planning & Development Cooperation (MOP) and Iraqi Telecommunications and Post Company / Contracted to-date : \$39 m / Disbursed to-date: \$4.3 m

**Emergency Baghdad Water and Sanitation Project** (ITF-US\$65 million)**Signed Dec. 2004**

Description: Assist in restoring basic water supply and sanitation services for Baghdad through: (a) the reconstruction and rehabilitation of existing priority networks and treatment facilities; and (b) providing capacity building support.

Status: The mayoralty has contracted local and international consultants to prepare tender documents and detailed designs for the construction phase. It has signed contracts for US\$8.5 million of goods and works. Also, it has recruited a team of advisors to help prepare and implement a Baghdad Comprehensive City Development Plan.

Mayorality of Baghdad / Contracted to-date: \$12.3m / Disbursed to-date: \$7 m



ITF Financed Projects Under Implementation (continued)

Water Supply & Sanitation & Urban Development Project (ITF-US\$110 million)**Signed Dec. 2004**

Description: Finances high-impact water supply and sanitation rehabilitation in 9 cities and urban reconstruction in the poorest areas of 3 cities, benefiting over 2 million people. It also provides capacity building support through training and technical assistance. The project will create substantial employment - estimated at a minimum of 3,000 jobs.

Coverage: 9 cities: Karbala, Majar, Beji, Kena'an, Dohuk, Al Hussainia, Al-Samawa, Badawa & Dukan.

Status: Civil works contracts, valued at US\$27 million, are in progress for the rehabilitation and upgrading of the water supply system in Badawa (Erbil). Works in Al-Muthana and Al Husseiniya started in May 2007. The ministry has also completed a nationwide water and wastewater survey.

Min. of Municipalities & Public Works / Contracted to-date: \$30.4 m / Disbursed to-date: \$6.5 m



© EWSSUP (Badawa/Erbil, May 07)

Emergency Community Infrastructure Rehabilitation Project (ITF-US\$20 million)**Signed Dec. 2004**

Description: Address emergency needs for rural infrastructure rehabilitation and generate employment. It finances labor-intensive, small-scale civil works programs for 22 subprojects, creating over 240,000 mandays of employment, improving over 80,000 hectares of irrigated land, and benefiting over 130,000 farmers. **Coverage:** Al Muthanna, Al Amara, Nassariyah, Sulaymaniyah, Rumitha, Najaf, Karbala, Babel, Waaset, Baghdad, Diyala, Kirkuk and Erbil.

Status: Eighteen subprojects amounting to US\$15 million are completed in nine governorates, creating an estimated 152,000 Man-days of employment, improving 67,000 hectares of irrigated areas, and benefiting 104,000 farmers. Four subprojects are underway (40% completed).

Ministry of Water Resources / Contracted to-date: \$19.9 m / Disbursed to-date: \$19.9 m



© ECIRP (EI Najaf, May 07)

Emergency Disabilities Project (ITF-US\$19.5 million).**Signed Nov. 2005**

Description: Improve services to the disabled by developing a comprehensive policy and legal framework for disabilities, strengthening government-NGO partnerships, and reconstructing 14 rehabilitation centers. **Coverage:** Nationwide.

Status: Nine civil works design and supervision contracts have been awarded and about to be completed. Civil works for 1 rehab center has been tendered. Iraqis officials participated in a study tour in Bosnia to gain experience in managing disabilities in a post-conflict situation (Sep. 2006). A group of 40 technicians participated in a training on prostheses and orthoses in March 2007 in Germany.

Ministry of Health / Contracted to-date: \$2.6 m / Disbursed to-date: \$0.5 m



© EDP (Bosnia Study Tour, Sept. 06)

Emergency Household Survey & Policies Grant (ITF-US\$5.1 million)**Signed Jul. 2006**

Description: Strengthen Iraq's ability to establish a poverty line, target social assistance to the neediest, and make informed policy decisions. The project finances a comprehensive household survey, data analysis, and poverty & social impact assessments. **Coverage:** Nationwide.

Status: 12,000 households were surveyed, initiating the 1st nation-wide household survey in Iraq since 1988.

MOP/ Center of Statistics & KRG Statistics Unit./ Contracted to-date: \$2.2 m / Disbursed to-date: \$1.6 m



© Household Survey project (Erbil, Jan 07)

Household Survey & Policies Technical Assistance (ITF-US\$1.5 million)**Signed May 2006**

Description: Provides the technical support needed for Iraq to undertake the companion grant.

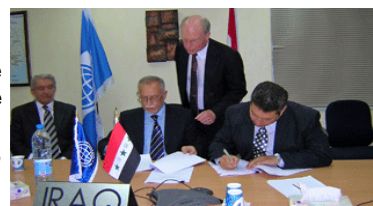
Implemented by the World Bank / Contracted to-date: \$1 m / Disbursed to-date: \$1 m

Emergency Social Protection Project (ITF-US\$8 million)**Signed June 2006**

Description: Increase the benefits that reach the poor. Strengthen Iraq's capacity to develop equitable and sustainable social safety net and pensions programs to better assist poor and vulnerable populations. The project will finance the implementation of modern management and information systems and reduce leakages. **Coverage:** Nationwide.

Status: Several Project Management Workshops have been held since September 2006 and provided training in project, procurement and financial management. Tenders for buying IT equipment worth US\$1 million were issued.

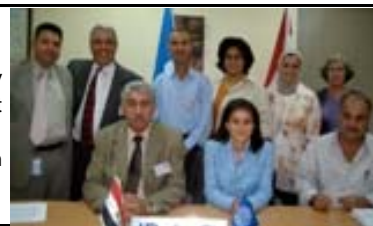
Ministry of Labor & Social Affairs/ Contracted to-date: \$0.1 / Disbursed to-date: \$0.1 m

**Emergency Environment Management Project (ITF-US\$5 million)****Signed Jan. 2007**

Description: Strengthen key institutional and regulatory functions of the MOEnv to enable the Ministry to undertake policy analysis, formulate laws and regulations, monitor environmental quality, promote environmental awareness, and conduct technical studies. **Coverage:** Nationwide (with specific areas of concentration for some of the components).

Status: Project effective since Jan 2007. Invitation for bids to purchase air quality monitoring stations have been launched and a training workshop on environmental and social safeguards was held in March 2007 in Amman.

Ministry of Environment (MOEnv)

**Marshland Schools Construction Project (ITF-US\$6 million)****Signed Oct. 2006**

Description: Provides additional funding for the Emergency School Construction and Rehabilitation Project, to finance new school construction of approximately 30 small schools in the marshlands area of Iraq. The project would benefit 6,000 – 8,000 children and help stabilize the resettlement of about 30 communities in existing villages. **Coverage:** Basra, Nasiriyah and Missan.

Status: Contract awards for 10 schools have been approved, with civil works slated to begin in August 2007.

Ministry of Education

Emergency Electricity Reconstruction Project (ITF-US\$6 million)**Signed March 2007**

Description: Cofinancing an US\$124 million IDA loan, the project aims to restore the base load generation capacity of the Hartha Power Station and build capacity in the Iraqi ministry of electricity.

Ministry of Electricity



IDA Loans

Third Emergency Education Project (IDA US\$100 million)

Approved Nov. 2005

Description: Help Iraq alleviate school overcrowding and lay the groundwork for educational reform. The project finances the construction of about 82 new primary and secondary schools in 15 governorates, directly benefiting about 57,000 students. It will introduce new design standards, help Iraq implement a national school construction and maintenance program, and finance a comprehensive program to support educational system reform. **Coverage :** 15 Governorates

Status: Project is not yet effective, pending ratification of the loan by Iraq.

Implemented by the Ministry of Education

Emergency Road Rehabilitation Project (IDA US\$135 million)

Approved June 2006

Description: In central and southern Iraq, the project will rehabilitate and reconstruct highways and village access roads, and replace about three floating bridges with permanent structures. **Coverage :** Nationwide (18 Governorates)

Status: Project is not yet effective, pending ratification of the loan by Iraq.

Implemented by the Ministry of Construction and the KRG Directorate for Roads and Bridges

Dokan and Derbandikhan Emergency Hydropower Project (IDA US\$40 million)

Approved Dec. 2006

Description: The project is part of Iraq's overall Electricity Master Plan and will provide electricity in the Kurdistan region and to the interconnected national grid. It will directly impact about 490,000 households and will also benefit industrial consumers.

Coverage : Northern Iraq

Status: Project is not yet effective, pending ratification of the loan by Iraq.

Implemented by the KRG Ministry of Electricity

Emergency Electricity Reconstruction Project (IDA US\$124 million)

Approved March. 2007

Description: The project aims to restore the base load generation capacity of the Hartha Power Station and build capacity in the Iraqi ministry of electricity. **Coverage :** Nationwide

Status: Project is not yet effective, pending ratification of the loan by Iraq.

Implemented by the Ministry of Electricity

Publicly Available Economic and Sector Reports

Rebuilding Iraq: Economic Reform and Transition (2006)

This report focuses on the cross-cutting issues at the heart of Iraq's transition, including the immediate challenges of reviving the economy and creating jobs, rebuilding public services responsive to citizens' needs, and strengthening safety nets to protect the poor and vulnerable. It also addresses some overarching issues in public sector governance, particularly the management of oil revenues, the realignment of economic incentives and prices, the reform of human resource management, and the implementation of anticorruption efforts.

Pensions in Iraq: Issues, General Guidelines for Reform, and Potential Fiscal Implications (2005)

The reform proposal developed in this report can control the accumulation of new implicit pension debt while providing a mechanism to finance part of the pension liability of the old system. This is done by closing the old pension systems, enrolling current and new members into a new system that is financially self-sustainable, and investing the initial surplus of the new system in government debt. In the absence of reform, the current system would continue to generate ever growing deficits, and therefore demand ever growing transfers from the government. These are inequitable since they would benefit only a minority of the population: workers in the formal sector of the economy, in their large majority civil servants and the military.

Considering the Future of the Iraqi Public Distribution System (2005)

The action plan recommended in the report could generate considerable savings in the PDS budget. In short term, significant gains could be made by improving procurement and financial management practices, thereby reducing losses due to waste, theft and corruption. In the medium term, budgetary gains will come from improved targeting and enhanced efficiency resulting from more extensive reliance on the private sector.

Building a Sustainable Investment Climate in Iraq (2004)

The note examines and emphasizes the need for private investment from both Iraqi and foreign services to generate growing and sustained employment. Further, assessing Iraq's significant institutional and capacity shortcomings in the private sector, the note details a strategy, based on the Bank's global experience, for laying the necessary institutional foundations for a strong and growing private sector.

State-Owned Enterprise Reform in Iraq (2004)

This paper concentrates on the choices to be made in designing a framework for a legal and regulatory framework for privatization so that, once the security situation is under control and elected authorities are in office, SOE reforms can proceed effectively and at a pace commensurate with Iraq's urgent need for change.

Leveraging WTO Accession to Design Strategy of Economic Reforms for New Iraq (2004)

The note proposes leveraging the WTO strategy to design strategy of structural reforms and drawing on the experience of recent entrants to the European Union to design institutional setting for the development and implementation of the strategy. The note only outlines the issues that might be addressed in the development of such a strategy.