

World Bank Assistance Strategy

The Second Interim Strategy Note for Iraq 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 services; (ii) enable private sector development; (iii) strengthen social safety nets; and (iv) improve public sector governance. The endorsement of this strategy paved the way for a US\$500 million IDA 14 allocation for lending in priority sectors, and for the provision of analytic and advisory work clustered around the four pillars.

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 most of the donor deposits (US\$494 million). The ITF's closing date was extended to December 31, 2010, to allow existing projects to complete.

World Bank ITF Donor Deposits

	Deposit Amount
Australia	16.1
Canada	26.7
European Commission	179.7
Finland	2.6
Iceland	1.0
India	5.0
Japan	130.6
Korea	9.0
Kuwait	5.0
Netherlands	6.2
Norway	6.7
Qatar	2.5
Spain	20.0
Sweden	5.8
Turkey	1.0
United Kingdom	71.4
United States	5.0
Total Iraq Trust Fund	494.3

Project Portfolio

	Approval Date	Project Amount	Undisb. Amount	Implementing Agency
Iraq Trust Fund Projects				
Completed Projects				
Capacity Building I *	Feb-04	3.6	-	World Bank
Textbook Provision	May-04	40.0	1.2	Ministry of Education
Active Projects				
School Reconstruction & Rehabilitation	Oct-04	60.0	38.0	Ministry of Education
Capacity Building II *	Nov-04	7.0	2.2	World Bank
Health Rehabilitation	Nov-04	25.0	15.1	Ministry of Health
Private Sector Development	Nov-04	55.0	50.6	Ministry of Planning & Dev. Coop.
Baghdad Water Supply & Sanitation	Dec-04	65.0	56.7	Municipality of Baghdad
Water Supply, Sanitation & Urban Recon.	Dec-04	110.0	88.4	Ministry of Munic. & Public Works
Community Infrastructure	Dec-04	20.0	3.4	Ministry of Water Resources
Disabilities	Nov-05	19.5	17.6	Ministry of Health
Social Protection	Jun-06	8.0	7.7	Ministry of Labor & Social Affairs
Household Survey & Policies TA *	May-06	1.5	0.1	World Bank
Household Survey & Policies Grant	Jul-06	5.1	0.6	Ministry of Planning & Dev. Coop.
Marshlands School Construction	Oct-06	6.0	5.8	Ministry of Education
Environmental Management	Dec-06	5.0	5.0	Ministry of Environment
Emergency Electricity	Mar-07	6.0	6.0	Ministry of Electricity
Total ITF		436.7	298.4	

IDA Credits

Third Emergency Education	Nov-05	100.0	100.0	Ministry of Education
Emergency Road Reconstruction	Jun-06	135.0	135.0	Ministry of Construction
Dokan & Derbandikhan Hydropower	Dec-06	40.0	39.9	KRG Ministry of Electricity
Emergency Electricity	Mar-07	124.0	124.0	Ministry of Electricity
Total IDA		399.0	398.9	

* These projects are implemented by the World Bank on behalf of the Government of Iraq

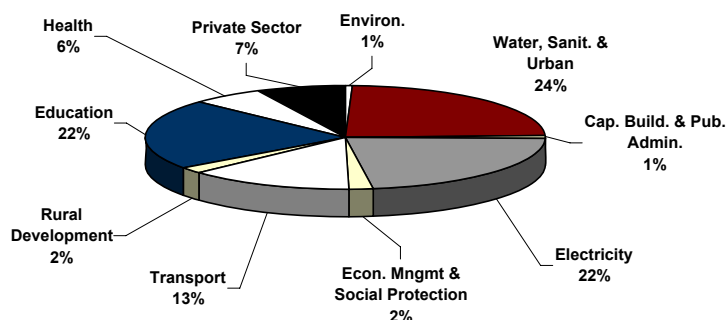
Publicly Available Economic & Sector Reports

- Rebuilding Iraq: Economic Reform and Transition (2006)
- Pensions in Iraq: Issues, Guidelines for Reform & Fiscal Implications (2005)
- Considering the Future of the Iraqi Public Distribution System (2005)
- Social Protection in Transition - Labor Policy, Safety Nets & Pensions (2005)
- Building a Sustainable Investment Climate in Iraq (2004)
- State Owned Enterprise Reform in Iraq (2004)
- Leveraging WTO Accession for a Strategy of Econ. Reform for Iraq (2004)

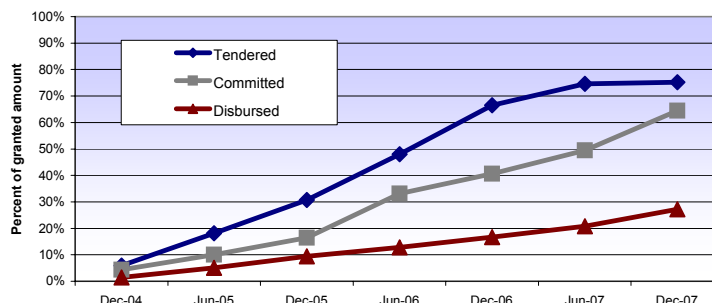
Post Conflict Fund Grants (US\$)

	Approval Date	Grant Amount	Undisb. Amount
Emergency Health Assistance to Burn Unit at Karama Hospital in Baghdad	Jul-05	707,242	-
CSA - Launch of a Social Development Knowledge Network	Aug-06	96,054	-
CSA II - Management of Social Development Knowledge Network	Feb-07	264,140	51,780
Consultative Service Delivery Initiative in Suleimaniyah	Sep-07	1,000,000	1,000,000
Emergency Primary Health Care assistance to Southern Marshlands area	Oct-07	630,248	630,248

Sectoral Distribution of Active WB Lending (IDA & ITF)



Status of Contracting and Disbursement (Iraqi executed ITF projects only)



Status of Projects in Portfolio

ITF Financed Projects

Emergency School Construction & Rehabilitation Project (US\$60 million) - The project aims to improve learning conditions through the construction of 55 new schools (reduced due to appreciation of the Iraqi Dinar) and major rehabilitation of 133 schools, benefiting over 100,000 families with school age children.

Status: The rehabilitation program is complete with 133 schools rehabilitated, benefiting 45,000 students. 6 schools have been completed (in the governorates of Anbar, Erbil and Muthanna), the construction of 28 schools is currently underway, and work on 21 more is expected to start by end of March 2008.

Second Capacity Building Project (US\$7 million) - The project follows up on the First Capacity Building Project to help authorities tackle medium-term policies, focusing on economic and public sector management, and social safety nets.

Status: The project has financed about 52 workshops, training more than 1,000 participants. In December, a Iraqi courts human resources staff, court and case management staff and three judges spent time shadowing counterparts in the Dubai courts, studying their counterparts' human resources and case management systems. (January 2008)

Emergency Health Rehabilitation Project (US\$25 million) - The project will help rehabilitate emergency services in 9 selected hospitals (reduced from original 12) and provide 12 hospitals with basic medical and laboratory equipment, as well as essential drugs.

Status: Due to security concerns and the mobilization of GOI funds, the number of health centers to be financed has been reduced to 9 sites. Rehabilitation is complete in 4 hospitals (2 have been officially handed over) and 3 more are underway. The Bank has recommended the Government restructure the project.

First Private Sector Development Project (US\$55 million) - The project will provide capacity building to help lay the foundation for increased investment and growth. This will include the installation of a national high capacity telecommunications network and a platform to link the Central Bank to commercial banks in the country (payment-systems).

Status: The installation of the telecommunications network is underway. Contracts for the public institution and competitiveness components, as well as the payment systems component have recently been awarded, and the implementation of respective activities has started.

Emergency Baghdad Water Supply and Sanitation Project (US\$65 million) - The project will assist in restoring basic water supply and sanitation services for Baghdad through the rehabilitation of existing priority networks and facilities, and by providing institutional support.

Status: Implementation delays persist at the Mayorality of Baghdad. Commitments are currently about US\$22 million. Given the short time frame remaining to complete the project, the Bank will work with the Government of Iraq to restructure the project in March 2008. (January 2008)

Emergency Water Supply, Sanitation and Urban Development Project (US\$110 million) - The project finances water supply and sanitation rehabilitation in 9 cities, as well as urban reconstruction in the poorest areas of 3 cities, benefiting over 2 million people. The project facilitates capacity building through training and technical support.

Status: After a slow start, the project has seen some recent progress and the committed amount stands at \$81 million while disbursements are at US\$21 million. The Ministry, possibly with assistance through a PHRD grant, is preparing a National Water Supply and Wastewater Sector Study to serve as a basis for future sector reform. (January 2008)

Emergency Community Infrastructure Rehabilitation Project (US\$ 20 million) - The project addresses emergency needs for rural infrastructure rehabilitation by financing labor-intensive, small-scale civil works programs improving 80,000 hectares of irrigated land, benefiting over 130,000 farmers.

Status: Twenty sub-projects are complete, creating an estimated 176,500 man-days of employment, improving irrigation to 70,000 hectares of land, benefiting 121,000 farmers. The remaining 2 sub-projects are underway and about 70% complete.

strengthening partnerships between the GOI and stakeholders around a national disabilities policy, and upgrading infrastructure & equipment of selected rehabilitation / prosthetic centers.

Status: The design and tendering for 8 rehabilitation centers is completed and the contract for the construction of one of these (Kerbala) has been tendered. The Bank has recommended the Government restructure the project. Bid documents for 4 other sites have been prepared but are on hold pending project restructuring.

Emergency Social Protection Project (US\$8 million) - The project will strengthen the policy, management and administrative capacity of the Ministry of Labor and Social Affairs, and the Ministry of Finance, to develop, manage, and monitor pension and social safety net reforms.

Status: Procurement of IT equipment for the MOF and the State Pension Fund as well as MOLSA centers in Baghdad, Basra, Najaf and Kirkuk has been launched. Redesign of the Social Safety Net Beneficiary Assessment is underway and the Pension Survey contract has been evaluated and is ready for award.

Household Survey & Policies Project (US\$5.1 million grant / US\$1.5 million TA) - The project will strengthen Iraq's ability to establish a poverty line, target social assistance to the neediest, and make informed policy decisions through a comprehensive household survey, data analysis, and poverty & social impact analysis.

Status: Surveying of 18,000 households in all of Iraq's 18 governorates is complete, representing the first comprehensive household survey in Iraq since 1988. The analysis of the data is underway and the inter-ministerial committee has met to plan its work on developing a Poverty Reduction, Employment Generation and Safety Nets Strategy.

finance new school construction of approximately 30 small schools in the Southern Marshlands area of Iraq, benefiting 6,000 to 8,000 children.

Status: The project is currently under implementation and on schedule - construction of 33 schools will start shortly. First schools are expected to be completed by summer 2008.

Emergency Environment Management Project (US\$5 million) - The project will help strengthen key institutional and regulatory functions at the Ministry of Environment to enable it to undertake policy analysis, formulate laws and regulations, monitor environmental quality, promote environmental awareness, and conduct technical studies.

Status: The procurement of technical assistance services to the Ministry of Environment has been cancelled (and will be relaunched) after negotiations with an international firm failed. The implementation of the environmental monitoring component is underway and the contractor is ready to supply and install the air quality monitoring stations.

Emergency Electricity Project (US\$6 million co-financing a US\$124 million IDA credit) - The project aims to restore the base load generating capacity of the Hartha power plant and build capacity at the Ministry of Electricity.

Status: Consultants to assist with pre contract-award activities and construction supervision of the Hartha rehabilitation contract have been selected. A third consultant is being hired to carry out a feasibility study and prepare bidding documents for a natural gas power plant. A training plan for staff of the Ministry of Electricity is still under preparation.

IDA credits

Third Emergency Education Project (US\$100 million) - The project will help Iraq alleviate school overcrowding through the construction of 82 new schools in 15 governorates, benefiting 57,000. The construction program will be supplemented by technical assistance to lay the groundwork for comprehensive education reform.

Status: The Ministry of Education is working on the preparation of prototypes for 12, 18 and 24-classroom schools, which are expected to be completed by April 2008. Construction of 49 schools is expected to start by August 2008.

Emergency Road Rehabilitation Project (US\$135 million) - The project will assist in the rehabilitation of highways and village access roads in central and southern Iraq. Three floating bridges will also be replaced with permanent structures

Status: Civil works (\$35 million) and consultant services (\$2.2 million) contracts for highway rehabilitation in the Kurdistan Region are about to be signed. Procurement for 5 lots of road rehabilitation and bridge construction in the Center and South regions is being launched.

Uokan and Derbaniqan Emergency Hydropower Project (US\$40 million) - The project is part of Iraq's overall electricity master plan and will provide electricity primarily in the Kurdistan region but also nationally through its connection to the national grid. An estimated 490,000 households will benefit directly as well as a number of industries.

Status: The consultancy contract for the rehabilitation needs assessment was signed in July 2007. Due to project effectiveness delays, work on the contract could not commence until September 2007 but is now progressing satisfactorily. The consultant for engineering services for both plants has been selected and the preparatory work is ongoing.

Emergency Electricity Project (US\$124 million co-financed by a US\$6 million ITF grant) - The project aims to restore the base load generating capacity of the Hartha power plant and build capacity at the Ministry of Electricity.

Status: The Credit became effective on December 17, 2007. Negotiations with the selected bidder for the contract for rehabilitation works are complete and contract documents have been submitted to the Bank for No Objection.