

**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
<b>Total Iraq Trust Fund</b>	<b>494.4</b>

Project Portfolio	Approval Date	Project Amount	Undisb. Amount	Implementing Agency
<b>Iraq Trust Fund Projects</b>				
<b>Completed Projects</b>				
Capacity Building I <sup>1</sup>	Feb-04	3.6	-	World Bank
Textbook Provision	May-04	40.0	-	Ministry of Education
<b>Active Projects</b>				
School Reconstruction & Rehabilitation	Oct-04	60.0	35.5	Ministry of Education
Capacity Building II <sup>1</sup>	Nov-04	7.0	1.9	World Bank
Health Rehabilitation	Nov-04	25.0	13.0	Ministry of Health
Private Sector Development	Nov-04	55.0	49.3	Ministry of Planning & Dev. Coop.
Baghdad Water Supply & Sanitation	Dec-04	65.0	55.5	Municipality of Baghdad
Water Supply, Sanitation & Urban Recon.	Dec-04	110.0	85.6	Ministry of Munic. & Public Works
Community Infrastructure	Dec-04	20.0	3.2	Ministry of Water Resources
Disabilities	Nov-05	19.5	17.5	Ministry of Health
Social Protection	Jun-06	8.0	7.6	Ministry of Labor & Social Affairs
Household Survey & Policies TA <sup>1,2</sup>	May-06	3.6	2.1	World Bank
Household Survey & Policies Grant <sup>2</sup>	Jul-06	5.5	0.7	Ministry of Planning & Dev. Coop.
Marshlands School Construction	Oct-06	6.0	5.0	Ministry of Education
Environmental Management	Dec-06	5.0	5.0	Ministry of Environment
Emergency Electricity	Mar-07	6.0	5.8	Ministry of Electricity
<b>Total ITF</b>		<b>439.2</b>	<b>287.7</b>	

<b>IDA Credits</b>				
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
<b>Total IDA</b>		<b>399.0</b>	<b>398.9</b>	

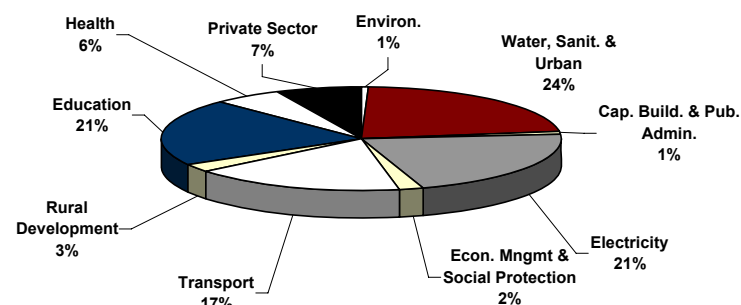
**Publicly Available Economic & Sector Reports**

- 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)

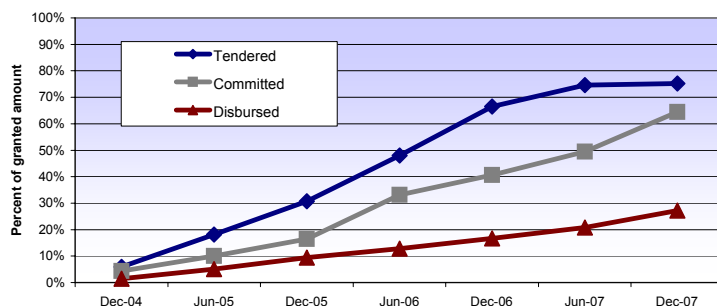
<sup>1</sup> These projects are implemented by the World Bank on behalf of the Government of Iraq  
<sup>2</sup> Additional financing (US\$2.1 and US\$0.4 million for the TA and Grant respectively) was approved on April 27, 2008

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	1,050,000	1,050,000
Emergency Primary Health Care assistance to Southern Marshlands area	Oct-07	630,248	565,248

**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, benefiting 45,000 students. Construction of 12 new schools is complete (in the governorates of Anbar, Erbil and Muthanna), another 6 are expected to be completed by June 2008 and construction of a further 24 schools is underway but behind schedule. The remaining 3 schools have yet to be tendered.

**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:** More than 1,250 participants have received training through about 60 workshops. In April, a workshop for the High Committee for Poverty Reduction Strategies (PRS), which includes representatives from the Prime Minister's office, as well as central and line ministries, was held to start to familiarize them with common PRS methods and with the data available for Iraq (including preliminary results from the Household Survey Project)

**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:** Rehabilitation is complete in 5 hospitals (4 have been officially handed over) and 2 more are underway, expected to complete in June 2008. Medical equipment has been delivered to all hospitals except Baquba and distribution of drugs is well advanced (WHO contract remaining). Award for the rehabilitation of one other hospital is about to be made and bidding for civil works of the final hospital (Suleimaniyah) has commenced.

**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 site survey for the installation of the telecommunications network is completed and installation work has been initiated. Contracts for the private sector institution building and competitiveness components, as well as the payment systems component have recently been awarded, and the implementation of respective activities is underway.

**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:** The Government has agreed on a restructuring plan with the Bank as a result of slow implementation and rising costs. A number of components were identified for cancellation unless specific implementation milestones are met. As a number of these remain outstanding, the Bank has recommended cancelling a portion of the project, releasing US\$30 million. The Bank's task team is closely following up on implementation and a final decision on cancellation will be taken with the Government in July 2008 following a supervision mission.

**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:** The project is progressing well albeit slowly. Commitments stand at \$74.1 million with disbursement at \$24.4 million. The Bank has been working with the Project Management Team to improve on the project's slow early implementation.

**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 (85% complete) and expected to be finalized by mid 2008.

**Emergency Disabilities Project** (US\$19.5 million) - The project supports improved rehabilitation & prosthetic services to reduce the burden of physical disability by strengthening Goo / stakeholder partnerships around a national disabilities policy, and upgrading infrastructure & equipment of selected rehabilitation / prosthetic centers.

**Status:** The Bank recommended the Government restructure the project and an agreement on milestones to be achieved for this to occur by June 2008 was signed by the MOH and the Bank on April 4th 2008. The design for 7 rehabilitation centers remaining under the project is completed and the contract for the construction of one of these (Karbala) has been signed and the site handed over to the contractor. Bidding for 3 other sites has commenced and bidding for the remaining 3 sites will commence shortly.

**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:** The procurement of five IT packages and the hiring of the external auditor and the Pension survey consulting firm (is complete. 42 staff members from MOLSA, MOF, and SPF was successfully completed. Procurement of 9 IT contracts is underway, as well as the selection of consultants for the social safety net beneficiary assessment.

**Household Survey & Policies Project** (US\$5.5million grant / US\$3.6 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:** Survey of 18,000 households in all 18 governorates is complete. This is the first comprehensive household expenditure survey in Iraq since 1988 and the quality of the fieldwork and data has been found to be remarkably good. Data analysis is underway and the inter-ministerial committee has participated in three capacity building workshops. Additional ITF financing has been approved, increasing the grant to US\$5.5 million and TA to US\$3.6 million, and the GOI is providing approximately US\$0.7 million in co-financing.

**Marshlands School Construction Project** (US\$6 million) - The project provides additional financing for the Emergency Schools Construction and Rehabilitation Project to finance new school construction of 33 small schools in the Southern Marshlands area of Iraq, benefiting 6,000 to 8,000 children.

**Status:** Project implementation is largely on track and 26 schools are expected to be completed by summer 2008. The construction of the remaining 7 schools is progressing at a slower pace due to disputes with local communities, which are being handled by the Government, with support from local NGOs.

**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:** Requests for Proposals (RfPs) have been issued for the consultancy services to strengthen the environmental management and waste management capacity of the Ministry of Environment. The contract for the delivery of the environmental monitoring stations is being renegotiated to ensure prompt delivery following difficulties in opening the letter of credit. The Project Management Team has finalized the design of the Environment Awareness Tools, to be procured over the coming months for use in schools next academic year.

**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:** The PMT is receiving ongoing support pre contract-award activities for the Hartha rehabilitation contract from a consultant. Environmental activities for the rehabilitation of the Hartha power plant are also underway supported by another consultant. A training plan for staff of the Ministry of Electricity is still under preparation, and discussions are on-going to determine the remaining areas, and associated terms of reference, of technical assistance that will be financed by EERP-ITF.

## 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 has prepared prototype designs for 12, 18 and 24-classroom schools. A project launch workshop is scheduled for June 2008. Site surveys and soil analysis have been conducted at 12 (of 62) identified plots and 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:** The World Bank has now received the specimen signatures to authorize disbursement. A highway rehabilitation contract in Kurdistan (\$34.9 million) and a consultancy contract for work supervision (\$2.2 million) have been signed. The tendering documents for 4 roads and bridges in central and southern Iraq have been issued, and 2 further tenders are about to be issued. Award of all 6 contracts is expected by September 2008.

**Dokan and Derbandikhan 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 rehabilitation needs assessment, initiated in September 2007, is progressing satisfactorily. The consultant for engineering services for both plants has been selected and the preparatory work is on-going. A contract for the provision of air compressor spare parts and training at the contractor's workshop is currently under finalization.

**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:** Negotiations with the selected bidder for the rehabilitation works are complete and the Bank has issued its no-objection for contract signature, but signature is still pending. Negotiations for a consultant for construction supervision are ongoing and expected to be completed soon.