



World Bank Assistance Strategy

The Second Interim Strategy Note for Iraq was presented to the World Bank Board of Directors in September 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 program aims to support government efforts to: (i) restore basic services; (ii) enable private sector development; (iii) strengthen social safety nets; and (iv) improve public sector governance. The Third Interim Strategy Note is under preparation, in consultation with the Iraqi authorities and key development partners.

The International Reconstruction Fund Facility for Iraq (IRFFI)

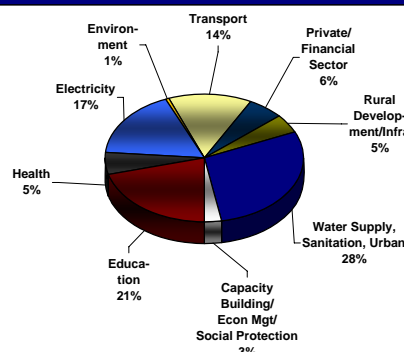
IRFFI aims to help donors channel resources and coordinate support for reconstruction and development in Iraq in line with Iraq's priority program through two trust funds: the World Bank Iraq Trust Fund (ITF), and the UN Development Group Trust Fund. The ITF finances eighteen grants totaling about US\$474 million, thereby committing most of the donor deposits (US\$494 million).

Donor Deposits	US\$ Million
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	494.4

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)

Sectoral Distribution of Active WB Lending (IDA & ITF)



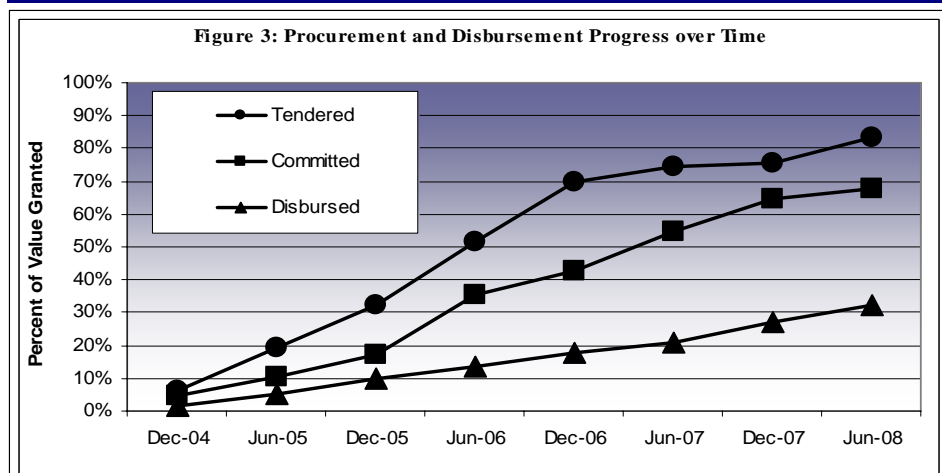
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Project Portfolio	Approval Date	Project Amount	Undisb. Amount	Implementing Agency
Iraq Trust Fund Projects				
Completed Projects				
Capacity Building I	Feb-04	3.6	-	World Bank
Textbook Provision	May-04	40.0	-	Ministry of Education
Active Projects				
School Reconstruction & Rehabilitation	Oct-04	60.0	28.3	Ministry of Education
Capacity Building II	Nov-04	7.0	1.5	World Bank
Health Rehabilitation	Nov-04	25.0	11.7	Ministry of Health
Private Sector Development	Nov-04	55.0	32.1	Ministry of Planning & Dev. Coop.
Baghdad Water Supply & Sanitation	Dec-04	65.0	51.1	Municipality of Baghdad
Water Supply, Sanitation & Urban Recon.	Dec-04	110.0	79.0	Ministry of Munic. & Public Works
Community Infrastructure	Dec-04	20.0	1.7	Ministry of Water Resources
Community Infrastructure (Supplemental Grant)	Apr-08	26.0	26.0	Ministry of Water Resources
Disabilities	Nov-05	19.5	15.7	Ministry of Health
Social Protection	Jun-06	8.0	7.0	Ministry of Labor & Social Affairs
Household Survey & Policies TA	May-06	3.6	1.5	World Bank
Household Survey & Policies Grant	Jul-06	5.5	0.1	Ministry of Planning & Dev. Coop.
Marshlands School Construction	Oct-06	6.0	2.3	Ministry of Education
Environmental Management	Dec-06	5.0	4.9	Ministry of Environment
Emergency Electricity	Mar-07	6.0	4.5	Ministry of Electricity
Regional Health Emergency Response	Jun-08	8.7	8.2	Ministry of Health
Total ITF		473.9	275.6	

IDA Credits	Approval Date	Project Amount	Undisb. Amount	Implementing Agency
Third Emergency Education	Nov-05	100.0	100.0	Ministry of Education
Emergency Road Reconstruction	Jun-06	135.0	127.9	Ministry of Construction
Dokan & Derbandikhan Hydropower	Dec-06	40.0	39.6	KRG Ministry of Electricity
Emergency Electricity	Mar-07	124.0	124.0	Ministry of Electricity
Emergency Water Supply	Jun-08	109.5	109.5	
Total IDA		508.5	391.5	

Post Conflict Fund Grants	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	212,360	-
Consultative Service Delivery Initiative in Suleimaniyah	Dec-07	1,050,000	573,958
Emergency Primary Health Care assistance to Southern Marshlands area	Oct-07	630,248	520,326

Status of Contracting and Disbursement for Recipient-Executed Grants



Status of Projects in Portfolio

ITF Financed Projects

School Construction & Rehabilitation Project (US\$60 million) - Aims to alleviate hazards and overcrowding in schools through major rehabilitation of existing schools and construction of new schools, benefiting over 100,000 families with school age children.

Status: The rehabilitation of 133 schools is complete. The number of new schools to be constructed were reduced from 117 to 55 due to price escalation. The construction of 16 new schools has been completed, 34 schools are under construction, and 4 are under evaluation.

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

Status: About 1,500 participants have attended about 65 training activities. In August 2008, the project financed a workshop for members of the Iraqi Constitutional Review Committee (CRC) and senior justice sector officials. The workshop aimed to expose participants to different models of second chambers and federal judiciaries, to help the CRC draft future constitutional amendments and legislation.

Health Rehabilitation Project (US\$25 million) - Aims to help rehabilitate emergency services in 9 hospitals (reduced from 12) and provide 12 hospitals with basic medical and laboratory equipment, and essential drugs.

Status: Rehabilitation of 7 hospitals is complete. The rehabilitation of Al Karkh Hospital and Sulaymaniyah Hospital is underway. Medical equipment has been delivered to all hospitals. Procurement of radiography equipment is progressing well. Of 47 doctors trained in Advanced Trauma Life Support, the 12 best performing doctors will receive follow-up training. Sixty nurses have been also been trained.

First Private Sector Development Project (US\$55 million) - Aims to help lay the foundation to strengthen the private/financial sectors by: (i) installing a national high capacity telecommunications network; (ii) linking the Central Bank to commercial banks to improve the payment system; and (iii) addressing selected priorities in institution building.

Status: The physical installations of the telecommunications network (MWN) and payment system infrastructure (IIBN) are underway. Installation of all equipment will be completed by December 2008 for the MWN and November 2008 for the IIBN. Contracts for the Irbil and Basra industrial zones were negotiated in August; further negotiations to bring down costs have delayed the signing, which is now expected by December 2008 pending the approval of the PMT's request for an extension of the closing date.

Baghdad Water Supply and Sanitation Project (US\$65 million) - Aims to help restore basic water supply and sanitation services for Baghdad through rehabilitating existing networks and facilities, and to provide institutional support.

Status: The Government and Bank agreed on a restructuring plan to respond to the impact of rising costs and to improve the pace of implementation. Project implementation has significantly improved over the past few months; commitments have increased to about US \$55 million (87% of the grant amount), disbursements total US\$11.8 million, and the quality of the works is good.

Water Supply, Sanitation and Urban Development Project (US\$110 million) - Finances water supply and sanitation rehabilitation in 9 cities and urban reconstruction in the poorest areas of 3 cities, benefiting over 2 million people. The project also provides training and technical support.

Status: The pace of implementation has improved. Project commitments stand at US\$83 million (75% of the grant), disbursements total \$30 million, and the quality of works under implementation is good.

Community Infrastructure Rehabilitation Project (US\$46 million) - Aims to rehabilitate rural infrastructure by financing labor-intensive, small-scale civil works programs improving 80,000 hectares of irrigated land, benefiting over 130,000 farmers.

Status: 21 subprojects in 11 governorates are complete, and the final subproject (82% completion) will be completed by December 2008. The project has created about 171,000 man-days of local employment. Additional financing of US\$26 million was approved in June 2008 to finance a second phase of the project to build on the successful results.

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: Some medical aids (7 items) have been delivered and another 5 items are to be procured through shopping. Bids for workshop equipment have been opened and are under evaluation. The contracts for rehabilitation equipment are about to be signed. Civil works at 5 sites for rehabilitation/prosthetic centers have commenced (Karbala, Samawa, Amara, Diwaniyah and Kut). The contract for Basrah site has been signed and the contract for Baghdad/Karkh site will be signed pending the resolution of a land title issue.

Social Protection Project (US\$8 million) - Aims to strengthen the 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: Delivery & installation of IT equipment under 6 contracts is complete; 9 additional equipment packages are being delivered, and 11 other packages have been launched; the SSN Beneficiary Assessment has commenced as well as the Pension Survey; MOLSA signed a memorandum of understanding with USAID on the time table for completion of the SSN Information System, expected by

Household Survey & Policies Project (US\$5.5 million grant / US\$3.6 million TA) - Finances a comprehensive household income and expenditure survey and data analysis, to enable the Government to establish a poverty line, target social assistance to the neediest, and make informed policy decisions.

Status: An assessment of fieldwork and data quality has found both to be remarkably good. Data analysis is underway and the inter-ministerial Iraqi team is developing the Strategy for Poverty Reduction, Employment Generation and Safety Nets. The impact of statistical capacity building is evidenced by application of new skills in other surveys.

Marshlands School Construction Project (US\$6 million) - 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: 27 out of 33 schools are complete. 3 schools are in the final stages of construction. The project has experienced delays due to payment delays, performance issues, and land disputes.

Environmental Management Project (US\$5 million) - Aims to strengthen key functions of 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 contract to purchase air quality monitoring stations (56% of grant amount) has been signed, and the letter of credit is being opened. Negotiations are underway with the firms selected for the environmental capacity and solid waste management. Delivery of equipment for water quality is underway, and the environmental awareness materials have been purchased.

Electricity Reconstruction Project (US\$6 million) - Aims to upgrade technical skills in operations and maintenance of power utilities at the Ministry of Electricity, in conjunction with the US\$124 million IDA credit that aims to restore the base load generation capacity of the Hartha power station.

Status: Three contracts (US\$3 million) have been signed for consultancy services to support the PMT. The implementation supervision contract will become effective after the signing of the Hartha rehabilitation contract. The Bank team will work closely with the ministry to ensure the remaining uncommitted US\$3 million can be effectively used for technical assistance for the development of the

Regional Emergency Health Response (US\$8.7 million) - The project assists the Kurdistan Regional Government to establishment rapid, coordinated and effective response services to health emergencies.

Status: The project became effective in July 2008. The Project Coordination Unit has been established, and office furniture and equipment procured. Design consultants are in the process of being hired for the blood banks and emergency coordination centers, and the bidding documents, including specifications, for the ambulances are being prepared. A technical mission to Erbil is planned for mid-November

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 project's effectiveness was delayed for two years, and there have not been any disbursements since it became effective in October 2007. Given these delays in implementation, the Bank is considering the possibility of restructuring the project. This will be discussed with counterparts to ensure effective use of the IDA funding for the education sector in Iraq.

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 Bank has issued its "no objection" for the award and signature of a contract (for a total of about \$57 million) of road rehabilitation works in the Kurdistan region and in the Center and South regions, for purchase of cars for the project management units and for consultant services to supervise the works. Bidding documents for other roads rehabilitation are under preparation. The contracts for some 8 lots of works are expected to be ongoing by December 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: Direct contracts for urgent remedial works for power plant excitation systems and overhaul repair of switchyard and compressor spare parts are under negotiations. All other supply and install ICB bids have been advertised. The Terms of Reference for an Environmental Management Plan is being finalized and is expected to be advertised soon.

Emergency Electricity Project (US\$124 million, with a companion grant of US\$6 million from the ITF) - 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 rehabilitation contract of Hartha Power Plant has been under negotiations for more than year. Although the Bank provided its "no objection" for signing the negotiated draft contract, signing is still pending agreement on contract price and security arrangements. Project restructuring may need to be considered if the contract is not signed in the coming months.

Emergency Water Supply Project (US\$109.5 million) - Improve the quantity and quality of water availability in four selected high priority governorates through rehabilitation and upgrading of water supply and distribution infrastructure, and engage with the Government on developing a sustainable policy framework for the water sector.

Status: The Credit Agreement was signed on October 15, 2008 but is not yet effective. Bidding is under way. The Bank issued its "no objection" to cancel the pre-qualification process and relaunch bids with post-qualification. Signing for Ghammas and Al Nasr contracts is expected in February 2009 as per the revised procurement plan.