

**World Bank Iraq Trust Fund**  
**Project #: P088247**  
**March 2008 / 1<sup>st</sup> Quarter**  
**Project Summary Sheet**

<b>Title</b>	Second Capacity Building Project				
<b>Implementing Agency</b>	World Bank				
<b>Location</b>	N/A – Institutional Support				
<b>Sector code (OECD DAC)</b>	<i>15110</i> Economic and development policy / planning				
<b>Compact Priority</b>	<i>4.2.3.1</i> Adopt and implement policies, legislation, regulations, procedures and build institutions of public service management				
<b>Project Cost</b>	US\$7 million				
<b>Duration</b>	57 months				
<b>Approval Date</b>	November 2004	<b>Effective Date</b>	November 2004	<b>Closing Date</b>	August 2009
<b>Project Description</b>	The project aims to strengthen economic management and build institutional capacity needed to enable Iraq to shift to a diversified, market-driven economy; promote the effective use of public resources, including Iraq's own resources as well as international aid; and improve the efficiency, effectiveness, and quality of public services.				
<b>Beneficiaries</b>	The project directly benefits Iraqi officials, and helps introduce crucial institutional strengthening and reform initiatives. Participants include staff of various ministries and local institutions as well as the private sector.				
<b>Near Term Employment Creation</b>	N/A				

**Strategic Context and Donor Coordination**

The Second Capacity Building Project (CB2) builds on the First Capacity Building Project, with a focus on helping Iraq build the institutional capacity to use its resources transparently and effectively. CB2 finances specific technical assistance and training activities designed to help the authorities tackle medium-term economic reforms. Many activities are carried out jointly with other donors, including the IMF, UN, and DFID.

**Project Development Objective**

- Strengthen economic management
- Build institutional capacity to enable Iraq to shift to a diversified market-driven economy
- Improve the efficiency and quality of public services

**Outputs, Key Activities and Procurement**

<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Assist in client policy / program implementation</li> <li>• Develop / strengthen institutions</li> <li>• Facilitate knowledge exchange</li> </ul>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Workshops conducted under 4 broad themes: <ul style="list-style-type: none"> <li>➢ Economic reform and transition</li> <li>➢ Poverty, social protection, &amp; social development</li> <li>➢ Public sector management</li> <li>➢ Managing the project cycle</li> </ul> </li> </ul>
<b>Procurement</b>	N/A

### Financial Data (as of 03/31/2008)

<b>Funds Committed</b>	US\$4.9 million	<b>% approved</b>	70
<b>Funds Disbursed</b>	US\$4.9 million	<b>% approved</b>	70
<b>Forecast Closing Date</b>	August 2009	<b>Delay (months)</b>	43 months

### Progress against indicators

Assist in client policy / program implementation	<ul style="list-style-type: none"> <li>• Policy / program implemented</li> <li>• Compliance with law / regulation achieved</li> </ul>	<b>% of planned</b>	70
Develop / strengthen institutions	<ul style="list-style-type: none"> <li>• Increased capacity to design strategies / policy</li> <li>• Increased effectiveness in managing operations</li> <li>• Increased ability to monitor / evaluate operations</li> </ul>	<b>% of planned</b>	70
Facilitate knowledge exchange	TBD	<b>% of planned</b>	TBD

### Qualitative Assessment of Project Performance

The Second Capacity Building Project has financed about 55 activities, reaching about 1,200 participants from various private and public sector entities.

During the first half of 2007, the project financed a set of workshops focused on building the capacity of regional and provincial governments to improve public financial management (PFM) in Iraq. The workshops assisted the Kurdistan Regional Government and southern and central governorates to determine their own priorities and develop action plans to improve sub-national PFM.

In August 2007, the project financed an Auditing and Accounting workshop, which brought together officials from the Board of Supreme Audit (BSA) and equivalent Kurdish bodies to understand key actions necessary to strengthen the BSA and audit practice in Iraq. The workshop focused on three areas: (i) Risk-based Auditing; (ii) Audit and Decentralization; and (iii) Social Accountability. The workshop discussed the BSA's Training Plan for 2007 as well as its Strategic Plan for 2007-2010.

A workshop for staff of the Iraqi Higher Judicial Council took place in December 2007. Fifteen Iraqi Courts personnel participated in a "twinning" arrangement with the Dubai courts, spending between 1-6 weeks shadowing their counterparts within the Dubai court system, to study its successful personnel and caseload management systems. The Iraqis gained practical experience on a variety of court management issues, and used the experience to help develop a framework for the future of Iraq's courts. The Iraqi participants presented their plans for improved management of their judiciary to members of the Iraqi Higher Judicial Council, as well as to donor representatives at the workshop.

Most recently, a Joint Procurement, Financial management, and Disbursement Workshop was conducted in January 2008 with 66 participants. The workshop was designed to comprise parallel sessions in Procurement and FM & Disbursement and joint sessions for all participants in the area of World Bank Guidelines for procurement, FM, and Disbursement, Anti Corruption, and Contract Administration. The procurement sessions were designed to achieve the following objectives: (i) familiarization with World Bank Procurement Guidelines and recognition of the importance of sound public procurement practices to achieve economy, efficiency, openness, and transparency; (ii) improving skills in preparing evaluation reports for procurement of goods, works and selection of consultants; and (iii) familiarization with contract implementation and contract management. The FM and Disbursement sessions were designed to achieve the following objectives: (i) reintroduce Bank FM and disbursement guidelines with a focus on fiduciary requirements, including Bank-anti corruption arrangements; (ii) analyze and address disbursement issues currently experienced by projects; (iii) introduce the Designated Account as an additional disbursement method to two pilot projects and explain the requirements of managing it; and (iv) analyze and address FM issues (staffing, internal controls, accounting systems, reporting, auditing, etc.).

## **Major Implementation Obstacles**

Evaluation forms completed by participants demonstrate that the workshops financed through the Second Capacity Building Project are valuable to participants. While it would be beneficial to conduct more workshops within Iraq, and the World Bank has sponsored some workshops in Erbil and in Baghdad, it remains difficult to gather a large number of participants in one place in Iraq for extended, intensive work. Each proposed activity is evaluated based on the timing, level of participation, length of workshop, and costs, in order to balance the competing priorities and ensure that the workshop can meet its objective in a cost effective manner.