

World Bank Assistance Strategy

The Interim Strategy Note (ISN) for Iraq covering the period of FY09-11 was presented to the World Bank Board of Directors in March 2009. The development of the strategy was informed by broad consultations with the Government, civil society, private sector, and donors. The Bank's program under this ISN will focus on three thematic areas: (i) continuing to support ongoing reconstruction and socio-economic recovery; (ii) improving the management of public resources, including human, natural and financial; and (iii) supporting policies and institutions that promote broad-based, private-sector-led growth, with the goal of revitalizing the private sector and facilitating job creation. IFC and MIGA will play a key role particularly (but not exclusively) with respect to the third objective.

The International Reconstruction Fund Facility for Iraq

In 2003, the World Bank, United Nations, and representatives of Iraq established the International Reconstruction Fund Facility for Iraq (IRFFI). IRFFI aims to help donors channel resources and coordinate support for reconstruction and development in Iraq through two trust funds: the World Bank Iraq Trust Fund (ITF), and the UNDG Iraq Trust Fund. The ITF finances reconstruction/rehabilitation and capacity building projects. It will terminate on December 31, 2013.

Recent Developments

Additional financing for the Emergency Household Survey and Policies for Poverty Reduction (US\$3.0 million) and the Regional Health Emergency Response (US\$4.5 million) was approved by the World Bank in June 2010.

Project Portfolio						Sectoral Distribution	
Iraq Trust Fund Projects	Approval Date	Closing Date	Grant (US\$m)	Undisb. (US\$m)	Implementing Agency		
Completed Projects							
Capacity Building I	Feb-04	Aug-04	2.5	0.0	World Bank		
Textbook Provision	May-04	Dec-06	38.8	0.0	Ministry of Education		
Community Infrastructure	Dec-04	Dec-08	19.0	0.0	Ministry of Water Resources		
Marshlands School Construction	Oct-06	Jun-09	5.2	0.0	Ministry of Education		
Sub-total	4		65.5	0.0			
Active Projects							
School Reconstruction & Rehabilitation	Oct-04	Dec-10	60.0	19.9	Ministry of Education		
Capacity Building II	Nov-04	Dec-10	7.0	0.5	World Bank		
Health Rehabilitation	Nov-04	Feb-10	25.0	2.0	Ministry of Health		
Private Sector Development	Nov-04	Mar-12	65.0	8.6	Ministry of Planning & Dev. Coop.		
Baghdad Water Supply & Sanitation	Dec-04	Dec-11	65.0	20.9	Mayorality of Baghdad		
Water Supply, Sanitation & Urban Recon.	Dec-04	Dec-11	110.0	44.2	Ministry of Munic. & Public Works		
Disabilities	Nov-05	Dec-10	16.8	1.4	Ministry of Health		
Social Protection	Jun-06	Feb-11	8.0	3.5	Ministry of Labor & Social Affairs		
Household Survey & Policies TA	May-06	Sep-12	5.1	1.6	World Bank		
Household Survey & Policies Grant	Jul-06	Sep-12	7.0	1.7	Ministry of Planning & Dev. Coop.		
Environmental Management	Dec-06	Jun-12	5.0	2.7	Ministry of Environment		
Electricity Reconstruction	Mar-07	Jun-13	6.0	5.5	Ministry of Electricity		
Community Infrastructure (Supplement)	Apr-08	Dec-11	25.5	11.0	Ministry of Water Resources		
Regional Health Emergency Response	Jun-08	Dec-11	13.2	10.3	KRG Ministry of Health		
Banking Sector Reform	Apr-09	Jun-13	10.0	9.8	Central Bank of Iraq		
Public Finance Management	Jun-09	Jun-13	16.0	15.9	Ministry of Finance		
Public Finance Management TA	Jun-09	Jun-13	2.0	1.9	World Bank		
Pension Reform TA	Dec-09	Apr-13	5.8	5.5	World Bank		
Education Sector TA	Dec-09	Sep-11	2.7	2.7	World Bank		
Integrated Energy Strategy TA	Dec-09	Jun-12	5.0	5.0	Prime Minister's Advisory Comm.		
Sub-total	20		460.1	174.6			
Total Iraq Trust Fund Grants	24		525.6	174.6			
IDA Credits ^{1/}							
	Approval Date	Closing Date	Credit (US\$m)	Undisb. (US\$m)	Implementing Agency		
Third Emergency Education	Nov-05	Jun-13	100.0	100.1	Ministry of Education		
Emergency Road Reconstruction	Jun-06	Jun-12	135.0	81.3	Ministry of Construction & Housing		
Dokan & Derbandikhan Hydropower	Dec-06	Dec-10	40.0	31.9	KRG Ministry of Electricity		
Emergency Electricity Reconstruction	Mar-07	Jun-14	124.0	115.2	Ministry of Electricity		
Emergency Water Supply	Jun-08	Dec-13	109.5	84.1	Ministry of Munic. & Public Works		
Total IDA Credits	5		508.5	412.6			
IBRD Loan							
	Approval Date	Closing Date	Loan (US\$m)	Undisb. (US\$m)	Implementing Agency		
First Prog. Fiscal Sust. Devt. Policy Loan	Feb-10	Mar-11	250.0	0.0	Ministry of Finance		
Total IBRD Loan	1		250.0	0.0			
Post Conflict Fund Grants							
				Approval Date	Closing Date	Grant (US\$)	Undisb. (US\$)
Emergency Health Assistance to Burn Unit at Karama Hospital in Baghdad				Jul-05	Sep-07	707,242	0
CSA - Launch of a Social Development Knowledge Network				Aug-06	Aug-07	96,054	0
CSA II - Management of Social Development Knowledge Network				Feb-07	Feb-08	212,360	0
Consultative Service Delivery Initiative in Suleimaniyah				Dec-07	Jun-09	1,047,388	0
Emergency Primary Health Care assistance to Southern Marshlands area				Oct-07	Nov-10	630,248	84,546
Consultative Service Delivery Program (Phase II)				Sep-09	Feb-11	4,985,000	4,435,375
Total Post Conflict Fund Grants				7		7,678,292	4,519,921

Donor Deposits to Iraq Trust Fund	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 Funds	494.4

Economic Data	2008 p
GDP (US\$ million)	91,193
Real GDP Growth (annual %)	10.4
GDP per capita (current US\$)	2,999
Consumer Price Index (% change)	6.8
Exchange Rate (ID/US\$) (annual average)	1,193
Crude Oil Production ('000 barrels/day)	2,286
Crude Oil Exports ('000 barrels/day)	1,786
Labor Force Participation (% of Working Age Pop.)	n/a

Note: (p) preliminary
 Sources:
 1) Iraqi Authorities (Central Bank of Iraq), WB, IMF Staff Est.
 2) Draft Iraq Poverty Assessment, Volumes I and II

Human Development Indicators (2000 - 2007 est.)	
Population, mid-2007	29 million
Population Growth (%)	1.8
Life Expectancy at Birth	59 years
Infant Mortality (per 1,000 live births)	37
Child Malnutrition (% of children under 5)	7
Adult Literacy, male (% of ages 15 and above)	84
Adult Literacy, female (% of ages 15 and above)	64
Access to an improved water source (% of population)	77
Access to an improved sanitation facilities (% of populat	76

1/ IDA Credits are denominated in Special Drawing Rights (SDR) while disbursements are expressed in the US Dollar equivalent using the actual SDR/USD exchange rate at the time. Therefore, the sum of the disbursed and undisbursed amounts for the IDA Credits do not total the Credit amount expressed in US Dollars.

ITF-Financed Projects (Active) - Project Status as of June 2010

Second Capacity Building Project (US\$7 million) - Builds 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: The Second Capacity Building Project has financed about 65 activities, reaching about 1,450 participants from various private and public sector entities. An intensive two-day workshop on Enhancing Justice Service Delivery to the Poor was launched from June 4-5, 2010. About 20 Iraqi officials and civil servants from the High Judicial Council, Ministry of Justice, civil society organizations (CSOs) participated in the workshop. Other activities planned for 2010 include: (i) Access to Public Lands for Housing and Private Sector Development workshop; (ii) a workshop on Enhancing Economic Participation of Iraqi Women; (iii) a workshop for Kurdish Regional Government officials on Consultative Development; (iv) a capacity building workshop for KRG officials of the Shura Council and the Ministry of Justice; (v) a workshop for assessing the 2007 Poverty Reduction Strategy Iraq Household Socio-Economic Survey and developing an action plan based on these evaluations; and (vi) a Public Procurement, Beginners Workshop for World Bank-financed projects.

Household Survey and Policies Project (US\$7 million grant / US\$5.1 million TA) - Aims to strengthen the ability of the GOI to make and implement informed policies regarding poverty reduction, job creation and improvement of safety nets.

Status: On November 24, 2009, the Council of Ministers formally adopted a Poverty Reduction Strategy (PRS) based on the analysis of the Iraq Household Socio-Economic Survey (IHSES) data. The Poverty Assessment Report is being finalized. Many of the recommendations and priorities of the PRS have been incorporated into the 2010 Budget and the draft Five Year National Development Plan. The project has provided 2,464 person days of training on design and implementation of survey, 992 person days of training on poverty analysis, and 828 person days of training on strategy development. In order to build on the success of the project, US\$3 million in additional financing was agreed on June 30, 2010 and the closing date extended to September 30, 2012. The additional financing will allow the project to provide (i) capacity building and technical assistance for implementation of the PRS; (ii) capacity building and technical assistance for monitoring progress of the PRS; and (iii) financial, capacity building and technical assistance for poverty measurement, including a second round of the survey.

Social Protection Project (US\$8 million) - Aims to strengthen the capacity of the Iraqi agencies to develop, manage and monitor pension and social safety net reform programs.

Status: While most procurement and installation of equipment is well underway, two key activities have been delayed: (i) the SSN Beneficiary Assessment; and (ii) the Pension Survey. Deployment of the SSN Information System roll-out, financed by USAID, will start in August 2010, and the national roll-out will continue through October 2010 and will be implemented by the project.

Pension Reform Implementation Support Technical Assistance (PRISTA) (US\$5.8 million) - Aims to support (i) in the short-term, the GOI in implementing the provisions of the new Pensions Law; (ii) in the medium-term, the unification of the public and private pension schemes; and (iii) in the long-term, the development of long-term old-age income strategy for Iraq.

Status: Following the launch in February 2010, a number of workshops were held with Iraqi counterparts from the Ministry of Finance (MOF), National Board of Pensions (NBP), the State Pensions Fund (SPF), the Pension and Social Security Department (PSSD), and CBI to kick-off the implementation of the different components of PRISTA. Significant progress has been made in Component I which includes producing a policy note capturing an agreed business model, organizational structure and governance system for the SPF. Progress was also made in Components II and IV. The basic Pension Reform Options Simulation Toolkit (PROST) training was delivered to a core team from the NBP/SPF and PSSD, and data collection for the analysis is underway (Component II). The initial policy discussions on the merger of the public and private pension schemes in Iraq took place in July 2010 and a policy note was produced outlining the main policy issues, international best practices and customized options for GOI to consider (Component IV).

School Construction and Rehabilitation Project (US\$60 million) - Aims to alleviate hazards and overcrowding in schools nationwide through major rehabilitation of 133 existing schools and the construction of 50 new schools, benefiting over 50,000 families with school age children (about 95,000 students).

Status: Major rehabilitation of 133 schools is complete, at an average cost of US\$181 per student, benefiting 45,000 pupils and creating 3,000 construction jobs. Thirty-one new schools have been constructed, and 19 schools are currently under construction. Project restructuring options are being discussed by the World Bank and the Ministry of Education (MOE) in order to (i) update targets; (ii) finance additional activities; (iii) reallocate funds within disbursement categories to align with actual project costs and to take account of the additional construction activities; and (iv) extend the closing date to June 30, 2012 to allow sufficient time to complete all project activities.

Institutional Strengthening and Capacity Building for the Education Sector Technical Assistance (US\$2.7 million) - Aims to support the Government's effort to develop a sector strategy for education and higher education in Iraq.

Status: The World Bank team provided feedback on the draft Situation Analysis under Pillar I of the TA and to discuss the details of the capacity building activities under Pillar II. Workshops are planned for 2010 on: (i) Access to Public Lands for Housing and Private Sector Development; (ii) Enhancing Economic Participation of Iraqi Women; (iii) Access to Justice; and (iv) Consultative Development (for Kurdish Regional Government officials).

Environmental Management Project (US\$5 million) - Aims to strengthen key functions of the Ministry of Environment (MOEn) to enable it to undertake policy analysis, formulate laws and regulations, monitor environmental quality, promote environmental awareness, and conduct technical studies.

Status: Disbursement is currently at 40% of project fund. During the last mission, the World Bank and the MOEn reviewed the progress of the remedial plan to address and overcome key project bottlenecks, and found that the PMT had carried out most of the planned actions. The World Bank has approved the reallocation of funds and the extension of project closing date from August 31, 2010 to June 30, 2012 to allow for the complete achievement of the project development objectives. Project accomplishments to date include: draft Report on the Environment Assessment Regulations, delivery of the majority of needed air quality equipment, and distribution of environmental awareness materials to over 4,000 schoolchildren in eight schools.

Health Rehabilitation Project (US\$25 million) - Aims to improve access to quality emergency services in selected health facilities to serve the urgent needs of the Iraqi population. The project finances the rehabilitation of ten hospital emergency units, and provides medical and laboratory equipment and essential drugs to 12 hospital emergency units throughout the country.

Status: The project closed on February 28, 2010. Total amount disbursed to date is about US\$23 million. Civil work activities at all nine planned hospital emergency units have been completed and are fully operational. Pharmaceuticals valued at US\$1.7 million have been procured. All training under the project has been completed. Of the US\$2 million undisbursed funds, US\$1 million will be disbursed against existing contracts, and the remaining US\$1 million will be cancelled from the project.

Disabilities Project (US\$16.8 million) - Aims to improve rehabilitation and prosthetic services to the disabled to reduce the burden of physical disability by upgrading the infrastructure of selected rehabilitation or prosthetic centers and the skills of the staff to provide services. The project supports upgrading the infrastructure and equipment of six selected rehabilitation centers and prosthetic workshops throughout Iraq.

Status: The project was restructured and scaled back in March 2009 from 14 sites to six sites. Construction is now completed at all six sites, and these sites have now been handed over to the Ministry of Health (MOH). The medical aids have been delivered to the Directorate level stores; however, distribution of these aids to the disabled is not completed. All originally planned training for rehabilitation physicians, physiotherapists and workshop technicians has been completed, and additional training is being carried out under the restructured project. The project was restructured again in June 2010 to (i) extend the project closing date from June 30, 2010 to December 31, 2010 so that MOH could apply uncommitted funds of US\$520,000 to procure additional 138 electric wheelchairs, collect additional data and analyze project outputs and outcomes; and (ii) reallocate funding to adjust disbursement categories to actual costs and expected final expenditures.

Regional Emergency Health Response (US\$13.2 million) - Aims to assist the Kurdistan Regional Government (KRG) to establish rapid, coordinated and effective response services to health emergencies.

Status: All contracts for the three Emergency Communications Centers (ECCs) and the three Blood Banks have been signed, and construction is underway in all sites. 12 ambulances have been procured. The consultancy contract to plan and carry out the emergency response training program for medical and paramedical staff is being finalized. The request for extension of project closing date from June 30, 2010 to December 31, 2011 and the additional financing of US\$4.5 million has been approved by the World Bank. The additional financing will cover the cost of establishing an up-to-date emergency telecommunications system and expanding the technical training of emergency medical and paramedical staff to maximize efficiency and yield of the emergency medical system.

ITF-Financed Projects (Active) - Project Status as of June 2010

Private Sector Development Project (US\$65 million) - Aims to help 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 feasibility studies and development plans for Basra and Erbil Industrial Zones have been extended at no cost for three months to allow for the completion of all activities. Both Iraqi Inter-Banking Network (IIBN) and Microwave Network have been installed and are operational. On June 13, 2010, an attack on the Central Bank of Iraq (CBI) damaged the IIBN site, consisting of 35 sites including the CBI. IIBN is currently still operational and a plan to rehabilitate the CBI site is being prepared in consultation with the PMT.

Banking Sector Reform Project: (US\$10 million) - Aims to support Iraq's implementation of its Banking Reform Strategy and Action Plan, focusing on the institutional, operational and financial restructuring of the 2 state-owned commercial banks, and strengthening of the regulatory and supervisory functions of the Central Bank of Iraq (CBI).

Status: Good progress has been made to date towards the objectives laid out by the Government in its Banking Reform Strategy. Recent progress in the institutional and operational restructuring of the two state-owned commercial banks includes the improvement of the business organization and the upgrading of the information technology infrastructure to connect bank branches with CBI. On the financial restructuring of the two state-owned banks, the MOF in coordination with CBI have reduced the level of non-performing loans (NPLs) by 20 percent compared to the June 2007 levels. In addition, CBI is strengthening its supervisory and regulatory authority. The project is in the midst of procuring training for branch managers of the two state-owned banks, training services for Human Resources, training services for the development of computer skills for staff of the two state-owned banks, and training for risk management and internal and audit compliance. The unstable security conditions in Iraq have impacted the project, with the attacks on the CBI on June 13, 2010 damaging the PMU. The World Bank approved extension of project closing date to June 30, 2013 to allow the completion of remaining activities necessary to achieve the project development objectives.

Public Finance Management Project (US\$16 million grant / US\$2 million TA) - Aims to support the Ministry of Finance (MOF) to develop a more effective, accountable and transparent public financial management.

Status: The PMT has been appointed, and is preparing the procurement documents for the large consultant contracts. Consultative workshops held in Istanbul in May 2010 funded by the project resulted in a Draft Budget Strategy for 2011 as well as a draft of a new Accounting Manual.

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

Status: About US\$3 million has been committed for services related to the Hartha plant rehabilitation. After a number of years of procrastination, the MOEI requested that remaining funds be used for technical assistance to support the development of power generation and is close to finalizing procurement of consultants for this work.

Integrated Energy Strategy TA Project (US\$5 million) - Aims to improve the capacity of the Government to develop an energy strategy that is designed to increase the contribution of the sector to sustainable development.

Status: The PMT has moved quickly with procurement of a consultant and has now negotiated a contract with the highest ranked bidder. However, the costs of the consultant have turned out to be substantially higher than the projected US\$5 million. The Government Steering Committee has agreed to co-finance about US\$1.5 million of the required additional funding, with the ITF providing an additional US\$1.9 million. The World Bank is now working on approval of additional financing.

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

Status: Overall, the project is progressing well with physical implementation at about 85%, although disbursement figures show only 67%. Delays in disbursements are mainly due to low contractor capacity and internal MOB procedures, while delays in implementation of a number of contracts are caused by the security situation. The World Bank has approved the project restructuring consisting of: (i) cancellation of the Al-Rasheed water treatment plant which is being implemented using GOI funds; (ii) cancellation of Phases II, III, and IV of the Comprehensive City Development Plan (CCDP) which will be financed by the Mayorality of Baghdad (MOB), and (iii) extension of project closing date to December 31, 2010 to allow for the remaining goods contract of about US\$7 million to be completed. A technical tour to Spain took place from May 1-10, 2010 by five staff from the Ministry of Municipalities and Public Works (MMPW) to expose them to international experience in water management, private sector participation, investment planning, operation and maintenance practices and general sector management best practices.

Water Supply, Sanitation and Urban Development Project (US\$110 million) - Aims to upgrade and rehabilitate water supply and sanitation in eight cities, and conduct urban reconstruction in the poorest areas of two cities, benefiting about one million people. The project also provides technical assistance and institutional support.

Status: Two components are completed and are now operational. However, progress on other components is slow and continues to experience delays in implementation for different reasons, e.g., the March 7 parliamentary elections, religious holidays, security issues, weather, etc. A technical tour to Spain took place from May 1-10, 2010 by five staff from the MMPW to expose them to international experience in water management, private sector participation, investment planning, operation and maintenance practices and general sector management best practices.

Community Infrastructure Rehabilitation Project Additional Financing (US\$25.5 million) - Aims to undertake labor-intensive civil works to restore rural water infrastructure, create local employment, enhance community participation, and increase institutional capacity.

Status: Out of 17 civil works contracts, 12 are completed 100% and one is ongoing with progress rate of about 93% and is expected to be completed well before July 31, 2010. The remaining four contracts are currently being prepared. Equipment procured through one of the two major equipment contracts has been delivered to Iraq.

ITF-Financed Projects (Completed)

First Capacity Building Project (US\$2.5 million) - Aimed to build the capacity of the Iraqi authorities to enable them to define, prioritize and implement international programs of support and to play a leading role in the reconstruction process.

Status: Project activities were completed and the grant closed in August 2004. Various representatives from the Central Bank of Iraq, Mayorality of Baghdad, Board of Supreme Audit, universities, private banks, Chambers of Commerce and Business Associations participated in workshops and training which enabled them to design and implement projects and start developing sector strategies towards longer-term development. Iraqi officials developed professional networks with counterparts in other ministries and neighboring countries.

Textbook Provision (US\$38.8 million) - Aimed to provide urgently needed textbooks in order to keep schools open and to improve learning conditions in primary and secondary schools.

Status: The project was designed to maximize local employment and contracted local printers as much as possible. Project activities were completed and the grant closed in December 2006. Cost savings of US\$9 million allowed the project to exceed its development objective and deliver 82 million textbooks against a target of 69 million.

Community Infrastructure Rehabilitation Project (US\$19 million) - Aimed to rehabilitate rural infrastructure by financing labor-intensive, small-scale civil works programs, and create local employment.

Status: Project activities were completed in December 2008 and the grant closed in April 2009. The project financed 22 subprojects, which improved 89,000 hectares of irrigated land, benefited over 150,000 farmers, and created over 172,000 days of employment.

Marshlands School Construction Project (US\$6 million) - Provided additional financing for the Emergency Schools Construction and Rehabilitation Project to finance new school construction of 30 small schools (reduced from 33) in the Southern Marshlands area of Iraq.

Status: Thirty schools have been constructed under the project. At the local community level, committees were constituted and were involved in site improvement works done by local NGOs. The project was completed in June 2009 and the grant closed in November 2009. A beneficiary survey has been carried out and shows that 27 schools are operating, benefitting 3,500 male and female students.

IDA Credits - Project Status as of June 2010

Third Emergency Education Project (US\$100 million) - Aims to assist the Ministry of Education to reduce school overcrowding and strengthen its capacity to improve quality of teaching and curricula in 15 governorates.

Status: Project restructuring was approved by the World Bank's Board on June 30, 2009 and the project now supports: (i) improved educational infrastructure through school construction, equipment and furnishing, strengthened school planning, management, and design; and (ii) institutional capacity building to improve curriculum development and teacher training. The procurement process has been launched for the construction of schools under Phase I, and for curriculum development and teacher training. Some progress has been achieved in the past several months. For the Phase I construction, 11 tenders (for 13 schools) were launched in early 2010, and nine contracts (for 11 schools) have now received World Bank "no objection", representing a value of US\$15.8 million. In order to accelerate construction activities, it was agreed during the May 2010 supervision mission to merge Phases II and III which include 38 sites. The School Mapping and School Standards and Design Manual, and the Teacher Training and Curriculum Development components are making progress, with the selection of consultants now under way.

Dokan and Derbandikhan Emergency Hydropower Project (US\$40 million) - Aims to upgrade electricity supply primarily in the Kurdistan region, but also nationally through its connection to the national grid. About 490,000 households will benefit directly, as well as a number of industries.

Status: The project is progressing well with nearly all contracts finalized. Total commitments have increased from US\$6.5 million in June 2009 to about US\$32 million and disbursements now stand at US\$8.5 million. As a result of further investigation into the extent of rehabilitation required, and identification of additional spares and equipment requirements, a number of change orders on the rehabilitation contracts have now been identified. At this stage, it is expected that the Credit will need to be extended by 20-22 months to allow for completion of all works, but that this will not require additional financing. Terms of reference have been completed for the development of Dam Emergency Preparedness Plans for the two hydro power plants.

Emergency Electricity Project (US\$124 million) - Aims to restore the base load generating capacity of the Hartha power plant and build capacity at the Ministry of Electricity (MOEI).

Status: After significant delays (2 years), the Hartha Rehabilitation contract was signed in April 2009 with Techno Prom Export (TPE), a Russian company, fully committing the IDA credit. Project implementation is now underway, with the contractor progressively mobilizing to the Hartha power station site. The MOEI has requested an extension to the closing date to cover the term of its contract with TPE, and the World Bank is now processing this request.

Emergency Road Rehabilitation Project (US\$135 million) - Finances the rehabilitation of highways and village access roads in Central, Southern and Northern Governorates of Iraq. Three floating bridges will also be replaced with permanent structures.

Status: Overall, the project is progressing satisfactorily and will likely meet its objectives. For the components in the Central and Southern Governorates, the pace of implementation is expected to improve once the Um Qasr-Az Zubair highway is awarded. It is expected that the Credit will be 100% committed. For the components in the Northern Governorates, the new carriageway from Erbil to Altun Kopri has been completed as of June 2010. All access road contracts totaling 81.5 km were completed in November 2009.

Emergency Water Supply Project (US\$109.5 million) - Aims to improve the quantity and quality of water in four high priority governorates through the rehabilitation and upgrade of the water supply systems, and engage the government to develop a sustainable water sector policy.

Status: To date, total contract commitments (contracts signed) amounted to US\$74 million. Three more works packages and two consultancy services are yet to be tendered for an estimated total amount of about US\$32 million.

IBRD Loan - Project Status as of June 2010

First Programmatic Fiscal Sustainability Development Policy Loan (US\$250 million) - Aims to mitigate the impact of the current fiscal crisis on Iraq's economy and to support its medium-term economic reform program, thereby helping the country improve fiscal sustainability and reducing its fiscal and socio-economic vulnerability to sudden drops in oil revenues.

Status: The project is still in its early phase. Progress with respect to milestones and indicative triggers for a possible follow-up operation, while broadly satisfactory, has been influenced by broader political issues and specific policy changes.

Publicly Available Economic and Sector Reports

1. Iraq Household Socio-Economic Survey IHSES (2007)
2. Rebuilding Iraq: Economic Reform and Transition (2006)
3. Country Water Resource Assistance Strategy - Addressing Major Threats to People's Livelihoods (2006)