

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\$465 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	494.4

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)

Project Portfolio	Approval Date	Project Amount	Undisb. Amount	Implementing Agency
Iraq Trust Fund Projects				
Completed Projects				
Capacity Building I ¹	Feb-04	3.6	-	World Bank
Textbook Provision	May-04	40.0	-	Ministry of Education
Active Projects				
School Reconstruction & Rehabilitation	Oct-04	60.0	33.7	Ministry of Education
Capacity Building II ¹	Nov-04	7.0	1.9	World Bank
Health Rehabilitation	Nov-04	25.0	12.6	Ministry of Health
Private Sector Development	Nov-04	55.0	46.5	Ministry of Planning & Dev. Coop.
Baghdad Water Supply & Sanitation	Dec-04	65.0	54.7	Municipality of Baghdad
Water Supply, Sanitation & Urban Recon.	Dec-04	110.0	84.2	Ministry of Munic. & Public Works
Community Infrastructure ³	Dec-04	46.0	29.2	Ministry of Water Resources
Disabilities	Nov-05	19.5	17.4	Ministry of Health
Social Protection	Jun-06	8.0	7.6	Ministry of Labor & Social Affairs
Household Survey & Policies TA ^{1,2}	May-06	3.6	1.9	World Bank
Household Survey & Policies Grant ²	Jul-06	5.5	0.3	Ministry of Planning & Dev. Coop.
Marshlands School Construction	Oct-06	6.0	4.0	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
Total ITF		465.2	304.6	

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
Emergency Water Supply	Jun-08	109.5	109.5	
Total IDA		508.5	398.9	

¹ These projects are implemented by the World Bank on behalf of the Government of Iraq

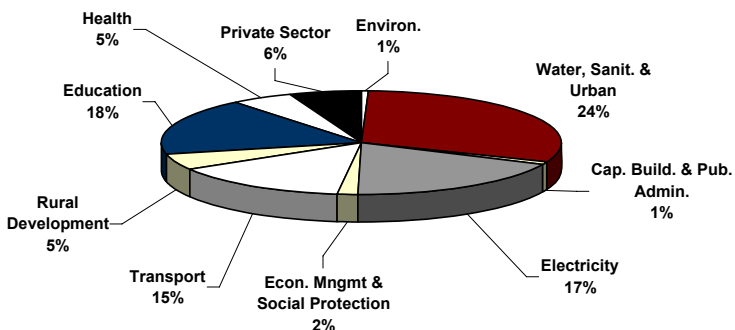
² Additional financing (US\$2.1 and US\$0.4 million for the TA and Grant respectively) was approved on April 27, 2008

³ Additional financing of US\$26 million was approved in June 2008

Post Conflict Fund Grants

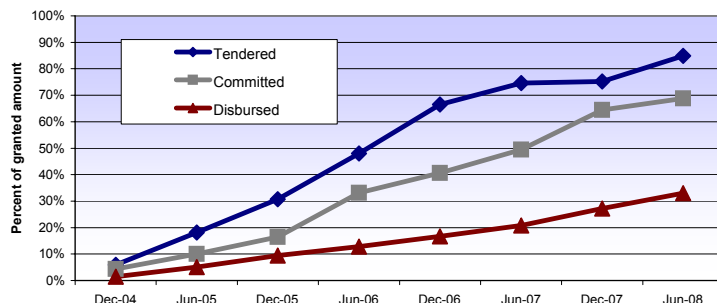
(US\$)	Approval Date	Grant Amount	Undisb. Amount
Emergency Health Assistance to Burn Unit at Karama Hospital in Baghdad	Jul-05	707,242	-
CSA - Launch of a Social Development Knowledge Network	Aug-06	96,054	-
CSA II - Management of Social Development Knowledge Network	Feb-07	264,140	51,780
Consultative 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. Under Phase I, 16 schools have been completed while 16 others remain at various stages of completion. Under Phase II 11 schools are under construction while the remaining 12 are under evaluation.

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 7 hospitals (5 have been officially handed over). For the remaining 2, rehabilitation of Al Karkh Hospital has commenced and the contract for rehabilitation of Sulaymaniyah Hospital is about to be signed. Medical equipment has been delivered to all hospitals except Baquba. 22 doctors have been trained in Emergency Preparedness and Response through workshops held in Cairo, Egypt.

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 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. 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. The Project implementation has significantly improved over the past few months; commitments have increased to US \$56.6 million (87% of the grant amount). Disbursements stand at \$11.37 million and the quality of the works is good.

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 has experienced a significant increase in pace over the past few months. Project commitments are currently US\$73.4 million (67% of the grant amount), disbursements are \$27.43 million and the quality of works under implementation is good.

Emergency Community Infrastructure Rehabilitation Project (US\$ 46 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: 20 subprojects in 11 governorates are complete and the final two of the first phase of the project will complete in August 2008. Additional financing of US\$26 million was approved in June 2008 to finance a second phase of the project and build on the successful experiences to date. Thus far, the project has created an estimated 177,000 man-days of local employment.

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: Out of the 7 rehabilitation and workshop centers now agreed to be financed under the project, civil works contract for only one site remains to be awarded (tendering for this site is ongoing). Construction has commenced on the first site (Karbala) with about 5% progress achieved. Contracts for the remaining 5 sites are about to be signed.

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: Although the project was initially delayed, management is strong and progress has been made in the last 6 months. Procurement is underway for 14 IT packages, 42 Iraqi staff have been trained in IT systems and the Pension Survey work has commenced.

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. The Bank and the Iraq Strategic Review Board have increased the grant financing from \$6.6million to fill a funding gap due to cost increases and the GoI is providing an additional \$0.7million 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: There has been significant progress, with 11 out of 33 schools completed. The project is experiencing delays due to payment delays, performance issues with some contracts, and tribal disputes over land on one site.

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 project was making slow progress. However, corrective measures were agreed upon with the Project Management Team during a recent supervision mission in May 2008. The consultancy contract has been divided into two and Request for Proposals re-launched. The evaluation and selection process is expected to be completed by mid-September 2008. 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: Consulting services contracts for: (i) pre-contract award services for the rehabilitation of Hartha power station, (ii) Supervision of the rehabilitation contract, and (iii) completion of the environmental and social impact assessment. The completion date was originally March 2008 but has been extended to the end of December 2008.

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 finalized the architectural prototype designs for 12, 18, and 24 classroom schools with technical support from the world bank team. The ministry allocated 48 sites for TEEP school construction and soil testing has been performed on 21 sites. Phase I will include 12 schools and commence in September 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 Bank has issued its "no objection" for the award and signature of a contract of about \$34.9 million of road rehabilitation works in the Kurdistan region (about 40km from Erbil to Altun Kopri) and for a contract for consultant services (for a total of about \$2.2 million). The bank approved launching the tendering process for a contract to rehabilitate 4 roads and bridges in the Central and Southern regions. The Bank has also reviewed 2 other sets of bidding documents. All six contracts will be awarded in 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: After length delays, the project became effective in October 2007. Since then the procurement has been advancing and the consultant for engineering services for both plants has been recruited. The PMT and its engineering consultant have made significant progress in preparing bidding documents and draft contracts for most remedial work and repair projects.

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: After long delays the project became effective in December 2007. Thanks for support from the ITF Financing, procurement is well advanced. Negotiations with the selected bidder for the main rehabilitation contract have been completed and the Bank has issued no objection to contract signature, however signing is pending ongoing negotiations on security.

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 GoI on developing a sustainable policy framework for the water sector.

Status: The project was approved on June 10, 2008 and is currently awaiting effectiveness