

World Bank Assistance Strategy

An 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 through 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 (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 donors to the ITF agreed to extend the termination date of the ITF to December 31, 2013, effective on May 26, 2009.

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

Project Portfolio	Approval Date	Grant Amount (\$m)	Undisb. Amount (\$m)	Implementing Agency
Iraq Trust Fund Projects				
Completed Projects				
Capacity Building I	Feb-04	2.5	-	World Bank
Textbook Provision	May-04	38.8	-	Ministry of Education
Community Infrastructure	Dec-04	19.0	-	Ministry of Water Resources
Active Projects				
School Reconstruction & Rehabilitation	Oct-04	60.0	22.4	Ministry of Education
Capacity Building II	Nov-04	7.0	0.9	World Bank
Health Rehabilitation	Nov-04	25.0	6.9	Ministry of Health
Private Sector Development	Nov-04	65.0	16.7	Ministry of Planning & Dev. Coop.
Baghdad Water Supply & Sanitation	Dec-04	65.0	36.2	Municipality of Baghdad
Water Supply, Sanitation & Urban Recon.	Dec-04	110.0	63.5	Ministry of Munic. & Public Works
Disabilities	Nov-05	16.8	8.3	Ministry of Health
Social Protection	Jun-06	8.0	4.8	Ministry of Labor & Social Affairs
Household Survey & Policies TA	May-06	3.6	0.1	World Bank
Household Survey & Policies Grant	Jul-06	5.5	0.1	Ministry of Planning & Dev. Coop.
Marshlands School Construction	Oct-06	6.0	0.8	Ministry of Education
Environmental Management	Dec-06	5.0	4.3	Ministry of Environment
Emergency Electricity	Mar-07	6.0	5.5	Ministry of Electricity
Community Infrastructure (Supplemental Grant)	Apr-08	27.0	22.0	Ministry of Water Resources
Regional Health Emergency Response	Jun-08	8.7	5.8	Ministry of Health
Banking Sector Reform	Apr-09	10.0	10.0	Central Bank of Iraq
Public Finance Management	Jun-09	16.0	16.0	Ministry of Finance
Public Finance Management TA	Jun-09	2.0	2.0	World Bank
Total Iraq Trust Fund Grants	21	506.9	226.2	

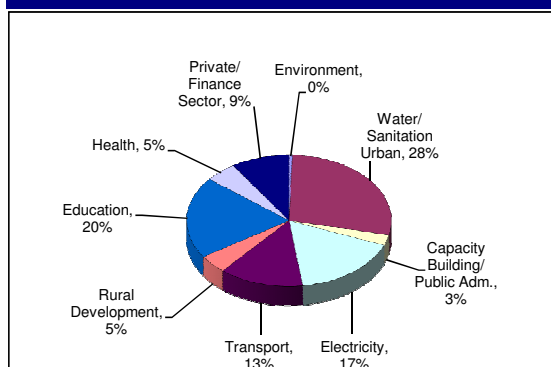
Publicly Available Economic & Sector Reports

- 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)

IDA Credits				
Third Emergency Education	Nov-05	100.0	108.0	Ministry of Education
Emergency Road Reconstruction	Jun-06	135.0	110.1	Ministry of Construction
Dokan & Derbandikhan Hydropower	Dec-06	40.0	40.8	KRG Ministry of Electricity
Emergency Electricity	Mar-07	124.0	127.3	Ministry of Electricity
Emergency Water Supply	Jun-08	109.5	105.0	Ministry of Water Resources
Total IDA Credits	5	508.5	491.2	

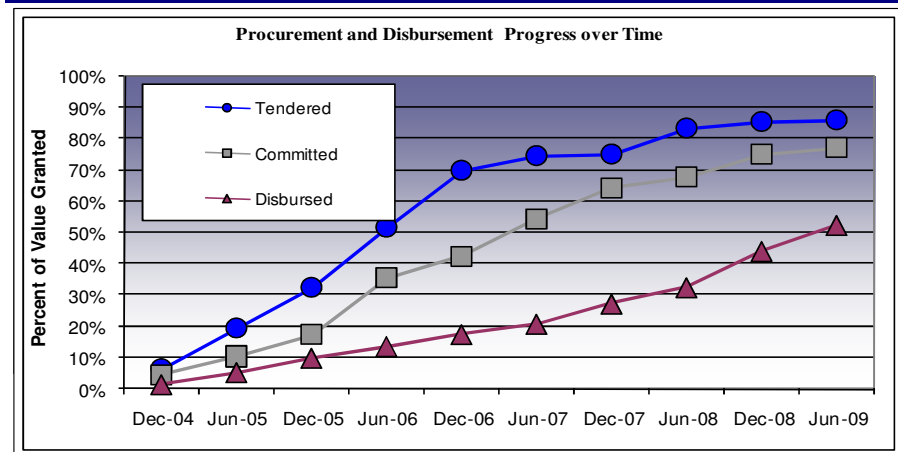
Post Conflict Fund Grants	Approval Date	Grant Amount	Undisb. Amount
Emergency Health Assistance to Burn Unit at Karama Hospital in Baghdad	Jul-05	707,242	-
CSA - Launch of a Social Development Knowledge Network	Aug-06	96,054	-
CSA II - Management of Social Development Knowledge Network	Feb-07	212,360	-
Consultative Service Delivery Initiative in Suleimaniyah	Dec-07	1,050,000	-
Emergency Primary Health Care assistance to Southern Marshlands area	Oct-07	630,248	286,165

Sectoral Distribution of ITF Grants and IDA Credits



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Status of Contracting and Disbursement for ITF Grants



ITF-Financed Projects

School Construction & Rehabilitation Project (US\$60 million) - Aims to alleviate hazards and overcrowding in schools through major rehabilitation of 133 existing schools and 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. 28 new schools have been constructed, 22 schools are currently under construction. The project closing date was extended to December 31, 2010. Project restructuring options are being discussed by the Bank and the MOE in order to (i) update targets; and (ii) finance additional activities.

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 58 activities, reaching about 1,350 participants from various private and public sector entities. Recent activities include: (i) a Joint Procurement, Financial and Disbursement Workshop for Beginners; (ii) a Project Management Workshop; (iii) a Budget Strategy Workshop, focusing on the preparation of the strategy for Iraq's 2010 budget; (iv) a Study Tour on Civil Service Reform for KRG to learn about approaches to federalism, and civil service management and reform issues; and (v) Leadership Skills for Policy Reform for Iraqi Women Parliamentarians, a series of workshop focused on leadership capacity building for Iraqi women Parliamentarians. The project closing date was extended to December 31, 2010.

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

Status: Seven out of 9 planned ER facilities are functioning and receiving patients, one site has just been completed, and the final site remains under construction. A warehouse was constructed in Baghdad to provide temporary storage for equipment, materials and pharmaceuticals. US\$2 million worth of pharmaceuticals have been procured, including \$850,000 through WHO. Training was satisfactorily delivered and most of the trained staff are assigned to the completed facilities.

First 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: Capacity building of the Economic Development Fund is on schedule, with first SME loans to be disbursed. Contracts for the Industrial Zones component are underway. Telecom equipment for the Iraqi Inter-Banking Network has been installed and the network has undergone final testing. Both the North and South routes of the microwave network are completed and commissioned. All tower installations are complete. The west route of the microwave network has also undergone final testing.

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: The closing date of the project was extended to June 30, 2010. Project restructuring is being discussed. Iraqi contractors, consultants and teams from the MOB and MMPW attended a training workshop on Contract Management and Administration for Major Works in August 2009.

Water Supply, Sanitation and Urban Development Project (US\$110 million) - Aims to upgrade and rehabilitate water supply and sanitation in 8 cities, and conduct urban reconstruction in the poorest areas of 2 cities, benefiting about 1 million people. The project also provides technical assistance and institutional support.

Status: The project was restructured in July 2009 and the project closing date was extended to December 31, 2011 to enable the completion of the Beiji and Kena'an water supply components. The al-Majar Water Supply System in Missan Governorate is the first component of the project to be completed and became operational. Iraqi contractors, consultants and teams from the MOB and MMPW attended a training workshop on Contract Management and Administration for Major Works in August 2009. At end-September, another component was commissioned.

Community Infrastructure Rehabilitation Project (US\$20 million) - Aims 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 June 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.

Community Infrastructure Rehabilitation Project (Additional Financing) (US\$27 million) - Aims to undertake labor-intensive civil works to restore rural water infrastructure, create local employment, enhance community participation, and increase institutional capacity.

Status: The Bank approved an additional grant of US\$1 million which will finance an additional civil work subproject to benefit an additional 1,000 beneficiaries and create 4,500 man-days of local employment. The project is on track. 12 out of 15 civil work contracts are underway, and 1 of the 2 major equipment contracts has been signed.

Emergency 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.

Status: The project was restructured in March 2009 and the revised project closing date is June 30, 2010. All civil works designs have been completed and construction at 6 sites is well underway. Most of the medical aids contracts (e.g., crutches and wheelchairs) have been signed and delivered, and most of the contracts for the rehabilitation center and workshop equipment have now been awarded. All originally planned training has been completed, and additional training will be delivered under the restructured project.

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 of the procurement and installation of equipment will be completed by end-2009, 2 key activities are delayed: (i) the SSN Beneficiary Assessment; and (ii) the Pension Survey. The Ministry of Labor and Social Affairs is expected to request an extension of the closing date to ensure adequate time to complete the activities. The SSN information system financed by USAID is in the final stages of completion to be ready for national roll-out which will be implemented by the project.

Household Survey & Policies Project (US\$5.5 million grant / US\$3.6 million TA) - Finances a comprehensive household income and expenditure survey, data analysis and development of a Poverty Reduction Strategy.

Status: The Poverty Reduction Strategy (PRS) High Committee presented the draft PRS in June 2009 and obtained feedback from more than 100 donor and Iraqi stakeholders. A high level workshop on reform of the Iraqi food ration system (PDS) was also held in June. In August 2009, a workshop was held to finalize the PRS. Both the Poverty Assessment and the PRS are expected to be presented for approval to Cabinet and Parliament in Fall 2009. The closing date of the project has been extended to June 30, 2010.

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: 30 schools have been constructed under the project. The project was completed on June 30, 2009.

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 installation of the 4 remaining air quality monitoring analyzers, comprising 56% of the total grant amount, is expected to be completed by end-October 2009.

Electricity Reconstruction Project (US\$6 million) - Aims to upgrade technical skills in 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. The MOEI requested technical assistance to support the development of power generation master plans and electricity sector regulations. The Bank team is working closely with MOEI to finalize the TOR and hire the consultant for the assignment.

Regional Emergency Health Response (US\$8.7 million) - Aims to assist the Kurdistan Regional Government to establish rapid, coordinated and effective response services to health emergencies.

Status: A consulting firm prepared design documents for construction. Procurement is proceeding well for 3 civil works contracts and 12 ambulances. A training plan for the project is being developed. The telecommunications strategy for the project has been revised.

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.

Status: In July 2009, Iraqi officials visited the state-owned banks in Egypt which have undergone institutional, operational and financial restructuring, and strengthening the supervisory and regulatory authority.

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

Status: The project became effective on July 20, 2009. The PMT within the MOF is formally appointed and beginning to prepare procurement documents for the first procurement packages. Significant progress was already made prior to project effectiveness on Component I "Strengthening Budget Preparation".

IDA Credits

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.

Status: Project restructuring was approved by the Bank's Board on June 30, 2009 and the project now will support: (i) Educational infrastructure through school construction, equipment and furnishing, as well as, strengthening of planning and management, and school planning and design; (ii) Institutional strengthening to improve education quality through capacity building for curriculum development, and teacher training; and (iii) Project management.

Emergency Road Rehabilitation Project (US\$135 million) - Finances the rehabilitation of highways and village access roads in Central, Southern and KRG Governorates of Iraq. 3 floating bridges will also be replaced with permanent structures.

Status: The KRG component is underway and disbursing. The Central and Southern Iraq components are expected to move forward faster due to a large highway contract expected to be tendered soon. The Danish DANIDA financed preparation of the detailed design and tender documents for the proposed Um Qasr-Zubair road (US\$40 million estimated).

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: Three procurement packages under international competitive bidding have concluded successfully and all 3 contracts were signed. Projects tendered under direct contracting are advanced, with one signed, one given no objection for signing and one still under negotiations. A draft report of the rehabilitation needs for Dokan and Derbandikhan is being finalized. A contract for the Environmental Management Plan has been signed. TORs are being prepared for the development of Dam Emergency Preparedness Plans for the 2 hydro power plants.

Emergency Electricity Project (US\$124 million, with a companion ITF grant of US\$6 million) - Aims to restore the base load generating capacity of the Hartha power plant and build capacity at the Ministry of Electricity.

Status: The Hartha Rehabilitation contract was signed in April 2009, fully committing the IDA credit. The financing agreement has been amended to facilitate the issuance of the Letter of Credit. However, an issue over bank guarantees has arisen delaying contract effectiveness. A draft of the Environmental and Social Impact Assessment has been completed by the consultant and is under

Emergency Water Supply Project (US\$109.5 million) - Aims to improve the quantity and quality of water in 4 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: The project was declared effective on September 17, 2009. Contracts for about US\$77 million are being processed and about US\$25 million are in bidding stage.