

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB675

Project Name	Emergency Community Infrastructure Rehab
Region	MIDDLE EAST AND NORTH AFRICA
Sector	Irrigation and drainage (30%); General education sector (20%); Health (20%); General transportation sector (20%); Solid waste management (10%)
Project ID	P087881
Borrower(s)	GOVERNMENT OF IRAQ
Implementing Agency	IQ - Ministry of Water Resources IQ – Ministry of Public Works and Municipalities IQ – Ministry of Agriculture
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input checked="" type="checkbox"/> S ₂ <input type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	February 9, 2004
Estimated Date of Appraisal Authorization	June 1, 2004
Estimated Date of Board Approval	June 25, 2004

1. Key development issues and rationale for Bank involvement

a. Iraq faces monumental reconstruction and development challenges in the coming years. As highlighted in the *Iraq United Nations/World Bank Joint Needs Assessment*, years of conflict, international economic sanctions and dictatorial rule have resulted in the nearly complete degradation of the country's physical, economic and social infrastructures. An estimated 60 percent of the population is dependent on a volatile public food distribution system, while basic human development indicators such as child mortality, universal primary education, gender equality, etc. as well as environmental conditions have greatly deteriorated over the last decade.

b. In the rural space, lack of investment and maintenance in agricultural, irrigation, water supply and sanitation infrastructure and services, a centralized command economy with distorting policies and legislation, and physical destruction have led to the disintegration of a potentially productive and market-oriented agriculture-based rural economy. In 2001, agriculture contributed an estimated 8 percent to Iraq's GDP and 20 percent to total employment. Consisting in large parts of subsistence farming, agriculture currently supports a rural population of 7 million out of a total population of 23 million.

c. The proposed project will expand World Bank support to Iraq's reconstruction and address current emergency needs for infrastructure rehabilitation at the community level with a specific focus on rural areas. The project will complement the Bank's efforts in infrastructure rehabilitation in urban areas, including the Baghdad Municipality. The project is fully consistent with the *World Bank's Interim Strategy Note for Iraq* (January, 2004), which emphasizes the need for rapid rehabilitation of critical infrastructure and services, short-term employment

generation, and institutional capacity building as prerequisites for long-term and sustained recovery. The project's strategic objective is to lay the groundwork for the Bank's medium-term reconstruction and development program in the rural space in Iraq. The project is part of the Bank's proposed work program that has been agreed upon with key Iraqi ministers. It would be implemented through grant financing from the *World Bank Iraq Trust Fund (ITF)* under the *International Reconstruction Fund Facility for Iraq*.

d. The comparative advantages of the Bank lies in its ability to: (i) bring to bear its international experiences and best practices in community-based rehabilitation and development projects under post-conflict/in-conflict conditions (Afghanistan, East Timor, Kosovo, West Bank and Gaza) and (ii) build capacity in existing local Iraqi institutions by making them responsible for project selection and implementation and thereby creating greater commitment and ownership of the reconstruction process of their country.

2. Proposed objective(s)

e. The project development objective is to contribute to economic and social recovery through developing community-based rehabilitation of rural infrastructure. Starting with the emergency rehabilitation of priority irrigation, water supply and sanitation in selected rural areas (accompanied by capacity building technical assistance to local institutions), the project will use a phased and flexible approach building on pilots and increasing community involvement.

f. The objective is to be accomplished by means of piloting and financing labor-intensive civil work programs in the form of micro-projects that are based on immediate infrastructure rehabilitation needs and priorities of communities. Besides the rehabilitation of infrastructure and services, the envisaged micro-projects will aim at providing short-term transitional sources of income to the rural population through employment generation and strengthen social cohesion through immediately visible results of reconstruction efforts.

g. The principal outputs of the project would thus be: (i) increased short-term employment in project areas; (ii) improved access to community infrastructure and services; (iii) enhanced capacity to implement infrastructure programs; and (iv) increased private sector activity in rural areas through opportunities for local contractors and suppliers.

3. Preliminary description

h. The project is designed as an emergency operation that is able to respond to evolving demands in terms of intervention and financing requirements. Due to insufficient knowledge of the situation on the ground, the project will consist of two phases. The first phase (0-12 months) will primarily but not exclusively focus on the water supply and irrigation sectors. Labor intensive rehabilitation works will be identified by concerned sector ministries, appraised by the Bank using local consultants and implemented through municipalities and local administrations.

i. During its second phase (12-36 months), the project is envisaged to evolve into community-driven participatory interventions based on lessons learned during phase I. A set of performance criteria will be developed to support the transition from initially government-led interventions towards the CDD approach.

j. Project components cover the following: (i) creating short-term employment (US\$20 million) through labor-intensive civil works that include the restoration of irrigation and drainage systems and water supply and sanitation infrastructure (individual interventions will not exceed an investment amount of US\$300,000); and (ii) scaling-up and expanding the project toward community-driven development depending on progress of implementation, community demand, and security conditions. This component could also include on-farm rehabilitation and income generation through the provision of investment support to rural households and small enterprises, including partial grants for productive assets, such as fruit tree production, livestock, agricultural equipment, skill development, etc.

k. Given the current security conditions and the lack of Bank field presence, there is a need for an innovative and flexible approach to implementation, including supervision, monitoring, training and disbursement procedures. Successful experiences from other donors operating in Iraq (in particular USAID) are being incorporated into the design of the proposed project. In addition, the Bank will apply emergency procedures under OP 8.50 (Emergency Recovery Assistance) in processing the proposed project. While procurement, financial management and disbursement procedures will be organized centrally, the project team will rely on a team of qualified local Iraqi consultants to appraise, supervise and monitor progress in the field.

l. The Bank staff, in the short-term, will monitor progress based on consultant field reports and will have meetings with the client in Amman to discuss progress. The VC facilities installed in Iraq will also be regular tool to keep in constant contact with the client. Training will also be provided to the implementing agencies (ministries, municipalities, local governments) to strengthen capacity in technical, project management and fiduciary skills including environmental and social safeguards. Investments for training and capacity building will be in the range of US\$5 million to be funded under the TA Project of the Bank's Trust Fund for Iraq.

m. The Ministry of Planning and Development Cooperation (MOP) will be the responsible agency coordinating the project with the Bank. The Ministry of Water Resources, Ministry of Municipalities and Public Works, and the Ministry of Agriculture will prepare lists of specific priority interventions to be funded under the project focusing on rehabilitation of irrigation canals, drainage and water supply systems, and on-farm rehabilitation. Eligibility of micro-projects will be determined according to a set of criteria that will include technical soundness, readiness for implementation and affordability. Details on the eligibility criteria and sample proposals have already been provided to the relevant sector ministries during the recent preparation workshop (January, 2004) and pre-appraisal mission (May, 2004) to Amman.

n. The MOP will review the proposed program and ensure that there is no overlap or duplication with other donors activities. Since the proposed project is expected to be funded through the ITF, it will be vetted and cleared by the Strategic Review Committee (consisting of the IFIs, CPA and chaired by MOP).

o. Project design during the first phase will rest on rapid rural appraisals and simplified feasibility studies for the pre-selected micro-projects, which will be conducted by the local Iraqi consultants hired under the project. Given the large information gaps on the situation in rural Iraq, especially the lack of an in-depth social analysis, community driven interventions will be gradually phased in as experience grows both within the Bank and our counterparts in the ministries and local government units.

p. To ensure fiduciary compliance, the project scope has been initially limited to the water sector so as to avoid complex procurement and financial management arrangements across several sectoral government entities. For all Bank operations, including the proposed project, the Bank will engage a qualified firm to monitor procurement, disbursement, and financial reporting related to the ITF and support the Bank's own supervision.

q. Donor coordination and in particular with UN agencies active in the water and irrigation and agricultural sectors (UNICEF and FAO), will be actively pursued as part of the preparation, implementation and monitoring of the proposed emergency intervention.

4. Safeguard policies that might apply

r. The project recognizes the emergency nature of the proposed relief and reconstruction interventions, and the related need for immediate assistance, while at the same time ensures due diligence in managing potential environmental and social risks. The proposed operation will consist of micro-projects less than USD 300,000 and while consisting of basically rehabilitation works. These projects are anticipated to have no major environmental or social impacts. Furthermore, the proposed project is being processed under emergency procedures 8.50 and the environmental and social safeguard assessments are expected to be carried out during implementation under an environmental and social safeguards framework.

5. Tentative financing (Phase I only)

Source:	(\$m.)
BORROWER	0
SPECIAL FINANCING	20
Total	20

6. Contact point

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