



WORLD BANK IRAQ TRUST FUND Status Report

March 15, 2005





DEFINITIONS

A “**pledge**” is an indication of intent to mobilize funds for which an approximate sum or contribution is specified.

A “**donor commitment**” is a pledge that has been expressed in a specific sum and formalized by an Administration Agreement between the donor and the World Bank as Administrator of the World Bank Iraq Trust Fund.

An “**allocation**” refers to a notional set aside by the World Bank for a discrete activity under preparation.

An “**approved project**” is a project for which a Grant Agreement has been negotiated and signed with the Recipient.

A “**project commitment**” is an amount for which contracts have been signed.

A “**disbursement**” is the actual transfer of an amount pursuant to a project commitment, for expenditures made or to be made in compensation for works, goods, and services.

World Bank Iraq Trust Fund

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The World Bank Iraq Trust Fund

Key Principles

The World Bank Iraq Trust Fund operates under the following **principles**:

- **Iraqi leadership and priorities:** The ITF finances projects that are considered to be high priority by the Iraqi Strategic Review Board.
- **Iraqi participation in project design and preparation:** Iraqi teams are fully involved through the project processing cycle.
- **Iraqi implementation:** Investment projects are implemented by Iraqi authorities using Iraq's own institutions.
- **Iraqi-led donor coordination:** To ensure coordination and guard against duplication in funding, the Iraqi Strategic Review Board plays a central role in the project processing cycle.
- **Iraqi monitoring of project commitments and disbursements:** The World Bank informs the Recipient, the Ministry of Planning and Development Cooperation, and the Ministry of Finance of project allocations and disbursements to guard against extra-budgetary financing.

World Bank Iraq Trust Fund Status Report

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A. Overview

1. To date, 17 donors have pledged about US\$398 million to the World Bank Iraq Trust Fund (ITF). Of these, 16 donors have deposited US\$392 million in the ITF account. Pledges pending deposit amount to US\$6.0 million. Nearly all of the deposited funds have been allocated and the ITF is seeking new donors as well as replenishment by current donors. The table attached shows status of pledges, commitments and actual and pending deposits.

Table 1 - Donor Pledges, Commitments and Deposits to ITF
(as of End-February 2005)

Donors	Pledges in Donor Currency ^{1/}		Pledges in US\$	Commitments ^{2/}	Deposits	Pending Contributions
	Currency	Currency (million)	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)
Australia	AUD	14.0	10.2	10.2	10.2	
Canada	CAD	30.0	22.3	22.3	22.3	
EC	EUR	83.0	102.5	102.5	102.5	
Finland	EUR	2.0	2.6	2.6	2.6	
Iceland	USD	1.0	1.0	1.0	1.0	
India ^{3/}	USD	5.0	5.0	2.5	2.5	2.5
Japan	USD	130.0	130.0	130.0	130.0	
Korea	USD	3.0	3.0	3.0	3.0	
Kuwait	USD	5.0	5.0	5.0	5.0	
Netherlands	EUR	5.0	6.2	6.2	6.2	
Norway	NOK	15.0	2.2	2.2	2.2	
Qatar	USD	5.0	5.0	5.0	2.5	2.5
Spain	USD	20.0	20.0	20.0	20.0	
Sweden	SEK	40.0	5.4	5.4	5.8	
Turkey	USD	1.0	1.0			1.0
United Kingdom	GBP	40.0	71.4	71.4	71.4	
United States	USD	5.0	5.0	5.0	5.0	
Total			397.8	394.3	392.1	6.0

^{1/} The Islamic Republic of Iran has pledged US\$ 10 million to IRFFI at the Tokyo Meeting. The allocation between the World Bank and the UNDG Trust Funds is still pending.

^{2/} The "Commitments" column shows commitments in currencies other than US\$ converted at the exchange rate as of the date of the agreement and is for indicative purposes only. The "Deposits" column shows the actual US\$ equivalent amount credited to the ITF account at the time of deposit.

^{3/} Agreement letter signed for US\$ 2.5 million. Actual pledge is US\$ 5.0 million.

2. ITF funds have been allocated to nine projects in Iraq, described in more detail in the Annex. One project (First Capacity Building) is completed and closed. Of the other eight projects, one project (Capacity Building II, US\$7 million) is being implemented by the Bank, and the remaining seven (totaling US\$355 million) are being implemented by the related Iraqi ministries.

Project Grants and Disbursements		
As of End-February 2005		
Project	Amount of Grant (US\$ million)	Disbursed (US\$ million)
First Capacity Building (Project Closed)	2.5	2.5
Capacity Building II	7.0	0.3
Emergency Textbooks	40.0	9.1
Emergency School Rehabilitation	60.0	
Emergency Baghdad Water Supply and Sanitation	65.0	0.0
Emergency Water Supply, Sanitation and Urban Reconstruction	90.0	
Emergency Private Sector Development I	55.0	
Emergency Community Infrastructure	20.0	
Emergency Health Rehabilitation	25.0	0.0
Total	364.5	12.0

3. Six of the 16 donors who have deposited funds in the ITF account have expressed sectoral preference for their contributions. Sectoral preferences amount to two-thirds of the total amount deposited. Table 3 shows deposits by donor and sectoral preference, as applicable.

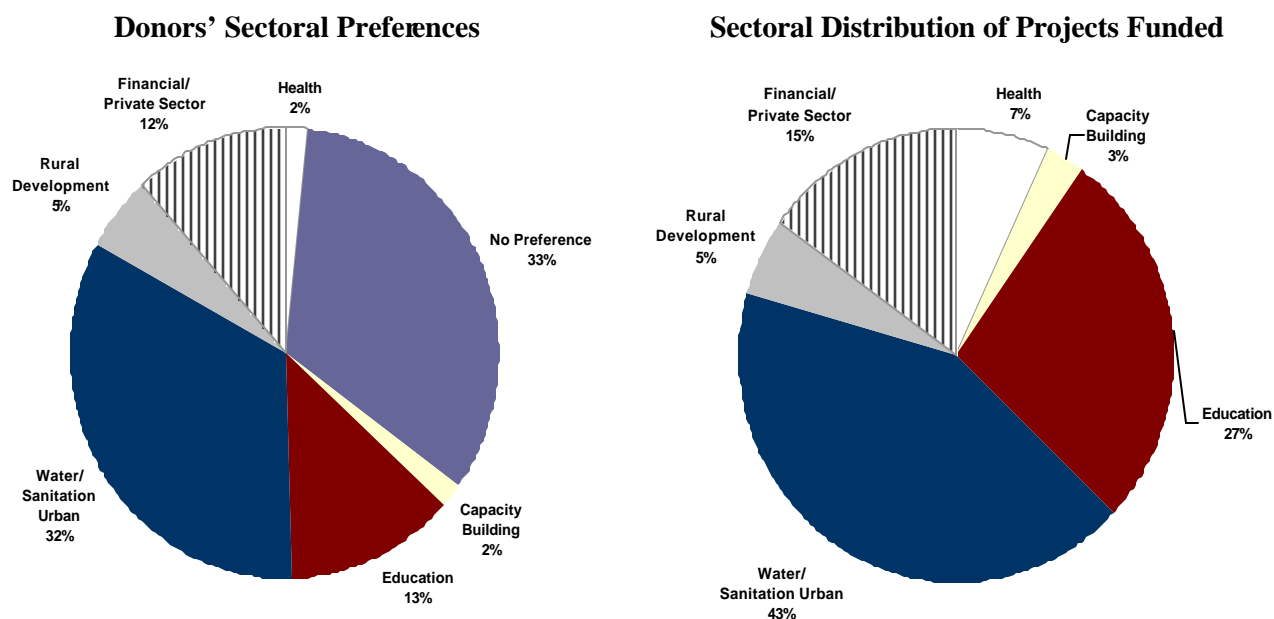
Table 3 - Donor Deposits by Sectoral Preference
(US\$ million)

	No Preference	Capacity Building	Education	Infra-structure*	Rural Develop.	Health	Financial / Private Sector	Total
Australia	10.2							10.2
Canada	22.3							22.3
EC		7.3	49.5	25.7	20.0			102.5
Finland	2.58							2.58
Iceland						1.0		1.0
India	2.5							2.5
Japan*				90.0			40.0	130.0
Korea				3.0				3.0
Kuwait	5.0							5.0
Netherlands	6.2							6.2
Norway	2.2							2.2
Qatar	2.5							2.5
Spain**				8.0		6.0	6.0	20.0
Sweden				5.8				5.8
United Kingdom	71.4							71.4
United States	5.0							5.0
Total	129.9	7.3	49.5	132.5	20.0	7.0	46.0	392.18
Allocations to Projects		10.6	100.0	150.0	20.0	25.0	55.0	360.6

* Infrastructure includes \$25.7 million from the EC for Urban Rehabilitation, \$90 million from Japan for Water Supply and Sanitation, a notional \$8 million from Spain for Infrastructure, and \$5.8 million from Sweden for Electricity.

** Amounts shown per sector are notional. Spain did not specify distribution between the three sectors.

4. The charts below show sectoral preferences of donors and sectoral distribution of projects funded.



B. Projects Launched Since Tokyo

5. Since the Tokyo meeting, six emergency operations financed by the ITF were approved and signed with the Iraqi authorities in November and December 2004. These are: a health project, two water supply and sanitation projects; a private sector development project that includes a telecommunications component; a community infrastructure project; and a school construction/rehabilitation project.

6. The intensive work to finalize project preparation was followed by further intensive work to launch implementation. In December and January, Bank staff organized Project Launch Workshops, also referred to as Project Implementation Workshops, in Amman for members of Iraqi project management teams and, as relevant, representatives from governorates involved in ITF projects, to review implementation details of each project, including procurement, financial

management, and safeguards, in order to advance progress on the ground. As a result, the first phase of procurement is underway for the recently-approved projects.

C. Implementation Status of Projects

7. The Bank continues to place emphasis on building Iraqi capacity which we know from other experiences to be critical for reconstruction. A **First Capacity Building Project**, amounting to US\$3.6 million, was implemented from February to August 2004. It disbursed US\$2.5 million. The EC RRM requirement for a 6-months disbursement period was a constraint although the rapid provision of funds was greatly appreciated by the Iraqis and ITF, as it enabled the training program to be launched without delay.

8. In November 2004, the Bank began implementing a **Second Capacity Building Project**, amounting to US\$7 million, which finances training related to economic reform; poverty and social safety nets; public sector management; and project preparation and implementation. From November to March, the project has financed eight workshops covering pension reform, labor markets, social safety nets, statistical capacity building, household surveys, microfinance and fiscal decentralization (the latter jointly with IMF), as well as website development for the Ministry of Finance and the Ministry of Planning. To date, over 160 participants have been trained, with another 200 scheduled for training in the coming months.

9. Through the ITF, the Bank is now financing two ongoing projects in the education sector. The **Emergency Textbook Provision Project** of US\$40 million is financing textbooks for all primary and secondary schools in the 18 governorates. Signed textbook contracts amount to nearly US\$30 million, and more than 75 percent of textbooks have been delivered. Project disbursements have lagged behind implementation due to lengthy quality control by the Ministry of Education. The Ministry recently introduced new quality control procedures to reduce the lag between textbook delivery and payment. Competitive bidding procedures for textbooks led to cost savings of about US\$8 million, which will be used for second priority textbooks, other educational items, and some textbooks for the next school year, and bids are expected within a week.

10. An **Emergency School Construction and Rehabilitation Project** (US\$60 million), launched in December, is financing the construction of new buildings for about 110 existing primary and secondary schools in unsafe or overcrowded facilities, and major rehabilitation of about 140 schools. The procurement process is underway for phase 1 of school rehabilitation – consisting of 64 schools in 14 governorates, estimated to cost US\$3.4 million. Bank staff will meet the ministry’s project management team in Amman in February to launch Phase 1 of school construction and Phase 2 of school rehabilitation. Procurement is well underway, with contracts expected to be signed at the end of April for rehabilitation of 48 schools and for design and supervision of construction of 15 new schools

11. An **Emergency Community Infrastructure Rehabilitation Project** (US\$20 million) was launched in December 2004. The first phase will finance labor-intensive water supply, sanitation, and irrigation rehabilitation in rural areas throughout Iraq using a flexible programmatic approach and increasing community involvement. The project was launched in January. The Ministry is currently preparing the four pre-identified sub-projects for implementation.

12. The Bank and Iraqi officials launched in January 2005 an **Emergency Health and Rehabilitation Project** of US\$25 million to improve the quality of emergency services in selected health facilities. A supervision mission was in Amman in February for launching civil works for hospital rehabilitation. Bids are under evaluation for the procurement of US\$3 million of pharmaceuticals drugs; and bids amounting to over \$1 million are under evaluation for the design and construction supervision of ten emergency health units, with contract signing expected at the end of March.

13. Two ITF-financed projects that aim to restore and improve water supply and sanitation—a critical need in Iraq—were also launched in January 2005. An **Emergency Baghdad Water Supply and Sanitation Rehabilitation Project** of US\$65 million will finance water supply and sanitation infrastructure throughout Baghdad; and an **Emergency Water Supply and Sanitation and Urban Development Project** of US\$90 million will finance water supply and sanitation rehabilitation in nine governorates, and urban reconstruction, such as roads, sidewalks, and

drainage, in poor areas of three governorates. The project management teams made substantial progress during the Project Launch Workshop in preparing the requests for proposals for consulting services and bidding documents for goods/works. About US\$8 million of goods are being negotiated, and an additional US\$8 million of goods will be tendered shortly. In addition, US\$7 million in requests for expressions of interest for design and construction supervision have been issued for both projects.

14. An **Emergency First Private Sector Development Project** of US\$55 million will finance part of the telecommunications backbone estimated at US\$39.5 million, and related infrastructure needed for a payment system (estimated at US\$3 million), and will also develop and strengthen the institutional framework for private sector development. The Bank organized a project launch workshop in January 2005, and implementation is on track. An international consultant was hired to prepare bidding documents for a US\$39.5 million telecommunication backbone which will be issued in April. Requests for Proposals will be issued at the end of March for a range of consultancy services, including development of industrial zones and strengthening the investment climate.

D. Disbursements

15. **Total ITF disbursements stand at over US\$15 million, of which over US\$9 million represents recipient-executed disbursements** (i.e., disbursements from projects that are implemented by Iraqi agencies). Disbursements from the Bank-executed Capacity Building projects are around US\$3 million. Cost recovery for project processing, supervision, and administrative fees stand at about US\$3 million. Based on the total amount of ITF project grants of US\$365 million made to date, the Bank's cost recovery represents less than one percent.

16. Disbursements are a function of work completed and this in turn is dependent on security, internal procedures of implementing agencies, knowledge of procurement, financial management and project implementation requirements of the Bank, and numbers of people available to do the work. The current conditions in Iraq, especially poor communication and difficulty of movement, hamper reconstruction work. Initial delays are also to be expected in project start-up

as the PMTs learn how to manage the various aspects of ITF-financed projects. In the last two months, there has been notable progress, however, as evidenced by almost \$80 million in procurement underway or to be contracted soon.

Sources of Funds	
Donor Deposits	392,149,781.2
Investment Income	5,771,846.8
Total Funds Available	397,921,628.1
Pending Donor Deposits	6,000,000.0
Uses of Funds	
IIG-Implemented Projects	
Emergency Textbook Provision	9,142,340.2
Emergency Education Rehabilitation	0.0
Emergency Health Rehabilitation	31,566.1
Emergency Baghdad Water Supply	37,163.1
Emergency Water Supply, Sanitation & Urban Reconstruction	0.0
Emergency Private Sector Development	0.0
Emergency Community Infrastructure	0.0
Total IIG-Implemented Projects	9,211,069.4
Bank-Implemented Projects	
Capacity Building Projects	
Capacity Building I (EC)	2,511,342.6
Capacity Building II	324,922.9
Total Bank-Implemented Projects	2,836,265.5
Project Processing and Supervision	
Textbook Provision	202,119.9
School Rehabilitation	374,455.6
Emergency Health Rehabilitation	239,662.0
Emergency Baghdad Water Supply	251,001.3
Water Supply, Sanitation & Urban Reconstruction	395,405.0
Emergency Private Sector Development	367,396.7
Community Infrastructure	219,641.3
Total Project Processing and Supervision	2,049,681.9
Monitoring and Administration	1,240,504.6
Total Disbursements	15,337,521.3

ANNEX

PROJECTS AT A GLANCE

Emergency Textbook Provision

Project Cost: US\$40 million

Project Description: The objective of the project is to improve conditions of learning in primary and secondary schools in Iraq by providing textbooks for both levels urgently.

Project Components

1. Provision of Textbooks: The grant will finance the printing and distribution of approximately 69 million textbooks for six million students in all governorates, for the school year 2004/2005. This quantity covers over 600 titles for all 12 grades of the primary and secondary system. Criteria for the selection of textbooks to be financed by the grant give the highest priority to primary and secondary textbooks, with special attention to final grades of each phase.
2. Project management and Capacity Building: Will finance the basic costs of the Project Management Team to manage the project, and the technical assistance and capacity building necessary to ensure effective project management and transfer of skills to the Ministry of Education.

Project Implementation Status

- | | |
|--|--|
| 1. The value of signed ICB contracts | \$17,833,271. |
| 2. The value of signed NCB contracts | \$12,776 689 |
| 3. Amount disbursed for printing under ICB | Disbursed: \$7,037,678 (39%)(as of 3/15/05) |
| 4. Amount disbursed for printing under NCB | Disbursed: \$2,650,689 (21%) (as of 3/15/05) |

As of December 20, 79% of books printed under international competitive bidding and 66% under national competitive bidding were delivered to schools.

5. Plans for utilization of remaining funds (about \$9.4 million):
 - Second priority textbooks: (about \$8,000,000): Bidding opening: March 24, 2005.
 - Other items (educational publications, bulletins etc). List under preparation by MOE.
 - Textbooks for next school year: Lists under preparation by MOE.

Project Financing

	US\$
Provision of Textbooks	39,505,000
Project Management and Capacity Building	495,000

Implementation Arrangements

A core team of senior MOE staff and hired consultants (where expertise is lacking) constitute the Project Management Team (PMT).

The MOE has the overall responsibility for the coordination and execution of all project activities, and will be guided by a Project Advisory Committee.

3/15/2005

Emergency School Reconstruction and Rehabilitation

Project Cost: US\$60 million

Project Description: The project aims to improve conditions of learning in primary and secondary schools by constructing new buildings for schools that exist in unsafe or shared facilities, and by rehabilitating schools needing urgent repair, most of which are in the Baghdad governorate.

Project Components

1. Construction of 110 Primary and Secondary schools and Rehabilitation of 140 schools.
2. Project Management and Capacity Building

Project Implementation Status

1. The Ministry of Education Project Management Team has been on board since July 2004.
2. All sites for new construction and rehabilitation have been identified.
3. A group of 35 officials, including representatives from each of the 18 governorates, participated in a **Project Implementation Workshop** in February 2005. Significant progress has been made in the preparation of bidding documents for Rehabilitation Phase I.
4. **School Rehabilitation - Phase I (64 schools in 15 Governorates: 19 contracts - \$3.4 million).** The bidding documents for 48 schools in 12 Governorates have been finalized during the Implementation Workshop, and the bidding documents for the 3 remaining Governorates are under preparation). Implementation is on schedule..
Bidding period: March 2005. Construction between July and September 2005.
5. The following schedule and numbers for the next phases have been discussed at the Implementation Workshop and plans are being detailed..
School Rehabilitation - Phase II (80 schools in 18 Governorates: 26 contracts - \$4.2 million)
 Bidding period: July/August 2005. Construction period: October 2005/February 2006
School Construction - Phase I (31 schools in 15 Governorates: 16 contracts - \$11.5 million)
 Bidding period: April/May 2005. Construction period: August 2005/July 2006
School Construction - Phase II (40 schools in 18 Governorates: 20 contracts - \$17.8 million)
 Bidding period: September/October 2005. Construction period: January 2006/January 2007
School Construction - Phase III (46 schools in 18 Governorates: 29 contracts - \$19.1 million)
 Bidding period: February/March 2006 Construction period: April 2006/April 2007

Project Financing

	<u>US\$</u>
School Construction and Rehabilitation	58,565,000
Project Management and Capacity Building:	1,435,000

Implementation Arrangements

A core team of senior MOE staff and consultants (where expertise is lacking) constitute the Project Management Team (MOE-PMT) responsible for day-to-day implementation. The MOE has overall responsibility for the coordination and execution of all project activities, guided by a Project Advisory Committee (PAC).

3/15/2005

Emergency Health Project

Project Cost: US\$25 million

Project Description: The project aims to improve access to quality emergency services in selected health facilities to serve the urgent needs of the Iraqi population.

Project Components

1. Rehabilitation of priority emergency services, including emergency obstetric care in 12 selected hospitals, and the urgent provision of basic medical and laboratory equipment to the selected rehabilitated hospitals;
2. Provision of a 3 to 6 month supply of up to 37 essential emergency drugs to be used at emergency facilities rehabilitated through this project;
3. Continued support to strengthening of planning and management capacity within the central and Governorate health administrations; and
4. Support to project management.

Project Implementation Status

. A supervision mission met with members of the PMT in Amman during the period February 21 -24., 2005

- The PMT is fully staffed and operational.
- Procurement is well underway.. The PMT is currently evaluating proposals from local consulting firms for design and supervision of 10 emergency health units (US\$ 1.7 million).
- Bids have been received for emergency medical drugs (\$2.8 million). The PMT is currently working on finalizing the evaluation report..
- The Project Management Team (PMT) architect visited emergency unit sites and submitted a detailed plan for each unit to be rehabilitated. According to the plan, it would be possible to continue providing emergency services during the rehabilitation period.
- The PMT financial specialist submitted a letter to MoF asking for US\$50,000 and ID 100,000,000 advance to be transferred to the project accounts. MOF approved this request. A dollar account has been opened and the financial specialist is now in the process of opening an Iraqi Dinar account.

Project Financing

	<u>US\$</u>
Hospital Emergency Services	19,634,000
Provision of Essential Emergency Drugs	2,911,000
MOH Capacity Building	1,668,000
Project Management	786,000

Implementation Arrangements

The Project Management Team (PMT) is established to coordinate and manage the project under the authority of the Ministry of Health. The PMT has the responsibility for the day-to-day management, coordination and monitoring of the project activities.

3/15/2005

Emergency Community Infrastructure

Project Cost: US\$20 million

Project Description: The project will address current emergency needs for infrastructure rehabilitation at the community level and generate employment. This will cover the restoration of rural infrastructure using labor-intensive, small-scale civil works programs for water supply, sanitation, irrigation and drainage infrastructure subprojects.

Project Components

The project has four components:

1. Part A: Subprojects in Municipalities of Al Muthanna, Al Amara, Nassariyah, and Sulaymaniyah.
2. Part B: Subprojects to be Identified in Other Priority Areas;
3. Part C: Preparation of Feasibility Studies.
4. Part D: Project Management and Capacity Building.

Investment in rehabilitation subprojects are expected to be in the range of US\$300,000 to US\$1,000,000 per individual intervention.

Project Implementation Status

The first phase of the project will finance labor-intensive water supply, sanitation, and irrigation rehabilitation in rural areas throughout Iraq using a flexible programmatic approach and increasing community involvement.

Project Financing

	<u>US\$</u>
Subprojects under Part A	2,500,000
Subprojects under Part B	10,500,000
Consultants' Services and Training under Part C	3,000,000
Project Management and Capacity Building under Part D	2,000,000
Unallocated	2,000,000

Implementation Arrangements

The MOWR implements the project. Other ministries responsible for rural infrastructure will be consulted on the feasibility and design studies. A Project Coordinator has been appointed from within the staff of the MOWR. The Project Coordinator is based within the Unit of the Special Advisor for Engineering and Planning within the MOWR. The Project Coordinator has formed a Project Management Team (PMT) coordinating across the various ministerial units contributing to the implementation of the project. The Bank provided comprehensive training to the PMT members at the Project Launch Workshop on various aspects of project management, implementation, safeguards, finance and procurement. The Ministry is currently preparing the four pre-identified sub-projects for implementation.

3/15/2005

Emergency Water, Sanitation, and Urban Reconstruction

Project Cost: US\$90 million

Project Description: The Project aims to help restore basic water supply and sanitation services, and urban services in poorest areas of nine Governorates through (a) reconstruction and rehabilitation of existing facilities, and (b) providing capacity building support through training and technical assistance. The project will also create vitally needed short-term employment and help Iraq's capacity to manage large-scale reconstruction.

Project Components

1. Rehabilitation and upgrading of water systems in Karbala (and its sewerage system), Majar, Beji, Kena'an, Al Hussainia, Al-Samawa, Badawa, Dohuk (and its stormwater drainage system), and Dukan
2. Urban rehabilitation in Karbala, Badawa, and Basra
3. Capacity building and technical assistance.

Project Implementation Status

The Project Management Team (PMT) is now in place. Nine PMT staff members attended the Project Launch workshop in January of 2005, where they were exposed in depth to World Bank projects and their components, as well as the standards and guidelines for implementation and supervision. During the workshop, progress was also made on the details of implementation of the sub-projects. Expressions of Interest (EOIs) have been published for most consultants' contracts, both locally and on the UN / WB websites for the recruitment international consulting firms to review and finalize existing designs, as well as prepare tender documents and at times, include supervision of future construction works in the scope of work. RFPs were finalized for four projects (Badawa, Husseinyiah, Karbala and Samawa). The World Bank team has also reviewed tender documents for the procurement of goods (compact water treatment units) in the amount of approximately US\$8 million and is awaiting finalized documents for "No-Objection" by end of March.

Project Financing

US\$

Rehabilitation and Upgrading of Karbala Water Supply and Sewerage Systems	16,340,000
Rehabilitation and Upgrading of Majar Water Supply System	3,160,000
Rehabilitation and Upgrading of Beji Water Supply System	1,830,000
Rehabilitation and Upgrading of Kena'an Water Supply System	1,890,000
Upgrading of Al Hussainia Water Supply System	7,600,000
Upgrading of Al-Samawa Water Supply System	12,340,000
Upgrading of Badawa Water Supply System	1,500,000
Upgrading of Dohuk Water Supply and Stormwater Drainage Systems	4,920,000
Upgrading of Dukan Water Supply System	4,480,000
Karbala Urban Rehabilitation	6,400,000
Badawa Urban Rehabilitation	7,760,000
Basra Urban Rehabilitation	7,780,000
Technical Assistance and Capacity Building	4,000,000
Price and Physical Contingencies	10,000,000

Implementation Arrangements

The project is implemented by the MMPW. The PMT, reporting to the Minister of the MMWP, has been nominated with experienced staff seconded, on a full time basis, from existing technical and financial units. The PMT will closely coordinate its daily activities with the different departments of the ministry. The PMT includes, but is not be limited to a core team of: a director, two procurement specialist, two project engineers, one financial management specialist, one environmental safeguards specialist, one administrative assistant, one quality assurance staff and one legal advisor. Each of the 11 sub-projects has an individual project manager responsible for day-to-day implementation issues in each Governorate.

Emergency Baghdad Water Supply and Sanitation

Project Cost: US\$65 million

Project Description: The Project aims to assist in (a) restoring basic water supply and sanitation services for the capital city of Baghdad, and (b) providing capacity building support through training and technical assistance

Project Components

- Component 1: Rehabilitation of the chlorine and chemical units at al-Karkh water treatment plant.
- Component 2: Rehabilitation of a 2B pumping station in Shark Dijla water treatment plant.
- Component 3: Extension and rehabilitation of the al-Rasheed water treatment plant.
- Component 4: Rehabilitation of the Abu Nawas raw water pumping station.
- Component 5: Rehabilitation and renewal of the Sadr City sewerage network.
- Component 6: Rehabilitation and renewal of the drinking water network in Za'afarana.
- Component 7: Provision of technical assistance and capacity building including consulting services, system design and implementation, audits, feasibility studies, office equipment and operational costs.
- Component 8: Development of a comprehensive city development plan for Baghdad.

Project Implementation Status

The Project Management Teams (PMT) are now in place. In total, 19 PMT staff members attended the Project Launch workshop in January of 2005, working with Bank staff on getting a more detailed understanding of the project, as well as procedures and guidelines for procurement, implementation and supervision. During the workshop, progress was also made on the implementation of the sub-projects; the World Bank team and the PMT staff reviewed Terms of References (TORs) for consulting services required under the project. As of March, Expressions of Interest (EOIs) have been published for most consultants' contracts, both locally and on the UNDP/WB websites for the recruitment of international consulting firms to review and finalize existing designs, as well as prepare tender documents and at times, include supervision of future construction works in the scope of work. Advisors to the PMT are also being recruited for support in the preparation and implementation of the Baghdad Comprehensive City Development Plan. TORs and RFP will be tentatively sent to the World Bank for "No-Objection" by the end of March. Finally, goods to be procured through direct contracting, in the amount of about US\$8 million, are currently being negotiated.

Project Financing

	<u>US\$</u>
Rehabilitation of chlorine and chemical units at Al-Karkh Water Treatment Plant	2,800,000
Rehabilitation of 2B pumping station in Shark Dijla Water Treatment Plant	4,500,000
Extension and Rehabilitation of Al-Rasheed WTP	7,200,000
Rehabilitation of the Abu Nuwas Raw Water Pumping Station	6,200,000
Rehabilitation of Sadr City Sewerage Network	15,000,000
Rehabilitation of Drinking Water Network in Za'afarana	15,400,000
Technical Assistance and Capacity Building	3,900,000
Development of a Comprehensive City Development Plan for Baghdad	3,000,000

Implementation Arrangements

The Mayoralty of Baghdad (MOB) implements the project through a PMT reporting to the Mayor, with experienced staff seconded on a full time basis from existing technical and financial units. The PMT coordinates its daily activities with the different departments of the MOB, particularly with Baghdad Water and Sewerage Authorities. The PMT includes, but is not be limited to: a director, two procurement specialists, two project engineers, one urban specialist, one financial management specialist, one environmental safeguard specialist, one administrative assistant, one quality assurance staff and one legal advisor. Each of the eight sub-projects has a project manager with day-to-day implementation responsibility. The MOB has also agreed to use the services of local and international consultants to assist with final designs, tender documents, tendering, financial management and supervision of works.

Emergency Private Sector Development I

Project Cost: US\$55 million

Project Description: The Project represents the first phase of a series of interventions within the comprehensive private sector development strategy. The interventions are activities within the main pillars of the PSD strategy that can be carried out under the current security situation and the Bank's comparative advantage. The objective is to lay the foundation by addressing certain key priorities in institutional capacity building and essential communications infrastructure to help foster the development of the private and financial sectors. A secondary objective is to generate job creation through the development of the private sector.

Project Components

- Component 1: Developing enabling public institutions that support the private sector.
- Component 2: Improving the competitiveness of Iraqi private firms by improving their ability to access finance and foreign markets.
- Component 3: Building reliable telecommunications infrastructure to interconnect key parts of the Central Bank's payments and settlements system.
- Component 4: Building a high capacity national backbone communications network capable of supporting corporate needs and develop the human capacity to operate it efficiently.
- Components 5 and 6: Financing expenditures directly related to project management.

Project Implementation Status

The core staff of Project Management Teams (PMTs) is now in place for both the Private Sector Development component, at the Ministry of Planning and Development Cooperation (MOPDC) and the Telecommunications component, at the Iraqi Telecommunications and Post Company (ITPC).

Staff of PMTs attended the Project Launch workshop in January of 2005 in Amman. The Bank staff gave provided in-depth training on the different components of the PSD I project, as well as the standards and guidelines for procurement, implementation and supervision. Twenty four participants attended on behalf of both PMTs.

On the MOPDC component, the World Bank team and the PMT staff reviewed Terms of References for all consulting services required under the project, a total of four for an amount of approximately US\$12 million. Expressions of Interest have been published locally and on the UNDG / WB websites. TORs and RFP will be tentatively sent to the World Bank for "No-Objection" by the end of March. On the ITPC side, a telecommunications expert has been hired to review and update the existing designs of the planned microwave back-bone and prepare bidding documents for the component, estimated at US\$39 million. Bidding documents will be sent to the World Bank for "No-Objection" by the end of March, and issued for bids in April 2005.

Project Financing

	<u>US\$</u>
Developing certain key enabling public institutions to support the private sector	6,800,000
Improving the competitiveness of Iraqi private firms by increasing their access to financial and foreign export markets	5,000,000
Building reliable telecommunications infrastructure to interconnect key parts of the Central Bank's payments & settlements system	3,000,000
Building a high capacity national backbone communications network capable of supporting corporate needs and develop the human capacity to operate it efficiently	39,500,000
Project Management	700,000

Implementation Arrangements

The components are grouped into two groups and are implemented by two Implementing Agencies. Components 1 and 2 are implemented by the Ministry of Planning and Development Cooperation. Components 3 and 4 are implemented by the Iraqi Telecommunications and Post Company. Components 5 and 6 will provide financial support to both agencies. A Project Management Team in each agency is responsible for the procurement, financial management, and the management of day-to-day activities, consolidated reporting, and coordination and monitoring of project components.

Second Capacity Building Project

Project Cost: US\$7 million

Project Description: The program aims to (i) strengthen economic management and build up institutional capacity to cope with a more complex economic and social environment arising from the onset of the nascent market economy; (ii) assist the Government in building systems and strengthening the capacity of its human resources capacity to improve the efficiency, effectiveness, and quality of public services; and (iii) assist the Iraqi administration to build capacity in key public administration areas to facilitate use of public resources, including donor funds, for urgent reconstruction and development efforts. A separate component for debt management is under design and may be incorporated into this project.

Project Components

The program includes capacity building in four areas: (i) economic reform and transition; (ii) poverty, social protection, and social development; (iii) public sector management; and (iv) managing the project cycle, including the legal/fiduciary aspects of reconstruction.

Project Implementation Status

To-date, eight training activities have taken place and two websites were developed to support the Ministries of Finance and Planning. A total of 163 participants have been trained from various entities, such as Ministry of Planning and Development Cooperation, Ministry of Finance, Ministry of Trade, Ministry of Labor, and the Central bank. Total amount disbursed for these activities is \$776,465. The completed activities includes: Training on Statistical Capacity Building, Micro Finance Conference and Policy Dialogue, Social Safety Net Core Course, Pension Reform Course, IMF/World Bank Seminar on Fiscal Decentralization, Support to the Supreme Audit Institution, Training on Household Survey, and Labor Markets and Social Safety Nets. In the coming two months the following activities are scheduled to take place: Training on Household Survey, Social Protection and Pension Policy, Local budgeting and Financial Management, Procurement and Financial Management, Investment Promotion, and Sector Reform, restructuring, public private partnerships, and economic regulation. It is expected that another 200 people will be trained.

Project Financing

	US\$
Economic Reform and Transition Program	3,000,000
Poverty, Social Protection, and Social Development Program	1,500,000
Public Sector Management Program	1,500,000
Managing the Project Cycle	1,000,000

Implementation Arrangements

The Capacity Building Program is implemented by the World Bank.

3/15/2005