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## **REBUILDING IRAQ: ECONOMIC REFORM AND TRANSITION**

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## CURRENCY EQUIVALENTS

### Average exchange rates, 2001–05

<i>Date and type</i>	<i>Iraq dinars per U.S. dollar</i>
2001	
Official rate	0.3109
Market rate	1,929
2002	
Official rate	0.3109
Market rate	1,957
2003	
Official rate	0.3109
Market rate	1,957
2004	1,455
2005	1,467

## Abstract

This report focuses on the main cross-cutting issues of Iraq's transition and aims to support the Iraqi government in strengthening its policymaking capacity by laying out the policy options and discussing tradeoffs under each option. The key themes of the report are generating growth and employment, protecting the poor and vulnerable, and improving public management and accountability. Specific recommendations cover reconstruction of public services, job creation; reform of prices and incentives; targeting and sustainability of social safety nets; public management of oil revenues; and strengthening of governance for public finance, intergovernmental relations, human resource management, and transparent public management.

Vice President:	Christiaan J. Poortman
Country Director:	Joseph P. Saba
Sector Director:	Mustapha K. Nabli
Sector Manager:	Dipak Dasgupta
Task Team Leader:	Sergei I. Shatalov

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## Preface

This report focuses on the cross-cutting issues at the heart of Iraq's transition, including the immediate challenges of reviving the economy and creating jobs, rebuilding public services responsive to citizens' needs, and strengthening safety nets to protect the poor and vulnerable. It also addresses some overarching issues in public sector governance, particularly the management of oil revenues, the realignment of economic incentives and prices, the reform of human resource management, and the implementation of anticorruption efforts. The report begins by surveying recent developments and reforms to date. Each chapter concludes with specific recommendations for the future.

The report is intended for three audiences: Iraqi policymakers, the international donor community, and World Bank staff. For the Iraqi audience, the most important of the three, the report analyzes what worked and what did not in other countries, including those in the Middle East and North Africa, and strives to support the Iraqi government in strengthening its policymaking capacity in the context of the National Development Strategy. Instead of prescribing policies, the report lays out the options available to the Iraqi authorities and discusses tradeoffs under each option. For the international donor community, the report may help to refine approaches to reconstruction assistance and improve the efficiency of cooperation with Iraqi counterparts. Finally, for World Bank staff, the report aims to provide an integrative analytical platform for the Bank's Interim Strategy for Iraq.

Drawing on sectoral studies of the Iraqi economy and policy discussions held in 2003–05 with senior Iraqi counterparts from a wide cross-section of agencies, the report builds on extensive data collection and analytical work undertaken by Iraqi government agencies and independent experts, as well as by many international institutions involved in reconstruction assistance. Surveys organized and funded by the U.N. Development Programme, the World Food Program, and the International Labour Organisation and implemented by Iraq's Central Organization for Statistics and Information Technology (COSIT) provided valuable information on social development standards in Iraq. Project and advisory work undertaken by U.N. agencies and bilateral donors, such as the U. K. Department for International Development (DFID), the U. S. Agency for International Development (USAID), and many others supplied further information. Iraqi and international experts provided very helpful comments on earlier versions of this report.

A word of caution is needed about the quality of data underpinning the analysis in this report. Although data has improved and several wide-ranging surveys have been undertaken since 2003, substantial gaps remain. Further data collection and research are needed to deepen the understanding of challenges facing Iraq.

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