

**World Bank Iraq Trust Fund  
Private Sector Development Project (TF054462/P091344/P112064)  
December 2009**

**Project Summary Sheet**

<b>Title</b>	Private Sector Development Project				
<b>Implementing Agencies</b>	Ministry of Planning and Development Cooperation (MOPDC) Iraqi Telecommunications and Post Company (ITPC)				
<b>Location</b>	Private Sector Development: Erbil Telecommunications: Nationwide				
<b>Sector code (OECD DAC)</b>	25010 Business support services and institutions				
<b>Compact Priority</b>	4.3.2.1 Undertake specific measures to design and implement private sector development policies				
<b>Project Cost</b>	US\$65 million				
<b>Duration</b>	64 months				
<b>Approval Date</b>	November 2004	<b>Effective Date</b>	December 2004	<b>Closing Date</b>	March 2010
<b>Project Description</b>	The project aims to help Iraq strengthen its institutional capacity and build essential communications infrastructure to help foster the development of the private and financial sectors, and increase investment and economic growth. Communications infrastructure will be improved through the installation of a national high capacity telecommunications network and a communications platform to link the Central Bank of Iraq (CBI) to commercial banks in the country.				
<b>Beneficiaries</b>	The project has national coverage, benefiting every Iraqi and business by financing Iraq's national communications backbone, and by building institutional capacity of key private sector institutions.				
<b>Near Term Employment Creation</b>	Installation of telecommunications infrastructure will create at least 1,000 short-term jobs. More importantly, the national communications backbone will create thousands of jobs through downstream communications companies, and will help enable private sector development. There will also be medium term employment generation following the development of industrial estates supported under the project as well as increased business activity through institutional strengthening.				

**Strategic Context and Donor Coordination**

The telecommunication components of the project were designed to complement assistance provided by Japan and the US on the payment system. The private sector components were conceived in consultation with the Iraqi private sector and the main donor agencies. The private sector agenda continues to be coordinated with USAID, DFID, the EC, and UNIDO.

**Project Development Objective**

Help create the key building block necessary to develop the Iraqi private and financial sector

**Outputs, Key Activities and Procurement**

<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Telecommunications network constructed</li> <li>• Payment system developed</li> <li>• Industrial estates master plan created</li> <li>• Capacity for private sector development (Exports/Investment Promotion) developed</li> </ul>
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<b>Activities</b>	<ul style="list-style-type: none"> <li>• Construction of telecommunications network</li> <li>• Development of payment network</li> <li>• Preparation of industrial estates master plan</li> <li>• Private Sector Capacity Building activities</li> </ul>
<b>Procurement</b>	<b>Goods and civil works:</b> US\$52.3 million <b>Consulting services:</b> US\$12.2 million <b>Operating costs:</b> US\$ 0.5 million

### Financial Data

<b>Funds Committed</b>	US\$58.5 million	<b>% approved</b>	90
<b>Funds Disbursed</b>	US\$52.3 million	<b>% approved</b>	80
<b>Forecast Closing Date</b>	March 2010	<b>Delay (months)</b>	12

### Progress against indicators

Export Promotion Agency, Economic Development Fund capacity strengthened.	Capacity-building with the Economic Development Fund (EDF) strengthened EDF to enable it to resume lending to SMEs. Capacity building with the Export Promotion Agency has been limited by the unavailability of some Ministry of Trade staff.	<b>% of planned</b>	100
100 private enterprises develop export plans and/or feasibility studies for new funding from financial institutions	77 feasibility studies and 51 export plans have been completed, exceeding the 75 feasibility studies and 50 export plans agreed during contract modification.		100
Central Bank of Iraq connected with Government-owned banks and the headquarters of private banks with high capacity and reliable communications infrastructure	The inter-banking network has been installed and commissioned at 29 sites. The network has been tested and applications for payment, real-time gross settlement, and check-enabled systems are being launched.		100
Rehabilitation and upgrading of 56 national background microwave routes.	The microwave network has been installed and commissioned at 56 sites in the northern, southern and western regions, and 11 towers in the three regions have been set-up. All three routes have been tested.		100

### **Qualitative Assessment of Project Performance**

The feasibility studies and development plans for Basra and Erbil Industrial Zones are on schedule. Inception reports, assessment market analysis, institutional and legal reports have been delivered.

The Iraq Inter-Banking Network (IIBN) and Microwave Network (MWN) are now fully operational. All equipment has been installed and tested in 35 sites of IIBN and in 56 sites of MWN. All towers have been built on 12 sites of the MWN. Training has been provided to the CBI and ITPC. The contractor for IIBN is now doing operations and management of IIBN for a period of six months, as per the contract. The FMA is reviewing the work done under IIBN and MWN, including towers for MWN. Final payments to contractors and items dealing with financial management are ongoing.

### **Major Implementation Obstacles**

The PSD component was affected by the lack of participation of the Export Promotion Fund, which delayed completion of this contract by three months, to end-June 2009.