

World Bank Iraq Trust Fund
Water Supply, Sanitation and Urban Reconstruction Project (TF054455/P087910)
October 2011

Project Summary Sheet

Title	Water Supply, Sanitation and Urban Reconstruction Project				
Implementing Agency	Ministry of Municipalities and Public Works (MMPW)				
Location	<i>Water Supply / Sanitation</i> <ul style="list-style-type: none"> • Arbil, Majar, Kena'an, Beiji, Al-Hussainia, Al Muthanna and Karbala <i>Urban Reconstruction</i> <ul style="list-style-type: none"> • Arbil 				
Sector code (OECD DAC)	<i>14020</i> Water supply and sanitation (large systems) <i>43030</i> Urban development and management				
Compact Priority	4.4.1.5.2 Undertake specific measures to ensure universal access to services (water / sanitation)				
Project Cost	US\$110 million				
Duration	84 months				
Approval Date	December 2004	Effective Date	December 2004	Closing Date	December 2011
Project Description	The Project aims to upgrade and rehabilitate basic water supply and sanitation services in 7 cities, and conduct urban reconstruction in the poorest areas of Arbil city, choosing subprojects that will have high impact. The Project will strengthen Iraq's capacity to manage large-scale reconstruction projects.				
Beneficiaries	The rehabilitation financed under the Project will bring significant health and welfare benefits to approximately 1 million people in five municipalities. The resulting improvement in water supply and sanitation services will also help reduce the incidence of waterborne diseases, which are a major contributor to infant and child mortality.				
Near Term Employment Creation	The Project will create vitally-needed short-term employment; civil works will be conducted by local firms, creating an estimated 3,000 short-term construction sector jobs.				

Strategic Context and Donor Coordination

The Joint UN-World Bank Needs Assessment estimated total needs for rehabilitation and reconstruction of water supply and sanitation facilities to be about US\$6.8 billion. The World Bank worked closely with the MMPW to identify project components, which were coordinated with the work of the US, DFID (in the south), and UN agencies (in the north). World Bank-administered financing is implemented by the MMPW to help ensure Iraqi ownership and build Iraqi institutional capacity. The World Bank's interventions are carefully designed for sustainability (e.g. new water treatment units are accompanied when necessary by distribution network rehabilitation). The World Bank meets regularly with other major donors, and collaborates closely with the Japan Bank for International Cooperation, including launching joint missions, to identify joint and complementary financing opportunities for future projects.

Project Development Objective

Restore basic water supply, sanitation and urban services for urban areas outside Baghdad through:

- the reconstruction and rehabilitation of existing facilities; and
- support to capacity building through training and technical assistance

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Priority water networks and treatment facilities rehabilitated • Urban infrastructure rehabilitated • Increased capacity of MMPW to manage rehabilitation works • 20 million cubic meters (MCM) per year of additional water made available to approximately 1 million people
Activities	<ul style="list-style-type: none"> • Rehabilitation and upgrade of sewerage systems in Saif Saad area of the City of Karbala • Rehabilitation and upgrade of water supply systems in Majar, Beiji, Kena'an, Al Samawa, Al-Hussainia, and Badawa-Arbil • Urban rehabilitation works in Badawa-Arbil • Capacity building activities
Procurement	<p>Civil Works: US\$ 97.1 million</p> <p>Goods: US\$ 0.2 million</p> <p>Consulting Services: US\$ 8.7 million</p> <p>Operating Costs: US\$ 1.5 million</p> <p>Unallocated: US\$ 2.5 million</p>

Financial Data

Funds Committed	US\$101.6 million	% approved	92
Funds Disbursed	US\$82.5 million	% approved	75
Forecast Closing Date	December 2011	Delay (months)	7

Progress against Indicators

Increase in the quantity of water produced in the project cities (million cubic meter of treated water per day)	48,800 cubic meter per day produced from Al Majar and Al Muthanna by 2010	% of planned	N/A
Improvement in the % of water samples meeting the WHO biological and chemical standards in the areas affected by the Project	The produced water in Al Majar and Al Muthanna meet WHO standards		N/A
Rehabilitation and upgrade of sewerage systems in Saif Saad area of the City of Karbala	In progress, most of the sewers pipes have been laid, pumps are expected to be completed by the end of 2011		81
Rehabilitation and upgrade of water supply systems in Majar	Completed and providing 18,000 people with clean water		100
Rehabilitation and upgrade of water supply systems in Beiji	The contract has been signed and the works are ongoing		24
Rehabilitation and upgrade of water supply systems in Kena'an, changed to Supply of Water tankers and chlorine system for Diyala Governorate	Bidding process has been cancelled due to depletion of water resource, and lack of alternative water resource. Request of Government to transfer into a goods contract aimed at improving the reliability of water supply services in Diyala Governorate		
Rehabilitation and upgrade of water supply systems in Al Muthanna	Completed and providing more than 364,000 people with clean water		100

Rehabilitation and upgrade of water supply systems in Al-Hussainia	Package I stands at 50%, and Package III completed		45
Rehabilitation and upgrade of water supply systems and Urban rehabilitation works in Badawa-Arbil	100% of the concrete and asphalt roads completed. Water supply systems completed. The ground tank will is currently under review as to how best to rehabilitate in view of leaks in the tank. Rehabilitation of the tank can only be implemented after independent review on leaks has been completed by January 2012. The water supply system is currently supplied from groundwater wells in the area.		100
Time for procurement of works and services reduced	Training for more than 70 MMPW staff on procurement, financial management, environmental and safeguard in addition to training on Administration and Contract management is complete.		70

Qualitative Assessment of Project Performance

Progress of implementation is slow and continues to experience delays for different reasons, such as the, religious holidays, security issues, weather, and unsatisfactory management of the contractors, etc.

The rehabilitation and upgrading of Karbala Water Supply and Sewerage System is about 80% complete (Component 1). With regard to the Upgrading of Water Supply in Beji (Component 3) the contract has been awarded and the percentage of work progress is about 24%, while the PMT is working on the bidding documents for the goods components still dependent on the World Bank's no objection to a reallocation of grant proceeds (Component 4). The upgrading of the Al-Hussainiya Water Supply System. Package I is in progress but with serious delays; package III was completed in June 2010 and is operational. Package II is being implemented using GOI funds (Component 5). Remaining works under the urban rehabilitation and upgrading of the Badawa Water Supply System, including water systems and storm water, roads and concrete pavements, were completed in September 2010, and are currently operational (with bypassing the tanks due to the leaks in the groundwater tank) (Component 7). Component 2 (Majar) and Component 6 (Al-Muthanna) are completed and operational.

Major Implementation Obstacles

The pace of implementation is slow. The slow progress is mostly, though not exclusively, linked to the delays in payments to the contractors. There is a large gap between physical and financial progress in the on-going projects. This gap is alarming because if contractors do not get paid once works are completed the delays in payment result in significant cash flow problems for contractors that subsequently result in serious implementation delays. These implementation delays are resulting in (i) high cost in the form of increased costs for contract supervision, and (ii) delays in providing the population with water and the resulting extra coping costs for the population. In addition, the lack of a regular cash flow increases the costs of future water projects as contractors will increase prices significantly to cope with the high financial risks associated with implementing projects for the MMPW.

It is important hence that the PMT is paying contractors after work is delivered to ensure that the contractor can finance the next step in implementation.