

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

Report No.: AB1150

Project Name	Iraq - Emergency Environmental Management Project
Region	MIDDLE EAST AND NORTH AFRICA
Sector	Solid waste management (100%)
Project ID	P092481
Borrower(s)	GOVERNMENT OF IRAQ
Implementing Agency	Ministry of Environment
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)
Date PID Prepared	November 2, 2004
Estimated Date of (*) Appraisal Authorization	June 13, 2005
Estimated Date Approval (*)	October 17, 2005

(*) the project can be delivered earlier in case the financing sources are identified and committed at the earliest

1. Key development issues and rationale for Bank involvement

According to the 1997 census, the population of Iraq then reached 22.3 million. It is reported to be now in the vicinity of 27 million. The population density varies between 51 p/km² in the desert western provinces and 170 inhabitants/km² in the central province of Babil. Seventy five percent of the population lives in urban centers. Average population growth varied from 3.6% in the period 1980-1990 to 2.8% in 2002. In the same year, infant mortality was estimated at 57.6 deaths/1000 live births with a life expectancy at birth of 67.4 years. Health problems faced by the Iraqi population include malnutrition, nutritional anemia, deficiencies of vitamin A and iodine, malaria, acute respiratory infections, leishmaniasis, and measles.

Over the last decade, urban expansion has been tremendous in particular in Baghdad and Basra corresponding to dramatic rural-urban migrations. Although the unemployment rate remains high, i.e. in the 28% to 50% range, the overall Iraqi economy appears to be recovering from its condition just after the war. For 2004, Iraqi real GDP growth is forecast to reach 39.7%, following a 21.2% decline in 2003.

Iraq's reconstruction is a daunting task and it has been estimated (WB Interim Strategy Note for Iraq) that over the period 2004-2008 about US\$55 billion will be needed for reconstruction and development of Iraq. In October 2003, a donor's conference held in Madrid resulted in pledges of US\$32 billion for the International Reconstruction Facility Fund for Iraq (IRFFI). This facility was then split into two trust funds; the World Bank Iraq Trust Fund (ITF) and the U.N. Iraq Trust Fund. The WB ITF is aiming at emphasizing Iraqi ownership and building Iraqi institutional Capacity. The WB ITF has received up to now about US\$420 million for the implementation of emergency reconstruction projects to be implemented under the requirements of the World Bank Emergency Reconstruction Policy (O.P. 8.50).

Poor water supply and sanitation and declining water quality are severely impacting the health of the Iraqi people. Although recent statistics for the north of Iraq show a slight improvement in the number of cases of typhoid, cholera and malaria, the situation remains critical in the center and south of the country. It has been estimated that 5 million people (19% of the population) are at risk from lack of access to safe water and sanitation. Water quality is deteriorating southward along the Tigris and Euphrates rivers due to discharge of industrial

effluents, untreated sewage water, agricultural run-off. A number of Tigris tributaries (such as the river Diyala) regularly face anaerobic conditions due to overload of organic material discharges from untreated municipal and industrial effluents. Morbidity rates among children under five are very high, with acute respiratory tract infections and diarrhea disease representing over 70% of deaths.

Emissions of air pollutants from a rather obsolete fleet of automobiles and trucks, heavy traffic in urban areas as well as from heavy industries (mainly metallurgical, petrochemical and refineries and cement plants) are the main cause of air pollution. Open burning of solid waste and emissions from smelters are also reported as having a significant impact on air quality. In the past, the burning of oil wells, pipelines and trenches has caused episodes of serious air pollution over vast areas.

Untreated hazardous and municipal waste have accumulated as a result of the civil unrest and no appropriate sanitary landfills exist for their safe disposal. Industries in Iraq emit hazardous waste and the sunken ships in the Shatt El Arab and in adjacent Gulf area are major sources of hazardous waste, which have not been assessed yet. Hazardous waste, agricultural and hospital waste are also mixed with municipal waste in open dumps and no appropriate disposal facilities are available, resulting in open burning as mentioned above. Hazardous waste is considered a critical issue that has to be addressed as a priority by the Iraqi authorities.

Destruction and deterioration of key ecosystems and habitats, including waterways, forests and marshlands is widespread. For example, the massive drainage of marshlands in southern Iraq, combined with expanded water use and dam building upstream has resulted in the loss of almost 90% of the wetland marshes. The diverse land cover of the marshes has been lost over extensive areas (97% and 94% of the central and Al Hammar marshes respectively) and replaced by bare land and salt crusts. The water-filtering role of the marshes has largely ceased and the remaining drainage canals, waterways and creeks carry water, laden with silt and polluted by industrial effluents, municipal wastewater and agriculture run-offs, directly through the Shatt-al-Arab to the Northern Gulf. The drying up of the Marshlands has also triggered micro-climatic change in the Shatt El Arab area. The major causes of land degradation are poor irrigation drainage due to salinity, poor rangeland management, overgrazing and accelerating soil erosion. These natural ecosystems provide important economic and social (agricultural, fisheries, and water supply) benefits and it is urgent as a first step that they be identified and mapped, to ensure that current and forthcoming development options do not undermine the flow of critical goods and services from these systems.

Institutional and legal capacity in general and in the environmental protection area in particular is still weak. Iraq's Environment Ministry was established shortly after the fall of the previous regime. Its staff is currently about 1100 including staff at the regional level, and would need substantial technical support to be able to confront the major environmental issues facing the country. The environmental laws and regulations previously in force are obsolete and inadequate. Environmental laboratories were destroyed during the war, and monitoring and enforcement are quasi inexistent. The establishment of a strong environmental management capacity is an unquestionable necessity in view of the on-going large and complex reconstruction efforts, which are likely to adversely affect the environment in its human, physical and biological dimensions. It is also important that institutional arrangements and capacity be put in place to prepare and assist the country to sign and ratify key international conventions, including UN Framework of Climate Change Convention, Convention for Biological Diversity and RAMSAR.

The Interim Government has expressed through the National Development Strategy (Ministerial Committee on the National Development Strategy – September 2004) its intention to take action

to reduce pollution, and also promote resource and waste management, promote clean technologies, educate entrepreneurs and the public about resource conservation. Already the ministry of environment is preparing, with the assistance from the World Bank, an interim environmental strategy, which will be completed by January 2005, focusing on the major environmental issues facing the country. As the Interim Government recognizes the need for administrative reforms, with budgetary and financial discipline, it also intends to strengthen the appropriate management structures for the environment at both the national and provincial levels. Traditional non-formal institutions constitute potential development agents who could possibly participate to environmental management efforts at the local level.

As part of the reconstruction process, many donors and financiers have either provided or committed to provide assistance for improving the environmental management capabilities of Iraq. Most of the assistance in the environmental field has been in the restoration of the Marshlands. However the United States, Japan and Italy are also interested in providing technical support and laboratories to reinforce the MOE. More recently UNEP has obtained US\$4.7million in order to implement an assistance program to the Ministry of Environment of Iraq that aims at reinforcing institutional and regulatory framework and build capacity through specific training in particular in the area of pollution control and monitoring.

The proposed IEEMP is consistent with the World Bank's Interim Strategy for Iraq. The interim strategy supports Iraq's sector reform agenda on environment, water and wastewater management, energy, agriculture and drainage and education sectors. IEEMP is consistent with the three pillars of the strategy (capacity building, emergency response to kick-start the economy and provide the basis for Iraq's medium term reconstruction through policy advice and analytical work). IEEMP will benefit from the results of the on-going the Country Environmental Assessment work and the Shatt El Arab GEF project). IEEMP will support and complement other emergency projects under design and implementation in the water, wastewater, community infrastructures, education, and health sectors; all of which rely on an enhanced capacity for sustainable environmental management. Moreover, in the absence of the proposed intervention, designing and implementing investment projects given the current weak legal and institutional framework, and in the absence of monitoring and enforcement mechanisms could constitute a reputational risk for the World Bank, for the donor's community as well as for the Iraq Government.

Iraq's serious environmental issues cannot be resolved unless the policy and institutional failures are addressed first, and proper environmental approaches are introduced. The main shortcomings are related to the absence of clear government environmental policies, weak legal and institutional frameworks, lack of public awareness, and inadequate technical knowledge. Therefore, Iraq's Government can only strengthen its environmental functions if a major capacity building and training program takes place, particularly within environmental institutions, sector ministries and local governments. IEEMP would address these environmental fundamentals in its first component by building a four-pronged approach focusing on institutions, investments, incentives, and information. These four essential functions will then be operationalized through selected emergency community-based environmental improvement sub-projects.

Moreover, the Bank's intervention will be crucial in helping optimize and coordinate the various donors' initiatives in the environment protection.

2. Proposed objective(s)

The purpose of this Project is to: **(a) strengthen Iraq’s environmental protection framework and management capabilities, (b) contribute to environmental improvements through the financing of pollution abatement activities at the local level.**

The development objective stated above corresponds to the two following targeted outcomes; **A) *The overall environmental management capacity of Iraq is improved through the strengthening of the institutional, legal and technical framework with regards to environmental protection;* B) *The environmental conditions in a number of local hot-spots are improved through the financing of emergency environmental recovery sub-projects to be initiated and implemented locally.***

3. Preliminary description

The Institutional, Legal and Technical Component (estimated cost ~ **US\$ 10 million**) will consist of the following five sub-components.

- ∞ Result/Output 1.1 "Policy making and strategic planning capabilities are in place"
- ∞ Result/Output 1.2 "An improved institutional and legal framework is effective"
- ∞ Result/Output 1.3 "An effective air-quality and water-quality monitoring system is put in place"
- ∞ Result/Output 1.4 "Key “hotspot” ecosystems and habitats identified, mapped and appropriate management framework options explored"
- ∞ Result/Output 1.5 "A results-based Monitoring and Evaluation system is in place"
- ∞ Result/Output 1.6 "A hazardous waste management system is designed"

The Environmental Improvement Component (estimated cost ~ **US\$ 15 million**) will consist of the identification and implementation of environmental investments at the local level. It will provide a financing mechanism, managed by the Ministry of Environment, which will finance environmental improvement projects at the local level on the basis of appropriate consultation with local stakeholders such as municipalities, traditional social structures, NGOs and Industrial companies and will include air quality improvement; solid waste management collection, industrial sites clean up and pollution abatement measures and natural resources protection. This component will include developing a participatory process to involve the local councils and NGOs in environmental functions, such as monitoring and evaluation, public participation in EIA, developing economic and financial instruments with a view to introduce them at the provincial or national scale after completion of the proposed project. Moreover, the project will ensure that sub-projects satisfy a set of eligibility requirements for the investment component, in particular a certain level of cost sharing as well as a minimum level of implementation capacity. This component will consist of the following three main sub-components:

- ∞ Result/Output 2.1 "Community-based environmental improvement projects (that target pollution and ecosystem degradation issues affecting the population health and livelihood) are implemented"
- ∞ Result/Output 2.2 "Pollution abatement projects with the industrial sector are implemented on a cost-sharing basis"
- ∞ Result/Output 2.3 "Communication and awareness campaigns are carried out"

4. Safeguard policies that might apply

The project being will be prepared under the emergency recovery assistance Policy 8.50. It will be subjected to the overall conditions and requirements set forth in the Environmental and Social Screening and Assessment Framework (ESSAF) developed as the ad’hoc framework for environmental and social safeguards in Iraq, compliant with the Safeguards Policies of the World Bank. As all emergency projects currently implemented in Iraq under ESSAF, the IEEMP is considered environmental category B according to the World Bank Environmental Assessment Policy O.P. 4.01.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	--
Special financing	25
BILATERAL AGENCIES (UNIDENTIFIED)	--
FOREIGN MULTILATERAL INSTITUTIONS (UNIDENTIFIED)	--
Total	25

6. Contact point

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