



INTERNATIONAL RECONSTRUCTION FUND FACILITY FOR IRAQ
WORLD BANK IRAQ TRUST FUND
REPORT TO DONORS



STATUS REPORT AS OF DECEMBER 31, 2009



ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities
ABP	Annual Business Planning
CBI	Central Bank of Iraq
CEM	Country Economic Memorandum
CPPR	Country Portfolio Performance Review
DFID	Department for International Development
DPL	Development Policy Loan
EC	European Commission
EITI	Extractive Industries Transparency Initiative
FMA	Fiduciary Monitoring Agent
G7	Group of Seven Industrialized Countries
GDP	Gross Domestic Product
GOI	Government of Iraq
IBRD	International Bank for Reconstruction and Development
ICI	International Compact for Iraq
IDA	International Development Association
IFC	International Finance Corporation
IHSES	Iraq Household Socio-Economic Survey
IMF	International Monetary Fund
IRFFI	International Reconstruction Fund Facility for Iraq
ISN	Interim Strategy Note
ISRB	Iraqi Strategic Review Board
ITF	Iraq Trust Fund (World Bank)
JPOC	Joint Portfolio Oversight Committee
KRG	Kurdistan Regional Government
MDTF	Multi-Donor Trust Fund
MOE	Ministry of Education
MOEI	Ministry of Electricity
MOF	Ministry of Finance
MOH	Ministry of Health
MMPW	Ministry of Municipalities and Public Works
MOPDC	Ministry of Planning and Development Cooperation
NDS	National Development Strategy
NGO	Non-Governmental Organization
PEIA	Public Expenditure and Institutional Assessment
PER	Public Expenditure Review
PFM	Public Financial Management

PMT	Project Management Team
PPP	Public Private Partnerships
PRS	Poverty Reduction Strategy
PSD	Private Sector Development
SME	Small Medium Enterprise
TA	Technical Assistance
UN	United Nations
UNDG	United Nations Development Group
UNDP	United Nations Development Program

THE WORLD BANK IRAQ TRUST FUND

Report to Donors

As of December 31, 2009

Table of Contents

Preface.....	iv
A. World Bank Relations with Iraq	6
B. Strategic Role of the World Bank in Iraq.....	6
C. World Bank Analytic and Advisory Activities in Iraq	7
D. World Bank Operations in Iraq	8
E. Project Implementation Challenges and Responses	9
F. World Bank Presence in Iraq	10
G. Status of the World Bank Iraq Trust Fund.....	11
H. Amendments to the Legal Agreements	17
I. Portfolio Implementation Highlights	17
J. Results and Impact of ITF Projects	19
K. Information Dissemination	19
Box 1: Fiduciary Oversight of World Bank Projects	9
Box 2: Selected Outcomes of the ITF Program in Iraq.....	19
Annex 1: IRFFI: Background and Current Context.....	20
Annex 2: Project Status Sheets	25
Annex 3: Map of ITF Iraqi-Implemented Projects by Governorate	72

PREFACE

The World Bank, as Administrator of the World Bank Iraq Trust Fund, has agreed to furnish to the contributing donors, on an annual basis, a status report on contributions, disbursements, and the implementation progress of financed operations. The financial data included in this report, particularly in the Annexes, covers the period from January 1, 2009 through December 31, 2009, while the narrative has been brought up to date, covering until April 30, 2010, for the donors to have the latest information. A Progress Report was prepared for the IRFFI Donor Committee Meeting in November 2009.

A. WORLD BANK RELATIONS WITH IRAQ

1. Iraq was a founding member of the World Bank, and received six loans from the International Bank for Reconstruction and Development (IBRD) between 1950 and 1973 for agriculture, education, flood control, telecommunications, and transport. The last loan closed in 1979. The World Bank reengaged with Iraq in the summer of 2003 when it prepared a Needs Assessment together with the United Nations (UN). The UN-World Bank Joint Needs Assessment was the basis for the October 2003 International Conference on Iraq in Madrid.

2. The International Reconstruction Fund Facility for Iraq (IRFFI) was endorsed at the Madrid Conference in response to international requests to help donors channel their resources and coordinate their support for reconstruction and development activities in Iraq. In close consultation with Iraqi authorities and donors, the World Bank and UN created the structure, governance, and modalities of IRFFI. On January 29, 2004, the World Bank Board of Executive Directors approved that the World Bank act as Administrator of the World Bank Iraq Trust Fund (ITF). The ITF became effective upon receipt of the first deposit on March 30, 2004. A more detailed description of the establishment of IRFFI and the ITF is provided in Annex 1.

B. STRATEGIC ROLE OF THE WORLD BANK IN IRAQ

3. Every two to four years, the World Bank designs a strategic plan to guide its operations in a client country, in consultation with government authorities. The World Bank's current country strategy in Iraq is outlined in the Interim Strategy Note (ISN) FY09-11. This strategy was designed in close consultation with the Government of Iraq (GOI) and key development partners and focuses on: (i) supporting the ongoing reconstruction and socio-economic recovery; (ii) improving the management of public resources; and (iii) supporting policies and institutions that promote broad-based, private-sector-led growth.

4. Iraq is a well-endowed middle-income country in a fragile environment, and is heavily dependent on volatile oil revenues with oil export receipts making up around 98 percent of total export revenues. The fall in oil prices shifted Iraq's fiscal situation from having fiscal surpluses in 2007 and 2008 to facing a fiscal deficit of 23 percent of gross domestic product (GDP) in 2009. This situation underscores the need for Iraq to diversify its economic base and manage its resources more effectively. Iraq's main challenge is how to productively use its resources to rebuild its infrastructure, deliver basic services, and improve the welfare of its people. The main role for the World Bank is to help Iraq improve its capacity to use its resources more effectively and transparently, and to lay the ground for an increased role for the private sector to promote long-term growth and economic stability.

5. The World Bank has adapted to the changing economic and security situation in Iraq. Following reengagement, the World Bank focused on emergency reconstruction and recovery and technical assistance (TA) to help build Government capacity, financed through about US\$500 million from the Iraq Trust Fund (ITF) grants and an exceptional IDA allocation of US\$500 million. The World Bank's support is now shifting to a greater emphasis on policy advice in key areas that are crucial to setting the foundation for a well functioning government. Flexibility and partnership with Iraqi institutions are driving principles. This approach allowed the World Bank to rapidly respond to Iraq's fiscal deterioration in 2009 through a Development Policy Loan (DPL) to support reforms in public financial management, the financial sector and social protection. This work is underpinned by ITF capacity building projects and TA in each of these critical reform areas.

C. WORLD BANK ANALYTIC AND ADVISORY ACTIVITIES IN IRAQ

6. The World Bank aims to maximize its impact by creating synergy among the instruments it uses. Analytical and advisory activities (AAA) and financial assistance (investment and development policy operations) jointly support Iraq's development of more effective and accountable institutions, focusing on public sector governance, poverty and social safety nets, and growth and private sector development. World Bank AAA encompasses a broad range of products, including TA, capacity building, and economic and sector analyses. The World Bank also provides policy advice in a wide range of sectors including education, electricity, environment, health, transport, and water supply and sanitation.

7. A *Public Expenditure and Institutional Assessment (PEIA)* that the World Bank prepared in close collaboration with the GOI and with the participation of key donors recommended directing attention to several dimensions of public financial management (PFM), including (i) budget preparation; (ii) budget execution; (iii) financial reporting and accounting; and (iv) auditing and control. The GOI has since made considerable progress producing a PFM action plan, which forms the basis for the US\$18 million ITF-financed PFM Reform project approved in June 2009 and is one of the pillars for a US\$250 million IBRD-financed Development Policy Loan (DPL) approved in February 2010.

8. The *ITF-financed Household Survey and Policies for Poverty Reduction Project* supported a data collection phase that culminated with the publication of the *Iraq Household Socio-Economic Survey (IHSES) Tabulation Report* in December 2008. The analytic reports (based on IHSES data) produced in the second phase of the project were key in helping determine the priorities of the *Poverty Reduction Strategy (PRS)*, officially launched in January 2010.

9. The *Iraq Kurdistan Civil Service Reform Note* prepared by the World Bank in FY09 identified a set of reform priorities to support the Kurdistan Regional Government's (KRG's) efforts in developing a comprehensive public sector reform strategy. This AAA work was complemented through the ITF Capacity Building II Project which financed a workshop and linked study tour.

10. Ongoing analytical work includes a Policy Note on *Intergovernmental Fiscal Management in Iraq: Challenges and Options for a Petroleum Dependent Economy*. This policy note seeks to inform ongoing discussions pertaining to fiscal decentralization, bringing to bear technical considerations and international experience.

11. In FY11, work will begin on a *Public Expenditure Review (PER)*, to help inform public spending policy decisions by the GOI in light of ongoing fiscal adjustment, and a *Country Economic Memorandum (CEM)*, which will be a comprehensive report on Iraq's economic developments, prospects and policy agenda. A technical background paper on agriculture as a source of non-oil growth will feed into this analysis.

12. The World Bank will continue to support, through TA and advisory services, the *Extractive Industries Transparency Initiative (EITI)* to help the GOI's efforts to translate its natural resources into benefits for the Iraqi people.

13. In addition to the ongoing engagement on PFM, governance and macro-economic policy, the World Bank is focusing, in partnership with other donors, on supporting private sector development (PSD) through diagnostics and TA (including through the International Finance Corporation (IFC)) on an overarching PSD strategy, including small and medium enterprise (SME) development, trade facilitation, access to finance, public private partnerships (PPP) for infrastructure investment, and reform of the state-owned enterprise sector. This AAA work,

including a *Financial Sector Assessment* to be carried out in FY11, complements the ITF-funded projects on Banking Sector Reform and Private Sector Development.

D. WORLD BANK OPERATIONS IN IRAQ

14. The World Bank has approved US\$1,027.6 million for investment operations in Iraq—US\$518.6 million in ITF grants, US\$508.5 million in IDA credits, and a US\$250 million IBRD loan. These programs aim to help Iraq develop systems to manage public resources and deliver key services to the population, while establishing the building blocks for Iraq's longer term economic and social recovery.

15. Between 2005-2007, the World Bank approved five IDA credits, totaling US\$508.5 million, for the following projects:

- *Third Emergency Education Project*, US\$100 million (approved November, 2005) aims to assist the Ministry of Education (MOE) to reduce school overcrowding and strengthen its capacity to improve quality of teaching and curricula in 15 governorates.
- *Emergency Road Rehabilitation Project*, US\$135 million (approved June, 2006) finances the rehabilitation of highways and village access roads in Central, Southern and Northern Governorates of Iraq.
- *Dokan and Derbandikhan Emergency Hydropower Project*, US\$40 million (approved December, 2006) aims to upgrade electricity supply primarily in the Kurdistan region, but also nationally through its connection to the national grid.
- *Emergency Electricity Reconstruction Project*, US\$124 million (approved March, 2007) aims to restore the base load generating capacity of the Hartha power plant and build capacity at the Ministry of Electricity (MOEI).
- *Emergency Water Supply Project*, US\$109.5 million (approved June, 2008) aims to improve the quantity and quality of water in four high priority governorates through the rehabilitation and upgrade of the water supply systems, and engage the GOI to develop a sustainable water sector policy.

16. On February 25, 2010, the World Bank's Board of Executive Directors approved the first IBRD loan, a First Programmatic Fiscal Sustainability Development Policy Loan (US\$250 million) which aims to mitigate the impact of the current fiscal crisis on Iraq's economy and to support its medium-term economic reform program, thereby helping the country improve fiscal sustainability and reducing its fiscal and socio-economic vulnerability to sudden drops in oil revenues.

17. As of December 31, 2009, the ITF had financed 24 grants, including six TA projects implemented by the World Bank upon the request of the GOI, and 18 recipient-executed investment operations implemented by Iraqi agencies to help develop effective local institutions and ensure country ownership. Four of these grants have since closed - the First Capacity Building Project, the Textbook Provision Project, the Community Infrastructure Project, and the Marshlands School Construction Project. The current World Bank Iraq portfolio comprises 20 active operations, of which five are TA projects. The ITF portfolio is discussed in greater detail in Section G and in the individual project summaries in Annex 2.

18. Going forward, the World Bank will engage with the new Government through an Annual Business Planning (ABP) process to jointly determine each year's work program and borrowing priorities.

E. PROJECT IMPLEMENTATION CHALLENGES AND RESPONSES

19. Initiating a country program in Iraq presented an unusual challenge for the World Bank, since it had not been engaged in Iraq for the 25 years prior to the establishment of IRFFI. The World Bank's lack of experience in Iraq, combined with Iraq's isolation from the international community, the exodus of technical professionals from the GOI, and frequent GOI turnover, initially resulted in a slow pace of implementation, since ITF and Bank financed projects are implemented by Iraqi institutions.

20. While the security situation has improved significantly, conditions on the ground continue to: (i) hamper the mobility of project management team (PMT) and World Bank staff, consultants and contractors; (ii) discourage both local and international contractors from bidding on contracts; and (iii) increase project costs. Limited institutional capacity of line ministries (e.g., unclear lines of authority, inefficient review, approval, and oversight procedures) impedes project implementation, delaying decision-making, reporting, and follow-up. Despite these factors, since 2006, the pace of implementation has improved substantially.

21. World Bank implementation arrangements continue to utilize Iraq's own institutions to help build transparent and robust institutions over time. Dedicated ministry personnel constitute a PMT that is responsible for implementing the project, with the World Bank providing intensive training and support throughout implementation in project management, competitive and transparent procurement methods, and financial management procedures. The World Bank provides continuous assistance to PMT staff through daily contact, periodic workshops, joint supervision missions, and specialized local consultants. Thus, even after World Bank projects are completed and closed, the skills, experience, and systems acquired during project implementation are expected to remain within the Government institution.

22. ITF-funded operations are supervised in accordance with the World Bank's policies and procedures, and are subject to the same internal controls, operational and quality reviews, and procurement, financial management, and trust fund policies that apply to World Bank-financed projects. Box 1 outlines the basic fiduciary controls that apply to the ITF.

Box 1: Fiduciary Oversight of World Bank Projects

The ITF is subject to annual external audits. Audit reports for 2005, 2006, 2007, and 2008 which were unqualified, have been provided to donors together with management letters. The World Bank provides donors with unaudited financial statements each quarter through the Client Connection website.

Project funds, under Iraqi implementation, are also subject to audit. External audits of each Iraqi-executed project are contracted by the implementing agency and financed through the project funds. The World Bank monitors compliance with the audit requirement for each project.

All trust funds administered by the World Bank are subject to the single audit process. Each year, the project team leader must submit an annual Letter of Representation to confirm that trust fund disbursements have been made in accordance with the terms of trust fund agreements, and that effective internal controls have been maintained by the business unit responsible for the trust fund. This process provides support for the World Bank's senior management to issue a management assertion that funds entrusted to the World Bank are administered under an appropriate control framework.

23. Since the security situation still prevents World Bank and ministry staff from freely traveling to supervise project implementation, special measures continue to be in place to mitigate risks to the program in Iraq. Over the past year, Iraqi staff and consultants, backed by staff in

Amman, Beirut, and Washington, continued to monitor project progress and support the PMTs on a daily basis. Three to four supervision missions, involving World Bank and PMT project teams take place per year, generally being conducted at the Interim Office for Iraq in Amman. However, efforts are being made to increase the frequency of missions to Baghdad, taking into account effectiveness and efficiency considerations.

24. The World Bank has continued to rely on the Fiduciary Monitoring Agent (FMA) to help monitor the physical implementation of projects and the implementing agencies' compliance with procurement and financial management requirements. The FMA issues regular reports to the World Bank task team to ensure timely follow-up on any implementation concerns, as well as monthly reports (complete with digital photographs) on the physical progress of projects.

25. The World Bank conducted its fourth annual evaluation of the performance of the FMA in October 2009, as input to the consideration of the firm's contract renewal. Project task teams as well as procurement and financial management specialists who work on the Iraq program completed a questionnaire and provided a qualitative assessment of the FMA's performance during 2009. FMA performance was rated as generally satisfactory, particularly in terms of participation in supervision missions, responsiveness to specific requests for assistance, and improvements in reporting. Agreements made with regard to future improvements included: increasing the focus on results; monitoring weaknesses and reporting on remedial measures taken; enhancing job training and TA while monitoring PMT activities; adhering to the World Bank's new Post Review Procurement reporting format; and rotating FMA staff. In addition to the FMA team, World Bank task teams continue to utilize Iraqi consultants outside the International Zone, working from their homes and the ministries to help supervise project implementation, visiting project sites and supporting PMTs. Both the World Bank consultants and the FMA participated in the supervision missions held during the year.

26. Country Portfolio Performance Reviews (CPPRs) have been an effective tool to identify and address project implementation issues for ITF and World Bank-financed projects. At the last CPPR in May 2009, representatives of the Ministry of Finance (MOF), Ministry of Planning and Development Cooperation (MOPDC), and PMTs met with World Bank teams to identify project-specific and cross-cutting project implementation issues, and to reach agreement with Iraqi authorities on remedial actions. The next CPPR will take place after the new Government is in place.

27. One outcome of the last CPPR was the establishment of the Joint Portfolio Oversight Committee (JPOC) to strengthen GOI's oversight of the portfolio. Co-chaired by the Prime Minister's Advisory Board and the World Bank Country Manager, the JPOC has begun to play a key role in tackling protracted project implementation problems and management issues affecting ITF and World Bank-financed projects. Two JPOC meetings were held in 2009 which respectively focused on agreeing the Committee's terms of reference and addressing implementation constraints in four projects, including two ITF-financed projects (School Construction and Rehabilitation Project and Environmental Management Project).

F. WORLD BANK PRESENCE IN IRAQ

28. The World Bank tailors its physical presence to the evolving operational and security situation and has been strengthening its Baghdad Office to support the program. The Baghdad Office currently consists of eight staff, including the Country Manager, a Senior Public Sector Specialist, and a Private Sector Specialist (who is financed with Department for International Development (DFID) support). With these staff, the World Bank's Country Office has international staff covering each thematic area of the World Bank program: (i) to support on-

going reconstruction and socio-economic recovery; (ii) to improve governance and the management of public resources; and (iii) to promote broad-based, private-sector led growth.

29. The World Bank recruited a Security Advisor to manage the logistics and security to support an expected increase in visiting missions to Iraq. While focused meetings to discuss policy issues have been taking place more frequently in Iraq, the World Bank continues to rely on the Interim Office in Amman to provide a cost-effective and secure venue to hold intensive meetings and workshops that require large teams to work closely over several days, as is required for project appraisal, negotiations, and supervision missions.

30. In February 2010, a locally recruited Senior Operations Officer and an Operations Analyst from the World Bank headquarters office also joined the Baghdad Office to assist with overall portfolio implementation and the supervision of the Public Finance Management Project.

G. STATUS OF THE WORLD BANK IRAQ TRUST FUND

Donor Pledges, Commitments, and Deposits

31. There have been no changes in the donor contributions to the ITF since the Progress Report to Donors dated November 8, 2009 – 17 donors have deposited US\$494.4 million into the ITF. Table 1 shows the status of donor pledges, commitments, and deposits as of December 31, 2009. In Annex 1, Table 5 summarizes the donor deposits by sectoral preference, and Table 6 summarizes the sources and uses of funds by sector. Overall, the use of available resources is aligned with the sectoral preferences designated by donors.

**Table 1: Donor Pledges, Commitments and Deposits to ITF
December 31, 2009**

Donors	Pledges in Donor Currency ^{1/}		Pledges ^{1/}	Commitments ^{2/}	Deposits
	Currency	Amount (million)	(US\$ million)		
Australia	AUD	22.0	16.1	16.1	16.1
Canada	CAD	35.0	26.7	26.7	26.7
EC	EUR	143.0	179.3	179.8	179.7
Finland	EUR	2.0	2.6	2.6	2.6
Iceland	USD	1.0	1.0	1.0	1.0
India	USD	5.0	5.0	5.0	5.0
Japan	USD	130.6	130.6	130.6	130.6
Korea	USD	4.0	9.0	9.0	9.0
Kuwait	USD	5.0	5.0	5.0	5.0
Netherlands	EUR	5.0	6.2	6.2	6.2
Norway	NOK	45.0	6.7	6.7	6.7
Qatar	USD	5.0	5.0	5.0	2.5
Spain	USD	20.0	20.0	20.0	20.0
Sweden	SEK	40.0	5.8	5.8	5.8
Turkey	USD	1.0	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			496.4	496.9	494.4

^{1/} Includes pledges made at the 2003 Madrid Conference, plus additional contributions provided later.

^{2/} Commitments made in currencies other than US\$ are converted at the exchange rate as of the date of the administration agreement prior to their deposit into the fund, and is for indicative purposes only.

Financial Summary

32. Table 2 summarizes the sources and uses of the ITF funds as of end-December 2009. Overall, the ITF was valued at US\$573.1 million – US\$494.4 million in donor deposits plus US\$78.7 million of investment income. Of this total, US\$518.6 million had been committed through grant agreements with Iraqi agencies. US\$38.4 million were allocated to cover the projected costs for project preparation and supervision, trust fund management, and administration fees over the life of the ITF through December 31, 2013. US\$1.3 million were refunded to the European Commission (EC) due to unused fund balances from the First Capacity Building Project which closed in August 2004; this is described in more detail below. As of December 31, 2009, US\$14.8 million was available for any legitimate use of ITF funds.

Table 2: Sources and Uses of Funds
(US\$ Million)

December 31, 2009

Sources and Uses of Funds	Current Program	Receipts/ Expenditures
Sources of Funds		
Donor Deposits	494.4	494.4
Investment Income	78.7	78.7
Total Sources of Funds	573.1	573.1
Uses of Funds		
Project Financing		
Completed Projects		
Capacity Building I (Technical Assistance)	2.5	2.5
Textbook Provision	38.8	38.8
Community Infrastructure	19.0	19.0
Marshland Schools Supplemental Grant	5.2	5.2
Subtotal Completed Projects	65.5	65.5
Active Projects		
Capacity Building II (Technical Assistance)	7.0	6.1
School Rehabilitation & Construction	60.0	38.1
Health Rehabilitation	25.0	20.1
Disabilities	16.8	10.6
Regional Health Emergency Response	8.7	2.9
Water Supply, Sanitation & Urban Reconstruction	110.0	53.8
Baghdad Water Supply	65.0	33.8
Community Infrastructure Supplemental Grant	26.0	8.4
Private Sector Development	65.0	52.3
Electricity Reconstruction	6.0	0.5
Household Survey & Policies for Poverty Reduction	5.5	5.5
Household Survey & Policies (Technical Assistance)	3.6	3.4
Social Protection	8.0	3.6
Environmental Management	5.0	1.6
Banking Sector Reform	10.0	0.1
Public Finance Management	16.0	
Public Finance Management (Technical Assistance)	2.0	
Inst'l. Strengthening & Cap. Bldg. for the Education Sector (Technical Assistance)	2.7	
Pension Reform Implementation Support (Technical Assistance)	5.8	
Integrated National Energy Strategy	5.0	
Subtotal Active Projects	453.1	240.7
Total Portfolio	518.6	306.2
Total Project Financing	518.6	306.2
Cost Recovery ^{1/}		
Project Appraisal and Supervision	33.3	20.4
Trust Fund Management and Administration	5.1	3.5
Total Cost Recovery	38.4	23.9
Refund ^{2/}	1.3	1.3
Total Use of Funds	558.3	331.3
Available Resources	14.8	241.8

^{1/}Includes projected requirements for project appraisal & supervision of the current portfolio, FMA, trust fund management and administration fees over the life of the ITF (through December 31, 2013).

^{2/}Refund to the EC-RRM on June 28, 2009 for unused fund balances from the Capacity Building I activity (a 6-month activity) which was completed and closed in August 2004.

33. As of December 31, 2009, the ITF had financed 24 grants valued at US\$518.6 million, exceeding donor contributions by US\$24.2 million and committing 105% of donor deposits to projects. Investment income provided the incremental funding needed to finance additional project grants.

34. Four out of 24 ITF-financed grants have been successfully completed. The First Capacity Building Project (US\$2.5 million) which closed in August 2004 financed various workshops and training for Iraqi authorities to enable them to define, prioritize and implement international programs of support and to play a leading role in the reconstruction process. The Textbook Provision Project (US\$38.8 million) which closed in December 2006 exceeded its development objective of providing urgently needed textbooks to keep schools open and to improve learning conditions in schools by delivering 82 million textbooks against a target of 69 million. The Community Infrastructure Project (US\$19 million) which closed in December 2008 financed 22 subprojects which improved 89,000 hectares of irrigated land, benefitted over 150,000 farmers, and created over 172,000 days of employment. The Marshlands School Construction Project (US\$5.2 million) which closed in June 2009 financed the construction of 30 new small schools in the Southern Marshlands area of Iraq.

35. The current portfolio comprises 20 active projects, valued at US\$453.1 million, five of which are World Bank-executed TA projects (totaling US\$21.1 million) and 15 recipient-executed operations (amounting to US\$432 million).

36. The ITF finances the World Bank's costs in appraising and supervising projects, and administering the trust fund. The World Bank recovers these costs through two mechanisms:

- An administrative fee is charged to offset the costs of the services provided by the central units of the World Bank (e.g., trust fund operations, accounting, legal, and loan departments). The fee is 0.4% for World Bank-executed projects and 0.2% for the Iraqi-implemented projects, and is charged at the time the individual trust fund project is setup.
- The actual costs for World Bank staff and consultants who carry out project preparation, appraisal, negotiation, and supervision as well as the cost of ITF management are charged directly to the trust fund. The actual costs of the annual external audit are also charged to the trust fund.

37. In 2009, the World Bank refunded to the EC US\$1.3 million in connection with the First Capacity Building Project. In 2004, the ITF received an exceptional allocation of US\$3.6 million from the EC's Crisis Response and Peace Building fund to finance a six-month capacity building program designed to enable Iraqi officials to undertake project design and management functions. US\$2.5 million were disbursed within the maximum 6-month period, and the project closed in August 2004. In June 2009, the World Bank refunded to the EC US\$1.3 million, comprised of US\$1.1 million of undisbursed funds plus earnings of US\$0.2 from investment income and travel rebates.

38. As of December 31, 2009, US\$14.8 million earned from investment income is available from the ITF for project financing. The following four projects have been identified to receive additional financing: Household Survey and Policies for Poverty Reduction (US\$3 million), Capacity Building II (US\$2 million), Regional Emergency Health Response Project (US\$4.5 million), and Integrated National Energy Strategy Technical Assistance (US\$1.9 million). In addition, US\$3 million will finance a new Food Safety Net/Public Distribution System Technical Assistance project.

Disbursement Progress

39. As of December 31, 2009, total trust fund disbursements – actual payments made from the trust fund – stood at US\$331.3 million, of which US\$306.2 million were total disbursements directly related to project expenditures implemented by Iraqi agencies and the World Bank (accounting for 92% of total trust fund disbursements). Project expenditures for the Iraqi-implemented grants totaled US\$294.2 million, representing 96% of project expenditures and 89% of total trust fund disbursements. Disbursements for the six World Bank-executed capacity building projects (one of which is completed and closed) totaled about US\$12.0 million.

40. Commitments (the value of signed contracts) and disbursements (actual expenditures for goods, services, etc.) continue to increase. Between December 2008 and December 2009, project commitments increased by US\$51.7 million, and project disbursements by US\$88 million. As of December 31, 2009, commitments totaled US\$404.6 million (about 82 percent of the grant amounts), and disbursements totaled US\$294.2 million (about 59 percent of the grant amounts). Table 3 presents the value of grant financing tendered or procured, committed, and disbursed over time, which is graphically depicted in Figure 1.

41. As of December 31, 2009, actual expenditures for project preparation, appraisal and supervision totaled US\$20.4 million. Total costs for management of the trust fund, administration fees, and external audits were about US\$3.5 million. Projections indicate that cost recovery charges for project preparation, appraisal and supervision, trust fund administration and fees over the life of the ITF will total about US\$38.4 million, or less than 7% of the value of the fund.

Status of Contracting

42. While trust fund disbursements provide a lag indicator of project progress, the status of contracting represents a measure of future progress. As of December 31, 2009, 85% of ITF grant monies have been tendered or contracted (US\$418.6 million), and the value of funds committed (signed contracts and cumulative operating expenditures) totals about US\$404.6 million, 82% of the value of the grant funding. Table 4 shows the status of contracting by project as of December 31, 2009.

Table 3: Procurement and Disbursement Progress Over Time

US\$ Million
December 31, 2009

	Dec-04	Jun-05	Dec-05	Jun-06	Dec-06	Jun-07	Dec-07	Jun-08	Dec-08	Jun-09	Dec-09	Current
Granted	355.0	355.0	374.5	374.5	398.6	424.6	424.6	458.5	468.5	490.8	495.0	495.0
Tendered	22.2	68.1	121.0	193.2	278.2	316.8	319.6	382.0	400.9	408.8	418.6	418.6
Committed	16.5	37.6	65.0	133.2	170.3	231.7	273.7	310.2	352.6	366.6	404.6	404.6
Disbursed	5.5	19.2	37.4	51.4	69.9	88.5	115.8	149.0	206.5	248.7	294.2	294.2

Figure 1: Procurement and Disbursement Progress

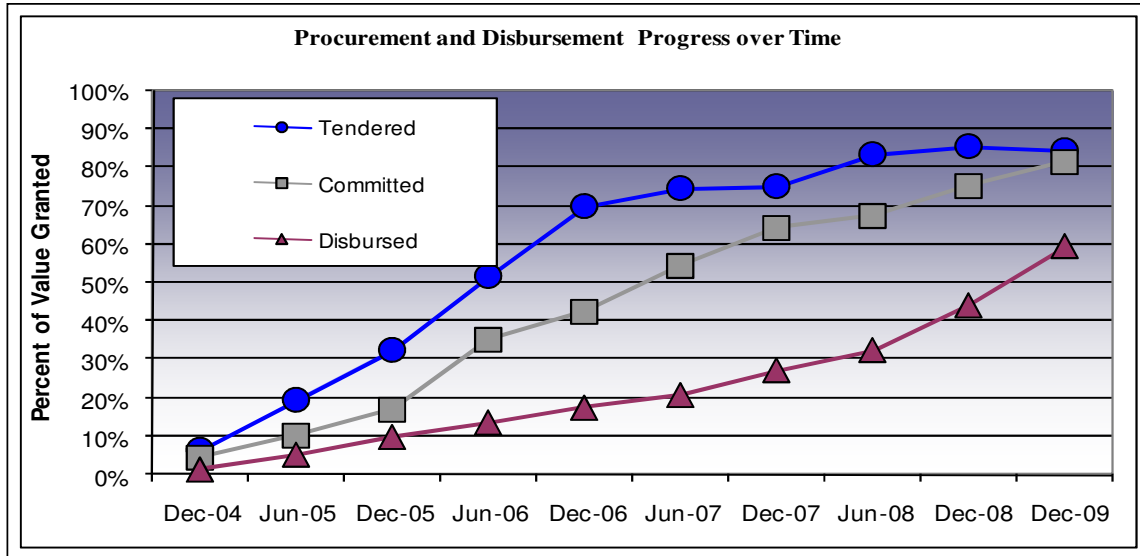


Table 4: Status of Grant Commitments for Iraqi-Executed Projects
(US\$ Million)
December 31, 2009

Recipient-Executed Project	Total Grant Amount	Amount Under Procurement or Already Committed ^{1/}	Amount Committed ^{2/}	Disbursements
Textbook Provision (closed)	38.8	38.8	38.8	38.8
School Construction & Rehabilitation	60.0	54.0	51.3	38.1
Baghdad Water Supply & Sanitation	65.0	62.7	62.0	33.8
Health Rehabilitation	25.0	24.8	22.7	20.1
Private Sector Development	65.0	58.8	58.5	52.3
Water Supply, Sanitation, Urban Reconstr.	110.0	93.4	93.4	53.8
Community Infrastructure (closed)	19.0	19.0	19.0	19.0
Disabilities	16.8	16.1	16.2	10.6
Social Protection	8.0	5.7	5.1	3.6
Household Survey & Policies	5.5	5.2	5.3	5.5
Marshlands School Supp. Grant (closed)	5.2	5.6	5.2	5.2
Environmental Management	5.0	3.4	3.2	1.6
Electricity Reconstruction	6.0	3.2	3.2	0.5
Community Infrastructure Supplemental Grant	26.0	21.3	18.9	8.4
Regional Health Emergency Response	8.7	2.6	1.8	2.9
Banking Sector Reform	10.0	3.9	0.2	0.1
Public Finance Management	16.0	0.0	0.0	0.0
Integrated National Energy Strategy	5.0	0.0	0.0	0.0
Total	495.0	418.6	404.6	294.2
As % of Grant Amount		85%	82%	59%

^{1/} Value of grant for which procurement is underway (e.g. tenders or Requests for Proposals have been issued), as reported by the FMA.

^{2/} The value of signed contracts plus amounts already disbursed as operating costs, as reported by the FMA.

H. AMENDMENTS TO THE LEGAL AGREEMENTS

43. The World Bank has finalized amendments to the legal agreements for each of the 17 donors to the ITF to formalize the revisions to the IRFFI Terms of Reference that were adopted at the Seventh IRFFI Donor Committee Meeting in Bari and to implement the decisions taken at the Eighth IRFFI Donor Committee Meeting in Naples. The amendments align each donor's administration agreement with the revised IRFFI Terms of Reference and change the termination date of the ITF to December 31, 2013. Projects must be completed and funds disbursed by the termination date. The World Bank will thereafter close the trust fund and return any remaining funds, including investment income earned, to the contributing donors on a pro-rata basis. The amended administration agreements became effective on May 26, 2009, the date on which the 17th donor signed its agreement.

I. PORTFOLIO IMPLEMENTATION HIGHLIGHTS

44. **The Banking Sector Reform Project (US\$10 million); effective April 17, 2009.** Progress on the institutional and operational restructuring of the two state-owned banks, Rafidain and Rasheed continued apace, with pay-for-performance systems now in place in both banks and the Core Banking System currently operational in Rafidain Bank and expected to be completed by the end of 2009 in Rasheed Bank. A number of the prudential regulations (e.g. on licensing, capital adequacy, credit risk, large exposures, and liquidity) have been prepared by the Central Bank of Iraq (CBI). In July 2009, an Iraqi delegation led by the Deputy Governor of CBI, participated in a field visit to the state-owned Egyptian Banking Institute and the Central Bank of Egypt, which have implemented similar institutional, operational and financial restructuring programs. A supervision mission in December 2009 ascertained good progress against the indicators of the project Results Framework.

45. **The Public Finance Management Project (US\$18 million); effective July 20, 2009.** Procurement is underway for three components (Public Sector Procurement, Budget Formulation and Implementation, and Budget Execution and Implementation). The World Bank is also assisting the MOF with emergency procurement of key equipment to enable the Ministry to return to normal functioning in the wake of damages caused by the August 2009 attacks.

46. **The Marshlands School Construction Supplemental Grant (US\$6 million) was completed in June 2009.** The grant financed the construction of 30 six-classroom schools in the Marshland areas of three governorates in southern Iraq (Basrah, Missan and Thi Qar), benefitting about 6,000-8,000 students. Construction of three schools was cancelled due to funding constraints caused by price increases.

47. **The Emergency Community Infrastructure Project (US\$19 million) closed in June 2009.** It successfully financed 22 subprojects in 14 governorates, created 172,000 man-days of local employment, improved approximately 89,000 hectares of irrigated areas, and benefited about 153,000 people.

48. **The success of the Emergency Community Infrastructure Project led to a supplemental grant of US\$26 million in June 2009 to expand the scope and impact of the original project** and address emergency rural infrastructure rehabilitation needs using labor-intensive, small-scale civil works projects at the community level. An additional US\$1 million was approved in September 2009, to finance an additional sub-project, benefitting about 1,000 people, and creating about 4,500 man-days of local employment.

49. **The Emergency Disabilities Project, restructured in March 2009 to focus on six sites rather than 14 in line with Ministry of Health (MOH) capacity,** was extended by nine months,

to close on June 30, 2010. Construction has been completed at all six sites, distribution of aids to the disabled is nearing completion, and all planned training for rehabilitation physicians, physiotherapists and workshop technicians has been completed.

50. **Under the Emergency Water Supply, Sanitation and Urban Reconstruction Project (US\$110 million)**, the Al-Majar water supply component, which benefits about 25,000 people, was completed and inaugurated in June 2009. The Al Samawa water project, which will provide water to more than a quarter of a million people, was inaugurated in January 2010. Unfortunately, one of the two bombings that took place on October 25, 2009 caused severe damage to the Ministry of Municipalities and Public Works (MMPW); and three PMT staff suffered minor injuries. The World Bank team is working closely with the PMT to assess the damage and determine whether it is possible to utilize funds from the ITF and/or IDA project to assist with the recovery and rehabilitation of the ministry.

51. **The MOPDC requested and obtained an extension of the closing date for the Second Capacity Building Project (US\$7 million) from August 31, 2009 to December 31, 2010.** To date, the project has financed about 60 activities, reaching approximately 1,360 participants from both private and public sectors, in the domains of Economic Reform, Social Protection, Public Sector Management, and Project Management.

52. **As part of the work undertaken through the Household Survey and Policies for Poverty Reduction Project (US\$9.1 million), the Poverty Reduction Strategy High Committee released a draft Poverty Assessment Report in July 2009.** This report was a key input in determining the priorities for the Poverty Reduction Strategy (PRS) which was adopted on November 24, 2009 by the Council of Ministers. The World Bank approved an extension of the project from September 2009 to June 30, 2010 to enable finalization of the Poverty Assessment Report.

53. **The Ministry of Education (MOE) issued full reimbursement toward the ineligible expenditures incurred by the School Rehabilitation and Construction Project** on account of the two schools constructed in Anbar province (a location different from those documented and approved by the World Bank) without proper approval or documentation as required by World Bank policies.

54. **The following three projects were approved by the World Bank in December 2009 but became effective in January 2010:**

- **Institutional Strengthening and Capacity Building for the Education Sector Project (US\$2.7 million)** to support the GOI's effort to develop a sector strategy for education and higher education in Iraq.
- **Pension Reform Implementation Reform Technical Assistance (US\$5.8 million)** to support (i) in the short-term, the GOI in implementing the provisions of the new Pensions Law; (ii) in the medium-term, the unification of the public and private pension schemes; and (iii) in the long-term, the development of long-term old-age income strategy for Iraq.
- **Integrated National Energy Strategy Technical Assistance (US\$5 million)** to support the GOI in producing an Integrated National Energy Strategy for effective medium- and long-term development, to be implemented by the Prime Minister's Advisory Commission.

J. RESULTS AND IMPACT OF ITF PROJECTS

55. The World Bank continues to work closely with the Iraqi authorities and implementing agencies to undertake actions to improve project performance and help ensure that ITF-financed projects can meet their development objectives. Beyond the results delivered through any specific project, the ITF also aims to strengthen Iraq's own national and sub-national institutions and help GOI develop policies and systems that will lead to more effective, accountable, and transparent use of its resources.

56. Box 2 summarizes some of the outcomes of ITF-financed projects in Iraq. The Project Summary Sheets in Annex 2 provide additional information on project results and outcomes.

Box 2: Selected Outcomes of the ITF Program in Iraq As of December 31, 2009

- Completion of the first nationwide household income and expenditure survey since 1998, covering 18,000 households. The survey results enabled Iraq to design a robust National Strategy for Poverty Reduction for 2010-2014, which aims to reduce poverty by 30%, among other goals. The Strategy was launched in Baghdad on January 14, 2010.
- Installation of the telecommunications network, which is operational at 56 sites. The inter-banking network, which connects the Central Bank of Iraq and commercial banks with high capacity telecommunications capabilities, is operational in 29 sites.
- Rehabilitation of two water treatment plants and supply systems, serving about 300,000 people.
- Completion of 22 labor-intensive rural water supply projects, improving 89,000 hectares of irrigated lands and benefitting about 150,000 end beneficiaries.
- Rehabilitation of eight hospital emergency units, supply of essential equipment and drugs to 12 emergency units, provision of training to 48 doctors and 60 nurses in Advanced Trauma Life Support and 22 doctors in Emergency Preparedness and Response.
- Construction of five rehabilitation centers, provision of training to 82 medical personnel in physical therapy and 35 staff in the production and fitting of prostheses/orthoses.
- Rehabilitation of 133 schools and construction of 80 schools, benefitting about 48,000 students.
- Financing of the printing and distribution of more than 82 million textbooks, averaging approximately 11 textbooks per pupil, and exceeding the original objective of distributing 69 million books.
- Organization of 22 workshops for 600 Iraqi officials to provide essential project implementation tools and to help Iraqi officials develop professional networks with regional neighbors.
- Organization of more than 60 workshops for over 1,360 Iraqi officials in economic management, public sector management and social safety nets.

K. INFORMATION DISSEMINATION

57. The IRFFI website (www.irffi.org), jointly managed and updated by World Bank and United Nations Development Program (UNDP) staff, serves as a repository for up-to-date news, monthly reports and data, and provides regular updates on the financial status of deposits, commitments, and disbursements as well as project implementation progress to donors and other interested parties. The website, which resides on World Bank servers, is publicly available.

ANNEX 1: IRFFI - Background and Current Context

The International Reconstruction Fund Facility for Iraq

1. At their meeting on April 12, 2003, the Group of Seven Industrialized Countries' (G-7) Finance Ministers and Central Bank Governors recognized the need for a multilateral effort to rebuild and develop Iraq. United Nations (UN) Security Council Resolution 1483 (May 22, 2003) noted the statement of the G-7 and called for the international financial institutions to assist the people of Iraq in reconstruction and to facilitate assistance by the broader donor community. In response, on June 24, 2003, the UN hosted a meeting of some 50 states which, collectively, became known as the Liaison Group. The Liaison Group, in turn, requested a small number of major donors, known as the Core Group, to convene a Donors' Conference. The Liaison Group also asked the World Bank and the UN to assess Iraq's reconstruction needs, and to design a multi-donor trust fund to coalesce donor support around Iraq's priority reconstruction needs.
2. The World Bank and the UN, with support from Iraqi national officials and the International Monetary Fund (IMF), conducted a Needs Assessment during the period June through August, 2003. The Needs Assessment was finalized following consultations in Dubai and Madrid with the Core Group, representatives of Iraq's Governing Council, Iraqi sector ministries, and the Coalition Provisional Authority. The final document was presented at the Donors' Conference in Madrid on October 23-24, 2003, where it was endorsed by the donors present and representatives of the Iraqi Governing Council.
3. In parallel with the Needs Assessment, the World Bank and the United Nations Development Group (UNDG) designed the International Reconstruction Fund Facility for Iraq (IRFFI). IRFFI aims to help donors channel their resources and coordinate their support for reconstruction and development activities in Iraq in line with the priorities identified in the Joint Needs Assessment and validated by Iraqi authorities. The World Bank and UN designed the structure, governance, and modalities of IRFFI in close consultation with the Core Group, other donors, and Iraqi national authorities over the period August through December, 2003 at meetings held in Washington D.C., Brussels, New York, Dubai, Madrid, and Amman.
4. Iraq requested a more visible leadership role of IRFFI at the fifth IRFFI Donor Committee Meeting held in Istanbul in March, 2007. To accommodate Iraq's request, donors agreed to an interim arrangement in which Iraq would co-chair the IRFFI Donor Committee together with the Government of Italy for one year. At the same time, the Donor Committee commissioned the UN-World Bank Facility Coordination Committee to launch a review of the Terms of Reference of IRFFI to: (i) review the roles and responsibilities of the IRFFI organizational/governance structure, including the Donor Committee, the Facility Coordination Committee, and the Secretariat; (ii) examine current project identification and approval processes, and implementation mechanisms and make recommendations to improve Iraqi ownership of IRFFI programs and projects; and (iii) incorporate relevant experience from other multi-donor trust funds. Building on the comparative analysis of the "Review of Post-Crisis Multi-Donor Trust Funds" commissioned by the World Bank, the Norwegian Ministry of Foreign Affairs, and the Norwegian Agency for Development Cooperation (February, 2007), the study recommended modifications to the TOR to confirm full Iraqi ownership in setting policy directions and priorities for IRFFI. In line with the recommendations of this study, the Facility Coordination Committee drafted a revised TOR that was endorsed by the IRFFI Donor Committee at its Sixth Donor Committee Meeting in Bari, Italy (October, 2007).
5. In May, 2007, the GOI launched the International Compact for Iraq (ICI) to provide a framework for Iraq's political and socio-economic development and forge a new partnership with the international community to integrate Iraq into the regional and global economy. The ICI defines a broad range of policy objectives, covering three pillars – security, political and socio-

economic – with specific benchmarks to monitor ICI implementation. The ICI notes that improved stability, political progress, and good governance are pre-requisites to effective development. The ICI notes that improving public resource management and strengthening institutions and governance are at the heart of the socio-economic pillar of the ICI. The challenge is two-pronged: first, to improve Iraq’s allocation and management of its resources and revenue; and second, to ensure the effective delivery of critical services and infrastructure to its communities. Addressing these challenges requires building effective institutions and systems for service delivery and job creation at the local and national levels.

6. The IRFFI structure is designed to ensure that activities financed by the Facility are aligned with Iraq’s priority program. The Iraqi Strategic Review Board (ISRB), chaired by the MOPDC, is charged with ensuring that activities funded through IRFFI support Iraq’s own strategy, complement other donor programs, and avoid duplication. The IRFFI structure promotes close cooperation by providing a common governance structure, including a joint Donor Committee.

7. IRFFI encompasses two trust funds: the World Bank Iraq Trust Fund (ITF) administered by the World Bank, and the UN Development Group Trust Fund administered by the UNDP on behalf of itself and participating UN organizations. The World Bank Board of Executive Directors approved the World Bank to act as Administrator of the ITF in January, 2004.

B. THE WORLD BANK IRAQ TRUST FUND

8. On January 29, 2004, the World Bank Board of Executive Directors approved the World Bank to act as Administrator of the ITF. The ITF became effective upon receipt of the first deposit, on March 30, 2004. By December, 2004, the World Bank had committed nearly all the initial ITF deposits to approved projects.

9. The ITF may finance operations in all priority socio-economic sectors and cross-cutting themes identified by the GOI, and with particular emphasis on areas where the World Bank has comparative advantage. The ITF does not finance quick-disbursing Government budget recurrent expenditures or humanitarian relief, nor does it finance peacekeeping efforts, or other security, military, or political interventions. ITF resources are dedicated to specific reconstruction and rehabilitation projects to be implemented by Iraqi institutions, and training/TA programs designed to increase institutional capacity.

10. The GOI has outlined its development objectives and priorities in the National Development Strategy (NDS) (2004, 2005, and 2007) and the ICI (2007). The objective of the NDS is to serve as the overarching framework for government reconstruction and development activities. The ICI serves as a mechanism for Iraq to meet clear security, political, and economic reform benchmarks, with the support of the international community. The revised TOR for IRFFI confirms IRFFI’s alignment with the NDS and Compact.

11. Recipients of grants from the ITF need to meet the World Bank’s eligibility criteria, including financial viability. Recipient entities responsible for implementing activities financed from the ITF can include: Iraqi ministries, governorates and municipalities, private entities, non-governmental organizations (NGOs), UN agencies, or international financial institutions.

12. The ITF emphasizes Iraqi ownership and building Iraqi institutional capacity. Unlike other donors, World Bank-financed programs, including those financed by the ITF, are implemented by Iraqi institutions with the goal to enhance knowledge transfer and sustainability. This approach is critical in order to assist Iraq to develop institutional policies and systems that can be leveraged by all donors, and will promote the more effective use of all donor funds as well as Iraq’s own resources.

13. The process for selecting projects to be financed by the ITF has been designed to ensure Iraqi ownership from the earliest stage. Under the ITF, potential grant recipients, in consultation with World Bank staff, submit project proposals for approval to the ISRB. The ISRB determines whether proposals are consistent with priority needs and ensures coordination among donor programs. The World Bank, as Administrator of the World Bank Iraq Trust Fund, will determine the eligibility of each proposal to receive financing from the Fund.

14. The World Bank may apply emergency procedures, simplified project design, and project start-up support through training of Iraqi authorities on World Bank policies and procedures, including procurement and financial management. Following ISRB approval, the World Bank proceeds to appraise the project. For satisfactorily appraised operations, the World Bank and the recipient negotiate and sign a Grant Agreement. The Grant Agreement spells out the terms and conditions under which funds will be provided to the recipient entity, and governs the actual use and disbursement of funds. It specifies measurable indicators to monitor implementation progress. It also contains detailed financial management, procurement, monitoring, and other fiduciary arrangements to ensure that funds are used for eligible expenditures.

15. The terms of multi-donor trust funds (MDTF) administered by the World Bank do not permit donors to “ earmark ” contributions to specific projects, because all inflows are commingled in a single account, making it impossible to trace any specific inflow to a particular project or expenditure. However, in an effort to accommodate donor requests, the World Bank allows donors to identify sectoral preferences for their contributions to the ITF, and the World Bank has agreed to ensure that the value of projects in each sector will equal or exceed the amount of financing provided by ITF donors to that sector. While allowing donors to express a sectoral preference for their contributions may help donors report back to their constituents, it reduces the ability of the ITF to finance Iraqi priorities and respond flexibly over time. More than 72% of donor contributions to the ITF (US\$357.7 million out of US\$494.4 million) are locked into specific sectors by its donors. Table 5 shows donor deposits by sectoral preference, and Table 6 summarizes the sources and uses of funds by sector. Overall, the use of available resources is aligned with the sectoral preferences designated by donors.

16. The ITF was originally scheduled to terminate on December 31, 2007, but by December, 2005 the World Bank recognized that the difficult security environment, the impact of a series of political transitions in Iraq, and the time needed for Iraqi agencies to employ competitive bidding procedures, were causing significant delays in project implementation. In order to allow ITF financing to remain available through the life of the existing projects, the World Bank recommended that donors extend the ITF for three years, to December 31, 2010. The extension of the ITF became effective once each of the 17 donors signed a formal amendment to the administration agreement, in April, 2007.

17. In July, 2008, the donors to IRFFI requested the World Bank and UN to prepare a proposal for the orderly closing of IRFFI. In order to provide adequate time to complete the projects scheduled to be approved in 2009, the World Bank recommended that the termination date be extended to December 31, 2013. At the Eighth Donor Committee Meeting in Naples in February 2009, it was agreed that IRFFI will close on December 31, 2013.

Table 5: Donor Deposits by Sectoral Preferences
US\$ Million
December 31, 2009

Inflows	No Preference	Capacity Building	Educa-tion	Infra. (WSS & Urban)	Electricity	Rural Develop-ment/Infra	Health	Financial/Private Sector	Environ-ment	Econ Mgmt/Soc Pr/Employ	Energy	Total
Australia	10.2					5.9						16.1
Canada	22.3									4.4		26.7
EC		7.5	55.5	25.7		20.0	29.1	10.0		32.0		179.8
Finland	2.6											2.6
Iceland							1.0					1.0
India	5.0											5.0
Japan				90.6				40.0				130.6
Korea				4.0		5.0						9.0
Kuwait	5.0											5.0
Netherlands	6.2											6.2
Norway	6.7											6.7
Qatar	2.5											2.5
Spain				8.0			6.0	6.0				20.0
Sweden					5.8							5.8
Turkey		0.3	0.3	0.3			0.3					1.0
United Kingdom	71.4											71.4
United States	5.0											5.0
Total Donor Deposits	136.9	7.8	55.8	128.6	5.8	30.9	36.4	56.0	0.0	36.4		494.4
Investment Inc Earned	78.7											78.7
Total Inflows	215.6	7.8	55.8	128.6	5.8	30.9	36.4	56.0	0.0	36.4	0.0	573.1

Table 6: Sources and Uses of Funds by Sectoral Preferences
US\$ Million
December 31, 2009

Inflows	No Preference	Capacity Building	Educa-tion	Infra. (WSS & Urban)	Electricity	Rural Develop-ment/Infra	Health	Financial/Private Sector	Environ-ment	Econ Mgmt/Soc Pr/Employ	Energy	Total
Total Donor Deposits	136.9	7.8	55.8	128.6	5.8	30.9	36.4	56.0	0.0	36.4		494.4
Investment Inc Earned	78.7											78.7
Total Inflows	215.6	7.8	55.8	128.6	5.8	30.9	36.4	56.0	0.0	36.4	0.0	573.1
Completed Projects												
Capacity Building I		2.5										2.5
Textbook Provision			38.8									38.8
Community Infrastructure						19.0						19.0
Marshland Schools Supplement			5.2									5.2
Active Projects												
Capacity Building II		7.0										7.0
School Rehab and Construction			60.0									60.0
Health Rehabilitation							25.0					25.0
Disabilities							16.8					16.8
Reg'l Health Emerg Response in North							8.7					8.7
WSS and Urban Reconstruction				110.0								110.0
Baghdad Water Supply and Sanitation				65.0								65.0
Community Infrastructure Supplement						26.0						26.0
Private Sector Development								65.0				65.0
Electricity Reconstruction					6.0							6.0
Household Survey & Policies Grant										5.5		5.5
Household Survey & Policies TA		3.6										3.6
Social Protection										8.0		8.0
Environmental Management									5.0			5.0
Banking Sector Reform								10.0				10.0
Public Finance Management										16.0		16.0
Public Finance Management TA		2.0										2.0
Education Sector Strategy			2.7									2.7
Pension Reform										5.8		5.8
Integrated Energy Strategy											5.0	5.0
Subtotal Approved Projects		15.1	106.7	175.0	6.0	45.0	50.5	75.0	5.0	35.3	5.0	518.6
Total Allocated to Projects		15.1	106.7	175.0	6.0	45.0	50.5	75.0	5.0	35.3	5.0	518.6
Project Appr/Spn/FMA		1.0	7.0	11.1	0.4	2.8	3.2	4.7	0.3	2.4	0.3	33.3
TF Mgmt & Admin Fees	5.1											5.1
Refund	1.3											1.3
Total Outflows	6.4	16.1	113.7	186.1	6.4	47.8	53.7	79.7	5.3	37.7	5.3	558.3
Balance	209.2	-8.3	-58.0	-57.5	-0.6	-16.9	-17.3	-23.7	-5.3	-1.3		14.8

Annex 2: Project Status Sheets

**World Bank Iraq Trust Fund
First Capacity Building Project (TF053196)
December 2009**

Project Summary Sheet

Title	First Capacity Building Project (Completed)				
Implementing Agency	World Bank				
Location	N/A – Institutional Support				
Sector code (OECD DAC)	15110 Economic and development policy / planning				
Compact Priority	4.2.3.1 Adopt and implement policies, legislation, regulations, procedures and build institutions of public service management				
Project Cost	US\$3.6 million				
Duration	6 months				
Approval Date	February 2004	Effective Date	February 2004	Closing Date	August 2004
Project Description	The project aimed to build the capacity of the Iraqi authorities to enable them to define, prioritize, and implement international programs of support, and to play a leading role in the reconstruction process.				
Beneficiaries	The project focused on the immediate need for Iraqi ministries to upgrade project planning and management skills. More than 580 officials from various ministries and local institutions benefitted from the project.				
Near Term Employment Creation	N/A				

Strategic Context and Donor Coordination

The project aimed to build the capacity of the Iraqi authorities to enable them to participate in the definition, prioritization, and implementation of international support, and to play a lead role in the reconstruction process. The project was designed to respond to the immediate and most urgent training needs of the Iraqi public sector staff. The specific activities undertaken were agreed upon by the Ministry of Planning and Development Cooperation and the various ministries concerned, and focused on priority areas for Iraq's development agenda and the preparation and implementation of the World Bank Iraq Trust Fund-financed projects. The European Commission's Rapid Response Mechanism (EC-RRM) provided €3 million for a six-month implementation period, with no extension of the closing date.

Project Development Objective

- Assist Iraqi officials to design and implement projects and start developing sector strategies
- Develop professional networks between Iraqi officials and counterparts in other ministries and neighboring countries

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Workshops and training for key staff from relevant agencies (581 staff from 19 ministries)
Activities	<ul style="list-style-type: none"> • Training on managing the project cycle (procurement, financial management, project management, and safeguards) • Sector-specific training for line ministries • Training for private sector capacity enhancement.
Procurement	N/A

Financial Data

Funds Committed	US\$2.5 million	% approved	69%
Funds Disbursed	US\$2.5 million	% approved	69%
Closing Date	Closed August 2004	Delay (months)	

Progress against indicators

Number of training workshops held and Iraqi officials trained	22 training activities conducted benefiting 581 Iraqi officials from 19 ministries	% of planned	N/A
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Qualitative Assessment of Project Performance

Representatives from the Central Bank, the Mayoralty of Baghdad, the Board of Supreme Audit, universities, private banks, Chambers of Commerce and Business Associations participated in workshops and training in three areas: (i) Managing the project cycle, including procurement, financial management; (ii) Strategic and technical skills in education, health, and infrastructure sectors; and (iii) Enhance private sector capacity to support sustainable growth and job creations. The program enabled the Iraqi officials to design and implement projects and start developing sector strategies towards longer-term development. Iraqi officials develop professional networks with counterparts in other ministries and neighboring countries.

Major Implementation Obstacles

N/A – The project is completed and closed.

**World Bank Iraq Trust Fund
Second Capacity Building Project (TF054373/P088247)
December 2009**

Project Summary Sheet

Title	Second Capacity Building Project				
Implementing Agency	World Bank				
Location	N/A – Institutional Support				
Sector code (OECD DAC)	15110 Economic and development policy / planning				
Compact Priority	4.2.3.1 Adopt and implement policies, legislation, regulations, procedures and build institutions of public service management				
Project Cost	US\$7 million				
Duration	72 months				
Approval Date	November 2004	Effective Date	November 2004	Closing Date	December 2010
Project Description	The project aims to strengthen economic management and build institutional capacity to enable Iraq to shift to a diversified, market-driven economy; effectively use public resources, including Iraq's own resources as well as international aid; and improve the efficiency, effectiveness, and quality of public services.				
Beneficiaries	The project directly benefits Iraqi officials, and helps introduce crucial institutional strengthening and reform initiatives. Participants include staff of various ministries and local institutions as well as the private sector.				
Near Term Employment Creation	N/A				

Strategic Context and Donor Coordination

The Second Capacity Building Project (CB2) builds on the First Capacity Building Project, with a focus on helping Iraq build the institutional capacity to use public resources transparently and effectively. CB2 finances specific technical assistance and training activities designed to help the authorities tackle medium-term economic reforms. Many activities are carried out jointly with other donors, including the IMF, UN, and DFID.

Project Development Objective

- Strengthen economic management
- Build institutional capacity to enable Iraq to shift to a diversified market-driven economy
- Improve the efficiency and quality of public services

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Assist in client policy / program implementation • Develop / strengthen institutions • Facilitate knowledge exchange
Activities	<ul style="list-style-type: none"> • Workshops conducted under 4 broad themes: <ul style="list-style-type: none"> ➤ Economic reform and transition ➤ Poverty, social protection, and social development ➤ Public sector management ➤ Managing the project cycle
Procurement	N/A

Financial Data

Funds Committed	US\$6.1 million	% approved	87
Funds Disbursed	US\$6.1 million	% approved	87
Forecast Closing Date	December 2010	Delay (months)	n/a

Progress against indicators

Number of Policy Seminars (32 seminars conducted)	% of planned	n/a
Number of Technical Workshops (26 workshops conducted)		n/a
Number of Study Tours (2 study tours conducted)		n/a

Qualitative Assessment of Project Performance

The Second Capacity Building Project has financed about 60 activities, reaching about 1,360 participants from various private and public sector entities. A workshop on **Leadership Skills for Policy Reform Workshop for Iraqi Female Parliamentarians**, which is expected to be the first of a series of three workshops, was conducted in July 2009 to build leadership capacity female parliamentarians. In addition to practicing leadership skills, the workshop also provided the parliamentarians with an opportunity to interact and exchange ideas with their international peers.

The Ministry of Planning and Development Cooperation (MOPDC) requested an extension of the closing date of the grant to allow the program to continue to deliver important capacity building activities. The World Bank management approved this request and the revised closing date is December 31, 2010.

Major Implementation Obstacles

While CB2 has financed some workshops in Baghdad and Erbil, it remains difficult to gather a large number of participants in one place in Iraq for extended, intensive work. Potential locations for each proposed activity are evaluated based on the timing, level of participation, length of workshop, and cost, in order to balance the competing priorities and ensure that the workshop meets its objective in a cost effective manner.

**World Bank Iraq Trust Fund
Textbook Provision Project (TF051095/P088945)
December 2009**

Project Summary Sheet

Title	Textbook Provision Project (Completed)				
Implementing Agency	Ministry of Education (MOE)				
Location	Nationwide (all 18 Governorates)				
Sector code (OECD DAC)	11120 Education facilities and training				
Compact Priority	4.4.2.3.1 Achieve universal access to basic education				
Project Cost	US\$40 million				
Duration	31 months				
Approval Date	May 2004	Effective Date	May 2004	Closing Date	December 2006
Project Description	The project aimed to provide urgently needed textbooks in order to keep schools open, and to improve learning conditions in primary and secondary schools.				
Beneficiaries	The project benefited all 6 million primary and secondary school pupils, who received 11 books each on average.				
Near Term Employment Creation	The project was designed to maximize local content and employment by contracting local printers to the maximum extent possible, taking into consideration the quantity of paper available in Iraq. Contracts to Iraqi printers amounted to US\$14 million; and an estimated US\$7.5 million was spent on local labor costs.				

Strategic Context and Donor Coordination

The US and UN (UNESCO and UNICEF) undertook emergency efforts to provide textbooks for the 2003/2004 school year, typically contracting the printing and distribution of textbooks with primarily international firms. For the 2004/2005 school year, the MOE requested the World Bank to help it undertake the printing and distribution of textbooks. Since 2006, MOE has used its own resources to finance textbook provision. The project provided a platform for the World Bank to support the Ministry in developing a strategic framework and a donor coordination strategy for education in Iraq.

Project Development Objective

Provide textbooks to Iraqi school children on an urgent basis to ensure continued and improved education service delivery

Outputs, Key Activities and Procurement

Outputs	• Textbook supplies to students and schools functioning	
Activities	• Textbook Provision • Project Management	
Procurement	Goods (Textbooks):	US\$37.3 million
	Other goods:	US\$ 0.2 million
	Consulting services:	US\$ 0.4 million
	Operating costs:	US\$ 0.1 million
	Unallocated:	US\$ 2.0 million

Financial Data

Funds Committed	US\$38.8 million	% approved	97
Funds Disbursed	US\$38.8 million	% approved	97
Closing Date	December 2006	Delay (months)	

Progress against indicators

Percentage of textbooks delivered to schools	82 million textbooks were delivered, against a target of 69 million textbooks	% of planned	119
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Qualitative Assessment of Project Performance

The project closed on December 31, 2006. Competitive bidding procedures led to cost savings of about US\$9 million which were used to print and distribute an additional 13.5 million textbooks for the 2005/2006 school year, exceeding its main development objective.

Major Implementation Obstacles

N/A – The project is completed and closed.

**World Bank Iraq Trust Fund
School Construction and Rehabilitation Project (TF053545/P087907)
December 2009**

Project Summary Sheet

Title	School Construction and Rehabilitation Project				
Implementing Agency	Ministry of Education (MOE)				
Location	Nationwide (all 18 governorates)				
Sector code (OECD DAC)	<i>11120</i> Educational facilities and training				
Compact Priority	<p><i>4.4.1.1</i> Design and carry out specific policy reforms and investments towards achieving the Millennium Development Goals</p> <p><i>4.4.1.2.1</i> Undertake specific measures to promote continuous education for competitive skills and equal opportunities in the labor market</p> <p><i>4.4.1.3.1</i> Achieve universal access to basic education</p>				
Project Cost	US\$60 million				
Duration	75 months				
Approval Date	August 2004	Effective Date	October 2004	Closing Date	December 2010
Project Description	The project aims to alleviate severe school building hazards by constructing new schools to replace unsafe or overcrowded facilities, and by rehabilitating schools needing urgent repair.				
Beneficiaries	The project benefits over 50,000 families with children attending primary and secondary schools. It directly benefits about 75,000 pupils (about 7% of pupils in overcrowded or damaged schools.) Construction of new buildings will provide spaces for 20,000 students in primary and secondary schools, and benefit a further 10,000 students by eliminating multiple school sessions. The rehabilitation of schools will directly benefit 45,000 students.				
Near Term Employment Creation	The project maximizes local content by using Iraqi firms for design, construction, and construction supervision. The project expects to generate over 6,000 job opportunities, over half of which are underway through ongoing reconstruction work.				

Strategic Context and Donor Coordination

The MOE Situation Analysis, building on the UN/World Bank Joint Needs Assessment, identified almost US\$700 million in urgent repair and reconstruction needs over three years, including: over 12,000 schools (more than 80%) require repair, 2,300 require minor repair, 9,400 that require major repair, and around 1,300 that need to be demolished and rebuilt. A gap of more than 3,000 schools causes schools to hold double and triple shifts. The World Bank, the UN, and the US are the main donors supporting education, and continue to coordinate their efforts. The US focused initially on minor rehabilitation; the UN supports both minor and major rehabilitation. The World Bank is the only donor working through Iraq's MOE and the only donor financing major new school construction in a significant manner.

Project Development Objective

- Improve the educational facilities to benefit children
- Create local employment during the construction phase
- Create long-term income generating activities in the staffing of schools

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> 133 schools rehabilitated (reduced from 140 originally) 52 new schools constructed (reduced from 117 originally)
Activities	<ul style="list-style-type: none"> Various design, construction and supervision activities related to outputs
Procurement	<p>Civil works: US\$52.8 million</p> <p>Goods: US\$ 0.4 million</p> <p>Consulting services: US\$ 2.9 million (95 % local consultants)</p> <p>Training: US\$ 0.2 million</p> <p>Operating costs: US\$ 0.5 million</p> <p>Unallocated: US\$ 3.2 million</p>

Financial Data

Funds Committed	US\$51.3 million	% approved	86
Funds Disbursed	US\$38.1 million	% approved	63
Forecast Closing Date	December 2010	Delay (months)	0

Progress against indicators

133 schools rehabilitated	The school rehabilitation subcomponent has been completed. The PMT was requested to carry out an assessment of all 133 schools to review their status and outcomes, including enrollment, to be reported to the World Bank.	% of planned	100
52 new schools constructed	<p>31 schools have been completed, and 19 are currently under construction.</p> <p>50 new schools are planned to be built by the closing date of December 2010. The 2 remaining schools will not be built due to unavailability of land in Anbar Governorate, and the security situation in Diyala Governorate.</p>		59

Qualitative Assessment of Project Performance

Major rehabilitation of 133 schools is complete, at an average cost of US\$181 per student, benefiting 45,000 pupils and creating 3,000 construction jobs. The number of new schools to be financed under the project was reduced from 117 to 50 because of price escalation, the appreciation of the Iraqi Dinar, unavailability of land, and security constraints. 31 schools have been constructed and, 19 schools are currently under construction. The project closing date was extended to December 31, 2010 to allow sufficient time to complete the construction of all 50 schools.

Due to the drastic reduction in the number of schools to be built under the project, the project is undergoing restructuring to: (i) update the project targets (schools rehabilitated and new school construction). As part of project restructuring, the MOE has also requested financing of the construction of additional classrooms blocks by using the uncommitted and unplanned balance of about US\$7.8 million, as well as clarifications on the Rapid Results Approach suggested by the World Bank to assist the PMT and MOE in improving their performance in the implementation of school construction projects. The MOE is expected to submit the full restructuring package to the World Bank by January 31, 2010 to allow time to initiate any new civil works under the project.

The locations of two schools built in Anbar province were changed without proper approval and documentation and were, therefore, considered to be ineligible expenditures amounting to US\$1.42 million. Of this amount, the MOE initially reimbursed US\$1.35 million followed by another reimbursement of US\$57,196, leaving a balance of US\$21,514 to be deducted from future withdrawals.

Major Implementation Obstacles

Institutional capacity issues delay project processing and decision-making. The incidence of payment delays has been reduced since the opening of the Designated Account and the elimination of the intermediary commercial bank in the payment chain. Finally, the PMT's oversight and internal controls have revealed deficiencies resulting in quality concerns, mistakes and the payment of ineligible expenditures. The ministry needs to continue to take action to remedy these issues.

World Bank Iraq Trust Fund
School Construction Supplement for Marshland Schools (TF057366/P100726)
December 2009

Project Summary Sheet

Title	School Construction Supplement for Marshland Schools				
Implementing Agency	Ministry of Education (MOE)				
Location	Al Basra, Thi Qar, Missan				
Sector code (OECD DAC)	<i>11120</i>	Education facilities and training			
	<i>15150</i>	Strengthening civil society			
Compact Priority	<i>4.4.1.1</i> Design and carry out specific policy reforms and investments towards achieving the Millennium Development Goals <i>4.4.1.2.1</i> Undertake specific measures to promote continuous education for competitive skills and equal opportunities in the labor market <i>4.4.1.3.1</i> Achieve universal access to basic education <i>4.2.1.1</i> Adopt and carry out policies to stimulate civil society engagement in reforms				
Project Cost	US\$6 million				
Duration	32 months				
Approval Date	October 2006	Effective Date	October 2006	Closing Date	June 2009
Project Description	The grant provides additional funding for the Emergency School Construction and Rehabilitation Project to construct approximately 33 new schools in the Marshland areas.				
Beneficiaries	The construction of approximately 33 small schools will benefit 6,000 - 8,000 children and help stabilize the resettlement of about 30 communities in existing villages.				
Near Term Employment Creation	The project will create over 90,000 man-days of construction work.				

Strategic Context and Donor Coordination

The supplemental financing for Marshlands Schools emphasizes local stakeholder involvement, using NGOs to mobilize and train local school/community committees to undertake small site improvement works in each school site. The project is implemented by the three governorates concerned, under the overall guidance of the Project Management Team in Baghdad. The World Bank, the UN, and the US are the main donors supporting education and are coordinating their efforts.

Project Development Objective

- Improve educational environment for improved quality of education
- Increase local stakeholder participation

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • 33 schools constructed • Stakeholder groups created 	
Activities	<ul style="list-style-type: none"> • School construction • Capacity building for local stakeholders 	
Procurement	Civil works:	US\$5.2 million
	Small works and incidental services:	US\$0.2 million
	Consulting services:	US\$0.5 million
	Training:	US\$0.1 million
	Operating costs:	US\$0.08 million

Financial Data

Funds Committed	US\$5.2 million	% approved	86
Funds Disbursed	US\$5.2 million	% approved	86
Forecast Closing Date	June 2009	Delay (months)	

Progress against indicators

Number of new schools constructed	30 out of 33 6-classroom schools were built; 3 schools were cancelled due to lack of funding.	% of planned	90
Enrolment by sex and governorate (boys / girls enrolled in project schools)	N/A		N/A
Local stakeholder participation (number of site improvement committees created)	NGOs played a role in solving the property dispute, and committees have been created.		100
Value of site improvement created	N/A		N/A

Qualitative Assessment of Project Performance

Project implementation was completed on schedule, and 30 schools were built out of the planned 33. Thirty committees were constituted at the local community level, and were involved in site improvement works done by local NGOs. The 30 schools will host about 7,000 primary school students. A beneficiary survey will be carried out by December 2009, and will provide more information on project impact.

Major Implementation Obstacles

The project is completed.

**World Bank Iraq Trust Fund
Health Rehabilitation Project (TF054404/P091305)
December 2009**

Project Summary Sheet

Title	Health Rehabilitation Project				
Implementing Agency	Ministry of Health (MOH)				
Location	Hospital Emergency Units: Baghdad/Risafu, Amara/Maysan, Salaheddin, Karbala, Kirkuk, Baghdad, Erbil, Baghdad/Karkh, Drug Warehouse: Baghdad				
Sector code (OECD DAC)	<i>12110</i>	Health policy and administrative management			
	<i>12220</i>	Basic health care			
	<i>12230</i>	Basic health infrastructure			
	<i>12281</i>	Health personnel development			
Compact Priority	<i>4.4.1.1</i>	Design and carry out specific policy reforms and investments towards achieving the Millennium Development Goals			
	<i>4.4.1.4.2</i>	Improve administration and emergency management in the health care system			
Project Cost	US\$25 million				
Duration	62 months				
Approval Date	November 2004	Effective Date	December 2004	Closing Date	February 2010
Project Description	The project aims to improve access to quality emergency services in selected health facilities in order to serve the urgent needs of the Iraqi population.				
Beneficiaries	About 13 million Iraqis live within the areas serviced by the emergency health units to be rehabilitated. From this population, an estimated 100,000 people will use the emergency health services per year.				
Near Term Employment Creation	While creating immediate employment is not a direct project objective, the project will create an estimated 1,000 short-term jobs through civil works undertaken by local construction companies.				

Strategic Context and Donor Coordination

The estimated reconstruction needs of the health sector range from US\$3 to US\$4.6 billion. The US and Japan are the largest donors to the health sector, focusing on major construction and reconstruction of hospitals and health centers. Donor coordination at the policy level is carried out by WHO.

Project Development Objective

- Emergency medical care is available at key health facilities
- Increased capacity to manage and plan health administration at the central and governorate level

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • 9 emergency units rehabilitated • 3-6 month supply of 37 key emergency drugs • Improved planning and management of health administrations 								
Activities	<ul style="list-style-type: none"> • Construction works • Procurement of drugs • Technical assistance 								
Procurement	<table> <tr> <td>Civil works:</td> <td>US\$12.6 million</td> </tr> <tr> <td>Goods:</td> <td>US\$ 8.5 million</td> </tr> <tr> <td>Consulting services:</td> <td>US\$ 1.6 million (90 % for local firms)</td> </tr> <tr> <td>Training:</td> <td>US\$ 1.8 million</td> </tr> </table>	Civil works:	US\$12.6 million	Goods:	US\$ 8.5 million	Consulting services:	US\$ 1.6 million (90 % for local firms)	Training:	US\$ 1.8 million
Civil works:	US\$12.6 million								
Goods:	US\$ 8.5 million								
Consulting services:	US\$ 1.6 million (90 % for local firms)								
Training:	US\$ 1.8 million								

Operating costs:	US\$ 0.5 million
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Financial Data

Funds Committed	US\$22.7 million	% approved	91
Funds Disbursed	US\$20.1 million	% approved	80
Forecast Closing Date	February 2010	Delay (months)	40

Progress against indicators

9 emergency units rehabilitated and providing quality emergency services	8 emergency units have been rehabilitated and are receiving patients. The ninth emergency unit is expected to be completed by end-January 2010. A drug warehouse has been rehabilitated and provides temporary storage for equipment, materials, and pharmaceuticals.	% of planned	95
12 hospitals with new emergency equipment in use	All medical equipment has been delivered to the project sites and installed, and staff have been trained. Savings of US\$1 million have been used to procure additional needed medical equipment for 27 hospitals throughout the country.		100
Basic emergency pharmaceutical packages procured and distributed.	All pharmaceutical drugs have been delivered to the 12 emergency units.		100
Staff trained in emergency medical services applying new skills	Training for 48 doctors and 60 nurses on acute trauma care is complete.		100
Training on EMS management and ER planning and management	22 MOH doctors trained in emergency preparedness management.		100

Qualitative Assessment of Project Performance

The pace of project implementation has continued to be satisfactory. Civil works activities are nearing completion. Eight emergency units have been completed and are fully functional. The ninth emergency unit – in Suleimaniyah Maternity Hospital - is expected to be completed by end-January 2010. The warehouse for storage of pharmaceuticals is fully functional. All planned medical and non-medical equipment and furniture have been delivered and installed, and an additional US\$1 million in needed medical equipment has been procured for 27 hospitals, using savings from the project. All pharmaceuticals have been delivered to the 12 emergency units and have been fully dispensed. Training activities have been completed satisfactorily, and most of the trained staff are assigned to the completed facilities.

Major Implementation Obstacles

Although the pace of implementation has increased and there is improved project oversight by the PMT, project monitoring and evaluation by the PMT could be stronger to determine the results of the project.

**World Bank Iraq Trust Fund
Disabilities Project (TF054052/P096774)
December 2009**

Project Summary Sheet

Title	Disabilities Project				
Implementing Agency	Ministry of Health (MOH)				
Location	Amara, Basra, Samawa, Karbala, Dewaniyah, Kut				
Sector code (OECD DAC)	<i>12191</i>	Medical services			
	<i>15150</i>	Strengthening civil society			
Compact Priority	<i>4.4.1.1</i>	Design and carry out specific policies including reforms and investments towards achieving the Millennium Development Goals			
	<i>4.2.1.1</i>	Adopt and carry out policies to stimulate civil society engagement in reforms			
Project Cost	US\$16.8 million (reduced from US\$19.5 million)				
Duration	51 months				
Approval Date	November 2005	Effective Date	November 2005	Closing Date	June 2010
Project Description	The project aims to improve access of the disabled population to rehabilitation and prosthetic services, in the targeted areas. Specifically, the project supports: (i) upgrading the infrastructure and equipment of selected rehabilitation and prosthetic centers throughout Iraq; and (ii) specialized training to improve the rehabilitation services.				
Beneficiaries	The project will provide (i) access to 500 disabled clients per month per facility; and (ii) medical aids to 39,500 disabled clients.				
Near Term Employment Creation	Although creating immediate employment is not a project objective, the project will generate short-term jobs through civil works undertaken by local construction companies.				

Strategic Context and Donor Coordination

Iraq has a growing population of disabled people, yet social and rehabilitation services for this group have declined. Given the country's high unemployment rates and poor community services, becoming disabled poses a serious risk that the entire family could fall into poverty. Improving services to the disabled is a government priority that requires increased attention of the government and the donor community.

Project Development Objective

Improve access of the disabled population in the targeted areas in Iraq to rehabilitation and prosthetic services

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> Construct and equip 6 new rehabilitation centers (4 rehabilitation centers and 2 rehabilitation plus workshops) Deliver specialized training to increase capacity of MOH and partners to provide services to the disabled
Activities	<ul style="list-style-type: none"> Rehabilitation works to ensure delivery of services to the disabled Supply of prosthetics Training of rehabilitation center managers, physiotherapists, physicians, and prosthesis and orthosis technicians.

Procurement	Civil works:	US\$ 6.7 million
	Goods:	US\$ 6.4 million
	Consulting services:	US\$ 0.8 million
	Training:	US\$ 2.2 million
	Operating costs:	US\$ 0.25 million
	Unallocated:	US\$ 0.45 million

Financial Data

Funds Committed	US\$16.2 million	% approved	96
Funds Disbursed	US\$10.6 million	% approved	63
Forecast Closing Date	June 2010	Delay (months)	3

Progress against indicators

Number of disabled who have used the newly constructed and equipped facilities	4 of the 6 project site facilities are now operational. Data not yet available on exact number of clients currently being served.	% of planned	65
Number of disabled who have received medical aids through the project	9,000		24
Number of new basic rehabilitation centers constructed	Civil works completed		100
Number of new prosthetic workshops constructed	Civil works completed		100
Number of staff trained in the area of physical rehabilitation	66 physiotherapists and 16 physicians have been trained		100
Number of staff trained in the area of production and fitting of prostheses and orthoses	35 staff have been trained		100
Number of facility managers trained in the area of facility management	15 facility managers have been trained		100
Number of medical aids (wheelchairs, crutches, walking sticks, walking frames, walking rollators, tripods) procured	38,000 items procured		100
Number of quarterly progress monitoring reports	16 reports completed		95

Qualitative Assessment of Project Performance

The project activities are expected to be completed on schedule. Construction is now completed on all six sites, and five of the six sites have been handed over to the MOH. The sixth site is expected to be handed over by end-January 2010. Almost all the equipment and materials for the rehabilitation centers and prosthetic workshops have been procured and delivered to the sites. However, there continues to be delays in the distribution of medical aids, such as wheelchairs and crutches to the disabled population in a number of Directorates. Although the aids have been delivered to the MOH Directorate warehouses, many of them have not reached the intended beneficiaries. The distribution plan, which will serve to verify and monitor the outputs per site, has not yet been completed. All originally planned external training activities have now been completed, and additional training activities are planned to take place before the project closing date.

Major Implementation Obstacles

Overall implementation of the project has been moderately satisfactory since the project was restructured. However, the project would benefit from: (i) increased monitoring and evaluation by the MOH/PMT to effectively track the results of the project; (ii) a clear MOH distribution plan for medical aids procured under the project; and (iii) improved procedures within the Iraqi banking system to use letters of credit as a payment method for international suppliers. Project sites are still adversely affected by security incidents within the country.

**World Bank Iraq Trust Fund
Regional Emergency Health Response Project (TF092237/P107698)
December 2009**

Project Summary Sheet

Title	Regional Emergency Health Response Project				
Implementing Agency	Ministry of Health of Kurdistan Regional Government of the Republic of Iraq (KRG MOH)				
Location	Erbil, Sulaymaniyah and Dahuk				
Sector code (OECD DAC)	<i>12110</i>	Health policy and administrative management			
	<i>12181</i>	Medical education and training			
	<i>12191</i>	Medical services			
	<i>12220</i>	Basic health care			
	<i>12230</i>	Basic health infrastructure			
	<i>12281</i>	Health personnel development			
Compact Priority	<i>4.4.1.1</i>	Design and carry out specific policy reforms and investments towards achieving the Millennium Development Goals			
	<i>4.4.1.4.2</i>	Improve administration and emergency management in the health care system			
Project Cost	\$8.7 million				
Duration	24 months				
Approval Date	June 2008	Effective Date	July 2008	Closing Date	June 2010
Project Description	The project aims to assist the KRG to establish rapid, coordinated and effective response services to health emergencies. The project will: (i) establish and equip 3 Emergency Coordination Centers; (ii) train approximately 290 medical and paramedical staff in pre-hospital emergency services; and (iii) construct or rehabilitate 3 blood banks.				
Beneficiaries	Population of the three governorates, including internally displaced people totals around 5 million				
Near Term Employment Creation	While generating local employment is not a direct objective of the project, the project will utilize local contractors.				

Strategic Context and Donor Coordination

The World Bank has considerable experience in the health sector in Iraq, with: (i) two ITF-financed projects implemented by the central Ministry of Health in Baghdad; and (ii) two Post-Conflict Fund projects implemented at the sub-national level. This project, with a regional implementation approach, targets interventions in a decentralized context. A number of UN agencies are currently active in the health sector in the Kurdish Region, including UNOPS, UNFPA, WHO, and UNICEF. In addition, the US, Korea and Japan provide bilateral support to the health sector in the form of reconstruction and/or rehabilitation of several hospitals and primary care centers.

Project Development Objective

The project aims to assist the KRG to build its capacity to respond to health emergencies in a rapid, coordinated and effective manner.

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Establish 3 Emergency Coordination Centers (ECCs) • Establish an emergency communication system • Provide 12 ambulances • Train of technical staff (emergency physicians, nurses, paramedics, ambulance
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	drivers) • Construction/rehabilitate of 3 blood banks
Activities	• Construction, rehabilitation, training of technical staff, procurement of goods and equipment.
Procurement	Civil works: US\$1.8 million Goods: US\$4.6 million Consulting services: US\$0.3 million Training: US\$0.3 million Project Management : US\$1.7 million

Financial Data

Funds Committed	\$1.8 million	% approved	20
Funds Disbursed	\$2.9 million	% approved	33
Forecast Closing Date	June 2010	Delay (months)	0

Progress against indicators

Three functional Emergency Coordination Centers	Civil works contracts signed for 3 Emergency Coordination Centers, and work underway in two of them.	% of planned	20
Technical staff Trained in pre-hospital emergency services	Initial training plan has been discussed, and training consultant selection is underway		10
Three blood banks constructed or rehabilitated and equipped	Civil works contracts for Blood Banks signed and work already underway in Dohuk and Suleimaniyah.		25

Qualitative Assessment of Project Performance

Project implementation suffered from initial delays due to inexperience with World Bank procurement procedures. KRG MOH contracted with UNOPS as implementing agent to manage the day-to-day activities of the project, while the KRG MOH Project Coordination Unit provides technical input and project oversight. The UNOPS team is constrained by UN security rules that severely restrict movements in and out of the UN compound, making logistical arrangements for staff very difficult.

Civil works design for all project sites has been completed. All contracts for the three Emergency Communications Centers (ECCs) and the three Blood Banks have been signed, and construction is underway in all sites except Erbil (ECC and Blood Bank to be constructed by same contractor) where there is a delay in issuance of the land title from the Land Registry Office. Meanwhile, the KRG MOH and UNOPS are discussing ways to improve the pace of construction to mitigate this delay. The contract for procurement of 12 ambulances is about to be signed, and the procurement of laboratory equipment for the three Blood Banks is underway.

The progress in establishment of the telecommunications system has been minimal due to the need for KRG MOH to prepare a detailed implementation plan which would specify procurement steps and operating arrangements. The World Bank proposed a multi-stage approach beginning with the specifications of the desired system, and UNOPS hired a local technician to provide initial assistance. A consultancy assignment has been advertised to design the system and support the preparation for implementation. The consultancy is expected to begin by March 2010. A separate contract will then be signed for implementation of the system. The bid process for the laboratory equipment for the three Blood Banks is ongoing.

For the training component, an emergency medical training specialist with on the ground experience in Kurdistan will be hired in the near future to both design the training program for emergency response staff and organize and carry out the training program. The KRG Project Coordination Unit is following up on this option with the help of UNOPS. Given the delays in implementation earlier in the project, the KRG MOH is considering a request for project extension.

Major Implementation Obstacles

The main challenges include: (i) improving collaboration between UNOPS and the KRG MOH in project oversight and management; (ii) keeping the activities on schedule according to the detailed implementation plan; and (iii) preparing the requisite bidding documents and other procurement documents in a timely fashion and according to the implementation schedule.

World Bank Iraq Trust Fund
Water Supply, Sanitation and Urban Reconstruction Project (TF054455/P087910)
December 2009

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, Karbala (Karbala & Al-Hussayniyah), Maysan, Al Muthanna <i>Urban Reconstruction</i> <ul style="list-style-type: none"> • Arbil, Karbala 				
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, housing)				
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 8 cities, and conduct urban reconstruction in the poorest areas of 2 cities, 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, Beihi, Kena'an, Al Samawa, Al-Hussainia, and Badawa. • Urban rehabilitation works in Badawa • 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\$93.4 million	% approved	85
Funds Disbursed	US\$53.8 million	% approved	49
Forecast Closing Date	December 2011	Delay (months)	0

Progress against indicators

Increase in the quantity of water produced in the project cities (million cubic meter of treated water per day)	Component under implementation (ex-post assessment)	% of planned	N/A
Improvement in the % of water samples meeting the WHO biological and chemical standards in the areas affected by the project	Component under implementation (ex-post assessment)	% of planned	N/A

Qualitative Assessment of Project Performance

<p>The progress of work is improving but remains slow and the project continues to experience delays in implementation. The Al-Majar water supply component, the first component to be operational, benefits about 25,000 people. In October 2009, the Al Samawa water supply system was the second component to be completed, and will be inaugurated by the Prime Minister in January 2010. These two components serve about 300,000 people.</p>
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Major Implementation Obstacles

While security remains an issue, the lack of institutional capacity has had a greater impact on project implementation and progress. The pace of implementation has improved as many of the long-standing obstacles have been resolved.

The World Bank team conducts frequent audio conferences with the PMT in addition to quarterly supervision missions. In order to build technical and managerial capacity of the PMT and Ministry staff, each supervision mission includes targeted training workshops in order to enhance PMT capacity. The World Bank team will continue to provide the required training as part of upcoming missions.

**World Bank Iraq Trust Fund
Baghdad Water Supply and Sanitation Project (TF054435/P087912)
December 2009**

Project Summary Sheet

Title	Baghdad Water Supply and Sanitation Project				
Implementing Agency	Mayorality of Baghdad (MOB)				
Location	Baghdad				
Sector code (OECD DAC)	14020 Water supply and sanitation (large systems)				
Compact Priority	4.4.1.5.2 Undertake specific measures to ensure universal access to services (water / sanitation, housing)				
Project Cost	US\$65 million				
Duration	66 months				
Approval Date	December 2004	Effective Date	December 2004	Closing Date	June 2010
Project Description	The project aims to help restore basic water supply and sanitation services for Baghdad through the reconstruction and rehabilitation of existing water supply and sewerage collection facilities. The project will rehabilitate water pumping stations and water treatment plants, and replace the water supply network in Za'afarana district and the sewer system in Sadr City. The project includes the development of a Comprehensive City Development Plan. The project will help build Iraq's capacity to manage large-scale reconstruction programs.				
Beneficiaries	The project is expected to improve the quality of life of about one million residents of Baghdad by improving the supply of potable water, eliminating sewerage backup in streets and homes, and contribute to reduction of the incidence of waterborne diseases.				
Near Term Employment Creation	The project will also create vitally-needed short-term employment; civil works will be conducted by local firms creating an estimated 2,000 short-term construction sector jobs.				

Strategic Context and Donor Coordination

The project was designed to complement US-funded water supply and sanitation rehabilitation. The project supports network rehabilitation linked to the US-financed rehabilitation of the Baghdad sewerage treatment plant. The World Bank meets regularly with major donors and collaborates closely with the Japan Bank for International Cooperation, including holding joint missions.

Project Development Objective

Assist MOB to restore basic water supply and sanitation services to the capital city of Baghdad

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Priority networks and treatment facilities restored • Increased local capacity to manage rehabilitation of sector
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Activities	<ul style="list-style-type: none"> • Rehabilitate chlorine/chemical units at al-Karkh water treatment plant • Rehabilitate 2B pumping station in Shark Dijla water treatment plant • Extend and rehabilitate the al-Rasheed water treatment plant • Rehabilitate the Abu Nawas raw water pumping station • Rehabilitate and renew the Sadr City sewerage network • Rehabilitate and renew drinking water network in Za'afarania • Develop capacity in system design, conducting feasibility studies, and audits • Development Comprehensive City Development Plan for Baghdad
Procurement	Civil works and goods: US\$56 million Consulting services: US\$ 9 million

Financial Data

Funds Committed	US\$62 million	% approved	95
Funds Disbursed	US\$33.8 million	% approved	52
Forecast Closing Date	June 2010	Delay (months)	0

Progress against indicators

Improved water supply services measured by increase in the quantity of water produced (million cubic meter of water treated per day)	Project is under implementation – quantitative progress cannot yet be measured.	% of planned	NA
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Qualitative Assessment of Project Performance

Overall, the project is progressing with physical implementation at about 65%, although it continues to experience delays in disbursement and implementation caused by the security situation, internal MOB procedures, and low contractor capacity.

The current condition of Phase I of the Comprehensive City Development Plan (CCDP) remains unsatisfactory, and the study cannot progress to Phase II. The World Bank advised the PMT to discontinue the CCDP and to finalize the project restructuring proposal. The PMT agreed to do the following steps to move the study forward: (i) recruit a technical advisor to assist the review of the deliverables; (ii) agree with the technical advisor on a remedial plan that defines the areas with missing analyses; and (iii) present a new action plan with timetable subject to World Bank's review and no objection. The MOB is currently preparing the action plan.

Major Implementation Obstacles

Project implementation is affected by the ongoing security situation, weak institutional capacity, and lagging performance of the consultants and contractors who have had difficulty completing assignments in a timely manner. To help overcome these impediments, the World Bank team conducts frequent audio conferences with the PMT in addition to quarterly supervision missions. In order to build technical and managerial capacity of the PMT and Ministry staff, each supervision mission includes targeted training workshops in order to enhance PMT capacity. The World Bank team will continue to provide the required training as part of upcoming missions.

**World Bank Iraq Trust Fund
Social Protection Project (TF056808/P099295)
December 2009**

Project Summary Sheet

Title	Social Protection Project				
Implementing Agency	Ministry of Labor and Social Affairs (MOLSA) Ministry of Finance (MOF)				
Location	N/A – Institutional Support				
Sector code (OECD DAC)	<i>16010</i> Social / Welfare Services				
Compact Priority	<i>4.4.2.1</i> Undertake specific measures to strengthen the targeted safety net <i>4.4.2.2</i> Design and implement a reform strategy for the pension system				
Project Cost	US\$8 million				
Duration	44 months				
Approval Date	June 2006	Effective Date	June 2006	Closing Date	February 2010
Project Description	The project aims to strengthen the policy, management, and administrative capacity in MOLSA and MOF to develop, manage, and monitor pension and social safety net reforms. This project will: (i) establish a basic information system within MOLSA to record and process information on safety nets, to provide a foundation for policy design; (ii) consolidate and expand the information base for the social safety net (SSN) program to develop effective targeting strategies; (iii) design and implement monitoring and evaluation systems for the expanded social safety net program; (iv) develop an updated digitized database on beneficiaries, contributors and employers in the pension system; (v) build technical capacity within MOLSA and MOF for policy analysis and design in the area of safety net and pensions; and (vi) develop a draft pension reform strategy.				
Beneficiaries	The beneficiary agencies are MOLSA, MOF, and the State Pension System (SPS). Ultimate beneficiaries include needy households (those receiving services through MOLSA, either as cash transfer or other social services), as well as state employees and pensioners. MOLSA currently provides benefits to over 1 million households.				
Near Term Employment Creation	While creating local employment is not a project objective, the project will indirectly support services to the unemployed, through training and job placement, at the level of MOLSA's social welfare offices.				

Strategic Context and Donor Coordination

The MOLSA requested World Bank support in social safety net and pension reform to help Iraq provide vulnerable populations with the support they need to sustain themselves. The project complements the Household Survey and Policies for Poverty Reduction Project. The main donor partner, USAID, has provided policy advice on pensions and safety net systems, and supported the design of the revised Social Safety Net Program. While USAID supports MOLSA in developing a pilot Social Safety Net Information System and its national roll-out, the ITF Social Protection Project finances the infrastructure required for the pilot and for scaling up the information system nationwide. USAID/BearingPoint participated in the World Bank's appraisal mission, project launch workshop, and subsequent supervision missions. USAID/Bearing Point stopped their support to Social Safety Net and Pensions in May 2009. However, USAID continues to be involved through its financing of the Tawteer program, which provides capacity building to Iraqi institutions and complements the training program that can be financed from the ITF Social Protection Project. Tawteer representatives participate in project supervision missions to ensure continued collaboration and complementarity.

Project Development Objective

- Improve the targeting and effectiveness of social safety
- Improve the management of the pensions system

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Management Information System • Targeting strategies and monitoring and evaluation systems • Pensions database and reform strategy
Activities	<ul style="list-style-type: none"> • Develop and establish a management information system for Social Safety Nets • Design safety net targeting and monitoring procedures • Create a pensions database • Provide capacity building activities
Procurement	<p>Goods: US\$4.8 million</p> <p>Technical assistance: US\$1.3 million</p> <p>Training: US\$1.1 million</p> <p>Operating costs: US\$0.3 million</p> <p>Unallocated: US\$0.5 million</p>

Financial Data

Funds Committed	US\$5.1 million	% approved	63
Funds Disbursed	US\$3.6 million	% approved	45
Forecast Closing Date	February 2010	Delay (months)	0

Progress against indicators

MIS in place, operational and providing useful data for MOLSA. Policy-makers in the areas of Baghdad, Erbil, Basra and Najaf use newly generate system reports	<ul style="list-style-type: none"> • SSN system under development with the MIS funded by USAID. • Pilot (phase I) conducted in Baghdad; National roll-out (phase II) under preparation. • IT training provided to 21 staff at MOLSA. • Workshops for senior staff held in Amman and Istanbul. 	% of planned	50
Targeting strategies introduced by MOLSA	<ul style="list-style-type: none"> • Categorical targeting undertaken by MOLSA reaching 1.25 million households, disbursing close to IQD1.6 trillion. • Discussion underway for improved targeting (proxy-means testing) with additional TA planned as part of future World Bank support to GOI. 		100
Effective M&E system operational	<ul style="list-style-type: none"> • Survey instrument finalized, baseline survey completed, and data entry and tabulation is underway. Preparation for process study is underway. 		60
Pension's database completed. Policy-makers use newly generated system reports	<ul style="list-style-type: none"> • Contract awarded, and inception report received by GOI. Survey instrument completed, and survey work is underway 		70

Pensions related activities funded by project completed with evaluations where appropriate	<ul style="list-style-type: none"> • Training provided to 21 State Pension Fund staff (MOF). • Equipment contracted and supplied. • Workshops on pension reform implementation held in August 2006 and January 2008. 		75
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Qualitative Assessment of Project Performance

While good progress has also been made in procuring equipment for the SSN sites, there continues to be a delay in having these sites ready. The National SSN Information System was formally launched in May 2009, and the Beneficiary Assessment baseline survey has been completed. Progress has also been made in the implementation of the Pension Survey. The Pension Reform Implementation Support Technical Assistance was approved by the World Bank in December 2009 and became effective in January 2010.

The Project Management Office (PMO) will need to dedicate sufficient human resources to complete project implementation and meet the development objectives in the remaining time period. While most of the procurement and installation of equipment will be completed by end of January 2010, the SSN Beneficiary Assessment and Pension Surveys will not be completed by the project closing date of February 2010, and MOLSA has requested an extension of the closing date until February 28, 2011 as well as a reallocation of the Grant proceeds, which are being processed by the World Bank. The PMO, working closely with the SSN Department, finalized the *SSN Site Readiness Implementation Plan*, and the World Bank team will closely monitor implementation of the plan. The SSN information system financed by USAID is near completion for deployment which will be implemented by the project.

Major Implementation Obstacles

With the ending of USAID’s Economic Governance II program, MOLSA will need to assume responsibility for managing the SSN Information System development. MOLSA will need to contract a Support and Services Contract with a firm capable that can provide support as well as system development and improvement.

World Bank Iraq Trust Fund
Household Survey and Policies for Poverty Reduction Project
(TF056441/P098979 and TF056442/P099084)
December 2009

Project Summary Sheet

Title	Household Survey and Policies for Poverty Reduction Project				
Implementing Agency	Ministry of Planning and Development Co-operation (MOPDC) World Bank				
Location	Nationwide (all 18 Governorates)				
Sector code (OECD DAC)	<i>13010</i> Population policy and administrative management <i>16062</i> Statistical capacity building				
Compact Priority	<i>4.4.1.1</i> Design and carry out specific policies including reforms and investments toward achieving the Millennium Development Goals <i>4.4.2.1</i> Undertake specific measures to strengthen the targeted safety net				
Project Cost	US\$9.1 million: US\$5.5 million MOPDC-implemented grant US\$3.6 million World Bank-executed technical assistance				
Duration	51 months				
Approval Date	May 2006	Effective Date	May 2006	Closing Date	June 2010
Project Description	The project finances the first nation-wide expenditure survey since 1988 to help Iraq establish an information-based poverty line, target social assistance to the most needy, and make informed policy decisions.				
Beneficiaries	In the long term, accurate population data will facilitate improved service delivery and hence benefit the population of Iraq.				
Near Term Employment Creation	To supplement the existing MOPDC staff, 324 Iraqi consultants were engaged to conduct the survey and analyze data.				

Strategic Context and Donor Coordination

The project directly supports helping Iraq build efficient, inclusive, transparent, and accountable institutions. The project financed the Iraq Household Socio-Economic Survey (IHSES), the first nation-wide expenditure survey since 1988. In addition to providing detailed expenditure and income data needed to understand the causes and nature of poverty, the IHSES provided data needed to rebase the Consumer Price Index. The project also provides financial and technical support to the GOI's development of a strategy for poverty reduction, employment generation and safety nets, which is expected to help the government and donors prioritize assistance in these areas.

Project Development Objective

Strengthen the ability of the GOI to:

- Collect and analyze data on poverty and unemployment
- Develop information-based strategies to reduce poverty, generate employment, and to improve the functioning of social safety nets
- Assess the effect of economic policy options on both poverty and employment, including the impact of sequencing reforms and policies

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> Established accurate poverty line Comprehensive Household Survey Improved capacity in central ministries for policy making
Activities	<ul style="list-style-type: none"> Household Survey & data analysis Poverty & Social Impact Assessment Relevant Technical Assistance
Procurement	<p>Goods: US\$0.75 million</p> <p>Consulting services: US\$2.75 million</p> <p>Operating costs: US\$1.0 million</p> <p>Technical assistance: US\$3.6 million</p> <p>Unallocated: US\$1.0 million</p>

Financial Data

Funds Committed	US\$8.9 million	% approved	98
Funds Disbursed	US\$8.9 million	% approved	98
Forecast Closing Date	June 2010	Delay (months)	0

Progress against indicators

Collect and analyze high quality data on household income, expenditure and living standards for all governorates.	Data collected for 12 months in all governorates. Remarkably few areas (parts of governorates) are inaccessible due to the security situation. Quality of fieldwork and data found to be good.	% of planned	100
Data sets and tabulation reports.	The Tabulation Report was released in Baghdad on January 12, 2009.		100
Analysis of the IHSES appears in government reports and impacts budget decisions	The draft 2010 budget has taken on several of the recommendations of the draft Poverty Reduction Strategy (PRS), including increasing allocations for basic education and health. On November 24, 2009, the GOI formally adopted a PRS based on the analysis of the IHSES data. The GOI is currently drafting a Five Year National Development Plan, which makes extensive use of the Poverty Analysis directly as well as through the PRS.		90
Strengthen capacity of Iraqi statistical bodies to conduct quality household surveys. (1000 person days of training planned)	About 3,000 person days of training.		300

Qualitative Assessment of Project Performance

A twelve-month cycle of fieldwork, covering about 18,000 households in all 18 governorates was completed in January 2008. The Tabulation Report was released in January 2009 at the Poverty Reduction Strategy (PRS) workshop, which was attended by many international participants. A broadly representative Poverty Reduction Strategy High Committee (PRSHC) developed a poverty line which was officially endorsed in April 2009. An analytical report which was drafted jointly by the High Committee and the World Bank has been completed.

The PRS was unanimously adopted by the Council of Ministers on November 24, 2009. The Poverty Assessment report is being finalized.

The project has exceeded its target in terms of capacity building activities. The project has already provided more than 3,000 person-days of training, exceeding the planned number of 1,000 person-days.

Major Implementation Obstacles

Currently, the project is not facing any major implementation obstacles.

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

Project Summary Sheet

Title	Private Sector Development Project				
Implementing Agencies	Ministry of Planning and Development Cooperation (MOPDC) Iraqi Telecommunications and Post Company (ITPC)				
Location	Private Sector Development: Erbil Telecommunications: Nationwide				
Sector code (OECD DAC)	25010 Business support services and institutions				
Compact Priority	4.3.2.1 Undertake specific measures to design and implement private sector development policies				
Project Cost	US\$65 million				
Duration	64 months				
Approval Date	November 2004	Effective Date	December 2004	Closing Date	March 2010
Project Description	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.				
Beneficiaries	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.				
Near Term Employment Creation	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

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

Financial Data

Funds Committed	US\$58.5 million	% approved	90
Funds Disbursed	US\$52.3 million	% approved	80
Forecast Closing Date	March 2010	Delay (months)	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.	% of planned	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.

**World Bank Iraq Trust Fund
Environmental Management Project (TF057359/P099809)
December 2009**

Project Summary Sheet

Title	Environmental Management Project				
Implementing Agency	Ministry of Environment (MOEn)				
Location	Baghdad, Basra, Ninawa				
Sector code (OECD DAC)	41010 Environmental policy and administrative management				
Compact Priority	4.4.1.5.1 Improve institutional capacity to administer environment and natural resources conservation programs				
Project Cost	US\$5 million				
Duration	46 months				
Approval Date	November 2006	Effective Date	December 2006	Closing Date	August 2010
Project Description	The objective of the project is to strengthen key institutional and regulatory functions of MOEn to enable it to undertake environmental policy analysis and coordination, formulate laws and regulations, monitor environmental quality, promote environmental awareness, and conduct technical studies.				
Beneficiaries	Over time, Iraqi citizens will benefit from the public health and environmental improvements that result from improved air and water quality, as the government is better able to manage environmental risks, target pollution control investments, and address municipal and healthcare waste management issues.				
Near Term Employment Creation	N/A				

Strategic Context and Donor Coordination

The project supports Iraq's efforts to improve management of its natural resources and the environment, and is the first environmental operation in Iraq.

Project Development Objective

Increase the ability of the MOEn to monitor and manage environmental quality

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Rapid Environmental Action Plan to systematically analyze environmental issues and propose priorities for intervention in the next 3-5 years • Revised environmental guidelines and increased capacity for Environmental Impact Assessment • Solid waste management in Baghdad and health care waste management master plans
Activities	<ul style="list-style-type: none"> • Develop Rapid Environmental Action Plan • Revise Environmental Guidelines • Install air quality monitoring stations • Prepare solid waste & health care waste management master plans • Capacity building
Procurement	Goods: US\$3.1 million

Consulting services:	US\$1.6 million
Operating costs:	US\$0.2 million

Financial Data

Funds Committed	US\$3.2 million	% approved	64
Funds Disbursed	US\$1.6 million	% approved	32
Forecast Closing Date	August 2010	Delay (months)	9

Progress against indicators

MOEn to undertake policy analysis, revise its environmental law and regulations, acquire capacity to monitor air quality in 3 cities, and successfully launch awareness campaigns in selected schools	<ul style="list-style-type: none"> The ICB contract for the supply of air quality monitoring stations (56% of the grant amount) has been cancelled. Four NCB packages have been issued, instead, for air quality analyzers. Evaluation of all bidding packages was completed, and the contracts have been awarded and signed. Two contracts for consultant services, valued at US\$1.4 million, were signed with the selected firm in November 2008. 	% of planned	40
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Qualitative Assessment of Project Performance

With the procurement of equipment and the delivery of most of the air quality equipment completed, the pace of implementation is increasing, and disbursement has since increased from 13.5% in November 2009 to 31.3%. The World Bank and the MOEn agreed on the implementation of a remedial plan to address and overcome key project bottlenecks.

Major Implementation Obstacles

The difficulties in opening the letter of credit for the supply of the air quality monitoring stations, which accounts for 56% of the value of the grant, delayed project implementation significantly. The pace of implementation has improved now that the contracts have been awarded and signed.

**World Bank Iraq Trust Fund
Electricity Reconstruction Project (TF057818/P087734)
December 2009**

Project Summary Sheet

Title	Electricity Reconstruction Project				
Implementing Agency	Ministry of Electricity (MOEI)				
Location	Al Basrah				
Sector code (OECD DAC)	23010 Energy Policy and administrative management				
Compact Priority	4.2.3.1 Adopt and implement policies, legislation, regulations, procedures and build institutions of public service management				
Project Cost	US\$6 million				
Duration	41 months				
Approval Date	April 2007	Effective Date	April 2007	Closing Date	September 2010
Project Description	The project aims to help Iraq restore and improve electricity supply. The project includes an IDA Credit (US\$124 million) that finances the rehabilitation of the Hartha power plant, and a companion Iraq Trust Fund (ITF) grant (US\$6 million) that finances the technical assistance components of the project. The objectives of the project are to: (i) alleviate the power supply shortfall by restoring the base load generation capacity of the Hartha Power Station Units 2 and 3 to 400 MW; and (ii) strengthen in-house capacity for improved power system planning and fuel supply in Iraq. The ITF-grant finances consultant support and training of Iraqi MOEI officials in the preparation of least cost reconstruction and expansion plans, feasibility studies and advisory services for future projects.				
Beneficiaries	The project aims to provide electricity to approximately 1 million households and grid-connected industrial consumers for a period of 20 years. The direct beneficiaries of the ITF grant are MOEI staff, whose skills will be upgraded in technical areas of operations, maintenance and planning, environment and general project management, as well as in financial, legal and general management aspects of power utilities. Indirectly, all power consumers will benefit from improved efficiency and more stable power supply.				
Near Term Employment Creation	N/A				

Strategic Context and Donor Coordination

The 2003 Joint Needs Assessment estimated Iraq's electricity reconstruction needs at US\$35.8 billion. The US, Japan, UK, and UNDP have pledged substantial contributions. The electricity sector is a priority sector of Iraq's National Development Strategy and the International Compact with Iraq, which includes elements of MoEI's Master Plan for 2006-2015. Donor coordination among UNDP, CIDA, DFID and World Bank takes place formally twice per year.

Project Development Objective

Provide technical assistance to MOEI staff to facilitate project implementation and build capacity for energy sector rehabilitation planning

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Successful project implementation • Increase capacity for sector planning 								
Activities	<ul style="list-style-type: none"> • Institutional Support and Technical Assistance 								
Procurement	<table> <tr> <td>Goods:</td> <td>US\$0.5 million</td> </tr> <tr> <td>Consulting services:</td> <td>US\$3.5 million</td> </tr> <tr> <td>Operating costs:</td> <td>US\$1.0 million</td> </tr> <tr> <td>Contingencies:</td> <td>US\$1.0 million</td> </tr> </table>	Goods:	US\$0.5 million	Consulting services:	US\$3.5 million	Operating costs:	US\$1.0 million	Contingencies:	US\$1.0 million
Goods:	US\$0.5 million								
Consulting services:	US\$3.5 million								
Operating costs:	US\$1.0 million								
Contingencies:	US\$1.0 million								

Financial Data

Funds Committed	US\$3.2 million	% approved	54
Funds Disbursed	US\$0.5 million	% approved	8
Forecast Closing Date	September 2010	Delay (months)	0

Progress against indicators

Capacity building	<ul style="list-style-type: none"> • Assistance with the development of bid documentation, and ESIA has been provided. • MOEI and the World Bank have agreed Terms of Reference for support for power generation expansion. • MOEI is currently short-listing Consultants to assist with capacity development for power generation expansion 	% of planned	40
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Qualitative Assessment of Project Performance

About US\$3 million has been committed for services related to the Hartha plant rehabilitation, which was signed in April 2009, after a long delay. MOEI requested that the World Bank provide technical assistance to support the expansion of power generation. The World Bank is working closely with the PMT to finalize short-listing of consultants to assist with power generation expansion.

Major Implementation Obstacles

The major implementation impediments have been security issues and price increases, which delayed the signing of the rehabilitation contract (financed by IDA) and, therefore, the associated technical assistance (financed by the ITF).

**World Bank Iraq Trust Fund
Community Infrastructure Rehabilitation Project (TF053546/P087881)
December 2009**

Project Summary Sheet

Title	Community Infrastructure Rehabilitation Project				
Implementing Agency	Ministry of Water Resources (MOWR)				
Location	Erbil, Baghdad, Dahuk, Dhi Qar, Diyala, Karbala, Al-Muthanna, An Najaf, Al Qadisiyah, Salah Ad Din, As Sulaymaniyah, Wasit, Babylon, Ninawa				
Sector code (OECD DAC)	14030 Basic drinking water supply and basic sanitation 31140 Agricultural water resources				
Compact Priority	4.6.5 Carry out investment plans (Agriculture & Water Management) 4.4.1.5.2 Undertake specific measures to ensure universal access to services				
Project Cost	US\$19 million				
Duration	48 months				
Approval Date	December 2004	Effective Date	December 2004	Closing Date	December 2008
Project Description	The project aimed to address urgent rural water needs through a flexible program of labor-intensive civil works to improve rural water supply and sanitation, and irrigation and drainage; generate near-term local employment; and strengthen the institutional capacity of MOWR and its regional directorates.				
Beneficiaries	The project intended to benefit around 153,500 rural inhabitants by improving irrigation, drainage, and water supply, and targeting improvement to about 89,000 hectares of irrigated areas.				
Near Term Employment Creation	Job creation is a specific project objective. The project aimed to create more than 20,000 job opportunities (about 181,000 work days in total).				

Strategic Context and Donor Coordination

The project employs a flexible programmatic approach that allows interventions to adapt to the changing realities on the ground and to the interventions of other donors. While the project focuses on job creation and local impact, it aims to help lay the groundwork for larger-scale irrigation and drainage sector rehabilitation and reform.

Project Development Objective

- Improve rural water supply
- Improve irrigation and drainage
- Generate rural employment opportunities
- Increase capacity at Ministry of Water Resources

Planned Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Water supply and sanitation infrastructure constructed • Irrigation and drainage canals constructed • 20,400 jobs created • Improved capacity to manage rural water at MOWR
Activities	<ul style="list-style-type: none"> • 22 subprojects (in 14 governorates) addressing rural water needs • Capacity building
Procurement	Civil works: US\$16.2 million Goods: US\$ 2.2 million

Consulting Services & Institutional Strengthening: US\$ 0.6 million**Financial Data**

Funds Committed	US\$19.0 million	% approved	100
Funds Disbursed	US\$19.0 million	% approved	100
Closing Date	December 2008	Delay (months)	0

Progress against indicators

Employment creation	172,000 man days of employment created	% of planned	100
Beneficiaries of rural water projects	146,000 beneficiaries		103
Improved irrigated areas	88,000 hectares		101

Qualitative Assessment of Project Performance

Twenty-two subprojects in 14 governorates have been completed.

The project created an estimated 172,000 man-days of local employment, improved approximately 89,000 hectares of irrigated areas, and benefited about 150,000 end beneficiaries. In addition, an average of 6-7 bidders per contract indicates that the project benefited from a competitive procurement environment.

To expand the scope and impact of this successful project, an additional grant of US\$26 million was approved in June 2008 and is currently under implementation.

Major Implementation Obstacles

The project is completed and closed.

**World Bank Iraq Trust Fund
Community Infrastructure Rehabilitation Supplement (TF091663/P109296)
December 2009**

Project Summary Sheet

Title	Community Infrastructure Rehabilitation – Supplement				
Implementing Agency	Ministry of Water Resources (MOWR)				
Location	Erbil, Baghdad, Dahuk, Dhi Qar, Karbala, Al-Muthanna, An Najaf, Salah Ad Din, As Sulaymaniyah, Babylon, Ninuya				
Sector code (OECD DAC)	<i>14030</i> Basic drinking water supply and basic sanitation <i>31140</i> Agricultural water resources				
Compact Priority	<i>4.6.5</i> Carry out investment plans (Agriculture & Water Management) <i>4.4.1.5.2</i> Undertake specific measures to ensure universal access to services				
Project Cost	US\$26 million				
Duration	26 months				
Approval Date	April 2008	Effective Date	July 2008	Closing Date	June 2010
Project Description	<p>The project aims to address urgent rural water needs through a flexible program of labor-intensive civil works to improve rural water supply and sanitation, and irrigation and drainage; generate near-term local employment; and strengthen the institutional capacity of MOWR and its regional directorates.</p> <p>The Community Infrastructure Rehabilitation Supplemental Grant finances additional labor-intensive civil works to improve rural water supply and sanitation, and irrigation and drainage in order to expand the impact of the original project. The grant finances the rehabilitation of rural-water infrastructure, creates additional local employment, and introduces changes to improve project implementation by: (i) further decentralizing bid evaluation; (ii) enhancing community participation by engaging the end-beneficiaries in project preparation; and (iii) building the capacity of MOWR and its regional directorates.</p>				
Beneficiaries	The project will benefit more than 32,080 rural inhabitants by improving irrigation, drainage, and water supply, targeting improvements to about 23,277 hectares of irrigated areas.				
Near Term Employment Creation	Job creation is a specific project objective — the project will create about 14,000 job opportunities (about 107,700 work days in total).				

Strategic Context and Donor Coordination

The project employs a flexible and programmatic approach that allows interventions to adapt to the changing realities on the ground and to the interventions of other donors. While the project focuses on job creation and local impact, it aims to help lay the groundwork for larger-scale irrigation and drainage sector rehabilitation and reform.

Project Development Objective

- Improve rural water supply
- Improve irrigation and drainage
- Generate rural employment opportunities
- Increase capacity at Ministry of Water Resources

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> Water supply and sanitation infrastructure constructed Irrigation and drainage canals constructed 10,000 jobs created Improved capacity to manage rural water at MOWR
Activities	<ul style="list-style-type: none"> 13 to 15 subprojects (in 11 governorates) addressing rural water needs Capacity building
Procurement	Civil works: US\$20.25 million Goods: US\$ 4.00 million Operational Costs and TA: US\$ 1.10 million Unallocated: US\$ 0.65 million

Financial Data

Funds Committed	US\$18.9 million	% approved	73
Funds Disbursed	US\$8.4 million	% approved	32
Forecast Closing Date	June 2010	Delay (months)	0

Progress against indicators

<ul style="list-style-type: none"> Employment created (man-days) 	At least 76,000 man-days created or around 7,000 new job opportunities	% of planned	At least 60%
<ul style="list-style-type: none"> Number of water-user end-beneficiaries. 	Currently, 4,000 beneficiaries, but will increase soon once the ongoing civil works are completed		15

Qualitative Assessment of Project Performance

Overall, the project is on track. The current total number of sub-projects has increased from 13 to 17 including five located in KRG. Of the 17 civil contracts, four are completed, nine are ongoing and progressing at 60%, and three/four new contracts are currently being prepared. One of the two major equipment contracts (11 hydraulic excavators) has been delivered, and the other major equipment contract (5 Batching Plants) is under review.

Major Implementation Obstacles

The project benefits from being located in rural areas, which are less affected by security “hot spots”. While the PMT is experienced, committed, and stable, it has recently become quite overloaded with work, which could potentially result in a deterioration of procurement management. Support from MOWR’s high level management has been sought to further strengthen the PMT.

**World Bank Iraq Trust Fund
Banking Sector Reform Project (TF094193/P113337)
December 2009**

Project Summary Sheet

Title	Banking Sector Reform Project				
Implementing Agency	Central Bank of Iraq (CBI)				
Location	N/A – Institutional Support/Nationwide				
Sector code (OECD DAC)	24010	Financial Policy and Administrative Management			
	24020	Monetary Institutions			
Compact Priority	4.3.3.1	Undertake specific measures to restructuring State-Owned Banks			
	4.3.3.2	Undertake specific measures to promote private banking			
Project Cost	US\$10 million				
Duration	20 months				
Approval Date	April 2009	Effective Date	April 2009	Closing Date	October 2010
Project Description	The project aims to support the Iraqi authorities in the implementation of Phase I of the “Iraq Banking Reform Strategy” (2008-2012) and its Action Plan, focusing on four main components: (i) institutional and operational restructuring of the two state-owned commercial banks; (ii) financial restructuring of the two state-owned commercial banks; (iii) strengthening the regulatory and supervisory functions of the Central Bank of Iraq; and (iv) project management, monitoring and evaluation.				
Beneficiaries	The project supports the Iraqi government to build a sound banking system, able to provide efficient financial services competitively. The immediate direct beneficiaries would be the two largest state-owned commercial banks—Rafidain Bank and Rasheed Bank—which account for more than 70 percent of the banking system. Ultimately, all Iraqi businesses and citizens will benefit from an improved banking system that can provide the resources needed for Iraq’s growth and offer good deposit and payment systems for businesses and households.				
Near Term Employment Creation	N/A				

Strategic Context and Donor Coordination

The donor community has been active in helping Iraq in restructuring the banking sector. The World Bank has been coordinating with all development partners involved in the banking reform, including the IMF, EU, US Treasury, and Financial Services Volunteer Corps (FSVC). The IMF has taken the lead in monetary activities and rebuilding the capacity of CBI. The US has focused mainly on the restructuring and financial audits of the state-owned banks, and helping Iraq draft an operational restructuring plan. FSVC provides technical assistance to CBI to strengthen its internal operations. The World Bank chairs an “Iraq Banking Reform Donors Group”, to coordinate efforts, promote complementarity, and avoid overlap.

Project Development Objective

- Support Iraq’s implementation of Phase I of the Iraq Banking Sector Reform Strategy
- Strengthen the supervisory framework for financial intermediation

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • New organizational structures for the two state-owned banks are adopted • Number of staff trained in each bank would reach at least 100 staff members • Compliance supervisory and regulatory framework (Basle Code Principles)
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Activities	<ul style="list-style-type: none"> Plans for development of new organizational structures are completed, approved and adopted Training in bank operations provided 								
Procurement	<table> <tr> <td>Goods:</td> <td>US\$0.35 million</td> </tr> <tr> <td>Consultants' Services and Training:</td> <td>US\$8.40million</td> </tr> <tr> <td>Incremental Operating Expenses:</td> <td>US\$0.75 million</td> </tr> <tr> <td>Unallocated:</td> <td>US\$0.50 million</td> </tr> </table>	Goods:	US\$0.35 million	Consultants' Services and Training:	US\$8.40million	Incremental Operating Expenses:	US\$0.75 million	Unallocated:	US\$0.50 million
Goods:	US\$0.35 million								
Consultants' Services and Training:	US\$8.40million								
Incremental Operating Expenses:	US\$0.75 million								
Unallocated:	US\$0.50 million								

Financial Data

Funds Committed	US\$0.2 million	% approved	2
Funds Disbursed	US\$0 million	% approved	0
Forecast Closing Date	October 2010	Delay (months)	0

Progress against indicators

Improvement in functioning of the two state-owned commercial banks, evident in the increase in loan-to-GDP ratios from 4% in June 2006 to 6% in October 2010.	Loan-to-GDP ratios increased to reach 5% in 2009	% of planned	
Build-up in provision levels at the two state-owned commercial banks for new loans, reflected in the reserves-to-NPLs ratios, rising from 10% in June 2006 to 20% in October 2010.	The reserves-to-NPL ratios raised from 10% in June 2006 to reach 16% in 2009		
Capital adequacy ratio in line with prudential regulations, reaching up to 4% by October 2010.	Capital adequacy ratio reached 4% in 2009		
Number of staff trained to do bank operation	Number of staff trained to do bank operations reached 4 in 2009		

Qualitative Assessment of Project Performance

<p>Good progress has been made to date towards the objectives laid out by the GOI in its Banking Reform Strategy. Some achievements have been made in terms of the institutional, operational and financial restructuring of the two state-owned commercial banks. These include the improvement of the business organization and the upgrading of the information technology infrastructure to connect bank branches with Central Bank of Iraq (CBI). On financial restructuring of the two state-owned banks, the MOF in coordination with CBI have reduced the problem of non-performing loans (NPL), which have dropped by 20% in June 2007. In terms of project management, monitoring and evaluation, the PMU has been established and well equipped with competent staff, and the required furniture and technology.</p>

Major Implementation Obstacles

Due to the short lifetime of the project, there is likelihood to extend the project closing date.

**World Bank Iraq Trust Fund
Public Finance Management (TF094552/TF094654 – P110862)
December 2009**

Project Summary Sheet

Title	Public Finance Management Project				
Implementing Agency	Ministry of Finance (MOF) World Bank				
Location	N/A – Institutional Support/Nationwide				
Sector code (OECD DAC)	15120 Public Sector Financial Management				
Compact Priority	<p>4.1.2.B1 Develop and implement legislation and build institutions to improve Public Financial Management</p> <p>4.1.2.B2 Achieve an integrated and comprehensive budget and increase strategic content</p> <p>4.1.2.B3 Establish and implement procedures and regulations to improve budget reliability and accountability</p> <p>4.1.2.C1 Pass and implement legislation and regulations, build and operationalize institutions for public procurement</p>				
Project Cost	US\$18 million: US\$16 million MOF-implemented grant US\$2 million World Bank-executed technical assistance				
Duration	46 months				
Approval Date	June 2009	Effective Date	July 2009	Closing Date	June 2013
Project Description	The project supports the ongoing public financial management (PFM) reform process, including strengthening budget management, improving public financial reporting and control, strengthening public procurement, and establishing the tools, systems and institutions required for effective PFM capacity development.				
Beneficiaries	The main direct beneficiaries are the Ministries of Finance, and Oil, as well as some of the spending units which are involved in piloting new processes. By improving the performance of public finances, the project has the potential of broad national benefit.				
Near Term Employment Creation	N/A				

Strategic Context and Donor Coordination

The project is closely coordinated with other donors in the country who are active in the area of PFM, particularly the IMF, DfID and the US Department of the Treasury. As part of project implementation, the MOF will convene regular donor coordination meetings to track progress toward the implementation of the PFM Action Plan, and solicit inputs from other donors.

Project Development Objective

- Support the GOI's efforts to develop a more effective, accountable and transparent public financial management

Outputs, Key Activities and Procurement

Outputs	<ul style="list-style-type: none"> • Detailed sector strategies • Investment preparation procedure • Budget call circular design • Budget preparation manual and procedures
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	<ul style="list-style-type: none"> • Sector specific standard bidding documents • Procurement information monitoring system • Cash release system design • Commitment control system design • Financial reporting procedures improvements • Internal MOF Network • Training curricula
Activities	<ul style="list-style-type: none"> • Technical assistance and on-the-job capacity building to the staffs of the budget, accounting and economic directorates of MOF, the procurement department of the MOPDC, and the finance and investment departments of the spending units involved • Workshops, seminars, training courses and conferences
Procurement	Goods: US\$ 0.1 million Consultants' Services and Training: US\$14.0million Incremental Operating Expenses: US\$ 0.3 million Technical Assistance: US\$ 2.0 million Unallocated: US\$ 1.6 million

Financial Data

Funds Committed	US\$0 million	% approved	0
Funds Disbursed	US\$0 million	% approved	0
Forecast Closing Date	June 2013	Delay (months)	0

Progress against indicators

Capital budget execution up by 10%	Detailed sector strategies completed	% of planned	
Outstanding cash balances at spending units as share of budget down by 30%	<ul style="list-style-type: none"> • Cash release system design • Commitment control system design • Financial reporting procedures improvements • Internal MOF Network (IT) 		
50% of contracts above threshold awarded competitively	<ul style="list-style-type: none"> • Sector specific standard bidding documents • Procurement information monitoring system 		
MO F training institute operational	Training curricula developed		

Qualitative Assessment of Project Performance

The project became effective in July 2009. The PMT has been appointed, and is preparing the procurement documents for the large consultant contracts.

Major Implementation Obstacles

The World Bank and MOF teams are working together closely following the bombing of the MOF premises on August 19, 2009 to utilize project funds, within the scope of the project agreement, to urgently procure key equipment that will enable MOF to return to normal functionality.

Annex 3: MAP OF ITF IRAQI-IMPLEMENTED PROJECTS BY GOVERNORATE



WORLD BANK IRAQ TRUST FUND PROJECT LOCATIONS BY GOVERNORATE DECEMBER 31, 2009



-  WATER SUPPLY & SANITATION
(US\$175 million)
-  TELECOMMUNICATIONS PRIVATE
SECTOR DEVELOPMENT (US\$65 million)
-  HEALTH (US\$50.5 million)
-  EDUCATION (US\$106.7 million)
-  ENERGY (US\$6 million)
-  RURAL INFRASTRUCTURE (US\$45 million)
-  ENVIRONMENT (US\$5 million)

In addition to the construction and rehabilitation projects represented on the map, the Iraq Trust Fund finances technical assistance projects with a nationwide scope in the following sectors: Public Administration (US\$36.6 million); Finance/Banking Sector (US\$10 million); Social Protection/Pension Reform (US\$13.8 million); and Energy (US\$5 million).

