



World Bank Iraq Trust Fund Future Directions

IRFFI

Donor Committee Meeting

Istanbul, March 20, 2007



World Bank Strategic Framework

- **Second Interim Strategy Note (2005-2007)**
 - **Increased Economic and Sector Work**
 - **Additional grants from the Iraq Trust Fund**
 - **Up to US\$500 million in IDA loans**
- **Objective:**
 - To help Iraq build systems and institutions for transparent and effective use of Iraq's own resources**



Institution Building Remains Key

- **About US\$30 billion in Iraqi oil revenues in 2006**
- **Capital investment unspent**
- **Many lessons from other oil-producing countries experiencing conflict**
- **Iraqi implementation is fundamental for sustainable reconstruction**

Arguably, Iraq's main financing constraint is not a lack resources, but rather the capacity to use resources transparently and effectively.



International Compact for Iraq

- Emphasizes public sector governance and public finance management (at the heart of the socio-economic pillar)
- Public Expenditure and Institutional Assessment (PEIA) is a short-term action in the Joint Monitoring Matrix



Iraq Trust Fund: Sharper Focus

- Focus on Compact benchmarks
- Strengthen economic governance
- Build governance from the bottom up
- Build policy and institutional frameworks in key sectors, e.g., banking, energy



Iraq Trust Fund Future Projects

- Public sector governance/finance: \$30-40 m
- Locally-based projects: \$40-75 m.
- Key sector policy / institution building: \$10-15 m.

Approximately US\$80-130 million



PEIA: Analytical Platform for Public Finance Management

- **Scope:**
 - National public financial management (PFM)
 - Capital investment budget process
 - Education sector case study
 - Subnational PFM
 - Procurement reform
 - Fiscal sustainability
- **Goals:**
 - Document a shared position on Iraq PFM
 - Lead to Iraqi-led PFM reform program



Public Sector Governance/Finance

Additional financing needed:
US\$30-40 million

Possible projects:

- National PFM Reform
- Subnational PFM Reform
- Public Procurement Reform
- KRG Education System Development
- Legal and Judicial Reform, especially commercial law



Public Procurement Workshop, Erbil



Local Projects

- Additional financing needed: US\$40-75 million
- Possible projects:
 - Second Community Infrastructure
 - Community –Driven Development
 - Microfinance



Community Infrastructure Project – canal cleaning



Key Sector Institution Building

- Additional funding needed: US\$10-15 million
- Possible projects:
 - State-Owned Bank Restructuring
 - Energy Reform Support

Dokan and Derbandikhan
Hydropower Facility





Where to Go for Information...

www.worldbank.org

www.irffi.org

