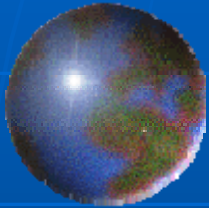


The World Bank Group

IBRD IDA IFC MIGA ICSID

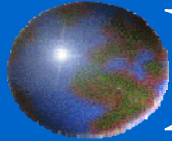


World Bank Iraq Trust Fund Program in Iraq An Update



March 2007



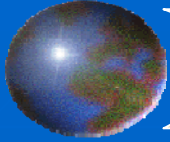


World Bank Emphasizes Client Leadership

How does Bank promote Iraqi ownership?

World Bank Articles of Agreement state that **clients are responsible to implement projects** financed through the Bank

- Iraq prepares project
- Line ministry submits project to ISRB for approval
- Bank appraises project
- Bank and Iraq jointly negotiate and approve project
- Line minister, ISRB, Bank jointly sign grant agreement
- Iraq implements project
- Bank supervises implementation

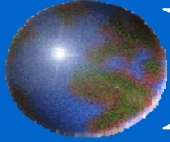


World Bank Products

What assistance can Bank provide?

- Economic and sector work (**analytic studies**)
- Investment **lending and grants**
- **Technical assistance** and capacity building

Bank creates synergy among products



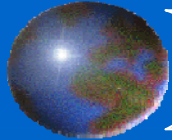
Central Challenges Facing Iraq

How can the Bank make lasting impact?

- **Build confidence of citizens** - help Iraq demonstrate ability to deliver services
- **Build confidence of investors and donors** – help Iraq manage resources efficiently and transparently

**Help Iraq strengthen national and local institutions
and build robust systems**
to deliver services, create jobs, improve
governance...

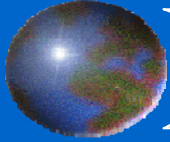
... long after the specific project is completed



Iraq Trust Fund Facts and Figures

How much have donors contributed?

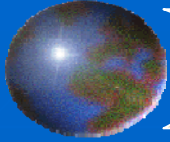
Donors	Pledges	Deposits
	(US\$ million)	(US\$ million)
Australia	16.1	16.1
Canada	22.3	22.3
EC	150.0	150.0
Finland	2.6	2.6
Iceland	1.0	1.0
India	5.0	5.0
Japan	130.6	130.6
Korea	4.0	4.0
Kuwait	5.0	5.0
Netherlands	6.2	6.2
Norway	6.7	6.7
Qatar	5.0	2.5
Spain	20.0	20.0
Sweden	5.8	5.8
Turkey	1.0	1.0
United Kingdom	71.4	71.4
United States	5.0	5.0
	457.6	455.2



Iraq Trust Fund Facts and Figures

What do ITF projects look like?

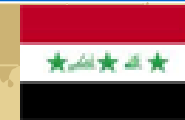
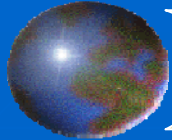
- “Traditional” large scale, multi-year reconstruction projects
- Nationwide geographic coverage
- Support Iraq to design and implement effective systems to protect the vulnerable and build institutions
- 90% of value of Iraqi-implemented grants subject to competitive bidding
- 84% of project financing finances civil works



Iraq Trust Fund Facts and Figures

What projects are funded?

Project	Grant Amount
Closed Projects	
Capacity Building I	3.6
Textbook Provision	40.0
Active Projects	
Capacity Building II	7.0
School Rehabilitation & Construction	60.0
Health Rehabilitation	25.0
Water Supply, Sanitation & Urban Reconstruction	90.0
Baghdad Water Supply	65.0
Private Sector Development	55.0
Community Infrastructure	20.0
Disabilities	19.5
Social Protection	8.0
Household Survey & Policies for Poverty Reduction	5.1
Household Survey & Policies (Technical Assistance)	1.5
Marshland Schools (Supplemental Grant)	6.0
Environmental Management	5.0
Total Use of Funds	410.7

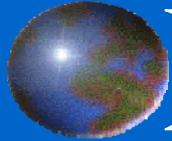


Iraq Trust Fund Facts and Figures

How are ITF funds used?

Sources and Uses of Funds	Current Program	As % of Total Available Funds
Sources of Funds		
Donor Deposits	455.2	93%
Investment Income	34.5	7%
Total Sources of Funds	489.7	100%
Uses of Funds		
Total Grant Commitments	410.7	84%
Of which Iraqi-implemented projects	398.6	81%
Of which Bank-implemented projects	12.1	2%
Project Pipeline ^{1/}	43.3	9%
Project appraisal, supervision, trust fund administration, and fees	26.6	5%
Total Uses of Funds	480.6	98%
Available Resources	9.1	2%

^{1/} Includes US\$20 million financing for supplemental financing for the Water Supply and Sanitation and Urban project and US\$6 million for co-financing of Emergency Electricity project for which grant agreements have recently already been signed. Also includes two projects that have already been approved by ISRB, the Emergency Obstetrics and Neonatal Care project (US\$11.3 million) and the Agriculture Sector Capacity Project (US\$ 6 million).

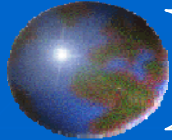


Iraq Trust Fund Facts and Figures

Where do disbursements stand?

Disbursing funds is the last step – Iraq may request payment after goods, works, and services are delivered and certified to be satisfactory

Type of Expenditure	Actual Disbursement (US\$m)	% of Total Disbursement
Project Expenditures	83.3	89%
Of which Iraqi-Implemented	76.4	82%
Of which Bank-Implemented	6.9	7%
Project Appraisal and Supervision	6.2	7%
Trust Fund Management and Administration Fees	4.1	4%
Total	93.6	100%

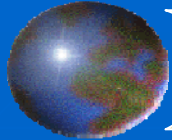


Iraq Trust Fund Facts and Figures

Will pace of disbursement improve?

While disbursements reflect previous progress, the status of **contracting points to future progress**

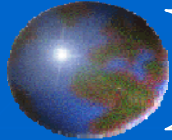
Contracting Status	Total (US\$m)	% of Project Funding
Iraqi-Implemented Projects	398.6	
Tenders Issued	295.2	74%
Contract Signed	183.3	46%
Disbursed	76.4	19%



Monitoring Progress

What are significant implementation challenges?

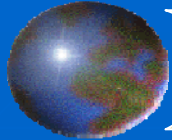
- Security environment
- Country systems
- Political transitions
- Competitive bidding procedures
- Slow decision-making/delegation of authority
- Delays in payments reaching contractors
- Appreciation of Iraqi dinar
- Delay in finalizing extension of ITF time frame



Evaluating ITF Facility

What did the external review of the ITF report?

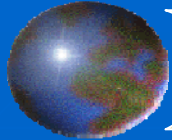
- ITF allowed Bank to participate early
- Donors deposited funds promptly
- Bank processed grants quickly
- Pace of disbursements “expeditious” under the circumstances
- Platform reduces transaction costs
- Innovative governance arrangements not fully tested
- Evidence of effective coordination (UN, donor, Bank)
- Donor projects are complementary
- www.irffi.org is accessible and up-to-date



Evaluating ITF Facility

What did the (Norway-Bank) Post-Crisis MDTF study report about IRFFI?

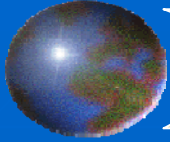
- Unanticipated conflict & turnover – risks & delays
- Donors prefer earmarking and put a premium on quick disbursements
- Bank projects develop state and sector
- UN and Bank offer distinctive competencies - both needed in conflict-affected environment
- Disbursement rate comparable to bilateral donors'
- Post conflict absorptive capacity low until about 5 years after conflict ends



Results and Impact

What impact do ITF projects demonstrate?

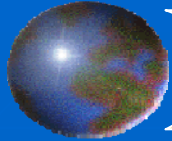
- Strengthen **project management, fiduciary governance**
- Collect & analyze data to design **evidence-based policies**
- Develop **sector strategies** and investment programs
- Promote **sustainable systems** and institutions to deliver services to population
- Help **settle communities** through employment opportunities and other services
- Help Iraq **utilize its investment budget** on well-designed projects



Project Implementation

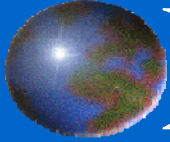
How does the Bank monitor project progress?

- Iraq implements projects and the Bank supervises implementation
- Iraq contracts private companies to carry out the project, according to Bank procurement and financial management procedures
- The Bank employs local staff and consultants to train and advise executing agency before and during project implementation
- ITF engages a fiduciary monitoring agent (FMA) to monitor physical implementation and compliance with procurement and financial management procedures



World Bank Presence in Iraq

- Six Iraqi staff residing in Baghdad (the “Red Zone”) provide daily support for projects
- Two international staff housed in the “Green Zone” focus primarily on policy dialogue and coordination with donors and central government officials
- The office in Amman supports World Bank operations in Iraq
- The fiduciary monitoring agent (FMA) helps monitor project progress



What is the FMA?

- The FMA is a Baghdad-based management consultant firm
- Deploys about two dozen Iraqi professionals - predominately engineers and accountants
- Visits project sites throughout Iraq daily
- Provides on-the-job support to project management teams in the ministries
- Contacts Bank team as needed and reports formally to the Bank monthly