

The World Bank Group

IBRD IDA IFC MIGA ICSID

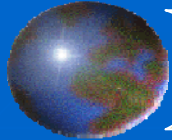


World Bank Program in Iraq An Overview



March 2007



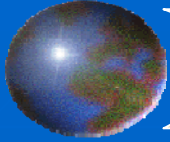


The World Bank

- **Established:** July 1, 1944, by a conference of 44 governments (one of which was Iraq)
- **Membership:** owned by 185 member countries
- **Staff:** about 7,000 employees in World Bank headquarters in Washington, DC, and more than 3,000 employees in some 100 offices around the world

Purpose:

To reduce poverty and improve the living standards of people in low and middle-income countries



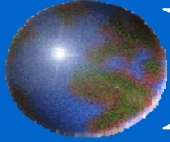
Who Runs The World Bank?

Board of Governors

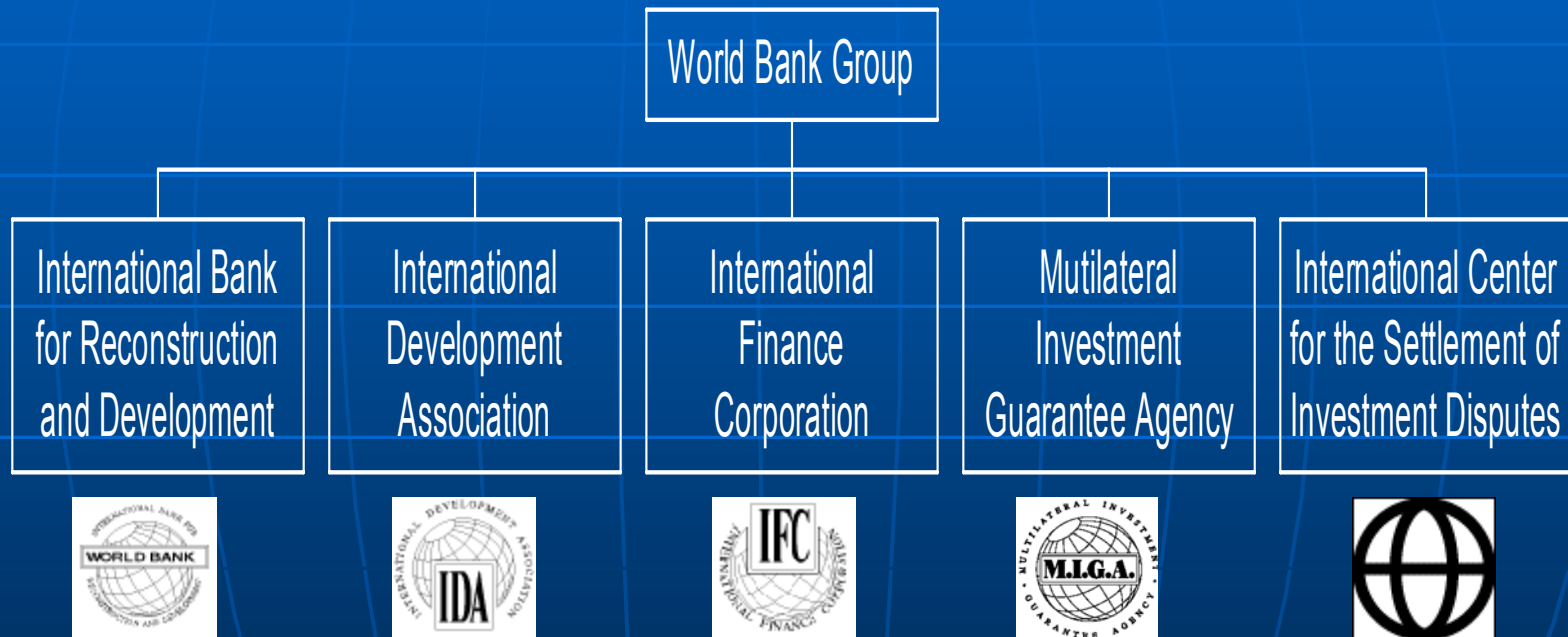
Executive Directors

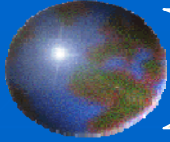
Office of the President

- 185 Member Countries appoint their Governors (usually the Minister of Finance)
- Board of Governors meet once a year at the Annual Meetings
- Governors delegate duties to Executive Directors, who work on site at the Bank
- There are 24 Executive Directors who meet twice a week to oversee business, including approving projects
- The World Bank President reports to the Board of Executive Directors



The World Bank Group— Five Agencies





IDA and IBRD— The Development Agencies



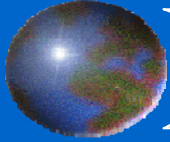
The **International Development Association (IDA)** provides interest-free loans to the poorest countries



The **International Bank for Reconstruction and Development (IBRD)** provides loans to middle-income countries

IDA and IBRD also:

- provide policy and technical advice
- share international best practices
- produce studies and reports



Other World Bank Agencies



The International Finance Corporation (IFC):

- finances private-sector investments
- provides technical support to governments and businesses



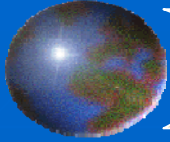
The Multilateral Investment Guarantee Agency (MIGA):

- provides investors with insurance against non-commercial risks
- provides technical assistance on investment promotion



The International Centre for the Settlement of Investment Disputes (ICSID):

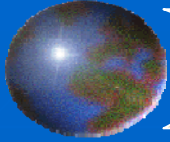
- Provides facilities for settling investment disputes between foreign investors and their host countries



How Does the World Bank Provide Assistance?

Project Identification and Preparation

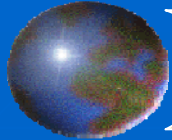
- The government and the World Bank **define a strategy for World Bank assistance**
- Within the framework of the strategy, the government and the World Bank **design projects and negotiate legal agreements**
- The World Bank's Board of Executive Directors approves each project



How Does the World Bank Provide Assistance?

Project Implementation

- Project implementation is the responsibility of the government, which contracts private companies to carry out the work
- The government must abide World Bank procurement and financial management procedures
- The World Bank supervises project implementation
- Once the World Bank reviews procurement and financial management, the Bank disburses funds directly to contractors

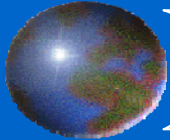


World Bank Procedures

The Bank's processes are governed by the IDA and IBRD Articles of Agreement signed by the Bank's Board of Governors

According to the Articles of Agreement:

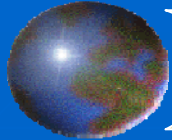
The World Bank must ensure that funds are used for the purposes for which the financing was provided



The World Bank and Iraq

- The Republic of Iraq is a founding member of the World Bank
- Iraq received 6 IBRD loans between 1950-1973 (last loan closed in 1979)
- After a hiatus of more than 20 years, the World Bank began reengaging with Iraq in mid-2003
- In 2003, the World Bank and UN produced a Joint Needs Assessment and designed a multi-donor trust fund facility for grants to Iraq





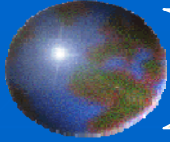
Current World Bank Program in Iraq

The World Bank's Second Interim Strategy Note for Iraq (September 2005) provides a two-year framework for assistance:

- **Economic and sector work** (studies and technical assistance)
- **Grants from the Iraq Trust Fund** (current deposits: US\$450 million)
- **Concessionary loans from IDA** (up to US\$500 million)

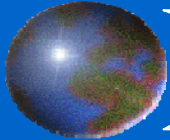
Objective:

To help Iraq build systems and institutions for transparent and effective use of Iraq's own resources



Status of Economic and Sector Work

- In mid-2006, the Bank provided the new government with a **comprehensive briefing book** covering key policy areas and sectors
- The Bank will focus on **public finance management reform** in 2007
- Other work includes:
 - economic reform
 - social assistance and pensions
 - bank restructuring
 - housing
 - oil and gas
 - electricity sector restructuring
 - water resource management

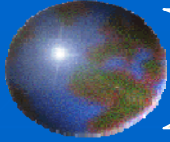


Status of Iraq Trust Fund

- The ITF finances 15 emergency projects for US\$411 million
- 2 projects are closed—first capacity building and textbooks, and a community infrastructure project is nearly completed



Civil works in progress in Badawa (Erbil) – Emergency Water, Sanitation, and Urban Reconstruction Project, September-December 2006

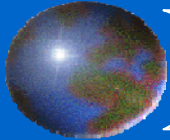


Status of Iraq Trust Fund, cont.

- Projects are executed by Iraqi authorities
- Most projects cover all 18 governorates
- Sectors:
 - education
 - environment
 - health care
 - irrigation and drainage
 - private sector development
 - social protection
 - telecommunications
 - water supply and sanitation
 - urban reconstruction

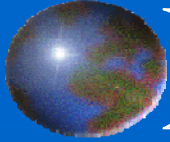


Hospital Rehabilitation in Sadr City (Baghdad), December 2006



Status of IDA Loans

- The government of Iraq asked for IDA to **focus on basic services**: education, electricity, transport, and water supply
- 17% directed to Kurdistan
- The World Bank has approved **3 projects totaling US\$285 million**:
 - Third Emergency Education Project (US\$100 million)
 - Emergency Road Rehabilitation Project (US\$135 million, including US\$45 million KRG component)
 - Dokan and Derbandikhan Emergency Hydropower Project (US\$40 million)
- Projects are awaiting ratification by Iraq's parliament



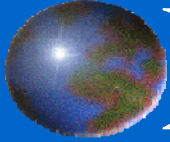
Who Can Receive World Bank Grants or Loans?

World Bank Iraq Trust Fund:

- Central government, local government, ministry, private sector, NGO, international organization
- Entity must meet the Bank's fiduciary requirements
- Every project and recipient must be approved in advance by the Iraq Strategic Review Board (ISRB)

IDA Loans:

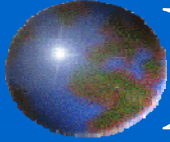
- Less flexibility, partly because funds are to be repaid
- IDA normally makes loans to member countries only (i.e., the Republic of Iraq)
- If the project is not implemented by the central government, a separate implementation agreement may be necessary



Other Grant Funding

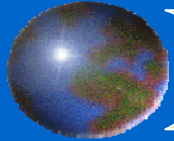
- Post Conflict
 - Karama Burn Unit
 - Social Analysis
- Japan Preparation
 - Two Water & Sanitation
 - Electricity
 - Agriculture





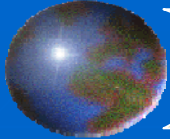
World Bank Presence in Iraq

- Six Iraqi staff residing in the “Red Zone” in Baghdad provide daily support for Bank-financed projects
- An office in the “Green Zone,” with two international staff, focuses on policy dialogue and donor coordination. This office is being strengthened
- An Office in Amman supports World Bank operations in Iraq
- The Bank has contracted a private firm, which employs about 24 Iraqis, to monitor project procurement and financial management throughout Iraq

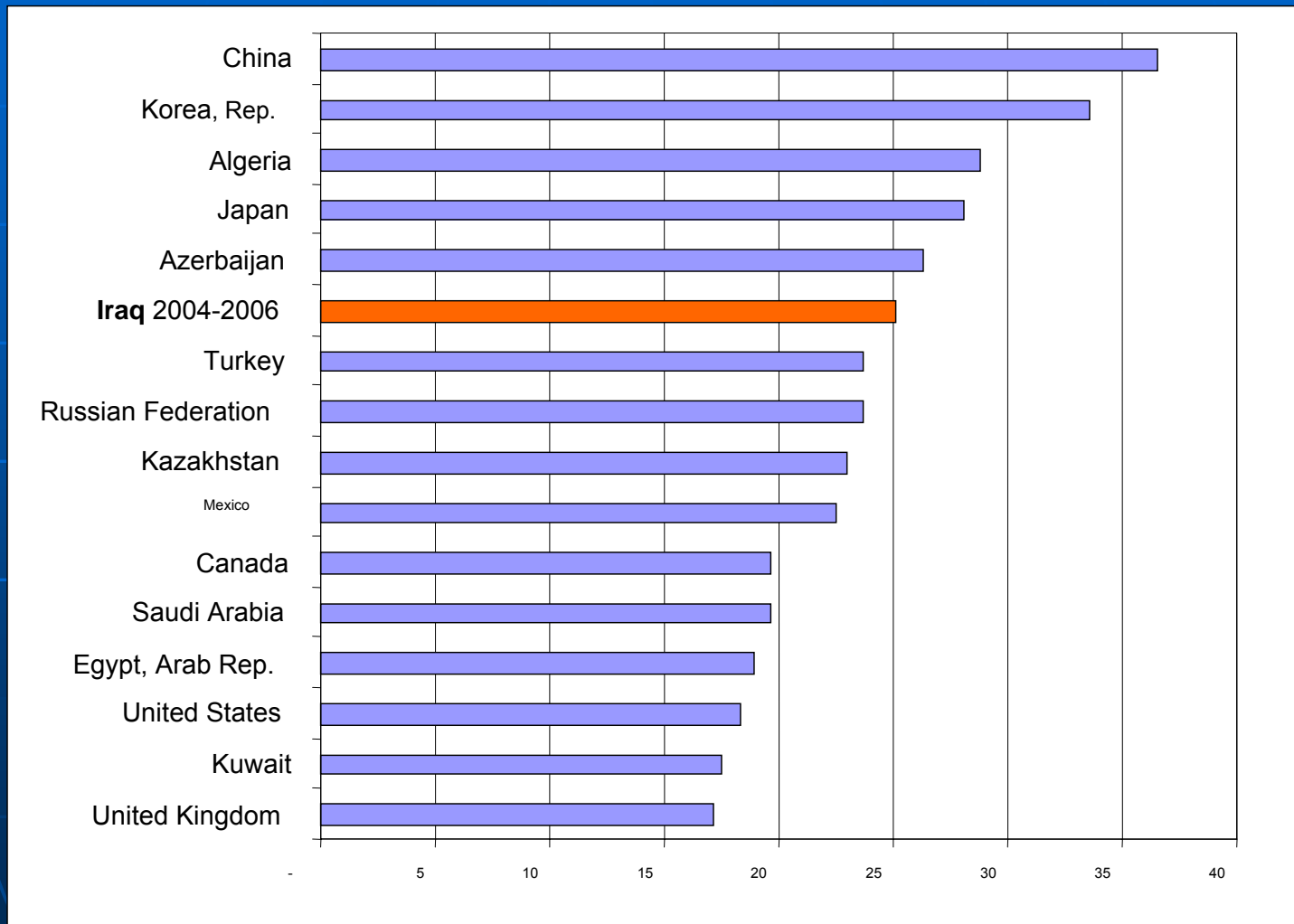


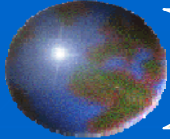
Investment Strategies

- Resources-Financial, Human and institutional – Absorptive capacities
- Role of Public and Private Sector
- Priorities and Sequence
- Coordination – Organization – Links to Budget and Effective, Transparent and Accountable Implementation

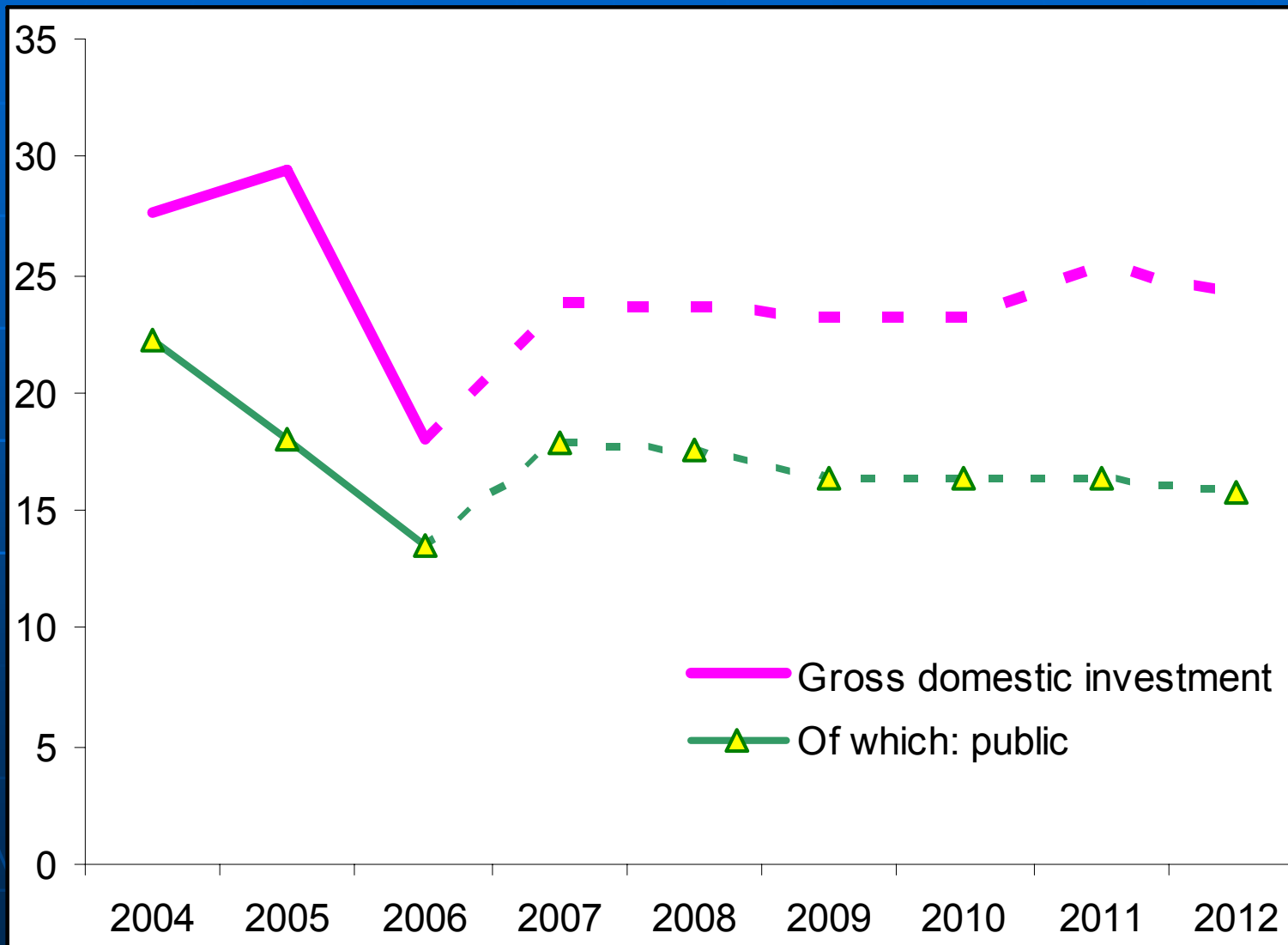


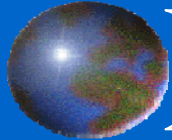
Gross Capital Formation, 1990-2004





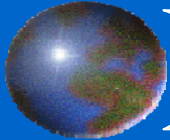
Gross domestic investment, % of GDP



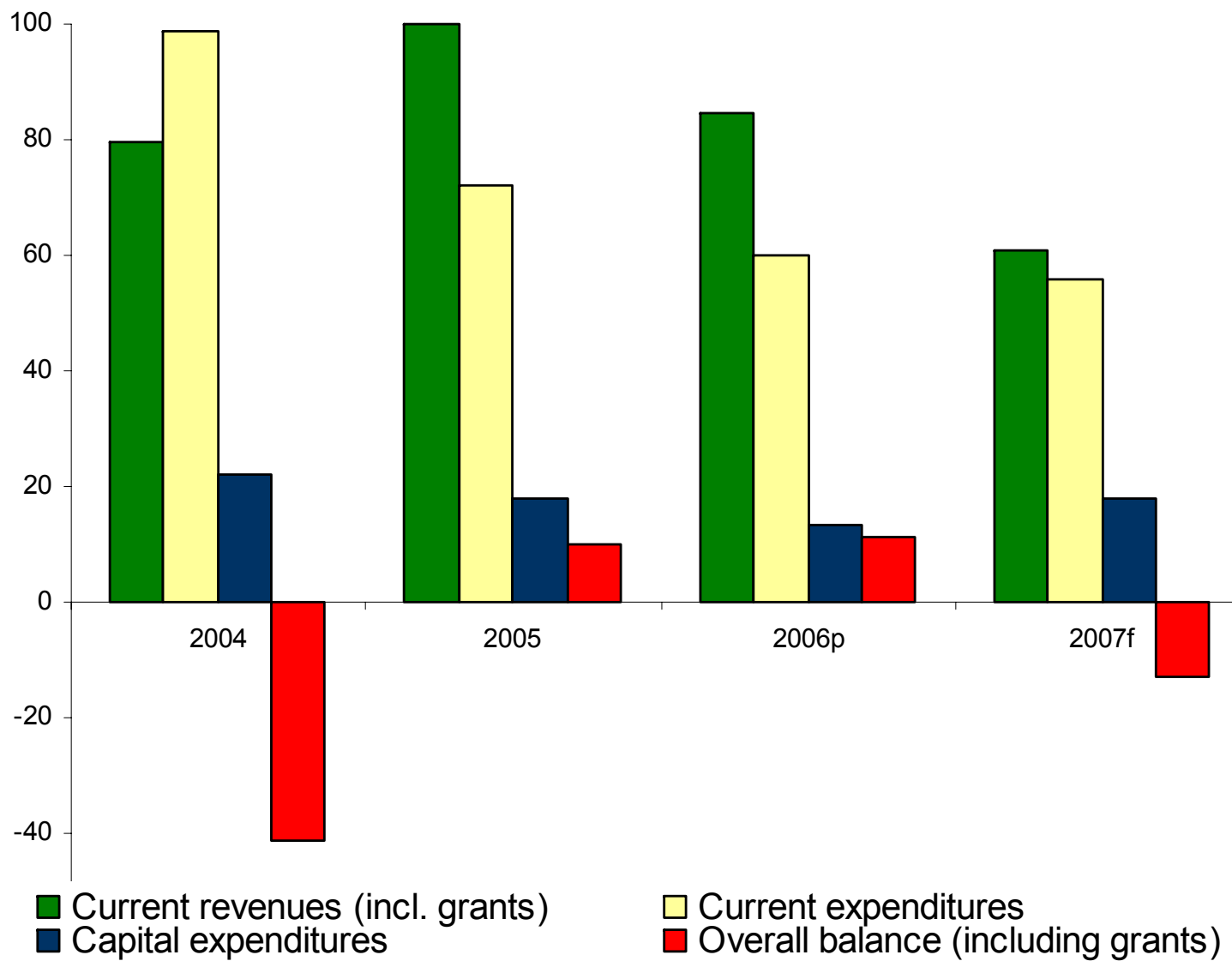


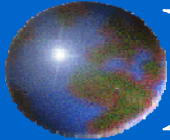
Public Finances (% of GDP)

	2003	2004	2005	2006p	2007f
Current revenues (incl. grants)	..	79.6	100.2	84.5	60.7
o/w: Oil revenues	67.1	69.2	71.6	64.2	49.2
Grants	..	9.1	26.0	17.0	8.5
Current expenditures	..	98.6	72.0	59.9	55.9
Imports of oil products	..	12.8	8.4	5.9	0.5
Salaries	..	9.3	12.8	16.3	19.4
Pensions	..	2.8	5.4	4.8	5.7
Social safety net	..	15.9	7.4	7.0	7.3
Capital expenditures	..	22.2	18.1	13.5	17.9
o/w Oil investment expenditures	..	5.8	4.8	2.6	3.8
Contingency	<i>na</i>	<i>na</i>	<i>na</i>	1.4	0.5
Overall balance (including grants)	..	-41.2	10.1	11.1	-13.1
Overall balance (excluding grants)	..	-50.3	-15.9	-5.9	-21.6



Public Finances (% of GDP)





World Bank Program in Iraq



Where to Go for Information...

www.worldbank.org

www.irffi.org

The screenshot shows the World Bank homepage in Microsoft Internet Explorer. The browser title is "The World Bank - Microsoft Internet Explorer". The address bar shows "http://www.worldbank.org/". The page features a navigation menu with links for "About", "Countries", "Data & Research", "Learning", "News", "Projects & Operations", "Publications", and "Topics". A search bar is located at the top right. The main content area includes a featured article titled "AFRICA A CONTINENT OF HOPE" with a photo of a woman. Below this, there are sections for "NEWS & BROADCAST" and "NEWSLETTERS". The taskbar at the bottom shows the "start" button, several open applications, and the system clock displaying 3:54 AM on Monday, 06/13/2005.

The screenshot shows the IRFFI website in Microsoft Internet Explorer. The browser title is "IRFFI - World Bank Iraq Trust Fund (WB ITF) - Microsoft Internet Explorer". The address bar shows a long URL: "http://www.irffi.org/WEBSITE/EXTERNAL/IRFFI/0_content/MDK:20241701~HPK:537994~menuPK:64168620~pagePK:64168627~pPK:64167475~theSitePK:491458,00.html". The page features a navigation menu with links for "About the Facility", "Accessing the Needs", "Donor Commitments", "Donor Committee Meetings", "UNODC Iraq Trust Fund", "World Bank Iraq Trust Fund (WB ITF)", "World Bank Interim Strategy for Iraq", "WB ITF Project Financing Process", "WB ITF Operations in Iraq", "Updated WB ITF Status Report", "WB ITF Procurement", and "WB ITF News Archive". The main content area includes a section titled "World Bank Iraq Trust Fund (WB ITF)" with a logo featuring the Iraqi flag and the text "IRAQ". Below this, there are sections for "Stay Updated", "Key Documents", "Latest News", and "Related Site". The taskbar at the bottom shows the "start" button, several open applications, and the system clock displaying 3:52 AM on Monday, 06/13/2005.