

PROJECT INFORMATION DOCUMENT (PID)

CONCEPT STAGE

Report No.: PIDC8259

Project Name	Irrigation and Drainage Improvement Project (P149803)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Iraq
Sector(s)	Irrigation and drainage (70%), Agricultural extension and research (20%), Sub-national government administration (10%)
Theme(s)	Water resource management (40%), Rural services and infrastructure (40%), Rural policies and institutions (10%), Decentralization (10%)
Lending Instrument	Investment Project Financing
Project ID	P149803
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Water Resources
Environmental Category	A-Full Assessment
Date PID Prepared/ Updated	24-Jul-2014
Date PID Approved/ Disclosed	10-Sep-2014
Estimated Date of Appraisal Completion	20-Jan-2015
Estimated Date of Board Approval	19-Mar-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

The Republic of Iraq—with an estimated population of about 30 million—faces substantial development challenges. While its GDP puts Iraq at the level of a “middle income country”, Iraq still suffers from conflicts and fragility of weak institutions which need assistance. Chief among these are (i) to rebuild its infrastructure and (ii) to strengthen the institutions, which were deteriorated and weakened through a history of authoritarian rule followed by wars and occupation. These tasks have been made difficult by political instability and the excessive dependence on one commodity— crude oil—for its revenues.

Wars, economic sanctions and weak governance have contributed to a marked deterioration in Iraq’s standards of living in recent years. For example, the infant mortality rate in Iraq is close to the rates in the MENA region’s poorest countries, Djibouti and Yemen. Furthermore, school enrollment

has declined over the past decades as a result of low quality of and low returns to education. Iraq's poverty headcount index is relatively high at 23 percent. About 6.9 million Iraqis are classified as poor, half in rural areas and half in urban areas. However, with a poverty gap of only 4.5 percent, Iraq's poverty is shallow. This means that a relatively small amount of resources— through income growth or transfer mechanisms— could lift many of the poor above the poverty line.

Iraq is heavily dependent on the external water resources that are not subject to well-established cross-border agreements. Iraq has been facing threats of decreased water inflows and increased salinity (particularly in the Euphrates basin), which have negatively affected agriculture, drinking water quality and the ecological balance of marshlands. The deteriorating water quantity and quality have put almost 40 percent of historically-irrigated areas out of production, while 70 percent of crop land is affected by high soil salinity which significantly limits crop yields. Serious environmental and health risks associated with frequent water shortages in main water courses, extensive sedimentation at main barrages/dams, accumulated soil salinity, and contaminated water supplies due to disposal of untreated sewage, all detract from economic growth and health indicators.

Sectoral and Institutional Context

The agricultural sector contributes to 35 percent of Iraq's non-oil GDP and to about 30 percent of employment for the rural poor. The development of hydraulic infrastructure, consisting of large dams, reservoirs and distribution networks for water supply and irrigation was central to economic planning. Iraq developed more than 3 million hectares of irrigated-agricultural lands. Irrigation accounts for 85 percent of all water use. Traditionally the main crops were wheat, barley, maize, besseem and vegetables. Crop yields for most crops are usually low when compared with other countries and rural poverty is high.

Over half of the irrigation and drainage systems are deteriorating and/or operating below their potential capacity. Moreover, the poor maintenance program has affected the efficiency of the existing systems and caused very low productivity in comparison with other countries. Rates of water productivity are below the international standards and affected by water variability, expected to worsen with the effect of climate change, land and water salinity, and increased competition for water resources. To cope with these threats and to meet the increasingly complex demands of farmers, irrigation service providers need to improve their performance.

Relationship to CAS

In 2006, the GoI and the Bank have jointly prepared a Country Water Resources Assistance Strategy (CWRAS), which identified two roles of the Government for the water resources and irrigation sector: (i) expedite investments in water infrastructure for urgent provision of irrigation and water supply; and (ii) combine these fast investments with sensible institutional reforms. An institutional and regulatory reform was assessed as particularly relevant in Iraq, due to over-reliance on engineering solutions to cover institutional deficiencies. In line with the CWRAS, the Bank has been supporting the MOWR through the Iraq Trust Fund financed Emergency Community Infrastructure Rehabilitation Project (ECIRP) (US\$20 million) and through its follow-up additional financing AF-ECIRP (US\$26 million). Both projects were satisfactory in terms of disbursement/ implementation rates and achieved their two target PDOs: (i) rapid rural employment creation and (ii) accelerated revival of basic irrigation and rural-water supply services.

Across the infrastructure spectrum—energy, water, transport, and municipal infrastructure—capital investments are required to ensure provision of basic infrastructure and effective institutions (at

local, and national level) are required to translate the investments into service delivery. In parallel with investments and technical support, a fundamental sectoral transformation needs to be carried out under a sequenced program to develop a vision, strategy and implementation plan. Considering the current fragile context of Iraq, the program should be implemented in a practical and incremental way. International best practice should be brought in on service delivery systems and citizen engagement in the context of conflict.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed project development objective (PDO) is to “increase access to irrigation and drainage services in targeted areas”. This increase will be accomplished by rehabilitating and improving the irrigation and drainage schemes.

Key Results (From PCN)

The proposed PDO indicators are:

- Area provided with improved irrigation and drainage services
- Water users provided with improved irrigation and drainage services (number)
- Dam safety action plan established and water resources measured in agreed areas
- Direct beneficiaries (number), of which female (percentage)

III. Preliminary Description

Concept Description

Irrigation and drainage plays a major role in Iraq by reducing poverty and creating shared prosperity, and the proposed project therefore helps the Bank achieve its twin goals. About 30 percent of the rural poor depend on agriculture for employment and livelihoods. In addition by improving the irrigation and drainage the farmers at the end of the canal, which are the poorest one, will get access to water and increase their production capacity. Improving the performance of irrigated agriculture (in terms of productivity, farm income and employment generation) will contribute to improving the livelihoods and incomes of farming households and, in turn, will contribute to reducing poverty in the project areas. Second, poor farming households tend to have the least capacity to cope with the adverse consequences of a reduced or intermittent access to water (due to upstream increased use, climate variability, and climate change). Investments to improve irrigation and drainage services will provide more reliable access to irrigation water and thus would improve the resilience of farming households, especially the poor.

The design of this proposed project is based on a balance approach to continue to build on the still needed emergency rehabilitation of the irrigation and drainage systems to benefit communities and create jobs (Component A), while at the same time developing the strategic discussion on the broader water resources management and the sustainability of water (and irrigation) infrastructure investment (component B). This balanced approach has been requested by the client and is in line with the Iraq CPS and with lessons learned in water infrastructure projects in other fragile countries. Indeed, there is a need to have tangible results for communities on the ground while supporting a sustainable management and development of the limited water resources.

Hence, the proposed Project contains the following two components:

- Component (A): “Rehabilitation and improvement of approximately ten irrigation and drainage systems and on-farm land reclamation” (the estimated cost MUS\$105). This component will improve irrigation and drainage schemes; including canal lining, improvement of open drainage systems, pilot areas on land reclamation with land leveling. This component is also expected to strengthen the capacity of the Ministry in monitoring and evaluation of projects (including this proposed project) and will also support the operating costs of the project management team (PMT).
- Component (B): “Strengthening Water Resources Management” (the estimated cost is MUS \$35). This component will include studies and pilots in the areas of: (i) water resources monitoring; (ii) re-use of the drainage water in the main outfall drain (MOD); and (iii) assessment and evaluation of dams and reservoirs safety.

The project is categorized as an A, and the following safeguards policies are triggered: Environmental Assessment (OP/BP 4.01), Involuntary Resettlement (OB/BP 4.12), Pest Management (OP 4.09), Dam Safety (OP4.37) and Projects on International Waterways (OP/BP 7.50). Other safeguards policies, namely: The Natural Habitats (OP/BP 4.04) and Physical Cultural Resources (OP/BP 4.11) are marked TBD (To Be Determined) depending on the potential impacts of the rehabilitation and reclamation works on project locations that are yet to be identified.

The following safeguards instruments will be used in this project: Environmental and Social Management Framework (ESMF), Environmental and Social Impact Assessment (ESIA)/ Environmental and Social Management Plan (ESMP), Resettlement Policy Framework (RPF), Pest Management Plan (PMP) and Resettlement Action Plan (RAP) (when applicable). The need for Dam Safety Plan will be determined during preparation. The ESMF and RPF will be prepared for the overall project to provide a framework for how environmental and social safeguards are to be addressed. The ESIA/ESMP will be prepared for identified schemes and RAP will be prepared if required. These instruments will be prepared, reviewed, approved, and disclosed in-country and at the Infoshop prior to appraisal. There will also be the implementation of additional dam safety measures if they turned out to be required under component A or B during preparation.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36		x	
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37	x		
Projects on International Waterways OP/BP 7.50	x		
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	140.00	Total Bank Financing:	140.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			140.00
Total			140.00

VI. Contact point

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