

Document of
The World Bank

Report No: PAD1485

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$ 350 MILLION

TO THE

REPUBLIC OF IRAQ

FOR AN

EMERGENCY OPERATION FOR DEVELOPMENT

June 23, 2015

Social, Rural, Urban and Resilience Global Practice
Middle East and North Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2015)

Currency Unit = IQD
1,166 IQD = USD 1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ARAP	: Abbreviated Resettlement Action Plan
CPA	: Coalition Provisional Authority
CE	: Citizen Engagement
CPS	: Country Partnership Strategy
CQS	: Consultants' Qualification Selection
DL	: Disbursement Letter
DPRs	: Diversified Payment Rights
DRB	: Directorate of Roads Bridges
EERP	: Emergency Electricity Reconstruction Project
EOD	: Explosive Ordnance Disposal
EOI	: Expression of Interest
E&S	: Environmental and Social
ESAP	: Environment and Social Action Plan
ESIA	: Environment and Social Impact Assessment
ESMF	: Environmental and Social Management Framework
ESMP	: Environment and Social Management Plan
EWR	: Explosive War Remnants
FA	: Framework Agreements
FM	: Financial Management
FMS	: Financial Management System
FMU	: Financial Management Unit
FY	: Financial Year
GDP	: Gross Domestic Product
GOI	: Government of Iraq
GRS	: Grievance Redress Service
GSCOM	: General Secretariat of the Council of Ministers
IAS	: International Accounting Standards
IBRD	: International Bank for Reconstruction and Development
ICA	: Investment Climate Assessment
ICB	: International Competitive Bidding
ICS	: Internal Control System
ICU	: Internal Control Unit
IDA	: International Development Association
IDPs	: Internally Displaced Persons
IEDs	: Improvised explosive devices

IEG	: Independent Evaluation Group
IFR	: Interim Unaudited Financial Statements
IFRS	: International Financial Reporting Standards
IMF	: International Monetary Fund
INES	: Integrated National Energy Strategy for Iraq
ISIS	: Islamic State of Iraq and Syria
ISMs	: Implementation support missions
ITF	: Iraq Trust Fund
IVO	: Identification Verification Orientation
KRG	: Kurdistan Regional Government
LIB	: Limited International Bidding
M&E	: Monitoring and Evaluation
MENA	: Middle East and North Africa
MoCH	: Ministry of Construction and Housing
MoE	: Ministry of Electricity
MoH	: Ministry of Health
MoMPW	: Ministry of Municipalities and Public Works
MIS	: Management Information System
MTR	: Mid-Term Review
NSWMP	: National Solid Waste Management Plan
NCB	: National Competitive Bidding
OPEC	: Organization of the Petroleum Exporting Countries
PAD	: Project Appraisal Document
PCR	: Physical Cultural Resources
PCU	: Project Coordination Unit
PDO	: Project Development Objective
PDS	: Public Distribution System
PIM	: (Emergency) Project Implementation Manual
PLR	: Performance and Learning Review
PM	: Procurement Manager
PMT	: Project Management Team
PMU	: Project Management Unit
PPF	: Project Preparation Facility
QCBS	: Quality and Cost Based Selection
RAP	: Resettlement Action Plan
RPF	: Resettlement Policy Framework
RF	: Reconstruction Fund
SBDs	: Standard Bidding Documents
SOE	: Statement of Expenditure
SOEs	: State Owned Enterprises
SORT	: Systematic Operations Risk-Rating Tool
TA	: Technical Assistance
TCP	: Transport Corridors Project
TOR	: Terms of Reference
TPMA	: Third Party Monitoring Agent
TTL	: Task Team Leader

UN : United Nations
UNOCHA : United Nations Office for the Coordination of Humanitarian Affairs
UNMAS : United Nations Mine Action Service
UXO : Unexploded Ordnance
WAs : Withdrawal Applications
WDR : World Development Report
WHO : World Health Organization

Regional Vice President:	Hafez Ghanem
Country Director:	Ferid Belhaj
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Acting Practice Manager:	Nina Bhatt
Task Team Leader:	Ibrahim Khalil Dajani

TABLE OF CONTENTS

EMERGENCY OPERATION FOR DEVELOPMENT	1
TABLE OF CONTENTS	1
I. RATIONALE AND DRIVERS FOR THIS OPERATION	1
II. STRATEGIC CONTEXT	2
A. Country Context	2
B. Situation of Urgent Need of Assistance or Capacity Constraints	4
C. Sectoral and Institutional Context.....	5
D. Higher Level Objectives to which the Project Contributes	6
III. PROJECT DEVELOPMENT OBJECTIVES.....	8
A. PDO.....	8
B. Project Beneficiaries.....	8
C. PDO-level Results Indicators	8
IV. PROJECT CONTEXT	9
A. Project Components.....	9
B. Project Financing	15
C. Lessons Learned and Reflected in the proposed Project Design	16
V. IMPLEMENTATION.....	19
A. Institutional and Implementation Arrangements	19
B. Results Monitoring and Evaluation (M&E)	23
C. Sustainability	24
D. Synergies.....	24
VI. KEY RISKS AND MITIGATION MEASURES.....	24
A. Overall Risk Rating Explanation	25
VII. APPRAISAL SUMMARY.....	27
A. Economic and Financial Analysis	27
B. Technical.....	28
C. Financial Management.....	29
D. Procurement	30
E. Social (including Safeguards).....	30
F. Environment (including Safeguards).....	32
G. World Bank Grievance Redress.....	33
Annex 1: Results Framework and Monitoring and Evaluation	34
Annex 2: Detailed Project Description	45
Annex 3: Implementation Arrangements.....	54
Annex 4: Implementation Support Plan	82
Annex 5: Environmental and Social Action Plan.....	87
Annex 6: Map of Republic of Iraq.....	113

PAD DATA SHEET*Republic of Iraq**Emergency Operation for Development (P155732)***PROJECT APPRAISAL DOCUMENT***MIDDLE EAST AND NORTH AFRICA**GSURR*

Report No.: PAD1485

Basic Information			
Project ID P155732	EA Category B - Partial Assessment	Team Leader(s) Ibrahim Khalil Dajani	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [X]		
	- Fragile States	- Post-Conflict	
	- Natural or man made disaster		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 07-Jul-2015	Project Implementation End Date 31-Dec-2019		
Expected Effectiveness Date 27-Jul-2015	Expected Closing Date 30-Jun-2020		
Joint IFC No			
Practice Manager/Manager Nina Bhatt	Senior Global Practice Director Ede Jorge Ijjasz-Vasquez	Country Director Ferid Belhaj	Regional Vice President Hafez M. H. Ghanem
Borrower: Republic of Iraq			
Responsible Agency: Ministry of Municipalities and Public Works			
Contact:	H.E. Mr. Abdulkareem Yunis	Title:	Minister
Telephone No.:	00964-15435448	Email:	mmpw.pmt@gmail.com
Responsible Agency: Ministry of Health			
Contact:	H.E. Mrs. Adeelah Mahmoud Hussein	Title:	Minister
Telephone No.:	00964-7901943415	Email:	minister@moh.gov.iq
Responsible Agency: Ministry of Electricity			
Contact:	H.E. Mr. Qassim Fahdawi	Title:	Minister

Telephone No.: 00964-7901938715		Email: imoe_hq@yahoo.com								
Responsible Agency: Ministry of Construction and Housing										
Contact:	H.E. Mr. Tariq Al Khekani	Title:	Minister							
Telephone No.:	00964-7704715011	Email:	office@imariskan.gov.iq							
Responsible Agency: Reconstruction Fund for Areas Affected by Terroristic Operations										
Contact:	H.E. Mr. Abdul Basit Tirki Saeed	Title:	Coordinator of the Reconstruction Fund							
Telephone No.:	964-790-146-1419	Email:	ghaidaa1954@yahoo.com							
Safeguards Deferral (from Decision Review Decision Note)										
Will the review of Safeguards be deferred? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No										
Project Financing Data(in USD Million)										
<input checked="" type="checkbox"/> Loan	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Guarantee								
<input type="checkbox"/> Credit	<input type="checkbox"/> Grant	<input type="checkbox"/> Other								
Total Project Cost:	350.00	Total Bank Financing:	350.00							
Financing Gap:	0.00									
Financing Source		Amount								
Borrower		0.00								
International Bank for Reconstruction and Development		350.00								
Total		350.00								
Expected Disbursements (in USD Million)										
Fiscal Year	2016	2017	2018	2019	2020	0000	0000	0000	0000	0000
Annual	75.00	75.00	90.00	50.00	60.00	0.00	0.00	0.00	0.00	0.00
Cumulative	75.00	150.00	240.00	290.00	350.00	0.00	0.00	0.00	0.00	0.00
Institutional Data										
Practice Area (Lead)										
Social, Urban, Rural and Resilience Global Practice										
Contributing Practice Areas										
Energy & Extractives, Health, Nutrition & Population, Transport & ICT, Water										
Cross Cutting Topics										
<input type="checkbox"/> Climate Change										
<input checked="" type="checkbox"/> Fragile, Conflict & Violence										
<input type="checkbox"/> Gender										

[] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Health	12		
Energy and mining	Transmission and Distribution of Electricity	21		
Transportation	Rural and Inter-Urban Roads and Highways	45		
Water, sanitation and flood protection	Sanitation	8		
Water, sanitation and flood protection	Water supply	14		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Trade and integration	Regional integration	20		
Human development	Health system performance	12		
Urban development	Urban services and housing for the poor	8		
Urban development	Other urban development	10		
Urban development	City-wide Infrastructure and Service Delivery	50		
Total		100		
Proposed Development Objective(s)				
The Project is to support the Republic of Iraq in the reconstruction of damaged infrastructure and the restoration of public services delivery in Targeted Municipal Areas.				
Components				
Component Name	Cost (USD Millions)			
Restoring Electricity Infrastructure and Connectivity	75.00			
Restoring Municipal Waste, Water and Sanitation Services	60.00			
Restoring Transport Infrastructure and Developing a Housing Reconstruction Subsidy Scheme	140.00			

Restoring Health Services	42.00	
Technical Assistance	25.00	
Project Management, Sensitization, and Monitoring and Evaluation	8.00	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	High	
2. Macroeconomic	Substantial	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Substantial	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	High	
7. Environment and Social	Substantial	
8. Stakeholders	High	
9. Other	High	
OVERALL	High	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes [] No [X]	
Does the project require any waivers of Bank policies?	Yes [] No [X]	
Have these been approved by Bank management?	Yes [] No [X]	
Is approval for any policy waiver sought from the Board?	Yes [] No [X]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [X] No []	
Safeguard Policies Triggered by the Project	Yes	No
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
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Project Coordinating Unit (Loan Agreement, Schedule 2, Section I.A.1)	X		CONTINUOUS
Description of Covenant			
The Borrower shall maintain, throughout the period of implementation of the Project, a Project Coordination Unit under the Reconstruction Fund reporting to the Council of Ministers, to be responsible for, inter alia: coordination and facilitation of Project implementation (including among the PMTs), and providing overall strategy, guidance, and monitoring and evaluation for the Project.			
Name	Recurrent	Due Date	Frequency
Project Management Teams (Loan Agreement, Schedule 2, Section I.A.2 (a) and (b))	X		CONTINUOUS
Description of Covenant			
The Borrower shall establish, by no later than July 30, 2015, and thereafter maintain within each of MoE, MoMPW, RBD of MoCH, and MoH throughout the period of implementation of the Project, a Project Management Team, staffed with competent technical and other personnel.			
Name	Recurrent	Due Date	Frequency
Project Implementation Manual (Loan Agreement, Schedule 2, Section I.B.1)		20-Aug-2015	
Description of Covenant			
The Borrower shall, by no later than thirty (30) days after the Effective Date, prepare and adopt a Project Implementation Manual, in form and substance satisfactory to the Bank.			
Name	Recurrent	Due Date	Frequency
Housing Reconstruction Subsidy Scheme (Loan Agreement, Schedule 2, Section I.E)		28-Dec-2017	
Description of Covenant			
The Borrower shall: (a) by no later than eighteen (18) months after the Effective Date, prepare and furnish to the Bank, for its review and comment, a draft of the Housing Reconstruction Subsidy Scheme, and afford the Bank a reasonable opportunity to exchange views with the Bank on said draft Scheme; and (b) thereafter, by no later than twenty four (24) months after.			
Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.2)		21-Oct-2015	
Description of Covenant			
The Borrower shall, no later than three (3) months after the Effective Date, prepare and disclose in a manner satisfactory to the Bank an Environmental and Social Management Framework and a Resettlement Policy Framework, in form and substance satisfactory to the Bank.			

Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.5(a) (i))	X		CONTINUOUS
Description of Covenant			
The Borrower shall, prior to commencing Minor Civil Works for any activity under the Project to be carried out prior to the preparation of the ESMF: when required under the ESAP, prepare, adopt and disclose appropriate Simplified ESMP(s) in accordance with the ESAP, such Simplified ESMP(s) to be in form and substance satisfactory to the Bank;			
Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.5(a) (ii))	X		CONTINUOUS
Description of Covenant			
The Borrower shall, prior to commencing Minor Civil Works for any activity under the Project to be carried out prior to the preparation of the ESMF: when required under the Simplified ESMPs, carry out specific public consultation in form and in substance satisfactory to the Bank.			
Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.7(a))		21-Oct-2015	
Description of Covenant			
The Borrower shall: by no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the period of implementation of the Project, a grievance redress mechanism, satisfactory to the Bank, for the management of complaints related to the Project;			
Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.7(b))	X		CONTINUOUS
Description of Covenant			
The Borrower shall: ensure that adequate measures, satisfactory to the Bank, are put in place to ensure that all aspects of Project implementation are carried out in an inclusive, non-discriminatory and participatory manner.			
Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.9)	X		CONTINUOUS
Description of Covenant			
The Borrower shall ensure that any area in which civil works under the Project will be implemented has been cleared of Explosive Remnants of War, and to that end, prior to commencing civil works for any activity under the Project;			
Name	Recurrent	Due Date	Frequency
Safeguards (Loan Agreement, Schedule 2, Section I.F.9)	X		CONTINUOUS
Description of Covenant			

The Borrower shall provide a confirmation, in form and substance satisfactory to the Bank, that the area in which such civil works will be implemented has been declared safe and clear of Explosive Remnants of War.

Name	Recurrent	Due Date	Frequency
Withdrawal of Loan Proceeds (Loan Agreement, Schedule 2, Section IV.B.1)	X		CONTINUOUS

Description of Covenant

No withdrawal shall be made for payments made prior to the date of the Loan Agreement, except that withdrawals up to an aggregate amount not to exceed USD 15 million may be made for payments made prior to this date but on or after January 1, 2015, for Eligible Expenditures.

Conditions

Source Of Fund	Name	Type

Description of Condition

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Ibrahim Khalil Dajani	Team Leader (ADM Responsible)	Senior Operations Officer	Transport / Infrastructure Specialist	GTIDR
Sepehr Fotovat Ahmadi	Procurement Specialist	Senior Procurement Specialist	Procurement Specialist	GGODR
Jad Raji Mazahreh	Financial Management Specialist	Sr Financial Management Specialist	Financial Management Specialist	GGODR
Abdallah Awad	Team Member	IT Officer, Client Services II	ICT Specialist	ITSCR
Africa Eshogba Olojoba	Safeguards Specialist	Lead Environmental Specialist	Environment Safeguards Specialist	GENDR
Andrianirina Michel Eric Ranjeva	Team Member	Finance Officer	Finance Officer	WFALA
Caroline van den Berg	Team Member	Lead Water and Sanitation Specialist	Water Specialist	GWADR
Chaogang Wang	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards Specialist	GSURR
Charlene D'Almeida	Team Member	Program Assistant	Program Assistant	GSURR

Ferhat Esen	Team Member	Senior Energy Specialist	Energy Specialist	GEEDR	
Hisham A. Abdo Kahin	Counsel	Lead Counsel	Legal Counsel	LEGES	
Husam Mohamed Beides	Team Member	Program Leader	Program Leader	MNC02	
Igor Jokanovic	Team Member	Consultant	Highway Engineer	GTIDR	
Mohammed Wafaa Al-Ani	Team Member	Private Sector Development Specialist	Energy Specialist	GTCDR	
Nadwa Rafeh	Team Member	Senior Economist	Health Economist	GHNDR	
Nafie Mohammed Mofid	Team Member	Water Supply Specialist	Water Specialist	GWADR	
Najat Yamouri	Team Member	Senior Social Development Specialist	Social Development Specialist	GSURR	
Nina Chee	Safeguards Advisor	Lead Environmental Specialist	Regional Safeguards Specialist	OPSOR	
Raghad Adday Hussein	Team Member	Program Assistant	Team Assistant	MNCIQ	
Sateh Chafic El-Arnaout	Team Member	Program Leader	Housing Specialist	AFCW2	
Shingira Samantha Masanzu	Counsel	Counsel	Legal Counsel	LEGAM	
Simon J. Stolp	Team Member	Lead Energy Specialist	Energy Specialist	GEEDR	
Sophie Hans-Moevi	Team Member	Program Assistant	Program Assistant	GSURR	
Soran Hama Tahir Ali	Team Member	Operations Officer	Operations Officer	GTIDR	
Stavros George Stavrou	Team Member	Senior Social Development Specialist	Development Specialist	GSURR	
Wolfhart Pohl	Safeguards Specialist	Adviser	Environment Safeguards Advisor	GCFDR	
Zeina El Khalil	Team Member	Communications Officer	Communication Specialist	MNAEC	
Extended Team					
Name	Title	Office Phone		Location	
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments

Iraq	Salah ad Din Governorate	Muhafazat Salah ad Din	X		Salah Al-Din Governorate
Iraq	Diyala	Diyala	X		Diyala Governorate
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required?		Consultants will be required			

I. RATIONALE AND DRIVERS FOR THIS OPERATION

1. **The Emergency Operation for Development charts new ways for the World Bank to engage in fragile, conflict and violent environments, with a higher than usual level of risk tolerance and capacity to cope with setbacks.** This operation will be underpinned by the following considerations, which are developed further in the document:

(a) **the emergency dimension** needs to be understood both as a need to move fast - through rehabilitation of destroyed and damaged infrastructure and the delivery of basic services - in redressing a man-made disaster that has caused the flight of large numbers of civilians from their homes, and as a need to immediately show - with strategic messaging and presence on the ground - that the State is reestablishing its presence and credibility;

(b) **the development dimension** underlines the medium and longer term objective of this operation, which is not to be construed as a “short term relief” proposition, but rather as a combination of short, medium and long term engagements with a view to building resilience and sustainability out of the ashes of conflict;

(c) **adaptability to fluctuating realities on the ground** will be a key determinant for success. The situation on the ground is unpredictable, unstable and full of uncertainties. This is true in terms of the needs, the return of internally displaced people (IDPs), the capacity to reconstruct and rebuild fast as well as the new areas, cities and municipalities that could be in need for urgent help. By the same token, there will be a need to be realistic, selective and not to overstretch commitments. Hence, for the purposes of this project, these were the eligibility criteria applied to identify the seven targeted municipalities (the Project Area). The project is explicitly intended to be flexible and scalable, but neither the selection criteria nor project design features, should be interpreted as inviting an open-ended engagement. Any additional areas proposed for inclusion will need to meet the same selection criteria, will be separately appraised and will need to be supported through additional financial resources. Given the highly volatile operating context, it is also possible that conditions on the ground change delaying or excluding implementation in one or more of the targeted municipalities.

(d) **the current Iraq Performance and Learning Review (PLR) significantly adds to the design of this operation.** In relation to the rapidly evolving environment and the adaptability of the Bank’s engagement in Iraq, the PLR has integrated the need to fully absorb the dynamic circumstances on the ground and the need for quick reaction to address new needs. This operation is an example of such flexibility and rapid response. Key elements of such an operation, are: to be in a position to closely monitor implementation, ‘hand-hold’ throughout the project, to be ready to refocus and restructure as circumstances change, and last but not least, to ensure that project design is as simple as conditions allow.

(e) **Citizen Engagement (CE) and communication will be intertwined and strategically sequenced.** This operation is highly visible with significant inherent risks that need to be mitigated in a proactive manner by: (i) an upstream awareness raising campaign mobilized to explain the project, its objectives, its ambition and its limits. Such an initiative will give hope and signal the intent of the State to expand its presence and reestablish trust and legitimacy with citizens as well as manage expectations; and (ii) a strong inclusive interaction with citizens, sensitizing them to the benefits they will be receiving as well as providing the means to monitor the fairness and the transparency of the rebuilding process. It is intended that such an initiative will strengthen beneficiary feedback mechanisms such as the establishment of a grievance redress mechanism and giving effective voice to citizens’ concerns and queries. This will provide the Bank and the Government of Iraq (GoI) with a reliable, real time, system check, and an early warning mechanism so as to discourage corrupt practices, ease social tensions and promote participation and inclusion. The CE and communication dimension will be an intrinsic part of the project and as such

has earmarked funding with clear assignment of responsibilities. Ultimately, project success will depend to a significant degree on the Government's ability to engage effectively with its citizens.

(f) Coordination with the United Nations (UN) system and partners will also be an integral dimension of project implementation. The UN and a number of countries have engaged in a stabilization effort in a number of the same areas covered by the project. While the financing is still rather modest at this stage, there are substantial opportunities for complementary financing and collaboration with development partners, not least in areas such as rubble removal and demining.

II. STRATEGIC CONTEXT

A. Country Context

2. **Iraq is a pivotal country in the Middle East region and has through the years tilted the course of events in a troubled part of the world.** Preserving its federal unity has been and still is one major concern for the international community. Reflecting widely-held perceptions that the previous administration had engaged in divisive, sectarian politics, Iraq has come close to the abyss. The new, broad-based and largely inclusive government formed by Prime Minister Haydar Abadi is widely considered as one last chance for Iraq's integrity and for the region's stability. The fragility of Iraq's polity and its potential fragmentation are under acute observation by all stakeholders, both internationally and within the country.

3. **Today, Iraq is possibly going through the worst and most dangerous challenge to its territorial integrity, economic sustainability and human development capacity.** The security threat of Islamic State of Iraq and Syria (ISIS) combined with the dramatic plunge in oil prices and a less than optimal functioning of State institutions, only now slowly and incrementally being restored by the Prime Minister Haydar Abadi, has hit Iraq's economic growth, is affecting its economic and humanitarian outcomes and is eroding State credibility and presence across the country. With the conflict against ISIS and the struggle to restore some degree of fiscal sustainability, there is a pressing need for the GoI and for the international community to take the full measure of this dual challenge of restoring State credibility with its citizens and promoting economic stability. Iraq has a number of assets to boast, including its formidable crude-oil producing capacity and reserves.

4. **Iraq represents a vivid example of the challenges of engaging simultaneously in situations characterized as "in-conflict", "post conflict" and "pre-conflict".** Significant parts of the north-west area are in open war between the State and ISIS. A growing swath of Iraq can be considered as post-conflict, relatively stable but nonetheless affected by periods of low intensity violence, while the area south of Baghdad, all the way to the port city of Basra, is relatively calm and secure, but could be drawn into unrest at any time.

5. **The prevailing insecurity in large swaths of the country's north and west, has seriously hampered trade and investment, and disrupted northern oil exports.** The economy contracted by 0.5 percent in 2014, from 4.2 percent growth in 2013. Since the start of the conflict, non-oil Gross Domestic Product (GDP) growth declined by 5.2 percent in 2014 due to the destruction of infrastructure, impeded access to fuel and electricity, low business confidence, and disruption of trade. As of June 2014, Iraq was running a fiscal deficit in spite of somewhat restrained spending in the absence of an approved budget for 2014. Rising security expenditures coupled with a large public sector payroll, and costs of transfer and subsidies are squeezing the fiscal space. Iraq has the fifth largest proven crude oil reserves in the world,

and it is the second-largest crude oil producer of the Organization of the Petroleum Exporting Countries (OPEC) (3.4 million barrels per day).¹ However, with the oil price having fallen by 60 percent since June 2014, revenues have fallen by nearly as much. Consequently, current revenues are not sufficient to cover the public sector payroll, transfers, and payments to oil companies, let alone investment and reconstruction. In practice, the government is running a cash-rationed budget with payments to workers and contractors spread out while security spending takes priority. Financing from the Central Bank (with associated depletion of reserves) and high issuance of short-term treasury bills have covered the financing gap for critical services and some payments to oil companies.

6. The cumulative effect of Iraq’s conflict and isolation since 1990 has been a drastic worsening in human development outcomes throughout the country, with the exception of the Kurdistan region. In the last two decades, Iraq has witnessed a dramatic fall in almost all human development indicators including poverty, public services, health standards, life expectancy, and literacy. Although the post-2003 era saw the end of sanctions, civil war and insurgency continued to undermine service delivery, and there have been numerous waves of internal displacement. The result is that most health and education indicators are at dire levels. Phenomena not normally characteristic of an upper-middle income country, such as stunting, illiteracy and lack of sustainable access to basic public infrastructure and services like sanitation and electricity are rife in Iraq. Extreme poverty is widespread, particularly in rural areas and a number of governorates. In 2012, a fifth of the population lived on less than USD 2 a day (2005 PPP), and 70 percent on less than USD 4 a day. Rural poverty is considerably higher than urban poverty where 30.6 percent of the rural population lives below the national poverty line compared to 14.8 percent of the urban population.

7. The recent and dramatically fast ISIS insurgency represents both a “rude awakening” and a historic “trust-building” opportunity for the GoI. The ISIS insurgency revealed the profound limitations of a government widely perceived as pursuing a sectarian agenda. The new Prime Minister seized the opportunity to bring together a wider coalition with representatives drawn from across the political spectrum and this has resulted in a greater measure of political inclusion, albeit remaining extremely fragile. It offered a platform for the Prime Minister to move on a broad, more solid and consensual coalition, including all walks of the Iraqi political spectrum. It also allowed for a more determined, albeit extremely fragile, resistance against the territorial gains made by ISIS over the past months. Rebuilding the liberated areas by starting with communities in two governorates (Salah Ad-Din and Diyala) and addressing the prevailing social inequalities in those regions remain a priority to the Iraqi Government which believes that the process of recovery is a common challenge and a shared responsibility involving the government itself, the local population and the international community. The reconstruction efforts’ success will help consolidate political stability and social cohesion in the region, while enhancing government credibility.

8. From Stabilization towards Reconstruction and Development: This operation is intended to support the GoI in meeting the dual challenge of reconstructing and restoring services to liberated municipal areas while laying the foundations for longer-term development. With the aim of promoting national reconciliation and unity in Iraq, the World Bank (hereafter “Bank”) along with other donor partners is supporting GoI develop a post-conflict reconstruction framework addressing issues such as security, political reconciliation, justice, human rights and economic and social reconstruction. GoI has adopted a two-pronged approach towards addressing the post-conflict needs of the areas recently liberated from the control of ISIS. First, GoI plans to create the conditions for **stabilization and security for the returning population within the first 90 days of liberation**. Second, it plans to create incentives to expedite the return of IDPs by jumpstarting the reconstruction of the conflict-affected areas and restoring

¹ Energy Information Administration, Iraq Factsheet, 2014

service provision to its population. In parallel to the above, the Bank will also provide technical assistance (TA) to GoI aimed at formulating a development framework for the targeted areas **and will in the medium to long term support the institutionalization and financing of a Reconstruction Fund² for the liberated areas.** Such activity will provide a deeper understanding of the underlying drivers of regional disparities and will analyze past and present challenges (*political, economic and sectoral*) and their relationship to national divergence and conflict dynamics. This will also identify the right mix of policies as well as catalytic and transformational initiatives that would leverage government and donor funds for enhancing employment, economic opportunities and political inclusion. Through it all, there will be a strong effort to communicate with the potential beneficiaries, and to engage citizens in the projects and in the overall development strategy. This will be crucial as the government is moving forward in a fluid and uncertain context where citizens' ownership and participation will constitute the cement of the operation and will determine its success.

9. **The proposed Emergency Operation for Development for Iraq (hereafter “the Project”) is designed to complement the government’s stabilization efforts with the immediate implementation of reconstruction and rehabilitation of priority infrastructure subprojects to restore the delivery of public services in the Project Area.** Under this Project, Bank support will promote inclusive recovery and reconstruction processes through a three-layered approach consisting of: (i) creation of an enabling environment for the recovery and reconstruction of the liberated areas, (ii) effective and timely implementation of the recovery and reconstruction activities, and (iii) the formulation and financing of an integrated and coherent regional development framework for the liberated areas. This would involve, among others, the identification of investment subprojects in the electricity, water, transport, urban and health sectors (additional sectors such as education could be added in time), all managed and implemented through flexible governance mechanisms, fit for the purpose of each of the selected areas. Such subprojects targeting the conflict-affected areas will be aligned with the ongoing sector dialogue and will build on the Bank-funded investment pipeline.

B. SITUATION OF URGENT NEED OF ASSISTANCE OR CAPACITY CONSTRAINTS

10. **The breakdown in the provision of basic infrastructure and public and social services has been devastating for the entire population in the seven municipalities³** that will be supported through the Project. The Project will be flexible in its design to allow for additional areas to be brought within its scope: subject to fulfilling the basic selection criteria, being appraised individually and funded with additional resources. The government’s recovery strategy is to jumpstart the delivery of basic infrastructure and services and rehabilitate critical infrastructure in the areas liberated from the insurgency. This would be one of the first steps in ensuring trust-building and reconciliation associated with the return of state officials. Significant social tensions may exist among resident populations that have been exposed to the civil unrest and violence, and a return of the state following prolonged absence could risk exacerbating these tensions unless accompanied by participatory processes that can increase accountability. This project will have a particular focus on urban liberated areas, where it is necessary to rebuild basic infrastructure, public and social services. Indirectly, the project may contribute to the restoration of peace and security, promotion of trust, national reconciliation, and the demonstration of a positive state presence, in addition to, helping facilitate the return of IDPs.

² The Reconstruction Fund has been established by the Government of Iraq reporting to the Council of Ministers with an allocated budget of 500 trillion Iraqi Dinars, equivalent to about USD 431 million, to reconstruct damages incurred from the liberation activities from ISIS insurgency.

³ Tikrit, Dour, Al Dalooeyya and Al-Alam in Salah Ad-Din province; and Jalula, As-Sadiya and Al-AAzeem in Diyala province.

11. **The Bank's engagement through the Project is aimed at assisting the GoI to reconstruct critical parts of the devastated infrastructure to allow the return of displaced citizens to their homes and cities.** The Project is will be instrumental in reviving local economies and reintegrating them with the rest of the country by restoring vital transport links. It will support the improvement of living conditions in the selected municipalities by restoring and expanding bulk water supply, sanitation, transportation, electricity services, solid waste management and rubble removal, as well as assisting individual households with the repair and reconstruction of their homes and providing assistance in re-establishing basic health care services.

12. **The Bank's involvement is compelling given its comparative advantage in preparing and financing major emergency projects worldwide, and its knowledge, skills and experience in the infrastructure sectors.** The Bank already finances ongoing projects in the transport, electricity and water sectors and will utilize existing knowledge and networks to assist with the rapid deployment of this Project. The Bank's experience and skills in dealing with emergency situations across the world is equally important for the restoration of basic services for local government in the seven cities, and for ensuring that such investments are carried out in ways that: promote the trust-building and reconciliation process; reduce social tensions; and, promote state-building. Furthermore, the Bank's involvement is critical given that no other major donor is currently planning to invest significant funds in the rehabilitation and reconstruction of the identified infrastructure and service sectors.

13. **This Project will be processed under Operational Policy (OP) 2.30 (Development Cooperation and Conflict). The proposed operation is prepared under paragraph 12 (Situations of Urgent Need of Assistance) of OP 10.00 (Investment Project Financing) and benefits from condensed procedures, deferral of environmental and social requirements, and streamlined fiduciary procedures.**

C. SECTORAL AND INSTITUTIONAL CONTEXT

14. **The recent ISIS-created regional conflict has resulted in a humanitarian crisis with the internal displacement of 2.1 million Iraqis and destruction of infrastructure and services in the former ISIS occupied areas.** More than 60 percent of the displaced people are hosted in the Kurdistan Regional Government (KRG) areas. They are, as is the case for others who reside elsewhere in Iraq, living in local communities unassisted by humanitarian relief. They place an enormous strain on the local economy and access to public services.⁴ The U.N. Office for the Coordination of Humanitarian Affairs estimates about 5.2 million people are in need of humanitarian assistance including food, shelter, clean water, sanitation services, and education support. Food and rent prices are increasing, especially in the northern governorates that are hosting a large share of Syrian refugees and Iraqi IDPs. Further, unemployment is high and is expected to increase due to conflict and displacement. While unemployment was officially estimated at 11 percent in 2011, actual levels, particularly among the youth, are now likely to be considerably higher. Labor market participation remains exceedingly low for women with only 15 percent of Iraqi women of working age participating in the labor force. The scale and speed of the displacement as a result of the ISIS insurgency and the Syrian conflict make it challenging for the government to deliver quality services, especially in the newly liberated areas where the infrastructure destruction is most severe.

15. **While Iraq's economy was already seeing supply side strains in public service delivery prior to the crisis, Iraq's current security and fiscal situation has affected the government's capability to provide adequate quality service.** While data on the current context in the north is limited, the

⁴ Retrieved from: <https://www.mercycorps.org/articles/turkey-iraq-jordan-lebanon-syria/quick-facts-what-you-need-know-about-syria-crisis> accessed on April 30, 2015

occupation has caused infrastructure damage and looting. Of particular concern is the State's inability to deliver access to clean water, electricity, solid waste removal and the delivery of basic municipal services. In addition to the damage on infrastructure, delivery of basic municipal amenities is unreliable due to the lack of fuel, electricity, spare parts and chemicals. Transport and trade facilities have also been impacted with much of the equipment and vehicles used by customs to facilitate movements along key transit corridors stolen or vandalized. High/medium/low voltage transmission and distribution infrastructure has also been damaged or remain partially dysfunctional due primarily to lack of routine maintenance. New projects will need to be put in place to address the vulnerabilities created by previous wars and the current crisis. In the immediate future, however, there is a need for an urgent intervention to reconstruct and restore service delivery of piped water, sewage, solid waste removal and electricity, as well as assist with technical assistance for a housing subsidy scheme and roads and bridges and basic health services. The conflict has also badly affected the legitimacy and capacity of public institutions (local government buildings and services) throughout the affected areas to deliver even minimum levels of outputs to the citizens. Prior to the conflict with ISIS, levels of trust between public institutions and communities were already strained, and the inability of the State to both protect and respond to the affected populations during the crisis further exacerbates this situation.

16. The government has made strenuous efforts to deliver salaries, transfers, and Public Distribution System (PDS) rations to the new wave of internally displaced people. These efforts are managed by the Projects Center at the General Secretariat of the Council of Ministers (GSCOM). Methods include seeking to provide alternative access to bank accounts such that benefits can be received and that direct cash payments, ad hoc food drops, and reallocation of the PDS supplies correspond to patterns of demand caused by dislocation. In addition, there appear to be de facto restrictions on movement of IDPs (e.g. of Sunni Arabs into KRG and Baghdad and on their return to liberated areas) which may be impacting their ability to access critical services.

17. The Project will focus on seven targeted municipalities/cities in two governorates including the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah ad-Din governorate and Jalula, As-Sadiya and Al-AAzeem in the Diyala governorate (the Project Area). In addition to being the largest cities that have been retaken from ISIS in terms of population, the cities⁵ have been selected according to the following criteria: (a) experience of significant infrastructure damage; (b) loss of basic resources (water, and electricity); (c) exodus of large groups of refugees; (d) their prominence as administrative and socio-economic poles in the two governorates, and (e) they have the most relatively stable security. Further, the selection of the seven municipalities was made against a complex political backdrop. This includes the absence of a political reconciliation process, uncertainty about citizen inclusiveness and participation, the risk of renewed conflict, and a lack of a comprehensive reconstruction project funded by GoI. The Project Area will not be enlarged, nor will additional cities/municipalities be automatically added to the Project. If this possibility did arise, this would require specific costing, appraisal and feasibility as well as additional financing.

D. HIGHER LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

18. The Project's strategic objective is to contribute towards normalization, through service delivery to all individuals in the liberated areas. This aligns with both the World Bank Group's twin goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner and the Middle East and North Africa (MENA) strategy that places special emphasis on challenges posed by

⁵ Henceforth referred to as municipalities.

fragile and conflict-affected states with a focus on state rebuilding and supporting transition out of instability.

19. **As an emergency operation, this Project builds on the flexibility and adaptability instilled into the Iraq Country Partnership Strategy (CPS) (FY13-FY16) discussed by the Board of Executive Directors on December 18, 2012, and is aligned with the PLR for Iraq to be presented to the Board together with this Project.** The revised objectives of the CPS are to engage in a two pronged approach, addressing the pressing and immediate needs of a country facing unsustainable, conflict-driven pressures. This will be done through the strengthening of public service delivery and addressing the immediate fiscal stress, as well as looking beyond the conflict to provide for a robust development agenda underpinned by the call for the diversification of the economy and increased opportunities for a more prominent role for the private sector. The intended activities within this Project are also broadly aligned with the key messages that emerged from key stakeholders during the in-country consultations for the Iraq CPS: mainly to build stronger government institutions and a more diversified and regionally integrated economy that can deliver services and create jobs.

20. **It should also be noted that the active Bank-financed Transport Corridors Project⁶ as well as pipeline projects in electricity and water supply and sewerage as well as in public finance management, may be able to provide complementary support to the development and institutional capacity building aspects also supported by this Project.** The Bank is currently preparing an operation with the Ministry of Electricity (MoE) that will finance distribution infrastructure investments to reduce losses and increase electricity supply, mainly in the areas unaffected by ISIS in the central and south regions of Iraq. This energy project will work on the same components of the electricity sector as would be expected under the proposed emergency operation, and could also be scaled-up to cover areas included under the emergency operation. Under previous Bank-financed operations, the Bank has supported school infrastructure, rehabilitation of municipal water supply, sanitation and urban reconstruction, emergency road and bridge rehabilitation, electricity reconstruction, and the rehabilitation of community infrastructure. This Project will build on and benefit from the institutional capacities that have been gradually built and will be utilized during the implementation phase. To be noted that the Independent Evaluation Group's (IEG) assessment of all Iraq closed projects has seen a 68 percent moderately satisfactory or above rating, which under the extreme circumstances of the country, can be considered encouraging for the implementation of the present emergency operation.

21. **The Project, financed by an IBRD loan of USD 350 million, will be implemented over five years from July 2015 to June 2020.** This amount is based on the initial finding of the draft Iraq damage and needs appraisal emergency infrastructure and services restoration report⁷ that estimates the damage to be between USD 360 to USD 445 million. The damage appraisal was a joint GoI and World Bank rapid exercise, which covered four sectors - transport, water and sanitation, public buildings and municipal services, in four municipalities: As-Sadiya and Jalula in the Diyala governorate and Tikrit and Al-Dour in the Salah ad-Din governorate. The exercise was based on existing primary and secondary source information, using qualitative and quantitative methods to describe and measure impacts, assess needs and develop preliminary and "costed" priority interventions. Primary and secondary data sources included government counterpart data; remote sensing and satellite imagery; social media analytics; and partner humanitarian agency data. The overall design of the Project has also taken into consideration the implementation of similar response activities in Iraq over the past 10 years. Flexibility is being built into the Project, so it adapts to changing circumstances, including the addition of sectors and areas for

⁶ First IBRD loan to Iraq was approved on December 17, 2013 and became effective on March 30, 2015.

⁷ World Bank, Draft "The Republic of Iraq: damage and needs appraisal report emergency infrastructure and services restoration" report, (undated but released for comment 05/25/2015)

intervention. The Project has been designed with an expectation that a rapidly-changing operating context is likely to require frequent course correction and substantive project restructuring. Additional financing may also be sought to address both remaining needs and demands in additional municipalities liberated during Project implementation and/or if GoI requests the Bank to expand the emergency coverage to other sectors.

22. **Citizen Engagement and Strategic Communication.** Communicating the GoI efforts throughout the Project implementation will be essential in raising awareness not only among the population of the Project Area but also among remaining population who are desperately awaiting to be liberated. The Project will, therefore, include a strategic approach to outreach and communication intertwined with citizen engagement mechanisms. The communication strategy will be designed and implemented as a two-way communication to ensure that communities' voice is enhanced and channeled through beneficiary feedback mechanisms to ensure that their concerns and queries are addressed in a timely manner. Outreach activities will also allow for the transmission of clear and consistent messages to support the effective implementation of the Project by informing, guiding, proactively managing beneficiaries and communities expectations, promoting understanding and buy-into the process, as well as generating and sustaining broad stakeholder interest and ownership of the re-building process.

III. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

23. The Project development objective is to support the Republic of Iraq in the reconstruction of damaged infrastructure and the restoration of public services delivery in Targeted Municipal Areas.

B. PROJECT BENEFICIARIES

24. Overall the Project will target the following types of beneficiaries: (i) local government administration and (ii) households.

C. PDO-LEVEL RESULTS INDICATORS

25. The Project is to achieve the PDO by addressing results areas that are critical to the reconstruction of damaged infrastructure and restoration of basic public and municipal services. Further, a housing reconstruction needs assessment and a housing reconstruction subsidy scheme will be prepared. Specific measurable outcomes and results that the Project would target are proposed as follows:

1. Direct Project beneficiaries (*number*), of which female (*percentage*)
2. Sub-projects with a satisfactory outcome (*percentage*)
3. Number of people in urban areas provided with access to improved water sources under the Project (*number*)
4. Number of people in urban areas provided with access to improved sanitation under the Project (*number*)
5. Number of people in urban areas provided with access to regular solid waste collection under the Project (*number*)
6. Number of people in urban areas provided with access to electricity under the Project by household connections (*number*)
7. Number of people in urban areas provided with access to all-season roads within a 500 meter range under the Project (*number*)

8. Number of people receiving primary health services through mobile primary health units supported by the project (*number*)

IV. PROJECT CONTEXT

A. PROJECT COMPONENTS

26. **The Project is designed to respond and implement rapidly especially during Year 1 of the Project.** While impossible to provide precise estimates, there is the potential for as much as USD 145 million to be committed in Year 1. Disbursements in Year 1 are expected to fall within the range of USD 40 - 75 million. This will be achieved through financing of rapid interventions in the identified sectors including municipal solid waste, water and sanitation networks, transmission and electricity distribution networks, roads and bridges, and health. The Year 1 activities described below are intended to disburse quickly, to deliver early visible results in a context of extreme needs and high expectations. Some challenges are likely to include: (a) a fluid security and political environment that can rapidly change; (b) the need to provide for flexibility and adaptability in the use of available resources and expansion to additional municipal areas; and (c) problems pertaining to effective planning for results and efficient results measurement due to missing data and an inability to effectively design, monitor, and evaluate Project interventions.⁸

27. **During the Year 1 of implementation, a more detailed assessment and design of the more complex emergency interventions will be undertaken and may include activities such as repairing water treatment plants, reconstructing fully damaged bridges, and repairing larger scale electricity sub-stations.** Technical assistance will also be provided for the design of a housing reconstruction subsidy scheme. The latter will contain a strong focus on data collection to better understand the vulnerability and conflict-related risks and social tensions that are present, how these risks evolve over time, and their impact on the Project. Furthermore, a consultative and participatory decision making process will be built into the Project. This process could then serve as a vehicle to promote trust-building among concerned stakeholders in the wider context of the Project. In addition, during Year 1, the Project will also finance the supply of items, included in the positive list in Annex 3, required for reconstruction and rehabilitation activities.

28. **Rehabilitation and reconstruction work on initial subprojects in the seven municipalities will be supplemented by new projects in the same sectors.** Continued and new work in the same sectors will be triggered by milestones reached by each specific sector sub-project (milestone targets are likely to vary by sector and are yet to be determined), reflecting the two-pronged approach that balances immediate reconstruction with support for medium-term development. However, the Bank will closely monitor progress and disbursements. Further, continued work will be informed by the consultative and participatory mechanisms developed. It is worth noting that the project design allows for new municipalities in the Salah Ad-Din and Diyala governorates, as well as in the Kirkuk, Anbar, Ninewa and the three KRG governorates to be incorporated into the Project during implementation. Any additional/substituted areas will need to: fulfill the basic selection criteria, be appraised individually and, in all likelihood, funded with additional resources.

29. **The Project will adopt an integrated and pragmatic approach.** For the water, energy and transport sectors, this will be conducted through the repair and reconstruction of damaged infrastructure in the areas of electricity transmission and distribution networks, municipal waste, water, sanitation, roads

⁸ 2014, World Bank Guidance Note: Investment Project Financing Projects in Situations of Urgent Need or Capacity Constraints

and bridges, and health. Each of these sectoral interventions are sub-divided as follows: Year 1 activities will concentrate on rapid repairs/supply and installation of damaged infrastructure, as well as a damage and need assessment, planning and design and procurement of emergency equipment and goods/materials; Years 2 to 5 will concentrate on the implementation of the rehabilitation and reconstruction works as per the damage assessment. These interventions, in addition to promoting state/citizen trust-building and reconciliation, will be designed to generate local employment opportunities and help develop the local small- and medium-sized contracting industry by helping to generate demand in a number of other sectors, such as construction materials and related services. For housing, a subsidy scheme will be designed and for health, mobile hospitals and primary health care units and ambulances will be delivered.

30. The Project will also support technical assistance towards planning and designing urban development and future infrastructure schemes and will also support project management, sensitization and monitoring and evaluation component. The design of the Project components provides flexibility to be scaled up in response to emerging needs.

31. **An important precondition to infrastructure repair and reconstruction will be the removal of debris and rubble, as well as structures which have been damaged beyond economic repair in order to clear space for subsequent reconstruction works.** Due to the risks of explosive war remnants (EWR) concealed in and under the rubble (both unexploded ordnance - UXO, and deliberately planted explosives) an extensive explosive ordnance disposal (EOD) would have to be an integral part of rubble removal. The GoI with assistance from the European Union, and the rest of the international community including specialized agencies such as the United Nations Mine Action Service (UNMAS)⁹ will ensure that improvised explosive devices (IEDs) and UXOs are properly detected and removed prior to works activities begin especially where rubble is accumulated. Any rubble removal, repairs or reconstruction financed by the Bank will only apply to those areas that have been declared safe of EWRs. During appraisal, the Iraqi delegation has confirmed that demining has been or will have been completed in all identified areas of subproject implementation by the time Project activities are expected to commence. Confirmation that sub-Project locations have been cleared of EWR, IEDs and UXOs will be sought from the relevant authorities (the Ministries of Interior and Defense). No sub-project activities will be undertaken without this assurance. In a similar manner as the completion of the required safeguards documents, the declaration of absence of ERW will be a criterion to allow any Bank-financed works to proceed.

32. The individual Project components are as follows:

Component 1: Restoring Electricity Infrastructure and Connectivity (USD 75 million)

33. **Iraq's electricity sector has suffered from more than a decade of conflict and sanctions that have left its institutions weakened and have resulted in under-investment and chronic deterioration in service delivery and infrastructure.** Although Iraq's electricity sector has made progress in restoring and increasing power generation capacity (20GW nameplate capacity as of 2014), the transmission and distribution sub-sectors continue to face serious issues including significant (over 40 percent) losses, and hampering the provision of reliable and adequate supply to households and the private sector. Inadequate electricity is seen by Iraqis today as a top concern in comparison with other matters such as national security, health care, unemployment, crime, and high prices. According to the Iraq Investment Climate Assessment (ICA) Assessment¹⁰, 73 percent of the firms operating in Iraq identified the lack of sufficient

⁹ The EU representative office in Baghdad informed the Bank preparation mission of its intention to finance UNAIM activities in the liberated areas.

¹⁰ World Bank Report, 2012, Iraq Investment Climate Assessment.

electricity supply as a “very severe obstacle” to productivity, and the most significant issue affecting private sector development and job creation.

34. **Prior to the ISIS conflict, the MoE developed investment plans totaling around USD 21 billion between 2011 and 2020 in response to an urgent need for investment in Iraq’s transmission and distribution sub-sectors.** The MoE has also requested the Bank’s support in developing a roadmap for reform of the electricity sector and preparing an electricity project planned for FY2017. The investment plans will be revisited for relevance considering the developments during the period from 2011 to date. The new electricity project aims to finance distribution infrastructure that will reduce losses, and increase levels and reliability of electricity supply in the central and south regions of Iraq. In addition, it will also support the reform of Iraq’s electricity sector institutions and operations to improve the sector’s overall performance. This Project has deliberately adopted a basic, scalable design, so that more comprehensive infrastructure rehabilitation could be included within the scope of activities.

35. **During the ISIS crisis, there are instances of electricity supply being limited to 10-12 hours per day. According to a recent World Bank Report “Poverty, Inclusion and Welfare in Iraq 2007–2012”, inadequate electricity is identified by nearly two-thirds of respondents as a priority concern.** High/medium/low voltage transmission and distribution infrastructure has been damaged or remained partially dysfunctional, and the sector issues and constraints have been aggravated. Upon the liberation of the seven cities, the MoE (implementing agency of the Electricity Component) has assessed damage and urgent investment needs in the transmission and distribution networks and preliminarily identified urgent repair and equipment needs to restore the electricity supply.

36. **Starting in Year 1 of Project implementation, this Project will finance the acquisition of equipment for the repair and reconstruction of damaged electricity distribution and transmission infrastructure in the selected municipal areas (Electricity Subprojects).** Specifically, it will finance the supply of goods/materials such as substations, transformers, feeders, connectors, wires, cables, metering, etc. Furthermore, and through technical assistance, it will finance the supervision of the implementation of Electricity Subprojects.

Component 2: Restoring Municipal Waste, Water and Sanitation Services (USD 60 million)

37. **Iraq is estimated to produce 31,000 tons of solid waste every day with per capita waste generation exceeding 1.4 kg per person per day. This rapid increase in waste generation is putting tremendous strain on Iraqi waste handling infrastructure which has deteriorated significantly following decades of conflict and mismanagement.** In the absence of modern and efficient waste handling and disposal infrastructure, most waste is disposed in unregulated landfills across Iraq, with little or no concern for either human health or the environment. Iraqi landfills are characterized by spontaneous fires, groundwater contamination, surface water pollution and large-scale greenhouse gas emissions. Additionally, the management of rubble and debris resulting from armed conflict and acts of war needs attention as part of the reconstruction efforts. Special attention also needs to be given to contamination by hazardous substances that could result from war-related damages such as petroleum products and a spectrum of chemicals from small industries and storage facilities which could affect soils, rubble/debris, as well as water and groundwater in conflict-affected areas.

38. **A National Solid Waste Management Plan (NSWMP) for Iraq was developed in 2007 and contains recommendations to build 33 environmentally engineered landfills with the capacity of 600 million cubic meters serving all of the 18 governorates in Iraq by 2027.** In addition to constructing landfills the plan also focuses on the collection and transportation, and on developing systems to maximize recycling and reuse. Broad education measures would complement investments in waste management infrastructure supporting the understanding of and participation in waste management in the

identified municipal areas of both communities and individuals. This Project will support quick repairs as well as technical assistance to improve the solid waste management in the Project Area as described below.

39. **In Iraq access to improved water supply and sanitation is relatively high, but the quality of service is often low.** In 2012, 94 percent of the population had access to safe sanitation. In the same year, 87 percent of the population had access to piped water supply in their houses. The quality of services provided, however, is perceived to be low. Many households experienced regular and lengthy service interruptions in 2012 and beyond due to the lack of maintenance and interruptions in water supply. Apart from the lack of reliable water supply, the water quality provided through the public network is also poor. Further, while almost all households have universal access to sanitation facilities, collection of wastewater is not equally developed with only 28 percent of the population having access to a sanitation facility connected to a piped sewerage network. Conflict related damage to water and sanitation services has further adversely impacted service delivery.

40. **This Project will finance the restoration of water, wastewater and solid waste services through the repair, reconstruction and rehabilitation of damaged infrastructure in the selected municipalities.** Starting in Year 1 of Project implementation, the Project will finance the rapid repair, rehabilitation, and reconstruction of damaged water, wastewater, and solid waste services infrastructure in selected areas (Water and Sanitation Subprojects, such as water intake, transmission lines, treatment plants, pumping stations, storage tanks, distribution networks, house connections, sewers and trunk lines, wastewater treatment plants, storm water drains). It will also finance activities to be implemented during Years 2 - 5 of the Project such as the: (i) carrying out of an additional water and sanitation damage and needs assessment and identification of further Water and Sanitation Subprojects; (ii) preparation of detailed plans and designs for Water and Sanitation Subprojects; and (iii) provision of technical assistance for the supervision and implementation of Water and Sanitation Subprojects.

Component 3: Restoring Transport Infrastructure and Developing a Housing Reconstruction Subsidy Scheme (USD 140 million)

41. **Transport infrastructure (for all modes, including roads, railways, ports and airports) is key to the economic development of Iraq.** However, most transport infrastructure¹¹ in the affected region suffered destruction and damage as a result of recent military operations, sabotage and vandalism during the current crisis. As a result of the full or partial destruction of structures, road sections and airports, the impact to transport operations has been significant. This has led to the continued closure of a number of road and rail section for normal traffic, except for the purposes of military operations. While international transportation has been limited due to ongoing conflict, economic sanctions and safety issues, domestic air transportation has also been limited to a few routes. Negligence and lack of maintenance has further deteriorated the infrastructure. Continued use of the transport network by the military and for refugee transportation continues to negatively impact on the transport infrastructure. Additionally, much of this infrastructure suffered extensive damage and destruction during the previous conflict. Some were in the process of rehabilitation but the current situation exacerbated the challenge. The lack of a sectoral strategy, chronic underfunding, lack of institutional capacity, and a complex conflict-affected environment compound the problem. At this juncture, the country faces enormous challenges in reconstructing its transportation networks and facilities, as well as re-establishing key transport services.

¹¹ Damage to the Railway network has been noted by the Iraqi Railway Company. However, the repair of such damage could not be included considering that the areas are still under ISIS control and of high security risks, however, through technical assistance component of this project, a railway infrastructure rehabilitation and safety improvement plans and designs will be developed.

42. This Project will finance the improvement of road assets by repairing and rehabilitating of highly damaged segments of the primary road network and currently used detour routes in and around selected municipalities, and repairing and reconstructing critical bridges and major culverts (Transport Infrastructure Subprojects). The Project will include (i) carrying out of a transport damage and needs assessment and identification of Transport Infrastructure Subprojects; (ii) preparation of detailed plans and designs for Transport Infrastructure Subprojects; and (iii) provision of technical assistance for the supervision and implementation of Transport Infrastructure Subprojects. This Project will also help restore the functional capacity of these road assets, i.e. to restore normal and safe traffic operations. In addition, the proposed civil works on roads and bridges would generate local employment opportunities. The works will be conducted in coordination with rubble removal and will include road structure repairs (mainly pavement, bridge decks, abutments and poles), but also shoulder stabilization, approaches to bridges, road safety signalization and equipment, and drainage repairs. Year 1 of the Project will focus on quick repairs, while Years 2 – 5 will focus on rehabilitation and reconstruction of the severely damaged roads segments and bridges.

43. **In the Housing Sector, successive years of conflict have limited GoI’s ability to promote an enabling environment for the provision of affordable housing by the private sector and for a greater role for financial services in the construction sector.** Iraq suffered from a chronic housing shortage coupled with low quality housing stock even before the latest ISIS conflict. Recent estimates indicate that almost 30-40 percent of the population lives in very poor housing conditions and that at least 10 percent of the nation's total dwellings are overcrowded. Further, the absence of a market-based housing finance system makes it difficult for most Iraqis to afford adequate housing with housing much less affordable for Iraqis than elsewhere in the Middle East. Against such a background, the latest conflict has severely compounded the housing crisis where a large number of housing units have been destroyed or damaged.

44. **This Project will support the GoI in designing a Housing Reconstruction Subsidy Scheme.** This will be done through the provision of technical assistance for the design of a scheme for the provision of housing reconstruction subsidies during the first two years of the Project. Such a subsidy scheme will be based on past GoI practices in similar situations and could be adopted by the GoI for all the liberated areas in Iraq. The scheme will be enhanced taking into account efficiency and effectiveness in addressing the needs of tenants, informal settlers and mortgaged assets. To achieve this, a housing damage assessment in the seven selected municipalities will be carried out through technical assistance to Ministry of Construction and Housing (MoCH).

Component 4: Restoring Health Services (USD 42 million)

45. **Due to the prolonged conflict, Iraq’s health sector is under strain.** In the last few decades, Iraq’s health care capacity has been severely undermined by the effects of conflict, international sanctions, sectarian violence and political instability. Furthermore, the growing inflow of Syrian refugees and internally displaced Iraqis in the 2012-2014 period has challenged the ability of the government to respond to the growing health needs of the population. Once considered the best in the region, Iraq’s health indicators have been deteriorating and according to World Bank 2013 data¹², maternal mortality in Iraq is among the highest in the region at 67/1,000 live births. Similarly, Iraq is above the regional rates for under five mortality (34/1,000 compared to 26/1000) and infant mortality (28/1,000 compared to 21/1,000). Immunization rates for Measles (63 percent), Polio (70 percent), and DPT (68 percent) are also below the regional averages at 88 percent, 90 percent, and 89 percent respectively.

¹²World Bank DataBank, 2013

46. **The large influx of IDPs led to a significant increase in demand for health services and a rise in communicable diseases.** According to WHO latest data, acute respiratory infection (ARI), skin disease, and acute diarrhea (AD) remain the leading causes of morbidity reported from all camps. Other assessments indicate that basic laboratory services in health facilities in IDP camps are either nonexistent or insufficiently equipped to handle the growing demand for services¹³. Communicable diseases, particularly water-borne infectious diseases are also affecting the Iraqi population, Cholera is endemic, with major outbreaks in many parts of the country. Hepatitis E is also reportedly endemic, with an approximately 20.3 percent prevalence rate.¹⁴(WHO, 2013a).

47. **The Ministry of Health (MoH) capacity to manage the provision of basic services has been jeopardized.** The health system's physical infrastructure is suffering from severe deterioration due to destruction, neglect over time and consequences from the war, whereby most of the health infrastructure is in poor condition and is critically lacking human resources and essential equipment. Given this situation, there is an urgent need to address the resource shortages and build the resilience of the Iraqi health system to alleviate the currently declining health situation in the country.

48. **This Project will support the improvement of essential healthcare services delivery in the selected municipalities to respond to the urgent health needs of the local population.** Specifically, this Project will finance the supply of mobile hospitals, mobile clinics, medical equipment and ambulances for the selected areas. During appraisal, the MoH representative confirmed the availability of qualified human resources to administer the new equipment. Moreover, through the provision of technical assistance the Project will support carrying out of a health sector needs assessment and development of a plan of a medium- to long- term health care services master plan (see Component 5).

Component 5: Technical Assistance (USD 25 million)

49. **Sectoral Development:** This Project, through this component, will constitute a platform for the identification and [partial] preparation of a range of potential sector investment projects which would be based on a continuous strategic, medium- to long-term needs assessment carried out by the Bank and the Iraqi government over the Project implementation period. This needs assessment would go well beyond the Project's lifetime and the scope of emergency reconstruction and restoration, and identify opportunities to build on the momentum, delivery mechanisms and implementation arrangements set up under the Project. Likely sectors for medium to long term development approaches could include transport (both urban and inter-urban including railways)¹⁵ led by the MoCH (for housing, roads and bridges), water and waste management (Ministry of Municipalities and Public Works - MoMPW), and health (MoH).

50. **Technical assistance:** This Project will finance the following support to sectoral components on a demand driven basis, within four broad topics.

- i. The first would be the development of: (i) urban development and strategic investment master plans for selected municipalities based on intensive public consultation and awareness programs; (ii) integrated solid waste management plans and designs; (iii) railway infrastructure rehabilitation and safety improvements plans and designs; (iv) cross-governorate expressway corridors plans and designs; and (v) a pilot for the planning and design of infrastructure development at the governorate level.

¹³ World Health Organization, Iraq Early Warning Disease Surveillance Bulletin, March 2015

¹⁴ WHO, (2013a). Country cooperation strategy for WHO and Iraq (2012-2017). Geneva, Switzerland: WHO.

¹⁵ The main beneficiary of this TA will be the Iraqi Republic Railway Company under the Ministry of Transport.

- ii. The second would fall under the theme of *state/citizen trust-building and promoting reconciliation in the broader Project context*, with likely topics being: (i) inclusive participation by local communities, (ii) transparency of resource allocation, (iii) enacting measures to promote tolerance through community-led Projects across different social groups, (iv) using targeted media, social media and communications campaigns to disseminate information about the Project, and promote trust and solidarity, and (v) addressing local grievances through an effective redress mechanism and developing greater social accountability in service provision.
- iii. The third would relate to a *broader strategy for the sustainable management of physical cultural resources*. This activity will include a systematic and detailed damage assessment of damaged Physical Cultural Resources (PCR), a prioritized list of required interventions, development of a reconstruction and restoration strategy (including related standards, guidelines, knowledge and technical resources, and design codes), and design and preparation for the establishment of a fund to support the management of PCR.
- iv. The fourth would entail the carrying out of a *health sector needs assessment and development of a mid- to long-term health care services master plan*.

Component 6: Project Management, Sensitization and Monitoring and Evaluation (USD 8 million)

51. **This component will cover costs associated with the management and coordination of the Project, including safeguards, procurement and financial management, community sensitization and communication, and a monitoring and evaluation (M&E) system.** This will also include communication at the national and local (seven cities) levels with beneficiaries and all other stakeholders involved in the Project including line ministries, international agencies/missions, civil society and faith based organizations. It is expected that complementary, specialized, technical inputs and their logistical support will be required to execute individual Project activities and provide adequate technical guidance to the Project implementing partners. This component will also cover the cost of travel, accommodation and per diem for the Project Coordination Unit (PCU) and Project Management Teams (PMTs) participating in Bank conducted implementation support missions outside Iraq structures detailed in Section III below). Sensitization and communication work will aim at the transmission of clear and consistent messages to support the effective implementation of the Project by informing, guiding, proactively managing expectations of its beneficiaries and communities about the Project, promoting understanding and buy-into the process, as well as generating and sustaining broad stakeholder interest and buy-in. These activities will be initiated at the start of the Project and will continue throughout the Project life cycle.

B. PROJECT FINANCING

Lending Instrument

52. The lending instrument will be Investment Project Financing (IBRD loan). The implementation period for the Project is five years.

Project Cost and Financing

53. The total Project cost is estimated at USD 350 million. This estimate is partly drawn from the draft Iraq damage and needs appraisal emergency infrastructure and services restoration report which estimated damage to the following sectors in the seven municipalities at: electricity (USD 75 million), water and sanitation and municipal solid waste management services (USD 60 million), transport and housing (USD 140 million), and health (USD 42 million) sectors. In addition, there are technical assistance (USD 25 million) and Project management, sensitization and M&E (USD 8 million) components.

54. A breakdown of cost by component and disbursement category is as follows:

Project Cost by Component (USD million)

Project Component	Estimated Cost	IBRD financing	% financing
Component 1: Restoring Electricity Infrastructure and Connectivity	75	75	100
Component 2: Restoring Municipal Waste, Water and Sanitation Services	60	60	100
Component 3: Restoring Transport Infrastructure and Developing a Housing Reconstruction Subsidy Scheme	140	140	100
Component 4: Restoring Health Services	42	42	100
Component 5: Technical Assistance	25	25	100
Component 6: Project Management, Sensitization and M&E ¹⁶	8	8	100
Total Costs	350	350	100

55. **Advanced Procurement:** To speed up implementation, advanced procurement process is expected to be used in order to have the packages ready and consultants identified to the degree possible by loan effectiveness. The Borrower has already launched a number of activities estimated at USD 20 million. It is estimated that about USD 10 million out of the USD 20 million may be disbursed within the first quarter after loan effectiveness.

56. **Retroactive Financing:** An amount of up to USD 15 million may be made available for retroactive financing of expenditures incurred prior to the date of Loan Agreement but on or after January 1, 2015.

Project by Disbursement Category (USD million)

Project Component	Estimated Cost
Works	217
Goods	100
Consultants' services	25
Operating costs	8
Total	350

C. LESSONS LEARNED AND REFLECTED IN THE PROPOSED PROJECT DESIGN

57. The lessons learned from implementing operations in fragile and conflict states take into account the findings of previous Independent Evaluation Group (IEG) reports, analysis of Bank strategies for Iraq, post-conflict emergency projects, and recent/current infrastructure projects in Iraq.¹⁷ These lessons are summarized below.

¹⁶ Each PMT will receive a share of project management, sensitization and M&E budget.

¹⁷ Implementation Completion and Results Report on Lessons Learned and Reflected in the Project Design for the: ICR Iraq Dokan and Derbandikhan Emergency Hydro Power Project (IDA-42490) Jun 2011; Emergency Baghdad Water Supply Project

58. **The 2011 World Development Report (WDR): Conflict, Security and Development¹⁸, which cautions not to let perfection be the enemy of progress—embrace pragmatic, best-fit options to address immediate challenges, has guided the design of the Project.** In insecure situations, it is generally impossible to achieve technical perfection in approaches to security, justice, or development. There is a need to be pragmatic and to address immediate challenges acknowledging political realities and adopting approaches that can improve over time.

59. **The 2011 WDR also points to the challenges of supporting a positive state-building process in situations where the government was forced to abandon its population.** As mentioned in the 2011 WDR, “State legitimacy is tied to agreed rules and processes that promote accountability to its citizens, whether through participation or through patronage.”¹⁹ Experiences from elsewhere show that when the state is forced to leave, these rules and processes break down, and will need time and targeted effort to be re-created. The 2011 WDR also points to the critical importance of security, justice and jobs as ways to generate a higher level of trust between the government and conflict affected communities. As with many other emergency operations, the Project proposes to deal with these challenges in two ways: (i) developing a targeting mechanism to ensure that Project activities over time are able to support the trust and reconciliation process; and (ii) by including a specific component to strengthen the links between the state and communities and the ability of communities to be actively involved in the planning and implementation of state-owned activities.

60. The following key lessons were identified and have been applied to the Project’s design:

61. **The Bank should be realistic about its role and potential for impact in a resource-rich country with a difficult operating environment.** There is a natural preoccupation with domestic political and security issues and a history of isolation from international best practice. The situation in Iraq requires intensive, on-the-ground implementation support by the Bank. However, this approach is not always possible due to the difficult security situation and the limited ability of Bank staff to work directly with counterparts on the ground. The use of the Bank’s agent on the ground, the Third Party Monitoring Agent (TPMA), is a solution that offsets the difficulties in access by Bank staff and provides a good level of fiduciary oversight. Over the past few years, the Bank increased its presence on the ground and brought the dialogue closer to the client. Although Bank-financed projects have made accomplishments under challenging circumstances, achieving satisfactory outcomes is made more difficult due to the operating environment. If the security situation were to deteriorate again in a significant way, the Bank management will discuss with the GoI the feasibility of continuing the implementation of this emergency Project. Experience shows that TPMAs are notably good at technical supervision (site visits, measurements, photographic documentations etc.) and auditing accounts (FM). However, their track record on analyzing and gauging socio-political processes around citizen participation and satisfaction is not equally convincing. Therefore, for this particularly important transversal aspect of project implementation specific awareness raising and training modules will be designed by Bank and delivered to the TPMA to strengthen knowledge and skills for analyzing and gauging socio-political processes around citizen participation and satisfaction.

62. **The Bank should ensure that its interventions are responsive to client demand and receptive to reform.** In fragile and conflict states, Government engagement and commitment are imperative to increase the likelihood of satisfactory project outcomes. In some areas of Iraq, client engagement, capacity and ability to carry out reforms have been low. This project is an example of a locally demand

(P87912) Nov 2013; and IRAQ Emergency Road Rehabilitation Project (P087735) Oct 2014, as well as, the Project Appraisal Document for Transport Corridor Project (P131550) Nov 2013.

¹⁸ World Bank, 2011, World Development Report 2011: Conflict, Security, and Development #62255

¹⁹ Ibid, pg 95.

driven operation, requested by the highest authority in Iraq and prepared in close coordination with the Prime Minister's office. Likewise, in the roads sector, the MoCH has been a committed partner willing to carry out reforms. The following recommendations from the *IEG Improving Institutional Capacity and Financial Viability to Sustain Transport - An Evaluation of World Bank Group Support since 2002*,²⁰ have been taken into account in the Project design: "For the subsectors and transport modes that rely on operations and maintenance funds from public sources or earmarked funds such as intercity highways and rural roads: engage with the client where high-level policy decisions related to maintenance funding can be taken" and "Where complex reforms are planned, encourage continuous and sequential engagement and support appropriate government-led reform projects in a realistic time frame, taking into account the capacity of the government to carry out the reforms". The Bank energy team is currently supporting the development of a roadmap for reform of the electricity sector as part of technical assistance for Electricity Distribution Sector Reform Support (P143115). The Bank also has a good track record in the Water sector with all previously Bank-financed projects in this sector rated Satisfactory.

- a. **Cost estimates should take into consideration additional insurance and costs of private security.** There are weaknesses in the contracting and consulting industries in the country associated with the fragile country environment, security and local capacity issues. These weaknesses represent a significant challenge to the quality of construction in Iraq and the implementation prospects of this Project. To attract qualified international contractors where local capacity is not adequate and participation of international contractors is possible, joint ventures with local contractors are encouraged, and cost estimates have been taken into consideration for additional insurance and costs of private security. The same applies for consulting firms that will be considered for the supervision of works. Due to the weak capacity of the local firms, attracting international reputable firms is critical to guarantee close monitoring of subprojects' implementation and reporting on any deviations from Project design and contract terms. The Bank's Iraq Trust Fund-financed Integrated National Energy Strategy (INES) project (P111074) experienced cost overruns due to the difficulty of attracting reputable and quality firms.
- b. **Advance procurement is key to ensure good disbursement indicators.** To avoid delays in Project implementation and in accordance with paragraph 12 of OP 10.00, advance procurement will be employed, including: i) preparation of Expressions of Interest (EOIs) and Terms of Reference (TORs) for key technical assistance and Project management support activities, and ii) preparation of bidding documents for first year procurement of goods and works, initiating selection of consultants and bidding process up to award of contracts. Additionally, a number of State Owned Enterprises with expertise in road and bridge construction, water networks and pumping stations' installation and supply, and installation of electricity networks, transformers and substations were identified and assessed to be used for packages that are eligible for force account.
- c. **Experience from the Nahr El-Bared Camp rubble-removal project in Lebanon demonstrated that clearing war-damaged buildings containing ERW is both challenging and risky.** Seven accidents and eight uncontrolled detonations were reported during the clearance of the 200,000 square meters urban area. This process highlighted the need for full integration of ERW into rubble removal. The example also shows that splitting the overall rubble-removal project into two separate contracts - a fixed-price, rubble-removal contract and a time-variable, EOD contract - was not appropriate. This project setup caused friction and unclear responsibilities, conflict of interest, and delays. Resulting from this experience is a clear

²⁰ IEG Improving Institutional Capacity and Financial Viability to Sustain Transport - An Evaluation of World Bank Group Support since 2002, March 2013, Report Number 77092

recommendation that rubble-removal contracts and EOD contracts be merged, either with a shared set of contractual conditions or linked together under full control of one project manager. It should be noted that this type of project requires detailed and careful planning together with highly professional project management and control.

- d. **The Bank has also learned the necessity for simple, practicable and scalable design in emergency operations in Iraq, through the unsatisfactory progress of the Hartha Power Station Rehabilitation, under the Emergency Electricity Reconstruction Project (EERP).** The EERP sought to rehabilitate a highly complex, partially complete power station project, in a situation of limited interest from international contractors. This emergency operation has adapted project design to the fragile context based on these lessons. Project design is based on a building-block approach, scaling up simple distribution infrastructure supply and installation across geographic regions, and replicating early implementation to accelerate implementation over the life of the project. A similar approach will be taken for the electricity sector portion of the emergency operation.
- e. **National ownership and dedicated membership of the PCUs is essential.** These aspects are definite asset in implementing this kind of emergency projects. Dokan and Derbandikhan Emergency Hydropower Rehabilitation Operation in KRG of Iraq (P099059) demonstrated the importance of the client ownership and quality of the Project Management Unit (PMU). Organizationally, PMU staff was positioned with sufficient authority and geographical proximity to oversee the work and to make decisions concerning its direction.
- f. **Additional face-time during implementation support and supervision:** During various emergency operations, especially those conducted in environments with continued fragility, the need for more face-time from Bank task teams with the Project Management Teams, adjusted operating budgets has been recognized to cope with the practical challenges of supervision such as security detail, restricted movement and the need for TPMA. Further, in case of the compressed preparation pathway, much of the design works are pushed into the implementation period, further increasing the need for implementation support.
- g. **Given the importance of housing in the post-conflict context of Iraq, housing repair and reconstruction may be considered for future financing by the Bank.** It is, however, a highly political process because of the extent and scale of the resources involved and the impact on people's lives. This political dimension is especially acute as communities have been forcibly displaced as a result of the conflict. As such, great care will need to be taken over issues such as inclusivity (no one left behind), equity (consistent and common standards applied) and beneficiary selection (transparent targeting mechanisms and eligibility criteria in place). The potential future Bank financing of the housing repair will be conditioned to the GoI's formulation, adoption and putting into effect a housing subsidy scheme acceptable to the Bank.

V. IMPLEMENTATION

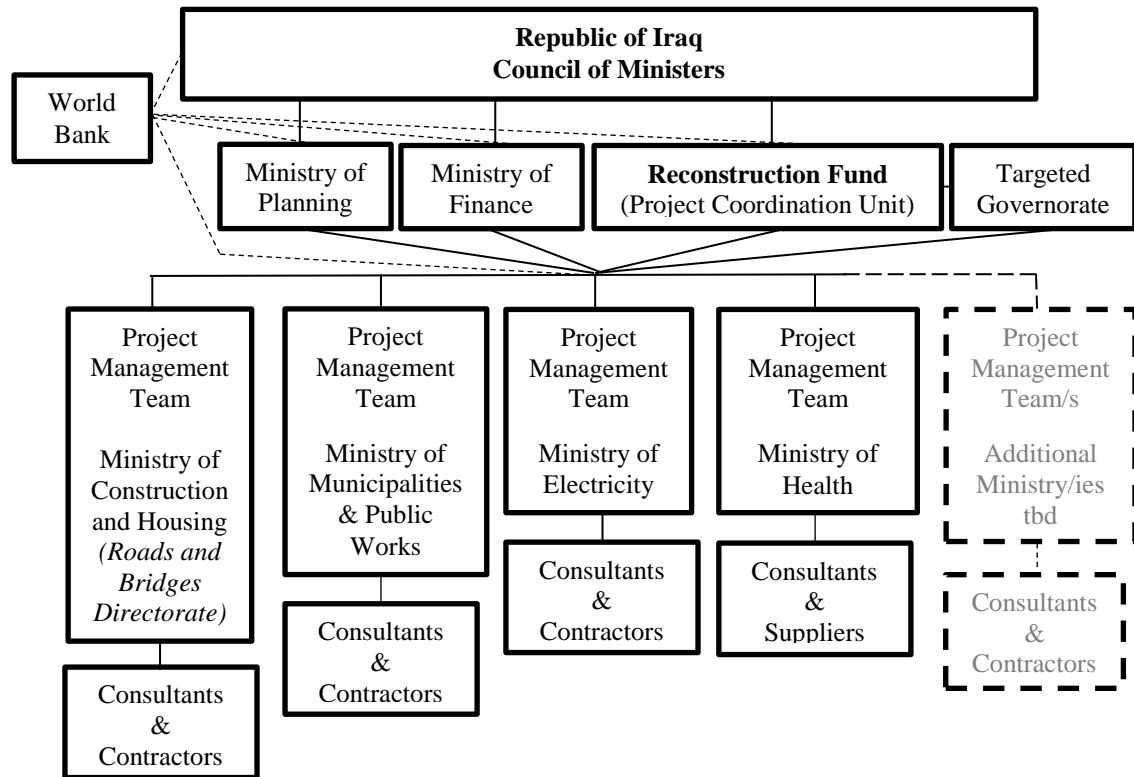
A. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

63. Institutional and implementation arrangements are designed to ensure maximum ownership of the project by GoI, while maintaining an appropriate balance between ensuring rapid delivery and effective execution of the project. **The overall responsibility for Project coordination lies with Iraqi Council of Ministers through a Project Coordination Unit (PCU) under the Reconstruction Fund for Areas**

Affected by Terroristic Operations²¹. In turn Project Management Teams (PMTs) established within counterpart Ministries will be responsible for sectoral (energy, transport, water and sanitation, municipal solid waste management, housing, health) project implementation. During implementation, additional sectors may be added to the Project, subject to these fulfilling the basic selection criteria. Moreover, in such cases the Project would be restructured, as needed, to accommodate these additional sectors. Furthermore, it is possible, that additional ministries and PMTs would be added to the overall implementation structure. At each of the municipalities (project sites), the PMTs will be supported by Technical staff from the Ministries' regional offices. The proposed management structure for the project takes into consideration the difficult security conditions and weak implementation capacity by incorporating the lessons learned during implementation of ongoing Bank-financed projects. The structure constitutes the PMT model albeit in an expanded form with staff seconded from various Government Ministries and Departments.

²¹ The Reconstruction Fund has been established by the Government of Iraq reporting to the Council of Ministers with an allocated budget of 500 trillion Iraqi Dinars, equivalent to about USD 431 million, to reconstruct damages incurred from the liberation activities from ISIS insurgency.

Figure 1: Institutional Arrangements



64. **The identification and prioritization of subprojects will be undertaken at the individual Ministry level with the PMTs tasked with the responsibility for the planning and implementation of activities pertaining to their jurisdiction and the day-to-day follow up which includes procurement, financial and safeguards management, supervision, quality control, reporting and administration of project funds.** To identify and prioritize the subprojects, the Ministries and their PMTs will coordinate closely with the local Governorate staff and authorities, to ensure the identified subprojects are in line with local expectations. Making payments to suppliers, consultants and contractors, and ensuring that funds are disbursed according to Bank guidelines and procedures will also be the responsibility of the PMT. The PMTs will prepare quarterly reports to be submitted to the PCU under the Reconstruction Fund. The PCU will monitor the overall implementation progress, consolidate the sectoral reports and submit to the Bank.

65. **The PMTs are to be staffed²² with qualified and experienced specialists to oversee the implementation of their relevant sectoral projects in accordance with Bank guidelines and procedures including engineers, environmental and social safeguards, financial management and procurement specialists as well as to perform the required technical functions and to serve as the focal points for communication with the Bank, contractors and consultants.** The PMTs will be responsible for preparing the Terms of Reference and contracting specialized consulting supervision and technical assistance consulting firms (e.g. as Client’s Engineer / Resident Engineer), financed under the IBRD Loan, to provide them with support, guidance and training during project implementation, as well

²² Some staff are already in place working on other Bank financed projects are familiar with the Bank guidelines and procedures.

as to supervise contractors' and suppliers' compliance with all their contractual obligations including safeguards requirements.

66. On August 20, 2014, the Council of Ministers issued a decision²³ designating the State Owned Enterprises (SOEs) under MoCH to repair bridges damaged by ISIS. Several of these Enterprises were identified and some are already assessed on their technical and managerial capacity to handle the works needed under the Project in order to support the speedy repairs and maintenance of damaged infrastructure in areas of high risk and that private contractors may not be able to access. From a technical perspective, these Enterprises have the technical capacity to implement projects as demonstrated by their implementation experience of the past five years. Their capacity would have been stretched had they assumed new contracts financed by this Project. However, the contracts currently assigned to them by GoI are mostly inactive due to fiscal constraints. Therefore, despite the large number of ongoing or new contracts, the capacity of these enterprises are currently underutilized and they may be used under Force Account where justified. It is important for them to have governmental support to release them from some of their current commitments, and ensure that invoices under this Project are paid on timely basis. It is also proposed for the total value of contracts assigned to these enterprises under Force Account to be linked to their average cash flow capacity that can cover six months of committed work value.

67. The Assessment based on information received from three Enterprises (Hamurabi, Al-Mutasim and Ashur), is as follow:

- a. **Hamurabi** is mainly involved with road & bridge construction and pavement of various sizes. It has 122 construction and civil engineers, and 79 electrical and mechanical engineers, with 22 surveyors that is an indication to their involvement in road construction, but only two structure engineers. The firm's average annual construction turnover is reported at around USD 300 million, which is the result of a large number of smaller contracts (Largest being USD 77 million), with a much larger ongoing commitment in comparison to completed works. This along with a gradual drop in both the construction turnover of last three years and cash flow drop of the last four years might be an indication of drop in amount of investment financing in the country, causing delays in implementation.
- b. **Al-Mutasim** has experience as a general civil contractor with considerable experience in bridge construction and pile works. The firm's pool of experts includes 95 construction and civil engineers, 49 electrical and mechanical engineers, two surveyors but a team of 11 structure engineers. This is a reflection of their experience working on bridge construction. The firm has experience working on a large number of smaller contracts with large ones being in the range of USD 10 to 25 million, with a very large ongoing commitment of almost USD 600 million that includes a contract of USD 202 million for a residential complex that is planned to be completed by 2017.
- c. **Ashour** has good experience in rehabilitation, maintenance and construction of primary and secondary roads. With 99 civil and construction engineers, and 101 electrical and mechanical engineers and six surveyors, it has a good level of expertise. The value and size of completed contracts that except for one are in the range of USD 1 to 2 million appear to be much smaller than the firms ongoing committed contracts of about USD 364 million that include contracts as large as USD 80 million. This coupled with a dropping annual cash flow is an indication of the Enterprise's weak financial situation. With above considered, even though the firm appears to have a good technical standing, but financially it is fragile. The GoI needs to reduce this Enterprise's other commitments, after which it can assist with smaller contracts.

²³ A copy of the decision is in Project files.

68. While SOEs have expressed their readiness to perform the activities under this project, however close monitoring will be required to ensure their doing so timely and diligently. Other SOEs who may participate in this project implementation will need to be assessed by the Bank before the clients awarding them any contracts.

69. **A *Project Implementation Manual* satisfactory to Bank standards will be developed within 30 days of effectiveness.**

70. **Project Implementation Schedule. The tentative date for this Project's effectiveness is July 21, 2015, with a proposed project closing date of June 30, 2020.**

71. Supervision and implementation support will be conducted by a Bank team, consisting of designated Task Team Leader (TTL) based in the Middle East and North Africa region, will be responsible for the overall coordination of the project activities while co-TTLs of relevant Global Practices will be responsible for supervising and coordinating with their related PMT counterparts of work activities under the project components. To the extent possible and for effective interaction and response to clients' inquiries and requests, project supervision will be supported by the Bank staff based in the region. Supervision activities will also be supported by TPMA who, given the project risk, will be hired to support the Bank office in Baghdad and to carry out periodic field investigation and reporting to the Bank team. Year 1 of project implementation will feature three structured implementation support missions with informal follow up meetings as needed.

B. RESULTS MONITORING AND EVALUATION (M&E)

72. **Results-based M&E will follow a methodology for measuring and monitoring results, as well as for review.** In light of the fluid environment in the Project Areas, the baseline for measuring results will be validated within six months of Project approval through surveys financed under Component 6. Responsibility will rest with the PCU complemented by close Bank implementation support. A results framework and monitoring matrix to track inputs, outputs, and outcomes has been developed for the project with intermediate and key performance indicators (see Annex 1). Project implementation progress will be monitored continuously, and outputs and outcomes will be reviewed during project supervision to evaluate progress using data compiled by PCU. M&E will measure individual project performance according to results framework targets and provide quarterly activity reports, targeting both the management of contractors as well as external stakeholders. A baseline, annual beneficiary surveys, financed under Component 6 of the Project, to measure who and to what extent benefit from the infrastructure and services as well as how it affects people's lives in both social and economic terms, an end-line survey, an end term review and final Implementation Completion and Results report will be completed. In addition, data and information on project activities will be collected and collated quarterly. In view of the Project's nature and the strategic importance of scaling up its activities to other urban settlements in Iraq, the M&E system would target the identification of lessons to be applied to the design of follow up projects. This Project will provide technical support to the PCU as needed to carry-out its duties and responsibilities towards this Project.

73. Further, it is envisaged that some components of the M&E system will be participatory, engaging citizens and in conjunction with the focal points and community leadership within all seven municipalities, thus contributing towards the empowerment of communities, building trust amongst implementation stakeholders and strengthening cohesion by the socialization of the results and achievements of the Project.

C. SUSTAINABILITY

74. As this project by nature demands an immediate reaction to assist efforts which aim at reducing high human risks and suffering, in extreme cases the loss of life in the immediate term, the design of this multi-dimensional Emergency Project aims to produce rapid outcomes through immediate implementation action. One of the outcomes in the design of this Emergency Project is to build a relationship with the local citizenry that enables GoI to identify and prioritize their needs, set goals, create accountability mechanisms, and implement, processes and concrete actions that will maintain/improve their quality of life. This could be supported by using the information generated from the annual beneficiary surveys.

D. SYNERGIES

75. The Project will assist the GoI Reconstruction Fund to address the needs for restoring services to the recently liberated areas and areas that will be liberated in the near future. In addition, the Project will complement the Global Coalition²⁴ to Counter Da'esh (or ISIS) effort which aim “to assist GoI in planning, conducting, and monitoring recovery and Stabilization measures in the immediate aftermath of the liberation of areas previously suffering under Da'esh-control and creating the enabling environment for enduring stability.”²⁵ The Coalition will support restoring law and order and other key services. It will foster unity of effort within GoI and across international support to GOI; support reconciliation and a safe and secure environment; and strengthen national and local government administration. Importantly, the Coalition will support GoI efforts to mark and clear IEDs and UXO as well as other efforts to protect populations and critical infrastructure. It is anticipated that the successful implementation of the Project will draw further GoI and/or new donor investment in similar infrastructural reconstruction and service delivery restoration of projects.²⁶ There could also be a logical expansion into other sectors, where there might be overlapping interests, and also follow on activities beyond the immediate reconstruction aspects.

VI. KEY RISKS AND MITIGATION MEASURES

Overall Risk Rating and Explanation of Key Risks

Risk categories	Rating
1. Political and governance	High
2. Macroeconomic	Substantial
3. Sector strategies and policies	Moderate
4. Technical design of project	Substantial
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	High
7. Environment and social	Substantial
8. Stakeholders	Substantial

²⁴ WGS membership is open to all Global Coalition partners and follows a policy of inclusivity. Participation is based on expression of interest of coalition members to actively contribute to the objectives of the group. Participation includes the following: Austria, Canada, Czech Republic, Denmark, Egypt, France, Germany (co-chair), Greece, Iceland, Iraq, Italy, Japan, Jordan, Korea, Kuwait, Latvia, Luxembourg, Morocco, Netherlands, Norway, Poland, Qatar, Romania, Saudi Arabia, Somalia, Spain, Sweden, Turkey, United Arab Emirates (co-chair), United Kingdom, United States, Arab League, EU and United Nations.

²⁵ Global Coalition to Counter Da'esh, Working Group on Stabilization (WGS), Draft Action Plan, 20 May 2015.

²⁶ During project preparation, the Bank team met with a number of member of the Coalition representatives (including the EU, Japan and USA) and international organizations (UN) who expressed their full support to the World Bank's effort in designing and financing this project and confirmed that it will complement their efforts that aims are stabilizing the liberated areas.

9. Other	High
Overall	High

A. OVERALL RISK RATING EXPLANATION

76. Overall project implementation risk rating is **high** due to the following: (a) security situation and (b) low governance capacity and lack of trust in state institutions. However, it is likely that the PDO will be achieved given the risk management measures in place to address the identified risks, and the potential benefits and rewards of the proposed activities outweigh the risks.

77. **Political, security, and governance risks are high:** ISIS still controls areas within Iraq which are not too far from some of the liberated cities. The conflict between, on the one hand, the GoI forces and the Peshmerga (military forces of Kurdistan Regional Government), and on the other hand, ISIS might return to the liberated cities. Sectarian character of displacement and the trust deficit in the ability of the GoI in establishing security and addressing disputes over control of cities persists. The political reconciliation process is still in the nascent stages and the GoI has still to regain the population's trust and confidence. There remain large numbers of displaced persons and there is no clear strategy as to their return and many are not free to return to some areas. Uncertainty about inclusiveness and transparency involving civil society and donors also persist. Tensions between Baghdad's central government and the autonomous Kurdistan region are omnipresent and although violence is unlikely, non-cooperation might impact on operations in the cities with a significant Kurdish population. This would be mitigated through: (i) the citizen engagement strategy which will ensure that all ethnic groups, either as individuals or collectives (the latter through civil society or any formal or informal group), are targeted for inclusion and involvement in the project; (ii) grievance redress mechanisms, whose implementation is widely communicated to ensure that all affected community members can be given a voice and be heard; (iii) closer consultations and coordination between the central government and KRG; (iv) an M&E strategy that will closely monitor implementation through annual surveys; and (v) a phased approach to project implementation with Year 1 focused on rapid emergency interventions and continuing assessment and project design allowing for adjustment.

78. **The macroeconomic risk is substantial:** Prior to the ISIS conflict, Iraq had made progress with regards to macroeconomic management but risks persist because of the economy's continued reliance on oil exports with little local content or significant in-country transformation. ISIS has impacted GDP which is expected to contract by about 0.5 percent this year and the growth of the non-oil sector which has deteriorated since the start of the conflict. Iraqi authorities are taking proactive steps to address the double shock of the ISIS insurgency and the collapse in oil prices, which have hit the economy hard. These efforts have led to the swift approval of a streamlined 2015 budget, based on encouraging progress towards a permanent agreement between Baghdad and the KRG on oil exports from the north.²⁷ The IMF stands ready to support the Iraqi authorities through stepped-up policy engagement, technical assistance, and, if needed, financial support.

79. **Sector strategies and policies are moderate:** this IBRD financed Project covers several sectors, all of which are designed to contribute to the achievement of the development results associated with this Project. Identified sector risks would apply to all with none carrying an inordinate risk that would have an impact on the development results. There is a moderate risk of adverse impact on the PDO stemming from sector strategies and policies. Policies and strategies in the relevant sector(s) are generally adequate

²⁷ IMF Staff Concludes the 2015 Article IV Mission for Iraq, Press Release No. 15/121, March 18, 2015 <https://www.imf.org/external/np/sec/pr/2015/pr15121.htm>

for the purposes of this Project and mostly consistent with the country's development strategy and objectives.

80. **Technical design risk is substantial:** Technically, this Project is substantially complex and not informed by analytical work but builds on existing Bank experience with infrastructural operations in Iraq and neighboring countries. Further, despite the complex multi-sectoral nature of the project in general, the design of the individual sectoral interventions will be kept as simple as possible, taking into consideration the existing capacity constraints of both GoI and private contractors in the country. The phased approach of project implementation will allow weaving TA activities into the first year of implementation to strengthen governance and management capacities for more complex and challenging sectors (e.g. the reconstruction of housing assets).

81. **The institutional capacity risk is substantial:** While the risk is substantial, the MoCH is familiar with the proposed modus operandi due to their current Transport Corridor Project. Implementation however, involves several agencies and activities in several different locations and it is unknown how well the proposed PMTs will manage across the seven municipalities. The implementing agencies will have some in-house capacity, but external consultants are proposed to play an important role in the design and day-to-day operation. The process to initiate this arrangement was not without flaws but was operationalized in reasonable time and is currently working with few problems. It is hoped that similar working relationships can be created with the Ministries of Electricity and Municipalities and Public Works. To mitigate this risk, the Bank team will be supplemented by a TPMA. This will ensure continuous supervision of the project.

82. **Fiduciary risk is high:** Overall, the financial management and procurement environment in Iraq remains weak. Levels of mismanagement, fraud, lack of transparency and corruption exist, and although anti-corruption and public sector regulations are in place, problems persist, contributing to low levels of trust in government institutions.²⁸ In this context, mitigation measures for governance issues have been built in the project design in the form of strict fiduciary control mechanisms and application of Bank fiduciary rules, as well as through targeted participatory and consultative mechanisms for project activities and a focus on social accountability. The project will: (i) ensure that a dedicated procurement specialist with minimum experience in Bank policies and the ability to provide capacity building is embedded within the PCU; (ii) include in the operational manual a well-described procurement process; and (iii) as part of the annual independent evaluation, include an annual procurement audit by an external auditor. Furthermore, it should be noted, that the PMTs include fiduciary staff that have experience with Bank-financed operations. Further details on fiduciary risks are in Annex 3.

83. **Environmental and social risk is substantial:** The sheer financial volume and physical dimensions of the project have the potential to cause adverse environmental and social impacts albeit mitigated by the expected partition of the investments in a large number of smaller increments. The disaggregated environmental risk is moderate, as all investments are expected to be implemented on existing physical footprints, mainly reconstruction and rehabilitation activities. The risks associated with involuntary resettlement and livelihood restoration are substantial. These issues will be managed with standard safeguards instruments (an ESMF and RPF for overall guidance, and sub-project specific ESMPs and ARAPs) which will be produced during the first months of the implementation phase. The key social risk is associated with the activities planned under the housing sector and are associated with: (i) creating equitable, just access to the project's benefits; (ii) dealing with unclear titling, informal uses and proxy owners; (iii) avoiding negative unintended consequences (e.g. rapid increases of rents); and (iv) creating

²⁸ Iraq ranks 170 out of 175 countries on the Transparency International Corruption Index 2014. Iraq's country index is 16 (with 0 being "highly corrupt" and 100 being "very clean"). Source: <http://www.transparency.org/cpi2014/results>

the capacities and resources to manage the substantial transaction efforts to implement this sectoral component. The mitigation measures for social risks will include targeted TA activities which will be deployed during the first two years of project implementation. The TA will aim to build on existing mechanisms in housing provision and repair to strengthen management capacity for data collection, inventory, damage assessment, design, construction supervision, financial management, and verification.

84. ***Stakeholders' risk is substantial:*** Opposition from some stakeholders (civil society, private sector organizations, other donors and other members of the general public), in light of the sectarian nature of the conflict and violence, could have a negative impact on the achievement of the PDO. The project objectives are however clear and through a targeted communications strategy, it is expected that they should generally be well understood by array of stakeholders. The project is unlikely to face donors who have competing or overlapping operations.

85. ***Other risks are rated high: a) Security situation risk is high.*** Despite the fact that the seven municipalities have been liberated from ISIS and there have been improvements in security, the situation in these areas remains volatile with pockets under the influence of armed groups. To mitigate these risks, PMTs and their contractors and consultants will be particularly mindful of security matters and will ensure to liaise their activities with the appropriate government agencies. Further, the Bank has extensive experience operating in fragile, post-conflict areas and has demonstrated flexibility adapting to changing circumstances. The potential contractors identified by the PMTs are also used to operating in volatile environments; and ***b) Safety risk of subproject work areas is high.*** Explosive War Remnants (EWRs) are common results of many conflicts. As a result, rubble removal, repairs or reconstruction would be dangerous if project sites are not cleared from all EWRs by the appropriate authorities and experts. Therefore, Bank financed activities will only apply to those areas that have been declared safe of EWRs. To mitigate, and before a subproject is approved for implementation, the verification of the completion of EOD and the declaration of the designated area as "safe" will be sought from the relevant authorities (essentially the Ministries of Interior and Defense) to be also confirmed by UNMAS. Only then subprojects will be cleared for implementation.

VII. APPRAISAL SUMMARY

A. ECONOMIC AND FINANCIAL ANALYSIS

86. **The developmental and economic impacts of conflict are extremely high.**²⁹ This is evident in direct economic costs of conflicts including the widespread destruction and degradation of physical capital and infrastructure, lost employment opportunities and livelihoods options, lack of public services, capital flight, and indirect costs including reduced levels of human capital, weakened institutions, prevention cost, and a decline of social capital as well as trust.³⁰ Iraq, although a country with vast resources and potential, is still a fragile country. Infrastructure has been badly damaged by the conflicts and thus in tremendous need of reconstruction and economic growth as well as of rebuilding weak institutions.

87. **The economy remains extremely vulnerable to the country's ongoing security problems which impede investment and inhibit private economic activity.** Further, high dependence on the oil sector makes the economy more vulnerable to declining oil prices and consequently, the overall economy suffers from structural weaknesses. The public sector is very large even by regional standards where government

²⁹ The World Bank, 2011. World Development Report, Conflict, Security, and Development. Pages 59-65.

³⁰ UNDP, 2008. Post-Conflict Economic Recovery: Enabling Local Ingenuity. Pages 22-24.

and state-owned enterprises employ approximately half of the labor force, but the quality of public services has been weak. Electricity, construction, transport, and a small agricultural sector are highly dependent on government spending and thus on oil revenues. The Iraqi health and education systems have suffered the consequences of three major wars, inappropriate policies, poor management, and inadequate resource allocation.

88. **The 2012 household survey indicates that Iraq's national poverty stood at 19.8 percent in 2012 and a fifth of the population lived on less than USD 2 a day (2005 PPP), and 70 percent on less than USD 4 a day.** Poverty headcounts³¹ levels in urban Diayala measured 15.2% and urban Salah-Al-Din measured 11.1 percent, whilst in rural areas in the same governorates, the measurements were 25.2 percent and 21.1 percent respectively. The reasons for rising poverty are multi-faceted and reflect the toll of low-grade insurgency prior to ISIS, the decline in agriculture, and the altered political economy of Iraq which had seen this region benefit less from government spending in contrast to the Saddam era. The recent conflict will have exacerbated poverty levels significantly in the affected areas. Unemployment is high and demographic pressure is strong with 41 percent of the population under 15 years. The labor force needs training on basic skills and the business environment is weak. Poor governance, inconsistent regulations, and security issues keep Iraq at low ratings of global rankings for doing business.

89. **The core elements of the social safety net are the public distribution system (PDS) and the social protection network (SPN).** The PDS is a universal monthly food ration card which is capable of reaching close to 100 percent of the population. The system of ration shops is well established, and PDS (operated by the Ministry of Commerce and Industry) combines international and local procurement to operate a nation-wide system of purchases, storage, and distribution of food. PDS provides 40 percent of the daily caloric intake of the poor. SPN is a cash transfer system which is mostly categorical but also has a small means-tested component. Although the SPN has the potential to be a nationwide transfer system, it is currently small and reaches at most 20 percent of the poor. By contrast, the pension system, while giving rise to substantial and growing expenditures, is not functioning as a poverty reduction project. This is because most pensions arise from public sector employment with the exception only of a very small number of formal private sector jobs also covered by the pension system. The pension formula has generous parameters based on employment. As poverty in Iraq is associated with employment in the informal private sector or non-employment, the pension system does not cover the poor.

90. **Benefit from the Bank's contribution.** There is a strong need to consolidate peace and stability in the newly liberated municipal areas in the country which this project targeting infrastructural reconstruction and service delivery contributes towards. In addition, the project provides the opportunity for GoI to strengthen its institutional capacity and existing mechanisms at all levels so as to respond effectively to the needs of the country's overall development. As outlined above, the Project will generate long-term positive impacts and benefit a broad range of direct and indirect beneficiaries. The Bank with experience in such interventions in Iraq and elsewhere in the Middle East, has a comparative advantage in conducting work this work. Further, the Bank has the convening power to bring potential interested parties together to support the project.

B. TECHNICAL

91. **The design of this project builds on three decades of Bank engagement in emergency operations in post-conflict countries as well as the experience of the past ten plus years of work in Iraq.** The project's technical quality is based on lessons learned from IEG and Implementation Completion and Results Reports on a number of projects in energy, water supply and transport sectors as

³¹ World Bank; Household Income and Expenditure Survey, 2012.

well as the 2011 WDR, reports for similar work undertaken elsewhere in the region, as well as the knowledge of the Bank work in Iraq on recently completed, current and pipeline infrastructural and service delivery projects. Individual sectoral project components were developed through a consultative process with Deputy Ministers of relevant Ministries, Governors and Mayors of the Borrower and was complemented by inputs from national and international partners.

C. FINANCIAL MANAGEMENT

92. The assessments of the financial management systems within the MoCH–Roads and Bridges Directorate, the MoMPW and the MOE have been updated for the envisaged project, while the FM assessment for the MoH and PCU under the Reconstruction Fund was deferred to the implementation phase. These Financial Management (FM) assessments were previously conducted during the preparation of other Bank-financed operations.³² The update of the assessments concluded that, with the implementation of agreed-upon actions, the proposed FM arrangements will satisfy the minimum requirements under OP/BP 10.00 for Projects in situations of urgent need of assistance or capacity constraints. Annex 3 provides additional information on the FM assessment and the recommended mitigation measures. The detailed financial management capacity assessment and arrangements are available in the Project files.

93. Due to the emergency nature of this Project and the need to respond quickly, the FM approach was streamlined and based on more simplified ex-ante requirements, while relying more heavily on ex-post requirements as additional fiduciary controls and review. The risk mitigation measures were designed to suit the available capacity during implementation, including:

- a. FM function within existing PMTs, or that will be established, at each implementing ministry with the FM team consisting of a Financial Officer, Accountant, and an internal controller seconded from its own staff;
- b. Simplified accounting and reporting arrangements to give timely information on the project financial performance and status; Excel spread sheets will be used to record project financial transactions and generate simplified Interim Unaudited Financial Reports (IFRs);
- c. Financing 100 percent of activities to avoid delays that arise from counterpart financing;
- d. Opening a Designated Account (DAs) for each implementing agency with sufficient advance payment;
- e. Hiring a TPMA that will regularly monitor, among other activities, the project's FM performance and physical checks; and
- f. Hiring an independent external auditor acceptable to the Bank to provide an independent opinion of the project's financial statements.

94. FM arrangements are described in detail in Annex 3.

³² The MoCH implemented the IDA-funded Emergency Road Rehabilitation Project closed back in June 2014 and implementing the ongoing Transport Corridor Project that was declared effective on March 30, 2015. The MOMWP implemented ITF-Emergency Water Supply, Sanitation, and Urban Reconstruction Project (EWSSURP) closed on June 30, 2013, and implementing the ongoing IDA-Emergency Water Supply Project (EWSP) closing on October 31, 2015. The MoE implemented ITF-Emergency Electricity Reconstruction Project (EERP), and is implementing the ongoing IDA-Emergency Electricity Reconstruction Project (EERP) closing on June 30, 2015.

D. PROCUREMENT

95. Given the prevailing impact of the ISIS conflict on Iraq, and need to address the urgent and developing requirements, procurement is being processed under paragraph 20 of OP 11.00 “*Procurement under Situations of Urgent Need of Assistance or Capacity Constraints*”, where “*Simplified Procurement Procedures*” may apply in accordance with paragraph 12 of the Bank OP 10.00 for investment project financing³³. Procurement activities of this Project will include goods, works and both non-consultancy and consultant services under different Components. As they are identified, the activities will be packaged and finalized for tendering.

96. Assessments and reviews conducted on procurement in Iraq and that of the implementing agencies: (i) MoMPW; (ii) MoE; (iii) Roads and Bridges Directorate of MoCH reflects that the major issue facing public procurement is the current uncertainty of public procurement laws and regulations and their enforcement. The MoH and PCU procurement will be assessed during the implementation of the Project and before any contracts are awarded by the said institutions. The Public Procurement in Iraq was governed by the Coalition Provisional Authority (CPA) order #87 of 2004 and the implementing regulations # 1 for 2008 promulgated by Council of Ministers and prepared by the Ministry of Planning until 2011. The Council of Ministers issued a Resolution dated May 16, 2011 to abolish the existing procurement framework, namely CPA order #87 of 2004, while a replacing Law was not implemented resulting in a legal void. A draft Law was developed by an inter-ministerial working force and reviewed by the Shura Council as an appropriate legal framework for the country, but there were calls to discard the draft Law and instead to prepare a new concise By-Law or Regulation. Consequently, and in the absence of a new legal framework, the legal void persists. The Ministry of Planning has issued a set of regulations in 2014 to replace the 2008 regulations. In addition, as Iraq has been ranking poorly on Transparency International’s Corruption Perception Index over the last eight years and the country suffers from conflict, procurement associated risks are high and physical supervision of project’s implementation remain difficult.

97. Procurement will be carried out in accordance with the ‘Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants’ dated October 15, 2006 and revised in January 2011, and the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014, and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014.

98. Specific mitigation measures are outlined in Annex 3.

E. SOCIAL (INCLUDING SAFEGUARDS)

99. **Social benefits and risks.** The Project will have broad socio-economic benefits because it supports the improvement of access to basic needs, which is a precondition for the restoration of livelihoods, social cohesion and trust in Government services. The key social challenges are associated with the activities planned under the housing sector and are associated with: (i) creating equitable, just access to the project’s benefits; (ii) dealing with unclear titling, informal uses and proxy owners; (iii) avoiding negative unintended consequences (e.g. rapid increases of rents); and (iv) creating the capacities and resources to

³³ Sub-paragraph 11(b) mentions “Such Projects may be processed under special procurement arrangements referred to in paragraph 20 of OP 11.00 and may finance a positive list of goods procured in a manner that satisfies the considerations of economy and efficiency (including national procurement procedures of the borrower).”

manage the substantial transaction efforts to implement this sectoral component. The mitigation measures for the latter risk will include targeted TA activities, which will be deployed during Year 1 of the Project implementation, and aim to build on existing GoI mechanisms in housing provision and repair to strengthen management capacity for data collection, inventorization, damage assessment, design, construction supervision, financial management, and verification.

100. **Land Acquisition and Resettlement.** Involuntary resettlement and livelihood restoration are expected to be issues of moderate complexity. The project will unlikely involve land acquisition as it will only finance repair and reconstruction of damaged infrastructure. However, it is uncertain in terms of permanent and temporary land taking during project implementation, and therefore, the Bank policy on Involuntary Resettlement OP 4.12 is applied to the project. As the project is prepared under the provisions of paragraph 12 of OP10.00 for projects in situations of urgent need for assistance, the preparation of safeguards instruments has been deferred to the implementation period, and an environmental and social action plan (ESAP) was developed (see Annex 5). During the implementation period and before the relevant project activities are commenced, the Borrower will prepare an RPF that will cover the entire scope of potential investment sub-projects (e.g. housing, road repairs, transmission lines, bridges, energy production facilities, etc.). In case any activity or subproject involves land acquisition, a Resettlement Action Plan (RAP) or Abbreviated Resettlement Action Plan (ARAP) will be prepared in compliance with the Bank policy and relevant laws and regulations of Iraq prior to actual implementation of the activity or subproject. Upon clearance from the Bank's Regional Safeguards Advisor, disclosure of the produced social safeguards documents will be carried out locally (in the local languages) and in the Bank's InfoShop.

101. **Physical Cultural Resources (PCR):** Iraq is a country extremely rich in PCR, and the destruction experienced during combat activities between ISIS and Coalition forces are highly likely to have affected historical buildings, religious sites such as mosques and shrines, and monuments. Destruction may have been random, but also due to targeted acts of sectarian violence. Thus, OP4.11 - PCR - has been triggered. Dealing with PCR has been included into the ESMF and will be part of the planned TA component.

102. **Grievance Redress Mechanisms.** During the first six months of Project implementation, multi-level arrangements for registering and addressing grievances and complaints from project-affected people. The primary purpose of the project's grievance redress mechanism is to provide clear and accountable means for affected persons to raise complaints and seek remedies when they believe they have been harmed by the project. An effective and responsive grievance redress mechanism also facilitates project progress by reducing the risk that unaddressed complaints eventually lead to construction delays, lengthy court procedures, or adverse public attention.

103. **Gender.** Women comprise a sizeable percentage of the population living in project areas. In order to address the differentiated needs of women and men throughout the project implementation, consultations will be carried out in a gender sensitive approach and gender-responsive measures will be reflected in the design and evaluation of the project. Gender responsive measures include quantitative and qualitative instruments through the implementation of sex-disaggregated surveys and gender focus groups, respectively.

104. Overall, the Project's outcomes - namely improved utility delivery and access to public services - are expected to provide proportionally higher benefits to women, as they are more likely to be tasked with the management of households and the associated chores. Under the current baseline women's contributions to keep households and families functioning in terms of adequate health, nutrition, shelter, education, etc., is severely constrained by the lack of basic services such as water, electricity, waste management and a safe and efficient public transport network. The time and effort currently spent by women to keep basic household functions running - be it in areas affected by conflict-related damage, or in temporary shelters for IDPs - is disproportionately greater due to the deterioration and damage incurred

by the public service infrastructure. While not targeted at, or differentiated between specific gender or age groups, the project's objectives of reconstruction of damaged infrastructure and the restoration of public service delivery is expected to provide the highest incremental positive impacts for women, and - among the female population - to female-headed households.

F. ENVIRONMENT (INCLUDING SAFEGUARDS)

105. In terms of environmental relevance, this Program is assigned a Category B, triggering the safeguards policies OP4.01, OP4.11, OP4.12 and OP7.50. The project is prepared under the provision of paragraph 12 of OP10.00 for "projects in situations of urgent need for assistance or capacity constraints", and the preparation of safeguards instruments has been approved for deferral into the implementation period, and in lieu an environmental and social action plan (ESAP) was developed (see below). Moreover, the Bank has already commenced - on behalf of the Borrower - the preparation of an Environmental and Social Framework (ESMF) as the primary safeguards instrument of the project. The ESMF will cover the entire scope of potential investment sub-projects (e.g. housing, road repairs, transmission lines, bridges, energy production facilities, etc.), classify them into typologies along environmental and social criteria and impacts, and for each typology define the required specific instruments and processes. The ESMF and sample ESMPs covering the majority of project typologies are expected to be available for consultations and disclosure at or shortly after project effectiveness due to the accelerated processing under paragraph 12 (d) of OP10.00.

106. For the expected scope of freestanding subprojects, comprehensive ESIA's will mostly not be required, as all structures and installations will have existed before, and the project would only finance their repair, reconstruction or reinstatement. The expected typologies (e.g. repair/ reconstruction of housing, roads, transmission lines, municipal infrastructure), as well as the restoration of public services would mostly require simple, checklist-type ESMPs (E&S management plans) that would become part of the works contracts, set the E&S standards and compliance mechanisms, and serve as a contractual basis for supervision and enforcement of good E&S practice during the works.

107. For some larger projects (e.g. bridge reconstruction), limited ESIA's would be required, as the works might be more substantial in scale, and rivers may be more sensitive and vulnerable to environmental impacts. Such a targeted ESIA would then inform and be integrated into the ESMP. Similarly, the procurement, installation and operation of mobile hospitals, while pre-existing health facilities are restored, would require a different focus and additional provisions in the ESMPs. Specifically, ESMPs for mobile hospitals would need to take operational aspects into account, ranging from wastewater and sewage treatment and disposal to the specific requirements for safe collection, handling, storage and treatment / disposal of medical waste. This latter requirement would be addressed via a separate medical waste management plan (MWMP). Further, land acquisition may become an issue due to the additional footprint of mobile hospitals, even if only temporarily, which would be covered by the RPF prepared for this project, and - if required - specific RAPs for mobile hospital sub-projects. Upon clearance from the Bank's Regional Safeguards Advisor, disclosure of the produced environment and social safeguards documents will be carried out locally (in the local languages) and in the Bank's InfoShop.

108. The project will support activities involving the rehabilitation of water supply and sanitation infrastructure and thus falling within the applicability of OP 7.50 (Projects on International Waterways). However, the exception to the riparian notification requirement under paragraph 7 (a) is applicable to the project for the following reasons: (i) this project does not respond to growing demand for water and therefore no attempt to increase water off-take from international waterways, but rather focus on repairing what has been damaged by the conflict; (ii) the rehabilitation of wastewater treatment plant(s) included

into the scope of potential activities are of small scale addressing local demands, and also are not expected to be expanded or their capacity increased.

109. Linked to the ESMF (though under different management and control) is the risk of ERW, including UXO, AXO (abandoned explosive ordnance) and booby traps in the project areas. As the project will be implemented in areas recently liberated from ISIS rule, and as the liberation often took place with considerable combat activities, the presence of ERW is a certainty. Thus, all project areas will have undergone or undergo a screening (technical survey) for ERW and will have to be declared safe prior to any works, be it relating to rubble removal, reconstruction of damaged structures, or any works below ground level.

110. The details of the planned safeguards approach are explained in the ESAP in Annex 5 below.

G. WORLD BANK GRIEVANCE REDRESS

111. Communities and individuals who believe that they are adversely affected by a Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank's Grievance Redress Service (GRS). GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel which determines whether harm occurred, or could occur as a result of Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING AND EVALUATION

Republic of Iraq: Emergency Operation for Development (P155732)

Project Development Objectives							
PDO Statement							
The Project development objective is to support the Republic of Iraq in the reconstruction of damaged infrastructure and the restoration of public services delivery in targeted municipal areas.							
These results are at				Project Level			
Project Development Objective Indicators							
Indicator Name	Baseline	Cumulative Target Values					End Target
		YR1	YR2	YR3	YR4	YR5	
Direct project beneficiaries (<i>Number</i>) - (<i>Core</i>)	0	215,000	430,000	645,000	775,000	860,000	860,000
Female beneficiaries (<i>Percentage</i> - <i>Sub-Type: Supplemental</i>) - (<i>Core</i>)	0	25%	50%	75%	80%	85%	85%
Sub-projects with a satisfactory outcome (<i>Percentage</i>)	0	20%	40%	60%	70%	80%	80%
Number of people in urban areas provided with access to improved water sources under the project (<i>Number</i>) - (<i>Core</i>)	0	107,500	215,000	322,500	387,000	430,000	430,000
Number of people in urban areas provided with access to improved sanitation under the project (<i>Number</i>) - (<i>Core</i>)	0	107,500	215,000	322,500	387,000	430,000	430,000
Number of people in urban areas provided with access to regular solid waste collection under the project (<i>Number</i>) - (<i>Core</i>)	0	107,500	215,000	322,500	387,000	430,000	430,000
Number of people in urban areas provided with access to electricity under the project by household connections (<i>Number</i>) - (<i>Core</i>)	0	96,750	193,500	290,250	348,300	387,000	387,000
Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project (<i>Number</i>) - (<i>Core</i>)	0	20,000	40,000	60,000	70,000	80,000	80,000
Number of people receiving primary health services through mobile primary health units supported by the project (<i>Number</i>)	0	43,750	87,500	131,250	157,500	175,000	175,000

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values					End Target
		YR1	YR2	YR3	YR4	YR5	
Grievances registered related to delivery of project benefits addressed (<i>Percentage</i>) - (<i>Core</i>)	0	90%	90%	90%	90%	90%	90%
Grievances related to delivery of project benefits that are addressed (<i>Number - Sub-Type: Supplemental</i>) - (<i>Core</i>)	0	90%	90%	90%	90%	90%	90%
Beneficiaries that feel project investments reflected their needs (<i>Percentage</i>) - (<i>Core</i>)	0	60%	80%	90%	90%	90%	90%
Beneficiaries that feel project investments reflected their needs - female (<i>Number - Sub-Type: Supplemental</i>) - (<i>Core</i>)	0	54,250	108,575	162,875	173,725	184,575	184,575
Beneficiaries that feel project investments reflected their needs – male (<i>Number - Sub-Type: Supplemental</i>) - (<i>Core</i>)	0	53,200	106,425	159,650	170,275	180,925	180,925
Piped household water reconnections that are benefiting from rehabilitation works undertaken by the project (<i>Number</i>) - (<i>Core</i>)	0	250,000	328,681	328,681	328,681	328,681	328,681
Household sewer reconnections rehabilitated under the project (<i>Number</i>)	0	70,000	100,000	140,000	140,000	140,000	140,000
Distribution lines reconstructed or rehabilitated under the project (<i>Kilometers - Sub-Type: Breakdown</i>) - (<i>Core</i>)	0	2,589	2,718	2,853	2,995	3,144	3,144
Transmission lines reconstructed or rehabilitated under the project (<i>Kilometers - Sub-Type: Breakdown</i>) - (<i>Core</i>)	0	200	350	600	900	1,100	1,100
Roads rehabilitated, Non-rural (<i>Kilometers</i>) - (<i>Core</i>)	0	20*	120	240	320	420	420
Bridges rehabilitated (<i>Number</i>)	0	10	17	19	19	19	19
Health facilities reconstructed, renovated, and/or equipped (number) (<i>Number</i>) - (<i>Core</i>)	0	18	18	18	18	18	18
Ambulances purchased and/or equipped (<i>Number</i>) - (<i>Core</i>)	0	39	39	39	39	39	39

*+ 420 km restored full service

Indicator Description

Project Development Objective Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.	Annual	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	Annual	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Sub-projects with a satisfactory outcome	An assessment of sub-project performance with regard to progress against the PDO (rehabilitation of infrastructure and/or restoration of public services). These sub-project ratings will contribute to an aggregate measure of performance for the overall project efficacy.	Annual	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants

<p>Number of people in urban areas provided with access to Improved Water Sources under the project</p>	<p>This indicator measures the actual number of people in urban areas who benefited from improved water supply services that have been constructed under the project. Guidance on "improved water sources": Improved water sources include piped household connections (house or yard connections), public standpipe, boreholes, protected dug well, protected spring and rainwater collection. Hence, "Improved Water Sources" do not include, inter alia, water provided through tanker truck, or vendor, unprotected well, unprotected spring, surface water (river, pond, dam, lake, stream, irrigation channel), or bottled water. The definition of what is considered an 'improved water source' follows the UNICEF-WHO Joint Monitoring Program definition. Note that "Improved Water Sources" does not refer to the question of new versus rehabilitated water sources, but is the standard definition used to track progress on the Millennium Development Goals. Guidance on people with access: The data on the number of people provided with access can be estimated by TTLs by multiplying i) the actual number of piped connections with an estimate of the number of people per household connection; and/or ii) the actual number of community water points with an estimate of the number of people per community water point. The assumptions made regarding number of people per connection made should be carefully documented in the 'comments' section of the indicator when data is entered in the ISR. Guidance on urban classification: The classification should follow the official definition used in the country.</p>	<p>Annual</p>	<p>Ministry of Municipalities & Public Works Procurement, Construction and Consultants Reports Surveys</p>	<p>PCU PMTs TPMA Bank M&E support Survey consultants</p>
---	--	---------------	--	--

<p>Number of people in urban areas provided with access to Improved Sanitation under the project</p>	<p>This indicator measures the actual number of people in urban areas who benefited from improved sanitation facilities that have been constructed under the project. Guidance on "Improved Sanitation Facilities": Improved sanitation facilities include flush/pour-flush into a piped sewer system, septic tank or pit latrine, VIP latrine, pit latrine with slab, composting toilet. Hence, "improved sanitation facilities" do not include, inter alia, flush/pour-flush toilets to elsewhere (i.e., not to a sewer network, septic tank or pit latrine), bucket, hanging toilet/latrine, public facility, a shared improved facility, or no facilities, bush or field (i.e. open defecation).The definition of what is considered an 'improved sanitation facility' follows the UNICEF-WHO Joint Monitoring Program definition. Note that "improved sanitation facilities" do not refer to the question of new versus rehabilitated sanitation facilities, but is the standard definition used to track progress on the Millennium Development Goals. Guidance on people with access: The data about the number of people with access can be estimated by TTLs by multiplying the actual number of improved sanitation facilities with an estimate of the number of people per household using the improved sanitation facility. The assumptions made regarding number of people per sanitation facility should be carefully documented in the 'comments' section of the indicator when data is entered in the ISR. Guidance on urban classification: The classification should follow the official definition used in the country.</p>	<p>Annual</p>	<p>Ministry of Municipalities & Public Works Procurement, Construction and Consultants Reports Surveys</p>	<p>PCU PMTs TPMA Bank M&E support Survey consultants</p>
--	--	---------------	--	--

<p>Number of people in urban areas provided with access to regular solid waste collection under the project</p>	<p>Collection of solid waste (household and commercial) includes not only the gathering of solid waste and recyclable materials, but also the transport of these materials, after collection, to the location where the collection vehicle is emptied. This location may be a materials processing facility, a transfer station or a landfill disposal site. Industrial hazardous waste is not included. Regular collection refers to periodic intervals, in most cases weekly, but this could be more frequent depending on the volume and weather conditions. Guidance on people with access: The data on the number of people provided with access to solid waste collection will come from estimates by TTLs based on improvements made within the project related to solid waste collection. Where service collection is introduced, estimates on the number of people using these services will be made. It is expected that the baseline value for this indicator will be zero.</p>	<p>Annual</p>	<p>Ministry of Municipalities & Public Works Procurement, Construction and Consultants Reports Surveys</p>	<p>PCU PMTs TPMA Bank M&E support Survey consultants</p>
<p>Number of people in urban areas provided with access to electricity under the project by household connections</p>	<p>Access to electricity is consistent with the definition used in the World Bank energy sector. This indicator measures the number of people in urban areas that have received an electricity connection under the project via new connections aimed at connecting households. It is expected that the baseline value for this indicator will be zero. Guidance on people with electricity connection: The data on the number of people provided with electricity connections can be approximated by multiplying the actual number of household connections with an estimate of the average household size. Guidance on type of connection: In urban areas access will be provided through grid connections. A grid connection is when electricity is being supplied by a distribution network served by the country or region's interconnected transmission system. Guidance on urban classification: The classification should follow the official definition used in the country.</p>	<p>Annual</p>	<p>Ministry of Electricity Procurement, Construction and Consultants Reports Surveys</p>	<p>PCU PMTs TPMA Bank M&E support Survey consultants</p>

<p>Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project</p>	<p>All-season road is defined as a road that is motorable all year by the prevailing means of transport (e.g. a car, fire truck or ambulance which may not have four-wheel-drive). Predictable interruptions of short duration during inclement weather (e.g. heavy rainfall) are acceptable, particularly on low volume roads. Road access in slums often does not exist and presents additional risks to residents in the case of emergencies as ambulances or fire trucks cannot enter. It also reduces ability for home based income generating activity as it is difficult to bring goods and supplies in and out without road access. Guidance on people with access: The data on the number of people provided with access will come from estimates by TTLs, and can be measured by assessing the kilometers of roads constructed or rehabilitated, and estimates of the population in the project area within a 500 meter range that will access these roads (based on population density estimates). 500 meters is roughly equivalent to 5-10 minutes walking time. It is expected that the baseline value for this indicator will be zero.</p>	<p>Annual</p>	<p>Roads and Bridges Directorate Construction and Consultants Reports</p>	<p>PCU PMTs TPMA Bank M&E support</p>
<p>Number of people receiving primary health services through mobile primary health units supported by the project</p>	<p>This indicator measures the number of people receiving primary health services at a mobile primary health unit supported by the project. Receipt of service can be in the form of a consultation with medical personnel and purchase of medicines and/or medical supplies. Primary health describes a broad range of essential care that would for example exclude services for extremely rare conditions, highly specialized and/or costly surgeries, and cosmetic services.</p>	<p>Annual</p>	<p>Ministry of Health Project Monitoring Reports, MIS Surveys</p>	<p>PCU PMTs TPMA Bank M&E support Survey consultants</p>

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Grievances registered related to delivery of project benefits addressed (%)	This indicator measures the transparency and accountability mechanisms established by the project so the target beneficiaries have trust in the process and are willing to participate, and feel that their grievances are attended to promptly. It is understood that local sensitivities and tensions will not allow grievance or redress mechanisms to be established in all projects.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Grievances related to delivery of project benefits that are addressed-(number)	This will measure the number of grievances that were responded to and the number that were successfully addressed.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Beneficiaries that feel project investments reflected their needs (percentage)	This will measure the extent to which decisions about the project reflected community needs in a consistent manner.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Beneficiaries that feel project investments reflected their needs - male (number)	This will measure the extent to which the various project interventions reflected men's needs in a consistent manner.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Beneficiaries that feel project investments reflected their needs - female (number)	This will measure the extent to which the various project interventions reflected women's needs in a consistent manner.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants

Total beneficiaries - female (number)	All female beneficiaries from the various sectoral interventions.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Total beneficiaries - male (number)	All female beneficiaries from the various sectoral interventions.	Quarterly	Project Monitoring Reports, MIS Surveys	TPMA Bank M&E support Survey consultants
Household sewer reconnections rehabilitated under the project	This indicator is measured as the number of household sewer connections benefiting from rehabilitation works. Rehabilitation works are undertaken so that existing customers see the quantity and/or quality of their sewer services enhanced.	Quarterly	Ministry of Municipalities & Public Works Procurement, Construction and Consultants Reports Surveys	PCU PMTs TPMA Bank M&E support Survey consultants
Piped household water reconnections that are benefiting from rehabilitation works undertaken by the project	Number of piped household water connections benefiting from rehabilitation works. This indicator is measured as the number of piped household water connections benefiting from rehabilitation works. Rehabilitation works are undertaken so that existing customers see the quantity and/or quality of their water supply services enhanced.	Quarterly	Ministry of Municipalities & Public Works Procurement, Construction and Consultants Reports Surveys	PCU PMTs TPMA Bank M&E support Survey consultants

Distribution lines reconstructed or rehabilitated under the project	This indicator measures the length of the distribution lines constructed or rehabilitated/upgraded under the project. The baseline value for this indicator is expected to be zero.	Quarterly	Ministry of Electricity Procurement, Construction and Consultants Reports Surveys	PCU PMTs TPMA Bank M&E support Survey consultants
Transmission lines reconstructed or rehabilitated under the project	This indicator measures the length of the transmission lines constructed or rehabilitated/upgraded under the project.	Quarterly	Ministry of Electricity Procurement, Construction and Consultants Reports Surveys	PCU PMTs TPMA Bank M&E support Survey consultants
Roads rehabilitated, Non-rural	Kilometers of all non-rural roads reopened to motorized traffic, rehabilitated, or upgraded under the project. Non-rural roads are roads functionally classified in various countries as Trunk or Primary, Secondary or Link roads, or sometimes Tertiary roads. Typically, non-rural roads connect urban centers/towns/settlements of more than 5,000 inhabitants to each other or to higher classes of road, market towns and urban centers. Urban roads are included in non-rural roads.	Quarterly	Roads and Bridges Directorate Construction and Consultants Reports	PCU PMTs TPMA Bank M&E support
Bridges rehabilitated	This indicator describes the number of bridges that are rehabilitated in the project area.	Quarterly	Roads and Bridges Directorate Construction and Consultants Reports	PCU PMTs TPMA Bank M&E support

Health facilities constructed, renovated, and/or equipped	This indicator measures the cumulative number of health facilities constructed, renovated and/or equipped through a Bank-financed project.	Quarterly	Ministry of Health Project Monitoring Reports, MIS Surveys	PCU PMTs TPMA Bank M&E support Survey consultants
Ambulances purchased and/or equipped	This indicator measures the number of ambulances purchased and/or equipped through a Bank-financed project.	Quarterly	Ministry of Health Project Monitoring Reports, MIS Surveys	PCU PMTs TPMA Bank M&E support Survey consultants

ANNEX 2: DETAILED PROJECT DESCRIPTION

Republic of Iraq: Emergency Operation for Development (P155732)

Project Components

1. The project is comprised of the following six components: (i) Electricity; (ii) Municipal Waste, Water and Sanitation; (iii) Housing and Transport; (iv) Health; (v) Technical Assistance; and (vi) Project Management, Sensitization and M&E.

Component 1: Restoring Electricity Infrastructure and Connectivity

2. Iraq's electricity network (generation, transmission and distribution) has suffered chronic deterioration, and is now overloaded, unreliable and has been in need of significant investment since 1990s. The poor state of network infrastructure is compounded by the absence of effective metering, billing systems, and customer management systems, resulting in very high technical and non-technical losses (approximately 42 percent of electricity generated does not make it to the end consumer). Even whilst electricity supply is constrained by system capacity and inefficiency, demand continues to grow unabated (over 7 percent per year) given the lack of any real price controls or demand side management. As a result, the electricity supply was already highly constrained prior to the ISIS conflict, with supply only being provided for 10-12 hours per day. According to a recent World Bank Report "Poverty, Inclusion and Welfare in Iraq 2007–2012", the most prevalent deprivations in Iraq are lack of sanitation (83 percent), inadequate electricity (64 percent) and insufficient water (62 percent).

3. During the ISIS crisis, high/medium/low voltage transmission and distribution infrastructure has been damaged or remained partially dysfunctional, and the sector issues and constraints have been aggravated. Upon the liberation of the seven cities, the MoE (implementing agency of the Electricity Component) has assessed damage and urgent investment needs in the transmission and distribution networks and preliminarily identified urgent repair and equipment needs to restore the electricity supply.

4. In this regard, the proposed Project's electricity component aims to supply equipment for the repair and reconstruction of the damaged electricity distribution and transmission networks in seven municipal areas: Tikrit, Dour, Al-Alam and Al Dalooeyya in Salah Ad-Din governorate, and Jalula, As-Sadiya and Al-AAzeem in Diyala governorate thereby allowing the Government of Iraq to mainly achieve the following:

- provide urgently needed goods and materials, damaged and/or lost during the crisis, which would enable emergency repairs and system strengthening; and
- increase reliability and level of electricity supply to the households.

5. The proposed Project's allocated funds for the electricity component will finance the following sub-components:

6. Years 1 - 5 of project implementation:

- *Sub-component 1 – Procurement of Equipment and Goods/Materials:* based on the emergency needs, MoE will procure goods/materials such as substations, transformers, feeders, connectors, wires, cables, metering, etc.
- *Sub-component 2 - The project will finance the provision of technical assistance for the supervision of the implementation of Electricity Subprojects.*

Component 2: Restoring Municipal Waste, Water and Sanitation Services

7. Rapid increase in waste generation is putting tremendous strain on the Iraqi waste handling infrastructure which has significantly deteriorated after decades of conflict and mismanagement. In the absence of modern and efficient waste handling and disposal infrastructure, most waste is disposed in unregulated landfills across Iraq with limited concern for human health and environment. Spontaneous fires, groundwater contamination, surface water pollution and large-scale greenhouse gas emissions characterize the Iraqi landfills. A National Solid Waste Management Plan was developed in 2007 and contains recommendations to build 33 environmentally engineered landfills serving all governorates by 2027. The TA being financed by this Project will help update parts of this Plan through designing SWM systems in the Project Areas. Additionally, the management of rubble and debris resulting from armed conflict and acts of war needs attention as part of the reconstruction efforts.

8. While access to improved water supply and sanitation is relatively high in Iraq, the quality of service is often low. In 2012, 94 percent of the population had access to safe sanitation. In the same year, 87 percent of the population had access to piped water supply in their houses. The quality of services provided, however, is perceived to be low. Many households experienced regular and lengthy service interruptions in 2012 and beyond due to the lack of maintenance and interruptions in water supply. Apart from the lack of reliable water supply, the water quality provided through the public network is also perceived as being poor. Further, while almost all households have universal access to sanitation facilities, collection of wastewater is not equally developed with only 28 percent of the population having access to a sanitation facility connected to a piped sewerage network. Conflict related damage to water and sanitation services has further adversely impacted service delivery.

9. The objective of the municipal waste, water and sewer component is to restore water, wastewater and solid waste services through the repair, reconstruction, and rehabilitation of damaged infrastructure in selected municipalities. The repair, rehabilitation, and reconstruction of damaged infrastructure would help to reduce public health risks while generating local employment opportunities. The component will include repair, reconstruction and rehabilitation of existing water, wastewater, and solid waste infrastructure services (Water and Sanitation Subprojects such as water intake, transmission lines, treatment plants, pumping stations, storage tanks, distribution networks, house connections, sewers and trunk lines, wastewater treatment plants, storm water drains) through: (i) carrying out of a water and sanitation damage and needs assessment and identification of Water and Sanitation Subprojects; (ii) preparation of detailed plans and designs for Water and Sanitation Subprojects; and (iii) provision of technical assistance for the supervision and implementation of Water and Sanitation Subprojects. In particular, the component will finance support for the repair of damaged infrastructure and the rehabilitation or reconstruction of approximately 100 km of water supply networks, sewers and drains, and 4,000 m³/hour of water treatment infrastructure. It will also finance the provision of equipment (including but not limited to pumps, chlorinators and water tankers). The reconstruction efforts will use the technical, procurement, and safeguards standards as outlined in the respective detailed plans.

10. The project will also fund the preparation of project area specific Development Plans (and where possible the detailed designs for any improvements and expansion of water, wastewater and solid waste infrastructure) in order to improve public service delivery and allow the Government to implement the plans through its development budget. The preparation of Development Plans will be financed under the Technical Assistance component (Component 5). The project will finance the following activities:

11. Year 1 of project implementation:

- *Immediate supply* of municipal waste containers and collection trucks/compactors. Removal, haulage and disposal of accumulated garbage in neighborhoods and commercial areas. *Rapid*

repairs of water lines and intakes and supply and installation of water pumps. Rapid repairs of damaged waste water networks and quick repairs of waste water treatment plants.

- *Water, Wastewater and Solid Waste Damage Assessment:* A comprehensive damage assessment led by the MoMPW with technical assistance provided under the project in the seven selected municipalities (and the villages surrounding Tikrit) including the preparation of detailed designs to undertake the rehabilitation or reconstruction of water supply networks, sewer and storm water drains, treatment plants and storage tanks. This assessment will also include a damage to the water and sewer infrastructure of public buildings in the project areas that have been looted, vandalized or otherwise damaged.
- *Procurement of Emergency Equipment and Goods:* MoMPW has developed a first set of emergency equipment and goods to be provided to alleviate the adverse effects on water, wastewater and solid waste service delivery.
- *Repair of Water Treatment Plants and Networks:* Where damage has been relatively limited, MoMPW will procure the services of contractors to make the necessary repairs.

12. Years 2 to 5 of project implementation:

- *Implementation of the Rehabilitation and Reconstruction Works as per the Damage Assessment:* Implementation of the water, wastewater and solid waste rehabilitation and reconstruction works (mostly with regard to the rehabilitation or reconstruction of storage tanks, networks, treatment plants and other infrastructure needed to ensure improved service delivery) in the seven urban agglomerations of Tikrit, Dour, Al-Alam and Al Dalooeeya (Salah Ad-Din governorate), and Jalula, As-Sadiya and Al-AAzeem (Diyala governorate).

Component 3: Restoring Transport Infrastructure and Developing a Housing Reconstruction Subsidy Scheme

13. **Transport Sector:** Transport infrastructure (for all modes, including roads, railways, ports and airports) is key to the economic development of Iraq. However, most transport infrastructure in the affected region suffered destruction and damage as a result of recent military operations, sabotage and vandalism during the current crisis. As a result of the full or partial destruction of structures, road sections and airports, the impact to transport operations has been significant. This has led to the continued closure of a number of road and rail section for normal traffic, except for the purposes of military operations. While international transportation has been limited due to ongoing conflict, economic sanctions and safety issues, domestic air transportation has also been limited to a few routes. Negligence and lack of maintenance has further deteriorated the infrastructure. Continued use of the transport network by the military and for refugee transportation continues to negatively impact on the transport infrastructure. Additionally, much of this infrastructure suffered extensive damage and destruction during the previous conflict. Some were in the process of rehabilitation but the current situation exacerbated the challenge. At this juncture, the country faces enormous challenges in reconstructing its transportation networks and facilities, as well as re-establishing key transport services.

14. The objective of the transport component is to restore and improve the connectivity disrupted due to conflict. The Project will include (i) carrying out of a transport damage and needs assessment and identification of Transport Infrastructure Subprojects; (ii) preparation of detailed plans and designs for Transport Infrastructure Subprojects; and (iii) provision of technical assistance for the supervision and implementation of Transport Infrastructure Subprojects. This work will improve the condition of road assets by repair and rehabilitation of highly damaged segments of the primary road network and currently

used detour routes in selected municipalities, and re-establish critical bridge crossings and functioning of major culverts. The project will also help restore the functional capacity of these road assets, i.e. to restore normal and safe traffic operations. In addition, the proposed civil works on roads and bridges would generate local employment opportunities. The works will be conducted in coordination with rubble removal and will include road structure repairs (mainly pavement, bridge decks, abutments and poles), but also shoulder stabilization, approaches to bridges, road safety signalization and equipment, and drainage repairs. The affected areas will benefit by restored access to markets thereby increasing the economic growth in these areas and timely access to services such as health and education. The component will finance the reconstruction of about 150km of damaged roads and associated drainage works, retaining walls, breast walls and other structures to increase resilience. It will also finance the restoration and maintenance of about 13 partially or fully damaged bridges. The development of bridges and roads will follow the technical, procurement, and safeguards standards as outlined in the respective detailed plans.

15. For bridges, categorized as ‘critical’ or ‘non-critical’ depending upon whether the bridge will be essential for post-disaster scenario in the future. This Project will finance the following:

16. Year 1 of project implementation:

- *Implementation of the Road and Bridge Repairs and Maintenance:* This would include repairs and maintenance of critical sections of roads and bridges in and around the seven selected municipalities under this Project.

17. Years 2 to 5 of project implementation:

- *Implementation of the Road and Bridge Repairs, Maintenance and Rehabilitation:* This would continue the repairs and maintenance of critical sections of roads and bridges in the seven selected municipalities under this Project as well as the reconstruction of segments of roads and fully damaged bridges. This Project may also support the rehabilitation of damaged roads and bridge in Kirkuk Governorate, should this be confirmed by the Borrower and fulfills the basic selection criteria, appraised by the Bank and funded with additional resources.

18. **Housing Sector:** Successive years of conflict have limited GoI’s ability to promote an enabling environment for the provision of affordable housing by the private sector and for a greater role for financial services in the construction sector. Therefore, Iraq suffered from a chronic housing shortage coupled with low quality housing stock even before the latest ISIS conflict. With a population growth around 2.8 percent a year and an accelerated urbanization (of around 73 percent), the country’s housing crisis is extreme. Recent estimates indicate that almost 30-40 percent of the population lives in very poor housing conditions and that at least 10 percent of the nation's total dwellings are overcrowded. Further, the absence of a market-based housing finance system makes it difficult for most Iraqis to afford adequate housing with housing much less affordable for Iraqis than elsewhere in the Middle East. On the supply side, weak institutional and coordination capacity, poor land management, centralized urban planning, and a weak market-based housing construction industry have limited the country’s housing supply potential.

19. Against this background, the latest conflict has severely compounded the housing crisis with a large number of housing units destroyed or damaged. Supporting housing reconstruction and repair in the conflict-affected neighborhoods within the selected areas will: (i) inevitably contribute to social and political stability in the two governorates and allow the return of IDPs, (ii) provide local employment opportunities, and (iii) help develop the local small- and medium-sized contracting industry including demand in a number of other sectors, such as construction materials and related services. It will be important to maintain a conflict-sensitive perspective keeping in mind the protection issues involved and

inter-sectarian mix of returning residents. The service delivery will take a do-no-harm approach so as to not contribute to further sectarian tension.

20. This Project will adopt a phased approach to housing repair and reconstruction in the conflict-affected urban agglomerations of Iraq. It will promote a pragmatic approach through the supporting the GoI in developing a housing reconstruction subsidy scheme that builds on the experience of GoI in similar situations. Such an approach may be replicated in other conflict-affected cities in the country once security and stability prevails. The financing of the housing reconstruction will be done either from GoI own resources, other donors or could be considered by the Bank through potential future interventions after the GoI had adopted and put into effect the subsidy scheme that is acceptable to the Bank.

21. Given that communities have been forcibly displaced as a result of the conflict, great care will need to be taken over political and social safeguards issues in the formulation of the housing reconstruction subsidy scheme. This involves promoting inclusivity (*an attempt to ensure that no one is left behind*), equity (*consistent and common standards applied*), transparency in beneficiary selection (*transparent targeting mechanisms and eligibility criteria in place*), geographic coverage (*all affected areas of the country to be included*), and temporal coverage (*a clear definition of time period to be covered*). The Project will finance:

22. During Years 1 - 2 of project implementation:

- *Housing Damage Assessment*: A comprehensive housing damage assessment in the seven selected municipalities will be carried out through technical assistance to MoCH. This assessment will feed into the design of the subsidy scheme below;
- *Design of a Housing Reconstruction Subsidy Scheme*: The design of a uniform and comprehensive housing reconstruction subsidy scheme based on past GoI practices in similar situations. Such a scheme would be adopted by the GoI for all the liberated areas in Iraq and will take into account the need for efficient and effective mechanisms in addressing the needs of tenants, informal settlers and mortgaged assets.

Component 4: Restoring Health Services

23. Due to the prolonged conflict, Iraq's health sector is under strain. In the last few decades, Iraq's health care capacity has been severely undermined by the effects of different wars, international sanctions, sectarian violence and political instability. Furthermore, the growing inflow of Syrian refugees and internally displaced Iraqis in the 2012-2014 period has challenged the ability of the Government to respond to the growing health needs of the population.

24. Once considered the best in the region, Iraq's health indicators have been deteriorating. According to World Bank 2013 data³⁴, maternal mortality in Iraq is among the highest in the region at 67/1,000 live births. Similarly, Iraq is above the regional rates for under five mortality (34/1,000 compared to 26/1000) and infant mortality (28/1,000 compared to 21/1,000). Immunization rates for Measles (63 percent), Polio (70 percent), and DPT (68 percent) are also below the regional averages at 88 percent, 90 percent, and 89 percent respectively.

25. The large influx of IDPs led to a significant increase in demand for health services and a rise in communicable diseases. According to WHO latest data, acute respiratory infection (ARI), skin disease, and acute diarrhea (AD) remain the leading causes of morbidity reported from all camps. Other

³⁴World Bank DataBank, 2013

assessments indicate that basic laboratory services in health facilities in IDP camps are either nonexistent or insufficiently equipped to handle the growing demand for services³⁵. Communicable diseases, particularly water-borne infectious diseases is also affecting the Iraqi population, Cholera is endemic, with major outbreaks in many parts of the country. Hepatitis E is also reportedly endemic, with an approximately 20.3 percent prevalence rate.³⁶(WHO, 2013a).

26. Malnutrition in Iraq remains an important public health challenge, albeit a hidden problem. The Multiple Indicator Cluster Survey carried out in 2012 showed that acute malnutrition or wasting affected 7 percent of children and that about one in every five Iraqi children under age five suffered from chronic malnutrition (stunting). Further, the persisting high prevalence of anemia among women (approximately 36 percent of those aged 15 to 49) continues to increase the risks of perinatal, maternal, and child mortality, as well as impaired cognitive functioning in children³⁷.

27. Similar to other countries in the region, non-communicable diseases (NCDs) are the main cause of death in Iraq accounting for 44 percent of all deaths in 2012 with high blood pressure (41.5 cases per 1,000 population) and diabetes (21.8 cases per 1,000 population) being the most common respectively (WHO, 2013a). Consequently, shortage of chronic medication during the course of conflict pose immediate health risks on a large segment of the population.

28. The MOH capacity to manage the provision of basic services has been jeopardized. The health system's physical infrastructure is suffering from severe deterioration due to destruction, neglect over time and consequences from the war, whereby most of the health infrastructure is in poor condition and is critically lacking human resources and essential equipment. Given this situation, there is an urgent need to address the resource shortages and build the resilience of the Iraqi health system to alleviate the currently declining health situation in the country.

29. The objective of the health component is to improve the delivery of essential healthcare services in selected municipalities to serve the urgent health needs of the Iraqi population. As such, this component will adopt a two-pronged approach: (i) responding to the most urgent health needs through the acquisition of mobile hospitals, mobile clinics and ambulances (specifically this Project will finance three (3) mobile hospitals, fourteen (14) mobile primary health care units and thirty nine (39) ambulances); and (ii) carrying out of a health sector needs assessment and development of a mid- to long-term health care services master plan (to be financed under Component 5).

Component 5: Technical Assistance

30. **This component will cover both sectoral development and technical assistance.**

31. *Sectoral development:* This activity is designed as a preparatory exercise to enable the government identify potentially new sector investment projects that would form the basis of a medium to longer term development plan. To date, there has been very little systematic development planning in the target municipalities, as well as in other municipalities in provinces where the project could expand into. A coherent urban development and strategic investment master-plan for each of these municipalities is needed and this project will afford the opportunity for such a plan (led by MoMPW). Namely, the Project will provide financial resources for consulting services to support local authorities in developing such

³⁵ World Health Organization, Iraq Early Warning Disease Surveillance Bulletin, March 2015

³⁶ WHO, (2013a). Country cooperation strategy for WHO and Iraq (2012-2017). Geneva, Switzerland: WHO.

³⁷ Global Health Observatory Data Repository. Retrieved from <http://apps.who.int/gho/data/view.main>

plans. The Project will further assist local municipalities to launch a public consultation and awareness process to ensure local ownership and commitment throughout preparation and implementation of such plans.

32. Likely sectors for medium to longer term development approaches could include transport (both urban and inter-urban including railways led by MoCH), housing (led by MoCH), water and waste management (lead by MoMPW), and health (led by MoH). Some of the outputs of the TA would be in the form of urban development master plans, integrated solid waste management plans and designs, and railway infrastructure rehabilitation and safety improvement plans and designs. This TA will also support the carrying out of a health sector needs assessment and development of a mid- to long term health care services master plan.

33. **Technical assistance:** This component will provide the following support to sectoral components on a demand driven basis, within four broad topics:

- The first would be the *development of*: (i) urban development and strategic investment master plans for selected municipalities based on intensive public consultation and awareness programs; (ii) integrated solid waste management plans and designs; (iii) railway infrastructure rehabilitation and safety improvement plans and designs; (iv) cross-governorate expressway corridors plans and designs; and (v) a pilot for the planning and design of infrastructure development at the governorate level.
- The second would fall under the theme of *state/citizen trust-building and promoting reconciliation in the broader project context*, with likely topics being: (i) inclusive participation by local communities, (ii) transparency of resource allocation, (iii) enacting measures to promote tolerance through community-led projects across different social groups, (iv) using targeted media, social media and communications campaigns to disseminate information about the project, and promote trust and solidarity, and (v) addressing local grievances through an effective redress mechanism and developing greater social accountability in service provision..
 - a. *At the Community Level:*
 - (i) Identify community leadership (elders, religious leaders or council members) who have legitimacy and exert authority, and encourage the inclusive participation through local committees.
 - (ii) Identify youth and assist with the formation of sentinel groups that will be created through social media to both feed in to the overall process and also assist with monitoring progress.
 - (iii) Identify the more vulnerable, such as single/widowed women, the elderly, the poor and the disabled to ensure that adequate housing³⁸ is provided for those in need.
 - b. *At the Governorate and Municipality Level:*
 - (i) Identify ways to involve local authorities as they are responsible for managing utilities and regulating land use and planning procedures. They are also the repository of statistical information on the local population and documentation proving land ownership.
 - c. *At the Private Sector Level:*
 - (i) Assess the need to develop a training project for construction workers, supervisors, inspectors, etc.
 - d. Enact measures to promote tolerance through community-led projects across different social groups by convening interest and stakeholder groups representing different communities.

³⁸ Should be considered during the preparation of the housing assessment and housing reconstruction subsidy scheme.

- e. Using targeted media, social media and communications campaigns to disseminate information about the project and promote trust and solidarity, and to set up virtual sentinel groups that would monitor progress and discuss immediate needs that would fall under the ambit of the project.
- The third would relate to a *broader strategy for the sustainable management of physical cultural resources*. This activity will include a systematic and detailed damage assessment of damaged Physical Cultural Resources (PCR), a prioritized list of required interventions, development of a reconstruction and restoration strategy (including standards, guidelines, knowledge and technical resources, and design codes), and design and preparation for the establishment of a fund to support the management of PCR.
- The fourth would entail the carrying out of a *health sector needs assessment and development of a mid- to long-term health care services master plan*.

Component 6: Project Management, Sensitization and M&E

34. This component would provide support for Project implementation and management, including safeguards, procurement and financial management, community sensitization and communication, and monitoring and evaluation. It would finance incremental operating costs of the Project, including the Project Coordination Unit (PCU) and Project Management Teams (PMTs). In addition, the component will include consultancies required for the preparation and supervision of specific activities, trainings, exposure visits and knowledge exchange projects, etc.

35. Overall M&E coordination responsibility rests with the PCU complemented by close World Bank implementation support. A results framework and monitoring matrix to track inputs, outputs, and outcomes has been developed for the project with intermediate and key performance indicators (See Annex 1). Project implementation progress will be monitored continuously and outputs and outcomes reviewed during project supervision to evaluate progress using data compiled by the PCU.

36. Citizen Engagement and Strategic Communication activities will be intertwined throughout the project implementation to promote an inclusive approach in the reconstruction process. This two-pronged approach will both facilitate raising awareness through the transmission of clear and consistent messages, and enhancing communities' voice and participation through mainstreamed beneficiary feedback mechanisms. Informing, proactively managing expectations of beneficiaries and communities about the project, promoting understanding and buy-into the process, as well as generating and sustaining broad stakeholder interest and ownership, is an important building block for mainstreaming citizen engagement in the overall project.

37. The key elements of the citizen engagement strategy for this Project will include the following: (i) disclosure of important project related information by the GoI on its website and at the appropriate local levels and disclosure procedures agreed with the Bank, (ii) framework for consultation with the key stakeholders ensuring all ethnic groups during planning, design and implementation of all sub-projects; (iii) from Year 2, ensuring free, prior, informed consultation with the relevant stakeholders and their representatives for obtaining broad community support as a part of preparation of specific sub-projects relevant to that area; (iv) ensure the establishment and implementation of Grievance Redress Mechanisms (GRM) at PMTs and PCU levels to meet specific grievance redress requirements of this operation; and (v) promoting community based risk reduction initiatives with the participation of and networking with relevant stakeholders including women, school children, youth, civil society organizations, and local bodies.

38. Citizen's awareness raising is key to mainstreaming citizen engagement mechanisms through the emergency process which will consolidate the sustainability of the project impact. A stakeholder analysis will be initiated at the start of the project as well as the design of a comprehensive awareness raising campaign. The stakeholders' analysis will also identify the appropriate communication channels and inform the fine tuning of beneficiary feedback mechanisms taking into account the fluid project context. The two way communication work will continue throughout the project life cycle and the messaging will factor-in the analysis of grievances and beneficiaries queries that will have a systemic aspect related to implementation issues.

ANNEX 3: IMPLEMENTATION ARRANGEMENTS

Republic of Iraq: Emergency Operation for Development (P155732)

1 IMPLEMENTATION ARRANGEMENTS

1. Institutional and implementation arrangements are designed to ensure ownership of the project by GoI, while maintaining an appropriate balance between ensuring rapid delivery and effective execution of the project. The overall responsibility for Project coordination lies with the Iraqi Council of Ministers through a Project Coordination Unit (PCU) under the Reconstruction Fund for Areas Affected by Terroristic Operations (RF) that the Bank will liaise with. In turn Project Management Teams (PMTs) established within counterpart Ministries will be responsible for sectoral (energy, transport, water and sanitation, municipal solid waste management, housing, health) project implementation. During implementation, additional sectors may be added to the Project subject to fulfilling the basic selection criteria. Moreover, in such cases the Project would be restructured to accommodate these additional sectors, as needed, and additional ministries and PMTs would be added to be implementation arrangements. At each of the municipalities (project sites), the PMTs will be supported by Technical staff from the Ministries' regional offices. The proposed management structure for the project takes into consideration the difficult security conditions and weak implementation capacity, by incorporating lessons learned during implementation of ongoing Bank-financed projects. The structure constitutes the PMT model albeit in an expanded form, with staff seconded from various Government Ministries and Departments.

2. The PCU under RF will be responsible for the overall strategy guidance and monitoring of the project. It will be headed by the Chief Secretary assisted by a team of experts. The PCU will formally approve the project investments and help coordinate the activities of various departments. This shall be done through semi-annual review meetings, where the PCU shall review: the budgets; progress against the defined milestones; critical findings of the audit and evaluation reports and provide such guidance, as it may deem necessary for the Project.

3. There will be four Project Management Teams (PMTs) which will be set up no later than July 30, 2015. During project implementation, additional PMTs might be set-up depending on the volume of investments and capacity. The four PMTs are: (i) roads and bridges; (ii) health; (iii) electricity; and (iv) municipalities and public works.

4. The identification and prioritization of projects will be undertaken at the individual Ministry level, with the PMTs tasked with the responsibility for overall project management, planning and implementation of activities pertaining to their jurisdiction, and the day-to-day follow up which includes procurement, quality assurance through third party audits, financial and safeguards management, supervision, quality control, reporting and administration of project funds. Making payments to suppliers, consultants and contractors, and ensuring that funds are disbursed according to Bank guidelines and procedures will also be the responsibility of the PMT.

5. The PCU will monitor the overall implementation progress, consolidate the sectoral reports and present to the Bank. In addition, the PCU will be responsible for coordination with PMTs and line departments and facilitate to the extent possible project implementation especially when security

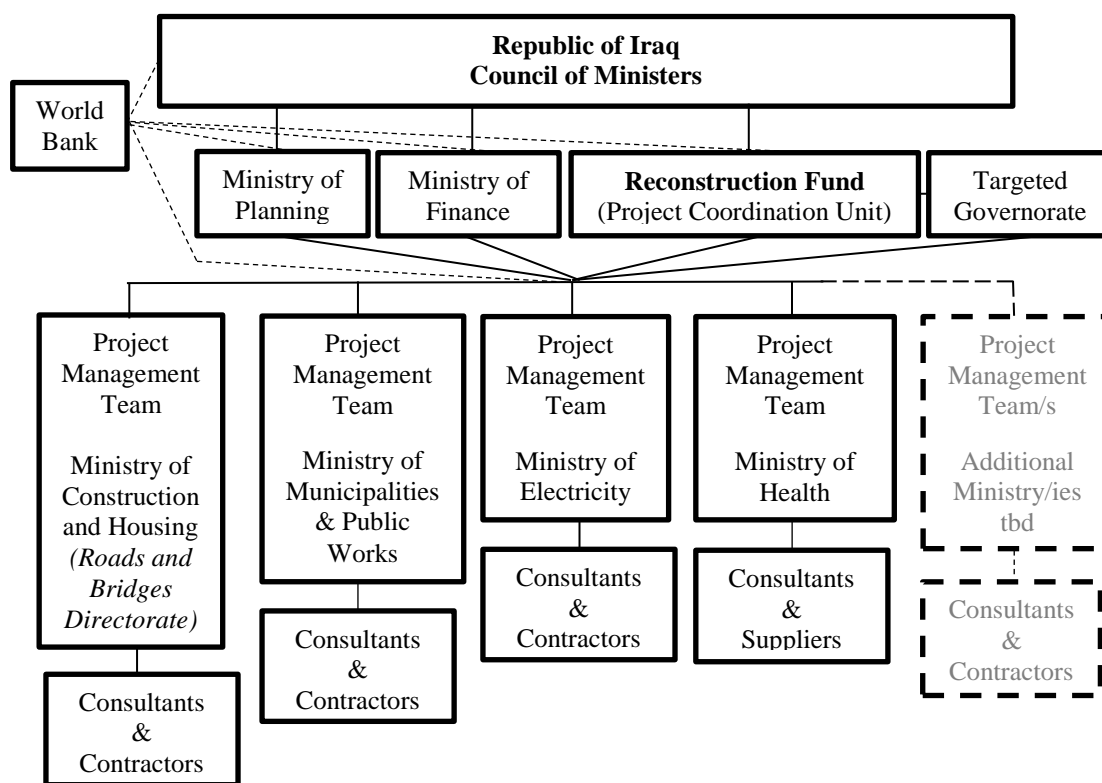
clearances are required from the Ministries of Interior and Defense. Furthermore, the PCU is tasked with maintaining the Management Information System (MIS), quarterly reporting and grievance redress.³⁹

6. In accordance with Bank guidelines and procedures, the PMTs will be staffed with qualified and experienced specialists including engineers, environmental and social safeguards, financial management and procurement specialists to oversee the implementation of their relevant sectoral projects, perform the required technical functions, and serve as the focal points for communication with the TPMA. The PMTs will be responsible for preparing the ToRs for tendering, bid evaluation, contract award, contract management, etc. and technical assistance consulting firms (e.g. as Client’s Engineer / Resident Engineer), financed under the IBRD Loan, providing contractors and consultants with support, guidance and training during project implementation, as well as to supervise contractors’ and suppliers’ compliance with all their contractual obligations, as well as compliance with safeguards requirements.

7. The PMTs will be also responsible for their sector financial management and safeguards compliance, progress and expense reporting to the PCU, and coordination with line departments for design, implementation, and hand-over arrangements. They would also prepare quarterly reports to be submitted to a PCU and PMTs would ensure that PCU deal with any grievance redress.

8. The graph below outlines the proposed implementation arrangements:

Figure 1: Institutional Arrangements



³⁹ Grievance redress mechanisms will be located both within the PCU and PMTs (see paragraph 5 below). It has been structured as such to ensure that aggrieved parties, who might not be satisfied with their response from a PMT, would have the opportunity to appeal at the PCU.

9. The PCU will put in place a monitoring mechanism that would use IT to enable both photo identification and geo-referenced tracking system for works. The PMTs will be responsible for feeding the required information into the system.

10. Sensitization will be conducted by the PCU, and assisted by the PMTs as capacity allows and may be supplemented with short term consultant assistance.

2 FINANCIAL MANAGEMENT

11. The overall Project implementation will be overseen by the PCU established at the “Reconstruction Fund for Areas Affected by Terroristic Operations”, while day-to-day implementation including procurement and financial management (FM) will be the responsibility of the MoCH, the Roads and Bridges Directorate under MoCH, the MoMPW, and the MoE. FM assessment for the MoH and PCU under the Reconstruction Fund was deferred to the implementation phase. Separate PMTs will be established at those relevant ministries with which the project will engage and each PMT will be responsible for implementing its specific component including procurement (procurement of construction companies and consulting services, and related contract management), and FM and disbursement functions (payment authorization, disbursement, accounting, and reporting).

12. The implementing agencies have prior experience with Bank supported projects. MoCH-DRB implemented the IDA-funded Emergency Road Rehabilitation Project which closed in June 2014 and is currently implementing the ongoing Transport Corridor Project that was declared effective on March 30, 2015. MoMWP implemented the Iraq Trust Fund (ITF)-financed Emergency Water Supply, Sanitation, and Urban Reconstruction Project (EWSSURP) which closed on June 30, 2013, and is currently implementing the ongoing IDA-funded Emergency Water Supply Project (EWSP) scheduled to close on October 31, 2015. MoE implemented ITF-funded Emergency Electricity Reconstruction Project (EERP), and is implementing the ongoing IDA-funded Emergency Electricity Reconstruction Project (EERP) scheduled to close on June 30, 2015. The MoH implemented Emergency Health Rehabilitation and Emergency Disabilities projects closed back in 2010. The FM performance of those implementing agencies varies between satisfactory and moderately satisfactory. Qualified Financial Officers, Accountants, and Internal Controllers will be provided from each ministry’s staff and will be dedicated fully to the Project. The same Financial Officers who have previously worked or are working on active Bank-financed projects will be assigned to this Project as they have built good knowledge about Bank FM and disbursement guidelines during the implementation of Bank-financed Projects.

13. **Project FM risk.** Based on the results of the preliminary assessment, the overall FM risk is “High”. With mitigation measures in place, the project will have acceptable project FM arrangements and its FM risk rating will be “Substantial”. The FM risk is assessed as “High” mainly due to:

- a) Limited capacity at the ministries to meet the Project’s financial management requirements;
- b) Security conditions do not allow visits by the Bank team to perform physical verification;
- c) Overall weaknesses and shortcomings in the control environment;
- d) Limited accounting and reporting systems in providing timely and comprehensive information;
- e) Multiple implementation agencies with difficulty of managing technically and geographically wide-scope components and maintaining proper communication and coordination with the different stakeholders;
- f) Limited physical presence of Bank staff in Baghdad and limited independent verification function; and
- g) Delays in making payments due to the shortfalls in the Iraqi banking sector.

14. The following measures are proposed to mitigate FM-related risks:
- a) FM function within the existing PMTs or those to be established, with FM team consisting of a Financial Officer, Accountant, and an internal controller seconded from its own staff;
 - b) Simplified accounting and reporting arrangements to give timely information on the project financial performance and status; excel spread sheets will be used to record project financial transactions and generate simplified Interim Unaudited Financial Reports (IFRs);
 - c) Financing 100 percent of activities to avoid delays that arise from counterpart financing;
 - d) Opening a Designated Account (DAs) for each implementing agency with sufficient advances,
 - e) A supervision firm will be hired to monitor the physical progress of each construction contract;
 - f) Hiring a TPMA that will regularly monitoring the project's FM performance and physical verifications;
 - g) Hiring an independent external auditor acceptable to the Bank to provide an independent opinion of the project financial statements.
 - h) Technical audit will be required along with an annual financial audit;
 - i) The existing FM manuals will be updated for this Project documenting the procedures, inter alia, on internal controls, financial reporting and auditing, responsibilities' and duties, flow of information, and other based on the Master Implementation Manual (MIM).

2.1 Flow of funds

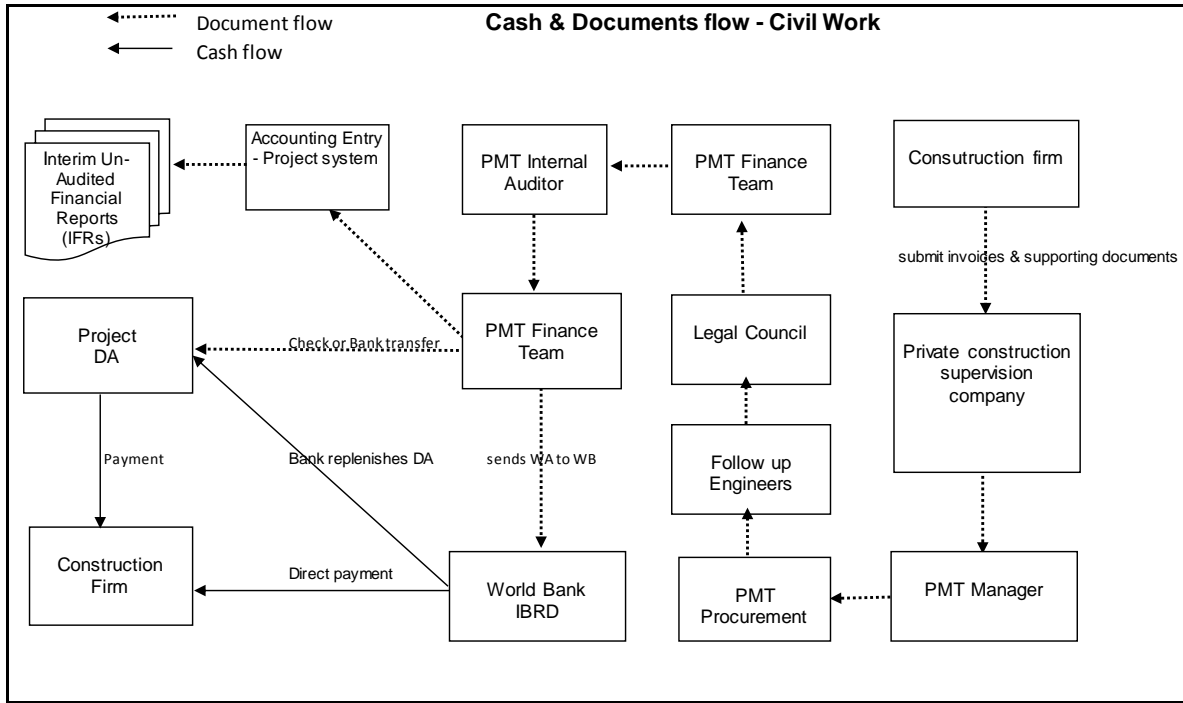
15. **Budgeting and Flow of Funds.** Each PMT will maintain a detailed disbursement plan per quarter. This plan will be developed based on the initial procurement plan, or based on the schedule of outputs as defined in the implementation schedule and estimated payments cycles, and revised upon need. It will be used as a monitoring tool to analyze budget variances and manage cash, and will feed into the quarterly Interim Unaudited Financial Reports (IFRs).

16. To ensure that funds are readily available for project implementation, a Designated Account (DA) will be opened for each PMT (MOCH-DRB, and MoMPW) in US Dollars. MoH and PCU will not have DAs until their fiduciary assessment is carried out and cleared by the Bank. Similarly this will be done for the PCU under the Reconstruction Fund. Each PMT will be responsible for managing its DA, preparing the reconciliations, and submitting monthly replenishment applications with appropriate supporting documentation.

17. **Retroactive Financing:** An amount of up to USD 15 million will be available for retroactive financing of eligible expenditures made prior to the date of the Loan Agreement, but on or after January 1, 2015.

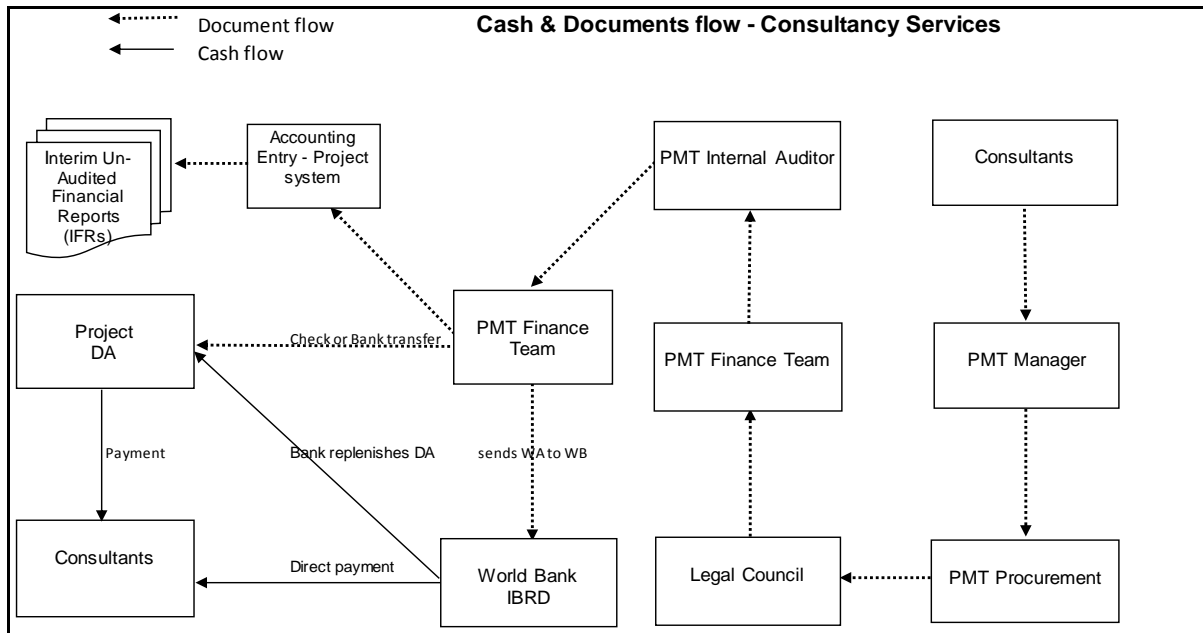
18. **Flow of Documentation and flow of funds.** The flowchart below depicts the flow of documentation and flow of funds at each PMT:

Figure 2: Cash and Documents Flow – Civil Works



19. **Accounting and Financial Reporting.** The project will follow the cash basis of accounting and key accounting policies and procedures will be documented in the financial procedure manual which will be finalized before negotiations. The ministries use very basic accounting software to capture its daily financial transactions. This locally developed software that is not capable of generating the project's quarterly IFRs in accordance with Bank FM guidance and record commitments. Due to the emergency nature of this Project and the urgency to respond quickly, simplified accounting and reporting arrangements will be used to give timely information on the project's financial performance and status. Manual accounting and Excel spread sheets will be used to record project financial transactions and generate the quarterly IFRs.

Figure 3: Cash and Documents Flow – Consultants Services



20. Each PMT will be responsible for preparing the following:

- (a) **Simplified IFRs** and submitting them to the Bank within 45 days from when the calendar quarter ended. The format of the reports has been agreed during negotiations. These reports will consist of: (i) Statement of Cash Receipts and Payments by each category, (ii) “the list of all signed Contracts per category” showing Contract amounts committed, paid, and unpaid under each contract, and physical progress against financial progress of each contract, (iii) Reconciliation Statement for the balance of the Designated Accounts, and (iv) list of assets (good and equipment).
- (b) **Annual Project Financial Statements (PFS)** which will be audited by an independent external auditor. The audit report should be submitted to the Bank not later than six months after the end of each fiscal year. The PFS include: Statement of Cash Receipts and Payments by category and accounting policies and explanatory notes, including a footnote disclosure on schedules: (i) “the list of all signed Contracts per category” showing Contract amounts committed, paid, and unpaid under each contract, (ii) Reconciliation Statement for the balance of the Designated Accounts, and (iii) list of assets (good and equipment).

21. **Internal controls:** The Project will be implemented through centralized management and disbursement functions within each PMT authority with specific controls and procedures documented in the financial management manual. Owing to the similarity of the proposed internal procedures of this Project with the projects currently implemented by MoCH-DRB, MoMWP, and MoE, each PMT will be using the same financial management manual developed earlier from previous operations with some necessary updates. The financial management manual would document the Project’s implementation of internal control functions and processes and describe the responsibilities of each PMT staff which are summarized in terms of authorization and execution processes. The expenditure cycle will specify the following steps: (i) technical approvals for civil work and deliverables by consultants, (ii) administrative approval by each PMT Manager, (iii) issuance of payments will be made upon receipt of supportive documentation and written requests signed by authorized officials, and (iv) verification by the financial

officer of the accuracy and compliance of the payment requests with the loan agreement. Figure 2: Cash and Documents Flow – Civil Works and Figure 3: Cash and Documents Flow – Consultants Services above demonstrate the flow of funds and documentation. The FM manual will include a detailed chapter on inventory management of good/equipment purchased and delivered to the warehouses of the implementing ministries, describing the inventory management arrangements with controls to safeguarding those goods, including the role of the TPMA in performing verification of received goods and their delivery and installation in the sites.

22. The bulk of the Project's expenditures will finance civil work contracts and goods/equipment with some consultancy service contracts and incremental operating costs. The majority of the civil work contracts will be carried out by State Owned Enterprises (SOEs) and will be financed mainly through direct payments. Independent private consulting firms, financed from the Loan, will be contracted to perform construction supervision on the ground. All claims will be verified (technically) by the consultancy firm before being processed further for payment by the PMT. Goods/equipment will be purchased based on supply and installation, while some will be supplied to the implementing ministries warehouses. The TPMA will be involved in verifying the goods/equipment received and their delivery and installation in the respective sites.

23. On a monthly basis, each PMT Financial Officer will reconcile the Project account bank statement with the account book balance. Reconciliations should be prepared by each PMT Financial Officer and verified by the PMT Manager. All reconciling items (if any) should be listed, explained and followed up on. Copies of the reconciliation together with the account bank statement should be kept in the Project files and should be attached to the IFRs.

24. **Housing Reconstruction Subsidy Scheme:** During the first two years of project implementation, the Project will support the GoI in designing of a Housing Reconstruction Subsidy Scheme. This would include a comprehensive housing damage assessment in the seven selected cities, and designing of a housing reconstruction subsidy scheme. Considering the small allocation for this activity, it was agreed that RBD under MoCH will manage the funds through its PMT on behalf of the Housing Directorate.

25. **Financial and Technical Audit:** The Project's financial statements will be audited annually by an independent auditor acceptable to the Bank, in accordance with internationally accepted auditing standards and terms of reference cleared by the Bank. Each PMT will be responsible for preparing the TORs for the auditor and will submit them to the Bank for clearance. The audit report will be sent to the Bank no later than six months following the end of the Project's fiscal year. The report shall include an opinion on the Project's financial statement. The auditor will also be requested to provide an opinion on the Project's effectiveness of internal control system. Finally, a management letter identifying any deficiencies in the control system the auditor finds pertinent shall accompany the audit report including recommendations for their improvement.

26. **Technical Audit.** The Project will be subject to technical audit of construction work performed under signed civil construction contracts. This can be part of/or separate to the financial audit mentioned above or under the responsibility of the TPMA that will be procured. The main purpose of the technical audit is to express opinions on whether: i) works were carried out in accordance with the specifications as per the signed contracts, and ii) works undertaken were part of an approved expenditure project.

27. **Supervision and Independent Verification:** The Project will require close supervision during the start-up phase to ensure that the PMTs' fiduciary requirements are completed in a timely manner, minimizing project fiduciary risk. Throughout Project implementation, supervision will be conducted every quarter to ensure compliance with Bank requirements and to develop internally generated Project risk assessment. To perform its responsibility, the TPMA will be granted regular access to the project documents at the PMT and different relevant entities. The TPMA will mainly perform the following:

- a. Verify and validate the projects' FM and procurement arrangements and internal controls agreed upon with the implementing agencies;
- b. Monitor the physical progress of Project activities; and
- c. Visit the PMTs periodically and offer technical advice in addition to periodically reporting issues to the Bank as they arise, and recommend actions to be taken by the PMT and the Bank.

2.2 Disbursements

28. **Designated Accounts (DAs).** To ensure that funds are readily available for project implementation, DAs will be opened for MoCH-DRB, MoMPW and MoE in US Dollars. A DA will be established at the MoH once the FM system is reviewed and cleared by the Bank. Similarly this will be done for the PCU under the Reconstruction Fund. Authorized signatories, names and corresponding specimens of signatures for each PMT should be submitted to the Bank prior to the receipt of the first Withdrawal Application.

29. The proceeds of the Loan will be disbursed in accordance with the Bank's disbursement guidelines that will be outlined in the Disbursement Letter and in accordance with the Bank Disbursement Guidelines for Projects. Transaction-based disbursement will be used under this project. Accordingly, requests for payments from the Loan will be initiated through the use of Withdrawal Applications (WAs) either for direct payments, reimbursements, and replenishments to the DAs. All WAs will include appropriate supporting documentation including detailed Statement of Expenditures (SOE) for reimbursements and replenishments to the DAs. The category of Eligible Expenditures that may be financed out of the proceeds of the Loan and the percentage of expenditures to be financed for Eligible Expenditures has been spelled out in the Loan Agreement.

30. **E-Disbursement.** The Bank has introduced e-disbursement for all Bank-financed projects in Iraq. Under e-Disbursement, all transactions will be conducted and associated supporting documents scanned and transmitted online through the Bank's Client connection system. The use of e-Disbursement functionality will streamline online payment processing to (i) avoid common mistakes in filling out Was, (ii) reduce the time and the cost of sending WAs to the Bank, and (iii) expedite the Bank's processing of disbursement requests.

31. **Statements of Expenditures.** All Reimbursement and Designated Account Replenishment Applications for withdrawal of proceeds from the loan account will be fully documented, while (a) expenditures under contracts with an estimated value of USD 1,000,000 or less for Works, (b) under contracts with an estimated of USD 500,000 or less for Goods; (c) under contracts with an estimated value of USD 200,000 or less for and Consulting Firms; and (d) under contracts with an estimated value or less of USD 100,000 for Individual Consultants, Incremental Operating Costs, Training, and Workshops will be claimed on the basis of SOE. The documentation supporting expenditures will be retained at the PMTs and will be readily accessible for review by external auditors and periodic Bank supervision missions.

Table 1. Categories of Eligible Expenditures and Percentage of Expenditures to be financed by Loan

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, and Operating Costs for Parts 1 and 6(a) of the Project	70,000,000	100%
(2) Goods, works, non-consulting services, consultants' services, and Operating Costs for Parts 2, 5(a), 5(d)(ii), and 6(b) of the Project	62,000,000	100%
(3) Goods, works, non-consulting services, consultants' services, and Operating Costs for Parts 3, 5(b), 5(c), and 6(c) of the Project	137,000,000	100%
(4) Goods, non-consulting services, consultants services, and Operating Costs for Parts 4, 5(e), and 6(d) of the Project	40,100,000	100%
(5) Goods, non-consulting services, consultants' services, Operating Costs, and Training and Workshops for Parts 5(d)(i), and 6(e) of the Project	9,200,000	100%
(6) Unallocated	30,825,000	Amount payable pursuant to Section 2.03 of the Loan Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Front-end Fee	875,000	Amount due pursuant to Section 2.08(c) of the Loan Agreement
(8) Interest Rate Cap or Interest Rate Collar premium	0	
TOTAL AMOUNT	350,000,000	

32. *Operating Costs* means the reasonable costs incurred by the PCU and the PMTs on account of Project implementation including costs for communication; translation and interpretation; printing; advertising; office supplies; banking charges; Project related travel (including per diems, accommodation and transportation); vehicle rental and fuel; postal fees; and other miscellaneous costs directly associated with Project implementation subject to approval by the Bank, but excluding salaries and allowances of the Borrower's civil servants or other regular government staff.

3 PROCUREMENT

33. The project will support Iraq's reconstruction and recovery process, through infrastructure rehabilitation of the liberated areas mainly by the following activities: (i) surveys, mappings, and assessments, (ii) removal of debris, rubble and solid waste including contaminated and hazardous substances, (iii) rehabilitation and reconstruction of roads and bridges, (iv) repair, rehabilitation and reconstruction of water and sanitation infrastructure including networks, and treatment plants, and supply of emergency equipment, (v) rehabilitation, reconstruction and repair of electricity transmission and distribution infrastructure, and supply of equipment, and (vi) supply of health sector needs including mobile clinics, equipment, and supplies.

34. Given the prevailing impact of the ISIS conflict on Iraq, and need for emergency procedures to address the urgent and developing requirements, procurement is being processed under paragraph 20 of OP 11.00 “*Procurement under Situations of Urgent Need of Assistance or Capacity Constraints*”, where “*Simplified Procurement Procedures*” may apply in accordance with paragraph 12 of the Bank’s Operational Policy 10.00 for investment project financing. Procurement activities under this project will include goods, works and both non-consultancy and consultants’ services under different Components. These packages are in various stages of identification, and will be gradually finalized and planned.

35. Assessments and reviews conducted on procurement in Iraq and that of the implementing agencies: (i) MoMPW; (ii) MoE; (iii) Roads and Bridges Directorate of MoCH reflect that the major issue facing public procurement is the current uncertainty of public procurement laws and regulations and their enforcement. The MoH and PCU under the Reconstruction Fund procurement will be assessed during the implementation of the Project and before any contracts are awarded. The Public Procurement in Iraq was governed by the Coalition Provisional Authority (CPA) order #87 of 2004 and the implementing regulations # 1 for 2008 promulgated by Council of Ministers and prepared the Ministry of Planning until 2011. The Council of Ministers issued a Resolution dated May 16, 2011 to abolish the existing procurement framework, namely CPA order #87 of 2004, while a replacing Law was not implemented resulting in a legal void. A draft Law was developed by an inter-ministerial working force and reviewed by the Shura Council as an appropriate legal framework for the country, but there were calls to discard the draft Law and instead to prepare a new concise By-Law or Regulation. Consequently, and in the absence of a new legal framework, the legal void persists. The Ministry of Planning has issued a set of regulations in 2014 to replace the 2008 regulations.

36. In addition, as Iraq has been ranking poorly on Transparency International’s Corruption Perception Index over the last eight years and the country suffers from difficult and violent situation, procurement associated risks are high and physical supervision of project’s implementation remain difficult.

37. Mitigation Measures: As part of risk mitigation in the project, the following measurements are considered for the implementation of the project:

- a) Consultancy funding for procurement support has been included in the project design in order to ensure adherence of the implementation of agreed upon procurement provisions and requirements.
- b) To ensure satisfactory procurement is being conducted for national competitive bidding (NCB) and other packages, the implementing agencies need to apply the procurement procedures included in the Iraq “Master Implementation Manual” which includes step by step instructions, standard bidding and proposal documents, evaluation forms, and contract forms.
- c) The assessed implementing agencies have experience with Bank-financed Projects, and by employing staff with such experience, the risks of delays due to a learning curve could be reduced. Therefore, all Ministries are to designate dedicated personnel PMT who possess capacity in procurement and contract management, who are fluent in English, and should be equipped with necessary IT equipment and software to simplify communication with the Bank. These PMTs in the Ministries need to designate experienced and dedicated procurement managers (Officers) with experience in managing procurement under Bank financed projects. Procurement managers need to be supported with staff as needed to strengthen the capacity in packaging, planning, preparing and processing procurement of activities to be financed by the project following Bank procurement procedures in the shortest possible time to accommodate the urgency of the project. Additionally these procurement officers need active support of technical and Financial Management staff for preparation of bidding documents, and at the stage of evaluation of bids and proposals towards award of contracts.

- d) **Monitoring and Records Keeping:** The PMTs should establish recording and monitoring tools for contracts and activities under implementation and establish adequate record keeping (Archiving).
- e) To mitigate delays in implementing the procurement plan, close supervision by the Bank staff, and training/handholding will be done.
- f) Due to the Bank’s limited capacity to carry out implementation support missions inside the country, the Bank team would require to hire local consultants to supervise the works and report back to the Bank. This will be through a TPMA. A TPMA will also handle the procurement/technical audit as needed.
- g) Security conditions may deteriorate, making access by contractors to sites and supervision difficult. Use of local staff, plus monitoring arrangements by the Ministry’s local staff in the locations in question could help to mitigate the problem.
- h) In summary, with application of the mentioned mitigation measures, it is expected for the procurement risk to be reduced. Additional steps that may reduce the procurement risk to Moderate include breaking down the contracts to smaller contracts that based on previous lessons learned in Iraq are easier to manage at local level, using SBDs for Iraq for NCB contracts (both retroactive and future procurement) up to a threshold of USD 10 million per contract, and having advance procurement including starting with advance preparation of technical specifications, and processing the biddings and selection up to award of contracts before project effectiveness.

3.1 Applicable Guidelines

38. Procurement will be carried out in accordance with the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 and revised in January 2011 (Anti-Corruption Guidelines), and the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised July 2014 (Procurement Guidelines), and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised July 2014 (Consultant Guidelines).

3.2 Procurement of Works, Goods and Non-Consultancy Services

39. Procurement of Works and Goods and Non-Consultancy Services will benefit from simplified Bank Procedures as follows:

- a) **Direct Contracting.** Direct contracting for the procurement of civil works and goods (paragraph 3.6 (a) and (e) of the Procurement Guidelines) will be used to extend an existing contract or award new contracts in response to the emergency situation. For such contracting, the Bank reviews the cases to be satisfied that the price is reasonable and that no advantage could be obtained by further competition. The direct contracting may be from the private sector, UN agencies/projects (for goods), or contractors or NGOs that are already mobilized and working in the liberated areas.
- b) **Shopping.** Shopping in accordance with paragraph 3.5 of the Procurement Guidelines may be an appropriate method for procuring readily available off-the-shelf goods of values less than USD 500,000, or simple civil works of values less than USD 1 million. In exceptional cases, when shopping needs to be followed for contracts estimated to cost more than these values, the Bank needs to review and clear each case. The Procurement Plan should determine the cost estimate of each contract, and the aggregate total amount. The borrower PMTs should solicit at least three price quotations for the purchase of goods, materials, small works, or services (other than consulting services), to formulate a cost comparison report.

- c) **NCB vs ICB Procedures.** Simplified NCB procedures and documentation can be used where international competitive bidding (ICB) procedures are considered to be inappropriate or too complex where there is clearly no international market appetite to participate in bidding. (Please refer to NCB provisions below that are reflected in the SBDs approved for Iraq).
- d) **Accelerated Bid Times.** Under ICB and NCB, accelerated bid times might be envisaged, but bidding periods shorter than 21 days for ICB and 10 days for NCB should be cleared with the Bank, taking into consideration the capacity of firms (local and international) to prepare responsive bids in a short period.
- e) **Waiving Bid and Performance Security Requirements.** For small contracts for goods or works, the preparation of bids by small and medium-size suppliers or contractors can be accelerated by taking the option, set out in paragraph 2.14 of the Procurement Guidelines, of not requiring a bid security. Similarly, in the case of small contracts for works or supply of goods, the borrower may decide not to require a performance security in accordance with paragraph 2.40 of the Procurement Guidelines. However, in works contracts, retention money may be retained during the liability period, and for goods contracts, manufacture warranties will be requested.
- f) **Advance Payment.** Where it is not easy for contractors and suppliers to obtain lines of credit from banks, the borrower may consider increasing the amount of advance payment under works and supply contracts to up to 40 percent of the contract value, provided that the contractor/supplier provides a bank guarantee for the same amount and the Bank clears this increased value of advance payment.

40. **Procurement of Works.** Given the emergency nature of this Project, and as long as the qualified contractors are available locally, works to be procured under this project will use the SBDs prepared for Iraq for NCB contracts (both retroactive and future procurement) up to a threshold of USD 10 million per contract. If there are difficulties identifying competitive sources locally for NCB, such contracts will also be procured following ICB, where the Bank's SBD for all ICB packages above USD 10 million will be used.

41. **Procurement of Goods.** Given the emergency nature of this Project, and as long as the goods are available locally, Goods procured or to be procured under this project will use the NCB standard procedure or SBDs prepared for Iraq for all packages up to USD 1 million. If there are difficulties identifying competitive sources locally for NCB, such contracts will also be procured following ICB, and the Bank's SBDs for all ICB packages above USD 1 million, will be used.

42. For NCB under both Works and Goods the SBDs prepared for Iraq for NCB contracts may be used on the condition of being updated to include a provision requiring the bidders to permit and cause their agents (whether declared or not), sub-contractors, sub-consultants, service providers, or suppliers and any personnel thereof to permit the Bank to inspect all accounts, records and other documents relating to any prequalification process, bid submission, and contract performance (in the case of award), and to have them audited by auditors appointed by the Bank.

43. It is the Bank's policy to require that Borrowers (including beneficiaries of Bank loans), bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of Bank-financed contracts. In pursuance of this policy, the Bank:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

- (ii) “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- (iii) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (v) “obstructive practice” is
 - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - (b) acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under sub-paragraph (e) below.
- (b) will reject a proposal for award if it determines that the bidder recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question
- (c) will declare mis-procurement and cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
- (d) will sanction a firm or individual, at any time, in accordance with the prevailing Bank’s sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; and (ii) to be a nominated;
- (e) will require that a clause be included in bidding documents and in contracts financed by a Bank loan, requiring bidders, suppliers and contractors, and their sub-contractors, agents, personnel, consultants, service providers, or suppliers, to permit the Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank.”

44. ***Simplification of Pre- and Post-Qualification criteria.*** The pre and post qualification criteria requirements of the Bank’s SBDs for both ‘Large works and Small Works’ can be amended in order to optimize the participation of available local or regional contractors. In particular, adapting the qualification requirements to match the qualifications of available and competent local and regional contractors.

45. **Prequalified Suppliers and Contractors.** Using lists of prequalified suppliers and contractors to whom periodic invitations are issued may also help accelerate the procurement process. Such an approach would be consistent with paragraphs 2.9 and 2.10 of the Procurement Guidelines, but instead of being used for large and complex works or goods, it could be used for a large number of similar simple contracts of any size, as well as for procurement of commodities, per paragraph 2.68 of the Procurement Guidelines. Prequalification documents may use a simplified format that is acceptable to the Bank. Suppliers and contractors would be asked to provide quotations for simple unit prices, as for commodities. Contracts should be awarded on a competitive basis and may be preferably packaged in small contracts for short durations of less than 18 months at fixed prices, or longer durations, with a price escalation clause and the possibility of extension upon mutual agreement between the client and the supplier.

3.3 Use of Positive Lists

46. Considering the urgency of the project (paragraph 20 of OP 11 “*Procurement under Situations of Urgent Need of Assistance or Capacity Constraints*”), procurement of urgent goods and equipment will be undertaken using the agreed upon Positive List of Goods as attached. This procurement approach will help prevent delays in supplying the essential goods. Procurement of these goods may follow national and international shopping, NCB, or ICB as applicable based on quantities as being gradually assessed and quantified, as more areas are becoming accessible. To proceed, Implementing agencies identify the quantities of goods with a ceiling of USD per package, obtain the Bank’s clearance on the identified package(s), and proceed with procurement. The documents to be recorded and submitted to the Bank after procurement is complete include: (i) proof of advertisement, or request for quotation as applicable, (ii) proof of purchase (Purchase Order), and (iii) proof of payment to suppliers.

47. Alternatively for items that quantity may be estimated for the next 2 or 3 years with a tolerance of +/- 25 percent, framework agreements (FA) may be used for gradual delivery of goods upon demand. FA packages need to be identified in the Procurement Plans.

3.4 Framework Agreements

48. As an alternative to shopping or NCB, for items that required quantity may be estimated for the next 2 or 3 year with a tolerance of +/- 25 percent, framework agreements (FA) may be used per paragraph 3.6 of the Procurement Guidelines for gradual delivery of goods upon demand. FA packages need to be identified in the Procurement Plans.

3.5 Commodities

49. Procurement of commodities, such as cement and fuel, must be in accordance with paragraph 2.68 of the Procurement Guidelines. Priority commodities must be determined in response to the basic needs resulting from the emergency situation, in particular the needs of the poorest people.

3.6 Force Account

50. In emergency context, when construction firms are unlikely to bid at reasonable prices because of the location of and risks associated with the project, Force Account for repair/reconstruction using the borrower’s own personnel and equipment or a government-owned construction unit may be the only practical method (see paragraph 3.8 of the Procurement Guidelines), provided that the borrower report to the Bank on expenditures. In this case the use of Force Account is the right method in areas where work by contractors tendered competitively is unrealistic. The Force Account work would be carried out by SOEs through awarding work contracts. It is recommended for major good items needed by SOEs, to be procured under a competitive method depending on the value of the goods to be procured (ICB, LCB, NCB, Shopping). The use of Force Account is subject to the Bank’s review and no objection for each

case, and the same rigorous quality checks and inspection as for contracts awarded to third parties are applied. It is important to note that Force Account delegated to military forces may not be eligible for Bank financing.

51. For this purpose, several SOEs were identified and some are already assessed on their technical and managerial capacity to handle the works needed under the Project in areas that are either not yet accessible to the private sector firms, or when access is possible, the private sector does not have the appetite to participate due to risks involved. From technical point, these State Owned Enterprises have the technical capacity to implement projects in the range they have been handling over the past five years. Meanwhile, the contracts currently assigned to them by the GoI are mostly inactive due to fiscal constraints; else their capacity would have been stretched if they take on new contracts financed by this Project. Therefore despite the large number of ongoing or new contracts, the capacity of these Enterprises are currently underutilized, and they may be used under Force account where justified. To do so, it is important for them to have governmental support to releasing them from some of their current contractual commitments, and ensuring that invoices for contracts awarded under this Project are paid on timely basis. The total value of contracts assigned to these Enterprises under Force Account will be linked to their average cash flow capacity that can cover six months of committed work value.

52. Originally, the State-owned Contracting Companies were established as affiliates to the Ministry of Housing and Reconstruction (MOHR) by Law 66 of 1987, as one of the outcomes of the “State Administrative Reform Policy”. The mandate was explicitly described as acting within the context of “contractor” on the basis of legal and financial autonomy. After 10 years of active participation in the implementation of public contracts, a new law was promulgated under Reference 22 of 1997 (Companies Law No. 22) intended to rule the activities of all types of State Owned Enterprises affiliated to the related ministries including those of MOHR. The State Owned Enterprises normally operate within their context of specialty. After 2003, those State Owned Enterprises suffered from few work opportunities and had to seek loans from the Ministry of Finance to cover expenses, wages, etc. Later, they were assigned with increased tasks for reconstruction as well as other fields. The State Owned Enterprises affiliated to MOHR, switched later to MOCH, were tasked directly by the high-ranking authorities between 1987 and 1997 in order to implement construction works; some were directed under a “National State Campaign” to rehabilitate and/or construct new projects nationwide, most important was to reconstruct all the damaged structures after First Gulf War. After 2003, some of these State Owned Enterprises were mandated by the CPA to implement specific projects including military facilities, housing, etc. Since then, the State Owned Enterprises have been involved in some open competition tenders as well as direct contracting. Some of the State Owned Enterprises are specialized and well equipped with their own machinery and skilled staff in different parts of the country, and use local labor force as needed. The combination of having experienced staff who have worked in the governorates in question, and making use of local staff to the extent possible will help with faster response time of SOEs.

3.7 Use of UN Agencies

53. When it is appropriate to place greater reliance on or to delegate part of services to UN agencies, single-source selection/direct contracting may be used in accordance with paragraphs 3.9 and 3.15 of the Consultant Guidelines and paragraphs 3.7 and 3.10 of the Procurement Guidelines will be followed.

54. In this Projects the involvement of UN Agencies could be in the following forms:

- a. the UN acts as a supplier of critical goods to the borrower under a Bank-financed project; and
- b. the UN acts as a provider of technical services to the borrower under a Bank-financed project.

55. Several standard agreements have been developed for different UN agencies that will be used to address this situation including Standard Agreement between the Borrower and WHO.⁴⁰

3.7 Community Participation in Procurement

56. Under emergency conditions it could be desirable to allow for participation of communities in rehabilitation of their own community. These include (a) call for the participation of local communities and/or nongovernmental organizations (NGOs) in civil works and the delivery of non-consulting services, or (b) increase the utilization of local know-how, goods, and materials, or (c) employ labor-intensive and other appropriate technologies, the procurement procedures, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided that these are acceptable to the Bank. When access to areas is possible for community members and an indicative list of eligible activities to be implemented are identified, a simplified procurement plan identifying the activities, cost estimate, and procurement method may be prepared and cleared by the Bank. The procurement may follow Shopping or Direct Contracting as justified on case by case basis.

57. **Procurement of Consultants.** Selection of Consultants will benefit from simplified Procurement Procedures as follow:

- a) **Quality- and Cost-based Selection.** The consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection with following considered: **Consultant Shortlists.** On an exceptional basis the Bank may clear shortlists of consultants where fewer than six firms have expressed an interest to submit requests for proposals and where a wide geographic spread of shortlisted consultants cannot be achieved. If advertising at an international or national level would impede a rapid selection, advertising for expressions of interest may be forgone or limited to the local/provincial level for assignments with estimated cost of less than USD 200,000. The selected firm is then requested to submit simplified technical and financial proposals. For assignments that are estimated to cost less than USD 100,000, advertisement is not mandatory as long as a shortlist of at least three qualified firms is established.
- b) **Single-source Selection.** Single-source selection of consulting firms and individuals (paragraphs 3.9 (b) and 5.6, respectively, of the Consultant Guidelines) may be used only if it presents a clear advantage over competition for the required consulting services. Firms that are already working in the country and that have a proven track record in similar assignments may be the most suitable option for the start-up activities. Consultants selected on a single-source basis may be given the right to participate in future assignments under the same project provided that there is no conflict of interest with the tasks performed under the initial contract. However, for future or downstream assignments, any available information must be shared with all participating firms to ensure a level playing field.
- c) **Selection of Consulting Firms through Consultants' Qualification Selection (CQS).** CQS is often the appropriate method for small assignments up to USD 300,000. The selection is carried out in accordance with paragraph 3.7 of the Consultant Guidelines. In exceptional cases, when CQS needs to be followed for contracts estimated to cost more than USD 300,000, the Bank reviews and clears each case.
- d) **Other Methods of Procurement of Consultants' Services.** The following additional methods may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection of UN Agencies; (e) Selection of consultants under Indefinite Delivery

⁴⁰ The use of UN is permissible under the Bank procurement guidelines and the Bank has worked closely with UN agencies in fragile, in- and post conflict country contexts.

Contract or Price Agreement; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

- e) **Other Streamlined Approaches.** Using a “pool of experts” or a list of “preselected” consulting firms may also be considered as an appropriate method for supporting counterpart agencies at various steps of project execution, including the procurement process and the preparation of TOR, shortlists, RFPs, and bidding documents. Remuneration and fees may be resolved at the time of pre-selection and prescribed in a framework agreement; this is similar in concept to an Indefinite Delivery Contract.

58. **Procurement Plan and Procurement Arrangements.** The 12-month Procurement Plan (*dated – June 11, 2015*) for the project has been reviewed and is acceptable to the Bank. This plan will be updated as needed (at least annually) to reflect the latest circumstances. The Procurement Plan comprises of Works, Goods, non-consultancy and Consultancy Contracts, as indicated below.

3.8 Procurement Plan

I General

59. Period covered by this procurement plan: 12 months

II Goods and Works and non-consulting services.

60. **Prior Review Threshold:** Procurement Decisions subject to Prior Review by the Bank as stated in Appendix 1 to the Guidelines for Procurement:

	Procurement Method	Prior Review Threshold USD	Comments
1.	ICB, LIB, NCB, Framework Agreement, and Shopping (Goods)	500,000	The first package of NCB and first Shopping are prior review irrespective of value.
2.	ICB, NCB, Framework Agreement and Shopping (Works) packages	5,000,000	The first package of NCB and first Shopping are prior review irrespective of value.
3.	(Non-Consultant Services) packages including Framework Agreement	500,000	The first package is prior review irrespective of value.
4.	Direct Contracting, Force Account, etc.	All	All

61. **Master Implementation Manual/Procurement Manual:**
For NCB and other packages, the implementing agencies needs to apply the procurement procedures included in Iraq “Master Implementation Manual” or MIM which includes step by step instructions, standard bidding and proposal documents, evaluation forms and contract forms.

62. **Any Other Special Procurement Arrangements:**
Advance Procurement: To speed up the implementation, the advance procurement process is expected to be used in order to have the packages ready and contractors/consultants identified to the degree possible by project effectiveness. These activities include preparation of technical specifications, and bidding documents, identification of qualified contractors, launching bidding when applicable up to award of contracts.

III. Selection of Consultants

63. **Prior Review Threshold:** Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

No	Selection Method	Prior Review Threshold (USD)	USD 100,000
1.	Competitive Methods (Firms)	200,000	All TORs are subject to prior review
2.	Single Source (Firms)	All	All TORs are subject to prior review
3.	Selection of Individual Consultants	100,000	All TORs are subject to prior review
4.	Single Source (Individuals)	All	All TORs are subject to prior review

64. **Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than USD 200,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Advertising for expressions of interest is not a requirement, or may be limited to the local/provincial level for assignments with estimated cost of less than USD 200,000.

65. **Any Other Special Selection Arrangements:**

Advance Procurement: To speed up the implementation, the advance procurement process is expected to be used in order to have the packages ready and consultants identified to the degree possible by project effectiveness. These activities include preparation of TORs, and RFPS, identification of consultants and launching selection process when possible up to award of contracts.

Summary of the Procurement Packages planned during the 12 months after project effectiveness

(i) Ministry of Municipalities and Public Works: Works, Goods and Non-consultancy Services

1	2	3	4	5	6
Ref. No.	Description	Estimated Cost Million USD	Procurement Method	Review by Bank (Prior / Post)	Comments
MMPW/W1	Rehabilitation and maintenance of storm water network & pumping station, and main trunks	5	NCB/Shopping	Prior/Post	Several Contracts
MMPW/W2	Rehabilitation and maintenance of water network & Treatment Plants, and main pipes	30	NCB/Shopping	Prior/Post	Several contracts
MMPW/G1	Equipment for Sewerage & Water Supply System	10	NCB/Shopping	Prior/Post	Several contracts
MMPW/G2	Equipment for Solid Waste Management	15	NCB/Shopping	Prior/Post	Several contracts

Consultancy Assignments

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost Million USD	Selection Method	Review by Bank (Prior / Post)	Comments
MMPW/C1	Damage assessment, preparation of detailed design	1	QCBS	Prior	
MMPW/C2	Supervision of Construction for both Diyala & Salah Ad-Din	2	QCBS	Prior	Could be two contracts
MMPW/C3	Master Plan for recycling Solid waste for Diyala & Salah Ad-Din	1	QCBS	Prior	

(ii) Ministry of Electricity; Works, Goods and Non-consultancy Services

1	2	3	4	5	6
Ref. No.	Description	Estimated Cost Million USD	Procurement Method	Review by Bank (Prior / Post)	Comments
MOE/G1	Diyala & Salah Ad-Din equipment for 132 kV Substations Rehabilitation	11.14	ICB	Prior	
MOE/G2	Diyala & Salah Ad-Din 400 & 132 kV Over Head Line Towers, Conductors, Accessories & Maintenance Tools	6.1	ICB	Prior	
MOE/G3	Diyala & Salah Ad-Din (132/33 & 132/11) kV Mobile Substations 31.5 MVA	35	ICB	Prior	
MOE/G4	Diyala & Salah Ad-Din Power Transformers (132/33/11 & 132/33) kV 63 MVA	7.61	ICB	Prior	
MOE/G5	Diyala & Salah Ad-Din Distribution transformers	5.08	ICB	Prior	
MOE/G6	Diyala & Salah Ad-Din poles	0.92	NCB	Prior	
MOE/G7	Diyala & Salah Ad-Din cables & wires	2.25	ICB	Prior	
MOE/G8	Diyala & Salah Ad-Din MCB's & isolators	0.2	NCB	Post	
MOE/G9	Diyala & Salah Ad-Din Substation & MCB	7.57	ICB	Prior	
MOE/G10	Diyala & Salah Ad-Din Cutout's	0.28	NCB	Post	
MOE/G11	Diyala & Salah Ad-Din Insulators	0.06	Shopping	Post	
MOE/G12	Diyala & Salah Ad-Din Connectors	0.04	Shopping	Post	
MOE/G13	Diyala & Salah Ad-Din Twisted cable accessories	0.01	Shopping	Post	
MOE/G14	Diyala & Salah Ad-Din Channels	0.2	NCB	Post	
MOE/G15	Diyala & Salah Ad-Din Vehicles	1.32	NCB	Post	

Consultancy Assignments

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost Million USD	Selection Method	Review by Bank (Prior / Post)	Comments
MOE/C1	Supervision & Verification	2	QCBS	Prior	

(iii) Roads and Bridges Directorate of Ministry of Construction and Housing: Works, Goods and Non-consultancy Services

1	2	3	4	5	6
Ref. No.	Description	Estimated Cost Million USD	Procurement Method	Review by Bank (Prior / Post)	Comments
MOCH/G1	Prefab Steel Panel	10	LIC	Prior	Advance Procurement
MOCH/W1/x	Emergency repair & maintenance of Roads in Salah Ad-Din	0.47	Shopping/DC	Post/Prior	Several Road Sections
MOCH/W2/x	Emergency repair & maintenance of Roads in Diyala	24.66	NCB/DC	Prior	Several Road Sections
MOGH/W3	Sammaraa Diversion Bridge in Salah Ad-Din	15	NCB/DC	Prior	Possibly SOE
MOGH/W4	Al-Sarka Bridge in Salah Ad-Din	1	Shopping/DC	Prior	Possibly SOE
MOGH/W5	SheeSheen bridge in Salah Ad-Din	2.25	NCB/DC	Post/Prior	Possibly SOE
MOGH/W6	Tikrit Bridge in Salah Ad-Din	1.9	NCB/DC	Post/Prior	Possibly SOE
MOGH/W7	Big Al-Dalooeyya Bridge in Salah Ad-Din	1.55	NCB/DC	Post/Prior	Possibly SOE
MOGH/W8	Small Al-Dalooeyya Bridge in Salah Ad-Din	1.45	NCB/DC	Post/Prior	Possibly SOE
MOGH/W9	Rehabilitation of Concrete Culvert on Baghdad Mosel Road	0.25	Shopping	Post	
MOGH/W10/x	Maintenance & repair of bridges in Diyala	10.55	DC/NCB/Shopping	Prior/Post	11 bridges with cost estimates from \$ 400,000 to \$1.2 million
MOGH/W11	Rehabilitation of Concrete Culvert on Badra-Kut road	0.7	NCB/DC	Post	

Consultancy Assignments

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost Million USD	Selection Method	Review by Bank (Prior / Post)	Comments
MOGH/C1	Road Construction Supervision	1	QCBS	Prior	

**(iv) Ministry of Health:
Works, Goods and Non-consultancy Services**

1	2	3	4	5	6
Ref. No.	Description	Estimated Cost Million USD	Procurement Method	Review by Bank (Prior / Post)	Comments
MOH/G1	Mobile Hospitals	15	ICB	Prior	Through WHO
MOH/G2	Mobile Clinics	1.4	Through WHO	Prior	Through WHO
MOH/G3	Ambulances	3.9	ICB	Prior	Through WHO

Consultancy Assignments

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost Million USD	Selection Method	Review by Bank (Prior / Post)	Comments
MOH/C1	Development Master plan Assessment	0.5	QCBS	Prior	

“Positive List”

1. Water Pumps
2. Wastewater Pumps
3. Water Tankers
4. Wastewater Tankers
5. Electricity Transformers
6. New power generating capacity of more than 10 MW
7. Garbage Collection Truck
8. Garbage Bins
9. Structural Steel Sections
10. Cement
11. Aggregates

3.9 NCB Provisions

66. In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Guidelines, the following criteria shall be followed in procurement under NCB procedures:

- a) Standard bidding document approved by the Bank shall be used.
- b) Invitation to bid shall be advertised in at least one widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
- c) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
- d) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- e) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders.
- f) Qualification criteria (in case pre-qualification were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest

- evaluated bidder shall be given reasonable opportunity of registering without any hindrance i.e. no non-registration status should be considered as a non-eligibility-to-bid criterion.
- g) Bidder may deliver bids, at their opinion, either in person or by courier service or by mail.
 - h) Bids shall be open in public in one place preferably immediately, but no later than one (1) hour, after the deadline for submission of bids.
 - i) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Bank;
 - j) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Bank.
 - k) Split award or lottery in award of contracts shall not be carried out. When two or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Bank.
 - l) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity may be sought only under exceptional circumstances.
 - m) Extension of validity shall not be allowed without the prior concurrence of the Bank: (A) for the first request for extension if it is longer than eight (8) weeks; and (B) for all subsequent requests for extensions irrespective of the period.
 - n) Negotiations shall be not allowed with the lowest evaluated or any other bidders;
 - o) Re-bidding shall not be carried out without the Bank's prior concurrence.
 - p) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.
 - q) A provision shall be included in bidding documents and in contracts financed by the Grant requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

4 ENVIRONMENTAL AND SOCIAL

67. The responsibility for the implementation of the above described safeguards instruments and processes will be with the PMTs (project management teams) working under the PCU, who will be responsible for compliance with domestic environmental regulations, as well as the Banks E&S safeguards policies. The PMTs and the PCU will be staffed with qualified environmental and social specialists that will follow-up with the preparation and implementation of the safeguards instruments.

68. The World Bank Task Team will be responsible for ensuring the timely commencement of the preparation of Environmental and Social Framework (ESMF), Resettlement Policy Framework (RPF), Environment and Social Management Plans (ESMPs) and as the case may be the limited Environment and Social Impact Assessment (ESIAs) or RAPs/ ARAPs as needed. The task team will ensure that no contracts for works that have a physical impact are signed, or re-construction, or rehabilitation of proposed activities initiated without the required safeguards instruments in place.

69. The Task Team will also review ToRs (if required) as well as the ESMF, RPF, ESMPs and limited ESIAs or RAPs/ARAPs if needed, to ensure that their scope and quality are satisfactory to the Bank, will review tender documents and construction contracts regarding due consideration of the safeguards instruments, and the inclusion of effective and enforceable contractual clauses. Finally, the task team will also monitor the implementation of the different prepared instruments through regular supervision missions (which will include an environmental and/or social specialist) during which

document reviews, site visits and spot-checks will be conducted. Depending on the circumstances (especially the security situation), Third Party Monitoring will also be used for supervision and monitoring and would thus complement the efforts of the task team.

4.1 Social Safeguards

70. **Social benefits and risks.** The Project will have broad socio-economic benefits because it supports the improvement of access to basic needs, which is a precondition for the restoration of livelihoods, social cohesion and trust in Government services. The key social challenges are associated with the activities planned under the housing sector and are associated with: (i) creating equitable, just access to the project's benefits; (ii) dealing with unclear titling, informal uses and proxy owners; (iii) avoiding negative unintended consequences (e.g. rapid increases of rents); and (iv) creating the capacities and resources to manage the substantial transaction efforts to implement this sectoral component. The mitigation measures for the latter risk will include targeted TA activities, which will be deployed during the first year of project implementation, and aim to build on existing mechanisms in housing provision and repair to strengthen management capacity for data collection, inventorization, damage assessment, design, construction supervision, financial management, and verification.

71. **Land Acquisition and Resettlement.** Involuntary resettlement and livelihood restoration are expected to be issues of moderate complexity. Land acquisition and resettlement impact is not yet known but will be addressed as cases come up. However, it is uncertain in terms of permanent and temporary land taking during project implementation, and therefore, the Bank Policy on Involuntary Resettlement OP 4.12 is applied to the project. As the project is prepared under the provisions of paragraph 12 of OP10.00 for projects in situations of urgent need for assistance, the preparation of safeguards instruments has been deferred to the implementation period, and an environmental and social action plan (ESAP) was developed (see Annex 5). During the implementation period and before the relevant project activities are commenced, the Borrower will prepare an RPF that will cover the entire scope of potential investment sub-projects (e.g. housing, road repairs, transmission lines, bridges, energy production facilities, etc.). In case any activity or subproject involves land acquisition, a RAP or ARAP will be prepared in compliance with the Bank policy and relevant laws and regulations of Iraq prior to actual implementation of the activity or subproject.

72. **Physical Cultural Resources.** Iraq is a country extremely rich in PCR, and the destruction experienced during combat activities between ISIS and Coalition forces are highly likely to have affected historical buildings, religious sites such as mosques and shrines, and monuments. Destruction may have been random acts of war, but also targeted acts of sectarian violence. Thus OP4.11 - PCR - has been triggered. Dealing with PCR has been included into the ESMF and will be part of the planned TA component.

73. **Citizen Engagement and Strategic Communication.** The project will include multi-level arrangements for registering and addressing grievances and complaints from project-affected people. The primary purpose of the project grievance redress mechanism is to provide clear and accountable means for affected persons to raise complaints and seek remedies when they believe they have been harmed by the project. An effective and responsive grievance redress mechanism also facilitates project progress by reducing the risk that unaddressed complaints eventually lead to construction delays, lengthy court procedures, or adverse public attention.

74. While the details of the project grievance redress system will be developed during the course of project implementation in consultation with relevant stakeholders, a designated person in each PMT will be assigned to be responsible for receiving and recording receipt of each complaint, whether received orally or in writing (the contact information of the person will be made publicly available prior to commencement of project implementation). At the end of each month when the project starts

implementation, the designated person reports to the PMT director on the number and subject of complaints received, and the status of complaints, if any, that remain under resolution. The PMT each quarter aggregates information received into a status report, indicating the number and subject of complaints. The quarterly status report also provides up-to-date information on the number and subject of complaints that have been resolved, and the manner in which they have been resolved. The quarterly status reports are made available for external monitoring and to the World Bank for project supervision and project evaluation purposes.

75. **Gender.** Women comprise a sizeable percentage of the population living in project areas. In order to address the differentiated needs of women and men throughout the project implementation, consultations will be carried out in a gender sensitive approach and gender-responsive measures will be reflected in the design and evaluation of the project. Gender responsive measures include quantitative and qualitative instruments through the implementation of sex-disaggregated surveys and gender focus groups, respectively.

76. **Grievance Redress Mechanism (GRM).** GRMs will be capacitated within the PCU and PMTs who shall be trained on guidelines agreeable to the Bank. A mechanism will be created, within three months after loan effectiveness, which will be responsible for hearing and resolving grievances relating to the award of compensation.

4.2 Environmental Safeguards

77. In terms of environmental relevance, this Project is assigned a Category B, and triggers the safeguards policies OP4.01, OP4.11, OP4.12 and OP7.50.

78. The project is prepared under the provisions of paragraph 12 of OP10.00 for “projects in situations of urgent need for assistance or capacity constraints”, and the preparation of safeguards instruments has been approved for deferral into the implementation period, and in lieu an ESAP was developed (see below). Moreover, the Bank has already commenced - on behalf of the Borrower - the preparation of an ESMF as the primary safeguards instrument of the project. The ESMF will cover the entire scope of potential investment sub-projects (e.g. housing, road repairs, transmission lines, bridges, energy production facilities, etc.), classify them into typologies along environmental and social criteria and impacts, and for each typology define the required specific instruments and processes. Due to the accelerated processing under paragraph 12 (d) of OP10.00, the ESMF and sample ESMPs covering the majority of project typologies are expected to be available for consultations and disclosure at or shortly after project effectiveness.

79. Linked to the ESMF (though under different management and control) is the risk of ERW, including UXO, AXO and booby traps in the project areas. As the project will be implemented in areas recently liberated from ISIS rule, and as the liberation often took place with considerable combat activities, the presence of ERW is a certainty. Thus, all project areas will have undergone or undergo a screening (technical survey) for ERW and will have to be declared safe prior to any works, be it relating to rubble removal, reconstruction of damaged structures, or any works below ground level.

80. For the expected scope of freestanding subprojects, comprehensive ESIA's will be mostly not be required, as all structures and installations will have existed before, and the project would only finance their repair, reconstruction or reinstatement. The expected typologies (repair / reconstruction of housing, roads, transmission lines, municipal infrastructure), as well as the restoration of public services would mostly require simple, checklist-type ESMPs (E&S management plans) that would become part of the works contracts, set the E&S standards and compliance mechanisms, and serve as contractual basis for supervision and enforcement of good E&S practice during the works.

81. For some larger projects (such as bridge reconstruction), a limited ESIA would be required, as the works might be more substantial in scale, and rivers may be more sensitive and vulnerable to environmental impacts. Such a targeted ESIA would then inform and be integrated into the ESMP. Similarly, the procurement, installation and operation of mobile hospitals, while pre-existing health facilities are restored, would require a different focus and additional provisions in the ESMPs. Specifically, operational aspects would have to be taken into account, ranging from wastewater and sewage treatment and disposal to the specific requirements for safe collection, handling, storage and treatment / disposal of medical waste. This latter requirement would be addressed via a separate medical waste management plan (MWMP). Further, land acquisition may become an issue due to the additional footprint of mobile hospitals, even if only temporarily, land acquisition may become an issues, which would be covered by the RPF prepared for this project, and - if required - specific RAPs for mobile hospital sub-projects.

82. The details of the planned safeguards approach are explained in detail in the ESAP in Annex 5.

5 MONITORING AND EVALUATION (M&E)

83. M&E will be conducted by a dedicated team based within the PCU, supported by the Bank staff based in the region and Washington DC. M&E will have the following objectives: (i) improve respective sectoral project management; (ii) ensure transparency in data sharing of the project with various project participants; (iii) ensure efficiency of activities; (iv) provide accurate and timely information to adjust or modify activities in relation to the evolution of the context during implementation; and (v) provide accurate and timely information to help both the PCU and various PMTs make informed decisions.

84. A results framework and monitoring matrix to track inputs, outputs, and outcomes has been developed for the project with intermediate and key performance indicators (See Annex 1). Broad thematic areas that will be supervised and monitored include the following: (i) Social and Environmental Monitoring, (ii) Regular Quality Supervision and Certification, (iii) Periodic Physical Progress Monitoring and Third Party Quality Audit, and (iv) Monitoring and Evaluation. Safeguards management will be monitored with the help of Third Party Quality Audit Consultants, who will have expertise in monitoring social and environment safeguards management. The details of safeguards implementation and monitoring will be detailed in the ESMF.

85. The multi-tier implementation arrangements under the Project include supervision and monitoring roles and responsibilities of each implementing unit. Supervision will generally entail routine quality certification at various stages of construction, forming the basis of payment certification and other works. Project implementation progress will be monitored continuously and outputs and outcomes reviewed during project supervision to evaluate progress using data compiled by the PCU. Monitoring will occur as a periodic function, and will include process reviews/audits, reporting of outputs, and maintaining progressive records. Tracking of indicators will include, whenever possible, disaggregate figures for vulnerable groups (IDPs, ethnic minorities, widows, children, elderly, disabled, etc.). Furthermore, M&E will include a Management Information System (MIS) combining several robust databases to: (i) monitor each Emergency Project, (ii) follow the implementing partners providing reintegration support, and (iii) monitor FM. The various regional offices and the center will be connected to the MIS via a wireless connection (GPRS) and data will be transmitted on a daily basis. The data will be centralized in the Region and synchronized at each office to minimize any possible duplication.

86. Raising awareness through a sensitization and communication strategy will aim at promoting understanding and buy-into the project throughout the implementation process. This will be achieved through an audience analysis in terms of communication channels and messaging. Sending consistent and clear messages to inform target audiences will be key in terms of proactively managing beneficiaries' expectations and promoting their ownership. The communication strategy will be designed and implemented as a two-way communication to ensure that communities' voice is enhanced and channeled through beneficiary feedback mechanisms to ensure that their concerns and queries are addressed in a timely manner. Furthermore, communication strategy will aim at managing expectations with regards to the overall project and specifically to the housing component. Communication activities will involve bottom-up communication approaches, through the use of ICT and as the security situation stabilizes, via beneficiary outreach. Communication activities will: (i) emphasize general reconciliation and peace messages to build up trust in the GoI and emphasizing the non-sectarian nature of the reconstruction of damaged infrastructure and reinstatement of basic public and municipal services delivery process; and (ii) inform direct beneficiaries, families and community members on the project overall, including the overall objective and project benefits. This will be done through radio programs and leaflets.

87. This is an important building block for mainstreaming citizen engagement in the overall project. Citizen's awareness raising is key to build a solid citizen engagement approach through the emergency process. It involves a robust outreach and public information strategy to restore transparency and trust regarding the process of reconstruction of damaged infrastructure and reinstatement of basic public and

municipal services. Building on the awareness raising campaign, beneficiary feedback mechanisms will be mainstreamed in the project to enhance communities' voice and promote an inclusive approach in the reconstruction process based on a good understanding of its advantages and components. Enhancing citizen's voice and participation to improve service delivery through specific Citizen Engagement mechanisms will contribute to ease the social tensions and will also contribute to strengthening public institutions and state legitimacy by reinforcing accountability and transparency. These activities will be initiated at the start of the project and will continue throughout the project life cycle.

ANNEX 4: IMPLEMENTATION SUPPORT PLAN

Republic of Iraq: Emergency Operation for Development (P155732)

I STRATEGY AND APPROACH FOR IMPLEMENTATION SUPPORT

1. Implementation support will be provided by the Bank team, consisting of staff with relevant competencies in operations, procurement, finance, safeguards, and to the extent possible regionally based. The Bank team will undertake periodic field missions throughout the Project's implementation as required and allowed by security status. Experience under previous emergency operations have shown that, given the sensitive and challenging nature of such projects, specific Bank responsibilities require higher than normal supervision and support requirements including the transfer of knowledge that the Bank has gained over the past decade in similar operations. Supervision activities will be supported by TPMA who, given the project risk, will be hired to support the Bank office in Baghdad and to carry out periodical field investigation and reporting to the Bank team.

2. To enable the Bank honor its corporate commitments regarding fiduciary and safeguards responsibility, oversight and implementation support, and monitoring and evaluation of project implementation, outcomes and results, the Bank will contract a TPMA. The TPMA will operate in areas and at project sites, which are inaccessible to Bank staff due to security and safety concerns, and will produce and transmit to the Bank, all required data, reports and information required to follow project implementation progress, detect deviations and problems, and identify and respond to problems and bottlenecks. Within the Bank's overall fiduciary responsibilities, the TPMA will monitor the procurement transactions and financial management requirements, verify construction sites and assets acquired under each project, against the specifications, and report to the Bank on the progress and status of project implementation and contract administration against agreed or contractual timetables and schedules.

3. The TPMA will also report to the Bank on compliance with the triggered environmental and social safeguards polices. The TPMA will have access to all relevant E&S documents and instruments of the projects, will supervise E&S due diligence processes, monitor the timely preparation of E&S assessments and management instruments, which generally will be required to be completed, consulted with the public and approved by the Bank, before any physical activity or works may commence, will report to the Bank any incidents, where construction, rubble removal or other activities with a physical footprint have occurred without proper safeguards instruments being in place and deployed, and will ensure that a functioning grievance redress mechanism in place and maintained by the contractors and supervision engineers for every project area / section.

4. The Implementation Support Plan (ISP) for the Project has been developed based on the specific nature of the individual project activities, the existing capacity of the implementing agencies and partners, the fragile environment in Iraq, lessons learned from past operations and current projects in the country, and the project's risk profile in accordance with the Systematic Operations Risk-Rating Tool (SORT). This Implementation Support Plan reflects the assessment conducted by the Bank during the Project appraisal which built on lessons learned from several years of the Bank's engagement in Iraq. The plan will be regularly reviewed and revised as required.

5. The ISP includes frequent review of implementation performance and progress. The Bank team will monitor progress on several fronts including: (i) key performance indicators as defined in the Results Framework; (ii) regional, district, and block level project implementation; (iii) independent verification of project activities; (iv) proper fiduciary management of all activities carried out by the PCU, PMTs and other implementing agencies; (v) reconciliation of payments with contracts; (vi) supervision of large numbers of District-level procurement activities, and (vii) monitoring of key legal covenants.

6. Implementation support missions (ISMs), including field visits would concentrate in the following areas:

- a. **Technical Assistance.** Implementation support missions will concentrate on the overall implementation of Project activities at all levels. Randomized field visits will serve to verify compliance with the approved Project Implementation Manual (PIM). Support will be provided by the Bank, in collaboration with other experts, to ensure that activities are implemented in a cost-effective fashion in accordance with the Project development objectives, and that they are fully aligned with government strategies. The Bank team will also facilitate knowledge exchange as well as mobilize appropriate global expertise.
- b. **Monitoring & Evaluation (M&E)/MIS.** An M&E/MIS specialist will (i) provide regular technical assistance and oversight of data collection; (ii) ensure effective flow of data between the multiple government counterparts involved in service delivery, as well as between the provincial and national level; and (iii) ensure effective use of data by the counterpart to inform ongoing progress of activities and take appropriate action as needed. Information from various sources will be used to assess and monitor the progress of the Project throughout its implementation. In addition to the data generated through the Project's MIS/M&E systems that will be developed at the PCU, the Bank will also review the findings and results of third party assessments and environmental and social audits which will be undertaken during the course of project implementation. The MIS system will be developed as such which will the PMTs to make real-time inputs on an ongoing basis, certainly every quarter, and for decision making and management purposes to also generate real-time output reporting, if and as required. All PMT data sets will be accessible by the PCU, enabling the aggregation of data to be made available, on request, to the GoI and Bank. In addition, the M&E specialist is responsible to organize regular meetings with the Project team where M&E findings are discussed and utilized for the improvement of Project implementation. In addition to formal semi-annual implementation support missions and field visits to the region and the Project target areas, continuous support through in-situ and off-site training will be provided. The semi-annual Implementation Status Reports will be produced to provide Bank management and the public with progress updates, tracking risk development and efficacy of mitigation measures. In addition, as required sector-specific missions will be made to provide targeted support to address emerging issues.
- c. **Client Relations.** TTL will: (i) coordinate Bank implementation support to ensure consistent Project implementation as specified in the legal documents (i.e., Loan Agreement, PIM); and (ii) meet regularly with the client's senior representatives at central and decentralized levels (where appropriate) to gauge Project progress in achieving the PDO and address implementation bottlenecks, as they arise. In addition, the TTL will ensure regular exchanges of information with other key stakeholders, and should other projects be initiated, potentially with bilateral, multilateral donors, and if required, UN agencies.
- d. **Financial management.** The Bank's financial management specialists will also provide timely and effective support. The financial management specialist will review all financial management reports and audits and take necessary follow-up actions as per Bank procedures. The Project will be supervised on a risk-based approach. It will comprise the review of audit reports, financial reports, and advice to task team on all FM issues. Based on the current risk assessment which is rated as high, the Project will be supervised at least twice a year and may be adjusted when the need arises. The Implementation Status and Results Report will include a FM rating of the Project. To the extent possible, mixed on-site supervision missions will be undertaken together with procurement, monitoring and evaluation, and disbursement colleagues. These team members will also help identify capacity building needs to strengthen financial management capacity.

- e. **Procurement.** With regards to procurement activities, implementation support will include prior procurement reviews. The Bank’s procurement specialist will carry out at least two missions per year to provide support to the implementation of procurement activities and as need arises. This support will include the set-up and functioning of the procurement plan and the implementation of procurement activities listed in the procurement plan. In addition to carrying out an annual ex-post review of procurement that falls below the prior review thresholds, the procurement specialist will lead thematic and focused missions depending on the procurement needs and as agreed to by the government. One post review of procurement activities will be carried out every year and an annual compliance verification monitoring will be carried out by an independent consultant. These team members will also help identify capacity building needs to strengthen procurement capacity.
- f. **Safeguards.** The Bank team’s social and environmental safeguards specialists have produced the ESAP as required by OP10.00, paragraph 12. The team will furthermore provide technical support and oversight throughout Project implementation, and will take responsibility for initiating the timely preparation of required safeguards instruments (ESMF, ESIA, ESMPs). The Bank task team will assist the Government teams in reviewing the ToRs for the instruments as well as the finalized products, and ensure their scope and quality is satisfactory to the Bank. Semi-annual inputs from the environmental and social specialists will be required throughout the Project, and formal supervision missions and field visits will ensure that the EMF and SMF is implemented in accordance with the Bank safeguard policies. The task team will also follow up on the safeguards instrument implementation and application through regular ISMs (which will include an environmental specialist, as well as a social development specialist for Iraq) during which document reviews, site visits, and spot-checks will be conducted. The team will use concrete tasks and challenges in the Project as platforms for capacity building which—depending on demand—will be expanded by targeted training and hands on exercises.
- g. **Communications:** The Bank team will provide support for the design, development, and implementation of the communication strategy for the Project targeting beneficiaries, the general public, and internal and external clients.
- h. **Mid-Term Review (MTR):** A MTR will be carried out after 2.5 years of Project implementation. In preparation of the MTR, an independent review of implementation progress will be carried out, including audits. Results will provide input to any potential revisions or restructuring at the time. The MTR will cover *inter alia* review of the Results Framework, SORT, country ownership, stakeholder participation, financial management, procurement processing, and sustainability aspects.

II IMPLEMENTATION SUPPORT PLAN

7. Implementation support will be provided by direct support from the Bank team and additional consultants to provide technical assistance as needed. During the first year of the Project, it is foreseen that regular technical assistance missions will take place to essential areas to support the client in initiating activities given the complexity and nature of the Project. The Bank team will carry out ISMs in Project areas as well as in Baghdad and provide additional support in between these missions. The volume of support is expected to be particularly high in the first two years of the Project’s implementation. An ISP is provided below including the required skills mix.

8. The following ISP reflects the preliminary estimates of the skill requirements, timing, and resource requirements over the life of the Project. Keeping in mind the need to maintain flexibility over project activities from year to year, the ISP will be reviewed annually to ensure that it continues to meet the implementation support needs of the Project.

9. The following table indicates the level of inputs that will be needed from the Bank to provide implementation support for the proposed Project.

Implementation Support Plan

Yr	Focus	Skills Needed	No of Trips d/m/y	Resource estimate (USD)	Partner Role	Comments
1	<ul style="list-style-type: none"> - Project launch - FM systems functioning - Procurement practices on Bank norms - ESMF in place - Monitor implementation of project activities - FM - Procurement - Safeguards - Appraisal & plans for 2nd year 	<ul style="list-style-type: none"> - TTL - Water specialist - Energy specialist - Health specialist - Housing specialist - Social specialist - M&E specialist - Financial Management specialist - Procurement specialist - Safeguards specialist - Communications specialist - 3rd Party Monitoring Agent 	<ul style="list-style-type: none"> - Sep 2015 - Jan 2016 - May 2016 	<ul style="list-style-type: none"> - USD 300,000 - USD 500,000 	<ul style="list-style-type: none"> - Staff up PCU/PMTs - Contracts with consultants - Project implementation updates 	<ul style="list-style-type: none"> - Project to be effective July 2015 - Task team to support smooth start up following effectiveness - Ensure safeguards on track - Support PMTs

Yr	Focus	Skills Needed	No of Trips	Resource estimate	Partner Role	Comments
2	<ul style="list-style-type: none"> - Monitor implementation of project activities - M&E - FM - Procurement - Safeguards - Communications - Appraisal & plans for 3rd year 	<ul style="list-style-type: none"> - TTL - Water specialist - Energy specialist - Health specialist - Housing specialist - Social specialist - M&E specialist - Financial Management specialist - Procurement specialist - Safeguards specialist - Communications specialist - 3rd Party Monitoring Agent 	<ul style="list-style-type: none"> - Sep 2016 - Jan 2017 - May 2017 	<ul style="list-style-type: none"> - USD 300,000 - USD 500,000 	<ul style="list-style-type: none"> - Project implementation updates 	<ul style="list-style-type: none"> - Ensure safeguards on track - Support PMTs
3	<ul style="list-style-type: none"> - Monitor implementation of project activities - M&E - FM - Procurement - Safeguards - Communications - Appraisal & plans for 4th year 	<ul style="list-style-type: none"> - TTL - Water specialist - Energy specialist - Health specialist - Housing specialist - Social specialist - M&E specialist - Financial Management specialist - Procurement specialist - Safeguards specialist - Communications specialist - 3rd Party Monitoring Agent 	<ul style="list-style-type: none"> - Sep 2017 - Jan 2018 - May 2018 	<ul style="list-style-type: none"> - USD 300,000 - USD 500,000 	<ul style="list-style-type: none"> - Project implementation updates 	<ul style="list-style-type: none"> - Ensure safeguards on track - Support PMTs
4	<ul style="list-style-type: none"> - Monitor implementation of project activities - M&E 	<ul style="list-style-type: none"> - TTL - Water specialist - Energy specialist - Health specialist 	<ul style="list-style-type: none"> - Sep 2018 - Jan 2019 	<ul style="list-style-type: none"> - USD 300,000 	<ul style="list-style-type: none"> - Project implementation updates 	<ul style="list-style-type: none"> - Ensure safeguards on track - Support

	- FM - Procurement - Safeguards - Communications - Appraisal & plans for 5 th year	- Housing specialist - Social specialist - M&E specialist - Financial Management specialist - Procurement specialist - Safeguards specialist - Communications specialist - 3 rd Party Monitoring Agent	- May 2019	- USD 500,000		PMTs
5	- Monitor implementation of project activities - M&E - FM - Procurement - Safeguards - Communications - Planning for final evaluation and ICR - Project withdrawal and closure Scaling up	- TTL - Water specialist - Energy specialist - Health specialist - Housing specialist - Social specialist - M&E specialist - Financial Management specialist - Procurement specialist - Safeguards specialist - Communications specialist - 3 rd Party Monitoring Agent	- Sep 2019 - Jan 2020 - May 2020 - Oct 2020	- USD 300,000 - USD 500,000	- Project implementation updates - Prepare comprehensive project report on each sector	- Ensure safeguards on track - Support PMTs - Support M&E - Provide TA

Skills Mix

Skills Needed	Number of Staff Weeks per FY	Number of Trips per FY	Comments
TTL (Transport Sector)	8	4	Field-based
Co-TTL (Water Sector)	6	3	HQ-Field based
Co-TTL (Energy Sector)	6	3	HQ-Field based
Co-TTL (Health Sector)	6	3	HQ-Field based
Procurement Specialist	6	3	Field based
Safeguards Specialist	6	3	HQ-Field based
Social Development Specialist	5	3	HQ-based
Energy Specialist	4	4	Field based
M&E/MIS Specialist	4	3	HQ-field based
Financial Management Specialist	4	3	Field based

ANNEX 5: ENVIRONMENTAL AND SOCIAL ACTION PLAN

Republic of Iraq: Emergency Operation for Development (P155732)

I. Objectives

1. **The Environmental and Social Action Plan (ESAP)** provides a time-bound planning framework for the environmental and social safeguards instruments, the production of which has been deferred into the project implementation period under paragraph 12 of OP10.00, allowing for condensed procedures and deferral of the safeguards instruments in situations of urgent need for assistance. This ESAP provides general policies, guidelines, codes of practice and procedures to be integrated into the implementation of the Bank supported Iraq Emergency Infrastructure and Services Restoration Project.

2. **The objective of the ESAP** is to ensure that the planned project activities and related Environment and Social (E&S) assessment and management instruments and processes will be in compliance with the national legislation of Iraq as well as the Bank's operational safeguards policies, and are duly and diligently implemented in a logical sequence with the environmentally and socially relevant project activities. This means that, as a general principle, E&S assessments and instruments should be completed, disclosed and consulted on before (i) project-funded activities with relevant E&S footprints may commence; and (ii) in case of more complex/large scale activities, before designs are finalized and contracts awarded.

3. **This ESAP was prepared by the Task Team** under OP10.00, paragraph 12 and complies with the triggered World Bank safeguards policies, specifically OP4.01, OP4.11, OP4.12 and OP7.50, and is subject to public disclosure as part of the Project Appraisal Document (PAD). In addition, it will be disclosed both in-country (in the appropriate communication channels, concerned sector ministries, and other public places of project intervention areas) as well as at the World Bank InfoShop during project preparation.

II. Project Scope and Context

4. **The project scope** is described in detail in the PAD in section III A, as well as Annex 2. In summary, the Project will support the rehabilitation and repair of damage to water and sanitation systems, electricity distribution networks, roads and bridges, as well as housing. Additional activities will include restoring municipal solid waste services and - as a basic precondition to many of the planned activities - rubble removal. Moreover, the Project may support repairing and reconstruction of public buildings such as schools, administrative buildings and primary health facilities. The Project also has an integrated administrative component.

5. **Fragility and Conflict Context:** One important consideration is the context of Iraq's current country conditions, in terms of security, capacity constraints, but also the environmental and social baseline. It is important to note that due to the prolonged state of fragility and the recent rekindling of conflict, state functions have been reduced to very basic levels of governance, technical expertise, governance and state presence. Under this pretext, the design of complex and sophisticated safeguards processes and instruments will neither be possible, nor conducive to the project's E&S performance. It thus is proposed to develop E&S instruments that are as simple and robust as possible. Practical examples for this approach include the maximum use of detailed templates and checklist formats with preconfigured lists of the scope of activities, linked to the range of anticipated impacts, the related mitigation measures, and the M&E arrangements to ascertain proper implementation. These can easily be

completed by non-specialist personnel, attached to construction contracts, and are readable and accessible by the Contractor's site personnel.

III. Compliance with World Bank Safeguards Policies

6. Activities supported by the proposed operation are expected to have certain site-specific adverse environmental and social impacts. This ESAP has been developed specifically for these proposed activities to ensure due diligence, to avoid causing harm, and to ensure consistent treatment of social and environmental issues by the Government of Iraq. The purpose of this plan is also to assist the Project Management Teams in screening all the subprojects for their likely social and environmental impacts, identifying E&S management requirements and prioritizing the investments. The World Bank's policies on Environmental Assessment (OP/BP 4.01), Physical Cultural Resources (OP4.11), Involuntary Resettlement (OP/BP 4.12), and International Waterways (OP7.50) are triggered for this Project.

7. **OP 4.01 Environmental Assessment.** The nature of the proposed project activities triggers OP 4.01 due to anticipated limited environmental and social impacts which will occur within close project boundaries on existing footprints, and will be mostly of a temporary nature. The triggering of OP4.01 necessitates the preparation of general E&S management and "good housekeeping" instruments. There is no reason OP 4.04, OP 4.10, or OP 4.37 would be triggered. Considering the limited scale and magnitude of rehabilitation and improvement works as well as the confinement of activities to existing footprints, the proposed operation is classified as category 'B'.

8. **OP 4.11, Physical Cultural Resources (PCR):** The proposed operations are not expected to pose risks of damaging cultural property. However, Iraq is a country extremely rich in PCR, and the destruction experienced during combat activities between ISIS and Coalition forces are highly likely to have affected historical buildings, religious sites such as mosques and shrines, and monuments. Destruction may have been random acts of war, but also targeted acts of sectarian violence. Dealing with PCR has been included into the ESMF and will be part of the planned TA component. This may identify and include assistance for the preservation of historic sites and/or re-building of damaged historical buildings. If these opportunities occur, cultural property management plans would be prepared for these subprojects.

9. **OP 4.12 Involuntary Resettlement.** The need for involuntary resettlement or land acquisition in specific subproject areas will only be known during project implementation, when site-specific plans are available. Therefore, subprojects will be screened for applicability of the resettlement policy and any subprojects involving involuntary resettlement or land acquisition will only be approved after preparation of a resettlement plan acceptable to the Bank. Several issues will increase the complexity of land acquisition. For example, the lack of reliable land record systems, and the inability of people losing land to either document ownership or be physically present to make their claims for eligibility. The safeguards framework will, therefore, include procedures for identifying eligible project-affected people, calculating and delivering compensation, and mechanisms for land dispute grievance redress.

10. OP 4.12 covers those persons affected by involuntary taking of land. The other social dimensions including poverty impacts, gender, and civic engagement, etc. will be covered by ESIA of site specific subprojects. The site specific ESMPs will include measures to minimize and mitigate adverse social impacts, particularly on poor and vulnerable groups.

11. **OP7.50 International waterways:** The project will support activities involving the rehabilitation of water supply and sanitation infrastructure and thus fall within the applicability of OP 7.50 (Projects on International Waterways). However, the project will not actually affect the hydrological flows, or water quality of any water or groundwater bodies that qualify as international waterways under this policy,

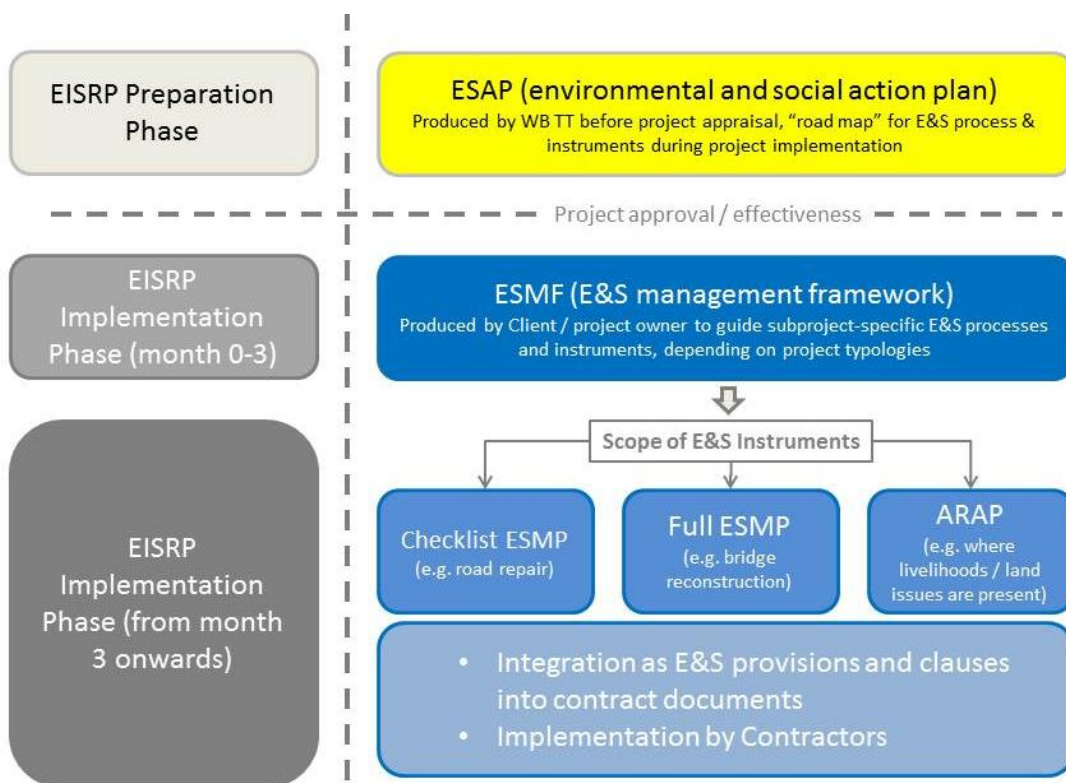
because it will exclusively finance the rebuilding of pre-existing structures. Thus the exception to the riparian notification requirement under paragraph 7 (a) of OP 7.50 is applicable to the project for the following reasons: (i) this project does not respond to growing demand for water and therefore no attempt to increase water off-take from international waterways, but rather focus on repairing what has been damaged by the conflict; (ii) the rehabilitation of wastewater treatment plant(s) included into the scope of potential activities are of small scale addressing local demands, and also are not expected to be expanded or their capacity increased.

12. The team has not identified any meaningful alternatives to the current project design, as the project contents, geographic scope and activities are predefined by (i) pre-existing structures, infrastructure and assets, and (ii) the extent and distribution of damage related to combat activities. There is some scope for variation in identifying subprojects; the identification of the actual areas and physical assets to be included into the project will be based on extensive guidance by an ongoing needs assessment.

IV. Sequencing and Tentative Implementation Schedule for Safeguards Processing

13. A schematic representation of the safeguards framework is depicted in Figure 4 below:

Figure 4: Scheme of safeguards approach and instruments for EISRP



14. As a general principle, the implementing agencies will agree to apply the following minimum standards during implementation: (1) inclusion of standard Environmental Codes of Practice (ECOP) (Attachment 4) in the bid documents for rehabilitation, improvement and reconstruction activities for all subprojects; (2) review and oversight of any major reconstruction works by specialists; (3) implementation of environmentally and socially sound options for disposal of any hazardous waste (e.g.

medical waste, debris or drain spoils, oil-contaminated soils or rubble); and (4) provisions for adequate and satisfactory budget and institutional arrangements for monitoring effective implementation.

15. The following time-bound deployment of the above described safeguards instruments is anticipated to manage and mitigate the potential adverse impacts:

- a. ***During project preparation*** a conceptual approach and draft TOR for an ESMF will be prepared and shared with the Client in order to swiftly initiate the preparation of this safeguards instrument after project effectiveness.
- b. ***Immediately after project effectiveness, during the first three months of implementation:*** Start of development of an ESMF and RPF, which will be the overarching safeguards document governing approach, processes and specific instruments for sub-projects. The ESMF will cover the following topics: (i) scope of project activities; (ii) typologies of expected impacts, as well as magnitudes and durations; (iii) types of E&S assessment/management instruments including the range of mitigation measures tailored to the identified sub-project/impact typologies; (iv) methodology for sub-project E&S screening, classification and allocation of specific E&S instruments; (v) review of relevant institutions, key players, roles and responsibilities and administrative processes; (vi) capacity analysis and training requirements; (vii) update of cost estimates for E&S management measures. The ESMF will also contain a positive and negative list of eligible/non-eligible subprojects, and make reference to the handling of explosive remnants of war (EWR), including the required screening, surveys and EDO organization. The RPF will cover the following topics: (i) a brief description of project activities; (ii) Principles and objectives governing resettlement preparation and implementation; (iii) a description of the process for preparing and approving resettlement plans; (iv) Eligibility criteria and estimated resettlement impacts; (v) legal framework; (vi) methods of valuing affected assets; (vii) institutional arrangements of resettlement planning and implementation; (viii) Grievance redress mechanism; (ix) Consultation; and (x) Arrangements for monitoring and evaluation.
- c. ***Immediate commencement of minor works, prior to completion of ESMF:*** To address the most urgent need for restoration of basic public services (transport, water / sewage, and electricity supply) the project will finance minor works, which will be allowed to proceed before the completion of the ESMF, if (i) a simplified ('checklist') ESMP had been prepared, (ii) found acceptable to the Bank and (iii) has been duly disclosed and consulted on. Minor works are defined in the following manner: (a) type of infrastructure: intra-urban roads, water distribution networks / canalization, and electricity distribution networks; (b) type of damage: partial damage (up to 30%) that does not require a complete rebuilding of physical assets, and allows to largely utilize the existing substance; and (c) low environmental and social impacts, meaning locally restricted, temporary and minor; (d) boundaries of works: strictly within the existing footprint, without any expansions or additions, even temporarily. The simplified ESMP will be one of the safeguards instruments defined in the ESMF, and is expected to be applicable to the majority of identified sub-projects (estd. about 80%).
- d. ***During implementation phase, from month 3 onwards:*** Continuous development of E&S management instruments for the expected typologies (e.g. repair / reconstruction of housing, roads, transmission lines, municipal infrastructure, as well as the restoration of public services). For the expected scope of subprojects freestanding, comprehensive ESAs will mostly not be required, as all structures and installations will have existed before, and the project would only finance their repair, reconstruction or reinstatement. The expected typologies (e.g. repair/reconstruction of housing, roads, transmission lines, municipal infrastructure, as well as the restoration of public services would mostly require simple, checklist-type ESMPs (E&S management plans) that would become part of the works contracts, set the E&S standards and compliance mechanisms, and serve as a contractual

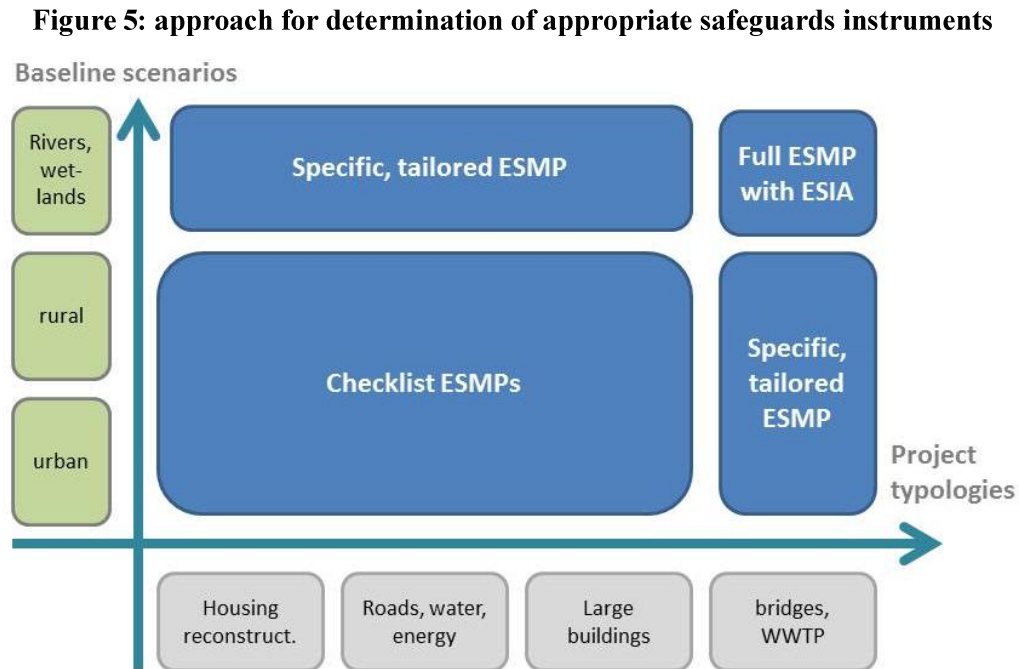
basis for supervision and enforcement of good E&S practice during the works. Comprehensive ESIA's will not be required, as the structures and installations are existing, and the project would only finance their repair, reconstruction or reinstatement.

- e. **For some larger projects (e.g. bridge reconstruction)**, a targeted ESIA may be required, which would be integrated into an expanded ESMP, as the works would be more substantial in scale, and rivers may be more sensitive and vulnerable to environmental impacts which would be integrated into the ESMP. Further, the ESMPs would be more specific on measures to protect water quality, riverine/aquatic ecosystems, and retain the hydrological regime around the bridge. Additional social considerations such as continued access to the river for fishing and water abstraction may become relevant. Similarly, the procurement, installation and operation of mobile hospitals while pre-existing health facilities are restored would require a different focus and additional provisions in the ESMPs. Specifically, ESMPs for mobile hospitals would need to take operational aspects into account, ranging from wastewater and sewage treatment and disposal to the specific requirements for safe collection, handling, storage and treatment/disposal of medical waste. This latter requirement would be addressed via a separate medical waste management plan (MWMP). Land acquisition may become an issue due to the additional footprint of mobile hospitals, even if only temporarily, which would be covered by the RPF prepared for this project, and - if required - specific RAPs for mobile hospital sub-projects
- f. ***In parallel with the sub-project ESMPs:*** Linked to the ESMF is the risk of UXO and ERW in the project areas. As the project will be implemented in areas recently liberated from ISIS rule, and as the liberation often took place with considerable combat activities, the presence of UXO and ERW is a certainty. Thus, all project areas will undergo a screening (technical survey) for UXO / ERW prior to any works, be it relating to damaged buildings, rubble, or any works below natural ground level. This survey will collect and analyze data using appropriate technical interventions about the presence, type, distribution and surrounding environment of mine/ERW contamination in order to define better where mine/ERW contamination is present and where it is not as well as to support decision making processes through the provision of evidence. Depending on the screening results, EOD measures will be organized, as an integral part of the rubble removal contracts.

16. **Preparation time for safeguards instruments including Bank review, revisions, clearance, and approval steps.** The preparation of the ESMF and RPF is estimated to require a time period of about 2 - 3 months, including Bank review and approval, disclosure, consultations and finalization. The preparation of limited ESIA's as the case maybe, and the ESMPs, as well as RAP/ARAP if needed, will range from 1 to 3 months including Bank review and approval, disclosure, consultations and finalization.

17. **Consultations and Disclosure.** The ESMF and RPF will be disclosed in-country and at the Infoshop after Bank review as final draft versions for a period no less than 30 days during which the Client will organize consultations for the affected stakeholders. The consultation mechanism for the sub-project specific ESMPs and limited ESIA's as well RAP/ARAP if needed will be designed with appropriate depth and breadth depending on the specific situation's complexity and dimensions. For some sectors (e.g. housing reconstruction subsidy scheme), consultations will be extensive, possibly require several stages, and will be an integral part of design. For some large structures (e.g. bridge reconstruction, or the rebuilding of important public assets like schools) disclosure and consultations will follow the standard approach for typical Cat B projects, with 15 to 30 day time window between disclosure and consultations to be undertaken before design finalization. For smaller works, such as the repair of rods, transmission lines or the water and sewage network, consultations will be for portfolios of multiple projects, based on large scale planning documents and generic E&S sample instruments.

18. **Implementation of safeguards instruments, if applicable, development of secondary instruments (e.g., subproject ESMPs or RAPs to be developed, by whom and by when).** After finalization of the ESMPs, no further safeguards instruments will be required. The checklist-format ESMPs/ARAPs will be customized to specific construction projects and become part of the tender and contract documents. No tender package will be issued without an attached ESMP and no contract signed without respective clauses obliging the Contractor to the ESMPs use and implementation. Figure 5 below gives a schematic overview how safeguards instruments will be matched with baseline conditions and project typologies:



19. **Implementation Monitoring:** The monitoring of safeguards compliance

nce during project implementation, especially during and after construction works, is challenged by the currently poor security situation, severe access restrictions, and the longer term perspective of high volatility. Thus safeguards monitoring has been included into the TOR for a 3rd party monitoring consultant, who will also be responsible for technical quality, measurements, procurement and fiduciary compliance. The TOR specify that the Consultant will have strong field presence via local agents, and will cover all key areas and construction activities. The TOR further specify a detailed methodology and approach for safeguards monitoring, recording and reporting, as well as measures for rectification in case of non-compliance.

V. Roles & Responsibilities, incl. Supervision Arrangement for Safeguards Preparation, Implementation & Monitoring

20. **The responsibility for the implementation** of the above described safeguards instruments and processes will be with the PMTs (project management teams) working under the overall PCU that will be responsible for compliance with domestic environmental regulations, as well as the Banks E&S safeguards policies. The PMTs and the PCU will be staffed with qualified environmental and social specialists that will follow-up with the preparation and implementation of the safeguards instruments.

21. The Bank Task Team will be responsible for ensuring the timely commencement of the preparation of ESMF, RPF, ESMPs and as the case maybe the limited ESIA's or RAPs/ARAPs as needed. The task team will ensure that no contracts for works that have a physical impact are signed or reconstruction, or rehabilitation of proposed activities start without the required safeguards instruments in place.

22. The Task Team will also review ToRs (if required) as well as the ESMF, RPF, ESMPs and limited ESIA's or RAPs/ARAPs if needed, to ensure that their scope and quality are satisfactory to the Bank, will review tender documents and construction contracts regarding due consideration of the safeguards instruments, and the inclusion of effective and enforceable contractual clauses. Finally, the task team will also monitor the implementation of the different prepared instruments through regular supervision missions (which will include an environmental and/or social specialist) during which document reviews, site visits and spot-checks will be conducted. Depending on the circumstances (especially the security situation), TPM will also be used for supervision and monitoring and would thus complement the efforts of the task team.

VI. Estimated Costs for Safeguards Preparation and Implementation Process

23. The cost of preparing the required safeguards instruments is estimated to be about USD 50,000 for the ESMF, and about USD 1 million for the subsequent safeguards instruments (assuming ca. 100 checklist ESMPs at USD 5,000 and 25 more extensive ESMPs at USD 20,000).

24. The implementation of ESMPs is expected to cost only a small fraction of design and construction cost, as most mitigation measures will be very generic, off-the-shelf, and implementable without specialized skills, experience or equipment. Assuming a proportion of about 0.5 %, for every USD 1 million spent on cleanup and reconstruction, USD 5,000 would be spent for environmental mitigation and management measures.

Attachments:

1. **Attachment 1:**List of Negative Subproject Attributes
2. **Attachment 2:** Checklist of Possible Environmental and Social Impacts of Projects
3. **Attachment 3:** Guidelines for preparation of an ESMP
4. **Attachment 4:** Codes of practice and mitigation of potential environmental impacts
5. **Attachment 5:** Safeguards Procedures for Inclusion in the Technical Specifications of Contracts
6. **Attachment 6:** Guidelines for land and asset acquisition, entitlements and compensation
7. **Attachment 7:** Protection of Cultural Property

Attachment 1: List of Negative Subproject Attributes

Subprojects with any of the attributes listed below will be ineligible for support under the proposed emergency infrastructure renewal project.

Attributes of Ineligible Subprojects
General Characteristics
<ul style="list-style-type: none"> • Concerning significant conversion or degradation of critical natural habitats.
Damages cultural property, including but not limited to, any activities that affect the following sites: <ul style="list-style-type: none"> • Archaeological and historical sites; and • Religious monuments, structures and cemeteries.
Requiring pesticides that fall in WHO classes IA, IB, or II.
Sanitation New wastewater treatment plants to serve 10,000 or more households.
Solid Waste New disposal site or significant expansion of an existing disposal site.
Irrigation New irrigation and drainage schemes.
Dams Construction of dams more than 5 meters high. Rehabilitation of dams more than 15 meters high.
Power New power generating capacity of more than 10 MW.
Income Generating Activities Activities involving the use of fuelwood, including trees and bush. Activities involving the use of hazardous substances.

Attachment 2: Checklist of Possible Environmental and Social Impacts of Projects

I. Subproject Related Issues

S No	ISSUES	YES	NO	Comments
A.	Zoning and Land Use Planning			
1.	Will the subproject affect land use zoning and planning or conflict with prevalent land use patterns?			
2.	Will the subproject involve significant land disturbance or site clearance?			
3.	Will the subproject land be subject to potential encroachment by urban or industrial use or located in an area intended for urban or industrial development?			
B.	Utilities and Facilities			
4.	Will the subproject require the setting up of ancillary production facilities?			
5.	Will the subproject require significant levels of accommodation or service amenities to support the workforce during construction (e.g., contractor will need more than 20 workers)?			
C	Water and Soil Contamination			
6.	Will the subproject require large amounts of raw materials or construction materials?			
7.	Will the subproject generate large amounts of residual wastes, construction material waste or cause soil erosion?			
8.	Will the subproject result in potential soil or water contamination (e.g., from oil, grease and fuel from equipment yards)?			
9.	Will the subproject lead to contamination of ground and surface waters by herbicides for vegetation control and chemicals (e.g., calcium chloride) for dust control?			
10.	Will the subproject lead to an increase in suspended sediments in streams affected by road cut erosion, decline in water quality and increased sedimentation downstream?			
11.	Will the subproject involve the use of chemicals or solvents?			
12.	Will the subproject lead to the destruction of vegetation and soil in the right-of-way, borrow pits, waste dumps, and equipment yards?			
13.	Will the subproject lead to the creation of stagnant water bodies in borrow pits, quarries, etc., encouraging for mosquito breeding and other disease vectors?			
D.	Noise and Air Pollution Hazardous Substances			
14.	Will the subproject increase the levels of harmful air emissions?			
15.	Will the subproject increase ambient noise levels?			
16.	Will the subproject involve the storage, handling or transport of hazardous substances?			
E.	Fauna and Flora			
18.	Will the subproject involve the disturbance or modification of existing drainage channels (rivers, canals) or surface water bodies (wetlands, marshes)?			
19.	Will the subproject lead to the destruction or damage of terrestrial or aquatic ecosystems or endangered species directly or by induced development?			
20.	Will the subproject lead to the disruption/destruction of wildlife through interruption of migratory routes, disturbance of wildlife habitats, and noise-related problems?			

F.	Destruction/Disruption of Land and Vegetation			
21.	Will the subproject lead to unplanned use of the infrastructure being developed?			
22.	Will the subproject lead to long-term or semi-permanent destruction of soils in cleared areas not suited for agriculture?			
23.	Will the subproject lead to the interruption of subsoil and overland drainage patterns (in areas of cuts and fills)?			
24.	Will the subproject lead to landslides, slumps, slips and other mass movements in road cuts?			
25.	Will the subproject lead to erosion of lands below the roadbed receiving concentrated outflow carried by covered or open drains?			
26.	Will the subproject lead to long-term or semi-permanent destruction of soils in cleared areas not suited for agriculture?			
27.	Will the subproject lead to health hazards and interference of plant growth adjacent to roads by dust raised and blown by vehicles?			
G.	Cultural Property			
28.	Will the subproject have an impact on archaeological or historical sites, including historic urban areas?			
29.	Will the subproject have an impact on religious monuments, structures and/or cemeteries?			
30.	Have Chance Finds procedures been prepared for use in the subproject?			
H.	Expropriation and Social Disturbance			
31.	Will the subproject involve land expropriation or demolition of existing structures?			
32.	Will the subproject lead to induced settlements by workers and others causing social and economic disruption?			
33.	Will the subproject lead to environmental and social disturbance by construction camps?			

II. Site Characteristics

S No	ISSUES	YES	NO	Comments
1.	Is the subproject located in an area with designated natural reserves?			
2.	Is the subproject located in an area with unique natural features?			
3.	Is the subproject located in an area with endangered or conservation-worthy ecosystems, fauna or flora?			
4.	Is the subproject located in an area falling within 500 meters of national forests, protected areas, wilderness areas, wetlands, biodiversity, critical habitats, or sites of historical or cultural importance?			
5.	Is the subproject located in an area which would create a barrier for the movement of conservation-worthy wildlife or livestock?			
6.	Is the subproject located close to groundwater sources, surface water bodies, water courses or wetlands?			
7.	Is the subproject located in an area with designated cultural properties such as archaeological, historical and/or religious sites?			
8.	Is the subproject in an area with religious monuments, structures and/or cemeteries?			
9.	Is the subproject in a polluted or contaminated area?			
10.	Is the subproject located in an area of high visual and landscape quality?			
11.	Is the subproject located in an area susceptible to landslides or erosion?			
12.	Is the subproject located in an area of seismic faults?			
13.	Is the subproject located in a densely populated area?			
14.	Is the subproject located on prime agricultural land?			
15.	Is the subproject located in an area of tourist importance?			
16.	Is the subproject located near a waste dump?			
17.	Does the subproject have access to potable water?			
18.	Is the subproject located far (1-2 kms) from accessible roads?			
19.	Is the subproject located in an area with a wastewater network?			
20.	Is the subproject located in the urban plan of the city?			
21.	Is the subproject located outside the land use plan?			

Signed by Environment Specialist: Name: _____
 Title: _____
 Date: _____

Signed by Project Manager: Name: _____
 Title: _____
 Date: _____

Attachment 3: Guidelines for preparation of the Environmental and Social Management Plan

Under the ESIA process, once the potential impacts of the relevant activities have been identified, the next step of the ESIA process involves the identification and development of measures aimed at eliminating, offsetting, and/or reducing impacts to levels that are environmentally acceptable during implementation and operation of the Project. The ESMP should describe the identified negative environmental and social impacts, proposed mitigation measures, responsibilities for implementation of these measures, timeline for implementation and indicative budget for each item. A sample EMP Checklist for Low-Risk Topologies will be provided to the project implementing agencies as a stand-alone attachment.

Description of mitigation measures

Feasible and cost effective measures to minimize adverse impacts to acceptable levels should be specified with reference to each identified impact. The plan includes compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient. Specifically, the ESIA/ESMP should:

- Identify and summarize all anticipated significant adverse environmental impacts, including those involving involuntary resettlement;
- Describe each mitigation measure, including the type of impact to which it relates and the conditions under which it is required;
- Estimate any potential environmental impacts of these measures; and
- Provide linkage with any other mitigation plan (e.g. for involuntary resettlement) required for the Project.

Monitoring program

In order to ensure that the proposed mitigation measures have the intended results and comply with national standards and donor requirements, an environmental performance monitoring section should be included in the ESMP. The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed and the mitigation measures described in the ESMP. The monitoring program should give details of the following:

- Monitoring indicators to be measured for evaluating the performance of each mitigation measure
- Monitoring mechanisms and methodologies;
- Monitoring frequency;
- Monitoring locations;
- Monitoring budget.

Capacity development and training: The ESMP will draw on the existence, role and capability of environmental units on site or at the implementing agency and ministry levels. If necessary the ESMP will include actions to strengthen environmental and social capability in the agencies responsible for its implementation.

Institutional arrangements: Institutions/entities responsible for implementing mitigation measures and for monitoring their performance should be clearly identified. Where necessary, mechanisms for institutional coordination should be identified, as monitoring often involves more than one institution.

Implementing schedules and cost estimates: The ESMP provides timing, frequency, and duration of mitigation, monitoring and capacity development measures with links to overall implementation schedule of the Project, as well as related capital and recurrent cost and sources of funding. The plan for the ESMP

should be specific in its description of the individual mitigation and monitoring measures and its assignment of institutional responsibilities.

Attachment 4: Codes of Practice for Prevention and Mitigation of Environmental Impacts

Potential Impacts	Prevention and Mitigation Measures
<p>Impacts during construction:</p> <ul style="list-style-type: none"> • Fuelwood collection • Excessive water harvesting • Poor sanitation • Generation of solid (including hazardous) wastes • Groundwater contamination (oil, grease) • Accidents during construction • Impacts to physical cultural resources • Influx of migrant workers 	<ul style="list-style-type: none"> • Provision of fuel and water sources at the work camps to prevent stress to local communities due to cutting of firewood and collection of water. • Provision of proper, gender separated sanitation facilities at the work camps. • Removal of work camp wastes, proper disposal of oil, bitumen and other hazardous wastes. • Management of worker health and safety during construction period (refer to WBG Environmental Health and Safety Guidelines). • Use of chance-find procedures (refer to Attachment 4). • Provide comprehensive community participation in the planning, migration issue to be resolved through local redress mechanism. • Preference to employment of local workers.
<p>Medical waste</p>	<ul style="list-style-type: none"> • Wastes should be segregated at the point of generation according to their type: (a) Infectious, bio-contaminated wastes (including sharp materials); (b) chemical wastes (drugs, chemical solutions, etc.); (c) noninfectious, common wastes (paper, cardboard, glass, or the like; empty chemical product containers should be treated as chemical wastes). • Only puncture proof, hermetic plastic containers of 2–5 liter capacity or opaque glass bottles should be used to store sharp objects • For each hospital room, washable and easily disinfected PVC containers with a capacity of 40–50 liters should be used. Waste should be disposed of in colored bags according to national codification. Usually they are: red bags for bio-contaminated wastes; yellow bags for chemical wastes; black bags for common wastes. • These wastes should then be collected separately at latest 12–24 hours. The personnel assigned to handle medical waste should be properly trained and should wear protective gear such as with aprons, masks, boots and gloves. • Treatment should be done according to the type of waste. Sharp materials disposed in puncture proof containers should then buried in a protected sharp pit. Existing functioning nearby waste treatment facilities should be used but only if safe means of transport can be ensured. • Burial area should be isolated and protected to avoid illegal recycling. However, this may not be possible in permanent health facilities, due to lack of space. In such cases, protected areas should be used at landfill sites to receive treated wastes. Common wastes may be managed by the municipal waste-collection service, as long as they are not mixed and do not contain hazardous materials.
<p>Borrow sites</p>	<ul style="list-style-type: none"> • Design to prevent soil erosion and maintain slope stability • Avoid to have a borrow area close of the settlements

Potential Impacts	Prevention and Mitigation Measures
<p>Access Roads - Drainage:</p> <ul style="list-style-type: none"> • Design to provide adequate drainage and to minimize changes in flows, not limited to the road reserve. • Hampers free drainage, causes stagnant pools of water. • Increased sediments into ponds, streams, rivers due to erosion from road tops and sides. • Increased runoff and flooding 	<ul style="list-style-type: none"> • Design to provide adequate drainage and to minimize changes in flows, not limited to the road reserve. • Provision of energy dissipaters, cascades, steps and check dams. • Provision of sufficient number of cross drains. • Balancing of cut and fill. • Re-vegetation to protect susceptible soil surfaces. • Rehabilitation of borrow areas.
<p>Erosion:</p> <ul style="list-style-type: none"> • Erosion of land downhill from the road bed or in borrow areas; • Landslides, slips or slumps; • Bank failure of the borrow pit. 	<ul style="list-style-type: none"> • Design to prevent soil erosion and maintain slope stability. • Construction in the dry season. • Protection of soil surfaces during construction. • Physical stabilization of erodible surfaces through turfing, planting native vegetation for slope maintenance and creating slope breaks. • Rehabilitation and re-grading of borrow pits and material collection sites prior to finalization of the project.
<p>Loss of vegetation:</p>	<ul style="list-style-type: none"> • Balancing of cut and fill. • Re-vegetation with native species to protect susceptible soil surfaces. • Minimize loss of natural vegetation during construction. • Re-vegetation and replanting to compensate any loss of plant cover and tree felling.

Attachment 5: Safeguards Procedures for Inclusion in the Technical Specifications of Contracts

I. General

1. The Contractor and his employees shall adhere to the mitigation measures set down and take all other measures required by the Engineer to prevent harm, and to minimize the impact of his operations on the environment.
2. The Contractor shall not be permitted to unnecessarily strip clear the right of way. The Contractor shall only clear the minimum width for construction and diversion roads should not be constructed alongside the existing road.
3. Remedial actions which cannot be effectively carried out during construction should be carried out on completion of each Section of the road (earthworks, pavement and drainage) and before issuance of the Taking Over Certificate:
 - (a) these sections should be landscaped and any necessary remedial works should be undertaken without delay, including grassing and reforestation;
 - (b) water courses should be cleared of debris and drains and culverts checked for clear flow paths; and
 - (c) borrow pits should be dressed as fish ponds, or drained and made safe, as agreed with the land owner.
4. The Contractor shall limit construction works to between 6 am and 7 pm if it is to be carried out in or near residential areas.
5. The Contractor shall avoid the use of heavy or noisy equipment in specified areas at night, or in sensitive areas such as near a hospital.
6. To prevent dust pollution during dry periods, the Contractor shall carry out regular watering of earth and gravel haul roads and shall cover material haulage trucks with tarpaulins to prevent spillage.

II. Transport

7. The Contractor shall use selected routes to the project site, as agreed with the Engineer, and appropriately sized vehicles suitable to the class of road, and shall restrict loads to prevent damage to roads and bridges used for transportation purposes. The Contractor shall be held responsible for any damage caused to the roads and bridges due to the transportation of excessive loads, and shall be required to repair such damage to the approval of the Engineer.
8. The Contractor shall not use any vehicles, either on or off road with grossly excessive, exhaust or noise emissions. In any built up areas, noise mufflers shall be installed and maintained in good condition on all motorized equipment under the control of the Contractor.
9. Adequate traffic control measures shall be maintained by the Contractor throughout the duration of the Contract and such measures shall be subject to prior approval of the Engineer.

III. Workforce

10. The Contractor should whenever possible locally recruit the majority of the workforce and shall provide appropriate training as necessary.
11. The Contractor shall install and maintain a temporary septic tank system for any residential labor camp and without causing pollution of nearby watercourses.
12. The Contractor shall establish a method and system for storing and disposing of all solid wastes generated by the labor camp and/or base camp.
13. The Contractor shall not allow the use of fuel wood for cooking or heating in any labor camp or base camp and provide alternate facilities using other fuels.
14. The Contractor shall ensure that site offices, depots, asphalt plants and workshops are located in appropriate areas as approved by the Engineer and not within 500 meters of existing residential settlements and not within 1,000 meters for asphalt plants.
15. The Contractor shall ensure that site offices, depots and particularly storage areas for diesel fuel and bitumen and asphalt plants are not located within 500 meters of watercourses, and are operated so that no pollutants enter watercourses, either overland or through groundwater seepage, especially during periods of rain. This will require lubricants to be recycled and a ditch to be constructed around the area with an approved settling pond/oil trap at the outlet.
16. The contractor shall not use fuel wood as a means of heating during the processing or preparation of any materials forming part of the Works.

IV. Quarries and Borrow Pits

17. Operation of a new borrow area, on land, in a river, or in an existing area, shall be subject to prior approval of the Engineer, and the operation shall cease if so instructed by the Engineer. Borrow pits shall be prohibited where they might interfere with the natural or designed drainage patterns. River locations shall be prohibited if they might undermine or damage the river banks, or carry too much fine material downstream.
18. The Contractor shall ensure that all borrow pits used are left in a trim and tidy condition with stable side slopes, and are drained ensuring that no stagnant water bodies are created which could breed mosquitoes.
19. Rock or gravel taken from a river shall be far enough removed to limit the depth of material removed to one-tenth of the width of the river at any one location, and not to disrupt the river flow, or damage or undermine the river banks.
20. The location of crushing plants shall be subject to the approval of the Engineer, and not be close to environmentally sensitive areas or to existing residential settlements, and shall be operated with approved fitted dust control devices.

V. Earthworks

21. Earthworks shall be properly controlled, especially during the rainy season.
22. The Contractor shall maintain stable cut and fill slopes at all times and cause the least possible disturbance to areas outside the prescribed limits of the work.
23. The Contractor shall complete cut and fill operations to final cross-sections at any one location as soon as possible and preferably in one continuous operation to avoid partially completed earthworks, especially during the rainy season.
24. In order to protect any cut or fill slopes from erosion, in accordance with the drawings, cut off drains and toe-drains shall be provided at the top and bottom of slopes and be planted with grass or other plant cover. Cut off drains should be provided above high cuts to minimize water runoff and slope erosion.
25. Any excavated cut or unsuitable material shall be disposed of in designated tipping areas as agreed to by the Engineer.
26. Tips should not be located where they can cause future slides, interfere with agricultural land or any other properties, or cause soil from the dump to be washed into any watercourse. Drains may need to be dug within and around the tips, as directed by the Engineer.

VI. Historical and Archeological Sites

27. If the Contractor discovers archeological sites, historical sites, remains and objects, including graveyards and/or individual graves during excavation or construction, the Contractor shall:
 - a. Stop the construction activities in the area of the chance find.
 - b. Delineate the discovered site or area.
 - c. Secure the site to prevent any damage or loss of removable objects. In cases of removable antiquities or sensitive remains, a night guard shall be present until the responsible local authorities and the Ministry of Culture take over.
 - d. Notify the supervisory Engineer who in turn will notify the responsible local authorities and the Ministry of Culture immediately (less than 24 hours).
 - e. Contact the responsible local authorities and the Ministry of Culture who would be in charge of protecting and preserving the site before deciding on the proper procedures to be carried out. This would require a preliminary evaluation of the findings to be performed by the archeologists of the Ministry of Culture (within 72 hours). The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage, including the aesthetic, historic, scientific or research, social and economic values.
 - f. Ensure that decisions on how to handle the finding be taken by the responsible authorities and the Ministry of Culture. This could include changes in the layout (such as when the finding is an irremovable remain of cultural or archeological importance) conservation, preservation, restoration and salvage.
 - g. Implementation for the authority decision concerning the management of the finding shall be communicated in writing by the Ministry of Culture; and
 - h. Construction work will resume only after authorization is given by the responsible local authorities and the Ministry of Culture concerning the safeguard of the heritage.

VII. Disposal of Construction and Vehicle Waste

28. Debris generated due to the dismantling of the existing structures shall be suitably reused, to the extent feasible, in the proposed construction (e.g. as fill materials for embankments). The disposal of remaining debris shall be carried out only at sites identified and approved by the project engineer. The contractor should ensure that these sites (a) are not located within designated forest areas; (b) do not impact natural drainage courses; and (c) do not impact endangered/rare flora. Under no circumstances shall the contractor dispose of any material in environmentally sensitive areas.

29. In the event any debris or silt from the sites is deposited on adjacent land, the Contractor shall immediately remove such, debris or silt and restore the affected area to its original state to the satisfaction of the Supervisor/Engineer.

30. Bentonite slurry or similar debris generated from pile driving or other construction activities shall be disposed of to avoid overflow into the surface water bodies or form mud puddles in the area.

31. All arrangements for transportation during construction including provision, maintenance, dismantling and clearing debris, where necessary, will be considered incidental to the work and should be planned and implemented by the contractor as approved and directed by the Engineer.

32. Vehicle/machinery and equipment operations, maintenance and refueling shall be carried out to avoid spillage of fuels and lubricants and ground contamination. An oil interceptor will be provided for wash down and refueling areas. Fuel storage shall be located in proper bounded areas.

33. All spills and collected petroleum products shall be disposed of in accordance with standard environmental procedures/guidelines. Fuel storage and refilling areas shall be located at least 300 meters from all cross drainage structures and important water bodies or as directed by the Engineer.

Attachment 6: Guidelines for Land and Asset Acquisition, Entitlements and Compensation

I. Objectives

1. Resettlement and land acquisition will be kept to a minimum, and will be carried out in accordance with these guidelines. Subproject proposals that would require demolishing houses or acquiring productive land should be carefully reviewed to minimize or avoid their impacts through alternative alignments. Proposals that require more than minor expansion along rights of way should be carefully reviewed. No land or asset acquisition may take place outside of these guidelines. A format for Land Acquisition Assessment Data Sheet is attached as Attachment 3(i).

2. These guidelines provide principles and instructions to compensate negatively affected persons to ensure that they will be assisted to improve, or at least to restore, their living standards, income earning or production capacity to pre-project levels regardless of their land tenure status.

II. Categorization

3. Based on the number of persons that may be affected by the project, Project Affected People (PAPs) and the magnitude of impacts, projects will be categorized as follows:

(a) Projects that will affect more than 200 PAPs due to land acquisition and/or physical relocation and where a full RAP must be produced. If the RAP cannot be prepared prior to project appraisal, a waiver can be provided by the World Bank Managing Director (MD) in consultation with the Resettlement Committee. In such cases, the TT should agree with the Borrower on a timetable for preparation of the RAP.

(b) Projects that will affect less than 200 persons require the following documentation: (i) a land acquisition assessment, (ii) the minutes or record of consultations which assess the compensation claimed and agreement reached, and (iii) a record of the receipt of the compensation, or voluntary donation, by those affected (see below).

(c) Projects that are not expected to have any land acquisition or any other significant adverse social impacts; on the contrary, significant positive social impact and improved livelihoods are expected from such interventions.

III. Eligibility

4. PAPs are identified as persons whose livelihood is directly affected by the project due to acquisition of the land owned or used by them. PAPs deemed eligible for compensation are:

(a) those who have formal legal rights to land, water resources or structures/buildings, including recognized customary and traditional rights;

(b) those who do not have such formal legal rights but have a claim to usufruct rights rooted in customary law; and

(c) those whose claim to land and water resources or building/structures do not fall within (a) and (b) above, are eligible to resettlement assistance to restore their livelihood.

IV. Compensation Principles

5. The project implementation agencies will ensure timely provision of the following means of compensation to affected peoples:

(a) Project affected peoples losing access to a portion of their land or other productive assets with the remaining assets being economically viable are entitled to compensation at a replacement cost for that portion of land or assets lost to them. Compensation for the lost assets will be made according to the following principles:

- (i) replacement land with an equally productive plot, cash or other equivalent productive assets;
- (ii) materials and assistance to fully replace solid structures that will be demolished;
- (iii) replacement of damaged or lost crops and trees, at market value;
- (iv) other acceptable in-kind compensation;
- (v) in case of cash compensation, the delivery of compensation should be made in public, i.e., at the Community Meeting; and
- (vi) in case of physical relocation, provision of civic infrastructure at the resettlement sites.

(b) Project affected peoples losing access to a portion of their land or other economic assets rendering the remainder economically non-viable will have the options of compensation for the entire asset by provision of alternative land, cash or equivalent productive asset, according to the principles in (a) i-iv above.

V. Consultation Process

6. The PMU and the concerned implementing entity will ensure that all occupants of land and owners of assets located in a proposed subproject area are consulted. Community meetings will be held in each affected district and village to inform the local population of their rights to compensation and options available in accordance with these Guidelines. The Minutes of the community meetings shall reflect the discussions held; agreements reached, and include details of the agreement, based on the format provided in Attachment 3(ii).

7. The PMU and the concerned implementing entity shall provide a copy of the Minutes to affected people and confirm in discussions with each of them, their requests and preferences for compensation, agreements reached, and any eventual complaint. Copies will be recorded in the posted project documentation and be available for inspection during supervision.

VI. Subproject Approval

8. In the event that a subproject involves acquisition against compensation, the PMU through the concerned implementing entity shall:

- (a) not approve the subproject unless satisfactory compensation has been agreed between the affected person and the local community; and
- (b) not allow works to start until the compensation has been delivered in a satisfactory manner to the affected persons.

VII. Complaints and Grievances

9. Initially, all complaints should be registered by the PMU and the concerned implementing entity as the case maybe, which shall establish a register of resettlement/compensation related grievances and disputes mechanism. The existence and conditions of access to this register (where, when, how) shall be widely disseminated within the community/town as part of the consultation undertaken for the sub-project in general. A committee of knowledgeable persons, experienced in the subject area, shall be constituted at a local level as a Committee to handle first instance dispute/grievances. This group of mediators attempting amicable mediation/litigation in first instance will consist of the following members: (i) Head of District; (ii) Legal advisor; (iii) Local Representative within the elected Council; (iv) Head of Community Based Organization; and (v) Community leaders. This mediation committee will be set up at local level by the implementation agency on an “as-needed” (i.e. it will be established when a dispute arises in a given community).

10. When a grievance/dispute is recorded as per above-mentioned registration procedures, the mediation committee will be established, and mediation meetings will be organized with interested parties. Minutes of meetings will be recorded. The existence of this first instance mechanism will be widely disseminated to the affected people as part of the consultation undertaken for the sub-project in general. It is important that these mediation committees be set up as soon as RAP preparation starts. Disputes documented e.g. through socio-economic surveys should be dealt with by appropriate mediation mechanisms which must be available to cater for claims, disputes and grievances at this early stage. A template form for claims should be developed and these forms be collated on a quarterly basis into a database held at project level.

VIII. Verification

11. The Mediation Meeting Minutes, including agreements of compensation and evidence of compensation made shall be provided to the Municipality/district, to the supervising engineers, who will maintain a record hereof, and to auditors and socio-economic monitors when they undertake reviews and post-project assessment. This process shall be specified in all relevant project documents, including details of the relevant authority for complaints at the municipal/district or implementing agency level.

Land Acquisition Assessment Data Sheet
(To be used to record information on all land to be acquired)

1. Quantities of land/structures/other assets required:
2. Date to be acquired:
3. Locations:
4. Owners:
5. Current uses:
6. Users:
 - Number of Customary Claimants:
 - Number of Squatters:
 - Number of Encroachers:
 - Number of Owners:
 - Number of Tenants:
 - Others (specify): _____ Number: _____
7. How land/structures/other assets will be acquired (identify one):
 - Donation
 - Purchase
8. Transfer of Title:
 - Ensure these lands/structures/other assets are free of claims or encumbrances.
 - Written proof must be obtained (notarized or witnessed statements) for the voluntary donation, or acceptance of the prices paid from those affected, together with proof of title being vested in the community, or guarantee of public access, by the title-holder.
9. Describe grievance mechanisms available:

Schedule of Compensation of Asset Requisition

Summary of Affected Unit/Item	Units to be Compensated	Agreed Compensation
a. Urban/agricultural land (m ²):	_____	_____
b. Houses/structures to be demolished (units/m ²):	_____	_____
c. Type of structure to be demolished (e.g. mud, brick, cement block, etc.,)	_____	Not Applicable.
d. Trees or crops affected:	_____	_____
e. Water sources affected:	_____	_____

Signatures of local community representatives, Sheikh/Head of Tribe:

Include record of any complaints raised by affected persons:

Map attached (showing affected areas and replacement areas):

Attachment 7: Protection of Cultural Property

1. Cultural property include monuments, structures, works of art, or sites of significance points of view, and are defined as sites and structures having archaeological, historical, architectural, or religious significance, and natural sites with cultural values. This includes cemeteries, graveyards and graves.

Chance Find Procedures

2. Chance find procedures will be used as follows:

- a) Stop the construction activities in the area of the chance find;
- b) Delineate the discovered site or area;
- c) Secure the site to prevent any damage or loss of removable objects. In cases of removable antiquities or sensitive remains, a night guard shall be present until the responsible local authorities and the Ministry of Culture take over;
- d) Notify the supervisory Engineer who in turn will notify the responsible local authorities and the Ministry of Culture immediately (within 24 hours or less);
- e) Responsible local authorities and the Ministry of Culture would be in charge of protecting and preserving the site before deciding on subsequent appropriate procedures. This would require a preliminary evaluation of the findings to be performed by the archeologists of the Ministry of Culture (within 72 hours). The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage; those include the aesthetic, historic, scientific or research, social and economic values;
- f) Decisions on how to handle the finding shall be taken by the responsible authorities and the Ministry of Culture. This could include changes in the layout (such as when finding an irremovable remain of cultural or archeological importance) conservation, preservation, restoration and salvage;
- g) Implementation for the authority decision concerning the management of the finding shall be communicated in writing by the Ministry of Culture; and
- h) Construction work could resume only after permission is given from the responsible local authorities and the Ministry of Culture concerning safeguard of the heritage.

3. These procedures must be referred to as standard provisions in construction contracts, when applicable, and as proposed in section 1.5 of Attachment 5. During project supervision, the Site Engineer shall monitor the above regulations relating to the treatment of any chance find encountered are observed.

4. Relevant findings will be recorded in World Bank Project Supervision Aide Memoirs, and Implementation Completion and Results Reports (ICRs) will assess the overall effectiveness of the project's cultural property mitigation, management, and activities, as appropriate.

ANNEX 6: MAP OF REPUBLIC OF IRAQ

Republic of Iraq: Emergency Operation for Development (P155732)

IBRD 41663

