



IRAQ: Iraq Railways Extension and Modernization (IREM) Project - P507282

Implementation Support Review

October 22-October 25, 2025

Aide Memoire

I. INTRODUCTION

1. A World Bank (WB) transport team conducted an Implementation Support Mission over the period of October 20-25, 2025, for the Iraq Railways Extension and Modernization (IREM) Project. The key objectives of the mission were to: (i) conduct the Early Market Engagement (EME) for the first procurement package under the project; (ii) identify priority actions to accelerate the project's implementation; and (iii) share findings and recommendations for the technical support activities and agree on next steps.
2. The Mission met with officials from the Ministry of Transport (MoT), the Ministry of Planning (MoP), the Ministry of Finance (MoF), Parliament Members, Iraq Republic Railways (IRR), Consultants and Construction Firms, and the Project Management Unit (PMU). This Aide Mémoire outlines the Mission's findings as well as discussions and agreements reached with these agencies and the PMU.

II. PROJECT DATA AND RATINGS

Table 1: Key Project Data and Ratings

Project Ratings:	Previous	Current
PDO	---	S
IP	---	S
Component 1: <i>Safe System Signaling Modernization</i>	---	MS
Component 2: <i>Safe System Asset Management Improvement</i>	---	S
Component 3: <i>Project Delivery, Institutional, and Human Resource Development</i>	---	S
Project Management	---	S
Procurement	---	MS
Environmental and Social	---	MS

Project Data	USD (millions)
Original Project Amount	930.00
Total Disbursement	-
Disbursement in FY	-
Closing Date	June 30, 2032

III. IMPLEMENTATION PROGRESS AND KEY FINDINGS

The Project Development Objective (PDO) of the Iraq Railways Extension and Modernization (IREM) Project is to “improve the railway infrastructure and services between Umm Qasr Port in southern Iraq and Mosul in northern Iraq.” The Government of Iraq finances the IREM project, US\$930 million. The project is yet to become effective, with a current Closing Date of June 30, 2032. The following is a summary of the mission’s discussions with Iraqi counterparts and the agreed-upon action plan.

The Bank team reviewed progress on the technical documentation with the PMT and their supporting consultant, BTP Infrastruttura. The MoT/IRR has provided in-principal acceptance of the Feasibility Study, with the expectation that BTP will incorporate their comments during the next phases, including field surveys, investigations, and the preparation of design and bidding documents.

Stakeholder Support and Legal Recommendations for IREM Loan Acceleration

The mission met with parliamentary advisors and the chief of the legal department in the Cabinet Council of Ministers Secretariat, who expressed support for expediting the signing of the loan related to IREM. They emphasized the need for the Ministry of Planning (MOP) to accelerate the process so that the project can be included in the budget. The advisors and legal department indicated their commitment to advancing the process and also recommended reforming the IRR law. Additionally, they proposed holding a special workshop to review all current awards and explore ways to support these reforms. We greatly appreciate their involvement and support.

Signing of the IREM Loan Agreement:

Inclusion of the IREM loan agreement in the 2026 budget cycle is required to ensure timely approval and successful implementation of the project. Early signing and effectiveness of the agreement are necessary to meet project objectives. Ongoing collaboration among relevant parties is acknowledged as essential for achieving these outcomes.

Technical Progress and Emerging Concerns

The Consultant has commenced geotechnical investigations along the full North–South Corridor. However, design activities for the northern section are now scheduled to begin early November 2025, representing a substantial delay relative to the original timeline for completing the design package; namely the Employer’s Requirements, Schedule of Rates, and Technical Specifications required to launch procurement.

The Bank team expressed concern regarding this delay and underscored the need for both the PMT and the Consultant to accelerate implementation to recover lost time. To mitigate further slippage, the Bank agreed to mobilize Hands-on Expanded Implementation Support (HEIS) support to fast-track preparation of tender documentation, with the objective of initiating procurement of the first package by end of 2025.

Status of Existing Works (Baiji–Mosul Section)

Discussion with IRR revealed that significant works have already been completed on approximately two-thirds of the Baiji–Mosul section. IRR has executed embankment works for the second track, laid sections of permanent way with UIC60 rails and concrete sleepers (Baiji–Telol: 69 km; Telol–Qayyarah: 52 km; 121 km total), extended culverts to match the widened embankment, and upgraded most bridges to a 25-ton axle load (with 6 bridges still pending and one damaged by conflict).

As a result, the Baiji–Telol section is fully operational on the new superstructure. In the Telol–Qayyarah section, rails and sleepers are laid but lack ballast and jointing; thus, the new track is not operational, and traffic continues on the old BS90 rail track.



IRR informed that train operations are active between Baiji and Qayyarah, particularly serving a refinery. IRR also expressed willingness to provide sleepers at no cost for the remaining northern portion from Qayyarah to Mosul via Hammam al-Alil.

Condition of Hammam al-Alil – Mosul Section

The Bank team was informed that the segment between Hammam al-Alil and Mosul (approximately 25 km) is in considerably worse condition than previously reported, showing severe erosion, poor geometry, and bridges with a reduced capacity of approximately 18 tons. The 900-meter tunnel near Mosul is in poor condition, and the surrounding alignment, characterized by narrow capping, steep embankments, and sharp curvature, poses major reconstruction challenges. Achieving desired operational parameters (160 km/h passenger; 120 km/h freight) would likely require extensive works.

A temporary measure may involve light rehabilitation focused on minimum operational functionality and safety at reduced speeds (up to 40 km/h), while retaining existing structures and axle-load limits. IRR indicated it could undertake basic remedial measures to sustain heavy, low-speed operations, potentially down to 20 km/h.

Supervision Engineer Procurement

The Bank team noted that no progress has been made on preparing the ToR and RfP for the Supervision Engineer for the northern section. The Bank team emphasized that the timely availability of supervision services is essential for effective contract management and quality assurance once works commence. The Bank stressed the urgency of initiating preparation of these documents so that procurement of the Supervision Engineer can proceed in parallel with tendering of civil works. The Bank expects the RfP for supervision services to be ready and cleared before the works tender is launched, ensuring uninterrupted project readiness and preventing downstream delays.

The Bank team asked IRR, with support of its consultant, to accelerate preparation of the following:

1. Geotechnical Investigations

- Complete all geotechnical investigations by the end of November 2025.

2. Design and Build Tender Documentation

- Accelerate the preparation of design and build tender documentation required for the forthcoming procurement of works.

For the North: Baiji-Mosul, Al Yussufie-Baghdad, and Baghdad-Taiji sections

- Develop the design to include concept refinement, data validation, and preparation of a consolidated design basis, defining and justifying all design parameters, criteria, and assumptions derived from the Feasibility Study, by end of November 2025.
- Prepare Employer's Requirements, Drawings, Schedule of Rates, and Technical Specifications for the Request for Proposals (RFP) by mid-December 2025, to enable tender launch by end of December 2025.
- Pursue target design parameters (i.e., 160 km/h for passenger and 120 km/h for freight trains) pragmatically, which were only achievable without extensive and costly reconstruction works, particularly in inhabited areas around Baghdad and at the approach to Mosul.
- Note that the World Bank bidding documents for design and build require only concept design, not preliminary design, as the contractor will design what it will implement.

For the Hammam al-Alil - Mosul section

- Enable safe traffic, even at heavily reduced speeds (e.g., as low as 40 km/h); the goal is to achieve the maximum possible safe speeds without excessive and costly layout corrections, as the civil works (bridges, culverts, etc.) must be retained.

- Retain existing bridges (18 T bearing capacity) and foresee only necessary remedial works for safe operation.
- Retain and rehabilitate existing culverts through cleaning, unclogging, and, if necessary, the most cost-effective remedy, but only to allow safe traffic, even at heavily reduced speeds.
- Foresee minimum remedial works for the tunnel that would allow safe traffic, even at heavily reduced speeds.

The Bank team was informed that the IRR Consultant has postponed most activities related to Subcomponent 1.2, aside from the geotechnical investigations, due to prioritizing work on the northern section. Given that the EME for this package is scheduled for February 2026, the Bank emphasized the need for immediate action to accelerate preparation of the required documentation, particularly the conceptual design for the signaling system and the level-crossing safety management approach.

Accordingly, the Bank team requested that IRR and the Consultant deliver the following:

For the South: Umm Qasr - Basra - Al Yussufie-Mosul

- Prepare a draft Preliminary Design for signaling and spot track rehabilitation by the end of January 2026, sufficient to support a dedicated EME for this component. The signaling upgrades are for the Umm Qasr-Baghdad-Mosul segment.
- Prepare Employer's Requirements, Drawings, Schedule of Rates, and Technical Specifications for the RfP by the end of February 2026, to allow tender launch in March 2026.
- Pursue target design parameters (i.e., 160 km/h for passenger and 120 km/h for freight trains) pragmatically, only where achievable without extensive and costly reconstruction work (e.g., in inhabited areas around Basra).
- Complete the full Preliminary Design for both northern and southern sections by the end of March 2026, as planned.

CAPEX Management Agent

Status: IRR received the Expression of Interests (EOIs) on September 18, 2025, from 13 firms. The Bank team urged IRR to proceed with the shortlisting process. The expected duration to complete the selection and finalize contract signing is approximately four months. Progress, however, remains on hold pending the issuance of a formal letter of authorization from the Ministry of Transport (MoT) to initiate the shortlisting process. As of October 25, 2025, the MoT has not yet responded or established the evaluation committee.

Bank Observations and Recommendations:

- The Bank team encouraged MoT and the IRR to promptly designate a dedicated evaluation team, given the substantial volume and complexity of the received proposals, each comprising several thousand pages and requiring detailed technical and financial review.
- The Bank team reiterated the importance of reinforcing the PMT with a full complement of qualified staff, including experienced engineers and dedicated specialists in Environmental and Social (E&S) safeguards, Financial Management (FM), and Procurement, to ensure effective project oversight and seamless coordination.
- The mission encouraged IRR to build on the discussions initiated during the study tour to Egypt and the visit to the Warden Training Institute regarding the proposed training program for IRR's technical staff. This initiative would contribute to strengthening institutional capacity and enhancing operational safety standards across Iraq's railway sector.



Future Institutional and Operational Readiness

The Bank team expressed concern that, after nearly three decades of limited operations and investment, IRR lacks sufficient institutional capacity, both in skilled personnel and technical equipment, to manage and maintain modern railway infrastructure. Many experienced staff have retired or left, while the remaining workforce requires targeted upskill to meet operational, safety, and maintenance standards. Available inspection, maintenance, and monitoring equipment is also severely limited and insufficient for post-rehabilitation operations.

The Bank emphasized the urgent need for IRR and MoT to implement a structured capacity strengthening and equipment modernization program, including: (i) assessment of staffing needs and competency gaps; (ii) development of a training and certification plan for technical and operational staff; and (iii) phased procurement of essential equipment. Early planning and budgeting are critical to ensure institutional and technical readiness ahead of commissioning the rehabilitated infrastructure.

EOPD Transport

Under the ongoing EODP, the section between Baghdad (Taji) and Baiji has been tendered for rehabilitation under a FIDIC Design-Build contract. The Bank issued its no-objection to proceed with contract signing several weeks ago. However, a significant period (around two months) has elapsed since then without the IRR completing the required pre-contract discussions and arrangements necessary to finalize signature with the selected Contractor. This delay is seriously affecting the implementation schedule and undermining the timely commencement of construction activities. It also has a direct impact on the planned operational improvements along the Taji-Baiji section, which represents a critical segment for restoring north-south connectivity and achieving visible progress under the program.

In parallel, the procurement and selection of the Supervision Engineer have been considerably delayed, with no confirmed timeline for finalization and contract award. The absence of supervision arrangement continues to constrain project readiness and poses a risk to effective implementation once the works contract becomes active.

Given these circumstances and taking into account that the EODP is currently scheduled to close in June 2026, the expected 18-month duration of the Design-Build contract clearly extends beyond the project's remaining implementation period. Therefore, unless contract signing and mobilization are completed immediately, the implementation of this section will not be feasible within the current project timeline.

The Bank team urged IRR and the MoT to expedite the completion of both (i) the Design-Build contract signing and (ii) the engagement of the Supervision Engineer. The team also highlighted the need to initiate a request for an extension of the EODP closing date, to allow adequate time for the completion of works and achievement of the intended operational outcomes. The Bank will continue to closely monitor progress on these critical actions and expects confirmation of the agreed next steps within the following few weeks.

Environmental and Social Risk Management:

E&S PMT Structure:

The mission emphasized the critical importance of Environmental and Social (E&S) staff roles, highlighting the need for their active participation during the mission and in meetings with both the Bank team and BTP. As project implementation advances, close attention is required to ensure that all E&S standards are met, particularly in relation to the bidding process and the commencement of works. The mission encouraged the PMT to formally appoint E&S staff, thereby ensuring their presence and

engagement in upcoming missions. The PMT has shared the deputy minister's ministerial order for the PMT structure, which includes four E&S officers.

UXO/ERW Issue:

The mission emphasized the critical importance of verifying the UXO/ERW report prepared by the Ministry of Environment, which identifies suspected sites contaminated with these hazards and has been shared with the PMT. Resolving this issue is urgent, particularly as the bidding process and issuance of the RFP are scheduled for December. As previously clarified, no work will be permitted unless all contaminated sites are cleared and certified by the relevant authority. The mission reiterated the need to address this matter without delay.

Review of the BTP Contract and required E&S Instruments:

The mission discussed the importance of reviewing the BTP contract to confirm whether environmental and social requirements are included. This step is critical to ensure that the Environmental and Social Framework (ESF) instruments are prepared in a timely manner. To date, BTP has prepared a draft Environmental and Social Impact Assessment (ESIA) for all packages, as well as individual ESIA for Yusufiyah-Baghdad, Baghdad-Taji, and Baiji-Mosul. These instruments need to be finalized, and any additional instruments required under the cleared Environmental and Social Commitment Plan (ESCP), which forms part of the legal agreement, must also be prepared.

Initiate the Resettlement Action Plan (RAP)/ livelihood restoration plan (LRP) preparation:

needed to be finalized and approved before any civil/track works start. This requirement is consistent with the procurement schedules for Contract Package 1: Technical Elements, which include the rehabilitation of approximately 212 km of existing single track along the northern axis (Baghdad-Mosul, excluding the Taji-Baiji section), bearing in mind the proposed procurement timeframe. Drafted the E&S Terms of Reference for hiring ECO-Conserve as consultancy services for the Road project, ensuring inclusion of the project pending tasks and required deliverables before civil works begin.

Grievance Redress Mechanism (GRM): Evaluated the feasibility of utilizing the existing GRM system within IRR as the foundational entry point for establishing a project-level GRM. Establish clear, simple, and user-friendly procedures for handling grievances within IRR for Grievance Uptake, including accessible channels for stakeholders to submit grievances, such as email, phone hotlines, onsite boxes, help desks, designated staff, and online forms or portals.

E&S Capacity Building: Support is needed to develop a structured training roadmap for PMT ESS staff to strengthen their capacity in managing environmental and social standards. Use insights from the ESF overview assessment to guide results of delivery, risk management, and adaptation throughout the project implementation. Set specific learning objectives for monitoring and tracking ESCP and prioritize key topics: ESF and World Bank E&S Standards, stakeholder engagement, E&S risk assessment, ESMPs, OHS and emergency response, GRM reporting, SEA/SH prevention, and codes of conduct

Fiduciary:

Procurement:

The project's procurement rating is currently "Moderately Satisfactory," but significant implementation delays and high risks remain due to lengthy decision-making, government approval processes, and capacity constraints.

The mission successfully launched Early Market Engagement (EME) on October 22-23, 2025, for the north-south railway track rehabilitation package, with strong participation from around 100 international companies. Individual follow-up meetings were scheduled to address all questions and concerns pertaining to the scope, technical and procurement requirements.



The mission reviewed high-value procurement packages, including track renewal and signaling/telecommunication works, emphasizing the urgent need to finalize procurement documents and update the Project Procurement Strategy (PPSD) to reflect EME outcomes, targeting launch of Bidding Documents by end of 2025.

Capacity constraints persist despite support from government-funded consultants (BTP Infrastruttura) and individual procurement/technical consultants under EODP-AF. Delays are noted in: (i) updating the Procurement Plan; (ii) shortlist evaluation for the CAPEX Management Agent; and (iii) completion of preliminary designs, specifications, and Bidding Documents. Low-quality deliverables from BTP Infrastruttura have further affected timelines.

To mitigate these risks, the mission agreed with IRR on the following actions:

- Assign a qualified, experienced team with clear roles to manage IREM project activities.
- Streamline review and approval processes.
- Expedite hiring of the CAPEX Management Agent and a construction supervision firm.
- Complete and submit the final draft RFP for track renewal, along with an updated PPSD reflecting EME outcomes, aiming for December 2025 launch.
- Update the Procurement Plan and submit for World Bank clearance by end-November 2025.
- Complete contract registration with the Ministry of Planning to prevent further delays.
- Finalize and approve the Project Operations Manual (POM) to clarify roles and streamline decision-making.

The Bank continues to provide close support through biweekly meetings, training workshops (including STEP program), and appointment of consultants for HEIS, to further complement existing IRR consultants.

Financial Management:

The financial management (FM) risk is rated as “High” due to challenges at the country, entity, and project levels. These challenges include limited capacity, security concerns, and weaknesses in both internal controls and externally audited financial reporting. Nevertheless, the adoption of agreed-upon mitigation measures—such as centralized FM functions, third-party verification, receiving IRR delayed audited financial statements, capacity building initiatives, and the use of electronic disbursement recordings—is expected to address these risks and establish acceptable FM arrangements for the project. The FM performance rating will be determined once the loan agreement is signed and the project becomes effective.

IV. GEMERGENCY OPERATION FOR DEVELOPMENT

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V. NEXT STEPS AND AGREED ACTIONS

Table 2: Summary of Agreed Actions

	Actions	Responsible	Due Date
1	Engagement of technical support expert(s) for completing the RfP for the rehabilitation works at the northern section.	WB	November 15, 2025
2	Complete draft ToR and RfP for selection of Supervision Engineer for Baiji-Mosul section	IRR	December 1, 2025
3	Completing pre-contract discussions and arrangements for the Taji-Baiji section	IRR	November 15, 2025
4	Complete selection of Supervision Engineer for the Taji-Baiji section	IRR	December 1, 2025
5	The Bank team will support the IRR to prepare E&S Terms of Reference to hire an E&S consulting firm	WB & IRR	November 14, 2025
6	Establish and maintain an organizational structure within the MOT and IRR with qualified staff and resources to support management of E&S risks	IRR	Maintain throughout the Project lifecycle
7	Establish a GRM system for the project. (Hotline, email, GRM box etc.) Provide the needed awareness-raising to make sure GRM information is disseminated, and feedback is assessed and recorded appropriately.	IRR	Dec 20, 2025
8	Disclose the cleared E&S instruments in IRR websites and share the links with the World Bank.		When instrument prepared and finalized

Annexes:

Annex 1: List of officials met and composition of WB team

The World Bank Team	
Soran Hama Tahir Ali	Senior Infrastructure Specialist - TTL



Arturo Ardila Gomez	Lead Transport Economist
Georges Bianco Darido	Lead Transport Economist
Salma Abdel Fattah, Senior	Senior Transport Specialist
Lama Bou Mjahed	Transport Specialist
Stanislav (Stasha) Jovanović	Railway Specialist
Igor Jokanović	Railway Specialist
Lelav Amedi	Sr. Social Development Specialist
Leena Mohammed Khider Al Abbasy	Senior Procurement Specialist
Chukwudi Okafor	Lead Social Development Specialist
Osama Baqi Dhaeef	Program Assistant
Ministry of Transport (MOT)	
Dr. Hazim Lafta Radhi	Deputy Ministry - MoT
Mrs. Wijdan Qahtan Farhan	DG - MoT
Mr. Alaa Kamil Sabri	MoT
Mr. Salah Hasan Abed	MoT
Iraq Republic Railways (IRR)	
Mr. Makki Jabber Naser	DG of IRR
Mr. Wajdi Salih Shayeb	Procurement - IRR
Mr. Fadhil Abbas Muhsen	IRR
Mr. Khalid Abbod Jebur	IRR
Mr. Ihsan Alihayder Abdulmonim	Consultant - IRR
Dr. Abdulmutalib Al-Sudani	Consultant - IRR