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**Report No. T7668-IQ**

**THE MINISTRY OF LABOR AND SOCIAL AFFAIRS  
OF THE REPUBLIC OF IRAQ**

**PROPOSED TRUST FUND GRANT**

**OF US\$8.0 MILLION**

**FOR AN**

**EMERGENCY SOCIAL PROTECTION PROJECT**

**TECHNICAL ANNEX**

**June 2, 2006**

**Human Development Sector  
Middle East and North Africa Region**

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## CURRENCY EQUIVALENT

(Exchange Rate Effective January 1, 2006)

Currency Unit = US\$

US\$ 1 = Iraqi Dinar 1,465

## FISCAL YEAR

January to December

## ABBREVIATIONS AND ACRONYMS

CPA	Coalition Provisional Authority
CQ	Selection based on Consultants' Qualifications
ESSAF	Environmental and Social Screening and Assessment Framework
FMA	Fiduciary Monitoring Agent
FMR	Financial Monitoring Report
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA	International Development Association
ILO	International Labor Organization
IT	Information Technology
ITF	Iraq Trust Fund
MIM	Master Implementation Manual
MOF	Ministry of Finance
MOLSA	Ministry of Labor and Social Affairs
MOPDC	Ministry of Planning and Development Cooperation
NCB	National Competitive Bidding
NGO	Non-governmental Organization
OFFP	Oil for Food Program
PFS	Project Financial Statements
PIM	Project Implementation Manual
PIT	Project Implementation Team
PMO	Project Management Office
PP	Procurement Plan
PRSC	Pension Reform Steering Committee - Iraq
QCBS	Quality and Cost Based Selection
SBD	Standard Bidding Document
SOE	Statement of Expenses
SPS	State Pension System
SSS	Social Security System
TA	Technical Assistance
TOR	Terms of Reference
UNDB	United Nations Development Business
USAID	United States Agency for International Development
WFP	World Food Program

Vice President	Christiaan Poortman
Country Director	Joseph P. Saba
Sector Director	Michal Rutkowski
Sector Manager	David Steel
Task Team Leader	David Steel

**MINISTRY OF LABOR AND SOCIAL AFFAIRS OF THE REPUBLIC OF IRAQ  
EMERGENCY SOCIAL PROTECTION PROJECT**

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**MINISTRY OF LABOR AND SOCIAL AFFAIRS OF THE REPUBLIC OF IRAQ  
EMERGENCY SOCIAL PROTECTION PROJECT**

**GRANT AND PROJECT SUMMARY**

<b>Grant Recipient:</b>	Ministry of Labor and Social Affairs, Republic of Iraq
<b>Beneficiaries:</b>	Ministry of Labor and Social Affairs, Republic of Iraq Ministry of Finance, Republic of Iraq
<b>Implementing Agencies:</b>	Ministry of Labor and Social Affairs, Republic of Iraq Ministry of Finance, Republic of Iraq
<b>Loan/Credit/Grant:</b>	Grant
<b>Amount &amp; Terms:</b>	US\$8.0 million on grant terms
<b>Objectives &amp; Description:</b>	The overall objective of the project is to strengthen the policy, management and administrative capacity in the Ministry of Labor and Social Affairs and the Ministry of Finance to develop, manage, and monitor pension and social safety net reforms. The project will comprise three components: (i) Safety Nets; (ii) Pensions; and (iii) Project Management.
<b>Technical Annex:</b>	This project has been prepared in accordance with Emergency Recovery Assistance procedures (Operational Policy 8.50). There is no Project Appraisal Document for this project.
<b>Closing Date:</b>	The Grant is expected to be fully disbursed and closed by June 30, 2009.  This closing date assumes that the Iraq Trust Fund closing date (currently set at September 30, 2007) will be extended by two years. Should the Iraq Trust Fund closing date not be extended, the Recipient would seek additional sources of financing for the remaining activities.
<b>Project ID Number:</b>	P099295
<b>Map No.:</b>	IBRD 33422

**MINISTRY OF LABOR AND SOCIAL AFFAIRS OF THE REPUBLIC OF IRAQ  
EMERGENCY SOCIAL PROTECTION PROJECT**

**TECHNICAL ANNEX**

**A. BACKGROUND AND STRATEGY**

**Country Background**

1. Following the recent parliamentary elections in Iraq – only the second democratic election process in the last 30 years – the country is at a crucial juncture for its future economic and social development. While precise figures are lacking, it is estimated that nearly 10 percent of the population lives on less than US\$1 per day, with another 30 percent vulnerable to falling into this category. Up to a quarter of the Iraqi population depends on monthly food rations through the Public Distribution System (PDS). Unemployment and underemployment are anywhere between 25 and 60 percent, depending on the estimate and definition, all indicating most severity among youth. Two decades of intermittent conflict have produced large numbers of disadvantaged and vulnerable groups. Providing adequate social protection mechanisms for the poor and vulnerable, including social safety nets and affordable pensions, is important in its own right and is critical to the implementation of broader economic reforms.
2. Beginning in late August 2005, the Interim Government adopted an ambitious reform-focused fiscal strategy, including, *inter alia*, reducing some commodity subsidies, particularly relating to petroleum products and strengthening the social safety net in order to offset the impact of future price increases on the poor.
3. In part to counter the effects of higher prices on the poor, the Government has allocated ID 500 billion (US\$330 million equivalent) in 2006 to strengthen the existing targeted cash-based safety net program administered by the Ministry of Labor and Social Affairs (MOLSA). Resources for the program will come from a reduction in the PDS budget, the nation's primary social safety net providing universal in-kind food transfers. Savings are expected primarily through improved administrative control over procurement. The reduction also signals a longer-term shift away from in-kind subsidies toward targeted cash transfer assistance mechanisms.
4. A parallel and related development involves pension policy. There is concern from both the Government and international donors, led by the International Monitoring Fund (IMF) and the World Bank, that the mandatory pension system is accumulating large and unsustainable pension liabilities. In addition, a new civil service pension law (Law No. 27) has been passed which would provide even more generous pension benefits. Implementing the law, however, would increase pension payments across the board – by some estimates doubling expenditures. The Ministry of Finance (MOF) and MOLSA have established a Pension Reform Steering Committee (PRSC), chaired by the MOF, which has requested the Council of Ministers to delay the implementation of the law until the formation of the new government. The Government therefore has a strong interest in designing and implementing a new pension system that reduces current expenditures and improves coverage and long term sustainability.

## Key Issues

5. Reform of subsidies and pensions has potentially huge consequences for the poor. How alternative safety net mechanisms and pensions are designed and implemented will be critical to the success of the overall economic reform effort in Iraq, both in welfare and political economy terms.

6. *The existing information base is insufficient to support social protection policy reforms.* Designing safety nets and pension systems that meet basic norms in terms of efficiency, equity and financial sustainability requires detailed information on program costs and beneficiaries. Unfortunately, information systems in Iraq are severely underdeveloped. There is currently no comprehensive database of safety net program recipients or of contributors to and beneficiaries of the pension system.

7. *Cash-based safety nets have been small and not well-targeted to the poorest.* The dominant safety net in Iraq is the PDS, accounting for more than 14 percent of GDP in 2005. The incidence of benefits would be expected to be virtually neutral between poor and non poor since the ration is uniformly available, with the lack targeting both raising the cost of the PDS and limiting the concentration of resources on the very poor. Other safety nets, including the cash-transfer based mechanisms administered by MOLSA, are small in comparison, roughly 2 percent of GDP.<sup>1</sup> In the context of scaling up the Social Safety Net (SSN) program, MOLSA has revised the payment structure of the program with technical assistance from USAID, with an expectation that over 1 million families would receive benefits by the end of 2006. Good progress has been made soliciting applications, with about 429,000 applications received by the beginning of April 2006. However, targeting criteria have not fundamentally changed from the older program and there has been no assessment of how MOLSA will cope with the enlarged administrative burden. Scaling up the SSN program effectively remains a huge challenge.

8. *The current pension system is financially unsustainable, benefit formulas and eligibility conditions do not respect basic norms in terms of design, and coverage is limited.* Iraq has two earning-related pension systems, one for civil servants and one for private sector workers, covering approximately 15 percent of the labor force. Beginning in April 2003, the Coalition Provisional Authority replaced regular pensions with emergency “flat” payments to cope with the depreciation of the Iraqi Dinar and resolve problems related to individual records that emerged following the armed conflict. Flat payments are estimated to cost around 5 percent of GDP, among the highest level in the region, and are being financed from the general budget. The Government is now under pressure to implement the new civil service pension law passed in December 2005 (Law 27/2005), that would bring expenditures from about 5-5% to between 4.5-7% of GDP. However, implementing the more generous pension formulas is not a feasible option in the long run, as the system design compromises financial sustainability, damages incentives, and opens the door to adverse distributional transfers. The Bank’s advice is to stop the implementation of the new civil servants law and focus as an immediate priority on developing a new law that meets minimum design standards.

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<sup>1</sup> Additional programs include: (i) cash transfers of ID 375 billion provided to the approximately 300,000 demobilized military personnel under the Demobilization and Reintegration Program; (ii) the previous Social Safety Net program, given as a monthly cash transfer, regardless of family size, to those unable to work, including those with children; and (iii) in-kind assistance provided to about 6,300 individuals, primarily through approximately 130 facilities maintained by MOLSA, including orphanages, institutes for the disabled, cooperative workshops and homes for the elderly.

9. *Administrative and institutional capacity to implement reforms is weak.* Despite strong efforts to provide services and assistance under extremely difficult conditions, the lack of institutional capacity remains a major weakness. MOLSA has only recently begun to reassert its position as the lead institution for government-provided social protection policy and services. Administration and management of programs must be strengthened, along with the capacity to analyze and develop sector policy. Facilities and other infrastructure are insufficient to support a major scaling up of services, despite assistance from donors. Further, pension records maintained by the MOF and MOLSA are not complete and do not capture adequate information essential for financial projections and policy design.

### **Government Strategy and Donor Involvement**

10. **National Development Strategy.** In July 2005, the Iraqi Transitional Government presented a National Development Strategy (NDS) aimed at placing Iraq on a course toward a diversified market-based economy. The strategy focuses on good governance, private sector-led growth, and strong social safety nets. The four pillars of the NDS are: (i) strengthening the foundations of economic growth; (ii) revitalizing the private sector; (iii) improving the quality of life through, among other things, investing in the social sectors; and (iv) strengthening good governance and improving security. The NDS gives priority in the short terms to restoring basic services and creating employment. Although donors pledged US\$32 billion at the International Conference for Iraq in Madrid in October 2003, continued lack of security has complicated delivery of donor assistance and lessened its impact on the ground. At the Iraq International Conference in Brussels in June 2005, donors were urged to find ways to expedite project implementation and, if necessary, to re-allocate funds to faster disbursing activities. Donors have deposited about US\$1 billion in the International Reconstruction Fund Facility for Iraq (IRFFI), which consists of two trust funds, one administered by the World Bank and another by the United Nations. Nearly all donor deposits to IRFFI have been allocated to projects that are ongoing.

11. **Government Strategy for Social Protection.** The GOI has begun to develop social protection policies that are consistent with the NDS. In particular, for 2006, MOLSA has placed priority on expanding and implementing programs targeted to the poor. In particular it is: (i) putting in place a social safety net program to reach 1 million needy families by the end of 2006; (ii) rehabilitating employment and training centers with a goal of re-training some 20,000 individuals during 2005-06; (ii) rehabilitating social service centers and increasing assistance to the poor unemployed and former military and their families; and. (iii) finalizing the draft labor code governing working conditions and general terms of employment. In addition, pension reform continues to be a top concern of both MOLSA and MOF. A new civil service pension law has been approved by the Transition Government which will adversely impact implicit liabilities and fiscal sustainability (Law No. 27). However, longer term policy development and strategic planning remains limited. The World Bank is providing technical assistance to GOI and specifically MOLSA to formulate an integrated social protection strategy incorporating labor market programs, safety nets, and broad old-age pension policy. This effort complements the current project and the companion World Bank project “Strengthening Policy Making for Poverty Reduction, Employment Generation and Safety Net Development.”

12. **Partnerships with Other Donors and Stakeholders.** The project will involve key donors and Government stakeholders throughout implementation. The key donors involved in supporting social protection in Iraq are USAID, DFID and the UN, including the World Food Program (WFP) and the International Labor Organization (ILO) (see Annex 8). Of these, USAID has been most directly engaged with MOLSA in providing policy advice and supporting the design of the revised Social Safety Net Program. WFP has played a role in studying food security

and food markets in relation to reform options of the PDS subsidy, while the ILO has concentrated on capacity building in labor market issues. DFID supports the coordination of reform efforts motivated by the Stand-By Agreement with the IMF through the Economic Support Project (ESP), and to that end provides policy guidance on safety net issues in the context of subsidy reform in close coordination with the Bank. Both USAID and DFID have a limited physical presence in Baghdad, which has facilitated the development of the proposed project. They welcome the involvement of the World Bank in supporting the policy development effort on both safety nets and pensions and are ready to partner with the Bank by using their presence on the ground to facilitate policy dialogue and implementation of Bank-financed projects.

13. The coordination between the Bank and the set of key donors has been and is expected to remain productive. Regular discussion and updates of conditions in Iraq are held, and information has been exchanged on mutual policy advice and program activities. Donors have been included in most policy and capacity building training activities sponsored by the Bank, and the Bank has helped to identify potential consultants for DFID's ESP. Donor expertise will be sought where relevant and expedient in the execution of the proposed project, and DFID is placing a consultant in Baghdad to support the project.

14. Other Government stakeholders will play an important role in the project. The MOF is intimately involved in budget and policy decisions both with respect to safety nets and to pensions, and will benefit from capacity building for policy development. Similarly, MOPDC and other ministries and agencies with a role in policy design will be consulted on issues of interest.

## **B. BANK RESPONSE AND STRATEGY**

15. The World Bank Second Interim Strategy Note (ISN) for Iraq was presented to the Bank's Board of Executive Directors in September 2005. The strategy builds on the achievements of the First ISN, and is aligned with the Iraqi Transitional Government's NDS. The Bank's overarching objective is to help Iraq build efficient, inclusive, transparent and accountable institutions as needed for stability, good governance, and sustainable economic prosperity. Better institutional frameworks, policies and systems will improve the efficiency and effectiveness of both national expenditures and international aid. The proposed project is fully consistent with the Bank's Second ISN. The project's two components address three of the Second ISN's four pillars, namely: (i) restoring basic services delivery (Pillar 1); (ii) strengthening the social safety nets (Pillar 3) and public sector governance (Pillar 4).

16. The strategy relies on the World Bank Iraq Trust Fund (ITF) and IDA to finance projects, and on the Bank budget for the economic and sector work and policy advice that is needed. The ITF is currently financing ten projects for US\$385 million, nine of which are still under implementation. The World Bank is one of the few donors that finance recipient-executed projects. The vast majority of donor-financed projects in Iraq have been implemented by the donor agencies, consulting firms or NGOs on behalf of the Government. A major benefit of recipient execution, apart from greater ownership and sustainability, is the institutional capacity building that is developed through project implementation.

## **Rationale for Bank Involvement**

17. The World Bank is responding to a direct request from the Minister of Labor and Social Affairs in October 2005, followed up by an official letter in January, 2006, for support in social safety net and pension reform design and implementation processes within the context of the Government's NDS. The MOLSA, the MOF and the Bank see the proposed project as the first phase of a longer term Bank engagement to tackle the key issues outlined above, and to help the government move towards the implementation of a fiscally sustainable social protection system. The ultimate goal is to provide vulnerable populations with the support they need to sustain themselves and to springboard back into economic activity where possible, and to reform the pension system using benefit formulas and eligibility conditions that respect basic norms in terms of design, expansion of coverage and fiscal sustainability.

18. The proposed project builds on Bank engagement with the Government and MOLSA in particular over the past 18 months in providing technical assistance and capacity building on social protection. This has included a policy note on social protection, covering safety net, labor market, and pension issues, together with a series of policy workshops involving major stakeholders within government (MOF, MOPDC, Ministry of Defense and others) as well as international donors. In addition, the Bank is supporting the preparation of a social protection strategy under the direction of MOLSA with inputs from other government stakeholders. The request for more in-depth support in safety nets and pensions is therefore a natural extension of the ongoing relationship. In addition, strengthening social safety net and pension reform design and implementation processes will contribute directly to helping the Government implement its NDS.

19. The project will also complement the "Strengthening Policy Making for Poverty Reduction, Employment Generation and Safety Net Development" project (SPM) also under preparation by the Bank. The primary focus of the SPM project is to conduct a household expenditure survey and a poverty assessment based on analysis of this data; and a poverty and social impact analysis report. The SPM project will also involve a multi agency effort on the GOI side supported by the Bank to produce a poverty reduction, employment and SSN strategy as an output. In contrast, this project will focus on building technical capacity within the MOLSA so that MOLSA can contribute to the development of the overall SSN strategy and to making operational the new programs for which it is responsible. It will also similarly support the MOF and its State Pension System (SPS) organization on the pensions side.

20. The Bank has a comparative advantage relative to other donor institutions in social protection, given both the ongoing Iraq involvement and the program experience accrued in a variety of country settings in and outside of the region. Economic sector work and projects in safety nets have been carried out in most countries in MENA, including difficult post-conflict settings such as the West Bank and Gaza. Pension assistance has been provided to these same countries, typically involving design and assessment of reform options. Experience from outside the region will also inform the capacity building and advice, customized to the Iraq context and in partnership with the Government.

21. Lessons Learned from Prior Operations. The World Bank has now had active projects in Iraq for two years. Together with projects in other conflict-affected regions, including Afghanistan, Bosnia-Herzegovina and the West Bank and Gaza, a number of important lessons derived from these recent experiences are reflected in the design of this project, namely:

- Technical assistance projects are difficult to implement successfully. Therefore, the project should be limited in scope and have a very simple design that can be quickly and visibly implemented;
- The project should be part of a programmatic framework based on a needs assessment and close collaboration with other donors;
- In situations where international Bank team members cannot be on the ground directly supervising the project, it is essential to rely on local Bank consultants, with adequate intensive training in Bank procedures and practices, to carry out the supervision of the project activities;
- If many donor organizations are involved in the country's recovery process, it is important for the implementing agency to have an effective coordinating mechanism in place to ensure complementarities of donor support. In addition, the Bank should maintain frequent and effective collaboration with involved development partners.

## C. DETAILED PROJECT DESCRIPTION

### Project Objectives

22. The overall objective of the proposed project is to strengthen the policy, management and administrative capacity in MOLSA and MOF to develop, manage and monitor pension and Social Safety Net (SSN) reforms. Since this is a small Technical Assistance project, which will be implemented over a short period of time, it will be difficult to measure final outcomes. One intermediate measure of success will be that both MOLSA and MOF are able to use information generated by the new systems for social safety net and pension decision making.

23. Specifically, the project aims to achieve the following outcomes:

- Establishment of a basic information system within MOLSA to record and process information on safety nets as a foundation for policy design;
- Consolidation and expansion of the information base for the SSN program managed by MOLSA to permit development of targeting strategies;
- Design and implementation of a monitoring and evaluation system for the expanded SSN program;
- Development of an updated digitized database on beneficiaries, contributors and employers in the pension system;
- Building of technical capacity within MOLSA and MOF for policy analysis and design in the area of safety net and pensions; and
- Development of a draft pension reform strategy.

### Project Description

24. The proposed project will support two areas of social protection – safety nets and pensions – and will comprise three components.

**Component 1: Safety Nets (estimated total cost US\$6.36 million).** This component will have two subcomponents:

25. **Subcomponent A: Information Systems Development.** This subcomponent of the project will support: (i) supply and installation of IT systems and equipment to assist in scaling up the SSN Program; (ii) establishing a basic information infrastructure within MOLSA, including the

development of an integrated database of safety net applicants and beneficiaries; and (iii) developing a monitoring and evaluation system for the program based on a central management information system (MIS).

26. **Subcomponent B: Institutional Capacity Building for Safety Nets Policy Development.** This subcomponent will focus on three areas of safety nets policy: (i) capacity building in data analysis and program monitoring; (ii) development of sustainable safety net program designs that can replace generalized subsidies; and (iii) targeting and eligibility options. Activities would include technical assistance and training for MOLSA staff inside Iraq as well as in other countries within and beyond the region to acquire needed skills.

**Component 2: Pensions (estimated total cost US\$ 0.81 million).**

27. This component will finance the preparation of baseline information and IT support for record-keeping and policy analysis. It will include: (i) conducting a representative survey of beneficiaries and contributors to the SPS; (ii) providing IT technologies to support digitization of pension records, record-keeping, and pension policy analysis; (iii) training on data entry, database management (record-keeping), and data analysis for pension policy making.

28. As a complement to this component, the Bank will finance Institutional Capacity Building for Pension Policy Development. This would fund the preparation of a short term policy note assessing options for the MOF on how to address the negative fiscal effects of the recently approved Pension Law #27 together with a policy workshop for the PRSC, and technical support to underpin their drafting of a revised pension law. Over the medium term it will provide technical assistance and training to improve the capacity of MOLSA and MOF staff in the following areas of pension policy: (i) evaluation of system design (including assessment of financial sustainability and fiscal implications); (ii) pension system management and administration; and (iii) pension reform design for public mandatory systems, including the preparation of a draft strategy for pension reform and the assessment of fiscal and welfare implications of the reform. Activities would include consultant studies and training for selected staff from MOLSA and MOF in pension design and financial modeling.

**Component 3: Project Management (estimated total cost US\$0.83 million).**

29. This component is to finance goods, technical assistance, training and operating expenditures necessary to manage project activities and ensure compliance with the grant fiduciary requirements.

**D. INSTITUTIONAL ARRANGEMENTS AND PROJECT IMPLEMENTATION**

30. **Project Duration.** Although the MOLSA and MOF will work on an accelerated schedule to have all project activities implemented as soon as possible, the project's implementation schedule (Annex 7) reflects a more cautious approach to take into account the risks outlined in Section F, and assumes that the ITF termination date (currently set at December 31, 2007) will be extended by two years. Should the ITF termination date not be extended, the Recipient would seek additional sources of financing for the remaining activities.

31. This section describes in detail the implementation arrangement for the ESPP which will provide urgent support in the areas described above.

## **Implementation Arrangements**

32. Coordination of the project will be the responsibility of the already established PMO located within MOLSA in Baghdad, while implementation will be the responsibility of the respective departments of MOLSA for the Safety Net component, and of the PRSC in MOF for the Pensions component. The PMO will report directly to the Minister of Labor and Social Affairs and will manage the core functions needed to administer the project, namely: (i) Administration, (ii) Financial Management, (iii) Procurement, and (iv) Monitoring, Evaluation and Reporting. It will also assume the function of donor coordination. PMO functions will be carried out by assigned MOLSA staff or, as assessed and agreed during project implementation if needed, by Iraqi consultants selected on a competitive basis. The PMO will serve as the main point of communication with the World Bank on matters relating to implementation of the project. Technical assistance and training will be provided to PMO staff in project management and planning, procurement, financial management, and monitoring and evaluation to ensure proper functioning of the unit. Project implementation will be carried out in accordance with the Master Implementation Manual (MIM) that was prepared in early 2005 for all World Bank or ITF-financed projects in Iraq. A Project Implementation Manual (PIM) specifically tailored to this project will be prepared by the PMO by Project Launch, and will be used in conjunction with the MIM.

33. Because this is an emergency project to be implemented in a period of about 3 years in an unstable and unpredictable environment, monitoring and evaluation will focus on short term outcomes rather than longer term outcomes.

### **Implementation of Component 1: Safety Nets**

34. The SSN program is already being implemented across Iraq. Applications for welfare benefits are submitted to the Social Welfare Offices (SWO) within each Governorate, which will enter the information into the database. This information will then be collected in one of the 5 hubs (Baghdad, Erbil, Najaf, Basra and Mosul), to be aggregated and sent to the Social Welfare Directorate (SWD) in Baghdad. It is expected that in the near future, applications will be approved at the local level. Benefits will be paid in cash through some 40 post offices and some local MOLSA offices in some cases.

35. The project is taking an integrated approach to information and communication technology (ICT) for MOLSA. ICT infrastructure will be established through the project, while in parallel the key SSN information systems will be developed and deployed to all Social Welfare Centers in Iraq. Infrastructure requirements have been detailed, both at the MOLSA offices in Baghdad, as well as connectivity and equipment requirements at the SSN Centers in Baghdad and the other 18 governorates. In addition, progress has been made by BearingPoint/USAID on detailing the technical and functional requirements for a pilot SSN information system, and has initiated the development of this system through an international firm (Jordan-based) for a pilot at MOLSA and two Baghdad SSN Centers.

36. There are several core principles that will drive ICT investments under the project:

- All ICT investments need to be guided by business requirements and processes of MOLSA, and the need to have ICT Architectural and Strategic Plan to guide investments;
- The strategic goal is to be able to conduct “horizontal” integration amongst the various functions that MOLSA would be engaged in (i.e., social safety net, pensions, labor markets information, training, etc.), leading to integrated social services;

- For infrastructure, investments should be conducted within a general framework that would allow the system to scale as needs are expanded, and as more functions are added;
- The establishment of a framework and a platform in which building blocks can be added at the right time, with an expected measure of integration across functions and processes;
- Capacity building is a key goal, and investments are to be made in professional development for MOLSA staff (professional, technical, operational);
- Focus in applications will be on operational systems (the Social Safety Net application), as opposed to administrative/back-end systems (Human Resource, Finance, Asset Management).

37. Project Management Teams (PMTs) have been established in each Governorate within the Social Welfare Offices (SWOs). The role of the PMTs is to monitor the social safety net component on behalf of the PMO and provide input to be used in quarterly progress reports.

38. The grant will finance IT equipment for the SWOs, the 5 hubs and the SWD in Baghdad. Computer training will be provided to master-trainers based in the SWD in Baghdad and the hubs, who will provide intensive training to SWOs' data entry staff (train-the-trainers model).

### **Implementation of Component 2: Pensions**

39. This component will include four main activities: (i) a survey of beneficiaries of the state pension system, (ii) a survey of contributors of state pension system; (iii) installation of IT infrastructure for storing individual records of contributors and beneficiaries for the MOF, the SPS and the SSS; (iv) training of technical staff from MOF, SPS and SSS on data entry, database management (record-keeping) and data analysis for pension policy-making. The MOF will be in charge of the implementation of the first two activities in close coordination with the SPS, and will coordinate the implementation of the IT system that will be financed by ESPP. The PMO in MOLSA will be responsible for all project management aspects related to the implementation of this component.

40. A small Project Implementation Team (PIT) headed by the Manager of Budget Operations from MOF (who is also a member of the PRSC) will be the focal point for all activities implemented by MOF or SPS. The PIT will coordinate on a routine basis with the PMO in MOLSA and will also provide input to progress reports. Specific terms of references for the PIT are being developed by MOF and will be included in the PIM.

41. ***Inter-ministerial implementation arrangements.*** Several coordinated implementation arrangements have been planned for the different activities included in this component: (i) development of the questionnaires and the sample frames for both surveys, the database application software design for the MOF, the SPS and SSS, printing of the questionnaires and data entry for survey outputs will be done through one contract by the same company; (ii) training of MOF, MOLSA, SPS and SSS staff in data entry and database management and data analysis will be done at the same time for the technical staff from all institutions; (iii) the purchasing of IT equipment will be packaged with the SSN component to gain efficiencies. The IT specifications for the pension component equipment might be developed separately to meet MOF specification requirements. These implementation arrangements will **ensure consistency throughout implementation of the pension component (the survey production, collection, administration, and usage cycle).**

42. ***Representative survey of pension beneficiaries and contributors of the SPS.*** The objective of these surveys is to construct an accurate baseline of the current system and allow for

financial projections of pension policies. The survey form will be designed such that it could be used by the MOF and SPS as a data reporting form to continue the collection of information and expand the digitized data-base of contributors and beneficiaries. It is expected that the training of MOF and SPS staff financed through this project will built the necessary skills and knowledge needed for the MOF and the SPS to take the process of up-dating contributors and beneficiaries records forward. Both surveys will be sent to the field by the MOF, preceded by specific instructions to public servants in state banks and public companies.

43. ***Digitization of records of Beneficiary's records in the SSS.*** The project will finance the establishment of a data center in the SSS to capture beneficiary's data for the SSS. A team from the SSS and MOLSA IT department will be designated to conduct the process of migrating data from the current system (FoxPro database in the Employment Center in MOLSA) onto the new system financed through the project. Upon conversion, all electronic records will be audited against paper records to ensure accuracy. The application will be developed by the same consultant providing similar services to the SPS. It is expected that the training of SSS and MOLSA staff that will be financed from this project will allow the SSS to keep computerized records of all new beneficiaries enrolled in the SSS.

44. ***Set-up of Core Information Technology System in MOF, SPS and SSS.*** Agreement was reached to develop a core information technology system that would serve as support for the data generated by the surveys of beneficiaries and contributors to the SPS, as well as for continued digitization of beneficiaries' records and capturing of individual contributors' information. The project will also finance appropriate training of staff needed for data entry and analysis. The technical specifications for the IT hardware and database application as well as the connectivity arrangements will be designed to support a future unified database of pension contributors and beneficiaries consistent with MOF's and MOLSA's requirements for data integration and information exchange.

## **Procurement**

### ***General***

45. Procurement for this project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Trust Fund Grant Agreement. The general description of various items under different expenditure categories is given below. For each contract to be financed by the Grant, the procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank project team in the Procurement Plan (PP). The PP will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. A General Procurement Notice was published in Dg Market on May 11, 2006 and in UNDB on May 15, 2006 and will be revised at least annually. In addition procurement procedures and sample bidding documents can be found in the MIM and the PIM.

46. To expedite the implementation of the project, the first bidding documents for the first year of project implementation will be finalized by June 15, 2006.

47. **Procurement of Goods:** For International Competitive Bidding (ICB), the Bank standard bidding documents (SBD) for the Procurement of Goods, and Procurement of IT (with appropriate modifications) will be used. For procurement of Goods under National Competitive

Bidding (NCB), the MIM standard bidding documents in Arabic or English will be used. Shopping of Goods will be used as presented in the procurement plan using the MIM Request for Quotations and Purchase Order Standard Forms.

48. Selection of Consultants: Consultants' services procured under this project will include: (i) Beneficiary Assessments, (ii) Review of targeting and eligibility determination, (iii) Survey design that includes review, update, and finalization of the survey design detailed forms including printing, software, and data entry; and (iv) selection of individuals to assist the PMO in project implementation in the areas of training and support of MOLSA staff in procurement, financial management, project management and other contract administration as needed. Most of the selection for consulting firms will be based on Quality and Cost Based Selection (QCBS) in accordance with the provisions of section 2 of the Consultant Guidelines.

49. Operating Costs: The Grant will finance expenditures directly related to the management of the project, such as: (i) maintenance of office and IT equipment; (ii) transportation and travel, including per diem allowances for Project staff in travel status; (iii) office supplies, utilities and office administration, including translation, printing and advertising; (iv) fuel costs; (v) communication costs; (vi) costs for production of bidding documents; and (vii) commercial bank charges. No salaries of the Recipient's civil servants will be financed under the project. The operating costs that will be financed by the project will be procured using the MOLSA administrative procedures for shopping satisfactory to the Bank.

#### ***Assessment of the agency's capacity to implement procurement***

50. In 2005, the World Bank conducted an Operational Procurement Review (OPR) of the public procurement system in Iraq to help enhancing the Bank's knowledge of the overall procurement system in Iraq. The OPR revealed that procurement environment which prevailed in Iraq during the last two decades was different from the norms of acceptable international practice. The major issue facing public procurement now in Iraq is the current uncertainty of public procurement laws and regulations that causes high risk within weak control environment. The risk essentially roots in the lack of good laws and regulations, modern standard documentation, lack of trained concerned staff in procurement using Bank guidelines and international sound procurement practice, and the lack of law enforcement which would increase the risk management.

51. In addition an assessment of MOLSA's capacity to implement project procurement was conducted in March 2006 by the Bank's local procurement consultant through discussion with MOLSA staff in Baghdad before the pre-appraisal/appraisal mission and reviewed by the team's Senior Procurement Specialist. Subsequently, the assessment included staffing, organization, record keeping, and procurement management cycle and contract administration. Based on the assessment related measurements would be taken to manage and mitigate the identified risks.

52. The assessment showed that MOLSA have no specialized or centralized department for procurement and it implements procurement through it's different departments:

- The Commercial Department is responsible for importing goods from outside of Iraq and for international contracting. This department dealt with the UN oil for food program – the tenth stage in 2001 where the ministry procured goods for a value superior to US\$17 million (16 contracts). No other contract was signed since the invasion in 2003;
- The Information and Technology Department is responsible for local procurement of

IT equipment. During the year of 2005, the department procured for the value of US\$1.5 million (one contract);

- The Maintenance and Construction Department is responsible for civil works contracts for rehabilitation. During the year of 2005, the department implemented more than 18 contracts in the value of ID 1,500,000,000 (more than US\$1 million equivalent).

53. Based on the existing information on the overall environment for procurement in Iraq and in particular within MOLSA, the overall procurement risk assessment is judged to be **high**, which therefore requires the assignment of a dedicated and qualified procurement officer to the project, as well as the provision of intensive formal and on-the-job training to the PMO on procurement and project management. In addition, the MIM and PIM are expected to provide significant guidance to PMO procurement staff.

54. Basic procurement training was already provided to the PMO team and MOLSA Head of Commercial Department by the Bank in Baghdad and Amman, to enhance the capacity of the implementing entity. Further training will be provided throughout project implementation and during the project launch workshop.

55. Annex 4 provides further detailed analysis of the Recipient's institutional capacity to implement procurement, as well as the procurement plan and arrangements for the project.

#### ***Iraq: High Risk – Weak Control Environment***

56. Iraq's ability to manage public resources is undermined by poor security and outdated practices. Moreover, Iraq is ranked poorly on Transparency International's Corruption Perception Index, the lowest of all countries in the Region. There are reports from the auditors of the US Government Accountability Office and the auditors of the Office of the Commission on Public Integrity (published in the media) that significant amounts of funds cannot be accounted for, and that other reported spending could not be backed up with sufficient documentation. The audit also found that its efforts were hampered by rampant disorganization and poor bookkeeping and that contract files were "unavailable, incomplete, inconsistent and unreliable." As part of risk mitigation in the project, the following measurements were considered in the design of the operation and for the implementation of the project:

- Design the operations and procurement packaging with increased attention to mitigate the risk of weak control environment;
- Greater supervision attention would be devoted at the project level; e.g. lower the prior review threshold and conduct ex-post procurement reviews frequently;
- A Fiduciary Monitoring Agent is hired by the Bank and will also be conducting fiduciary monitoring of this project including spot physical inspection;
- Ensuring that the client from the start establish a good record keeping for all procurement and contract management and develop a good filing system;
- Train PMO and the designated procurement officer in particular on sound procurement practices following the ethics and code of conduct required by the implementing agency;
- Educate the PMT as well as private sector on the procedures the Bank takes in case of allegations of corruption;
- A Bank local procurement consultant who is on the ground will closely supervise procurement activities;
- Limit the use of non competitive procedures in procurement of goods and services as well as in consultants' selections;

- The Bank is now engaged with the government in supporting the government in the reform of the public procurement sector which will include as part of the reform drafting a unified public procurement law.

### ***Procurement Plan***

57. MOLSA, at pre-appraisal, prepared a PP (Annex 4) for project implementation which provides the basis for procurement packages and methods to be used in this Project. This plan has been agreed on between the MOLSA, MOF and the Bank at negotiations, and will be available in the project's database and on the Bank's external website. The PP will be updated in agreement with the Project Team as required to reflect the actual project implementation needs and improvements in institutional capacity.

### ***Frequency of Procurement Supervision***

58. In addition to the prior review supervision to be carried out from Bank offices, and based on the capacity assessment of the Implementing Agency, at least one supervision mission is planned every three months to ensure the agency following the Procurement guidelines and procedures during the implementation. Until security conditions make travel to Iraq possible for international Bank staff, the Bank employed a Fiduciary Monitoring Agent (FMA), an independent firm that operates within Iraq and supports the Bank in carrying out its supervision function, including spot physical inspection. In addition, the Bank will rely on reports from the local procurement consultant who is working for the Bank from within Iraq. During the interim period, Bank staff and the concerned Iraqi procurement staff will meet outside Iraq to carry out off-site supervision as well as using audio conference to maintain effective communication on the progress of the Project.

### **Recommendations and Action Plan to Build the Agencies Capacity**

- A procurement officer was assigned to the PMO with the support of the head of the Commercial Department at MOLSA to be responsible for all procurement aspects during implementation. Those two officers will receive both formal and ad-hoc procurement training on efficient handling of the procurement activities under the project;
- A series of training sessions and workshops were carried out during pre-appraisal and will continue throughout project implementation. The target audience is PMO and PMT staff, and other employees of the MOLSA involved in procurement;
- A PIM will be prepared on the basis of the MIM to provide standard procurement documents, evaluation reports, progress reports, filing requirements that will be followed throughout project implementation;
- The thresholds for prior review by the Bank are set at a low level, to allow Bank staff to provide hands-on training to staff of the PMO;
- A Project Launch Workshop, attended by all project stakeholders, will be held in Arabic (or with Arabic translation) soon after Grant signing.

### **Disbursement**

59. The proposed Grant of US\$8.0 million is expected to be disbursed by June 30, 2009. Annex 5, Table C describes the allocation of the Grant proceeds according to each expenditure category. A four-month grace period for payments of contracts completed by June 30, 2009 may be granted by the Bank, if needed.

60. The Bank's strategy in Iraq is to ensure Iraqi ownership and strengthen institutional capacity by financing operations that are implemented by Iraqi ministries and other recipient entities. Trained Project Management Teams (PMTs) (or in the case of MOLSA, a PMO) are established to facilitate implementation and help ensure compliance with fiduciary and other safeguards. PMO staff are employed and paid by the implementing agency at regular salary levels, thereby avoiding the disadvantages of stand-alone Project Implementation Units, which can erode civil service institutional capacity over the medium and long term. The Project will finance specialized technical support in procurement, financial management and other areas, as needed. In addition, to ensure that project funds are used for the purposes intended and to help carry out project supervision on the ground in Iraq, the Bank has hired an independent firm as a Fiduciary Monitoring Agent (FMA) (see Annex 5 for more details on the role of the FMA).

61. As a further compensating control, disbursements will be made primarily through direct payment by the Bank to the consultants, and vendors. Once authorized by the MOLSA, direct payments will be made by the World Bank directly into the account of the consultant, or vendor in a commercial bank capable of receiving funds transferred internationally. The Special Commitment method will also be used for importing goods, whereby, the Bank will issue special commitments to commercial banks to reimburse them for payments made to suppliers against Letters of Credit issued at the request of MOLSA for eligible expenditures.

62. Disbursements for the project management component and payments below the threshold of US\$20,000 normally will be made through payments by the Recipient from its own resources. These payments made from the Recipient's own resources will be reimbursed, on a periodic basis, by the Bank to the MOLSA upon presentation of full supporting documents, proof of payment and a signed withdrawal application. The Bank may later require the use of Statements of Expenditure (SOE) for payments below US\$20,000. The PMO and the main financial counterparts from the MOLSA will be provided intensive training in Bank disbursement procedures.

### **Financial Management**

63. The project financial resources are extended through the ITF and will be managed within the framework of the MOLSA systems, regulations and controls. A financial management assessment was undertaken, remotely, through meetings with MOLSA representatives to assess the MOLSA financial management system and to determine the arrangements to be adopted in order to enhance the existing controls and fulfill the reporting requirement of the project.

64. Iraq has been defined as one of the "high risk-weak control environment countries" that require special attention at the Country, sector, and project level. Major reasons for this categorization are the security conditions, the glaring weaknesses of the banking system, which hamper the domestic payment system and the accuracy of the budget reporting, the many years of isolation that Iraq endured, and the very low ranking in the Corruption Perception Index for 2005. Based on the results of the assessment, the factors mentioned above and the outcome of the various reports issued by independent auditors and other donors, the fiduciary risk of the Grant not being used for the intended purposes, with due regard to economy, efficiency and the sustainable achievement of the project's development, is considered as **high**. The financial management risk as an element of the fiduciary risk is also **high**. The Bank will however benefit, to a certain extent, from the limited knowledge acquired from the implementation of the ongoing ITF-financed projects to help mitigate these risks.

65. The financial management risk will be partly managed through: (i) reinforcing the present controls as applied by the MOLSA; (ii) the engagement of a dedicated financial officer and an accountant, if needed, to manage the project financial activities; (iii) payments to most consultants and vendors will be made through direct payment method, while payments below the threshold of US\$20,000 will be reimbursed to the MOLSA upon presentation of supporting documentation and proof of payment; (iv) maintaining a fixed assets register and spreadsheet for purchased and delivered equipment; (v) setting clear roles and responsibilities of PMO, PTI, PMTs and defining the input content and periodicity needed for the PMO to process the payment request; (vi) using a spreadsheet application to keep track of the project accounts and to generate the project reports; (vii) having a FMA inside Iraq to monitor the project activities and support the PMO; (viii) the timely engagement of an independent auditor, with international experience acceptable to the Bank, to perform the project audit and issue an independent auditor's opinion; and (ix) documenting FM arrangements in a chapter of the PIM.

66. In addition, the residual risk, where possible, will be managed during project implementation through close monitoring and supervision by the Bank FMS. A brief introduction to project FM requirements was made to the PMO financial officer and further training will be provided during the project launch workshop and throughout the project implementation.

67. The project financial management arrangements, the financial management risks and related mitigating measures are disclosed in Annex 5.

### **Project Supervision**

68. Project activities will be completed by March 31, 2009. The Bank, as the ITF Administrator, will supervise the project in accordance with the Bank's applicable policies and procedures. While staff travel to Iraq is restricted, supervision of recipient-executed operations will be carried out through consultants and the FMA. It will include visits to the MOLSA, MOF, MOPDC as well as the project sites for the purpose of reviewing implementation progress, impact of project activities, and related documentation. This supervision will be backed by quarterly staff supervisions to meet with MOLSA at a third country location. Each ITF-funded operation is required to include a results-based supervision plan that reflects realities on the ground.

69. The PMO will prepare and send to the Bank a quarterly progress report. The first report will be due starting at the end of the first quarter following the initial disbursement. The format of the report will be agreed by Project Launch.

70. Reporting to Donors. The Bank will maintain separate records and ledger accounts in respect of the funds deposited by the donors with the Bank under the ITF. Within ninety (90) days of the end of each quarter (March 31, June 30, September 30, and December 31), the Bank will prepare, on a cash basis, an un-audited statement of receipts, disbursements, and fund balance with respect to the ITF and forward a copy to each donor. Each such statement will be expressed in United States Dollars, the currency in which the ITF funds will be maintained by the Bank. In addition, within one hundred and eighty (180) days of the completion of all disbursements relating to activities financed from the ITF, the Bank will prepare on a cash basis an un-audited financial statement of receipts, disbursements, and fund balance with respect to the ITF and forward a copy to each donor.

71. The Bank will furnish to the donors:
- (a) on a semi-annual basis, a consolidated report describing the operations of the ITF (including contributions, disbursements, and implementation progress in the preceding six months; and
  - (b) on an annual basis, a management assertion, together with an attestation from the Bank's external auditors, concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole.

72. The Bank will require a financial statement audit of the ITF to be performed by the Bank's external auditors on an annual basis. The costs of such an audit, including the internal costs of the Bank with respect to the audit, will be charged to the ITF. The Bank will provide each donor with a copy of the auditor's report.

73. The Bank will maintain close consultation and coordination with the donors. The Bank will provide each donor to the ITF with semi-annual reports on its quarterly ex-post evaluation of the activities undertaken by the FMA. Within six months of completion of the activities, or of full disbursement of the contributions, whichever comes later, the Bank will provide a final progress report to each donor, together with a copy of the independent review of the performance of the FMA. Upon request by any donor, the Bank will send to such donor the draft and final reports received by the Bank from the FMA on the activities financed by the contributions.

#### **Environmental and Social Safeguards**

74. No Environmental and Social Safeguards are triggered by this project.

#### **E. FINANCIAL AND ECONOMIC JUSTIFICATION**

75. This project is a part of the interim strategy of the World Bank and addresses the immediate needs of the social protection sector. The project's primary economic justification is institutional capacity building and the enhancement of governance in the GOI's social safety net and pensions programs, which are set to expand. If done well the public welfare gains to the economy will be significant, and the cost effectiveness gains to GOI will be substantial as the project should enable reduction over time in the PDS program. The project addresses the GOI's need for better information and capacity to improve safety net and pension programs management within an environment where assistance and services to the vulnerable are lacking and resources are constrained. The quick and accurate implementation of social protection programs, particularly the safety net, will foster a degree of social stabilization, improve the targeting of resources to the poor and assist with the realization of broader economic reforms designed to stimulate long term growth. The reform of expensive and regressive energy subsidies are tied to the success of the safety net. Providing adequate income for the old-age population while maintaining fiscal discipline requires reforms of the current retirement income provision framework. Adequate information, management, and technology are keys to improving policy making, strategy development and program management.

76. The size of the project grant is small at US\$8 million. Yet the potential financial returns on the investment are substantial. The cash transfer social safety net program is estimated to cost US\$330 million annually in benefits to 1 million families across Iraq. Putting in place the technology and mechanisms to accurately assess eligibility and determine benefits can mean millions of dollars in improved efficiency. Errors of inclusion are common in cash-based assistance programs for the poor and up to 80% of benefits go to the non-poor in some areas of

the Middle East. With even moderate improvements in targeting and supporting technology and management mechanisms, these leakages can be brought down by 20 percentage points. If such a situation were to prevail with the Iraq safety net program, the project would contribute to a doubling of the benefits that go the very poor, or up to US\$66 million. While not based on hard data or employing formal rate of return calculations, the discussion suggests a significant efficiency return just from the safety net component. This does not include the benefits from better pension data, improved monitoring and evaluation capability, or technical assistance to improve program design. The activities funded through this grant to support pensions will contribute to increased policy making capacity and governance of the current pension schemes. This could enable the Government to make informed policy decisions to reform pensions that would improve their cost-effectiveness, equity and financial sustainability over the longer term.

## F. RISKS

77. The project will be implemented in a high-risk environment. Iraq's security environment is unstable in some regions, and the country is undergoing a major political transition. The table below provides a summary of the key project risks that have been identified, and the measures to be taken to mitigate those risks.

### Risk Analysis

Risk	Rating	Mitigation Measures
<b>From Outputs to Objectives</b>		
Transition from ITG to new Government after December 2005 elections – unknown outcomes that could affect project implementation	H	Project ISRB approval helps ensure cabinet and core ministry support. Project objective and design kept simple and focused on a few priority areas. Working closely with senior MOLSA and MOF officials to promote ownership and continuity at all levels.
Administration changes in MOLSA/MOF – jeopardizing current commitment to project design and inputs	H	Building relationships at the technical level with current officials to help with continuity in event of changes.
Deterioration of fiscal conditions--sustainability problems for operations	S	Project outcomes limited to specific short term results
<b>From Components to Outputs</b>		
Difficulty in hiring international consultants to support the project.	H	Capacity-building will focus on local staff development. Where possible, support from international consultants will be provided through virtual meetings, and meetings outside Iraq.
The Bank's inability to carry out in-country supervision	S	Hiring of a local consultant to oversee implementation of the project, coupled with use of the FMA to supervise the fiduciary aspects of the project.
Lack of coordination between MOF and MOLSA	S	Creation and strengthening of a PIT within the MOF responsible for direct and informal coordination with PMO

<b>Procurement Risks</b>		
The lack of good laws and regulations, of modern standard documentation, and the habits acquired by procurement staff in the previous era, which will take time to change.	H	Bank procurement guidelines will be followed and the MIM. Intensive training will be provided to the team on procurement during the launch workshop. External support on procurement could be provided under the project as needed. Close supervision by the Bank, with support from the FMA.
Inability of International Bank procurement staff to supervise project in the field	H	FMA will conduct ex-post procurement reviews and spot physical inspections. A Bank local procurement consultant who is based in Baghdad will assist in the procurement supervision.
Delays in implementing the procurement plan due to lack of experience in procurement planning and the volatile security conditions in Iraq	M	Close supervision of the Bank staff and the FMA from the field as well as off Iraq. Frequent training and on the job training will be provided.
Weakness of procurement staff in procurement using Bank procurement guidelines and international sound procurement practice	H	Close supervision by Bank staff. Training on basic procurement is already started and will continue during the project launch workshop as well as during the project implementation.
Corruption in procurement	H	Lowering threshold for prior review. Frequent review of files by the FMA as well as spot physical inspection by the FMA. Closing monitoring of corruption indicators in procurement and implementation.
<b>Overall Procurement Risk</b>	<b>H</b>	
<b>Summary of Financial Management Risks*</b>		
Mutual Bank and Ministries limited knowledge about related financial systems, guidelines, controls, and procedures. Limited capacity to meet the project's financial management requirements, in terms of human resources, accounting, reporting and controls needs	H	Use of MOLSA and MOF controls strengthened by the use of a project team at MOLSA, focal point at MOF, the centralization of FM function represented by a project FO, the parallel accounting and reporting system, mainly the Direct payment method, engagement of a Fiduciary Monitoring Agent (FMA) and external auditor, and documenting all project needed procedures in a PIM based on the MIMA.
The lack of a fixed assets management system to maintain purchased and delivered goods (equipment and furniture) financed by the project	H	Having the PMO maintain a fixed assets manual register and spreadsheet for purchased and delivered goods.
<b>Overall Financial Management Risk</b>	<b>H</b>	

\* see Annex 5, Table A for a comprehensive list of FM risks

**H = High Risk; S = Substantial Risk; M = Modest Risk; N = Low or Negligible Risk**

## ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Component	Key Performance Indicators		
	Outputs	Outcomes	Indicator
<b>1. Safety Nets</b>	Information Systems Development	Establishment of a basic information system in MOLSA to record and process information on safety nets as a foundation for policy design	MIS in place, operational and providing useful data for MOLSA  Policy-makers in the areas of Baghdad, Erbil, Basra and Najaf use newly generated system reports
	Capacity Building for Policy Development	Consolidation and expansion of the information base for the social safety net program managed by MOLSA to permit development of targeting strategies  Design and implementation of an M&E system for the expanded MOLSA social safety net program	Targeting strategies introduced by MOLSA  Effective M&E system operational
<b>2. Pensions</b>	Baseline Information and IT support for Policy analysis	Development of an updated database on beneficiaries, contributors and employers in the pension system	Database completed  Policy-makers use newly generated system reports
		Building of technical capacity within MOLSA and MOF for safety net and pension policy design and analysis	Related activities funded by project completed with evaluations where appropriate
		Development of a draft pension reform strategy	MOLSA/MOF complete draft pension reform strategy
<b>3. Project Management</b>	Project management team trained to prepare, monitor and manage project activities	MOLSA is capable of managing and monitoring the project.	Procurement activities carried out on schedule  PMO progress reports on schedule

## ANNEX 2: SUMMARY COST TABLES

(totals may not add up due to rounding)

### Components Project Cost Summary

	(US\$ Million)			% Total Base Costs
	Local	Foreign	Total	
1. COMPONENT I - SOCIAL SAFETY NET	0.76	4.62	5.38	79
2. COMPONENT II - PENSION REFORM	0.04	0.67	0.72	11
3. COMPONENT III - PROJECT MANAGEMENT	0.30	0.37	0.67	10
<b>Total BASELINE COSTS</b>	<b>1.10</b>	<b>5.66</b>	<b>6.77</b>	<b>100</b>
Physical Contingencies	0.06	0.42	0.49	7
Price Contingencies	0.46	0.28	0.74	11
<b>Total PROJECT COSTS</b>	<b>1.63</b>	<b>6.37</b>	<b>8.00</b>	<b>118</b>

### Expenditure Accounts Project Cost Summary

	(US\$ Million)			% Total Base Costs
	Local	Foreign	Total	
<b>I. Investment Costs</b>				
<b>A. Goods</b>				
1. IT Equipment	0.45	4.01	4.46	66
<b>B. Technical Assistance</b>				
International TA	-	1.11	1.11	16
Local TA	0.09	0.01	0.11	2
<b>Subtotal</b>	<b>0.09</b>	<b>1.12</b>	<b>1.21</b>	<b>18</b>
<b>C. Training</b>				
1. Study Tour	0.01	0.04	0.05	1
2. International Workshop	0.09	0.36	0.45	7
3. Local Workshop	0.32	0.04	0.36	5
<b>Subtotal</b>	<b>0.42</b>	<b>0.44</b>	<b>0.86</b>	<b>13</b>
D. Operating Costs /a	0.14	0.10	0.24	4
<b>Total BASELINE COSTS</b>	<b>1.10</b>	<b>5.66</b>	<b>6.77</b>	<b>100</b>
Physical Contingencies	0.06	0.42	0.49	7
Price Contingencies	0.46	0.28	0.74	11
<b>Total PROJECT COSTS</b>	<b>1.63</b>	<b>6.37</b>	<b>8.00</b>	<b>118</b>

### Project Components by Year -- Totals Including Contingencies (US\$ Million)

	Totals Including Contingencies				
	2006	2007	2008	2009	Total
1. COMPONENT I - SOCIAL SAFETY NET	1.88	3.36	0.73	0.38	6.36
2. COMPONENT II - PENSION REFORM	0.01	0.57	0.18	0.05	0.81
3. COMPONENT III - PROJECT MANAGEMENT	0.37	0.17	0.18	0.11	0.83
<b>Total PROJECT COSTS</b>	<b>2.26</b>	<b>4.10</b>	<b>1.09</b>	<b>0.54</b>	<b>8.00</b>

**Table 1. COMPONENT I: SOCIAL SAFETY NET**  
**Detailed Costs**  
(US\$ '000)

	Unit	Quantities					Unit Cost	Totals Including Contingencies				
		2006	2007	2008	2009	Total		2006	2007	2008	2009	Total
<b>I. Investment Costs</b>												
<b>A. Goods</b>												
<b>1. MOLSA - Baghdad</b>												
PCs for staff	Unit	60	-	-	-	60	1.25	85	-	-	-	85
Laptop	Unit	6	-	-	-	6	1.75	12	-	-	-	12
Network Printer /a	Unit	5	-	-	-	5	2.25	13	-	-	-	13
Line Printer /b	Unit	2	-	-	-	2	5	11	-	-	-	11
Local Printer /c	Unit	10	-	-	-	10	0.25	3	-	-	-	3
Scanner /d	Unit	6	-	-	-	6	1	7	-	-	-	7
Generator/UPS Como	Unit	1	-	-	-	1	25	28	-	-	-	28
ID Card System	Unit	2	-	-	-	2	10	23	-	-	-	23
Archiving/Application Software	Unit	1	-	-	-	1	100	113	-	-	-	113
Data Center /e	Unit	1	-	-	-	1	100	113	-	-	-	113
<b>Subtotal</b>								407	-	-	-	407
<b>2. Connectivity Equipment</b>												
a. Baghdad MOLSA	Set	-	1	-	-	1	14	-	17	-	-	17
b. Baghdad SSN Centers	Set	-	16	-	-	16	5	-	95	-	-	95
c. Mohafazat SSN Centers	Set	-	22	-	-	22	14	-	364	-	-	364
d. Video Conferencing Equipment	Set	-	-	4	-	4	35	-	-	173	-	173
<b>Subtotal</b>								-	475	173	-	648
<b>3. Social Safety Net Centers</b>												
a. PCs for Operators/Data Entry	Unit	350	590	-	-	940	1.25	494	871	-	-	1,365
b. Servers /f	Branch	15	18	-	-	33	14	237	298	-	-	535
c. Generator/UPS Combo /g	Branch	15	18	-	-	33	25	423	532	-	-	955
d. Scanner /h	Branch	15	18	-	-	33	2	34	43	-	-	76
e. Line Printer /i	Branch	15	18	-	-	33	5	85	106	-	-	191
f. Network Printer /j	Branch	15	18	-	-	33	2.25	38	48	-	-	86
g. Supplies	Branch	15	18	-	-	33	0.8	14	17	-	-	31
h. ID Card System	Unit	-	33	-	-	33	10	-	390	-	-	390
i. Network Nodes	Branch	456	751	-	-	1,207	0.04	21	35	-	-	56
<b>Subtotal</b>								1,345	2,340	-	-	3,685
<b>Subtotal</b>								1,752	2,815	173	-	4,739
<b>B. Consultants' Services</b>												
<b>1. International Consultants</b>												
a. Develop and deploy SSM Information System	Contract	-	-	-	-	-	-	-	-	171	117	287
b. Beneficiary Assessments and Design of MIS	Contract	1	4	2	1	8	50	54	220	113	58	444
c. Review of targeting and eligibility determination option /k	Pers-Month	-	-	-	3	3	15	-	-	-	52	52
<b>Subtotal</b>								54	220	283	226	784
<b>C. Training</b>												
<b>1. International Training</b>												
a. Review of Targeting and eligibility determination option /l	Workshop	-	-	-	1	1	20	-	-	-	26	26
b. Targeting and eligibility determination /m	Study Tour	-	1	-	-	1	50	-	58	-	-	58
c. Data Entry Supervisor /n	Workshop	1	1	-	-	2	20	22	23	-	-	45
d. Development Tools	Person	-	3	3	3	9	4.5	-	16	17	18	50
e. Application Server	Person	-	3	3	3	9	4.5	-	16	17	18	50
f. Database Management	Person	-	3	3	3	9	4.5	-	16	17	18	50
g. International IT Conference	Person	3	3	3	3	12	4	13	14	15	16	58
<b>Subtotal</b>								35	143	65	95	338
<b>2. Local Training /o</b>												
Website Training	Person	2	4	4	4	14	0.5	1	3	3	4	11
Other Training /p	Lumpsum	-	-	-	-	-	-	37	180	209	58	486
<b>Subtotal</b>								39	183	213	62	497
<b>Subtotal</b>								74	326	278	157	835
<b>Total</b>								1,879	3,361	734	383	6,357

la A3 + Cartridges

lb + Ribbons

lc + Ribbons

ld With Sheet Feeder

le Servers, Racks, Power, Site preparation, etc.

lf 3 per branch

lg 3 per branch

lh With Sheet Feeder, 2 per branch

li With ribbons, 1 per branch

lj With cartridges, 2 per branch

lk 1 international consultant x 3 months (include 2 trips x 1 week mission in Amman)

lm 20 people x 2 days in Amman. Organized by International Consultant.

ln 10 people x 10 days in Turkey and 1 other European country. Tour organized by International Consultant.

lo 20 people x 2 days in Amman. Organized by International Consultant.

lp Training delivered by data entry supervisors

lq To be determined

**Table 2. COMPONENT II: SUPPORT FOR PENSION REFORM**  
**Detailed Costs**  
 (US\$ '000)

	Unit	Quantities				Total	Unit Cost	Totals Including Contingencies				
		2006	2007	2008	2009			2006	2007	2008	2009	Total
<b>I. Investment Costs</b>												
<b>A. Goods</b>												
<b>1. MOF</b>												
Server	Unit	-	2	-	-	2	8	-	18	-	-	18
PCs	Unit	-	10	-	-	10	1.5	-	17	-	-	17
Network Printer /a	Unit	-	2	-	-	2	4	-	9	-	-	9
Scanner /b	Unit	-	1	-	-	1	1.5	-	2	-	-	2
UPS (PC)	Unit	-	10	-	-	10	0.1	-	1	-	-	1
UPS (server)	Unit	-	2	-	-	2	0.4	-	1	-	-	1
Network Switch /c	Unit	-	1	-	-	1	1.8	-	2	-	-	2
Server Software /d	Unit	-	1	-	-	1	20	-	23	-	-	23
Photocopier	Unit	-	1	-	-	1	8	-	9	-	-	9
<b>Subtotal</b>								-	82	-	-	82
<b>2. SPS</b>												
Server	Unit	-	1	-	-	1	8	-	9	-	-	9
PCs	Unit	-	20	-	-	20	1.5	-	34	-	-	34
Network Printer /e	Unit	-	2	-	-	2	2.5	-	6	-	-	6
Line Printer /f	Unit	-	2	-	-	2	5.5	-	12	-	-	12
UPS (PC)	Unit	-	20	-	-	20	0.1	-	2	-	-	2
Scanner /g	Unit	-	2	-	-	2	1.5	-	3	-	-	3
Network Switch /h	Unit	-	2	-	-	2	1.8	-	4	-	-	4
Connection to MOF	Unit	-	1	-	-	1	14	-	16	-	-	16
<b>Subtotal</b>								-	87	-	-	87
<b>3. SSS</b>												
Server	Unit	-	1	-	-	1	8	-	9	-	-	9
PCs	Unit	-	5	-	-	5	1.5	-	9	-	-	9
Network Printer /i	Unit	-	1	-	-	1	2.5	-	3	-	-	3
Line Printer /j	Unit	-	1	-	-	1	5.5	-	6	-	-	6
UPS (PC)	Unit	-	5	-	-	5	0.1	-	1	-	-	1
Scanner /k	Unit	-	1	-	-	1	1.5	-	2	-	-	2
Network Switch /l	Unit	-	1	-	-	1	1.8	-	2	-	-	2
<b>Subtotal</b>								-	31	-	-	31
<b>Subtotal</b>								-	200	-	-	200
<b>B. Consultants' Services</b>												
<b>1. International Consultants</b>												
a. Survey design, printing, software, imp, data entry	Contract							-	382	-	-	382
b. Strategic Plan & Data Analysis /m	Contract							-	65	-	-	65
<b>Subtotal</b>								-	447	-	-	447
<b>C. Training</b>												
<b>1. International Training</b>												
a. Data Entry Supervisors	Person	6	4	4	2	16	1	7	5	5	3	19
b. Data Analysis	Person	-	4	4	4	12	4.5	-	21	22	23	66
c. Development Tools	Person	-	2	1	1	4	4.5	-	10	6	6	22
d. Application Server	Person	-	2	1	1	4	4.5	-	10	6	6	22
e. Database Management	Person	-	3	2	-	5	4.5	-	16	11	-	27
f. Other Training - TBD	Person	1	1	1	1	4	0.75	-	1	1	1	4
<b>Total</b>								7	710	50	39	806

\a A3 + Cartridges  
 \b With Sheet Feeder  
 \c 24 port + wiring  
 \d (Antivirus, security, etc.)  
 \e A4 + cartridge  
 \f With Ribbons  
 \g With Sheet Feeder

\h 24 port + wiring  
 \i A4 + cartridge  
 \j + Ribbons  
 \k With Sheet Feeder  
 \l 24 port + wiring  
 \m Analysis for Pension Policy: 6 months contract, include training for policy reform on the basis of surveys

**Table 3. COMPONENT III: PROJECT MANAGEMENT**

**Detailed Costs**

(US\$ '000)

	Unit	Quantities				Total	Unit Cost	Totals Including Contingencies				
		2006	2007	2008	2009			2006	2007	2008	2009	Total
<b>I. Investment Costs</b>												
<b>A. Goods</b>												
<b>1. Project Management Office</b>												
PCs	Unit	5	-	-	-	5	1.25	7	-	-	-	7
Laptop	Unit	5	-	-	-	5	1.75	9	-	-	-	9
Photocopier	Unit	1	-	-	-	1	8	8	-	-	-	8
Server	Unit	3	-	-	-	3	8	25	-	-	-	25
Laser Printer	Unit	5	-	-	-	5	0.2	1	-	-	-	1
UPS 5000 VA	Unit	3	-	-	-	3	0.8	3	-	-	-	3
<b>Subtotal</b>								<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53</u>
<b>2. PMT</b>												
Photocopier	Set	20	-	-	-	20	8	169	-	-	-	169
<b>Subtotal</b>								<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222</u>
<b>B. Consultants' Services</b>												
<b>1. Local Consultants</b>												
Consultant for PMO /a	Month	6	12	12	5	35	1.5	10	25	29	13	77
Consultant for PMO /b	Month	6	12	12	5	35	1.5	10	25	29	13	77
<b>Subtotal</b>								<u>20</u>	<u>49</u>	<u>57</u>	<u>27</u>	<u>154</u>
<b>C. Training</b>												
1. Project Launch Workshop /c	Workshop	1	-	-	-	1	60	64	-	-	-	64
2. Local Project Launch Workshop /d	Workshop	14	-	-	-	14	2	32	-	-	-	32
3. Mid-Term Review /e	Workshop	-	1	-	-	1	30	-	34	-	-	34
<b>Subtotal</b>								<u>96</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>130</u>
<b>D. Operating Costs</b>												
1. Supervision Missions to Amman /f	Annual	2	3	4	2	11	15	33	57	86	47	223
2. Consumables /g	Annual	0.5	1	1	0.5	3	5	3	6	7	4	20
3. Auditor	Annual							-	25	29	31	85
<b>Subtotal</b>								<u>36</u>	<u>89</u>	<u>121</u>	<u>82</u>	<u>328</u>
<b>Total</b>								<u>374</u>	<u>172</u>	<u>178</u>	<u>108</u>	<u>833</u>

\a If no capacity in MOLSA

\b If no capacity in MOLSA

\c In Amman, 40 staff x 5 days

\d 1 workshop in each 14 governorates, 15 staff x 2 days

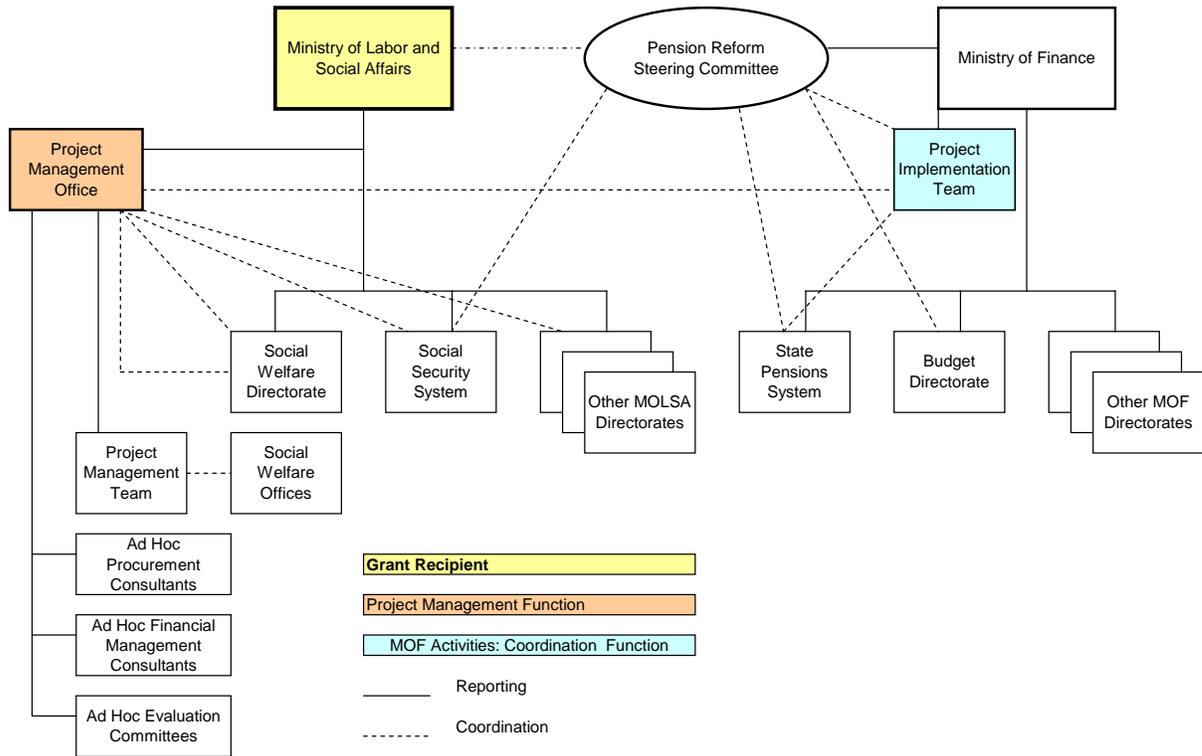
\e In Amman, 20 staff x 5 days

\f 10 staff x 5 days in Amman. Transport and Perdiem only: Missions in Bank's Office

\g Office supplies, utilities, translation services, printing, advertising tenders, fuel costs; communication costs; commercial bank charges. No salaries of the Recipient's civil servants

# ANNEX 3: PROJECT MANAGEMENT

## A. Project Implementation Structure



## B. Responsibility Matrix

No.	Activities	Agencies/Bodies Involved							
		MOF	MOLSA	PMO	DIR-PMT	PIT	AUD	FMA	WB
<b>1.00</b>	<b>Financial Management</b>								
1.01	Make funds available from own resources		E	N				N	N
1.02	Launch Workshop	N	N	E	S	S		S	E
1.03	Document Accounting, Reporting & Auditing Procedures	N	N	E				S	R
1.04	Appoint Project Auditor (external)	N	N	E				S	R
1.05	Appoint Consultants <sup>2/</sup>	N	N	E				S	R
1.06	Remit Specimen of signatures	N	E	N				N	N
1.07	Request for reimbursement of own funds from the WB	N	N	E					R
1.08	Prepare requests for direct payments	N	R	E					R
1.09	Review claims and authorize payments		N	N					E
1.10	Make payments	N	N	N					E
1.11	Monitor payments for timeliness			E				S	N
1.12	Keep project accounts		S	E				S	
1.13	Prepare monthly Financial Reports	N	N	E	S	S		S	N
1.14	Prepare quarterly Financial Management Reports (FMRs)	N	R	E	S	S		R	R
1.15	Conduct SOE or payments <US\$20,000 review							E	S
1.16	Supervise FM aspects	N	N	N				S	E
<b>2.00</b>	<b>Planning, Monitoring &amp; Evaluation</b>								
2.01	Establish project preparation, implementation, technical monitoring (supervision) & reporting procedures at Center MOLSA, MOF, and at the Directorate level	N	S	E	S	S		S	R
2.02	Review PMO procurement procedures		S	E				S	R
2.03	Conduct Annual audits	R	R	S			E		R
2.04	Review implementation progress		E	S	N	N		S	R
2.05	Review Technical Documentation and Contracts		N	E		S		S	R
2.06	Compare Project Estimates with Actual Prices		N	E		N		S	
2.07	Review timeliness of implementation		E	R	S	S			R
2.08	Conduct site visits to assess progress		S	E	S	S		S	
2.09	Prepare Quarterly Progress Reports for the MOLSA and the World Bank	N	R	E	S	S			R

<sup>1</sup> Financial Management consultants

No.	Activities	Agencies/Bodies Involved							
		MOF	MOLSA	PMO	DIR-PMT	PIT	AUD	FMA	WB
<b>3.00</b>	<b>Procurement</b>								
3.01	Prepare and revise Procurement Plan	S	A	E	N	N	N	N	A
3.02	Select Consultants	N	R	E	N	N		R	R / N
3.03	Establish a procurement monitoring system at the MOLSA		R	E	N	S		S	R
3.04	Prepare simplified bidding documents for shopping procedures for smaller contracts		R	E				S	R
3.05	Prepare and revise a project implementation manual		R	E	N	S		S	R
3.06	Prepare Standard Bidding Documents for Goods		R	E				S	R
3.07	Prepare specific contract documents for each center package/lot.		N	E	N	S		S	R
3.08	Invite bids/quotes		N	E				N	
3.09	Evaluate bids			E / R				S	R / N
3.10	Obtain WB No objection if required		N	E					R
3.11	Award and sign contracts	N	N	E				S	N
3.12	Monitor progress of contracts under implementation		S	E	S	S		S	N
3.13	Coordinate procurement training of MOLSA and PMO staff	N	N	E				S	N
3.14	Conduct training on procurement to Iraqi staff	N	N	E				S	S
3.15	Keep records on procurement for all projects.			E					
3.16	Follow up on complaints		N	E					N
3.17	Conduct post review	S	S	S	S			S	E

**Key:**

R=Review/Clear **E**=Execute S=Support A=Approve N=Notified

**Legend:**

**MOF:** Ministry of Finance; **MOLSA:** Ministry of Labor and Social Affairs; **PMO:** Project Management Office (in MOLSA); **DIR-PMT:** Project Management Teams within Directorates of Social Welfare; **PIT:** Project Implementation Team (in MOF); **AUD:** Financial Auditor; **FMA:** Fiduciary Monitoring Agent; **WB:** World Bank (Administrator of the ITF)

## ANNEX 4: PROCUREMENT ARRANGEMENTS AND PROCUREMENT PLAN

### I. GENERAL

#### 1. Project information:

Country: Iraq  
 Recipient: Ministry of Labor and Social Affairs  
 Project Name: Emergency Social Protection Project  
 Project No.: P99295  
 Grant Amount: US\$8 million from the World Bank Iraq Trust Fund  
 Project Implementing Agency (PIA): Ministry of Labor and Social Affairs  
 Project Beneficiary Agency: Ministry of Labor and Social Affairs and Ministry of Finance

2. **Bank's approval Date of the Procurement Plan:** June 2, 2006

3. **Date of General Procurement Notice:** May 11, 2006 (Dg Market)  
 May 15, 2006 (UNDB)

4. **Period covered by this procurement plan:** Two years

### II. GOODS AND NON-CONSULTING SERVICES.

#### Goods procured under this project would include:

- (i) Contracts that will be procured following ICB procedures:
  - Supply of IT Equipments
  - Supply of Connectivity Equipments
  - Supply of IT Equipments and Generators.
- (ii) Contracts that will be procured following other procedures:
  - Supplies to the Project Management Office.

1. **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	Comments
1	ICB (Goods)	All	
2	NCB (Goods)	First 3 contracts regardless of value; and all contracts $\geq$ US\$100,000 per contract	See Procurement Plan for selected contracts
3	Shopping (Goods)	First 3 purchase orders/contracts regardless of value.	See Procurement Plan for selected contracts
4	Direct Contracting/Purchase	All	

#### 2. Reference to Project Implementation Manual

The Project Management Office will prepare a simple Project Implementation Manual (PIM) by July 2006. The PIM will be adapted to conform to the Master Implementation Manual (MIM) that was prepared for all Iraq projects financed by the World Bank-Iraq Trust Fund or IDA credits.

### **3. Any Other Special Procurement Arrangements**

Not applicable.

### **4. Procurement Packages with Methods and Time Schedule**

These are indicated in the attached procurement plan.

### **5. Additional Provisions for National Competitive Bidding**

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 National Competitive Bidding procedures:

- (i) Standard bidding documents included in the MIM/PIM approved by the World Bank shall be used;
- (ii) Invitations 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 28 days prior to the deadline for the submission of bids;
- (iii) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost;
- (iv) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee (which should be set at a nominal level);
- (v) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders;
- (vi) Qualification criteria (in case pre-qualifications 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. a foreign firm should not be judged ineligible to bid for lack of prior registration);
- (vii) Bidders may deliver bids, at their option, either in person, by courier service, or by mail;
- (viii) Bids shall be opened in public in one place, preferably immediately, but no later than one hour, after the deadline for submission of bids;
- (ix) 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 World Bank;
- (x) Bids shall not be rejected solely on the basis of a comparison with an official estimate without the prior concurrence of the World Bank;
- (xi) 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; (b) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the World Bank;

- (xii) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances;
- (xiii) Extension of bid validity shall not be allowed without the prior concurrence of the World Bank: (a) for the first request for extension if it is longer than eight weeks; and (b) for all subsequent requests for extensions irrespective of the period;
- (xiv) Negotiations shall not be allowed with the lowest evaluated or any other bidders;
- (xv) Re-bidding shall not be carried out without the World Bank prior concurrence and 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 the specific contract under which it was furnished.

### III. SELECTION OF CONSULTANTS

The project will require consulting services in the fields of:

- (i) International Consulting Firms
  - Beneficiary Assessments for the Social Safety Net component
  - Targeting and Eligibility Determination for the Social Safety Net component
  - Survey Design, Printing, Software, etc for the Pension component

- (ii) Individuals Consultant to provide the technical, procurement, management, financial support to the Project Management Office

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

	Selection Method	Prior Review Threshold	Comments
1	Services from firms or individuals	First 3 contracts regardless of value or method.	
2	Competitive Methods (Firms)	>= US\$100,000	
3	Single Source (Firms)	All	
4	Competitive Methods (Individual Consultants)	>= US\$50,000	
5	Single Source (Individual Consultants)	All	

**2. Short list comprised entirely of national consultants**

A short list of consultants for services, estimated to cost less than US\$100,000 equivalent per contract, may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

**3. Consultancy Assignments with Selection Methods and Time Schedule**

These are indicated in the attached procurement plan.

### Initial Procurement Plan

Procurement System Ref. #	Location/ Description	Estimated Cost (US\$) /c	Estimated No. of Lots	Procurement Method	Review By Bank (PRIOR / Post)	Submission/ Readiness Date	Invitation Date	Expected Bid-Opening Date	Contract Award Date	Start Date	Completion Date	Comments
A	B	C	D	E	F	G	H	I	J	K	L	
<b>1. GOODS</b>												
ESPP.G.ICB-01/2006	Baghdad / Pension, SSN, SSS, PMO, and Data Centers / IT Equipment and Generator	\$ 829,000	2	ICB	PRIOR	15-Jun-06	29-Jun-06	13-Aug-06	9-Nov-06	23-Nov-06	23-Mar-07	
ESPP.G.ICB-02/2006	All Governorates - SSN Centers/ Connectivity Equipments	\$ 648,000	2	ICB	PRIOR	1-Nov-06	15-Nov-06	1-Jan-07	28-Feb-07	7-Mar-07	5-Jul-07	
ESPP.G.ICB-03/2006	All Governorates - SSN Centers/ IT Equipments and Generators	\$ 3,685,000	2	ICB	PRIOR	3-Dec-06	17-Dec-06	2-Feb-07	1-Apr-07	8-Apr-07	6-Aug-07	
<b>Total for 1. GOODS</b>		<b>\$ 5,162,000</b>										

**Notes:** All cost figures are totals including contingencies

- /\* First 3 packages are subject to prior review
- ICB = International Competitive Bidding (in accordance with section 2 of the Guidelines)
- NCB = National Competitive Bidding (in accordance with section 3.3 of the Guidelines)
- SH = Shopping (in accordance with section 3.5 of the Guidelines)
- NA = Not applicable

Procurement System Ref. #	Location/ Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank Prior / Post	Advertisement for EOI Date	Expected Proposal Submission Date	Contract Award Date	Start Date	Completion Date	Comments
A	B	C	D	E	F	G	H	I	J	

2. CONSULTANTS' SERVICES										
ESPP.C.QCBS-01	Social Safety Net - Development and Deploy SSM Information System	\$ 287,000	QCBS	PRIOR	1-Nov-07	25-Jan-08	11-Apr-08	18-Apr-08	31-Mar-09	
ESPP.C.QCBS-02	Social Safety Net - Beneficiary Assessments	\$ 444,000	QCBS	PRIOR	15-Jun-06	8-Sep-06	24-Nov-06	1-Dec-06	30-Apr-09	
ESPP.C.IND-01	Social Safety Net - Targeting and Eligibility Determination	\$ 52,000	IC	PRIOR	15-Jun-06	18-Aug-06	15-Sep-06	22-Sep-06	31-Jan-07	
ESPP.C.QCBS-03	Pension - Survey Design and Printing	\$ 382,000	QCBS	PRIOR	15-Jun-06	8-Sep-06	24-Nov-06	1-Dec-06	31-Oct-08	
ESPP.C.IND-02	Pension - Strategic Plan & Data Analysis	\$ 65,000	IC	PRIOR	1-Nov-06	4-Jan-07	1-Feb-07	8-Feb-07	30-Mar-09	
ESPP.C.IND-03, 04	Project Management Office - Technical Consultants	\$ 154,000	IC	PRIOR	15-Jun-06	18-Aug-06	15-Sep-06	22-Sep-06	30-Jun-09	
ESPP.C.LCS.AUDIT	Project management Office - External Auditor	\$ 85,000	LCS	PRIOR	1-Nov-06	25-Jan-07	12-Apr-07	19-Apr-07	30-Jul-09	
<b>TOTAL for 2 Consultants</b>		<b>\$ 1,182,000</b>								

**Notes:** All cost figures are totals including contingencies

QCBS = Quality and Cost-based Selection (in accordance with sections 2.1 - 2.28 of the Guidelines)

LCS = Least-Cost Selection (in accordance with section 3.6 of the Guidelines)

CQS = Selection Based on consultants' Qualifications (in accordance with section 3.7 of the Guidelines)

IC = Selection of Individual Consultants (in accordance with sections 5.1 - 5.4 of the Guidelines)

SSS = Single Source Selection in accordance with sections 3.09 - 3.13 of the Guidelines

NA = Not Applicable

## ANNEX 5: FINANCIAL MANAGEMENT AND DISBURSEMENT

### Summary

1. The project is implemented by both the Ministry of Labor and Social Affairs (MOLSA) and the Ministry of Finance (MOF). Each ministry is responsible for a separate project component that would be executed by relative ministry's directorates and committees. The overall coordination of the project will be undertaken by the Project Management Office (PMO) in MOLSA, who will be responsible for facilitating and managing the project implementation, including the financial management activities. The Project Implementation Team (PIT) in MOF will serve as a focal point and coordinate with the PMO.

2. Assessment of the financial management arrangements for MOLSA was undertaken through meetings with their representatives in Jordan. Results of the assessments are available in Project files. The purpose of the assessment is to determine whether the financial management arrangements available are acceptable to the Bank, and to help identify areas that need additional arrangements or controls. Based on the information provided, the existing financial management systems are based on principles and procedures defined by the public legal framework. The financial resources extended through the ITF will be managed within the framework of the MOLSA's financial management system and additional World Bank procurement and financial management procedures.

3. The financial management risk of the project was assessed as **high** at both the country level and the project level. In order to mitigate a number of weaknesses identified in the financial management system, the Bank, MOLSA and MOF have introduced additional arrangements for the project, including: the establishment of a centralized FM function at the PMO represented by a financial officer; the use of direct payments; use of parallel accounting records to reflect project activities, submission of quarterly financial monitoring reports (FMRs), the engagement of the fiduciary monitoring agent responsible for monitoring the ITF-financed projects, and appointment of an external auditor with international experience to review the FMRs and undertake the project audit. Despite of the introduced mitigating measures, there will still be risks that might hamper the execution of the project.

4. Details of the ratings and the agreed mitigating measures are as follows:

#### ***Country Financial Management Risk***

5. A Country Financial Accountability Assessment (CFAA) has not been undertaken for Iraq. However; numerous reports, including the International Monetary Fund-World Bank April 2005 report on Iraq Public Financial Management<sup>1</sup> show a high inherent risk in almost all the main functions of a financial management system (budgeting, internal controls, accounting, reporting). The security situation, the glaring weaknesses of the banking system, which hamper the domestic payment system and the accuracy of the budget reporting, the many years of isolation that Iraq endured, and the very low ranking of Iraq in the Corruption Perception Index for 2005 have all contributed to this risk. For all those factors and more, Iraq has been defined by the Bank as one of the "**high risk – weak control environment countries**" that require special attention at the Country, sector and project level. Nevertheless, the Bank would benefit from the limited knowledge acquired from the implementation of the ongoing ITF-financed projects.

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<sup>1</sup> Enhancing Sound PFM-Short- to Medium-Term Reforms.

**Project Financial Management Risk**

6. **Critical** risk factors at the project level that need attention of all stakeholders and very close monitoring are: (i) lack of a fixed assets management system to maintain purchased and delivered goods (equipment and furniture) financed by the project; (ii) MOLSA not being able to maintain project account for payment of small amounts (less than US\$20,000) throughout the life of the project leading to interruption of the project execution; (iii) possible low level of coordination and reporting arrangements between MOLSA, MOF and the governorates through the PMO, PIT, and other ministries' directorates, leading to incomplete information to support payment requests; (iv) delays of receipt of Bank disbursement experienced in Iraq due to the inefficiencies of the banking payment system; (v) delays in issuing authorizations for payments leading to overdue payments; and (vi) limited capacity to meet the project's financial management requirements.

**Table A - Financial Management Risk**

<b>Risk</b>	<b>Rating</b>	<b>Mitigation Measures</b>
<b>Country Level</b>		
Limited knowledge about the Iraqi financial systems, controls, and procedures in general	<b>H</b>	Use of MOLSA and MOF controls strengthened by the use of a project team at MOLSA, focal point at MOF, the centralization of FM function represented by a project FO, the parallel accounting system, mainly the Direct payment method, engagement of a Fiduciary Monitoring Agent (FMA) and external auditor, and documenting all project needed procedures in a PIM based on the MIM
Counterparts limited knowledge about Bank policies and guidelines	<b>M</b>	Frequent workshops and communication between the Bank and the PMO
<b>Project Level</b>		
The lack of a fixed assets management system to maintain purchased and delivered goods (equipment and furniture) financed by the project	<b>H</b>	Having the PMO maintain a fixed assets manual register and spreadsheet for purchased and delivered goods.
Not being able to maintain project accounts for payment of small amounts (less than US\$20,000) throughout the life of the project leading to shortages and delays in payments and reimbursements	<b>M</b>	MOLSA making available an advance of a sufficient balance throughout the life of the project
Possible low level of coordination and reporting arrangements between MOLSA, MOF and the governorates through the PMO, PIT, and other directorates, leading to incomplete information to support payment requests	<b>H</b>	Establishing clear processes for flow of information and funds and getting all stakeholders' commitment. Project launch workshop need be attended by all
Delay of receipt of Bank disbursements experienced in Iraq due to the inefficiencies of the banking payment system	<b>H</b>	Inquiring about the reasons of bottlenecks and dealing with them. The Bank issuing payment advices and giving PMO access to ClientConnection to timely monitor payment dates and investigate any considerable delays
Delays in issuing payments authorization leading to overdue payments	<b>M</b>	Streamlining arrangements through the PMO to process contract approvals and authorize payments
Limited capacity to meet the project's	<b>H</b>	A qualified FO to maintain the centralized financial

financial management requirements, in terms of human resources, accounting reporting and controls needs		management function: recording commitments, processing payments, maintaining project accounts manually and electronically and preparing reports. Related training would be provided by the Bank as well as on-the-job support from the FMA
Delay in having the auditor on board for each fiscal year audit, thus, not having timely assurance information to make decisions.	<b>H</b>	Closely monitor the auditor selection process and remind the PMO of due dates.
<b>Overall FM Risk</b>	<b>H</b>	

### **MOLSA – Summary FM arrangements**

7. MOLSA is comprised of four directorates: Social Welfare, Labor and Social Security, Employment and Vocational Training, Youth Rehabilitation, in addition to the Secretary General Office (Diwan) and the Inspector General Directorate. Each governorate of the 18 existing governorates has both a Social Welfare and Labor and Social Security directorates. All MOLSA directorates follow the central accounting system that is financed through budget allocations from MOF, except the Labor and Social Security directorate that is a revenue-generating entity following the unified accounting system. The financial Affairs Department at the Diwan, having 12 employees, has four sections: Accounting, Payments, Payroll, and Fixed Assets. Its main responsibilities are preparing the annual budget for the Diwan and consolidating all other directorates' budgets, accounting records maintenance, payroll processing, and inventory control. The Internal Control Department at the Diwan, having nine employees, is responsible for ex ante and post audit of expenditures, performance of periodical banking and advances reconciliations, periodical stock-take, and review of reports before submission to MOF. Each directorate in MOLSA has an IQD current account in Rafidain Bank. A combination of the Financial and Internal Control verification ensures the regularity of the payment in all aspects of compliance with the enforced rules, allocation with the budget, and existence of proper signature before disbursement or replenishment of advances.

### **Project FM Arrangements**

8. MOLSA has designated the Head of the Financial Department as the Financial Officer (FO) of the PMO. The FO undertakes the responsibilities of maintaining contracts, acquiring complete and accurate data from the PIT and governorates, ensuring timely payments authorization, submitting withdrawal applications to the Bank, and keeping financial records of the project. The PMO would be supplemented with an accountant if the FO is not able to provide sufficient time to the project.

9. Payment Authorization and Flow of Information. Financial activities are subject to MOLSA controls and procedures, as well as the PMO verification and approval processes. Agreed upon documents supporting the execution of the activity or receipt of the service, need to be periodically submitted by the PIT for the component implemented by the MOF to the PMO, which will send the payment requests to the Bank.

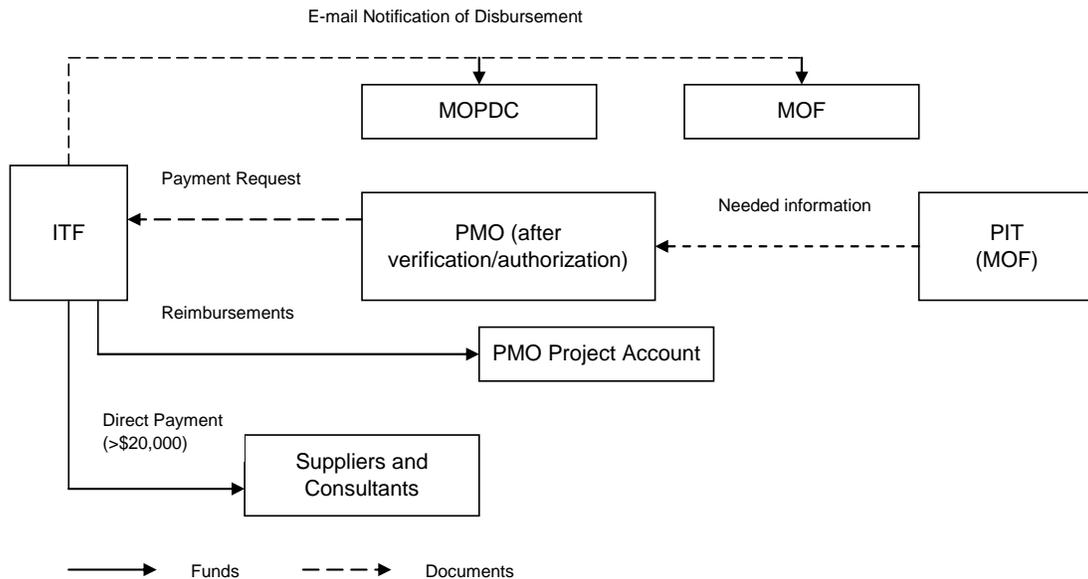
10. Accounting System. Based on the relatively small number of payments transactions (about 200 over the project life), spreadsheet applications will be used to record the project's financial transactions and generate reports. Backup procedures for protecting the data and preventing losses will be maintained.

11. Budgeting and Disbursement Forecasts. The PMO FO will maintain a project budget and detailed disbursement plan per quarter. This plan will be developed based on the initial

procurement plan and estimated payments cycles, and revised upon need. It will be used as a monitoring tool to analyze budget variances and manage cash.

12. Project Records Reconciliation. The PMO FO will monthly reconcile accounts of funds disbursed by the Bank to accounting records. In addition, the FO will also reconcile the project account balance granted by MOLSA with reimbursements made by the Bank.

13. Flow of Funds Charts



**Reporting**

14. Quarterly: The PMO will be responsible for generating the interim quarterly financial reports/Financial Monitoring Reports (FMRs), and submitting to the Bank within 45 days from quarter then ended. They will be integrated within the project quarterly progress reports. The proposed format of the reports is in the Project files. These reports consist of:

- Financial Reports: will include a statement of sources and uses of funds by component, use of funds/expenditure report by category and governorate comparing actual and planned expenditures. In addition, a narrative report explaining all variances that exceed 15 percent when compared to planned and proposed corrective actions should be included as an annex to the financial reports.
- Contracts Reports: will provide information on contracts, including information on all authorized contract variations, and showing financial status of contracts against plans.
- Goods (Equipment and Furniture) Reports: will provide information on goods purchased and delivered under the project.

The proposed format of the reports will be agreed upon by the project negotiation.

15. Annually: The PMO will be responsible for preparing the Project Financial Statements (PFS), and have them audited by the external auditor, and submitted to the Bank not later than six months after the end each fiscal year. The PFS include:

- Statement of Sources and Uses of Funds by component.

- Appropriate schedules classifying project expenditures by category and governorate showing cumulative balances.
- List of commitments or signed contracts.

### **Audit**

16. An external independent auditor with international experience will be engaged to perform the project audit and issue an independent opinion on the project financial statements (PFS) and compliance with World Bank Procurement Guidelines and terms of the grant agreement. The external audit report will encompass all of the Project's activities and will be in accordance with internationally accepted auditing standards. MOLSA will remit a project audit report to the Bank not later than six months after the end of each fiscal year. The auditor selection process will be launched directly after the grant agreement is signed, as experience of other projects has shown that this process tends to take much more time than expected due to limited PMO procurement capacity, the lack of local audit capacity, security conditions that hamper the willingness of regional and international audit firms to work in Iraq, and exaggerated the audit fees. An Escrow account will be used to pay the auditor after the project closing date. In addition to the audit reports, the auditor will prepare a "management letter" identifying any observations, comments, and deficiencies in the system and controls that the auditor considers pertinent, and will provide recommendations for their improvements.

### **Fiduciary Monitoring Agent (FMA)**

17. The Bank has engaged an independent firm that will operate in Iraq as FMA for ITF-financed projects. This FMA has dual roles:

- Verifying and validating to the Bank the projects' financial management and procurement arrangements and internal controls agreed upon with the implementing agencies.
- Providing advisory services and technical support to the Iraqi government and the ITF-financed projects relating to the projects' financial management and procurement arrangements and the generation of periodical and reliable financial reports.

18. To perform his responsibilities, the FMA will be granted regular access to the project documents at MOLSA, MOF and the other governorates.

### **Project Implementation Manual**

19. The PMO will draft and use a Project Implementation Manual (PIM) based on the Master Implementation Manual (MIM) prepared for all Bank projects implemented in Iraq. Needed training would be provided to the PMO FO in order to complete this task.

### **Bank Financial Management Supervision**

20. Where security conditions make travel to Iraq impossible for Bank staff, supervision missions (not less than three a year) will be undertaken from Amman, Jordan. Close monitoring of financial management arrangements will be conducted the through out the project life.

**Table B - Financial Management Action Plan**

<b>Action</b>	<b>By Whom</b>	<b>Date</b>
Finalize Disbursement Plan	PMO	By Project Launch
Finalize format of the FMR	PMO/Bank	By Project Launch
Open the current account to be used by PMO for making payments (less than US\$20,000) and receive Bank reimbursements	MOLSA	By Project Launch
Start the external auditor selection process	PMO	November 1, 2006
Complete the financial chapter of the PIM	PMO Finance Officer	By Project Launch

**Disbursement Arrangements**

21. The Bank’s strategy in Iraq is to implement projects through the Iraqi Ministries (rather than through project implementation units outside Government structures), ensuring that appropriate and effective financial controls are in place over the use of funds provided by the Bank, while at the same time working together to strengthen the Ministries’ own financial control processes and procedures. Taking into consideration the high risk environment assessed for the project, including the assessed high financial management risk, the disbursement arrangements will compensate by continuing to use conservative disbursement methods, namely:

- (i) **Direct Payments** to suppliers and consultants for eligible expenditures for disbursements over US\$20,000.
- (ii) **Reimbursement** to the MOLSA for eligible expenditures under US\$20,000 paid from the MOLSA resources.
- (iii) **Special Commitments** to a commercial bank to reimburse the commercial bank for payments made to a supplier against Letters of Credit issued at the request of the MOLSA for eligible expenditures.

22. These are the disbursement methods that have been used for the existing World Bank ITF projects currently under implementation and which have proven to be effective. Extensive training will be provided to the PMO on the Bank’s disbursement procedures. Supporting documentation, e.g., copies of invoices and receipts, is required to be provided with all requests to disburse funds. The original copies of the supporting documentation will be maintained by the MOLSA and made available for review by Bank representatives upon request.

23. The agreements with the Donors to the World Bank ITF allow for the financing of 100 percent of project expenditures. The MOLSA would contribute implementation support, including the assignment of MOLSA staff to the PMO and some related operating expenses.

24. The allocation of the proceeds of the Grant by expenditure category is as follows:

**Table C – Allocation of the Grant Proceeds**

<b>Category</b>	<b>Amount of Grant Allocated (expressed in US\$ equivalent)</b>	<b>% of Expenditures to be Financed</b>
1. Goods	4,745,000	100%
2. Consultants' Services	1,330,000	100%
3. Training	1,075,000	100%
4. Operating Costs	320,000	100%
Unallocated	530,000	
<b>Total</b>	<b>8,000,000</b>	

## ANNEX 6: RESULTS-BASED SUPERVISION PLAN

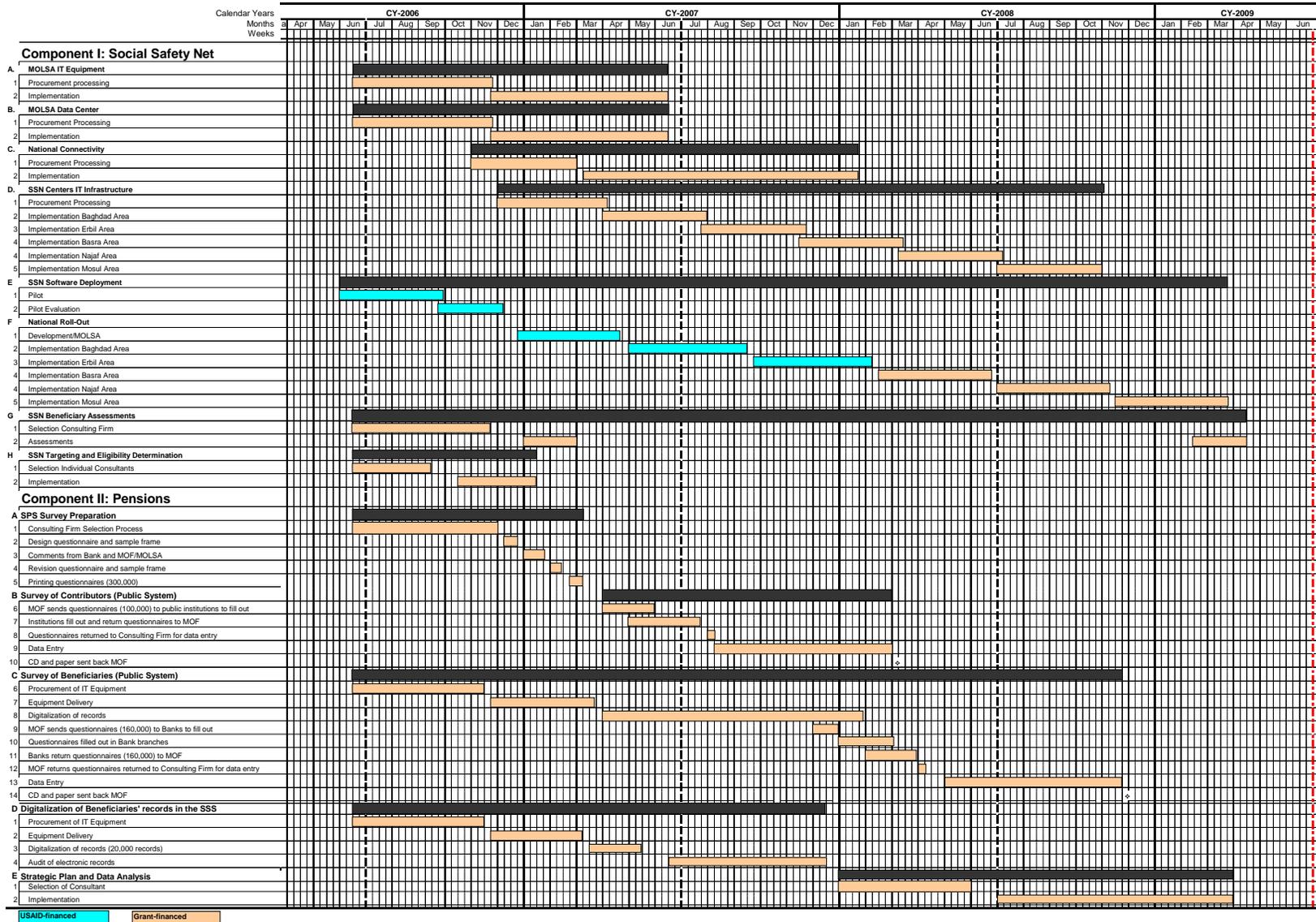
### (Expected Project Outputs)

ACTIVITY DESCRIPTION		DATE	Value in US\$ million	
			Plan	Actual
<b>Social Safety Net Component</b>				
<b>Information Systems Development</b>				
A	Contracts for Procurement of all IT Equipment awarded	April 1, 2007	4.74	
B	All IT Equipment Delivered and being used	August 6, 2007	4.74	
C	Consultant for Design of MIS selected	April 12, 2007	0.78	
D	MIS in Place and Operational	May 1, 2009		
<b>Capacity Building for Policy Development</b>				
A	Consultant for Review of Targeting and Eligibility Option selected	April 4, 2007	0.05	
B	Consultant's report received by MOLSA	August 1, 2007		
C	Targeting Strategies introduced by MOLSA	August 1, 2008		
<b>Pensions Component</b>				
<b>Development of an Updated digitized database on beneficiaries, contributors and employers in the pension system</b>				
A	Consulting Firm for design of questionnaires and sample frame selected	October 24, 2006	0.38	
B	Questionnaires developed, printed and distributed	February 1, 2007		
C	Completed Questionnaires received by MOF	May 1, 2007		
D	Contracts for Procurement of all IT Equipment awarded	October 14, 2006	0.20	
E	Digitalization of Beneficiaries Records in SSS completed	December 1, 2007		
F	Digitalization of Contributors Records in SPS completed	January 1, 2008		
G	Digitalization of Beneficiaries Records in SPS completed	December 1, 2008		
<b>Development of a Draft Pension Reform Strategy</b>				
A	Consultant selected	August 1, 2008	0.06	
B	Consultant's report received and discussed with PRSC	October 1, 2008		
C	Draft Pension Reform Strategy Completed	February 1, 2009		

# ANNEX 7: PROJECT IMPLEMENTATION SCHEDULE

IRAQ: EMERGENCY SOCIAL PROTECTION PROJECT  
IMPLEMENTATION SCHEDULE

Grant Closing Date ▼



**ANNEX 8: INTERNATIONAL DONOR SOCIAL PROTECTION ACTIVITIES IN  
THE REPUBLIC OF IRAQ**

Donors	Project	Funding
<b>Labor Markets and Employment</b>		
DFID	<p><u>Southern Iraq Employment and Serviced Program</u></p> <ul style="list-style-type: none"> <li>- Support the post transition period by increasing employment opportunities and ensuring the maintenance of essential services</li> <li>- 08/23/2004-02/01/2005: Ongoing</li> </ul> <p><u>Displaced and Vulnerable Women Project</u></p> <ul style="list-style-type: none"> <li>- Improve long term self-help and sustainable activities for vulnerable and displaced women through provision of income generation skills and vocational training</li> <li>- Period: 10/24/2000 – 08/01/2003: Completed</li> </ul> <p><u>Income Generation Project</u></p> <ul style="list-style-type: none"> <li>- Provide Income generating activities through women centers, bakeries, a pottery, bee keeping and livestock package</li> <li>- 01/14/1999-04/23/2002: Completed</li> </ul>	<p>£ 16.5 million</p> <p>£ 438,716</p> <p>£ 381,322</p>
USAID	<p><u>Iraq MOLSA Vocational Training &amp; Employment Services</u></p> <ul style="list-style-type: none"> <li>- Provide vocational education to encourage workforce development with an emphasis on vocational training, technical training, and employment services.</li> <li>- Assist the Iraq Ministry of Labor and Social Affairs (MOLSA) to run existing vocational and employment centers.</li> <li>- Period: 10/2004-10/2007: Cancelled</li> </ul> <p><u>Volunteers for Economic Growth Alliance (VEGA) Program</u></p> <ul style="list-style-type: none"> <li>- Provide package of training to a broad variety of businesses, including a private dental clinic, a sewing workshop, a bakery, a beekeeping operation, a printing press, and an art production venture.</li> <li>- Period: 2004: Completed</li> </ul>	<p>\$ 75 million (cancelled)</p> <p>\$111,160</p>
UNDG	<p><u>Iraq Trust Fund: International Employment Conference: “Employment for the future of Iraq”</u></p> <ul style="list-style-type: none"> <li>- Increase the capacity of the government of Iraq to give greater priority to employment creation at policy level, tackle the severe employment challenges with pro-active programs, and find lasting medium and long-term solution</li> <li>- Period: 09/2004-12/2004: Completed</li> <li>- Org involved: ILO</li> </ul> <p><u>Iraq Reconstruction and Employment Program (IREP)</u></p> <ul style="list-style-type: none"> <li>- Provide immediate short term employment and income earning opportunities through small scale, community managed, labor intensive infrastructure rehabilitation projects in southern Iraq</li> <li>- Period: 03/30/2004 – 12/01/2004: Ongoing</li> <li>- Org Involved: UNDP and Japan</li> </ul>	<p>\$321,000</p> <p>£ 938,894</p>

<b>Social Safety Nets</b>		
UNDG	<u>Return and re-integration of internally displaced persons (IDPs) in northern Iraq</u> <ul style="list-style-type: none"> <li>- Provide basic assistant and humane treatment to IDPs</li> <li>- Provide employment to skilled community member and to women headed family</li> <li>- Period: 08/01/2004-12/31/2004: Completed</li> <li>- Org involved: UNOPS</li> </ul>	\$20 million
	<u>UNDG Iraq Trust fund Projects: Return and re-integration of Iraqis and others of concern in southern Iraq</u> <ul style="list-style-type: none"> <li>- Provide basic assistance and humane treatment to IDPs</li> <li>- Provide employment to skilled community member and to women headed family</li> <li>- Period: 08/01/2004-12/31/2004: Completed</li> <li>- Org involved: UNHCR</li> </ul>	\$7.2 million
	<u>UNDG Iraq Trust fund Projects: Development of Safety Nets and Food Security through Food Assistance (WFP)</u> <ul style="list-style-type: none"> <li>- Provide commodities including high energy biscuits, vegetable oil, wheat flour and pea to Iraq under emergency operation</li> <li>- Conduct vulnerability and assessment mapping training</li> <li>- Org involved: WFP</li> </ul>	\$4 million
	<u>World Food Program</u> <ul style="list-style-type: none"> <li>- Donate cash and 480,000 metric ton of food per month</li> <li>- Organize shipping, transport, and delivery of food from donors and the Oil for Food Program to the Ministry of Trade's silos and warehouses</li> <li>- Period: 06/2003-12/2003: Completed</li> <li>- Org involved: WFP</li> </ul>	\$425 million
USAID	<u>Internally Displaced Assistant Program</u> <ul style="list-style-type: none"> <li>- Provide emergency assistance, as well as medium or long-term support for IDPs. Most of the assistance is for physical and mental health services, shelter, water and sanitation, education, employment creation and community strengthening.</li> <li>- USAID also provides support for the rehabilitation of former child combatants such as treatment, education, monthly food rations and shelter</li> <li>- Org involved: NGOs</li> <li>- Period: Ongoing</li> </ul>	\$70 million
	<u>Economic Recovery, Reform and Sustained Growth in Iraq project</u> <ul style="list-style-type: none"> <li>- only one of the five project components concerns on social safety nets: Prepare for phased cessation of the UN Food for Oil Program</li> <li>- Develop and implement a road map to assure an adequate social safety net after phased cessation of the UN Food for Oil Program</li> <li>- provide a targeted food safety net for the most needy</li> <li>- Period: 07/2004-07/2006</li> </ul>	\$ 240 million (no exact budget allocation for the activity)

WFP (Denmark, Japan, Netherlands, UN, USA, Switzerland)	<u>Assistance to Primary School Children and Vulnerable group</u> <ul style="list-style-type: none"> <li>- Emergency operation</li> <li>- Provide food aid to primary school children, pregnant and lactating women, malnourished children and tuberculosis patients</li> <li>- Provide training activities and capacity- building, including in the fields of food security and vulnerability analysis</li> <li>- Period: 09/01/ 2004 – 12/31/ 2005</li> <li>- 153 national staff and 14 international staff</li> </ul>	\$60 million
UNDP (Japan European Community, DFID UK, Belgium, and Denmark)	<u>Community Based Rehabilitation Project (CBR)</u> <ul style="list-style-type: none"> <li>- Micro-credit for vulnerable members of the community, such as women-headed-households and the disabled</li> <li>- Period: 10/ 2003 – 02/2004: Completed</li> </ul>	

## ANNEX 9: TIMETABLE OF KEY PROJECT PROCESSING EVENTS

<b>Sequence</b>	<b>Timing</b>
Time taken to prepare and process the project	4 months
Identification and preparation mission	February 2006
Pre-appraisal/Appraisal	April 2006
Negotiations	June 2006
Approval	June 2006
Planned Effectiveness	June 2006
Planned Closing Date	June 30, 2009

**ANNEX 10: NAMES OF STAFF/CONSULTANTS WHO WORKED ON THE PROJECT**

<b>Name</b>	<b>Function</b>
David Steel	Task Team Leader, Lead Operation Officer, MNSHD
John Blomquist	Sr. Economist, MNSHD
David Robalino	Sr. Economist, MNSHD
Anca Mataoanu	Consultant, Pension Specialist, MNSHD
Céline Gavach	Operations Analyst, MNSHD
Ghassan Alkhoja	Sr. Information Officer, INFCS
Virginia Jackson	Consultant, Sr. Operations Officer, MNSHD
Majed El-Bayya	Sr. Procurement Specialist, MNAPR
Mona el-Chami	Financial Management Specialist, MNAFM
Hyacinth Brown	Sr. Finance Officer, LOAG2
Nazaneen Ali	Procurement Consultant, MNAPR
Martha Jarosewich-Holder	Environmental Safeguards Consultant MNSRE
Colin S Scott	Lead Social Safeguards Specialist MNSRE
Emma Etori	Language Program Assistant, MNSHD
Shadi Makhlof	IT Specialist, MNCIQ
Sergei Shatalov	Lead Country Economist, MNSED

**Ad Hoc Advisory Committee**

<b>Name</b>	<b>Function</b>
Joseph Saba	Country Director, MNC02
Alfred Nickesen	Manager, OPCIL Representative
Jane Sansbury	Administrator, World Bank Iraq Trust Fund, MNC02
Ziad Badr	Sr. Operations Officer, MNCIQ
Kathryn Funk	Lead Country Officer, MNC02
Hiroko Imamura	Sr. Counsel, LEGMS
Sherif Arif	Regional Environmental and Safeguards Advisor, MNSRE
Hyacinth Brown	Sr. Finance Officer, LOAG2
Aloysius Ordu	Manager, Operations Services, MNAOS
Samia Msadek	Regional Financial Manager, MNAFM
Sandor Sipos	Sector Manager, Peer Reviewer, HDNSP
Sashka Posarac	Sr. Social Protection Specialist, Peer Reviewer, ECSHD
Najib Sefta	Regional Procurement Manager, MNAPR