

**REPUBLIC OF IRAQ**  
**SECOND INTERIM STRATEGY NOTE**  
**CHAIRMAN'S CONCLUDING REMARKS**

**Meeting of the Executive Directors**  
**September 15, 2005**

Executive Directors welcomed the Second Interim Strategy Note (ISN) for the Republic of Iraq and commended staff for their work under very difficult circumstances in the country. They also acknowledged the ISN's candid discussion of the risks involved and existing.

Directors welcomed the ISN's consistency with the country's National Development Strategy and concurred with the proposed four pillars of the strategy and its stated focus on country ownership. In particular, they appreciated the emphasis on institution building and public sector management issues. Several Directors raised concerns about the results of the audits of the Development Fund for Iraq conducted on behalf of the Internal Advisory and Monitoring Board for Iraq. Directors encouraged the Bank to continue playing a strategic role in coordinating other donors' efforts in helping Iraq address these key issues.

Directors broadly supported the ISN's emphasis on analytical and advisory activities and asked staff to accelerate capacity building, particularly for project implementation. In this context, they also highlighted the need for reliable data and economic information in order to formulate and implement appropriate policies.

Directors concurred with the general thrust of the proposed lending program and the balance between flexibility and focus. Directors emphasized the immediate need to help restore basic services, provide support for agriculture, and diversify the economy. Some Directors urged integration of region-specific, as well as gender and youth employment issues into the strategy. They acknowledged the country's high risk environment and stressed the importance of implementation of the proposed program, as a prerequisite for increasing lending volumes, along with the need for compliance with the Bank's fiduciary and safeguard requirements.

Directors welcomed the efforts to improve aid coordination and partnership with other donors, particularly the UN, as well as bilateral partners. Directors noted the important role played by the International Reconstruction Fund Facility for Iraq. They encouraged continued steps to integrate donor assistance in the budgetary process based on a comprehensive financial analysis.

Management will keep the Board regularly updated on developments in the country and implementation of the ISN