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R2018-0056/1

March 27, 2018

**Closing Date: Thursday, April 5, 2018
at 6 p.m.**

FROM: Vice President and Corporate Secretary

Iraq – Emergency Social Stabilization and Resilience Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed loan to Iraq for the Emergency Social Stabilization and Resilience Project (R2018-0056), which is being processed on an absence-of-objection basis.

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Report No: PAD2556

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$200 MILLION

TO THE

REPUBLIC OF IRAQ

FOR THE

IRAQ EMERGENCY SOCIAL STABILIZATION AND RESILIENCE PROJECT

March 22, 2018

Social Protection & Jobs Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2018)

Currency Unit =

= US\$1

1 US\$ = IQD 1,192

FISCAL YEAR

January 1 - December 31

Regional Vice President: Hafez Ghanem

Country Director: Saroj Kumar Jha

Senior Global Practice Director: Michal Rutkowski

Practice Manager: Hana Brix

Task Team Leader(s): Ghassan N. Alkhoja, Surat Nsour, Ramzi Afif Neman

ABBREVIATIONS AND ACRONYMS

ARAP	Abbreviated Resettlement Action Plan
CCT	Conditional Cash Transfer
CE	Citizen Engagement
CfW	Cash for Work
CPF	Country Program Framework
DA	Designated Account
DOEL	Department of Employment and Loans
DNA	Damage Needs Assessment
ECOP	Environmental Codes of Practice
EODP	Emergency Operation for Development Project
ESMF	Environmental and Social Management Framework
ESSRP	Emergency Social Stabilization and Resilience Project
FGD	Focused Group Discussions
FM	Financial Management
GBV	Gender Based Violence
GOI	Government of Iraq
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEIS	Hands-on Extended Implementation Support
IASC	Inter-Agency Standing Committee
IBRD	International Bank for Reconstruction and Development
IDP	Internally Displaced People
IFC	International Finance Corporation
MENA	Middle East and North Africa
MHPSS	Mental Health and Psychosocial Support
MIS	Management Information System
MOE	Ministry of Education
MOH	Ministry of Health
MOLSA	Ministry of Labor and Social Affairs
MOP	Ministry of Planning
MTR	Mid-Term Review
NBP	National Board of Pensions
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NPF	New Procurement Framework
PAD	Project Appraisal Document
PDO	Project Development Objective
PFS	Project Financial Statement

PHC	Primary Health care
PMO	Project Management Office
PMT	Proxy Means-Testing
POM	Project Operational Manual
PPP	Public Private Partnership
PPSD	Project Procurement Strategy for Development
PRS	Poverty Reduction Strategy
PSS	Psychological Support Services
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SAP	Safeguard Action Plan
SFD	Social Fund for Development
SOE	Statement of Expenditure
SPC	Social Protection Committee
SSN	Social Safety Net
STEP	Systematic Tracking of Exchanges in Procurement
TOR	Terms of Reference
TPMA	Third Party Monitoring Agency
UN	United Nations
UXO	Unexploded Ordinance
WB	World Bank

**BASIC INFORMATION**

Is this a regionally tagged project?	Country(ies)	Financing Instrument
No		Investment Project Financing

☒ Situations of Urgent Need of Assistance or Capacity Constraints

☒ Financial Intermediaries

☐ Series of Projects

Approval Date	Closing Date	Environmental Assessment Category
05-Apr-2018	30-Apr-2021	B - Partial Assessment

Bank/IFC Collaboration
No

Proposed Development Objective(s)

The project development objective is to: (i) increase livelihood opportunities in liberated areas; (ii) increase access to psychosocial services in liberated areas; and (iii) strengthen the systems to expand the provision of social safety nets.

Components

Component Name	Cost (US\$, millions)
Cash for Work, Social Support, and Livelihood Opportunities	169.95
Resilient Social Safety Nets	18.10
Project Management	4.60

Organizations

Borrower : Ministry of Finance



Implementing Agency : Ministry of Labor and Social Affairs (MOLSA)

Safeguards Deferral

Will the review of safeguards be deferred?

☒ Yes ☐ No

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	200.00
Total Financing	200.00
Financing Gap	0.00

DETAILS

International Bank for Reconstruction and Development (IBRD)	200.00
--	--------

Expected Disbursements (in US\$, millions)

Fiscal Year	2018	2019	2020	2021
Annual	2.17	28.85	74.56	94.42
Cumulative	2.17	31.02	105.58	200.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas



Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● High
7. Environment and Social	● Substantial
8. Stakeholders	● Low
9. Other	
10. Overall	● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No



Does the project require any waivers of Bank policies?

[] Yes [✓] No

Safeguard Policies Triggered by the Project

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

Legal Covenants

Sections and Description

Schedule 2, Section I. B. 1: The Borrower shall no later than three (3) months after the Effective Date, prepare, in accordance with terms of reference acceptable to the Bank: (i) an operations manual, providing details of arrangements and procedures for the implementation of the Project, including: (A) capacity building activities for sustained achievement of the Project's objective; (B) procurement, financial management and disbursement arrangements; (C) institutional administration, coordination and day-to-day execution of Project activities; (D) monitoring, evaluation, reporting, information, education and communication arrangements of Project activities; and (E) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; (ii) a handbook for the Cash for Work Program, setting forth the detailed policies and procedures for said program; and (iii) detailed guidelines and procedures for provision of Microfinance for Business Subprojects under the Project.

Sections and Description

Schedule 2, Section I. E. 2: Without limitation upon the foregoing, the Borrower shall, no later than three (3) months after the Effective Date, prepare and disclose in a manner satisfactory to the Bank an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF), in form and substance satisfactory to the Bank.



Sections and Description

Schedule 2, Section I. E. 7: The Borrower shall: (a) by no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the period of implementation of the Project, a grievance redress mechanism, satisfactory to the Bank, for the management of complaints related to the Project; and (b) ensure that adequate measures, satisfactory to the Bank, are put in place to ensure that all aspects of Project implementation are carried out in an inclusive, non-discriminatory and participatory manner.

Sections and Description

Schedule 2, Section II. The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

Conditions

Type

Disbursement

Description

Schedule 2, Section III.B.1.b. Notwithstanding the provisions of Part A , no withdrawal shall be made: Under category 3, until and unless MOLSA has put in place systems and measures satisfactory to the Bank in accordance with the Project Operations Manual, including but not limited to systems for loan portfolio tracking and management information systems.

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Ghassan N. Alkhoja	Team Leader(ADM Responsible)		GSP05
Ramzi Afif Neman	Team Leader		GSU05
Surat F. Nsour	Team Leader		GSP05
Nazaneen Ismail Ali	Procurement Specialist(ADM Responsible)		GGOPM
Jad Raji Mazahreh	Financial Management Specialist		GGOMN
Andrianirina Michel Eric Ranjeva	Team Member		WFACS
Ehab Mohamed Mohamed Shaalan	Environmental Safeguards Specialist		GEN05



Hala Boshra Hanna Bishara	Team Member	MNCA5
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Hawazin Kais Hameed Al-Duri	Team Member	GGOMN
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Nadwa Rafeh	Team Member	GHN05
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Piers E. Merrick	Team Member	MNADE
Saba Nabeel M Gheshan	Counsel	LEGAM
Sameena Dost	Counsel	LEGAM
Sara Raja Hariz	Team Member	GSP05
Syed Mehdi Hassan	Team Member	GFCME
Extended Team		
Name	Title	Organization
		Location



IRAQ
IRAQ EMERGENCY SOCIAL STABILIZATION AND RESILIENCE PROJECT

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I. STRATEGIC CONTEXT

A. Country Context

1. **Iraq is a country of rich natural resources and human potential which has suffered from decades of conflict and economic volatility.** Over the past three years alone, the war against ISIS has led to the death of thousands and the internal displacement of over four million people. Recent estimates suggest that more than 11 million Iraqis are currently in need of some form of humanitarian assistance¹. Agricultural production has declined by 40 percent, undermining the country's food sufficiency, and hundreds of thousands of people have been forced to migrate to urban areas for jobs and support.
2. **Poverty, which had seen a decline between 2007 and 2012, has risen sharply, with most recent estimates from 2014 at 22.5 percent.** The historic decrease in global oil prices since 2014 has further severely impacted Iraq's economy, and coupled with security and humanitarian outlays, has significantly deteriorated Iraq's fiscal and external balances. It is estimated that there are 250,000 Syrian refugees in Iraq. The declining oil revenues and the ongoing war against ISIS have pushed an additional three million into poverty. Over 2.4 million people continue to require food security assistance and approximately 8.5 percent of children in rural areas are reported to be malnourished. While oil prices have recovered to some extent from the historically low levels of 2016, and there has been progress in the fight against ISIS, Iraq's multifaceted fragility continues to leave it vulnerable to shocks and continued violence and instability in the future.
3. **There are significant gaps between women and men in both labor force participation, employment, and unemployment rates.** Unemployment is high and labor force participation remains exceedingly low, especially for women and youth. Only 15 percent of Iraqi women of working age participate in the labor force - well below the already low rates of female labor force participation in the Middle East and North Africa (MENA) Region of 22 percent – compared to about 72 percent of adult men who are employed (compared to a regional average of 75 percent). Among youth (ages 15–29), 72 percent of women and 18 percent of men are neither in school nor employed. The agriculture sector is the largest source of rural employment and livelihood in Iraq, with critical implications for climate resiliency, food security, poverty alleviation, and the empowerment of women, but is drastically underexploited. The public sector accounts for nearly all the formal jobs and the private sector has not generated any significant employment opportunities.
4. **Iraq has recently liberated remaining areas from ISIS control, including Mosul, and it is imperative for the government to quickly move back into these areas, providing support on the human aspects of the stabilization efforts, with a view towards individual and community recovery.** As such, emphasis is needed on support to returnees including the provision of cash, short-term employment, and other means of social support to the most vulnerable of these returnees. The reinstatement of trust between the state and its citizens is highly dependent on the Government of Iraq's (GOI) ability to demonstrate its capacity to deliver security, jobs and economic growth to all Iraqis, with a focus on the

¹ United Nations Office for the Coordination of Humanitarian Affairs (OCHA).



poor, the vulnerable and the millions of internally displaced people (IDPs) impacted by the war. Providing them with livelihood opportunities and rapid employment will be critical and can potentially make a significant contribution to Iraq's national recovery and in rebuilding social cohesion.

5. **Reconstruction and rehabilitation after decades of war can also provide significant opportunities to increase communities' adaptation to climate change in Iraq.** This is critical as increasing mean annual temperatures and extreme weather events, such as flooding and heat waves, declining rainfalls, and increasing water scarcity are likely to exacerbate existing climate challenges. Such changes will have a direct and immediate impact on sectors that are crucial to Iraq's development, and have a disproportionate effect on the poor and vulnerable. For example, an increase in flooding, drought periods, salinity, and desertification would contribute to water pollution and contamination, and directly impact availability and access to safe drinking water, which is likely to intensify epidemics. Additionally, these changes would decrease agricultural production, the third largest contributor to the GDP, and a source of livelihood for 25 percent of the population. Climate adaptation measures are incorporated in this project, particularly under Component 1.1, to support the GOI to adapt to climate challenges and sustainably deliver services to its citizens.

6. **Projects in Situations of Urgent Need of Assistance or Capacity Constraints.** The project is being processed under Section III, Paragraph 12 of the Bank Policy: Investment Project Financing (*Projects in Situations of Urgent Need of Assistance or Capacity Constraints*). Triggering paragraph 12 is justified given the security challenges that Iraq has been facing over the past few years and which have led to a decline in human development and decreases in indicators for public services, health standards, life expectancy and literacy as well as an increase in poverty indicators. Three years of continuous conflict and economic stagnation have impacted nearly every aspect of Iraqi society. During 2017, the international community estimates that there were approximately 4.1 million IDPs in Iraq. Payrolls for government employees have been cut or delayed. Agricultural production has declined by 40 percent, undermining the country's food sufficiency, and hundreds of thousands of people have been forced to migrate to urban areas for jobs and support. The number of health consultations performed in health clinics has increased eightfold and around 23 hospitals and more than 230 primary health facilities have been damaged or destroyed. Schools in the governorates impacted by ISIL are forced to convene three sequential sessions to cope with the increased number of students. Nearly 3.7 million school-aged Iraqi children attend school irregularly, or not at all, and over 765,000 displaced children have missed an entire year of education.

B. Sectoral and Institutional Context

7. **GOI has embarked on a comprehensive reform of Social Protection programs that introduced significant improvements to the existing system by promoting equity, resilience and opportunities for the Iraqi people.** Through the World Bank-financed Iraq Social Protection Support Program – Phase I (P099295), the Government has progressed in the implementation of the Social Protection Strategic Roadmap 2015-2019, with the vision of having “a comprehensive social protection system for Iraq covering social safety nets, social insurance, and labor market policies”. Complementing this work, and upon the request of the GOI, the World Bank is also supporting the GOI on the Social Fund for Development Project (SFD), to support locally driven initiatives to improve the living conditions and opportunities of the poor and vulnerable in Iraq.



8. **The Ministry of Labor and Social Affairs (MOLSA) has several existing safety net programs serving the most vulnerable groups through the cash transfer (CT) program which provides CTs to beneficiary households based on improved outreach design and a targeting system using proxy means testing (PMT).** Currently, the program covers over one million households in the welfare database. As part of a comprehensive Social Protection Strategic Roadmap, MOLSA introduced a pilot Conditional Cash Transfer (CCT) targeting the country's most vulnerable under the Social Protection Law (Law 11/2014). CCTs contribute to the preservation of human capital through incentivizing households to invest in education and health, and increasing the agency of women. As part of the institutional structure, MOLSA developed a detailed operational manual on the implementation of the CCT with an institutional set up of an Inter-Ministerial Steering Committee which includes representation from other ministries.

9. **Furthermore, GOI has completed a Damage Needs Assessment (DNA) to examine the impact of the conflict on infrastructure and livelihoods.** The DNA forms a key input into the government's recovery, stabilization, and development plan, and informs the scope and focus of support provided under this project. The project is a part of a broader package of support that includes infrastructure reconstruction (with the Reconstruction Fund²), and community-led service delivery and development through the SFD Project.

C. Higher Level Objectives to which the Project Contributes

10. **Project design, through its emphasis on providing rapid relief via cash and temporary employment opportunities to affected populations in liberated areas, responds directly to the MENA Regional Strategy (October 2015).** The project focuses on resilience and building the social contract between citizens and the state through transparent targeting of resources and beneficiaries, and delivering essential services in liberated areas that have been marginalized. The ESSRP, through generating short-term employment, provision of productive cash transfers, and livelihood opportunities, coupled with clear citizen accountability mechanisms, directly supports the MENA Strategy pillars on Renewing the Social Contract and Resilience to Internally Displaced People/Refugee Shocks.

11. **ESSRP will provide support to liberated areas through cash for work (CfW), social services, and livelihoods financing, while building in the medium-term, resilient social safety net programs.** The objective of the government is to increase trust and improve national credibility through improving sustainable essential services at the level of the disadvantaged and poor communities. This will be built within the Social Fund for Development (SFD) which will be a community-driven development initiative launched through a consultative engagement among community members as well as with local government. The SFD project will establish a wider scale platform that will offer in the long term, a more community driven development program, which would support mitigating against future shocks.

12. **Additionally, and in line with the World Bank's forthcoming 2018-2022 Country Partnership Framework (CPF) for Iraq, and the 2012-2022 Social Protection and Labor Strategy, the public works and livelihood activities will be designed with a climate lens and will support risk management and promote opportunities for individuals, while fostering a more climate resilient society.** Furthermore, the project

² The Reconstruction Fund for Areas Affected by Terrorist Operations (REFAATO), coordinates reconstruction activities in liberated areas. REFAATO reports to the General Secretariat of the Council of Ministers, and is the implementing agency for the Emergency Operation for Development Project.



directly responds to one of the World Bank Group's strategic goals of ending extreme poverty and boosting shared prosperity in a sustainable manner, through the provision of resilient social safety nets, and targeted cash transfers.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

13. The project development objective is to: (i) increase livelihood opportunities in liberated areas; (ii) increase access to psychosocial services in liberated areas; and (iii) strengthen the systems to expand the provision of social safety nets.

B. Project Beneficiaries

14. The project will benefit targeted communities and the poor as follows:

- a) *Targeted communities.* The Cash-for-Work (CfW), social support, and livelihood opportunities component of the project aims to help restore economic and social activity for returning and existing populations in the liberated areas, particularly for vulnerable groups such as women and social support for children.
- b) *The poor population.* The Social Safety Nets (SSN) component will target the country's most vulnerable people - households below the poverty line, and eligible for social assistance under the Social Protection law (Law 11 of 2014). CCTs will also contribute to the preservation of human capital through incentivizing households to invest in education and health, and increase the voice and agency of women.

C. PDO-Level Results Indicators

15. *The PDO level indicators are:*
- Beneficiary households receiving Cash for Work support, (of which female headed households);
 - Average share of CfW resources transferred as wages;
 - Beneficiaries receiving livelihood support (of which women)
 - Beneficiaries receiving direct counseling (of which women, returnees and children 5-15 years);
 - Beneficiaries of social safety net programs (female);
 - Share of beneficiaries included in the Social Registry from the poorest and second poorest income quintiles; and
 - Beneficiaries of conditional cash transfers receiving payment in a timely manner.

III. PROJECT DESCRIPTION

A. Project Components

16. The project will provide CfW and livelihood opportunities to returning and existing populations in the liberated areas, as well as other support to address the impact of conflict on the population. The aim is to encourage stabilization and recovery efforts for those communities, and to help kick-start economic



activity, employment opportunities, and livelihoods. The project will leverage opportunities to incorporate climate adaptation into the activities being implemented. This will be strengthened by raising awareness among project beneficiaries about climate change risk and relevant adaptation measures. The project will leverage trained social workers at MOLSA and closely coordinate with the Reconstruction Fund as well as sectoral ministries. Delivery mechanisms will seek to leverage government systems where they exist, and to support the Government in sub-contracting Non-Governmental Organizations (NGO)/United Nations (UN) Agencies to implement the works program where necessary.

17. The project will provide services to mitigate psychosocial impacts of the conflict, particularly for men, women, and children. Furthermore, it will support the establishment of a resilient social safety net system, including development of a robust social registry, strengthening social workers' infrastructure, and scaling up the existing CCTs as mitigation measures. The project includes three components as follows:

Component 1 – Cash for Work, Social Support, and Livelihood Opportunities (US\$169.95 million)

18. The objective of Component 1 is to increase access to short-term employment in areas affected by the succession of crises by financing a CfW program, while providing livelihood opportunities for sustainable stabilization. By generating wage employment, disposable income would rise, thus improving food consumption among vulnerable groups, including women. The component includes three sub-components as follows: Sub-component 1.1 - Cash for Work; Sub-component 1.2 - Psychosocial Support Services; and Sub-component 1.3 – Livelihood Opportunities.

Sub-component 1.1 - Cash for Work (US\$164.5 million)

19. Sub-component 1.1 will finance input materials required for labor intensive public works (light equipment, cleaning materials, paint, etc.) as well as the establishment of a public works as a social safety net function at MOLSA to ensure sustainability and resilience to future shocks. This sub-component will cover the governorates of *Ninawa, Anbar, Salahideen, and parts of Diyala, Kirkuk, Baghdad, and Babel*. The sub-component would also support the Government in coordinating with UN Agencies and/or NGOs as advisors administering the program at the local level, and accelerate implementation under MOLSA oversight.

20. In urban communities, the provision of essential service activities would include: street sweeping and cleaning, drainage clearance, painting of public buildings and street walls, painting of crosswalks, rehabilitation of recreational spaces, rehabilitation of schools, health posts and other community buildings, and other similar activities. In rural communities, activities would include brushing of bushes along access roads, clearing non-private agricultural land (or for any other purpose that would serve a community or public need), breaking of rocks for road rehabilitation, cleaning and replacement of culverts, and drainage clearance along roads, and other similar activities. In both instances, the activities will be designed to promote climate change resiliency and adaptation measures, including, but not limited to water and wastewater management. At least 30 percent of beneficiaries would be women. The proposed arrangement is expected to increase social cohesion and development of community participation and ownership.



21. The selection of projects for the CfW program will rely on the DNA undertaken by the Ministry of Planning (MOP) and the World Bank. The DNA will primarily focus on the seven governorates most affected by continued conflict. It will then be extended to cover all of Iraq to contribute to the “National Plan for Reconstruction and Development of the Damaged Governorates due to Terrorist and Military Attacks” approved by the Iraq Council of Ministers. The DNA will inform activities supported under the recently approved World Bank financed Emergency Operation for Development Project - Additional Financing (P161515). Utilizing the DNA to determine the areas of intervention is expected to create a synergy between the two operations, as well as with the SFD. The selection will also build on the data generated by the local governments and other humanitarian players. This is a step towards engaging local authorities into a dialogue to rebuild trust and social cohesion.

22. The design of the CfW program and the selection of subprojects in the community would initially be based on consultations with communities. This would allow the selection of project types to be based on community priorities and needs. It is expected that the implementing agency will undertake consultations with targeted communities to screen priority projects based on the lists generated by the various relevant partners.

23. **Role of Gender.** Between March and May of 2017, there were 10,134 female-headed households among the returnees to all governorates³. Of those, 1,287 households were headed by minor females compared to 3,264 households headed by minor males (approximately 28 percent of total households headed by minors). Under sub-component 1.1, a suggested list of specific labor programs tailored for women’s conditions and needs are: (i) training of trainers in areas related to basic nursing and assisting groups with special needs (physically handicapped persons, persons with severe war injuries, caring for the elderly, etc.); (ii) handicrafts such as sewing and embroidery, particularly producing basic winter clothes for returnees, including children who are in need; (iii) farming and agriculture, which contributes to rural development and food security; (iv) producing homemade food to be sold in local markets, or which could be provided as meals to members of the CfW program; and (v) managing child daycare centers.

Sub-component 1.2 - Psychosocial Support Services (US\$4.95 million)

24. The objective of this sub-component is to help build resilience within communities fractured by the conflict with the ultimate objective of creating an enabling platform for local populations and returnees to assist them in their coping mechanisms and to improve their own self-care and advocacy skills using available resources in their communities. The sub-component will finance the provision of psychosocial support services (PSS) to help address the mental health of individuals and families post-conflict. It is designed to help address the actual need for mental health and psychosocial support services (MHPSS) among the vulnerable population in the target governorates, and aims to build the capacities of the service providers as well as the communities themselves. It also aims to provide a well-trained local cadre of response personnel that can provide necessary non-therapeutic MHPSS services to people in need at community and primary health care (PHC) levels, with appropriate referral to hospitals when needed. Building the local capacities of health workers, social workers, and local volunteers to effectively reach the most vulnerable populations will contribute to building the system’s post conflict sustainability and resilience.

³ International Organization for Migration (IOM), 2017



25. The sub-component will target vulnerable groups among the local population and returnees, with an emphasis on women and children, as well as men impacted by the violence and conflict. Beneficiaries of the sub-component will include:

- (i) Returnees and local population in the governorates of Salahideen, Anbar, Diyala, and Ninawa;
- (ii) Providers of MHPSS services, including Ministry of Health (MOH) Primary Health Care Centers, MOLSA centers, women and youth community centers (by upgrading the skills of general practitioners), health workers, social workers, and community volunteers to effectively identify, provide support, and refer cases of mental health or psychosocial problems.

26. To ensure synergy and integration of services, this sub-component will adopt a multi-sectoral approach where interventions are implemented, in coordination with relevant ministries, namely MOLSA, MOH and the Ministry of Education (MOE).

Sub-component 1.3 – Livelihood Opportunities (US\$500,000)

27. This sub-component would support improving livelihoods opportunities through the existing income-generating fund at MOLSA, governed under Law 10 of 2012 “Economic Empowerment through Income Generating Projects”. The subcomponent will include two parts:

- (a) Provision of technical assistance to MOLSA to support enhancements to the existing microfinance program, in terms of sustainable products, back office systems, and loan portfolio monitoring, while minimizing distortions to the private microfinance sector; and
- (b) Provision of microfinance to beneficiaries to carry out income generating activities, which would only be capitalized through a potential reallocation of funds from sub-component 1.1, contingent upon MOLSA meeting guidelines indicated in Section III, Paragraph 15 of the Bank Policy: Investment Project Financing (*Projects Involving Financial Intermediaries*), and subject to World Bank approval. In the meantime, no funds are allocated to Part (b) of Sub-component 1.3. Once Part (b) is capitalized (subject to the preceding points), microfinance would be provided to beneficiaries in accordance with the approved Project Operations Manual (POM) which will be finalized within three months of loan effectiveness.

28. The project embraces a comprehensive approach, complementing existing poverty targeted cash transfers administered by MOLSA, and scaling a productive CfW program, then transitioning to providing livelihood opportunities through the income-generating facility administered by the Department of Employment and Loans (DOEL) at MOLSA. The technical assistance which will be provided under this subcomponent will entail the following: (i) undertaking a rapid market assessment; (ii) enhancing management information systems; and (iii) developing business support services at DOEL. The subcomponent will support MOLSA in managing the microfinance fund based on sound practices that would ensure: (i) adequate outreach; (ii) sustainability; and (iii) impact.

29. This subcomponent will target returnees and existing populations in the bottom quintile of the MOLSA welfare database, and those registered in MOLSA’s unemployment database in the governorates



of Ninawa, Anbar, and Salahideen. Key decisions such as type and level of sustainable microfinance provisions (including a mix of loans and grants linked to welfare status), loan product design, policies and procedures for loan issuance, pricing, portfolio monitoring, loan and financial management systems, pilot program promotion, client appraisal and selection, the determination of the interest rate charged to microbusinesses, repayment requirements, and loan maturity, will be included in the POM, and would only be revised or adjusted in agreement with the World Bank and in line with the project's Loan Agreement.

Component 2- Resilient Social Safety Nets (US\$18.10 million)

30. The objective of this component is to strengthen the capability of the current social safety net programs through promoting flexibility and scalability in the program design. It will not finance cash transfers to beneficiaries. Rather, it will include the ability to extend coverage to those who have been affected by the conflict (returnees, IDPs and existing populations in liberated areas) but that otherwise could not be reached by a safety net. This will enable programs to “scale out” to non-regular social protection beneficiaries that have been affected by a shock or “scaling up”, to increase benefit amounts at an acute time of need to existing social protection beneficiaries.

31. Component 2 is intended to increase the outreach capacity of MOLSA and entails extensive communication, awareness raising and interaction at the community level with social workers playing an instrumental role throughout. MOLSA will mobilize fully trained social workers under previous World Bank-supported interventions and will aim to increase their number.

32. This component will finance the development and implementation of the required targeting and operational systems: registration, database cross-checking, enrollment, eligibility verification, case management and beneficiary data update, payment delivery, grievance redress, and performance monitoring. The MOLSA Management Information System (MIS) will be modernized and regularly updated to support the cash transfer business processes, will improve the administrative infrastructure of social units at the governorates, and provide training for officials and staff. It will also support the development of a specialized monitoring capacity in MOLSA and MOP, which will help the institutions' efforts of continuous program improvement. This component will finance investment in developing an adaptive system including IT infrastructure: hardware, software, network and communications, mobile tablets, consultancy, training for social workers, and operating costs.

33. Component 2 will also further develop the grievance redress mechanism (GRM) utilized by MOLSA. This GRM covers overall work of MOLSA, particularly on CTs, and will be extended to cover the CCT pilot project⁴. The GRM is integral to improving Citizen Engagement (CE) and supports the communication strategy of MOLSA, and the introduction of new behavioral insights (currently under test within the pilot CCT). Engaging in this integrated approach with beneficiaries improves the efficiency of MOLSA services and demonstrates responsiveness, and facilitates transparency and accountability. These are important elements contributing to increased trust between citizen and state while also improving

⁴The pilot design of the CCT was led by MOLSA in 2016, with overall direction was provided by the CCT Inter-Ministerial Steering Committee (CCT Committee) which includes representation from MOLSA, MOE, MOH and MOP.



the interaction between beneficiaries as communities strive for reconciliation and rebuilding social cohesion.

34. **Scaling up CCT:** Scaling up of the CCT will build on the progress achieved in the CCT pilot project currently being implemented in Baghdad/Sadr 2⁵. The monitoring mechanism will examine specific indicators involving the enrollment of beneficiaries and compliance with co-responsibilities and case management. The level of timely coordination between the concerned ministries will be evaluated. Based on these elements, the plan for scaling up will be designed. This would require identification of areas characterized by the three main requirements: extreme poverty with households enrolled in the MOLSA beneficiary database, high school dropout rates – mainly among girls – and areas where infant and maternal mortality rates are high. These areas will be selected by the joint steering committee. Ensuring the availability and efficiency of educational and health services is key for the initiation and consequently success of the CCT intervention. MOLSA will provide an adequate number of social workers in the selected areas and they will need to be trained and supported through out.

35. The process of scaling up is envisaged to use a phased approach to allow MOLSA, MOH and MOE to build their capacities. It will also require collaboration with regional authorities as part of the decentralization process. The launch of CCT programs in governorates will require sustained political commitment at the central and local levels. Further, it requires a uniform and coherent approach with clear messages that would strengthen the credibility of the state, and that reflects a national approach to rebuilding social cohesion.

36. This component will support programs to incentivize investments for girls' education, as well as maternal health for women. This is particularly important as data show that about 65 percent of girls in Iraq will have dropped out of school by age 18 (IHSES 2012). Most of these girls stay home and do not enter the labor market, due to a combination of lack of skills, legal constraints, and restrictive social norms. This high drop-out rate negatively impacts human capital accumulation by women, and leads to reduced investments in education and health for the household.

Component 3 - Project Management (US\$4.605 million)

37. This component will support project management and monitoring and evaluation (M&E) to ensure that the project is successfully and efficiently implemented. This component will finance: (i) project management office (PMO) consultant salaries (central and governorate level, as needed); (ii) equipment and operating costs for PMO, including recurrent/operating costs; (iii) internal and external audits; (iv) monitoring and evaluation work, and contracting of third party implementation monitoring agencies for program delivery; and (v) a communications and awareness campaign.

⁵ Sadr 2 is a "Qada" of Baghdad Governorate and was chosen as a pilot since it met the selection criteria with the availability of services, including schools, health clinics and social workers. The number of households targeted in Sadr 2 is 6,700.



B. Project Cost and Financing

Project Components	Project cost	IBRD or IDA Financing	Trust Funds	Counterpart Funding
Total Costs				
Total Project Costs		199,500,000		
Front End Fees		500,000		
Total Financing Required		200,000,000		

C. Lessons Learned and Reflected in the Project Design

38. The ESSRP design considers lessons learned from international experience and previous/ongoing social protection programs in Iraq. It also benefits from the work of the World Bank's Independent Evaluation Group (IEG), which undertook a synthesis review⁶ of existing evaluative evidence on the outcomes and lessons learned from the World Bank Group's partnership with Middle Income Countries (MICs) which is further discussed below.

39. Lessons from various conflict and post-conflict context countries show the importance of 'quick wins': projects that have a positive impact on the standard of living of the majority, especially the most vulnerable, and in the delivery of services of relevance to communities. As national institutions undergo change following conflict, it is often communities and NGOs that can offer support, hence the importance of engaging stakeholders; including communities and NGOs early on. This also includes supporting tangible short-term interventions that can quickly promote income generation, smooth consumption, and provide channels to manage risk. Financial inclusion and microeconomic development opportunities, particularly for vulnerable segments including farmers, have proven effective in other post conflict environments.

40. Social protection programs and systems provide an opportunity to assist communities diversify risk, enhance incomes, and build skills and assets. By integrating climate and disaster risk considerations into the planning and design of social protection programs, including public works programs, the sector can help prevent poor and vulnerable households from falling deeper into poverty, reduce their overall exposure to potential risk, and contribute to long-term adaptation to climate change.

41. Implementing emergency programs with clear and coordinated communication ensures the delivery of consistent messages to local officials and beneficiaries which in turn leads to consistent practices across participating sectors and avoids—or at least reduces—confusion and the potential for discrediting the cash for work's outlined objectives.

⁶ World Bank Group Engagement in Upper-Middle Income Countries: Evidence from IEG Evaluation, June 2017



42. Equally important is targeting and paying adequate attention to procurement and financial management from the onset of the project. “Wage Setting in Practice: Challenges and Solutions⁷” outlines relevant wage-setting policy features and challenges specifically under the CfW public works, including that of avoiding inclusion errors of nonpoor beneficiaries, monitoring wage rate data, and eliminating problems in the payment process. A combination of program level and beneficiary inputs can help provide checks and balances needed against error, fraud and corruption. Combining top-down and bottom-up processes helps to promote transparency, and reduces issues of corruption that have pervaded public works schemes in the past.

43. M&E activities should be accorded realistic time frames that take into consideration the need to develop terms of reference and carry out contracting processes, as well as unforeseeable situations during data collection. Similarly, PMOs and project managers need to pay close attention to how project implementation affects planned M&E activities—particularly the timing of baseline data collection for program evaluation, delays in project activities that affect reporting on results, contracting of external evaluations and surveys, and whether performance indicators are being generated as planned through M&E instruments. Further, the IEG evaluation suggests that investing in people and quality of life, including social protection and employment protection programs, added value to MICs. CCTs are identified as amongst the most successful and transformative programs, and were critical in mitigating the impact of crises on the most vulnerable.

44. Lessons learned from other IEG research have also informed this operation. IEG, in partnership with the Fragility, Conflict, and Violence (FCV) unit of the World Bank organized a regional learning event in Manila, Philippines, in March 2017, to discuss the implications of IEG’s evaluative findings for enhancing the effectiveness of World Bank Group engagement with MICs in an FCV situation. The lessons learned which have been incorporated into the design of this project, include:

- Partnership is fundamental, and there should be a common objective in working together.
- Strengthening legitimate institutions and governments in providing security, justice, and jobs is essential.
- Working on FCV requires long-term engagement, consistency, cooperation, and inclusiveness.
- It is important to adopt a risk-based approach (management and mitigation of risks), which demands *ex ante* understanding of the situation on the ground and adopting an integrated perspective.
- It is critical to work through governments, especially in MICs, and to ensure commitment of local actors.
- It is fundamental to change the paradigm from reaction to prevention.
- Development of the private sector to generate jobs is critical. It is possible to work through the private sector in conflict-affected and violent situations.
- More appetite for risk is needed. An excessively risk-averse approach cannot work in these environments.

⁷World Bank - Public Works as a Safety Net: Design, Evidence and Implementation (Kalanidhi Subbarao, Carlo del Ninno, Colin Andrews and Claudia Rodriguez-Alas)



IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

45. The project will be implemented by MOLSA under the guidance of the existing Supreme Committee for Poverty Reduction Strategy (PRS), chaired by the Prime Minister, which will ensure strategic coordination of project activities. Operational coordination will take place through the PRS Technical Committee (chaired by the Secretary General of the General Secretariat of the Council of Ministers). A PMO will be established within MOLSA to execute the project and will report directly to the Office of the Minister of MOLSA. The PMO will mainly draw upon resources from MOLSA and the Social Protection Commission (SPC), as well as hire consultants as needed.

46. The PMO will work closely with the MOLSA Labor and Social Assistance Departments (LSADs) in each governorate. These LSADs report to the central MOLSA, and coordinate closely with local government. A committee, chaired by the Governor, will be established in targeted governorates to coordinate CfW activities at the governorate level. LSADs may also recruit consultants to support implementation, particularly as it relates to communications, fiduciary, safeguards, and M&E. LSADs, working closely with local government, will be responsible for facilitating the selection of beneficiaries for CfW and monitoring the number of days each worker has worked on projects and identify constraints to project implementation and take immediate corrective steps. Program parameters will be developed within the POM which will guide implementation over the three-year life of the project.

47. Given the existing capacity constraints, the project will support the Government in subcontracting UN agencies and/or NGOs to implement sub-projects and engage communities through extensive consultations and capacity building efforts. The project will also build on the capacities of MOLSA at the decentralized level, leveraging their capability to mobilize social workers to be trained into design and implementation with a strategic aim of having this program built in as part of the productive safety nets within MOLSA, and in accordance with the Iraq Social Protection Strategic Roadmap 2015-2019, implemented with support from the World Bank.

B. Results Monitoring and Evaluation

48. Overall M&E responsibility will reside with MOLSA. The PMO will recruit a full-time M&E Officer dedicated to the project, with an adequate project budget allocated to finance this position. The M&E Officer will be responsible for consolidating results data from government sources as well as any generated by contracted implementing partners. The implementing agency (MOLSA) will be responsible for regular monitoring of project implementation and, if implementing partners are contracted for specific activities – including sub-projects undertaken under Sub-Component 1.1 - as well as for routine follow-up with implementing partners to assess overall progress and achievement of the results indicators as set out in Section VII of this document.

49. The results indicators relating to Sub-Component 1.1 will be monitored for the expected duration of this program (24 months). During this period, results indicators at the PDO and intermediate levels will be collected on a quarterly basis until these activities are concluded. Results monitoring for all



remaining project activities will continue until the closing of the project (three years). The results data relating to the provision of livelihood support activities will be generated by the existing program MIS. An assessment of this MIS will be undertaken by the World Bank and measures required to strengthen reporting will be undertaken prior to implementation.

C. Sustainability

50. The Government is committed to extending services to all poor citizens, particularly at this critical juncture. While the main concern is the urgent needs of returnees and existing populations in the liberated areas, the project will finance technical assistance and capacity building activities to establish programs within MOLSA and other ministries under all components. This includes: (i) establishing the public works as a social safety net program at MOLSA; (ii) capacity building for the income generating fund at MOLSA; (iii) supporting capacity building of social workers for psychosocial support (including at MOH) and social service support; (iv) supporting capacity building for MOLSA to develop resilient SSNs, particularly CCTs; and (v) involving local government and improving their ability to support CfW implementation. In addition, ESSRP contributes to several thematic areas of the Second Iraq Poverty Reduction Strategy (PRS), and is thus well integrated into overall national development plans.

D. Role of Partners

51. **UN Agencies, International and NGOs:** It is anticipated that several UN agencies will contribute to the project, through facilitation, technical assistance/capacity building, and support on the ground to accelerate implementation. Additionally, NGOs are expected to be contracted as facilitators to support various phases of the community work and monitoring.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

52. The overall country level risks and the decentralized coverage of the project deems an overall risk rating of **High**. A discussion of the main risks that are rated high or substantial and prospective mitigation measures are presented in the following paragraphs.

53. **Political and Governance.** This is rated **High**. There is a strong likelihood that political and governance factors could significantly impact the achievement of the PDO. Iraq is emerging from a difficult fiscal crisis, caused by falling prices and the impact of the conflict. These risks will likely continue to be high in the foreseeable future. This relates not only to the complex social fabric and political landscape, including highly entrenched vested interests in public and private sectors, but also to the impact of regional geopolitics on internal dynamics and performance. One major upcoming event that may impact the current situation are the May 2018 national elections which may result in changes to government policies and strategies. The World Bank Group will continue relying on its comparative advantages, including technical knowledge and expertise, lessons drawn from other similar operations in the FCV context that are relevant for Iraq, and the World Bank's role as a trusted convener and interlocutor with the public and private sectors, and citizens.



54. **Macroeconomic:** This is rated **Substantial**. The risk of emerging or continuing external and/or domestic imbalances is substantial, and consequent macroeconomic effects could undermine the achievement of the PDO if they materialize. Public finances are likely to be strained due to high levels of expenditure on security and stabilization efforts. Iraq is now benefiting from substantial budget support through the series of Iraq Development Policy Financing operations as well as the International Monetary Fund (IMF) Second Standby Agreement. The implementation of this project aims to address this risk by further strengthening social safety nets to protect vulnerable groups during this transition period, including women, returning IDPs and youth.

55. **Technical Design:** This risk is **Substantial**. The project's design benefitted from global lessons learned and good practices, as well as previous/ongoing social protection programs in Iraq. The design also benefited from the work of the World Bank's Independent Evaluation Group (IEG), which undertook a synthesis review of existing evaluative evidence on the outcomes and lessons learned from the World Bank Group's partnership with Middle Income Countries (MICs). However, the context in Iraq and the capacity of MOLSA to address CfW in a post-conflict environment makes application of technical design aspects particularly challenging.

56. **Institutional Capacity for Implementation and Sustainability:** This risk is **Substantial**. MOLSA does not have prior experience in managing a post-conflict CfW program, but has made significant strides in preparing for implementation. Without mitigation, there is a risk that the CfW program could be slow to launch, and may suffer from poor targeting of resources as well as potential misalignment between needs and allocation of the public works. This risk is mitigated by MOLSA's utilization of UN Agencies and/or NGOs to accelerate implementation. For resilient SSNs, MOLSA has been managing the national poverty targeting program, and a pilot CCT. Additionally, substantial capacity building is embedded in the project design to support project implementation. MOLSA has over 1,300 trained social workers who will support implementation across all project components. The project will provide technical assistance and capacity building to mitigate capacity issues – this will strengthen the capacity of the institution at both the central and local levels, while building long-term sustainable programs to mitigate future shocks. Moreover, MOLSA will hire highly-qualified staff at all levels (managerial, technical and support), based on clear Terms of Reference (TORs).

57. **Fiduciary:** The fiduciary risk is **High**. This is due to the prevailing security and political situation, the perception of governance issues, low capacity, and a weak control environment. To mitigate these risks, the World Bank will continue with the specific measures that have been instituted but will include a more systematic approach to institutional capacity building based on ministry and agency-specific institutional assessments and action plans, including; the presence of the fiduciary team in the field; third-party monitoring; and ongoing support to the GOI to improve the project's financial management and procurement systems. The project will improve existing project supervision arrangements directly and through third parties and smart fiduciary mechanisms, such as geotagging and big data analysis, to ensure adequate risk management.

58. **Environment and Social:** The combined risk for environment and social is rated **Substantial**. The key social challenge is associated with the process of identification and selection of working groups among various communities, and the potential resulting conflict which may arise and cause delays in



implementing subproject activities. Other safeguards risks are related to potential temporary land acquisition, relocation of encroachers or IDPs, and interruption or loss of livelihood. The proposed project, however, will also have broad social benefits given that it will finance a CfW program to increase access to short-term employment in areas affected by the succession of crises by providing employment. This would lead to a rise in disposable income, thus improving food consumption among vulnerable groups, including women and children.

59. For project activities which may include civil works, a social and environmental safeguards screening tool, as part of the Environmental and Social Management Framework (ESMF), will be developed and applied, along with the specific sub-project level instruments that will be required to cover both environmental and social aspects, including sub-projects site-specific Environmental and Social Management Plan (ESMPs) and/or checklists. Additional measures will support the implementation, monitoring, and compliance with the ESMF, including: (a) annual fiduciary audits/ post-review of a subset of sub-projects with respect to design and implementation of site specific ESMPs and/or checklists; and (b) implementation support missions carried out by the World Bank which would include environmental and social implementation expertise.

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

60. The following sections present the expected benefits of each project component and the potential risks to their successful implementation.

Component 1: Cash for Work, Social Support, and Livelihood Opportunities

Development Impact

61. An economy in crisis and widespread internal displacement, driven by the twin crises of falling oil prices and conflict, have meant a widespread loss of livelihoods in much of Iraq. Consequently, poverty was up sharply to 22.5 percent in 2014, 7.5 points higher than it would be without the twin crises.⁸ In the long-run, poverty reduction is driven by more equal opportunities through better access to services, such as health and education, water and sanitation, electricity and transportation, and through productive sustainable jobs. However, in an emergency situation such as both the chronic and newly poor or displaced in Iraq currently face, the immediate challenge is survival and subsistence. As such, while it is important that government and World Bank operations focus on restoring vital infrastructure and access to services, which are of great benefit to the broader population and for economic restoration in general, it is equally critical that an emergency operation such as ESSRP focuses on the most immediate need in parallel to protect the poorest and most vulnerable in the liberated areas.

62. Food is by the far the most important expenditure for poor households, with the food poverty line being just over half of the national poverty line (53 percent). Even with rations from the Public

⁸ World Bank and Government of Iraq and Kurdistan Region (2015) *Losing the Gains of the Past: The welfare and distributional impacts of the twin crises of 2014 in Iraq*, World Bank.



Distribution System (PDS) contributing up to 16 percent of total consumption for the very poorest households⁹ food will remain the greatest immediate challenge for poor households with low incomes. Nonetheless, non-food essentials, such as housing and basic health, are also critical to their immediate well-being and survival. Thus, in such an emergency situation, income support is considerably more important than restoring access to services and other interventions (as important as these are to the poor in the long-term, and desirable in the short-term).

63. At the same time, despite the emergency nature of this support, it will also be an investment in the long-term. Even before the twin crises, 31 percent of the poorest quintile of Iraqi children under-five were stunted.¹⁰ Stunting is one of the most important determinants of later life outcomes, leading to slower cognitive development, lower educational attainment and achievement, lower adult wages and increased adult morbidity.¹¹ Although stunting has many causes, inadequate nutritional intake is clearly a main driver.¹² Thus, providing immediate income support for the poor, as Components 1.1 and 1.3 do, enables them to afford enough food (and of sufficient quality), which in turn not only supports the poor now, but helps lead to better outcomes in the future for their children.

Rationale for public sector involvement

64. Public sector engagement is vital due to the emergency nature of this activity. With the widespread damage to infrastructure and substantial economic deterioration and near collapse of many economic sectors, the private sector is not positioned to be able to provide short-term livelihood support to poor and vulnerable households. It will take time for job creation to occur on a broad scale and there are no actors who can provide income support in the short-term at a significant scale outside of the state.

World Bank's value-added

65. The involvement of the World Bank will add considerable value to the CfW and microfinance components due to its extensive experience designing both CfW and microfinance activities in a range of countries, including in fragile and post-conflict contexts. Bringing this expertise to the design and implementation of these two components significantly increases the likelihood of the income support reaching the right beneficiaries, preventing market distortions, and avoiding exacerbating social tensions.

Sub-component 1.1: Cash-for-Work

Expected benefits

66. The infrastructure subprojects under the CfW component are focused on basic rehabilitation and

⁹ For the poorest 10 percent of all households; for the second poorest 10 percent, who are still beneath the poverty line, it represents 11.6 percent. See World Bank (2014) *Iraq – the Unfulfilled Promise of Oil and Growth: Poverty, inclusion and welfare in Iraq, 2007-2012*.

¹⁰ World Bank (2014) *Iraq – the Unfulfilled Promise of Oil and Growth: Poverty, inclusion and welfare in Iraq, 2007-2012*.

¹¹ See, Predergast, A. and Humphrey, J. (2014) "The stunting syndrome in developing countries", *Paediatrics and International Child Health* 34(4): 250-265.

¹² Black RE, Victora CG, Walker SP, Bhutta ZA, Christian P, de Onis M, Ezzati M, Grantham-McGregor S, Katz J, Martorell R, Uauy R (2013) "Maternal and Child Nutrition Study Group. Review Maternal and child undernutrition and overweight in low-income and middle-income countries", *Lancet* 2013 Aug 3; 382(9890):427-451



restoration of public buildings, streets and spaces. This is expected to have several economic benefits. Clearing and repairing of streets will facilitate increased trade and commerce, as well as increase the availability of key necessities, including food, goods and services. The restoration of public buildings, such as schools and health posts, will increase access to services, which in turn will help develop the country's long-term human capital, an essential driver of economic growth. These subprojects are also expected to have environmental benefits with the focus of making public areas and communities more adaptive to climate change. This is crucial to the social and economic inclusion of the poor, who are often the most vulnerable to the consequences of climate change.

67. Public works activities, specifically the cleaning and replacement of culverts, clearance of roads, and other similar activities, will be expected to enhance drainage structures to handle more intense and frequent storms, prevent erosion, as well as prevent the deterioration of water quality due to pollution. The restoration of other public spaces, such as the clearing of non-private agricultural land, will provide an opportunity to incorporate practices that prevent land degradation. Indicatively, about 50 percent of public works activities under this component will reinforce these climate adaptive goals. Finally, greater awareness is expected to inform poor and vulnerable households of productive methods to adjust to climate change, including to climate variability and extremes, prevent or moderate potential damages, take advantage of opportunities and/or cope with consequences. Furthermore, the restoration of public services can also contribute to rebuilding public trust in government which has been undermined by years of conflict.

68. The employment and wages provided by the CfW component will have direct economic benefits for the beneficiaries. The expected wage of around US\$10 per day is 54 percent of the maximum cash transfer under the social protection law. Over a 22-day working month, this would be equivalent to around 2.1 times the national poverty line¹³ and 4.5 times the food poverty line. This means for an average household size of six, the CfW income from one worker would contribute to 36 percent of the household's subsistence needs (the national poverty line) and 74 percent of its food needs (the food poverty line). For IDPs who have lost all livelihoods through displacement, this income will be critical. As the CfW component will target poor and vulnerable families, the income support will potentially contribute to avoiding significant increases in poverty in program-targeted areas.

Risks to realization of benefits

69. The direct benefits to poor families and workers will depend on implementation, and two critical design elements. First, the projects under the CfW will need to be labor-intensive, so that that most of the benefits flow to the poor rather than being consumed as materials or in administration. Second, while a relatively low wage leads to a degree of self-selection of beneficiaries – many of those with good jobs will not want to do manual labor for less – unemployed or under-employed members of non-poor households may still take advantage of the program. Thus, the impact of the benefits in reducing poverty will depend on the effectiveness of the targeting. Moreover, the threat of corruption and “ghost workers” is high with public work programs and could potentially dilute the benefits of the component significantly, although this is mitigated with the use of UN agencies to support implementation.

70. While the income support provided by the program is significant at the beneficiary level, the

¹³ IQD 105,500 per person per month.



anticipated funding of the component will not be sufficient to cover all the poor in targeted areas, which, along with potential targeting errors, means that some poor and vulnerable households will miss out. More importantly, the CfW component is only envisaged to run for a maximum of two years. As such, while it provides immediate income support and alleviation of poverty, longer-term outcomes will depend upon the development of more sustainable employment prospects in the next couple of years, which is the focus of Sub-component 1.3.

Sub-component 1.2: Psychosocial Services

71. The economic and social benefits of the psycho-social support are difficult to quantify, but have a range of potential benefits, including the improved mental health of beneficiaries and reduced cost of treating mental illness in the future; greater ability and proclivity to work; improved parenting and reduced impact on children from trauma.

Component 1.3: Livelihood Opportunities

72. The livelihoods support activities are designed to provide financial support to target beneficiaries to allow them to establish, and in many cases, re-establish micro- or small-enterprises in a sustainable manner, allowing resources to build existing and new enterprises, while having a fund for future support. These micro- and small-enterprises will provide livelihoods to beneficiaries, support job creation, and provide long term economic development and increased economic diversity in the targeted areas.

Expected benefits

73. The livelihoods focused financing activities are aimed at households without employment, and low levels of income. These activities are intended to help those with skills to generate immediate income through obtaining funds to acquire the assets and working capital needed to start or reactivate a small business. Individuals below the poverty line, the unemployed, and returnees with vocational skills have the ability to generate income through self-employment but lack the capital to start their own businesses. In many cases, they lost their tools of trade when they were displaced, and need additional funds for start-up costs such as leasing a shop front, hiring new workers or for working inventory.

Risks to the realization of benefits

74. The ability to generate income from starting a new business will depend on the beneficiaries' ability to obtain the necessary business supplies in their location. It will also depend on demand for their products and services in their location. Moreover, if they fail to generate sufficient income to not only support their family consumption needs, but to also pay back the micro-loan, then they will be facing the future with a debt burden. Furthermore, the benefits of this sub-component will also depend on implementation, specifically in terms of governance issues, to avoid provision of financing to "ghost" beneficiaries. MOLSA will rely on social workers in target areas to also assess beneficiaries and ensure that such governance issues are mitigated. DOEL will also be increasing its staff (with support from the Project) to ensure adequate microfinance delivery mechanisms and enforcement of microfinance contracts.



Component 2: Resilient Social Safety Nets

Development Impact

75. Increasing welfare and reducing poverty means increasing income and consumption for the poor and vulnerable. Component 1 focuses on livelihood support, boosting incomes of those without jobs through CfW, as well as providing capital for those with skills to develop their own small businesses. As these households develop new incomes and begin to climb out of poverty, Component 2 focuses on protecting these households from sliding back in the case of shocks. Shocks can occur to many households, whether through illness, injury or death, loss of employment, natural disaster, and most obviously in the context of Iraq, violence and conflict. Having an effective social safety net can help households manage these shocks as they emerge.

76. The need for a strong safety net applies in all countries. However, in a country which has already been badly affected by conflict and displacement, the need is much higher. As many Iraqi households have already suffered a range of shocks in recent years, their ordinary coping mechanisms have already been severely depleted if not exhausted, such as the selling of assets (which may have been lost or destroyed as well) and borrowing from friends and family (which is less effective in the face of covariate shocks like conflict where everyone is affected). Consequently, without access to a formal safety net, they may adopt negative coping mechanisms such as taking children out of school to work. Moreover, Component 2 is designed not only to expand Iraq's emerging social safety net, but also to make it more resilient in the face of possible future conflict, while providing incentives for investments in health and education services.

Rationale for public sector involvement

77. Public sector engagement is also key to this activity. While supporting elements of an effective SSN can be provided or supported by the private sector (i.e., information technology and payment systems), other elements of an SSN depend upon public sector involvement, particularly with the design and targeting of social assistance. Public sector engagement is essential for developing the laws and regulations required to establish and implement an SSN, as well as the mandate for data collection and payment authorization. In the current case, where the objective is to build flexibility and resilience into the safety net, the role of the public sector is critical, as the effectiveness of an SSN in times of shock will depend on the public sector being able to respond at a time when the private sector and other actors cannot.

World Bank's value-added

78. As with the CfW component, the World Bank is uniquely placed to support this activity. The World Bank has been helping countries design and implement all aspects of an effective SSN, including institutional and legal arrangements, SSN components, targeting, payments, and M&E. Its involvement in the resilient SSN component will help ensure the lessons from international experiences and best practice, including in fragile and post-conflict contexts, will be incorporated into the SSN design in Iraq.

Expected benefits



79. Reducing poverty and inequality are strongly related to economic growth. Inclusive economic growth can not only drive poverty reduction, but greater equality and reduced poverty can also drive economic growth¹⁴. The ability of a SSN to protect and promote the poor and vulnerable is well-established. However, its effectiveness, even in the best of times, depends upon its ability to cover the poor and most vulnerable. In many countries, the poorest and marginalized are often excluded from this safety net. In many cases, this is because: they do not apply, or are unaware of their eligibility or the potential benefits, being insufficiently educated to fill out the required application forms, or unable to afford the time off or the transportation costs to physically apply for these benefits. A key to overcoming this is strong communication and outreach. The use of trained social workers has proved particularly effective in many Latin American countries.

80. Moreover, to be effective in times of shock, an SSN needs to be flexible and adaptive. This means being able to temporarily increase benefits for existing program members and extend coverage to new members. These two issues – outreach and coverage expansion – are compounded in a context of conflict and displacement such as Iraq. This component aims to increase and enable the capacities of MOLSA in reaching out to potential beneficiaries, including previously excluded residents as well as poor IDPs and returnees. The use of trained social workers for beneficiary identification and outreach and an accurate and updated PMT-driven MOLSA database would largely help achieve that. As such, it is expected to be a key strategy in reducing poverty, which in turn can help drive economic growth.

81. In the longer-term, there is wide-spread international evidence that the health incentives can be expected to help children grow up with adequate nutrition, which in turn has been widely demonstrated to improve cognitive, schooling, and employment outcomes when they are adults. The education incentives will keep children in school longer. The CCT program will increase the human capital of children in poor and displaced families, which will subsequently increase their long-term earning ability as well as help drive economic growth in the aggregate.

Risks to the realization of benefits

82. The effectiveness of the SSN will depend critically on being able to identify the right beneficiaries. However, as with any targeting system, errors are inevitable with PMT. Being a statistical approach, some poor and vulnerable will be mistakenly excluded by the PMT formula. In addition, even accurate models will be undermined if PMT implementation is poor; for example, if household registry data are incomplete or out of date, or an incorrect scoring threshold is applied. However, the commitment under law to target social assistance to households living below the poverty line has meant strong institutional support from MOLSA and MOP to continue to strengthen the PMT-based targeting system.

83. In terms of scaling up CCTs, investments in improving and expanding Iraq's cash transfer system will have short-term benefits for the families covered and long-term benefits for both the families and the country. In the short-term, the monthly payments are around US\$220 per eligible family¹⁵. Spread out over a family of six, this would represent 40 percent each of the per capita poverty line and three quarters

¹⁴ Ostry, J., Berg, A. and Tsangarides, C. (2014) "Redistribution, inequality and growth", IMF Staff Discussion Note SDN/14/02.

¹⁵ The exact amount depends on the demographics of the family, with a base transfer of IQD175,000 for male-headed households and IQD225,000 for female-headed households, plus additional payments per child, vaccination and maternal health visits.



of the food poverty line, providing adequate support to poor and vulnerable families and IDPs, especially those without able-bodied workers who are unable to earn income through the CfW component.

84. In the short-term, as with the CfW component, the benefit of the CCT expansion to the poor and vulnerable will depend upon the effectiveness of the targeting. In the longer-term, the improvements in educational enrollment and attainment, and child health and nutrition, will depend on the fiscal and institutional sustainability of the CCT program.

B. Technical

85. **Component 1:** While Iraq implemented a small CfW pilot in 2010, the design of the proposed project also considers the lessons learned from international experience. Prior experience from other countries, such as Afghanistan, Indonesia, Liberia, Nepal, Sierra Leone and Sri Lanka suggest some key insights for the proposed project. The economic benefits can often be primarily through restoration of infrastructure, rather than actual wages earned, thus extending the benefits beyond the relatively small number of workers employed. In addition, there can be positive impacts on the empowerment of women by income generation and insisting on quotas for female employment within the program.

86. Nonetheless, there is an additional need to invest in parallel in increasing long-term and sustainable employment opportunities. Moreover, it can be important to slow CfW activities as the project nears completion, rather than abruptly curtailing them during the transition to more development-oriented activities.

87. A lack of technical expertise, equipment and the untimely delivery of building materials and tools can be limiting factors. As such, adequate attention needs to be paid early on to procurement, warehousing and the delivery of supplies and equipment to expedite CfW activities.

88. **Governance issues.** Monitoring through unannounced visits to work groups is an effective way of guaranteeing compliance and pinpointing problems. If a discrepancy is observed, an incident report can be filed and the issue can be taken up with the program managers. Moreover, data collection and record keeping are essential. Reliable mechanisms for data capture should be considered for every stage of the project (introducing use of technology, such as using ID cards and the automation of payments to beneficiaries through banks or cell phones to provide an automatic record trail that can be easily compiled).

89. The impact of CfW programs on the poor and vulnerable depends critically on targeting. Setting a relatively low wage alone does not guarantee self-selection of poor beneficiaries, as unemployed non-poor can still take advantage of the program. A mixed targeting approach has been identified as important in other countries. In Iraq, such an approach could first geographically target locations within governorates which have the highest number of potential beneficiaries, considering the number of the poor, and the number of IDPs and returnees. Second, while self-selection due to a relatively low wage will help target the program, beneficiaries could also be required to be assessed as poor under MOLSA's PMT-based registry.

90. There is value in rapid program assessment methods; rigorous program monitoring and periodic



assessments are key to improving program targeting (reducing errors of inclusion and exclusion), governance mechanisms, payments, adjusting wages and benefits amongst others.

91. **Component 2.** PMT is generally viewed as the most appropriate method for “programs meant to address chronic poverty in stable situations”.¹⁶ It has historically not been used in post-conflict or emergency situations.¹⁷ This, combined with the inbuilt statistical targeting errors from PMT will provide challenges to the MOLSA PMT-based registry which will support the resilient SSN.

92. This risk will be mitigated through the reformulation of PMT models to address both issues. This reformulation is based on a household survey collected at the end of 2017, which is representative at both the national and regional level and which would provide two benefits: the first is that the proxies for poverty and prosperity may have changed significantly since the last survey, given the degree of change in Iraq in recent years. Using a contemporaneous survey to create new models means they will more accurately predict household consumption, reducing (but not eliminating) the statistical error involved in PMT; and the second is that the survey has been stratified to cover both IDPs and non-IDPs. Consequently, the new models will be better able to account for changes in welfare due to displacement, unlike normal PMT models, as the underlying survey will provide information on how welfare and the proxies use to predict it vary across IDPs and non-IDPs. In addition, the existing GRM process at MOLSA will ensure that households have a mechanism in place to engage with MOLSA in case of errors. Community targeting, which is envisioned as part of the targeting reform, coupled with GRM, will allow for reduction in inclusion errors, and minimize leakage of resources to those above the poverty line.

Implementation

93. Making CfW payments can be time-consuming, and frequent payments can be too complicated during the onset of an emergency. Weekly or less regular payments may be more workable from a management perspective once the immediate crisis is over and there is no longer a daily need for cash. To be flexible and ensure that participants are being compensated for actual work completed, which helps increase program efficiency, programs should consider implementing a payment for partial days’ scheme, in which participants receive a rate for four hours of work each day.

C. Financial Management

94. Due to the emergency nature of this project and the need to respond quickly, the Financial Management (FM) approach was streamlined and based on more simplified ex-ante requirements, while relying more heavily on ex-post requirements as additional fiduciary controls and reviews.

95. The World Bank undertook an assessment of MOLSA’s DOEL, responsible for microfinance activities, and concluded that the implementation of agreed-upon actions, and proposed financial management arrangements would satisfy the World Bank’s minimum requirements under Section III, Paragraph 7 of the Bank Policy: Investment Project Financing (Financial Management). Annex 2 provides additional information on the FM assessment and the recommended mitigation measures. The detailed

¹⁶ Coady, D., Grosh, M., and Hoddinott, J. (2004) *Targeting of Transfers in Developing Countries*, World Bank.

¹⁷ Ovadiya, M., Kryeziu, A., Masood, S. and Zapatero, E. (2015) “Social Protection in Fragile and Conflicted-Affected Countries: Trends and challenges”, Social Protection and Labor Discussion Paper No.1502, World Bank.



FM capacity assessment and arrangements are available in the project files.

96. The PMO which will be housed at MOLSA, will manage project implementation and will include a finance team consisting of a Financial Officer, an Accountant, and an Internal Auditor – all civil servants seconded from the ministry. Given MOLSA's previous experience in implementing the World Bank financed Emergency Social Protection Project (ESPP) between 2006 and 2013, it is recommended that the proposed ESSRP utilize the same FM team that worked on the ESPP. Additionally, the presence of a field-based World Bank FM staff will allow for capacity building and support in the areas of FM and disbursements to MOLSA.

97. The project will mainly finance CfW, livelihoods financing, and psychosocial support, as well as consultant and non-consultant services. The project's design includes controls and accountability mechanisms to help mitigate key risks to ensure that the full amount of eligible cash benefits is delivered to eligible beneficiaries in a timely manner that will be articulated in the POM.

98. **Cash Delivery Process under CfW** will be managed by the UN Agencies or NGOs to be contracted. Payments to beneficiaries will be through either smart cards or mobile payments. The POM will articulate the details of the cash delivery process, including: (i) beneficiaries' payment list; (ii) payment delivery; (iii) communication; (iv) payment distribution; and (v) reconciliation of payments.

99. **Livelihoods Financing.** This activity will be implemented by MOLSA under Law 10 of 2012 and related regulations and instructions. The project will rely on MOLSA's MIS system for microfinancing for processing, recording, and monitoring yet in a ring-fenced design where the micro loans, financed by the project, will be separated from the MOLSA provided loans. Furthermore, the quarterly Interim Unaudited Financial Reports (IFRs) will include a microfinancing financial position. Existing internal control procedures for microfinance of DOEL at MOLSA will be adopted for the project with enhancements that will be documented in the POM. The scope of the annual external audits will be extended to perform IT audits of the MIS microfinance system adopted by the project.

100. **Project FM risk.** The project's FM risk is rated as "**High**". The main FM risks associated with the project include: (a) MOLSA's limited capacity in meeting the project's financial management requirements; (b) security conditions which may limit visits by the World Bank to perform physical checks; (c) overall weaknesses and shortcomings in the control environment; (d) potential channeling of funds through "CfW" and microfinancing to ineligible beneficiaries; (e) inherent risks of micro loans – i.e. (i) redirection of loans to politically connected recipients; (ii) refraining from collecting collaterals when payment is in default; (iii) funds from new loans used to refund funds from initial loans; and (iv) potential fraudulent loan accounts set up to divert funds; (f) limited accounting and reporting systems that can provide timely and comprehensive information; and (g) weak banking system with limited network of branches.

D. Procurement

101. Procurement will be carried out in accordance with the "World Bank Procurement Regulations for Borrowers under Investment Project Financing" dated July 1, 2016 ("Procurement Regulations"), and the provisions of the Recipient's procurement plan for the Project ("Procurement Plan") provided for under



Section IV of the Procurement Regulations will apply, as the same may be updated from time to time in agreement with the World Bank. The Borrower and the PMO will ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”).

102. **Methods of Procurement.** Although the Bank’s new Procurement Regulations allow for the use of a wide variety of procurement methods, this project will be operating under emergency procedures, whereby contracting UN agencies and/or NGOs is expected to ensure smooth and efficient implementation as well as to respond to MOLSA’s capacity constraints in implementation of such programs. Specific procurement methods and procedures are outlined in Annex 2.

103. The main procurement-associated risks are inherent to the following: (a) MOLSA’s limited capacity in implementing CfW programs; (b) weak capacity of the PMO in procurement and contract management; (c) perception of fraud and corruption in high risk and weak control environment; (d) delay in implementation from UN agencies’ or NGOs’ side (time over-run and cost over-run); (e) misalignment between CfW intended and actual allocations; and (f) security conditions which may limit visits by the World Bank. Specific risks and mitigation measures are detailed in Annex 2.

E. Social (including Safeguards)

Social benefits, risks and impacts

104. The proposed project will have broad social benefits as it will finance a CfW program and support livelihoods to increase access to short-term employment in areas affected by the succession of crises. In turn, disposable income would rise and thus improve food consumption among vulnerable groups, including women. The key social challenge is associated with the process of identification and selection of working groups among various communities, which may result in conflict and potentially cause delay in implementing subproject activities. The project will not involve land acquisition as it will support labor intensive work activities in urban and rural communities such as street sweeping, drainage clearance, painting of public buildings, clearing of non-private agricultural land, breaking of rocks for road rehabilitation, etc. There is a minor possibility of the following impacts during implementation, however: (a) temporary land acquisition for contractors’ camp and storage of equipment; (b) relocation of encroachers due to subproject activities; and (c) interruption and/or restriction to access any business adjacent to subprojects causing loss of income. Therefore, the World Bank Policy on Social Safeguards - OP 4.12 will be triggered as a precautionary measure.

105. It is recommended that the activities under sub-component 1.1 (rehabilitation and restoration works of public buildings, streets and spaces, etc.) provide equal opportunities and include persons with disabilities. Additionally, under sub-component 1.2 (Psychosocial Support Services), it is recommended that the health workers, social workers and local volunteers receive awareness and training to avoid discrimination among beneficiaries due to ethnicity, religion or gender. This approach aims to strengthen the social fabric and promote trust between citizens. Accordingly, during the implementation period, and prior to commencement of the relevant project activities, a Resettlement Policy Framework (RPF) will be prepared and publicly disclosed by the Borrower to cover the entire scope of potential investments within



three months of project effectiveness. The RPF will outline the principles and procedures for compensation and resettlement requirements, and the guidelines for the preparation of Resettlement Action Plans (RAPs) and Abbreviated Resettlement Action Plans (ARAPs) if needed. The RPF will be disclosed in-country and on the World Bank's external website consistent with the World Bank's relevant disclosure policy. In addition, a GRM system for complaints handling, will be detailed in the ESMF and RPF.

Consultations

106. Public consultations are a significant challenge in fragile contexts like Iraq. The alternative approach is to consider individual interviews and/or meetings to be carried out in safe places using limited questionnaires. The consultant who will prepare the RPF would conduct meetings with key stakeholders, MOLSA, MOP, the seven governorates of Ninawa, Anbar, Salahideen, Diyala, Kirkuk, Baghdad, Babel and the communities. The objective of these meetings would be to identify key issues and determine how concerns of all parties will be addressed. Separate interviews with women will be led by a female consultant.

GRM

107. MOLSA will establish a unit in its head office to handle project activity-related complaints with one to two dedicated focal points. Multiple access points (telephone, complaint box, website, email, text message, etc.) will be provided so that beneficiaries are provided with several modes to voice complaints/concerns. The contact information of the GRM focal point(s) will be posted in the local language at the local level. The Project Director in MOLSA will have the overall responsibility of addressing concerns brought to the attention of the focal points regarding any environmental and/or social impacts resulting from project activities. Complaints received by MOLSA will be registered, tracked, investigated and promptly resolved. Copies of complaints will be recorded in the activity files and the progress reports, including the number, type and resolution.

F. Environment (including Safeguards)

Environment Category

108. The project is classified as environmental category "B". The safeguards instruments for this project are prepared in line with the emergency procedures defined by Paragraph 12, Section III, of the Bank Policy: Investment Project Financing (*Projects in Situations of Urgent Need of Assistance or Capacity Constraints*), and the project has elected to defer preparation of the ESMF to the implementation stage. A Safeguard Action Plan (SAP) has been prepared by the World Bank (Annex 4) to provide a detailed timetable with the required steps for preparing the relevant safeguards instruments.

109. **Preparation of ESMF:** The project will support CfW to increase access to short-term employment. Activities to be financed under these sub-projects are small scale, including: street sweeping and cleaning, drainage clearance, painting of public buildings, rehabilitation of recreational spaces, rehabilitation of schools, and other community buildings. In rural communities, the project will support brushing of bushes along access roads, clearing non-private agricultural land, breaking of rocks for road rehabilitation, cleaning and replacement of culverts, and drainage clearance along roads. Potential environmental



impacts of the interventions and activities are expected to be minor, site-specific, limited, reversible and mitigatable, which include waste management, dust, noise and health and safety. To ensure proper management of potential environmental impacts that might result from the implementation of the project's activities, an ESMF will be prepared, consulted on, and disclosed in-country and on the Bank's external site. The ESMF will recommend specific mitigation measures for environmental impacts that may result from the projects activities. The ESMF will include a screening checklist against which each subproject will be screened, and accordingly subsequent environmental and social assessment instruments - such as a simplified ESMP and checklists, will be prepared and implemented -if required- before the commencement of any physical activities. The ESMF will also include provisions to exclude category A-type subprojects, as well as subprojects that would trigger any safeguard policy not triggered under the project. Moreover, climate and geophysical hazards pose low risk to the project in the governorates in which the project will operate.

110. Management of Project Specific Safeguard Aspects: To ensure proper management of safeguards aspects under the project, MOLSA will recruit an Environmental and Social Officer as permanent staff at the central level to oversee the overall implementation, monitoring and reporting of safeguards aspects and to follow up on compliance with environmental and social mitigation measures and health and safety requirements at the subproject level. Reporting on ESMF compliance will be carried out through regular progress reports prepared by MOLSA and shared with the World Bank.

G. Other Safeguard Policies (if applicable)

111. No other safeguard policies apply to the project.

H. World Bank Grievance Redress

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



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Iraq

Iraq Emergency Social Stabilization and Resilience Project

Project Development Objectives

The project development objective is to: (i) increase livelihood opportunities in liberated areas; (ii) increase access to psychosocial services in liberated areas; and (iii) strengthen the systems to expand the provision of social safety nets.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Beneficiary households receiving Cash for Work support		Number	0.00	150000.00	Quarterly	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Beneficiary households receiving Cash for Work support, of which female headed households		Number	0.00	75000.00			
Description: Number of households receiving cash for work support.							
Name: Average share of cash		Percentage	0.00	70.00	Biannually	Ministry of Labor and Social	Ministry of Labor



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
for work resources transferred as wages						Affairs MIS	and Social Affairs
Description: To measure the efficacy and efficiency of Cash for Work interventions. A higher transfer of resources as wages indicates fewer resources required in overheads therefore suggesting a more effective and effective intervention.							
Name: Beneficiaries receiving livelihood support		Number	0.00	12000.00	Quarterly	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Beneficiaries receiving livelihood support, of which women		Number	0.00	5000.00			
Description:							
Name: Beneficiaries receiving direct counseling		Number	0.00	150000.00	Biannually	Ministry of Health, UNFPA and UNICEF operational data systems	Ministry of Health, UNFPA and UNICEF operational data systems; PMO for the validation, consolidation and inclusion of data in project monitoring and evaluation reports



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Beneficiaries receiving direct counseling, of which women		Number	0.00	50000.00			
Beneficiaries receiving direct counseling, of which returnees		Number	0.00	20000.00			
Beneficiaries receiving direct counseling, of which children (5-15 years)		Number	0.00	50000.00			
Description: To measure the reach of counseling services							
Name: Beneficiaries of social safety net programs	✓	Number	0.00	1200000.00	Quarterly	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Beneficiaries of social safety net programs - Female	✓	Number	0.00	600000.00			
Description:							
Name: Share of beneficiaries included in the social registry from the poorest and second		Percentage	0.00	80.00	Biannually	Ministry of Labor and Social Affairs CCT MIS	UNICEF and Ministry of Labor and Social Affairs for data



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
poorest quintiles							collection and data transfer of cash for work data to the PMO; PMO for the validation, consolidation and inclusion of data in project monitoring and evaluation reports
Description: To measure targeting coverage of the Social Registry							
Name: Beneficiaries of conditional cash transfers receiving payments in a timely manner		Percentage	0.00	70.00	Biannually	Ministry of Labor and Social Affairs CCT MIS	Ministry of Labor and Social Affairs for data collection and data transfer to the PMO; PMO for the validation, consolidation and inclusion of data in project monitoring and evaluation reports
Description: To measure the efficiency of CCT payments systems							



Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Person work days generated by the project		Days	0.00	10000000.00	Quarterly	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Person work days generated by the project, of which women		Days	0.00	3000000.00			
Description: To measure the cash for work opportunities created under the project							
Name: Sub-projects supported by the project		Number	0.00	600.00	Biannually	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Description: To measure the number of cash for work projects supported under the cash for work program							
Name: Share of sampled beneficiaries expressing satisfaction with the cash for work program		Percentage	0.00	80.00	Biannually	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Description: A measure of beneficiary feedback (satisfaction) with project activities							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Share of grievances resolved in accordance with service standards		Percentage	0.00	75.00	Biannually	Project Grievance Redress Mechanism	PMO
Description: To measure the responsiveness of the GRM in addressing beneficiary complaints related to the project							
Name: Social Service Counselors trained		Number	0.00	3000.00	Biannually	Ministry of Health information systems	Ministry of Health, UNFPA and UNICEF for data recording and transfer to the PMO; PMO for the validation, consolidation and inclusion of data in project monitoring and evaluation reports
Description: To measure the increased number of Social Service Counselors trained to provide psychosocial services							
Name: Integrated Mental Health, Psychosocial Services and GBV Centers established		Number	0.00	5.00	Biannually	Ministry of Health, UNFPA and UNICEF operational data systems	Ministry of Health, UNFPA and UNICEF for data collection and data transfer to the PMO; PMO for the validation,



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
							consolidation and inclusion of data in project monitoring and evaluation reports
Description: To measure the incremental resources to support the provision of psychosocial services							
Name: Average of social worker home visits required to register conditional cash transfer beneficiaries		Number	0.00	2.00	Biannually	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs
Description: To measure progress and efficiency of registering beneficiaries of CCTs							
Name: Time to process conditional cash transfer payments, from registration to enrollment		Months	0.00	1.00	Biannually	Ministry of Labor and Social Affairs MIS	Ministry of Labor and Social Affairs for data collection and data transfer to the PMO; PMO for the validation, consolidation and inclusion of data in project monitoring and evaluation reports



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Description: To measure the efficiency of the CCT payment system							
Name: Share of beneficiaries of microfinance from the lowest and second lowest income quintiles		Percentage	0.00	20.00	Biannually	Ministry of Labor and Social Affairs Microfinance MIS	Ministry of Labor and Social Affairs for data collection and data transfer to the PMO; PMO for the validation, consolidation and inclusion of data in project monitoring and evaluation reports
Description: To measure the effectiveness of targeting of micro grants to poorer households							



Target Values

Project Development Objective Indicators

Indicator Name	End Target
Beneficiary households receiving Cash for Work support	150000.00
Beneficiary households receiving Cash for Work support, of which female headed households	75000.00
Average share of cash for work resources transferred as wages	70.00
Beneficiaries receiving livelihood support	12000.00
Beneficiaries receiving livelihood support, of which women	5000.00
Beneficiaries receiving direct counseling	150000.00
Beneficiaries receiving direct counseling, of which women	50000.00
Beneficiaries receiving direct counseling, of which returnees	20000.00
Beneficiaries receiving direct counseling, of which children (5-15 years)	50000.00
Beneficiaries of social safety net programs	1200000.00
Beneficiaries of social safety net programs - Female	600000.00
Share of beneficiaries included in the social registry from the poorest and second poorest quintiles	80.00
Beneficiaries of conditional cash transfers receiving payments in a timely manner	70.00

**Intermediate Results Indicators**

Indicator Name	End Target
Person work days generated by the project	10000000.00
Person work days generated by the project, of which women	3000000.00
Sub-projects supported by the project	600.00
Share of sampled beneficiaries expressing satisfaction with the cash for work program	80.00
Share of grievances resolved in accordance with service standards	75.00
Social Service Counselors trained	3000.00
Integrated Mental Health, Psychosocial Services and GBV Centers established	5.00
Average of social worker home visits required to register conditional cash transfer beneficiaries	2.00
Time to process conditional cash transfer payments, from registration to enrollment	1.00
Share of beneficiaries of microfinance from the lowest and second lowest income quintiles	20.00



ANNEX 1: DETAILED PROJECT DESCRIPTION

COUNTRY : Iraq

Iraq Emergency Social Stabilization and Resilience Project

1. The project will leverage existing targeting, social worker, and payment methods and would also introduce robust social accountability, citizen engagement, and grievance redress mechanisms to build social cohesion, trust, and strengthen the relationship between the central and local governments, while considering gender aspects and support for vulnerable and marginalized groups, to address some of the root causes of violence. The project is a part of a full package of support to include infrastructure reconstruction (with the Reconstruction Fund), and community-led service delivery and development with the SFD. The project will include three components, in addition to a contingency allocation:

Component 1 – Cash for Work, Social Support, and Livelihood Opportunities (US\$169.95 million)

2. The provision of CfW and livelihoods support is in line with the general framework of the National Plan for Reconstruction and Development of the Damaged Governorates due to Terrorist and Military Attacks, which was approved by the Council of Ministers in Iraq by Decree No. 213 of 2017. The provision of CfW contributes to meeting the Government's priorities in the National Development Plan including prioritizing recovery in affected Governorates, linking reconstruction plans with the National Development Plan, and emphasizing GOIs leadership with the primacy of the most vulnerable and fragile groups to benefit from Government care, in addition to ensuring lasting solutions for young people and adopting the principle of crisis utilization and investment as development opportunities.

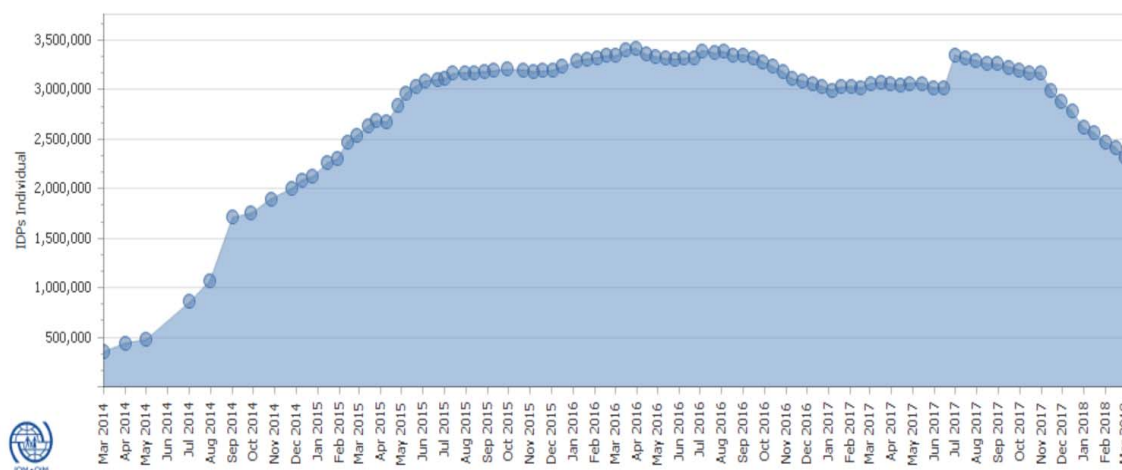
3. The provision of CfW is also in line with the objectives of the Sustainable Solutions for Internally Displaced Persons (IDP) developed by the UN in Iraq, which focuses on the importance of supporting access to employment and livelihoods and emphasizes that non-discrimination in access to employment and regular income are crucial factors for IDPs to make the decision of return, integrate into the current location, or consider moving elsewhere. The Sustainable Solutions document emphasizes the need for innovative livelihood support mechanisms that go beyond emergency assistance. Such initiatives would facilitate overall economic growth in all communities regardless of displacement.

4. As of March 2018, there were 2,273,466 IDPs in Iraq, distributed over and originating from all 18 governorates. The total number of IDPs over the past three years is presented in Figure 1 below:

5. Since the crisis began, 2,171,034 returnees have returned to their homes/villages. Anbar has seen the greatest number of returnees, with close to 1.1 million returnees. Salahideen has seen close to 400,000 returnees, and Ninawa a little over 400,000. Diyala has witnessed about 210,000 returnees. With the recent liberation of Ninawa governorate, it is expected that the pace of return to Mosul and the surrounding area will increase significantly.



Figure 1: Total Number of IDPs in Iraq



Source: IOM

Sub-Component 1.1 -Cash for Work (US\$164.5 million)

1. The objectives of this sub-component are *to provide targeted cash-for-work and livelihoods support to increase access to short-term employment in areas affected by the succession of crises*. By providing employment, disposable income would rise and thus improve food consumption among vulnerable groups, including women. Projects must be simple and cannot be imposed on individuals/communities. Worksite teams would include up to 150 workers and an appropriate number of supervisors per project. Workers would be split into workgroups varying from 20-50 people, with one leader per workgroup. In urban communities, the provision of essential service activities would include: street sweeping and cleaning, drainage clearance, painting of public buildings and street walls, painting of crosswalks, rehabilitation of recreational spaces, rehabilitation of schools, health posts and other community buildings, and other similar activities.
2. In rural communities, activities would include brushing of bushes along access roads, clearing non-private agricultural land (or for any other purpose that would serve a community or public need), breaking of rocks for road rehabilitation, cleaning and replacement of culverts, and drainage clearance along roads, and other similar activities. Where applicable, the public works and livelihood activities will be designed to promote climate change resiliency and adaptation measures, and will support risk management and promote opportunities for individuals, while promoting a more climate resilient household and society. At least 30 percent of beneficiaries would be women. Such a group work mechanism would also be designed to increase social cohesion and development of community participation and ownership. Needs (geographic, sectoral, etc.) will be determined based on the DNA currently underway. This arrangement is intended to increase social cohesion and development of a sense of community participation and ownership. Work would only proceed once an area is certified to be clear of unexploded ordnances (UXOs).
3. The main design features of the CfW sub-component will be based on the following principles:
 - A wage rate that is at a level that enables self-selection, while ensuring take-up into the program



(i.e. above social safety net cash amount, but not high enough that it creates distortions in the labor market).

- Restrictions on eligibility are to be avoided; a person's desire to work at the offered wage rate should be the only requirement for eligibility.
- If rationing is required (because demand for work exceeds the budget available at the wage set) then the program should be targeted to poor areas/districts with high poverty.
- The labor intensity (share of wage bill in total cost) should be as high as possible, consistent with the quality of assets created. Projects selected for CfW should be such that the share of labor (including managerial and supervision labor) in total cost is at least 80% or more.
- Wages should be paid within the stipulated time with no payment lags to ensure timely compensation for work completed.
- To encourage female participation, the appropriate form of wages is important—for example, women can benefit from task-based wages.
- Transaction costs to the poor should be kept low—for example, through locating project sites close to villages.
- Third party oversight is important - social and technical audits are highly recommended.
- A credible M&E plan is critical in order to ascertain where the program is faltering and how to improve its efficiency.

4. In terms of design elements, the program is expected to operate under the following:

- Wages should typically be around 10-20 percent below minimum wage for unskilled labor (~ IQD 250,000), and higher than the social safety net cash assistance (currently IQD 175,000 men/IQD 225,000 women). However, post-conflict considerations could allow for a higher rate. The actual amount will be set by the Supreme Committee for Poverty Reduction Strategy.
- Maintaining these levels would allow for self-selection, minimizing the need for heavy outreach; however, given the emergency situation, other considerations need to be made. A higher rate would inject cash into the local economies, but would also create longer-term expectations.
- The work day would be 6-8 hours for a standard full-time work day.
- Wage rates should be uniform across urban and rural areas.
- Wages will be paid directly to workers using simple methods (SmartCard, Zain Wallet). Cost of cards/service should be covered by the program and not the beneficiaries.
- Wages to be paid on regular interventions (monthly or bi-monthly).
- Selected participants should be 18 years old and above, and able to perform moderate to intense physical work and able to use tools such as axes, shovels, wheelbarrows, hoes, hammers, etc.
- Work is conducted with work teams, ranging from 5 to 150 people, with one supervisor per 25-50 workers. 30 percent of total beneficiaries must be women.
- All members of the team will be paid at the same time.
- Work teams would be comprised of members of the same community or individuals who belong to nearby locations, to enhance social cohesion.
- Duration of employment can vary, either three months or six months maximum per household member; this would allow for increasing household coverage.
- Households will be registered under the ID number of the head of household.
- Two members of the household 18 years of age and above may be registered and may work on behalf of the household.



- Only one member per household would be allowed to work on any given day. This is to ensure that household members will have access to and be able to work outside of the CfW program when necessary.
- Households would be drawn from the poverty database at MOLSA, or asked to register at the governorate social assistance department of MOLSA. All households will be accepted, but those on the welfare database will be given priority.

5. Table 1 provides simulations to be used to estimate fiscal requirements and household maximum income based on different scenarios:

Table 1: Wage-Setting Simulations

	1	2	3	4
Wage (IQD/Month)	400,000	400,000	250,000	250,000
Max duration per Household (months)	6	3	6	3
Daily Rate (IQD)	19,048	19,048	11,905	11,905
Max per Household (IQD)	2,400,000	1,200,000	1,500,000	750,000
Number of Households	81,458	162,917	130,333	260,667
Number of Individuals	448,021	896,042	716,833	1,433,667
Total Work Days Generated	10,263,750	10,263,750	16,422,000	16,422,000

6. The allocation of cash resources by governorate will be based on a formula that provides different weighting to a combination of four factors: population, number of people below the poverty line, number of IDPs (from the governorate), and number of returnees (to the governorate). Based on an envelope of US\$164.5 million (inclusive of administrative costs, overheads, supplies, and operating costs), the allocation for each governorate would vary, based on four developed scenarios with different objectives as presented in Table 2:

Table 2: Fiscal Allocation Weighting Scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Weights ↓	Baseline	Poverty Focus	IDP Focus	Returnee Focus
Population	20%	20%	20%	20%
Poverty	30%	40%	20%	20%
IDPs	25%	20%	40%	20%
Returnees	25%	20%	20%	40%

7. Applying the above weights, and assuming the US\$164.5 million funding for this sub-component (and inclusive of future allocations to sub-component 1.3), allocations for each governorate are estimated as presented in Table 3:

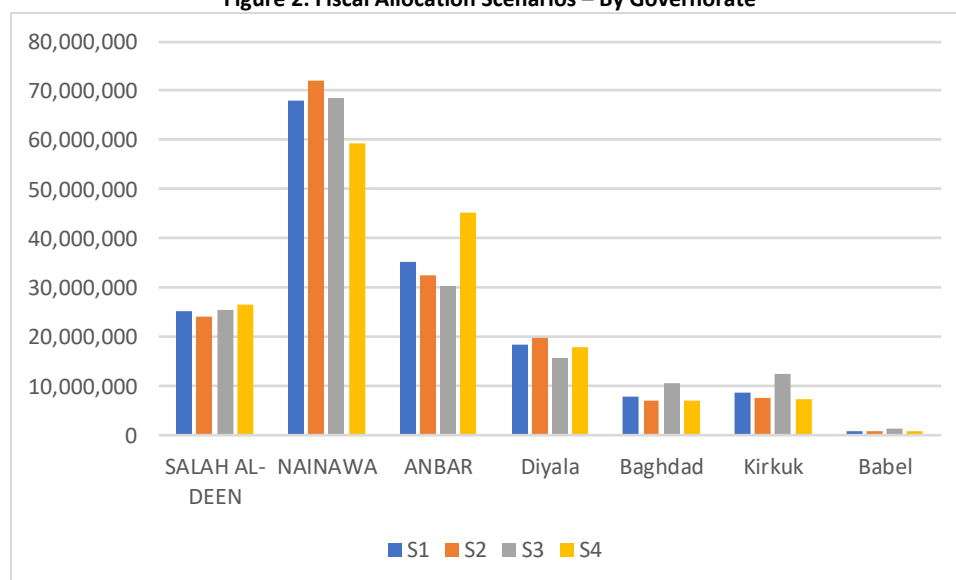


Table 3: Fiscal Allocation Scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Overall Allocations by Governorate	Baseline	Poverty	IDPs	Returnees
SALAH AL-DEEN	25,121,212	24,286,436	25,427,702	26,484,276
NAINAWA	68,009,267	72,067,811	68,463,556	59,437,888
ANBAR	35,123,485	32,523,133	30,262,825	45,184,850
Diyala	18,374,690	19,773,265	15,879,155	18,073,074
Baghdad	8,020,640	7,158,974	10,561,276	7,203,334
Kirkuk	8,827,363	7,765,953	12,491,337	7,286,210
Babel	1,023,343	924,428	1,414,148	830,369
	164,500,000	164,500,000	164,500,000	164,500,000

8. Under all scenarios, Ninawa, given the high level of conflict, number of IDPs, and high poverty rate, will receive the greatest amount of financial resources, as displayed in Figure 2.

Figure 2: Fiscal Allocation Scenarios – By Governorate



9. This sub-component will adopt key design features to encourage female participation including identifying simple projects located closer to homes; ensuring consultation with female groups and setting a quota at the recruitment stage for a minimum percentage of women in the program; providing child care facilities and drinking water at project sites, as well as considering adjusting wage payment modalities to allow more flexibility in coordination of this work with their other social obligations. This will be monitored and recorded throughout the life of the project.

10. The CfW program aims to engage with other ministries to address a broad range of sectoral needs. It will consider activities with the Ministry of Agriculture given that agriculture is one of the priorities of the forthcoming Iraq Country Partnership Framework, and has been included in the recently approved Emergency Operation for Development (EODP) Project Additional Financing. Projects involving



unskilled labor-intensive works will be identified in rural agricultural communities within the liberated zones. Both men and women will be offered employment schemes under the CfW. These short-term interventions will allow farmers to resume their day to day activities as quickly as possible and reinstate their production as soon as possible. These CfW initiatives will go hand in hand with EODP activities aiming to provide technical support to beneficiaries.

11. The CfW scheme will also be coordinated with the Ministry of Education in their effort to rehabilitate schools and make them functional to accommodate students at the beginning of the academic year. It is also in line with EODP that CfW under ESSRP will assist in providing employment to community members in cleaning up community schools.

Sub-Component 1.2 (Psychosocial Support Services, US\$4.95 million)

12. The objective of this sub-component is to augment the impact of the immediate cash and CfW program towards resilience building with psychosocial support services (PSS) to better empower communities to cope with post crisis. The ultimate objective of the program is to create an enabling platform for the vulnerable minority returning IDPs to assist them in their coping mechanisms and to improve their own self-care and advocacy skills using available recourses within their communities.

13. The objective of this sub-component is to also increase access to Mental Health and Psychosocial Support Services (MHPSS) for returnees affected by the conflict in the governorates of Salahideen, Anbar, Diyala, and Ninawa, and strengthen the operational capacity of the system and providers to deliver quality services.

14. **Sub-component description.** This program is designed to help address the actual need for MHPSS among the vulnerable population in the target governorates. It aims to build the capacities of service providers and communities. It also aims to provide a well-trained local cadre of response personnel that can provide needed non-therapeutic MHPSS to the people in need at community and PHC levels with appropriate referral to hospitals when needed. Building the local capacities of health workers, social workers, and local volunteers to effectively reach the most vulnerable of populations will contribute to building the system's post conflict sustainability and resilience.

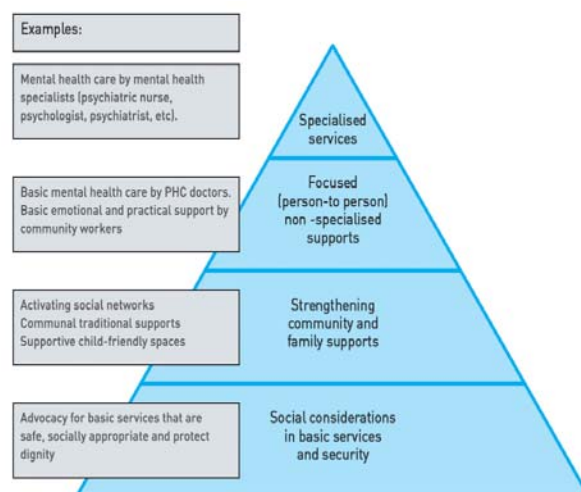
15. This sub-component will adopt the MHPSS framework developed by Inter-Agency Standing Committee (IASC) on MHPSS in emergency settings. The framework consists of an intervention pyramid (Figure 3) with a multi-layered support system encompassing several support levels to meet the needs of various population groups. This approach supports integration across services and quality improvement in service provision. While there are four basic levels of activities with referral in between, interventions in this project will focus on levels two and three of the pyramid focusing on community and family support (Level 2) as well as focused non-specialized services (Level 3).

16. Level 2: Community and family support targets those who may need support accessing key community and family support to maintain good mental health and psychosocial well-being. The prolonged conflict and displacement in Iraq has damaged the social structure among returnees and local communities and negatively affected the ability of people to support each other effectively. Accordingly, activities to foster social cohesion among returnees will be addressed in this sub-component.



17. Level 3: Focused, non-therapeutic support is directed at those who require additional support, whether individual, family or group interventions, such as social and livelihood programs for survivors of Gender Based Violence.

Figure 3: IASC Guidelines Intervention Pyramid



18. To ensure synergy and integration of services, this sub-component will adopt a multi-sectoral approach where interventions are implemented in coordination with relevant ministries namely, MOLSA, MOH, and MOE. Moreover, to bridge the supply gap and ensure rapid interventions, implementation of the PSS sub-component activities will be contracted to UN agencies, NGOs, or other implementing agencies currently operating on the ground. The WB in collaboration with the GOI will set the criteria for selection of these implementing agencies based on technical and managerial expertise and the capacity to mobilize resources in a timely manner.

19. To adequately address the above, the program adopts a three-key pronged approach; (i) rapid PSS interventions to increase service provision to people in immediate need for help; (ii) focused capacity building in MHPSS through tailored hands-on training tailored to the different providers; and (iii) policy dialogue with the GOI to develop a medium to long-term strategy on violence. To this end, the program will be implemented through three main interventions as follows:

Intervention 1: Scaling up the provision of MHPSS services (US\$3.45 million)

20. This intervention builds and scales up ongoing MHPSS provided by the public sector, UN agencies and NGOs working on the ground to reach a larger number of beneficiaries and meet the growing needs of returnees. The project is expected to reach at least: (a) 400,000 women, men, boys and girls with direct MHPSS; (b) 15,000 indirect women, girls, men and boys targeted for MHPSS education messages; and (c) 500 health and social workers through capacity building and training. More specifically, this intervention will:

- **Increase the provision of non-specialized MHSS services in health institutions.** Given the significant gap in MHPSS, this sub-component will complement the public sector through contracting with UN



agencies and NGOs operating on the ground. This supply side intervention will expand the entry points to reach out to a larger number of people in need and generate demand for services. Possible entry points to MHPSS are PHC centers, reproductive health centers, community centers, youth centers, schools and orphanages. This includes establishing safe community spaces for women and children. Community centers will provide a range of services and activities such as public health outreach, vocational training, support groups to returnees, and legal services.

- **Strengthen community outreach and family support.** The PSS sub-component will finance community-based activities to engage individuals and communities in promoting their own well-being and to identify individuals and groups that may need more targeted attention and refer them to the appropriate resources. The conflict in Iraq has significantly impacted the social structure among returnees, leading to major disruptions of family and community networks. To foster psychosocial wellbeing and social cohesion, services provided at the institutional level in the target governorates (hospitals, PHC centers, community centers, etc.), will be complemented by community outreach initiatives and home visits delivered by a network of social and health workers as well as community volunteers trained in PSS.
- **Scale up the integrated MHPSS-GBV centers.** Survivors of gender-based violence (GBV) among returnees in the target governorates have significant mental health and psychosocial problems that can be addressed at the community level, through targeted interventions, or in health care settings. This intervention will focus on community level activities and will finance the operation of additional integrated MHPSS-GBV centers. Provision of MHPSS and anti-stigma interventions is key to the GBV response to prevent mental health or psychosocial problems and to ensure the rehabilitation and reintegration of survivors of violence into society.

Intervention 2: Build capacities for non-socialized MHPSS at health institutions (US\$1 million)

21. The provision of MHPSS services will be accompanied with a capacity building plan. Training activities will be targeted to meet the needs of trainees at different levels. The training will target health providers (GPs, nurses, health workers), social workers, and community volunteers. Competencies acquired in the training program include: age-appropriate communication for behavior change, identification and case management, screening GVB cases and referrals.

Intervention 3: Policy Dialogue (US\$0.5 million)

22. This intervention will focus on engaging with the GOI in policy dialogue to develop a long-term response to post-conflict mental health needs. This includes strengthening mental health and protection policies to ensure the well-being of vulnerable populations through community and family support and access to appropriate care.

23. **Sub-component beneficiaries.** The program will target vulnerable groups among returnees, with emphasis on women and children, as well as men impacted by the conflict. Beneficiaries of the project will include:

- (i) **Returnees** in the governorates of Salahideen, Anbar, Diyala, and Ninawa with a focus on women, children, as well as boys and men most affected by the violence in Iraq.



(ii) **Providers of MHPSS** include MOH PHC Centers, MOLSA centers, women and youth community centers by upgrading the skills of GPs, health workers, social workers, and community volunteers to effectively identify, provide support, and refer cases of mental health or psychosocial problems.

(iii) **MOH and MOLSA.** The project will contribute to maintaining the commitment of these ministries to deliver MHPSS services to the vulnerable population and build a central -level strategy to implement a MHPSS program.

Sub-component 1.3 Livelihoods Opportunities (US\$500,000)

24. This sub-component will support opportunities for improve livelihoods through the existing income-generating fund at MOLSA, governed under Law 10 of 2012 *“Economic Empowerment through Income Generating Projects”*. The subcomponent will include two parts:

- (a) Provision of technical assistance to MOLSA to support enhancements to the existing microfinance program, in terms of sustainable products, back office systems, and loan portfolio monitoring, while minimizing distortions to the private microfinance sector; and
- (b) Provision of microfinance to beneficiaries to carry out income generating activities, which would only be capitalized through a potential project restructuring to reallocate funds from sub-component 1.1, contingent upon MOLSA meeting guidelines indicated in Section III, Paragraph 15 of the Bank Policy: Investment Project Financing (*Projects Involving Financial Intermediaries*), and subject to World Bank approval. No funds are allocated to this part of Sub-component 1.3. Once this Sub-component is capitalized (subject to the preceding points), microfinance will be provided to beneficiaries in accordance with the agreed POM.

25. The project therefore embraces a comprehensive approach, complementing existing poverty targeted cash transfers administered by MOLSA, and scaling a productive CfW program, and then transitioning to provision of livelihood opportunities through the income-generating facility administered by DOEL at MOLSA. The technical assistance which will be provided under this subcomponent will entail the following: (i) undertaking a rapid market assessment; (ii) enhancing management information systems; and (iii) developing business support services at DOEL. The subcomponent will support MOLSA in managing the microfinance fund based on sound practices that would ensure: (i) adequate outreach; (ii) sustainability; and (iii) impact.

26. For microfinance, the project will utilize the existing infrastructure of MOLSA's income-generating loan scheme. The program was established by law 10/2012, with objective of providing livelihood opportunities through microfinance to returnees, unemployed, and vulnerable groups. Since 2013, MOLSA has provided 34,932 Iraqis with loans amounting to IQD 235,799 million (as shown in Figure 4) covering four key sectors in fifteen governorates.



Table 4: MOLSA Microfinance Program 2013-2017

Year	No. of Beneficiaries	Loans Granted (IQD)	Loans Granted (US\$)
2013	2,900	152,383,000,000	121,906,400
2014	14,127		
2015	10,009		
2016	5,316	59,729,500,000	47,783,600
2017	2,580	23,666,500,000	18,933,200
	34932	235,779,000,000	188,623,200

27. The program to be financed under ESSRP will leverage the existing legal framework and will support enhancing the program to meet ESSRP objectives. The project will therefore introduce parameters to take into account: (i) the context of the liberated areas; and (ii) the need to ensure that the program does not crowd out private sources of microfinancing. This would be consistent with paragraph 15, Section III, of the Bank Policy: Investment Project Financing (*Projects Involving Financial Intermediaries*).

28. MOLSA's microfinance program is managed by DOEL which employs a total of 926 staff (377 in headquarters and 549 in the governorates). The Directorate responsible for loans recovery is understaffed with only two active staff and requires additional staff to manage the wider portfolio. DOEL has a dedicated finance department with an adequate number of staff, who will need additional capacity building to manage the microfinance program proposed under ESSRP. ESSRP will provide staffing support and capacity building through Component 3 of the Project.

29. According to the law, the range of the loan is IQD 3-20 million (US\$2,500-16,500), and the average is IQD 8 million (US\$6,500). Microfinance internal reviews ensures loans do not exceed the values set in the law. The DOEL, as required by legal regulations, follows specific loan issuance procedures:

- The applicant submits the application electronically by entering their information using a web-based application system and uploads any required official documents by selecting the relevant governorate and the nearest loan branch unit (25 branch units in governorates, excluding KRG, and nine in Baghdad);
- Verification of applicant information on the social protection network and women's department databases to ensure no other loans or cash transfers are provided to the applicants;
- The branch unit at the governorate reviews the request and provides provisional approval. All requests are submitted to MOLSA central offices in hard copy for final approval (online material is also available to be verified by officials in Baghdad);
- Once all requests are received by DOEL, they are centrally checked and audited before final approval is granted;
- Loan file is forwarded to fund management – loan issuance is affected after documentation is approved by the Vice President of the Microfinance Fund;
- Loan file is audited by internal audit, and loan is issued by check from accounting.

30. Expected indicative resource allocation under Sub-component 1.3, part (a) is presented in Table



5 below. No funds would be allocated to Sub-component 1.3(b), as indicated above.

Table 5: Sub-component 1.3, Part (a) – Livelihood Opportunities Technical Assistance

Activity	Total Cost (in US\$)
Rapid Market Assessment	150,000
MIS Enhancement	250,000
Development of Business Support Services	100,000
Total	500,000

Component 2- Resilient Social Safety Nets (US\$18.10 million)

31. The objective of this component is to strengthen the resilience of social safety net programs to allow the GOI to assist poor/vulnerable groups and build resilience to shocks effectively and efficiently. This will be achieved by continuing to support ongoing efforts by MOLSA and MOP to develop Iraq welfare systems and a social registry, which will be the cornerstone of this system, and will allow for efficient targeting of the country's most vulnerable, and support the platform to scale up CCTs to all of Iraq. International experience has shown an increased recognition of the role of adaptive social safety net in recent years which places an enhanced focus on household resilience building and responsiveness of SSN programs.

32. This component aims to strengthen the capability of the current safety net programs through introducing more flexibility and scalability in program design. This includes the ability to extend coverage to those that have been affected by conflict (returnees, IDPs and existing population of liberated areas) but that otherwise could not be reached by a safety net. This will enable programs to be more capable of "scaling out" to non-regular social protection beneficiaries that have been affected by a shock or "scaling up", to increase benefit amounts at an acute time of need to existing social protection beneficiaries.

33. The component is intended to increase and enable the capacities of MOLSA in reaching out to beneficiaries. This would require extensive communication and interaction at the level of the community rendering the role of the social workers critical. MOLSA will build on the capacities of social workers trained by the World Bank under previous operations, and will aim to increase the number and the training potential of the social workers.

34. This component will not finance cash transfers to beneficiaries, but rather, will support the development and implementation of the targeting and operational systems: registration, database crosschecking, enrollment, conditionality verification, case management and beneficiary data update, payment delivery, grievance redress, and performance monitoring. The modernization of the MIS will be developed and regularly updated to support the cash transfers business processes. The component will support the development of these systems; improve the administrative infrastructure of social units at the governorates; and provide training for officials and staff. It will also support the development of a specialized monitoring capacity in MOLSA and MOP, which will lead the institutions' efforts of continuous program improvement. The component will finance investment in developing a dynamic system including IT infrastructure: hardware, software, network and communications, mobile tables, consultancy, training for social workers, and operating costs.



35. The sub-component aims to:

- Set-up design parameters of an effective national safety net system which in the medium-and long-term would protect households in the absence of shocks, but which could also be scaled-up in times of crisis. The design will build on the MOLSA database generated using the Proxy Means-Testing (PMT) methodology.
- Contribute to the establishment of the unique registry of vulnerable individuals and households that will allow all social programs to identify and target their beneficiaries more efficiently. MOLSA will ensure coordination and interaction with other governmental bodies providing any schemes of social assistance.
- Scale up CCT program linked to households' compliance with co-responsibilities in education and health, incentivizing a greater use of education and health services, and therefore, develop the human capital of these households.

36. This component will promote the resilience of SSN programs by supporting the move towards more dynamic and adaptive systems while ensuring the following considerations:

- Setting up a strong institutional framework for social protection policy in line with the comprehensive reform the GOI is undertaking through the implementation of the Iraq Social Protection Strategic Roadmap. This will be key for setting-up a safety net system;
- Continuous access for inclusion and coverage through dynamic targeting system;
- Tools for on-demand entry with active outreach and communication strategy;
- Protocols and tools for active updating, regular recertification and self-reporting; and
- Strengthened tools for oversight, controls and monitoring.

37. The component will follow eight stages along the “life of the case” delivery chain including:

- a) *Identification and Outreach.* Further develop the current information system within MOLSA to record and process information on safety nets, to provide a foundation for policy design; finding and informing the “potential beneficiaries” about social assistance benefits and services.
- b) *Intake & Registration.* Consolidate and expand the information base for the SSN program to develop effective targeting strategies; collecting information to register potential beneficiaries into the system. Such information can include: personal and household identifying information (including unique IDs), socio-economic information, and other information on needs and conditions. Introduce innovative approaches using information systems and targeting in the form of a conflict/post conflict-sensitive monitoring arrangement that includes the use of GPS technology, real-time data flows and third-party monitoring. Strengthening the current poverty-based targeting to one that captures conflict-related vulnerabilities (returnees, IDP, female headed households, youth, and the chronic poor).
- c) *Assessment (or “screening”).* Support the design and implementation of M&E systems for the expanded SSN program, assessing the needs and conditions of clients of SA programs for the purposes of determining eligibility and enrollment in specific program(s).
- d) *Enrollment.* Determining eligibility based on qualifying information gathered (via intake) and assessed according to needs and conditions – as compared to eligibility criteria for a specific



program.

- e) *Determination of Benefits*. Determining and informing benefit amounts (for cash programs), service needs (depending on specific service being delivered), or conditions of participation.
- f) *Supporting Payment Transactions*. Supporting actual “transactions” of making cash payments, providing in-kind benefits, or delivering specific services based on profiling of beneficiaries and demand.
- g) *Case Management*. The process through which social workers plan, manage, monitor and report on benefits and services to eligible clients. Social workers in one or multiple programs (or agencies) can coordinate their efforts through teamwork or cross-program referrals, thus expanding the range of services offered to any one client.
- h) *Case Outcomes*. Measuring, monitoring, and reporting on compliance with eligibility criteria and procedures, performance goals, and client outcomes.

38. These eight stages will also be introduced into the training module of social workers. The scope of work of social workers would be expanded to include case management at both the CCT and the social assistance programs levels.

Grievance Redress Mechanism (GRM)

39. The component will also build on further developing the GRM used by MOLSA. This GRM extends to the overall work of MOLSA particularly on cash transfers (CT) and will be extended further to cover the Conditional Cash Transfer (CCT) pilot project. The GRM comes in as an integral part of a Citizen Engagement (CE) modality that supports the communication strategy of MOLSA, the introduction of new behavioral insights (currently under testing within the pilot CCT) and the GRM. Engaging in this integrated approach with beneficiaries improves the efficiency of MOLSA services, thus increasing trust, and improves the interaction between beneficiaries, building towards social acceptance and reconciliation.

Scaling up CCT

40. This component will build on the progress achieved in the CCT pilot project being implemented in Baghdad-Sadr 2. The monitoring mechanism will examine specific indicators involving the enrollment of beneficiaries, compliance with co-responsibilities and case management. The level of timely coordination between the concerned ministries will be evaluated. Based on these elements, the plan for scaling up will be designed. This would require identification of areas characterized by the three main requirements: extreme poverty with households enrolled in the MOLSA database of beneficiaries, high rates of school drop-outs, mainly among girls, and areas with prevalent high infant and maternal mortality rates. These areas will be selected by the joint steering committee. Based on which, the scoping of the available service infrastructure will be completed. Ensuring the availability and efficiency of educational and health services is key for the initiation and success of the CCT intervention.

41. The scaling up will need to be based on a phased approach, to allow MOLSA, MOH and MOE to build their capacities. This will also require establishing adequate collaboration with regional authorities as part of the decentralization process. The launch of CCT programs in governorates will require a high political commitment centrally and locally. For this, one of the key requirements for scaling up would be



the willingness of the local authorities to commit and support the program. This would require a uniform and coherent approach with clear messages that would strengthen the credibility of the state and which would reflect a national approach that aims at building social cohesion.

Component 3 – Project Management (US\$4.605 million)

42. This component will support project management and monitoring and evaluation (M&E) to ensure that the project is successfully and efficiently implemented in conformity with the Project Appraisal Document. The component will finance: (a) project management office specialized staff (central and at governorates, as needed) and equipment; (b) supervision, operating costs, audits, and M&E; and (c) a communications and awareness campaign.

43. *PMO:* The project will finance contracts for consultants to support the PMO at MOLSA, in addition to specialized staff to be recruited at the Local Social Assistance Departments in the Governorates. In addition, the project will finance necessary equipment to support project management activities.

44. *Supervision, operating costs, external audits, and M&E:* The project will finance costs associated with four supervision missions (during the project's first year of implementation) that may take in place in Baghdad or reverse missions outside of Baghdad, in a location to be determined jointly with the World Bank, in addition to regular operating costs for the PMO/LSADs. The project will also finance internal and external audits, as well as monitoring and evaluation activities.

Communications

45. IDPs, from different religious and ethnic backgrounds, have been returning to the liberated areas in Iraq. Their return carries hope for peace, tolerance, communal harmony and social cohesion. Rebuilding their homes and restoring their lives in these devastated areas will not only require manual labor and financial resources, but also trust; trust that the Government is ready and willing to provide the necessary support for all its citizens during the reconstruction phase and beyond.

46. Providing CfW is one of the social safety instruments that will be utilized to support Iraqi citizens as they rebuild their homes and their lives. It is also a step towards restoring trust between the citizen and the state after years of instability, conflict and devastation. Eliminating communication barriers between the state and the people is key in the process of establishing a new social contract.

47. The ESSRP will ensure community participation throughout the different stages of the project, and will include the following:

- Public meetings for target populations to raise awareness and the operating procedures as outlined in the POM;
- Selection of public works through community-based participatory planning processes to ensure that the works are valuable to the community in general and aim to balance competing needs among communities;
- Posting of program budget, public works plan, salary levels, and list of beneficiaries in



public locations to ensure that all community members are fully informed of program objectives and procedures;

- Dissemination of clear guidance to follow to submit complaints and grievances redress mechanisms.
- Communicating with citizens on the importance of the ESSRP - how it will impact their lives through the early stages of the reconstruction phase, and what benefits they will reap from this cash assistance program; that it is critical and reinstates confidence in such a way that does not succumb to the challenges of the old social contract. A two-way communication stream is equally essential, particularly in view of the devastating effect of the conflict on the returning IDPs, and specifically children and youth groups.

48. As with any social program, the success of social assistance is greatly influenced by how knowledgeable and equipped service delivery institutions are, and how informed and engaged the beneficiaries and citizens are. This requires a two-way communication effort, where not only beneficiaries, ministry employees and development partners receive information, but the state would also be required to listen to and respond to the needs of the people. Communication will thus play an important role in building transparency and accountability, the two main pillars of the new social contract.

49. The project will support the development and implementation of a comprehensive communications campaign, and will finance communication instruments to be used to achieve the overall communications and awareness raising objectives, and include:

- Media Kit (brochures/flyers with key messages, press releases, contact info);
- Convene a series of dedicated communal/group sessions to build and strengthen dialogue;
- Establish information centers;
- Schedule individual awareness raising and information sessions;
- Identify and train diverse groups of “trusted” spokespersons to act as ambassadors for the project;
- Dedicated web site with relevant contact details for information centers within ministries/ public offices, as well as social media outreach (Facebook, Twitter, etc.);
- Publish articles and op-eds in local newspapers to advocate the benefits of the project; and
- Organize a series of TV/radio interviews for visual outreach.

Gender Focus

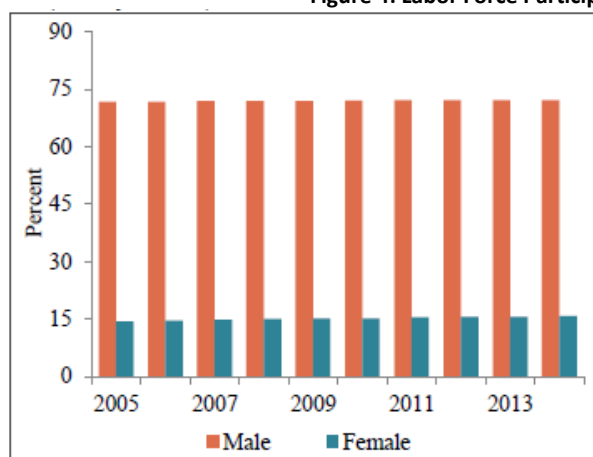
50. The ESSRP aims to reinstate social stabilization from every possible angle to ensure a sound process of rebuilding lives and bolstering livelihoods. It seeks to contribute to the regeneration of hope and confidence among returnees who have shouldered the brunt of a damaging conflict. Statistics indicate that vulnerable groups face additional challenges beyond the devastation of conflict. Women are even more susceptible to experience further fragility, if not cushioned and empowered through social programs and safety net policies that take into consideration their specific conditions (religious, cultural, social, domestic, etc.). Since gender equality and women’s empowerment are placed at the center of the



development agenda, Government policies and programs should be devised to promote increased female economic participation, an approach which reinforces smart economics.

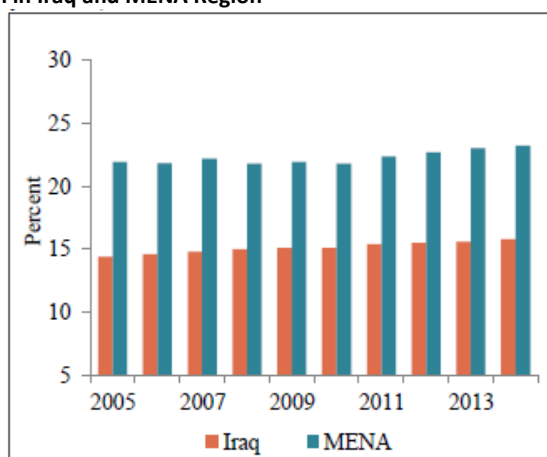
51. Female labor force participation in Iraq, which is at 15 percent, is low, compared to MENA region rates, which range between 20 to 25 percent, and is markedly low by global standards (as shown in Figure 4). Ninety percent of Iraqi women of working age are not in the labor force. Most of those who do work are employed in part-time jobs, and underemployment for women has increased over time. Very few women who are not employed and of working age report that they are searching for work¹⁸. Female labor force participation rates vary greatly by education level, and only approach parity with men (as well as in employment rates and pay) after they earn a university or college diploma¹⁹. For adult women with intermediate or lower levels of education, labor force participation is less than 10 percent, while for those with a secondary education, rates double to 24 percent and increase more than six-fold for those with a secondary and tertiary education, reaching 67 percent (compared to male participation rates of 70 to 75 percent). At the same time however, there was an eight percent decline in employment among the most highly educated women between 2007 and 2012, and the most educated women also have the highest rates of unemployment of around five to six percent²⁰.

Figure 4: Labor Force Participation in Iraq and MENA Region



Note: Modeled ILO estimates.

Source: World Development Indicators.



Note: Modeled ILO estimates.

Source: World Development Indicators.

52. Women with low levels of education and skills are often self-employed and concentrated in private sector activities. These are usually informal, low-paying jobs with almost no access to benefits such as health insurance, maternity leave, or pensions. Women working in the informal economy or private sector are generally excluded from the protections of the labor code as these do not apply to women “who are engaged in a family enterprise in which only family members work and which is under the authority and supervision of the woman's spouse, father, mother, or brother”²¹. In a 2013 study, only seven percent of sampled private sector firms reported that a woman was one of its principal owners

¹⁸ World Bank, 2014: The Unfulfilled Promise of Oil and Growth: Poverty, Inclusion and Welfare in Iraq 2007-2012.

¹⁹ UNDP Iraq (2012). Women's Economic Empowerment: Integrating Women into the Iraqi Economy.

²⁰ World Bank. (2014). The Unfulfilled Promise of Oil and Growth: Poverty, Inclusion and Welfare in Iraq 2007-2012.

²¹ UNDP Iraq (2012). Women's Economic Empowerment: Integrating Women into the Iraqi Economy.



compared to 34.9, 33.5, and 24.4 percent in Egypt, Lebanon, and Libya respectively²². The agriculture sector (along with public services, see below) has a particularly high share of women, whose participation in the sector increased from 30 to 50 percent between 1980 and 2010 (World Bank, 2016).

53. Women's empowerment faces legal, structural, and social barriers, limiting women's choices and agency, and negatively impacting their ability to participate in, and benefit from political and economic development. Current laws impose barriers and constraints on women's ability to work, such as restrictions on women's employment (night work or jobs considered harmful to the health of women). In addition, while the law requires employers to provide childcare services when they employ women, no decrees or instructions have been issued. Another legal constraint is the lack of prohibition of gender-based discriminatory practices by employers and lack of equal pay. Lack of enforcement mechanisms have slowed down the realization of the recent legal reforms. In addition to the institutional and social barriers, women face constraints at the individual level. Lack of leadership skills, political skills and self-esteem can discourage women from participating in leadership positions.

54. The CfW program is a first step towards restoring hope and reactivating manual effort for unskilled labor. Female participation in such labor schemes is one of the main issues to be addressed early on during the process of recovery and reconstruction. Since female headed households are prone to increase in number in times of conflict, providing women with the necessary opportunities for rebuilding their lives leads not only to comprehensive social and economic recovery, but also to sustainable development.

55. Table 6 below shows the number of female and male returnees surveyed by the International Organization for Migration (IOM). Quantitative data indicates that between March 20 and May 31, 2017, there were 10,134 female-headed households among returnees to all governorates. Moreover, households headed by minor females (for the same period) amount to 1,287 compared, to 3,264 households headed by minor males (approximately 28% of total households headed by minors).

Table 6: Returnee Profile by Gender

Governorate	Returnee Vulnerable Groups	Number of Individuals	Female	Male
All	Unaccompanied or separated children	239	81	158
All	Minor headed households	4,551	1,287	3,264
All	Returnee individuals with disabilities	5,636	2,100	3,536
All	Underage	2,991	2,991	
All	Female headed households	10,134	10,134	

Source: International Organization for Migration (IOM), March-May 2017

56. A suggested list of specific labor programs tailored for women's conditions and needs are suggested as follows:

- Training of trainers in areas related to basic nursing and assisting groups with special needs (physically handicapped persons, persons with severe war injuries, caring for the elderly, etc.);

²² Rimmer, S. (2013). Gender and Private Sector Development in Iraq. MENA Knowledge and Learning Quick Notes Series.



- Handicrafts such as sewing and embroidery, particularly producing (basic) winter clothes for IDPs/returnees, including children who are in need;
- Farming and agriculture, which contributes to rural development and food security;
- Producing homemade food to be sold in local market, or which could be provided as meals to members of the cash-for-work program; and
- Managing children's daycare centers.

57. Encouraging innovative initiatives must also be included in the program design, to incentivize youth groups to generate ideas that could eventually contribute to larger development schemes, and consequently, higher growth.

58. The cost breakdown for Component 3 is shown in the Table 7 below:

Table 7: Component 3 Allocations

Sub-component	Total Cost (3 Years) in US\$ million
Project Management Office	1.6
Supervision, operating costs, external audits, and M&E	1.4
Communications	1.6
Total	4.6



ANNEX 2: IMPLEMENTATION ARRANGEMENTS

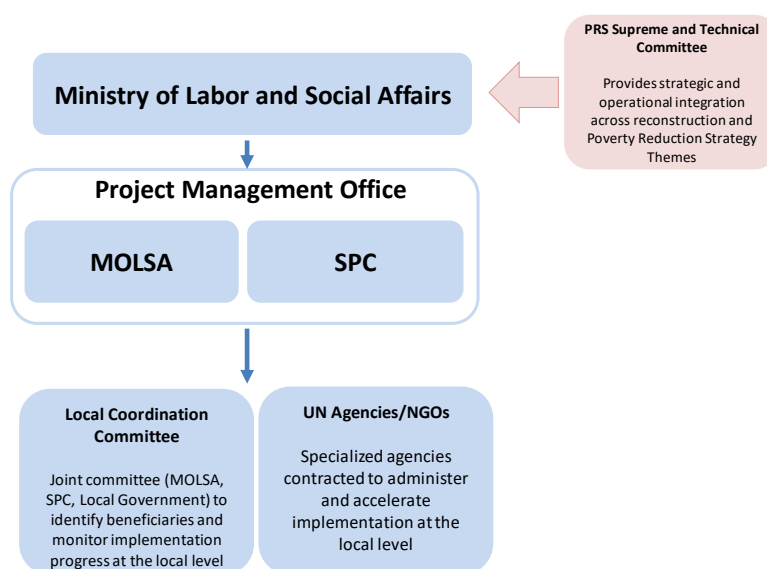
COUNTRY : Iraq

Iraq Emergency Social Stabilization and Resilience Project

Project Institutional and Implementation Arrangements

1. The Ministry of Labor and Social Affairs (MOLSA) will be responsible for implementing the project. A PMO will be established in MOLSA to execute the project and will report directly to the Office of the Minister of Labor and Social Affairs, and draw upon resources from MOLSA and the Social Protection Commission (SPC), as well as hire consultants as needed. The PMO will work closely with the MOLSA Labor and Social Assistance Department (LSADs) in each governorate. These LSADs report to the central MOLSA, and coordinate closely with local government. A committee, chaired by the Governor, will be established in each governorate to coordinate CfW activities at the governorate level. LSADs will also recruit consultant staff to support implementation, particularly as it relates to communications, fiduciary aspects, safeguards, and monitoring and evaluation. The LSADs will be responsible for facilitating the monitoring of the number of days each worker has worked on projects and identify constraints to program implementation and take immediate corrective steps.
2. In terms of governance, overall strategic linkages with national recovery and stabilization programs will be undertaken by the existing Poverty Reduction Strategy (PRS) Supreme Committee and its related Technical Committee. This would ensure consistency with the pillars, themes, and activities within the Second Iraq PRS, and avoids any duplication in interventions for liberated areas, as well as the rest of Iraq. Figure 5 provides an overview of the ESSRP governance and implementation.

Figure 5: ESSRP Governance and Implementation Structure





Financial Management

3. A PMO, which will be housed at MOLSA, will manage project implementation, and will include a finance team consisting of a Financial Officer, an Accountant, and an Internal Auditor – all civil servants seconded from the ministry. Given MOLSA's previous experience in implementing the World Bank financed Emergency Social Protection Project (ESPP) between 2006 and 2013, it is recommended that the proposed ESSRP utilize the same FM team. Additionally, the presence of a field based World Bank FM staff will allow for capacity building and support in the areas of FM and disbursements.

4. **Project FM risk.** The project's FM risk is rated as "High". The FM risk is assessed as "High" mainly due to:

- MOLSA's limited capacity in meeting the Project's financial management requirements;
- security conditions which may limit visits by the World Bank to perform physical checks;
- overall weaknesses and shortcomings in the control environment;
- funds channeled through "CfW" and "microfinancing" could be provided to ineligible beneficiaries;
- inherent risks of micro loans – i.e. (i) redirection of loans to politically connected recipients; (ii) refraining from collecting collaterals when payment is in default; (iii) funds from new loans used to refund funds from initial loans; (iv) potential fraudulent loan accounts set up to divert funds; (f) limited accounting and reporting systems that can provide timely and comprehensive information; and
- weak banking system with limited network of branches.

5. The following measures are proposed to mitigate FM-related risks:

- A centralized FM function within the PMO with FM team consisting of a Financial Officer, Accountant, and Internal Controller/Auditor seconded from its own staff;
- The microfinancing MIS system at DOEL will be used for the project, but in a ring-fenced design where the micro loans, financed by the project, will be separated from loans provided by MOLSA;
- Simplified accounting and reporting arrangements to provide timely information on the project financial performance and status. Excel spread sheets will be used to record project financial transactions and generate simplified Interim Unaudited Financial Reports (IFRs);
- The FM chapter of the POM documents the project's implementation of internal control functions and processes and describes the responsibilities of the PMO staff with authorities and execution processes;
- Financing activities at 100% to avoid delays that arise from counterpart financing;
- Opening a Designated Account (DA) in US Dollar for the PMO with sufficient advance payments;
- Contracting UN agencies and NGOs to implement the major project activities related to CfW and psychosocial support;
- Payments to beneficiaries under CfW will be through smart cards and mobile payments;
- Contracting a Third-Party Monitoring Agent (TPMA) to regularly monitor the project's physical checks of activities;
- Financial and technical audits by independent external auditors acceptable to the World Bank;



- Introduction of geotagging/geo-mapping to monitor and supervise implementation at project sites;
- Use of direct payments to provide payment to UN agencies and NGOs implementing CfW and psychosocial support activities;
- Contracting an independent external auditor, acceptable to the World Bank, to provide an independent opinion of the project financial statements, with extended scope to provide a professional opinion on the CfW the livelihoods microfinancing financial activities; and IT audits of DOEL microfinancing MIS system;
- Technical audit along with an annual financial audit.

6. **Cash for Work.** This component would finance a CfW program to increase access to short-term employment in areas liberated from ISIS. This component finances daily wages and materials required for these labor-intensive works (light equipment, cleaning material, paint, etc). The CfW Program will cover the governorates of Ninawa, Anbar, Salahideen, and part of Diyala, Kirkuk, Baghdad, and Babel.

7. UN Agencies and/or NGO will be contracted to manage this component under the oversight of MOLSA. Such agencies are required to possess adequate experience in CfW activities with solid procedures and a strong presence in Iraq. The project's design will include controls and accountability mechanisms to help mitigate key risks to ensure that the full amount of eligible cash benefits is delivered to the eligible beneficiaries in a timely manner. These mechanisms include: (i) analysis and control of the database of beneficiaries and list of payments; (ii) defined financial management arrangements for transfer of funds and required financial reports for payment; (iii) TPM; and (v) GRM. All the latter will be articulated in the POM.

8. **Cash Delivery Process.** The cash delivery process will be managed by the UN Agencies and/or NGOs to be contracted. Payments to beneficiaries will be done through either smart cards or mobile payments. The POM to be prepared will spell out the details of the cash delivery process, including: (i) beneficiaries' payment list; (ii) payment delivery; (iii) communication; (iv) payment distribution; and (v) reconciliation of payments.

9. **Livelihoods Financing.** This activity will be implemented by MOLSA under Law 10/2012 and related regulations and instructions. The project will rely on MOLSA MIS system for microfinancing for processing, recording, and monitoring yet in a ring-fenced design where the micro loans, financed by the project, will be separated from the MOLSA provided loans. Furthermore, the quarterly Interim Unaudited Financial Reports (IFRs) will include a microfinancing financial position. Existing internal control procedures for microfinance of DOEL will be adopted for the project with enhancements that will be documented in the POM. The scope of the annual external auditing will be extended to conduct IT audit of MOLSA MIS system used for processing, recording, and monitoring the micro loans.

10. **Budgeting and Flow of Funds.** The PMO will maintain a detailed disbursement plan per quarter. This plan will be developed based on the initial procurement plan, or based on the schedule of outputs as defined in the implementation schedule and estimated payments cycles, and revised upon need. It will be used as a monitoring tool to analyze budget variances and manage cash, and will feed into the quarterly Interim Unaudited Financial Reports (IFRs). To ensure that funds are readily available for project implementation, a Designated Account (DA) will be opened for the PMO, who will be responsible



for preparing reconciliations, and submitting monthly replenishment withdrawal applications to the World Bank with the required supporting documentation.

11. **Accounting and Financial Reporting.** The project will follow the cash basis of accounting and key accounting policies and procedures will be documented in the financial procedure manual which will be included as part of the POM. MOLSA utilizes a basic accounting software to capture its daily financial transactions. Due to the emergency nature of the project, and the urgency to respond quickly, simplified accounting and reporting arrangements will be used to provide timely information on the project's financial performance and status. Manual accounting and Excel spread sheets will be used to record project financial transactions and generate quarterly IFRs.

12. The PMO will be responsible for providing the following reports to the World Bank:

(a) **Simplified IFRs** to be submitted to the Bank within 45 days from when the calendar quarter ends. The format of these reports was agreed upon at project negotiations and will consist of: (i) Statement of Cash Receipts and Payments by each category; (ii) "the list of all signed Contracts per category" showing Contract amounts committed, paid, and unpaid under each contract; (iii) Reconciliation Statement for the balance of the DA; and (iv) list of assets (goods and equipment).

(b) **Annual Project Financial Statements (PFS)** which will be audited by an independent external auditor. The audit report should be submitted to the World Bank no later than six months after the end of each fiscal year. The PFS include: Statement of Cash Receipts and Payments by category and accounting policies and explanatory notes, including a footnote disclosure on schedules: (i) "the list of all signed Contracts per category" showing Contract amounts committed, paid, and unpaid under each contract; (ii) Reconciliation Statement for the balance of the DAs; and (iii) list of assets (goods and equipment).

13. **Internal controls.** The Project will be implemented through centralized management and disbursement functions within the PMO authority with specific controls and procedures documented in the financial management manual. The project's design includes controls and accountability mechanisms to help mitigate key risks to ensure that the full amount of eligible cash benefits is delivered to eligible beneficiaries in a timely manner. These mechanisms include: (i) analysis and control of the database of beneficiaries and list of payments; (ii) rapid assessment of selected payment agents; (iii) defined financial management arrangements for transfer of funds and required financial reports for payment; (iv) third party monitoring; and (v) grievance redress mechanism.

14. The financial management manual documents the project's implementation of internal control functions and processes and describes the responsibilities of the PMO staff which are summarized in terms of authorization and execution processes. The expenditure cycle specifies the following steps: (i) technical approvals for works and deliverables by consultants; (ii) administrative approval by the PMO Project Director; (iii) issuance of payments to be made upon receipt of supportive documentation and written requests signed by authorized officials; and (iv) verification by the financial officer of the accuracy and compliance of the payment requests with the project Loan Agreement.

15. The cash delivery process will be managed by UN Agencies or NGOs that would be contracted by



MOLSA. The POM will articulate the details of the cash delivery process, including: (i) beneficiaries' payment list; (ii) payment delivery; (iii) communication; (iv) payment distribution; and (v) reconciliation of payments.

16. The PMO Financial Officer will prepare and reconcile the project account bank statement with the account book balance on a monthly basis. Reconciliations will be verified by the PMO Director. All reconciling items (if any) will be listed, explained and followed up on. Copies of the reconciliation, together with the account bank statement will be kept in the project files and attached to the IFRs.

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

18. **Technical Audit.** The Project will be subject to technical audit of works completed. This can be part of/or separate to the financial audit mentioned above. The main purpose of the technical audit is to express opinions on whether: i) works were carried out in acceptable quality, and ii) works undertaken were part of an approved expenditure project.

Disbursements

19. **Designated Accounts (DAs).** To ensure that funds are readily available for project implementation, one DA will be opened for the PMO in US Dollars. Authorized signatories, names and corresponding specimens of signatures for the PMO should be submitted to the World Bank prior to the receipt of the first Withdrawal Application.

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

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



Table 8. Categories of Eligible Expenditures and Percentage of Expenditures to be Financed by Loan

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Labor Payments, Goods, Non-Consulting Services, Consulting Services, Training and Operating Costs for Subprojects under Part 1(a) of the Project.	164,500,000	100%
(2) Goods, Minor Civil Works, Non-Consulting Services, Consulting Services, Training and Operating Costs under Part 1(b), Part 1(c)(i), Part 2, and Part 3 of the Project.	28,155,000	100%
(3) Microfinance for Business Subprojects under Part 1(c)(ii) of the Project.	0	100%
(4) Unallocated	6,845,000	
(5) Front-end Fee	500,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(6) Interest Rate Cap or Interest Rate Collar premium		Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	200,000,000	

Procurement

22. **General:** Procurement will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) provided for under Section IV of the Procurement Regulations will apply, as the same may be updated from time to time in agreement with the World Bank. The Borrower and the PMO shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”). Among the key issues to be considered during project implementation are the following:

- **Selection of UN agencies:** Agencies of UN may be single -sourced by the implementing agency due to the ministry’s capacity constraints to implement the program in a short period of time as well as the UN’s agencies generally exceptional capacity, country experience, staffing and presence in the liberated areas. Thus, the UN agencies would be responsible for implementation, and UN procurement procedures would be applied. The project’s components will be implemented partially through direct implementation and through subcontracts with implementation partners in accordance with the project component descriptions. Paragraph 6.47 and 6.48 of Section IV of Procurement Regulations will be followed. When entering into a contract with a UN Agency, the implementing agency shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank.



- **Use of Nongovernmental Organization (NGOs):** International NGOs are not for profit organizations and may be uniquely qualified to assist in the preparation, management, and implementation of the project, essentially due to their involvement and knowledge of local issues, community needs and participatory approaches. Paragraph 6.52 and 6.63 for community driven development of Section IV of Procurement Regulations will be followed.
- **Force Account:** In some areas where private sector firms are unlikely to bid at reasonable prices due to the location and risks associated with the project, Force Account for repair/reconstruction using the borrower's own personnel and equipment (see paragraph 6.54 and 6.55 of the World Bank's Procurement Regulations), provides that the implementing agency reports to the Bank on expenditures. In this case, the use of Force Account is the appropriate method in areas where work by contractors tendered competitively is unrealistic.
- **Use of Government-Owned Enterprises (SOEs):** When services provided by SOEs of an exceptional nature due to absence of other alternatives, or if their participation is crucial to implementation, the Bank as stated in paragraph 3.23 - c of Section III of the Procurement Regulations may agree on a case by case basis to the contracting of these entities.
- **Advance Procurement:** Advance procurement is key to ensure good disbursement indicators. To avoid delays in Project implementation, advance procurement for preparation and negotiations of UN agreements and NGOs contracts are crucial to the success of the project.
- **Hands-on Extended Implementation Support (HEIS):** The utilization of Hands on Expanded Implementation Support (HEIS) is also an option upon the request by MOLSA. These activities will include working closely with the PMO and providing support in: (i) drafting procurement documents and agreements with UN agencies to speed up preparation; (ii) identifying strengths and weaknesses of the proposals to facilitate evaluation; and (iii) observing dialogue and negotiations with UN agencies (note: Project execution remains the Borrower's responsibility).
- **Project Procurement Strategy for Development (PPSD):** The requirement to develop a high level and simplified Project Procurement Strategy for Development (PPSD) by the implementing agency, paragraph 4.1, 4.2 & 4.3 of Section IV of Procurement Regulations. Simplified PPSP will be prepared prior to project effectiveness.
- **Systematic Tracking of Exchanges in Procurement (STEP)** is a Bank online procurement planning and tracking tool to prepare, clear and update procurement plans and conduct procurement transactions as referred to in the Procurement Regulations Section V, article 5.9. The procurement plan for the life of the project will progressively be developed by the PMO and uploaded through STEP. The Bank will organize a training on STEP prior to project effectiveness to register the PMO and familiarize them with this system.

23. **Key Procurement under the Project:** The total value of the project is US\$200 million, out of which the approximate value of procurement of small value and labor intensive of works and non-consulting services amounts to US\$120 million. Procurement of goods, IT equipment, and IT systems amounts to about US\$2 million, and consulting services, NGOs, and individual consultants amounts to US\$0.25 million.



24. **Selection of Consultants:** There are a number of consultancy services under Components 2 and 3 and NGOs under Component 2 for improving the institutional knowledge and preparedness regarding all aspects of the program for management, upgrading IT systems, and any technical assistance activities to improve the capacity of MOLSA staff in implementing these programs.

25. **Procurement of Works, Goods and Non-Consultancy Services:** Procurement of Works and Goods and Non-Consultancy Services will benefit from simplified procedures as follows:

- **Request for Quotations approaching local market** in accordance with paragraph 6.7 of the Procurement Regulations would be an appropriate method for procuring readily available off-the-shelf goods of values US\$500,000 or simple civil works of values less than US\$ 1,000,000. In exceptional cases, when shopping needs to be followed for contracts estimated to cost more than these values, World Bank review and clearance of each case will be required. The Procurement Plan will determine the cost estimate of each contract, and the aggregate total amount. The PMO should solicit at least three price quotations for the purchase of goods, materials, small works, or services (other than consulting services), to formulate a cost comparison report.
- **Request for Bids approaching the local market vs Request for Quotations** (Simplified national open competitive procurement vs Request for Quotations: Simplified procedures and documentation can be used where quotations from three local suppliers are difficult to obtain or when national open competitive procurement procedures are inappropriate or too complex for small value of contracts
- **Request for Bids approaching limited competition:** approach to market is by invitation only, without advertisement. It may be an appropriate method of selection where there are only a limited number of firms or there are other justified reasons.
- **Direct Selection.** Direct contracting for the procurement of civil works and goods is being allowed to extend an existing contract or award new contracts in response to the emergency. The direct Selection may be from the UN agencies, NGOs, or SOEs that are already mobilized and working in remote or unsecured areas.
- **Framework agreements:** a flexible contracting arrangement for recurrent procurement that is particularly suited for emergency procurement since it saves time and enables quick delivery of supplies as and when needed; may be particularly useful for procurement of commodities, for which simplified procedures are appropriate (including short bid validity periods, waiver of bid security requirements, or standing bid security covering multiple bids).
- **Waiving Bid and Performance Security Requirements.** For small contracts for goods or works, the preparation of bids by MSMEs suppliers or contractors can be accelerated by taking the option, set out in paragraph 5.35 of the Procurement Regulations, of not requiring a bid security. Similarly, in the case of small contracts for works or supply of goods, the borrower may decide not to require a performance security. However, in works contracts, retention money may be retained during the liability period, and for goods contracts, manufacture warranties will be requested.
- **Advance Payment.** Where it is not easy for contractors and suppliers to obtain lines of credit from banks, the PMTs may consider increasing the amount of advance payment under works and supply contracts to up to 20-30 percent of the contract value, provided that the



contractor/supplier provides a bank guarantee for the same amount and the Bank clears this increased value of advance payment.

- **Use Prequalified Suppliers and Contractors:** Using lists of prequalified suppliers and contractors to whom periodic invitations are allowed to help accelerate the procurement process. And prequalification documents may use a simplified format. Suppliers and contractors could be asked to provide quotations for simple unit prices, as for commodities. Contracts should be awarded on a competitive basis and may be preferably packaged in small contracts for short durations at fixed prices.

26. Procurement Plan: appropriate procurement methods will be selected as outlined in Table 9 (procurement plan).

Table 9: Procurement Plan

Description	Reference No.	Procurement Category	Procurement Method	Market Approach	Estimated Amount	Bank Financed %	Review Type	Planned Start Date
Cash for work - Nainawa	CfW.01	NCS	SSS	UN agency	30,000,000	100	Prior	5/2/2018
Cash for work - Anbar, Babel, Kirkuk and Baghdad	CfW.02	NCS	SSS	UN agency	21,000,000	100	Prior	5/2/2018
Cash for work - Salah Al-Deen and Diyala	CfW.03	NCS	SSS	UN agency	18,000,000	100	Prior	5/2/2018
Social Support	CfW.04	CS	SSS	UN agency	5,000,000	100	Prior	7/1/2018
Upgrade of SSN IT system	SSN.IT	GO	RFB	International	750,000	100	Post	9/1/2018
Computers, tablets, and communications - several packages	SSN.GO.01-05	GO	RFB	National	1,200,000	100	Post	4/2/2018
Rapid Market Assessment	PMT.CS.01	CS	CVs	International	75,000	100	Post	5/2/2018
MIS Enhancement	PMT.CS.02	CS	CQS	International	150,000	100	Post	7/1/2018
Development of Business Support Services	PMT.CS.03	CS	CQS	International	250,000	100	Post	7/1/2018
External auditor	PMT.CS.02	CS	LCS	International	105,000	100	Post	12/1/2018
PMO: Office equipment and Furniture	PMT.GO.06	GO	RFQ	National	75,000	100	Post	5/15/2018
SAD: Office equipment and Furniture - several packages	PMT.GO.07	GO	RFQ	National	450,000	100	Post	6/1/2018
Support to PMT - Several individual consultants	PMT.CS.01	CS	CVs	National	150,000	100	Post	6/1/2018

27. **Client Capability:** Project implementation will be the responsibility of the MOLSA in Baghdad. A PMO will be established to be responsible for overall project management, coordination and reporting, including monitoring compliance with safeguards, fiduciary, legal and other covenants. The ministry's staff have limited experience in procurement and contract management. The World Bank's Procurement Regulations for IPF Borrowers, July 2016 is also new to the PMO. All project involved staff will receive training and will be familiarized with these regulations as they relate to the project.

28. MOLSA has no experience in managing or implementing CfW programs. However; there are few UN agencies and NGOs who have implemented similar programs in the country but for smaller value on a smaller scale. Therefore, there is a risk of delays and mismanagement if the program implemented by one agency as the identified potential UN agencies may not be able to implement the entire program during implementation in all liberated areas. To avoid these risks of delays and capacity constraints; the project will consider introducing appropriate contracting packages with different UN agencies and NGOs based on security situations; numbers of returnees and their geographic locations, qualification and availability of the agency's resources in that area, etc.



29. *Frequency of Supervision.* The frequency of supervision mission and post procurement review is foreseen respectively twice and once yearly. In post procurement review, a sample of ten percent (10 to 20 percent) of contracts eligible for post review shall be covered.

30. *Complaints management and dispute resolution systems:* Regulations 1 for 2014 of “Executing Public Contracting” establish the right of bidder to raise a complaint to a centralized committee at each procuring entity. However; bidders do not have adequate access to independent administrative review and appeal processes. Although civil courts have jurisdiction over civil and commercial matters, access to them is perceived as inadequate by participating bidders, and the administrative review and court systems are not operating adequately under current circumstances. The Project Operational Manual shall include a section on how to handle complaints during the procurement process and any disputes raised during contract implementation: In the absence of formal independent complaint mechanism, the procedures for administration and handling of procurement-related complaints stated in the Bank’s procurement regulations will be followed for contracts where the Bank’s Standard Procurement Documents are used.

31. *Key Risks and proposed mitigation measures:* Based on the overall assessment of the implementing agency and the information available on the procurement environment in Iraq, the overall procurement risk is deemed to be **high**. The proposed mitigation measures include:

Table 10: Procurement Risks and Mitigation Measures

Risks	Mitigation measures
MOLSA’s limited capacity in implementing CfW programs	<ul style="list-style-type: none"> - Use of UN agencies and NGOs that implemented similar programs in the country.
Delay in implementation from UN agencies’ or NGOs’ side (time over-run and cost over-run)	<ul style="list-style-type: none"> - Link Key Performance Indicators (KPIs) to payment. - Appropriate packaging requirements to be set based on agencies capacity and available resources. - Split the CfW to 3-4 contracts with the same scope of works but different geographical locations (governorates) - Use Project Management tools like MS Project to closely monitor the critical paths. - Engage civil society in monitoring the implementation
MOLSA’s experience in procurement planning, monitoring and contract management may cause delay in contracting UN agencies, preparation of procurement documents, evaluation and implementation	<ul style="list-style-type: none"> - Provide comprehensive training to the PMO on procurement and contract management Bank to provide HEIS
Perception of fraud and corruption in high risk and weak control environment	<ul style="list-style-type: none"> - Ensure good record keeping practices are in place - Hire local Third-Party Monitoring Agent to ensure fiduciary compliance - Advertise procurement plan, procurement notices and contracts awards even for small value of contracts



	<ul style="list-style-type: none"> - Involve the Board of Supreme Audit or Integrity Commission to observe negotiation with the UN agencies
Use of CfW programs for political gains during parliamentary election period	<ul style="list-style-type: none"> - Hire UN agencies and reputable NGO with no political affiliation to implement the program - Develop a communication strategy and hold awareness campaign to the civil society
Travel/movement of World Bank staff in most areas of the country is subject to restrictions due to the security situation in Iraq.	<ul style="list-style-type: none"> - Hire local firm (Fiduciary monitoring agent) or local consultants to conduct site visits and physical inspection - Use of technology of Geotagging when feasible

32. *Procurement Thresholds and Prior Review Thresholds.* The Procurement Plan shall set forth those contracts, which shall be subject to the World Bank's Prior Review for high risk environment. All other contracts shall be subject to Post Review by the World Bank.

Table 11: Prior Review Thresholds

Type of procurement	Prior review high risk in US\$ million
Works (including turnkey, supply & installation of plant and equipment, and PPP)	5
Goods, information technology and non-consulting services	1.5
Consultants: firms	0.5
Consultants: individuals	0.2

Table 12: Thresholds for Procurement Approaches and Methods

Thresholds for Procurement Approaches and Methods (US\$ thousands)							
Works			Goods, IT, and non-consulting Services			Shortlist of national Consultants	
Open international >=	Open national <	RfQ <=	Open international >=	Open national <	RfQ <=	Consulting services <	Engineering and Construction Supervision <=
10,000	5,000	1,000	2,000	1,000	500	300	N/A



ANNEX 3: IMPLEMENTATION SUPPORT PLAN

COUNTRY : Iraq

Iraq Emergency Social Stabilization and Resilience Project

Strategy and Approach for Implementation Support

The World Bank will support the Government by providing technical assistance to the project which will ensure adherence to World Bank policies and procedures and encouraging and fostering coordination between Bank sectoral teams relevant to implementation. The World Bank will also carry out missions to Baghdad on a regular basis to ensure continuous support, and will deploy a strong local team for daily follow-up. The World Bank will also conduct a mid-term review (MTR) after the first half of the project's life, or once the project has disbursed 50 percent of the resources, to assess progress and address high-level implementation challenges. Implementation support missions and internal reviews will be complemented by external reviews that will include the following areas: financial management, procurement, monitoring and evaluation, and technical audits.

Implementation Support Plan and Resource Requirements

Component 1- CfW, Social Support, and Livelihood Opportunities

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Design of the CfW and Livelihood Support Program	<ul style="list-style-type: none"> • Economist • SSN Specialist • Community Development Specialist • Agriculture and Infrastructure Specialist • Procurement, Financial Management and Safeguards Specialists 		Technical inputs to the design
	Initiation of the CfW program in the selected governorates	<ul style="list-style-type: none"> • Technical skills that contributed to the design • Local support to implementation 		Technical assistance, community level facilitation



	MHPSS Initiatives	<ul style="list-style-type: none"> • Economist • Health Specialist • Local support 	Technical assistance and coordination with the work already being done
12-24 months	Implementation and Monitoring of the CfW and Livelihood support program	Technical skills listed above, and local support	Technical assistance, community level facilitation
	Post-conflict Strategy for Violence	<ul style="list-style-type: none"> • Fragility context specialist • Public Health specialist 	

Component 2- Resilient SSN

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Poverty program implementation	<ul style="list-style-type: none"> • Poverty economist • SSN specialist • Social work support • Local support 		
	CCT pilot program (implementation and evaluation)	<ul style="list-style-type: none"> • Poverty economist • SSN specialist • Education and Health specialists • Social work support • Local support 		Case management contribution from UNICEF
12-24 months	Poverty program scale-up	Same respective skills listed above		
	CCT Pilot scale up	Same respective skills listed above		

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
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Social Protection specialist

Social Development specialist

Poverty Economist

Health specialist

Education specialist

M&E specialist

Procurement specialist

Financial Management specialist

Fragility expert

Agriculture specialist

Infrastructure specialist

Partners

Name	Institution/Country	Role
Government of Iraq	MOLSA, Ministry of Health, Ministry of Agriculture, Ministry of Education	MOLSA implementing partner, the other ministries will cooperate on the different components, namely CfW, Social Support (MOH), and CCT (MOH and MOE)
UN Habitat/IOM/UNOPS	International	Contribute to the CfW
UNICEF	International	Contribute to Social Support and the CCT program
WHO and UNFPA	International	Contribute to the



ANNEX 4: SAFEGUARDS ACTIONS PLAN (SAP)

COUNTRY : Iraq

Iraq Emergency Social Stabilization and Resilience Project

I. Objectives

1. **The Safeguards Action Plan (SAP)** provides a time-bound plan for the environmental and social safeguards instruments, the preparation of which has been deferred to the project implementation period under Section III, Paragraph 12 of the Bank Policy: Investment Project Financing, which allows for condensed procedures and deferral of preparation of safeguards instruments in situations of urgent need of assistance or capacity constraints. This SAP provides general policies and procedures to be integrated into the implementation of the World Bank-supported Emergency Social Stabilization and Resilience Project.

2. The objective of the SAP is to ensure that the planned project activities related to the Environmental and Social (E&S) assessment and management instruments and processes comply with the national legislation of Iraq as well as with World Bank operational safeguards policies, and are duly and diligently implemented in a logical sequence with the environmentally and socially relevant project activities. As a general principle, E&S assessments and instruments should be completed, disclosed and consulted on before project-funded activities with relevant E&S footprints can commence.

3. This SAP is prepared by the World Bank under Section III, Paragraph 12 of the Bank Policy: Investment Project Financing, and complies with triggered World Bank safeguards policies, specifically OP 4.01 on **Environmental Assessment**, and OP 4.12 on **Involuntary Resettlement**, and is subject to public disclosure as part of the Project Appraisal Document (PAD). In addition, it will be disclosed both in-country in English and Arabic (in the appropriate communication channels such as on implementing agency's official website and/or hard-copies in a location and format easily accessible to PAPs, and at concerned sector ministries, and other public places of project intervention areas) as well as at the World Bank's external website.

II. Project Scope and Context

4. **The project scope** is outlined in detail in Section III of the ESSRP PAD. The objective of project is to (i) increase short-term employment and livelihood opportunities in liberated areas; (ii) increase access to psychosocial services in liberated areas; and (iii) strengthen the systems to expand the provision of social safety nets.

Country Context

5. Iraq is a country of rich natural resources and human potential, which has suffered from decades of conflict and economic volatility. Over the past three years, the war against ISIS has led to the deaths



of thousands and the internal displacement of over four million people. Recent estimates suggest that more than 11 million Iraqis are currently in need of some form of humanitarian assistance.

6. Unemployment is high and labor force participation remains exceedingly low, especially for women and youth. Only 15 percent of Iraqi women of working age participate in the labor force - well below the already low rates of female labor force participation in the MENA Region of 22 percent - while about 72 percent of adult men are employed compared to a regional average of 75 percent. Among the youth ages 15–29, 72 percent of women and 18 percent of men are neither in school nor employed. The agriculture sector is the largest source of rural employment and livelihood in Iraq but is drastically underexploited. The public-sector accounts for nearly all the formal jobs and the private sector has not generated any significant employment opportunities.

7. With the recent liberation of Mosul, Iraq faces a historic opportunity for national reconciliation through the effective delivery of critical social services, economic growth and recovery programs. The reinstatement of trust between the state and its citizens is highly dependent on the Government of Iraq (GOI) demonstrating its capacity to deliver security, jobs and economic growth to all Iraqis, with a focus on the poor, the vulnerable and the millions of internally displaced people (IDP) impacted by the war against ISIS. Time will be of essence for the government to address the humanitarian needs of the thousands that have been recently liberated from conflict affected areas. Providing them with livelihood opportunities and rapid employment will be critical in addition to recovery and rebuilding social cohesion.

III. Compliance with World Bank Safeguards Policies

8. Given the nature and magnitude of potential environmental and social impacts from the proposed cash-for-work program which supports small-scale activities of cleaning and limited rehabilitation works, **the proposed operation is classified as Safeguards Category B.** Activities supported by the proposed operation are expected to have certain site-specific adverse environmental and social impacts. This SAP has been developed specifically for these proposed activities, to ensure due diligence, and to ensure consistent treatment of environmental and social issues by the implementing agency - the Ministry of Labor and Social Affairs (MOLSA) and other implementing partners such as UN agencies and/or NGOs. The purpose of this plan is to also assist MOLSA in screening all subprojects for likely environmental and social impacts, identifying E&S management requirements. The World Bank's policies on Environmental Assessment (OP/BP 4.01) and on Involuntary Resettlement (OP 4.12) are triggered for this Project. **No category "A" sub-components or subprojects will be eligible for financing out of the loan proceeds.**

9. As an emergency operation, the requirement to carry out an Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) will be undertaken during project implementation. At the same time, prior to sub-project appraisal, the implementing agency will apply the following minimum standards during implementation: inclusion of standard environmental codes of practice (ECOP), particularly in the rehabilitation bid documents; implementation of environmentally and socially sound options for disposal of wastes; and provisions for adequate budget and satisfactory institutional arrangements for monitoring effective implementation.

10. For all project activities, which may include civil works, a social and environmental safeguards screening tool, as part of the ESMF, will be developed and applied, along with the specific sub-project



level instruments that will be necessary to cover both environmental and social aspects, including sub-projects site-specific Environmental and Social Management Plan (ESMPs) and/or checklists. Additional measures will support the implementation, monitoring, and compliance to the ESMF, including; (a) annual fiduciary audits/ post-review of a subset of sub-projects with respect to design and implementation of site specific ESMPs and/or checklists and (b) project supervision missions by the Bank will include environmental and social implementation expertise to support client during the entire project cycle

11. **OP 4.01 Environmental Assessment.** The proposed project will mainly focus on urban communities, and public work activities would include street sweeping and cleaning, drainage clearance, painting of public buildings and street walls, painting of crosswalks, rehabilitation of recreational spaces, rehabilitation of schools, health posts and other community buildings, and other similar activities. In rural communities, activities would include brushing of bushes along access roads, clearing non-private agricultural land (or for any other purpose that would serve a community or public need), breaking of rocks for road rehabilitation, cleaning and replacement of culverts, and drainage clearance along roads, and other similar activities. Measures to manage potential environmental and social impacts, including those on public and site worker's health and safety, will be detailed in the ESMF that will be prepared. The safeguards requirement will be prepared as per OP 4.01 requirements, and it is not anticipated that OP 4.04 'Natural Habitats', OP 4.10 'Indigenous Peoples', OP 4.11 'Physical Cultural Resources', OP4.37 'Safety of Dams' and OP 7.50 'Projects on International Waterways' would be triggered.

12. **OP 4.12 Involuntary Resettlement.** The project will not involve land acquisition as it will support intensive labor work activities in urban and rural communities as mentioned above. However, there is a slight possibility of the following impacts during implementation: (i) temporary land acquisition for contractors' camp and storage of equipment; (ii) relocation of encroachers due to subprojects activities; and (iii) interruption and/or restriction to access any business adjacent to subprojects causing loss of income. Therefore, the World Bank Policy on Involuntary Resettlement OP 4.12 will be applied as a precautionary measure. It is recommended that the activities under sub-component 1.1 (rehabilitation and restoration works of public buildings, streets and spaces, etc.) provide equal opportunities and include persons with disabilities. Additionally, in order to strengthen the social fabric and trust between citizens, for activities under sub-component 1.2 (Psychosocial Support Services), it is recommended that health workers, social workers and local volunteers receive awareness and training to avoid discrimination among beneficiaries due to ethnicity, religion or gender. Accordingly, during the implementation period, and before commencement of the relevant project activities, a Resettlement Policy Framework (RPF) to cover the entire scope of potential investments will be cleared by the Bank and disclosed by November 30, 2018.

13. **OP 4.11 Physical Cultural Resources.** Given that the proposed operation does not entail new construction and only involves rehabilitation and clearing of existing urban and rural structures, it is not expected for any damage of physical cultural resources to take place.

14. **OP 4.37 Safety of Dams.** The proposed project does not include construction or rehabilitation of any dams nor does it carry out activities that may be affected by the operation of an existing dam and therefore this OP would not be triggered.

15. **OP 7.50 Projects on International Waterways.** The proposed project does not include any subprojects that would trigger this OP.



16. The Bank has not identified any meaningful alternatives to the current project design, as the project contents, geographic scope and activities are predefined by pre-existing infrastructure. There is some scope for variation in identifying subprojects; the identification of the actual areas to be included into the project will be based on extensive guidance by pre-established criteria.

IV. Sequencing and Tentative Implementation Schedule for Safeguards Processing

17. As a general principle, the implementing agency (MOLSA) will apply the following minimum standards during implementation: (i) inclusion of standard Environmental Codes of Practice (ECOP) in bidding documents for rehabilitation, improvement and clearing activities for all subprojects; (ii) implementation of environmentally and socially sound options for disposal of any hazardous waste (e.g. paint, debris, or rubble); and (iii) provisions for adequate and satisfactory budget and institutional arrangements for monitoring effective implementation.

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

- a. ***During project preparation:*** The Bank safeguards team will assist the implementing agency MOLSA in drafting TORs for the preparation of an ESMF and RPF to quickly initiate the preparation of these safeguard instruments.
- b. ***Immediately after project effectiveness:*** The borrower will hire regional consultants to prepare the ESMF and RPF by August 31, 2018, both which will be the overarching safeguards documents governing approach, processes and specific instruments for sub-projects. The ESMF will cover the following topics: (i) scope of project activities; (ii) typologies of expected impacts, as well as magnitudes and durations; (iii) types of E&S assessment/management instruments including the range of mitigation measures tailored to the identified sub-project/impact typologies; including specific measures to protect public & site workers health and safety (iv) methodology for sub-project E&S screening, classification and allocation of specific E&S instruments; if required (v) review of relevant institutions, key players, roles and responsibilities and administrative processes; (vi) capacity analysis and training requirements; (vii) update of cost estimates for E&S management measures (viii) Grievance redress mechanism; (ix) Consultation; and (x) Arrangements for monitoring and evaluation. The ESMF will also contain a positive and negative list of eligible/non-eligible subprojects and provisions to exclude category A-type subprojects, as well as subprojects that would trigger any safeguard policy not triggered under the project. The RPF will cover the following topics: (i) a brief description of project activities; (ii) principles and objectives governing resettlement preparation and implementation; (iii) a description of the process for preparing and approving resettlement plans; (iv) eligibility criteria and estimated resettlement impacts; (v) arrangements to allocate funds for resettlement from the project budget; (vi) legal framework; (vii) methods of valuing affected assets; (viii) institutional arrangements of resettlement planning and implementation; (ix) grievance redress mechanism; (x) Consultation; and (xi) arrangements for monitoring and evaluation. Additionally, the RPF will set out the resettlement requirements and the guidelines for preparation of RAPs or ARAPs if required.
- c. ***During implementation and onwards:*** Continuous development of E&S management instruments might be required for some subproject typologies such as (rehabilitation of recreational spaces, schools, health posts and other community buildings, and other similar activities; breaking of rocks



for road rehabilitation, replacement of culverts). For the expected scope of subprojects, freestanding, comprehensive ESIA's will not be required, as all structures and installations will have existed before, and the project would only finance their rehabilitation. The expected typologies of rehabilitation, clearing and clearing would mostly require checklist, simple-type ESMPs that would become part of the works contracts, set the E&S standards and compliance mechanisms, and serve as a contractual basis for supervision and enforcement of good E&S practice during the works. No sub-projects are expected to be of the nature to require ESIA's or resettlement, but nevertheless a screening mechanism will have been included in the ESMF.

19. **Preparation time for safeguards instruments including Bank review, revisions, clearance, and approval steps.** The preparation time of the ESMF and RPF respectively, is estimated to require a period between three and four months, including Bank review and approval, disclosure, consultations and finalization. The preparation of limited ESMPs, checklists as well as RAP/ARAP, if needed, will range from one to two months, including Bank review and approval, disclosure, consultations and finalization.

20. **Consultations and Disclosure.** Within three months of project effectiveness, the ESMF and RPF will be disclosed in-country and at the Bank's external website after the Bank review as final draft versions for a period of no less than 30 days during which the Government will conduct consultations for the affected stakeholders. The consultation mechanism for the sub-project specific ESMPs and RAP/ARAPs (if needed) will be designed with appropriate depth and breadth depending on the specific situation's dimensions. For smaller works -which constitute most of the activities supported under this project- consultations will be for portfolios of multiple projects, based on large scale planning documents and generic E&S sample instruments. Due to the challenging security situation, consultations will take the form of focused group discussions (FGD)/meetings and/or simple interviews. Separate meetings/interviews with women will be conducted by a female consultant. All meetings and interviews will be conducted in locations that meet specific security criteria.

21. Implementation of safeguards instruments, if applicable, development of secondary instruments (e.g., subproject ESMPs, checklists or RAPs) after finalization of the ESMPs and RAPs, no further safeguards instruments will be required. No tender package will be issued without an attached ESMP and/or checklists and no contract will be signed without respective clauses obliging the Contractor to the ESMP and/or checklists use and implementation.

22. **Implementation Monitoring:** The monitoring of safeguards compliance will be carried out during subprojects implementation. MOLSA will dedicate environmental and social field officers to ensure compliance with the E&S safeguards requirements. In addition, safeguards monitoring will be included into the TOR for a third-party monitoring consultant (if needed), who will also be responsible for technical quality, measurements, procurement and fiduciary compliance.

V. Consultation and Disclosure

23. This SAP is subject to public disclosure as part of the Project Appraisal Document (PAD). The SAP will be shared with the relevant implementing agency and concerned governmental and nongovernmental organizations in Iraq. In addition, the SAP will be disclosed both in-country (in the appropriate communication channels and MOLSA webpage) as well as on the World Bank's external website upon project approval by the Board of Directors of the World Bank.



24. During the project's first year of implementation, the ESMF and RPF will be prepared and consulted upon as described above. Prior to the commencement of any civil works, checklists or site specific ESMPs -and RAPs/ARAPs if needed- will be prepared and consulted upon with the subproject-affected groups and local nongovernmental organizations on the project's environmental and social aspects, and will take their views into account. The implementing agency (MOLSA) will initiate these consultations as early as possible, and for meaningful consultations, will provide relevant material in a timely manner prior to consultation, in a form and language that are understandable and accessible to the groups being consulted with. As described above, given the security situation, consultations might take the form of FGD/meetings and simple interviews. The ESMF and RPF will be disclosed in-country (in the appropriate communication channels such as on the website of implementing agency and/or as hard-copies of the in a location and format easily accessible to PAPs, and at concerned sector ministries, and other public places of project intervention areas) as well as at the World Bank external website.

VI. Roles & Responsibilities, including Supervision Arrangement for Safeguards Preparation, Implementation & Monitoring

25. MOLSA will be responsible for the implementation of the safeguards instruments and processes, compliance with national environmental regulations, as well as the Banks E&S safeguards policies. MOLSA will be staffed with qualified environmental and social specialist(s) that will follow-up on the preparation and implementation of these safeguards instruments.

26. The implementing agency will be responsible for ensuring the timely commencement of the preparation of ESMF and RPF and site-specific checklists or ESMPs, RAPs/ARAPs if needed, and will ensure that no contracts for works that have physical impacts start without the required safeguards instruments in place.

27. The Safeguards Team will also review ToRs as well as the ESMF, RPF and site-specific safeguards instruments e.g. ESMPs/checklists and RAPs/ARAPs to ensure that their scope and quality are satisfactory to the Bank. The ESMF and RPF will need to be reviewed and approved by the World Bank. In addition, the implementing agency will review tender documents and construction contracts regarding due consideration of the safeguards instruments, and the inclusion of effective and enforceable contractual clauses. Finally, the Safeguard Team will also monitor the implementation of the different prepared instruments through regular supervision missions (which will include an environmental and social specialist) during which document reviews, and meetings with MOLSA environmental and social officers will be conducted. Depending on the circumstances (particularly the security situation), TPM will also be used for supervision and monitoring and would thus complement the Bank's efforts of the Bank.

VII. Estimated Costs for Safeguards Preparation and Implementation Process

28. The cost of preparing the required safeguards instruments is estimated to be about US\$20,000 for the ESMF and RPF, for the subsequent safeguards instruments, US\$2,500 per instrument (ESMP/checklist and RAP-ARAP) will be required.

29. The implementation of ESMPs is expected to cost only a small fraction of design and construction, as most mitigation measures will be very generic, off-the-shelf, and implementable without specialized skills, experience or equipment. Assuming a proportion of about 0.5 %, for every US\$1 million



spent on rehabilitation, cleaning and clearing activities, therefore US\$100,000 would be spent for environmental mitigation and management measures.

VIII. Safeguard Screening and Mitigation

The selection, design, contracting, monitoring and evaluation of the project interventions will be consistent with the following guidelines, codes of practice and requirements. The safeguard screening and mitigation process includes a list of negative characteristics rendering a proposed intervention ineligible for support, as detailed below.

Table 13: Attributes of Ineligible Subprojects
GENERAL CHARACTERISTICS
Damages cultural property, including but not limited to, any activities that affect the following sites: <ul style="list-style-type: none">• Archaeological and historical sites; and• Religious monuments, structures and cemeteries.
Drinking Water Supply Construction of new or the expansion of existing piped water schemes.
Sanitation Construction of new or the expansion of existing wastewater treatment plants.
Solid Waste New disposal site or significant expansion of an existing disposal site.
Irrigation Construction of new or the expansion of existing irrigation and drainage schemes.
Income Generating Activities Activities involving the use of fuelwood, including trees and bush. Activities involving the use of hazardous substances.