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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 04-May-2025 | Report No: PIDIA01325



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Iraq	Region MIDDLE EAST AND NORTH AFRICA	Operation ID P507282	Operation Name Iraq Railways Extension and Modernization Project
Financing Instrument Investment Project Financing (IPF)	Estimated Appraisal Date 28-Apr-2025	Estimated Approval Date 24-Jun-2025	Practice Area (Lead) Transport
Borrower(s) Ministry of Finance	Implementing Agency Ministry of Transport (Iraqi Republic Railways SOE)		

Proposed Development Objective(s)

The Project Development Objective is to improve the railway infrastructure and services between Umm Qasr Port in southern Iraq and Mosul in northern Iraq.

Components

- Component 1: Brownfield Railway Infrastructure Modernization and Rolling Stock Maintenance
- Component 2: Railway Sector Institutional Reform, Asset Management, and National Integration
- Component 3: Management Support for the IRR
- Component 4: Contingent Emergency Response
- Front End Fee

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Total Operation Cost	930.00
Total Financing	930.00
of which IBRD/IDA	930.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	930.00
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Environmental And Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

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Other Decision (as needed)

B. Introduction and Context

Country Context

- In May 2023, Iraq announced its ambitious Iraq Development Road (IDR) initiative, aiming to leverage its strategic geographical location to transform into a regional transport hub.** The IDR will connect the Gulf (at the Arabian Peninsula) through Iraq’s southern region to the Turkish border in the north, with connectivity then extending to Europe via a road and rail corridor, linking the Al-Faw Port to Türkiye.
- The Middle East is experiencing a revival of regional railways with the construction of the Gulf Cooperation Council (GCC) Railway Network, which spans approximately 2,177 kilometers.** This network will connect Bahrain, Saudi Arabia, Qatar, Kuwait, Oman, and the UAE, facilitating regional trade and transportation. In the long term, integrating the IDR with the GCC Railway Network will create a seamless transportation corridor, enhancing the efficient movement of goods and people within the Middle East.
- The IDR, along with the India-Middle East-Europe Economic Corridor (IMEC) and the Middle Corridor, are significant initiatives enhancing trade connectivity between Asia and Europe.** The IMEC Corridor seeks to create a multimodal transport and energy corridor between India, the Middle East, and Europe. The Middle Corridor is a multimodal transport network connecting China and Europe through Central Asia, the Caspian Sea, and the South Caucasus. While these corridors will attract trade between Asia and Europe, their true value lies in facilitating the movement of exports and imports of the countries themselves, driving regional economic growth and integration.



4. **The IDR presents opportunities to increase trade within Iraq significantly and within the region once connectivity is enhanced with existing ports and infrastructure.** The IDR could attract up to 14 million tons of international freight and 20 million tons of regional freight by 2040. Estimates show that this can increase Iraq's exports by 3.4 percent and imports by 7.3 percent. The IDR's development impact hinges on linking Iraq to Türkiye and regional markets, with plans still in preparation. Türkiye has recognized the strategic importance of the IDR and, along with Iraq, Qatar, and the United Arab Emirates, signed a Memorandum of Understanding in 2024. Authorities in Türkiye have expressed willingness to invest in connecting its railway to Iraq, enabling direct rail connectivity to Europe. Within Iraq, new railway segments are needed to link Basra to Al-Faw Port and Mosul to Türkiye (through the Kurdistan Region of Iraq), with exact routes and border crossings still under study.
5. **As Iraq shifts from reconstruction to development, the enhanced trade and connectivity facilitated by the IDR can stimulate growth, create jobs, and foster economic stability.** Iraq's heavy reliance on oil—97 percent of exports, 86 percent of government revenue, and 60 percent of Gross Domestic Product (GDP)—makes it vulnerable to external shocks and limits diversified growth. The IDR will help: (a) diversify Iraq's economy beyond oil, thereby enhancing economic resilience, raising living standards, improving trade efficiency, promoting economic integration, (b) modernize Iraq's transport infrastructure, thereby streamlining goods movement, reducing trade costs and delays, and enabling better access to global markets, and (c) connect the country better and bring peace and harmony to Iraq, thereby creating a stable investment environment, reducing conflict, and addressing root causes of fragility. In the long run, the IDR is estimated to increase GDP by 6.8 percent and jobs by 4.3 percent. The improve connectivity will strengthen public institutions' legitimacy and contribute to a more stable and prosperous Iraq.
6. **Investments in Iraq's existing railway network are an essential foundational step towards enhancing both national and regional connectivity.** Iraq possesses an extensive but deteriorated rail network, which is currently unprepared to support the increase in regional trade envisioned by the IDR. Currently, trade from the south to the north of Iraq is primarily conducted via roads. Modernized railways could provide a more efficient and environmentally friendly option for connectivity within the country and serve as a foundation for regional connections through the IDR. Upgrading domestic rail connectivity is economically justified, even without regional trade benefits.
7. **In this context, the proposed Iraq Railways Extension and Modernization (IREM) Project offers a double dividend.** The Project entails rehabilitation and modernization of key pieces of the domestic railway network, namely 1,047 km of existing railways linking Umm Qasr Port to Mosul, connecting major urban centers like Baghdad and Basra (see the Map in Annex 3). Investing in these upgrades will improve railway performance, boost domestic trade, create jobs, and diversify the economy. It will lay the foundation for future regional trade connectivity and lasting peace in Iraq.
8. **The Project will yield significant national benefits.** By 2037, the revived railway line is expected to carry 6.3 million tons of domestic freight, 1.1 million tons of exports/imports, and 2.85 million passengers, including bulk commodities (such as grains or construction materials) and containerized commodities (such as industrial and consumer goods). The railway will traverse eight of Iraq's eighteen governorates, enhancing integration within federal Iraq, benefiting approximately 17 million people. The shift from trucks to trains will substantially decrease damage to roads and lower their annual maintenance costs. Without the Project, the trucking sector is projected to grow at 3 percent per year. However, with the Project, this growth rate is expected to decline to 1.9 percent per year. The Project will create over 3,000 full-time construction jobs for seven years. Once railway operations commence and the sector expands, the Project will create 21,900 jobs annually by the year 2040 (many of which will be in the private sector).

Sectoral and Institutional Context

Sector Overview and Challenges



9. **Iraq's transport sector faces inadequate maintenance and funding, leading to infrastructure deterioration.** It ranks 115th out of 139 countries in the World Bank (WB) 's 2023 Logistics Performance Index. Despite many challenges, the transport sector contributes 9 percent to GDP with roads accounting for over 90 percent of transport activity.
10. **Iraq's maritime sector is important for trade, with seaborne vessels transporting more than 90 percent of Iraqi trade.** Umm Qasr Port, with 24 berths and a railway connection, handled 17.4 million tons of cargo in 2022. A new deep-sea port at Al-Faw is expected to be operational by mid-2025. Despite this, Umm Qasr Port will remain essential, with estimated traffic volumes of 23.5 million tons in 2050 due to potential congestion at Al-Faw Port.
11. **Fragmentation, weak governance, and chronic underfunding impede growth and improvement in the transport sector.** The Ministry of Planning (MoP) oversees investment policy, and the Ministry of Transportation (MoT) regulates transport policy. Operational control of railways, airports, and ports falls under state-owned enterprises (SOEs) reporting to the MoT. The legal framework for the Iraqi Republic Railways (IRR) was established by the "Law of the Iraqi Republic Railways Establishment" (Law No. 33, 1965) and amended by Law No. 121 of 1970. Corporate regulations in Iraq, are governed by Law No. 22 of 1997. Unlike other countries, Iraq lacks regulations on railway safety and economics. Improving governance and management is crucial for enhancing IRR's performance and infrastructure investments.
12. **Iraq's rail sector comprises a 2,272 km standard gauge network and 115 stations, which are in disrepair and offer limited transport connectivity.** The network includes two main lines: one running north-south (Umm Qasr-Basra-Baghdad-Mosul-Syrian border at Rabiya) and another east-west (from Baghdad to near the Syrian border at Akashat). Additionally, there are several short branch lines. Services are limited to a few freight lines (oil and grain transport) and passenger trains, including an overnight Baghdad-Basra service and a weekly train to Sammara.
13. **The north-south railway line which will be improved through the Project:** (a) The southern section, linking Baghdad to Umm Qasr Port (624 km), was partially rehabilitated in 2014, allowing trains to operate at speeds up to 80 km/h with an axle load limit of 25 tons, though some segments reduce speeds to 50 km/h; (b) The northern section, linking Baghdad to Rabiaa (520km), connects to Syria and operates at speeds of 40-60 km/h with an axle load limit of 18 to 20 tons. It has limited and irregular freight traffic and includes a major workshop at Baiji that needs refurbishment.
14. **Historically, IRR transported significant freight and passengers, but recent disruptions have reduced this to 300,000 passengers and 65,840 tons in 2023, starting with the war on the Islamic State of Iraq and Syria in 2014.** The infrastructure and rolling stock are in poor condition: (a) **Locomotive stock:** There are 35 operational locomotives for freight and 12 new ones for passenger trains. If spare parts become available, 162 locomotives can become operational. The MoP has approved the purchase of 50 new freight locomotives and repairs for 50 others. (b) **Workshops:** The IRR has one operational workshop at Al-Samawa, while the workshops at Baiji and Quaim need significant repairs. (c) **Rail signaling:** The current radio-based signaling system reduces line capacity compared to modern systems.
15. **Financially, the IRR depends heavily on the Government of Iraq (GoI)'s support for operations and capital investment.** The support is offered as grants for inputs, targeting the expenditures that the IRR incurs in running railway operations. However, the provision of such funding is not associated with any specific targets or measurable outcomes. The IRR has 3,569 staff (end of 2024), and nearly 50 percent of staff are in traditional operational roles requiring up to 9 years of education.
16. **Iraq's transport network is highly vulnerable to climate change impacts including extreme temperature, extreme precipitation, and flooding.** Iraq's transport sector contributes around 13 percent of total Greenhouse Gas (GHG) emissions and is the biggest source of air pollution in the country. The Iraq Country Climate and Development Report (CCDR) highlights the need to prioritize climate-resilient transport linkages, accessibility for people and goods, and regional connectivity. This includes rehabilitating railway tracks, enhancing operations, developing new strategic rail links to shift from roadways to railways, and reducing the transport sector's carbon footprint. The Iraq Country Partnership Framework (CPF) (FY2022-FY2026) discusses the significant risks climate change poses to Iraq's economic prospects and the need for an adaptive response.



17. **Iraq's regulatory framework permits Public-Private Partnerships (PPP) in transport, but its Fragile, Conflict, and Violence (FCV) status limits investment due to risks and inadequate capacity.** A transparent PPP legal framework is needed. Public funds should cover railway infrastructure, while private investments should support operations and logistics. Logistics providers face security, infrastructure, regulatory, workforce, and technology challenges.
18. **Iraq has one of the lowest female labor force participation rates globally, only 11 percent of women being economically active compared to 72 percent of men.** Only 16 percent of the IRR employees are women, including just 32 female engineers. Women are nearly absent from the transport sector, especially in technical and managerial roles, due to barriers like childcare tasks, social norms, and mobility constraints. Only 0.7 percent of children under four are enrolled in formal childcare, limiting mothers' labor market participation. While education statistics for the transport sector are unavailable, 44 percent of 2022-2023 graduates in engineering, technology, and science fields from Technology University Iraq were female. This highlights a promising talent pool for transport sector employers.

Response to challenges

19. **In response to these challenges in the transport sector, the GoI has set out key development priorities in Iraq's National Development Plan (NDP) 2024-2028.** The NDP has identified key railway challenges as limited routes, weak systems, unregulated level crossings, and low rolling stock. The GoI has requested WB's support in rehabilitating and modernizing Iraq's railway network. The Project aligns with the WB's CPF objectives 1.1-1.3 by addressing fragmented transport infrastructure and improving governance, service delivery, private sector participation, and human capital.
20. **The Project aims to rehabilitate and modernize 1,047 km of existing railways linking Umm Qasr Port to Mosul through Baghdad.** This Project will enhance railway performance, boost trade, create jobs, and shift transport from road to rail, reducing road damage. The Project will also address the aging fleet of locomotives and rolling stock, refurbish the Baiji maintenance workshop, and procure necessary equipment and spare parts. The Project includes technical assistance (TA) to improve the institutional and corporate performance of the IRR, developing a Railway Sector Reform Action Plan, and identifying opportunities for private sector involvement. The Project will provide training for IRR staff and support women's participation in the rail sector. To ensure successful implementation, the Project will expedite the hiring of a Capital Expenditure (CAPEX) management agent.

C. Proposed Development Objective(s)

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Development Objective(s) (From PAD)

The Project Development Objective is to improve the railway infrastructure and services between Umm Qasr Port in southern Iraq and Mosul in northern Iraq.

Key Results

21. **The Project Development Objective (PDO) will be measured through the following indicators.**
 - a. Share of Iraq's railway network modernized and brought to a climate resilient standard [unit: percentage]
 - b. Time taken to travel from Umm Qasr Port to Mosul (for Freight and Passengers) [unit: hours]



- c. Freight volumes on the railway section from Umm Qasr Port to Mosul [unit: tones per year]
- d. Direct users that benefit from improved access to sustainable transport infrastructure and services (of which female and youth) [WBG scorecard indicator]
- e. Inferred beneficiaries of improved access to sustainable transport infrastructure and services (of which women female and youth) [WBG scorecard indicator]

D. Project Description

22. **The Project focuses on improving and augmenting the existing railway infrastructure to better serve domestic and regional trade needs, as well as domestic passenger demand.** The Project addresses significant challenges such as poor track conditions, aged locomotive equipment, and the lack of a signal control system and communication network for railway operations. Key activities under the Project include rehabilitating the existing single track where needed (building on ongoing investments under the Emergency Operation for Development (EODP) (P155732)¹ and past government efforts to rehabilitate the network), installing European Train Control System (ETCS) signaling and ducts for Optical Fiber Cable (OFC), maintaining existing locomotives and rolling stock, supporting the capacity building of the IRR, and enabling private capital for railway operations and logistics centers around the rail corridor. The Project has four components:

23. **Component 1: Brownfield Railway Infrastructure Modernization and Rolling Stock Maintenance.** Carrying out the restoration and rehabilitation of the single-track railway line from Umm Qasr Port to Mosul, through:

- a. **Sub-Component 1.1:** Renewal of railway tracks of the north-south railway line from Al Yussifiya (Baghdad) to Baghdad, from Baghdad to Taji, and from Baiji to Mosul;
- b. **Sub-Component 1.2:** Spot rehabilitation of the north-south railway line from Umm Qasr Port to Basra and from Basra to Al Yussifiya (Baghdad);
- c. **Sub-Component 1.3:** Installation of railway signaling and ducts for optical fiber cables along the north-south railway line Umm Qasr – Basra – Baghdad – Mosul, including a safety level-crossing protection system for all official crossings along the alignment, and modernization of selected train stations;
- d. **Sub-Component 1.4:** Rehabilitation of the maintenance workshop at Baiji, provision of rolling stock maintenance equipment for said workshop, supply of materials and spare parts for maintenance at the workshop at Samawa, and provision of equipment for track maintenance; and
- e. **Sub-component 1.5:** Provision of spare parts for the operation and safety of rolling stock.

24. **Component 2: Railway Sector Institutional Reform, Asset Management, and National Integration**

- a. **Sub-Component 2.1:** Provision of support to the development of a Railway Sector Reform Action Plan, including actions to improve IRR's institutional, operational, and financial performance, as well as a staffing plan for IRR, through, *inter alia*, (i) the identification and benchmarking of IRR's costs and revenue, (ii) the identification of IRR's assets and liabilities, (iii) the preparation of rolling business plans and provision of support to enable public service obligations contracts for delivery of passenger services, (iv) the preparation of an infrastructure contract between IRR and the Borrower, and (v) the design of the infrastructure access charging regime for the operators' use of IRR's railway infrastructure.
- b. **Sub-Component 2.2:** Provision of support to the railway asset and safety management system of IRR, through:

¹ Independent of the Project, the Taji to Baiji railway section (214 km) is undergoing rehabilitation under EODP at a cost of US\$68 million (with an in-kind contribution from the Gol in the form of rail and sleepers).



- i. developing a railway infrastructure asset management system (RIAMS) to enhance IRR's infrastructure management capabilities by: (A) identifying the infrastructure maintenance equipment needs and scope of modernization for the facilities that will house the new maintenance equipment, (B) identifying the infrastructure condition monitoring equipment needs, (C) recommending sustainable organizational arrangements for the maintenance function for infrastructure and rolling stock and managing identified climate risks, (D) preparing specifications for the RIAMS including software development, (E) implementation of the RIAMS, and (F) providing infrastructure condition monitoring vehicles and equipment;
 - ii. developing a rolling-stock asset management system, including a root cause analysis for rolling-stock deterioration and planning of rolling stock maintenance depots and facilities; and
 - iii. (A) developing a safety management system based on the carrying out of the activities under (i) and (ii) above with railway operational safety considerations, community and occupational health and safety, root cause analysis of traffic-related incidents, and incentives for staff to suggest system improvements; (B) supporting the establishment of a railway safety regulatory unit within MOT.
- c. **Sub-component 2.3** Establishing a private capital enabling advisory to identify opportunities to attract private sector resources in the railway sector and logistics hubs and dryports and identify selected investment opportunities.
 - d. **Sub-Component 2.4:** Provision of technical assistance to enhance the railway integration and social cohesion from Mosul Al-Faw Port to the Iraq-Türkiye border, including, inter alia, harmonizing customs procedures and facilitating cross-border trade,

25. Component 3: Management Support for the IRR

- a. **Sub-Component 3.1:** Provision of management support to IRR to carry out the Project, including:
 - i. provision of management support with respect to, inter alia, procurement, oversight of rehabilitation and signaling works, environmental and social risk management, commissioning of railway tracks and signaling, and technical studies.
 - ii. provision of Training to the IRR staff through the carrying out of study tours, hands-on workshops, and the development of an internship program for university students.
- b. **Sub-Component 3.2:** Provision of technical assistance to improve railway operations management systems by IRR.
- c. **Sub-Component 3.3:** Provision of engineering supervision for construction works under Component 1 of the Project.

26. **Component 4: Contingent Emergency Response:** Provision of immediate response to an Eligible Crisis or Emergency, as needed.

27. **The Project's total cost is US\$930 million (financed through IBRD).** In addition, the existing IBRD loan to the GoI for EODP will complement the Project. EODP is rehabilitating the Taji-Baiji railway link along the north-south route at an estimated cost of US\$68 million.

28. **The Project is financed by the proposed IBRD loan, with complementary GoI and trust fund resources.** IBRD financing primarily supports works and capacity-building activities within the scope of the Project. GoI resources complement this financing and are primarily focused on preparatory activities and in-kind material contributions to the works. In parallel, the Iraq Reform, Recovery, and Reconstruction Fund, which donors from Canada and Germany finance, is already financing upstream technical studies and assessments. Recognizing the global public good benefit



of the Project contributing to reducing GHG, an application has been submitted under the Framework for Financial Incentives for a volume incentive as part of the IBRD financing for the Project.

Table 1: Project Costs Components

	Total Estimated Cost (US\$ million) (all financed by IBRD)
Component 1: Brownfield Railway Infrastructure Modernization and Rolling Stock Maintenance.	888
1.1 Renewal of sections of the north-south railway line (241km)	251
Section: Baghdad (Al Yussufia) - Baghdad (32 km)	33
Section: Baghdad - Taji (20 km)	21
Section: Baiji - Mosul (189 km)	197
1.2 Spot rehabilitation of sections of the north-south railway line (592km)	36
Section: Umm Qasr - Basrah (72 km)	4
Section: Basra - Baghdad (Al Yussufia) (520 km)	32
1.3 Installation of railway signaling and ducts for optical fiber along the entire north-south railway line Umm Qasr-Basra-Baghdad-Mosul	570
1.4 Rehabilitation of the maintenance workshop at Baiji and procurement of rolling stock maintenance equipment for Baji and Samawa	10
1.5 Provision of spare parts for rolling stock	21
Component 2: Railway Sector Institutional Reform, Asset Management, and National Integration.	10
2.1 Provision of support for Railway Sector Reform Action Plan	2
2.2 Provision of support to the railway asset and safety management system of IRR	4
2.3 Private Capital Enabling (PCE) Advisory	1
2.4 National Integration and Social Cohesion Studies	3
Component 3: Management Support for the IRR.	29.67
3.1 Provision of management support to IRR	15
3.2 Interim railway operations management support	4.67
3.3 Engineering Supervision of Construction works in Component 1	10
Front End Fee	2.33
Total:	930



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Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Area OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts

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The extension and modernization of railway project in Iraq present several environmental and social risks and impacts, categorized by project lifecycle stages: Planning and Design: - Route rehabilitation: Rehabilitation of railway could reduce biodiversity, and cause economic and/or physical displacements. - Poor design may miss engineering and control measures to avoid, reduce or mitigate negative environmental, social and community health and safety risks and impacts. Construction phase: - Air Quality and dust Emissions: Dust generation due to earthwork and movement of construction trucks on unpaved roads, and emissions from construction machinery. - Noise Pollution and Vibration: Noise and vibrations from construction machinery and equipment can affect worker health and nearby communities health and safety. - Land and Soil Contamination: Accidental spills, leaks from construction equipment, and improper management of liquid wastes can contaminate soils and subsoil. - Water bodies: Improper disposal of domestic sewage and construction waste can contaminate surface and subsurface water bodies. Pollution of rivers can negatively affect aquatic ecosystems, loss of biodiversity, destroying habitats and increased soil erosion: Removal of trees and green cover for construction purposes can lead to habitat loss or fragmentation and may increase soil erosion and land slides especially in mountainous areas. -Cultural Heritage: Construction activities can negatively impact sites of cultural significance especially due to increase in dust emissions, high vibration levels and closure of access to sites of important tangible or intangible cultural heritage values. - Socio-Economic Environment: The influx of workers can impact local communities, including potential child labor issues and public health disturbances. Ensuring proper working conditions and community engagement can mitigate these impacts. - Traffic and Accessibility: Construction activities can lead to road blockages and traffic congestion, causing inconvenience to road users. - Occupational Health and Safety (OHS): Construction activities pose significant risks to workers' health and safety. Waste Management: Generation of construction and hazardous waste requires proper disposal methods to prevent environmental contamination. Operation Phase: - Air emissions, noise and vibrations: The operation of old or not well-maintained locomotives running on diesel fuel may increase the level of air and noise pollution, especially when passing through congested residential areas or near sensitive receptors. The increase number of passenger and train trips and higher speed due to track renewal, may increase the vibration levels to an extent that may negatively affect the integrity of old structures which



poses high risks to public health and safety. - Solid, liquid, hazardous and non-hazardous wastes: Improper management of these wastes which can be generated from maintenance activities may result in contaminations of soils and water bodies. - Accidents: lack of control and signaling systems or poor train traffic operations may result in accidents involving passenger or cargo (especially if hazardous materials are transported) train accidents. - Public safety: Informal crossing of tracks by pedestrians, vehicles or animals may pose significant community health and safety risks. In addition to above; the FCV context in the northern part of Iraq can impact the environmental and social risks during the rehabilitation/construction of the railway. The conflict and instability can exacerbate risks such as resource efficiency and pollution prevention, occupational and community health and safety, and potential loss of vegetation and biodiversity. This has been reflected initially on the maintenance of northern section that extends about 530 km from Baghdad to Rabia, connecting to Syria, but lacking a direct link to Türkiye. All risks above shall be investigated as part of the environmental and social due diligence to be conducted by the Bank and the Borrower in accordance with the project relevant ESSs and using the appropriate E&S assessment instruments.

Note: To view the Environmental and Social Risks and Impacts, refer to the Appraisal Stage ESRS Document. *Delete this note when finalizing the document.*

E. Implementation

Institutional and Implementation Arrangements

29. **Responsibilities and Executing Agency:** The railway in Iraq is maintained and operated by the IRR, which is overseen by the MoT. The legal framework governing the IRR was established by "Law of the Iraqi Republic Railways Establishment" (Law No. 33, 1965). This law was later amended by Law No. 121 of 1970, which remains the most recent modification to its structure. Additionally, corporate regulations in Iraq are governed by Law No. 22 of 1997, which outlines the establishment and operation of companies, providing a structured legal foundation for corporate activities in the country.
30. **IRR will serve as the Project's implementing agency.** The MoT has overseeing power and associated responsibility while the IRR will act as the Project Implementation Entity (PIE), managing the implementation of all components in close coordination with the MoT. The Project will be overseen at a strategic level by a high-level steering committee, which will be led by the MoT and will involve relevant ministries and agencies including MoP, Ministry of Finance (MoF), IRR, and the General Company for Iraq Ports.²
31. **The IRR (or PIE) will implement the Project through the PMT dedicated to the Project's implementation.** As a critical risk mitigation, IRR will reinforce the PMT, already created under the WB-financed EODP, with the necessary staffing and resources and will be responsible for deciding, as needed, to tap into a wider pool of experts during implementation. The PMT will be responsible for fiduciary management (FM and procurement) and monitoring and evaluation (M&E) of Project activities. IRR will provide staff and equipment to the PMT to fulfill its obligations. The PMT will strengthen the fiduciary and technical skills needed to manage the Project, including monitoring the implementation of Environmental and Social Standards (ESS) and women's economic inclusion activities. The PMT will be supported by an Engineering Supervision Consultant (hired through component 3.3). The Project TAs and

² The General Company for Iraq Ports maintains and operates the main ports in Iraq.



regular training will be consistently provided to increase the PMT's capacity.³ Annex 2 presents the timeline for the major procurement activities under the Project. HEIS for E&S is already in place while HEIS for procurement is also planned and will be processed upon receiving the official request from the client.

32. **The IRR PMT will be supported by a CAPEX Management Agent, which is an internationally recruited consulting firm with a mandate to support IRR in building institutional capacity to manage large CAPEX programs and manage the implementation of the Project contract packages.** Within institutional capacity building, the CAPEX Management Agent will: (a) support the in-house recruitment of IRR staff for the PMT, (b) provide guidance and on-the-job training of IRR staff, (c) develop training and deliver training activities for IRR, stakeholders, and community members, and (d) strengthen institutional capacity for Project implementation and sustainability. Within implementation support, the CAPEX Management Agent will support IRR with the delivery of all Project components (acting as an in-house resource to IRR with the overall implementation responsibilities). In this role, the CAPEX Management Agent will: (a) establish management procedures reporting progress, (b) collect and report Project progress data to the IRR board, (c) assess, monitor, and manage risks, (d) coordinate Project management activities, and (e) support and carry out studies.
33. **The IRR will prepare a Project Operations Manual (POM), due at effectiveness.** The POM will outline the internal procedures to be followed by the PMT to implement the Project. The POM will include role and responsibilities of various stakeholders including IRR, International consulting firm; CAPEX Management Agent; and Engineering Supervision firm for the Project implementation including, procurement, FM, E&S standards requirements, M&E, and reporting mechanisms. Since IRR lacks practical experience in implementing large railway projects, the Project will provide support by (a) developing capacity within the IRR, (b) identifying change agents in the MoT and IRR, and (c) sharing regional and international experiences with IRR to improve performance and ensure the sustainability of investments through effective Project design and implementation.

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CONTACT POINT

World Bank

³ The institutional and implementation arrangements of the Project reflect the lessons learnt from railway projects in the region, namely, RISE (P175137) and CATLDP (P177932) as well as the successful implementation of transport projects in Iraq, namely, TCP (P131550) and EODP (P155732).



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APPROVAL

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