

REPUBLIC OF IRAQ: COUNTRY PARTNERSHIP STRATEGY FY13-FY16**CHAIR'S SUMMING UP*****Meeting of the Executive Directors****December 18, 2012**

The Executive Directors discussed the joint IBRD/IDA/IFC/MIGA Country Partnership Strategy (CPS) for the Republic of Iraq for FY13-16 (R2012-0250 [IDA/R2012-0291; IFC/R2012-0379; MIGA/R2012-0075]). They expressed broad support for the CPS and its three pillars: first, improving governance; second, supporting economic diversification for broadly-shared prosperity; and third, improving social inclusion and reducing poverty.

Directors welcomed this joint Bank Group strategy and encouraged a flexible and pragmatic approach to emerging challenges during implementation. Directors appreciated the commitment and continued efforts of Bank Group staff working in the field. They viewed the CPS as the starting point for a longer-term partnership where the Bank Group would provide well-targeted financing, knowledge, and reimbursable technical assistance activities that leverage the government's own resources.

Directors commended the Iraqi authorities for the progress made toward improving its macroeconomic situation and urged the government to continue addressing high priority issues, such as the country's high dependence on oil, the need for economic diversification to reduce the volatility of public finances, and the need to reduce poverty and create jobs. Unemployment remains a major challenge in Iraq, particularly among women and youth. Directors emphasized the collaborative roles of the Bank, IFC and MIGA to encourage inclusive growth, expand and diversify private sector activity, strengthen the investment climate, foster job creation, and improve financial sector performance. They welcomed increased attention to poverty and gender issues - including building the capacity for disaggregated results measurement - budgetary management, and effectiveness—as the CPS is implemented.

Ownership by Iraqi authorities will be essential for successful implementation of the CPS and for sustainable economic growth. Directors stressed the importance of continued high-quality engagement with Iraqi authorities and relevant stakeholders as activities under the CPS are designed and implemented. They emphasized the importance of strengthening institutional capacity, with increased focus on public financial management, procurement, transparency, anti-corruption, adequate funding of public sector programs, and effectiveness of government and regulatory agencies. Directors also underscored the importance of lessons learned from implementation of the previous Interim Strategy Notes and ongoing operations in Iraq.

Noting the flexible design of the CPS, Directors looked forward to progress updates to review how Bank Group engagement is transitioning from concessional support to a demand-driven program of financing, knowledge and services that complement the government's national development plan.

*This summary is not an approved record.