



Navigating through Fragility: Procurement Solutions for Iraqi Education

Elisa Mosler, Nazaneen Ismail Ali, and Rachel Lipson¹

Introduction: While the Iraqi education system was widely regarded as one of the best in the Middle East and enjoyed near-universal primary enrollment until the 1980s, the next decade marked a serious downturn in results. Beginning in the 1990s, the education system in Iraq deteriorated sharply as two decades of conflict and economic sanctions took their toll. The sector witnessed low primary and secondary enrollment and attendance, outdated curriculum content, and deteriorating learning outcomes. Behind this was a collapse in public investment in education and a resulting standstill in policy and system development in the sector.

After the 2003 regime change, the new government had many critical service delivery needs and was struggling to meet these. Among the most urgent were those in education. In order to get children back to school, the government needed large, fast, and quality investments in the education system. \$100 million was allocated to the education sector under the World Bank Iraq Trust (ITF), set up jointly by the World Bank Group (WBG) and the United Nations Development Group (UNDG) to administer donor funding for Iraqi reconstruction. However, in order to implement these investments efficient and effective public contracting and purchasing processes were needed.

This Quick Note summarizes how innovative approaches to procurement led to exemplary service delivery results in Iraq's education sector. The focus is on two breakthrough achievements: large-scale

textbook printing and delivery, under the Emergency Textbook Provision Project and school construction in the newly rehabilitated marshlands of Southern Iraq under the Marshlands School Construction Project. By developing a unique strategy for procurement that was responsive to local conditions, the Bank was able to support the government in issuing printing contracts, secure book delivery arrangements, and acquire the construction materials and supplies needed to achieve the projects' development objectives.



Iraqi marshlands areas in the 3 governorates of Basrah, Thi Qar and Missan.

Portfolio implementation in a fragile and conflict-affected state (FCS) like Iraq is not business as usual and calls for a delicate balance of realism, effective risk management, and flexibility. Given the insecurity and weakened capacity at the time, the Bank made sure that these concepts, along with a keen understanding of the market, were key tenets of its program.

¹ The authors are all members of the Public Integrity and Openness Department of the Governance Global Practice,

supporting the MENA region. This note was prepared under the guidance of and clearance by, Yolanda Tayler, Practice Manager.

Emergency textbook provision project: Among others, an urgent reform in the post 2003 era was revisions to the country's national curriculum. This required a set of primary and secondary school textbooks to be updated, printed and delivered across the country. A grant of US\$40 million was given to the Iraqi Ministry of Education (MOE) to finance the printing and distribution of approximately 69 million textbooks, benefitting 6 million students for the 2004-2005 school year.

Before the war, the Government of Iraq had used the same set of textbook printers and suppliers for decades without competitive methods to award contracts. As a result, local printing houses dominated the textbook market with high prices, and unreliable delivery and quality. Moreover, given the ongoing emergency situation in the country, other risks to procurement were identified throughout the project. For instance, Iraq does not have a real procurement law² or, at the time, standard bidding documentation. Both of these factors impacted efficiency and left space for potential corruption.³ Other risks included:

- The inability of Bank staff to supervise the projects in the field due to the security situation;
- The weak capacity of the project management team in procurement and management of large contracts;
- The high risk and weak control environment;
- The low capacity of local companies to provide the needed supplies;
- Lack of interest of international contracting companies to do business in the country because of security restrictions;
- Major delays in implementation because of the lack of experience in procurement planning in the ministry;

Faced with the time-sensitive task of reprinting millions of textbooks within a few months and in fragile security conditions, an urgent intervention was needed. To address the identified risks, a number of measures were taken to facilitate effective implementation. First, the team ensured that World

Bank procurement guidelines and the Iraq Master Implementation Manual (MIM) were followed. Second, a local Bank consultant based in Iraq assisted in the supervision of the project and conducted spot physical inspections. Bank staff from outside Iraq also closely supervised the procurement. Third, a dedicated and qualified procurement manager was assigned to manage the project. Fourth, the project design was kept simple. And fifth, the team introduced flexibility in bidding documents to encourage international and local bidders.

In addition, to meet service delivery needs, the Bank helped the government introduce a number of important changes to the way that the Ministry of Education (MOE) managed procurement. These changes would increase supplier competition, reduce supplier prices, and increase transparency while also building MOE capacity. The measures taken included:

- Opening the market to international competition: Based on the assessment of the capacity of the local printing industry to deliver large quantities of textbooks within a very short time-frame, the decision was made to use both International Competitive Bidding (ICB) and National Competitive Bidding (NCB). The Bank used regional newspaper advertisements (in neighboring countries) and other methods to attract new suppliers to take part in the bidding process for text book printing. Procurement was carefully packaged to encourage international as well as local bids.
- Use of stocks of paper procured by the previous government: Without this, local printers could not have received paper deliveries in time to meet printing and distribution deadlines for the 2004-2005 academic year.
- Dividing printing contracts between those involving printing and distribution only (paper supplied by MOE), and contracts requiring the procurement of paper: The number of lots for printing-only contracts was determined by the amount of paper available in Baghdad, and adjusted at appraisal when evidence of more paper came to light.

² CPA Order 87, imposed by the transitional authority, is not generally regarded as applicable and is for the most part ignored by practitioners.

³ Iraq's vulnerability to corruption is demonstrated by the country's poor rankings in Transparency International's Corruption Perception Index, the lowest of all countries in the region

- Strengthening MOE capacity: Frequent training, skills transfer and on-the-job handholding was provided to the project team and MOE staff on procurement and project management both before and during project implementation.

These actions had significant effects, most notably:

- Lower Prices: The use of ICB attracted international firms (mainly Jordanian and Lebanese), and brought millions in cost savings through lower unit costs. In the first round of procurements, the unit costs of textbooks printed through the NCB contracts were higher than the unit costs obtained through ICB. As a result, the MOE used ICB for the second round and Iraqi companies still won contracts, as they lowered prices to match international bidders.
- Standardized procedures and bidding documents: The project's focus on capacity building led the MOE to standardize procedures and bidding documents for procurement of textbooks to improve national procurement practices, and produce its own standard bidding documents including conditions of contracts.

Marshlands school construction project: Starting in 1991, the then Iraqi government drained the southern Iraqi marshland areas of Basrah, Thi Qar and Missan, a wetland ecosystem covering some 20,000 square kilometers. The draining was intended to drive out indigenous communities and ensure that opposition militias did not take refuge in the marshlands. Thousands of people were forced to abandon their homes and livelihoods and were displaced to other areas of Iraq and Iranian refugee camps.

The marshlands have since been rehabilitated and are now protected zones. Some 36 communities have resettled and the government has had to urgently provide them with social services, including primary education. Contract management and procurement capacity in the local MOE governorate staff was predictably low and hampered by a fragile security situation. Given the importance of quickly stabilizing of resettled communities, the MOE sought Bank support to construct the schools. US\$6 million was allocated from the Iraq Trust Fund to the MOE for the construction of 36 new schools in the three marshlands governorates in a 12-month period.

The Bank focused on supporting the government in introducing procurement processes that would rapidly implement a school construction project and also helped build capacity of local MOE staff. The following methods and strategies were critical to the project's success:

- Encouraging local involvement: Provisions that encouraged the hiring of local companies and labor were part of the project bidding documents. This was key to the project's success, as it ensured local and community buy-in.
- Decentralizing Authority: The central government authorized the local municipality to manage the procurement process by introducing decentralized bidding. This allowed simultaneous contracting locally and in Baghdad; e.g. issuing bidding documents, bid submission, and bid opening. Having this occur at the local level was very important in encouraging participation by local construction companies.
- Strengthening local MOE capacity: Training and skills transfer took place to increase project management and stakeholder engagement capabilities.
- Utilizing civil society and local NGOs for site improvement small works: these actors were contracted to find local stakeholders to assist in school site selection, construction monitoring and building maintenance.

The focus on local engagement increased community ownership for the project, enabling smooth delivery. It also boosted local employment as locals carried out works and other activities thereby strengthening local SMEs who participated in government contracts for the first time. Capacity building measures enabled local MOE staff to drive activities such as site selection and project management. As a result of these measures, the MOE also innovated in its performance indicators, for example, including enrollment by gender for the first time.

The project successfully adapted procurement to the local market by changing procurement packages to numerous smaller-value contracts; encouraging local labor, and removing constraints such as bid guarantees and stringent financial requirements to encourage participation by local firms.

Tangible results: Emergency textbook provision: The project's main success factors were its simple design,

capacity-building focus and multi sectoral management using both operational and technical advisors. Furthermore, the integration of project management measures guaranteed PMT stability despite ongoing changes to the MOE. This was key to delivery success.

- The project achieved its main objective and closed on time. Experience has shown the value of early and visible impact, and the importance of resuming normal schooling operations to focus on wider systemic issues.
- The objective of the project was the printing of about 69 million textbooks for the 2004-2005 school year. The project exceeded this objective - 80.25 million textbooks were printed and distributed on time.
- Approximately US\$9 million of savings were made from competitive bidding for the 2004-2005 school year. These savings were used to print additional textbooks for the next school year.
- The government standardized bidding documents and contract conditions for textbook purchases.

Marshlands school construction: The project's strong focus on capacity building for local MOE staff and community consultations was key to success. This latter emphasis was especially crucial, reducing local concerns, building ownership and facilitating timely implementation.

- 30 primary schools were built without major cost or time overruns;
- 5,400 local students benefitted;
- 53% increase in school-age girls' school enrollment;
- Involvement of civil society in site improvement small works for school sites.

The success of these projects helped establish the Bank's credibility in Iraq, setting the stage for World Bank support to the education sector. They also helped to set good precedents. This was the first World Bank project in Iraq since the 1970s, and a model for subsequent Bank-funded projects in terms of implementation arrangements. It also represented the first public bid opening in Iraq, and the first time the Ministry of Education managed its own procurement.

Conclusion: Many MENA countries have relied on uncompetitive and inefficient procurement strategies for many years. Iraq's education sector was a good example - outdated and opaque procurement procedures were inflating costs, slowing delivery times, and hampering effective service delivery. Yet, the World Bank's experience in Iraq shows that adopting different approaches can deliver rapid results that help thousands of citizens to meet their everyday needs, even under very challenging and unstable conditions.

These projects demonstrated that there are long-term positive spillovers effects from the use of procurement systems and practices introduced through World Bank projects. For instance, the PMTs in Iraq have cited positive impacts from the use of the Master Implementation Manual (MIM) on Iraqi government procedures, including, among other useful features, guidance on good practices for financial management and procurement, a breakdown of the procurement process (with detailed step-by-step guidance), standard bidding documents for procurement, model forms of contract, and general conditions of contract. In addition, the Government has itself developed, with Bank support, general Standard Bidding Documents (SBD) and Specialized sector SBDs (based on MIM's bidding documents) for education and other sectors, and a National Implementation Manual, again based on the MIM, for use in government-financed projects.

Finally, in both projects, the Iraqi MOE at the local and national levels considerably strengthened their capacity in a number of crucial procurement areas. This increase in national capacity was crucial because it improved the long-term prospects for sustainability of these projects and for future successes in the Iraqi education sector.

Contact MNA K&L:

Gerard A. Byam, Director, Strategy and Operations.
MENA Region, The World Bank.
Zhanar Abdildina, Operations Adviser, MNADE

Regional Quick Notes Team:
Omer Karasapan, and Mark Volk
Tel #: (202) 473 8177

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