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DEPARTMENT OF DEFENSE

DRAFT WORKING PAPERS

Iraq Status

This briefing is classified

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Derived from: Multiple Sources

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Highlights

CPA Priorities:

- Essential Services
- Security
- Governance
- Economy

CPA Intermediate Objectives:

- Reconstitute electric power infrastructure
- Reconstruct the telecoms system
- Successful Constitutional Convention
- Build financial market structures

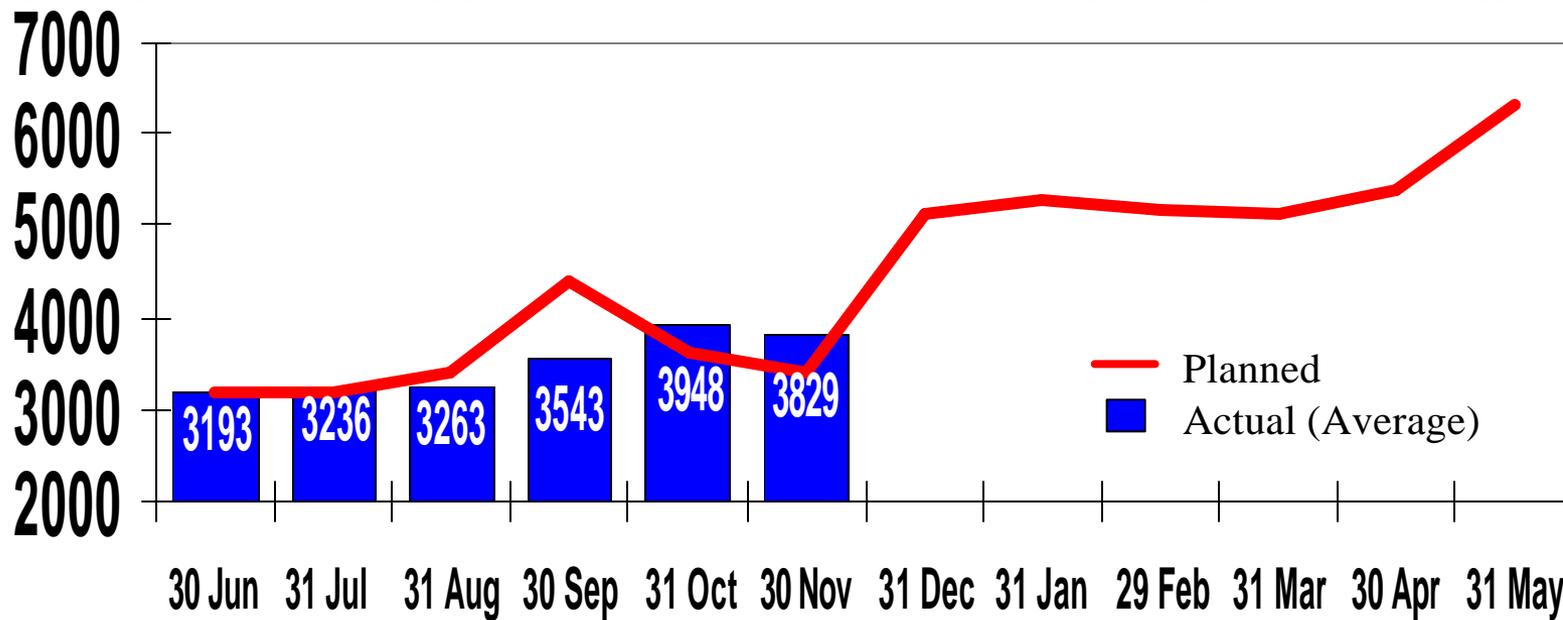
Weekly Highlights:

- Average peak output for the reporting period was 3941MW
- Cellular system vendors awaiting licenses—pre-positioning equipment
- GC under pressure to meet Dec 15 deadline for process
- Central Bank Governor announced six foreign banks to be licensed to operate in Iraq in the next five years

TF Restore Iraqi Electricity (RIE) Overview

Goal 01 Oct 03: 4,400 MW
Production and Transmission

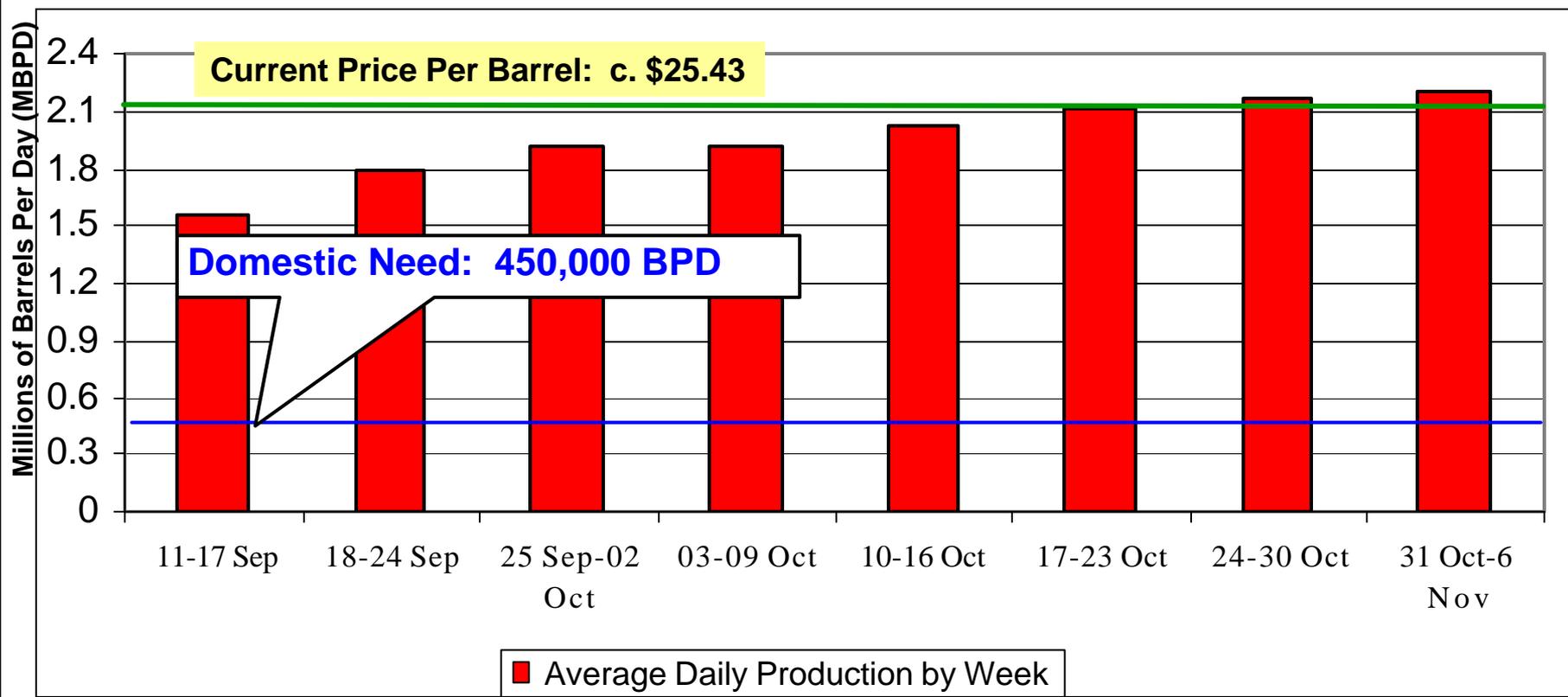
Goal 01 Jun 04: 6,000 MW
Production and Transmission



- Autumn Overhaul / Outage Program began 13 Oct and ends Mar 04. The planned power production is based on CPAs overhaul / maintenance plan
- Coalition Forces began transitioning security duties for 20 electrical facilities to the Ministry of Electricity (MOE) security forces. Transition of authority will be complete by the end of Nov
- The Iraqi MOE entered into a joint project with Jordan to construct an electrical distribution grid shared by the two countries. This is a long term project

Crude Oil Production

Mid-Term Target (Dec 03): 2.1 MBPD (Pre-War Average for 2002)



WEEKLY AVERAGE OF 2.2 MBPD EXCEEDS MID-TERM TARGET OF 2.1 MBPD

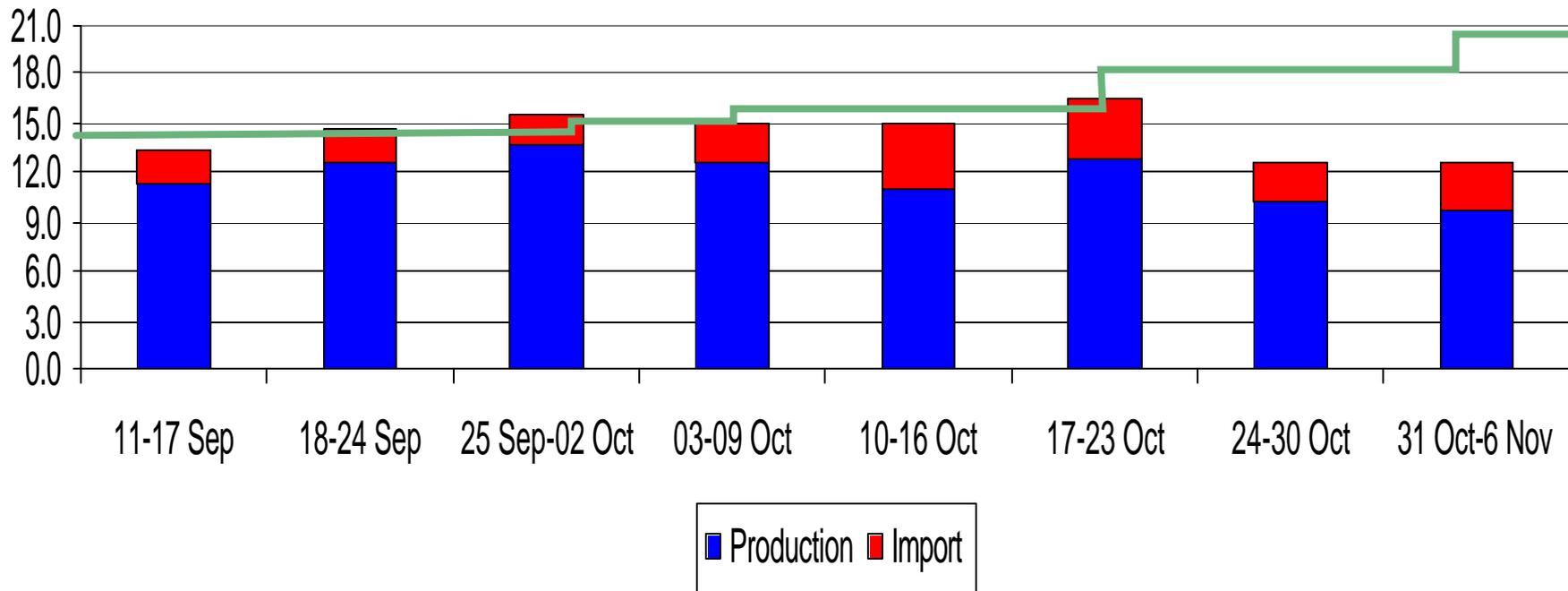
- Long Term Target (Dec 04): 3.1 MBPD (Pre-War Capacity)
- Pre-War Peak: 2.5 MBPD in Feb
- Post-war Peak: 2.255 MBPD on 02 Nov
- Weekly average of crude exports: 1.4 MBPD

Diesel Supply



M Liters /
Day

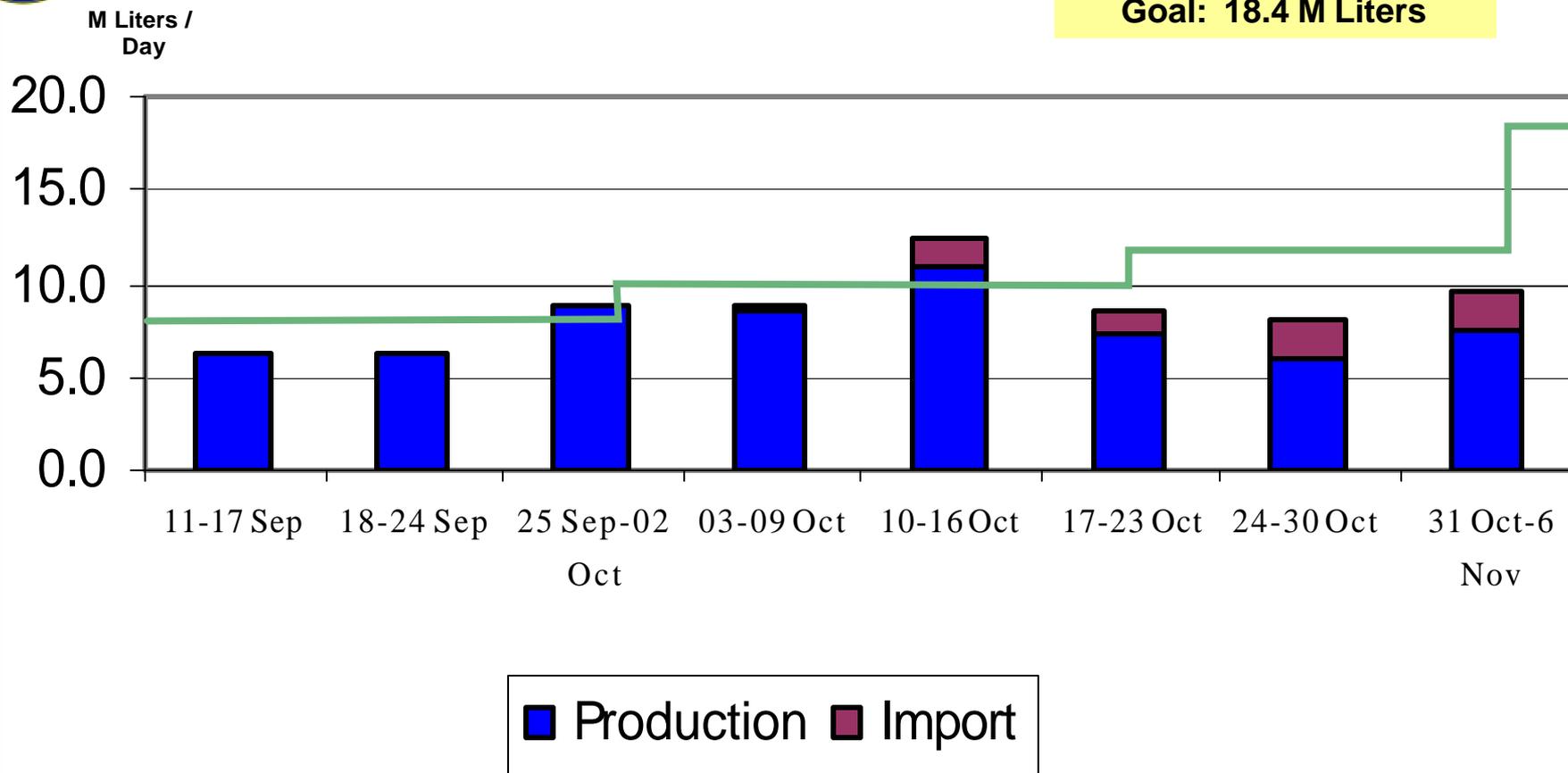
Goal: 20.9 M Liters



- Target raised to 20.9 M liters / day on 01 Nov
- Supply currently 61% of goal
- Multiple pipeline breaks due to sabotage, wear, and parts / equipment failures continue to hamper production and delivery of all refined products

Kerosene Supply

Goal: 18.4 M Liters



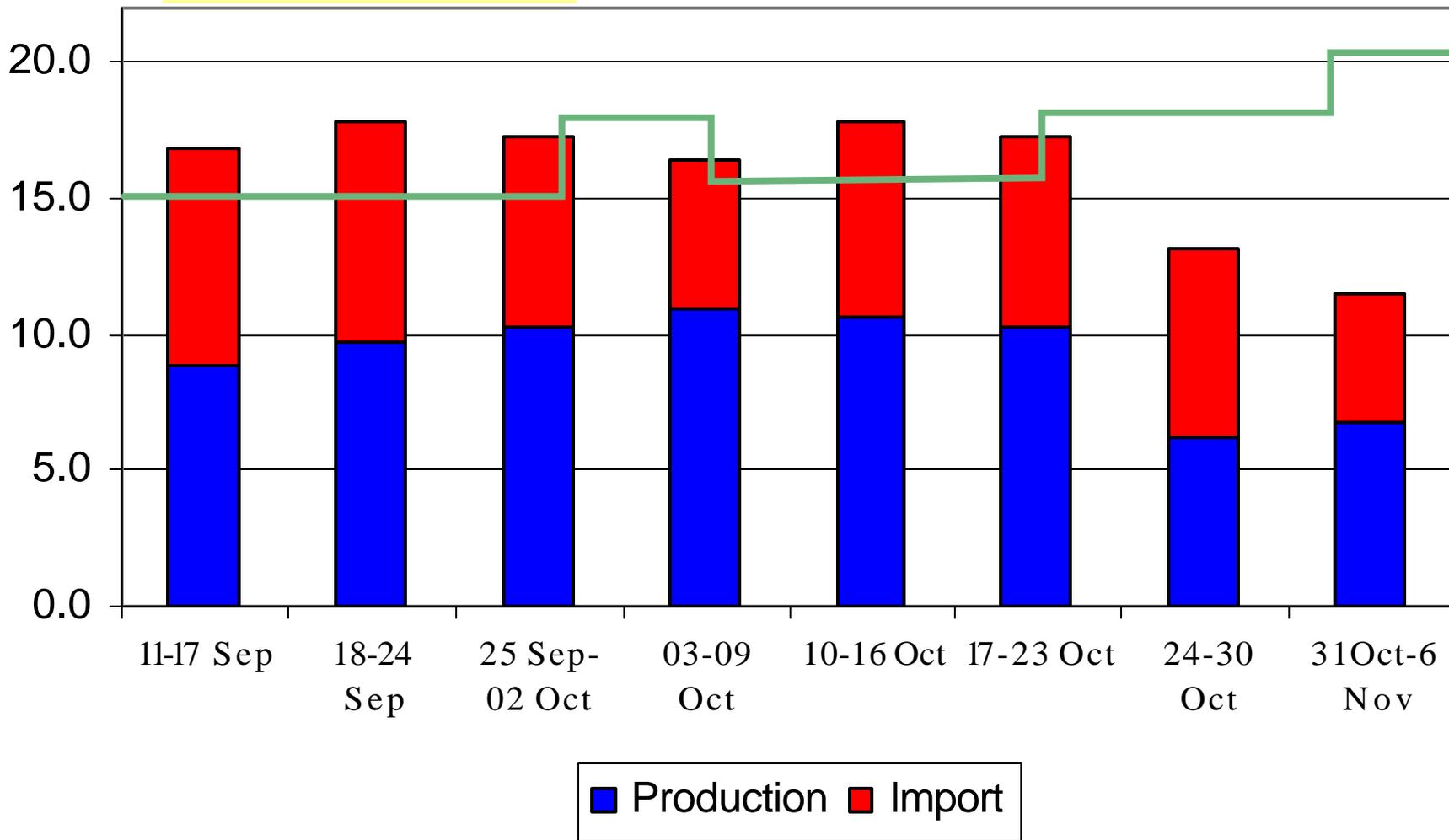
- Kerosene imports should improve over next two weeks – two kerosene ships at Khor Az Zubayr; imports by truck from Turkey, Jordan and Kuwait should increase to over 5 million liters / day by mid-Nov
- Current supply 52% of goal – target raised to 18.4 on 01 Nov



Gasoline / Benzene Supply

M Liters / Day

Goal: 20.6 M Liters



- Target raised to 20.6 M liters / day on 01 Nov
- Current supply 56% of goal

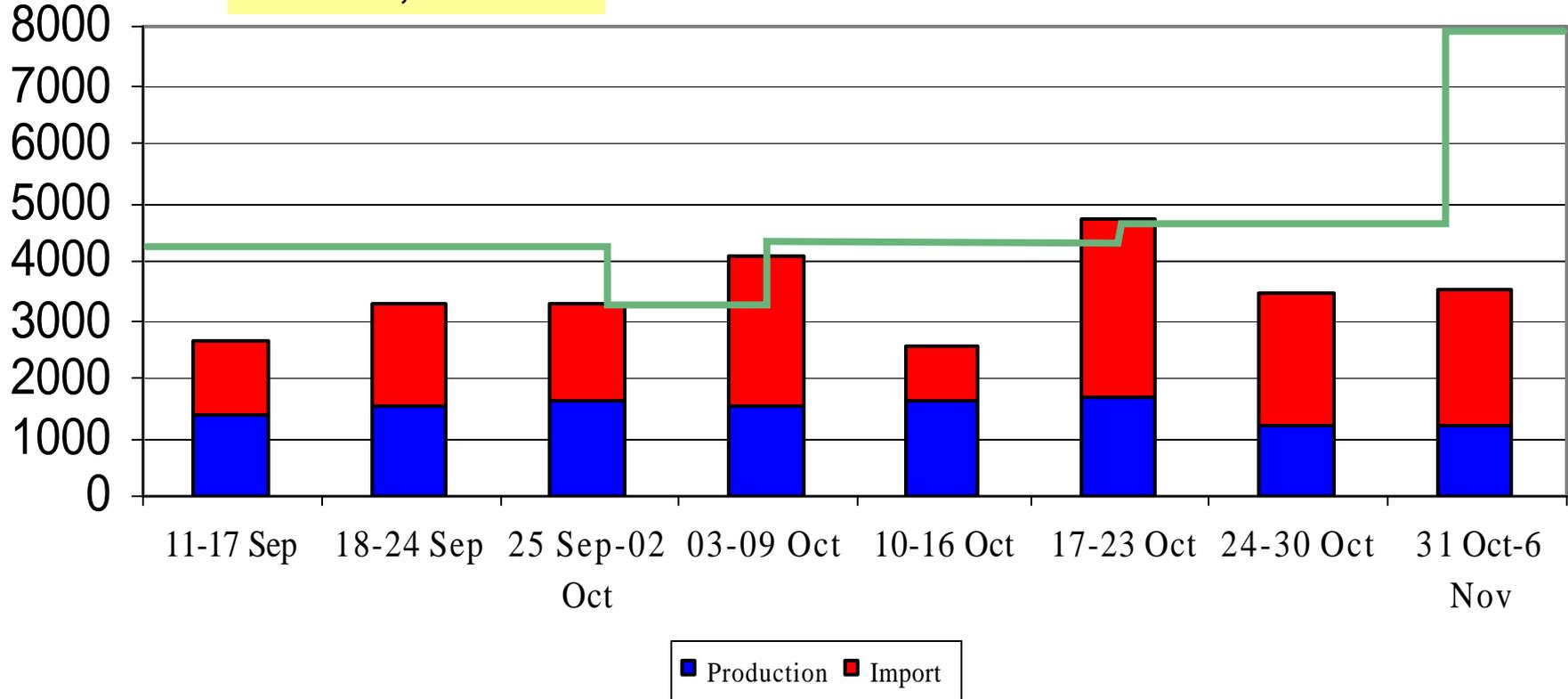
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Liquid Propane Gas Supply



Tons / Day

Goal: 7,900 Tons



- Southern LPG plant has stable power, will begin processing once NGL delivery starts, around 11 Nov
- Sabotage to natural gas pipeline supplying Mosul plant that produces 80 - 85% of Iraq's domestic LPG
- Current supply 45% of goal – target raised to 7900 on 01 Nov

Essential Services - Education

- Education Minister to meet with UNICEF and UNESCO reps in Jordan to rationalize different data sets produced for Iraq education sector
- Ministry preparing to deliver second master teacher training class for 200 teachers, principals and supervisors based in Baghdad
- 88 Baghdad Neighborhood Advisory Councils collaborate to enhance school learning quality
- 98% of initial distribution of student kits is completed (1,182,000 kits)
- 82% of school furniture has been delivered; remainder by end of month

TEXTBOOK STATUS

- 21 of 24 revised math and science texts delivered to primary and secondary schools
 - In Baghdad, 68 % of all math and science textbooks distributed; 84 % distributed around the rest of Iraq
- Status of remaining texts:
 - 47.10% of grade 6 science books have been delivered
 - 69.47% of grade 2 math books have been delivered
 - 29.44% of grade 10 physics books have been delivered



Essential Services - Healthcare



Milestones

- Oct: Achieve 100% of pre-war level of healthcare throughout Iraq
- EOY 03: 70 - 80% national coverage for children's immunizations
- FY 04: Update medical technologies and fix infrastructure / equipment

Current Activities

- Contracts for the rehabilitation of 63 medical clinics around the country include 25 in Baghdad, 20 in Al Basrah, 10 in An Nasiriyah, and 8 in north
- Ibn Al-Qiff Spinal Injury Hospital received equipment and supplies to improve inpatient care for 125 patients and general care for 4,000 patients
 - Teaching hospital and only spinal injury treatment facility in Iraq

Compared to life under Saddam's rule:

- Public health spending has increased 26 times
- Doctor's salaries are eight times higher
- Pharmaceutical distribution and child vaccination programs dramatically increased in size and effectiveness

Essential Services - Water

Water Supply and Sewage Treatment Milestones (in Liters)

	Pre-War	Post-war	Jun 04	Nov 04
Potable Water Availability	12.9 Million	4.0 Mil	13.4 Mil	21.3 Mil
Sewage System Coverage	6.2 Million		85% cap	

Current Activities

- Ministry of Municipalities and Public Works estimates that 50% of the population has access to potable water
- Ministry achieved 30 Sep target of 80% of pre war level for public access to water/sanitation and municipal services
 - Equipment, spare parts, and supplies remain primary limiting factor
- Ministry plans approximately 80 sewer projects to achieve target of 15% of the population with sewage access by Jul 05

Irrigation Canals	Km (est)
Total Irrigation Canals in Iraq	27,000
Canals needing clearance May	20,000
Canals cleared as of 27 Sept	15,000
Canals being cleared per week	500

- All Baghdad's sewage treatment plants will be running at full capacity by Oct 04, serving 3.5 million residents

Essential Services - Telecommunications



TELECOM Connections

Type	Pre-War	Sept 2003	Jan 2004 Goal
Landline	1,100,000	850,000	1,100,000
Wireless	0	0	50,000
Internet	4,500	4,900	50,000

Milestones

- Oct: Cell phone contract awards to Asia-Cell (N), Orascom (C), Atheer (S)
- 23 Oct: First successful international calls using new satellite gateway
- 15 Nov: All active subscribers to have access to the international gateway
- Four of 12 Baghdad telephone exchanges installed
- Dec: Begin cell phone service
- Dec: Restore nationwide landline connectivity
- Draft licenses for three mobile telecommunications vendors being formulated
 - Vendors pre-positioning cellular equipment
 - Expectation is that limited operations will begin in urban areas within 30 days of award

Essential Services - Transportation



- Italy promised to fund 35 automatic weather stations in Iraq providing real-time meteorological data to the international community
- Plans to transition the commercial side of BIAP from military to civilian control have begun
 - BIAP passenger terminal has been processing passengers for govt and NGO charter flights without incident since 05 Oct
- Railway security continues to deteriorate with only two trains completing runs last week
 - 25 Oct was worst single day with three separate attacks on the railroad system and one derailment
 - CPA and CJTF-7 are conducting review to identify immediate and longer term solutions
- Iraq Telephone and Post Company (ITPC) reported that 400 bags of mail are held-up in Jordan due to a lack of safe ground transportation
 - ITPC preferred solution is to fly the mail to Baghdad on Jordanian Air

Total Security Forces in Iraq

Security Forces (x1000)	17-Sep	24-Sep	3-Oct	10-Oct	17-Oct	24-Oct	31-Oct	7-Nov
Additional Iraqi Recruits *	13.7	13.5	11.9	11.7	11.5	11.3	6.4	6.9
Other Coalition	23	23	24	24	24	24	25	25
Iraqi Operating w/ Coalition	66	69	84	89	86	93	116	131
US	129	136	136	134	133	132	131	128
Total	218	228	244	247	243	249	272	284

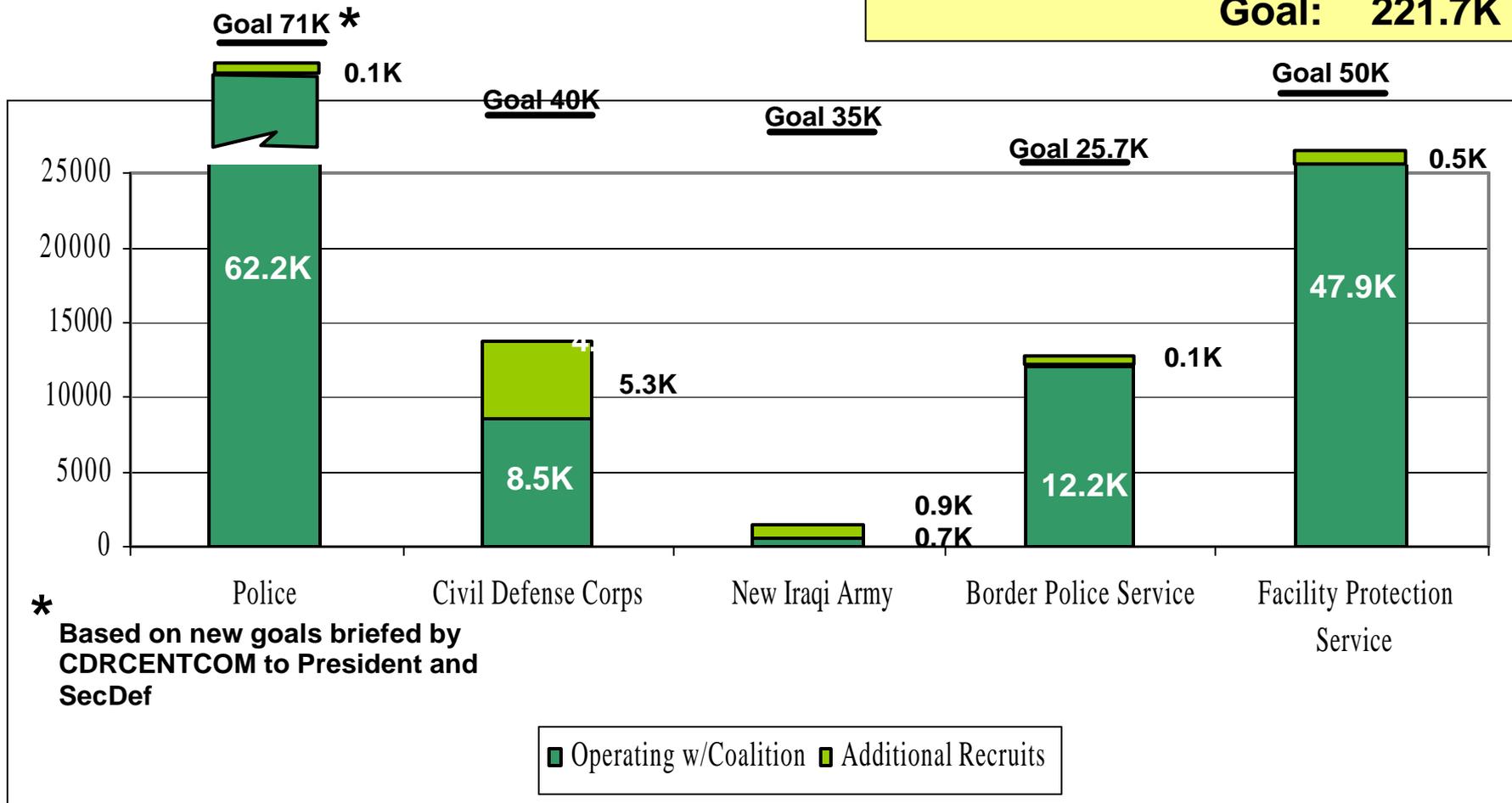
* Iraqi Recruits not included in total due to their training status

- Iraq Security Force casualties (since 01 Jun): 86 KIA, 153 WIA
- US Forces decreasing as a percentage of total forces



Iraqi Security Forces

Currently Operating: 131.5K
Currently in Training: 6.9K
Current Total: 138.4K
Goal: 221.7K



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N/P



Stability Contributors

Countries with forces in Iraq

32

Albania
Azerbaijan
Bulgaria
Czech Rep
Denmark
Dom Rep
El Salvador
Estonia
Georgia
Honduras
Hungary
Italy
Kazakhstan
Korea
Latvia
Lithuania

TOTAL ~25,000

Macedonia
Moldova
Mongolia
Netherlands
New Zealand
Nicaragua
Norway
Philippines
Poland
Portugal
Romania
Slovakia
Spain
Thailand
Ukraine
UK

Countries considering decision to provide forces for Iraq

14

TOTAL TBD

46 Countries
Potentially Supporting
Iraqi
Stability and
Humanitarian Relief

Governance - National



MILESTONES

- **14 Jul: GC established**
- **11 Aug: Constitutional Prep Committee appointed**
- **01 Sep: Highly qualified interim cabinet ministers appointed**
 - **9 PhDs, remainder with advanced degrees**
 - **2 physicians, 1 attorney, numerous engineers**
- **10 Sep: Governor of Central Bank named**
- **19 Sep: Council of Judges established to supervise judicial and prosecutorial systems - provides independent judiciary**
- **Oct: Constitutional Prep Committee submits options to choose Convention**
- **15 Dec: Deadline to establish constitutional process and timeline**
- **Challenges:**
 - **Capacity for elections**
 - **Method to choose qualified reps to Constitutional Convention**

Governance - International Recognition



MILESTONES

- **08 Sep:** Arab League grants seat to GC
- **12 Sep:** GC members seated at UN session
- **20 - 21 Sep:** GC - Ministerial delegation attended WB / IMF meetings in Dubai
- **24 Sep:** Iraqi delegation attends OPEC meeting
- **22 Sep - 03 Oct:** 13 GC members attend UN sessions
- **02 Oct:** GC President Chalabi addresses UN GA
- **08 Oct:** GC reps attend OIC Kuala Lumpur meeting
- **16 Oct:** UNSC approves resolution inviting GC to submit by 15 Dec a timetable for drafting new constitution and holding democratic elections
- **21 - 23 Oct:** Iraqi delegates attend Madrid Donors' Conference
- **Late Oct:** Transportation Minister Behnam and SA Darrell Trent participate in high-level talks with Jordanian and Syrian transportation ministers and other governmental leaders

Governance - Local

Progress Indicators:

- **19 of 64 neighborhoods in Al Hillah (Babil Governorate) plan to establish neighborhood advisory councils**
 - **Neighborhood contains up to 30,000 residents, similar to U.S. city ward**
 - **Basic unit of urban organization**
- **Babil Governorate Information Center is fully operational, staffed by seven Iraqi systems analysis, programming, database, and computer training specialists**
 - **Focuses on developing statistical data to support operational and policy decisions of the Babil interim Governorate Council and Ministry of Education**
 - **Maysan Governorate tribal and political party leaders attended a summit to draft a peace treaty, agreeing not to solve disputes with violence**
 - **Reinforced the concept of rule of law and importance of courts**
- **Maysan Governorate Treasury Director and 70 department heads of the Finance Directorate General will attend a budget and finance seminar**
 - **Will address directorate concerns that current budget planning and allocation process is confusing, contradictory, and slow**

Economics - Financial Market Structures

- **Central Bank Governor announced six foreign banks to be licensed to operate in Iraq in the next five years**
 - Request for Application to be issued within weeks
 - Banks should put up minimum capital of \$25 million and concentrate on high-tech and e-banking services
- **UN transfers additional \$1 billion to Development Fund for Iraq from Oil For Food escrow account**
- **Currency exchange is proceeding well**
 - Over 2.25 billion banknotes positioned in Iraq
 - 72% of new Iraqi dinars being printed overseas have arrived
 - Expect over 1.5B notes to be exchanged directly for old dinars
 - 1.22 trillion new dinars in circulation, represent 28% of 4.364 trillion expected to be converted
 - Central Bank conducts currency auctions to set market exchange rate

Exchange Rate:

07 Nov

\$1 US = ID 1,990



Economics - Private Sector Development



- **Six legal experts to review key commercial laws related to impact trade, investment, and commercial activity**
 - **Determine extent to which legislation promotes or constrains private investment and private sector growth and development**
 - **Make recommendations re legislation that creates investor friendly, market-driven economic legal framework**
- **National Employment Program in public works sector will generate 100,000 jobs per quarter**
 - **Pilot program already generated 9100 jobs**
- **CPA is developing privatization plan for 150 of 190 State Owned Enterprises (SOEs)**
 - **Minister of Industry and Minerals proposes leasing 18 SOEs to foreign concessionaires for 5 to 10 years**

Economics - Oil for Food Program Transition

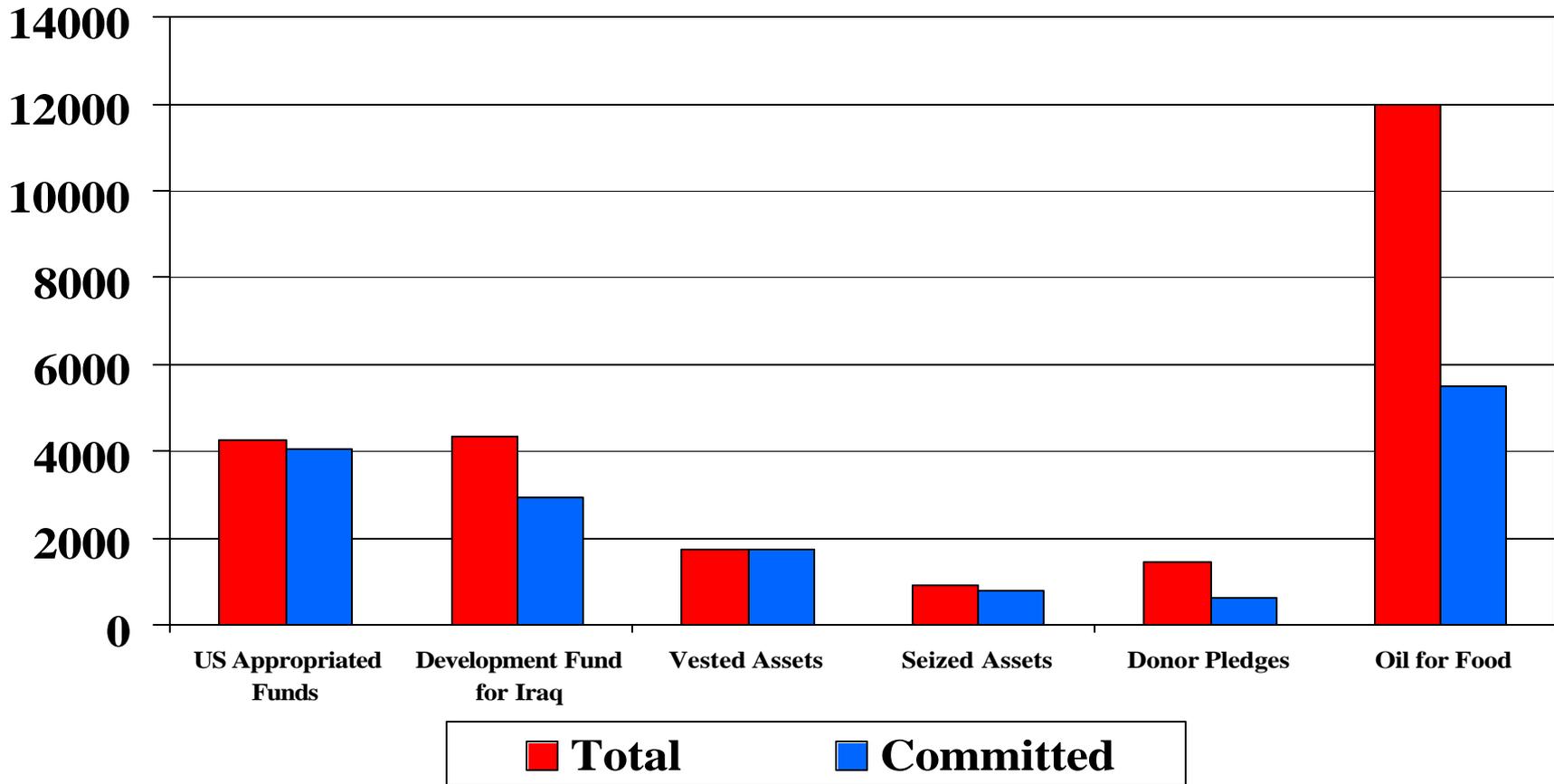


- **CPA / MOH delegation to Amman coordinated transition plans for pharmaceuticals and medical supplies currently being provided by OFP**
 - **Considering using Amman as a staging area for collection and distribution**
- **UN Food and Agriculture Organization (FAO) has renegotiated 27 OFP contracts**
 - **More than 40,000 metric tons of fertilizer, 810 vehicles, planting seed, fungicides and irrigation equipment to be delivered to Ministry of Agriculture (MOA) warehouses**
- **Delivery of fertilizer under OFP is behind schedule**
 - **FAO estimates 60,000 metric tons of DAP fertilizer will arrive by mid-Nov and remaining 80,000 metric tons by mid-Dec**
- **MoMPW is coordinating with Ministry of Trade and CPA Operations Center in tracking OFP deliveries, inspection, and certification of water and sewer equipment**



Iraq Funds Status (\$ Millions)

Total Available \$9,662
Total Committed \$6,804



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