



***DRAFT
WORKING PAPERS
Iraq Status***

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Highlights

CPA Priorities:

- Essential Services
- Security
- Governance
- Economy
- Strategic Communications

CPA Intermediate Objectives:

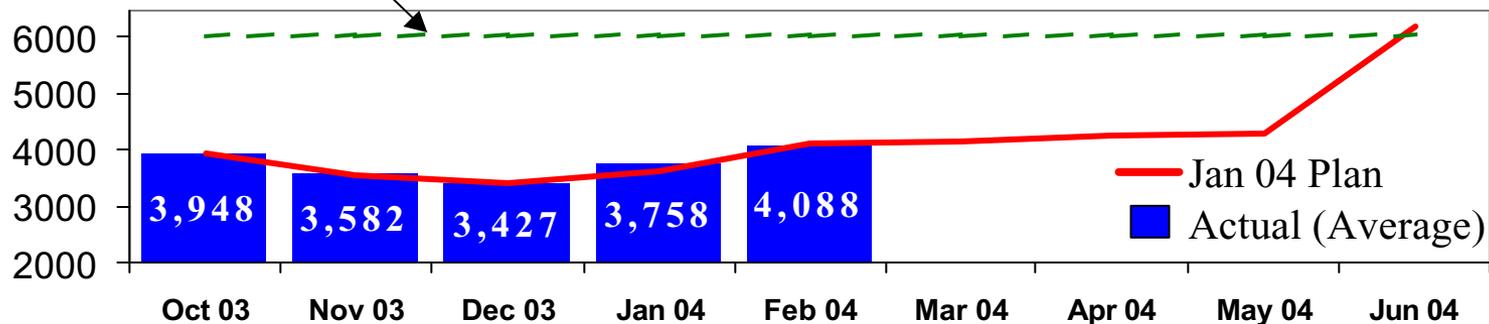
- Reconstitute electric power infrastructure
- Reconstruct the telecom system
- Draft "Transitional Administrative Law"
- Build financial market structures
- Increase professionalism of TV staff

Weekly Highlights:

- Electricity reached highest weekly average since May 2003 at 4,260 MW
- Mobile phones are now widely available in Iraq, with service coverage expanding
- CPA will distribute 500,000 pamphlets on Transitional Administrative Law throughout the country
- World Trade Organization unanimously conferred "observer status" on Iraq
- Documentary film "Mass Graves" will be released on al-Iraqiyah television network

Electricity Overview

Goal June 04: 6,000 MW
Peak Production Capacity



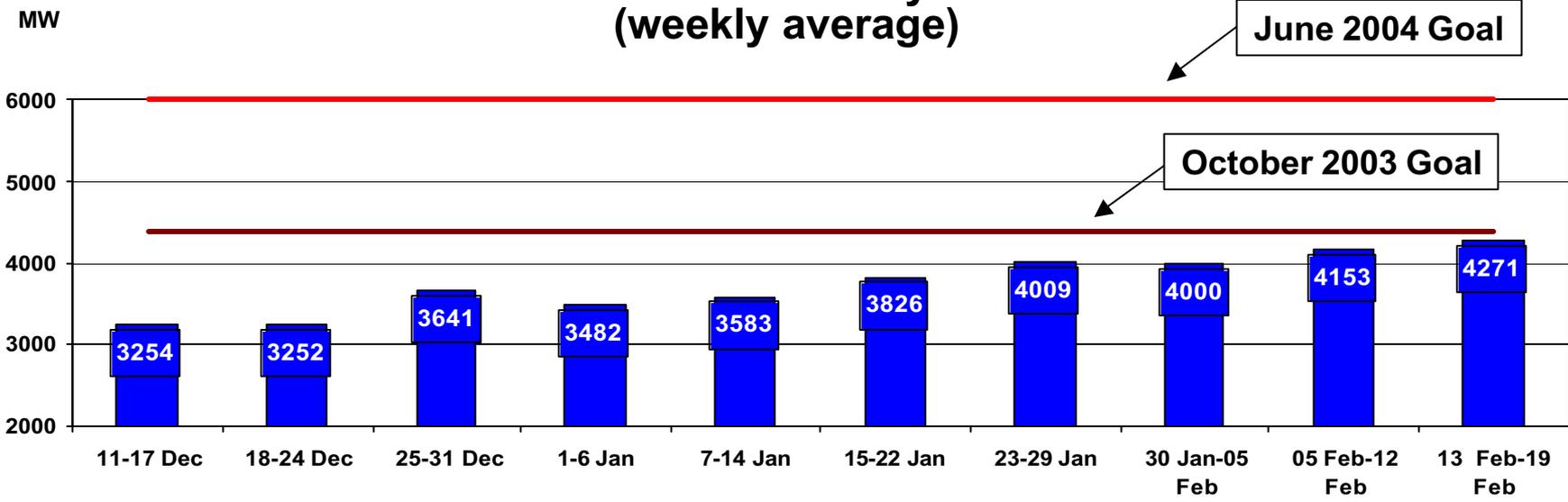
- Ambassador Bremer approved a new increase plan on 14 Jan 04 to prevent current project delays from impacting the goal of 6,000 MW by 01 Jun
- CPA Autumn Maintenance Program began Oct 03 is transitioning into the Spring program throughout February and has resulted in 991 MW in scheduled maintenance losses on average over the past week. Unscheduled generator maintenance continues with 716 MW out of service



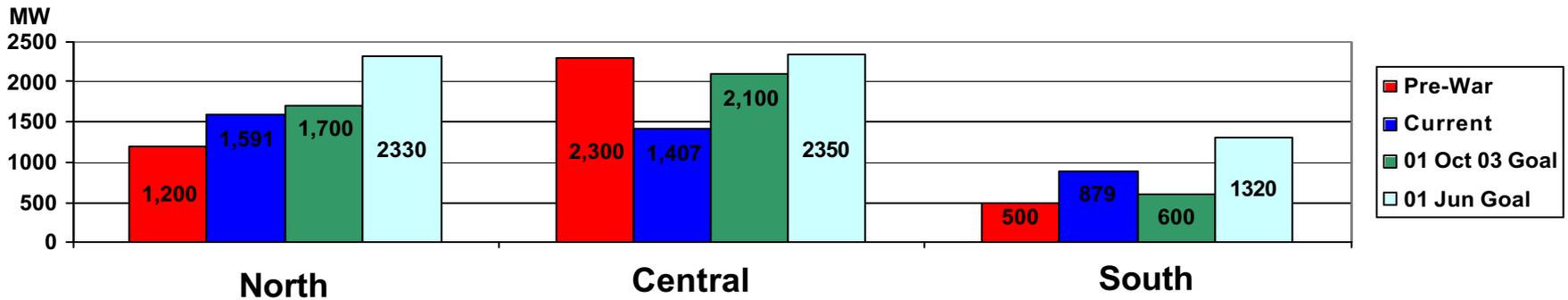
Power Production

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Total Country (weekly average)



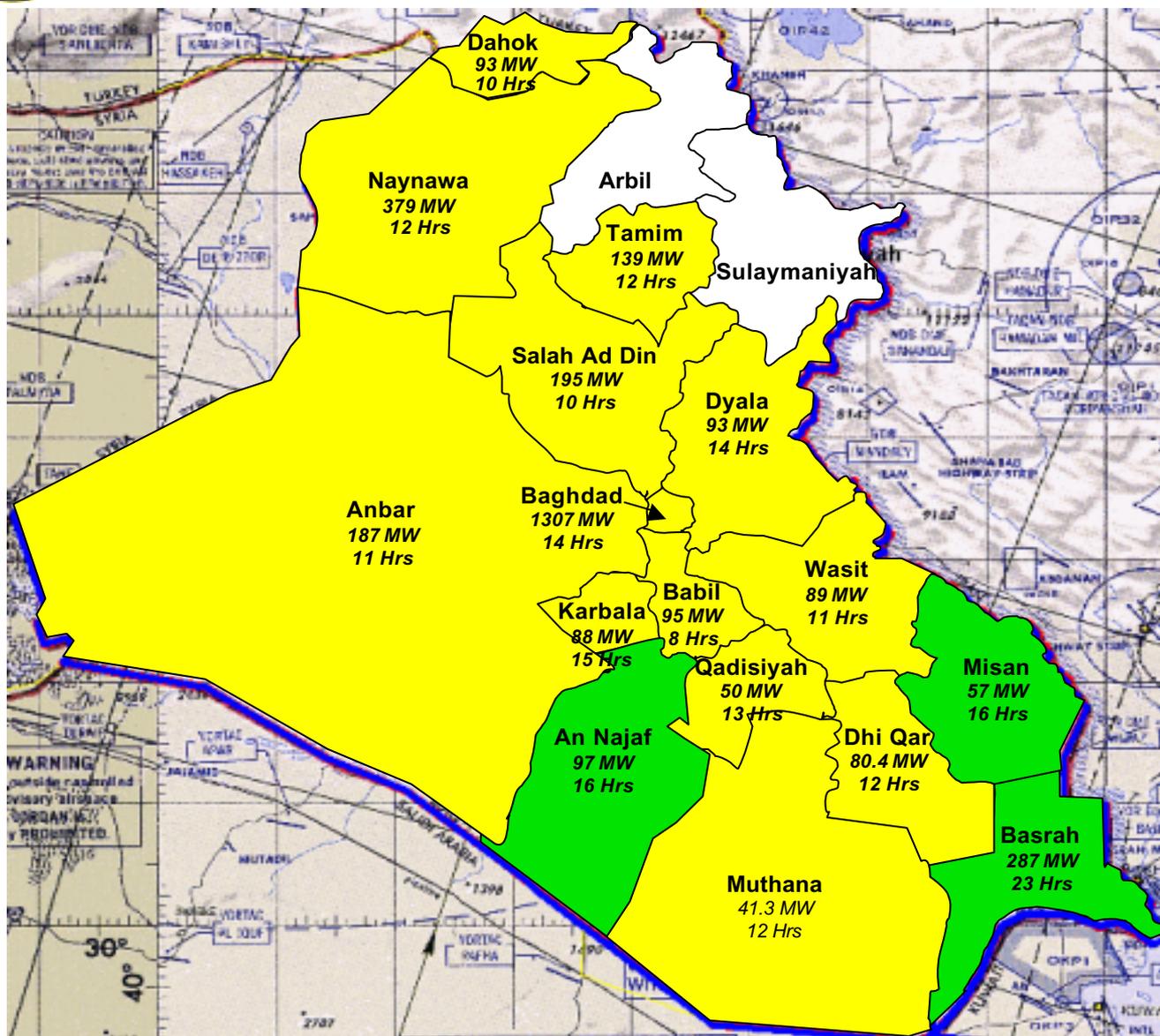
By Region





Hours of Power – Week of 13 February 2004

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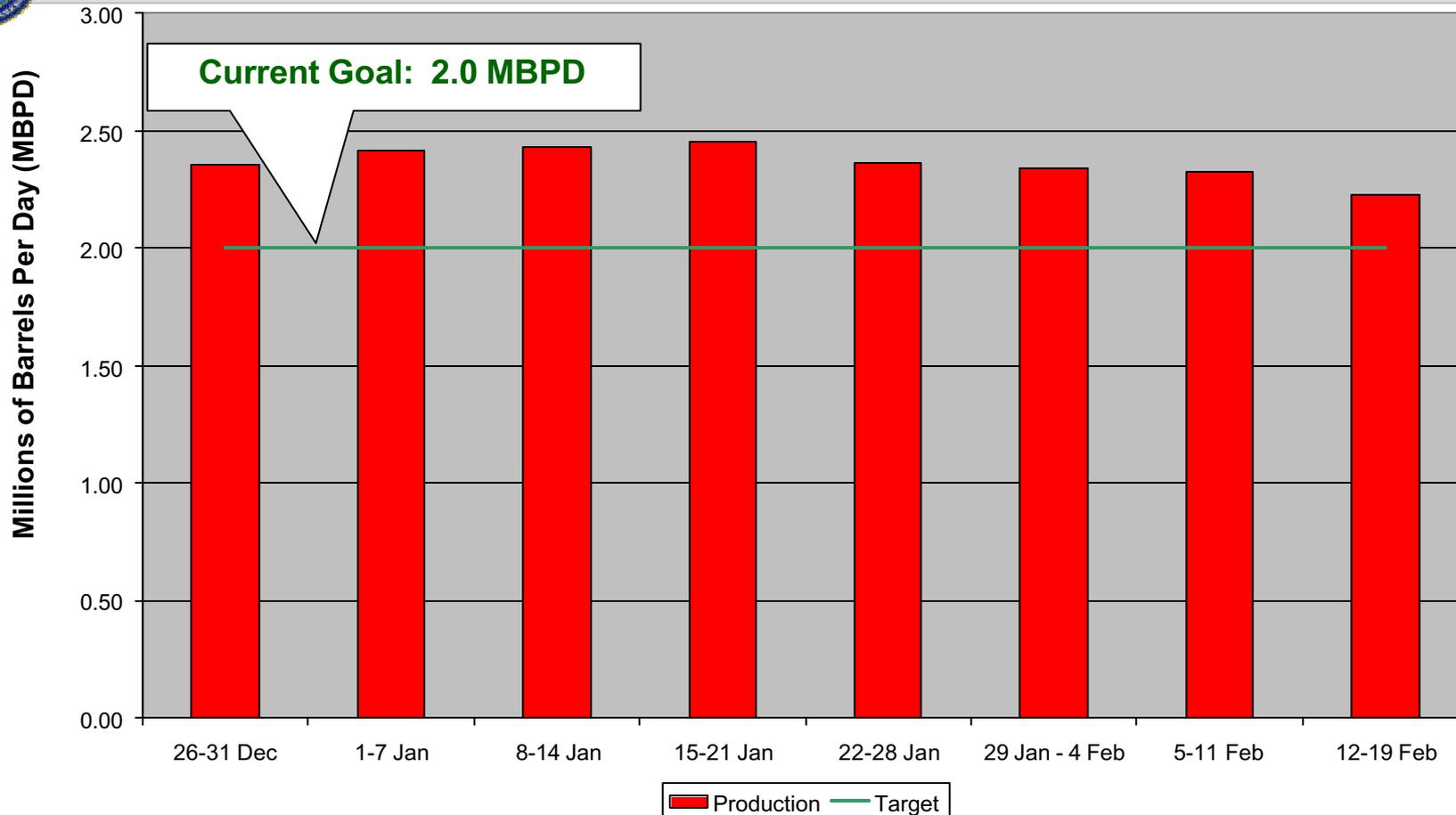


- = 8 Hrs = Red ●
- 8 to 16 Hrs = Amber ●
- = 16 Hrs = Green ●
- No Report

Percent Change (7 Day)	
Baghdad	8.0%
Duhok	-1.1%
Naynawa	23.0%
Tamim	2.6%
Salah Ad Din	1.6%
Anbar	3.5%
Dyala	20.4%
Babil	11.0%
Kirbala	8.7%
Najaf	17.0%
Qadisiyah	-1.1%
Wasit	7.7%
Muthana	13.3%
Dhi Qar	-7.9%
Misan	9.9%
Basrah	-4.5%



Crude Oil Production

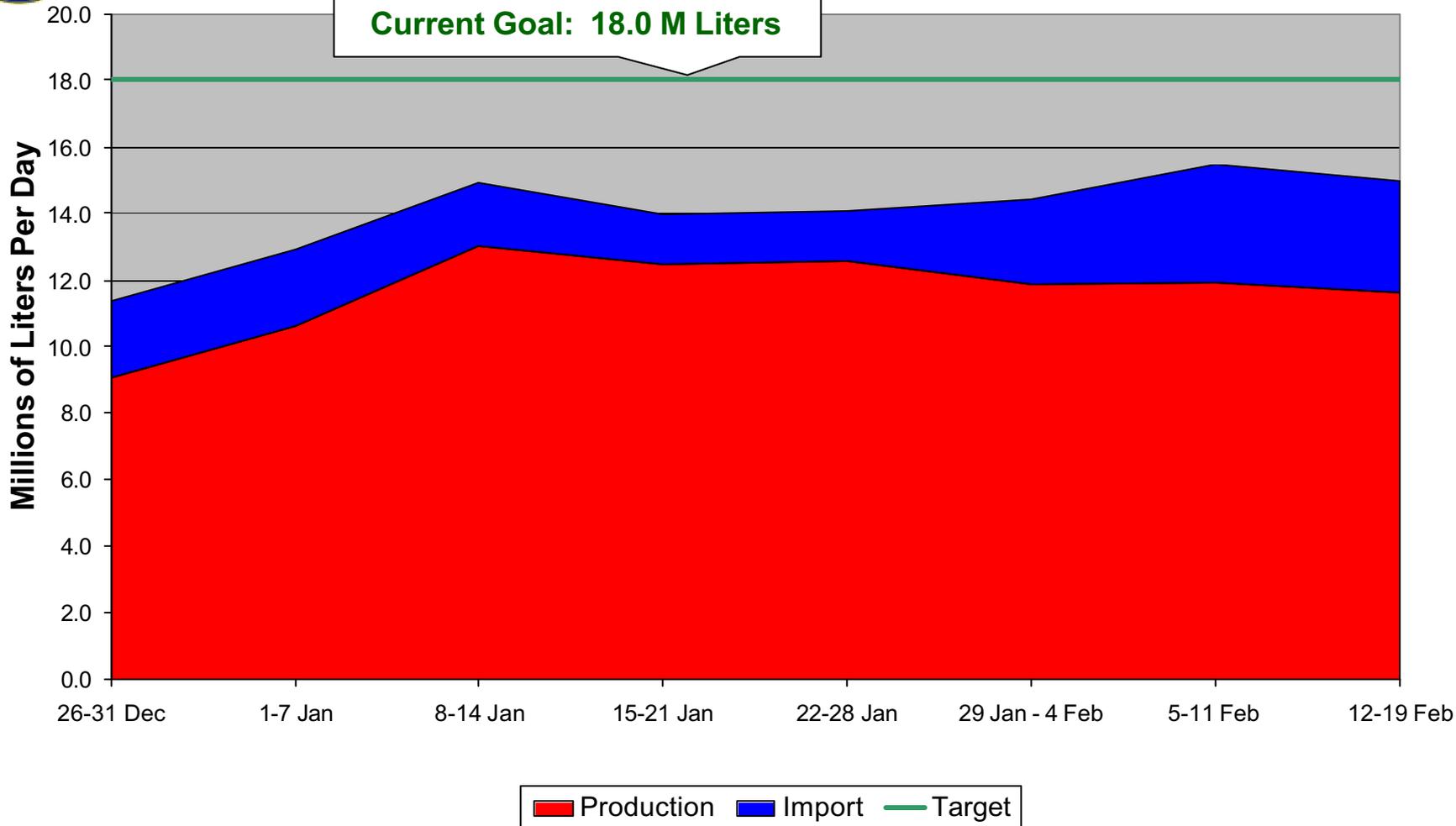


Weekly Average of 2.225 MBPD Exceeds Target of 2.0 MBPD

- Long Term Target (Dec 04): 2.8-3.0 MBPD (Pre-War Capacity)
- Pre-War Peak: 2.5 MBPD in Mar 03
- Post-war Peak: 2.484 MBPD on 6 Jan 04
- Weekly average of crude exports: 1.34 MBPD



Diesel Production



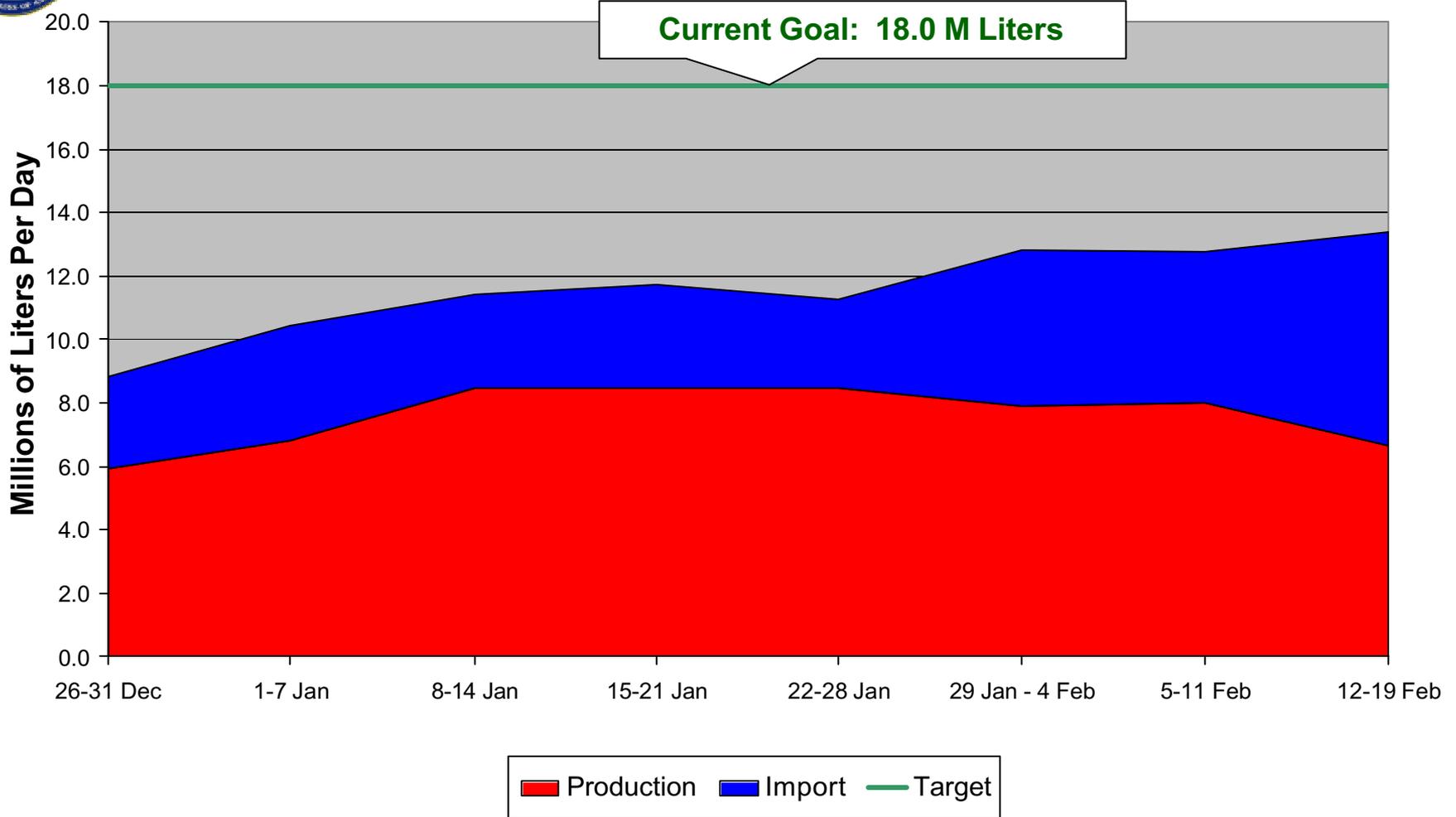
• This week's average production and imports are 83% of goal

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Kerosene Production

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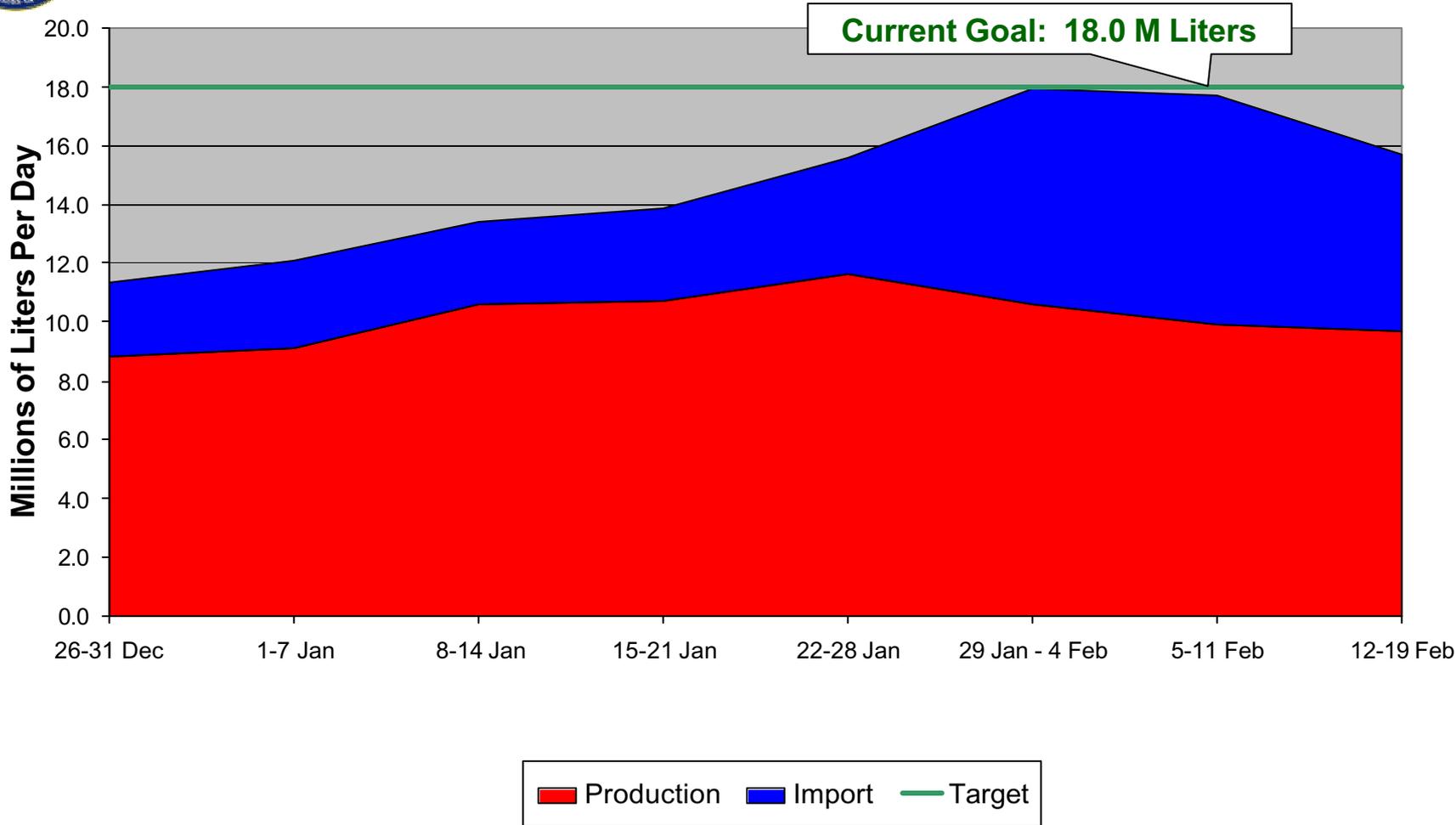


• This week's average production and imports are 74% of goal



Gasoline / Benzene Production

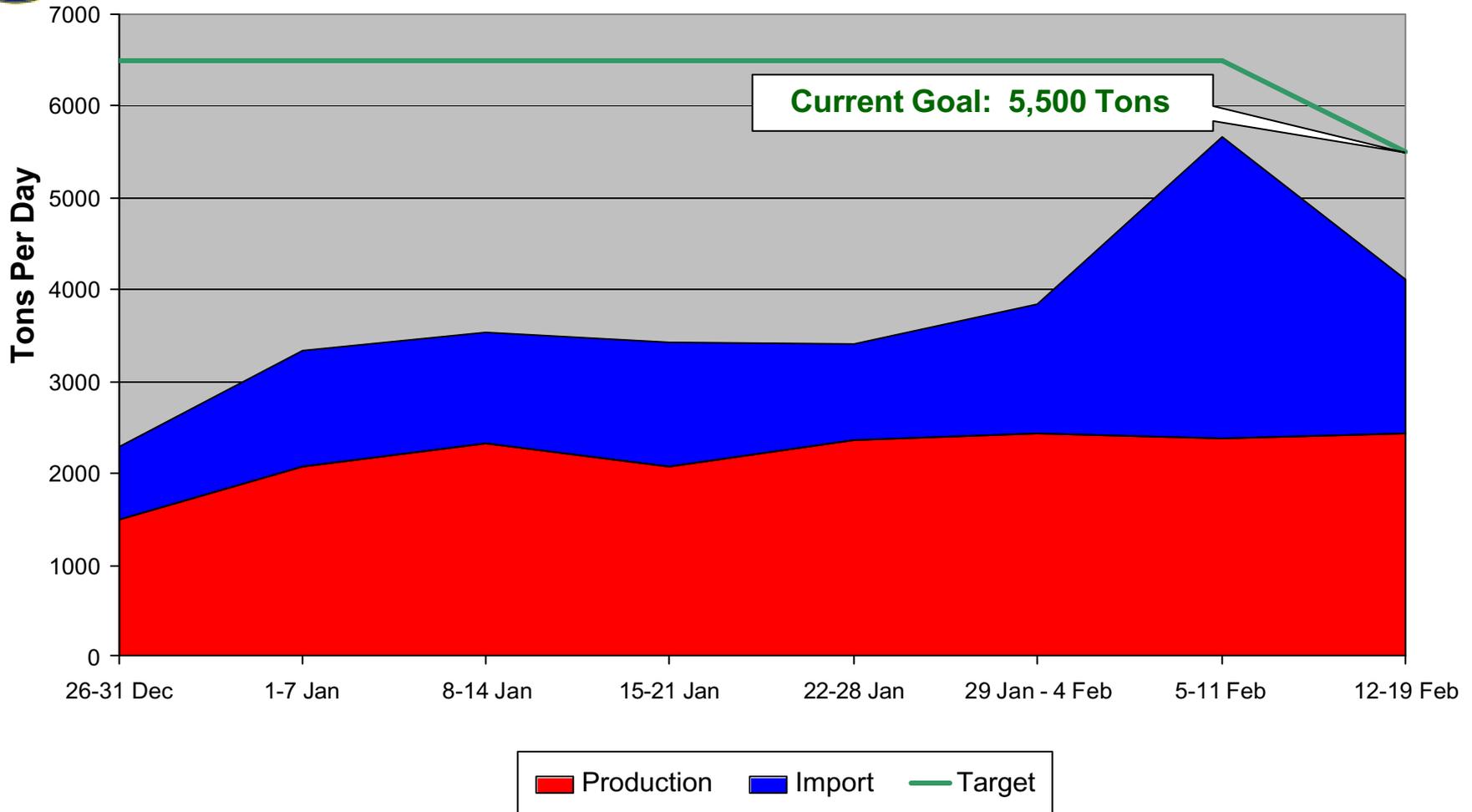
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• This week's average production and imports are 87% of goal



Liquefied Petroleum Gas Production



- This week's average production and imports are 67% of goal
- Target moved to 5,500 tons from 6,500 tons on 17 Feb

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Essential Services - Education

- **Ministry of Education (MOE) engineers and Program Management Office (PMO) are inspecting more than 1,000 schools scheduled for rehabilitation under supplemental funds**
 - **MOE engineers will work with CPA contractors, Directors General of Education, and schools' headmasters**
- **MOE is reclaiming the National Center for Examinations building in Rusafa 2 as its Ministry headquarters**
- **11,000 teachers throughout Iraq graduated from teacher training programs on 16 Feb**
- **More than 1,500 secondary students applied for a student-exchange program sponsored by State Department's YES Program**
 - **12 students will attend high school and live with a US family**

CPA Education Objective: Improve Quality and Access to Education

- **Reorganize and staff the Ministry of Education**
- **Rehabilitate school buildings and build new schools**
- **Advance national dialog on curriculum reform**
- **Continue and expand teacher training**

Essential Services – Healthcare

- Ministry of Health (MOH) will provide training to 2,500 medical staff by April 04 as part of effort to modernize outdated skills of health professionals after 20 years of isolation
- MOH and Iraqi Armed Forces (IAF) signed agreement concerning medical support provided by MOH to IAF
 - Identifies roles and responsibilities for each organization and describes level of support to be provided
- MOH approved Partners in Healthcare for Iraq Program establishing direct linkages between US, UK, and Iraqi healthcare organizations
- MOH Deputy Minister and DG for Inspection concluded a visit to Japan to negotiate Japanese donation commitment to assist in the recovery of the Iraqi healthcare system

CPA Health Care Objective: Improve Quality and Access to Health Care

- Develop health care organizations, management, and infrastructure
- Train health care professionals
- Pharmaceuticals logistic support
- Secure system
- Public health

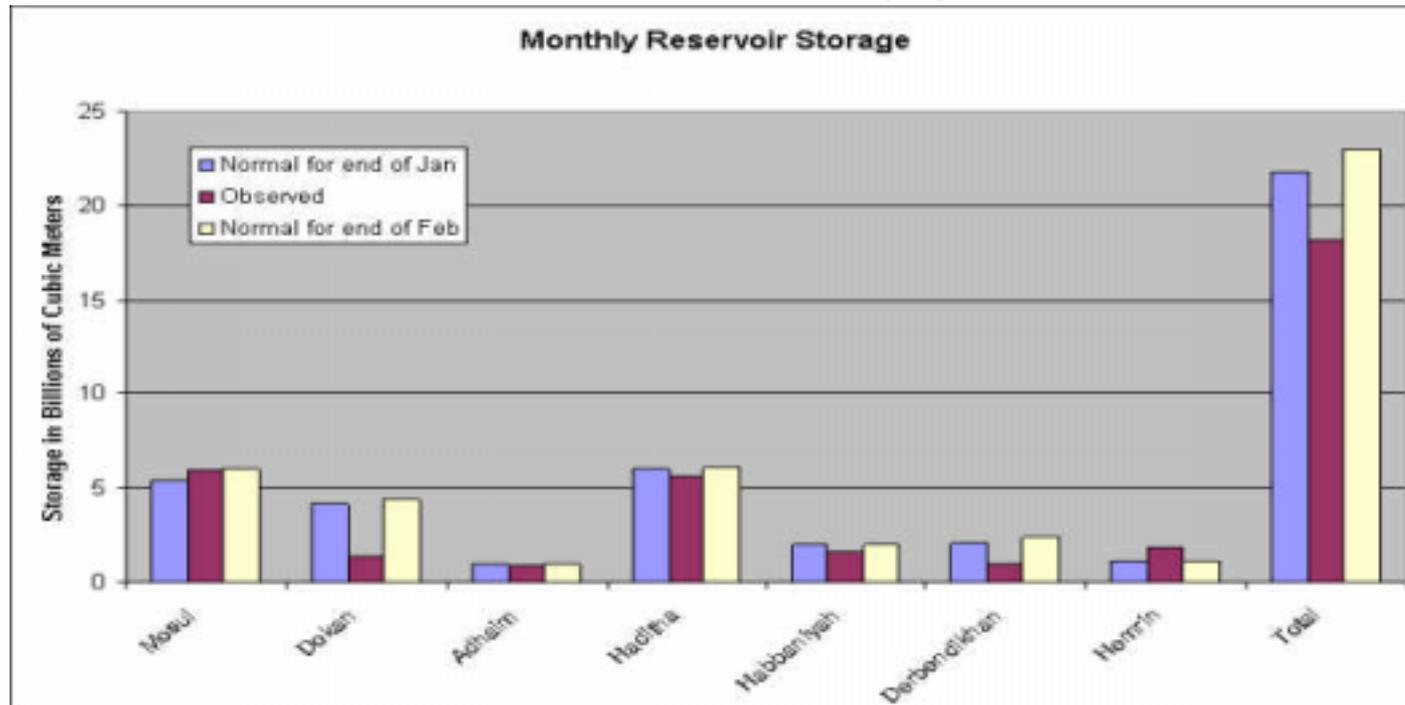


Essential Services – Healthcare (cont)

- **More than 700 Iraqi medical specialists and international experts attended 4-day conference at Baghdad Convention Center to discuss advances in healthcare and Iraqi healthcare system**
- **The World Health Organization (WHO) and USAID are working to reduce the presence of communicable diseases (malaria, leishmaniasis, schistosomiasis, and brucellosis)**
- **USAID is rehabilitating clinics countrywide, including the Al Andalous Primary Healthcare Clinic in Ar Ramadi (Al Anbar Governorate)**
 - **Serves 150-200 people a day from a community of nearly 30,000**
 - **Lacked essential equipment and furniture needed to conduct day-to-day operations**

Essential Services – Water

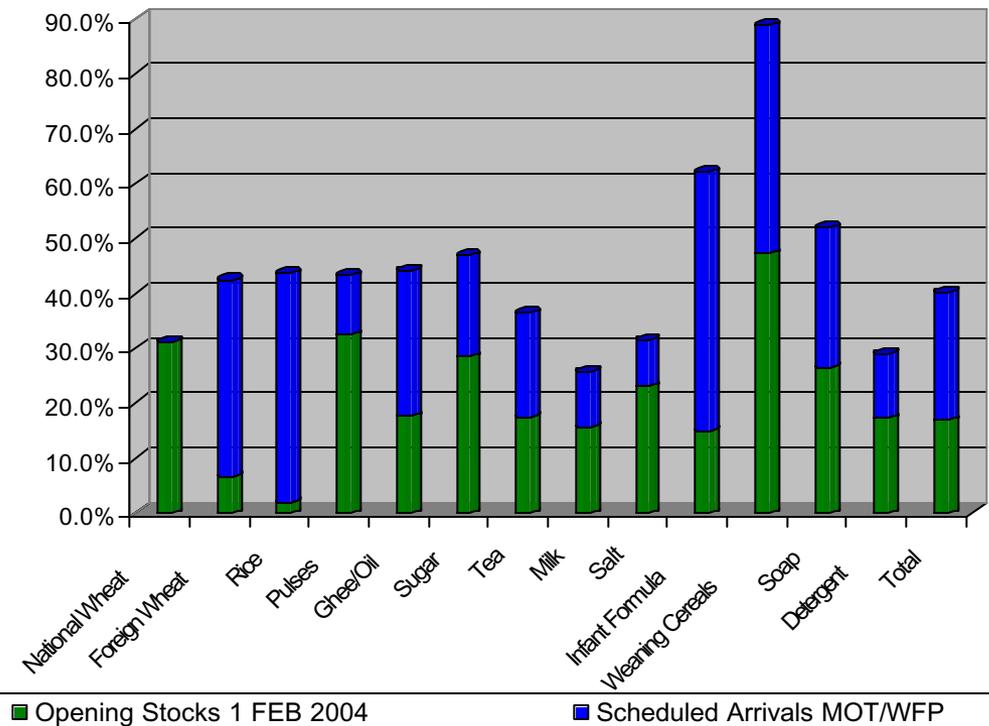
- Iraqi organization “Engineering Give a Hand” will rehabilitate three sewage plants and a water plant in Baghdad’s Kerkh District, under a grant from USAID
 - Scheduled to be completed by the end of Mar 04
- Total system volume for the 7 large reservoirs (shown below) throughout Iraq is about 82% of volume expected at this time of year
 - Total volume is low due to excessive releases from Dokan and Derbendikhan reservoirs for electricity generation



Essential Services - Food Security

- **Public Distribution System (PDS) provides 12 public distribution goods**
 - February shortages for rice, and national wheat and milk in April
 - New procurement by World Food Program (WFP) and Ministry of Trade (MOT) will eliminate current pipeline shortages
- **Rations planned for 100% of the population**
 - 90% receive rations
 - 60% depend on them for survival
- **Ministry goal: 3 months buffer stocks by 1 July (100 % in each category)**
- **WFP is using nearly \$1 billion of PDS budget to secure food through additional procurement contracts**

PDS Stocks as a Percentage of Total Requirements from FEB - JUL 31, 2004 (including 3 month buffer)



Essential Services - Food Security (cont)

- **3 food commodity sources for ration requirements over coming 5 months:**
 - Existing Oil for Food (OFF) contracts carried over from the UN will supply most commodities through April into May
 - New WFP procurement commenced this week
 - MOT procurement will begin as a “pilot” in February
- **2004 budget allots 5.25 trillion Iraqi dinars for the PDS (\$3.5 billion)**
 - Estimated cost of \$280M per month for approximately 530K tons of food
 - 1,452 confirmed contracts for 1,873,000 tons of supplies
 - Only 258 contracts are unconfirmed, for 741,000 tons of supplies

CPA Food Security Objective: Provide Food Security for all Iraqis

- Enhance capacity of Ministry of Agriculture
- Assure supply of inputs
- Strengthen research system
- Ensure adequate stocks for Public Distribution System (PDS)
- Monitor food security
- Hand over administration of system in the North
- Initiate reform of rations basket
- Environmental Initiatives

Essential Services – Telecommunications

- Telephone service reinstated for 67,300 subscribers, including 15,000 (29% increase) since last week
 - Continue to make progress in restoring service to customers, especially in Baghdad
- No incidents of sabotage on the Iraq Telephone and Postal Company (ITPC) infrastructure in the past week
- Mobile phones are now widely available in Iraq, with service coverage expanding
- Zip Codes and address blocking schemes for all of Iraq agreed upon
 - Postal Team is developing media campaign that will reach around the world with the introduction of “Mr. and Mrs. Zip”

CPA Communications Objective: Reconstruct Communications and Postal Systems

- Build Iraq’s first responder network
- Establish independent regulatory agency
- Upgrade Iraqi Telephone and Postal Company (ITPC) network for interoperability
- Build transmission component data network for Iraq, including international gateways
- Restructure ITPC and its business operations
- Upgrade and modernize postal systems
- Upgrade ITPC outside plant for increased subscriber capacity and use

Essential Services – Transportation



- **Iraqi Civil Aviation Administration finalized details of over-flight contract with International Air Transport Association**
 - **Official billing will commence for over-flights when signed**
- **Ministry of Transportation restored passenger rail service between Baghdad and Mosul after 2-month suspension**
 - **Iraqi Republic Railway operates daily passenger trains between Baghdad and Basra, Baghdad and Haseiba, Baghdad and Mosul, and Mosul and Aleppo, Syria**
- **Most Umm Qasr port facilities now operating at pre-1991 capacity**
 - **Grain-receiving facility is currently operating with 3 evacuators, and a 4th is being procured by WFP**
 - **Renovation continues on port administration building, passenger terminal, customs hall, & electrical substations**
- **CPA has completed 23 road and bridge projects**
- **Ninawa' Governorate exploring ways to reduce traffic congestion in Mosul, via public transportation, road signals & parking restrictions**



Iraqi Security Forces

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	Required	On Payroll (Untrained)	On Duty (Partially Trained)	On Duty (Fully Qualified)	In-Training	TOTAL
Iraqi Border Police	8,814	0	8,171	0	0	8,171
Dept of Border Enforcement	16,892	0	9,873	0	0	9,873
Iraqi Police Service	75,000	47,164	26,348	3,612	4,748	81,872
Iraqi Civil Defense Corps	40,000	0	0	27,854 (OJT Continuous)	3,237	31,091
Iraqi Armed Forces (IAF)	40,000	0	0	2,015	1,982	3,997
Facilities Protection Service (Ministries & MSCs)	96,633	0	0	73,937	0	73,937
	277, 339					208,941

Data as of 20 Feb 04



AMMO / Explosives / Weapons Captured (Weekly)

Captured AMMO & Explosives	26 Jan -01 Feb	02 - 08 Feb	09 - 15 Feb	16 - 22 Feb
Assembled IED	33	49	68	60
RPG rounds, Grenades	785	1,143	754	1,407
MANPAD rounds	0	0	0	0
Mortar, Artillery, Rocket Rounds	1,568	3,615	2,289	8,318
Mines	17	2,100	147	30
Pounds of Explosives	68	1,420	168	67
Rounds < 30mm	950	1,204	0	0
Captured Weapons				
RPG Launchers	66	101	44	57
MANPAD Launchers	6	18	3	15
Small Arms	326	311	251	357
Crew Served Weapons	15	14	59	35

Data as of 22 Feb



Stability Contributors

Countries with forces in Iraq

35

TOTAL ~24K

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

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

Countries considering decision to provide forces for Iraq

6

TOTAL TBD

41 Countries
 Potentially Supporting
 Iraqi Stability and
 Humanitarian Relief

Data as of 19 Feb

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Governance – National Transition

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N/P

2003

Nov 15

New agreement between CPA and GC on transition process

Feb 28

Drafting and approval of Transitional Administrative Law

Mar 31

Bilateral security agreements

2004

May 31

(Under review) Selections to Transitional National Assembly

Jul 1

Interim government assumes full sovereign powers for governing Iraq; Design of “caretaker” government to be determined with participation of CPA, GC, and United Nations

2005

Mar 15

(Under review) Elections to constitutional convention

Dec 31

(Under review) Constitutional ratification and national elections

New Government Assumes Power

Justice – Courts

- **Work continues on Secure Evidence Storage Facility for documentation storage and analysis of past atrocities**
 - **Second building is needed to serve as the investigations base**
- **Central Criminal Court of Iraq (CCCI) had five new cases referred for investigation**
 - **Alleged murder of soldier shot when leaning into vehicle to assist “ill person” (8 Jan 04)**
 - **Alleged mortar attack on Coalition Forces by defendant captured shortly after attack in possession of recently fired mortar tube (28 Nov 03)**
 - **Alleged cutting of power line—one defendant was seen cutting the line, and he and 3 co-defendants were captured with weapons and cutting gear (1 Oct 03)**
 - **Alleged possession of illegal weapons by 2 defendants possessing 600 mortar rounds (6 Oct 03)**
 - **Alleged possession and sale of illegal weapons against defendant possessing 5 sticks of TNT, 3 rocket-propelled grenades and tear gas (21 Jul 03)**

Economics – Financial Market Structures

- **GC Finance and Planning Committee approved 2004 tax strategy with CPA Office of the General Counsel and advisors to the Ministry of Finance**
 - Flat tax of 15% on companies and max individual tax rate of 15%
- **Estimated crude oil export revenue is \$1.6 billion since Jan 1**
- **Minister of Trade Ali Allawi accepted process for issuing licenses to export scrap metals and will publish them by Mar 1**
 - Fees generated through license auctions should lead to improved market efficiencies and regulatory control over scrap metal market in Iraq
- **World Trade Organization (WTO) unanimously conferred “observer status” upon Iraq**
 - Step toward WTO membership, signals that Iraq is committed to follow principles of the rule of law, transparency, and equal treatment of foreign and domestic products
 - Allows Iraq to attend all WTO committee meetings and to qualify for special training and assistance

CPA Economic Objective: Commence Reform of Tax System

- **Reform tax rates**

Economics – Currency & Banking



- As of 13 Feb, Operating Consortium of Banks issued 218 letters of credit worth \$228M for use by ministries & several state-owned enterprises
- As of Feb 12, Development Fund for Iraq (DFI) balance was \$8.8 billion
 - DFI investment program has earned \$12M in interest
 - Total payments out of DFI amount to \$3.2 billion
- Foreign currency reserves held in currency notes at Central Bank of Iraq have risen to \$1.5 billion – (excluding DFI balances)
- CPA sent out a draft of the proposed changes to the Bankruptcy law for interagency coordination in Washington, as well as coordination with London, Canberra, the International Monetary Fund and the World Bank
- ACDI / VOCA, an international NGO focusing on developmental issues, began a microlending program in Iraq using grant money from CPA
 - First loan of \$1,500 was awarded to a grocery store

CPA Economic Objective: Build Financial Market Structures

- Modernize the Central Bank
- Commercial Banking System
- Re-establish Baghdad Stock Exchange
- Restructure National Debt

Economics – Currency & Banking (cont)

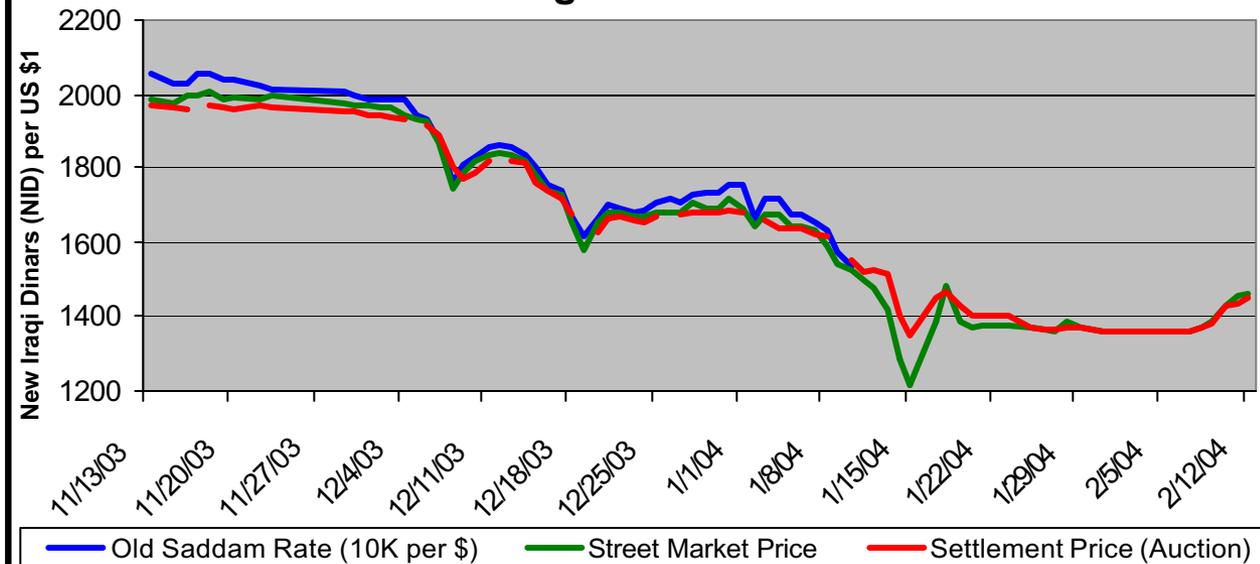


- The Currency Auction was developed and is operated by the Central Bank of Iraq (CBI)
- On 17 Feb, 14 banks took part in the daily auction, and the CBI sold \$7.735M
- Iraqi dinar has generally appreciated against the U.S. dollar, signaling increased confidence in the currency and the economic conditions

Daily Currency Auction Statistics (February 11 – 17)

Date	# banks participating	Amount sold or bought	Auction price (dinars per dollar)
11-Feb	7	\$5.280 million	1,440
12-Feb	11	\$5.835 million	1,440
14-Feb	8	\$265,000	1,420
15-Feb	8	\$2.652 million	1,400
16-Feb	13	\$7.735 million	1,400
17-Feb	14	\$11.310 million	1,425

Exchange Rate Movements



Economics – Other Developments

- Representatives from Ministry of Finance, Ministry of Planning, Economic Policy Bureau, Central Statistical Organization, and the 2 Kurdish finance ministries will attend an International Monetary Fund (IMF) training session in Amman from Feb 29 – Mar 5 in order to improve economic data collection & management capabilities
- CJTF-7 C-9 estimates that CPA has created 438,495 jobs for Iraqi citizens
 - National Employment Program employs 108,433 (Public Works)
 - Security / National Defense employs 216,764
 - CJTF-7 employs 50,473
 - Civilian contractors working under CPA contracts employ 61,445

CPA Economic Objective: Develop Framework for Sound Public Sector Finances and Resource Allocation

- Increase Capacity of Ministries of Finance and Planning to Manage Public Resources
- Increase International Coordination to Manage Foreign Assistance

CPA Economic Objective: Pursue National Strategy for Human Resources Development

- Begin work to employ 100,000 workers in Public Works programs around the country

Program Management Office (PMO)



Construction Tasks Committed by 01 Jul 04

Non- Construction Procurement by 01 Jul 04

<u>Sector</u>	<u>\$M Committed</u>
• Oil	\$1,200
• Electrical	\$1,993
• Security / Justice	\$ 749
• Water / PW	\$ 722
• Trans / Comm	\$ 367
• <u>Bldgs / Ed / Health</u>	<u>\$ 371</u>
Total	\$5,402 Million

<u>Sector</u>	<u>\$M Committed</u>
• Oil Infrastructure	\$ 824
• Electrical	\$ 221
• Security and Law Enforcement	\$ 2,703
• Water Resources and Sanitation	\$ 160
• Trans / Comm	\$ 157
• Roads, Bridges, & Construction	\$ 421
• Private Sector Development	\$ 172
• <u>Education, Refugees, & Human Rights</u>	<u>\$ 204</u>
Total	\$ 4,862 Million

PMO Web-site Portal operational:
www.rebuilding-iraq.net

Program Management Office (PMO)



Sector	2207 Report	Apportioned	Committed	Obligated
* Security and Law Enforcement	3,243	2,332.7	766.8	263.7
Electricity Sector	5,560	1,683.1	573.7	427.9
Oil Infrastructure	1,701	1,600.0	375	4
Justice, Public Safety, and Civil Society (less democracy)	560	560.9	119.5	21.4
Democracy	458	458.0	99	74
Education, Refugees, Human Rights, Governance	280	138.5	15	15
Roads, Bridges, and Construction	370	119.3	0	0
Health Care	793	330.0	25	0
Transportation and Telecommunications	500	164.0	60.3	0
Water Resources and Sanitation	4,332	496.2	21	18
Private Sector Development	184	64.5	.2	0
TOTAL	18,439	7,947.2	2,055.5	824
CONSTRUCTION	12,611	3,950	797.8	595.5
NON-CONSTRUCTION	5,370	3,539.2	1,158.7	154.5
DEMOCRACY	458	458	99	74
Total	18,439	7,947.2	2,055.5	824

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Strategic Communication

- CPA will distribute 500,000 pamphlets on Transitional Administrative Law throughout the country in order to educate Iraqi people
 - Distribution assisted through CPA regional channels, Iraqi Reconstruction and Development Council, civil society organizations, ministries and the local press
- CPA sponsored documentary film “Mass Graves,” underscoring the enormity of crimes committed against Iraqi people for the past 2 decades
 - Emphasizes atrocities committed by Hussein regime on every group in Iraq, whether Arab, Kurdish, Turkmen, or Christian, and will be released on al-Iraqiyah television network
- President Bush appeared on the Middle East Television Network (Al Hurra), speaking on democracy and other regional themes
- Iraqi NGOs that participated in World Movement for Democracy Conference in South Africa established the Iraqi Civic Society Empowerment Network (ICEN)
 - ICEN will work to build a network of NGOs that will promote civil society and democratic values in Iraq