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06 October 2004



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# Iraq Weekly Status Report

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# Highlights



## Political/Governance

### National Elections:

- i Planning advances for Iraq's national elections in late January. The voter education campaign conducted by the Independent Electoral Commission of Iraq (IECI) continues, with voter registration scheduled to begin Nov. 1.

## Economic

### School Openings:

- i K-12 Schools opened on October 2.

### Iraqis Sign Trade Financing Agreement:

- i The Export-Import Bank of the United States, the Iraqi Ministry of Finance, and the Trade Bank of Iraq signed a \$500 million trade financing agreement on October 5.

# Highlights



## Reconstruction

### Reallocation of Iraq Relief and Reconstruction Fund (IRRF):

- ï On September 30, The President signed Public Law 108-309 reallocating \$3.46 Billion of the IRRF. The Continuing Resolution (CR) shifts funds from some long-term infrastructure project to projects aimed at improving security, increasing employment, boosting oil output and preparing for national elections.

## Security

### Security Financing Update:

- ï Of the \$3.46 Billion IRRF reallocation, \$1.804 Billion is planned for Security and Law Enforcement programs.

### Security Forces Update:

- ï Iraq graduated its first class of cadets from the Department of Border Enforcement (DBE) on 27 September 2004.

# Governance ñ Iraq Elections Timeline



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**2004**

01 Jun

**Iraqi Interim Government (IIG) Announced and Governing Council dissolved**

**Phase I  
(Interim  
Government)**

04 Jun

**Election Commission established**

28 Jun

**Transfer sovereignty from CPA to IIG**

15 Aug

**National Conference convenes and selects Interim National Council**

**2005**

31 Jan

**Elections for the National Assembly complete: NLT 31 Jan 05**

Early 05

**Iraqi Transitional Government takes power**

**Phase II  
(Elected Government)**

15 Aug

**National Assembly completes draft of permanent constitution**

15 Oct

**Referendum for permanent constitution**

15 Dec

**Elections for government completed**

31 Dec

**Elected government assumes office**

# Governance - Developments

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## Planning Iraq Elections Continues:

- ï The Independent Electoral Commission of Iraq (IECI) is moving ahead with plans for elections, which will take place by January 31. The voter education campaign conducted by the IECI continues, with voter registration scheduled to begin Nov. 1.

## Neighbors-plus Conference on Iraq:

- ï The Iraqi Interim Government plans to convene a conference in November to build support for Iraqi reconstruction, security, and democratization. The conference would bring together Iraqís neighbors, the G-8, and representatives of the Arab League and the Organization of the Islamic Conference. Egypt has offered to host the conference at the end of November.

# Governance ñ Developments



## NATO Support in Iraq Expands:

- ï NATO agreed to expand its training mission in Iraq, creating a military training academy to bolster Iraqi security forces. The mission will also help Iraq rebuild its Defense Ministry and Military Headquarters.

## Capacity Building:

- ï USAID continues to implement local governance activities in 18 governorates, increasing Iraqis' understanding of democratic principles and the political process.
  - ñ Eighteen civic dialogue conferences were held in Salah ad Din Governorate where participants discussed human rights, the Transitional Administrative Law (TAL), elections, Islam and democracy, and federalism. These conferences use an Iraqi staff trained to encourage community participation in the forums and answer questions about the democratic process.

# Economy



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## Oil Update

Crude Oil prices in world markets for the week ending 1 October closed with Kirkuk Crude at \$40.28/barrel, Basra Light at \$41.43/barrel, and the OPEC basket at \$43.25/barrel.

## Employment Update

Number of Iraqis employed by USG-administered projects in each sector

Sector	Iraqis last week	Iraqis this week	% Increase on week
Buildings, Health & Education	3,700	4,700	27.0%
Electricity	3,900	3,800	-2.6%
Oil	483	370	-23.4%
Public Works & Water	380	260	-31.6%
Security & Justice	6,500	5,960	-8.3%
Transportation & Communications	146	140	-4.1%
AIRP	13,079	13,750	5.1%
<b>PCO Weekly Survey TOTAL</b>	<b>28,188</b>	<b>28,980</b>	<b>2.8%</b>
<b>USAID</b>	<b>46,309</b>	<b>48,000</b>	<b>3.7%</b>
<b>MILCON TOTAL</b>	<b>273</b>	<b>750</b>	<b>174.7%</b>
<b>GRAND TOTAL</b>	<b>74,770</b>	<b>77,730</b>	<b>4.0%</b>



## Economy (cont.)

### Iraq Securities Exchanges:

- ï At the New Iraqi Dinar (NID) auction on October 4, the settlement price was 1,460 dinars per USD, a 0.03% NID appreciation over last week's exchange rate. A total of 18 banks traded.

### Iraqis Sign Trade Financing Agreement:

- ï The Export-Import Bank of the United States (Ex-Im Bank), the Iraqi Ministry of Finance, and the Trade Bank of Iraq signed a framework agreement for a \$500 million export credit financing facility.
- ï The original agreement was approved in November 2003 to support the export of U.S. goods and services to Iraq. Renewal of the framework agreement will allow the Trade Bank to continue to access this \$500 million facility.
- ï Under this agreement, Ex-Im Bank can support U.S. exports to Iraq using two of its short-term insurance products:
  - ñ Bank Letter of Credit (LOC) Insurance Policies which Ex-Im Bank insures to provide comprehensive coverage to the confirming commercial bank against the Trade Bank's failure to pay the confirming bank under an irrevocable LOC.
  - ñ Financial Institution Buyer Credit Insurance Policies where Ex-Im Bank will provide comprehensive coverage on short-term credit extended to the Trade Bank by an insured bank.



# Economic Development

## USAID Awards Two New Contracts:

- ï A Ministry of Labor and Social Affairs (MOLSA) three-year, \$88M contract was awarded Sept 29 to provide technical support to 18 vocational training and employment centers throughout Iraq.
- ï USAID awarded a three-year, \$120M private sector development contract on September 30. This contract will provide assistance to the IIG to restructure state-owned enterprises, strengthen capital markets, build investment promotion strategies, develop trade policies, and institute a micro-credit lending program.

## Private Port Contracts:

- ï Maersk Sealand and The Minister of Transportation have agreed for a six-month extension to manage and operate the port of Khawr Az Zubayr.
- ï The Iraqi Ministry of Transportation continues to review potential bidders for long-term port management contracts, which provide significant foreign direct investment and management expertise. Under such agreements, the Iraqi Port Authority would likely continue various traditional port operations functions such as dredging, wreck removal, and pilot boat operation.

# Essential Services ñ Water and Sanitation



## Water Treatment Projects:

- ï A total of 21 water treatment plants are now under construction in Iraq; one has been completed.
  - ñ USAID is rehabilitating 14 water treatment plants, of which 10 are substantially complete and undergoing inspection. The final four plants are expected to be complete by the end of October.
  - ñ These plants treat water brought to Basrah through the SweetWater Canal. After completion of both of these plants and the Canal, treated water supply will increase by nearly 100% for 2 million Iraqis.

## Wastewater Treatment Projects:

- ï Thirteen sewer projects are now under construction; one has been completed.
- ï Reconstruction of a water and wastewater plant in Salah al-Din Governorate began in Spring 2004. The wastewater plant rehabilitation which is 30 percent complete, will serve a rural town population of 60,000. The water treatment plant rehabilitation which is 14 percent complete will provide about 3.8 million gallons per day of potable drinking water. Both projects are expected to be completed by the end of 2004.

## Essential Services ñ Food Security



### Public Distribution System (PDS) and MOT-Awarded Contracts:

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i Embassy officials are in receipt of 94 contracts under MOT II, that include pulses, infant formula, vegetable oil/ghee, tea, infant cereals and adult milk, which have been compiled and will be used to track those shipments.
- i The MOT has concluded contracts for 8,000 MT of infant formula from France and Switzerland, scheduled for delivery between Sept ñ Nov, 2004 which will meet PDS infant formula requirements through the end of the year.
- i The MOT awarded contracts under MOT-2 for 127,000 MT of vegetable oil/ghee, however, financing is pending. Delivery is expected to occur in tranches through the end of 2004, which will meet PDS requirements for the next three months.
- i MOT-1 rice procurements will meet PDS needs through the end of October. The MOT has awarded 175,000 MT in rice contracts to Thailand under MOT-2, which will meet PDS needs through the end of the year. Contracts for an additional 175,000 MT are pending.
- i Under MOT-2, the Embassy confirmed contracts for pulses have been awarded. These include a contract for 15,000 MT of lentils for immediate delivery, and an additional 64,000 MT of lentils and 36,000 MT in chickpeas and red beans, delivered monthly through the end of 2004.



## Essential Services ñ Health Care

### Current Projects:

- ï The Minister of Health has stated that the Najaf Teaching Hospital is now scheduled to open on December 1. The hospital will include outpatient services, limited (45 bed inpatient) facilities, laundry, and food services.
- ï Seventy-two health care facilities are under construction. Seventy-three more have been completed.
- ï During the past month, UNICEF has helped to deliver supplies for improved nutrition and is supporting nutrition training for medical staff.
  - ñ Supplies have included the delivery of 543 metric tons of high protein biscuits throughout Iraq and the procurement of 215 grain feeders to support wheat flour fortification.
  - ñ Using USAID funds, UNICEF is also planning a national micronutrient assessment in Iraq.
- ï To date, USAID has distributed high protein biscuits to more than 450,000 children and 200,000 pregnant and nursing mothers.



# Essential Services ñ Education

## Highlights

- ï K-12 Schools opened on October 2, with expected enrollment between 5 - 6,000,000 children.
- ï The Ministry of Education (MOE) continues to receive military support to ensure that schools operate free from those wishing to disrupt the education process. Civil Affairs units monitor threats to schools and school officials closely and has 5,000 FPS available to protect students and professionals.
- ï Two thousand, seven hundred schools have been rehabilitated. And then there are 187 new schools that are under construction.

## School Rehabilitation

- ï There are an estimated 20,000 schools in 14,924 buildings in Iraq and 80 percent of them (11,939) need some sort of repair following the looting when the former regime fell.
  - ñ Some 40 percent (5,970) need major rehabilitation and 9 percent (1,343) are in need of demolition or rebuilding.
  - ñ However, the country's schools were never in good condition; in 2002 the UN estimated that half of all school toilet facilities did not meet basic hygienic standards. To date over 3105 schools have been renovated. It is estimated that 4500 new schools will need to be built.



## Essential Services ñ Telecommunications

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- ï Total number of telephone subscribers in Iraq is now over 1,750,954 (including 779,725 cell phone subscribers) ñ 110% above pre-war levels.
- ï There are now 947,999 land line telephone subscribers in Iraq, compared with 833,000 subscribers pre-war.
- ï There are now 802,955 cell phone subscribers in Iraq. Cell phone service was very limited before the war.

Region	Population	Cell Phone Users	Penetration
North	4,147,300	310,846	7.49%
South Central (Baghdad)	6,677,000	363,364	5.44%
South	4,501,000	128,745	2.86%

*Total:*                      802,955

- ï The Communication sector initiated development of the first task order to NANA Pacific for the Wireless Broadband requirement to support this important requirement for the Iraqi government ministries.

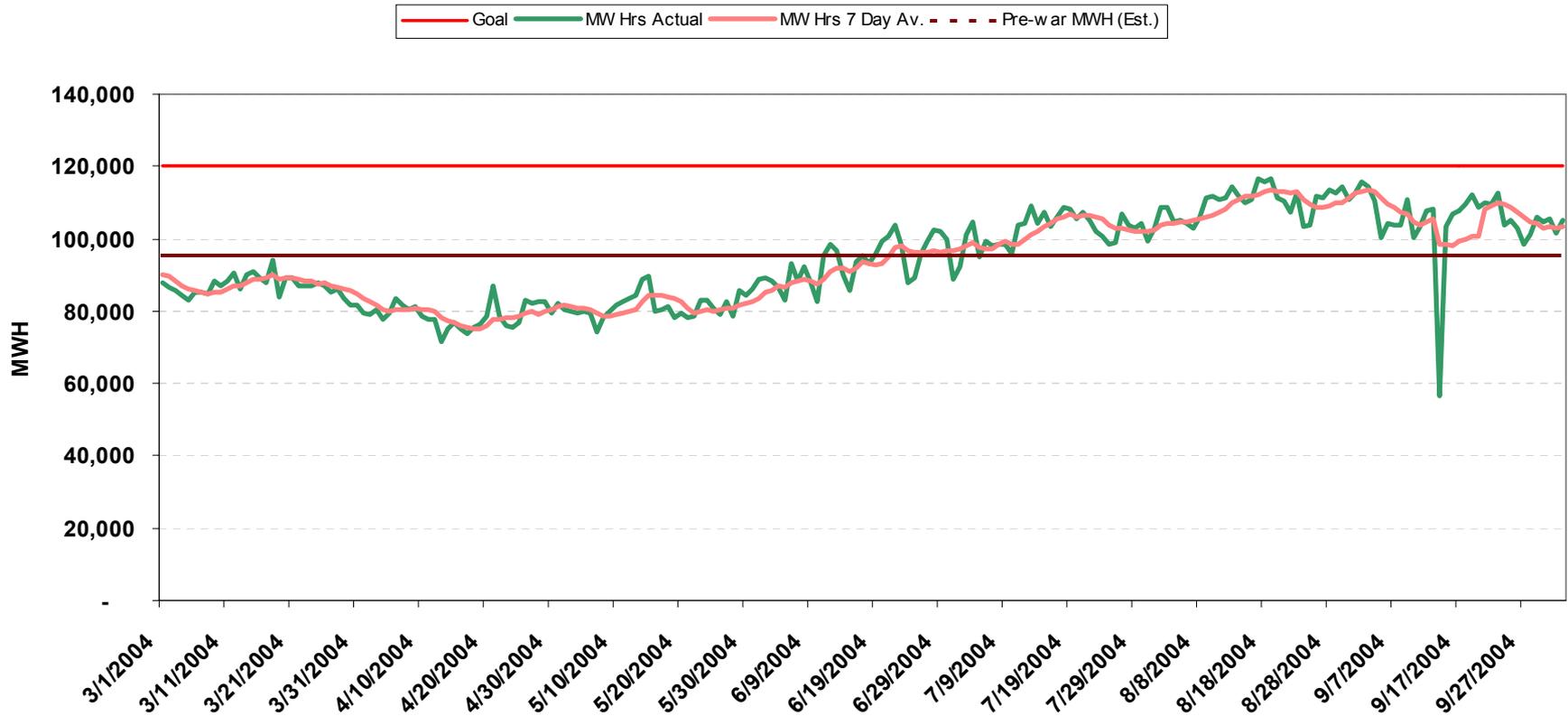
Note: Table only includes areas where service currently exists.

# Electricity Overview



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## Megawatt Hour Production (MWH)

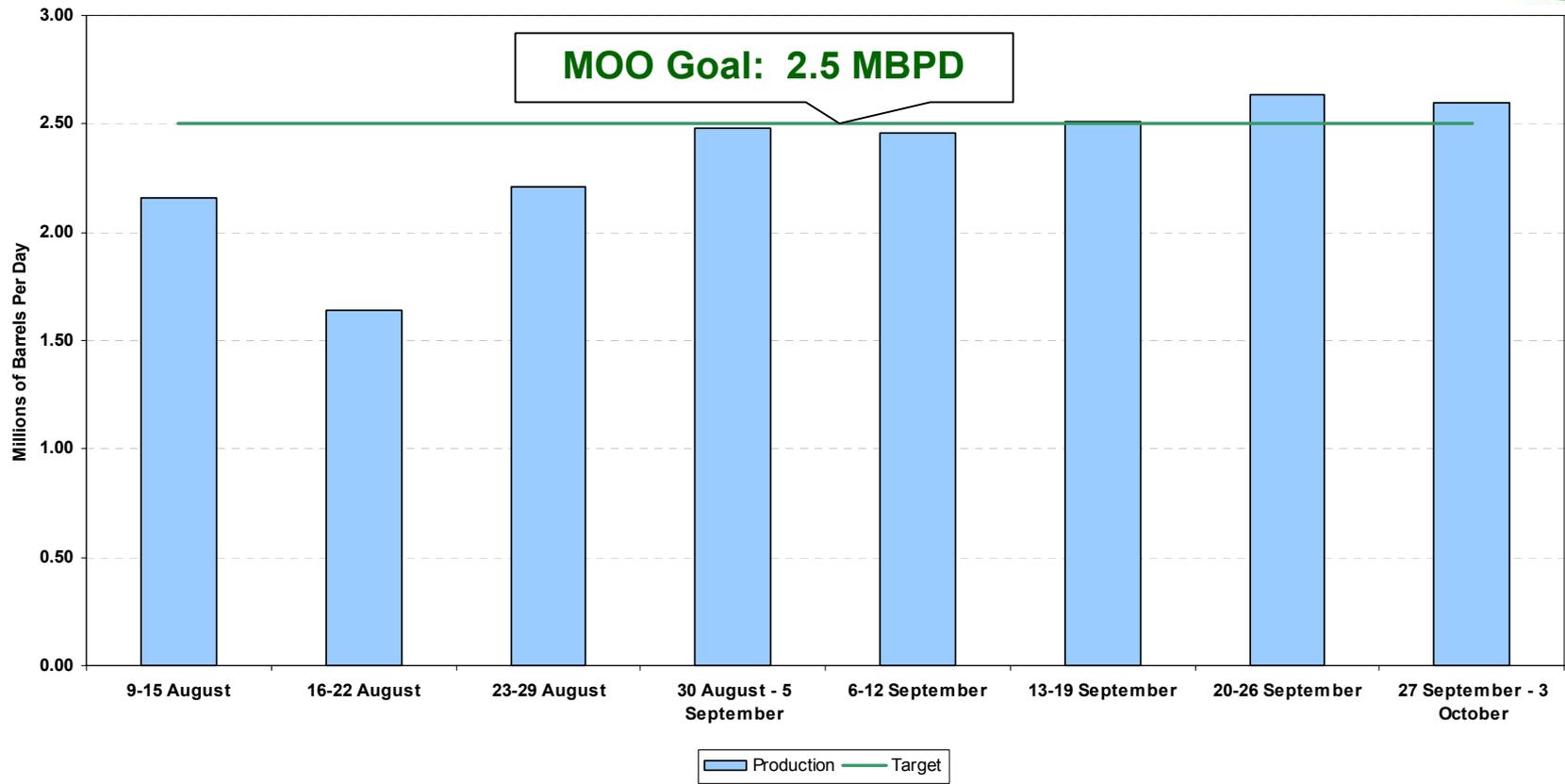


ï On average 791 MW of generation capacity was scheduled offline and while 362 MW was unscheduled for maintenance.

ï 7 Day Average (27 Sept ñ 3 Oct): 103,219 MWH



# Crude Oil Production



ï Weekly Average (27 Sept ñ 3 Oct) of 2.594 MBPD Exceeds Target of 2.5 MBPD

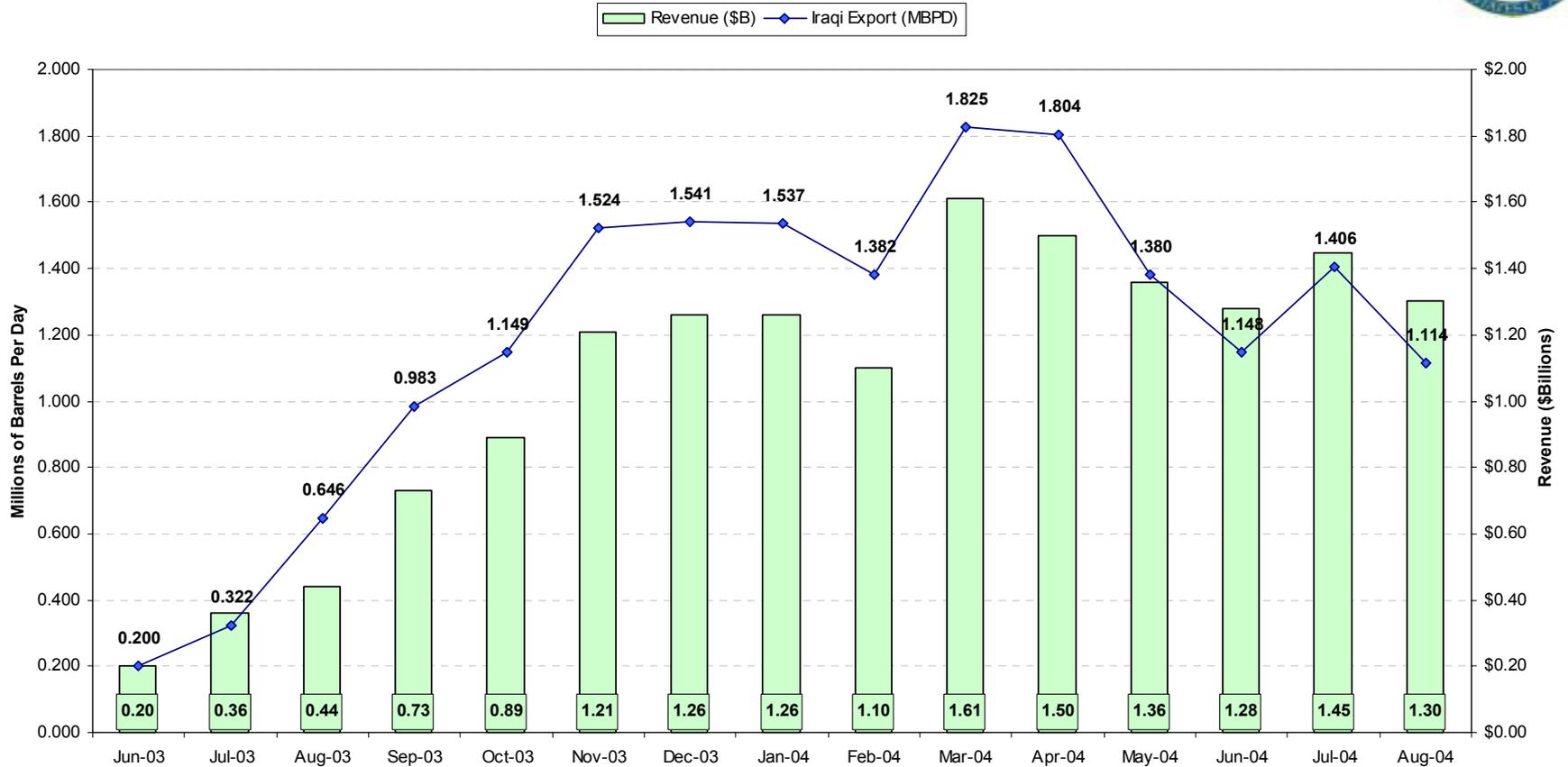
ï Long Term Ministry of Oil (MOO) Target (Dec 04): 2.8 ñ 3.0 MBPD (Pre-War Capacity)

ï Pre-War Peak: 2.5 MBPD in Mar 03



# Monthly Oil Export ñ Volume & Revenue

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ï 2003 Revenue: \$5,076.6M

ï 2004 Revenue:

ñ Pre-Transition: \$8,105.2M

ñ Post-Transition: \$4,575.6M

\$12,680.8M

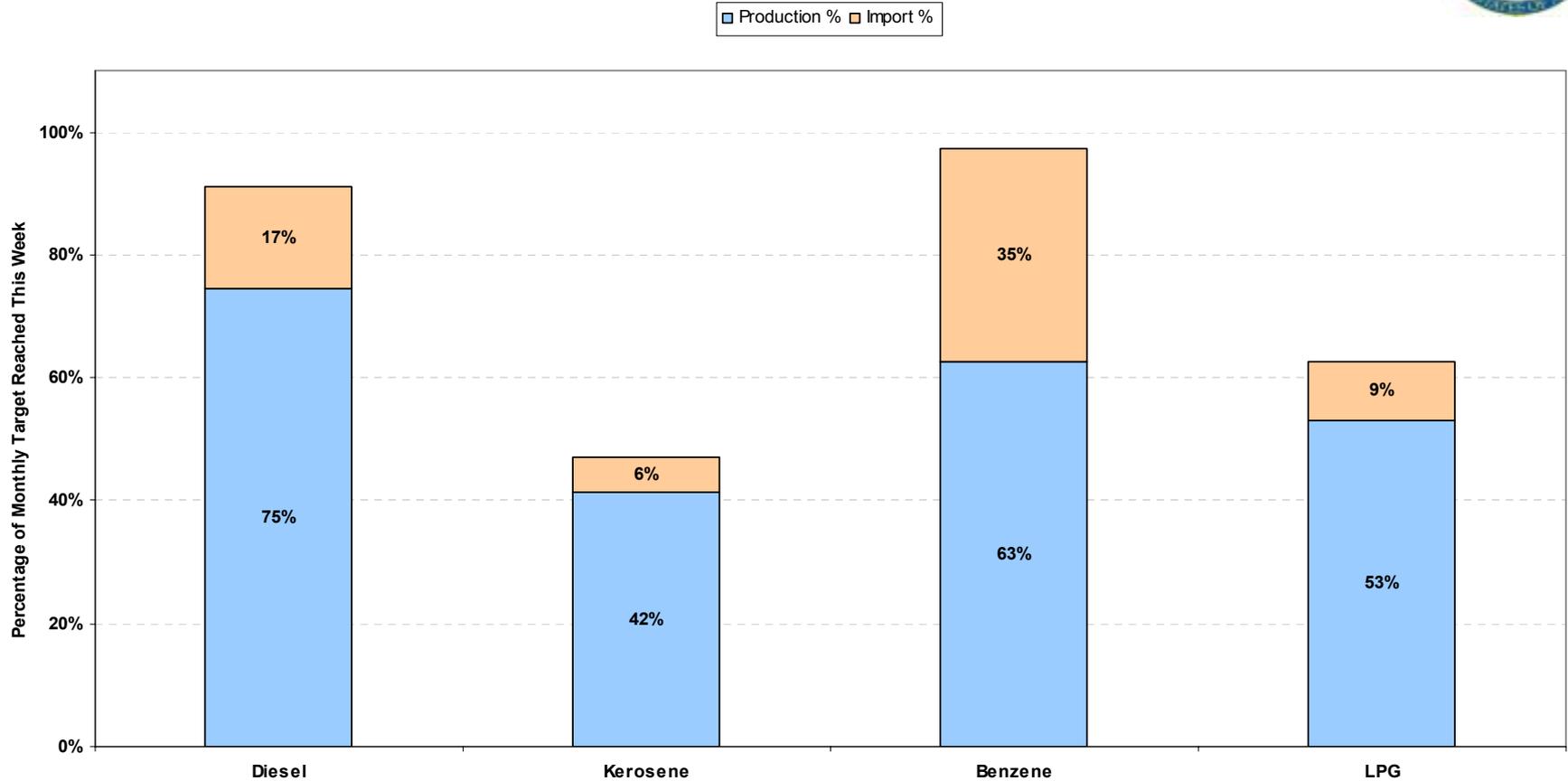
ï September Monthly Export: 1.703 MBPD

ï September Monthly Revenue: \$1.827B



# Refined Products

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Note: This is for the week of Sept 27 ñ Oct 3

ï Diesel: 16.4 ML of 18 ML

ï Benzene: 18.6 ML of 19.1 ML

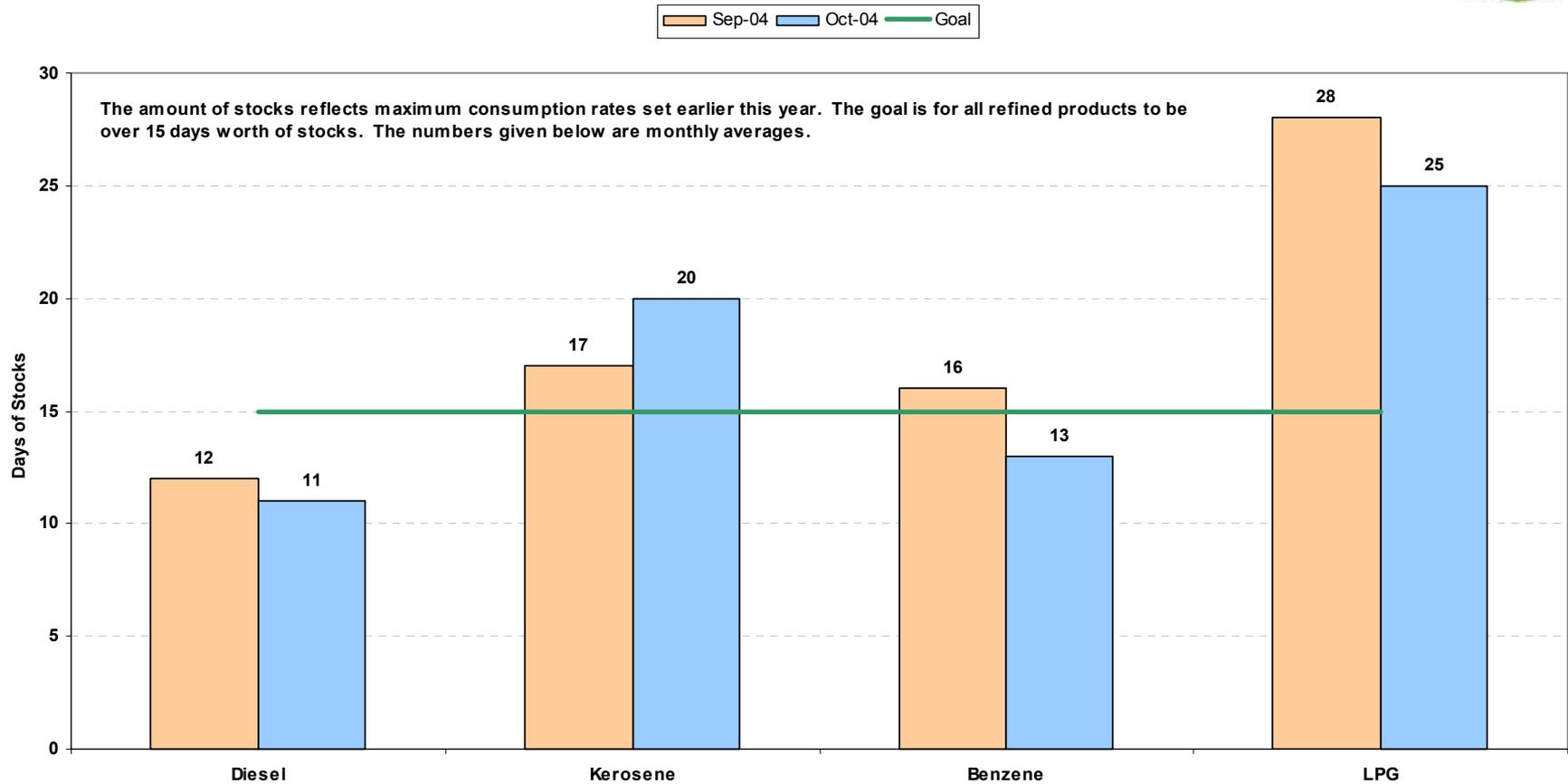
ï Kerosene: 7.1 ML of 15 ML

ï LPG: 2,501 tons of 4,000 tons

# National Stock Levels



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• National stock levels holding steady after slight dips in diesel and benzene.



# Iraq Relief and Reconstruction Fund (IRRF) ñ Financial Status

\$ Millions	2207 Report	Apportioned	Committed		Obligated		Disbursed	
			Last Week	Current	Last Week	Current	Last Week	Current
Security and Law Enforcement	3235	3235	2748	2771	1971	2069	623	646
Electricity Sector	5374	3840	2658	2663	1971	2170	300	330
Oil Infrastructure	1701	1701	1168	1191	675	678	43	47
Justice, Public Safety, and Civil Society	1041	979	744	751	426	421	50	55
Democracy	541	541	522	522	417	421	77	77
Education, Refugees, Human Rights, Governance	259	259	241	241	129	129	26	28
Roads, Bridges, and Construction	360	299	256	253	142	143	10	12
Health Care	786	786	760	760	406	444	2	4
Transportation and Communications	500	499	357	369	169	171	11	12
Water Resources and Sanitation	4246	1409	930	930	716	726	19	23
Private Sector Development	183	168	127	127	93	93	34	47
Admin Expense (USAID, State)	213	29	29	29	29	29	22	26
Subtotal IRRF II	18439	13745	10540	10607	7144	7494	1217	1307
CONSTRUCTION	12316	8094	6073	6100	4502	4754		
NON-CONSTRUCTION	5582	5110	3945	3985	2225	2319		
DEMOCRACY	541	541	522	522	417	421		
Subtotal IRRF II	18439	13745	10540	10607	7144	7494	1217	1307
Subtotal IRRF I	2475	2475	2100	2100	2100	2100	1292	1292
Grand Total	20914	16220	12640	12707	9244	9594	2,509	2,599

Data as of 29 Sept 04

# Iraqi Security Forces Update


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<u>Iraqi Security Forces</u>	<u>Trained/On Hand</u>	<u>Required</u>
Police	39,041	135,000
Civil Intervention Force	0	4,920
Emergency Response Unit	76	270
Border Enforcement	14,313	32,000
Highway Patrol	589	1,500
Bureau of Dignitary Protection	446	500
Army	4,789	27,000
National Guard	36,496	61,904
Intervention Force	1,928	6,584
Special Operations Force	581	1,967
Iraqi Air Force	167	502
<u>Coastal Defense Force</u>	<u>282</u>	<u>409</u>
<b>Total</b>	<b>*98,708</b>	<b>272,556</b>

\*The military forces continue to receive advanced unit training and may require some equipment



# Stability Contributors ñ OIF

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## Countries with forces in Iraq

31

Albania	Lithuania
Armenia	Macedonia
Australia	Moldova
Azerbaijan	Mongolia
Bulgaria	Netherlands
Czech Rep	Norway
Denmark	Poland
El Salvador	Portugal
Estonia	Romania
Georgia	Singapore
Hungary	Slovakia
Italy	Thailand*
Japan	Tonga
Kazakhstan	Ukraine
Korea	UK
Latvia	

**TOTAL ~24,000 Forces**

\*No forces in country, but deployment scheduled

**32 Countries**  
 (including US)  
**and NATO**  
**Supporting Iraqi**  
**Stability Operations**

# Iraq Weekly Status ñ General Information



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- ï Development, coordination and distribution responsibilities for the Iraq Weekly Status Report have been transferred from the Department of Defense to the Department of State.
- ï This brief draws from multiple sources. References are cited on the respective pages in the ìNotes Pageê section (View → Notes Page).
- ï Please forward all questions and/or comments to (unclassified) [NEA-I-IPOG-DL@state.gov](mailto:NEA-I-IPOG-DL@state.gov) or (classified) [NEA-I-IPOG-DL@state.sgov.gov](mailto:NEA-I-IPOG-DL@state.sgov.gov)