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WORKING PAPERS

Iraq Status

This briefing is classified

UNCLASSIFIED

Derived from: Multiple Sources



Highlights

CPA Priorities:

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

CPA Intermediate Objectives:

- Support transition to sovereignty
- Develop framework and capacity for elections
- Reconstitute Oil Infrastructure

Weekly Highlights:

- Governing Council dissolved and Interim Iraqi Government announced
- Formation of Iraq's Independent Election Commission (IEC) was announced on Jun 04
- Estimated crude oil export revenue is over \$6.8 billion for 2004
- Over 10,000 Democracy Development Activities (DDA) program activities have been held in communities across Iraq



Governance

- The Interim Iraqi Government (IIG) was announced on June 01 and the Iraqi Governing Council (IGC) was dissolved
 - CPA will transfer sovereignty to the IIG on Jun 30
- Head of the UN's electoral team announced the formation of an Independent Election Commission (IEC) on Jun 04
 - The IEC will guide the country towards the elections in Jan 2005
 - A proportional representation system will be used for elections to the National Assembly with the country treated as a single district
- CPA and the International Republican Institute facilitated the first meeting of 500 tribal Sheikhs to develop a Supreme Council of Iraqi Tribes
- The Iraqi Property Claims Commission (IPCC) has 19 Offices open
 - Ramadi, Qadissiah, Samarra and Nasiriyah offices due to open this month
- Sixteen Ministries have transitioned to full Iraqi control as of Jun 2

CPA Objective: Governance

Support Transition to Sovereignty; Develop Civic Participation in Governance;
Develop Framework and Capacity for Elections; Promote Respect for Human Rights;
Promote Durable Solutions for Refugees and Internally Displaced Persons (IDPs)

Governance (Cont) - National Transition



2004

08 Mar

Transitional Administrative Law signed

01 Jun

Iraqi Interim Government (IIG) Announced and Governing Council dissolved

Phase I
(Interim
Government)

04 Jun

Election Commission established

30 Jun

Transfer sovereignty from CPA to IIG

Juy

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



Strategic Communication

- **To date, over 10,000 Democracy Development Activities (DDA) program activities have been held in communities across Iraq, involving more than 312,000 participants**
 - **Has stimulated civic participation and increased Iraqis' understanding of the Transitional Administrative Law (TAL) and basic democratic principles**
- **Other activities continue in support of political transition and the Transitional Administrative Law (TAL) including:**
 - **Distribution of booklets and leaflets on the TAL**
 - **Numerous focus groups, seminars, public forums, and town hall meetings across Iraq**
- **CPA and USAID continue to undertake extensive activities providing assistance to Iraqi women, including:**
 - **Establishment of women's centers**
 - **Vocational training and education programs**
 - **Civic education and participation**



Essential Services - Water and Sanitation

- A substantial increase in the number of Iraqis with access to potable water should result as work on a number of water treatment plants and systems is completed in the second half of the year:
 - Baghdad's Shark Dijlah plant will benefit 750,000 (Aug)
 - Sweet Water Canal and Basrah's 14 water treatment plants will benefit 1,750,000 residents (Aug)
 - Ad Diwaniyah plant will benefit more than 80,000 (Aug)
 - An Najaf plant will benefit 560,000 (Aug)
 - Ninawa' Governorate plants (10 out 67) will benefit 50,000 (Jun 04)
 - Fallujah will benefit more than 200,000 people (Jun)
- The Baghdad Water Department has reinstated billing for water services for the first time since late 2002

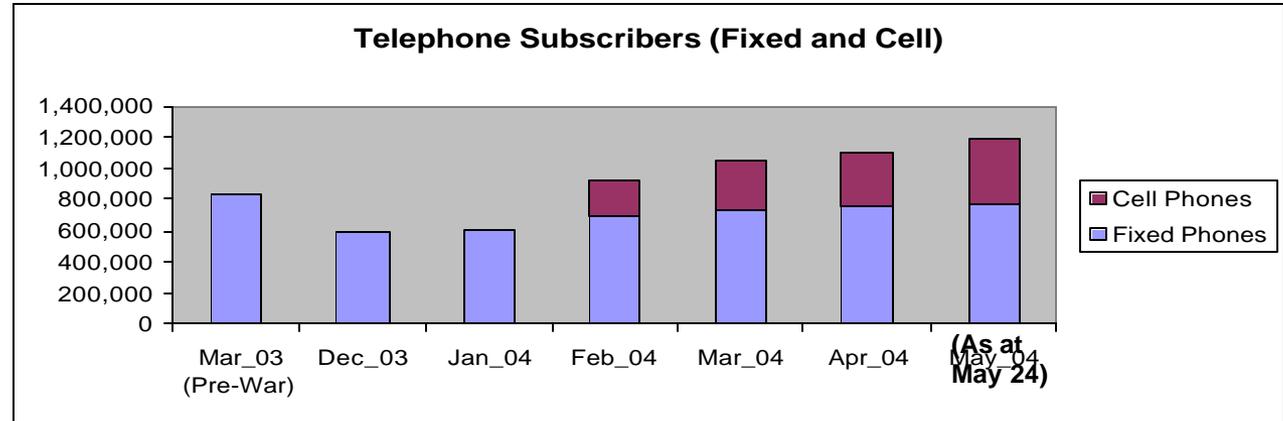
CPA Water Objective: Provide Water Supply, Sewerage & Municipal Services; Improve Water Resource Management

Create viable organization to deliver water / sewerage / municipal services (WSMS); Expand WSMS to meet national needs; Develop full range of municipal services & inclusive delivery mechanism; Infrastructure improvements to water resource system; Facilities improvements & capacity building within Ministry



Essential Services - Telecommunications

- Total number of telephone subscribers in Iraq is now over 1,190,000 (inc. 415,000 cell phone subscribers) - over 43% above pre-war levels



- Chart shows trend in number of telephone subscribers

- Completed the Baghdad Digital Network, which provides emergency communications capability for police, fire and emergency medical technicians

CPA Objectives: Reconstruct Communications & Postal Systems

Build Iraq's first responder network • Establish independent regulatory agency • Upgrade Iraqi Telephone and Postal Company (ITPC) network • 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

- **Reconstruction of Baghdad International Airport (BIAP) and other activities continue in preparation for commercial operations and increased traffic**
 - **BIAP transition timeline commenced on Jun 01 with Iraqi Air Traffic Control (ATC) taking over the civilian side of airport operations**
 - **Work is expected to be complete by Aug 04**
- **The Minister of Transportation (MOT) is in the process of reconstructing Iraq's national aviation system to meet International Civil Aviation Organization (ICAO) standards**
- **For the week of 17 - 23 May, the daily average number of civilian departures were reported as follows:**
 - **Baghdad International Airport 28, Basrah 3, and Mosul 12**
- **Port Umm Qasr received 50 ships in Apr and over 40 in May, dredging of the port continues**

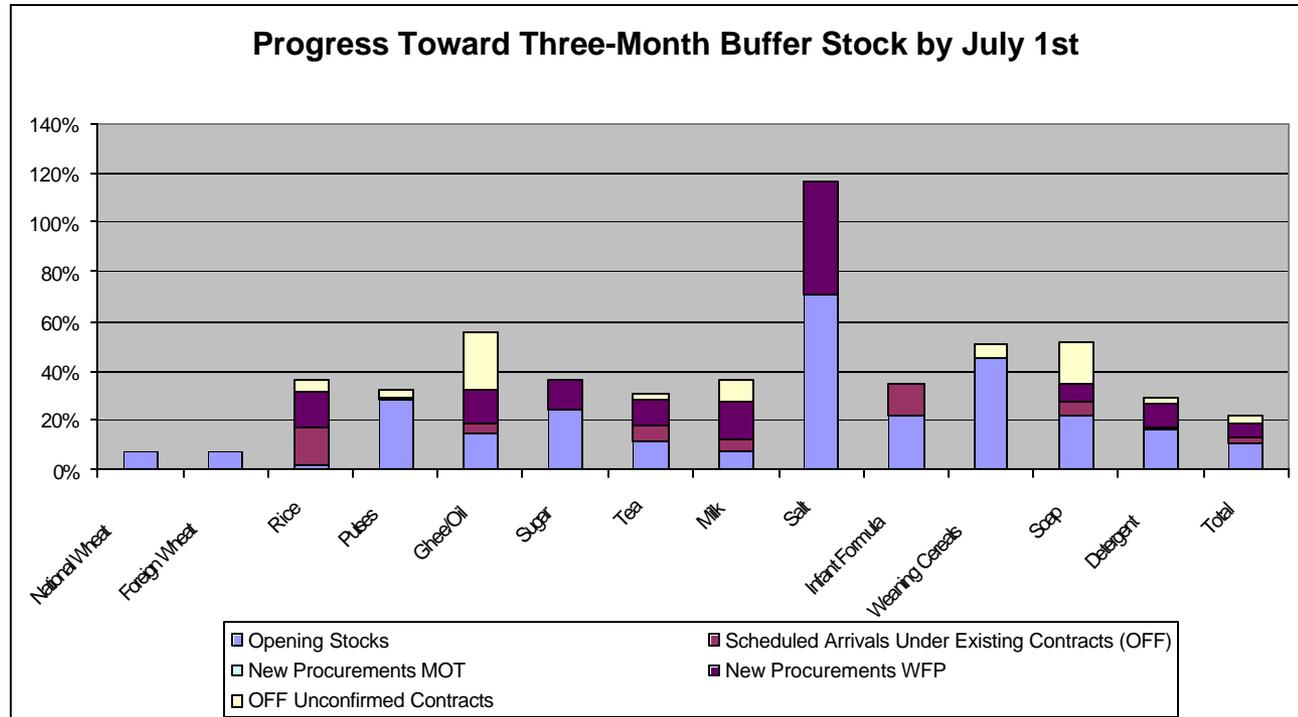
CPA Objectives: Restore Economically Strategic Transportation Infrastructure

Enable Iraqi civil aviation to prepare for international commercial aviation and cargo service • Enable Iraqi Port Authority to administer a port of call with intermodal capabilities and inland container distribution • Enable Iraqi Republic Railways to provide domestic and international passenger and freight capabilities • Reform civil service at Ministry of Transportation

Essential Services - Food Security



- Chart below shows % of estimated requirements for Public Distribution System (PDS) goods from Apr - Jul 01
- Requirement includes stocks sufficient for the period and a three month buffer by Jul 01
- While substantial additional shipments of most goods have been procured, they are not shown as these shipments will arrive after Jul 01



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 - Food Security (cont)

- **Food stocks are low, however no disruptions in rations are anticipated through the summer and the three-month buffer supply is expected to be achieved**
- **Security concerns have prevented movement of wheat from ports to silos and warehouses, however no shortages are apparent and May rations were met**
 - **Current supply estimated at 15 days - down from 50 days in early Apr**
 - **Over 500,000 metric tons of wheat will be delivered in Jun and July**
 - **Depending on security, stock levels should increase with new deliveries**
 - **Flour procurement and domestic wheat available in Jul are expected to help mitigate any shortfalls**
- **Rice rations are being fully met and nearly 250,000 metric tons is scheduled for delivery in Jun and Jul (monthly requirement is 80,000 metric tons)**



Essential Services - Health Care

- It is estimated that 85% of Iraqi children have now been immunized
- 240 Iraqi hospitals and over 1,200 preventive health clinics are operating
 - Several primary health care centers and the Ibn Al Baladi hospital in Sadr City are to be renovated and task orders have been issued
 - Preliminary design work for the Ibn Al Baladi hospital and four Baghdad maternity-children hospitals were due to begin last week
 - Task order to renovate all maternity-children hospitals in the southern governorates is awaiting final signature from the Minister of Health
 - Iraqi non-governmental organizations are using USAID assistance to rehabilitate health facilities throughout the country
- As part of the Ministry of Health (MOH)'s efforts address drug shortages:
 - Two shipments of the initial emergency drug purchase received and one more shipment due to arrive last week
 - Delivery of a second emergency drug purchase expected mid-Jul

CPA Health Objective: Improve Quality and Access to Health Care

Develop health care organizations, management, & infrastructure; Train health care professionals; Pharmaceuticals logistic support; Public health



Essential Services - Education

- Primary, intermediate, and secondary students have been completing their final examinations for the school year
- Student attendance for the year was at or above pre-war levels and female enrollment was estimated to be over 40% of total enrollments
- To date, over 32,000 secondary school teachers and 3,000 supervisors have been trained as part of effort to upgrade the quality of education
 - Includes modern teaching methods, curriculum development, and promoting change in teaching philosophies
- Nearly 2500 schools have been rehabilitated to date and an additional 1,200 are expected to be complete by the end of the year

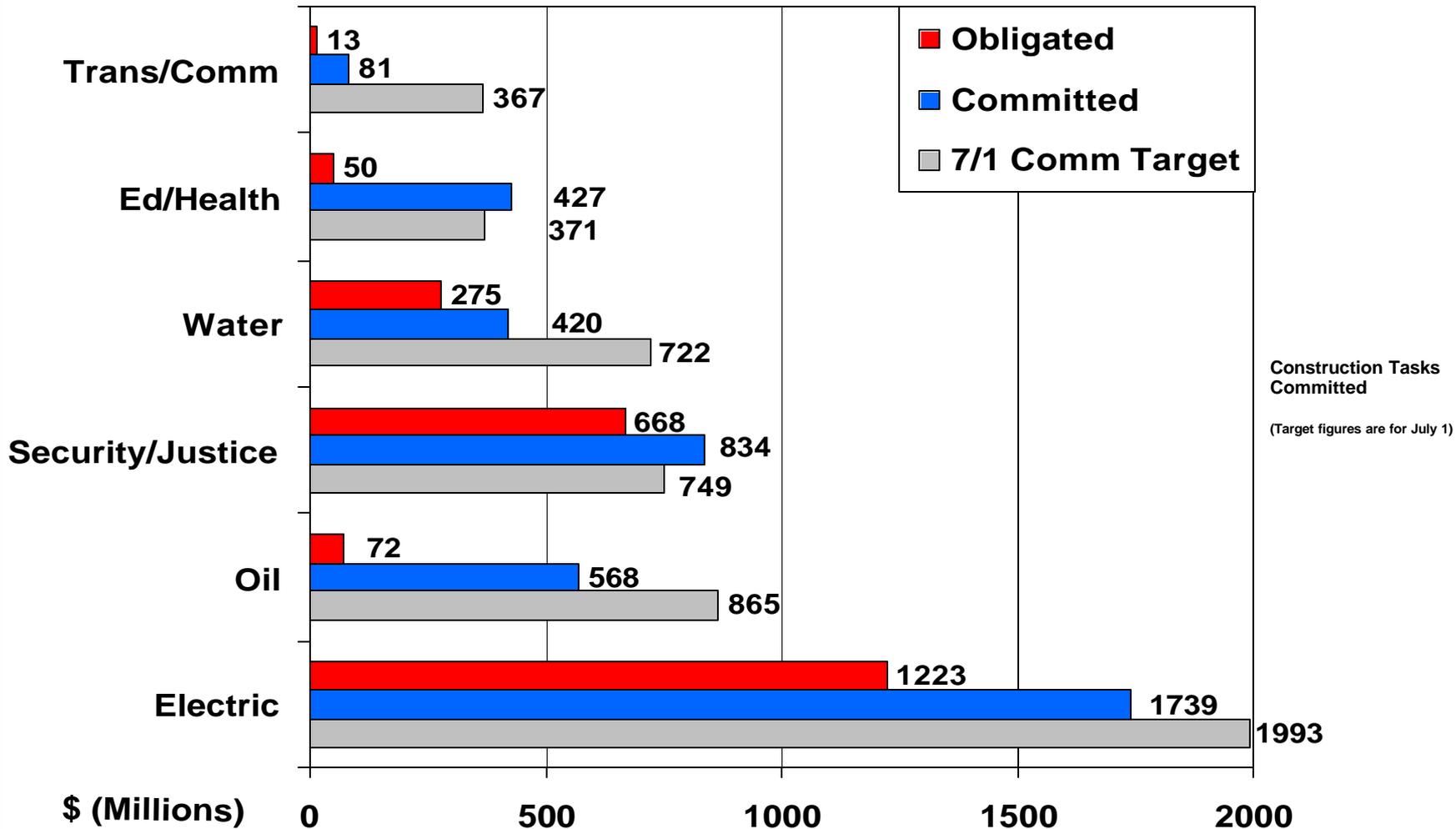
CPA Education Objective: Improve Quality and Access to Education

- 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



Program Management Office (PMO)

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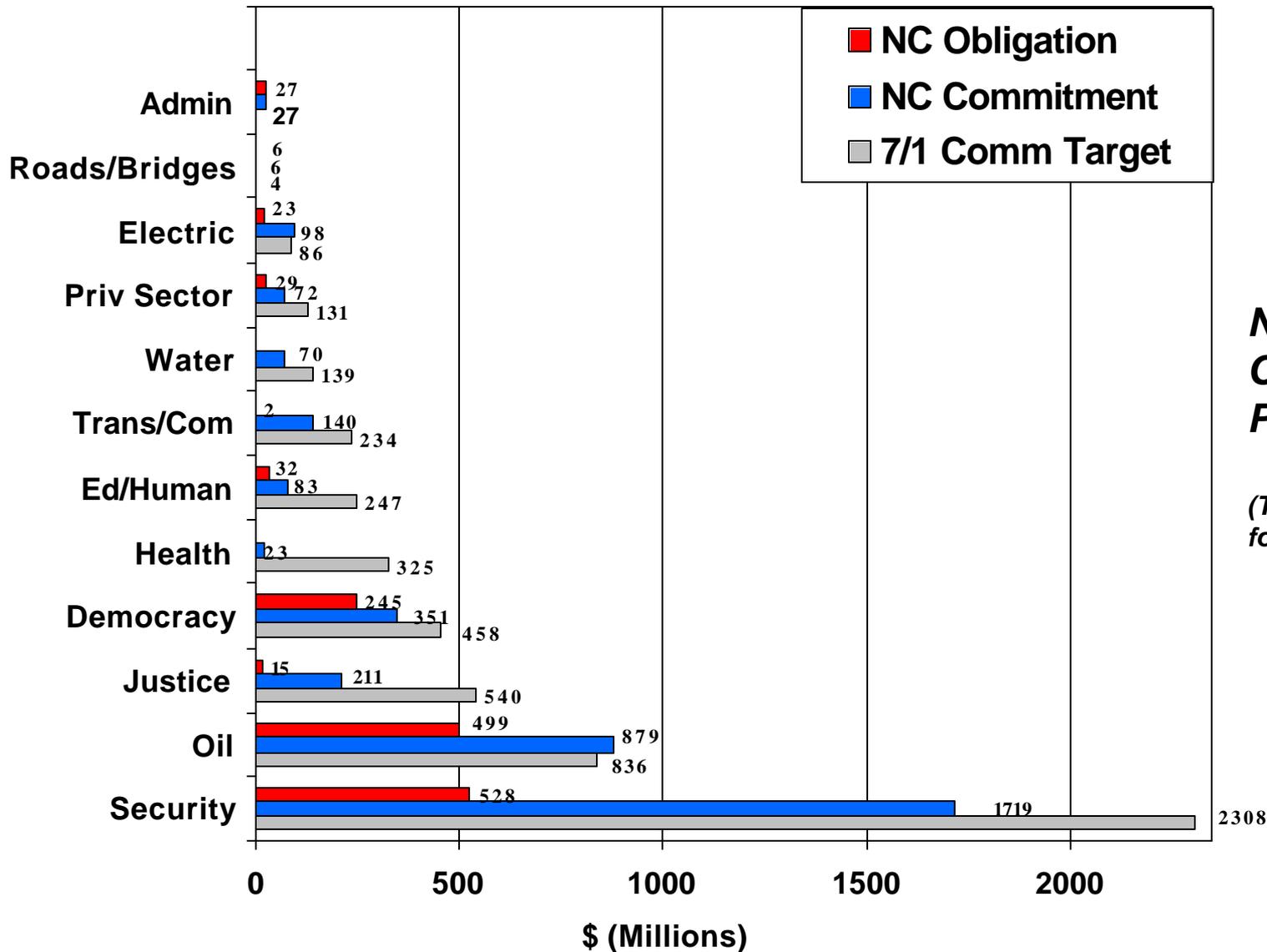


PMO Web-site Portal:
www.rebuilding-iraq.net



Program Management Office (PMO) (cont)

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Non-Construction Procurement

(Target figures are for July 1)

Program Management Office (PMO) (cont)



| Sector | 2207 Report | Apportioned \$M | Committed \$M | Obligated \$M |
|--|---------------|-----------------|---------------|---------------|
| Security and Law Enforcement | 3,243 | 2,976 | 2,361 | 1,064 |
| Electricity Sector | 5,539 | 2,538 | 1,837 | 1,246 |
| Oil Infrastructure | 1,701 | 1,701 | 1,447 | 570 |
| Justice, Public Safety, and Civil Society (less Democracy) | 1,038 | 825 | 404 | 146 |
| Democracy | 451 | 451 | 351 | 245 |
| Education, Refugees, Human Rights, Governance | 259 | 259 | 83 | 32 |
| Roads, Bridges, and Construction | 370 | 270 | 219 | 36 |
| Health Care | 793 | 512 | 236 | 21 |
| Transportation and Telecommunications | 500 | 467 | 221 | 15 |
| Water Resources and Sanitation | 4,148 | 816 | 490 | 275 |
| Private Sector Development | 184 | 136 | 72 | 29 |
| Admin Expense (USAID, CPA Successor) | 213 | 29 | 27 | 27 |
| Total | 18,439 | 10,980 | 7,748 | 3,706 |
| Construction | 12,406 | 5,740 | 4,068 | 2,301 |
| Non-Construction | 5,582 | 4,789 | 3,329 | 1,160 |
| Democracy | 451 | 451 | 351 | 245 |
| Total | 18,439 | 10,980 | 7,748 | 3,706 |

Data as of 02 Jun 04

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Economy

- On 31 May, estimated crude oil export revenue was over \$6.8B for 2004
- In Jan, the Ministry of Planning reported a national unemployment rate of 28% and an underemployment rate of 21.6%
- Iraq's annualized inflation rate for Apr was 19.6%, down from its peak of 47.7% in Oct 03
 - Over past six months the CPI has risen by 3.5%, or 7.0% at an annual rate
- The Trade Bank of Iraq has issued 238 letters of credit, totaling approximately \$900M, and covering imports from 36 countries
- The New Iraqi Dinar was at 1,460 dinars per dollar on 27 May, and has been relatively stable for over three months
- The Iraqi Stock Exchange is due to open in mid-Jun
- Micro-credit loans now total almost \$5M, with 2,500 clients

CPA Economic Objectives:

Build Financial Market Structures; Develop Transparent Budgeting And Accounting Arrangements; Private Sector Initiatives; Design Oil Trust Fund; Lay Foundations For An Open Economy; Pursue National Strategy For Human Resources Development



Accelerated Iraqi Reconstruction Program (AIRP)

- **New Accelerated Iraq Reconstruction Program (AIRP) is underway to meet urgent local needs in 18 Iraqi cities**
- **Projects and requirements were developed as a joint effort between CPA, PMO, various US and Iraqi agencies, and local community leadership**
- **Projects cover: water and sanitation, health, education, building, roads, power, telecommunications, and various others**
- **Benefits of the AIRP include:**
 - **Expected to employ 4,000 Iraqis by 30 Jun**
 - **Jump starts community essential services construction**
 - **\$250 million under contract by 30 Jun (\$142 million as at Jun 02)**
 - **Rapid execution and impact**
 - **Over 160 urgent, high profile projects**
 - **Stimulates local economy**
 - **Provides opportunities for local businesses**
 - **Improves Iraqi's quality of life**



Iraqi Budgeted Spending for 2004

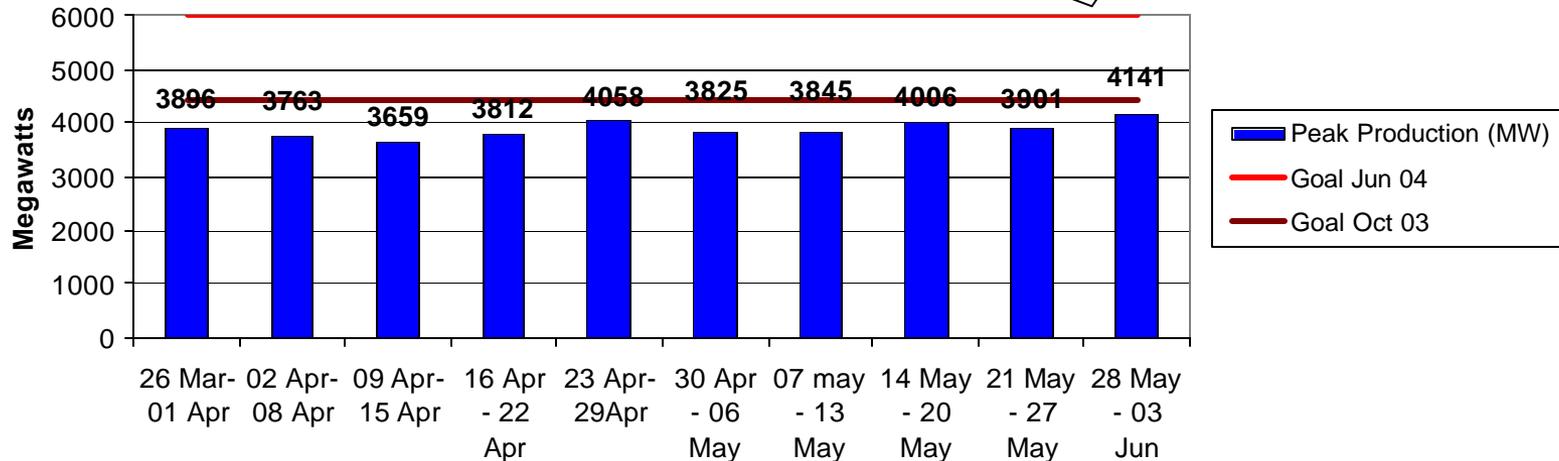
The following chart shows budgeted Iraqi spending for 2004, from all revenue sources:

| Ministry funding in millions of US\$ | Revised Iraqi Budget, March 2004 | | | | | New OFF | Budgeted Total |
|--|----------------------------------|--------------------------|------------------|------------|---------------|--------------|----------------|
| | Salaries (inc. FPS) | Other Operating Expenses | Capital Projects | Other | Total | Deposits | |
| Finance (with selected major payments)* | 17 | 12,938 | 184 | 814 | 13,953 | 1,580 | 15,533 |
| <i>Public Distribution System</i> | | 2,400 | | | 2,400 | 200 | 2,600 |
| <i>Fuel Imports</i> | | 2,100 | | | 2,100 | 0 | 2,100 |
| <i>Transfer Payments</i> | | 1,671 | | | 1,671 | 0 | 1,671 |
| <i>Foreign Obligations (e.g., reparations)</i> | | 1,432 | | | 1,432 | 0 | 1,432 |
| <i>Local/Regional Grants</i> | | 831 | | | 831 | 0 | 831 |
| <i>Salaries and Retirement Awards</i> | | 797 | | | 797 | 0 | 797 |
| <i>SOE Restructuring and Salary Support</i> | | 761 | | | 761 | 50 | 811 |
| <i>Regional Development</i> | | 600 | | | 600 | 277 | 877 |
| <i>Nation Building projects</i> | | 571 | | | 571 | 0 | 571 |
| <i>Additional Security Projects</i> | | 500 | | | 500 | 500 | 1,000 |
| <i>Rapid Regional Response Program</i> | | 225 | | | 225 | 0 | 225 |
| <i>CERP</i> | | 70 | | | 70 | 123 | 193 |
| <i>All other</i> | | 981 | | | 981 | 430 | 1,411 |
| Electricity | 8 | 210 | 900 | - | 1,118 | 315 | 1,433 |
| Health | 230 | 750 | 50 | - | 1,030 | 0 | 1,030 |
| Education | 682 | 103 | 170 | - | 955 | 0 | 955 |
| Transport | 7 | 82 | 212 | - | 301 | 0 | 301 |
| Housing | 37 | 17 | 233 | - | 287 | 0 | 287 |
| Oil | 5 | 56 | 200 | - | 261 | 460 | 721 |
| Public Works | 15 | 21 | 166 | - | 202 | 0 | 202 |
| Water Resources | 19 | 7 | 128 | - | 155 | 0 | 155 |
| Interior | 367 | 108 | 10 | - | 485 | 0 | 485 |
| Justice | 42 | 67 | 42 | - | 151 | 0 | 151 |
| Defense | 77 | 24 | 0 | - | 101 | 0 | 101 |
| Other Agencies | 265 | 425 | 237 | - | 927 | 130 | 1,057 |
| TOTAL | 1,773 | 14,809 | 2,532 | 814 | 19,926 | 2,485 | 22,411 |



Electricity Overview

Goal 01 Jun: 6,000 MW Peak Deliverable Generation Capacity

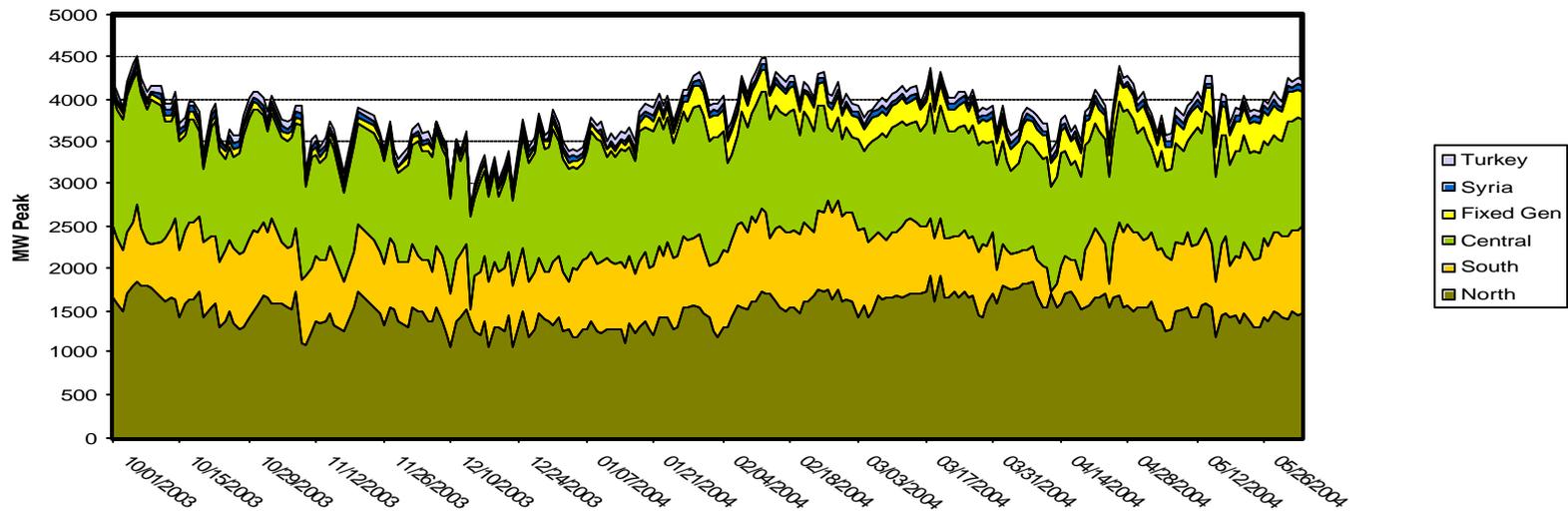
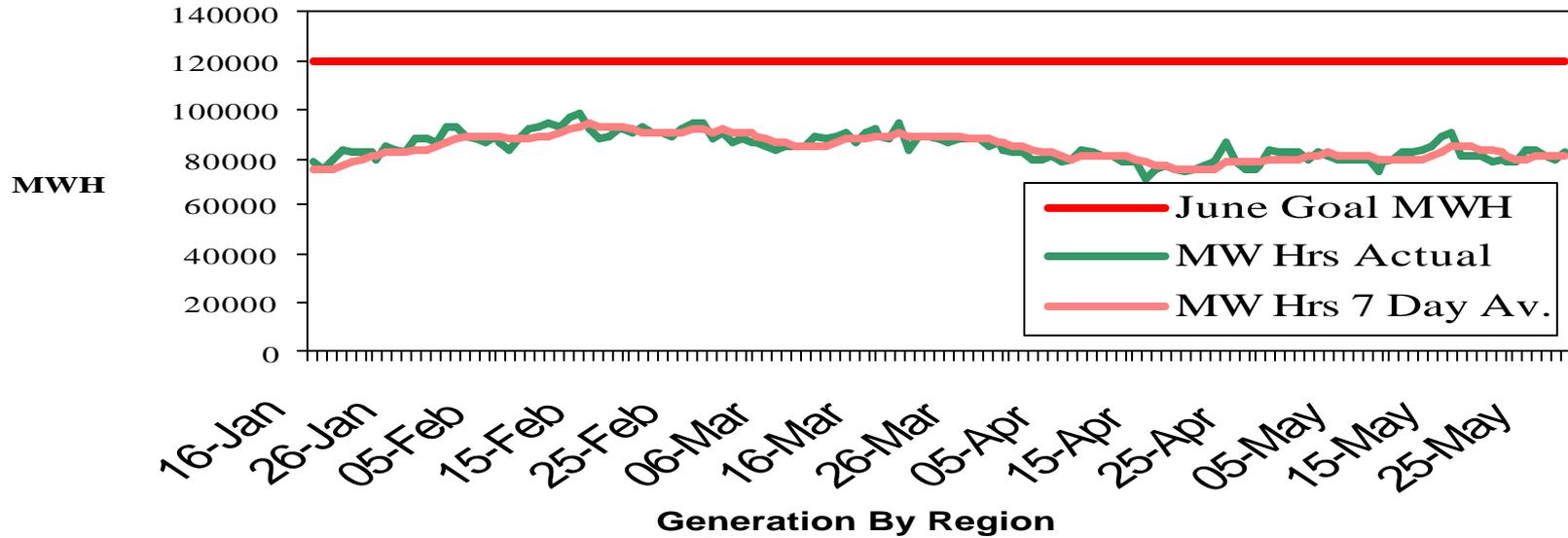


- Ambassador Bremer approved an increase plan in Jan to reach 6,000 MW of peak deliverable capacity and 120,000 MWH of daily production by 01 Jun. Due to unforeseen problems, these goals will slip until 30 Jun
- CPA spring maintenance program continues resulting in about 1,200 MW of generation capacity currently offline for scheduled and about 440 MW for unscheduled maintenance



Power Production

Mega Watt Hour Production

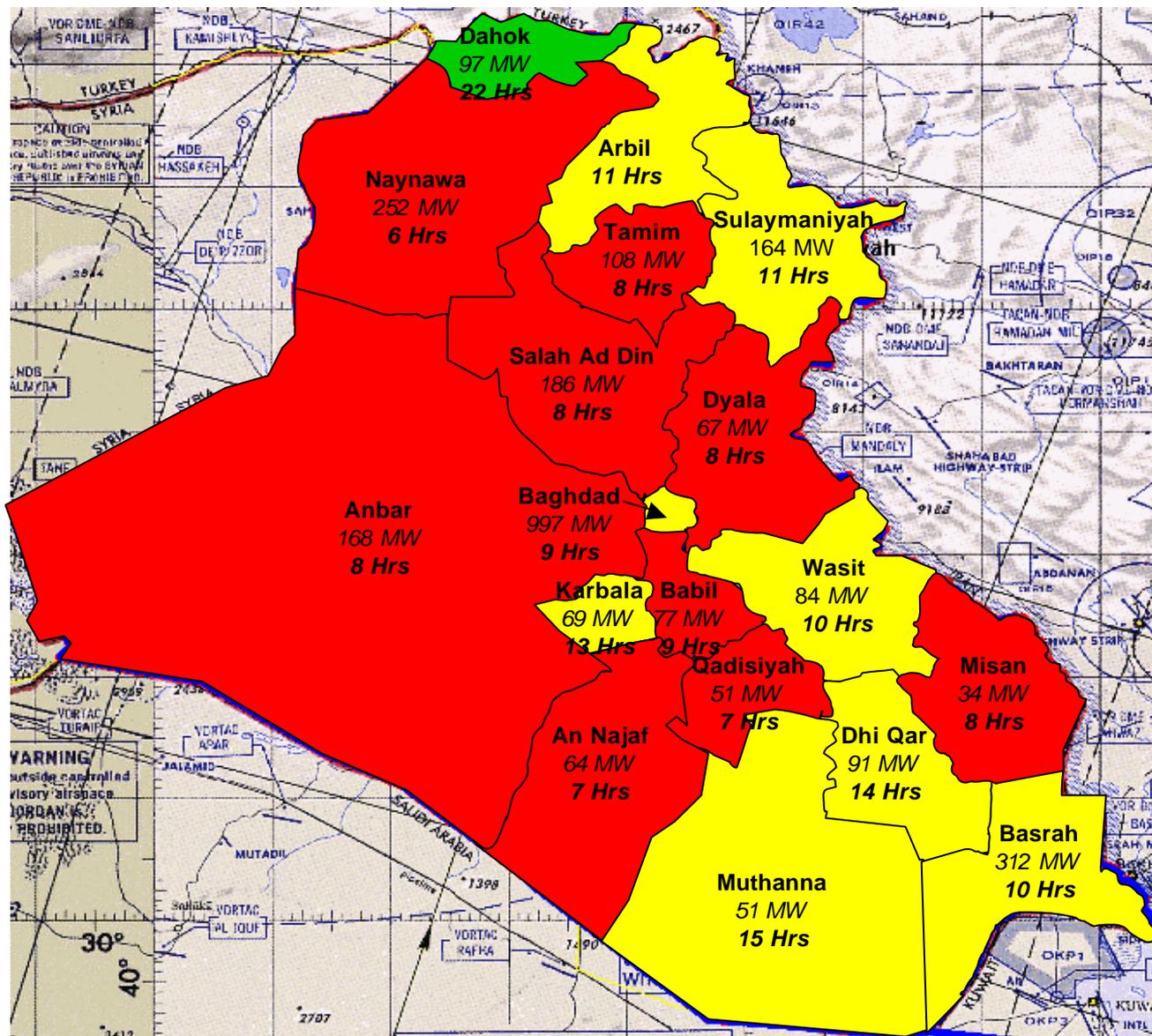


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Hours of Power – Week of 26 May

DEPARTMENT OF DEFENSE



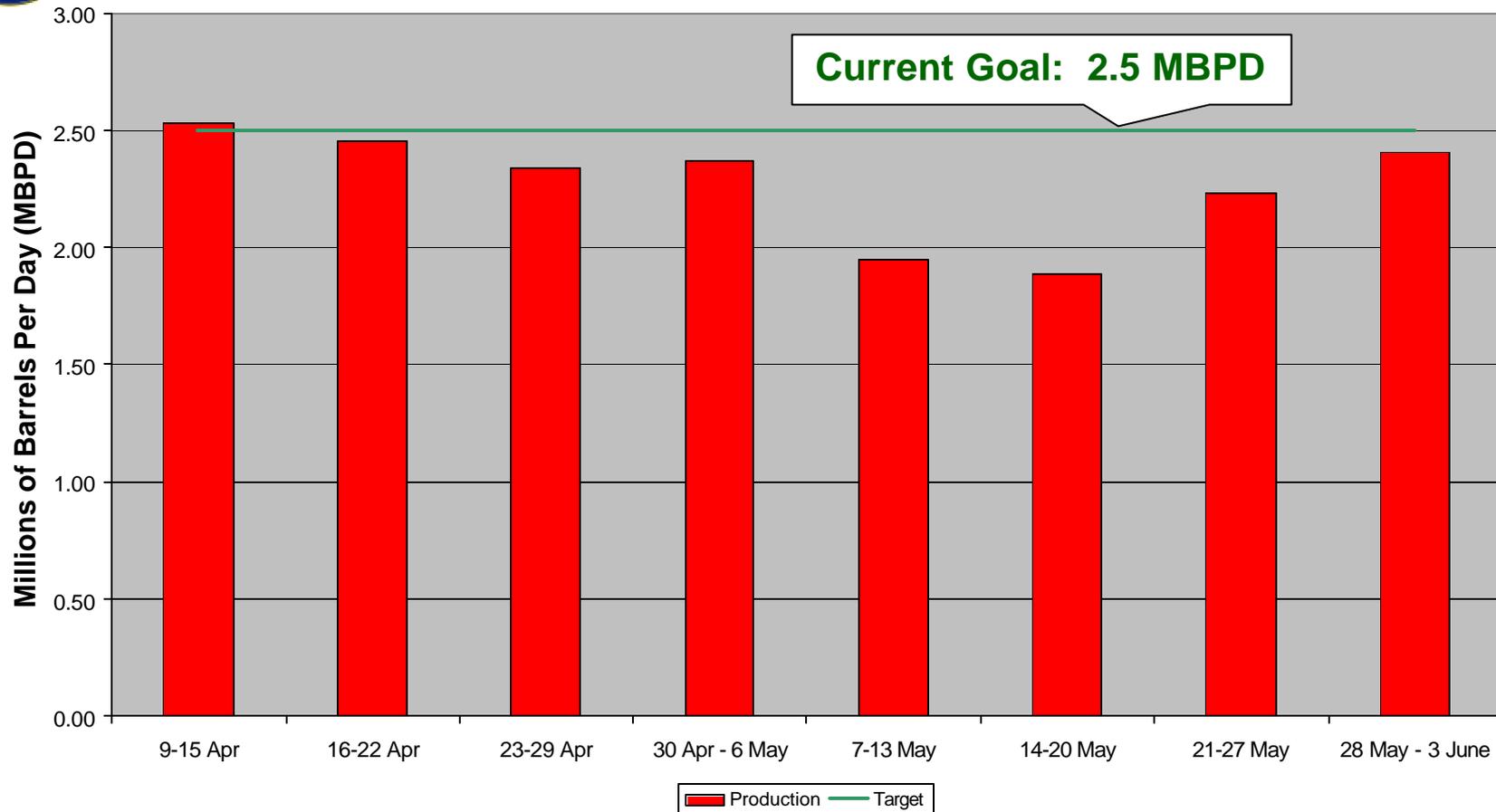
AVERAGE HOURS OF ELECTRICITY AVAILABLE TO GOVERNORATE PER DAY OVER A 7 DAY PERIOD

- = 8 Hrs = Red ●
- 9 to 15 Hrs = Amber ●
- = 16 Hrs = Green ●

Percent Change (7 Day)

| | |
|--------------|--------|
| Baghdad | -7.8% |
| Duhok | 1.5% |
| Naynawa | -14.0% |
| Tamim | -9.8% |
| Salah Ad Din | -4.2% |
| Anbar | -6.2% |
| Dyala | -16.9% |
| Babil | -1.2% |
| Karbala | -0.8% |
| Najaf | -21.1% |
| Qadisiyah | 5.3% |
| Wasit | -15.1% |
| Muthanna | 39.8% |
| Dhi Qar | -9.4% |
| Misan | -25.4% |
| Basrah | 6.8% |

Crude Oil Production



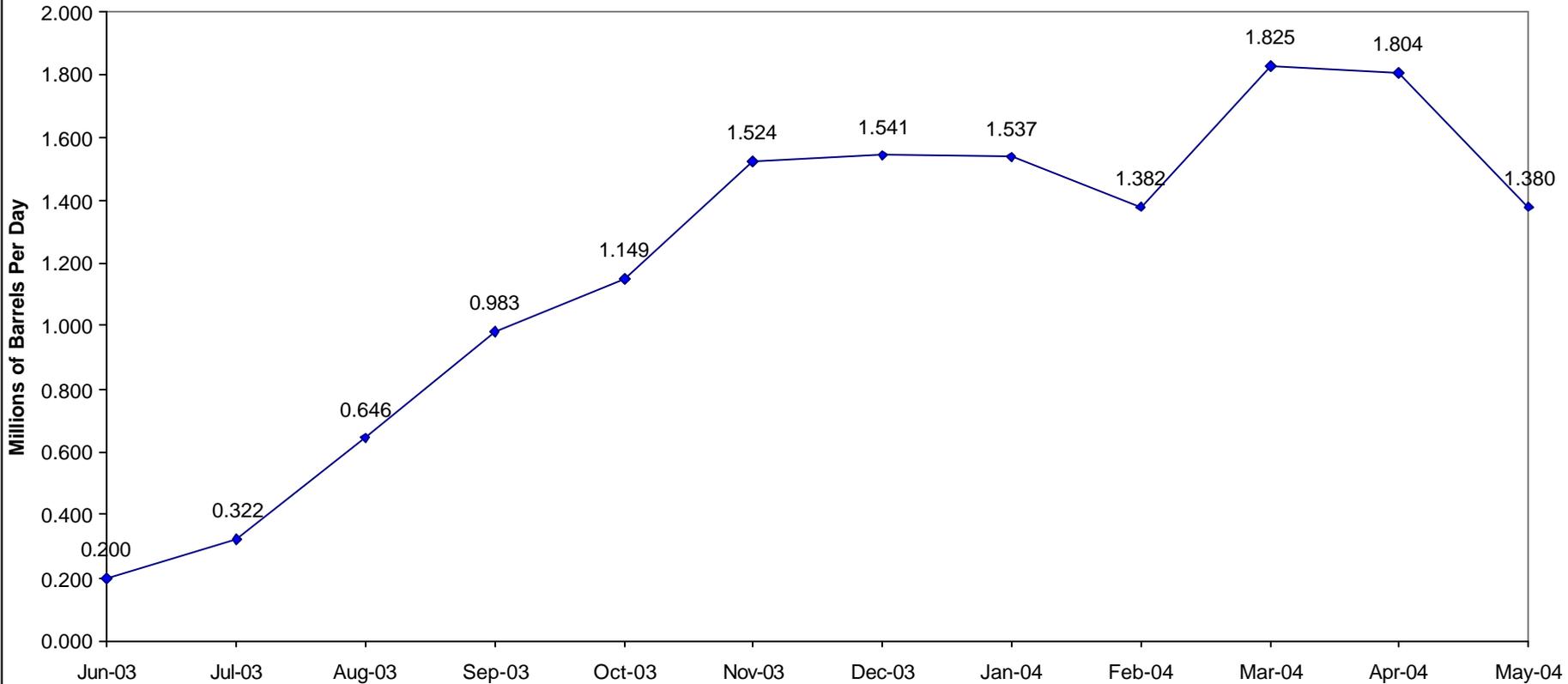
Weekly Average of 2.406 MBPD Is Below Target of 2.5 MBPD

- Long Term Target (Dec): 2.8 - 3.0 MBPD (Pre-War Capacity)
- Pre-War Peak: 2.5 MBPD in Mar 03
- Post-war Peak: 2.595 MBPD on 16 Apr



Crude Oil Exports

Monthly Average of Crude Oil Exports



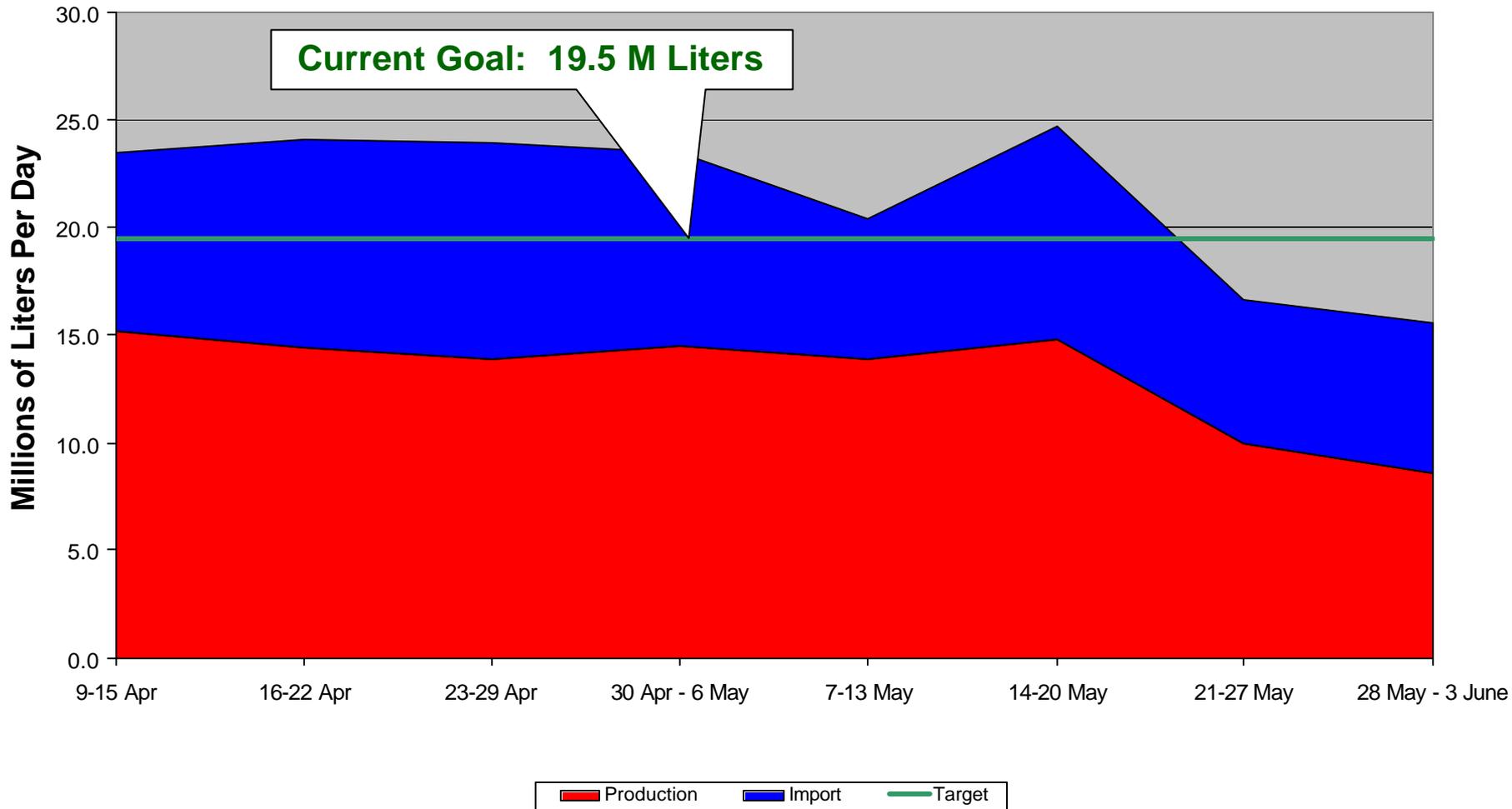
• **Current Monthly Average: No Data for Jun**

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Diesel Supply

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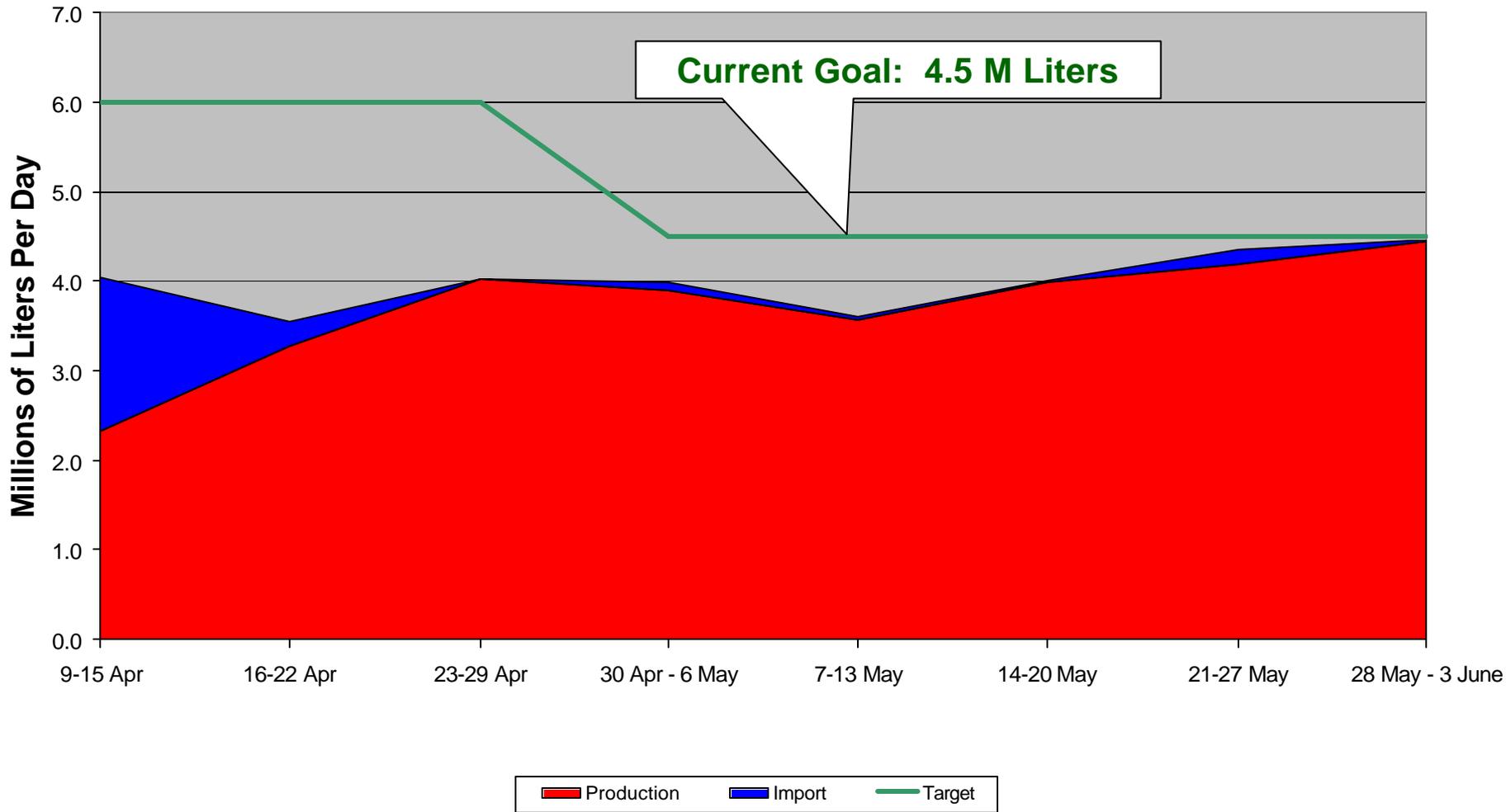


• This week's average production and imports are 80% of goal



Kerosene Supply

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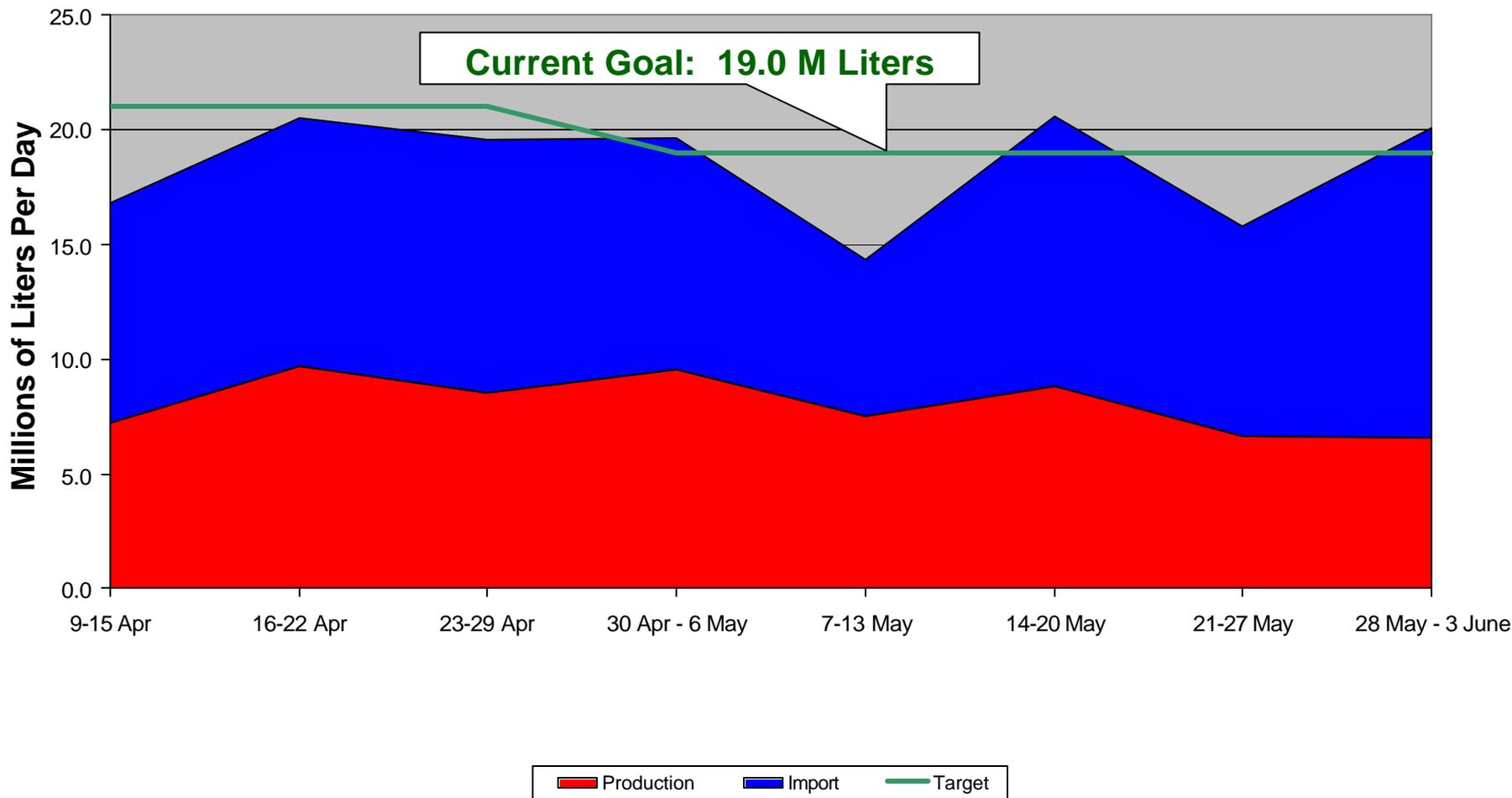


• This week's average production and imports are 99% of goal



Gasoline / Benzene Supply

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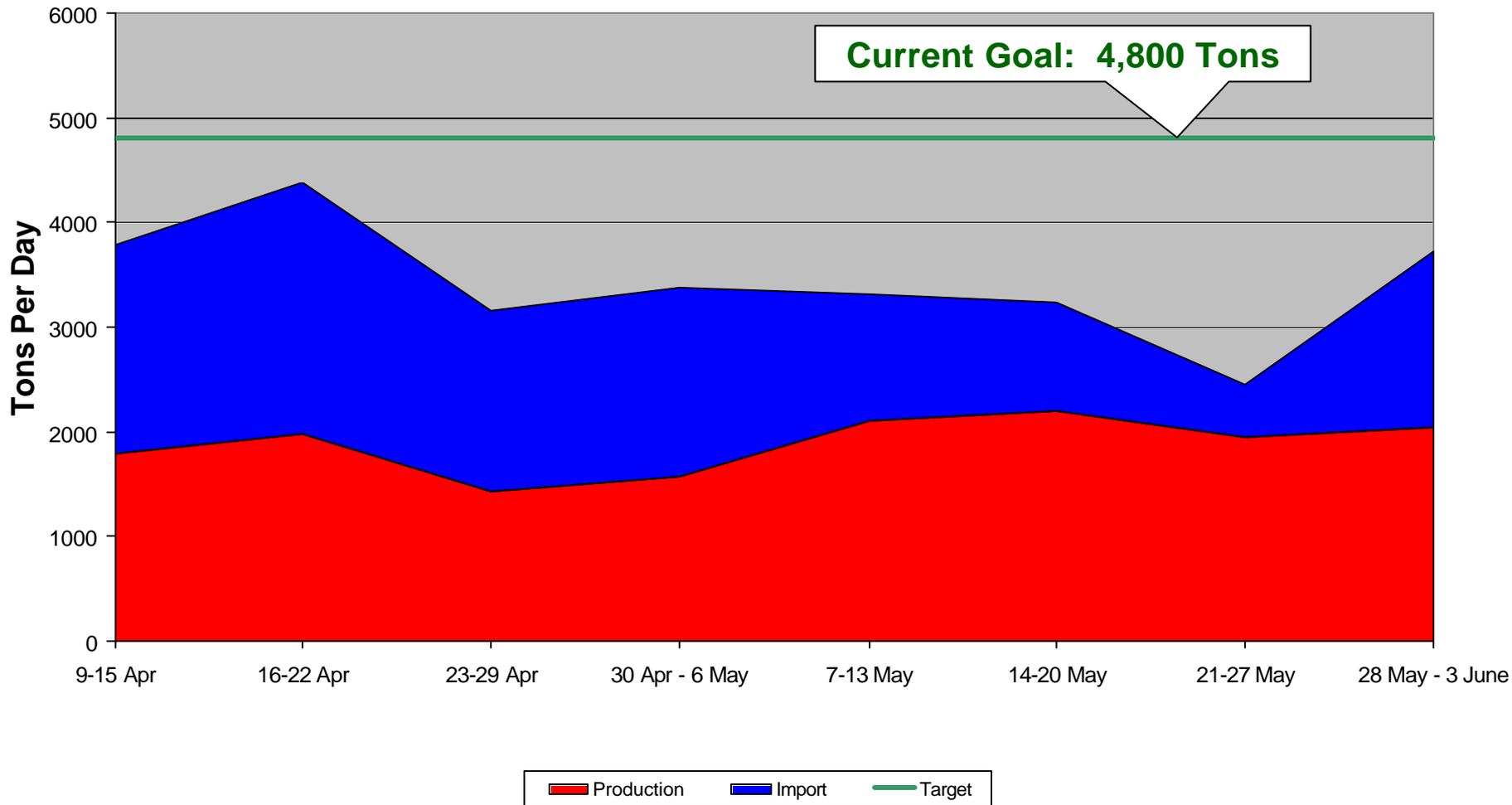


- This week's average production and imports are 106% of goal



Liquefied Petroleum Gas Supply

DEPARTMENT OF DEFENSE



• This week's average production and imports are 78% of goal



Iraqi Security Forces Personnel & Training Summary

| | Required | On Duty | | | Total On Duty | In Academy Training | In TIP Training | Total On Duty & In Training |
|------------------------------------|----------|-----------|-------------|-----------------|---------------|---------------------|-----------------|-----------------------------|
| | | Untrained | TIP Trained | Academy Trained | | | | |
| Iraqi Police Service (IPS) 1 | 89,369 | 62,236 | 21,055 | 5,707 | 88,998 | 1,883 | 500 | 91,381 |
| Dept of Border Enforcement (DBE) 2 | 20,420 | 0 | 0 | 179 | 18,307 | 101 | 0 | 18,408 |

| | Required | On Duty | In-Training | TOTAL |
|------------------------------------|----------|---------|-------------|--------|
| Iraqi Armed Forces (IAF) 3 | 35,000 | 4,057 | 2,753 | 6,810 |
| Iraqi Civil Defense Corps (ICDC) 4 | 40,556 | 33,343 | 1,667 | 35,010 |

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Iraqi Security Forces Personnel & Training Summary (cont)

| | Required | On Duty | In-Training | TOTAL |
|---|------------------------------------|---------|-------------|---|
| Facilities Protection Service (Ministries & MSCs) (FPS) 5 | 73,992 | 73,992 | 120 | 74,112 |
| | Total Required: 259,337 | | | Total on Duty and in Training: 225,721 |

- 1 New requirement from MNF-I 22 Apr based on better census data. IPS implementing new reporting procedures
- 2 OSC SITREP 29 Apr. DBE includes Border Police, Customs, Immigration, Nationality. There is no TIP training for DBE but Border Police received basic sentry training
- 3 MNF-I C3 Effects NISF Roll-up
- 4 OSC SITREP 29 Apr. ICDC includes the 36th ICDC BN
- 5 FPS requirements changed by Ministries. Numbers are estimated. Source OSC SITREP

**Number required and total on duty reflects best available data in the wake of recent combat operations.
Re-assessments and updates are continuing**



Security - Build Justice

- CPA advisors are assisting Iraqi officials with establishing a Commission on Public Integrity (CPI), responsibilities will include:
 - Investigating corruption, enforcing financial disclosure regulations on senior officials, and promulgating a Code of Conduct for public servants
- With last of six judicial training courses due to be completed last week, the program will have reached around 180 judges
 - Covers due process, rule of law, human rights, judicial independence, ethics, developments in international law, and CPA orders
- Weekly programs to train approximately 600 court-appointed defense counselors for defendants continue
- While prisoner transport has improved substantially at most courthouses, the Central Criminal Court of Iraq (CCCI) continues to have transportation difficulties
 - CPA advisors are focusing on correcting transportation issues

CPA Objective: Build Justice

Establish Independent Judiciary; Reform Judicial System; Improve the Penal System; Establish Commission on Public Integrity; Solidify Real Property Rights



Security - Developments

- **Ayad Allawi chaired the first meeting of the Ministerial Committee for National Security since becoming Prime Minister**
 - Previous meetings were chaired by Ambassador Bremer
- **Fallujah has remained relatively quiet since the creation of the Fallujah Brigade and there have been no violations of the cease-fire since May 03**
- **Coalition Forces announced a weapons buy-back program in Karbala**
 - A similar program in Sadr City collected more than 4,000 assault rifles and paid out more than \$2 million
- **All militias have now agreed to a transition and reintegration plan, which will see almost 90% of the 100,000 militia members to transition into new occupations prior to the elections**
- **Ministry of Defense moved to a permanent facility, which allows for increased staff and better access to communication and information systems**

CPA Objectives: Security

Achieve a Secure and Stable Environment; Develop Institutions that are Effective in Protecting Society and Constitutional Order ; Develop Iraqi Defense Capabilities and Oversight Mechanism

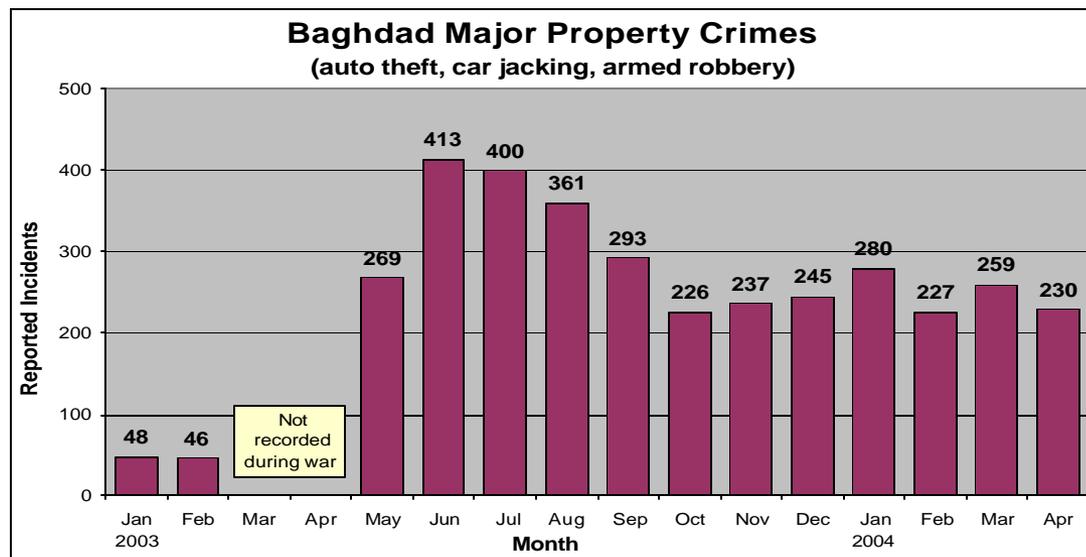
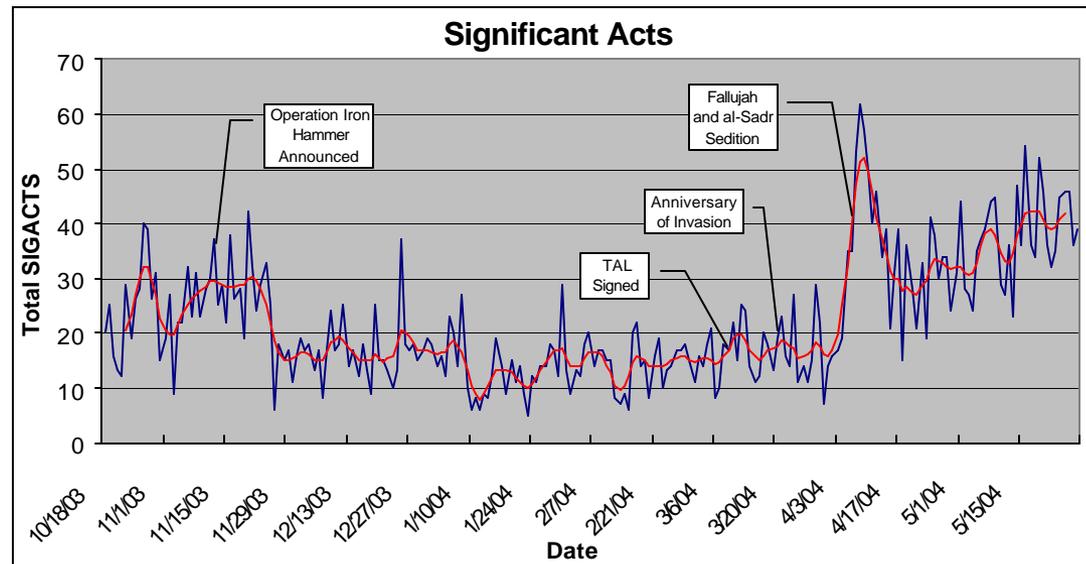


Security - Developments (Cont)

- Major Iraqi Army base construction is nearing completion at Al Kasik and An Numaniyah
 - Will allow three additional brigades to begin various stages of training
- Iraqi Civil Defense Corp are conducting joint patrols throughout Iraq with other Coalition Forces and Iraqi Police forces
 - On average, 1,300 patrols are conducted each day
 - 35 of the 45 ICDC Battalions are manned above 75 percent
- Iraqi Coastal Defense Force has begun patrolling the Umm Qasr port area
- Iraqi Police Service (IPS) reconstitution continues in areas where police performance has been less than adequate
- Thirty veteran police officers completed the first Mid-Level Management course for the IPS on 29 May
- Approximately 2,000 IPS cadets have graduated from the new police officer training program
 - Fourth class of 271 officers, including 91 women, graduated on 03 Jun

Security - Developments (Cont.)

- Chart shows significant insurgent activities in Iraq, includes attacks using:
 - Improvised explosive devices (IED), vehicle-borne IEDs, mortars, rocket propelled grenades (RPG), and improvised rockets
- Chart opposite shows major property crimes reported to the Baghdad Police Department since May 03





Stability Contributors – OIF

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Countries with forces in Iraq

33

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

TOTAL ~23K

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

Countries considering decision to provide forces for Iraq

5

TOTAL TBD

38 Countries
 Potentially Supporting
 Iraqi Stability and
 Humanitarian Relief