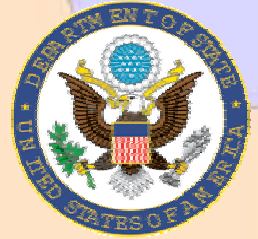


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29 September 2004



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Iraq Weekly Status Report

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Highlights



Political/Governance

National Elections:

- ï Planning continues for Iraq's national elections in January. An Independent Electoral Commission of Iraq has compiled an initial voter roll and will soon announce instructions on voting rules and procedures.

Economic

School Openings:

- ï Iraqi universities opened September 25 and K-12 Schools are scheduled to open on October 2.

Credit Bank of Iraq Purchased:

- ï National Bank of Kuwait agreed to purchase 75 percent of the Credit Bank of Iraq.

Highlights

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Reconstruction

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

- A proposal to shift \$3.46 Billion of the Iraq Relief and Reconstruction Fund (IRRF) to improve security, boost oil output and prepare for national elections was introduced last week and is awaiting final approval from Congress. The House has passed the Continuing Resolution (CR) that included the IRRF reallocation legislative language by an overwhelming margin. The CR will now move to the Senate.

Security

Security Forces Update:

- A new Joint Coordination Center (JCC) opened this week in central Iraq city of Baqubah north of Baghdad. The JCC, which is accessed by callers dialing 1231 (the Iraqi version of 911), is capable of dispatching police, traffic control, Iraqi National Guard, MNF-I, Explosive Ordnance Disposal (EOD) teams, ambulance, rescue and fire assets. JCC Baqubah joins JCC Muqdadiah already in operation.

Governance - Developments



Planning Iraq Elections Continues:

- ï The Independent Electoral Commission of Iraq (IECI) has completed an initial voter roll. Starting next week the Iraqi people will receive instructions on voter registration procedures. Iraqi leaders are determined to improve security throughout the country before scheduled elections at the end of January.

Iraqi Women Receive Democracy Training

- ï The State Department has begun implementing grants programs aimed at integrating Iraqi women into the political process. Through the Iraqi Women's Democracy Initiative, Iraqi women will be trained in political leadership, advocacy, entrepreneurship and organizational skills.

Iraq to be Removed from List of State Sponsors of Terror

- ï President Bush has issued a determination removing Iraq from the list of state sponsors of terrorism due to the country's fundamental changes in leadership and policies. Iraq was first placed on the list in September 1990.

Governance - 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 has also helped 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 Twelve district and sub-district council members from Atí Tamim Governorate participated in a training seminar entitled "Budgeting: A Democratic Process". Participants discussed the historic role of the council and proposed budgeting processes and decisions.



Economy

Oil Update:

Crude Oil prices in world markets for the week ending 24 September closed with Kirkuk Crude at \$38.05/barrel, Basra Light at \$39.60/barrel, and the OPEC basket at \$41.45/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 | 3,726 * | 3,700 * | -0.7% |
| Electricity | 3,919 * | 3,900 * | -0.5% |
| Oil | 411 | 483 | 17.5% |
| Public Works & Water | 350 | 380 | 8.6% |
| Security & Justice | 6,560 * | 6,500 * | -0.9% |
| Transportation & Communications | 146 | 146 | 0.0% |
| AIRP | 14,643 | 13,079 | -10.7% |
| PCO Weekly Survey TOTAL | 29,755 | 28,188 | -5.3% |
| USAID | 45,844 | 46,309 | 1.0% |
| MILCON TOTAL | 1,100 | 273 | -75.2% |
| GRAND TOTAL | 76,699 | 74,770 | -2.5% |

Note : * projected figures used

Data as of 22 Sept

Economy (cont.)



Iraq Securities Exchanges:

- ï At the New Iraqi Dinar (NID) auction on September 27, the settlement price was 1,465 dinars per dollar. This is the first NID exchange rate fluctuation (0.3%) since June 17. A total of 17 banks traded.

Tokyo Donors Meeting:

- ï The third meeting of the Donors Committee of the International Reconstruction Fund Facility for Iraq (IRFFI) will be held October 13-14, 2004. The goals of this meeting include:
 - ñ Providing the Iraqi Interim Government with an opportunity to present directly to donor countries its vision, priorities and medium-term economic policy.
 - ñ Urge accelerated disbursement of existing pledges from donor countries and accelerated implementation by the UN and World Bank of IRFFI projects.
 - ñ Upgrade donor countries regarding how much the Trust Fund has already spent and what the results are on the ground.
 - ñ Although not a pledging conference, encourage donors to announce additional assistance.



Economic Development

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Purchase of the Credit Bank of Iraq:

- ï National Bank of Kuwait, the Arab lender with the highest credit rating, agreed to buy the Credit Bank of Iraq in what may be the first foreign purchase of an Iraqi lender in at least four decades.
- ï National Bank will hold 75 percent of the Iraqi bank and the World Bank's International Finance Corporation will hold 10 percent.

Agriculture Development:

- ï Multi-National Forces, in cooperation with Texas A&M University, Colorado State University, Kansas State University, and the World Wide Wheat Company, will distribute more than 1,000 pounds of wheat seeds to Iraqi farmers located in the Ninevah Province by October.
- ï The Iraqis will plant the seed variants in test plots to see which species show the most potential.

Essential Services - Water and Sanitation



Current Projects:

- i The sewage treatment system in Baghdad, which was barely functioning for years before the conflict, will now be restored to almost 100-percent capacity and will serve 80-percent of Baghdad's 4.7 million inhabitants.
- i An anticipated total of 11.8 million Iraqis will benefit from USAID's \$600M in water and sanitation projects.
- i The Iraqi Airport is undergoing a \$1.3 million renovation project to revamp the water treatment plant. The plant was operating at full capacity before the war, yet lacked maintenance and chemicals to render water suitable for human consumption. Project completion is slated for the end of October.

Essential Services - Food Security



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

- 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, which would meet its 3-month buffer stock requirements, 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 - Health Care

Current Projects:

- ï IRMO Ministry of Health and Project and Contracting Office representatives made a two day trip to the Najaf Teaching Hospital and the Maternity Hospital; both facilities are proceeding according to schedule.
 - ñ The teaching hospital will open with limited capabilities (i.e. Emergency Room, and Administration Services) on or about September 30th.
 - ñ The maternity hospital is preparing for phase one to include water sterilization system improvement and HVAC.

Preparations for March:

- ï Local officials are preparing for between three and seven million visitors to Karbala on September 29-30 to observe the birthday of the Twelfth Imam, Muhammed al-Mahdi, whom the Shia believe will reappear before Judgment Day.
- ï The Ministry of Health is making the appropriate preparations for this march and potential problems to include a tent hospital for casualties.



Essential Services ñ Education

Highlights:

- ï Iraqi universities opened September 25. Expected enrollment is approximated at 350,000 students.
- ï K-12 Schools are scheduled to open on October 2 with expected enrollment between 5-6 million children.
- ï Universities now have standardized pay scale policies and international relationships/exchanges that were nonexistent in January 2004.

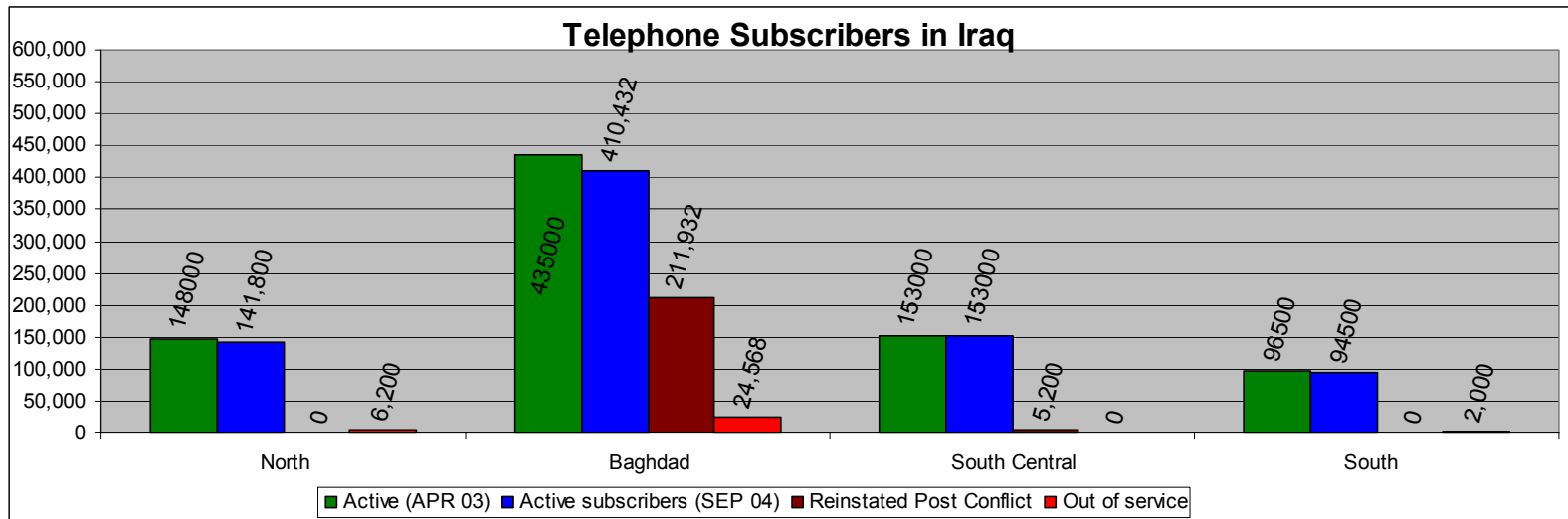
School Rehabilitation:

- ï Of the estimated 20,000 schools in 14,924 buildings in Iraq:
 - ñ 80 percent (11,939) need some sort of repair following the looting when the former regime fell.
 - ñ 40 percent (5,970) need major rehabilitation.
 - ñ 9 percent (1,343) are in need of demolition or rebuilding.
 - ñ The country's schools, however, 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 3,105 schools have been renovated and an estimated 4,500 new schools requiring construction.



Essential Services - Telecommunications

- ï Total number of telephone subscribers in Iraq is now over 1,579,457 (including 779,725 cell phone subscribers) ñ 91.7% above pre-war levels.
- ï There are now 799,732 land line telephone subscribers in Iraq, compared with 833,000 subscribers pre-war.



As of Sept 23

- 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.



Electricity Overview

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Megawatt Hour Production (MWH)



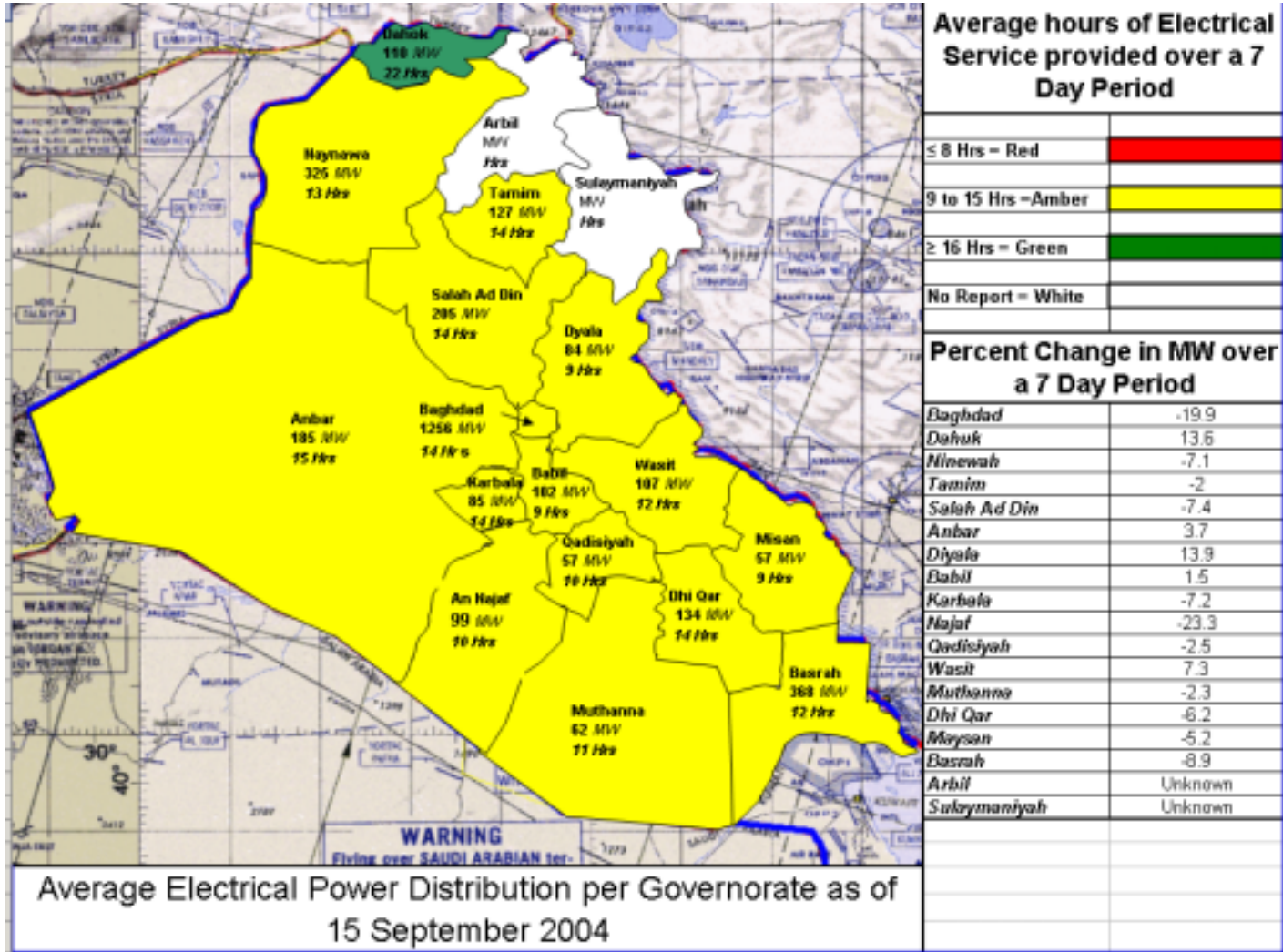
ï On average 470 MW of generation capacity was scheduled offline and while 263 MW was unscheduled for maintenance.

ï 7 Day Average: 107,487 MWH



Hours of Power

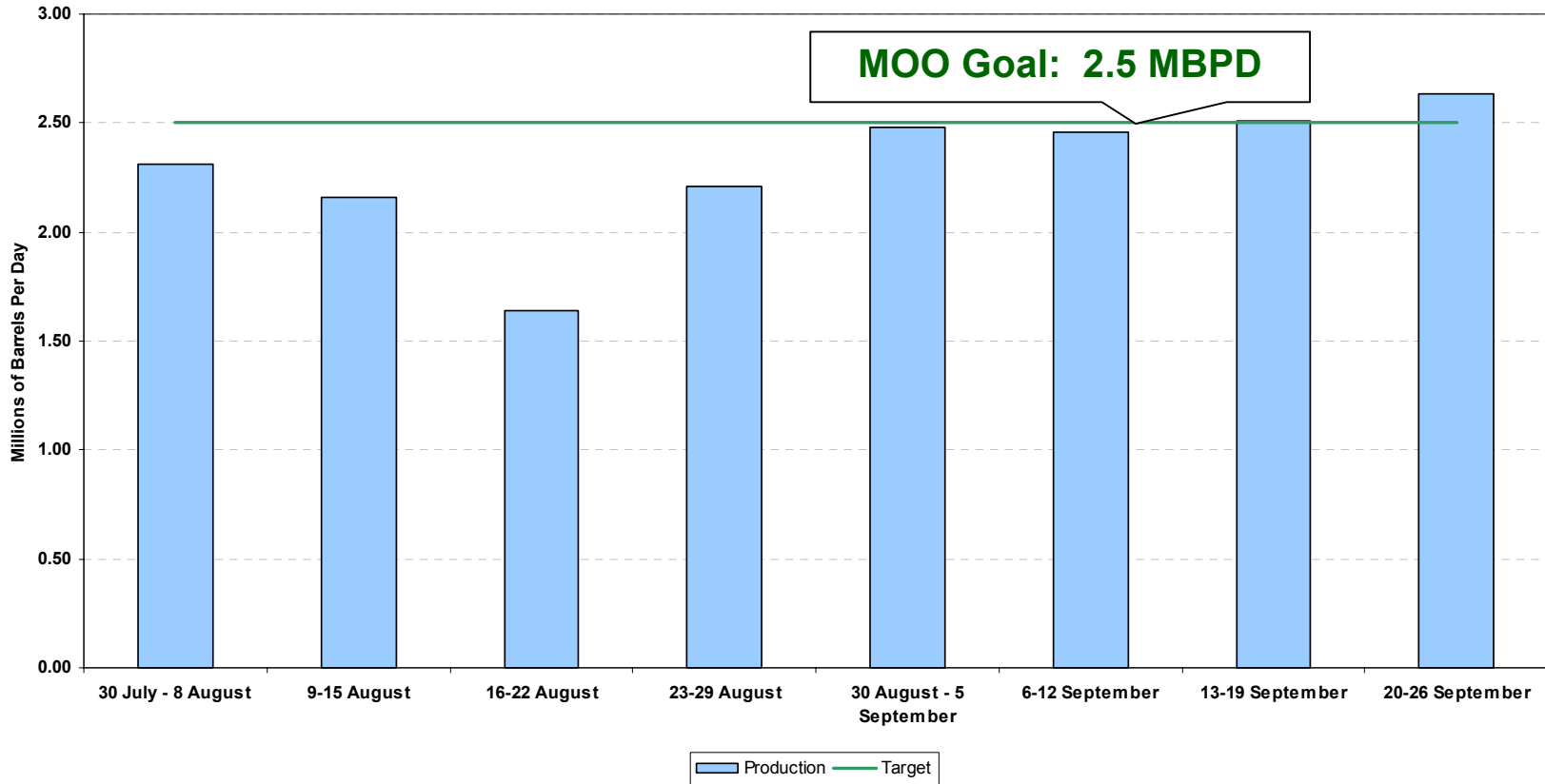
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Crude Oil Production

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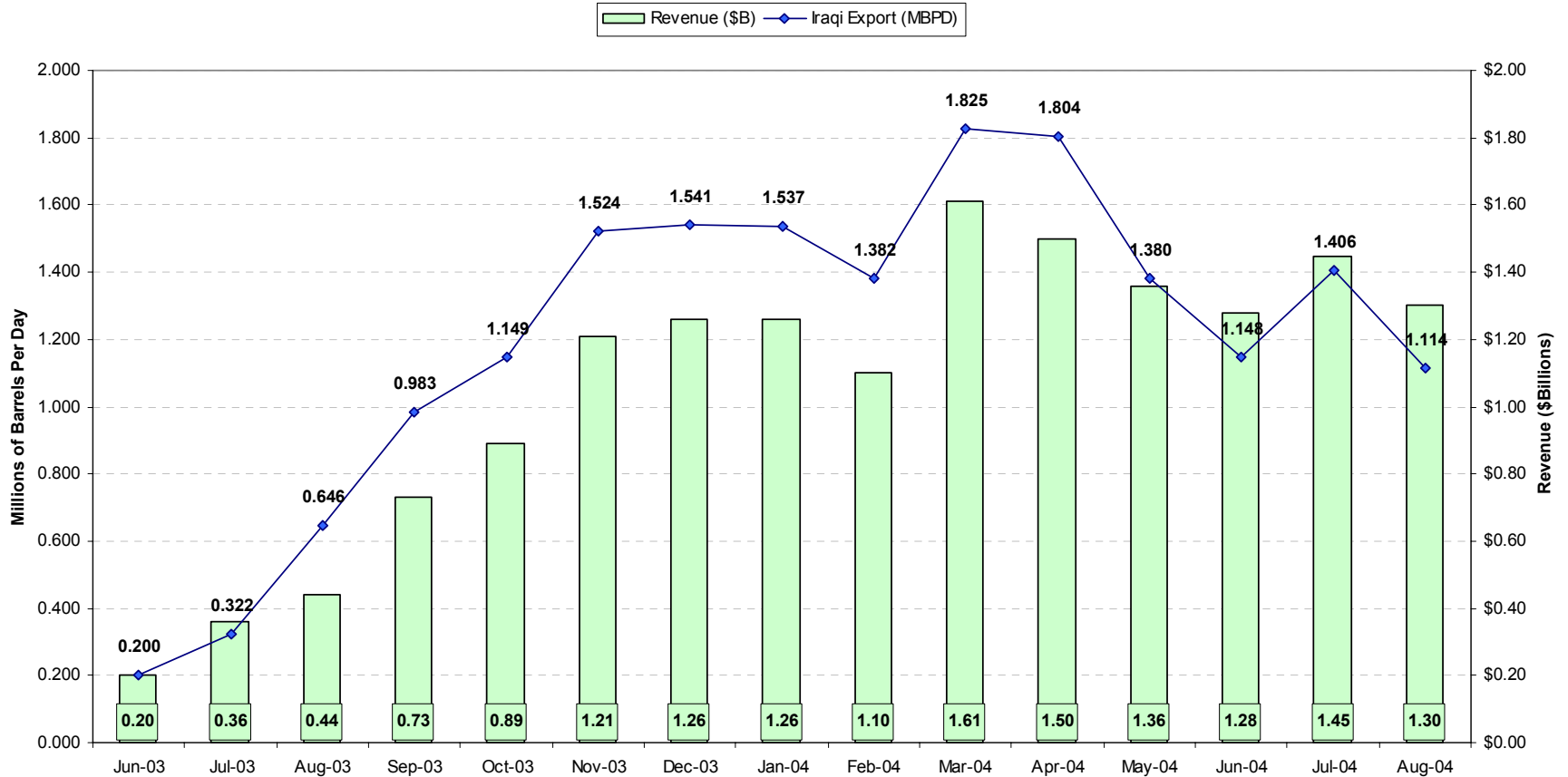


- ï **Weekly Average of 2.637 MBPD Exceeds Target of 2.5 MBPD**
- ï **Long Term Ministry of Oil (MOO) Target (Dec 04): 2.8 ñ 3.0 MBPD (Pre-War Capacity)**
- ï **Pre-War Peak: 2.5 MBPD in Mar 03**
- ï **Post-War Peak: 2.650 MBPD**



Monthly Export: Volume & Revenue

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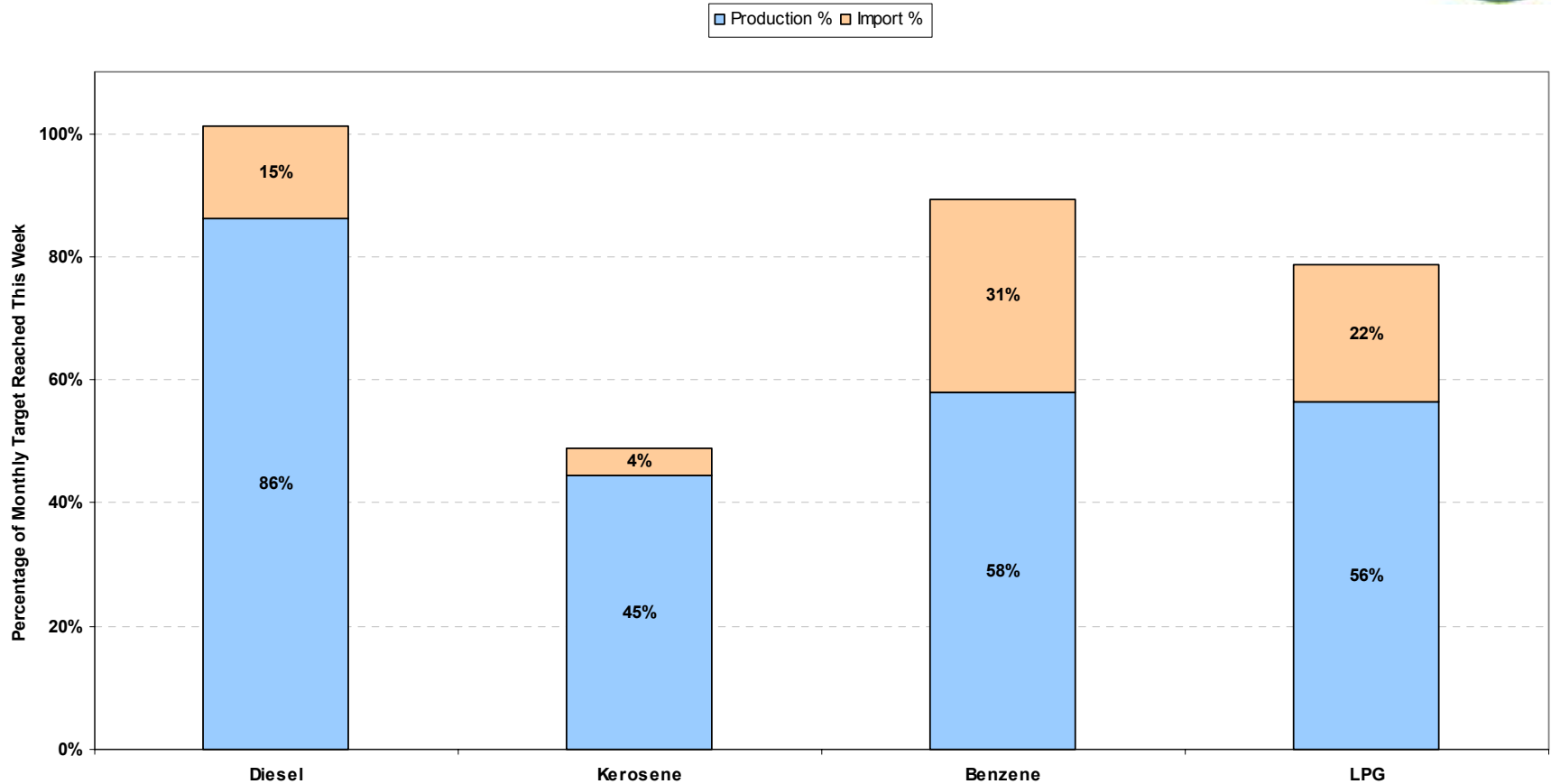
ï September Monthly Export: 1.703 MBPD

ï September Monthly Revenue: \$1.419B



Refined Products

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Note: Kerosene target increased for upcoming winter months, while the target number for benzene was reduced.

ï Diesel: 18.2 ML of 18 ML

ï Benzene: 17.0 ML of 19.1 ML

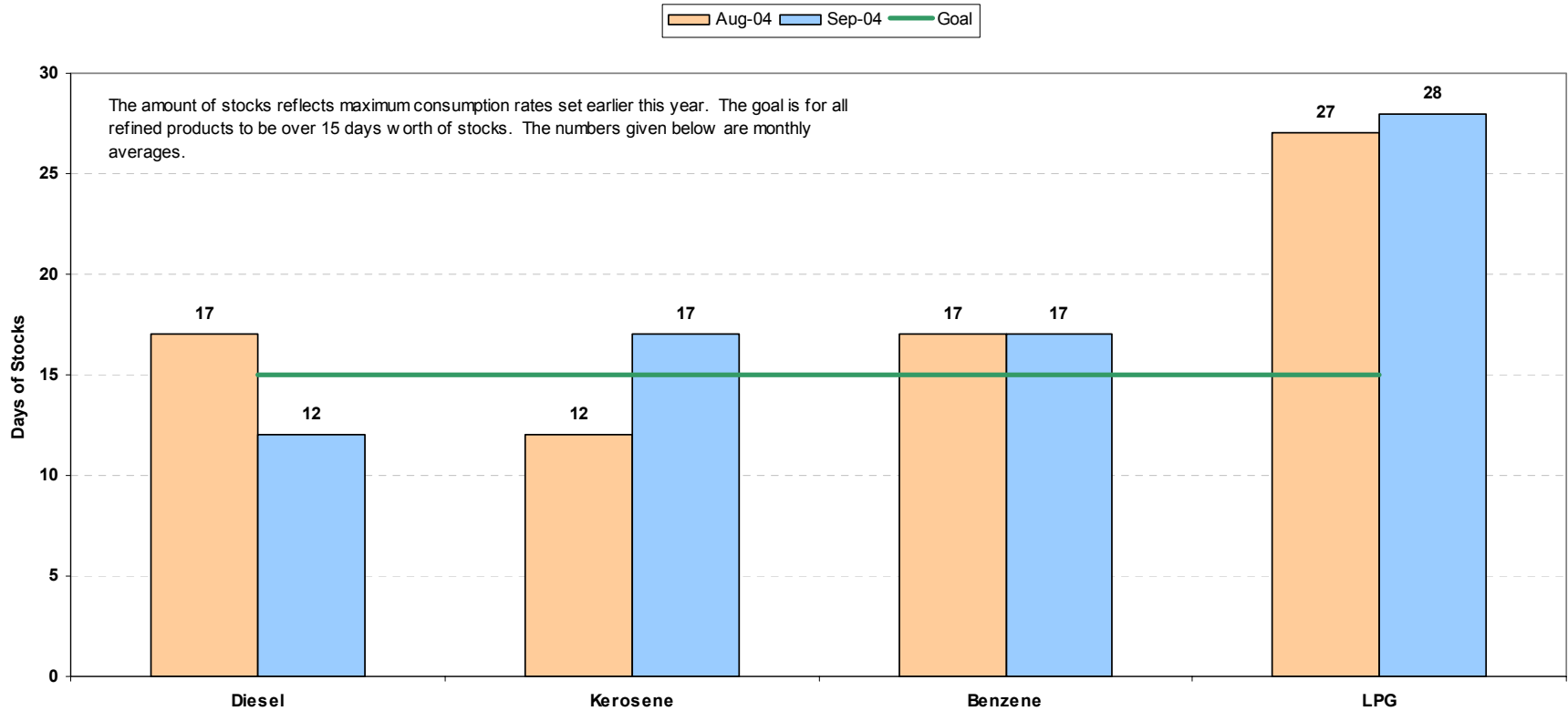
ï Kerosene: 7.3 ML of 15 ML

ï LPG: 3,152 tons of 4,000 tons



National Stock Levels

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ï National stock levels of diesel continuing to decline.

ï Averages are monthly.



Iraq Relief and Reconstruction Fund (IRRF) ñ Financial Status

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| Sector | 2207 Report Apportioned | Appor- tioned | Committed | | Obligated | | Disbursed | |
|---|-------------------------------|------------------|---------------|---------------|--------------|--------------|--------------|--------------|
| | | | Last Week | Current | Last Week | Current | Last Week | Current |
| Security and Law Enforcement | 3,235 | 3,124 | 2,746 | 2,748 | 1,939 | 1,971 | 622 | 623 |
| Electricity Sector | 5,374 | 2,845 | 2,479 | 2,658 | 1,990 | 1,971 | 279 | 300 |
| Oil Infrastructure | 1,701 | 1,701 | 1,218 | 1,168 | 720 | 675 | 42 | 43 |
| Justice, Public Safety, and Civil Society | 1,041 | 867 | 732 | 744 | 378 | 426 | 47 | 50 |
| Democracy | 541 | 541 | 522 | 522 | 417 | 417 | 77 | 77 |
| Education, Refugees, Human Rights, Governance | 259 | 259 | 241 | 241 | 129 | 129 | 26 | 26 |
| Roads, Bridges, and Construction | 360 | 267 | 256 | 256 | 138 | 142 | 10 | 10 |
| Health Care | 786 | 784 | 715 | 760 | 385 | 406 | 2 | 2 |
| Transportation and Communications | 500 | 499 | 411 | 357 | 219 | 169 | 10 | 11 |
| Water Resources and Sanitation | 4,246 | 1,069 | 890 | 930 | 679 | 716 | 18 | 19 |
| Private Sector Development | 183 | 135 | 127 | 127 | 93 | 93 | 34 | 34 |
| Admin Expense (USAID, State) | 213 | 29 | 29 | 29 | 29 | 29 | 22 | 22 |
| <u>Sub-Total [IRRF-2]</u> | <u>18,439</u> | <u>12,120</u> | <u>10,366</u> | <u>10,540</u> | <u>7,116</u> | <u>7,144</u> | <u>1,189</u> | <u>1,217</u> |
| CONSTRUCTION | 12,316 | 6,625 | 5,956 | 6,073 | 4,507 | 4,502 | | |
| NON-CONSTRUCTION | 5,582 | 4,954 | 3,888 | 3,945 | 2,192 | 2,225 | | |
| DEMOCRACY | 541 | 541 | 522 | 522 | 417 | 417 | | |
| <u>Sub-Total [IRRF-2]</u> | <u>18,439</u> | <u>12,120</u> | <u>10,366</u> | <u>10,540</u> | <u>7,116</u> | <u>7,144</u> | | <u>1,217</u> |
| <u>Sub-Total [IRRF-1]</u> | <u>2,475</u> | <u>2,475</u> | | | <u>2,100</u> | <u>2,100</u> | | <u>1,292</u> |
| GRAND TOTAL | 20,914 | 14,595 | | | 9,216 | 9,244 | | 2,509 |

Iraqi Security Forces Update


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| <u>Iraqi Security Forces</u> | <u>Trained/On Hand</u> | <u>Required</u> |
|------------------------------|------------------------|-----------------|
| Police | 38,921 | 135,000 |
| Civil Intervention Force | 0 | 4,920 |
| Emergency Response Unit | 76 | 270 |
| Dep of Border Enforcement | 14,313 | 32,000 |
| Iraqi Army | 4,789 | 27,000 |
| Iraqi 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> |
| Total | *97,553 | 270,556 |

*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

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

TOTAL ~25K

- Lithuania
- Macedonia
- Moldova
- Mongolia
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Singapore
- Slovakia
- Tonga
- Ukraine
- UK

Countries committed to provide forces for Iraq

1

31 Countries
 (including US)
and NATO
 Potentially Supporting
 Iraqi Stability

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 or (classified) NEA-I-IPOG-DL@state.sgov.gov