

16 March 2005



Iraq Weekly Status Report

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OF
STATE



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Highlights

1.0 Neutralize the Insurgents

- Sanctioned by the Ministry of Interior, an anti-insurgent operation began March 4 in Samarra with more than 1,500 Iraqi Security Forces personnel executing missions. It was MOI's largest anti-insurgent operation since the battle for Fallujah in November 2004, completely led and executed by Iraqi leaders and troops.

2.0 Ensure the Continuation of Support for Iraq's Electoral Process through 2005

- Transitional National Assembly held its inaugural session on March 16.

3.0 Create Jobs and Provide Essential Services

- The Al Ameen substation in Baghdad has been handed over to the Iraq Ministry of Electricity and connected to the national grid.
 - The \$74 million PCO project has resulted in the completion of the first major substation in Iraq since the war in 2003.
 - The substation adds needed stability to the national power grid and substantially increases power distribution in Baghdad.



Highlights

4.0 Establish Foundations for a Strong Economy

- The overall consumer price index for Iraq fell to 11.4 percent for February, from 13.9 percent month-on-month increase recorded in January.

5.0 Establish Good Governance, Rule of Law

- A USAID partner organized “Constitution and Governance Information Sessions” in Dahuk on February 22, chairing three round-table discussions in an effort to facilitate civil society input into the drafting Iraq’s constitution.

6.0 Maintain International Engagement and Support

- On March 14, 100 Romanian servicemen departed for a six-month deployment as part of the MNF-I’s “Middle Ring” security for the UN Assistance Mission in Iraq (UNAMI).
- Ukraine announced that 41 instructors and advisers undergoing a month-long course at the Partnership for Peace program center would join the Ukrainian peacekeeping contingent in Iraq after completing training.



[1.0] Neutralize the Insurgents – Iraqi Security Forces Update

- Sanctioned by the Ministry of Interior, an anti-insurgent operation began March 4 in Samarra with more than 1,500 Iraqi Security Forces personnel executing missions. It was MOI's largest anti-insurgent operation since the battle for Fallujah in November 2004, completely led and executed by Iraqi leaders and troops. Iraqi Security Forces netted 54 suspected insurgents, several vehicles, a weapons cache with 37 large mortar and artillery rounds, and an assortment of rifles and rocket launchers.



[1.0] Neutralize the Insurgents – Iraqi Security Forces Update

Ministry of Interior Forces

COMPONENT	TRAINED & EQUIPPED
POLICE	55,015
HIGHWAY PATROL	
OTHER MOI FORCES	27,969
TOTAL	82,984*

Ministry of Defense Forces

COMPONENT	OPERATIONAL
ARMY	61,586
AIR FORCE	186
NAVY	517
TOTAL	62,289**

Total Trained & Equipped ISF:

145,273

* Ministry of Interior Forces: Unauthorized absences personnel are included in these numbers

** Ministry of Defense Forces: Unauthorized absences personnel are not included in these numbers



[2.0] Ensure the Continuation of Support for Iraq's Electoral Process through 2005 – **Developments**

ITG Formation:

- The 275-member Transitional National Assembly (TNA) inaugural session was held March 16, although the Iraqi Transitional Government (ITG) has not yet been formed. The TNA is expected to reconvene next week.
- TNA members-elect and political parties continue negotiations regarding the formation of the ITG.
- The National Democratic Institute hosted a series of follow-up meetings in northern Iraq with members of the Iraqi Election Information Network (EIN) to evaluate the performance of their monitors and to conduct a detailed assessment of the overall electoral process in their respective areas. On February 15, NDI met with nine representatives of six Iraqi non-governmental organizations based in Erbil, As Sulaymaniyah and Kirkuk that monitored the January 30 elections. In the three-hour meeting, these witnesses of the electoral process shared their impressions and experiences in an effort to improve EIN's methodology, reporting mechanisms and procedures for future elections.

[2.0] Ensure the Continuation of Support for Iraq's Electoral Process through 2005 – **Developments**



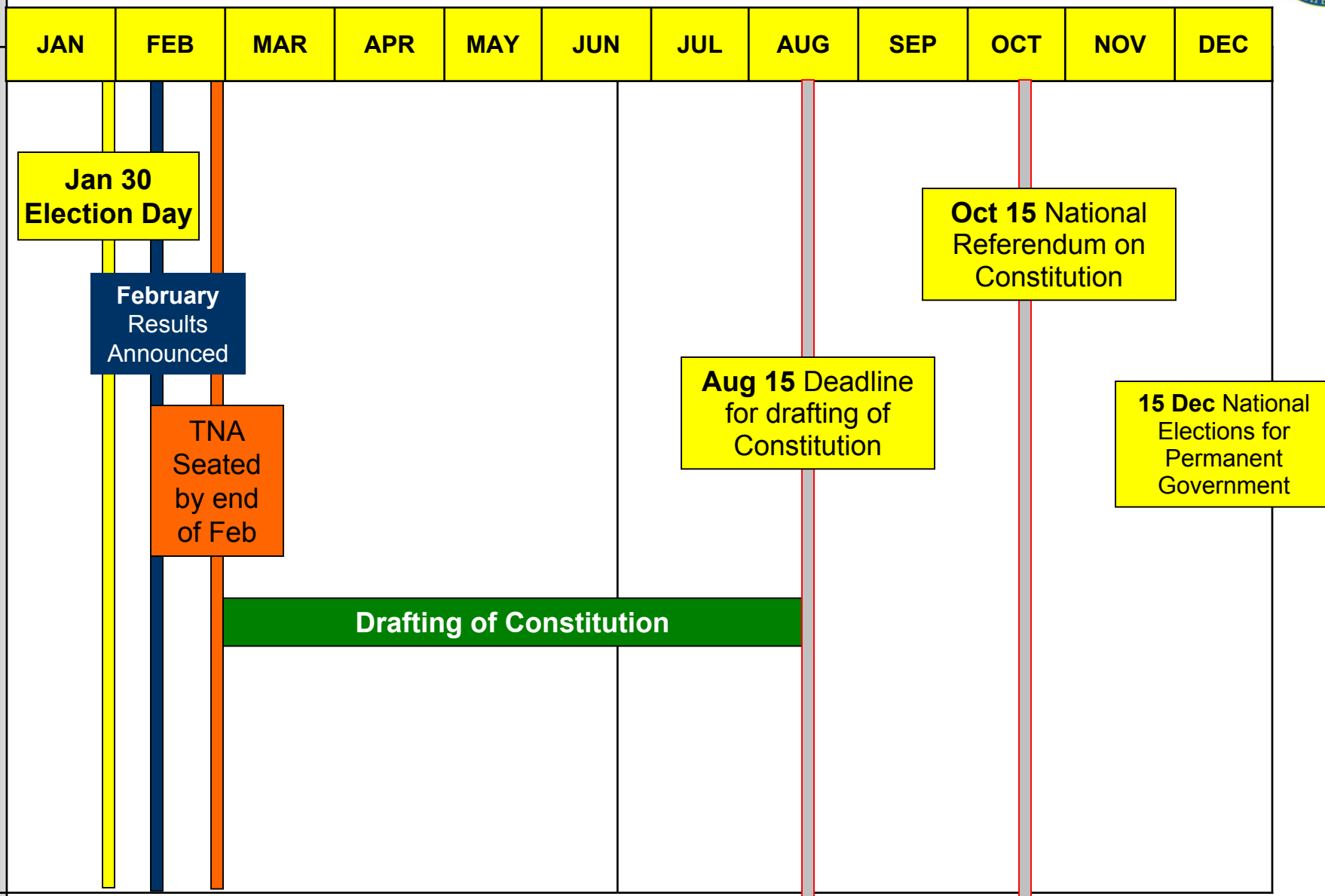
Transitional National Assembly (TNA):

- The TNA will:
 - Serve as Iraq's national legislature until the election of a new government under a permanent constitution.
 - Approve a Presidency Council, consisting of a president and two deputy presidents, by a two-thirds vote. The Presidency Council will then appoint a Prime Minister. The Prime Minister and his Council of Ministers must receive a vote of confidence in the Assembly by a simple majority.
 - According to the Transitional Administrative Law, the TNA is to draft Iraq's new Constitution by August 15, 2005; this will be presented to the Iraqi people for their approval in a national referendum by October 15, 2005.
 - If it is approved, an election for a permanent Iraqi government under that new Constitution will occur by the end of 2005.



[2.0] Ensure the Continuation of Support for Iraq's Electoral Process through 2005 – **Electoral Process Timeline**

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[3.0] Create Jobs and Provide Essential Services – **Economy**

Oil Update:

- Crude oil prices in world markets for the week ending March 11 closed with Kirkuk Crude at \$45.78/barrel, Basra Light at \$45.74/barrel, and the OPEC basket at \$49.17/barrel.

Employment Update:

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

Employing Organization	Iraqis Last Week	Iraqis This Week	% Change on Week
PCO (Project and Contracting Office)	23,139	23,774	2.7%
USAID	78,937	85,938	8.9%
AIRP (Accelerated Iraqi Reconstruction Program)	4,720	4,680	-0.8%
MILCON (Military Construction)	940	947	0.7%
*CERP (Commanders' Emergency Response Program)	33,671	33,671	0.0%
MNSTC-I	12,612	10,339	-18.0%
IRRF NON-CONSTRUCTION	12,554	12,049	-4.0%
GRAND TOTAL	166,573	171,398	2.9%



[3.0] Create Jobs and Provide Essential Services – Health Care and Food Security

Health Care:

- Construction is underway on 107 new primary health care (PHC) facilities across Iraq. Under the Accelerated Iraq Reconstruction Program (AIRP), an additional six PHCs are under construction and three have been completed.
 - There are 19 hospitals under renovation, with one hospital renovation completed.
- To date, over \$60 million worth of medical equipment has been ordered for equipment vendors. Delivery of medical equipment to the Ministry of Health will recommence next week, destined for hospitals throughout all the provinces not receiving equipment through current IRRF construction projects.

Public Distribution System (PDS):

- The Ministry of Trade predicts March shortages in the Public Distribution System (PDS) for wheat, rice, oil and pulses; however, the Ministry of Trade reported that it is in the process of signing contracts to import US rice and wheat, in an effort to diversify its sources for PDS commodities.



[3.0] Create Jobs and Provide Essential Services – Education

School Renovations:

- PCO has completed 212 school renovations and a further 442 are under construction. Under the Accelerated Iraq Reconstruction Program (AIRP), there are an additional 13 school renovations underway; 26 have been completed. 822 schools are undergoing rehabilitation and 840 schools are scheduled for completion by mid-2005. To date, 3,023 schools have been rehabilitated.

Embassy Grants to Help Iraqi Students:

- Through a partial Embassy grant, a team of six students from Sulaymaniyah University law faculty (plus faculty escorts) will participate in their first ever Jessup International Law Moot Court competition. The Jessup Moot Court is the world's largest international law moot court competition, sponsored by the International Law Students Association (ILSA).

USAID's Higher Education and Development Program:

- In conjunction with the HEAD program, the University of Oklahoma (OU) significantly upgraded research tools and faculty skills and supplied information and communication technology to Iraqi universities. With program funding, OU provided a Baghdad university with a fully outfitted internet center including 20 new computers. OU also recently integrated the library of a university in Al Hillah into the electronic database, providing access to more than 8,000 volumes.



[3.0] Create Jobs and Provide Essential Services – **Water and Sanitation and Telecommunications**

Water and Sanitation:

- There are currently 68 water treatment projects, eight irrigation projects and two sewer projects underway. A total of 41 water treatment projects, two irrigation projects, and 17 sewer projects have been completed to date.

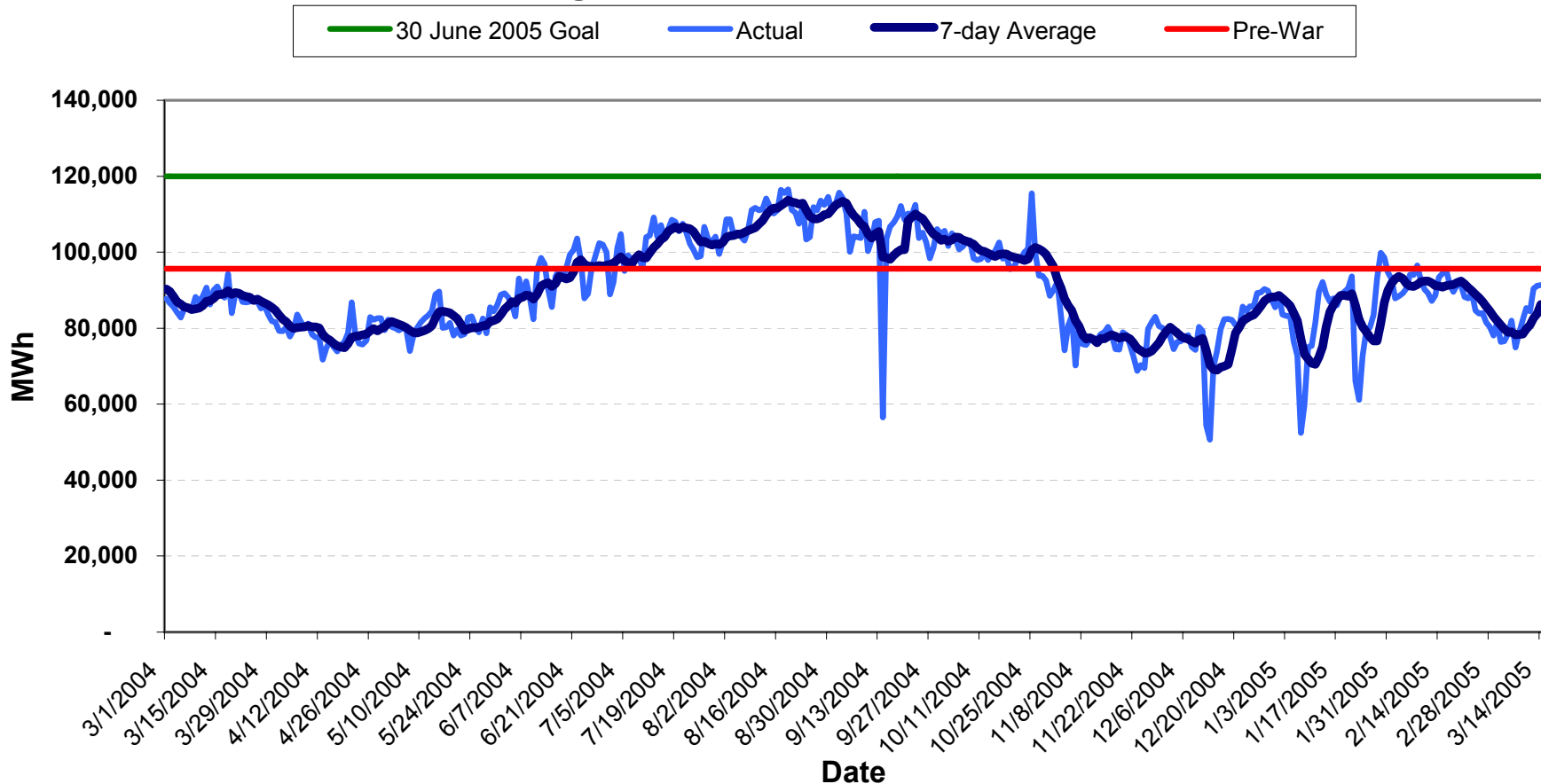
Telecommunications:

- The number of telephone landline subscribers is 982,561 and the number of cell phone subscribers is 1,797,160 throughout Iraq. The total of 2,779,721 customers is 225 percent greater than the number of active landline subscribers before the war. In addition, Internet subscriptions have risen to 140,293, an 8 percent increase over February.
- The Consolidated Fiber Network (CFN) project will provide communications to the Ministries of Electricity, Transportation and Communications. The project is critical for the support of electricity management, train signaling and tracking control.
 - The initial assessment process is ahead of schedule and construction is expected to begin on May 30, a month earlier than originally scheduled. The completion date for the CFN is projected for March 2006.



[3.0] Create Jobs and Provide Essential Services – Electricity Overview

Megawatt-Hour (MWh) Load Served



- Demand is at a seasonal low.
- Electricity load served the week of March 7 – 13 was 91,200 MWh. Hours of available power averaged 10.7 in Baghdad.
- Unplanned and planned outages were 846 MW and 870 MW, respectively.



[4.0] Establish Foundations for a Strong Economy

IFC to Buy a Stake in Credit Bank of Iraq:

- On March 14, the World Bank's private sector lending arm, the International Finance Corporation (IFC), announced it will buy a minority stake in the Credit Bank of Iraq in partnership with Kuwait's largest bank, National Bank of Kuwait.
 - The National Bank of Kuwait was one of the first three financial institutions to receive a full domestic banking license from the Iraqi Central Bank.
 - IFC and National Bank of Kuwait want to expand the capital of Credit Bank of Iraq to make it a key player in the local financial market. The transaction will set the ground for further investments and knowledge transfer by international banks.

Trade Finance Bank to Issue Debit and Cash Cards:

- Last week the President of the Trade Bank of Iraq announced the deployment of ten ATM machines in Baghdad and a partnership with VISA to begin issuing debit cards.
 - ATM machines will be placed in secure locations such as the airport.
 - Expected initial demand of debit and cash cards to reach tens of thousands.
 - The issuance of debit cards will reduce the reliance on cash transactions in Iraq and help develop the banking sector.



[4.0] Establish Foundations for a Strong Economy

Iraqi Month-on-Month Inflation Figures for 2004 and 2005:

- July 2004: 0.6%
- August 2004: 3.6%
- September 2004: 5.4%
- October 2004: 8.5%
- November 2004: 5.4%
- December 2004: 3.3%
- January 2005: 13.9%
- February 2005: 11.4%

- As these volatile month-on-month figures indicate, consumer prices in Iraq continue an upward trend from last July.

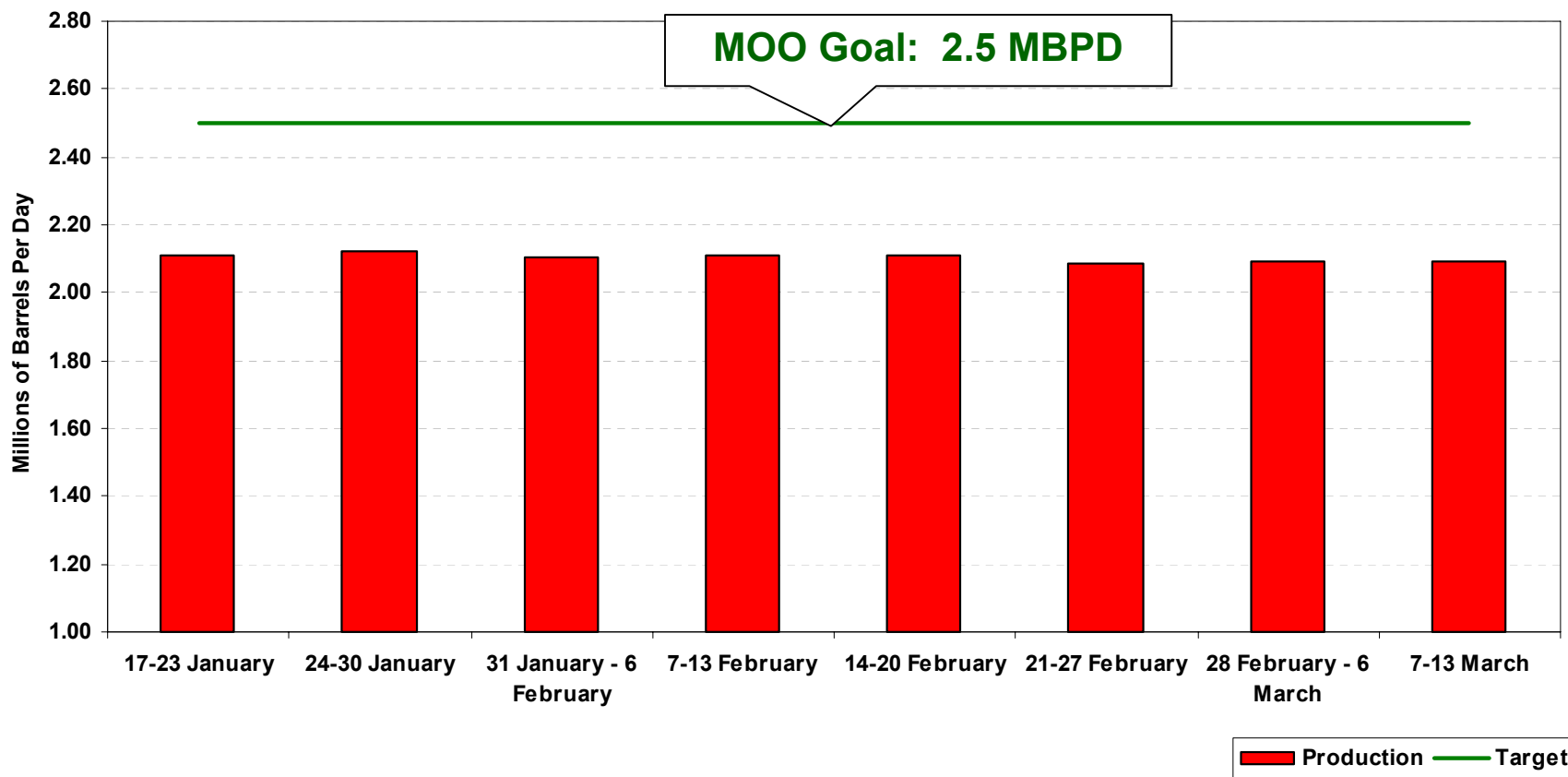
Iraq Currency and Securities Exchanges:

- At the New Iraqi Dinar (NID) auction on March 15, the settlement price was 1,460 dinars per USD with a total of 18 banks trading. The following table shows the purchase value of the top seven banks:

Bank Name	Qty Sold (in thousands of USD)	Percentage of Total Auction
Al-Warkaa Bank	\$2,000	7.68%
Al-Rasheed	\$2,000	7.68%
Agriculture Bank	\$2,000	7.68%
United Bank	\$2,000	7.68%
Industrial Bank	\$2,000	7.68%
Iraq Bank	\$2,000	7.68%
Islamic Bank	\$2,000	7.68%
Total	\$14,000	53.77%



[4.0] Establish Foundations for a Strong Economy – Crude Oil Production

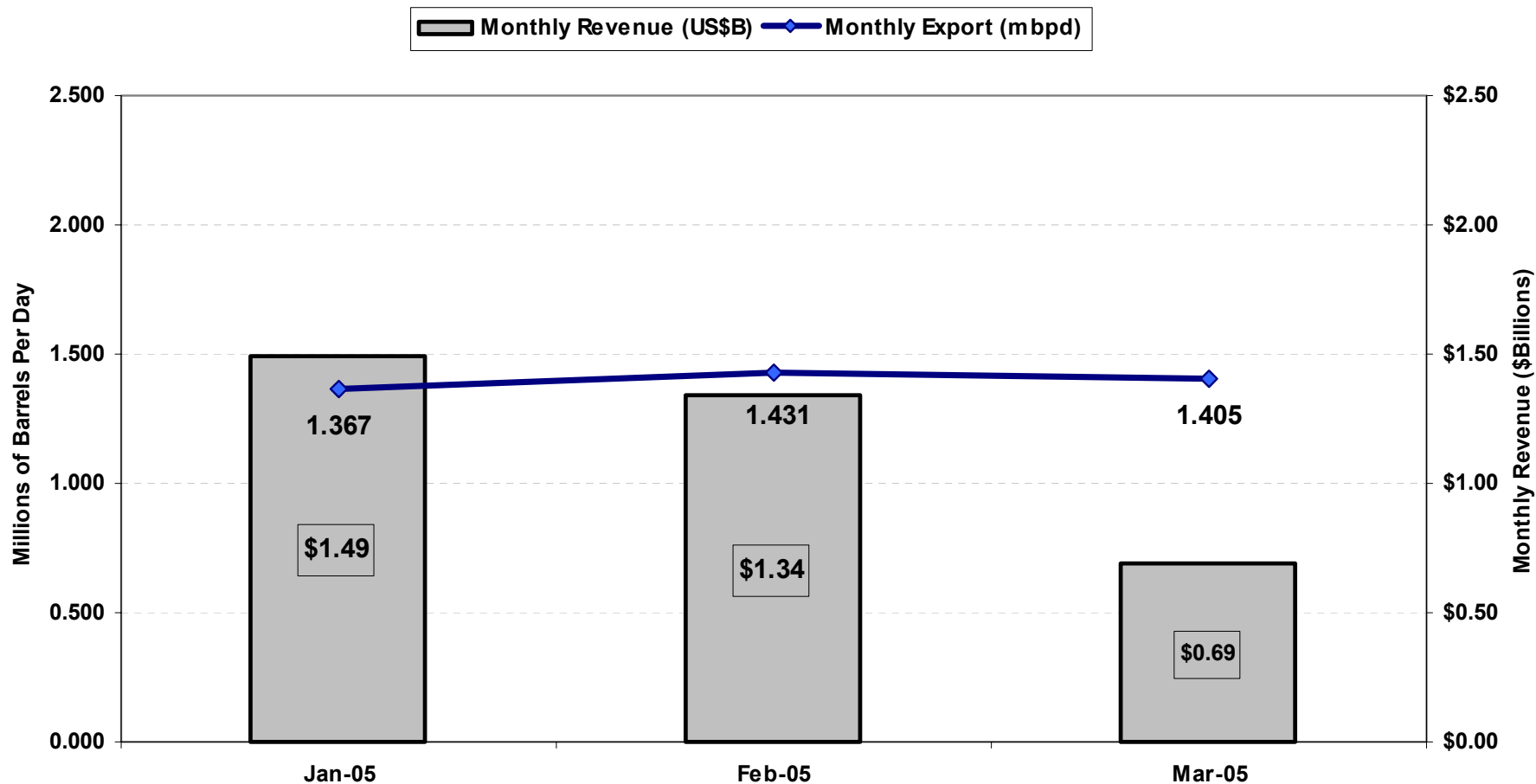


- Weekly Average (March 7 -13) of 2.09 MBPD
- Pre-War Peak: 2.5 MBPD in Mar 2003
- Post-War Peak: 2.67 MBPD



[4.0] Establish Foundations for a Strong Economy – Crude Oil Export

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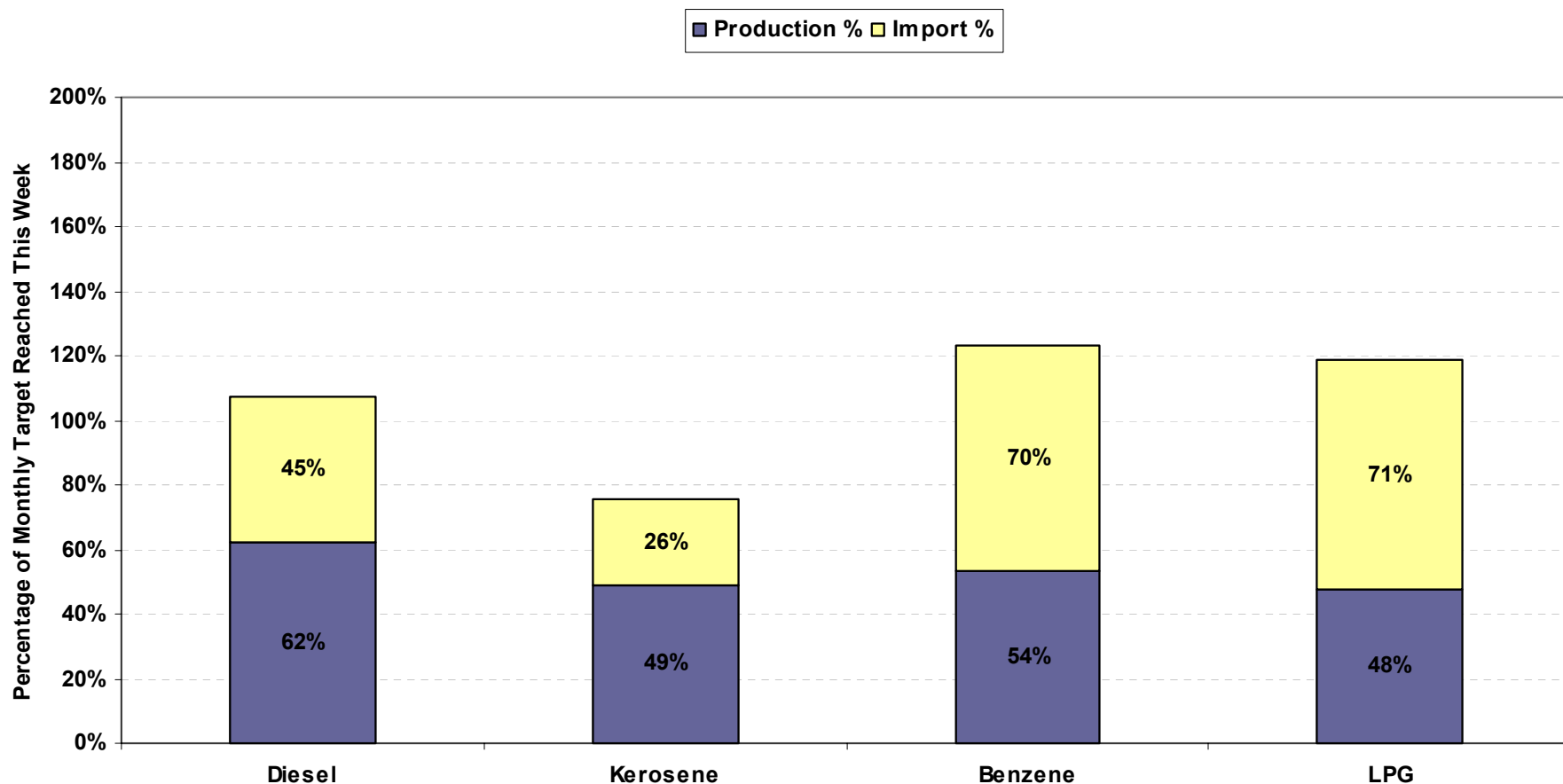


- 2003 Revenue: \$5,076.6 M
- 2004 Revenue: \$17,012.3 M
- 2005 Revenue: \$3,520.0 M (to date)

Note: 5% war reparations to Kuwait has been withdrawn from revenue totals.



[4.0] Establish Foundations for a Strong Economy – Refined Products

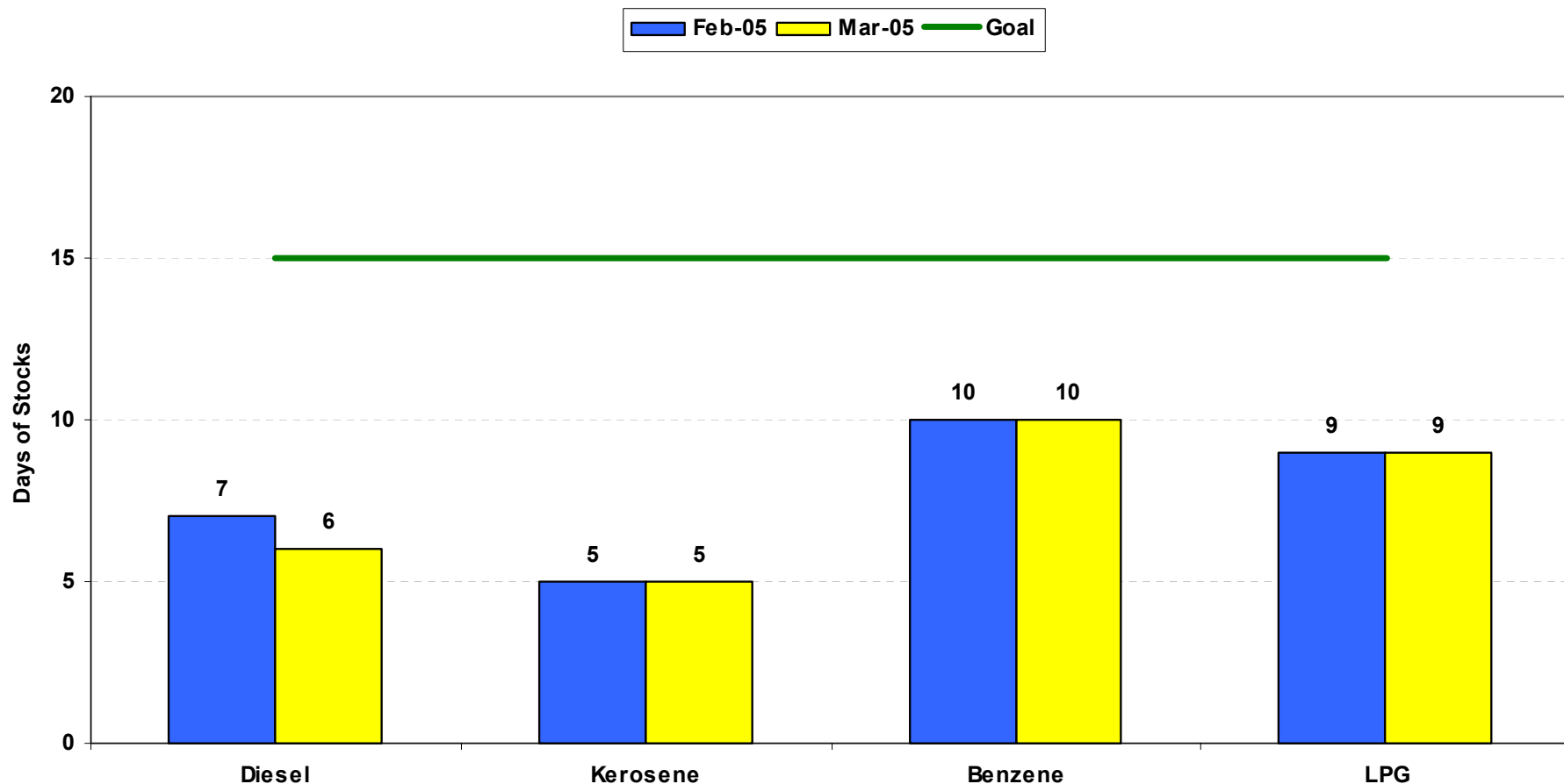


Note: This chart represents the average percentage of daily target reached for the week of March 7-13

- Diesel: 19.4 ML of 17.5 ML
- Kerosene: 7.6 ML of 19.5 ML
- Benzene: 22.2 ML of 18 ML
- LPG: 5,093 tons of 4,300 tons



[4.0] Establish Foundations for a Strong Economy – National Stock Levels



- The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.

[4.0] Establish Foundations for a Strong Economy – IRRF I & II

Financials



Financial Status-IRRF I & II	2207 Report	Apportion	Committed		Obligated		Disbursed	
			Last Week	Current	Last Week	Current	Last Week	Current
Sector								
Security and Law Enforcement	5,045	5,045	4,600	4,571	3,621	3,675	1,581	1,672
Electricity Sector	4,369	4,078	3,805	3,909	2,759	2,775	853	887
Oil Infrastructure	1,701	1,701	1,580	1,596	937	943	169	193
Justice, Public Safety, and Civil Society	1,120	1,120	981	984	729	729	184	188
Democracy	832	832	753	753	662	663	224	286
Education, Refugees, Human Rights, Governance	379	379	251	271	228	232	62	64
Roads, Bridges, and Construction	359	355	344	337	190	183	51	53
Health Care	786	786	706	743	475	473	51	51
Transportation and Communications	513	513	496	495	324	333	47	51
Water Resources and Sanitation	2,279	1,770	1,752	1,755	958	965	82	88
Private Sector Development	843	835	806	806	761	761	431	435
Admin Expense (USAID)	213	29	29	29	29	29	29	29
IRRF II SUBTOTAL	18,439	17,443	16,103	16,249	11,673	11,761	3,764	3,997
IRRF II CONSTRUCTION	11,306	10,378	9,903	10,037	6,759	6,802	1,774	1,847
IRRF II NON-CONSTRUCTION	6,301	6,232	5,447	5,459	4,252	4,296	1,766	1,864
IRRF II DEMOCRACY	832	832	753	753	662	663	224	286
IRRF I SUBTOTAL	2,475	2,475	2,475	2,475	2,475	2,475	2,150	2,150
GRAND TOTAL IRRF I & II	20,914	19,918	18,578	18,724	14,148	14,236	5,914	6,147

Data as of March 16, 2005

No data received from OPIC or USIP this week; changes driven by actions on obligations
Data reported in millions USD

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[5.0] Establish Good Governance, Rule of Law – Refugees, Democracy and Human Rights

Civil Society Input for Drafting Iraq's Constitution:

- A USAID partner organized “Constitution and Governance Information Sessions” in Dahuk on February 22, chairing three round-table discussions. The first group included 10 representatives from seven NGOs; the second group was comprised of 20 individuals from 10 NGOs, including the Kurdistan Journalist Association, a farmers’ syndicate and an agronomist and lawyers’ union; and the last group included 21 participants from 21 different NGOs, including the Government Employees Association, the Teachers’ Union and the Kurdistan Women’s Union.

Women Advocating for Constitutional Rights:

- On February 24, the National Democratic Institute (NDI) governance team hosted the first in a series of meetings for 26 women leaders as part of an initiative to get women involved in drafting the constitution. NDI plans to work in close collaboration with a variety of women elected officials and civil society representatives to educate Iraqis on the importance of guaranteeing women's rights in the constitution and to provide them with necessary advocacy and education skills to effectively promote their rights.



[6.0] Maintain Int'l Engagement & Support – **Developments**

International Support:

- On March 14, 100 Romanian servicemen departed for a six-month deployment as part of the MNF-I's "Middle Ring" security for the UN Assistance Mission in Iraq (UNAMI).
- Ukraine announced that 41 instructors and advisers undergoing a month-long course at the Partnership for Peace program center would join the Ukrainian peacekeeping contingent in Iraq after completing training.
- The Netherlands began a phased withdrawal of its troops from Iraq the week of March 14. The 1,400-soldier Dutch contingent is expected to fully depart by mid-April. The contingent has transferred its responsibilities to a British unit, which will be joined in the coming weeks by 450 additional troops from Australia.
- Italian Prime Minister Berlusconi said in a March 15 interview that if conditions permit, and in consultation with Allies, Italy may begin reducing its contingent in Iraq beginning in September.



[6.0] Maintain Int'l Engagement & Support – **Stability Contributors**

27 MNF-I Contributors (in addition to US)

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

*Note: Fiji participating as a part of the UN mission in Iraq. NTM-I forces in country total over 130 additional personnel from 17 countries, including the US.

TOTAL ~ 25,000 Forces

28 Countries and NATO
(including US)
Support Iraqi Stability Operations



Iraq Weekly Status – General Information

- This brief draws from multiple sources. References are cited on the respective pages in the “Notes Page” section (View → Notes Page).
- Please forward all questions and/or comments to (unclassified) NEA-I-IPOG-DL@state.gov or (classified) NEA-I-IPOG-DL@state.sgov.gov