

THE HUMANITARIAN PROGRAMME IN IRAQ PURSUANT TO SECURITY COUNCIL RESOLUTION 986 (1995)

I. Introduction

1. The present note has been prepared jointly by the Office of the Iraq Programme, the Office of the United Nations Humanitarian Coordinator in Iraq (UNOHCI) and the United Nations agencies and Programmes involved in the implementation of the humanitarian programme pursuant to Security Council resolution 986 (1995). There are nine United Nations agencies and programmes involved in the implementation of the humanitarian Programme, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah, on behalf of the Government of Iraq¹.

2. The note reviews and describes developments in the implementation of the humanitarian programme in Iraq (hereinafter referred to as the Programme), pursuant to resolution 986 (1995), since the last Note by the Office of the Iraq Programme, dated 24 May 2002, presented to the Council on 29 May 2002, covering Programme implementation under phase XI. It is provided in lieu of the written 90-day report pursuant to paragraph 1 of resolution 1409 (2002), as agreed by the Council at its informal consultations on 29 May 2002. Unless stated otherwise, the cut-off date for the data contained in the present Note is 31 July 2002.

II. Revenue generation

A. Oil production and sale of petroleum and petroleum products

3. Since the beginning of phase XII and as at 18 September 2002, the oil overseers and the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait (hereinafter referred to as the Committee), have reviewed and approved 160 oil purchase contracts, involving purchasers from 35 countries (including 72 contracts from previous phases extended into phase XII).² The total quantity of oil approved for export under those contracts corresponds to 360.9 million barrels, with an estimated value of 9.4 billion euros or \$9.1 billion, at the current rate of exchange. While the contracted volume could be lifted in theory, the actual volume of exports is expected to be substantially lower. The average rate of

¹ Food and Agriculture Organization of the United Nations (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), International Telecommunication Union (ITU), United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), World Food Programme (WFP), United Nations Office for Project Services (UNOPS) and the United Nations Settlements Programme (UN-Habitat).

² Algeria (1); Armenia (1); Austria (2); Belarus (2); China (5); Cyprus (2); Egypt (4); France (8); Greece (1); India (1); Italy (6); Jordan (13); Lebanon (6); Liechtenstein (4); Malaysia (1); Nigeria (2); Oman (1); Pakistan (11); Panama (3); Qatar (1); Russian Federation (30); South Africa (3); Spain (2); Sudan (2); Switzerland (11); Syria (7); Thailand (1); Tunisia (1); Turkey (6); Ukraine (5); United Arab Emirates (4); United Kingdom (3); Viet Nam (7); Yemen (2) and Yugoslavia (1).

Iraqi crude oil exports, since the start of the phase, has slipped below one million barrels per day, representing less than half the achievable sustainable export level. In August, the rate of export was 12.5 per cent lower than in July and practically the same as in June. Several factors have contributed to the reduced level of exports, including: the unresolved differences between the Government of Iraq and the Committee over the manner in which the price of Iraqi oil is set; concerns, in particular in the Far East market, over interruptions of Iraqi crude oil exports; and a significant drop in the share of oil exports to the United States market. As a result, as at 18 September 2002, only 86 loadings, totaling 104.9 million barrels of oil were completed, worth about 2.59 billion euros or \$2.5 billion. Assuming a sustainable rate of export of 2.1 million barrels per day, thus far, an estimated \$3.2 billion in revenue has been lost as a result of reduced levels of oil exports in this phase alone. Of the total shipments, 52 per cent were from Mina al-Bakr, Iraq and 48 per cent from Ceyhan, Turkey. In terms of the market share of Iraqi oil exports, 46.9 per cent went to the European market, 34 per cent to the Americas/Caribbean market and 19.1 per cent to the Far East.

4. Total estimated revenue in current phase XII of the Programme is now expected to reach \$4.2 billion, at current rate of exchange, which after the required deductions pursuant to relevant Council resolutions, some \$3.01 billion will be available to the Programme. The distribution plan for phase XII (S/2002/666, annex II), as submitted by the Government of Iraq was budgeted at \$5.08 billion. Therefore, it is expected that the Programme will be faced with a revenue shortfall of \$2.07 billion under the current phase. For further details on the cumulative funding shortfall, please see paragraph 8 below.

B. United Nations accounts pertaining to the Iraq Programme

5. The United Nations accounts pertaining to the Iraq Programme are divided into seven separate funds pursuant to paragraph 8 (a) to (g) of Security Council resolution 986 (1995). As at 15 August 2002, 1.19 billion euros had been deposited into the account for phase XII, as authorized under Council resolution 1409 (2002), bringing the total oil sale revenue since the inception of the Programme to \$37.33 billion and 20.29 billion euros. The allocation of total oil revenue among the various funds and corresponding expenditures, are reported in annex I to the present Note. The number and value of letters of credit pertaining to oil proceeds and humanitarian supplies are reported in annex II.

6. With regard to the diversification of banking services for the United Nations Iraq Account, term investments have been placed with five different creditworthy banks. A contract has been signed between one bank and the United Nations for the issuance of letters of credit for the purchase of humanitarian goods. It is expected that similar contracts will be concluded with two other banks. However, it is not possible to predict the pace of the negotiations.

7. In paragraph 8 of resolution 1360 (2001), the Security Council requested the Secretary-General to take the necessary steps to transfer the excess funds drawn from the account created pursuant to paragraph 8 (d) of resolution 986 (1995) for the purposes set out in paragraph 8 (a) of that resolution in order to increase the funds available for humanitarian purchases, including, as appropriate, the purposes referred to in paragraph 24 of resolution 1284 (1999). In this connection, it may be recalled that at the end of phase X, \$84 million in excess funds were

transferred to the ESB (59 per cent account), bringing the total amount transferred to \$211 million. No excess funds were available for redistribution towards the purchase of additional humanitarian supplies during this reporting period. A further review will be undertaken at the end of the current phase XII and any excess funds identified at that time will be made available for redistribution accordingly.

III. Processing and approval of applications for contracts

Processing of applications received under the ESB (59 per cent) account

8. As at 19 September 2002, the Secretariat had received contract applications signed by the Government of Iraq, with a total value of \$43.95 billion, against a total of \$44.17 billion budgeted under the distribution plans for phases I to XII. However, the actual funds available for contracting by the Government of Iraq stood at a total of \$34 billion, which comprised all principal allocations to and interest revenues on the funds in the ESB (59 per cent) account, the reimbursements from the ESC (13 per cent) account for the bulk procurement of food and medicines, as well as the share of the ESC (13 per cent) account for the cost of oil spare parts. The Committee and the Secretariat had, respectively, approved or notified 19,541 contract applications, with a total value of \$35.72 billion. There were some \$1.2 billion unencumbered funds, of which \$852 million had been reserved for the funding of additional applications in the oil industry equipment and special allocations sectors. On the other hand, there were 1,257 approved applications, with a total value of \$2.25 billion, for which approval letters could not be issued due to the lack of funds in the appropriate sectors and phases. There was a cumulative funding shortfall of about \$2.5 billion. If all the applications currently being processed were approved, including those previously on hold, the ESB (59 per cent) account would be short of funds by over \$10.6 billion.

9. Furthermore, approval letters for 160 applications, valued at \$382 million, were issued before 31 December 2001, but the Central Bank of Iraq had not requested openings of letters of credit as at 31 July 2002. Moreover, there were 860 applications, worth a total of \$1.76 billion, for which the relevant letters of credit had been issued for over one year, but under which no deliveries have been made to Iraq. The substantial difference between anticipated revenues (planning figures) and the actual proceeds from the sale of oil, the greatly varied rate of submission and/or approval of applications among various sectors of the Programme, as well as the restriction of revenues to funding only applications submitted under their corresponding phases, have resulted in major disparities in the availability of funds to cover other sectors. Post-delivery reimbursement to the ESB account from the ESC account has also added to the financial burden on the ESB account, as all funds for the bulk-purchase contracts are committed upon opening of letters of credit, while reimbursements are withheld until such time that the food and medicine have been delivered to the three northern governorates. If the corresponding value of goods destined to the northern governorates could be made available from the ESC account to the ESB account upon the approval of the relevant applications, approval letters could be issued for additional applications valued at in excess of \$0.5 billion. As a consequence of the above factors, during the first 11 phases of the Programme, the average of actual funds available to sectors varied between 94 to 100 per cent of the distribution plan allocation in the food-handling, housing, oil spare parts and food sectors, while other sectors, such as education, water and

sanitation, electricity, agriculture and health received only between 57 per cent and 77 per cent of the funds allocated to them in the distribution plans. Following the agreement of the Government of Iraq to the proposal of the Executive Director of the Iraq Programme for revising the sectoral allocations to give priority to the grossly under-financed sectors, most of the additional revenue received from interest, as well as the unspent allocations of the oil spare parts sector, were utilized to partially offset the shortfall of funds in the most affected sectors.

10. The level of holds had peaked by 15 July 2002, with 2,174 applications worth \$5.43 billion on hold at the time. Pursuant to paragraph 18 of the revised procedures adopted under resolution 1409 (2002), all applications on hold were divided in two categories. As at 19 September 2002, a total of 376 category B applications containing no 1051 items worth some \$380 million had been re-assessed by the United Nations Monitoring, Verification and Inspection Commission/International Atomic Energy Agency (UNMOVIC/IAEA) as containing no items included in the Goods Review List (GRL), and consequently approved by the Office of the Iraq Programme. In order to complete GRL assessment regarding further 223 category B applications worth \$767 million, the Secretariat experts requested additional information from the suppliers. The Office of the Iraq Programme has also returned to the submitting missions concerned 159 category A applications worth some \$200 million, which contained one or more 1051 items. The level of holds was further reduced through releases by holding missions and null-and-void procedures, resulting in 1,290 applications worth \$3.74 billion still on hold as at 19 September 2002. With the continuing release of present holds, the processing of category B holds and the return of the remaining category A holds, the volume of applications on hold will continue to decline and would cease to exist by mid-October 2002, when items will either be approved or denied.

11. As at 19 September 2002, the Committee had approved a total of 1,177 applications worth \$2.6 billion on condition of end-use verification. Goods have been delivered partially or fully for 763 of those applications valued at \$1.55 billion, which continue to be observed or monitored as required. It should be noted that the very first, and so far the only, application containing GRL items and approved by the Committee under the revised procedures, was approved on the specific condition of end-use verification. The United Nations observation mechanism has adopted a standard format and common methodology for provision of assessment reports on “the humanitarian, economic and security implications, of the approval or denial of the GRL item(s), including the viability of the whole contract... and the risk of diversion of the item(s) for military purposes”, as stipulated by paragraph 9 of the procedures under resolution 1409 (2002).

ESC (13 per cent) account

12. Since the start of the Programme and as at 19 September 2002, some \$7.1 billion was allocated to the ESC (13 per cent) account, of which \$4.17 billion was allocated to the United Nations for implementing the humanitarian Programme in the three northern governorates, on behalf of the Government of Iraq. The remaining \$2.93 billion was allocated for reimbursement to the ESB (59 per cent) account for the supplies of food, medicines and vaccines delivered to the three northern governorates under the bulk procurement arrangements, as well as the funds charged to the ESC (13 per cent) account for the cost of oil spare parts and equipment.

13. A statistical overview of the processing and approval of all applications for contracts submitted under the ESB (59 per cent) and ESC (13 per cent) accounts is contained in annex III to the present Note.

IV. Observation and monitoring activities

A. Inspection and authentication of humanitarian supplies

14. The process of inspection and authentication of supplies by the United Nations independent inspection agents in the authorized entry points of Iraq have proceeded normally, including the port of Umm Qasr, where the movement and authentication of goods that had arrived were constrained previously by a number of administrative and logistical factors. Following a proposal by Saudi Arabia and the agreement of the Government of Iraq, the United Nations has taken steps to establish an additional United Nations independent inspection site at an Iraq/Saudi border crossing for the delivery of Programme goods and supplies to Iraq. This site, which is constructed on the Iraqi side of the border at Ar'ar, is expected to become operational in mid-October 2002.

B. Monitoring of oil spare parts and equipment

15. The oil spare parts and equipment inspection team carried out 390 visits to various warehouses and facilities in the south and north of Iraq between 1 May and 30 August 2002. The Committee approved a total of 467 contract applications, worth \$386 million, on condition of "end-use/user" and follow-up monitoring, of which the goods approved under 303 contract applications, worth \$219.5 million, have arrived in Iraq and were inspected by the team, as required. The inspection team is also responsible for carrying out special authentication of services rendered by foreign suppliers.

C. United Nations observation mechanism

16. Observation of efficiency, equity and adequacy and final use for the intended purpose continues to be an intrinsic task of the United Nations. There will be the need to further increase the capacity to analyse the impact of non-approval of GRL items on the humanitarian situation, stemming from resolution 1409 (2002) and the new set of procedures.

17. In general, the co-operation of the Government of Iraq in the observation process has been satisfactory. During the period May to end of July 2002, the United Nations observers carried out 69,137 visits. A breakdown by sector and type of observations is presented in annex IV. End-use/user observations confirm that commodities provided under the Programme were effectively distributed and utilised for approved purposes.

18. The United Nations Humanitarian Coordinator in Iraq and the heads of relevant United Nations agencies and programmes met with the Minister of Education and the Minister of Higher Education and Scientific Research. The two sides agreed on steps to promote better co-operation in observation activities concerning the education sector. As a follow-up, the Basic Education

Taskforce, comprising United Nations and Ministry of Education (MOE) counterparts, was convened to discuss outstanding issues, including observation of supplies distributed to the central departments of the Ministry of Education in Baghdad, and facilitating response to queries on end-use items. It was also agreed to hold regular fortnightly meetings to resolve operational matters, such as MOE distribution plans and joint assessment of activities, as appropriate.

V. Programme Implementation

A. Sectoral focus

Food

19. Of the total of 194 applications submitted under, or transferred to, phase XII as at 17 September 2002, 185 applications valued at some \$737 million were approved against the allocated \$1.275 billion for purchases of food commodities and non-food items. A detailed breakdown of the status of contracts and delivered supplies in the food sector is provided in Table 1 below.

Table 1: Phase-wise status of contracts and arrivals (as at 17 September 2002)
(in \$US)

Phase	Total Received	Total Approved	Total Arrived	Balance	% Arrived	% Remaining
Phase I	921,591,058	921,591,058	919,125,163	2,465,895	99.73%	0.27%
Phase II	844,219,000	844,219,000	844,219,000	0	100.00%	0.00%
Phase III	873,891,505	873,891,505	873,891,505	0	100.00%	0.00%
Phase IV	906,627,775	906,627,775	906,627,775	0	100.00%	0.00%
Phase V	899,056,219	899,056,219	871,258,069	27,798,150	96.91%	3.09%
Phase VI	1,038,842,434	1,038,842,434	894,138,100	144,704,334	86.07%	13.93%
Phase VII	1,162,801,522	1,162,801,522	1,073,102,745	89,698,777	92.29%	7.71%
Phase VIII	1,583,168,243	1,583,168,243	1,426,038,754	157,129,489	90.07%	9.93%
Phase IX	1,274,356,245	1,274,356,245	1,059,743,076	214,613,169	83.16%	16.84%
Phase X	1,395,594,518	1,395,594,518	1,135,194,617	260,399,901	81.34%	18.66%
Phase XI	1,298,976,532	1,292,596,928	230,216,111	1,062,380,817	17.81%	82.19%
Phase XII	821,867,313	737,491,254	0	737,491,254	0.00%	100.00%
Total:	13,020,992,363	12,930,236,700	10,233,554,914	2,696,681,786	79.14%	20.86%

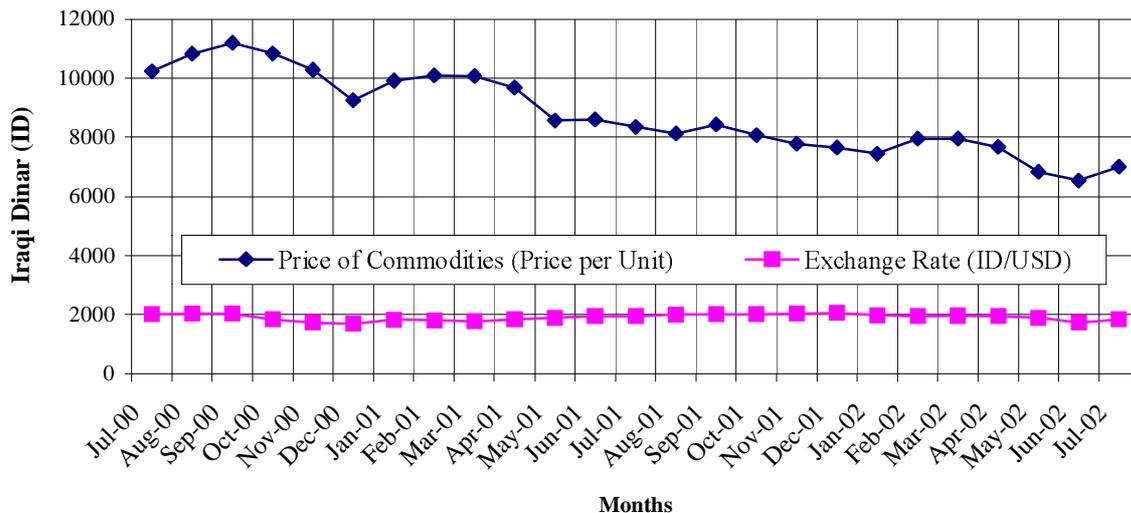
20. At the end of the reporting period, stocks in the Programme-allocated facilities amounted to 639,235 metric tons, compared to the monthly requirement of 459,986 metric tons. The United Nations observers reported the arrival of 8,681 metric tons of vegetable oil, 2,392 metric tons of soap and 200 metric tons of detergent, processed locally from raw materials supplied under the Programme, during the reporting period. These commodities were recorded as local production.

21. In the centre/south of the country, a total of 1,139,285 metric tons of food and nonfood commodities was distributed to 22 million beneficiaries, who received their ration regularly, on-

time and in accordance with the announced food basket by the government. The distributed ration provided 2,257 kcal of energy and 52.03 g of protein per person per day, countrywide. This corresponds to 91 per cent of energy and 86 per cent of protein requirements of the food basket recommended in the Distribution Plan. The shortfall in calorie and energy levels was due to the distribution of lesser quantities of pulses (1.0 kg instead of 1.50 kg), dried whole milk (0.50 kg instead of 1.0 kg) and vegetable oil (1.25 kg instead of 1.50 kg). The United Nations have been unable to date to obtain a clear explanation for these deficits, as adequate stocks of these commodities existed in Government warehouses.

22. The steady pace of supply for most of food basket commodities continued. Market surveys on the prices of food basket commodities in centre/south indicate that the prices of these goods decreased during the period by 14 per cent compared to those in February-April 2002. Price reduction for most of these items could be attributed to their availability in the local market, as well as the appreciation of Iraqi Dinar by 7 per cent in comparison to the previous quarter. The downward trend of the price of the food basket items between July 2000 and July 2002 is reflected in Table 2 below.

Table 2: Market prices of food/non-food commodities included in the food basket in centre/south



23. Amongst those who had received infant formula, 5,300 households were interviewed for spot-checks during the reporting period. Out of those interviewed, 28 per cent commented, on a voluntary basis, that they did not use infant formula due to either breast-feeding or/and the unsuitability of the brand. The common trend for these families is to exchange or sell this item for another brand or to buy other commodities or keep it for future use.

The three northern governorates

24. During May - July 2002, a total of 220,082 metric tons of food commodities arrived at the warehouses operated by WFP, of which 205,482 metric tons were distributed to 3.6 million beneficiaries.

25. Food deliveries remained stable. The distribution of the food ration was not disrupted, despite temporary congestion at Mosul transit warehouse for about two weeks during the month of May, caused mainly by the relatively high volume of arrivals of commodities and the diversion of trucks for the transport of harvested crop. Spot-checks showed that all food and flour agents received the ration on time. The shortfalls in the supply of salt, infant formula and lentils in May and June and chickpeas in April were delivered to the warehouses and distributed to beneficiaries in July and August.

26. The second phase of the WFP household verification exercise was completed in May 2002. The objective of this study was to improve the accuracy and integrity of the population data. WFP teams were able to cover 96.2 per cent of the households. The remaining 3.8 per cent were not covered largely due to security concerns in Sulaymaniyah Governorate. Maintenance of the population database is a continuous process due to recurrent additions and deletions. As at 31 July 2002, the total number of beneficiaries verified was 3,542,254 against phase XII distribution plan population estimate of 3,707,850.

27. In May 2002, WFP completed a study on secondary data/vulnerability analysis and mapping (VAM). The conceptual framework of the VAM exercise emphasized three core components of food security, namely availability, access, and utilization of food. A range of indicators, among others wheat and animal production and income, were used to determine the final vulnerability index, classified in five groups ranging from highest to lowest levels of vulnerability. The most vulnerable groups were located in Penjuin, Chamchamal and Halabja - three districts of Sulaymaniyah Governorate. In Dahuk Governorate, the inhabitants of the Amedi, Shekhan and Akre districts were highly vulnerable. Inhabitants of Erbil Governorate belonged all to medium and/or lower level vulnerable groups. WFP visited the identified vulnerable districts. Interviews with district officials, community leaders and the most vulnerable community members provided information on these areas and on community groups regarding the causes of their respective vulnerabilities. Preliminary findings indicated that, among others, low production of wheat and barley because of topographical or climatic conditions and the lack of or few work opportunities for female-headed households, the elderly, and/or handicapped persons were causes of vulnerability.

28. WFP and FAO completed a food security intervention in the drought-affected areas in the governorates of Dahuk and Erbil. Deliveries are still ongoing in Sulaymaniyah. This intervention aims at assisting food insecure households in the post-drought recovery phase. Under the Small Ruminants Rearing Project, 6,467 female-headed households received sheep and goats. An impact assessment conducted recently by the United Nations in Erbil and Dahuk indicated that recipients had gained greater independence and empowerment, due to increased incomes from the sale of milk and wool.

Transport and food handling

29. During the reporting period, 6,534 vehicles imported under the Programme, such as trucks, buses, cars and pick-ups, continued to improve transportation of goods and passengers. Nevertheless, an ageing private sector truck fleet continues to impact negatively on the overall transport and distribution efficiency of the humanitarian commodities. Additionally, the lack of

adequate spare-parts in the local market continues to aggravate the problems faced by the critical road transport providers. It is estimated that, in the past, the private sector met 80-85 per cent of all road transportation of goods and passengers. However, the deteriorating condition of vehicles and its impact on safety and environment has gradually reduced the share of the private sector in the road transport economy.

30. While the delivery of the last 20, out of a total of 50, new mainline locomotives and the arrival of a vast amount of locomotive spare parts will increase the potential traffic carrying capacity of Iraqi Republic Railways (IRR), the actual increase in carried tonnage will be quite modest, due to deteriorated rail tracks, as well as deficiencies in signalling equipment and telecommunications systems. Earthworks associated with the renewal of the main line track continued at a good pace over much of the Baghdad-Mosul and Baghdad-Basrah lines. The arrival in June of approximately 40 km of new rail will help to ensure that track-laying progress is not interrupted. However, the non-approval of contracts for the supply of additional flash butt welding machines and ballast regulators may constrain track-laying progress in the future.

31. Major improvements have been noted in the vegetable oil industry. The State Company for Vegetable Oil Industries has received boiler pumps, forklifts and raw materials for vegetable oil and soap production and the items have been distributed to the five factories under the Company. These items have enhanced the output and the quality of products from these facilities. Also, bakeries in Baghdad received some basic equipment like transfer platforms. The State Company for Grain Processing is renovating some baking lines and two lines in the Baghdad Bakery are now operational. Bread from this bakery is supplied to hospitals.

32. The Kufa Leather Tanning Factory in Najaf Governorate lacks spare parts and modern tanning equipment, contracts for which are on hold. This affects the quality of leather products. The least favourable situation is in dairy plants whose general condition of machinery is very poor. Items that have been received under the Programme, such as the processed cheese-packaging machine, cannot be used in the absence of cheese process lines that have yet to be approved. In addition, deteriorated condition of refrigerated trucks used in the distribution of dairy products implies that product freshness cannot be guaranteed.

33. Installation and commissioning of the equipment for cold stores and deep freezers for food industry are in progress with the request for the first cold stores and deep freezers. Though the new chain of cold stores and deep freezers represents a significant improvement, overall availability of temperature controlled storage facilities in the country remains inadequate. Most of the existing cold stores continue to be non-operational, as spares required for their repair and maintenance are yet to be approved.

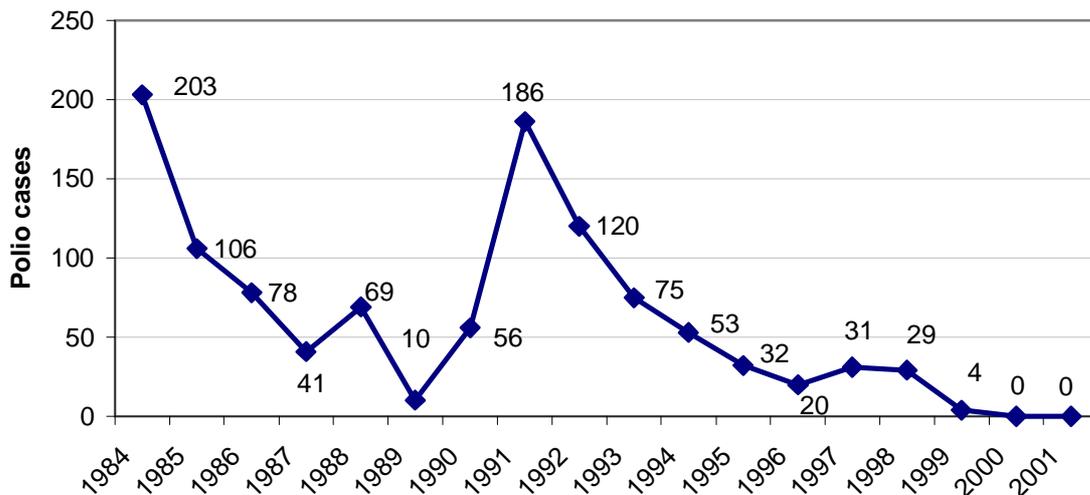
34. Over the current period, a total of \$ 22.8 million of inputs, comprising spare parts for mills, weighbridges and calibrating trucks for weighbridges, were received. The pest control equipment, which was also received during the period, will improve the shelf life of the flour. The expansion works at the rice silos in Najaf and Qadissiya will increase the storage and handling capacity there.

35. The main quality control laboratory of the State Company for Grain Processing in Baghdad received new equipment to perform rheological tests of flour and dough. Equipment was also distributed to main laboratories in each governorate to perform basic analyses of the flour and dough. The first atomic absorption spectrophotometer was approved for the State Company for Grain Trading to permit determination of the content of proteins and heavy metals, such as lead, copper and iron. This equipment will reduce the quantity of necessary reagents, i.e. substances used to cause a chemical reaction to detect the presence of other substances.

Health

36. In June 2002, the United Nations reviewed the rates of communicable diseases in the centre/south of Iraq, and found a downward trend for cholera, cutaneous leishmaniasis, diphtheria, German measles, malaria, measles, meningitis, mumps, neonatal tetanus, poliomyelitis, scabies, tetanus and tuberculosis. The study also shows stabilization of brucellosis, hemorrhagic fever, hydrophobia and viral hepatitis. Thanks to high quality immunization campaigns, no polio cases have been reported since 20 January 2000. However, for hydatidosis, pertussis, toxoplasmosis and visceral leishmaniasis, the review indicates an upward trend.

Table 3: Polio cases centre/south from 1984 to 2001



37. Although there has been an overall improvement in water quality since 1997, many cases of water borne diseases such as giardiasis, amoebic dysentery and typhoid, have shown slight increases. The high incidence of water borne diseases can be largely attributed to the poor state of water and sanitation networks in the country.

38. Overall decrease in morbidity is due to an increase in diagnostic and treatment capacities and greater availability of imported and locally manufactured drugs, improved mainly because of the import of equipment and supplies under the Programme. These have led to a general advance in the health delivery system of Iraq. Data obtained by United Nations observers from the Ministry of Health shows significant growth in the number of consultations for preventive and curative care in health facilities, laboratory investigations and major surgical interventions.

39. The average production capacity of pharmaceuticals and medical supplies at Samara Drug Industries (SDI) has increased from five per cent of the designed capacity in 1999 to 50 per cent in 2002. However, as a consequence of lack of filters, the level of wastage during the production process is still too high, reaching 40 per cent for ampoule production. The Ninewa Intravenous Fluids Plant, whose production covers 40 per cent of Iraq needs intravenous fluids, has a similar problem with high wastage rates, presently about 17 per cent. The Arab Company for Antibiotic Industries (ACAI) factory has not started yet the production of injectable antibiotics due to lack of filters required for clean processing rooms. Nevertheless, ACAI has received raw and packaging materials that permit the revival of the manufacture of Amoxicillin and Ampicillin antibiotic in the form of suspensions and capsules.

40. The United Nations has observed that approximately 80 per cent of the essential drugs tracked at the hospitals and chronic illness pharmacies were adequate. At other health facilities, drugs continued to be made available in limited quantities. As a result, daily rationing of medicines continues except for in-patient services. Only approximately half the pharmaceuticals and medical items approved have been delivered to Iraq. Delays in delivery of Programme medical items are attributed to the complexity of the contracting process: identification of suppliers, bidding and submission of contracts involve many actors and lengthy consultations before applications reach the Office of the Iraq Programme. Long lead times for delivery by suppliers, coupled with erratic arrivals of goods, worsen the situation. It takes an average of eight months from approval to delivery. The delays in the conclusion of contracts and submission of the related application result in many approved applications remaining without necessary funding. As at 17 September 2002, there were 118 Comm. Nos. on hold valued at \$270 million. These factors contribute to a shortage of medicines to treat certain chronic diseases. Fifteen "on-hold" applications which were on the Government's priority list, including two applications for four different anti-cancer drugs, (Endoxan, Daunorubicin, Methotrexate and Cyclophosphamide), have now been approved following their re-circulation under paragraph 18 of the revised procedures approved by resolution 1409 (2002). The relatively low funding accorded to the sector by the Government and the relatively high number of contracts still on hold continue to be a matter of concern. Under phase XI, out of an initial allocation of \$178 million, contracts worth about \$133 million were submitted to the Office of the Iraq Programme, of which, some \$91 million were approved and only \$42 million were funded. During the first 90 days of phase XII, against an allocation of \$155 million, about \$89 million had been submitted so far, out of which \$54 million had been approved and only \$33 million funded.

41. The countrywide shortage of vaccines reported previously is expected to wane, as the needed vaccines have been procured and are already arriving in the country. The erratic supply of vaccines is obviously impacting adversely on children's health. Though the situation has improved for some of the vaccines like OPV, BCG, TT and hepatitis B, the shortages of vaccines for measles and DPT have continued. Scarcity of these vaccines has adversely affected the routine immunisation activities. This is reflected in lower coverage for some antigens, such as measles for which coverage dropped from 92 per cent in 2000 to 28 per cent in 2001. These recurrent shortages are due to numerous bottlenecks in bulk procurement by the Government, such as contracting and delivery. Currently, UNICEF is in the process of engaging a team from

its central warehouse in Copenhagen to visit Baghdad to discuss this critical issue and offer support in resolving it.

42. The arrival of 1,944, out of 3,341 vehicles ordered under the Programme, has improved the health care delivery system. Some 900 ambulances, imported to re-establish basic emergency patient transport, have improved the capacity to respond to emergencies in intensive care services. Import of other vehicles, including 155 refrigerated trucks, contributed to the improvement of efficiency of the distribution of vaccines, drugs and medical supplies.

The three northern governorates

43. During the past six months, there was a severe shortage of vaccines for preventable childhood diseases especially those for BCG (tuberculosis) and DPT (diphtheria, pertussis and tetanus). This can have a serious negative effect on child survival. Cumulative immunization rates for BCG further declined from 42 per cent in April to 35 per cent in June 2002, while during the same period coverage rates for DPT declined from 33 to 30 per cent and measles coverage dropped from 99 per cent in 2000 to 68 per cent in 2001. Vaccines that arrived at the beginning of July will not be enough to cover for the cumulative dropout rate. WHO expects that current stocks will be depleted within two months. This shortage of vaccines is a problem encountered countrywide, which will be temporarily alleviated with the arrival of supplies during the last month and a half. This will ease the shortages as soon as quality control procedures are completed and their distribution starts.

44. The second round of polio national immunization days was carried out targeting all children under the age of five, with a coverage rate of 95 per cent. Routine vaccination continues in primary health care centres (PHC), and 55 mobile immunization teams visited remote areas of all three northern governorates not covered by PHCs. Surveillance for early detection of acute flaccid paralysis is ongoing satisfactorily. Eleven cases were reported and studied in this period, with no poliomyelitis confirmed.

45. No cases of cholera were reported. Malaria continues to be controlled through the spraying of breeding areas of mosquitoes with insecticides. Treatment of tuberculosis continues through a Directly Observed Treatment short course which enhances patients' compliance with treatment, thus decreasing the probability of relapse of the infection.

46. About 70 per cent of previously missing items including anti-cancer drugs, oxytocin injections, surgical sutures, infusion sets and some laboratory reagents were received at WHO/DOH warehouses. All facilities obtained an equitable proportion in relation to the number of patients treated per month. There is now an adequate stock of antibiotics, intravenous fluids, oxytocine, gloves and disposable syringes. However, there is still a short supply of some essential items such as anaesthetics, narcotics, analgesics, anti-D, X-ray films and developers, sutures, papers for electrocardiogram, as well as laboratory reagents and test kits.

47. During the period under review, a total of 13 hospital renovation projects were completed at a cost of \$2.2 million while another 28 renovation projects valued at \$15.6 million are on-going. Although construction of the ancillary buildings of the 400-bed hospital in Sulaymaniyah

has finally commenced, the very slow rate of progress in the implementation of this project continues to cause very serious concern to both the Programme and the local authorities, culminating with recent adverse media reporting. Measures are being taken by WHO at the headquarters level to expedite the implementation of the project. The Security Council and its Committee will be kept informed on the progress made in that regard.

Nutrition

48. Malnutrition is a symptom that reflects the negative impact of several possible factors, like lack of food due to limited household resources, inappropriate dietary habits, diseases compounded by inadequate medical treatment due to poor health services or by diseases caused by unhygienic environments due to contaminated water sources, insufficient access to potable water, lack of sanitation facilities or bad hygiene practices. The slow decrease of malnutrition rates in the centre and south is due to the gradual improvements in various sectors covered under the Programme.

49. The deteriorating trend of malnutrition among children under five years of age appears to have been arrested. Although final data are not yet available, the preliminary results of a UNICEF supported Nutrition Status Survey, conducted in February 2002, showed a reduction in the rates of chronic malnutrition in children under five years of age, in comparison with the year 2000. Further reduction of malnutrition rates will depend on the continued investment in the restoration of basic services.

50. So far, the centre and south of Iraq have not received therapeutic milk (THM) imported under the Programme. This was caused by the inability of the supplier to replace contaminated shipment in two cases, under phases IV and VI, and unilateral cancellation of contract by the supplier in two other cases. Additionally, high protein biscuits (HPB) have not been available in the country during the reporting period. The main reasons for this shortage were the unilateral cancellation of two contracts by the supplier and delays in contracting procedures and delivery of supplies. The Government of Iraq should avoid delays in contracting and delivery of both HPB and THM, as both these products can play an important role in reducing malnutrition rates among young children, as evidenced in the targeted and supplementary feeding programmes being implemented by the United Nations in the three northern governorates (please see paragraphs 52 and 53 below). The distribution of high protein biscuits was not tracked by the United Nations observers in June, because the Community Child Care Units, most of which are located in schools, were closed for summer holidays. In July, the United Nations observers visited schools on Tuesdays and Saturdays, as they were opened for educational administrative reasons only on those days.

51. Data from the UNICEF country programme shows that during the first six months of 2002 more than 502,800 children were screened, of whom 100,560 were found malnourished, a high percentage (20 per cent), that is similar to countries of low human development. It is estimated that during the past 12 months, more than 720,000 malnourished children under five years of age and 660,000 pregnant and lactating women were not able to benefit from HPB because supplies were not available in the 15 governorates in the centre/south of Iraq. In the

context of the Programme, malnourished children are those with two or more standard deviations below the norm for 'weight for age'.

The three northern governorates

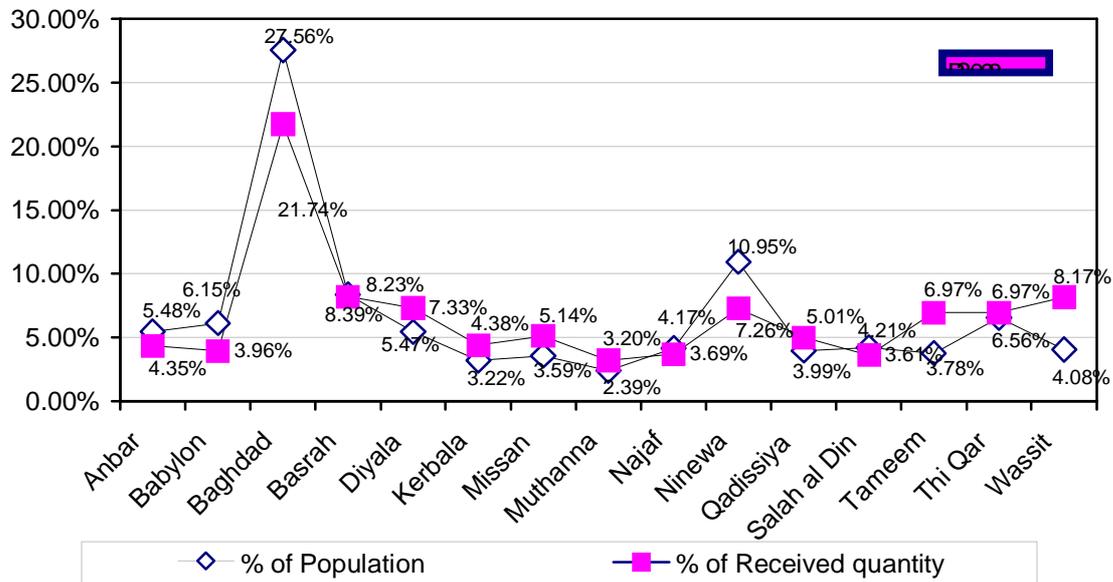
52. The results of routine screening at PHCs confirmed the steadily decreasing rates of malnutrition in children under the age of five in all three northern governorates. An UNICEF survey carried out in June 2001 showed that 10.7 per cent of the screened children were moderately malnourished. PHC-screening indicated that this figure had decreased to 4.6 per cent in June 2002.

53. WFP delivered 2,070 metric tons of food under the Supplementary Feeding Project to an average of 73,900 beneficiaries per month, including malnourished children, pregnant/lactating women and hospital in-patients. The supplement provided an additional 1,230 to 1,756 kcal and 19.1 to 30.5 gram of protein a day per beneficiary. The amount of commodities provided under the project varies depending on the target group. WFP will slowly reduce the supplementary food rations to malnourished children and their families by the end of the year because of the improved nutritional situation in the north.

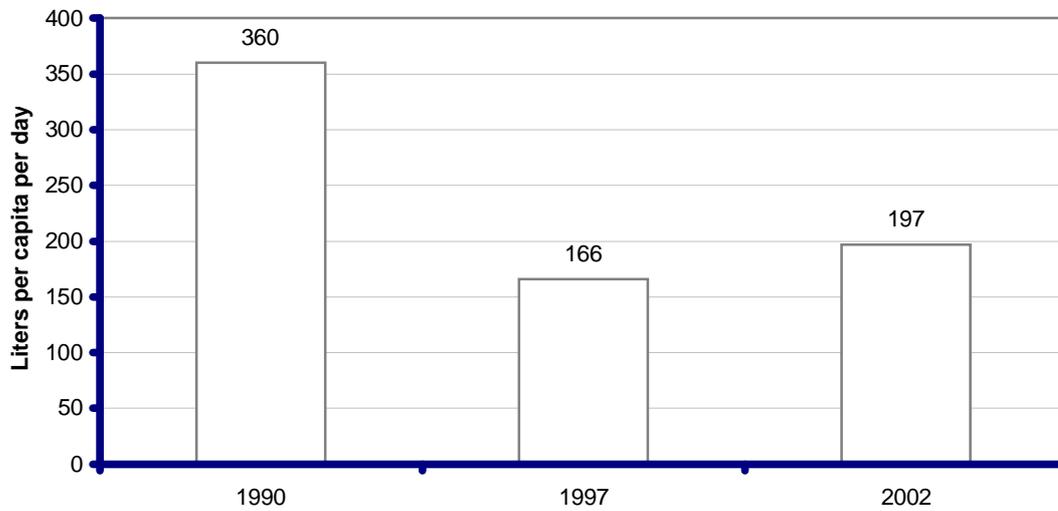
Water and Sanitation

54. The continuous arrival of supplies under the Programme, such as chemicals, pumps, pipes and chlorinators has halted the deterioration of water treatment plants and compact units, steadily increasing potable water production capacity at these facilities. As a result, availability of water at water treatment plants serving urban areas has increased from 166 litres per capita per day (l/c/d) in 1997 to 197 l/c/d in July 2002. A similar increase, from 60 l/c/d to 86 l/c/d in rural areas, served largely by water compact units, was registered within the same period. Baghdad City shows stabilization of water supply at plant level during the reporting period. Water from water treatment plants (WTPs) stands at approximately 210 litres per capita/day. This figure does not take into consideration the effect of power cuts and losses in the water distribution system. It highlights the impact of supplies made available under the Programme, on water production and not on the per capita water availability at the household level.

55. In 2000, the Government started to rehabilitate sewerage and water distribution networks with supplies provided under the Programme. The 15 governorates in the centre and south have received 5,916 km pipes of different diameters, as well as equipment such as excavators, cranes and pipe cutters, to replace or renew deteriorated networks, thus improving access of final consumers to potable water. The graph below (Table 4) that shows the distribution of pipes to the different governorates indicates a high correlation, 0.93, between population and kilometres of pipes, i.e. an equitable distribution.

Table 4: Distribution of pipes vs. distribution of population in centre/south as at 31 July 2002

56. A United Nations assessment of compact units (CU) carried out between June 2001 and February 2002 showed an average increase of 21 per cent in water availability for semi-urban and rural areas, from 144 l/c/d to 174 l/c/d. Water availability from compact units managed by local authorities stood at 184 l/c/d, while those managed by communities stood at 86 l/c/d. Further analysis also revealed that local authorities installed 24 of the 27 new CUs, which explains the difference in per capita water availability between local authority and community-managed CUs. Power outages and losses along the network reduce water availability to 110 l/c/d for compact units managed by the authorities and to 52 l/c/d for those managed by communities. These quantities are far below the Iraqi National Standards for semi-urban water supply. Centre and south of Iraq needs more Programme supplies to fully meet water demand in all areas. Minimal additional Programme supplies required are 800 new compact units, 1600 new water pumps, and 600 generators. The Government has placed contracts to meet these needs. However, at the time of the preparation of this report, 7 water pumping stations are approved but remain to be funded, due to the shortfall in revenues available to the Programme; 150 compact units, 800 water treatment compact units and 146 generators are still waiting approval.

Table 5: Water availability at urban treatment plants in centre/south

57. Recent rains in the country have increased water levels in the two major rivers serving water treatment plants and compact units, thus increasing raw water availability at the intake. However, the previous drought resulted in saline intrusion in some of the tributaries that serve rural compact units in Basrah, Missan, Thi-Qar, and Wassit Governorates, forcing the associated compact units to shut down. As a result, water supply was rationed in the affected communities and consumers received water from tankers. Thus, provision of reverse osmosis plants to these communities would greatly enhance the provision of potable water. United Nations observation in those governorates revealed that the water quality in the raw water sources appears to have slightly improved with the recent rains. In the absence of data, the number of years of good rains needed to remove the salinity could not be ascertained. However, based on professional experience, the immediate return of water quality to normal appears to be most unlikely.

58. Data from UNICEF's Programme review of 1990 to 2000 indicates that in 1990, Baghdad City had 800 garbage collection trucks of eight cubic meters capacity each. A collection rate of 1.5 kg per capita per day for 4.25 million inhabitants, with a total of 6,375 metric tons collected each day, was maintained by making two trips per day. From 1991 to 2000, the number of collection trucks decreased to 80, while the population increased to 5.6 million and the collection rate fell to only 0.5 kg per capita per day. Almost two thirds of the garbage remained uncollected, while garbage disposal areas were getting nearer to the city. In 2001 new collecting vehicles started to arrive under the Programme.

59. Since then, Baghdad City has received, under the Programme, 730 garbage collection vehicles and 855 service vehicles, all of which have been distributed and put to good use. Recently, a United Nations assessment of the garbage collection system in Baghdad City verified that all the available compactors and skip trucks have been imported under the Programme. Resafa landfill, the only dumpsite for Baghdad City, receives now about 2,500 metric tons per day, against an estimated need of 4,500 metric tons. To fill the gap between the requirement and present capacity, there will be a need for both additional assets and improvements in the operational management of these services.

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60. Access to potable water is still much below the standard adequacy line, both in terms of quantity and quality. The estimated per capita availability varies from about 100 litres in semi-urban areas to approximately 150 litres in the main cities of Dahuk, Erbil and Sulaymaniyah. Only 60 per cent of treated water reaches final consumers because of deterioration of the distribution networks. High leakage and excessive wastage of water among urban households due to the absence of water-meters are increasing shortages in all three northern governorates. Results from a survey on water supply and sanitation services conducted by UNICEF in urban and semi-urban areas of Sulaymaniyah in 2001, showed that the existing networks benefited less than 60 per cent of the population. The survey comprised an assessment of water supply in both urban and semi-urban areas of Sulaymaniyah Governorate. As a result, 40 per cent of households continue to rely on water extracted from shallow wells or on supplies from tankers.

61. Quality and quantity of water supplied to households in rural areas are well below standards. Estimated per capita supply is in the range of 20 to 30 litres as opposed to the minimum standard: 50 litres per capita per day, with a contamination level of less than five Ecoli per 100 ml per sample. At times up to 50 per cent of the samples analyzed present contamination levels above the standard. Most rural water supply facilities, such as standpipes, were rapidly constructed as an emergency response before the start of the implementation of the Programme, with undue provision of future expansion and sometimes with poor quality of construction resulting in the need for rehabilitation.

62. During the reporting period, the United Nations collected drinking water samples for bacteriological and chemical analysis. From a chemical point of view, more than 98 per cent of the samples were within WHO guidelines. Almost 100 per cent of water collected in the urban areas of Dahuk, 78 per cent in Erbil cities, 95 per cent in Sulaymaniyah towns continued to comply with WHO guidelines regarding bacteriological quality. Yet the quality of water in semi-urban districts, with a mean of 83 per cent, and rural areas, with a mean of 58 per cent, did not comply with WHO guidelines.

63. The UNOPS urban water and sanitation project has established its headquarters in Erbil, with field offices in Dahuk and Sulaymaniyah, staffed by local engineers. To date, however, only one out of six international staff members, the project manager, has been granted a visa, thus delaying the effective implementation of the project.

64. Basic city maps are nearly complete showing land, roads and housing on which detailed information concerning the location of water sources, water and sewage networks, electricity and telecommunications networks, population density, major water users and sources of pollution can be overlaid. A tender has been issued for this detailed survey. Once completed, the data will provide, in conjunction with a master plan, a firm basis for planning and programming of inputs.

65. A detailed bill of quantities has been drawn up for the replacement of pumps in the Sulaymaniyah-Dokan water supply project and the Ifraz and Ainkawa treatment plant in Erbil. A tender has been issued for the construction of a machine shop in Erbil that will repair

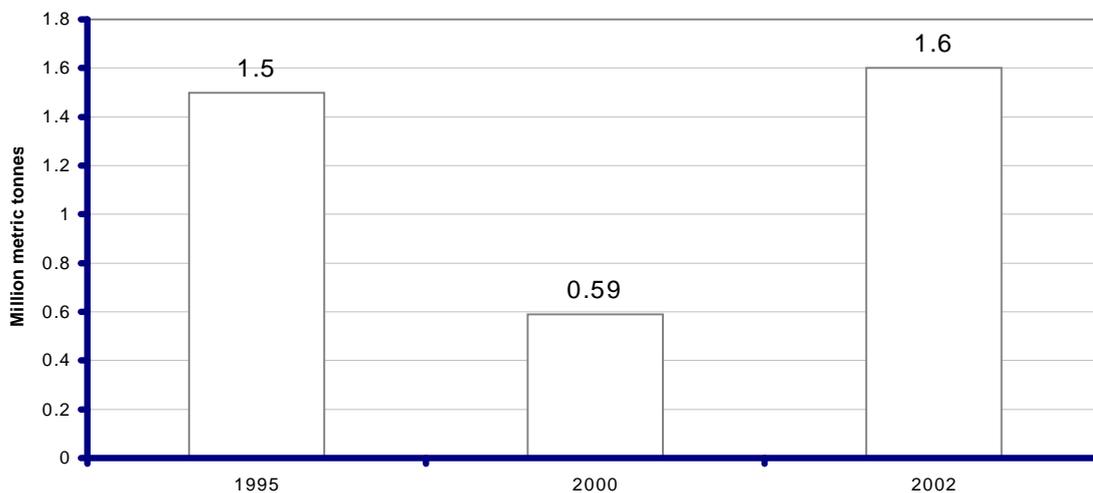
water/waste-water equipment; bids are expected in September 2002. A contract is under negotiation for the establishment of pilot zones in each of the cities in the three northern governorates. This will pilot-test leak detection and network rehabilitation. Tenders have been issued for sewage network and treatment plants; bids will be evaluated immediately upon receipt. UNOPS has identified key aspects of institutional capacity building that need to be addressed. The first project will involve checking water quality at wells in order to promote common standards. UNOPS has decided the number and qualifications for local trainees under the 'Common Roof' component of the Programme. The training locations have been agreed and consultants will be used to increase the technical and managerial competence of local engineers and planners.

Agriculture

66. This season's harvest of wheat and barley is now completed in the centre and south of Iraq, with a bumper yield of more than 1.60 million metric tons for both crops. This represents an almost three fold increase in comparison to the production in 2000, which was 0.59 million metric tons and also exceeds the harvest of 1.59 million metric tons in 1995 prior to the drought which started in 1998.

67. Regrettably, despite extensive efforts by the United Nations regarding arrangements for the procurement of wheat locally, consultations with the parties concerned have continued to remain inconclusive. Accordingly, the Office of the Iraq Programme is not in a position to submit proposals in that regard, to the Security Council Committee.

Table 6: Wheat and barley harvest in centre/south



68. Due to the normal rainfall of 300-500 mm during the past winter season in centre/south of Iraq, water levels of the rivers gradually increased. This, combined with the arrival and installation of irrigation systems, resulted in a rise in the volume of winter cereals and planted areas for summer crops, expanding the demand for essential inputs for plant production and protection, such as pesticides and sprayers.

69. Field surveys for whitefly infestation in citrus orchards showed that the infestation in this season is less compared to the same period of past year. A spraying campaign, which started in April 2002, is still ongoing. A total area of 27,060 hectares, out of the targeted 33,250 was sprayed to date, resulting in good control of the pest. However, there will be a critical need for the second round of spraying in September. If the shortage of pesticides continues, the campaign planned for this September will not take place.

70. The status of the contracts for sprayers, pesticides, and vaccines is a matter of concern, as non-availability of these items already has severe direct negative effects on agricultural production in the centre/south. Under the new set of contract processing procedures established in resolution 1409 (2002), these essential items fall under list A, prepared pursuant to paragraph 18 of these procedures. For the time being, the only possibility to obtain approval for the import of the vaccines may be to place them under United Nations custody from the time of their arrival until their distribution to the end-users. The Government of Iraq has requested FAO to study such an option, applying similar conditions which were used for import and distribution of agriculture helicopter spare parts. Such an arrangement is under active consideration by the Government and FAO.

71. Based on a request of the Government of Iraq, two FAO experts carried out, between May and June 2002, a mission to examine the difficulties related to the diseases and quality of poultry feed, which resulted in some cases of over 70 per cent mortality in layer farms that had previously been reported. Their final report, released in June 2002, made three main recommendations: to improve the availability of reliable poultry vaccines by establishing a fast-track approval procedure to import them from reliable sources; to strengthen the poultry diseases diagnosis and feed analysis capacities by providing all the necessary laboratory equipment, growth media, diagnostics kits and reagents; and to supply regularly good quality feed ingredients. The consultants also recommended improvements in the overall management of the Poultry Revival Programme (PRP) as well as in the procurement process of vaccines and feed. The prevailing diseases and bad quality feed in poultry production threaten to diminish the achievements of the PRP, established in 1998 by the Government of Iraq, following a recommendation by the Secretary-General to increase the production of animal protein in the country. The PRP is supported by inputs imported under the Programme. Achievements of the PRP were evaluated by the United Nations field mission. The production of poultry meat increased from 50,000 metric tons in 1999 to 100,000 metric tons in 2001 and the production of table eggs from around 230 million eggs in 1999 to 460 million eggs in 2001. This represented an increase of 100 per cent in both meat and egg production. Comparative figures for 2002 would be provided to the Security Council Committee when they become available.

72. Three surveys among farmers of centre/south of Iraq on sunflower cultivation, maize husbandry and the distribution system carried out by the United Nations in September/October 2001, November 2001 and February 2002 were completed. The results indicated that Programme inputs, particularly pesticides and herbicides, covered only 20 per cent of the needs of the farmers. The maize survey showed that there was a 10-30 per cent increase in cultivated area, 20-40 per cent in total production and 20 per cent in the number of growers, in average. The system of agents had facilitated access of farmers to agricultural inputs, enhanced their timely distribution and improved transmission of technical knowledge. The majority of

respondents considered Programme inputs of good quality, their distribution equitable and efficient, and the prices reasonable. Most sunflower farmers reported that there was no increase in cultivated area or production because of a shortage of irrigation.

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73. During the last winter, the region had an average rainfall of 733 mm, providing more than enough water for agricultural purposes. As a result, the region experienced a bumper cereal harvest of 0.57 million metric tons of wheat, 0.34 million metric tons of barley and 0.10 million metric tons of chickpeas and lentils during this season. Abundant harvest is also attributed to the use of high quality seeds and other crop production/protection inputs provided by the Programme. Harvest figures show that wheat and barley yields might be at record levels for the past five-year period. As a consequence, market prices of wheat have decreased by 27 per cent and barley went down by 30 per cent.

74. Preliminary results of a socio-economic survey conducted by FAO in January/February 2002 in 455 rural villages, i.e. 30 per cent of rural households in the three northern governorates, reveal that 195,040 households had an average income of less than \$80 per month. On a pilot basis, FAO will initiate special activities to engage 1,500 vulnerable households in various agricultural activities. This project will involve the provision of basic agricultural inputs to the beneficiaries, such as seeds, fertiliser, animal feed and Extension, Training and Research services, with the final goal of improving rural household food security.

75. A bacterial goatskin disease called Dermatophilosis was diagnosed for the first time in this region. This illness is linked to heavy tick infestation caused by unusual long rainy season. The United Nations controlled this infection by dipping most small ruminants with acaricides.

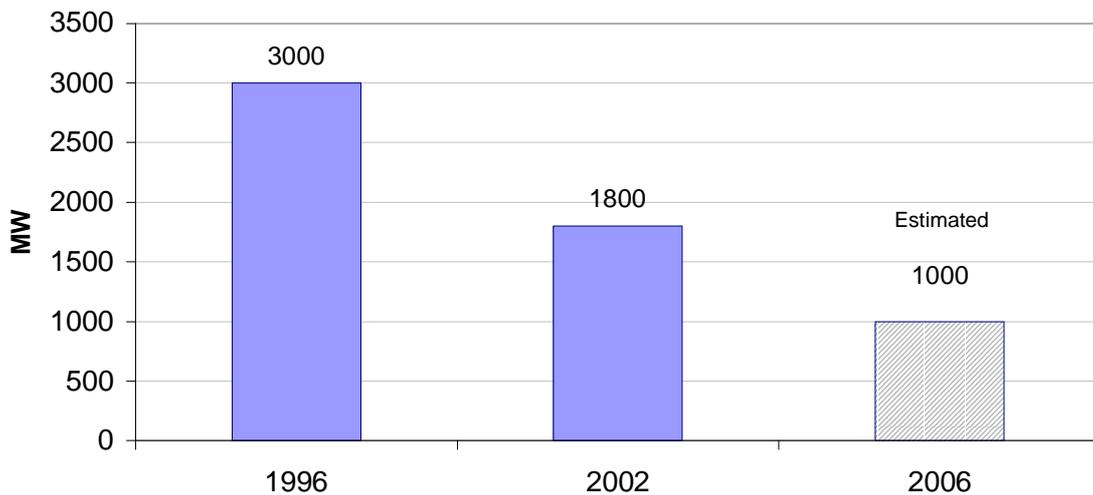
Electricity

76. The situation in the electricity sector is gradually improving. The amount of available power has increased by about 900 MW compared to that of the same period in 2001. There is now a decrease in the duration and number of power cuts. During this year's summer peak, there were no planned power cuts in Baghdad City. However, unplanned outages lasting between a few minutes and several hours are still registered and these are caused by failures in the distribution network. The suburbs of Baghdad and the other 14 governorates of the centre/south continue to be affected by planned power cuts. The total duration of these has been reduced from an average of 16 hours to 10 hours daily, in comparison with the same summer peak period in the previous years since the inception of the Programme. Essential services, such as the main hospitals, and water and sanitation plants are exempt from these planned power cuts.

77. Around 75 per cent of the installed power generating capacity was fully or partially damaged during the Gulf War. Before the start of the Programme in 1996 the peak load demand was about 5300 MW, with an available capacity of 3200 MW, leaving a deficit of 2100 MW. United Nations observers estimate that the current peak demand for the whole country is 6,200 MW, while the available generation capacity is 4,400 MW, representing a deficit of 1,800 MW. If the current contracts for new generation and rehabilitation could be immediately approved and

funded, the power deficit for the country would decrease by 800 MW by 2006. Lack of growth in industry and the deteriorated condition of the power distribution system limits the growth in demand.

Table 7: Power deficits in Iraq



78. Since the start of the implementation of the Programme, out of 55 gas turbine generating units, with an installed capacity of 1391 MW, 20 units have been rehabilitated, representing 41 per cent of the installed capacity. Six new units, of 37 MW each, were put in service during the year 2000. Recently, the first two, of four 125 MW units at Al-Quds (previously Baghdad East), were energized. Out of 34 thermal power-generating units, with an installed capacity of 5785 MW, 10 units have been rehabilitated, representing 38 per cent of the installed capacity.

79. The total installed capacity of the six hydropower plants in the whole country is 2,444 MW. The available generation from these hydro power plants was around 300 MW during the previous year. As a result of the inflow of more water into the reservoirs, due to normal winter rainfall, an additional 400 MW of power is available from these power plants, bringing the contribution from this source of power to 700 MW. Imported spare parts have improved maintenance, increasing the availability and output of the generating units. Apart from this, 21 out of 32 10MW diesel generating plants, installed by the Ministry of Trade adjacent to food silos and contributing to the local network, were commissioned. Moreover, the Commission of Electricity (CoE) is erecting 'generating farms', made up of diesel generators, to supply areas where the consumers cannot access the electricity grid or in locations where the power requirement is localised.

80. It is expected that the first 159 MW unit of Beji gas power stations will be commissioned before the end of this summer. By the next summer peak, the second 159 MW unit of Beji and two 100 MW units of Najibia thermal power stations, which are under rehabilitation, should also be in use. If the contribution of the hydro power plants remains the same as this year, the deficit for the next summer peak might be 1,400 MW. Commissioning of other projects that could contribute to further reduce the power shortage will depend on the approval and funding of

complementary applications such as those for the construction of Yousifiya thermal power plant in Baghdad, the first phase of Rumala gas power plant in Basrah Governorate, the rehabilitation of Dura thermal power plant, and a green field gas power plant at Dibis in Tameem Governorate. Furthermore, certain applications for Yousifiya thermal power plant and Nasiriya thermal power plant were approved but are suffering from lack of funds.

81. The new power stations are being connected to the national grid. The Government of Iraq is systematically rehabilitating and reinforcing the existing 400 kilovolt (kV) and 132 kV network. In the absence of sufficient baseline data and according to preliminary estimates of United Nations observers, materials ordered and allocated budgets are not sufficient to stop the deterioration of the existing network or to allow additional connections. Although supplies are barely sufficient to bridge the wide gap between power demand and equipment needs in the distribution system, they have certainly helped to prevent the collapse of the distribution network.

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82. The rains of the past winter increased the water level of the two main reservoirs and augmented the potential of hydroelectric power generation. In November 2001, the Committee approved the reconnection of the three northern governorates to the national electricity grid. This will be achieved through funding the procurement of two 150 MW gas turbine generators for installation at Dibis and the reconnection of three transmission lines and associated works from Mosul, Kirkuk and Chamchamal to Erbil and Sulaymaniyah. The application for the gas turbines, which was placed on hold by the Committee in December 2000, was re-circulated to UNMOVIC/IAEA on 8 August 2002 pursuant to paragraph 18 of the new procedures under resolution 1409 (2002). It was reviewed in the light of the GRL and a number of technical clarifications were requested. The supplier provided the requested information on 18 September 2002, which was forwarded to UNMOVIC/IAEA immediately. The sustainability of an adequate and reliable electricity supply to the three northern governorates depends on their reconnection to the national grid.

83. Electricity supply from the network in Sulaymaniyah and Erbil Governorates is now sufficient to meet the minimum humanitarian requirements. The United Nations estimates that up to 250 small diesel generators will be relocated due to availability of electricity from the network. UNDP plans to deploy these generators to benefit low-income households that are not yet connected to the network.

84. In early July 2002, due to vandalism and looting, seven transmission line towers collapsed on the strategic 132kV connection between Azadi and the north Erbil sub-stations. Seventy-five per cent of the Erbil Governorate was without power for almost five days, including the water pumping and treatment station. UNDP and the local authorities are cooperating to educate the inhabitants of the governorate on the importance of power supply, so that they will not remove any vital parts of the towers for personal use.

Education

85. The situation in the primary and secondary education sectors has somewhat improved. Programme inputs such as laboratory equipment, teaching aids, learning materials, school furniture and transportation, have made a positive impact in the sector. New equipment for physics and chemistry laboratories was delivered to 1,956 schools.

86. At the start of the implementation of the Programme, school furniture and student desks in the centre and south of Iraq had deteriorated so much that many primary and secondary school students were forced to sit on bare floors during the classes. After five years of Programme implementation 1.2 million school desks have been imported to the country. This has helped to meet the needs in approximately 60 per cent of classes.

87. However, access and quality of education declined significantly. Attendance rates went down by 10 per cent between 1990/91 and 1996/97 and by about 20 percent since the start of the implementation of the Programme in December 1996. Dropout rates increased by 5 per cent from 1990/91 to 2000/01. Major causes are insufficient efforts to rehabilitate school buildings, and socio-economic difficulties in the country, as well as insufficient budgetary allocations made to the education sector, as reflected in the distribution plans submitted by the Government. United Nations carried out an assessment on primary schools buildings, based on data collected by observers between 2000 and 2002. Results indicate that 83 per cent of primary school buildings are in a deteriorated condition, and the Ministry of Education estimates that approximately 5,132 additional schools would be required to meet current needs. There is need for a cash component for the basic education sector to leverage the inputs being imported under the Programme. The quality of education is further impaired due to lack of professional development and low salaries for teachers, which result in poor morale.

88. Programme supplies have contributed to an expansion of the institutional capacity of higher education. Buildings for this sector are in good condition. Import of materials has contributed to expand the existing universities and to open two new universities in ThiQar and Kerbala. However, the teaching and learning environment continues to be affected by the shortage of scientific equipment and books.

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89. The Settlement and Household Survey that the United Nations conducted in 2001 estimated that an additional 3,100 classrooms were required in order to meet the basic needs of students. The study also showed that over 40 per cent of the existing school-buildings must be renovated or rebuilt urgently. Shortage of adequate facilities for primary education has led to congested classrooms and limited access to education for large segments of the population. Similarly, construction of facilities is a priority for higher education due to an increasing number of students. For example, in 1992 there were only 2,000 students in Sulaymaniyah University, while now there are 7,000.

90. During the reporting period, UNESCO implemented the construction and rehabilitation of 25 schools, of which nine were completed and one in pre-construction process. UNESCO has

prioritised the construction and extension of secondary schools in urban areas. UNICEF carried out extension/rehabilitation of 97 primary schools. UN-HABITAT implemented 222 school renovation projects, of which 47 are completed. UNICEF and UN-Habitat have prioritised school construction and extension in rural villages and towns where no primary schools exist, and in densely populated impoverished urban areas where schooling is conducted in multiple shifts. In order to speed up school construction, UNICEF plans to install prefabricated schooling units on turnkey basis. An initial six samples have been ordered.

Telecommunications

91. Telecommunication infrastructure in the centre and south of Iraq continues to improve. According to the Iraqi Telecommunication and Post Company (ITPC), success rate of telephone calls has increased, which is also confirmed by United Nations observation. Degradation of networks has been arrested. This is largely due to the installation of jelly-filled copper cable in all the governorates and the import and use of operational equipment such as electronic components and automatic voltage regulators as well as support equipment like vehicles and air-conditioners.

92. Further improvement in the local telecommunication infrastructure is expected when seven local telephone exchanges are installed to facilitate services to the existing subscribers and 37,000 additional lines for new subscribers are created. Regarding the international calling capacity, improvement is expected after the installation and commissioning of the Satellite Earth Station, and the International Gateway Exchange. Commissioning of the Satellite Earth Station was rescheduled from July 2002 to December 2002, because of the need to redo the antenna foundations due to faulty civil works.

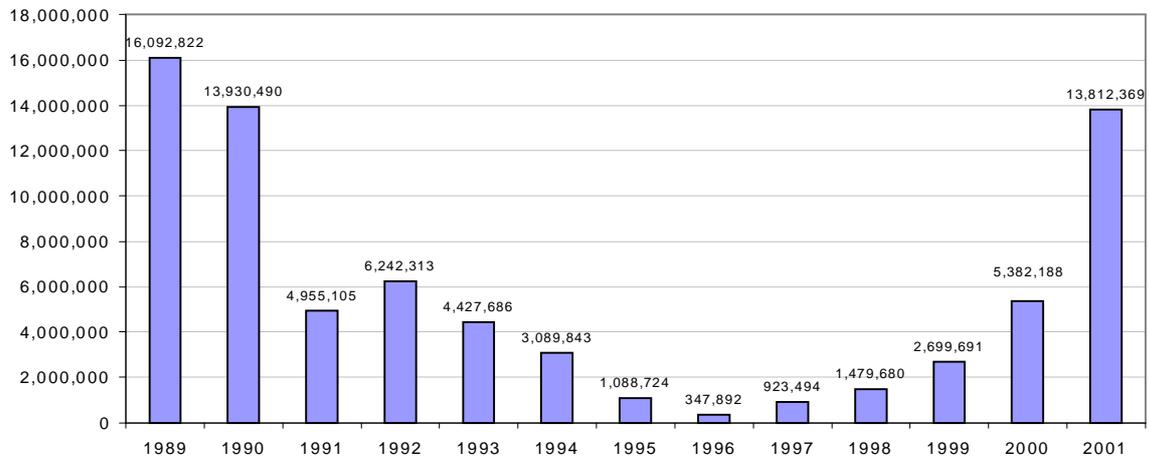
The three northern governorates

93. The first contract of ITU (Comm. No. 51587) for the installation and commissioning of telecommunication equipment is still on hold. ITU, in coordination with the supplier, has already answered the queries requested by the Committee and submitted them for approval. The final replies were submitted in May 2002. ITU has meanwhile started the process of construction and renovation of sites for housing the telecommunication equipment ordered under this contract. The Agency has signed contracts with two local companies for the construction and renovation of 8 buildings for microwave repeater sites in Erbil and Dahuk governorates. All sites have been handed over to the contractors who have started the work according to the implementation schedule. The works are likely to be completed by the end of November 2002. For the four buildings in Sulaymaniyah Governorate, financial evaluation of offers is under process.

Housing

94. The housing sector was included in the Programme in June 2000. The import of construction materials, equipment and machinery has generated a construction boom. In 2001, construction activity in centre/south of Iraq reached the same levels as those in 1990, with 13.82 million square meters of new housing constructed as compared to 13.93 million square meters in 1990. This activity also created 219,328 skilled and unskilled jobs.

Table 8: Residential construction in the centre/south (m²)



95. During 2001, Iraqi citizens built 64,932 new dwelling units to house 551,922 persons. Construction activities continued with 13,462 building permits issued during May-July 2002. The State Trade Company for Construction Materials (STCCM) approved the sale of building materials to 129,411 dwelling units since August 2000. According to United Nations projections (Table 9), this number will increase to 161,953 by the end of 2002. However, in March 2002, the United Nations assessed that the housing shortage was 957,142 dwelling units and estimated that there is need to build at least 2.3 million dwellings to meet the housing need of Iraq. The present level of residential construction can only be maintained if the current level of funding to the sector is sustained.

Table 9: Past and future building activity, till the end of 2002 in the centre/south

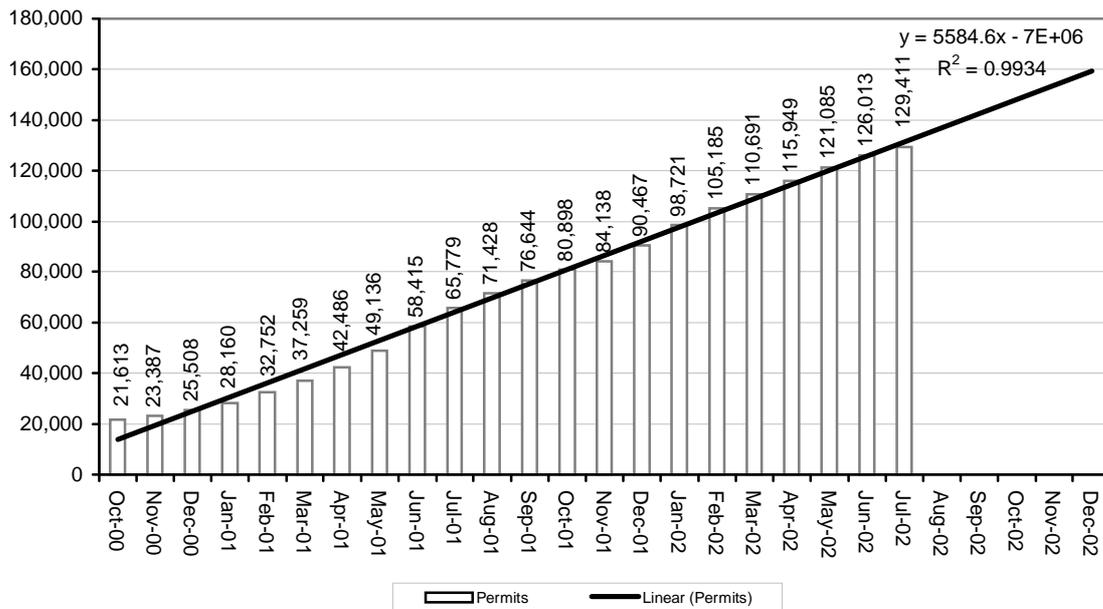
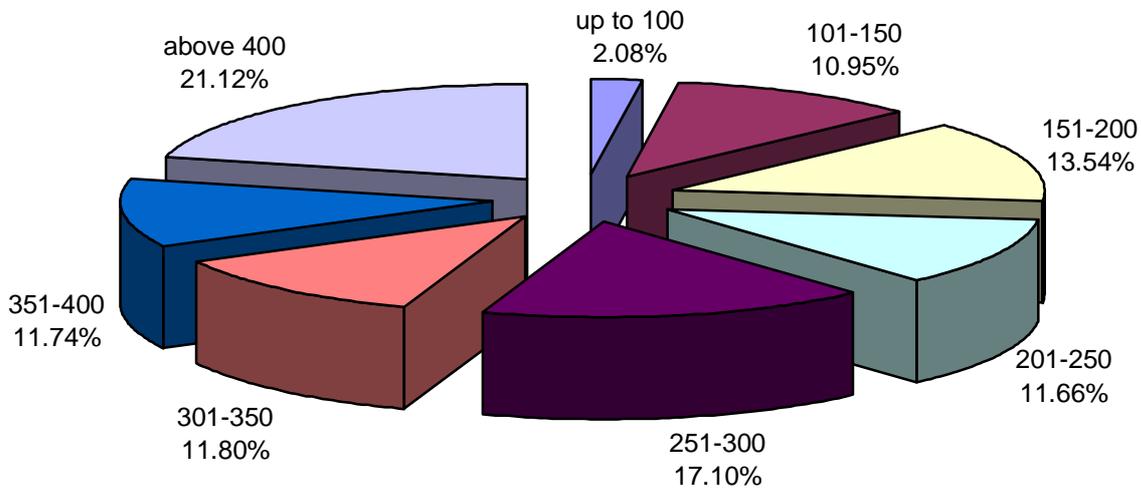
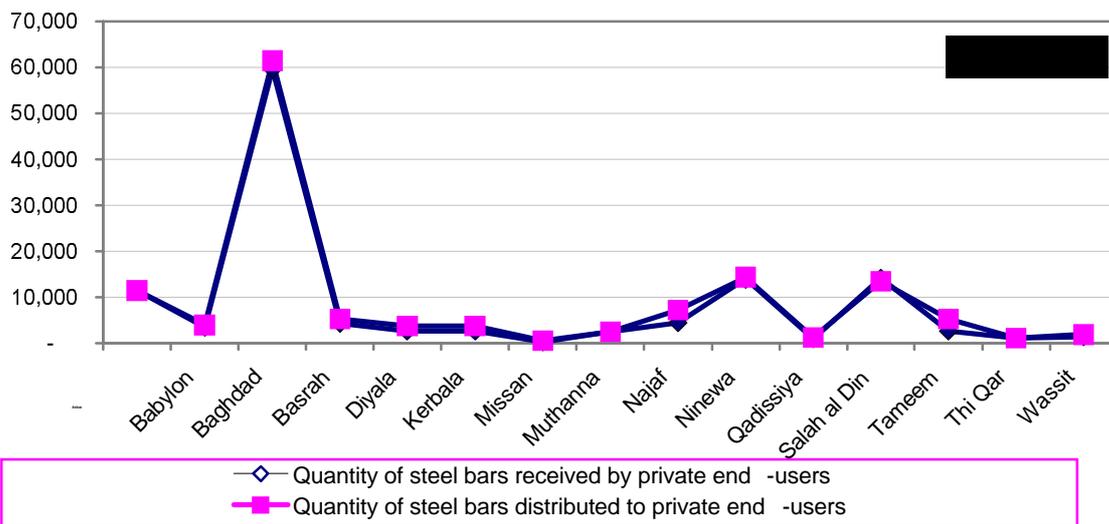


Table 10: Building activity in centre and south of Iraq disaggregated by range of area July-December 2001



96. The average size of a single-family dwelling unit varied from 118 m² in Qadissiya to 235 m² in Salah al-Din. Mean cost of a square meter of residential construction is \$42.00. Distributed materials were adequate in quality and quantity, and their delivery to end-users was efficient. In average, it takes only one week for an applicant to receive his quota. The issuance of building permits in different governorates was equitable and the Government has expressed its intentions to implement social housing programmes to improve the living conditions of the vulnerable groups. There was a quite equitable distribution of steel bars among the governorates of centre/south, as can be seen in the next graph, with a very high correlation.

Table 11: Correlation between quantity of steel bars received and distributed to private end -users



B. Additional Programme activities in the three northern governorates

Settlement rehabilitation

97. Since October 2000, UN-HABITAT has been updating its assessment of living conditions of internally displaced people (IDPs) based on a household needs assessment and water and sanitation surveys. The survey conducted at 72,000 dwelling units (DU), reviewed the housing needs of IDPs and vulnerable groups. UN-HABITAT recommends giving urgent priority to 26,000 DU that might be built under the fast-track housing programme for families currently living in tents, barracks, public buildings and other inadequate accommodations. About 15,500 of these can be classified as IDPs, while 10,500 are extremely vulnerable. UN -HABITAT has completed about 18,000 DU since the start of the Programme, has another 6,000 under construction and will be in a position to construct another 13,000 with funds available up to phase X.

98. Delays in land allocation for housing projects and selection of beneficiaries are two major constraints for the implementation of the fast-track housing programme. These might become a contentious issue with the local counterparts, considering UN-Habitat's mandate to focus on the more disadvantaged IDP families and extremely vulnerable groups. The United Nations has signed agreements with local contractors to start the construction of a number of projects to provide complementary services for housing settlements to IDPs and vulnerable groups. Other problems are the low building capacity in northern Iraq and shortages in cement production.

Internally displaced persons

99. UNOPS-IDP completed emergency relief activities, consisting of rehabilitation of water and sanitation infrastructure and other renovations in the public buildings and hard shelters of Balqos, Akre Fort and Maktab Siasi and the transit camp of Benislawa. Work is ongoing in Nizarke Fort and in 35 public buildings in Erbil. Skills development and vocational training is taking place in Salam and Topkhana camps in Sulaymaniyah. A total of 2,171 families are benefiting from these interventions. UNOPS-IDP completed the first phase of a 300-tent camp located in Takya, Sulaymaniyah, consisting of 100 tents and sanitation units. The project also distributed summer relief items to 5,369 internally displaced and vulnerable families throughout the three governorates.

100. In order for the Programme to meet the needs of the internally displaced persons to a greater extent, it is essential that the local authorities improve their cooperation with the United Nations.

Mine action

101. With regard to its mine action programme, UNOPS deployed seven locally produced remote-controlled mechanical mini flail machines and started to use four mechanical front-end loaders and two excavators to demine. These machines will accelerate and improve mine clearance. While the mine awareness programme continues, the United Nations attended mine victims with 10,000 medical consultations from May-July 2002 and supplied 460 ortho-

prosthetic appliances from May - July 2002. The mine victim database module was completed during this quarter. The United Nations trained data entry and verification staff, installed the Mine Action Information System (MAIS) in all four prosthetic limb centres and two emergency facilities in Erbil, Dahuk and Sulaymaniyah. This will improve centralized data collection and enhance reports on victims of mines and unexploded ordnance (UXO).

102. Due to the non-issuance of visas, 11 mine clearance teams had to be redeployed from core humanitarian demining activities to demining under the transmission lines. This was necessitated in order not to delay the work of the UNDP-Electricity Network Rehabilitation Programme (ENRP) contractors.

C. Cross-sectoral considerations

Visas

103. It may be recalled that during the visit of the Executive Director of the Iraq Programme in January and February 2002, he reached an agreement with the Government of Iraq regarding the granting of visas to United Nations personnel. The agreement categorized visas as being required for new posts, replacements, consultants, and staff visiting from headquarters of the United Nations organizations. Between 1 May and 15 September 2002, the Government granted 189 visas for United Nations personnel as follows: 7 for new posts, 118 for replacements posts, 46 for consultants, and 18 for staff from headquarters of organizations concerned. This is an improvement that has positively contributed to the implementation of the Programme, and it is hoped that further improvements would be made in expediting the processing and granting of the visas required for the effective implementation of the Programme.

Special allocations

104. The total funding available for the purpose referred to in paragraph 9 of resolution 1360 (2001) of 3 July 2001 amounts to \$941 million. As at 17 September 2002, out of the \$853 million worth of applications received or very recently transferred from other sectors, applications with a total value of \$150 million have been approved. Most of the newly submitted applications have been found to be incomplete or non-compliant with the established procedures or the requirement that they relate to strictly humanitarian project to address the most vulnerable groups in Iraq.

105. The Government envisaged using this allocation for large-scale social projects benefiting the most vulnerable groups in the health, water and sanitation, and public housing areas using 'turn-key' contracts with international companies as the method of implementation. This strategy has not been successful as the contracts submitted have been classified as non compliant or placed on hold pending the provision of a detailed 'Bill of Materials' which will be imported to effect the project. It is difficult for the contractor to meet this requirement until a contract has been awarded and a detailed design of the project is carried out. The dilemma is compounded by fact that service contracts without a goods component or without complementing the service contract with a contract for goods are not permitted. Clearly the present impasse seriously

impedes the implementation of projects that will benefit the most vulnerable groups of the population as envisaged by the Security Council in adopting resolution 1360 (2001).

106. While the optimum solution would be to permit the use of service contracts, an alternative would be to permit service contracts restricted to the preparation of detailed project designs, which could be duly inspected and authenticated by United Nations independent inspection agents for the purpose of payment. Such project designs, which include 'Bills of Materials', would pave the way for awarding of contracts for the construction phase of these projects, in compliance with the relevant provisions of Security Council resolutions and the Committee procedures.

Commercial Protection

107. The lack of commercial protection for commodities procured by the Government of Iraq is an issue that has long plagued the implementation of the humanitarian Programme in the centre/south of Iraq, with a considerably negative impact as well on the implementation of the Programme in the three northern governorates. Supplies purchased under bulk procurement agreements, particularly medicines, also impact on Programme activities in the three northern governorates: pharmaceuticals and medical supplies with short shelf lives or expired; high protein biscuits and therapeutic milk that fail quality control; items with essential components missing or defective; material handling equipment delivered but not assembled; vehicles and items of plant delivered in a damaged condition or below specification; foodstuffs that, while being safe for consumption, are of an inferior quality to that ordered; are all largely the result of the lack of commercial protection.

108. It is regrettable that the Committee has thus far been unable to reach an agreement over the inclusion of standard commercial protection provisions in contracts signed by the Government of Iraq.

Port of Umm Qasr

109. As the only Iraqi seaport available for the import of cargo under the Programme, Umm Qasr plays an essential role in the distribution of humanitarian supplies imported under the Programme. In January 2001, there were 16 berths available for cargo handling, three others being unusable due to the presence of sunken wrecks. Because of a reduction in draft levels, the maximum size of vessels able to dock at the port had been reduced from 60,000 to 50,000 metric tons. The situation with regard to available berths in the port as of June 2002 is basically unchanged from that prevailing in January 2001. However, the construction of two additional berths in the new port area has commenced. The reduced draft levels continue to constrain operations, and the maximum vessel size remains unchanged at 50,000 metric tons.

110. Due to congestion arising from a number of factors, including the inadequate number and poor condition of shore handling equipment, it was noted that vessels calling at the port could expect delays in the order of two weeks. The ability to provide the normal level of marine services required, particularly, by large, heavy tonnage vessels was limited by a shortage of port service craft such as tug and mooring boats.

111. Despite the fact that the port still faces serious constraints which impact on the safety and efficiency of operations, the volume of traffic handled rose from 6.02 million metric tons in 2000 to 7.00 million in 2001 - an increase of approximately 16 per cent. It is estimated that, at the 2001 traffic level, the port is operating at 60-70 per cent of maximum design capacity. Over the same period, the number of ships calling at the port increased by some 34 per cent. Despite this increase, it is understood that delays to vessels have been significantly reduced.

112. This improvement in performance can be attributed to a combination of management efforts to increase operational efficiency over the past 18 months, and the arrival of additional cargo handling equipment (forklifts, gantry cranes, gooseneck tractors and trailers) procured through the Programme. The more recent arrival of a substantial number of additional forklifts plus 6 rubber-tyred ship unloaders will further enhance the capability of the port to handle cargo with greater efficiency and a greater degree of safety. As of the end of June 2002, the total value of such inputs received under the Programme amounted to approximately \$26 million (or about 26 per cent of the total value of port contracts approved to date).

113. Notwithstanding the improvements in performance achieved over the past months, a number of serious problems continue to confront the port. In general, the provision of additional marine equipment has not kept pace with the supply of shore handling equipment. Thus, while onshore operational capacity has been enhanced as a result of Programme inputs, marine facilities have not yet benefited to any significant extent. Efforts to maintain the required draft levels in the entrance channels and along the berths are hampered by the non-approval of key contracts.

114. The presence of sunken wrecks in entrance channels and adjacent to some berths presents a serious obstacle to navigation and renders several berths unusable. More recently, port authorities have expressed growing concern over the possibility of serious pollution should oil escape from the wrecks. A contract for removal of these wrecks (Comm No. 801747) has been on hold since February 2001. Until they are removed, dredging will continue to be obstructed. At the same time, there is a shortage of dredging capacity. Only one new dredger has been received since January 2001 and, as of the end of June, that one was not operational. Delivery of two additional dredgers for which contracts have been approved is still awaited, while contracts for five more units have not yet been approved.

115. Further hampering marine operations is a shortage of other craft such as tugs, mooring boats and fast service boats, essential for the safe and efficient functioning of the port. Again, contracts for a number of such craft have been approved but the equipment has not yet arrived in the country. A contract for two additional tugboats (Comm No. 802045) was placed on hold in April 2002.

116. As at the end of July, the total value of equipment covered by approved contracts, but not yet received (including the approved dredgers and other craft mentioned above), amounted to \$76 million, with an additional \$16 million worth of approved applications awaiting funding.

117. It is clear that while Umm Qasr Port has been able to cope with substantial volumes of cargo, there is both need and scope for expansion of capacity, as well as improvements to safety and efficiency of operations. Despite the positive developments referred to above, the port will continue - at least in the short-term - to face problems. Even if key contracts now on hold are approved, the lead times involved in delivery of new equipment, and the time required to carry out the necessary work, mean that removal of the existing bottlenecks will not happen over night. In the meantime, there will be a continuing need to divert a significant portion of imports under the Programme to other entry points.

Common Programme Framework

118. During the reporting period, UNOHCI initiated a series of measures to strengthen its coordination of multi-sectoral planning and implementation. The most significant of these has been the continued development of the Common Programme Framework which had been adopted at an Inter Agency meeting in New York in November 2000. The process requires that the inter-agency humanitarian Programme be managed through a Common Programme Framework (CPF), supported by project documents and that funding of activities would be allocated on the basis of project documents approved by UNOHCI. These documents are prepared by the implementing United Nations agencies and Programmes, after consultation with the local counterparts.

119. An integral part of this process is the continued development and expansion of the common roof approach where the United Nations agencies and programmes execute projects in collaboration with the relevant local authorities, in shared premises. Staff from local institutions are assigned to specific projects and receive training in the full cycle of project management, including design, execution and supervision of project activities, hand-in-hand with international technical experts. This has created a sense of ownership and participation which is considered as the best approach to active sustainability for the United Nations Inter-agency Humanitarian Programme.

120. An ancillary benefit which must flow from the Common Roof is the greater involvement of the local authorities in the development, implementation, operation and maintenance of projects which provide basic services. Such an involvement in all stages of a project will further strengthen their commitment to the implementation of the projects and services provided, thus enhancing the sustainability of the projects concerned.

Joint Humanitarian Information Centre (JHIC)

121. In order to cope with the increased scope and scale of the overall humanitarian Programme, the United Nations Joint Humanitarian Information Centre (JHIC) was established under the direct supervision of UNOHCI as shared facility to provide the necessary data for the effective planning, monitoring and coordination purposes. The JHIC expanded the information support capacity to the field level and the satellite offices in Dahuk and Sulaymaniyah and now collects data on commodities and services delivered under the Programme in the three northern governorates. With the deployment of survey teams, the JHIC has a network covering each

district to collect information to support planning and evaluation activities within the Common Programme Framework.

122. UNOPS continues to provide various data capture services to United Nations projects. In the last three months, JHIC produced and distributed reference maps including thematic maps providing coverage of relevant humanitarian activities of United Nations agencies and Programmes.

123. JHIC has also developed various database tools for office management that ensure efficient operation and follow up of the projects. These tools are shared with United Nations agencies upon request. A Project Information Management System, the main project in database activity, was successfully upgraded to follow the latest trends in IT technologies. A multimedia Resource Centre/United Nations Library continued compilation of documents and is accessible to all international staff.
