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OFFICE OF THE IRAQ PROGRAMME – BUREAU CHARGE DU PROGRAMME IRAQ

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

Note by the Office of the Iraq Programme

12 November 2002

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I. Introduction

1. The present Note has been prepared jointly by the Office of the Iraq Programme (OIP), 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 19 September 2002, presented to the Council on 25 September 2002, covering Programme implementation during the first 90 days of phase XII. It is provided in lieu of the written 180-day report pursuant to paragraph 1 of resolution 1409 (2002), as agreed by the Council at its informal consultations on 25 September 2002. Unless stated otherwise, the cut-off date for the data contained in the present Note is 31 October 2002.

II. Revenue generation

A. Oil production and sale of petroleum and petroleum products

3. Since the beginning of phase XII and as at 31 October 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 192 oil purchase contracts, involving purchasers from 41 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 475 million barrels, with an estimated value of 11.5 billion euros or \$11.4 billion, at the rate of exchange on 31 October 2002. The contracted amount clearly

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); Bahrain (1); Belarus (2); Bulgaria (1); Canada (1); China (5); Cyprus (6); Egypt (5); France (11); Germany (1); Greece (2); India (1); Italy (8); Jordan (14); Lebanon (6); Liechtenstein (5); Malaysia (1); Malawi (1); Nigeria (3); Oman (1); Pakistan (11); Panama (4); Philippines (1); Qatar (1); Russian Federation (33); South Africa (4); Spain (4); Sudan (2); Switzerland (12); Syria (7); Thailand (1); Tunisia (2); Turkey (6); Ukraine (6); United Arab Emirates (4); United Kingdom (5); Viet Nam (7); Yemen (2) and; Yugoslavia (1).

exceeds the Iraqi oil export capacity for the current phase and the actual volume of oil to be lifted is expected to be substantially lower. The average rate of Iraqi crude oil exports under the Programme since the start of the phase and as at 31 October 2002 was only 1.14 million barrels per day, representing half the estimated sustainable export level of 2.1 million barrels per day. The rate of export in May was just over one million barrels per day, while it dropped to 835,000 barrels per day in June, increasing slightly to 962,000 barrels per day in July and falling again to 842,000 barrels per day in August. However, in September and October, there was a gradual increase in the rate of export, reaching 1.25 million barrels and 1.61 million barrels per day, respectively. The latter development could be attributed to the elimination of the high premia demanded by contract-holders of Iraqi crude oil, as well as oil purchase contracts signed directly between the State Oil Marketing Organization of Iraq (SOMO) and some oil refining companies, beginning in mid-September.

4. Several factors have contributed to the overall decrease in the volume of Iraqi oil exports under the Programme, including, *inter alia*: Iraq's periodic unilateral suspension of its oil exports under the Programme – such as the suspension of oil exports for 30 days during the previous phase, which resulted in over \$1.2 billion in lost revenue – and the continued absence of an agreement between the Government of Iraq and the Committee on the manner in which the price of Iraqi crude oil is set – the Committee has been pricing Iraqi oil retroactively amidst market reports of Iraq's demands for surcharge on payments by buyers – as well as a significant drop in the share of oil exports to the United States market and concerns by traders over the reliability of uninterrupted Iraqi oil supplies and/or possible disruptions as a consequence of current political developments. As a result, as at 31 October 2002, only 136 loadings, totalling 176.7 million barrels of oil were completed, worth about 4.29 billion euros or \$4.24 billion. Assuming a sustainable rate of export of 2.1 million barrels per day, some 150 million barrels of oil, with an estimated value of between \$3.5 billion and \$4 billion in revenue has been lost as a result of reduced levels of oil exports in this phase alone. Of the total shipments, 56 per cent were from Mina al-Bakr, Iraq and 44 per cent from Ceyhan, Turkey. In terms of the market share of Iraqi oil exports, 44 per cent went to the European market, 39 per cent to the Americas/Caribbean market and 17 per cent to the Far East.

5. The total estimated revenue in phase XII is now expected to reach \$5 billion, at current rate of exchange, which after the required deductions pursuant to relevant Council resolutions will leave some \$3.49 billion 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 \$1.59 billion in the current phase alone. For further details on the cumulative funding shortfall, please see paragraph 13 below.

B. United Nations accounts pertaining to the Iraq Programme

6. 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 31 October 2002, the amount of 3.18 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 22.28 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.

7. 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. The United Nations has completed two amendments to the banking services agreement with two banks and is awaiting their signatures on these amendments.

8. 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. A review of any excess funds shall take place at the end of current phase XII and the excess funds identified at that time will be made available for the purchase of additional humanitarian supplies, as stipulated in paragraph 8 of resolution 1360 (2001).

C. Audits

9. The Programme is one of the most audited in the United Nations system. There have been a total of 83 audits in five years, including 10 audits on UN / Iraq Account alone by the United Nations Board of Auditors, composed of independent external public auditors appointed by the United Nations General Assembly. An eleventh audit is currently underway. The reports of the External Auditors are submitted by the Secretary-General to the members of the Security Council and the Government of Iraq.

10. In addition, there have been 13 internal audits undertaken by the UN Office of Internal Oversight Services (OIOS), covering various aspects of Programme management and implementation. OIOS has also posted two resident auditors in Baghdad and Erbil, who in turn have conducted nine more audits so far.

11. Moreover, the auditing bodies of the UN agencies and programmes involved in the implementation of the Programme have carried out a total of 51 audits. Additional audits are currently being conducted. Furthermore, three agencies have resident auditors in Iraq.

III. Processing and approval of applications for contracts

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

12. As at 31 October 2002, the Secretariat had received contract applications signed by the Government of Iraq, with a total value of \$45.12 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 \$35 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.

13. The Committee and the Secretariat had approved/notified 20,254 contract applications, with a total value of \$37.48 billion. There were some \$1.4 billion unencumbered funds, of which \$715 million had been reserved for funding additional applications in the special allocations sector. An additional amount of \$199 million had been set aside for oil spare parts applications to be funded following their transfer to phase XII. On the other hand, there were 1,552 approved applications, with a total value of \$2.98 billion, for which approval letters could not be issued due to the lack of funds in the appropriate sectors of the earlier phases. There was a cumulative funding shortfall of about \$3.3 billion, including approved applications under phase XII. If all the applications currently being processed were approved, the ESB (59 per cent) account would be short of funds by over \$10 billion.

14. Furthermore, as at 4 October 2002, there were 322 applications, valued at \$570 million, which were issued with approval letters in excess of 90 days, but for which the Central Bank of Iraq had not requested openings of letters of credit. Moreover, there were 888 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 various sectors. All funds for the bulk-purchase contracts are committed in the ESB account upon issuance of approval letters, while reimbursements from the ESC account are withheld until such time that the food and medicine have been delivered to the three northern governorates. This post-delivery reimbursement to the ESB account from the ESC account has also added to the financial burden on the ESB account by more than \$0.5 billion. If ESC funds corresponding to the cost of goods destined to the northern governorates could be committed upon the approval of the relevant applications, approval letters could be issued for additional approved applications that remain unfunded.

15. 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 93.8 to 99.5 per cent of the distribution plan allocations 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 56 to 77 per cent of the funds allocated to them in the distribution plans (see annex

III). 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 seriously affected sectors.

16. As at 31 October 2002, the Committee had approved a total of 1,233 applications worth \$2.89 billion on condition of end-use verification. Goods have been delivered partially or fully for 821 of those applications valued at \$1.67 billion, which continue to be observed or monitored as required.

B. ESC (13 per cent) account

17. Since the start of the Programme and as at 31 October 2002, some \$7.2 billion was allocated to the ESC (13 per cent) account, of which \$2.2 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 \$771 million funds charged to the ESC (13 per cent) account for the cost of oil spare parts and equipment. The remaining \$4.23 billion was allocated for implementing the humanitarian Programme in the three northern governorates by the United Nations, on behalf of the Government of Iraq.

18. 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 IV to the present Note.

IV. Implementation of the revised procedures pursuant to Security Council resolution 1409 (2002), as at 31 October 2002

19. In paragraph 8 of resolution 1409 (2002), the Security Council requested the Secretary-General, in consultation with interested parties, to submit an assessment report on the implementation of the Goods Review List (GRL) and its procedures by the end of the next period of implementation of resolution 986 (1995) beginning on 30 May 2002 and to include in the report recommendations on any necessary revision of the Goods Review List and its procedures, including processing of contracts under paragraph 20 of resolution 687 (1991).

A. Registration of applications by the Office of the Iraq Programme

20. Registration of applications under the revised procedures became effective on 1 July 2002, when OIP commenced receiving submissions only under the new application form and scrutinizing them in accordance with the new requirements.

21. As at 31 October 2002, OIP had handled a total of 4,245 applications worth \$10.15 billion under the revised procedures, including new applications, "legacy" applications submitted before 1 July 2002, and applications previously placed on hold and now re-processed under paragraph 18 of the revised procedures. The registration of new applications that were found to

meet all basic requirements initially took an average of 1.7 working days, subsequently improving to the current average of 1.4 days per application. Of the total of 2,197 new applications, 292 (13 per cent) were initially found to be incomplete for one or more reasons, which were addressed subsequently, resulting in 2,104 applications (or 95.7 per cent of the total) of complete submissions. The remaining 93 applications (4.3 per cent of the total) were still under review and registration.

22. The most common reasons for considering applications inadmissible or incomplete remained the failure by the suppliers to submit the list of goods in electronic format, as required under the revised procedures - still a high 27 per cent. While initially high, the submission of applications in the old format has continued to decrease. Other reasons for applications being considered inadmissible included a discrepancy between the total value stated in the contract and in the list of goods; incomplete application forms; duplication of previously submitted contracts; diskettes that could not be accessed; contracts missing in the submitted applications; absence of a certifying seal and signature from the submitting mission; missing and/or illegible pages; absence of basic technical specifications, etc. OIP will continue to monitor these reasons and provide suppliers with relevant statistics in order to assist in avoiding registration delays.

B. Processing of applications by the Office of the Iraq Programme

23. Following their registration, OIP has processed applications within an average of 3 working days. This average was slightly lower, at 2.7 days, at the beginning of phase XII, largely due to the fact that submissions made during the initial few months were mainly food applications, which normally require less time for review.

24. Out of the total of 4,070 applications worth \$9.73 billion, which have been fully processed by OIP, 3,691 (90.69 per cent) worth \$7.45 billion (76.53 per cent) were found to be complete and compliant, and were subsequently forwarded to the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) and the International Atomic Energy Agency (IAEA) for review. The remaining 379 applications (9.31 per cent) worth \$2.28 billion (23.47 per cent) were awaiting response from the suppliers to the queries made by OIP.

25. The two most common reasons for non-compliance (90 per cent of all cases) remain the same: either failure by suppliers to provide a fully itemized list of all goods included in the contract or, albeit less frequently, insufficient detail on the ancillary services to be provided. While the quality of submissions has generally improved, new requirements stemming from the revised procedures, such as provision of detailed lists of items included in every tool kit or set of parts, have contributed to the still very high number of non-compliant applications. OIP continues to review the applications in this particular category and provide updates and guidance to submitting missions and their suppliers on how to minimize delays at this processing stage.

C. Processing by UNMOVIC and IAEA

26. The UNMOVIC/IAEA took on average 3.8 working days to carry out GRL review of an application, which represents an improvement over the average of 3.9 days during the initial months. Out of the 3,148 applications worth \$5.93 billion reviewed by UNMOVIC/ IAEA, a

total of 1,891 applications (60.07 per cent) worth \$2.42 billion (40.74 per cent) were found to contain no GRL items, and were consequently approved by OIP under paragraph 10 of the revised procedures. Three of the above-mentioned applications were earlier found to contain GRL items, which were subsequently deleted through an amendment.

27. Out of the total reviewed by UNMOVIC/IAEA, 1,152 applications (36.59 per cent) worth \$3.22 billion (54.27 per cent) were under “GRL Non-Compliant” status, awaiting completion of their GRL review following receipt of the requested additional technical information from the suppliers. These requests for additional information are aimed at clarifying some technical ambiguities, which were often a reason for the holds placed on applications involving mostly the same items in the past.

28. Most of the applications in the GRL Non-Compliant category (75 per cent) were previously on hold, which were re-circulated and reviewed pursuant to paragraph 18 of the revised procedures, leading to the requests by UNMOVIC/IAEA for additional technical information for completing the GRL review. The above large number was an expected development which should start declining in 3 to 6 months, as the time allocated to suppliers to respond to queries would expire and applications would either become inactive or lapse, if no response is received.

D. Further processing of GRL items

29. GRL items have been identified in 108 applications worth \$323 million, compared to the 19 applications valued at \$46.2 million reported to the Council last September. In spite of the increase, the relative percentage of applications containing GRL items remains low at 3.3 per cent of the number and 4.6 per cent of the value of all applications reviewed so far. It should also be noted that most of these applications (83) were previously on hold and re-processed under paragraph 18 of the revised procedures. The items identified as GRL so far are mostly heavy vehicles, but also include veterinarian vaccines, corrosion resistant pumps, respirators, and testing and control equipment. In all cases, GRL notices have been sent to the submitting missions, informing them of the options available to the suppliers under the revised procedures.

30. So far, the Security Council Committee, under the condition of end-use verification, has approved a total of 12 applications containing GRL items, including vehicles and vaccines, which represent 48 per cent of the number and 12.7 per cent of the value of the 25 applications containing GRL items that have been fully processed by the Committee. Eleven applications have been denied approval for concerns of diversion to military use, though a further petition to the Committee is still possible under the revised procedures. Two applications have lapsed after the suppliers concerned failed to petition within 30 days following the denial decision. In additional 14 cases, the suppliers indicated intention to sign an amendment deleting GRL items, and in 12 cases the suppliers requested the UN to provide an impact assessment report prior to circulation to the Committee. While all assessments are still being prepared, in three cases amendments removing GRL items have been received, resulting in approval by OIP. The remaining 54 applications are in various stages of processing, either pending response to GRL Notice by the suppliers concerned, reconsideration by the experts or decision by the Committee.

E. Implementation of paragraph 4 of the revised procedures

31. Paragraph 4 of the revised procedures stipulates that, at their discretion and subject to the approval of the Committee, UNMOVIC and IAEA may issue guidance regarding what categories of applications do not contain any item(s) covered by paragraph 24 of resolution 687 (1991) as it relates to military commodities and products, or military related commodities or products covered by the GRL. UNMOVIC, IAEA and OIP, working in consultation, may develop a procedure whereby OIP may evaluate and approve applications that, based on this guidance, fall within these categories.

32. By his letter dated 11 September 2002 addressed to the Chairman of the Security Council Committee, the Executive Director of the Iraq Programme submitted a list of 12 categories of items, prepared pursuant to paragraph 4 of the revised procedures, with the relevant exclusion criteria indicated for each category. Out of the 5,991 proposed items in the list of 12 categories, the Committee approved 5,888 items (98.3 per cent) for inclusion in the 'fast track' list, while removing 103 items (1.7 per cent) from the list. The latter would continue to be reviewed by UNMOVIC/IAEA to ensure that items are not included in the Goods Review List or otherwise subject to paragraph 24 of resolution 687(1991).

F. Implementation of paragraph 18 of the revised procedures

33. At the beginning of the implementation of paragraph 18 in late June 2002, the level of holds stood at 2,202 applications valued over \$5.4 billion. As at 31 October 2002, all applications in Category A, containing 1051 items, were returned to the submitting missions concerned, and all applications in Category B holds, containing no 1051 items, were re-circulated to and reviewed by UNMOVIC/IAEA, thus effectively marking the completion of the implementation of paragraph 18.

34. A total of 171 Category A applications valued at \$315.4 million were returned to the supplier missions concerned by 30 September 2002. As at 31 October, suppliers re-submitted 13 of those applications valued at \$88.7 million, either with identical contents or as amended, which have been processed in accordance with the new procedures. So far, two applications valued at \$1.1 million have been approved and the remaining 11 are at various stages of the process under the revised procedures.

35. As for the Category B applications, UNMOVIC/IAEA have carried out a GRL review of a total of 1,860 applications worth \$4.68 billion, and found no GRL items in 760 applications worth \$1 billion, which were subsequently approved by OIP. This represents 40.86 per cent of the number and 18.5 per cent of the total value of all applications previously on hold, or 40.7 per cent of the number and 21.35 per cent of the total value of the re-assessed applications. The categories of approved goods previously on hold covered a broad spectrum, ranging from medicines, chemicals and laboratory supplies, medical and water treatment equipment to generators, pumps and various types of vehicles not included in the GRL. Out of the above total, only 83 applications were found to contain one or more GRL items, which constitute the vast majority of the total 108 applications in which one of more GRL items have been identified so

far. These 83 applications, exclude the three applications that were subsequently amended to delete GRL items.

36. UNMOVIC/IAEA have asked for additional information in 1,017 Category B holds worth over \$3.3 billion. As mentioned earlier, these constitute the majority of applications currently in GRL Non-Compliant category. As the information required is being provided, many of these would be either approved or processed further as appropriate, if GRL items are found; failing that, applications would either become inactive or lapse in the next 3 to 6 months.

37. In addition, 124 applications previously on hold had been declared null-and-void by the contracting parties during the intervening period, while 51 applications in Category B worth over \$207 million had been released from hold by the holding missions prior to completion of re-assessment by UNMOVIC/IAEA.

G. Other matters related to the implementation of resolution 1409 (2002)

38. Pursuant to paragraph 17 of the revised procedures, OIP has continued providing the Committee members - at their request and for information purposes only - with electronic copies of all applications approved by OIP under the revised procedures, within three working days following approval. OIP has made arrangements for electronic circulation to the Committee of applications containing one or more GRL items.

39. While a standard format for the Impact Assessment of non-approval of GRL items in accordance with paragraph 9 of the revised procedures has been prepared and presented to the Committee in August 2002, such assessment has been requested in only 12 cases where one or more GRL items have been identified. All these assessments are currently under preparation and would be circulated to the Committee with the relevant GRL items.

40. OIP remains committed to providing relevant information and guidance to the suppliers and, in that context, is planning another workshop, tentatively scheduled for February 2003, for the permanent and observer missions and their suppliers, as well as representatives from United Nations programmes and agencies. In addition, OIP periodically updates its Web site with additional details of the most common problems and their causes, leading to delays in application processing, and provides suggestions to the suppliers on how to avoid such problems and delays.

41. The tables in annex V to this Note provide statistical update as at 31 October 2002, on the processing of applications under the revised procedures adopted by resolution 1409 (2002).

H. An assessment of the implementation of the revised procedures

42. An assessment of the implementation of the GRL and its procedures will be provided in the report of the Secretary-General to the Security Council pursuant to paragraphs 7 and 8 of resolution 1409 (2002) (S/2002/1239). The report of the Secretary-General will also be posted on the OIP Web site (www.un.org/Depts/oip).

V. Observation and monitoring activities

A. Inspection and authentication of humanitarian supplies

43. The process of inspection and authentication of supplies by the United Nations independent inspection agents at the authorized entry points of Iraq have proceeded normally. Following a proposal by Saudi Arabia and the agreement of the Government of Iraq, the United Nations has established a United Nations independent inspection site at Ar'ar crossing point, on the Iraqi side of the border with Saudi Arabia, for the inspection and authentication of goods and supplies delivered to Iraq under the Programme. The inspection site became fully operational, effective 8 November 2002.

B. Monitoring of oil spare parts and equipment

44. The oil spare parts and equipment inspection team has carried out a total of 4,458 visits to various warehouses and facilities in the south and north of Iraq. The Committee has approved a total of 475 contract applications, worth \$389 million, on condition of "end-use/user" and follow-up monitoring, of which the goods approved under 328 contract applications, worth \$250 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

45. The adoption of resolution 1409 (2002) on 14 May 2002 heralded a number of changes in the manner in which the Programme operates. Observation of efficiency, equity and adequacy and final use for the authorised purpose continue to be intrinsic to the tasks of the observation mechanism. Furthermore, pursuant to paragraph 9 of the revised procedures, the observers have begun providing OIP with information relating to the "assessment of the humanitarian, economic and security implications, of the approval or denial of the GRL item(s), including the viability of the whole contract in which the GRL item(s) appears and the risk of diversion of the item(s) for military purposes."

46. Since the inception of the Programme, there have been almost 1.2 million observations. The number of observations by sector is shown on the table below. In reviewing the sectoral coverage, it would not be valid to compare the sectoral distribution. Various factors have a bearing on the number of observations performed, namely:

- Type of inputs and relative distribution throughout the country determine the number of observation visits;
- Arrival of commodities has been progressive between sectors. For example, early in the Programme, little more than food and medicines were received and accordingly there was little else to observe;

- Some sectors, for example telecommunication, transport, and housing, are all relatively new and it is to be expected that the number of observations would be fewer in these sectors;
- The effort required conducting an observation and the type of observation performed also differs greatly between sectors.

Total number of observations as at 31 October 2002

Sectors	Observation Visits
Food	997,588
Health	33,142
Food Handling/Transport	3,075
Agriculture	23,855
Electricity	4,263
Water/Sanitation	21,163
Nutrition	9,277
Education	12,680
Housing	78,056
Telecommunication	4,388
Total Observation Visits	1,187,487

47. The co-operation of the Government of Iraq with the observation mechanism remains satisfactory. During the period May to October 2002, United Nations observers conducted 139,495 observation visits. A breakdown by sector and type of observation is presented in annex VI.

48. The implementation of the understanding previously reached in June 2001 with the authorities concerning access to UN observers to military hospitals, which provide specialist services to also civilians, to carry out observation of the utilization of supplies provided under the Programme is still pending. In May 2002, the Ministry of Health informed that the United Nations should request the Ministry of Defence, through the Ministry of Foreign Affairs, provision of escorts to visit these facilities. In June 2002, the United Nations sent a *note verbale* to the Ministry of Foreign Affairs, requesting the identification of a focal point from the Ministry of Defence to facilitate UN observations. A response is still pending. As such, it has not been possible to schedule observation visits to the military medical facilities which have received inputs under the Programme, subject to end-use/end user observation. The inputs were provided under 15 approved applications for contracts.

49. Despite the establishment of the Task Forces for Education and for Higher Education, composed of the Ministry and United Nations officials, there has been no significant improvement on outstanding issues, such as insufficient provision of escorts and access to details of distribution.

VI. Programme Implementation

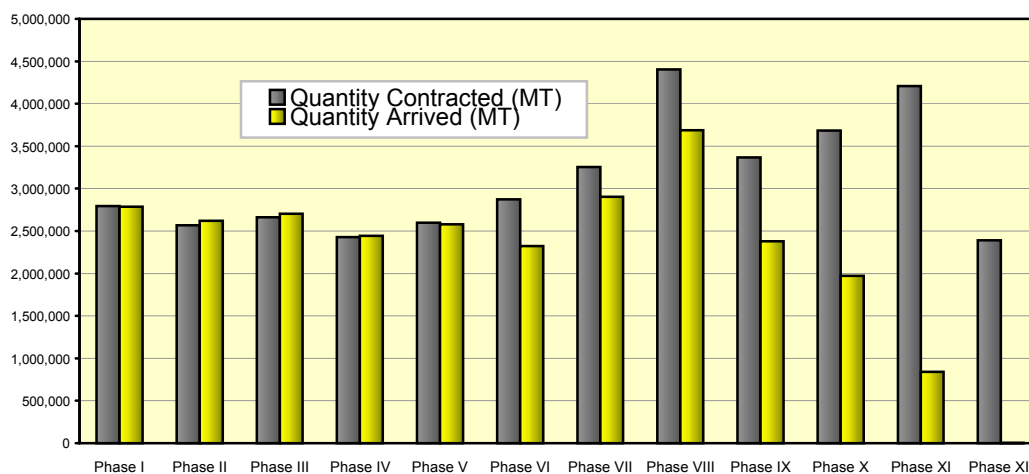
A. Sectoral focus

Food

50. All households in the centre/south received their food ration on time and regularly. Since July 2002, the Government of Iraq has been distributing two-month rations at a time, covering the food basket up to January 2003. On average, the monthly rations provided 2,215 kilocalories of energy and 49.4 grams of protein per person per day. This corresponds to 90 and 82 per cent respectively of energy and protein recommended under the Distribution Plan for phase XII. This was because the Government distributed smaller quantities of pulses, dried whole milk and vegetable oil, due to low in-country stocks. Current stocks for vegetable oil are sufficient to last one and half month, while stocks for pulses and dried whole milk will not suffice to cover even a one-month ration.

51. Between phases I to XII, 27,244,265 metric tons of food and non-food items arrived in country as at 25 October 2002. This represents 74 per cent of the total 36,401,768 contracted quantity. Shortfalls amount to 9,157,503 metric tons (see chart I), of which 8,021,428 metric tons or \$2.73 billion have opened letters of approval. It is understood that the Government is negotiating with suppliers holding letters of credit and that these are being renewed accordingly. Due to a cumulative revenue shortfall since phase VIII, approved contracts for the sector amounted to \$326 million as at end-October 2002, predominately from phase XII, which are being funded as funds become available. This includes applications for wheat worth \$199 million, rice \$40 million, vegetable oil \$11 million, dried whole milk \$13.5 million and non-food items \$52 million.

Chart I - Pipeline status of SCR 986 commodities as at 25 October 2002



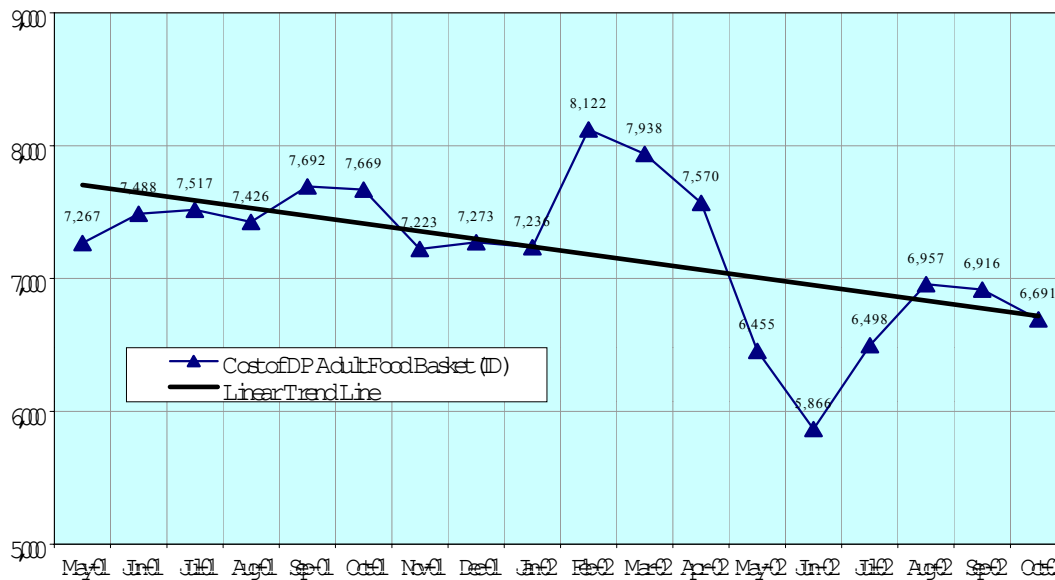
52. As part of its food management, the Government loaned commodities to the Programme from its stocks, which will be reimbursed at a later stage. The loans, calculated against the food

basket of the phase XII, constituted 100 per cent of wheat flour, and approximately 30 per cent of vegetable oil, 25 per cent each of sugar and tea, 15 per cent of toilet soap, and 10 per cent each of detergent and infant formula. According to the Ministry of Trade, 850,000 metric tons of wheat has been loaned to the Programme up to now. The Ministry also informed that the national wheat stock had reached a critical level.

53. As at 26 October 2002, observers reported the delivery of locally processed 19,153 metric tons of vegetable oil, 5,463 metric tons of soap and 2,107 metric tons of detergent at Programme allocated facilities. These items were produced from raw materials imported under the Programme and recorded as local production. Between May and October 2002, observers also witnessed the destruction of 497 metric tons of damaged food commodities.

54. The regular provision of the monthly ration has generally stabilised the price of food basket commodities. A downward trend is evidenced since May 2001 (see chart II). The food basket cost dropped to its lowest point in June 2002, due to the Government distribution policy (three rations over a two-month period) and this year's bumper harvest of cereals. The same trend prevailed during September and October 2002, as the Government continued to provide a two-month ration at each distribution. The sharp increase in prices between June and August probably relate to the uncertain situation that prevails in the country, which has encouraged relatively wealthy households to stockpile food.

Chart II - Cost of the adult food basket (Iraqi Dinar)*



* The cost of the food basket is calculated on the basis of an adult ration recommended in DP XII and applying the average monthly market price of each commodity.

The three northern governorates

55. In the three northern governorates, where the United Nations transports, handles and distributes the food ration, the high volume of commodity receipts by transit warehouses, resulting from the Government's decision to distribute two-month food rations, led to temporary congestion. Timely distribution to the beneficiaries, however, was ensured. In October 2002,

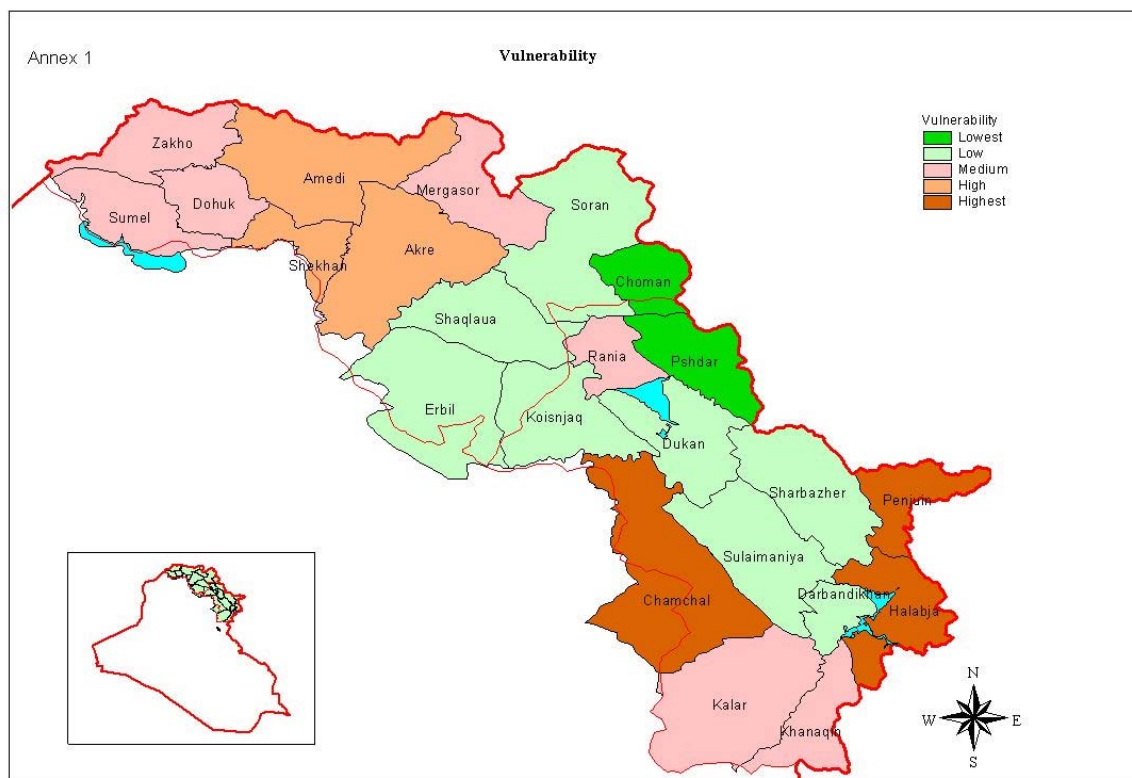
warehouse storage capacity was expanded by 14,000 metric tons, and now totals 107,000 metric tons, or approximately three months of food rations.

56. The United Nations completed the household verification exercise in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. The survey addressed pending and multiple registrations, change in family status, and population growth rate. The final report confirmed a population of 3,542,254 benefiting from the food rations as at 31 July 2002. The United Nations will now maintain the database. In Sulaymaniyah governorate, registration of households in Halabja area, which represents 3.8 per cent of the population in the three northern governorates, remains to be undertaken because of ongoing security concerns.

57. The United Nations also completed the study on secondary data/vulnerability analysis and mapping (VAM), in May 2002. The VAM exercise emphasises three core food security components: availability, access and utilisation of food. Indicators such as cereal and animal production and income, among others, were used to determine the vulnerability index. The most vulnerable groups are located in Penjuin, Chamchamal and Halabja (which was reviewed prior to the present security concerns) districts in Sulaymaniyah governorate, and Amedi, Shekhan and Akre districts in Dahuk governorate. (See map I) The United Nations visited the identified districts and interviewed officials, leaders and members of the community. The low production of wheat and barley, due to topographical or climatic conditions, and few work opportunities for female-headed households, the elderly, or the handicapped appear to be the predominant causes of vulnerability. This information will be taken into account in designing future interventions that target the most vulnerable and food insecure groups.

X. Map I - Vulnerability map of the three northern governorates

Source: United Nations



58. The United Nations carried out several activities to enhance food security of vulnerable groups and to create alternative sources of income. In June 2002, an assessment indicated that 90 per cent of beneficiaries in Dahuk and Erbil governorates confirmed a heightened feeling of empowerment and an increased sense of food security. Agencies provided inputs for small ruminant rearing, and beekeeping and carried out skills training to 10,200 female-headed households. In cooperation with the local authorities, the United Nations targeted another 2,000 female-headed households under the Women Skills Enhancement project, which aims to improve access to income and other assets and provide training in literacy and technical skills.

Transport and food handling

59. Five of the six rubber tyred grain-ship unloaders received by the Umm Qasr Port are now operational, thus reducing dependence on the much slower portable 'vacumvators'³. In addition, twelve new rail-mounted shore cranes were received and installed during July and August 2002. This represents an increase of some 30 per cent in the number of operational cranes. These additions to port infrastructure will have a positive impact on both the speed and efficiency of cargo handling. A new survey boat, received in August, will assist in the management of the maintenance of draft levels by providing the means to more accurately control dredging operations.

60. The 50 new mainline locomotives received by the railway are now fully operational and are in daily goods and passenger service throughout the railway system, providing both increased capacity and reliability. The railway has completed the renewal of more than 40 km of the existing mainline track in the Beji-Mosul and Hilla-Samawa sections, as well as the construction of over 200 km of earthworks for the construction of a second line in these same sections. Tracklaying operations are at various stages of completion over some 150 km on the newly constructed roadbed. The recent arrival of an additional 160 km of new rail and 15 new gang trolleys will increase the pace of this work.

61. The economy of the freight transport sector, in which road transport plays a critical role, has seen significant rejuvenation and growth, attributable to Programme inputs. This rehabilitation is promoting price stabilization for goods and services throughout the country. Various cross-sector indicators reflect decreasing commodity prices (see chart II) with concurrent increase in the availability of commodities, increasing construction, and local small-scale industry growth countrywide. These indicators underscore the impact of the road transport sector on the national economy. Truck drivers are currently in demand and various public sector companies are responding to this growing need through recruitment and training campaigns.

62. Public passenger transport has improved significantly in Baghdad and other urban centres, such as Mosul and Hilla. Recent receipts of over 4,075 units, mainly minibuses, continue to strengthen the private sector and permit the implementation of municipal and traffic regulations⁴ which are in turn contributing to passenger safety and inner-city pollution reduction.

³ Vacumvator - Port industry parlance. Mobile vacuum pumps independently powered, utilized to suck bulk grain from the ship's holds.

⁴ Municipal and traffic regulations set up standards of passengers' safety and limits for car emissions. Arrival of new car, minibuses etc. will facilitate the implementation of these rules.

This investment, valued at over \$97 million will, however, require complementary outlays in spare parts, maintenance equipment, machinery, tools and product training to maintain and enhance current service levels. The State Company for Private Transport Management coordinates the private sector passenger transport services with a fleet of over 183,000 vehicles that are, in large part, old and in need of constant maintenance.

63. The local tyre factories produce cross-ply and radial tyres, which are available in the local market at prices 25-30 per cent less than those of comparable imported brands. Average output over the past six months at both factories has remained relatively constant. However, rejection rates, which are presently 3.7 per cent, remain well above the international industry standard of 0.5 per cent. The newly received moulds and bladder press should lower the production failure rate once installation is completed.

64. A \$41.5 million expansion project to double the rice storage capacity at Shamiya and Diwaniya facilities in Qadissiya, and at Abu Shaker and Kufa facilities in Najaf, is well under way. Work on a \$13.6 million upgrade to increase processing capacity from 2.5 to 8 metric tons per hour at the Taji (Baghdad) and Kufa (Najaf) rice mills is also ongoing. Completion of the work at the Kufa rice mill requires additional equipment worth \$0.56 million, the contract of which was approved on 17 October 2002. The construction of 20 new flourmills has commenced and is ongoing at various locations throughout the country. Some of the existing flourmills have received 'infestroyers'⁵ that will extend the shelf life of the flour produced.

65. Contracts for the supply of approximately \$3 million worth of laboratory equipment, chemicals and fumigation materials were approved. The main quality control laboratory of the State Company for Grain Processing in Baghdad received equipment to perform rheological tests on flour and dough. Instruments have also been distributed to other laboratories in the governorates to carry out the basic analyses of flour, dough and bakery products. The State Company for Grain Trading has received approval for its first atomic absorption spectrophotometer, which will enable the company to detect the presence of micronutrients and heavy metals. All of these inputs will enhance capacity to assure the quality of flour produced.

66. Installation and commissioning of equipment for cold stores and deep freezers for the food industry continued. However, the overall situation with regard to temperature controlled storage facilities remains inadequate. Spare parts required for maintenance of existing equipment have not yet been approved. Tea blending and tea packing machines have been commissioned in most central food warehouses. These machines will permit tea to be packaged in the size included in the food basket.

67. The vegetable oil and soap industries have received various raw materials and equipment that have boosted their output. After the receipt of Programme raw materials, Missan factory has

⁵ Infestroyer - Normally, in the milling parlance, the equipment name for the "Instrument for the Destruction of Insects" is called infestroyer. The main function of this equipment is to destroy the larvae of the insects living on the product. By high centrifugal force, created by the machine, eggs or the larvae are thrown out and thus destroyed. This machine does not have any grinding effect on the product through it. The insects thriving on the product are the only ones being subject to the force. With the current situation, the mills need this machine, especially during summer months wherein insects do propagate fast.

reopened its detergent manufacturing line. These facilities are now producing vegetable oil and soap for the monthly food basket.

68. As a result of improved output following receipt of equipment and raw materials, products from the textile, cotton, wool, leather, and chemical industries are now available in the market. Due to the non-approval of contracts for machinery and other supplies, the dairy industry has deteriorated to the point where operating conditions are unhygienic and quality of products cannot be assured. Some contracts have been approved recently but are unfunded. As a result, certain equipment received previously, such as the cheese packing equipment, cannot be installed or utilized. Two lines for the bakeries in Baghdad are already operational, while others are under renovation by the State Company for Grain Processing. Bread produced by this facility is supplied to the hospitals.

69. The State Company for Readymade Garments has received equipment and raw materials that have improved the output from these facilities. However, some modern equipment, such as the embroidery machines, cannot be effectively utilised until the operators receive the necessary training.

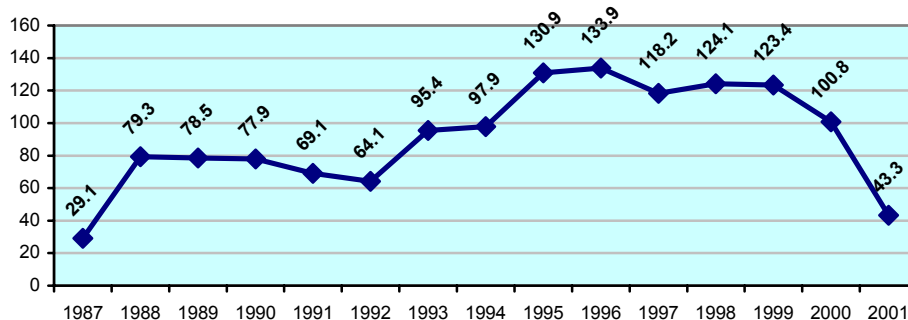
Health

70. The quality of health care delivery services has improved as a result of the arrival of Programme biomedical equipment for diagnosis and treatment of diseases. Moreover, the Programme has contributed to the enhancement of advanced medical services, which were unavailable before, and during the last three years, specialised centres, such as the Saddam Centre for Neurological Sciences, the AIDS Research and Study Centre, the Acupuncture Therapy Centre, the Tuberculosis Control Institute and the National Centre for Haematology Research were built or rehabilitated.

71. The United Nations received from the Ministry of Health (MOH) data on some communicable diseases in the centre/south from 1997 to 2001 which shows a downward trend in reported cases of cholera, coetaneous leishmaniasis, diphtheria, German measles, malaria, measles, meningitis, mumps, neonatal tetanus, scabies, tetanus and tuberculosis. The rate of new cases of tuberculosis decreased by 57 per cent from 2000 to 2001.

Chart III - Tuberculosis incidence rate per 100,000 persons (1987 - 2001)

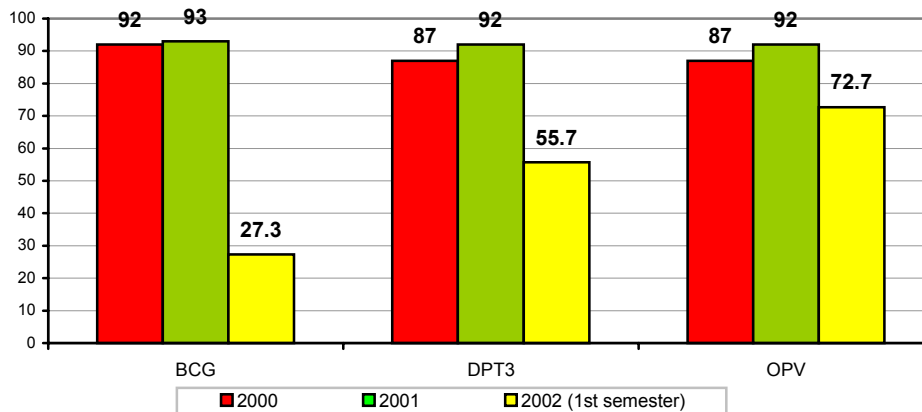
Source: MOH statistics



72. The data also shows stabilization in the incidence rate of amoebic dysentery, brucellosis, giardiasis, hemorrhagic fever, rabies, typhoid and viral hepatitis. These trends result from the increased availability of resources for diagnosis and treatment. However, for hydatidosis, toxoplasmosis and visceral leishmaniasis, the information indicates an increase in their prevalence which is possible the result of inadequate veterinary care for animals that are hosts to parasites, and lack of insecticide spraying equipment. Although there has been some improvement in water quality since 1997, the capacity of waste disposal remains extremely low. Because of the latter, the Ministry of Health continues to report many new cases of water borne diseases.

73. Iraq has been polio free since January 2000. The United Nations supported the countrywide Polio National Immunization Days. The target was to vaccinate, through house-to-house visit, 4.35 million children under five years of age, including 0.6 million in the three northern governorates. The last campaign, in September 2002, reached 94.6 per cent of this target. Chart IV below shows the immunization coverage rates achieved from 2000 to mid-2002, for four vaccines Expanded Programme of Immunization (EPI) in centre/south Iraq. Although the figures available for 2002 only cover half of the year, it is expected that the coverage of OPV3 and measles at the end of the year will be as high as 2000 and 2001. Coverage of BCG and DPT is expected to be lower due to the previously reported shortages of vaccines that have affected immunization activities at health centres. All ordered vaccines arrived during July and August 2002 and are expected to cover the needs of the country for ten months of routine EPI vaccination and two rounds of Polio National Immunization Days (PNID).

Chart IV - Immunization coverage rates in centre/south Iraq (2000 - 2002)



74. There is a need to rehabilitate and construct new health facilities to meet the demands of a population that has reportedly increased by 22 per cent⁶ since the start of the Programme. Currently, there are eleven applications for the construction/rehabilitation of hospitals worth \$250 million submitted under the Special Allocation budget and Health Sector budget that have not been approved.

⁶ This percentage comes from comparing the figures on the total population stated in Distribution Plan for phase I 1996- (21,799,744) and Distribution Plan for phase XII-2002 (26,698,420). The increase is 22.4 per cent rounded off at 22.

75. United Nations observers tracked several therapeutic categories of drugs at various health care facilities procured under the Programme. In chronic illness pharmacies observers found that tracked items were sufficient to cover 90 per cent of the patients' needs. At public and health insurance clinics, drugs used in respiratory, infectious and endocrine disorders, vitamin D deficiency, and gastro-intestinal track and central nervous system disorders were insufficient, due to delayed arrivals. Some of these items were distributed only to pharmacies for rare drugs. Hospitals and health centres had sufficient quantities of medical disposables such as syringes, crepe bandages and suction catheters. However, pre-anaesthetics (which were on hold) and drugs used in central nervous system and cardiovascular diseases, respiratory disorders and infections, and anti-coagulants were available in limited quantities. These commodities have been ordered but are yet to arrive. All health facilities continue to practise rationing of medicines except for hospital in-patients. Insulin for diabetes, drugs for allergies and water for injections, in short supply for the last six months, are now available.

76. Some vital antibiotics (Ceftizoxime and Gentamicin injection, Ciprofloxacin tablet, Amoxicillin suspension), analgesics (Paracetamol syrup, Acetyl salicylic acid injection), anti-inflammatory agents (Diclofenac injection), anti-angina (Glyceril Trinitrate patches), uterine stimulating drugs (Methyl Ergometrine), and cancer treatment drugs are still scarce due to erratic arrivals. Some of these drugs are also produced locally, but the percentage of countrywide demand covered is not known.

77. The management protocol for different types of cancer requires a cocktail of drugs that should be available at the same time. At present, all contracts for these drugs, ordered since the beginning of the Programme, have been approved. Seventy six per cent of the supplies have now arrived but in random order, which inhibits effective treatment. The remaining 24 per cent have been lately approved and are yet to arrive or are still unfunded. Among the ordered cancer drugs there are 145 contracts for leukaemia valued at \$7.45 million. Out of those, supplies under 105 contracts valued at \$4.14 million have arrived and eight contracts valued at \$3.36 million have recently been approved but are now unfunded.

78. As a result of Programme inputs, the production capacity of Samara Drugs Industries (SDI) is gradually expanding. SDI management reported that, if the plants were fully operational, the production of medicines and other consumables would cover 35 per cent of the countrywide requirements of the items produced. Production of tablets, capsules, ointments and syrups noticeably increased. However, filters, machinery and other equipment for the manufacture of injectable drugs are yet to arrive. This affects production, as the old production lines are unreliable and lack of appropriate filters leads to wastage of 40 per cent of the ampoule production.

79. The Arab Company for Antibiotics Industry started manufacturing oral antibiotics (Amoxicillin and Ampicillin), in May 2002. The factory was designed to produce annually 300 million capsules of various antibiotics, 28 million vials of injections and 18 million bottled suspensions. By the end of June, it had produced 292,500 bottles of Amoxicillin suspension and 5.76 million capsules of Ampicillin. This has been possible because of the arrival of Programme inputs. However, lack of appropriate filters for 'clean rooms' hampers the production of

injectable medicines, which require higher standards for sterile production. The Ninewa Intravenous Fluids Plant produces 19 types of intravenous fluids sufficient to supplement imported IV fluids. However, lack of filters causes production wastage of 17 per cent. Contracts for filters, although approved, remain unfunded.

80. The Babylon Syringe Factory has been almost fully rehabilitated. It expects to start production of disposable syringes by January 2003, with an estimated annual output of 80 million pieces. As soon as the approved production line arrives, the factory could also start production of 1.5 million urine bags per year. A blood bags production line was ordered but the contract is on 'returned hold' status.

81. According to SDI's management, the country's estimated demand for medical oxygen is eight million litres per year. SDI currently barely covers nine per cent of it. An application for oxygen plants worth \$58 million has been recently approved, but is yet to be funded.

The three northern governorates

82. The three northern governorates received medicines and medical supplies from bulk procurement worth \$11 million, as compared to \$8 million in the preceding period. About \$8 million worth of items were distributed to all 739 facilities. Stock analysis reveals that more than 100 different line items were received, as compared to 30 in the previous report. Most facilities received their equitable share, as per number of patients per month. Adequate quantities of basic commodities such as gloves and disposable syringes are now in stock. However, some essential items, such as narcotics analgesics, anti-D, anti-cancer items, laboratory reagents and test kits are still in shortage because they are either not yet funded, or GRL non compliant, or because of delayed delivery. Because these items are covered by the bulk procurement arrangements, their delivery is affected by manufacturer defaults as a result of the absence of commercial protection.

83. The United Nations carried out several activities to improve the distribution of drugs and medical supplies. Agencies conducted three workshops on pharmaceutical supply system and effective drug management. However, over prescription of antibiotics is still noted, as lack of reagents prevents the conducting culture and sensitivity tests. To improve drug selection, health personnel is being sensitised to focus on essential drugs whenever preparing orders. The United Nations conducted monitoring visits to health facilities, and the data collected during these visits is now being used when redistributing drugs and medical supplies. A decrease in the value of redistributed drugs, during the reporting period, indicates that the distribution has improved and that the drug management is more efficient.

84. The rehabilitation of 27 health facilities (7 primary, 20 secondary and tertiary), valued at \$2.35 million was completed. Thirty-two similar, but larger, projects, worth \$16 million, are ongoing. Civil works for doctors and nurses' quarters of the 400-bed hospital in Sulaymaniyah continued. However, due to the 'depreciation' of the US dollar against the local currency, six contractors refused to sign contracts for projects valued at \$5 million, which will delay implementation (please refer to paragraphs 194 - 195 below).

85. Medical equipment worth \$18 million, as compared to \$7 million in the preceding period, was distributed to different health facilities in the three northern governorates. However, equipment valued at \$0.51 million has not arrived due to delayed processing of the inputs notification by the Government. The introduction of new diagnostic imaging modalities, such as MRI systems, CT Scanner and Lithotripter, enhanced the therapeutic and diagnostic capacity. Site preparation for the oxygen plants in Erbil and Sulaimaniyah is completed. This equipment awaits installation by the supplier, who could proceed only when sites are provided with electricity and water. This is expected to occur by the end of November 2002. The site preparation in Dahuk is still ongoing and will be completed in April 2003. To ensure the proper usage and operation of distributed equipment, training workshops were conducted by suppliers locally and overseas for more than 160 health professionals.

86. Active surveillance for the detection of suspected Acute Flaccid Paralysis (AFP), measles and other diseases is ongoing. Training for clinicians and other health staff continues through regular monthly training sessions. All health personnel participating in the immunization campaigns and routine immunization are trained on regular basis to ensure proper administration of vaccine, health education and precautions for the protection and safety of vaccines.

87. Immunization rates for the six preventable childhood diseases (poliomyelitis, diphtheria, pertussis, tetanus, measles and tuberculosis) have increased after the arrival and distribution of vaccines, under bulk procurement, in late June 2002. Whereas the immunization rate for children under five years of age was 42 per cent of the planned in May, decreasing to 35 per cent in June, rates went up to 147 in July. The value for July was achieved as children over five years of age that had missed immunization earlier on were also vaccinated. DPT1 immunization rates dropped in June and then went up in July and August as a result of availability of vaccines (see table I below). Frequent vaccine shortages hamper the functioning of the regular EPI.

Cumulative immunization rates May-August 2002 in the three northern governorates

	BCG (%)	DPT 1 (%)
May	42	71
June	35	59
July	147	68
August	82	84

88. Integration of traditional birth attendants (TBA) into the health care system has been successful. Initial reports from health workers of areas covered by targeted training of TBA reveals that the referral of pregnant women to health care services increased. A regional workshop to review maternal health care established new guidelines for improving counselling and for the provision of essential supplies to antenatal care clinics, and resulted in a raised awareness among communities on this issue.

89. The epidemiological surveillance and communicable disease prevention/control activities continued. No cases of cholera have been reported and the treatment of tuberculosis through Directly Observed Treatment (DOT) short course is on going. The insecticide spraying to control malaria continues in the three northern governorates.

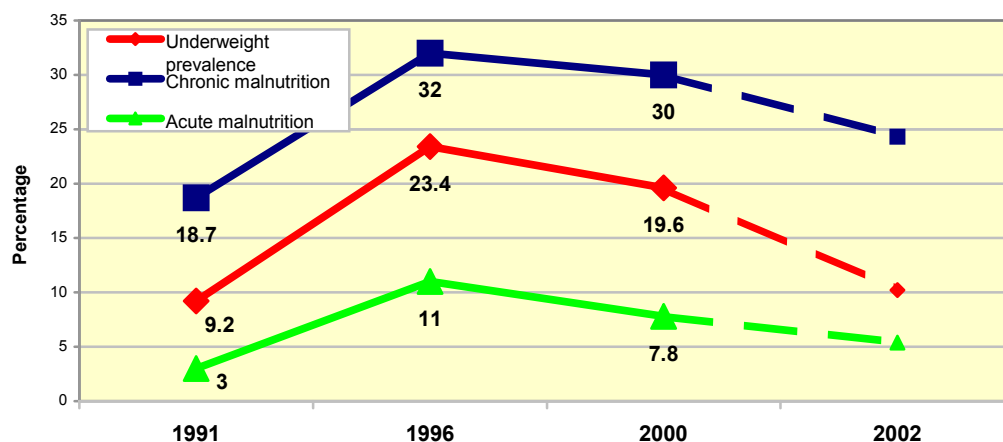
90. In July 2002, the United Nations updated the health facilities profile survey aimed at identifying the number of facilities available, their characteristics, catchment areas, diagnostic capability and referral system. The results will be used to guide future planning, human resources development, procurement of medicines and medical equipment, and medical stock management system.

Nutrition

91. The nutritional status of children under five years of age is one of the benchmarks against which to measure the impact of the Programme in addressing the humanitarian needs of the population. The prevalence of malnutrition among children under five years of age in centre/south has declined since 1996. As previously reported, this reduction is attributable to the improvements in many facets of the living environment of the population. The acute malnutrition is today computed at half of the 1996 rate, but still almost the double of 1991. In February 2002, the Ministry of Health, with support from UNICEF, carried out a nutritional survey in the centre/south, the publication of which is still awaited. Notwithstanding the commendable achievement of the Government in reducing the malnutrition rates, the present situation is far from satisfactory, as rates of malnutrition are still very high, as compared to 1991 levels. In order to sustain the present amelioration, continued investment should be targeted towards sectors such as health, housing, education, water, sanitation and electricity, coupled with inputs for agriculture and light industry.

Chart V - Trends in malnutrition rates in the centre/south of Iraq (1991 - 2000)

*Source: *Health and Welfare in Iraq after Gulf crisis*. Harvard study team. October 1991. MICS, UNICEF/CSO, 1996, 2000



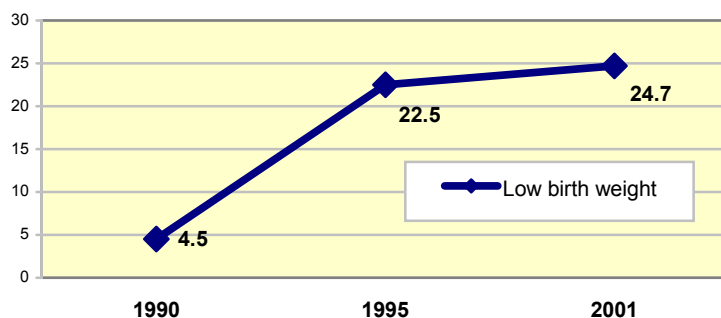
92. The incidence of low birth weight among institutional deliveries continues to be high. This is a situation that has been exacerbated by malnutrition, coupled with iron deficiency in pregnant women. The prevalence of low birth weight has continued to rise since 1990, though since 1995 at a slower pace. According to the Multiple Indicator Cluster Survey (2000), the prevalence of exclusive breast-feeding is low at 17.1 per cent. Infant formula in the food basket adversely affects breast-feeding and it is in itself a source of malnutrition because of the poor quality of water. The United Nations continues to advocate for its replacement by additional food

supplements for pregnant and lactating women, and supplementary food for children under five years of age.

Chart VI - Trends in low birth weight among institutional deliveries (1990 - 2001)

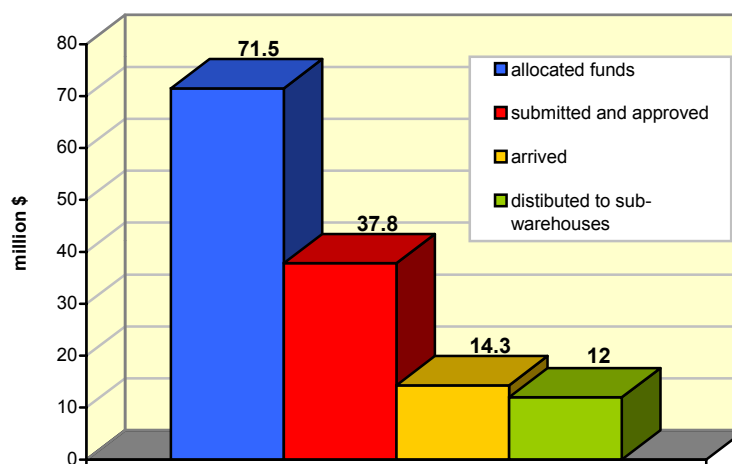
Source: Ministry of Health, Health Facilities Survey.

4



93. Funds allocated under the Programme for High Protein Biscuits (HPB) and Therapeutic Milk (ThM) from phases IV to XII amount to \$71.5 million. The chart below shows the status of commodities from submission to distribution. HPB is in short supply, as this commodity has not arrived in country since April 2001. Some contracts were cancelled due to the supplier's inability to deliver or replace contaminated supplies. ThM is not available in country and it has never been procured under the Programme despite repeated requests by the United Nations.

Chart VII - HPB and ThM contracts status as at 31 October 2002



94. Between phases I to VIII, contracts for nutrition related items, such as special milk powders, vitamin A, iron folic acid, valued at \$5.6 million were submitted and approved. The first shipment arrived in June 1999 and the last delivery was registered in January 2002. Commodities valued at \$3.4 million were distributed to sub-warehouses. The stock balance of \$2.2 million is stored at the central warehouse. No fresh orders of iron folic acid and vitamin A drops have been placed since phases VIII and VII, respectively, as the Government plans to produce these commodities locally. In September 2002, iron folic acid was available at 91 per cent, vitamin A drops at 50 per cent, vitamin A capsules at 16 per cent, and special milk powders

only at 6 per cent of the distribution sites. There is a very small amount of special milk powders available, as no orders have been placed since DP IV. A total of 3.5 million capsules of vitamin A capsules arrived in the country in July 2002.

95. Observers analysed the food basket for micronutrients. Results indicate that the average amount of vitamin A and iron per person/day for the distributed commodities was 1,191 International Units and 8.5 mg, or 59.6 and 38.6 per cent, respectively, of the Recommended Daily Allowance in developing countries. The rest of the requirement for these micronutrients has to be met with locally available foods, which may be limited by low purchasing power of the population. Most items rich in vitamin A and iron are perishable and hence difficult to include in the Government food entitlement scheme. Under their respective regular programmes, WHO and UNICEF will launch a pilot project aiming to fortify wheat flour with iron. Premixes have arrived but feeders and mixers being procured under the Programme are awaited.

96. While the salt provided in the food basket is adequately fortified with iodine, most of the locally produced salt is not iodised. The UNICEF country programme has pursued strong advocacy efforts to promote salt iodisation including support for legislation, information, education and training of health functionaries. As a result, the Government has imported through the Programme 60 metric tons of potassium iodate, which will be sufficient to fortify 1.2 million metric tons of locally produced salt⁷.

The three northern governorates

97. Between May and October 2002, 584,013 children were screened in public health centres. Out of these, 5.5 per cent were moderately malnourished and 0.5 per cent severely malnourished. In remote rural areas, volunteers of 381 community childcare units conducted the screening. Findings show that, in those areas, 9.8 per cent of children were moderately malnourished and 0.9 per cent severely malnourished, indicating a higher level of malnutrition in rural as opposed to urban areas. This is due to the limited access to basic services in rural areas combined with lower levels of income. Since the end of 1999, the United Nations provided all malnourished children with high protein biscuits and therapeutic milk through nutrition health workers. High protein biscuits and therapeutic milk are supplied on a continuous basis to primary health centres for treatment of children. Vitamin A capsules are given to all children immunized against measles.

98. The Nutrition Programme, started in 1998, continues to provide supplementary rations to an average 75,000 people in the three northern governorates, including malnourished children and their families and pregnant/nursing mothers. It also supplied high-energy biscuits to 350,000 primary school children in rural areas to supplement their micronutrient needs. Appropriate Feeding Practice Promotion (AFPP) was launched in January 2002 to train caretakers on proper feeding practices. The project was extended in July to pregnant and nursing mothers. Another similar project targeted 1,044 health workers. The Nutrition Programme has contributed to recent improvements in the nutritional situation. The United Nations intends to gradually phase out the

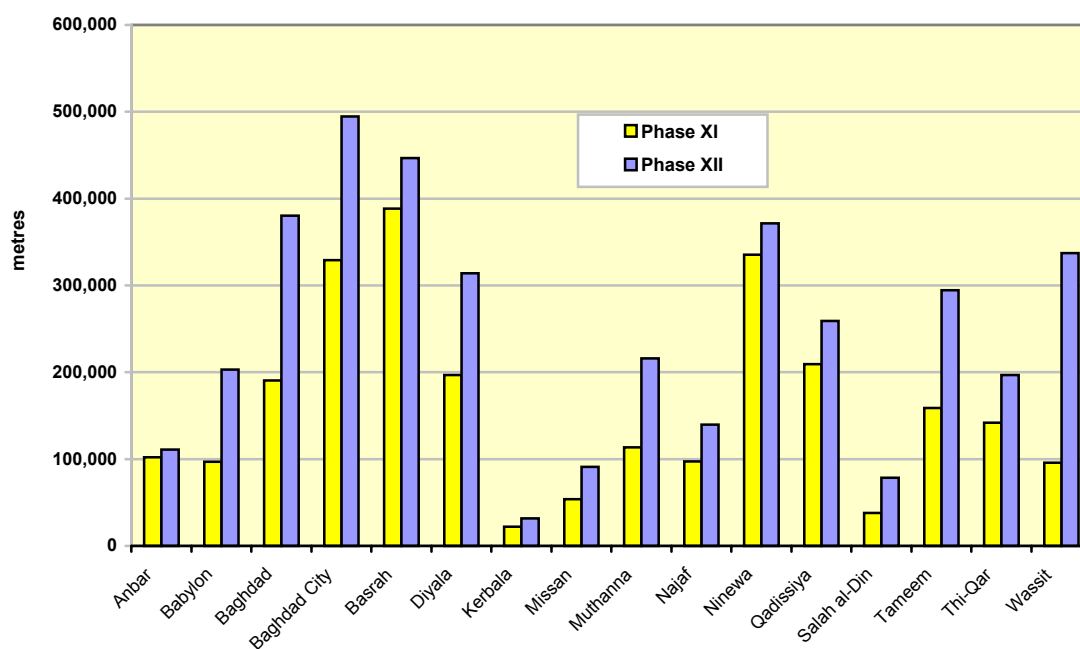
⁷ Calculated using the standard ratio of potassium iodate to common salt (sodium chloride) 50: 1 million parts. Data on quantity of locally produced salt in Iraq is not available.

supplementary rations to malnourished children and their families by end 2002. However, distribution of HPB and therapeutic milk to malnourished children will continue.

Water and Sanitation

99. In the 15 governorates in the centre/south, access to potable water has increased with the ongoing pipe network rehabilitation. Though the impact cannot be quantified due to lack of flow meters, it is estimated that the existing 40 per cent loss in the distribution system would be reduced to 30 per cent. Moreover, the regular availability of disinfectants such as chlorine gas and bleaching powder, as well as the recent arrivals of alum sulphate, facilitated production of potable water. Chart VIII indicates that pipe installation rates increased, and doubled in Babylon, Muthanna, Salah al-Din and Wassit governorates, increasing the availability of potable water. According to the 1999/2000 UNICEF/Care survey, approximately 78 per cent of the population (91.8 per cent urban and 43.78 per cent rural) in the centre/south have access to potable water.

Chart VIII - Comparison of pipe installation between phases XI and XII



100. As part of an overall assessment started in January 2002, observers visited nine rural and five urban water systems in Anbar, Babylon, Basrah, Diyala, Kerbala, Missan, Salah al-Din and Tameem, which have received new water treatment compact units (CUs) and other inputs. In these governorates, local authorities are gradually rehabilitating water treatment plants, CUs, boosting stations and pipe networks. So far, 27 per cent of old asbestos pipes have been replaced. To extend network coverage, smaller pipes were also substituted with larger sizes. In these governorates network rehabilitation decreased water leakage from 40 per cent to 29 per cent. This data confirms the trend of other centre/south governorates. The rehabilitation availed an estimated additional 32 litres per day to the 350,000 people in these governorates. The assessment will be completed in November 2002.

101. The installation of new CUs improved water availability in semi-urban and rural areas. Out of 36 CUs distributed, 28 were installed, benefiting approximately 600,000 people. Local authorities operate these new CUs and are also gradually assuming responsibilities for community managed CUs. This take-over of rural water system management is largely due to shortage of funds to train community-based operators. In areas where CUs have broken down, potable water is distributed to the population with tankers. Since the inception of the Programme, 652 water tankers arrived and 528 were distributed, including 98 in the last six months. The latter distributed tankers will provide 50 litres of water per capita/day to approximately 280,000 people.

102. The Government of Iraq started in phase IV ordering supplies to initiate rehabilitation of major Sewage Treatment Plants (STP) and sewage compact units, which serve approximately 70 per cent of the urban population. Out of the 20 STP plants and sewage compact units in the centre/south, 13 are in Babylon, Basrah, Qadissiya, Thi-Qar, Missan and Najaf. United Nations assessments of six of these plants (Babylon, Basrah, Kerbala, Missan, Najaf and Qadissiya) confirm that installation of Programme supplies, such as submersible pumps, motors and generators had a limited effect. Plants' operating capacity currently stands at an average of 33 to 48 per cent, as contracts for major mechanical and electrical parts, which will restore the plants to their designed capacity, are either on 'return hold' status or unfunded (\$10.6 million). An estimated 500,000 metric tons of solid partially treated (or one million cubic metres of raw sewage) is discharged into the receiving water bodies, daily, including an estimated 125,000 metric tons (or 250,000 cubic meters of raw sewage) from the governorates of Baghdad, Kerbala, Babylon, Najaf, Qadissiya, Wasit, Missan, Muthana, Thi-Qar and Basrah. This results in the increased pollution of rivers, which affects the flora and fauna, and increases the cost of raw water treatment. This practice also indirectly affects human health, as in many unserved areas people still fetch untreated water for drinking purposes. Similar situations exist throughout the centre/south governorates, except for Baghdad City, where the STPs are producing sewage effluent close to the national standards of 40 mg/litre Bio-chemical Oxygen Demand and 60 mg/litre suspended solids.

103. The local authorities received sewage compact units and started rehabilitation of networks. The Baghdad Water and Sewerage Authority (BWSA) reinforced the collapsed sewer and is installing the 400 pumps that arrived recently. These interventions will ensure free flow in the networks and reduce street flooding. Additionally, BWSA received 384 km and installed 160 km of sewer pipes, out of which 88 km were put in place by local contractors. However, lack of cash to hire local contractors affect installation rates.

104. Observers conducted garbage collection systems assessments in the capitals of Muthanna, Thi-Qar, Ninewa, Najaf, Basrah, Kerbala, Babylon and Qadissiya governorates. Estimates by observers are that 69 per cent of the total garbage collected came from residential areas, while 18 and 13 per cent was collected in commercial and industrial areas, respectively. However, the amount of waste generated and collected cannot be quantified as weighing facilities and record keeping at landfill sites is inadequate. Assessment results indicate that the arrival of new vehicles improved collection. About 73 per cent of the compactors and 75 per cent of the skip trucks are Programme inputs. Local authorities reported that, although these items had a positive impact,

resulting in cleaner cities and improved environmental conditions, the existing collection fleet meets only 39 per cent of the requirements and garbage containers cover only 21 per cent of the needs. Landfills are generally poorly managed and delivered Programme equipment meets only 34 per cent of the needs. GOI has placed relevant applications for equipment and machinery, which are unfunded.

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105. At the inception of the Programme, the United Nations undertook emergency measures, which led to increased household access rates to water. The UNICEF Household Survey (2000) reveals that 96 and 83 per cent of the population had access to safe water sources in urban and rural areas, respectively. The quantity and quality of potable water supplies, however, still requires major improvement.

106. Regular monitoring of water quality in the three northern governorates is ongoing. The United Nations supported the collection of 10,898 water samples for bacteriological analysis and 1,419 for chemical analysis in the three northern governorates. The provision, through the Programme, of water testing equipment and chemical reagents enhanced the capacity of the Water Quality Control Laboratories. Chemical tests of the 1,419 samples showed that the water analysed is fit for drinking. Result of bacteriological analysis of the samples shows that the percentage of safe water in urban areas in Erbil was 89 per cent, Sulaymaniyah 89 per cent and Dahuk 98 per cent. WHO guidelines indicate that bacteriological contamination should be less than 5 per cent; Erbil and Sulaymaniyah cities are outside the WHO guidelines. Similarly, in semi-urban and rural areas, the percentage of bacteriological contamination exceeded the limits. Main reasons for water contamination are the lack of chlorination facilities, cross contamination and illegal connections of users, particularly prevalent in collective towns and Erbil City.

107. The three major cities of Dahuk, Erbil and Sulaymaniyah, with estimated populations of 1.5 million, are the focus of urban safe water supply interventions. The Chambarakat water project for Dahuk City will go to scale by end 2002. Feasibility studies for water projects in Erbil and Sulaymaniyah have been finalized. The United Nations continued repair and extension of the water supply networks for 51,250 people in urban areas. The United Nations activities will also increasingly serve populations of smaller cities and towns, such as Zakho, Akra, Chamchamal, Rania and Soran, where existing water systems have never been expanded. The first semi-urban water project, located in Barzan, giving water supply to some 3,000 people, will be completed by late 2002.

108. In rural areas, there is a need to overhaul emergency measures undertaken at the inception of the Programme. Public village water points, constructed to serve many households in a short time, have been conducive to misuse by villagers. They often connect individual hoses to water stands to transport water to their dwellings, which leads to bacteriological contamination, leakage and wastage. The United Nations introduced multi-village water projects, where all households of several villages are connected directly to one water source. In late June 2002, the United Nations conducted a water supply and sanitation assessment of rural areas. Results show that 983 villages are in need of adequate water projects. Since May 2002, 192 multi-village water projects were carried out in the three northern governorates, supplying water

to 60,500 people. All projects have integrated treatment measures to increase the quality of water. Throughout the three northern governorates, construction of pump and chlorinator houses, and installation of chlorinators benefited 91,000 and 229,300 people, respectively.

109. Basic city maps have now been completed showing land, roads and housing on which detailed information concerning the location of water resources, water and sewage networks, electricity and telecommunications networks, population density, major users and sources of pollution can be overlaid. Unfortunately, however, during the period under review, the continued delay in the issuance of the necessary visas to international experts has remained the main bottleneck in effective implementation of the projects. The overall water and sanitation programme under UNOPS has been run by only one expatriate, the programme manager, assisted by local staff who do not necessarily have all the qualifications required.

110. The United Nations reviewed activities on solid and liquid waste disposal, giving priority to smaller cities and towns. Until now, an organized system of solid or liquid waste disposal, however, a remains absent, as this activity was mainly supported through the provision of garbage trucks. Waste is discharged to open fields outside settlement areas without control. In Sulaymaniyah, initial discussions took place to construct low-cost treatment plants such as stabilisation or duckweed ponds, using air and sun for decomposition. The first plant will be operational early 2003. The United Nations is currently assessing controlled landfill for solid waste disposal in Erbil Governorate. One location has been identified, as has been a strategy to mobilise communities to learn about and carry out segregation of solid waste in categories. Similar assessments in Dahuk and Sulaymaniyah governorates will be conducted at a later stage.

111. In rural areas, 1,800 villages are still without adequate means of excreta disposal. Safe sanitation is key to reduce child and infant morbidity and mortality rates. In July 2002, the United Nations completed an assessment on the inter-relation between availability of safe water and sanitation and children's health status in Dahuk Governorate. In areas where more than 75 per cent of households have access to safe water and sanitation, the rate of diarrhoea among children under one year of age was 19 per cent. In areas with less than 25 per cent access to water, the incidence rate was 26 per cent. Interventions are ongoing to address rural sanitation needs and 6,800 household latrines were built for 44,800 people.

112. In August 2002, the United Nations held a water and sanitation workshop in Erbil with the participation of local counterparts. Participants produced the Water and Sanitation Investment Plan (WSIP) 2002, which aims to identify priority interventions in urban and semi-urban centres, but excluding the three main cities. The plan established a priority investment programme for 61 secondary towns and collective towns. Criteria for prioritisation included status of the water and sanitation infrastructure (existing water supply service levels, physical coverage of the water and sewerage systems), population, and presence of internally displaced persons (IDPs). More than 58 per cent of the IDPs in the three northern governorates live in collective towns, many of which are in deplorable condition. The activities identified in the WSIP 2002 will address the needs for water supply and sanitation in areas of large concentrations of IDPs.

Agriculture

113. Favourable climatic conditions, land reclamation and improved irrigation water supplies have supported agricultural activities and provided more water for human and livestock use. Increased local production of sunflower and maize has continued to provide vital components in human and animal nutrition. However, the aggravation of the whitefly infestation of fruit orchards, especially during last summer, could not be fully controlled because effective pesticides were not available.

114. In the previous Note by the Office of the Iraq Programme, it was indicated that all stocks of pesticides for whitefly infestation were exhausted, making the pesticide campaign difficult to realise – the Note dated 19 September 2002 is available on OIP's Web site (www.un.org/Depts/oip). Throughout September 2000, the Government continued foliar spraying of Summer Oil, which is ineffective against the whitefly, as shown by test results (500 to 1,000 insects collected per test trap per hour). Consequently, the entire citrus harvest has been reduced by 50 per cent.

115. The Programme irrigation inputs are being used in a number of land reclamation projects, clearing of irrigation and drainage canals, and drilling of deepwater wells. Between May and October 2002, a total of 163,500 hectares of agricultural land has been reclaimed, 800 kilometres of drainage channels cleared, and 367 deepwater wells drilled.

116. Irrigation systems, such as sprinklers, centre pivot, and drip irrigation, which will cover almost 20,000 hectares during the coming winter season have been distributed, which in addition to previously distributed systems, permits better water management practices. This will result in more irrigated lands with less drainage and salinity problems. In response to farmers' demand for more irrigation equipment and spare parts, the Government established additional distribution outlets.

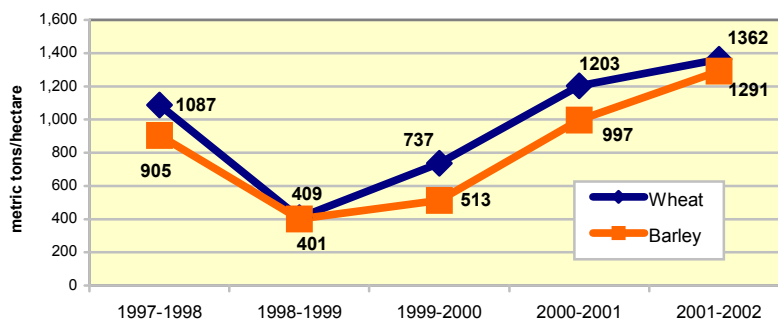
117. Observation data on all Programme layer consignments from 1999 to 2001 shows that over a billion table eggs were produced in that period, and per capita egg production rose from 8.6 in 1999 to 23.6 in 2001. While the number of chicks distributed increased from 1.8 million to 4.5 million between 1999 and 2001, high mortality, disease outbreaks, lack of vaccines, vitamins and minerals, and poor quality feed in 2001 reduced the increase in egg production. With continuous release of contracts related to poultry inputs, assuming the availability of funds, production of table eggs is expected to increase in 2002.

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118. The United Nations finalised a Cereal Yields Survey for 2001/02. Wheat yields were recorded at 1,361 metric tons per hectare and for barley at 1,290 metric tons per hectare, which is the highest output in the last five years. Summer crop production for vegetables and sunflower increased considerably during the 2002 season. Tomato yields averaged approximately 40 metric tons per hectare, in comparison to 28 metric tons per hectare during the previous season. These increases, in both winter and summer crops, can be attributed to good rains during winter, high

quality inputs provided by the Programme, extension and farmer's training activities, and the farmer's adoption of improved farming techniques.

Chart IX - Wheat and barley production (1997 - 2002)



119. Preliminary trials for soybean production were positive, demonstrating a high potential to produce poultry feed locally. The Programme plans to expand the soybean project, with the provision of quality seeds and extension activities. Excellent quality wheat seeds were also produced using Programme inputs and will be distributed to targeted low-income farmers for the winter planting season.

120. During trial and commissioning, the Harir Fruit Processing Plant produced 691,523 cans of superior quality tomato paste for the local market. The Edible Oil Processing Plants in Aqrah and Arbat produced, during the test run, 58,569 litres of sunflower oil and approximately 120 metric tons of sunflower by-product. The latter was supplied to herders, as protein-enriched supplement in animal feed, to increase animal productivity. Both plants are working at full capacity. Products are sold in the local market and the fund generated from the sale of produce will be utilized to cover part of the production costs, which, in the case of sunflower oil, remain substantially higher than the cost of similar imported items.

121. The United Nations carried out a rural socio-economic survey. It provides basic data, particularly on vulnerable households, to enhance the design and implementation of agricultural activities. Final data analysis revealed that an estimated 50,200 rural households, or approximately 26 per cent of the total rural population, had an average monthly income of \$21 in 2001. This is well below the \$33 poverty line in rural areas in the region. These vulnerable households include low-income, small-scale farmers, the landless and female-headed households. The United Nations will introduce integrated area-based interventions (animal production, irrigation, crop production and forestry projects) to meet the needs of these vulnerable groups. Ongoing activities such as the backyard poultry programme provided assistance to over 35,000 low-income beneficiaries. A total of 3,642 beekeepers living in 1,677 villages received support to improve traditional beekeeping. Honey production remains an important source of nutrition and income, particularly for vulnerable groups living in marginalized areas.

122. As previously reported Dermatophilosis, a bacterial skin disease in goats, was diagnosed for the first time in the region. It is associated with heavy tick infestation and the long rainy season. The infestation was brought under control by dipping all small ruminants with acaricides.

Out of 44 Foot and Mouth Disease (FMD) samples sent to the World Reference Laboratory in the United Kingdom, 17 were found positive. Vaccination campaigns against FMD, scheduled to start in October 2002, have not started because of delayed arrival of vaccines, because suppliers, contracted by the United Nations, failed to honour their contracts. The United Nations is currently trying to procure these items from alternative suppliers. Vaccinations for FMD are done twice a year, in May and October. Animal immunity will begin to decrease if the vaccine is not administered in time, and by November, the animals will be susceptible to FMD, putting people and their livelihoods at risk as well.

123. Training and extension on Integrated Production Pest Management (IPPM) reached a total of 13,211 farmers from 1,440 villages. The intervention aims to reduce the use of agrochemicals by introducing indigenous or natural pest enemies. These control measures help reduced the heavy incidences of serious crop pests and diseases, thus enhancing crop production and productivity in the region. IPPM is considered worldwide as the most appropriate cost-effective and environmentally acceptable pest management strategy.

Electricity

124. During the last week of October 2002, the applications for Dibis gas power station (GPS) and Najaf GPS were approved. The Dibis GPS is an important element in the reconnection of the three northern governorates to the national grid. In November 2001, the Committee authorised the use of funds from the ESC (13 per cent) account for this application, valued at \$80 million.

125. Two new units at Al-Quds GPS were energised and two others are being commissioned at Beji GPS. Additionally, two units at Najibiya thermal power station (TPS) and two other at Khor Al-Zubair GPS were rehabilitated. By summer peak of 2003, two additional units might be commissioned at Beji GPS. The expected available generating capacity during next summer could be 5,200 MW countrywide, assuming that the available capacity from the hydropower stations remains at 700 MW. Before summer 2004, more units under construction would be added to the electricity power supply system. This could raise the available capacity to about 5,900 MW, countrywide.

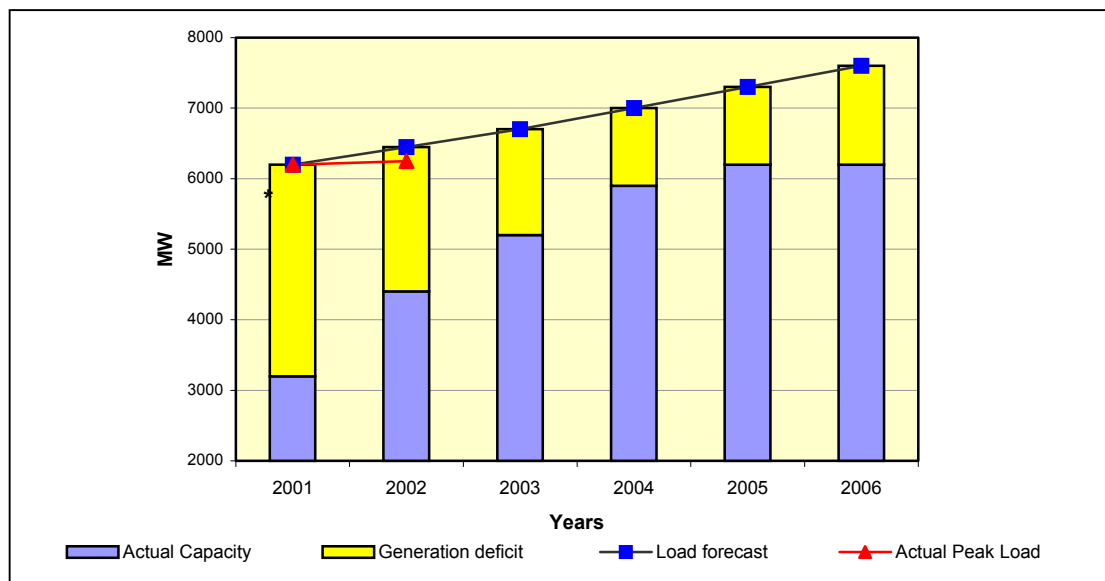
Installation of units between May and October 2002

Power stations	Installed/Rehab.		Under construction		Awaiting funds/ Not approved	
	Units	Capacity (MW)	Units	Capacity (MW)	Units	Capacity (MW)
Al-Quds GPS	2	250	2	250		
Beji GPS	2	318	2	318		
Najibiya TPS	2	200				
Khor Al-Zubair GPS	2	126				
Himreen GPS			3	111		
Yousfiya TPS			2	420	1	210*
Nassriya TPS						150*
Hartha TPS					2	400*
Najaf GPS					2	330*
Rumaila GPS			2	250***	2	250**
Dibs GPS					2	300
TOTAL	8	894	11	1,349		1,640*

Awaiting funds ** not approved * operational after installation of units which are not yet approved*

126. Lack of funds for 99 approved contracts valued at \$360 million, will forestall the addition of an extra 1,090 MW generating capacity. Al-Shimal and Salah al-Din power stations are both under construction. Programme materials worth \$81 million that have arrived cannot be utilized because applications for main equipment are not approved, and accordingly both are not considered in the chart below. These power stations are essential to cope with the load growth after 2006 and to replace ageing units. If all applications submitted are approved and funded within three months, the available generation capacity could cope with the load by 2006.

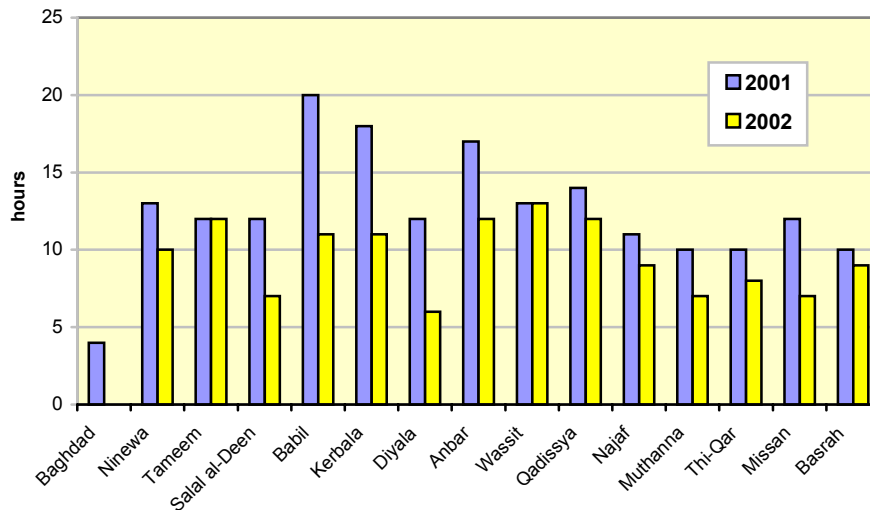
Chart X - Load forecast, available capacity and generation deficit*



**The estimated peak load for 2002 is approximately 200 MW higher than the actual peak load. This is caused by the limitations on the transmission and distribution system.*

127. During the summer peak of 2002, there was a decrease in the number and duration of scheduled power cuts in the 15 centre/south governorates. Essential services such as hospitals, water pumping stations and drainage-pumping stations are exempted from scheduled power cuts.

Chart XI - Total duration of scheduled power cuts per day during July/August (summer peak load) in centre/south Iraq (2001 - 2002)



128. Many disturbances were encountered in the power supply because of the poor condition of the transmission and distribution networks. No additional load can be accommodated until the network is rehabilitated. Out of approved 102 applications for materials worth \$76 million, supplies and equipment worth \$53 million have arrived in Iraq. As a result, the Commission of Electricity has started construction works of several transmission lines. This includes 70 km from Baghdad East to Baghdad South with a branch to Diyala, 80 km from Khor Al-Zubair to Hartha, and 7 km from Al-Quds to Baghdad North. A total of 11 contracts, valued at \$61 million, await funding. The materials received for the distribution network are not sufficient to stop further deterioration. Requests to connect new consumers are rarely honoured, which affects the boom in housing construction. A total of 49 applications for distribution, valued at \$102 million, remain unfunded.

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129. Electricity generated from Dokan and Derbandikan dams - assuming an average rainfall next winter - with backup supply from the 29 MW diesel generators, will be sufficient to meet the basic electricity requirements of households and other essential services connected to the network in Sulaymaniyah and Erbil until the end of 2003. A considerable number of small diesel generators were disconnected, as network supply was reinstated to consumers from the hydropower stations. As such, the United Nations relocated 90 small diesel generators in Sulaymaniyah, benefiting more than 10,000 low-income households. The local authorities in Erbil were reluctant to relocate generators in case of disruption of power supply from the hydropower stations in Sulaymaniyah. However, discussions have now started and the first

generators will be relocated shortly. In Dahuk, there has been no change in the electricity situation to warrant relocation of the small diesel generators.

130. As a response to the previous drought, as well as to safeguard a minimum supply of electricity to essential humanitarian facilities, since 1998, the United Nations procured over 2,000 small and medium-sized generators. In view of the changes registered in power generation, in September 2002 the United Nations completed an assessment, which covers over 1,000 small and medium-sized generators. Findings indicate that most generators are now either disconnected or used only as backup power supply. The assessment also highlights that additional support by the Programme will be required for spare parts and fuel, as beneficiaries are unable to cover operation costs. The United Nations is discussing modalities for the maintenance and provision of fuel for these generators. A complementary technical assessment of all small and medium-sized diesel generators will be completed by mid December 2002 and will also address the question of sustainability.

131. The United Nations energised eight substations, rehabilitated 500 km of distribution lines, and repaired/replaced 800 distribution transformers. This resulted in improved reliability of power supply to 50,000 households. In addition, 7,000 consumers were reconnected to the supply system. The United Nations also constructed about 100 kilometres of new distribution lines and installed 90 distribution transformers. This meant that, for the first time, 6,500 households were connected to the network. Moreover, these interventions benefited basic services such as schools, water pumps and health facilities.

132. De-mining teams cleared safe lanes and marked all other minefields in the corridor along existing and proposed transmission lines in 32 different sites. Work on 12 sites is completed. In June 2002, the United Nations commenced re-surveys of all prioritised transmission lines. Fifty-four transmission lines (1,500 kilometres) were re-surveyed, including land previously demined by local authorities and villages, and 147 minefields along these transmission lines were marked. Targeted completion date for demining is June 2003.

133. The 'turnkey' contractor has now commenced engineering survey work on over 2,000 kilometres of transmission lines. Survey and line design is progressing, with target completion by March 2003. Structural engineering design and prototype tower testing were completed. Visa delays, however, continue to hamper project implementation, thereby increasing the overall cost of the operation.

134. In July 2002, seven towers collapsed on the double circuit Azadi – North Erbil 132kV-transmission line, with 75 per cent of Erbil Governorate suffering from power outage. The principal cause of the collapse was the poor structural condition of the towers resulting from years of neglect. This was exacerbated by the fact that the towers were weakened by the pillaging/removal of key structural members. The United Nations responded by providing emergency support to the local electricity authorities and power was restored in four days.

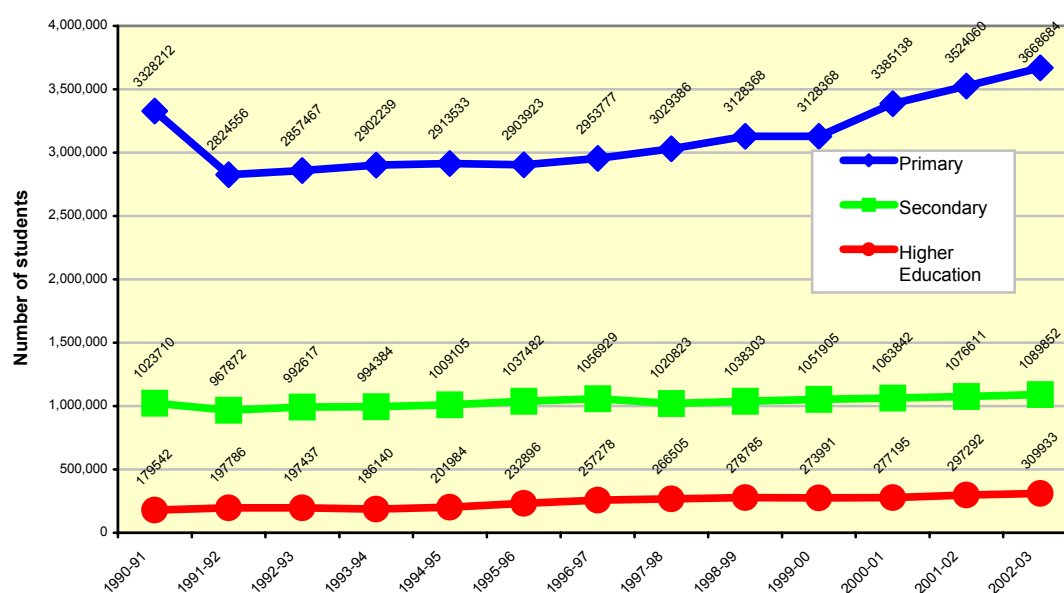
135. The United Nations continued training local authority technicians on operations and maintenance of the infrastructure and the network, including safe work practices. Fourteen training centres in the distribution sector were established in the three northern governorates. The

local electricity authorities run these centres to assist project implementation. More than 1,000 people from the local authorities were trained on construction techniques and safe work practices.

Education

136. According to projections for the academic year 2002-03, primary and secondary school enrolment in the centre/south will reach almost 5 million students, an increase of 9 per cent as compared to 1990. On the other hand, enrolment at the university level is expected to reach 0.31 million.

Chart XII - Enrolment in centre/south Iraq



137. Most universities in the centre/south are expanding their facilities. The Ministry of Higher Education (MOHE) is building new campuses in Diyala and Kufa (Najaf) and inaugurated the new universities of Kerbala and Thi-Qar. This expansion is required to meet the needs of an estimated 66 per cent increase in the student population as compared with 1990, and to replace temporary accommodations with buildings that are suitable for academic activities. Programme building materials facilitated these encouraging developments.

138. The physical infrastructure of schools remains poor. According to the Ministry of Education, 8,613 school buildings (70 per cent) are in a general state of disrepair. Since the inception of the Programme, \$7.7 million worth of rehabilitation materials have arrived in the country, out of which only \$2.3 million reached schools. In September 2002, \$5.4 million worth of supplies arrived in country (ceiling fans, glassware, wooden doors, paint and copper wire) and are being distributed. However, only 30 per cent out of the 500 metric tons of steel bars (\$0.16 million), imported since phase II, have been used. School Directors often complained that lack of cash to pay for local materials and labour prevents them from installing Programme supplies. As a result, impact on the condition of schools has been minimal. Approximately 35 per cent of

primary schools are operating in double-shift. The prevalence of two-shift schools takes a heavy toll not only on furniture and infrastructure, but also on the motivation of students and teachers. The Ministry of Education estimated 5,132 new schools are required to meet increasing enrolment and to phase out double-shifts.

139. The poor state of hygiene and sanitation in primary schools is of grave concern. Only half of the schools have regular access to potable water. This situation increases exposure of children to serious health hazards. There is the need for the Government of Iraq to increase the resource allocation to the sector, supplying the necessary funds to repair sanitation facilities and damaged sewage networks, as well as providing water-tanks and pumps. These measures need to be supported by a campaign to promote community awareness on hygiene and sanitation, and the need for community involvement in the maintenance of facilities.

140. The provision of office furniture and equipment under the Programme, worth \$21 million, generally increased work efficiency at all levels of education. Vehicles improved supervision, distribution of commodities, and transportation of students and staff. In higher education, over 90 per cent of contracts for general supplies were approved, resulting in improved learning and teaching environment. For example, 300 generators distributed recently are providing a constant source of electricity, which is crucial in a country where extreme climatic conditions and frequent power cuts are common. In basic education, the recent distribution of electrical wire, glass-sheets for windows and wooden doors, had a positive impact on the classroom environment. Although limited, this improvement is especially timely given the upcoming winter. In higher education, 61 per cent of applications for contracts submitted for scientific teaching equipment and materials have been approved, and only 18 per cent had arrived in the country by end of October 2002. Lack of these important educational supports undermines the transmission of knowledge and skills to students.

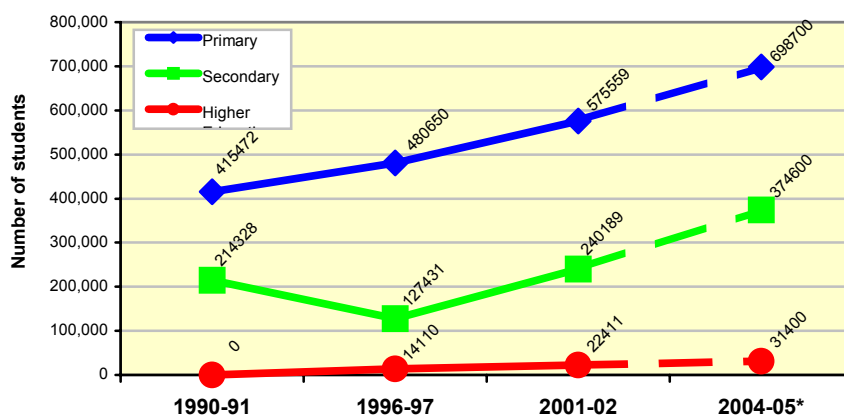
141. The Ministry of Education is experiencing difficulties in retaining qualified teachers because of low remuneration rates. In an effort to improve morale, the Ministry distributed clothes and subsidised food products to its staff and provided in-service training for 2,910 teachers and supervisors over the last two years, with the support of the United Nations. A modern distance education project targeting 236,000 teachers has not yet started because \$61 million worth of complementary items needed for the installation and operation of the broadcasting station although approved are still in the delivery pipeline, and an additional \$32 million of commodities are yet to be approved.

142. In 1998, the Ministry of Education printing press was operating at five per cent of its capacity. With the arrival of Programme materials, the production of basic education textbooks increased, and is now covering 20 per cent of the needs in the centre/south governorates. In basic education, textbook shortages are solved through imports and the use of second-hand books. Some \$69.7 million worth of contracts for the printing press are in the pipeline and \$12.7 are yet to be approved. In higher education, lack of current scientific literature continues to undermine academic standards. Up to phase V, six contracts worth \$1.8 million were approved and the supplies concerned had arrived in Iraq. However, two applications worth \$6.2 million for journals and books in various disciplines remain unapproved and are being reviewed under resolution 1409 (2002) procedures.

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143. Enrolment has increased from 1996 onwards. While this is a positive trend, the number of children eligible to attend school, at all levels, also continues to grow at higher pace. A core problem, therefore, remains to accommodate this increasing student population, while simultaneously providing equal access to all students and addressing gender disparity. School rehabilitation and construction, provision of furniture and transportation constitute the main interventions of the United Nations to address the problem of access.

Chart XIII - Enrolment in the three northern governorates



144. The United Nations carried out a rapid assessment in urban and rural areas of Erbil Governorate to study non-attendance at primary school level. For rural areas, results indicate that the long distance required to reach school, especially during the cold winter, is one of the contributing factors to this problem. Furthermore, in rural and urban areas alike, uneducated caretakers do not appreciate the value of education, particularly that of girls, and low-income families push their children to become breadwinners. Although primary education in Iraq is compulsory, the administration does not enforce the law. Teachers do not follow-up on dropouts and disabled children are refused access to schools. Lack of qualified teachers to serve in rural areas is also an issue. The United Nations provided a three month pre-service training for 1,164 candidates coming from high-school that were willing to be recruited as teachers in remote and rural areas in the three northern governorates. Households are not able to provide children with school uniforms. In response, the United Nations supplied all 700,000 primary school age children with school kits. However, means of transportation and advocacy with the local authorities on the abolition of school uniforms are yet to be addressed.

145. In secondary education, rural students comprised only 11.7 per cent of intermediate and 3.6 per cent of preparatory students in 2000/01. There is an overall shortage of teachers, which is aggravated by the lack of interest among trained teachers to go to rural areas because the low salaries are not sufficient to cover transportation costs and staff housing is not available. The provision of transport for students residing in rural areas and semi-urban slums, to the larger towns where secondary schools are concentrated is one solution. During the past academic year, 14,777 secondary school and 400 university students in Erbil and Dahuk governorates used the service. The number of secondary school students using this service increased to 17,246 with the

start of the current academic year in October 2002. The United Nations also met the stationary requirements of all secondary school children in order to relieve households from this financial burden.

146. Construction and rehabilitation activities, aimed at improving access, remain a top priority. While in the past, construction projects responded to ad hoc needs, future activities would be rationalised with the findings of the School Mapping Survey carried out in 2001/02. Recommendations include, merging some school administrations, separating secondary into independent intermediate and preparatory schools, and merging classes or close schools, where student numbers are insufficient. The survey has also identified the need for 154 secondary schools to be renovated and 1,200 classrooms to be constructed and/or extended to existing facilities.

147. The United Nations has constructed four kindergartens with a capacity of 600 children in Sulaymaniyah and Dahuk. It has also completed the renovation and extension of 61 primary schools in the three northern governorates. Additionally, 35 primary schools were newly constructed. Over 50,000 students were accommodated by these activities. In secondary education, 32 constructed and renovated schools provided access to 11,000 students. New projects worth \$35.8 million, of which 54 are for higher and three for secondary education, are at different stages of initiation. Ten ongoing projects are targeted for completion by December 2003. In Sulaymaniyah, the bulk of construction activities revolved around relocating the University campus to its new premises in Qilyasan and Bakrajo, which will benefit more than 22,000 students and staff members. In Erbil and Dahuk, major construction activities also involved the new campuses, colleges and departments of the Universities of Salahaddin and Dahuk, and the technical institutes.

148. To improve the quality of the learning environment, the United Nations also continues to provide desks and furniture for completed secondary and tertiary educational facilities, benefiting an estimated 16,000 students, 2,370 staff members and 100 schools. A total of 28,000 school desks were also provided for 56,000 primary school children.

149. High repetition rates are a reflection of a low quality of education. The Education For All Assessment (2000) reveals that repetition rates were 33.3 and 26.5 per cent for grades five and six, respectively. Secondary education also reveals a similar trend with repetition rates ranging from 22 to 25 per cent. The United Nations is improving the quality of education through large-scale training activities and procurement of equipment and instructional materials.

150. During the summer holidays, 16,010 students in grades five and six (children between 11-12 years of age) were given remedial classes in basic subjects. The United Nations piloted basic interventions in two model kindergartens in Erbil and Sulaymaniyah cities, of which 55 teachers were trained in teaching and child-care modules to serve as master trainers for other institutions. Moreover, all 32,500 primary school teachers were trained in all basic subjects at sub-district level, as well as child psychology and child rights. The impact of these interventions will be reflected in next years' expected learning achievements.

151. In secondary education, 33 training programmes took place with 28,058 participants. The United Nations provides summer courses to 589 vocational students to better adapt themselves for future job requirements, and remedial classes for 1,295 intermediate school students. A course on modern archiving techniques in Sulaymaniyah, aimed at establishing a databank of documents dating back to the 1930s, was completed. Rodents and weather were destroying these documents, which constitute the institutional memory of secondary education in this governorate and which is essential for monitoring future developments.

152. Lack of science and computer laboratories, and libraries is an impediment to education. The establishment of computer laboratories in 348 secondary schools throughout the three northern governorates has started. The installation of 302 science laboratories and 205 libraries will be addressed at a later stage. Biomedical equipment worth \$1.1 million and more than 2,000 publications were distributed to medical schools. These activities enhanced the performance of medical and teaching staff, and upgraded the training process at medical schools and technical institutes in the three northern governorates.

153. In Sulaymaniyah, the Labour Market Survey (2002) examined the relevance of vocational and technical education, indicating that the existing and anticipated economic and labour profiles were inadequate to cover needs. The study proposes to introduce student support programmes, such as career guidance, health and safety at work, and environmental awareness. It also suggests that new programmes, better geared to labour market requirements be introduced, such as information technology and communications, banking, public catering and hotel management, and customs services. The establishment of a Vocational Educational Complex in Sulaymaniyah valued at \$2.5 million was also proposed to concentrate dispersed and scarce human and non-human resources into one centre. Pre-construction activities have started.

154. The United Nations agencies and programmes initiated skills development and vocational training services to facilitate integration of IDPs into host communities. The scheme aimed at motivating children to return to school, while providing vocational training opportunities such as hairdressing, carpentry, masonry and domestic electricity. The Zewa Centre for Social Care was engaged to provide skills development training for 106 street working children, belonging to internally displaced and other vulnerable families in Dahuk.

155. In Dahuk, following an assessment of juvenile trial cases, the United Nations are discussing with local counterparts juvenile justice procedures and interpretation of existing laws, in light of the Convention on the Rights of the Child. Training for 70 police staff on children's special circumstances was carried out. Education and vocational training in reformatories continues. In Sulaymaniyah and Erbil, the United Nations carried out two studies on street and working children aged 12-17 years. In Erbil 22 per cent of these children do not attend school. In Sulaymaniyah, 63 per cent of children are working between 7 and 17 hours per day, 19 per cent of the interviewed working children were under 12 years of age, and 60 per cent are pushed to work by a family member. The United Nations held a workshop with local counterparts to review the situation, in light of international standards. Drop-in centres with care and leisure facilities for street and working children are being established in Zakho and Erbil City. The Dahuk and Sulaymaniyah centres for street and working children received education materials and furniture under the Programme.

Telecommunications

156. The installation of the International Gateway Exchange has been completed. It will be put into service after commissioning of the Satellite Earth Station equipment, which has been rescheduled to December 2002, due to defective construction of the antenna foundation. The completion of these projects will increase availability of international calls.

157. The Digital Microwave systems were distributed to Baghdad, Ninewa, Salah al-Din, Tameem, Basrah and Anbar governorates. Their installation will ease the calling between all governorates and within Baghdad City.

158. Thirty-one telephone exchanges, with a total capacity of 280,000 telephone lines, were received. Five telephone exchanges have since been put into service, providing replacement of 96,000 old lines and creation of 29,000 additional ones for new telephone users. Eight exchanges are under installation in Baghdad and the remaining eighteen in other centre/south governorates. Most of these exchanges will be ready for use by December 2002.

160. The installation of the copper cable network progressed, improving the existing Outside Plant Network and building extra capacity for new exchanges. So far, 1,507 kilometres of copper cable has been laid. Of 1,686 kilometres armoured quad cables that arrived, 570 kilometres were used for interconnecting 18 telephone exchanges in Baghdad. The installation of these cables has provided additional 6,000 channels for telephone calls and will also provide stand-by capacity to the existing interconnecting media.

161. The 735 motorbikes arrived and are being used for the distribution of telephone bills, letters, parcels, and for collection of telephone charges. In some cases, they are also used by personnel for operation and maintenance of telephone lines.

The three northern governorates

162. The first contract (worth \$28 million) for the installation and commissioning of telecommunication equipment, which will only become operational after ten months from approval, was submitted in December 2001. The application is currently under review pursuant to paragraph 18 of the revised procedures in light of the additional necessary technical details required for evaluation of the contract, which were submitted to OIP only in late October 2002. The United Nations proceeded with the renovation and construction of eight buildings in Erbil and Dahuk for housing telecommunication equipment. The target for completion is end November 2002. Except for the suspension of works during the 20-day strike of local contractors (please refer to paragraphs 194 – 195 below), the progress is in line with the set out target. In Sulaymaniyah, similar works in four sites were awarded on 18 September 2002, and renovation and rehabilitation activities have commenced. The works will be completed by end January 2003.

Housing

163. More than 27,000 building permits were issued between June and September 2002. If this trend continues, the United Nations estimates that the number of permits would reach 38,900 by the end of November 2002. This represents a 5.3 per cent increase over the previous six months. The United Nations forecasts indicate that 14.43 million square meters or 76,300 new dwellings (188 square meters per house) will be built in the centre/south during 2002. Assuming a rate of eight persons per household, these new constructions will accommodate 610,400 people. The construction recovery began in 2000 with the inclusion of the sector in the Programme (see chart XIV). Impact of the Programme has been felt throughout the centre/south. Chart XV indicates that in 88 per cent of cases, the estimated built area by governorate corresponds to the population distribution. This data confirms the contribution of the Programme in reducing housing shortages.

Chart XIV - Residential construction (m2)

Source: United Nations

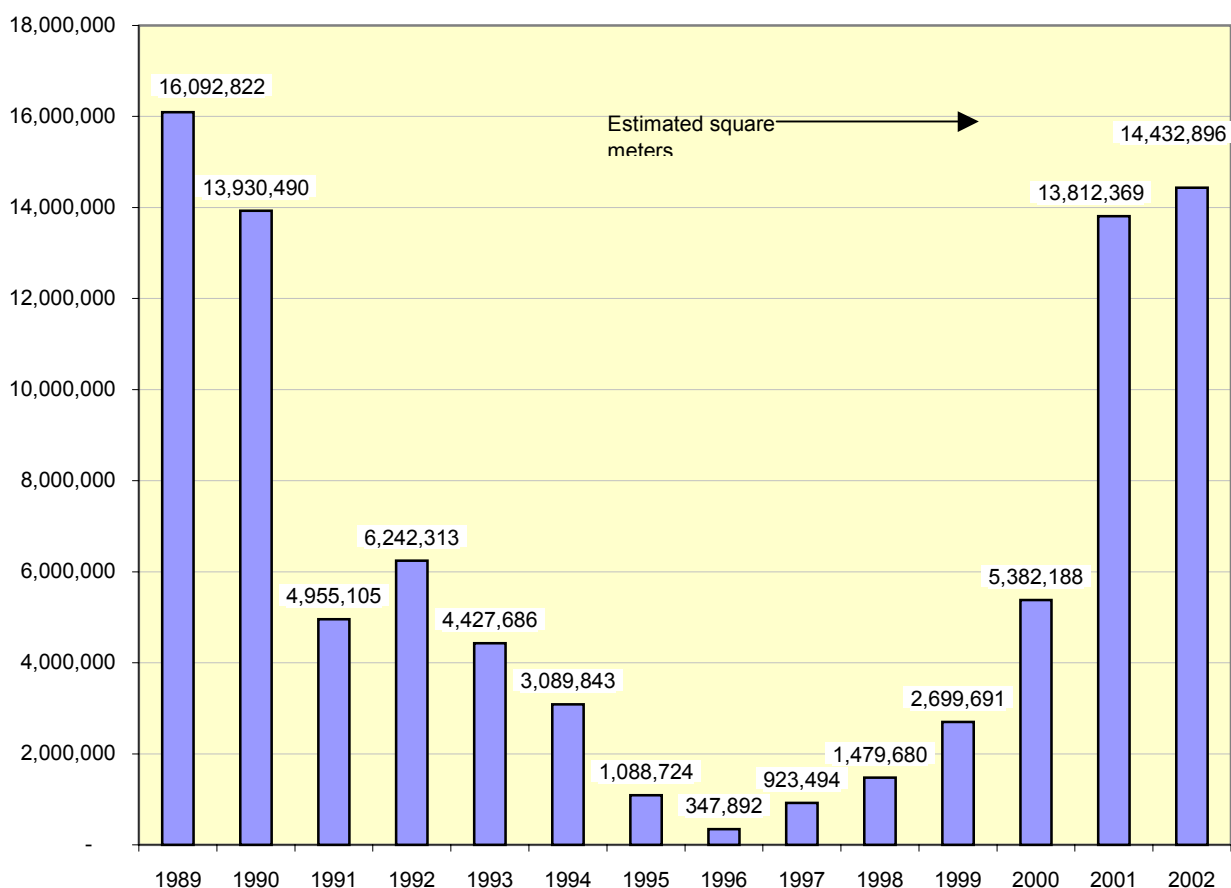
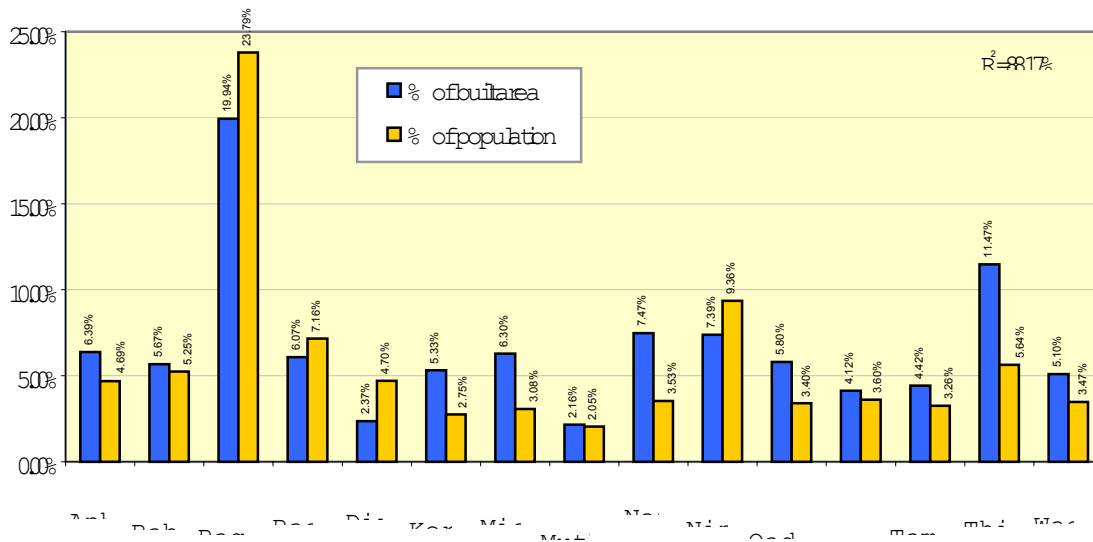


Chart XV - Percentages of built area and population by governorate

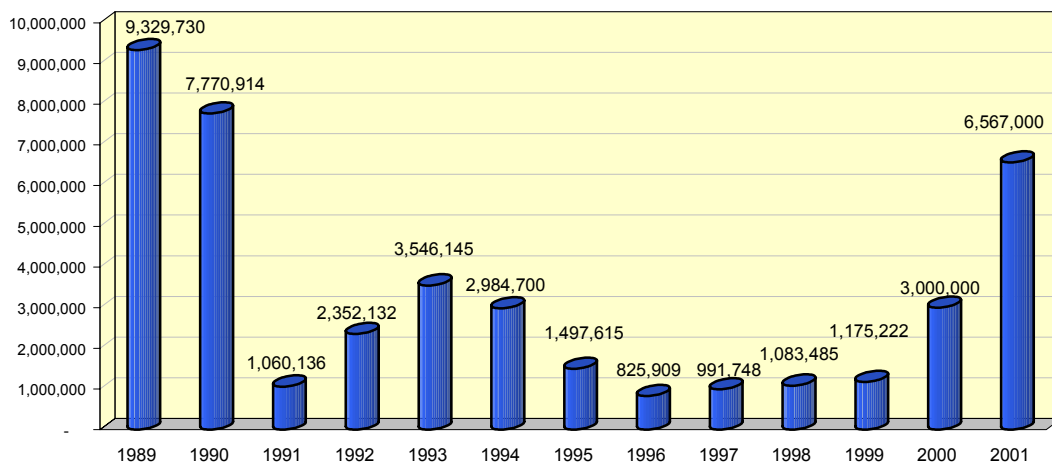
Source: United Nations



164. Lack of purchasing power denies some potential end-users the opportunity to build or complete their houses. The United Nations estimates that Programme items constitute about 20 per cent of the construction cost. The remaining 80 per cent is equally divided between labour and locally produced building materials. With the gradual increase of construction activities triggered by the flow of materials, labour prices have become relatively high due to increased demand and short supply. Arrival of spare parts, materials and equipment under the Programme for the rehabilitation of construction industries increased production of local building materials, such as cement and bricks and improved implementation of social and technical infrastructure projects. Cement production increased from 3 million metric tons in 2000 to 6.5 million metric tons in the year 2001 (see chart XVI).

Chart XVI - Evolution of cement production (1989 - 2001)

Source: Ministry of Industry and Minerals.

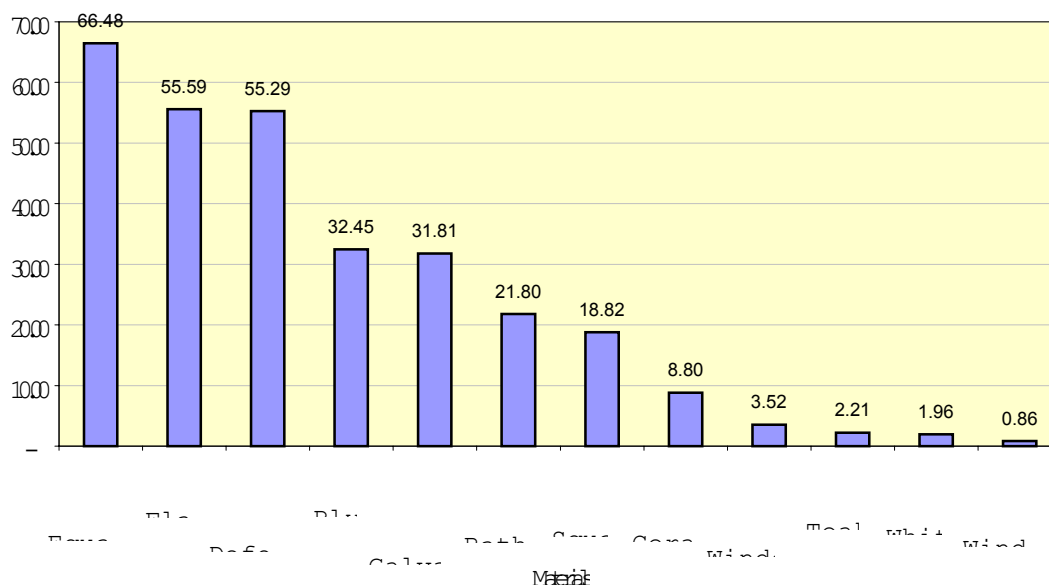


165. As previously reported, the increase in construction activity had a positive impact on employment opportunities. The estimated 14.34 million square meters of new construction in 2002 will generate 180,000 jobs for skilled and unskilled labour.⁸ Other economic sectors such as building materials production, furniture industries and manufacturing are positively affected by the expansion of the construction industry.

166. At the end of August 2002, stock balances of steel items such as deformed bars, equal angles and flat bars were sufficient for more than 55 months, at the current rate of use. On the other hand, white wood and teakwood stocks would only last for about two months (see chart XVII). Analysis of market prices indicates that the cost of Programme materials fluctuates according to availability in the warehouses.

Chart XVII - Estimated duration of stocks as at August 2002

Source: United Nations



167. Deformed steel bars distributed to institutions amounted to 62,700 metric tons between June 2000 and August 2002, representing 11 per cent of the total quantity distributed in the centre/south. For example, the Ministry of Higher Education received 5,500 metric tons during the same period, which permitted the expansion of university facilities.

168. Since the implementation of resolution 1409 (2002), 11 contracts valued at \$39.9 million for housing activities, under Special Allocations, have been approved or notified. Of this total, three are applications for 'social housing' complexes (\$26 million) and the remaining for construction equipment and spare parts. This is an encouraging step, as it is the first time that such contracts have been approved.

⁸ This estimate is based on newly published data on building statistics for the year 1999 (Annual abstract of statistics, 2001). The publication indicates that in 1999, an estimated 671,878 square meters were built to generate 8,436 jobs. Accordingly, it is estimated 14.4 million square meters will generate 180,000 jobs in 2002.

B. Additional Programme activities in the three northern governorates

Settlement rehabilitation

169. Since May 2002, the United Nations has made further progress in improving the living conditions of IDPs and vulnerable groups in the three northern governorates, within a sustainable human settlement framework. Using an integrated and territorial-based approach, the Settlement Rehabilitation Project aims at ensuring the provision of adequate shelter and access to basic services and infrastructures including water supply, sewerage, access roads, education and health care facilities. From May to October 2002, 4,348 houses, benefiting 28,260 people were built. Of these, 2,999 houses were constructed using 'turnkey' contracts and 1,349 houses were self-built. Completed services and infrastructure were also provided, benefiting directly 96,000 IDPs and vulnerable groups and indirectly another 198,000 people, which will use the services as they are living close-by the areas of intervention.

Settlement Rehabilitation Projects completed from May-October, 2002

Settlement component, by type	Units	Beneficiaries		
		Direct	Indirect	Total
Housing	4,348	28,260		28,260
School	41	10,020	37,575	47,595
Health Centre	11	14,850		14,850
Sewerage	13	20,000	100,000	120,000
Water	13 km	3,000		3,000
Internal & Access Roads	212 km	20,250	60,750	81,000
Total		96,380	198,325	294,705

170. At the start of settlement rehabilitation activities in 1997, the original caseload of IDPs and vulnerable families was 72,000 in the three northern governorates. Of those, the United Nations has housed 19,051 families. There are 13,460 displaced families currently living in tents, barracks, other hard shelters and abandoned public buildings as of September 2002, as compared with approximately 28,000 at the end of 1999. The United Nations has prioritised these households for assistance. Once these are resettled, the needs of the remaining 39,500 families will be met. The recently concluded survey of IDPs living in tents, barracks, hard shelters and abandoned public buildings indicates that over the past three years, new arrivals rated at about 2,200 families per year, while 2,400 families left the camps, largely to occupy houses constructed by the United Nations. Despite the decreasing trend of new arrival of IDPs, the United Nations expects the caseload to increase, as the housing needs of other vulnerable groups living in equally depleted conditions will be addressed. This target group consists of destitute, families living in poor and congested housing conditions, female headed households, and households with disabled persons.

171. To support the preparation of area development and project plans, the United Nations established the Urban Database. This tool identified the most depleted municipalities and collective towns in the three northern governorates, considering factors such as access to housing, services and infrastructure. Out of 141 municipalities, only in four cases no intervention is required, in 118 some improvement are needed in the water supply, sewage, drainage and solid

waste management and in 19 the quality and quantity of services are far below the minimum national standard set up by the Government of Iraq.

172. Between May and October 2002, the United Nations conducted impact monitoring of housing projects completed between 1998 and 2001. Findings indicate that there are some problems with non-occupancy and lack of complementary services. About nine per cent of the completed houses still lack complementary services. The ongoing projects to remedy this situation will be completed by December 2003. Five per cent (1,000 houses) of the 19,051 houses completed since 1997 remain unoccupied. This is primarily due to disagreement between the United Nations and the local authorities over the prioritisation of beneficiaries. Ongoing evaluation of project impact indicates that the overwhelming majority of completed houses have significantly enhanced people's living conditions. In an effort to increase community participation in the beneficiary identification process, the United Nations organised Participatory Rapid Appraisal workshops in the three northern governorates to train local authority staff on participatory methods and techniques. Despite these efforts, the identification of beneficiaries suffered delays, as there is often disagreement with the local authorities on this matter. The United Nations is addressing this problem through improved quality of information on IDPs and enhanced cooperation under a common roof initiative.

173. Between June and October 2002, a number of constraints deeply impacted implementation. The devaluation of the US dollar by some 40 per cent against the local currency caused problems among local contractors, who claimed to suffer financial losses. About 30 per cent of contractors ceased work completely, and the remaining 70 per cent proceeded at a reduced pace. As a result, implementation decreased by 15 per cent of what was planned. Allocation of land by the local authorities also progressed slower than expected. Normally, allocation of land should be within 30 days of a project being approved, but in reality this process can take up to six months.

174. The United Nations implemented a range of relief activities to address the immediate needs of internally displaced and vulnerable families living in transit and temporary facilities. These activities included distribution of relief items to 21,900 families who lost their belongings during displacement. Water and sanitation repairs were carried out for 2,170 households living in temporary shelter in 39 different locations. Hygiene services were provided to six IDP settlements, which directly benefited 1,196 families. Potable water was delivered to 2,370 households in 13 settlements.

175. In Sulaymaniyah Governorate, the first phase (100 tents) of a 300-tent temporary camp in Takya was completed. Out of the 109 families living in Kani Shaitan camp under harsh conditions, 46 were housed in the new temporary camp. This facility and the provision of emergency support services have minimised the risks of exposure in the coming winter. It is expected the remaining 63 families will benefit from new housing by the end of April 2003.

Mine action

176. The United Nations cleared 1.43 million square meters of land. A total of 16 cleared minefields (0.5 million square meters) were returned to landowners for resumption of agriculture

activities. Demining of 136 minefields continued, including 12 in support of Programme operations in the areas of reconstruction, agriculture, and water and sanitation.

Mine clearance performance (April 1998-October 2002)

Mine Clearance performance	May-October 2002	Since April 1998
Area cleared (m2)	1,434,213	10,755,408
Minefields cleared and handed back	16	88
Area permanently marked (m2)	270,971	613,876
Number of AT destroyed	18	549
Number of AP destroyed	1,018	9,709
Number of UXO destroyed	20,389	60,691

177. The seasonal hot and windy weather reduced work time by 20-25 per cent. Eight new Mine Detection Dog (MDD) teams were reorganised and reinforced with manual clearance capacity to obtain optimum production levels.

178. Four mechanical front-end loaders and two excavators are now deployed with manual clearance capacity in areas otherwise inaccessible to manual deminers and MDD teams. These include bunkers and gorges. A total of 46 staff was trained to operate these machines. The United Nations deployed the last of the locally made mini-flail machines, bringing the total in operation to seven. Nine imported mini-flail machines, along with three technicians, were 'cleared' and moved to the three northern governorates to support the Programme. The use of these ground preparation machines has accelerated operations by 30 per cent.

179. In June 2002, the United Nations established, for the first time, 12 separate minefield-marking teams to further reduce the impact of landmines and UXO on local communities. These marking teams are responsible to cover over 300 million square meters of contaminated areas, and to provide clear warnings of danger to people, thus reducing the risk of unintentional entry into mined areas.

180. The Mine action Programme (MAP) continues to develop the local mine action capacity. Two local demining non-governmental organisations (NGO) were established. These NGOs have currently deployed 300 personnel, transferred from international contractors, for mine clearance and Explosive Ordnance Disposal (EOD) activities in eight minefields in Sulaymaniyah and Erbil governorates. This project proceeds as scheduled. Similarly, the Mine Risk Education programme, carried out by local NGOs, provided safety instructions to 240 communities in the three northern governorates.

181. The United Nations finalized the Landmine Impact Survey, which will support planning and deployment. The survey analysed and prioritised 1,022 mine-affected communities and 3,248 minefields. Findings indicate that five collective towns and four district centres, as well as 49 water sources blocked by minefields, across the three northern governorates, would be prioritised for clearance. Mine-affected communities, with no socio-economic impact, would be targeted for early minefield marking rather than clearance.

182. The mine victim assistance activities were expanded to include three First Aid Posts, one Orthopaedic Outreach Post, one Spinal Unit and 29 Co-operative Workshops throughout the three northern governorates. Eight-one Mine/UXO accidents were reported, resulting in 107 victims being admitted to Emergency Surgical Centres. Another 249 victims in-need were assessed and referred for victim assistance services. Since January 2002, there was a reduction of 15 per cent in the number of mine victims, as compared to the same period in 2001.

C. Cross-sectoral considerations

Visas

183. Following the agreement reached between the Executive Director of the Office of Iraq Programme and the Government of Iraq in February 2002, visa applications have been classified in four categories, namely new posts, replacements, consultants and headquarters visitors. Between 1 May and 31 October 2002 the Government of Iraq granted 245 visas, 7 of which were for new posts, 138 for replacements, 69 for consultants and 31 for headquarters visitors. However, at 31 October there were 137 pending visa requests, comprising 55 for new posts, 18 for replacements, 44 for consultants, and 20 for headquarters visitors.

184. It should be noted that the number of outstanding visas, in particular for water and sanitation as well as electricity projects in the three northern governorates continues to undermine the timely as well as effective implementation of the projects. In the Mine Action Programme a similar difficulty has resulted in the reduction of general demining tasks, in particular for demining of corridors along existing and proposed transmission lines. Accordingly, the Government should further expedite the processing of visas.

Import of equipment - ESD (2.2 per cent) account

185. There have recently been significant delays in importing items for use by the Programme, as a result of the non-issuance by the Government of the requisite 'clearances'. While all of these items are necessary for the smooth operation of the United Nations, including the specialised agencies, funds, and programmes, some of this material, namely vehicles and communication equipment, have also a direct impact on the security of United Nations staff operating in the country. Accordingly, the Government should take all necessary measures to expedite its notification procedures.

Import of commodities - ESC (13 per cent) account

186. In May 2001, a procedure by which the United Nations agencies and programmes notified the Government of Iraq of the commodities being imported into Iraq under the ESC (13 per cent) account was agreed. It has recently become evident, however, that there are increasing instances of delays in processing the notifications by the Government.

Disposal of equipment

187. In a letter dated 7 October 2002 addressed to the Chairman of the Committee, the Executive Director of the Iraq Programme provided lists of written-off supplies and equipment which were purchased through the ESD (2.2 per cent) and ESC (13 per cent) account by UNOHCI and the United Nations agencies and programmes involved in the implementation of the Programme. The Executive Director stated that the items listed were no longer of use to the Programme and therefore should be disposed of. Furthermore, the United Nations experts had reviewed listed items and had determined that none of the items proposed for transfer or loan were included in the GRL.

188. It may be recalled that excess funds from the ESD (2.2 per cent) account have twice been transferred to the ESB (59 per cent) account pursuant to resolutions 1330 (2000) and 1360 (2001). In the same vein, the Executive Director recommended that the Committee authorize the transfer of the written-off items in List A to the Government of Iraq, and transfer on a loan basis the items in List B to the local departments in the three northern governorates. Furthermore, he recommended that the items purchased through the ESC (13 per cent) account be transferred on a loan basis to local institutions in the three northern governorates, working in close coordination with the United Nations agencies and programmes.

189. The matter still remains under consideration by the Committee, which, hopefully, will act urgently to authorize the transfer of the items concerned as soon as the additional information requested by some members of the Committee is provided by OIP. The continued inability of the Programme to be able to dispose of assets which are not only of no use but represent a liability and an impediment to efficient and effective management of assets gives cause for concern. Urgent resolution of the matter is sought in the interests of good stewardship of resources.

Special allocations

190. Pursuant to Security Council resolution 1330 (2000), the additional funds available to the ESB (59 per cent) account resulting from the reduction of the deductions for the CWA (Compensation Fund) account from 30 per cent to 25 per cent are to be used for strictly humanitarian projects to address the needs of the most vulnerable groups in Iraq. As at 31 October 2002, the total funding available to the special allocation in the distribution plans amounted to \$1.6 billion. Of this amount, contracts valued only at \$225.82 million out a total submitted of \$941.04 million had been approved, and the supplies concerned are still in the delivery pipeline.

191. The difficulties relating to the contracting of 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 were detailed in the OIP Note of 19 September 2002, which is posted on OIP Web site (<http://www.un.org/Depts/oip>). The impasse resulting from these difficulties remains, unfortunately, unresolved, and should be addressed most urgently.

192. As stated in the above OIP Note, the optimum solution would be to permit the use of service contracts. If this solution proves to be impractical, an alternative would be the acceptance of detailed designs as commodities, which could be duly authenticated by Cotecna so that payment could be effected, and accordingly permit the issuance of contracts covering the design phase of projects as separate entities. The designs, including 'Bills of Materials', would permit the contracting of the construction phase of these projects in a form, which complies with the requirements of the relevant provisions of Security Council resolutions.

193. Additionally, given the present funding situation, the use of the Special Allocation to fund strictly humanitarian areas previously covered by other allocations, particularly the targeted nutrition programme, warrants consideration.

Impact of price and currency fluctuations on Programme implementation

194. The appreciation of the Old Iraqi Dinar (OID), the currency in circulation in only the governorates of Dahuk, Erbil and Sulaymaniyah that started in early June 2002 has continued. Between 31 May and 31 October 2002, the OID appreciated by about 40 per cent against the US dollar, to the present rate of OID13.200 to the US dollar. The high value of the OID against the US dollar has affected, primarily, the small contractors implementing United Nations projects in the three northern governorates, since these contractors procure most of the inputs needed to complete their projects from the domestic market in the local currency. In September 2002, most responded to their local Union's call for industrial action to back their demands for renegotiations of existing contracts with the United Nations to take into consideration the price fluctuation. Their demands were not met, as the United Nations Office of Internal Oversight Services (OIOS) had, in September 2001, recommended the removal of the price fluctuation clause from United Nations contracts on grounds that the currency is not recognised by the United Nations, is thinly traded, is out of print, and is easily susceptible to manipulation. All the contractors returned to work after United Nations agencies and programmes reached a consensus to invoke the penalty clauses if they did not do so.

195. The high value of the Dinar is affecting adversely the rate of implementation of projects and activities undertaken under the Programme. In October 2002, UN-Habitat reported that 112 contractors executing projects worth \$41.1 million had adopted a "go-slow" approach, since it was not economically feasible to implement the works at a faster rate because the higher value of the Dinar had led to an increase in the price of local component of project input and labour costs. FAO also reported in the same month that 15 contractors had refused to sign contracts for nine projects and for some projects, the second and third lowest bidders had also refused to sign the contracts. Other agencies had similar concerns. In addition, contractors are inflating tenders for new United Nations projects by over 20 per cent to compensate for the uncertainty of the exchange rate. The effect of the uncertainty of the currency fluctuation is having a serious implication on the economy of the North. The local authorities are concerned of possible manipulation by elements outside their control, as market forces do not justify such appreciation as most of the building materials are imported using the US dollar.

Common Programme Framework

196. One of the more significant measures initiated by UNOHCI to strengthen its coordination of multi-sectoral planning role has been the continued implementation of the Common Programme Framework, (CPF), which was adopted at an Inter Agency meeting in New York in November 2000. The process requires that the inter-agency humanitarian Programme is managed through the CPF, supported by project documents, the funding of activities are allocated on the basis of project documents approved by UNOHCI, and actual transfers to Agencies/Programmes are on the basis of progress achieved throughout the project implementation.

197. This process enhances the transparency of the process in the three northern governorates, enables cross-sectoral issues to be identified and allocated appropriate priorities, and the monitoring of Programme implementation.

Three-year planning cycle

198. It has become increasingly evident to the United Nations agencies and programmes implementing, on behalf of the Government of Iraq, the Programme in the three northern governorates, that the 180-day planning cycle necessitated by the duration of the mandate of the Programme renewed by the Council on a phase by phase impedes planning, restricts an assessment of the inter-dependent nature of many projects, and does not present a clear picture of the direction of the Programme. Such short planning horizons would also not serve the Government of Iraq well on completion and hand-over of the Programme, as many of the projects are modular in their implementation and a clear indication of future plans would not be available for consideration on cessation of the Programme.

199. Complimentary to the adoption of the common programme framework is the introduction of a three-year rolling planning cycle. Using this approach, United Nations agencies and programmes will place projects within a three-year timeframe. These 'blanket projects' will be considered by UNOHCI and, where the overall objectives of the Programme are served, approved in principle. They will also form the basis of discussions with the Government of Iraq when preparing the component covering the three northern governorates in the distribution plan at the start of a new phase. As new phases may be authorised by the Security Council and in line with the availability of funds, the continued need for the intervention envisaged by the project, and subject to successful completion of earlier modules where appropriate, individual projects will be approved and funding made available.

Annex I

Allocation of total oil revenue among the various funds and corresponding expenditures, as at 31 October 2002

1. As at 31 October 2002, Euro 3,180.0 million had been deposited into the account for phase XII as authorised under resolution 1409 (2002), bringing the total value of oil sales since the inception of the Programme to \$37,333.9 million and Euro 22,279.5 million.

2. The allocation of total oil proceeds received since the inception of the programme to date and the corresponding expenditures as at 31 October 2002 are as follows:

(a) The sum of \$19,647.4 million and Euro 12,734.5 million have been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of resolution 986 (1995). In addition, \$1,231.6 million and Euro 574.2 million of interest earned in these accounts were available for the purchase of humanitarian supplies in the central and southern governorates of Iraq. Letters of credit issued by the Banque Nationale de Paris, on behalf of the United Nations, amounted to approximately \$22,142.3 million and Euro 12,824.4 million for humanitarian supplies and oil industry spare parts; payments amounted to \$18,728.3 million and Euro 6,040.8 million under phases I to XII;

(b) The sum of \$7,268.6 million has been allocated for the purchase of humanitarian goods to be distributed in the three Northern Governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of Security Council Resolution 986 and as revised by paragraph 2 of Security Council Resolution 1153 (1998). Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to \$5,255.9 million;

(c) The sum of \$16,275.8 million has been transferred directly into the United Nations Compensation Fund, as specified in paragraph 8 (c) of the resolution. A total of \$278.2 million has been allotted to cover the operating expenditures of the Compensation Commission up to 31 December 2002 and an amount of \$15,403.5 million for payment of various instalments of "A", "C", "D", "E" and "F" claims;

(d) The sum of \$1,027.5 million has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to \$713.7 million;

(e) The sum of \$419.9 million has been allocated for operating expenses of the United Nations Special Commission for the Disarmament of Iraq (UNSCOM) and its

successor the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) established by Security Council Resolution 1284 (1999), as specified in paragraph 8 (e) of Security Council resolution 986 (1995). Expenditures for the Commission amounted to \$114.9 million;

(f) The sum of \$1,157.3 million has been set aside for the transportation costs of petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of the resolution and in line with procedures adopted by the Security Council Committee. Of that amount, \$1,057.2 million has been paid to the Government of Turkey;

(g) The sum of \$189.5 million has been transferred directly to the escrow account established pursuant to resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991 for the repayments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992, as specified in paragraph 8 (g) of resolution 986 (1995) and subsequently in paragraph 34 of the Secretary-General's report dated 25 November 1996 (S/1996/978). The total of repayments made amounted to \$189.5 million.

Annex II

Oil proceeds and humanitarian supply letters as at 31 October 2002

Oil proceeds (United States dollars)

<i>Phase</i>	<i>Last Deposit</i>	<i>Number of letters of credit opened</i>	<i>Value of letters of credit</i>
I	27 June 1997	123	2 149 806 395.99
II	2 January 1998	130	2 124 569 788.26
III	30 June 1998	186	2 085 326 345.25
IV	28 December 1998	280	3 027 147 422.35
V	25 June 1999	333	3 947 022 565.12
VI	23 December 1999	352	7 401 894 881.57
VII	10 July 1999	353	8 301 861 931.46
VIII	5 December 2000	319	8 296 257 148.06
Total		2 076	37 333 886 478.06

Oil proceeds (euros)

<i>Phase</i>	<i>Last Deposit</i>	<i>Number of letters of credit opened</i>	<i>Value of letters of credit</i>
VIII	29 December 2000	63	1 579 613 927.64
IX	5 July 2001	204	6 668 418 518.42
X	2 January 2002	216	5 916 743 692.25
XI	25 June 2002	180	4 934 707 709.36
XII (Current Phase)	As of 31 October 2002	128	3 180 009 008.34
Total		791	22 279 492 856.01

Humanitarian supply letters of credit for ESB (59 per cent) account and bulk procurement (United States dollars)

<i>Phase</i>	<i>Number of letters of credit opened</i>	<i>Value of letters of credit opened</i>	<i>Bank payments made on delivery</i>
I	870	1 229 078 786.79	1 209 308 382.81
II	538	1 193 975 676.69	1 179 588 382.74
III	672	1 210 934 759.07	1 181 010 934.72
IV Humanitarian supplies	718	1 601 338 031.83	1 544 633 254.71
IV Oil Spare Parts	507	285 341 206.60	259 445 567.53
V Humanitarian supplies	1 075	1 918 186 204.19	1 746 618 959.36
V Oil Spare Parts	551	306 761 744.85	267 414 858.99
VI Humanitarian supplies	1 754	3 697 500 228.95	2 900 047 160.71
VI Oil Spare Parts	984	601 223 843.15	374 512 175.14
VII Humanitarian supplies	2 461	4 333 183 876.33	3 662 922 942.26
VII Oil Spare Parts	898	595 082 054.63	360 060 834.04
VIII Humanitarian supplies	1 751	4 761 777 221.41	3 784 168 086.66
VIII Oil Spare Parts	523	407 914 569.48	258 547 652.76
Total	13 302	22 142 298 203.97	18 728 279 192.43

Humanitarian supply letters of credit for ESB (59 per cent) account and bulk procurement (euros)

<i>Phase</i>	<i>Number of letters of credit opened</i>	<i>Value of letters of credit opened</i>	<i>Bank payments made on delivery</i>
VIII Humanitarian supplies	368	900 372 541.03	473 695 341.15
VIII Oil Spare Parts	197	212 411 346.01	83 769 665.85
IX Humanitarian	1 296	3 919 241 492.28	2 428 493 065.94
IX Oil Spare Parts	500	635 984 561.11	260 493 579.60
X Humanitarian	1 083	3 463 683 174.64	2 122 684 247.81
X Oil Spare Parts	424	350 276 314.64	30 106 464.69
XI Humanitarian	786	2 439 112 442.12	631 745 633.97
XI Oil Spare Parts	52	28 909 694.42	
XII Humanitarian	238	874 455 672.95	9 849 747.38
XII Oil Spare Parts		-	-
Total	4 944	12 824 447 238.84	6 040 837 746.39

Annex III - Total of sectoral funding allocations for phases I-XI as at 31 October 2002
(US\$ million)

Phases/Sectors	DP allocations	% of DP allocation	Received applications	% received vs allocated	Approved applications	Funded applications	% funded vs DP allocation
Agriculture	3,772.51	9.49	4,455.26	118.10	3,371.57	2,830.29	75.02
Education	1,421.01	3.58	1,570.15	110.50	1,033.19	799.02	56.23
Electricity	4,196.51	10.56	4,766.03	113.57	3,217.74	2,765.88	65.91
Food	12,233.69	30.78	12,206.63	99.78	12,201.51	12,183.10	99.59
Food Handling	2,612.34	6.57	3,651.00	139.76	2,997.98	2,488.89	95.27
Health	3,146.65	7.92	3,116.86	99.05	2,740.70	2,429.32	77.20
Housing	2,414.77	6.08	2,863.64	118.59	2,571.93	2,266.52	93.86
Oil Spares	4,200.00	10.57	4,664.95	111.07	3,479.34	3,300.37	78.58
Special Allocation	1,080.61	2.72	927.21	85.80	203.45	148.72	13.76
Tele/Trans	2,235.47	5.62	2,351.26	105.18	1,740.38	1,505.88	67.36
Water & Sanitation	2,434.15	6.12	2,379.12	97.74	1,773.40	1,489.40	61.19
	39,747.70	100.00	42,952.12	108.06	35,331.19	32,207.40	81.03

Comparative sectoral funding allocations for phase XII as at 31 October 2002

Phases/Sectors	DP allocations	% of DP allocation	Received applications	% received vs allocated	Approved applications	Funded applications	% funded vs DP allocation
Construction	155.49	3.23	2.94	1.89	2.31	0.00	0.00
Youth and Sports	21.30	0.44	0.89	4.20	0.89	0.00	0.00
Industry	171.47	3.57	31.60	18.43	7.82	0.00	0.00
Justice	7.46	0.16	3.11	41.72	0.00	0.00	0.00
Religious Affairs	21.30	0.44	10.51	49.35	0.00	0.00	0.00
Central Bank of Iraq	26.63	0.55	0.00	0.00	0.00	0.00	0.00
Culture	31.95	0.66	0.00	0.00	0.00	0.00	0.00
Finance	31.95	0.66	0.00	0.00	0.00	0.00	0.00
Information	53.25	1.11	0.00	0.00	0.00	0.00	0.00
Labour and Social Affairs	3.20	0.07	0.00	0.00	0.00	0.00	0.00
Food	1,357.88	28.24	1,191.75	87.77	930.71	545.15	40.15
Food Handling	186.38	3.88	207.53	111.35	155.47	80.46	43.17
Health	165.08	3.43	118.27	71.65	105.65	35.38	21.43
Electricity	239.63	4.98	29.78	12.43	14.81	0.00	0.00
Agriculture	462.48	9.62	193.55	41.85	156.25	74.78	16.17
Water & Sanitation	365.86	7.61	99.39	27.17	65.33	2.20	0.60
Education	162.95	3.39	25.83	15.85	1.57	0.99	0.61
Communication/Transportation	267.32	5.56	290.62	108.72	234.96	160.20	59.93
Housing	59.64	1.24	26.61	44.62	25.96	11.21	18.79
Oil Spares	639.00	13.29	77.02	12.05	2.19	0.00	0.00
Special Allocation	377.64	7.85	9.41	2.49	5.15	5.15	1.36
Total	4,807.82	100.00	2,318.82	48.23	1,709.08	915.52	19.04

Annex IV

Status of ESB (59 per cent) account applications for all sectors, as at 31 October 2002

(In million U.S \$)

Sector	Total of Distribution Plan Allocations	Applications Received		Received vs Allocated	Notified/ Approved by UN Secretariat		Under OIP Review*		GRL Non-Compliant/Inactive		GRL Notice/GRL Processing		Approved by Committee		UNMOVIC/IAEA Review		Returned Hold		Block Null/ Void
	Value	No.	Value	%	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Humanitarian	39,373	19,512	40,271	102.28%	5,254	11,556	335	2,269	743	2,827.8	52	245.5	10,063	22,420	250	1,154	117	146.0	2,698
Oil Spares	4,800	6,341	4,776	99.50%	1,760	1,440	190	531	375	395.4	37	45.6	3,177	2,073	130	123	54	168.0	618
Grand Total	44,173	25,853	45,048	101.98%	7,014	12,996	525	2,800	1,118	3,223.2	89	291.1	13,240	24,493	380	1,277	171	315.0	3,316

Status of ESC (13 per cent) account applications for all phases, as at 31 October 2002

(In million U.S \$)

	13 (per cent) Share of Allocation	Funds Allocated to UN**	Allocated to Imports by UN	Applications Received		Notified/ Approved by UN Secretariat		Under Processing*		GRL Non-Compliant/Inactive		GRL Notice/GRL Processing		Approved by Committee		UNMOVIC/IAEA Review		Null/Void	Total Arrived
				No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Total	7,268	4,230	2,041	6,466	1,596	1,003	140	48	68	31	6.0	4	1.58	4,993	1,318	141	62.4	246	1,424

Contracts Processing and Monitoring Division

* Under OIP Review includes non-compliant and inactive applications

** "Funds Allocated to UN" is the balance of funds allocated to UN agencies and programmes, after the deduction of the share of ESC (13 per cent) account for food, medicine/vaccines and oil spare parts which are procured under bulk-purchase arrangement by the Government of Iraq for the entire country.

Annex V

**PROCESSING OF APPLICATIONS UNDER
RESOLUTION 1409 (2002)
Statistical update as at 31 October 2002**

**TABLE 1: GENERAL PROCESSING STATISTICS
(In US\$ million)**

	Application category	ESB (59 per cent) account		ESC (13 per cent) account		TOTAL	
		No.	Value	No.	Value	No.	Value
1	Total number of applications received/regist.*	3,580	\$10,040	6665	\$111.10	4,245	\$10,152
2	Under OIP Review	153	\$419.70	22	\$2.20	175	\$421.90
3	Non-compliant/ Inactive	374	\$2,282	5	\$0.93	379	\$2,283
4	Under UNMOVIC/ IAEA Review	405	\$1,451	138	\$62.55	543	\$1,513
5	GRL non-compliant/ GRL Inactive**	1,112	\$3,212	40	\$7.48	1,152	\$3,220
6	OIP Approved***	1,443	\$2,382	448	\$34.84	1,891	\$2,417
7	Applications containing GRL Items	93	\$292	12	\$3.00	105	\$295

* Includes new applications as well as fully processed OLD HOLDS and "legacy" applications.

** Includes OLD HOLDS processed under para 18 and GRL Non-compliant, as well as "legacy" applications now with the same status.

*** Includes 760 applications worth \$1 billion previously on hold and now OIP approved under para. 18.

Note: 1 = 2+3+4+5+6+7

So far, **4,070** applications worth **\$9,730M** have been reviewed by OIP (3+4+5+6+7), of which 3,691 (90.69 per cent) worth \$7,446M (76.53 per cent) were cleared and moved to the next processing stage (4+5+6+7), and 379 (9.31% per cent) valued at \$2,283M (23.47 per cent) await response to request for clarifications (3).

So far, **3,148** applications worth \$5,932M have been reviewed by UNMOVIC/IAEA (5+6+7), of which 1,891 (60.07 per cent) worth \$2,417M (40.74 per cent) contained no GRL items and were approved by OIP (6), 1,152 (36.59 per cent) worth \$3,220M (54.27 per cent) await response to requests for additional technical information (5), and 105 (3.34 per cent) worth \$295M (4.98 per cent) contained one or more GRL items (7).

TABLE 2: AVERAGE PROCESSING TIMES

Processing Stage	Average Number of Working Days
REGISTRATION (Check and issuance of Comm. Number)	1.4
OIP REVIEW	3
UNMOVIC/IAEA REVIEW	3.8

TABLE 3: REASONS FOR NON-REGISTRATION BY OIP

REASON	Frequency of reason as per cent of total number of reasons	Number of applications in each category
Excel attachment to the Application Form (list of goods) not submitted electronically.	26.70%	78
Old version of the application used for applications submitted after 1 July 2002.	14.70%	43
Total value of line items in Excel attachment differs from total value of the contract.	8.20%	24
Boxes in the application form are not completed or filled in correctly.	10.60%	31
Application identified as a duplicate of another application previously submitted (same contract No.).	5.20%	15
Electronic Data submitted could not be opened. Accessible copy requested.	7.20%	21
No contract attached to the application.	4.10%	12
Certifying seal/signature omitted.	1.30%	4
Original application illegible.	3.40%	10
All other reasons (missing pages, tech specs, unit of measurement, paperwork in the wrong format, etc.).	18.50%	54
Total	100%	292

Most of the applications determined by OIP as Non-Compliant lack detailed lists of the contract's spare parts/tools/sets/kits, or require clarification on service component. In the category of applications determined as GRL Non-Compliant, UNMOVIC had additional questions in 1,158 cases (90.2 per cent), IAEA alone requested additional information in 29 cases (2.2 per cent), and both UNMOVIC and IAEA had additional questions in 95 cases (7.4 per cent).

TABLES 4 A-C: STATUS OF APPLICATIONS CONTAINING GRL ITEMS

A: General status overview

GRL applications (status)	GRL Applications (number)	% of total number	Application Value (million)	% of total value
661 Approved	12	11.10%	\$2.80	0.90%
GRL Processing*	72	66.70%	\$159	49.20%
GRL Notice	21	19.40%	\$133.90	41.50%
Sub-total:	105	-	\$295.70	-
OIP approved**	3	2.80%	\$27.1	8.40%
TOTAL	108	100%	\$322.8	100%

* see table 4B for further details

**based on amendment to remove GRL items

B: Detailed breakdown of GRL processing applications

Status	No. of applications	US\$ value (million)
Supplier Lapsed	2	\$2.6
661 Pending(10)	22	\$49.8
Pending assessment	12	\$9.6
Pending amendment	14	\$57.6
661 Denied	11	\$16.7
Amendment Processing	2	\$3.5
Reconsideration	9	19.2
TOTAL	72	\$159

C: Applications fully processed by the 661 Committee

GRL applications (status)	GRL Applications (number)	% of total number	Application Value (million)	% of total value
661 Approved	12	48%	\$2.8	12.7%
661 Denied	11	44%	\$16.7	75.5%
Supplier lapsed*	2	8%	\$2.6	11.8%
TOTAL	25	100%	\$22.1	100%

* Following failure on the part of suppliers to submit a petition

TABLE 5: PROCESING OF APPLICATIONS UNDER PARAGRAPH 18

Application category	No. of Applications	US\$ million
Applications on hold (current total):	0	0
Returned holds (Cat. A)	171	\$315
Sent to UNMOVIC/IAEA (cat. B)	1,860	\$4,684

Returned from UNMOVIC/IAEA	No. of Applications	US\$ million
No GRL items	760	\$1,083
Additional Questions	1,017	\$3,304
GRL Items	83	\$297
Total Reviewed	1,860	\$4,684

**TABLE 6: PREVIOUS REASONS FOR “HOLDS”
ON 376 APPLICATIONS APPROVED UNDER PARAGRAPH 18**

Reason for Hold	No. of Applications	Per cent
Technical specifications required	388	51%
Dual use (WMD)	117	15.4%
1051 “disagreement”	101	13.3%
Pending further evaluation	92	12.2%
End-use, End-user information	47	6.2%
Purchase not directly related to the repair of Iraqi oil infrastructure for the purpose of increasing exports	15	1.9%
TOTAL	760	100%

Annex VI

Sectoral observations for the period 1 May 2002 - 31 October 2002

Sector	Type of observation			Total
	Tracking	Assessment	End-use/User	
Food	2,743	93,771	0	96,514
Transport and food handling	36 8	117	329	814
Health	2,760	8	1,035	3,803
Nutrition	634	0	0	634
Water and sanitation	2,016	98	1,005	3,103
Agriculture	2,287	643	1,347	4,277
Electricity	123	84	180	387
Telecommunications	1,458	0	70	1,528
Education	617	181	303	1,101
Housing	27,305	5	24	27,334
Total	40,311	94,907	4,293	139,495

* The total number of visits differs from the sum of the visits by type since the assessments are done alongside with tracking during the same observation visit.

** The total number of visits differs from the sum of the visits by type since the special end-use/user chlorine tracking is done alongside with regular tracking of items during the same observation visit.