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- CSI analysis

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**Subject:** CSI analysis

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Alistair

Please find attached the CSI Humanitarian Situation Analysis paper, as promised. I am very grateful to for his thorough and extensive work on this to date.

You will notice paras 107-112 include a set of proposed next steps - you may wish to consider in due course.

Perhaps we can discuss when you're back.

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**CENTRAL/SOUTHERN IRAQ**  
**HUMANITARIAN SITUATION ANALYSIS**

Conflict & Humanitarian Affairs Department  
Department for International Development

October 2002

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## EXECUTIVE SUMMARY

**Note to the reader:** This analysis is based on a review of information in the public domain and within DFID. Due to restrictions, no external agencies have been contacted to verify or provide further insight into the humanitarian situation within central/southern Iraq.

The humanitarian situation remains precarious in central/southern Iraq (CSI) and is considered to be worse than that faced within northern Iraq. The Oil-for-Food Programme (OFF) managed to arrest the serious deterioration in the humanitarian situation witnessed in the 1990s, but the population is now dependent on its provisions.

2. There has been no systematic analysis of livelihood security in CSI. Given current employment, health and nutrition indicators, it is expected that many households' coping strategies are limited. There has been little opportunity for the general population to engage in asset accumulation due to the highly depressed state of the economy. As a result, many are sensitive to shocks.
3. Certain sections of the population are at particular risk. Children, especially infants and the under-fives, show high susceptibility to malnutrition and disease. Survey information in the first half of 2002 indicates that 20% of children are malnourished. Women, especially pregnant and lactating mothers, have heightened vulnerability as is evident from high maternal mortality rates. Among women of reproductive age, maternal mortality became the leading cause of death in the 1990s, accounting for 31% of all mortalities. Female-headed households and the displaced are envisaged to have difficulties in coping.
4. Shia communities remain at risk from marginalisation or suppression by the government. Other vulnerable groups include Kurdish, Turkoman and Assyrian communities in Kirkuk and other areas targeted by the government's 'Arabisation' programme. Further analysis is required to gain a greater understanding of the most vulnerable, such as their location, demographics, coping strategies and accessibility.
5. The majority of the population will continue to be dependent on food handouts until the lifting of UN sanctions and the opening of opportunities for investment. Before then, economic recovery will be limited and highly dependent on oil revenues and subsequent imports under OFF. The lack of a cash component under OFF will continue to frustrate growth in sectors of the economy, such as agriculture.
6. In 2002, the economy is predicted to contract by 3% due to a decline in oil output. There is estimated to be a 37% shortfall in funding for the \$5.08bn budgeted by the government for the humanitarian programme under the current phase of OFF. This will have a significant impact on the rehabilitation of basic services and reduce potential improvements that could have emerged with the easing of commodity import flows with the adoption of UNSCR 1409.

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7. It is expected that forthcoming findings from UNICEF indicating an improvement in nutrition could be frustrated by a lack of funds to support water and sanitation. Diarrhoea, along with acute respiratory illness, is the cause of 70% of child mortality. Levels of water borne diseases are rising and water systems have been affected by salt intrusion in southern Iraq as a result of the recent three-year drought. Other sectors, such as health and education, though showing some improvement as a result of OFF imports, struggle to provide even basic services.

8. Basic service delivery problems are compounded by the state of infrastructure and the power sector. Road, rail, air and port infrastructure is slowly improving, but from a highly degraded base. Despite increases in electricity generation, there are still regular power cuts and an overall deficit, which is set to remain in the short term.

9. Vulnerability can be expected to increase with a further mounting of international pressure on the government and if the potential for military engagement looms. Consumer prices are likely to rise as people stock up on essential items. In the immediate term this will be alleviated by the depressed state of market prices due to the improved 2002 harvest and sale of OFF rations. There could also be fewer OFF imports due to a further decline in oil revenue. This will lead to the deterioration of basic services, declining employment opportunities and a potential tightening of food rations. The most vulnerable will be at particular risk, though this group's numbers could grow as coping strategies become exhausted. Health and nutrition indicators will start to deteriorate.

10. If external military intervention were to occur, access and protection would be core concerns. The potential for both widespread suppression and retribution is likely to be high, as was the case with the *intifada* in 1991. A rapid deterioration in the humanitarian situation could occur due to displacement, any significant break in the OFF pipeline, hyperinflation of food prices and breakdown in basic services. A sudden collapse of the energy sector or transport infrastructure, as was the case in previous military interventions, would exacerbate problems. Levels of malnutrition and disease, particularly amongst children, are likely to rise significantly. Use of chemical or biological weapons by the regime, as has been done in the past against the Kurds, would prompt an acute emergency. The scale and duration of a humanitarian crisis will be dependent on efforts to stabilise the situation and address political, security, humanitarian and economic considerations coherently and rapidly.

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## ABBREVIATIONS

ARI	Acute Respiratory Illness
CHAD	Conflict & Humanitarian Affairs Department (DFID)
CSI	Central/Southern Iraq
DFID	Department for International Development
ECHO	European Commission Humanitarian Aid Office
EIU	Economist Intelligence Unit
GRL	Goods Review List
GoI	Government of Iraq
HABITAT	United Nations Settlement Programme
IAEA	International Atomic Energy Agency
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Person
KDP	Kurdistan Democratic Party
MENAD	Middle East & North Africa Department (DFID)
MFA	Ministry of Foreign Affairs
NI	Northern Iraq
OFF	Oil For Food (Programme)
OIP	Office of the Iraq Programme (UN)
OPEC	Organisation of Petroleum Exporting Countries
PHC	Primary Health Centre
PUK	Popular Union of Kurdistan
SCIRI	Supreme Council for the Islamic Revolution in Iraq
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMOVIC	United Nations Monitoring, Verification and Inspection Commission
UNOHCI	United Nations Office of the Humanitarian Coordinator for Iraq
UNOPS	United Nations Office for Project Services
UNSCOM	United Nations Special Commission on Disarmament
UNSCR	United Nations Security Council Resolution
WFP	World Food Programme
WHO	World Health Organisation
WMD	Weapons of Mass Destruction

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## INTRODUCTION

11. Due to the current international focus on Iraq, the on-going United Nations Security Council discussions and the need to heighten preparedness in the event of a potential humanitarian crisis, DFID decided that there was a need for a more detailed understanding of the current humanitarian situation in central/southern Iraq (CSI). DFID's understanding of the situation in northern Iraq has already been enhanced following a recent desktop review undertaken by MENAD and CHAD.

12. As a result, DFID commissioned a desktop review to obtain humanitarian data on CSI. This review included an analysis of the Oil-For-Food programme (OFF) and other humanitarian assistance programmes, the state of social services and infrastructure, current economic trends, livelihood strategies, and vulnerability. The Terms of Reference are attached at Annex E.

13. In line with UK Government guidance not to initiate contact with external agencies, this analysis is based solely on a review of documents in the public domain and within DFID. As a result, it has not been possible to crosscheck information with those operational within CSI. There is also a lack of disaggregated and qualitative information to enhance the analysis. Such limitations should be remedied when it is feasible to engage with other agencies.

## GEOGRAPHY

14. Iraq borders Iran, Turkey, Syria, Jordan, Saudi Arabia and Kuwait. It has a total land area of 437,072 sq. km. Central/southern Iraq (CSI) consists of the 15 governates that remain under the Iraqi Government's control and administration. This is to distinguish it from northern Iraq, consisting of the governates of Suleimaniyah, Irbil and Dohuk, which are under the control of the Kurdish Authorities.

15. The topography in the country can be divided into the following:

- Desert in the west and southwest.
- Rolling upland between upper Euphrates and Tigris rivers.
- Jazira plateau, marshland bordering Syria
- Highlands in north and northeast.
- Alluvial plain of the lower Tigris-Euphrates valley in central and southeast areas

16. Approximately 90% of the rainfall occurs between November and April, with highest levels between December and March.

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## POPULATION

17. The total population of Iraq (including northern Iraq) is estimated at between 23 and 26 million. With population estimated to be 3.68 million in northern Iraq<sup>1</sup>, the population in CSI is estimated to be around 20-22 million. The population growth rate for 2000 was estimated at 2.73%, and for 2001 2.84%. It is estimated that 41.64% of the population are between 0-14 years, 55.28% between 15-64 years and 3.08% for 65 years and over<sup>2</sup>. Life expectancy at birth is 63.8<sup>3</sup>.

18. The majority of the population are Muslim (97%) with Shia making up 60-65% of the population and Sunni 32-37% (of which 18-20% are Sunni Kurds, 12-15% are Sunni Arabs and the rest are Sunni Turkomans). Christians account for the remainder at 3%. In terms of ethnic groups, the total population of Iraq is 75-80% Arab, 15-20% Kurdish, with other groups, such as Turkoman and Assyrian, making up 5%.

**Table: Population of Governates in central/southern Iraq<sup>4</sup>**

GOVERNATE	POPULATION
Baghdad	7,959,602
Nineveh	2,076,041
Basra	2,005,612
Babylon	1,176,712
Thiqar	1,152,002
Al-Tamim	963,975
Diyala	961,405
Anbar	945,371
Qadissiya	553,702
Wasit	2,076,041
Najaf	744,444
Salaheddin	689,935
Maisan	617,415
Karbala	506,674
Muthanna	402,601

#### Population distribution

19. There have been rapid population growth rates in the Mesopotamian plains (between the Tigris and Euphrates rivers) due to the agricultural fertility of the area. At the same time there has been increasing urban migration from rural areas. In the 1997 census, the Baghdad area (including the surrounding governate) constituted 31% of the population. According to UN figures, approximately 75% of the population reside in urban areas, with the urban population growing by 5% per year between 1960 and 2000.

<sup>1</sup> CHAD (2002) *Northern Iraq Desktop Review and Background Briefing Document*. P.1.

<sup>2</sup> CIA World Fact Book, 2001.

<sup>3</sup> In 1987, life expectancy was 65.

<sup>4</sup> 2002 population figures for the governates of Northern Iraq are: Suleimaniyah (1,493,580), Irbil (1,293,434) and Dohuk (553,720).

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20. The Shia, predominantly located in southern Iraq, are also resident in large numbers within Baghdad and are present in many communities within most parts of the country. The Sunni are largely resident in the centre and north of the country<sup>5</sup>.

21. It is estimated that there are approximately 1-2 million Iraqis living outside of Iraq. Of these, only about 550,000 have formal recognition as refugees or asylum seekers. There are estimated to be 510,000 Iraqi refugees living in Iran<sup>6</sup> and 5,200 living in the Rafha camp in Saudi Arabia. Of those Iraqis not having any formal recognition, there are between 50,000-180,000 in Jordan and a further 23,000 in Syria.

#### Populations at risk

22. Certain sections of the population are particularly vulnerable. This includes women and children, female-headed households, the displaced and those who face marginalisation or repression by the government. The vulnerability of women and children, who are susceptible to malnutrition and disease, is addressed in the section on Health and Nutrition.

23. Further analysis is required to gain a greater understanding of those most vulnerable from government oppression. This will include consideration of those families or communities that have been marginalized by the regime and are facing what has been described as 'double sanctions', as well as those that have become internally displaced.

#### *Internally displaced*

24. Within CSI, it is difficult to determine the levels of internal displacement that have occurred due to the limited access of UN agencies and NGOs. The following provides known incidents of displacement and indicative figures.

25. Rural areas within Iraq have become increasingly depopulated due to economic migration, government relocation and displacement. It is reported that up to 80% of the indigenous population (Marsh Arabs or *Maadan*) of the marsh areas in the south of Iraq have been relocated or displaced by the government<sup>7</sup>.

26. The Government continues to forcibly relocate other populations within CSI. In the oil rich districts of Kirkuk, Khanaqin and Sinjar, the government continues to expel Kurdish, Assyrian and Turkoman populations in its attempts to 'Arabise' the area. The Government gives non-Arab Iraqis the choice of leaving the area or signing a form 'correcting' their ethnicity. At the same time, incentives are being offered to Sunni and Shia<sup>8</sup> Arabs to relocate

<sup>5</sup> US Department of State. Sept, 2000. Cited in NRC. *Profile of Internal Displacement in Iraq*. 2000.

<sup>6</sup> UNCHR reports that over 27,000 Iraqis have returned to Iraq from Iran between 1994 and end of June 2002.

<sup>7</sup> Between 100,000 and 200,000 are internally displaced.

<sup>8</sup> NRC refers to Shia Arabs, whereas USCR refers to Sunni Arabs.



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there. The UN Special Rapporteur on Iraq has reported that over 94,000 people have been expelled from these areas between 1991 and 2000<sup>9</sup>. The process began in the mid-1970s<sup>10</sup>. Many have moved into the Kurdish-controlled areas of northern Iraq, though some may also have been expelled into the western desert of Anbar Governorate.

27. The US Committee for Refugees reports, citing Government of Iraq sources, the expulsion of approximately 24,000 people from Baghdad to mostly Wait, Thiqr and Qaddisiya governorates.

28. A further displaced group reported are the 'Bidoon'. Numbering around 250,000, they were displaced from Kuwait after the Gulf war, mostly to Iraq. There is however no further information on their current location or status<sup>11</sup>.

#### *Refugees in CSI*

29. The total caseload of refugees in Iraq is estimated to be around 120,000. There are approximately 20,500 Iranian refugees (mostly Kurdish) living in CSI, the majority of whom (13,600) are living in al-Tash camp in western Iraq. A further 7,000 Iranian refugees are resident in southern Iraq, principally coming from Ahwaz Province in Iran during the Iran-Iraq war.

30. It is reported that there are a further 91,200 refugees of other nationalities living in Iraq. Of these 90,000 are Palestinians, 600 Eritreans, 300 Somalis and 200 Sudanese. In addition, there are approximately 9,100 Kurdish refugees from Turkey within the Makhmour camp in CSI<sup>12</sup>.

#### *Shia communities*

31. Certain Shia communities remain at risk from marginalisation or suppression by the government. The most vulnerable include those in urban locations, those remaining in the marsh areas of southern Iraq and those associated with Islamic organisations.

32. Over the last two decades, sections of the Shia community have regularly engaged in demonstrations against the government as a result of their political alienation, marginalisation from patronage networks and due to the secular nature of the regime. These demonstrations have all been suppressed by the security forces and been followed by arrests, executions and expulsions. This took its most dramatic form immediately after the Iraqi flight from Kuwait in 1991, when spontaneous revolts erupted in southern Iraq aimed at toppling the regime. It was quickly crushed, which led to heavy

<sup>9</sup> Cited in USCR *Country Report Iraq*. 2001. P. 2

<sup>10</sup> Norwegian Refugee Council. *Background information on the IDP situation in Iraq*. June 2002.

<sup>11</sup> Dammers, 1998. Cited in NRC. *Profile of Internal Displacement: Iraq*. June 2000. p. 11. The 'Bidoon' are reported to be of Iraqi origin, but resident in Kuwait prior to the Gulf War, many having been born there.

<sup>12</sup> US Committee for Refugees. *Country Report Iraq: Statistics on refugees and other uprooted people*. June 2001.

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casualties, destruction and displacement. In the years following this, the government engaged in extensive military operations in the marsh areas of southern Iraq to flush out army deserters and Shia opposition that were in hiding. In 1998 and 1999, there were further demonstrations against the government by the Shia, catalysed by the murder of senior Shia clerics. The demonstrations were contained by the security forces. A more detailed analysis of these events is presented in Annex A.

#### *Human rights, protection & access*

33. Many agencies, such as the UN Special Rapporteur, Human Rights Watch and Amnesty International, report of the continued, systematic human rights violations against the Iraqi people by the regime. This has included reports of arbitrary arrests, routine torture and ill treatment of detainees, summary executions, forced expulsions and displacement.

34. The potential for protecting the politically vulnerable remains extremely limited. ICRC reports that it can visit prisons, such as the Abu Ghraib prison in Baghdad, where it has been able to conduct interviews and provide assistance. Due to the restriction on engaging with external agencies, it has not been feasible to ascertain whether access currently is or has been systematically restricted to specific communities or areas within CSI.

### **ECONOMIC TRENDS**

#### Oil, Oil-for-Food and the economy

35. The Oil-for-Food Programme (OFF) began in 1996 following increasing concerns about the deteriorating humanitarian situation within Iraq. In this, the UN Security Council allowed oil exports from Iraq for generating revenue for the import of humanitarian goods. A synopsis of the history and implementation arrangements for OFF is presented in Annex D.

36. The recent easing of restrictions and procedures on items imported under OFF is leading to a slow recovery in parts of the economy. This is allowing limited investment into certain sectors, with the potential for increased employment opportunities. The full potential of such recovery is continuing to be frustrated by the restrictions on a local cash component within OFF, so restricting the opportunities for local procurement of goods for OFF-financed activities and investment in implementation and capacity building.

37. Significant economic recovery will be limited until the lifting of sanctions and opening of opportunities for investment. In the meantime, any growth will be largely dependent on oil revenue generated through OFF. In the last two years, there has been a decline in revenue, which has had a direct impact on OFF imports (see Table below). For Phase XI of the OFF<sup>13</sup>, the \$4.6bn

<sup>13</sup> Running from 1/Dec/01 to 29/May/02

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generated from oil sales was the lowest since Phase V<sup>14</sup>. This resulted in 678 UN-approved humanitarian contracts worth \$1.7bn lacking funding. In 2002, a fall of 17% in oil output is expected to that achieved in 2001 according to EIU forecasts. This is largely as a result of the government suspending oil export for a month in protest at the Israeli invasion of the West Bank, the wrangling between the UN and government over oil pricing and a significant drop in the level of oil sales to the US<sup>15</sup>.

**Table: Oil output and revenue under OFF<sup>16</sup>**

PHASE	OIL OUTPUT Barrels (m)	OIL REVENUE US\$ m
I Dec/96 – Jun/97	120	2,150
II Jun/97 – Dec/97	127	2,125
III Dec/97 – May/98	182	2,085
IV May/98 – Nov/98	308	3,027
V Nov/98 – May/99	361	3,947
VI May/99 – Dec/99	390	7,402
VII Dec/99 – Jun/00	343	8,302
VIII Jun/00 – Dec/00	376	9,564
IX Dec/00 – Jul/01	293	5,638
X Jul/01 – Nov/01	300	5,350
XI Dec/01 – May/02	226	4,489

38. According to the EIU<sup>17</sup>, it is expected that, despite increasing and faster inflow of civilian goods under UNSCR 1409, economic recovery will not grow in 2002, but retract by 3%. This is due to a drop in Iraqi oil output and continuing delays and holds on the import of goods. Revenue generated from oil for the humanitarian programme for Phase XII<sup>18</sup> is projected to be \$3.2bn – a 37% shortfall of the \$5.08bn budgeted by the government, i.e. a revenue shortfall of \$2.07bn. The EIU predicts that the economy could grow in 2003 as a result of increased oil revenues. However, this will be largely dependent on resolution of the oil pricing issue and political and security developments.

#### Government's illegal revenue generation

39. The Government has been using a number of methods to generate illegal revenue. These include:

- under-pricing oil to its lifters, but including a surcharge that is paid directly to the regime.
- 'topping-up' legal sales with additional oil, the revenue from which is paid directly to the regime by the lifters.
- smuggling oil to neighbouring states, notably Jordan, Syria, Iran and throughout the Gulf (c. 410,000 barrels/year).

40. The EIU estimates that oil smuggling earns the regime around \$1.6bn per year and that it has earned roughly \$200m from the surcharge system. There are expectations that the pricing issue will be resolved shortly, given

<sup>14</sup> Running from 26/Nov/98 to 24/May/99.

<sup>15</sup> UN. *Humanitarian Programme in Iraq*. Sept/Oct 2002. p.2

<sup>16</sup> EIU. *Country Report Iraq September 2002 Main Report*. From OIP sources.

<sup>17</sup> EIU. *Country Report Iraq*. June 2002. Main Report. P. 1.

<sup>18</sup> Running from 30/May/02 to 25/Nov/02.

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the declining interest in Iraqi crude as a result of the imposition by the UN of its retroactive pricing system. The US and the Multinational Interdiction Force have had increasing success in intercepting illegal exports to Iran and the Gulf States.

41. In addition, there are reports that a significant proportion of the commodities imported under OFF are being sold on the black market or overseas by the regime<sup>19</sup>. There is no substantiated evidence reviewed determining the scale of these sales and revenue generated.

#### Current status of core non-oil sectors

##### *Manufacturing*

42. CSI's non-oil sectors of the economy have been in serial decline or have collapsed. Due to the OFF programme, some manufacturing industries are now beginning to show signs of revival. This slow upward growth may continue as a result of improved import procedures and increasing investment in certain downstream sectors, such as construction and housing. Some industries in which there is evident growth include pharmaceutical, food processing, textiles, cotton, wool, vegetable oil and soap, tyres, batteries and cement. Contracts have also been released for rehabilitation of a number of factories for production of cement, steel, glass, ceramic tiles and plastic pipes. Many are still constrained by holds on some of their inputs, restrictions within OFF for local procurement and the low purchasing power of the population.

##### *Agriculture*

43. Agricultural production is set to improve in 2001/2002, with good rains experienced following three years of drought. The UN forecasts that 1.6m tonnes of wheat will be produced in CSI this year. This compares with 600,000 tonnes of wheat produced in 2000, 1.495m tonnes in 1999 and 1.405m tonnes in 1998. Vegetable and fruit production are expected to have rallied. There has also been investment in poultry (meat and egg production). There was a 40% drop in market prices between 1998 and 2000.

44. Despite these improvements, there are a number of factors affecting the sector. The import of large quantities of food commodities under OFF<sup>20</sup> has depressed market prices providing a major disincentive for farmers. There is a need to explore ways in which the wheat can be internally purchased to boost local agricultural production. The UN has indicated its interest to see how this can be addressed in such a way that it does not contravene the various UNSCRs.

45. In addition, recovery of the sector is being affected by delays and holds on imports of agricultural inputs and equipment. The value of holds increased by 81% from \$393m to \$709m between Nov/2001 and Apr/2002. The majority

<sup>19</sup> EIU. *Country Profile Iraq 2002/2003*. p. 8

<sup>20</sup> Approximately 3.4m tonnes are imported annually.

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of items put on hold consisted of agricultural machinery (vehicles and agro-industry equipment). Holds on irrigation equipment rose by 19% and there has been an increase on holds on vaccines for livestock. In the case of poultry, following outbreaks of Gumboro, Newcastle and Marek's diseases, the government has requested that FAO be entrusted with the storage and distribution of these vaccines. Pesticides for fruit and vegetable production are also held.

## LIVELIHOOD STRATEGIES

46. The deterioration of the Iraqi economy during the 1980s followed by its sharp decline under the sanctions regime has had a very marked impact on the population's livelihoods. Iraq's average per capita income has dropped from a peak of \$8,161 in 1979 to \$2,018 in 1989, \$609 in 1992 and to about \$450-500 in 1995<sup>21</sup>. Figures for current per capita income are not available. Households were faced with the impacts of hyperinflation resulting in costs of essential goods outstripping salaries. A study indicated that by the end of 1995 wheat prices had risen by 4,531%, bread by 2,587% and sugar by 2,208%<sup>22</sup>.

47. There has been no systematic analysis of the current status of livelihoods and the condition of people's coping strategies within CSI. It is also not possible to gain an understanding of the impact patronage systems have had on income generation or the resulting vulnerability of marginalized groups.

### Income generation & subsistence

48. Given that 75% of the population is urban-based, employment opportunities are a principal determinant of the status of livelihoods. In the past, a large portion of the population was employed in the public sector. Little information could be found on the numbers of people currently supported under the 'public sector wage bill' and of the regularity and levels of incomes received. There are indications that salaries for teachers are around \$3-6 per month. Of particular importance is the military, given that the army numbers approximately 424,000, the air force 30,000 and the paramilitary and security troops 42,000-44,000<sup>23</sup>.

49. There are indications that many public service employees have left their jobs with resulting impact on services. There are also reports of an increasing number of children engaging in work to supplement family incomes.

50. In some sectors employment opportunities are beginning to rise, such as in infrastructure and housing. In 2001, for example, the UN has estimated

<sup>21</sup> Cordesman, A. *Op. cit.* 1997. p.140

<sup>22</sup> Cited in Cordesman, A. *Op. cit.* 1997. p.141.

<sup>23</sup> There is also reported to be around 650,000 troops in reserve.

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that OFF-based investments in the housing sector led to the generation of around 219,000 new job opportunities for both skilled and unskilled labour.

51. There is again limited information on the income generating or subsistence opportunities for those engaged in agriculture, including landowners, tenants, agricultural labourers and those engaged in agricultural processing. Of particular importance will be the impact of the recent three-year drought.

#### Food & non-food safety nets

52. In the early 1990s, given the increasing impact of sanctions, the government introduced a system of rationing. These rations relied heavily on domestic food production. The government rations provided approximately 40% (1,093 kcal) of daily requirements.

53. Under OFF, coming on stream in 1997, rations increased to 2,030 kcal in the early phases and then to 2,472 kcal in Phase VIII<sup>24</sup>. Items provided in the ration include wheat-flour, oil, sugar, tea, milk powder, cereal, pulses and iodised salt. Despite these improvements, there has been a consistent shortfall between what is delivered to beneficiaries and what is planned. Shortfalls have been around 80-90%. FAO/WFP reported in 2000 that monthly food rations were being exhausted two-thirds of the way into each month. As a result, households will need to supplement their diet with food purchases. Given the lack of micronutrients in the food ration, this needs to be supplemented with the purchase of meat, fruit and vegetables to achieve a balanced diet. Their ability to do this is dependent on their purchasing power and commodity prices.

54. In the latest UN report on OFF, it is reported that 22 million beneficiaries<sup>25</sup> 'received their ration regularly, on-time and in accordance with the announced food basket by the government'<sup>26</sup>. Calorific and protein levels provided were only 91% and 86% respectively of that recommended within the Distribution Plan. There was also reported to be continuing decline in the market prices of food basket commodities.

55. Despite UN assurances of the equality of food and non-food distributions, it is envisaged that there will be both leakage and diversion of resources to support both political and economic interests. Given the lack of disaggregated data and the limitations of observations, there is no information on the extent to which people are slipping through this safety net.

#### Remittances

56. Remittances are likely to play an important role in supporting some households' livelihoods. There exists significant numbers of Iraqis in

<sup>24</sup> Running from June – December 2000.

<sup>25</sup> This level of beneficiaries would appear to exceed estimated population numbers for CSI.

<sup>26</sup> UN. *The Humanitarian Programme in Iraq pursuant to Security Council Resolution 986* (1995). C. Sept/Oct 2002.

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neighbouring countries<sup>27</sup>. There is no information available at present as to the importance of remittances within the household economy, nor the measures used to transfer money home. The EIU reports that the government is attempting to tax the transfer of foreign currency remittances<sup>28</sup>.

## SOCIAL SERVICES

### Health

57. The health status of the population deteriorated sharply in the 1990s as is evident from infant and child mortality and nutritional indicators. This is largely a result of deteriorating health services, nutrition, water and sanitation and power supply. The maternal mortality ratio has risen to 294 deaths per 100,000 live births. Maternal mortality became a leading cause of death in the 1990s among women of reproductive age, accounting for 31% of all mortalities<sup>29</sup>.

58. Infant mortality increased from 47 deaths per 1000 live births for the period 1984-89 to 108 deaths per 1000 live births for the period 1994-1999. For the same period, under-five mortality has increased from 56 deaths per 1000 live births to 131 deaths per 1000 live births. The mortality rate for under-fives has increased by 160% over the last decade. Rural mortality rates have been found to be higher than those in urban areas<sup>30</sup>. Diarrhoea and acute respiratory illness (ARI), both preventable diseases, account for 70% of child deaths. The number of diarrhoea cases per child per year has increased from 3.8 in 1990 to 14.4. Irregularity of medical supply, drug shortages and ineffective training courses has led to increases in ARI cases.

59. Health services are still far from adequate, though are showing signs of improvement. UNICEF reports that only 929 of the 1,800 primary health centres (PHCs) existing in 1990 are currently operating. A system of user fees was introduced to hospitals in 1999. In this, hospitals are responsible for generating finance for half of their budget to cover furniture, maintenance and construction. The Ministry should provide equipment, supplies and medicine. A similar system is supposed to have also been adopted in PHCs, with low-income groups having to pay a reduced fee.

60. Some of the major constraints being faced include dilapidated infrastructure, erratic power supply, lack of training, low staff salaries, degraded water and sanitation facilities and poor hygiene. Although hospitals are receiving adequate supplies of essential drugs, the same is reported to be not true for other health facilities. Rationing continues to exist. This is largely due to delays in delivery due to the complexity of contracting arrangements. The UN reports that the lead-time from approval to delivery is eight months. Under Phase XI of OFF, of the \$178m budgeted, contracts worth \$133m were

<sup>27</sup> See under Population Distribution section.

<sup>28</sup> EIU. *Country Profile Iraq*. 2002/2003.

<sup>29</sup> UNICEF & MoH. *Op. cit.* July 1999.

<sup>30</sup> UNICEF & MoH. *Child and maternal mortality survey 1999. Preliminary report*. July 1999.

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submitted to OIP of which \$42m were funded (only 24%). Under the current Phase XII, only 21% of the budget allocation has been funded. The health care delivery system should improve with the arrival of vehicles under OFF (58% of the anticipated requirement is now in-country).

61. The UN<sup>31</sup> reports: decreased cases of cholera, cutaneous leishmaniasis, diphtheria, German measles, malaria, measles, meningitis, mumps, neonatal tetanus, poliomyelitis, scabies, tetanus and tuberculosis; stabilisation of brucellosis, hemorrhagic fever, hydrophobia and viral hepatitis; and, an increase in pertussis, toxoplasmosis and visceral leishmaniasis. Cases of waterborne diseases, such as giardiasis, amoebic dysentery and typhoid, are also rising. The chronic state of water and sanitation remains a priority.

62. Although immunisation coverage has in general improved, the drop in measles coverage from 92% in 2000 to 28% in 2001 is a matter of concern, particularly given that there was a measles epidemic in 1998 with over 25,000 cases reported. There have been some problems in the late or non-arrival of immunisation supplies under OFF.

#### Nutrition

63. Malnutrition in children showed a marked increase in the 1990s fuelling a rise in child mortality. In a survey in 2000 within CSI:

- 15.9% of children under five were moderately or severely underweight (general malnutrition)
- 22.1% of children under five were moderately or severely stunted (chronic malnutrition)
- 5.9% of children under five were severely wasted (acute malnutrition)

64. Malnutrition among mothers has also been problematic leading to an increase in the number of low birth weight babies from 4.5% in 1990 to 23.8% in 1998. This has increased the risk of child mortality.

65. A forthcoming report from UNICEF is due to reveal that there has been some progress in reducing malnutrition since 2000, though it still remains high. In the first two quarters of 2002, 20% of children screened were malnourished. Further reductions will be dependent on continued improvements in access to basic services.

66. The high incidence of malnutrition can be ascribed to a number of factors, including poor water supply, inadequate sanitation, decline in breast feeding, lack of general nutrition, health education, overcrowding and poverty. In the case of diet, the ration distributed is deficient in micronutrients (Vitamin A, iron, the B-group vitamins and iodine). There are also concerns about the inclusion of infant milk formula in the food ration. Its use increases the risk of diarrhoea in infants due to contaminated water and poor hygiene practices, so potentially contributing to increased child mortality rates.

<sup>31</sup> UN. *Humanitarian Programme in Iraq*. Sept/Oct 2002.

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67. To respond to increased child malnutrition, Community Child Care Units (CCCUs) were introduced in 1996. These screen children and provide nutritional and health care support. Referrals occur to PHCs or to hospitals (at Nutritional Rehabilitation Centres) depending on their condition. 2,351 CCUs were established by the end of 2000 and over 1.5m children were screened by the end of the first quarter of 2000 (covering roughly 43% of requirements).

68. Rehabilitative treatment is largely carried out using high protein biscuits (HPB). There have been major supply problems. In the past 12 months more than 720,000 malnourished children under five and 660,000 pregnant and lactating women screened were not able to be assisted due to the unavailability of HPB throughout CSI. The UN has reported that under Phase XII, there has been no receipt of HPB in the country, due to contracting problems. This will adversely affect the indicative positive trends in malnutrition levels.

#### Water & sanitation

69. The continuing high rates of malnutrition, diarrhoea and other water-borne diseases underline the high priority that should be afforded to interventions supporting water and sanitation.

70. Water supply is largely provided through a system comprising fixed and mobile water treatment plants, boosting stations and some 40,000km of conveyance pipes. The main problems faced are the breakages and leakages in water pipes, leading to water loss and contamination. UNICEF estimated in 2000 that 35% of treated water was being lost. Another major problem is the erratic nature of power supply, which affects water pressure. This is not helped by the fact that 70% of standby generators are not operating due to lack of spare part and batteries<sup>32</sup>.

71. Per capita share of safe water had decreased from 330 to 218 litres per day in Baghdad, while in rural areas the per capita share dropped from 91 to 18 litres per day. It is reported that the water situation in the south is particularly serious. FAOWFP reported in 2000 that one third of the population are without water services, mostly in rural areas. In Basra, Missan, Thiqr and Wasit governates, there has been an increased reliance on private or public sector water tankers, as a result of saline intrusion into the water system following three years of drought.

72. Due to ongoing reconstruction work to the water system, the UN reports that water available at water treatment plants is now improving. For example, water at treatment plants serving urban areas has increased from 166 litres per capita per day in 1997 to 197 in 2002. In rural areas the increase over the same time period is from 60 to 86. Unfortunately, this does not reveal the quantity or quality of water received by the end user or the

<sup>32</sup> UNICEF. *The situation of children in Iraq*. February 2002.

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reductions that will occur as a result of power cuts. A similar picture is revealed for compact units. It is reported that power supply and problems in the network reduced potential water outputs by 40%. It is reported that 5,916 km of pipes have been received through OFF along with laying equipment. Contracts have been placed for new equipment under OFF, but some of these have either not gone through due to shortfalls in revenue or are still awaiting approval.

73. In the case of sanitation, UNICEF has reported that some 500,000 tonnes of raw sewage are discharged into water sources daily, of which 60% is released into rivers in Baghdad. 25% of the population use piped sewage systems, 50% use household cesspools, septic tanks and pit latrines. The remaining 25% have no access to sanitation facilities. Sewage treatment plants are facing problems due the lack of spare plants, proper maintenance, skilled manpower and power shortages. Many tanker trucks for emptying cesspools have broken down, lacking spare parts, tyres or batteries. Garbage collection in Baghdad had seriously deteriorated, but is beginning to show improvement following the provision of vehicles through OFF.

#### Education

74. There has been a decline in school entry rates. In 1991, 88% of male and 87% of female students were enrolled in schools compared to 66.8% and 66.6% respectively in 2000. It is envisaged that many of the children not attending are working to supplement household incomes. Adult literacy rates have dropped from 89% in 1985 to 57% in 1997 and are estimated to be continually declining. UNICEF estimates that 50% of schools are physically unsafe and unfit for teaching or learning, and are considered a public health hazard for children. 80% of primary schools are considered to be in a deteriorated state.

75. The education sector has been poorly represented in the government's OFF Distribution Plans. Support that is received is confounded by the lack of a cash component in OFF to support teacher training, school rehabilitation and other activities.

#### Shelter

76. There is an increased growth in the housing sector since 2000 as a result of the government requesting increased imports of equipment and materials. This is also boosting employment opportunities. The UN reports that 64,932 new units were constructed during 2001, housing over 550,000 people. The UN estimates that the number of units that the government will approve for building materials will be over 160,000 by the end of 2002. The UN perceives that this would meet 17% of the current housing shortage. There is no indication of who the beneficiaries of such schemes are. The government has indicated that it intends to invest in housing programmes for the most vulnerable.

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## INFRASTRUCTURE

### Transport

#### *Roads & trucking*

77. Iraq has a 39,000 km road network. Before 1991, it made a number of improvements to the road infrastructure, particularly the border roads to its western neighbours and in the east to support its war efforts against Iran. Roads and bridges were targeted by coalition forces in 1991, though the government undertook significant reconstruction activities immediately after the cessation of hostilities.

78. In 2002, 6,534 vehicles imported under OFF arrived for supporting the transport of commodities. However, OFF deliveries are reliant on private sector trucking fleets that are in a degraded state, affected by the lack of spare parts on the local market. The UN reports that in the past the private sector handled 80-85% of road transportation, a figure that has now shrunk due to their current state.

#### *Rail*

79. Iraq has three major rail axis: Baghdad-Kirkuk-Irbil, Baghdad-Mosul-Yurubiyha and Baghdad-Maaqal-Umm Kasr (the port). The rail system is in a poor condition due to the state of the track and the lack of functioning signalling and telecommunication equipment. Efforts to rehabilitate tracks are now being made through OFF, though some requested equipment imports have not yet been approved. The system has also now improved as a result of the delivery of 50 new locomotives and spare parts.

#### *Ports*

80. Iraq's major port is Umm Qasr. It is now a major entry point for goods imported under OFF, but its dilapidated state has slowed the movement of commodities into the country. There are currently 16 berths within the port for cargo handling, though a further two are under construction. The maximum size of vessels entering the port is 50,000 tonnes at present due to draft restrictions. The UN reports that vessels can be expected to have delays of around two weeks when calling at the port. Efforts have been made to improve handling through the delivery and installation of \$10m worth of equipment, including forklifts and a dredger. The port requires further reconstruction work to improve its efficiency, such as the removal of wrecks from the Shatt al-Arab. However, contracts for addressing this, as well as for further dredging equipment, are currently held.

#### *Air*

81. Iraq has two international airports at Baghdad and Basra, and smaller airfields at Hadithah, Kirkuk and Mosul. Although flights are banned under UN sanctions, both international and domestic civilian flights have restarted.

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Under OFF, equipment is now beginning to support the reconstruction of the aviation sector, but there is still a critical lack of basic equipment, such as runway lights and anti-collision systems.

### Energy

82. The problems experienced in electricity generation have had a marked affect on other sectors, notably water, sanitation and health. In 1990-91, 90% of Iraq's power stations and transmission network were destroyed<sup>33</sup>, resulting in the reduction of generating capacity from 9,000 mw in 1990 to 340 mw in 1991. The government engaged in reconstruction work after the conflict. In 2000, the UN estimated that roughly 50% of demand is being met. Regular power cuts are still being faced, though are starting to improve.

83. Some of the power stations are now receiving equipment, which will lead to an increase in their output. It is anticipated that by 2004/5, due to the lead-time for delivery and installation, a further 900 mw will be generated. This will reduce the power supply deficit to 1,100 mw. Until then, the UN has anticipated that the deficit will remain at around 2,500 mw, though this may improve following the improvements in the rains and the boost this will provide to hydropower.

### Telecommunications

84. Like the energy sector, the telecommunications infrastructure was largely destroyed in 1990-91, and then faced further destruction with Operation Desert Fox in 1998. After repeated 'holds' by the Sanctions Committee, amounting to some 70% of the value of contracts, materials to support the sector's reconstruction have started to flow.

## **HUMANITARIAN ASSISTANCE PROGRAMMES**

### Oil for Food Programme (OFF)

#### *Geographical and sectoral distribution of assistance*

85. Under this programme, money accruing from oil sales is placed in an escrow account from which funds can be withdrawn to pay for humanitarian commodities listed in a Distribution Plan prepared by the government and approved by the UN Secretary General. The government is responsible for the purchase and distribution of supplies in the 15 governorates within CSI. The UN is responsible for observing end use of commodities imported. For a synopsis of the history and implementation arrangement of OFF see Annex D.

86. The UN, through its regular submissions to the Security Council on the implementation of OFF, reports that the distribution of assistance provided through OFF is satisfactory. Evidence is provided for certain sectors, such as

<sup>33</sup> EIU. *Country Profile Iraq* 2002.2003.25 July 2002.

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watsan and housing, of the equity of distribution between governates within CSI. The UN does however indicate that it has been frustrated in carrying out its observation role in a number of sectors, such as nutrition, electricity and water and sanitation, and education<sup>34</sup>. There have also been problems in the UN's ability to monitor flows within the main port of Umm Qasr, but these appear to have been rectified. The lack of end-use monitoring in the food sector is a matter of concern.

87. With the restrictions on communicating with external agencies during the course of this review, it is difficult to assess the extent to which commodities are genuinely reaching their intended beneficiaries, notably the most vulnerable. There are indications that distributions are being skewed and diverted, such as to support of the regime's patronage networks. There is a need to examine the extent to which the planning and contracting process is being manipulated to affect delays in the procurement and distribution of certain goods. In addition, no analysis has been seen that prioritises interventions based on assessed need.

*Programme strengths, weaknesses and limitations*

88. The greatest strength of OFF is that it managed to arrest the serious deterioration of the humanitarian situation that emerged within Iraq during the 1990s. The following explore some of its strengths, weaknesses and limitations:

- **Dependency.** The design of the programme, conceived as a short-term humanitarian measure and implemented within the context of sanctions, continues to encourage the population's dependency on the programme. The OFF will help to improve basic services, if oil output and revenue levels are maintained. The limited economic growth that could occur will also slowly serve to strengthen people's coping strategies. However, people will remain sensitive to shocks. Any significant breakages in the OFF pipeline will lead to a rapid deterioration in the humanitarian situation. Any transition programme moving towards the closure of OFF will need to be carefully managed.
- **Lack of cash component.** Even though included within UNSCR 1284, the mechanisms for its use have not been agreed. Its absence restricts the ability to engage in local procurement, which could help boost the local economy, and affects the distribution, implementation and maintenance of OFF-financed assistance, as well as training and capacity building. International agencies have been supporting the financing of these requirements.
- **Coherence.** Within OFF there is no programme approach to ensure that particular problems faced, such as child malnutrition, are being tackled in

<sup>34</sup> Reported in UN. *Report of the SG pursuant to para 5 of resolution 1360 (2001)*. 19 November 2001, and in UN. *The Humanitarian Programme in Iraq pursuant to SCR 986 (1996)*. Sept/Oct 2002.

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the multi-disciplinary and sector approach they require if improvements are to be made. The short-time span of OFF phases restricts the requirement for longer-term planning.

- **Delivery control.** Currently there is a lack of standard commercial penalty clauses in contracts. This increases the risk of late delivery and poor quality of commodities.
- **SCR 1409.** This resolution should help speed the flow of assistance into CSI. The extent to which it can address the backlog of contract holds will need to be monitored. As of 31 July 2002, there was \$5.326bn worth of contracts on hold (see table below). There are also concerns that the introduction of the GRL could provide a loophole for the government to procure increasing levels of goods that can be classified as non-humanitarian. There will be a need to monitor the humanitarian impact that the introduction of GRL has had. This is something that appears to be lacking in current provisions.

**Table: Status of humanitarian contract as of 31/Jul/2002<sup>35</sup>**

SECTOR	CONTRACTS RECEIVED (US\$m)	CONTRACTS APPROVED (US\$m)	CONTRACTS ON HOLD (US\$m)	CONTRACTS ARRIVED (US\$m)
Food <sup>36</sup>	12,738	12,526	0	9,860
Food-handling	3,610	2,811	467	1,780
Health <sup>37</sup>	3,202	2,619	431	1,948
Oil spares	4,366	3,267	749	1,446
Electricity	4,768	3,117	935	1,680
Watsan	2,370	1,705	584	1,014
Agriculture	1,269	3,168	804	1,927
Education	1,356	922	296	432
Comms & transport	2,337	1,736	476	827
Housing	2,846	2,542	203	1,317
Special allocation <sup>38</sup>	782	97	262	0
NI	1,478	1,426	29	1,498 <sup>39</sup>
<b>TOTAL</b>	<b>44,273</b>	<b>35,936</b>	<b>5,326</b>	<b>23,769</b>

#### Non -OFF Assistance

89. Given the restrictions on communications with agencies, it has not been possible to gain an understanding of the impact that OFF has had on the delivery of humanitarian assistance falling outside of OFF, the relationship that providers of non-OFF assistance have had with the government authorities and of agencies' ability to operate within the country. When permissible, this should be assessed, particularly to gain further detailed and disaggregated information on geographical and sector gaps in the provision of

<sup>35</sup> EIU. *Country Report Iraq September 2002 Main Report*.

<sup>36</sup> Includes bulk purchases for NI

<sup>37</sup> Idem

<sup>38</sup> Allocation set up for the most vulnerable in Nov 2000.

<sup>39</sup> Excludes food and health commodities included above.



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humanitarian assistance, vulnerability, relations with government, the impact of OFF assistance and the government's delivery capacity. Such dialogue will also offer the opportunity to gain a greater understanding of the strengths and weakness of non-OFF assistance and of agencies' capacities and capabilities, particularly those of the UN.

### *UN agencies*

90. The UN Office of the Humanitarian Coordinator for Iraq (UNOHCI) is the main body for coordinating OFF within Iraq. In addition to the observation role that UN agencies have for OFF delivery and end use, a number have country programmes that fall outside of OFF. Due to the lack of a local cash component within OFF, agencies, such as UNICEF, are using non-OFF funds to support implementation and other costs associated with commodity imports under OFF. The following UN agencies are providing non-OFF assistance within CSI: FAO, HABITAT, UNDP, UNESCO, UNHCR, UNICEF, UNOPS, WFP and WHO. A brief summary of their non-OFF programme is detailed where information is available.

91. FAO's Country Programme supports small-scale farmers. It is providing assistance in areas such as vaccination campaigns, seed production and vegetable farming. HABITAT is supporting community-based neighbourhood rehabilitation.

92. UNDP's Country Programme is supporting income generating projects, vocational training and micro-credit schemes for the most vulnerable, such as disadvantaged women. Its poverty alleviation projects include community-based rehabilitation, support for disadvantaged women and humanitarian neighbourhood rehabilitation. Its projects in the field of gender include capacity building for the National Committee for the Advancement of Iraqi Women, improvement of nursing services (training nurses in coronary, respiratory and intensive care units at hospitals and cardiac surgery centres), rehabilitation of cancer care and control services, and vocational training and micro-credit for women prisoners incarcerated in Baghdad. Environment projects include agricultural seeds production, emergency control of locusts and other insect pests and rehabilitation of Basra chlorine plant. In the health sector, UNDP is supporting the rehabilitation of primary health care services in partnership with WHO and supporting reproductive health and family planning, which is undertaken with UNFPA. It is currently not clear what level of funding has been received for these projects. The same applies for the other UN agencies.

93. UNHCR has had a formal presence in Iraq since 1988. The core components of its programme are protecting and seeking durable solutions for the refugee population in Iraq, supporting the voluntary repatriation of refugees, training Government authorities and local NGOs on refugee law and promoting the Government's accession to the 1951 Convention and 1967 Protocol. The Government provides assistance to refugees through food distributions provided under OFF. UNHCR provides complementary

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assistance, supporting community services, education, health, nutrition, income generation, shelter, water and sanitation.

94. UNICEF's Country Programme for 2002-2004 focuses on support for the reduction of child mortality, morbidity and malnutrition, the reduction of maternal mortality and the improvement of school enrolment. In the health sector, UNICEF has rehabilitated 12 PHCs in 2002, bringing its total up to 38 in CSI. It is planning to support a campaign promoting breastfeeding to reduce levels of infant malnutrition. Since 1997, UNICEF has supported the rehabilitation of 35 water treatment plants, 27 compact units and 12 sewage facilities. In the education sector, it is engaged in school rehabilitation and teacher training. UNICEF is also using resources from its Country Programme to support the distribution and installation of humanitarian supplies provided under OFF and to support capacity building.

95. WFP runs a Protracted Relief & Recovery Operation (PRRO 6085<sup>40</sup>) within CSI targeting malnourished children, their families and residents of social institutions. WFP intends to support 50,000 acutely malnourished children with rations enriched with micronutrients. Their family members are also planned to receive a blended food mix. In addition, WFP intends to assist 75,000 hospital patients and other vulnerable people who are housed in social institutions, consisting mainly of orphans, disabled and elderly. This is to be undertaken in close cooperation with Ministry of Health and Ministry of Labour and Social Affairs.

#### *Red Cross & Red Crescent Movement*

96. ICRC is engaged in the following activities: supervision of the repatriation of prisoners of war; communications between separated families; visiting detainees; distribution of surgical supplies to hospitals; rehabilitation of water systems; rehabilitation of health centres; fitting of prostheses; and, provision of an awareness campaign on the dangers of unexploded ordnance in the southern regions of Iraq. ICRC acts as an intermediary for the Tripartite Commission established to address the plight of Kuwaiti, Iraqi and other nationals that remain unaccounted for since 1991.

97. In the watsan sector, ICRC is upgrading water and sewage treatment facilities. This includes the Kirkuk water treatment plant in Ta'mim. In the health sector, it has supported the rehabilitation of primary health centres, training in child and antenatal care, rehabilitation of hospitals (including the renovation of Basra Teaching Hospital and the al-Rashad psychiatric hospital in Baghdad) and provision of refresher training courses for nurses in the Basra area. In addition, ICRC is supporting the Iraqi Red Crescent Society in the field of family links, emergency preparedness and the dissemination of international humanitarian law.

98. The Iraqi Red Crescent Society (IRCS) was founded in 1932. In 1992 it was assigned responsibility for the overall management and coordination of

<sup>40</sup> The PRRO is currently running for 11 months from 14/Jul/02 to 13/Jun/02.



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disaster response by the Iraqi civil defence department. The IRCS has also been designated by the government as coordinator for all external assistance coming from the NGO sector.

99. The IRCS currently has branches in all 15 governates within CSI. Each of these has a role in the national disaster preparedness plan. The Basrah branch in addition supports early warning for river flooding. In the health sector, IRCS runs a maternity hospital and general surgery hospital in Baghdad. It also supports primary health care, nutrition, water and sanitation and first aid. It also supports ICRC in its dissemination of International Humanitarian Law and in family tracing.

The IRCS is supported by the International Federation of Red Cross and Red Crescent Societies (IFRC), which established a delegation in 1988. IFRC supports the health sector through a PHC rehabilitation programme, primary health care training and the supplying of spare parts and raw materials to an intravenous fluids factory. The Federation support to IRCS in disaster preparedness includes the supply of basic relief materials, training and planning.

#### NGOs

100. There are only six international NGOs that are reported to be currently operating in CSI. These are CARE, Enfants du Monde, The Middle East Council of Churches, Ponte per Baghdad, Première Urgence and Voice in the Wilderness. There are indications that other international NGOs, such as Oxfam, ACF and MDM are interested to engage within CSI.

101. CARE International started operations in CSI in 1991 and is providing assistance in water, sanitation, health and education sectors. In the water and sanitation sector CARE has two projects. The Diyala Integrated Water Project, funded by DFID, supports improvements in the quality and availability of drinking water supplied to approximately 77,000 people in three towns in Diyala Governate (Khanaqeen, Beled Ruz and Muqadiyah). Its Water & Sanitation Project, again funded by DFID, is supporting the rehabilitation of 80 water and sewage instillations and maintaining the standard of 20 water instillations that have been rehabilitated within 14 governates of CSI. CARE has established a database on the status of water and sewage facilities within CSI. Access to this will provide useful disaggregated information on the sector and help define priority interventions. CARE also supports UNICEF in its observation role for water and sanitation activities under OFF, rehabilitates primary health care centres, provides therapeutic and supplementary feeding, promotes hygiene and supports education programmes for the deaf.

102. Première Urgence has been operating in CSI since 1997 and is involved in hospital rehabilitation and support to displaced populations. In the health sector, Première Urgence has supported the rehabilitation of twelve hospitals. This has involved repairing hospital buildings, improving water and sanitation and provision of bedding materials. For the displaced, it has supported the rehabilitation of community centres to house the displaced.

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103. It was not possible to find information on the operations and capacities of *Enfant du Monde*, the Middle East Council of Churches, *Ponte per Baghdad* or *Voice in the Wilderness*. This should be followed up.

#### *Donor assistance*

104. The table below provides a breakdown of those donors known to be supporting humanitarian assistance in CSI. Further details of other donors needs to be assessed, along with a better understanding of their assistance strategies and perceptions of the effectiveness and efficiency of agencies' programmes.

**Table: Donors assistance to CSI**

DONOR	BUDGET CSI	BUDGET CSI & NI <sup>41</sup>	AGENCIES IN CSI
DFID	c. £ 4m	c. £ 8.25m	CARE, ICRC
Dutch MFA	N/A	Euro 3.2m	UNICEF, CARE, ICRC
ECHO	N/A	Euro 13m	N/A
Norwegian MFA	N/A	\$3.1m	ICRC and others
Swedish MFA	N/A	\$4-5m	UNICEF, CARITAS, CARE

105. In 2002/03, DFID has provided £ 4,036,000 to CARE International to support the water and sanitation sector. In its last financial year, DFID provided £2m to ICRC's Annual Humanitarian Appeal for 2002, which covers activities in both CSI and NI. In addition, DFID is continuing to support other humanitarian programmes in northern Iraq<sup>42</sup>. Since 1991, the UK Government contributions for supporting humanitarian programmes in Iraq as a whole have been approximately £100m. Its share of funding of EC assistance for the same period is £23m.

106. ECHO's allocation for Iraq is Euro13m for 2002/2003, which will largely support assistance in CSI. In its global plan, the core elements of its assistance are the rehabilitation of medical facilities, including PHCs, tuberculosis clinics, hospitals and the national blood transfusion centre. A paediatric surgical unit is to be established in Mosul. In addition, ECHO is to support immunisation campaigns against measles, supplementary feeding and water and sanitation.

<sup>41</sup> Denotes overall budget to Iraq (CSI & NI), with no breakdown on funding provided specifically to CSI.

<sup>42</sup> See CHAD. *Northern Iraq Desktop Review & Background Briefing Document* for further details.

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## NEXT STEPS

107. Based on this understanding of the current humanitarian situation in CSI, the following explores broad humanitarian ramifications of a potential rise in tensions and the outbreak of conflict. The impact of other scenarios needs to be explored. A set of actions to follow this review is presented below for enhancing preparedness for an emergency response or engagement in recovery programmes. In addition, further analysis of the current humanitarian situation is required to support these actions.

108. Vulnerability can be expected to increase with a further mounting of international pressure on the government and if the potential for military engagement looms. Consumer prices are likely to rise as people stock up on essential items. In the immediate term this will be alleviated by the depressed state of market prices due to the improved 2002 harvest and sale of OFF rations. There could also be fewer OFF imports due to a further decline in oil revenue. This will lead to the deterioration of basic services, declining employment opportunities and a potential tightening of food rations. The most vulnerable will be at particular risk, though this group's numbers could grow as coping strategies become exhausted. Health and nutrition indicators will start to deteriorate.

109. If external military intervention were to occur, access and protection would be core concerns. The potential for both widespread suppression and retribution is likely to be high, as was the case with the *intifada* in 1991. A rapid deterioration in the humanitarian situation could occur due to displacement, a significant break in the OFF pipeline, hyperinflation of food prices and breakdown in basic services. A sudden collapse of the energy sector or transport infrastructure, as was the case in previous military interventions, would exacerbate problems. Levels of malnutrition and disease, particularly amongst children, are likely to rise significantly. Use of chemical or biological weapons by the regime, as has been done in the past against the Kurds, would prompt an acute emergency. The scale and duration of a humanitarian crisis will be dependent on efforts to stabilise the situation and address political, security, humanitarian and economic considerations coherently and rapidly.

Information gaps

110. The following information and analysis should be sought when it is feasible to engage with the UN and other international agencies operating within CSI:

- Geographical breakdown and status of areas facing access constraints.
- Further analysis of the current status of livelihoods and coping strategies within different areas and population groups within CSI.
- Mapping of displaced populations within CSI.
- Disaggregated information on the status of basic services within CSI.
- Analysis of capacity and capabilities of government line ministries, UN agencies, international and local NGOs.

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- Analysis of changes in vulnerability during different times of the year.

#### Emergency preparedness

111. The following emergency preparedness activities could be undertaken:

- Monitor key indicators that will affect the humanitarian situation within CSI. These will include market prices of basic commodities, oil output, displacement, access restrictions, ration levels, reductions in illegal oil revenue generation, UN Security Council approval for the continuation of OFF (Phase XII due to end on 25/Nov/02) and other UN SC resolutions.
- Review agency contingency plans and provide support if required.
- Identify core elements of DFID's humanitarian response strategy and dovetail this with recovery considerations.
- Apply lessons learned from CIMIC in other operations, such as Afghanistan.
- Establish effective and early liaison between the military and civilian agencies to ensure humanitarian personnel and assets are protected.
- Engage early with other humanitarian donors.

#### Recovery

112. Further preparedness work could be undertaken to support any future requirement to develop recovery strategies or programmes. Some of these activities would also support DFID's global engagement in recovery interventions. Next steps include:

- Undertake lessons learned of specific aspects of the humanitarian and recovery programme in Afghanistan. Areas of focus could include:
  - a. quick impact projects;
  - b. linkages between humanitarian response and recovery;
  - c. roles and responsibilities between CHAD and geographical desk;
  - d. funding strategies;
  - e. engagement with IFIs;
  - f. UN and donor coordination.

Consideration should be given to factoring DFID's experiences gained in other locations such as East Timor, Sierra Leone and Kosovo, as well as other evaluations of the international response system, such as the Brahimi report.

- Identify core elements of DFID's stabilisation / recovery strategy.
- Engage with other Whitehall departments that could be engaged in recovery-related activities, such as conflict prevention pool partners. This could include undertaking a review of the security sector in Iraq (CSI and NI).
- Engage early with other donors that will support recovery.

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## ANNEXES

## Annex A: Political history

This annex briefly looks at the recent political history of Iraq to provide a background to the current situation within central/southern Iraq. As a result, less emphasis is given to the situation in northern Iraq, which is covered elsewhere<sup>43</sup>. Where feasible, emphasis is placed on those factors that have influenced or determined the humanitarian situation.

*Iraqi independence: instability and rapid regime change<sup>44</sup>*

2. The present Iraqi state was formed after the First World War incorporating the three Ottoman provinces of Baghdad, Basra and Mosul. Under a League of Nations Mandate, the British engaged in establishing the government. Faisal, a Hashemite originating from present day Saudi Arabia, was positioned as king. The government, which gained increasing powers, was principally made up of former Ottoman officials, the majority of whom were Sunni Muslims. The pre-eminence of the Sunni as the ruling elite within Iraq was a pattern that remained, resulting in the marginalisation of other religious and ethnic groups.

3. Following the end of the British mandate in 1932 and the start of Iraq's independence, the Iraqi authorities have had to consistently rely on the military to exercise power and control. Efforts by religious and ethnic groups rallying for political inclusion were repeatedly and violently suppressed. With rising instability, the royal family was ousted and killed in a military coup in 1958. The emerging regime, led by Abdel-Karim Qasem, faced similar problems of violence and instability and was ejected by a military coup in 1963. A succession of army officers then ruled the country until 1968.

*Baath rule and the ascendancy of Saddam Hussein<sup>45</sup>*

4. In July 1968, military officers, led by Ahmed Hasan al-Bakr and supporting the Baath Party, took control through a military coup. Despite numerous challenges, the new regime was able to increasingly consolidate power. Through centralising control of the security apparatus and economy, the regime was able to sustain itself through patronage networks (notably family, clan and tribal networks from the Sunni Arab north-west of Iraq), while at the same time controlling the means to suppress, eliminate or co-opt opposition forces or those within the regime that posed a threat. In addition, the regime was able to promote a more populist image through land reform, introducing subsidies on basic commodities and provision of social and welfare services. This became feasible with the substantial rise in oil income in the mid-1970s<sup>46</sup>.

<sup>43</sup> See for example the CHAD Desktop review & background briefing on northern Iraq.

<sup>44</sup> EIU (2002). *Country Profile Iraq 2002/2003*. 25 July 2002. p. 5.

<sup>45</sup> Tripp, Charles (2002). *A History of Iraq*. Cambridge University Press. Pp. 193-223.

<sup>46</sup> In 1975, Iraq's oil income had risen to \$8 billion.

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5. Saddam Hussein had a principal role in the regime's ability to galvanise control, which became further accentuated with his rise to power in July 1979 with the resignation of Hassan al-Bakr. There was widespread elimination of senior party officials, who actually or were perceived to question or counter his leadership. The new centre of power became focused within a narrow inner circle made up of Saddam Hussein and his relatives and supporters from his hometown of Tikrit.

*Shia suppression*<sup>47</sup>

6. A major challenge to the Baath regime emerged from the Shia community. A series of riots and demonstrations erupted against the regime in 1969, 1970, 1976 and 1979 principally as a result of growing resentment against its alienation from government, marginalisation from patronage networks and due to the secular nature of the regime. The response in each case was characteristic. Demonstrations were violently suppressed by the security forces, followed by arrests, executions or expulsions<sup>48</sup> from the country. The regime attempted to fragment any emerging solidarity through the establishment of selective patronage networks amongst the Shia community. It also for the first time in 1977 brought Shia into the Regional Command Council of the Baath.

7. The regime was particularly concerned about the emergence of Shiite figures, such as al-Sadr (the leader of the Shiite Islamist Organisation al-Da'wa), who could command respect and authority within the Shia community. This became particularly pronounced following the revolution in Iran in February 1979, with fears of similar movements emerging in Iraq. The arrest of al-Sadr in June 1979 led to massive demonstrations, which were violently quashed by the security services.

8. Despite government efforts to control the situation, confrontations with the Shia continued in 1979 and 1980, spurred by some of the militant Islamist organisations, such as al-Da'wa, Jund Al-Imam and the Islamic Task Organisation. There was agreement by them of the need for violent action against the regime – a standpoint endorsed by Jama'at al-'Ulama<sup>49</sup>. Further arrests and executions followed, but the situation further deteriorated following an assassination attempt by the Islamic Task Organisation on Tariq Aziz, the deputy prime minister. Al-Sadr and his sister were executed and deportation of alleged Iranian Shia was increased to around 40,000 in 1980. The regime redistributed their assets amongst the local community, so making them complicit in the regime's actions. This, along with the forging of new patronage networks within the Shia, was aimed at creating dependence on the regime and the distancing of relations with those Shia opposing the regime, many of who had been arrested, executed or expelled.

<sup>47</sup> Tripp, C. (2002) *Op. cit.* pp. 193-230.

<sup>48</sup> In the 1969 conflict, roughly 20,000 people of alleged Iranian descent were expelled across the border into Iran.

<sup>49</sup> The Society of Religious Scholars. Tripp, C (2002). *Op. cit.* p. 229.

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*Iran-Iraq War*

9. In September 1980, the Iraqi army invaded southern Iran. This followed Saddam Hussein's interest to restore control of the Shatt al-'Arab waterway (allowing greater access to the Gulf) and his interest to portray himself as the protector of the Arab Gulf States from the new revolutionary regime in Iran. Saddam Hussein planned for a short, limited engagement perceiving that the weakness of the regime in Iran pitted against an Iraqi army that was now reinforced and rearmed following the oil boom of the mid-1970s would capitulate and disengage. In the case of the latter, this relied on the Iraqi Government also being able to keep on side and engaged the Iraqi Shia, who represented the bulk of soldiers in the army and were now fighting Shia Iranians. This it managed to do in part through propaganda campaigns espousing the unity of all Iraqis and the Arab identity of the Shia.

10. Saddam Hussein's principal assumptions were miscalculated. In 1982, the Iranian military counter-attacked driving the Iraqi forces out of most of the areas they had occupied. It was only with the increased costs resulting from Iraqi attacks on Iran's oil installations, the successful ground offensives of Iraqi forces in 1988, and with greater engagement of the US in the 'tanker war', which led to the destruction of most of Iran's naval capability, that led to Iran's acceptance of the UN cease fire in July 1988 (UNSCR 598 of 1987).

11. The Iraqi victory came at serious cost. By the end of the war it is estimated that 250,000 Iraqis had died<sup>50</sup>. In the first years of the war Iraq's foreign currency reserves had become seriously depleted. Increased military expenditure, continuing investment in infrastructure construction could not be met through oil revenues, which had fallen from \$26bn in 1980 to \$9bn in 1982. The Iraqi Government was forced to borrow from Saudi Arabia, Kuwait and other Gulf States as well as through arms deals with USSR and France equalling on average \$15bn per year for the war years between 1980 and 1988. It had mounted a debt of \$80bn by the end of the war. This brought a heavy burden of debt repayment, which was estimated at \$4.3bn in 1989 – equivalent to a third of export earnings<sup>51</sup>.

*In and out of Kuwait*

12. Faced with massive costs of post-war reconstruction – estimated at \$30bn, debt repayment, import bills and weakness in oil prices, the Iraqi regime was under considerable pressure. Iraq requested OPEC to raise the price of oil through more restrictive quotas. Iraq alleged that Kuwait was over producing, so impacting on Iraqi oil revenues, as well as stealing from reserves on their mutual border. It requested Saudi Arabia and Kuwait to cancel the repayment of the \$40bn loaned during the Iran-Iraq war. With little response, the Iraqi regime perceived that a military takeover of Kuwait would provide the potential for financial returns either through managing its resources or, more importantly, forcing concessions from other Gulf states.

<sup>50</sup> 25% of which were Kurds killed as a result of the al-Anfal campaign launched by the Iraqi regime in 1988.

<sup>51</sup> EIU (2002). *Op. Cit.* p. 6

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Perceiving that it would not draw significant opposition from Arab states or the US, Iraqi forces invaded Kuwait on 2 August 1990.

13. Again this was a grave miscalculation. Iraq was widely condemned for its actions by the Arab League and at the UN. Within four days of its entry, the UN Security Council issued Resolution 661 imposing comprehensive economic and trade sanctions on Iraq (exempting medicine and foodstuffs). Iraq's oil pipelines to Saudi Arabia and Turkey were cut and Iraqi and Kuwaiti assets frozen. This was followed on 29 November 1990 with UNSCR 678 giving Iraq until 15 January 1991 to unconditionally withdraw from Kuwait and authorising the use of force if it failed to comply.

14. On 16 January 1991, Operation Desert Storm commenced with allied air strikes against Iraqi forces, military apparatus and civil infrastructure. The allied ground offensive into Kuwait, starting on 24 February 1991, led to the rapid collapse of the Iraqi defences and Kuwait's liberation. Fearing further destruction of Iraq's military, a ceasefire was signed on 28 February 1991.

*al-Intifada and the reassertion of regime control*

15. The crushing defeat of the Iraqi regime's misadventure into Kuwait led to spontaneous revolts aimed at toppling it from power. In March 1991, uprisings broke out in southern Iraq, notably in Basra, 'Amara, Nasiriya, Najaf and Karbala. This included army deserters, civilians and Islamic Organisations, which included the deployment of militia from the Badr Brigade of the Supreme Council for the Islamic Revolution in Iraq (SCIRI) from Iran.<sup>52</sup> In those areas overtaken by the rebellion there was widespread retribution against those associated with the Baghdad regime.

16. The rebellion was short-lived. Being confined largely to the urban areas in the south, failing to muster support in the rural areas and with no apparent leadership, it was rapidly smashed by the Republican Guard. This led to heavy casualties, widespread destruction and displacement. It is reported that approximately 50,000 fled to Saudi Arabia, further numbers to Iran and others seeking sanctuary in the southern marshes of Iraq.

17. A similar fate met the simultaneous rebellion of the Kurds in the north. The mass exodus that ensued led to the passing of UNSCR 688 on 5 April 1991, which, calling on Iraq to end the repression of its population, allowed for the creation of a 'safe haven' in northern Kurdistan and the associated establishment of a 'no-fly' zone north of the 36<sup>th</sup> parallel<sup>53</sup>.

*Sanctions, humanitarian distress and the emergence of oil-for-food*

18. Sanctions on Iraq were maintained with the aim of achieving further objectives, notably the elimination of Iraq's weapons of mass destruction and missile capability, the recognition of the sovereignty and territorial boundaries

<sup>52</sup> SCIRI was formed in 1982 and led by Ayatollah Muhammad Bair al-Hakim.

<sup>53</sup> For further details on the rebellion in the north, see CHAD (2202) Northern Iraq Desktop Review and background Document. P. 2.

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of Kuwait; agreeing to the payment of war reparations, and accounting for Kuwaitis who had disappeared during the Iraqi occupation (UNSCR 687 of 3 April 1991). In May 1991, the first UNSCOM teams began their work in Iraq.

19. The blockade on imports, hyperinflation and weakness of the Iraqi dinar led to a rapid deterioration of the health and nutrition status of the Iraqi population. Efforts by the UN to address the declining humanitarian situation in 1991 (UNSCR 706 and later UNSCR 712) through an oil-for-food programme were rejected by the Iraqi Government. In 1996, the Government relented agreeing to the terms of UNSCR 986. This allowed the Government to sell \$2bn every six months to fund the import of humanitarian supplies for both Government and Kurdish administered areas, as well as providing a proportion of funds for the compensation commission. A synopsis of the background to OFF and its implementation arrangements is presented in Annex D.

#### *The marsh clearances*<sup>54</sup>

20. The situation of those from the southern rebellion that sought sanctuary in the marshes deteriorated. In April 1992, 36,000 to 40,000 Iraqi troops were sent into the area to flush out the 10,000-20,000 deserters and Shia located there. The Iraqi Government began to drain the marshes. In June 1992, there was a further increase in the military presence and use of air and artillery strikes. At the same time, the Government started a programme of relocating Marsh Arabs. In August 1992, the US, UK and France imposed a 'no-fly' zone over southern Iraq below the 32<sup>nd</sup> parallel to reduce government suppression of Shia rebels and to further contain the Iraqi military.

21. The traditional livelihoods of the Marsh Arabs became largely destroyed as a result of the burning, drainage and water diversion projects. In March 1994, the Iraqi military started its largest 'search-and-destroy' operations in the area between Nasiriyah, al-Qurnah and Basra. Similar operations continued through the southern marsh area in 1995 and 1996. UNHCR reported that around 12,000 refugees in Iran had been displaced from the marshes. The UN High Commissioner for Human Rights estimated that 200,000 of the original 250,000 inhabitants<sup>55</sup> of the marshes had been forcibly displaced<sup>56</sup>.

22. Further suppression of the Shia community occurred in 1998 and 1999. A series of murders of senior Shia clerics sparked unrest in southern towns and in Shia areas of Baghdad, notably Madinat al-Thawra. As experienced previously, the security forces contained them, with reports that many of the towns were sealed off<sup>57</sup>.

<sup>54</sup> Cordesman & Hashim (1997) *Iraq: Sanctions and Beyond*. Westview Press. Pp. 103-107

<sup>55</sup> Other sources indicate the indigenous population being between 350,000 and 500,000.

<sup>56</sup> The US Committee for Refugee estimates that 100,000 of the Marsh Arabs are internally displaced within Iraq.

<sup>57</sup> EIU (2002). *Op. cit.* p. 10

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*Iraqi obduracy to weapons inspections and disarmament*

23. In April 1998, the UN released a document reporting that Iraq was still in possession of chemical and biological weapons. UNSCOM was facing increasing obstruction from the Iraqi authorities in accessing suspected weapons of mass destruction (WMD) sites. This led in December 1998 to UNSCOM pulling out of Iraq, which prompted the launch of air strikes on Iraqi military targets by the US and UK under Operation Desert Fox.

24. In December 1999, the UNSCR 1284 was adopted. In this, the 'suspension' of sanctions was proposed on the condition of the Iraqi Government allowing the return of weapons inspectors to undertake credible and effective inspections. In addition, it led to the establishment of UNMOVIC (UNSCOM's successor) and an end to the revenue ceiling on Iraqi oil exports. The Iraqi Government rejected the resolution. The impact of the events of 11 September 2001 reinvigorated focus on Iraq, leading to the mounting pressures being exerted on the regime currently.

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**Annex B: Recent chronology of events in Iraq<sup>58</sup>**

25 Nov/02	OFF Phase XII due to end
30 May/02	Phase XII of OFF commences
14 May/02	UNSCR 1409. Introduction of Goods Review List (GRL), new contract procedures and extension of OFF for further 180 days.
Dec/99	UNSCR 1284: offers to suspend sanctions if Iraq cooperates with new weapons inspection regime (UNMOVIC). Iraq refuses.
Dec/98	Operation Desert Fox
Sep/98	Washington Agreement ends fighting between KDP and PUK
Aug/96	Iraqi Govt. forces support KDP capture Arbil from PUK. Extension of southern no-fly zone to 33 <sup>rd</sup> parallel
Feb/96	Iraq accepts UNSCR 986 allowing start of Oil for Food (OFF) programme
May-Aug/94	Fighting between KDP and PUK
Oct/Nov 93	Iraqi forces launch campaign against inhabitants of marshes in south of Iraq and finalise plans for draining of marshes
Oct/91	Iraqi armed forces blockade Kurdistan
Apr/91	Safe haven established in northern Iraq
Mar/91	Eruption and crushing of <i>al-Intifada</i> , uprisings against the Iraqi regime in Shi'i south and Kurdish north
Feb/91	Kuwait liberated
Jan/91	Operation Desert Storm commences
6 Aug/90	UN SCR 661. Imposition of comprehensive sanctions on Iraq (except food and medicine). 661 Committee established.
2 Aug/90	Iraq invades and annexes Kuwait
Jul/88	Iran accepts UN ceasefire resolution; war with Iraq ends
Feb/88	Beginning of <i>al-Anfal</i> campaign in Kurdistan
87	Iraqi government campaign against KDP and PUK in Kurdistan
Sep/80	Iraqi forces invade Iran
Apr/80	40,000 Shi'a expelled to Iran
Jul/79	Saddam Husain sworn into power
Jun/75	Kurdish movement splits forming KDP and PUK
Mar/74	Widespread fighting throughout Kurdistan
Nov/Dec 72	Fighting in northern Kurdistan
Jul/68	Military coup d'état by Arab Nationalist and Ba'thist army officers. Ahmed Hasan al-Bakr becomes president.

<sup>58</sup> Source: Tripp, Charles (2002). *A History of Iraq*. Cambridge University Press. (New Edition).

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**Annex C: Background to the Iraqi economy**

The Iraqi economy remains highly centralised and the government exercises extensive control. The economy continues to be heavily dependent on oil. Before the Kuwait invasion in 1990, oil accounted for 95% of foreign exchange earnings and funded the bulk of government activities.

2. During the 1970's, the government attempted to engage in industrialisation and diversification away from oil. This led to the production of five-year development plans covering 1970-1975 and 1976-1980. Little emerged until the mid-1970s with the substantial increase in revenue from the oil boom. This allowed the development of an Iraqi industrial sector in petrochemicals, iron, steel, sulphur, urea, phosphate and fertiliser. As a result of the worsening economic situation in the 1980s arising from the Iran-Iraq war and a slump in oil prices, many investments were put on hold save those supporting the war efforts, such as the nascent military industry.

3. Crippled with heavy debts, widespread destruction of infrastructure and the inability to import resources as a result of sanctions, the Iraqi non-oil industry had seriously declined or collapsed by the mid-1990s. The government did engage in reconstruction activities between 1991-1992, before its resources petered out. This included reconstruction of the oil sector, the infrastructure of its security, intelligence and telecommunications agencies, and military-industrial and transport infrastructure.

4. Light industry was privatised in 1988, but was heavily affected by government imposition of price controls and the inability to import raw materials as a result of sanctions. The local private sector will remain very wary of making investments in the current climate, given the current political uncertainties and the Government's past record of appropriating resources.

5. The Iraqi agriculture sector has shown continuous decline due to lack or misdirected investment, land tenure constraints and market interference. Many agricultural workers have migrated to urban areas as a result of poor rates of pay.

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**Annex D: Oil-for-Food history & implementation arrangements**

The concept of the Oil-for-Food Programme (OFF) originally emerged in 1991 through UNSCR 706 and later in UNSCR 712, following concerns about the evolving humanitarian situation within Iraq following the imposition of sanctions. The government rejected such proposals. It was not until 1996 that the government agreed to enter into such a programme, when a Memorandum of Understanding was drawn up with the UN. This was based on UNSCR 986, which was adopted in 1995.

2. In the initial stages, the government was allowed to sell up to \$2bn worth of oil in a 180-day period. Phase I ran from 10 December 1996 to 7 June 1997. Oil was first exported in mid-December 1996 and the first OFF-financed humanitarian supplies arrived in March 1997. Each new 180-day phase requires authorisation by the UN Security Council. Money accruing from oil sales is placed in an escrow account from which funds can be withdrawn to pay for humanitarian commodities listed in a Distribution Plan prepared by the government and approved by the UN Secretary General. The government is responsible for the purchase and distribution of supplies in the 15 governorates within central/southern Iraq. The UN is responsible for observing end use /user verification of commodities imported.

3. In the initial phases, the breakdown in allocations for revenue generated was 66% to the humanitarian programme (53% to CSI and 13% to the NI) and 30% to the Compensation Commission. In December 2000, following the adoption of UNSCR 1330, the allocations were changed. Under this, 72% of revenues were allocated to the humanitarian programme (59% for the CSI and 13% for NI), 25% to the Compensation Commission, 2.2% for UN administrative costs and 0.8% for the administration of UNMOVIC.

4. In 1998, due to assessments of the state of the Iraqi oil industry, UNSCR 1175 allowed the importation of \$300m of oil spares and equipment for Phase IV. This was raised to \$600m for Phase VI and subsequent phases. These funds were raised from the allocations to the humanitarian account.

5. The \$2bn ceiling on oil revenue was raised to \$5.265bn in April 1988 under UNSCR 1153. The ceiling was then lifted completely in 1999 under UNSCR 1284. This resolution, which was not accepted by the government, introduced the proposal to fast track the importation of humanitarian goods and established UNMOVIC, the successor to UNSCOM. It also introduced the use of a cash component within OFF to allow the local procurement of goods to help stimulate the economy, such as in the agricultural sector, and to pay for the costs of installation and training. This has still not been implemented, though attempts are being made to assess how it can be implemented without undermining other United Nations Security Council Resolutions.

6. Further attempts were made to streamline the sanction regime, but these remained unsuccessful until 14 May 2002 with the adoption of UNSCR 1409. This introduced the Good Review List (GRL) and revisions to streamline of procedures for the processing and approval of contracts. The GRL consists

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of those items deemed to have potential dual-use for military purposes – notably for WMD. In previous Phases, the majority of contracts had to be granted approval by the Security Council's 661 Sanctions Committee. Any council member could block their passage and many 'holds' occurred and remain. Under 1409, all contracts are to be presented to OIP. It can approve items that are not on the GRL and which have already been approved. If there are doubts, reference is made to UNMOVIC and IAEA, who have the responsibility for assessing whether items have potential military use. Only those contracts containing items on the GRL need to be referred to the Sanctions Committee.

7. OFF is currently in Phase XII, which runs from 30 May to 25 November 2002.

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**Annex F: Terms of Reference****CENTRAL/SOUTHERN IRAQ HUMANITARIAN SITUATION ANALYSIS****Background**

In light of current international attention directed towards Iraq and the on-going United Nations Security Council discussions, CHAD and CHAD OT are maintaining a watching brief on the region. While our understanding of the humanitarian situation in Northern Iraq (NI) is relatively well informed by the recent MENAD/CHAD desktop review of NI, there remains a significant information gap pertaining to the current humanitarian situation in Central/Southern Iraq (CSI).

2. In line with UK Government guidance not to initiate contact with external agencies regarding the current situation, the Central/Southern Iraq Humanitarian Situation Analysis will consist of a review of key files and documents available within DFID, and in the public domain.

**Goal**

3. To heighten preparedness in the event of a potential humanitarian crisis in Iraq through a more detailed understanding of the current humanitarian situation in CSI.

**Purpose**

4. To conduct a desktop review to obtain humanitarian data on CSI which would contribute to establishing a baseline, against which a humanitarian response and recovery strategy / programme could be developed.

**Objectives**

5. The humanitarian situation analysis will help improve DFID's understanding of:
- a) the implementation of the Oil-For-Food programme (OFF) , including an analysis of the ways in which it impacts upon the local economy and on the delivery of humanitarian assistance both "within" and "outside" of OFF;
  - b) the current humanitarian situation, including potential gaps in sectoral and geographical coverage of assistance;
  - c) the state of social services;
  - d) current economic trends and livelihood strategies and the principal factors affecting them;
  - e) the location, extent and condition of vulnerable groups, including internally displaced populations;
  - f) infrastructure networks and current constraints affecting access.

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**Activities**

6. Activities will include:

- a) a rapid overview of the OFF programme clarifying the following issues:
  - implementation arrangements;
  - geographical and sectoral distribution of assistance;
  - programme strengths, weaknesses and limitations.
- b) mapping of agency activity, including UN agencies, the International Red Cross Movement and NGOs, both "within" and "outside" of OFF, including a rapid analysis of geographical and sectoral gaps and co-ordination mechanisms.
- c) provision of a brief CSI socio-economic overview detailing the following:
  - economic trends and livelihood strategies;
  - vulnerability;
  - social service delivery;
  - state of infrastructure.

**Outputs**

7. The work outlined above will result in the production of a report informing DFID of the current humanitarian situation in CSI, and a de-briefing highlighting principal concerns and possible future considerations.

**Timing**

8. The humanitarian situation analysis will take place from 3 – 10 of October 2002.

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