



PROGRESS OR PERIL?
MEASURING IRAQ'S RECONSTRUCTION

IRAQ UPDATE
AUGUST-OCTOBER 2004

THE POST-CONFLICT RECONSTRUCTION PROJECT

Project Directors
Frederick Barton
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The project directors are entirely responsible for the content and judgments made in this report.

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CSIS is led by John J. Hamre, formerly deputy secretary of defense, who has been president and CEO since April 2000. It is guided by a board of trustees chaired by former senator Sam Nunn and consisting of prominent individuals from both the public and private sectors.

ABOUT THE POST-CONFLICT RECONSTRUCTION PROJECT

In the fall of 2001, in recognition of the U.S. government's inability to respond to the challenges of post-conflict reconstruction, CSIS President John Hamre and U.S. Army General Gordon Sullivan (retired) established the Post-Conflict Reconstruction (PCR) Project. Initially a collaboration between CSIS and the Association of the U.S. Army (AUSA), the Project has since become the leading source of authoritative recommendations and information on post-conflict reconstruction. The PCR Project continues to pursue reforms within the government to improve U.S. effectiveness in rebuilding post-conflict areas.

Last year, PCR Project experts traveled to Kosovo, Iraq, Sudan, and Sri Lanka to conduct research for several influential reports. The Project also published a major paper on the reconstruction of Afghanistan this spring. For more information on these and other PCR studies, please contact Morgan Courtney (MCourtney@csis.org) and Rebecca Linder (RLinder@csis.org).



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INTRODUCTION

The CSIS Post-Conflict Reconstruction (PCR) Project issued a report on September 8, 2004 that sets forth a methodology for measuring progress in post-conflict reconstruction efforts and assesses progress and trends in Iraq's reconstruction from June 2003 through July 2004. The report, *Progress or Peril? Measuring Iraq's Reconstruction*, is available online at http://www.csis.org/isp/pcr/0409_progressperil.pdf. A supplement to the report, *Capturing Iraqi Voices*, describes the results of a series of interviews conducted by CSIS in Iraq during June 2004 (http://www.csis.org/isp/pcr/0407_Capturing_Iraqi_Voices.pdf). Both reports, as well as this supplement, assess progress in the areas of security, governance and participation, economic opportunity, services, and social well-being.

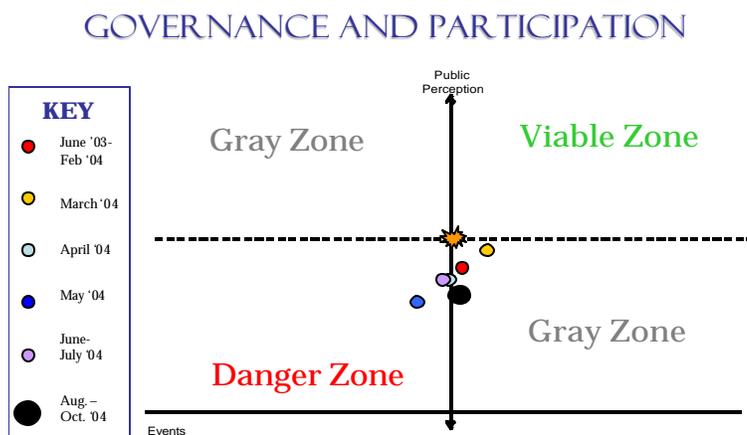
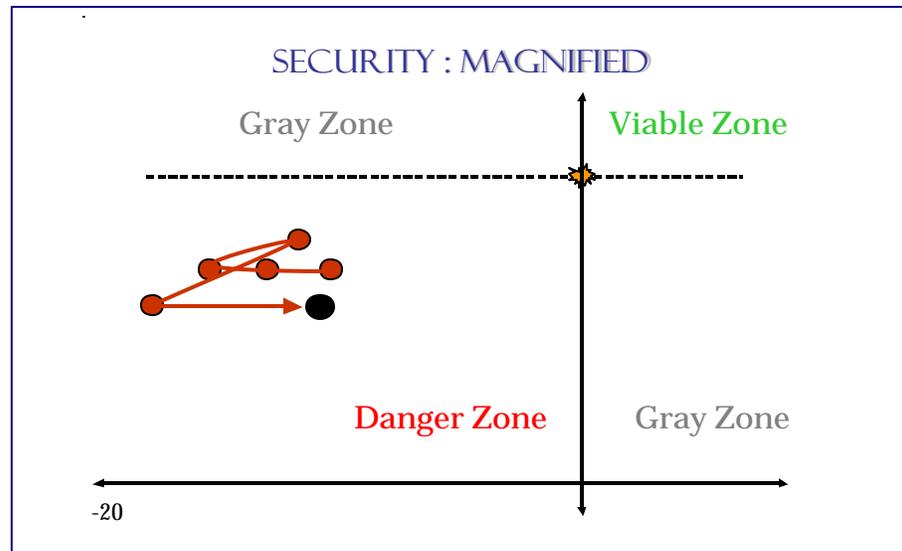
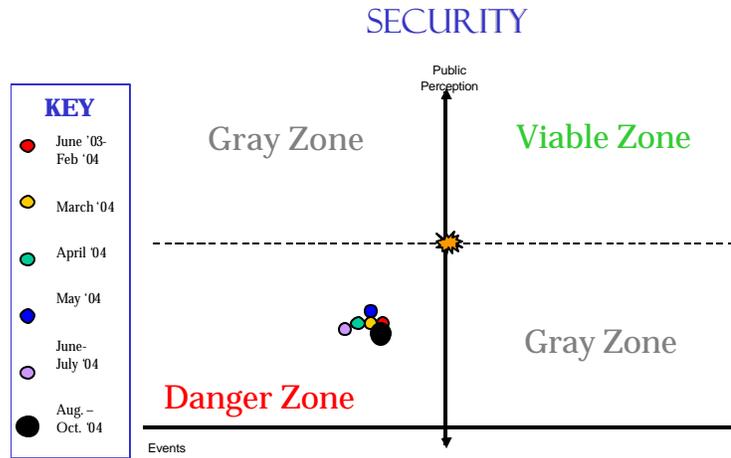
This supplement is an update of *Progress or Peril?*, using the methodology developed in that report. The methodology involves blending four different source types: media, public (official), polls, and interviews.¹ The PCR Project was not able to conduct interviews in Iraq for this supplement; the findings in this report are based on 279 data points drawn from media, public sources, and polling, covering the period August-October 2004. We collected 115 media points, 134 points from public and official sources, and 30 polling points, which were weighted equally in our overall graphs. The citations used in this report represent a fraction of the information the Project examined for this analysis. The data suggest the following findings:

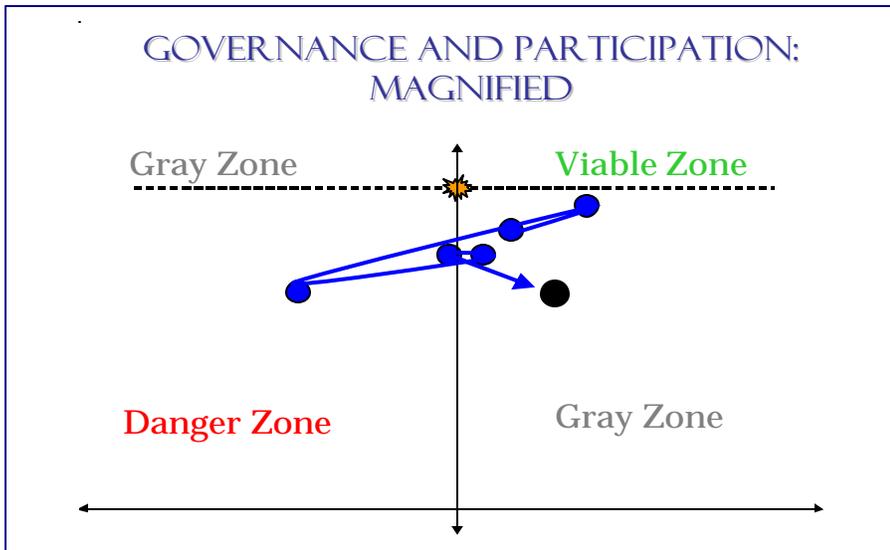
1. Iraq has still not passed the tipping point, as defined in *Progress or Peril*, in any of the five sectors of reconstruction reviewed.
2. Iraq's reconstruction continues to stagnate; it is not yet moving on a sustained positive trajectory toward the tipping point or end-state in any of those sectors.

Within the areas of security, governance and participation, economic opportunity, services, and social well-being, there has been little overall positive or negative movement; there has, however, been some regression or progress within particular indicators reviewed, as described below. The health care sector has seen the most dramatic decline over the past few months.

¹ For a more detailed description of our methodology and its theoretical underpinnings, see *Progress or Peril? Measuring Iraq's Reconstruction* (http://www.csis.org/isp/pcr/0409_progressperil.pdf).

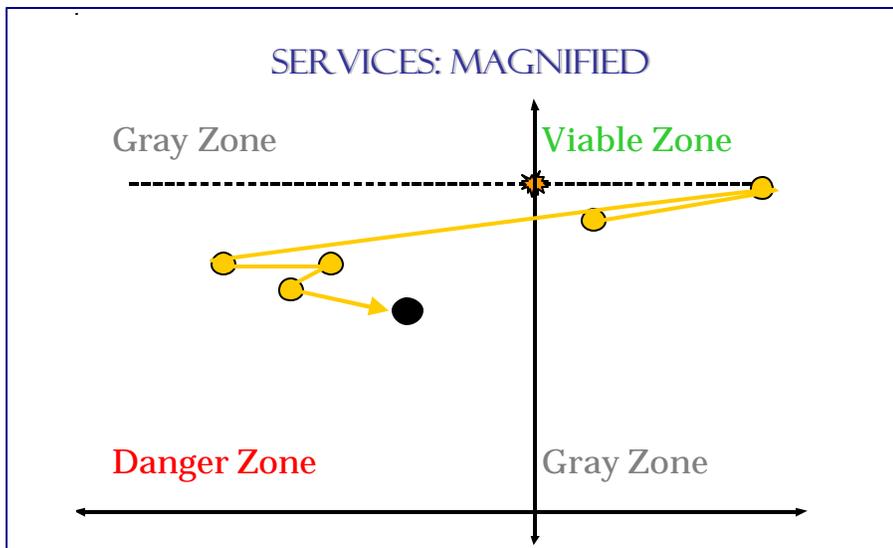
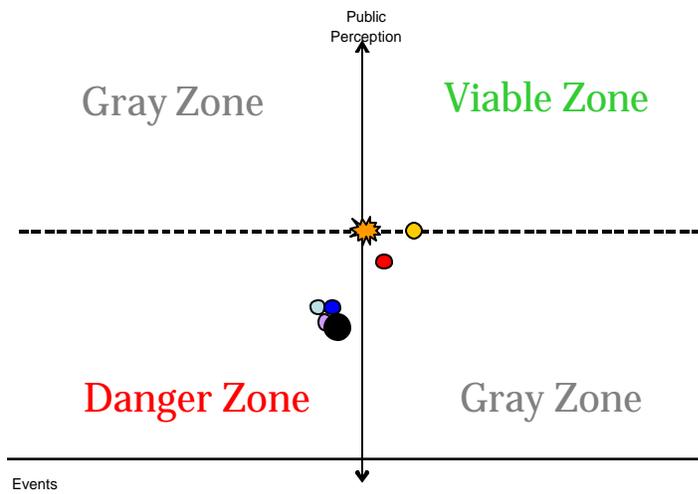
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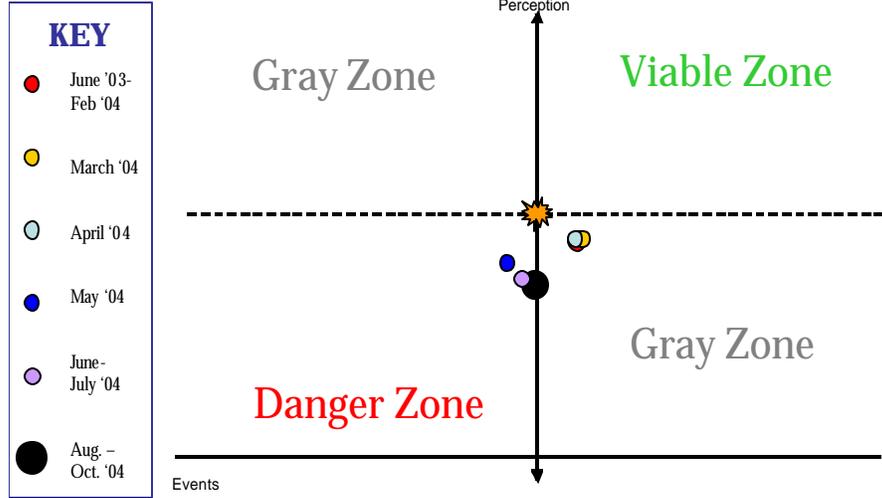


SERVICES

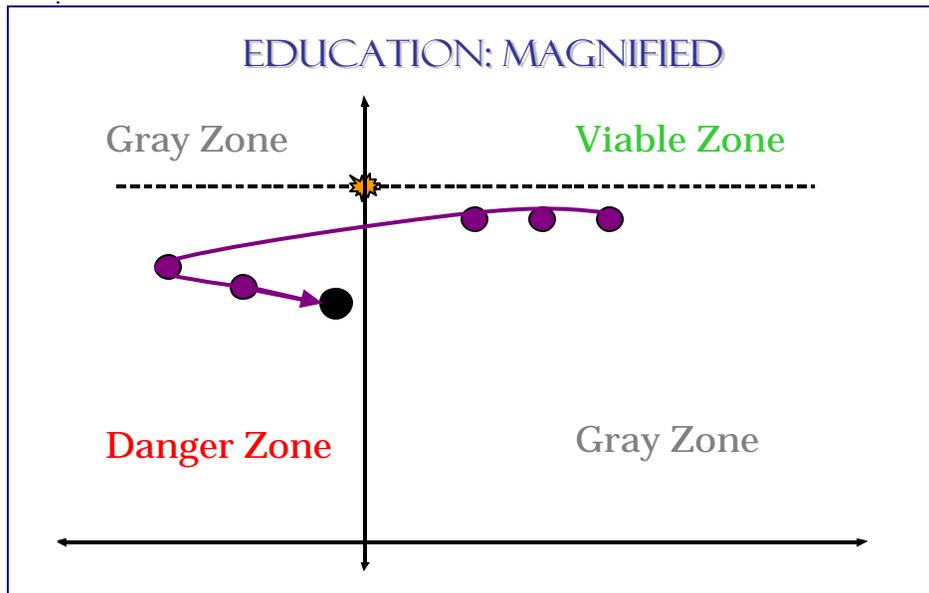
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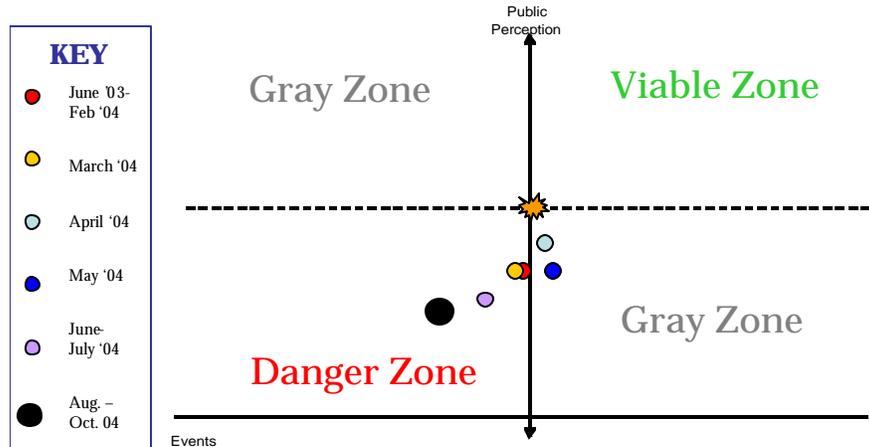
EDUCATION

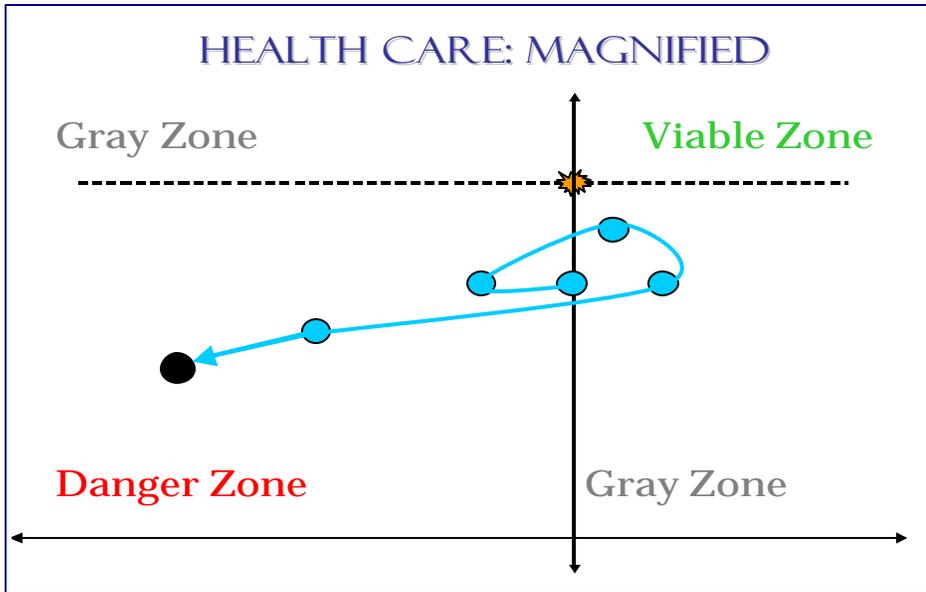


EDUCATION: MAGNIFIED



HEALTH CARE



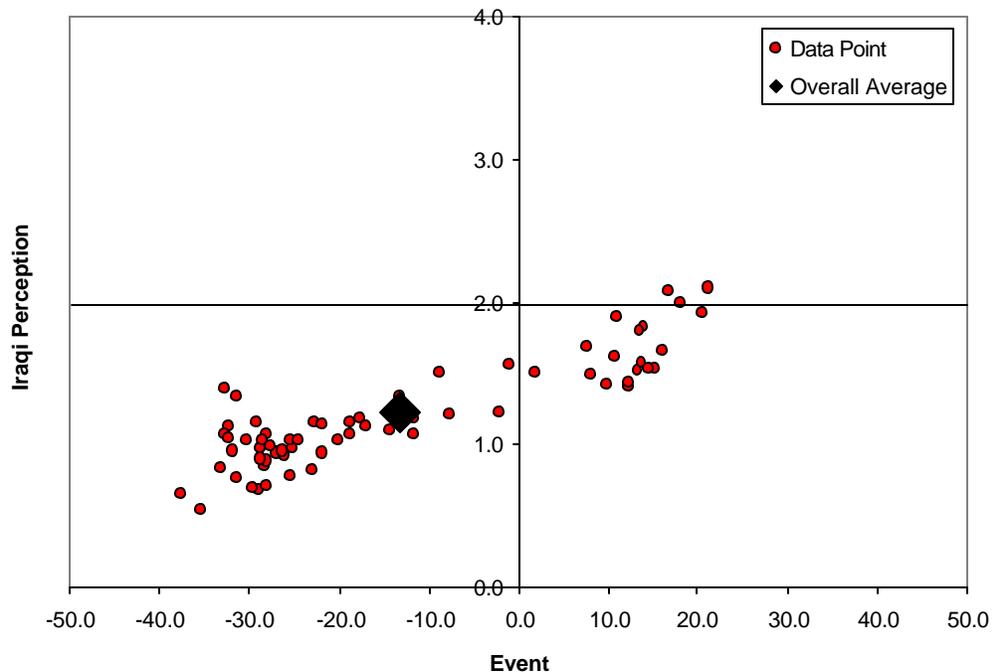


SECURITY

Iraq remains far from the tipping point in terms of security. Insurgent attacks range across the entire country, Iraqi civilian casualties are high, attacks against coalition forces have increased, and coalition forces continue to be unable to control the violence. Major areas in al-Anbar province remain “no-go zones” for coalition and Iraqi forces, with fighting underway in Falluja to take back that city. Iraqi security force capacity appears to be improving, with large injections of coalition funds for training and equipment in recent months. But Iraqi security forces do not yet have the capacity needed to handle Iraq’s security challenges, and recent reports that insurgents have infiltrated the security forces add to the uncertainty about their capacity.² Insurgents are also keeping pace with training efforts by targeting the security forces directly. The late October ambush and execution-style murder of 50 freshly trained Iraqi national guardsmen is only the latest attempt to undermine U.S. efforts and Iraqis’ faith in their own security institutions. Security remains the predominant concern for Iraqis: 100 percent of respondents in a recent poll conducted by the International Republican Institute identified security as a priority concern.³

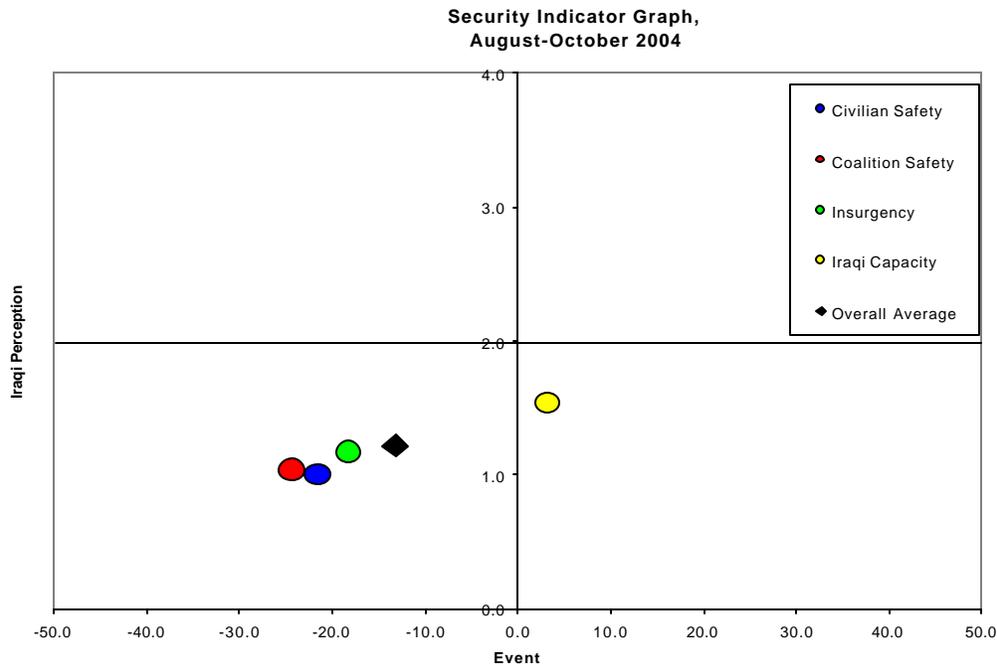
FINDINGS

Security: Overall Graph
August-October 2004



² See Richard A. Opiel Jr., “Inquiry into Ambush Opens; Iraqi Forces Feared Infiltrated,” *New York Times*, October 26, 2004.

³ International Republican Institute, “Survey of Iraqi Public Opinion,” September 24–October 4, 2004, <http://www.iri.org/pdfs/IraqSept-OctPublicOpinion.ppt>.



Media reporting about security over the past few months has been largely negative, reflecting the increase in attacks and violence across the country. In data collected over a 30-day period in September, one media source reported more than 2,300 attacks by insurgents directed against civilians and military targets in Iraq, in a pattern that sprawled over nearly every major population center outside the Kurdish north.⁴ Some public source data has been similarly negative. Over a span of two days in mid-October, one source reported three serious car bomb attacks in Mosul alone, with 12 killed and 45 injured.⁵ Insurgents are focused on both foreign and Iraqi civilian and military targets, using various methods of attack including car bombs, rocket-propelled grenades, land mines, hostage-takings, and assassinations. Reconstruction efforts have also been specifically targeted. In one particularly violent attack in late September, at least 41 people were killed, most of them children, when two bombs went off close to the site of a ribbon-cutting ceremony for a new water pumping station in Baghdad.⁶

U.S. Government sources have painted a more positive picture of the overall security situation, largely because they tend to focus on the increase in funding and training of Iraqi forces. Data put out over recent months includes the Iraqi Coastal Defense Force taking official responsibility for protecting its coastline⁷ and the establishment

⁴ James Glanz and Thom Shanker, "Figures Suggest Wider Insurgency, Not Just Pockets of Resistance," *New York Times*, September 28, 2004.

⁵ Pacific Disaster Management Information Network, "Iraq Crisis Report," October 18, 2004, <http://coe-dmha.org/HARIraq.cfm>.

⁶ "Dozens of Children Killed in Baghdad Car Bombings," *Agence France-Presse*, September 30, 2004.

⁷ Joe Kane, "New Iraqi Forces Defend Coastal Waters," *Defend America*, October 1, 2004, <http://www.defendamerica.mil/articles/oct2004/a100104f.html>.

of the Iraqi Air Force's Air Reconnaissance Squadron, which has flown sorties along the oil pipelines in the southeast of the country.⁸ Although more money is flowing into training and equipping Iraqi forces, this is not having an immediate impact on Iraqis' daily lives. Crime is on the rise; polling data indicates that 53 percent of Iraqis see crime as one of the three most important issues in their lives, with close to 40 percent seeing it as the number one issue.⁹ With so much of the coalition effort geared toward rooting out insurgents and increasing the overall Iraqi capacity to take over the struggle, less focus is directed toward the everyday violence and crime that affects Iraq's citizens. Recent polling data shows that up to 22 percent of Iraqi households have been directly affected by violence, in terms of death, handicap, or significant monetary loss, since Saddam's ouster.¹⁰ Some estimates place the figure for Iraqi civilian deaths resulting from war or crime between May 2003 and September 30, 2004 as high as 31,400; lower estimates put the numbers since the war began in the 10,000 – 15,000 range.¹¹ Although training and equipping Iraqi forces is the key to Iraq's longer term stability, Iraqis are desperate for improved public safety in the immediate term.

Coalition and Iraqi forces have achieved some successes in recent months. The improved program to train and equip Iraqi forces has resulted in an estimated 100,000 Iraqi law enforcement officers and 62,000 Iraqi armed forces serving or training.¹² In comparison to figures in late June 2004, this is an increase from approximately 88,000 and 49,000 respectively.¹³ Hundreds of weapons were turned over to coalition forces during the recent Iraqi government weapons-for-cash handover initiative in Sadr City,¹⁴ and Moktadah al Sadr's Mahdi Army appears for now to be sticking to ceasefire terms.

⁸ U.S. Department of State, "Section 2207 Report to Congress," October 2004, <http://www.state.gov/documents/organization/36918.pdf>.

⁹ International Republican Institute, "Political Attitudes Survey of the Iraqi Electorate," July 24-August 2, 2004, <http://www.iri.org/pdfs/IRI%20July%20PUBLIC%20Poll%20Presentation.ppt>.

¹⁰ International Republican Institute, "Survey of Iraqi Public Opinion," September 24–October 4, 2004, <http://www.iri.org/pdfs/IraqSept-OctPublicOpinion.ppt>.

¹¹ See Saban Center for Middle East Policy, Brookings Institution, "Iraq Index: Tracking Variables of Reconstruction and Security in Post-Saddam Iraq," October 25, 2004, <http://www.brookings.edu/iraqindex>; Norimitsu Onishi, "How Many Iraqis are Dying? By One Count, 208 in a Week," *New York Times*, October 19, 2004. A recent study conducted by the Center for Emergency Disaster and Refugee Studies at Johns Hopkins University estimates that around 100,000 "excess deaths" have occurred since the U.S. invasion of Iraq. See Les Roberts, Riyadh Lafta, Richard Garfield, Jamal Khudhairi, and Gilbert Burnham, "Mortality Before and After the 2003 Invasion of Iraq: Cluster Sample Survey," *Lancet*, October 29, 2004, <http://image.thelancet.com/extras/04art10342web.pdf>.

¹² U.S. Department of State, "Iraq: Building a New Society," October 18, 2004, <http://www.state.gov/r/pa/ei/rls/37193.htm>.

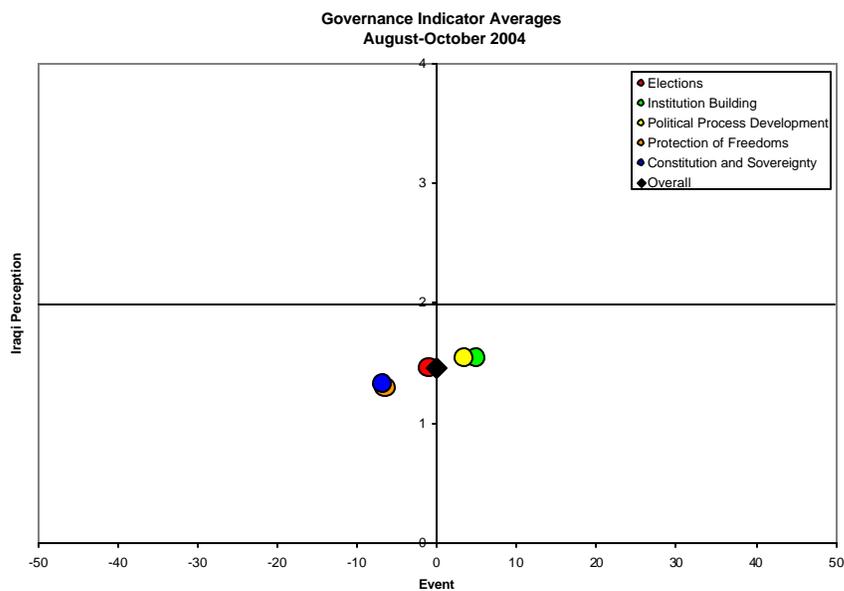
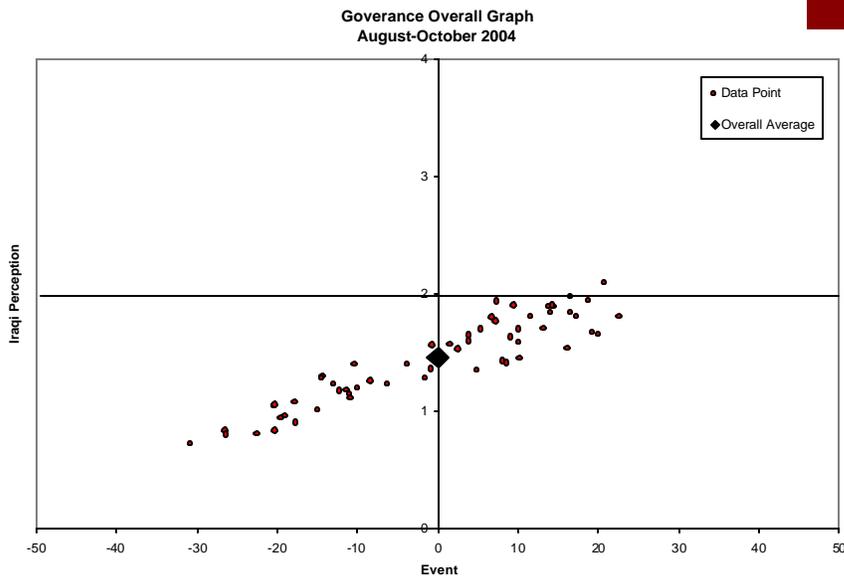
¹³ See Anthony H. Cordesman, "Inexcusable Failure: Progress in Training the Iraqi Army and Security Forces as of Mid-July 2004," CSIS, July 20, 2004, http://www.csis.org/features/iraq_inexcusablefailure.pdf.

¹⁴ See Kim Sengupta, "Mehdi Army Surrenders its Heavy Weapons," *Financial Times*, October 12, 2004.

GOVERNANCE AND PARTICIPATION

Iraq has not reached the tipping point in the sector of governance. Although Iraqis have significant interest in the upcoming elections in January, they are also disillusioned and pessimistic about the potential for elections to impact the major issues, especially security. This sentiment is strongest among the Sunni population, and a group of Sunni religious leaders recently threatened a Sunni boycott of the elections. Despite progress over the last several months in some areas of political capacity development, factors such as persistent corruption, regional and ethnic fragmentation, and the intensification of the persecution of Christians threatens the political stability of the country.

FINDINGS



Recent polls have indicated that many Iraqis are becoming less confident that fair and secure elections, scheduled for January, will be able to take place. Although 58 percent still believe Iraq will hold elections in January, fewer are planning to vote than a few months ago.¹⁵ For example, of 3,500 people surveyed nationwide between September 15 and 22, 66.8 percent said they very likely would vote in January's elections for a National Assembly compared with 88.8 percent in June.¹⁶ Iraqis want elections to take place in January, but significant portions of the population fear violence and intimidation, and many are disillusioned with Iraq's political parties.¹⁷ Sunni frustration with the security situation could potentially undermine the entire election. Sunni participation in the upcoming election is crucial to the election's legitimacy; if they are cut out because of the security situation or a boycott, it could further fuel the insurgency.

The security situation also continues to hinder the UN's ability to send elections specialists to Iraq in significant numbers; about five are in the country currently, and the UN has indicated it is likely to send only 25 overall.¹⁸ International logistical support will be limited, and those elections preparations that are taking place are occurring in the midst of violence in many parts of the country. The environment is not conducive to campaigning and other preparatory activities; as a result, there has been minimal dissemination of information to the Iraqi public about party platforms and other electoral matters. In a recent opinion poll, 73.9 percent of Iraqis responded that they knew nothing about the Independent Electoral Commission and 53 percent did not know about the August national conference or the interim National Council.¹⁹

There has been far more activity in the area of institution building. USAID and various NGOs have hosted numerous conferences and are funding programs designed to develop political capacity.²⁰ They are also conducting training in issues like budget management, human rights, elections, and federalism. The selection of Iraq's interim National Council in August and the Council's first meeting in September were high points, although both events were marred by violence and attacks on the meeting site.²¹

Corruption remains a significant problem, symbolizing the limitations of institution building efforts to date.²² Transparency International's 2004 Corruption Perceptions Index ranked Iraq as one of the world's most corrupt nations (129 out of 145 ranked nations), noting that Iraq could see rampant corruption in its oil industry and

¹⁵ International Republican Institute, "Survey of Iraqi Public Opinion," September 24–October 4, 2004, <http://www.iri.org/pdfs/IraqSept-OctPublicOpinion.ppt>.

¹⁶ Nancy A. Youssef, "Iraqis' Interest in Upcoming Elections Waning, New Poll Shows," *Common Dreams News Center*, October 7, 2004, <http://www.commondreams.org/headlines04/1007-02.htm>.

¹⁷ "Survey: Iraqis Losing Election Confidence," *Reuters*, October 4, 2004, <http://msnbc.msn.com/id/6172661/>.

¹⁸ See "UN Considers Upping Iraq Election Staff," *Reuters*, October 13, 2004.

¹⁹ International Republican Institute, "Survey of Iraqi Public Opinion," September 24–October 4, 2004, <http://www.iri.org/10-22-04-iraq.asp>.

²⁰ U. S. Department of State, "Grants To Support Democratization Training for Iraqi Women," Statement by Secretary Colin Powell, September 27, 2004, <http://www.state.gov/secretary/rm/36496.htm>.

²¹ See Karl Vick, "New Iraqi Council Meets," *Washington Post*, September 2, 2004, A12. The National Council held its first meeting on September 1, 2004.

²² See Abdul Muhsin Al-Athari, "Iraq's Law and Disorder," *Washington Post*, October 17, 2004.

reconstruction efforts.²³ Corruption is apparent at many levels, from local demands for bribes in return for services to larger scale problems, including those involving contractors. Iraqi public awareness of corruption reinforces the notion that the war was primarily about oil and money.

Efforts to rebuild Iraq's justice system remain inadequate. The restoration of judicial independence in Iraq was an important first step, and donors are conducting targeted projects and cooperative initiatives to improve the state of legal education in Iraq.²⁴ But these efforts are occurring in the context of years of destruction of judicial capacity through politicization and lack of autonomy.²⁵ Experts cite major hurdles in rebuilding the judiciary, including evidence of a stark intellectual gap between the different generations of the Iraqi judiciary due to Saddam's long rule, during which he suppressed independence and legal education. However, some recent accomplishments to date include the completion of a new program, through the U.S. Departments of State, Defense, and Justice, to support the transparent administration and management of Iraq's courts, as well as improvements in the security of judicial facilities.²⁶

Political process development has generally been moving in a positive direction over the last few months. USAID and several NGOs are undertaking efforts to integrate women into the political sphere and empower them in the political process.²⁷ Polls indicate that Iraqis are willing to clearly articulate political preferences and hope for political progress in the coming months. One widespread preference is that a significant portion of the population intends to support a religious candidate.²⁸

Internal claims to self-determination and sovereignty are complicating Iraq's political transition process. Escalating demonstrations and referenda petitions reflect increasing tensions between the Kurds and the rest of the country.²⁹ Many Kurds are pressing for an independent Kurdistan with Kirkuk as capital. Some are predicting impending attempts at secession and the potential for widespread civil conflict. Other oil-rich provinces are also discussing breaking away to set up autonomous rule.³⁰ This potential fragmentation threatens Iraq's political future.

²³ Transparency International, "Corruption Perceptions Index 2004," <http://www.transparency.org/cpi/2004/cpi2004.en.html> (Iraq received a score of 2.1, 10 being very free of corruption and 0 being very corrupt); Celia W. Dugger, "Iraq Susceptible to Corruption, Survey Finds," *New York Times*, October 21, 2004.

²⁴ See UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Children's Rights in Dire Need of Attention—UNICEF," September 30, 2004; Teresa Watanabe "Reforming Legal Education in Iraq," *Los Angeles Times*, August 24, 2004, p. B1.

²⁵ Teresa Watanabe, "Reforming Legal Education in Iraq," *Los Angeles Times*, August 24, 2004, p. B1.

²⁶ U.S. Department of State, "Section 2207 Report to Congress, Appendix I," October 2004, <http://www.state.gov/documents/organization/36918.pdf>

²⁷ UN Office for the Coordination of Humanitarian Affairs, IRIN, "IRAQ: Women Empowered by NGO Project," October 15, 2004, http://www.irinnews.org/report.asp?ReportID=43680&SelectRegion=Iraq_Crisis&SelectCountry=IRAQ;

U.S. Department of State, International Information Programs, "Iraqi Women Receiving Democracy Training Through U.S. Grants," September 27, 2004, <http://usinfo.state.gov/mena/Archive/2004/Sep/28-937200.html>.

²⁸ Barbara Slavin and Dave Moniz, "Poll: More Iraqis Doubt Nation's Direction," *USA TODAY*, October 20, 2004; International Republican Institute, "Survey of Iraqi Public Opinion," September 24-October 4, 2004, <http://www.iri.org/10-22-04-iraq.asp>.

²⁹ George Packer, "The Next Iraqi War?," *The New Yorker*, October 4, 2004, pp. 64-77.

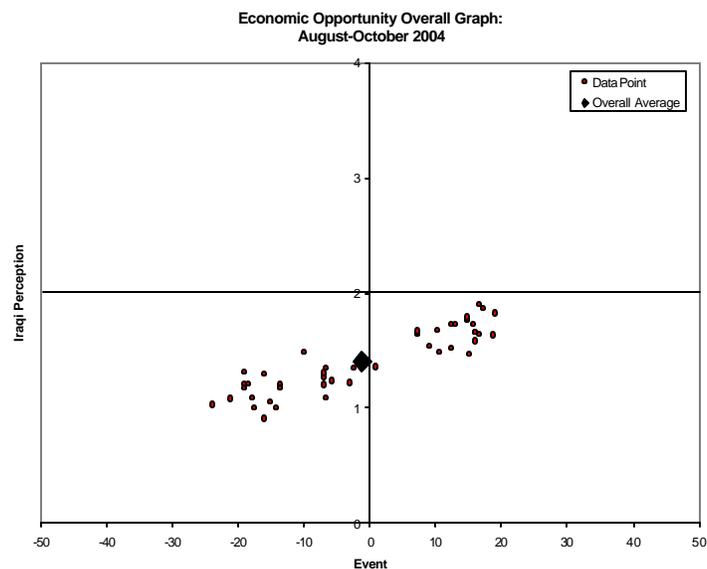
³⁰ Soran Dawoodi, "Kurd Demos Spark Ethnic Conflict Concerns," Institute for War and Peace Reporting, October 11, 2004, http://www.iwpr.net/index.pl?archive/irq/irq_84_1_eng.txt; Roula Khalaf, "Oil-Rich Iraqi Provinces Push for Autonomy," *Financial Times*, Sept. 29, 2004; Chatham House, "Iraq in Transition: Vortex or Catalyst?," Briefing Paper, September 2004.

There have been some positive developments with respect to the protection of freedoms, including reforms in dealing with rights of detainees and criminal proceedings for juveniles, but little progress in dealing with property claims arbitration. The property claims commission set up last April has not issued any decisions yet.³¹ The most troubling recent trend in this indicator is an increase in violent attacks on Christian and other minorities in Iraq.³²

ECONOMIC OPPORTUNITY

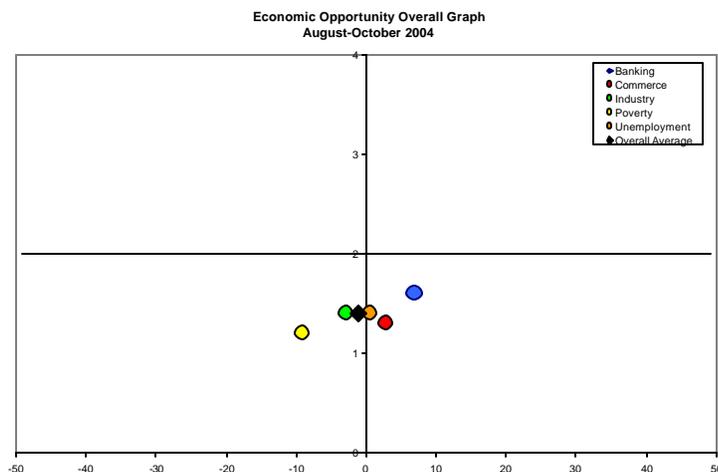
There has been little change in the economic opportunity sector over the past few months. Some indicators, such as banking, commerce, and unemployment, have moved in a positive direction while others, such as poverty and industry, have moved marginally backwards. While changes in certain indicators are significant, overall, the U.S. efforts to improve the economic situation in Iraq have made little positive impact. Ongoing high levels of unemployment, dependence on food subsidies, and a faltering oil industry continue to plague Iraq's economic recovery. Furthermore, the difficult economic situation of many families requires children to work to help provide for their families rather than go to school.

FINDINGS



³¹ UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Property Commission Sets to Work amid Widespread Skepticism," September 30, 2004.

³² See Nina Shea, "Canary in a Coal Mine: Iraq's Future as a Tolerant, Democratic Nation is at Stake," *National Review Online*, October 14, 2004, <http://www.nationalreview.com/comment/sheea200410140830.asp>; "Less Safe than Before?," *Economist*, August 5, 2004; Henry Chu, "Eleven Killed in Coordinated Attacks on Iraqi Christians," *Los Angeles Times*, August 2, 2004.



Some positive developments stem from the reform of the financial institutions, including the approval of many new banks by the Central Bank of Iraq, reform of central bank legislation, and an increased ability to distribute loans.³³ The Central Bank of Iraq now has the capacity to transfer funds electronically among all the different banks in Iraq, and banks around the country have received computers.³⁴ Although important, the impact of these reforms is lessened by Iraq's thriving informal economy, which is not regulated and therefore largely unaffected by changes in the formal sector.

Iraq's \$120 billion debt overhang also looms over its economic recovery potential. Negotiations with Paris Club creditors, who have agreed to defer Iraq's debt through 2005, are scheduled to begin mid-November.³⁵ The International Monetary Fund (IMF) estimates that debt forgiveness will need to be somewhere between 90-95 percent to restore debt sustainability.³⁶ Without meaningful debt forgiveness, Iraq's economic recovery will continue to falter; for one, any serious foreign direct investment is unlikely given a massive debt overhang. The IMF recently initiated an Emergency Post-Conflict Assistance (EPCA) program of \$436 million for Iraq, among other things, to restore Iraq's debt sustainability.³⁷

³³ U.S. Department of State, "Section 2207 Report to Congress, Appendix I," October 2004, <http://www.state.gov/documents/organization/36918.pdf>; International Monetary Fund, "Iraq: Use of Fund Resources—Request for Emergency Post-Conflict Assistance—Staff Report; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Iraq," IMF Country Report No. 04/325, September 2004, <http://www.imf.org/external/pubs/ft/scr/2004/cr04325.pdf>; Kuwait News Agency, "Central Bank of Iraq Approves Three New Central Banks", August 27, 2004, <http://www.iraqprocurement.com/docs/new435.htm>.

³⁴ U.S. Department of State, Section 2207 Report to Congress, "Appendix I," October 2004, <http://www.state.gov/documents/organization/36918.pdf>.

³⁵ See International Monetary Fund, "IMF Survey, Volume 33, Number 19" October 25, 2004, p. 299, <http://www.imf.org/external/pubs/ft/survey/2004/102504.pdf>; International Monetary Fund, "Iraq: Use of Fund Resources—Request for Emergency Post-Conflict Assistance," September, 2004, <http://www.imf.org/external/pubs/ft/scr/2004/cr04325.pdf>; Business Monitor International, "The Iraq Business Forecast Report," Q4 2004, p.20; Jubilee Iraq, October 2004, http://www.jubileearaq.org/debt_today.htm.

³⁶ International Monetary Fund, "Iraq: Use of Fund Resources—Request for Emergency Post-Conflict Assistance," September, 2004, <http://www.imf.org/external/pubs/ft/scr/2004/cr04325.pdf>, p. 44.

³⁷ International Monetary Fund, "Iraq: Use of Fund Resources—Request for Emergency Post-Conflict Assistance," September, 2004, <http://www.imf.org/external/pubs/ft/scr/2004/cr04325.pdf>.

More worrisome is the ongoing unemployment. Estimates range from 30-50 percent unemployment.³⁸ A recent study by economists at Baghdad University estimates that Iraq's unemployment rate is as high as 70 percent.³⁹ While efforts are underway to develop employment and business skills training, not enough has been done to address the unemployment crisis. In fact, the State Department reported a 16.2 percent decline in jobs from October 20 to October 27; this continues an ongoing trend of decline.⁴⁰ Poverty and homelessness plague much of the population, and according to an October 2004 report prepared by the Iraq Central Bureau of Statistics, 43 percent of Iraqi families have a poor standard of living, 44 percent have a medium standard of living, and a marginal two percent enjoy a good standard of living.⁴¹ The trends described in *Progress or Peril?* continue: children dropping out of school in order to work to supplement the family income and heavy dependence on government subsidies and food rations distributed by the World Food Program food rations.⁴² The UN estimates that as much as 60 percent of the population relies on food subsidies to meet their needs.⁴³

Additionally, oil production and exports have dropped due to sabotage, further hampering economic recovery.⁴⁴

³⁸ Saban Center for Middle East Policy, Brookings Institution, "Iraq Index: Tracking Reconstruction and Security in Post-Saddam Iraq," October 27, 2004; Edward Wong, "Iraq's New Police: Scared, but at Least Employed", *New York Times*, October 3, 2004, p. A4.

³⁹ See "U.S. Job Figures in Iraq Overstated," *al-Jazeera.net*, October 1, 2004.

⁴⁰ In early September, the United States reported that it was employing 111,394 Iraqis using U.S. reconstruction assistance, compared to 67,852 in late October. See U.S. Department of State, "Iraq: Weekly Status Report," October 27, 2004, http://www.export.gov/iraq/pdf/state_wklyrpt_102704.pdf; U.S. Department of State, "Iraq: Weekly Status Report," September 8, 2004.

⁴¹ British Broadcasting Corporation, "Report Gives Figures on Poverty, Living Standards, Basic Services in Iraq," November 3, 2004.

⁴² UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Children Work Instead of Going to School," September 16, 2004.

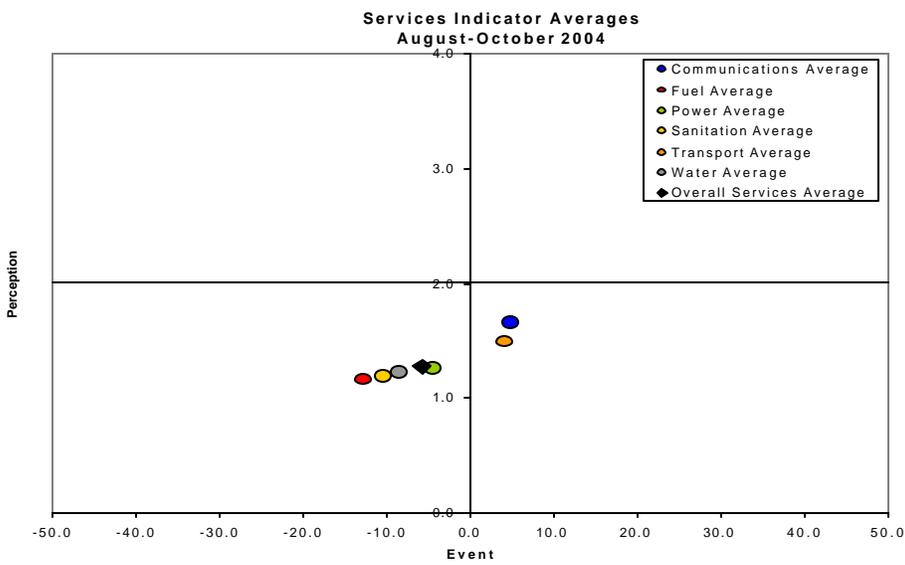
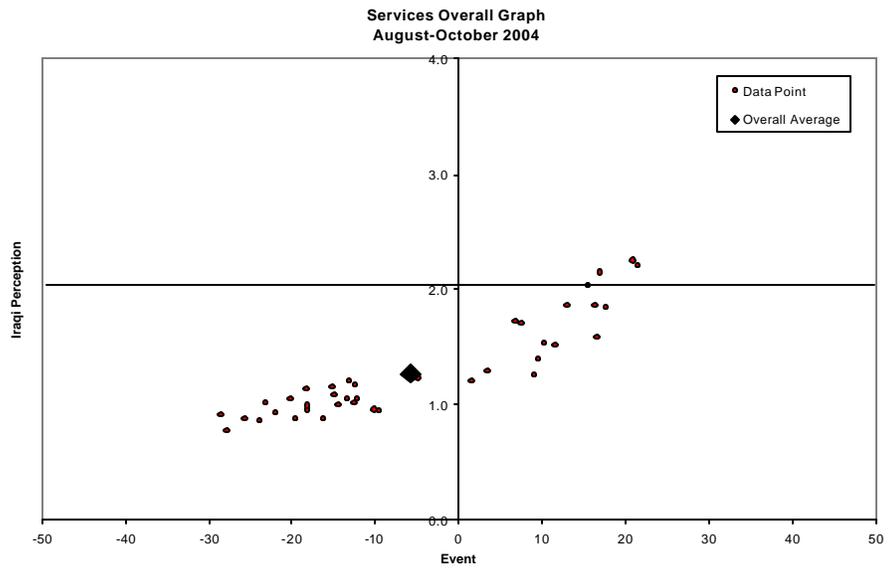
⁴³ Erik Eckholm, "Through All Their Ordeals, Iraqis Bank on Free Food," *New York Times*, September 13, 2004, p. A10

⁴⁴ Exports dropped from 2.5 million barrels per day (bpd) in April to an average of 2.2 million bpd for the July-September timeframe; exports dropped to a monthly average of 1.1 million bpd in August. See U.S. Department of State, "Section 2207 Report to Congress, Appendix I," October 2004, <http://www.state.gov/documents/organization/36918.pdf>

SERVICES

On the whole, there has not been significant movement within the services sector over the past few months, although certain indicators have noticeably improved or regressed. Of particular note, communications and water moved significantly backwards, while transport made a forward leap. Destroyed infrastructure and ongoing conflict have hindered provision of sanitation, power, and water. The Iraqi people are still not feeling the effects of reconstruction in these areas, partially due to the security environment. Increased disease and lack of electricity continue to plague Iraqis.

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Our research suggests a downward trend in terms of communications provision in Iraq, although because the data lacked input from the north, they are not wholly representative of the current status of the sector. Communications continues to be the best performing of the indicators because it is less vulnerable to security issues. Telephone access (land and cell) is up 90 percent from pre-war levels,⁴⁵ although in Falluja, 90 percent of the telephone lines are not working.⁴⁶

Fuel has regressed even further over the past few months. Long lines for fuel, destroyed infrastructure, and reduction in funding for refined oil purchases all contribute to the poor performance of this indicator.

The provision of power has not noticeably changed. Despite a recent report by the Iraqi Central Bureau of Statistics which states that 97 percent of Iraqi households are connected to the general electricity network, power continues to be in short supply.⁴⁷ Wattage across the country hovers around 5,300 MW per day, which, while above prewar levels of 4,400 MW,⁴⁸ remains short of the 6,000 MW that the coalition had pledged to provide by June.⁴⁹ Across the country, power plants are performing well below capacity. Our June 2004 interviews in Iraq suggested that Iraqis judge the status of the reconstruction effort according to the levels of power. A recent media report quoted one Iraqi woman as saying, "They spend money to buy tanks, on body guards for our ministries, on new cars. But it's hot at night. I can't sleep...Where is the power? This is my question. We don't need to have a good president of Iraq. We don't need this new political process. We just need to have power."⁵⁰

Iraq's sanitation system is still in dire condition. Faulty and broken sewage systems have led to serious outbreaks of hepatitis E and other diseases, particularly in southern Iraq.⁵¹ A few sewage projects have been completed, but these are inadequate to meet Iraqis' needs. Trash collectors are now being paid up to eight times more to encourage twice-weekly trash pickups in Baghdad. It is now picked up at least once a week in Baghdad. Notably, service provision such as trash pickup had been hindered in Sadr

⁴⁵ United States Department of State, "Section 2207 Report to Congress," October 2004, <http://www.state.gov/m/rm/rls/2207/oct2004/pdf/index.htm>.

⁴⁶ UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Doctors Need More Medical Supplies in City of Conflict," September 13, 2004.

⁴⁷ British Broadcasting Corporation, "Report Gives Figures on Poverty, Living Standards, Basic Services in Iraq," November 3, 2004.

⁴⁸ Saban Center for Middle East Policy, Brookings Institution, "Iraq Index: Tracking Reconstruction and Security in Post-Saddam Iraq," April 28, 2004.

⁴⁹ Jackie Spinner, "A Push for More Power at Iraqi Plant: Residents Grow Impatient as Engineers Struggle with Failing Equipment," *Washington Post*, August 25, 2004, p. 11A.

⁵⁰ Jackie Spinner, "A Push for More Power at Iraqi Plant: Residents Grow Impatient as Engineers Struggle with Failing Equipment," *Washington Post*, August 25, 2004, p. 11A.

⁵¹ Pacific Disaster Management Information Network, "Iraq Crisis Report," October 18, 2004, <http://coe-dmha.org/HARIraq.cfm>; UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Focus on Water and Sanitation," September 28, 2004.

City until October 11, when American forces and Moktadah al-Sadr agreed to a weapons buyback program which ended the fighting.⁵²

Transport made the biggest jump forward of all of the indicators. This is attributable to progress in the construction of railroad track connecting the Iraqi port of Umm Qasr with cities further into the interior of Iraq⁵³ and the resumption of Iraqi National Airlines international flights after a 14 year hiatus.⁵⁴

Water has regressed in recent months, due to continued poor treatment and provision. Lack of clean water is leading to increased disease,⁵⁵ and almost one in five urban households and three in five rural households still do not have access to safe drinking water.⁵⁶ Water treatment plants have not been performing at capacity and are being run inefficiently by Iraqi government ministries.⁵⁷ Furthermore, U.S. funding for water generation has decreased significantly.⁵⁸ There are some well-drilling projects underway north of Baghdad that are projected to provide water to rural communities,⁵⁹ and water provision is particularly good in Iraq's northern governorates.⁶⁰

EDUCATION

Education has seen mixed developments over the last two months, and this sector has not yet passed the tipping point. The security situation has interfered so dramatically with access to education that efforts to revitalize the education system have been largely overshadowed. Although there have been some positive developments with respect to funding the education sector, the drop in enrollment and attendance is troubling.

⁵² "Baghdad Sanitation Services Improve," *USA Today*, October 15, 2004, p. 10A.

⁵³ USAID, "Iraq Weekly Reconstruction Update," October 14, 2004, http://www.usaid.gov/iraq/updates/oct04/iraq_fs02_101304.pdf.

⁵⁴ United States Department of State, "Section 2207 Report to Congress," October 2004, <http://www.state.gov/m/rm/rls/2207/oct2004/pdf/index.htm>; Jackie Spinner, "After Long Hiatus, Iraqi Airways Back in Skies: Airline Begins Operating International Flights for the First Time in 14 Years," *Washington Post*, October 3, 2004, p. A29.

⁵⁵ Pacific Disaster Management Information Network, "Iraq Crisis Report," October 18, 2004, <http://coe-dmha.org/HARIraq.cfm>; UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Focus on Water and Sanitation," September 28, 2004.

⁵⁶ Jeremy Laurance, "Iraq: The Aftermath: Iraq Faces Soaring Toll of Deadly Disease," *The Independent*, October 13, 2004, p. 5.

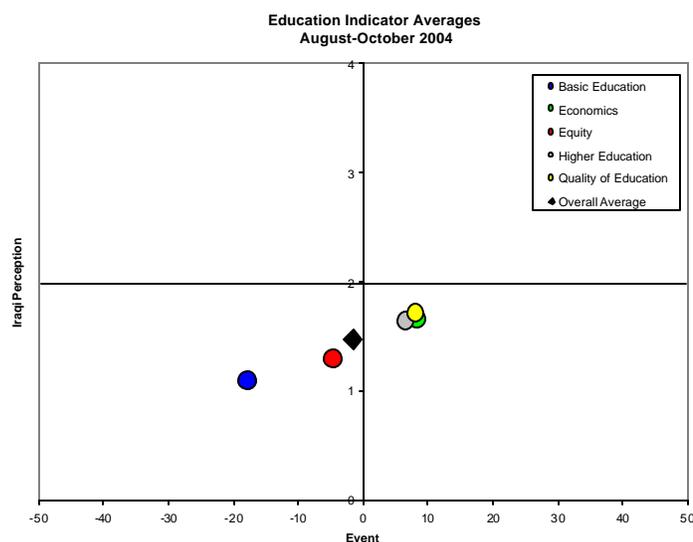
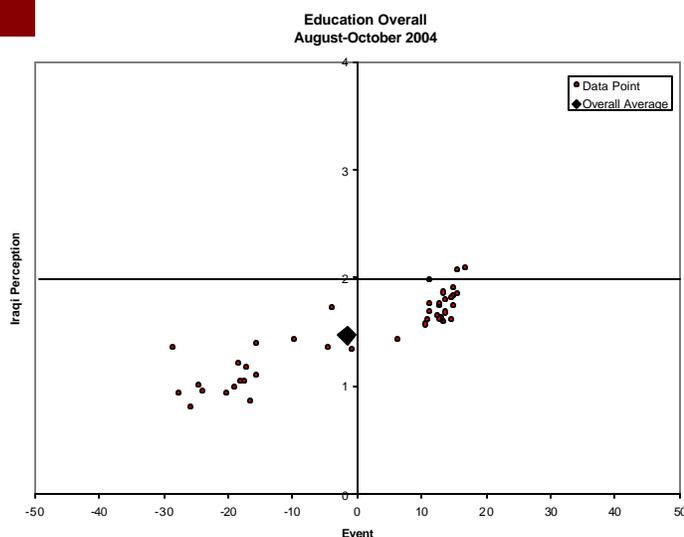
⁵⁷ Pacific Disaster Management Information Network, "Iraq Crisis Report," October 18, 2004, <http://coe-dmha.org/HARIraq.cfm>.

⁵⁸ United States Department of State, "Section 2207 Report to Congress," October 2004, <http://www.state.gov/m/rm/rls/2207/oct2004/pdf/index.htm>.

⁵⁹ USAID, "Iraq Weekly Reconstruction Update," October 7, 2004, http://www.usaid.gov/iraq/updates/oct04/iraq_fs100704.pdf.

⁶⁰ UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Focus on Water and Sanitation," September 28, 2004.

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Basic education is regressing as a result of the security situation. The beginning of the 2004 school year was delayed twice due to violence and instability.⁶¹ Since the school year began, enrollment rates have been down; classes in certain parts of the country have shrunk dramatically in size. For example, at Family Elementary School in Baghdad, there are only about 10 children in each class (the lowest in years), and at Mansoor Al-Tacicya Primary School less than 50 percent of students were present for the first day of the new term, compared with what is typically 95 percent attendance rate.⁶² School rebuilding projects have continued throughout the last two months; as

⁶¹ See Sabrina Tavernise, "Peril in Iraq puts off School's Start, Again," *International Herald Tribune*, September 30, 2004.

⁶² UN Office for the Coordination of Humanitarian Affairs, IRIN, "IRAQ: Focus on Back to School Efforts Despite Insecurity," October 6, 2004; Mariam Karouny "Many Iraqi Children Miss School Over Violence Worry," *Reuters*, October 2, 2004.

of October 12, 3,100 schools had been rebuilt or refurbished.⁶³ But insecurity continues to mar the reconstruction process, and not all regions will benefit equally—a \$79 million plan to rebuild schools around Iraq in the coming months does not include plans for Sadr City.⁶⁴

The economic side of the education issue has progressed somewhat as a result of recent resource commitments. The World Bank signed a \$60 million grant agreement with the Iraq Ministry of Education on October 13 to cover construction of new buildings and urgent repairs on existing schools.⁶⁵ The United Arab Emirates and Qatar have made financial commitments to facilitate development of both basic and higher education, working through UNICEF and UNESCO.⁶⁶ Although such initiatives should result in further progress, Iraqis will not feel the impact of the new funding for some time.

The limited available data about equity in access to education suggests that girls are impacted more severely by factors affecting attendance and enrollment levels. UNICEF has voiced concern at the lower enrolment rates for girls compared to boys throughout the country.⁶⁷ Parents continue to be worried about sending their daughters to school due to the security situation.⁶⁸

The targeting and assassination of professors and high level academic professionals is a particularly troubling trend affecting the reconstruction of higher education.⁶⁹ 250 Iraqi academics have been killed since the fall of Saddam.⁷⁰

A number of higher education capacity-building projects are underway. Qatar initiated a \$5 million program to send 500 Iraqi university faculty members for training in Western Europe and the Middle East.⁷¹ USAID is sponsoring programs on the future revitalization of higher education.⁷² Yet Iraq's higher education system is still underfunded and lacks adequate materials, facilities, and instruction. Media stories have

⁶³ UN Office for the Coordination of Humanitarian Affairs, IRIN, "IRAQ: Massive Efforts Needed on Reconstruction," October 12, 2004.

⁶⁴ UN Office for the Coordination of Humanitarian Affairs, "Sporadic Fighting in Sadr City Prevents Repair Work," October 14, 2004.

⁶⁵ World Bank, "Iraq: Agreement Signed To Build and Repair Schools," News Release No. 2005/118/MNA, October 13, 2004.

⁶⁶ "QF-UNESCO Iraq Fund Makes Good Progress," *GulfTimes*, October 14, 2004, http://www.menafn.com/qn_news_story_s.asp?StoryId=66654.

⁶⁷ "Iraqi Schools' Infrastructure Doesn't Come up to Demand," *Middle East Online*, October 15, 2004, <http://www.middle-east-online.com/english/?id=11587>.

⁶⁸ "Iraqi Schools' Infrastructure Doesn't Come Up to Demand," *Middle East Online*, October 15, 2004; UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraqi Children Work Instead of Going to School," September 17, 2004.

⁶⁹ Tabitha Morgan, "Murder of Lecturers Threatens Iraqi Academia," *New York Times* (Education Supplement), September 10, 2004, p. 15.

⁷⁰ *Ibid.*

⁷¹ "QF-UNESCO Iraq Fund Makes Good Progress," *GulfTimes*, October 14, 2004, http://www.menafn.com/qn_news_story_s.asp?StoryId=66654.

⁷² United States Agency for International Development, "Iraq Reconstruction Weekly Update: Education," September, 8, 2004, p. 6.

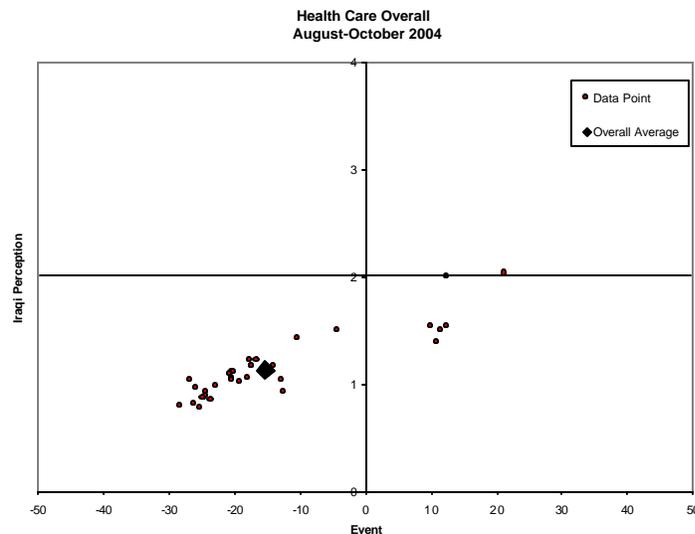
described the poor state of chemistry and biology faculties, although programs are underway to rehabilitate labs and provide new computers.⁷³

Findings on the quality of education are mixed. Teacher salaries have increased: a primary school teacher who made 3,000 dinars a month before the war now makes 240,000, or about \$165.⁷⁴ New additions to curriculum include human rights programs in some areas, dropout outreach programs, and more integration of computers/technology. Many schools, however, are operating in shifts, open from 8 am to noon and then again from noon until 4 pm. There has also been a shift toward a more religious based curriculum. Iraqi education officials have noted that less time will be spent on basic literacy and math, while memorizing the Koran will be a higher priority for Iraqi students.⁷⁵

HEALTH CARE

From August to October 2004, Iraq's health care system regressed considerably, moving further away from the tipping point. In fact, of all the sectors reviewed for this report, health care had the most negative movement. Iraq's health care system is currently incapable of providing adequate basic health care to the majority of the population. While the system slips farther away from the tipping point, the health risks to the population appear to be increasing. Without a substantial boost in aid and a focus on longer term, systemic problems, the Iraqi health care system will continue to deteriorate and remain unable to cope with the current, and increasing, health care demand.

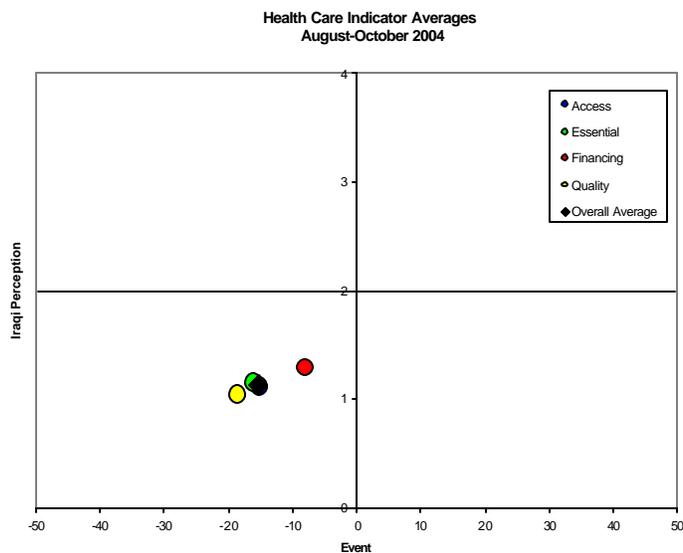
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⁷³ See "A Little Learning is a Dangerous Thing" *Economist*, September 9, 2004; James Glanz, "In Iraq, a Quest to Rebuild One More Broken Edifice: Science," *New York Times*, August 31, 2004, p. F1.

⁷⁴ Howard LaFranchi "Iraqis Wary as School Year Starts," *Christian Science Monitor*, September 28, 2004, p.1.

⁷⁵ Richard Engel, "Iraqi Schools Turn Away from Secular Teachings," *MSNBC.com*, September 28, 2004.



Iraq’s health care system has fallen into such disrepair it is now “rated on par with the impoverished countries of the Sudan, Yemen, and Afghanistan.”⁷⁶ The Iraqi Minister of Health claims that 100 percent of the hospitals in Iraq require critical rehabilitation.⁷⁷ The extensive damage and disrepair of the Iraqi health care system is largely the result of over two decades of neglect, in addition to damage from recent fighting. Quick start projects to assist the health care sector in Iraq have been overwhelmed, unable to confront 20-year-old, deeply entrenched problems.

Problems in rebuilding Iraq’s health care system are attributable to shortages of medicine, slow infrastructure repairs, overcrowding, delayed international assistance, and security problems. Chronic shortages of available and affordable medicines continue to negatively impact the health care system.⁷⁸ This problem is particularly acute in areas that have seen heavy fighting; some doctors and health workers are forced to choose which patients will receive aid and which will go without.⁷⁹

Critical, longer term infrastructure repairs, like sewage and power projects, continue to be passed over.⁸⁰ There have also been complaints about contractor misconduct hampering progress in repairing infrastructure.⁸¹

Overcrowding—often due to the security environment—is a serious problem, although some 24-hour clinics have opened.⁸² In areas like Falluja and Samarra, where heavy

⁷⁶ Jeremy Laurance, “Iraq: The Aftermath: Iraq Faces Soaring Toll of Deadly Disease,” *The Independent*, October 13, 2004, p. 5.

⁷⁷ Magdi Abdelhadi, “Iraq Public Health Key Concern,” *BBC News*, October 13, 2004.

⁷⁸ UN Office for the Coordination of Humanitarian Assistance, IRIN, “Iraq: Medicine Shortage Continues,” September 3, 2004.

⁷⁹ UN Office for the Coordination of Humanitarian Affairs, IRIN, “Iraq: Samarra Hospital Urgently Needs Medical Supplies,” October 4, 2004.

⁸⁰ James Glanz, “Pace of Rebuilding Najaf Causes Friction,” *New York Times*, October 18, 2004; David McAlary, “Iraq Struggles to Rebuild Health Care System,” *VOA News*, August 13, 2004.

⁸¹ See James Glanz, “Pace of Rebuilding Najaf Causes Friction,” *New York Times*, October 18, 2004.

⁸² UN Office for the Coordination of Humanitarian Affairs, IRIN, “Iraq: Interview with Minister for Health in Sulaymaniyah,” October 5, 2004.

fighting has occurred, the hospitals are so overwhelmed that critically injured patients are being taken to Baghdad (60 kilometers away) or just turned away.⁸³

Moreover, international health care aid has trickled into Iraq too slowly and has lately been directed into areas of heavy fighting. Critical projects outside these areas struggle for minimal financial assistance. For example, a team of British doctors training Iraqi midwives in Basra is still in need of \$20,000 to complete their training program.⁸⁴

Several infectious diseases—hepatitis E, measles, and typhoid—have recently emerged, and the rate of diarrhea and malnutrition among children remains high.⁸⁵ Areas with poor water and sanitation conditions, such as Sadr City in Baghdad, have been especially hard hit by water-borne and water-transmitted diseases.⁸⁶ While these outbreaks have been contained, the dismal water and sanitation conditions throughout southern and central Iraq, along with malnutrition among children, increase the likelihood of large-scale outbreaks of infectious diseases. Most of these diseases are easily (and cheaply) treatable, but given the current state of Iraq's health care system, without increased international assistance, many Iraqis would likely go without care in the event of a large-scale outbreak.

There is potential for an increase in the spread of HIV/AIDS. The AIDS Research Center in Iraq has discovered that the virus, traditionally contracted in Iraq through blood transfusions, is increasingly being transmitted through sexual contact, which typically increases the rate of infection.⁸⁷ The number of infected Iraqis has doubled just over the past few months.⁸⁸ While the number of infected individuals remains low, the changed route of transmission, lack of antiretroviral drugs, and lack of information about HIV/AIDS in Iraq increase the risk of a more serious outbreak.

The Iraqi Ministry of Health has taken steps to address infectious diseases. With assistance from UNICEF, the WHO, USAID, and the EU, the Ministry has administered a polio immunization program, which will protect 4.7 million children.⁸⁹

⁸³ UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Doctors Need More Medical Supplies in City of Conflict," September 13, 2004; UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Samarra Hospital Urgently Needs Medical Supplies," October 4, 2004.

⁸⁴ Melissa Jackson, "UK Boost for Iraq Maternity Care," *BBC News*, August 30, 2004, <http://news.bbc.co.uk/1/hi/health/3601650.stm>.

⁸⁵ Jeremy Laurance, "Iraq: The Aftermath: Iraq Faces Soaring Toll of Deadly Disease," *The Independent*, October 13, 2004, p. 5.

⁸⁶ Jeremy Laurance, "Iraq: The Aftermath: Iraq Faces Soaring Toll of Deadly Disease," *The Independent*, October 13, 2004, p. 5; UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Food Security Still Problematic-WFP," September 30, 2004; UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Hepatitis Outbreak in Capital," September 27, 2004; James Glanz, "The Reach of War: Disease in Iraq," *New York Times*, September 25, 2004, p. 5A.

⁸⁷ UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: Focus on HIV/AIDS," October 12, 2004.

⁸⁸ *Ibid.*

⁸⁹ UN Office for the Coordination of Humanitarian Affairs, IRIN, "Iraq: New Polio Vaccination Program Launched," September 15, 2004.