

A REPORT CONSISTENT WITH THE AUTHORIZATION
FOR USE OF MILITARY FORCE AGAINST IRAQ RES-
OLUTION

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT INCLUDING MATTERS RELATING TO POST-LIBERATION
IRAQ AS CONSISTENT WITH THE AUTHORIZATION FOR USE OF
MILITARY FORCE AGAINST IRAQ RESOLUTION OF 2002 (PUBLIC
LAW 107-243)



FEBRUARY 24, 2004.—Referred to the Committee on International
Relations and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

THE WHITE HOUSE,
Washington, February 17, 2004.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC

DEAR MR. SPEAKER: Consistent with the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107-243), the Authorization for the Use of Force Against Iraq Resolution (Public Law 102-1), and in order to keep the Congress fully informed, I am providing a report prepared by my Administration. This report includes matters relating to post-liberation Iraq under section 7 of the Iraq Liberation Act of 1998 (Public Law 105-338).

Sincerely,

GEORGE W. BUSH.

REPORT TO CONGRESS

Submitted consistent with PL 107-243:
"Authorization for Use of Military Force Against Iraq Resolution
of 2002"

February 2004

Table of Contents

- I. Executive Summary
- II. Relief and Reconstruction
 - A. Security
 - B. Food
 - C. Health
 - D. Electrical Power
 - E. Water and Sanitation
 - F. Oil and Fuels
 - G. Justice Reform
 - H. Refugees, Returnees, and IDP's
 - I. Education
 - J. Public Telecommunications
 - K. Economic Governance
 - L. Transportation Infrastructure and Ports of Entry
- III. International Initiatives
 - A. Debt
 - B. Development Fund for Iraq
 - C. The United Nations
- IV. Transition to Democracy
 - A. Governmental and Constitutional Development
 - B. Local Governance
- V. Military Operations

I. Executive Summary

This report covers from December 15, 2003 to approximately February 15, 2004. During this period, the Coalition Provisional Authority (CPA), under the leadership of Ambassador L. Paul Bremer and in cooperation with emerging Iraqi governmental authorities, made significant progress toward addressing the many challenges facing liberated Iraq.

Security remains the top priority of the CPA and the Coalition. Since the capture of Saddam Hussein on December 13, the number of attacks against Coalition troops has decreased. Much work remains, however, as insurgents have begun to direct their attacks against Iraqi security forces and civilians.

Actions in support of Iraq's political transition are proceeding. The Governing Council is currently drafting the "Transitional Administrative Law" (TAL).

During this reporting period, CPA and Governing Council efforts in the transportation sector were focused in large part on the Hajj, taking place during January and February 2004. This event involves large numbers of Iraqi pilgrims traveling to and from the Muslim holy cities of Mecca and Medina, and required an enormous amount of preparation to ensure security. The Governing Council established a Hajj policy committee to oversee the plan for 25 flights carrying more than 5,000 passengers to Jeddah, Saudi Arabia. As of January 26, approximately 45,000 Iraqi pilgrims were participating in the Hajj. This is a significant increase over the number of pilgrims who traveled under the Saddam regime, and is the first time in several years that the Hajj was open to all Iraqis.

Reconstruction of Iraq's infrastructure continued at a fast pace during this period. Electrical power production received significant attention, as did repair of other dilapidated and sabotaged infrastructure, including water supplies, health facilities, the oil sector, and schools. This report will summarize the breadth of reconstruction activities throughout Iraq.

Relief and reconstruction efforts are summarized in section II. International initiatives, including debt relief and pledges of assistance, are discussed in section III. Democracy building and governance issues are described in section IV. Military operations are covered in section V.

II. Relief and Reconstruction

Security

Security remains the top priority of the CPA and the Coalition. Iraqi security forces are playing an increasing role both in routine civil policing and in combating the terror and sabotage carried out by former regime loyalists and foreign terrorists. These Iraqi forces play a vital role in augmenting Coalition forces and will eventually replace them. Iraqis know the rhythm of their neighborhoods, the language, and the culture; their increased numbers on the front lines are invaluable to improving the country's security situation.

On December 13, 2003, U.S. forces captured Saddam Hussein in a small underground bunker near the city of Tikrit. Since then, we have disrupted several resistance cells and captured and detained their members. Among those detained were mid-level and higher-level leaders of the resistance. Since Saddam's arrest, the number of attacks on Coalition forces has decreased. Unfortunately, attacks on Iraqi security forces and civilians have increased. Nevertheless, Iraqis continue to join the security forces. The morning Saddam's capture was announced, there was a record spike in the number of Iraqis signing up to serve in the Civil Defense Corps, especially in the Tikrit area.

Following is an overview of Iraqi security forces, as of January 26:

- Iraqi Police: Approximately 70,000 on the force, including 7,000 in Baghdad.
- Facilities Protective Services (FPS): More than 97,000 are on duty guarding ministry/municipality facilities and property.
- Iraqi Border Police: More than 14,000 are on duty securing border crossings and enforcing customs and immigration regulations.
- Iraqi Civil Defense Corps (ICDC): More than 20,000 are on duty. Under Coalition military command arrangements, the ICDC protects convoys and fixed points (ammunition dumps, power

plants, etc.), and provides disaster relief and humanitarian assistance.

- Iraqi Armed Forces (formerly the New Iraqi Army): More than 1,800 recruited and in training.

As of January 26, 2004, the total personnel strength of the various Iraqi security forces was 206,589.

The Iraqi police force is making progress. Iraq's policing infrastructure is improving, with 478 police stations open and operational. Iraqi police are working with Coalition forces to prevent planned attacks; they also are prepared to secure areas that have been attacked, preventing even greater casualties and damage. Those Iraqis who served in the previous Iraqi police force must successfully complete the three-week Transition Integration Program, which stresses democratically based, modern policing techniques, ethics, and human rights.

The CPA set a goal of hiring 50,000 Facilities Protective Service personnel by September 2004. Almost 100,000 have been hired as of mid-January.

Food

In accordance with U.N. Security Council Resolution 1483, the Oil for Food (OFF) program terminated on November 21, when the CPA took over full responsibility for Iraq's Public Distribution System (PDS), which supplies rations to all Iraqis each month. The transition went smoothly. The U.N. World Food Program is assisting CPA and the Iraqi Ministry of Trade with logistics necessary to keep the PDS supplied. Shipment of OFF supplies is managed by the newly established Coordination Center, jointly staffed by CPA and Iraqi officials. The Center's role is to ensure the steady, secure, and managed flow of remaining OFF goods and newly procured goods.

These activities will continue to benefit the Iraqi people as Iraq becomes more self-sufficient and transitions to a market-based economy. The Iraqi Ministry of Trade will increasingly assume responsibility for the procurement and overall management of the food pipeline. The CPA and the World Food Program will assist the Trade Ministry as needed.

Health

The CPA and USAID are assisting the Ministry of Health (MOH) in enhancing its capabilities to improve the quality of and access to health care for the Iraqi people. Iraq has returned to its pre-war capabilities for providing health care: 240 Iraqi hospitals and more than 1,200 primary health clinics are operating. The MOH contains 100,000 healthcare professionals and staff, over 80 percent of which are women. USAID, working with UNICEF, is supporting the MOH to provide monthly vaccine days to reach the most vulnerable children in Iraq with life saving immunizations. It is estimated that 70 percent of children in Iraq are now fully immunized.

Along with USAID, the CPA and the MOH recently completed a two-month analysis of critical health needs. The report covers public health, education and training, licensing, and legislation. It will be used as the basis for a National Strategic Health Plan, outlining future health sector reform.

Electrical Power

CPA efforts are aimed at rapidly achieving pre-war power levels throughout Iraq. The CPA production goal is 6,000 MW by summer 2004. During December 2003, production remained in the mid-3,000 MW range. By late January, production increased to over 4,000 MW. The decline in production (from a high of 4,518 MW in early October) was due to planned maintenance, unscheduled outages, and downed transmission lines due to sabotage and bad weather. The scheduled maintenance was necessary for power plants, in this case to increase average production and provide stability. Several units have been taken offline for this procedure. CPA has developed a plan to attain the 6,000 MW summer goal.

Water and Sanitation

An estimated 60 percent of Iraq's population has access to limited supplies of potable water. Projects funded with money from the supplemental budget funds will improve both water potability and sewage treatment. By the summer of 2004, water services will have improved for millions of Iraqis. Wastewater flowing to Baghdad's three main sewage plants - untreated under the previous regime - will be treated, serving 3.5 million Iraqis.

In January, installed water tanks gave 2,000 families in Baghdad's Rashid district access to fresh water in their homes. Two hundred seventy-five new tanks were installed in residential buildings in the neighborhood. For the \$45,540 project, the community contributed \$17,000 of cash and materials, including all accessories needed for installation. USAID's Community Action Program, International Relief and Development (IRD) facilitated the program.

Oil and Fuels

CPA reported on January 26 that Iraqi weekly gross oil production averaged 2.45 million barrels per day (b/d) with weekly average crude oil exports of 1.6 million b/d. Iraq's crude oil exports are expected to increase significantly when security along the Kirkuk-Ceyhan pipeline allows for the resumption of exports via Turkey. On February 9, CPA awarded a contract for the development of in-country rapid pipeline repair capabilities modeled on the approach successfully employed in Colombia to counter frequent pipeline sabotage there. CPA expects this capability to be fully operational by April. CPA estimates that in 2004, if export capability is not interrupted and if oil prices hold at today's levels, oil export revenue will exceed \$1 billion per month.

Domestic consumption remains approximately 500-600,000 b/d. Refinery production of kerosene, diesel, and gasoline remains below pre-war levels due to sabotage of crude oil pipelines supplying the Dawrah and Bayji refineries and electric power shortages, but product imports have increased to help meet domestic needs. As of early February, gasoline supplies consistently exceeded daily demand, while supplies of other key products (diesel, LPG, and kerosene) have improved markedly since mid-December. As a result, CPA has been able to gradually increase product inventories, a key aspect of stabilizing the domestic fuels situation. The Iraqi State Oil Marketing Organization (SOMO) and CPA are spending \$7-8 million per day to import refined products from Turkey, Kuwait, and Jordan.

USAID has also begun providing support for creating and developing modern regulatory laws and agencies for natural monopolies in a mixed market economy. Initial work is centered on the telecommunications and power sectors, but USAID/BearingPoint also recently completed a two-volume study reviewing international best practices employed by national oil companies around the world. The study reviewed operations and policies in the upstream, downstream, and natural gas sectors

and offers "lessons learned" to assist the Iraqis as they consider the future structure of their oil sector. The study makes no recommendations on issues regarding the ownership, development, and management of Iraq's petroleum resources, or Iraq's participation in OPEC, but simply highlights options available to the Iraqis -- based on the practices of other national oil companies -- to put its industry "on a modern, workable, and sustainable footing."

Justice Reform

The Central Criminal Court of Iraq (CCCI) has been an important example of justice reform in Iraq. Sixteen cases thus far have been referred to the court. Three of the cases have been tried, all ending in convictions.

The CCCI seeks justice for both the Iraqi people and Coalition forces. Judges have been investigating various cases, including the murder of a Vice Chief Judge on November 4th in Mosul. On December 19 and 24, two cases involving rocket-propelled grenades (RPGs) against U.S. forces were referred to CCCI.

The CPA is currently working to address the most critical needs in the justice sector. These include prisons, security, courthouse reconstruction or new construction, and technical assistance in various fields.

As of January 26, 143 jails and 14 prisons were open and operational throughout Iraq.

Refugees, Returnees, and Internally Displaced Persons (IDPs)

While conditions in Iraq are not yet conducive to the large-scale return of refugees and internally displaced persons (IDPs), the U.N. High Commissioner for Refugees (UNHCR) and the Iraqi Ministry of Displacement and Migration (MDM) have, since July 2003, facilitated 6,132 voluntary returns from Saudi Arabia and Iran. In addition, UNHCR estimates that as many as 50,000 refugees may have returned spontaneously from Iran. The facilitated refugee return programs are intended to help manage the flow of refugee returns without overwhelming absorptive capacity inside the country. UNHCR estimates that as many as 500,000 Iraqi refugees and other Iraqis of concern to the organization could opt for voluntary repatriation over the next couple of years.

The MDM and UNHCR will host a meeting in Amman from February 15-16 to support and facilitate the development and implementation of a national, Iraqi-led strategy for meeting the assistance and/or return and reintegration needs of refugees, IDPs, and returnees. The meeting will bring the MDM and other Iraqi Ministries together with U.N. organizations and the NGO community. Participants will focus on a strategy that emphasizes capacity building for Iraqi institutions and organizations. In the meantime, the MDM, UNHCR, and the CPA continue to counsel Iraqi refugee-hosting countries to exercise patience with those Iraqis under their care while efforts are made to create conditions that are conducive to return.

Education

USAID has worked closely with Iraqis and the Ministry of Education to increase enrollment and improve the quality of primary and secondary education, ensure classrooms have sufficient materials, facilitate community involvement, and train teachers.

An important program in the education sector is the Accelerated Learning Program. This program, currently in five Iraqi cities, provides out-of-school children a second chance for education. Children who pass their year-end exams will be integrated into main schools. Registration and attendance for the Accelerated Learning Program have increased significantly over the last month for both boys and girls, and are quickly approaching their targets.

Public Telecommunications

USAID has completed the integration of new telecommunication switches with the Iraqi Telecommunications and Postal Company (ITPC) network in order to restore telephone service in the Baghdad region. Approximately 35,000 customers have had service restored as of early February. ITPC subscribers nationwide can now access the restored international telephone gateway at Al Mamoun in Baghdad.

Commercial mobile telephone service have begun in central and northern Iraq as of early February, with commercial service in the southern regions to begin soon.

Economic Governance

Together with the Ministry of Finance, the Ministry of Planning, the Ministry of Trade, and the Central Bank of Iraq, the CPA has taken several important steps to encourage macroeconomic stability in Iraq. The Central Bank program to exchange new dinars for old began on October 15, 2003, and was completed successfully on January 13. Approximately, 4.4 trillion new Iraqi dinars -- worth some \$3 billion -- have been put into circulation without any disruptions, despite some organized attempts to ambush convoys transporting currency. The exchange rate for the dinar has strengthened by more than 40 percent, from approximately 2,000 new dinars to the U.S. dollar before the war to approximately 1,400 dinars to the dollar now.

The Central Bank of Iraq (CBI) has taken important strides toward financial sector reform and modernization through the selection of the first set of foreign banks to proceed to the final stage of the foreign bank licensing process, and a decision to eliminate state controls on interest rates effective March 1. The CPA has supported these efforts with bank supervision capacity development in the CBI, development and implementation of the framework for an inter-bank payment system, and technical training for bankers.

The CPA micro credit program aims to reactivate private sector growth, development, and employment by providing credit services to financially viable small labor-intensive businesses. More than \$2 million in loans have been made to approximately 1,000 clients with a repayment rate of 100 percent. The Cooperative Housing Foundation (CHF) in the Southern Iraqi governorates of Najaf, Karbala, Babil, and Baghdad operates the micro-lending project. Plans to expand into other governorates are underway, but require training of additional loans officers. A second partner, ACIDI/VOCA is developing a similar program in Northern Iraq. BearingPoint is providing technical support for banking and oversight.

Transportation Infrastructure and Ports of Entry

During this reporting period, CPA and Governing Council efforts in the transportation sector were focused in large part on the Hajj, taking place during January and February 2004. This event involves large numbers of Iraqi pilgrims traveling to and from the Muslim holy cities of Mecca and Medina, and required an enormous amount of preparation to ensure security.

The Governing Council established a Hajj policy committee to oversee the plan for 25 flights carrying over 5,000 passengers to Jeddah, Saudi Arabia. As of January 26, approximately 45,000 Iraqi pilgrims had departed on the Hajj. This is a significant increase over the number of pilgrims who traveled under the Saddam regime.

Airports:

As important components of Iraq's economic infrastructure, Iraq's airports are focal points for receiving goods, including humanitarian assistance. The reconstruction of Baghdad and Basrah airports, along with the strengthening of Iraq's other transportation infrastructure, assists the smooth and efficient delivery of food and other humanitarian and reconstruction materials and personnel.

To date, Al Basrah and Baghdad International Airports have been substantially prepared for commercial operations. Work at Al Basrah International Airport continues on several fronts. A subcontractor has set 7,400 posts and nearly 18,000 meters of barbed and razor wire for the airport's perimeter security fence. At the wastewater plant, cleanup work has begun in the aeration and digestion tanks. At the water plant, work has started on the reverse osmosis units and the ferric chloride pumps. Four vendors for the restoration of the generator and HVAC air conditioning system have mobilized. At Baghdad International Airport, installation has begun of the 5 MW generator sets. Additionally, Bechtel has begun to work through the list of items to be completed at the fire station.

Bridges, Roads, and Railroads:

Recently, efforts have focused on reducing the gas shortages for motorists in Iraq. Measures included extending the hours of some gas stations. Security, police, and Coalition forces were also posted at some stations to prevent black marketing and to ensure the lawful, efficient distribution of benzene. Distribution was also hampered by the strike by fuel truckers in Mosul; this strike has since been effectively brought to an end. The CPA was also looking to increase benzene imports from current and new sources.

Work on three critical bridges is progressing on schedule. The Khazir, Tikrit, and Al Mat Bridges are three spans that are indispensable for transporting commercial and humanitarian goods in Iraq.

- **Khazir Bridge:** Located on a route critical to the flow of goods to northern Iraq, Khazir Bridge will be fully operational by April. The south span of the bridge was completed and opened to traffic on January 16th.
- **Tikrit Bridge:** At Tikrit Bridge, an important link between Tikrit and Tuz Khurmatu, a new site manager and increased attention from management has improved work progress. Work on the Tikrit Bridge is expected to be finished by May.
- **Al Mat Bridge:** Al Mat Bridge is part of the main highway between Baghdad and Amman and is traveled by 3,000 trucks a day. To date, 20 beams have been cast, and the remainder will be completed this month.

III. International Initiatives

Debt

The United States has been working to encourage the international community to forgive or at least substantially reduce the large amount of debt that Iraq accumulated under Saddam Hussein. On December 5, the President named former Secretary of State James A. Baker III as his Special Presidential Envoy to work with the world's governments at the highest levels in seeking to restructure Iraq's official debt. In December and January, Special Presidential Envoy Baker traveled to Europe (France, Germany, Italy, Russia and the U.K.), East Asia (Japan and China) and the Persian Gulf (Qatar, UAE, Kuwait and Saudi Arabia), and successfully secured commitments from the leaders of these nations to provide at least substantial debt reduction for Iraq in 2004. The United States will continue to work toward the goal of debt reduction for Iraq in 2004. The exact percentage of debt reduction is subject to further agreement among parties.

Development Fund for Iraq

U.N. Security Council Resolution 1483 noted the establishment of the Development Fund for Iraq (DFI) to meet the humanitarian needs of the Iraqi people and directed that surplus funds from the U.N. Oil-for-Food (OFF) escrow account be transferred to the DFI. On December 31, 2003, the U.N. Treasurer transferred \$2.6 billion to the DFI. Transfers from OFF to DFI total \$5.6 billion to date. Over \$100 million dollars in Iraqi assets were transferred to the DFI during this period.

The United Nations

On December 16, Secretary-General Annan presented to the U.N. Security Council his December 9 report on U.N. activities and key developments in Iraq, required under Resolutions 1483 and 1511. He announced the appointment of an interim Special Representative as well as plans for forward deployment in the region of international staff seconded to the United Nations Assistance Mission for Iraq (UNAMI).

Also on December 16, pursuant to the requirement in UNSC resolution 1511, Iraqi interim Foreign Minister Zebari presented to the Security Council the timetable and program for drafting a new constitution for Iraq and for holding democratic elections under that constitution, as described in the CPA-IGC Agreement of November 15.

On January 19, U.N., CPA, and IGC representatives met in New York to review progress in Iraq and discuss prospects for U.N. involvement in the political process. Secretary-General Annan agreed to consider the IGC/CPA request for deployment of an electoral assistance team to Iraq. A U.N. team is now in Baghdad to assess the feasibility of early elections in Iraq.

IV. Transition to Democracy

Governmental and Constitutional Development

Iraq's political transition is proceeding. The Iraqi Governing Council is in the process of drafting the Transitional Administrative Law that will provide a framework for Iraq's move toward sovereignty. The Governing Council has requested CPA's support in communicating with the Iraqi people to ensure that the public is educated on the transition outlined in the November 15th agreement. To this end, the USAID Office of Transition Initiatives is working with the CPA to provide twenty Outreach Centers throughout Iraq to provide information about the transition.

Local Governance

On January 9, President Bush stated that the hallmark of a democratic society is the freedom of diverse groups to express their views publicly. Under Saddam Hussein, the autocratic rule of the Ba'ath Party created a legacy of inefficient,

totalitarian government that afforded little room for local governments, opposition parties, or civil society organizations. A solid local government system in Iraq is the foundation upon which a democratic national government can be built. Effective local governance encourages citizen participation, fosters dialogue among competing groups, and delivers essential services based on community priorities.

One of the key ways in which we are working to encourage this is through USAID's Local Governance Program (LGP), which works to help build democratic communities countrywide. The LGP identifies new Iraqi leaders whose leadership in Iraq's governorates, cities, and towns improves the quality of life of Iraqi citizens by increasing their access to basic services and improving performance of service delivery. In coordination with the CPA Governance Team, LGP supports the political transition, informing the citizenry of the process and assisting the devolution of authority to the provincial and city governments.

LGP has established offices in 17 governorates with 4 regional support centers, staffed by 225 international experts and 875 Iraqi nationals. In cooperation with CPA personnel and military civil affairs officers, USAID works with Iraqis to develop a representative local government that embodies diversity and installs checks and balances within administrative counterparts. LGP field representatives build the capacity of government institutions and civil society organizations while fostering democratic dialogue on policy issues and partnerships for their implementation.

V. Military Operations

The number of attacks on Coalition personnel during this period continued to decline, but the nature of the attacks indicate foreign fighters with anti-coalition motives and local resistance groups in Iraq are becoming more sophisticated and may be coordinating their anti-coalition efforts. The preferred methods of attack continue to be small arms and rocket-propelled grenades, mortars, and command-detonated improvised explosive devices (IEDs) buried or hidden along roadways and highways. Attacks on air assets suggest that all types of aircraft—civilian and military, fixed-wing and rotary-wing—are seen by the opposition as potential targets.

CJTF-7 and Coalition members continue to make progress in stabilizing Iraq's overall security situation. As of January 21, there are more than 25,000 armed forces personnel from

34 Coalition partner nations in Iraq. Another ten countries are considering providing forces. With troop rotations ongoing, there are approximately 122,000 U.S. forces in Iraq as of the beginning of February.

Military operations during this period focused on patrols, raids, and cordon and searches. These operations continue to result in the capture of large numbers of individuals, and the seizure of significant quantities of weapons (including RPG launchers, man portable air defense (MANPAD) missiles and launchers, small arms, crew served weapons, grenades, and mines) and IEDs. As a representative sampling, during the week of January 12-18, 2004, Coalition forces seized the following ammunition and explosives: 45 assembled IEDs; 1,947 RPG rounds; 4 MANPAD rounds; 5.500 mortar, artillery, and rocket rounds; 48 mines; 510 pounds of explosives; and more than 55,000 rounds of ammunition. Captured weapons during the same period included: 221 RPG launchers; 9 MANPAD launchers; 590 small arms; and 23 crew-served weapons.

It is not possible to know at this time either the duration of military operations or the scope and duration of the deployment of U.S. Armed Forces necessary for the full accomplishment of our goals.