

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

I. Introduction

1. The present note has been prepared jointly by the Office of the Iraq Programme, the Office of the United Nations Humanitarian Coordinator in Iraq (UNOHCI) and the United Nations agencies and programmes involved in the implementation of the humanitarian programme pursuant to Security Council resolution 986 (1995). There are nine United Nations agencies and programmes involved in the implementation of the humanitarian programme.¹

2. The present note reviews and describes the developments in the implementation of the humanitarian programme in Iraq (hereinafter referred to as the programme), pursuant to resolution 986 (1995), since the latest report of the Secretary-General, covering the period up to 31 October 2001 (S/2001/1089). In connection with the above, it may be recalled that at the informal consultations of the Security Council held on 26 February 2002, with the Council's prior agreement, the Executive Director of the Iraq Programme provided an oral report, in lieu of the written 90-day report pursuant to paragraph 1 of resolution 1382 (2001), including a briefing on his visit to Iraq from 14 January to 10 February 2002. The text of his statement is posted on the Web site of the Office of the Iraq Programme (<http://www.un.org/Depts/oip>). Unless stated otherwise, the cut-off date for the data contained in the present Note is 30 April 2002.

3. The total value of all humanitarian supplies and equipment delivered to Iraq since the start of the implementation of the programme had reached, as at 17 May 2002, about \$22 billion, including oil spare parts and equipment, valued at \$1.39 billion. Approval letters for additional applications valued at \$10.1 billion, including some \$1.7 billion worth of oil spare parts and equipment, had been issued and supplies should be in the production and delivery pipeline. In addition, there were over \$1.9 billion worth of approved applications for which, regrettably, approval letters could not be issued due to shortfall of funds in the relevant sectors and phases.

II. Revenue generation

A. Oil production and sale of petroleum and petroleum products

4. Since the beginning of phase XI, the oil overseers and the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait, hereinafter referred to as the Committee, have reviewed and approved 152 contracts, involving purchasers from 37 countries (including 31 contracts from previous phases extended into phase

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

XI).² The total quantity of oil approved for export under those contracts corresponds to 360.6 million barrels, with an estimated value of 7.8 billion euros or \$7.1 billion, at the current rate of exchange. However, the volume of oil actually lifted during the phase will be substantially lower and is expected to reach some 225 million barrels, for an estimated revenue of 4.85 billion euros or \$4.4 billion, at the current rate of exchange. It is regrettable that an agreement regarding the setting of the price of Iraqi crude oil has remained elusive. Thus the continuing practice of setting the price of Iraqi crude oil retroactively by the Committee, which, combined with continued excessive premia demanded by Iraqi crude oil contract-holders, has led to an average reduction in exports of some 500,000 barrels per day or \$1.2 billion in lost revenue since the beginning of phase XI. Moreover, Iraq's month-long suspension of its oil exports, starting on 8 April, resulted in a further estimated revenue loss of some \$1.2 billion. Prior to the suspension, 125 loadings were completed, totaling 202.8 million barrels, valued at 4.36 billion euros or \$3.92 billion, at the current rate of exchange. Of the total volume of oil exports, 67 per cent was from Mina al-Bakr, Iraq and 33 per cent from Ceyhan, Turkey. With regard to the destination of Iraqi oil exports, 13.9 per cent went to the European market, 60.3 per cent to the Americas/Caribbean market, 24.9 per cent to the Far East and 0.9 per cent to South Africa.

5. Based on the estimated revenue of \$4.4 billion, and after the required deductions are applied pursuant to the relevant Council resolutions, approximately \$3.06 billion will be available to the humanitarian programme. The distribution plan for phase XI (S/2002/19, annex III), as submitted by the Government of Iraq and amended subsequently, was budgeted at \$4.57 billion. Therefore, a revenue shortfall of about \$1.51 billion could be expected for the funding of the programme under the present phase. For further details on the status of funding, please see paragraph 9 below.

A. United Nations accounts pertaining to the Iraq programme

6. The United Nations accounts pertaining to the Iraq programme are divided into seven separate funds pursuant to paragraph 8 (a) to (g) of Security Council resolution 986 (1995). As at 30 April 2002, just over 4.08 billion euros had been deposited into the account for phase XI, as authorized under Council resolutions 1284 (1999), 1330 (2000), 1360 (2001) and 1382 (2001), bringing the total oil sale revenue since the inception of the programme to \$37.33 billion and 18.25 billion euros. The allocation of total oil revenue among the various funds and corresponding expenditures, are reported in [annex I](#) to the present Note; the number and value of letters of credit pertaining to oil proceeds and humanitarian supplies are reported in [annex II](#).

7. With regard to the diversification of banking services for the United Nations Iraq Account, term investments have been placed with five different creditworthy banks. As at 29 January 2002, the United Nations Treasury had received final bids from banks invited to provide proposals for banking services. The proposals have been analysed and consequently on 7

² Algeria (1); Austria (2); Belarus (1); China (5); Cyprus (5); Denmark (1); Egypt (3); France (8); Greece (1); Indonesia (2); Italy (2); Jordan (7); Kenya (1); Lebanon (4); Liechtenstein (6); Malaysia (1); Myanmar (1); Nigeria (1); Oman (1); Pakistan (10); Panama (4); Qatar (2); Russian Federation (28); Singapore (1); South Africa (2); Spain (1); Switzerland (7); Syria (8); Thailand (1); Tunisia (2); Turkey (6); Ukraine (9); United Arab Emirates (8); United Kingdom (2); Viet Nam (5); Yemen (2) and Yugoslavia (1).

February 2002, letters of intent to enter into further negotiations were issued to four banks for the issuance of humanitarian letters of credit and two banks for the confirmation of oil letters of credit. Negotiations are on-going and implementation of the diversification of banking services can be expected shortly.

8. In paragraph 8 of resolution 1360 (2001), the Security Council requested that I take the necessary steps to transfer the excess funds drawn from the account created pursuant to paragraph 8 (d) of resolution 986 (1995) for the purposes set out in paragraph 8 (a) of that resolution in order to increase the funds available for humanitarian purchases, including, as appropriate, the purposes referred to in paragraph 24 of resolution 1284 (1999). In this connection, it may be recalled that at the end of phase X, \$84 million in excess funds were transferred to the ESB (59 per cent account), bringing the total amount transferred to \$211 million. No excess funds were available for redistribution towards the purchase of additional humanitarian supplies during the reporting period. A further review will be undertaken at the end of the current phase XI, on 29 May 2002, and any excess funds identified at that time will be made available for redistribution accordingly.

III. Processing and approval of applications for contracts

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

9. As at 17 May 2002, the Secretariat had received contract applications signed by the Government of Iraq, with a total value of \$41.26 billion, against a total of \$39.55 billion budgeted under the distribution plans for phases I to XI. However, the actual funds available for contracting by the Government of Iraq stood at a total of \$32.85 billion, which comprised all principal allocations to and interest revenues on the funds in the ESB (59 per cent) account, the reimbursements from the ESC (13 per cent) account for the bulk procurement of food and medicines, as well as the share of the ESC (13 per cent) account for the cost of oil spare parts. The Committee and the Secretariat had approved or notified 18,082 contract applications, with a total value of \$33.55 billion. There were some \$2.08 billion unencumbered funds, of which \$1.83 billion had been reserved for the funding of additional applications in the oil (for contracts concerning oil spare parts and equipment) and special allocations sectors. On the other hand, there were 763 approved applications, with a total value of \$1.9 billion, for which approval letters could not be issued due to the lack of funds in the appropriate sectors and phases. There was an accumulative funding shortfall of about \$2.6 billion. If all the applications currently being processed are approved and the holds lifted, the ESB (59 per cent) account would be short of funds by over \$9.59 billion.

10. Furthermore, approval letters for 238 applications, valued at \$506 million, were issued before 31 December 2001, but the Central Bank of Iraq had not requested openings of letters of credit. Moreover, there were 683 applications, worth a total of \$1.32 billion, for which the relevant letters of credit had been issued for over one year, but under which no deliveries have been made to Iraq. The substantial difference between anticipated revenues (planning figures) and the actual proceeds from the sale of oil, as well as the greatly varied rate of submission and/or approval of applications among various sectors of the programme, has resulted in major disparities in the availability of funds to cover other sectors. Consequently, during the first 10

phases of the programme, the average of actual funds available to sectors varied between 95 to 100 per cent of the distribution plan allocation in the food-handling, housing, oil spare part and food sectors, while other sectors such as education, water and sanitation, electricity, agriculture and health received only between 55 per cent and 79 per cent of the funds allocated to them in the distribution plans. The Government of Iraq has agreed to the proposal of the Executive Director of the Iraq Programme for revising the sectoral funding allocations to give priority to the grossly under-served sectors. Accordingly, the Government's decision to allocate most of the additional revenues received from interest, as well as the unspent allocations of the oil spare parts sector, to offsetting the shortfall of funds in the most affected sectors, is most welcomed.

11. Despite letters addressed by the Executive Director of Iraq Programme to the Committee, appealing for the release of 10 to 15 highest priority applications on hold in each sector covering 149 applications, as well as the comprehensive sectoral briefings provided to the Committee in order to expedite the lifting of holds placed on applications, the level of holds has increased by \$1.2 billion since the last report of the Secretary-General, having reached a total of \$5.17 billion as at 17 May 2002. Similarly, the relative value of applications on hold increased from 16.05 per cent to 17.93 per cent of the total value of applications circulated to the Committee. Out of the above total, 219 applications, worth some \$280 million, remained on inactive hold, due to lack of response, for more than 60 days, from the suppliers concerned to the requests for additional information and/or technical clarifications by the Committee members placing the holds. On the other hand, the latter have not given any feedback to the Office of the Iraq Programme concerning 483 applications, worth \$1.4 billion, on which the requested information appeared to have been provided to them over a period of 60 days.

12. As at 17 May 2002, a total of 996 applications, valued at \$2.34 billion, have been approved and/or released from hold on the specific condition of "end-use/user" observation, under which full or partial deliveries have been made against 634 applications, valued at some \$1.27 billion. Through the "end-use/user" verification database, which is fully accessible for viewing by the Committee members, all applications concerned are tracked and reported upon.

ESC (13 per cent) account

13. Some \$6.78 billion was allocated to the ESC (13 per cent) account, of which \$4.0 billion was allocated to the United Nations for implementing the humanitarian programme in the three northern governorates, on behalf of the Government of Iraq. The remaining \$2.78 billion was allocated for reimbursement to the ESB (59 per cent) account for the supplies of food, medicines and vaccines delivered to the three northern governorates under the bulk procurement arrangements, as well as the funds charged to the ESC (13 per cent) account for the cost of oil spare parts and equipment.

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

IV. Observation and monitoring activities

A. Inspection and authentication of humanitarian supplies

15. The process of inspection and authentication of supplies by the United Nations independent inspection agents in the authorized entry points of Iraq have proceeded normally, including the port of Umm Qasr, where the movement and authentication of goods that had arrived were constrained previously by a number of administrative and logistical factors.

B. Monitoring of oil spare parts and equipment

16. The project-based list of oil spare parts for phase XI was submitted to the Committee on 18 January 2002, and approved on 15 April 2002. The oil spare parts and equipment inspection team carried out 237 visits to various warehouses and facilities in the south and north of Iraq. The Committee approved a total of 418 contract applications, worth \$342.4 million, on condition of “end-use/user” and follow-up monitoring, of which the goods approved under 246 contract applications, worth \$146.9 million, have arrived in Iraq and were inspected by the team, as required. The inspection team is also responsible for carrying out special authentication of services rendered by foreign suppliers.

C. United Nations observation mechanism

Please see [annex IV](#) to this note.

V. Programme Implementation

A. Sectoral focus

Food

17. Observations indicate that food commodities have been distributed in an equitable manner throughout the centre/south of the country. The distribution of food commodities between urban and rural areas has also been carried out equitably, and commodities have been delivered to the agents and distributed to the households as scheduled.

18. During a stock review, it was noted that between phases VI and XI, a total of 705,500 metric tons of pulses and 379,800 metric tons of dried whole milk were contracted for, but only 455,880 tons and 257,529 tons respectively had arrived as at 30 April 2002. The non-arrival of the balance is due partly to limitations on the availability of these commodities on the international markets. During the past twelve months, 2,621,517 metric tons of wheat purchased under the programme were delivered to Iraq, and were transferred directly to government storage facilities as reimbursement for stocks loaned by the Government, from its own stocks, for the food basket, as part of its food management programme. By the end of April 2002, a total of 171 contracts valued at \$1.016 billion were approved against \$1.275 billion allocated for food purchases during phase XI.

19. Even though the approved distribution plan for phase XI envisaged a provision of 2,472 kilocalories (kcal) and 60.2 grams of protein, the food ration distributed in the reporting period provided, on average, 2,257 kcal and 52.03 grams of protein per person per day. This corresponds to 91 per cent and 86 per cent respectively of the envisaged levels. The shortfall in calorie and energy levels was due to the distribution of lesser quantities of pulses, dried whole milk and vegetable oil. The contribution of fats and proteins to the total energy available from the food basket was analyzed by the United Nations food observation sectoral working group. On an average, fat provided 21 per cent and protein 9 per cent of the energy requirements. The international reference for fat is 25-30 per cent and for protein 10-12 per cent.

20. In the three northern governorates, the first phase of the population verification exercise, conducted by WFP, for hitherto unregistered families, ended in December 2001. The incorporation of these families into the beneficiary list will be monitored by WFP. The second phase of the exercise, involving actual visits to registered individuals and encompassing the entire population of the north, commenced in late January 2002 and is continuing. By 30 April 2002, WFP verifiers covered approximately 80 per cent of the total number of households. The study is planned to be completed by end of May 2002.

21. In February 2002, WFP recommenced the supplementary feeding programme to all targeted beneficiaries, after a break during November and December 2001, caused by a delay in deliveries. It was only in March 2002 that WFP was able to distribute supplementary food stuffs, which provides an additional 1,230 to 1,756 kcal of energy and 19.1 to 30.5 grams of protein per beneficiary, per day, depending on the assisted vulnerable group. WFP initiated an impact assessment exercise aimed at evaluating the effect of the school-feeding project. Following the collection of base-line data, a second round of data is currently being gathered. It is expected that initial results of the study will be available at the end of the current school year. WFP is also assessing the pilot phase of the Appropriate Feeding Practices Promotion, which involves instructions on proper childcare as well as information on food nutrients.

22. The WFP initiated food security intervention in the drought-affected areas, conducted in collaboration with FAO, has ended in the governorates of Dahuk and Erbil. In-kind assistance, in the form of small ruminants, was provided to 5,385 families. The programme continues in Sulaymaniyah and, as at 30 April, 682 families out of 4,645 have benefited from the programme.

Transport and food handling

23. The port of Umm Qasr received new equipment and spare parts to the value of approximately \$10 million. These, including forklifts and rubber-tyred ship unloaders, relate primarily to the enhancement of shore operations. The new dredger will increase the capacity to maintain design depths in the access channels and alongside berths.

24. As previously reported, the status of the railway system continues to pose serious constraints to moving humanitarian cargo from Umm Qasr to destinations in Iraq. The receipt of equipment and spare parts during the reporting period, valued at \$60 million, will contribute to improvements in the system. The arrival of 30 new main line locomotives, and parts and new engines for the repair and upgrading of the existing locomotives will substantially increase

traction power and the carrying capacity of the railway system. Additions to the track maintenance equipment fleet and spares for the repair of existing equipment will permit the pace of track renewal work to be accelerated.

25. These investments have the potential to improve the capacity and effectiveness of port and rail operations. However, much of the benefit of the items already received will not be realized unless progress in one part is complemented by improvements in the other. Port operations will continue to be constrained as long as key contracts, such as those for the supply of additional dredgers, and for the removal of wrecks from the berths and access channels, remain on hold. Furthermore, the lack of performance warranties and mechanisms to enforce contractual obligations with regards to defaults and delays in delivery, impact on the investments already made.

26. Unless there is a significant improvement in the railway system, the increase in demand for road transport will continue to grow. This sub sector has received over \$400 million worth of inputs during this period. These trucks, buses, spare parts, workshop and supporting equipment facilitated some re-allocation of the public sector fleets, both freight and passenger, to some urban centres. For example, there is now dedicated freight transport capacity along the Umm Qasr/Baghdad/Mosul and Umm Qasr/Baghdad/Kirkuk corridors.

27. Improvements have also been observed in city and inter-city passenger transport services. With the recent arrival of buses and spare parts, the State Company for Passenger Transport has been able to rehabilitate and extend public sector transport services to the urban areas of Mosul and Kirkuk. These re-allocations are complementing the current private sector services with scheduled bus services along high-traffic routes. Plans are also underway to replicate and extend these public sector passenger services to other urban centres. However, to meet planned service objectives and sustain current service levels, additional inputs are required, in particular, spare parts, tyres, workshop tools, equipment and new buses. These are in the process of being procured.

28. The above situation contrasts with that in the north where public transportation needs have not been addressed. There is an urgent requirement to supply buses to provide reliable inter-city transport and also to meet the need for intra-city services. This matter is under review by the United Nations and a report will follow.

29. Industries in the centre and south supporting the road transport sector, such as the tyre and battery factories, are facing mounting production challenges as a result of the age and condition of equipment and machinery. For example, the State Company for Battery Manufacture is currently operating at only 15-20 per cent of its design capacity and unless holds on inputs, such as arsenal master alloy, pure lead and ammonium chloride are released, production cannot be improved.

30. During the period under review, Civil Aviation received equipment and supplies valued at approximately \$5 million. These imports continued to facilitate the transportation of medical emergency cases and the delivery of urgently required medical equipment and other humanitarian cargo. The recent arrival of runway-sweepers will contribute significantly to the

safety of domestic aviation, especially on landing. However, there continues to be an urgent need for ground support and airway infrastructure equipment, such as runaway lights and aircraft anti-collision systems.

31. In addition to the six new cold-stores mentioned in the last report of the Secretary-General (S/2001/1089), sites are being prepared for the installation of new facilities and deep freeze equipment. The equipment has already arrived in the country and has been distributed to the sites. Nevertheless, the cold chain, an important element in the distribution and storage of foodstuff that requires a temperature-controlled environment, remains inadequate because items, such as refrigerated trucks, ammonium compressors and spare parts, are on hold.

32. United Nations observers visited silos and mills to assess the efficiency, effectiveness and impact of tempering units on milling performance. Moisture meters and electronic weighing devices were also received by a number of the mills. These inputs improved the milling performance and consistency in the moisture content of flour. The results of quality tests carried out on grain and wheat flour were also enhanced. Tipper trucks and wheel loaders were received by the silos to facilitate handling of stored grain at the perimeter of the facility, and fuel tankers to support the operation of the 10 MW standby power plants.

33. During the period under review, equipment, such as complete flour mills, infestation control and weighing and packing machines, valued at \$70 million were supplied to silos and mills in the centre/south of Iraq. Equipment representing 60 per cent of the total amount contributed to improved milling capacity and 40 per cent are spares for the maintenance of silos and mills. However, contracts for the supply of key items, including laboratory equipment to perform basic qualitative and quantitative tests on grain and wheat flour, as well as material for the fumigation of grain, remain on hold. Similarly, because of holds on laboratory equipment, the testing of incoming food basket items, by both the Central Organization for Standardization and Quality Control and the State Company for Foodstuffs, is severely hampered.

34. Products from the textile, cotton, wool, vegetable oil and soap industries have increased with the arrival of equipment, spare parts and supplies. The input of raw materials and spare parts is credited for the reopening of the vegetable oil and soap factory in Missan, which was shut at the end of 2001. However, because equipment and machinery ordered by the dairy industry, such as ammonia compressors, homogenizers and air compressors, remains on hold, plants have deteriorated to a point where operating conditions are unhygienic and the quality of the products cannot be assured.

Health

35. The increased availability of imported and locally manufactured drugs has resulted in a general improvement in the delivery of health care in the centre/south of Iraq. The Ministry of Health reported notable increases in the number of consultations for preventive and curative care during 2001. Compared to 1997, laboratory investigations increased by 25 per cent and major surgical operations by 40 per cent. Similarly, among children under five years of age, the prevalence of some common diseases, such as acute respiratory infections and diarrhoea, have declined by 22 per cent and 20 per cent, respectively.

36. The adequacy of medicines has improved in hospitals and in pharmacies for chronic illness. However, at other health facilities, many drugs are only available in limited quantities because of the unpredictable rate in deliveries. Rationing of medicines, especially antibiotics, continued to be the practice in health facilities with the exception of hospital in-patient departments. The shortage of some vital medicines is seriously hampering surgical operations under general anesthesia, treatment of patients in various emergency situations and those in labor. Medicines used in these cases include neostigmine and atropine (both on hold), suxamethonium, aminophylline, adrenaline and oxytocin. These are in short supply due to irregular arrivals. Patients suffering from diabetes, cardiovascular diseases and epilepsy did not receive their full monthly medication because unpredictable deliveries diminished stocks of insulin, digoxin and sodium valproate, respectively. Irregular arrivals are attributed to the complex contract and procurement procedures, compounded by long lead times for delivery by suppliers. These impediments could be addressed by rationalising the bulk procurement procedures.

37. Installation and operation of medical equipment have improved patient services in hospitals and laboratories. However, the lack of critically needed laboratory reagents, chemicals and some diagnostic kits reduces the capacity to perform various essential tests, particularly bacteriological and biochemical.

38. Samara Drug Industries (SDI) continued to receive supplies, machinery and equipment through the programme. Despite reported shortages of some raw materials due to erratic arrivals, inputs under the programme have assisted SDI in increasing its production capacity. However, there are limitations, as noted in the case of oxygen. The estimated demand for medical oxygen is 8 million litres per year. Medical oxygen currently produced by SDI barely covers 9 per cent of this estimated demand for medical and surgical services in hospitals. Two contracts for 22 medical oxygen plants, intended to overcome the reported shortage, are on hold. The Arab Company for Antibiotics Industries (ACAI) will substantially complement SDI's output. Inputs for the production of antibiotics began to arrive in the factory in March 2002. However, ACAI still needs filters, additional tablet production lines and other complementary items, all of which are on order.

39. Two countrywide rounds of the Polio National Immunization Days (NIDs) were conducted in November and December 2001 and a total of 4.35 million children under five years of age were vaccinated. Countrywide, the first series of Polio NIDs for 2002 was executed in April and a total of 4.4 million children under five years of age were targeted. The measles immunization campaign targeting 3.7 children from 9 to 60 months of age was conducted countrywide in March 2002.

40. A review was conducted in January 2002 to identify the impediments to an efficient drug supply management system in the three northern governorates. The preliminary findings were presented to the Committee during the 20 March 2002 briefing on the health and nutrition situation in Iraq. The review noted that there has been an improvement in the availability of essential drugs and basic supplies in the last two years. However, sporadic shortages of a few but vital items and chronic shortages of laboratory supplies are still experienced by most health facilities because of inefficient procurement procedures coupled with long lead times for delivery by suppliers, over-prescription by medical practitioners and the lack of reagents resulting in delays in quality control testing. Corrective measures, such as the introduction of a warning system for early detection of shortages and expiry dates, training and capacity building,

enhancement of the Health Information Electronic Data Processing System, redistribution of surplus drugs among the three northern governorates and improved collaboration between the programme and the Ministry of Health/Kimadia, are producing positive results. These matters are under constant review in order to identify and redress problems as they may emerge.

41. To further improve the situation, the review team also recommended that suppliers be held accountable for on-time deliveries. It also suggested that information flow on drug procurement and movement amongst parties be improved, the possibilities of streamlining the bulk-procurement procedures be considered, priority holds be released and drugs produced by SDI be made available to the north. A report is being compiled and will be finalised in the near future.

Nutrition

42. The shortage of high-protein biscuits (HPB) and the non-availability of therapeutic milk, mentioned in the last report of the Secretary-General (S/2001/1089, para. 62), continued during phase XI. The cancellation of two contracts for HPBs by the supplier was exacerbated by the delays in identifying new suppliers and ordering. One contract for therapeutic milk was cancelled by the supplier and a contaminated shipment was not replaced by another company.

43. In the period under review, United Nations observers reviewed the distribution and adequacy of selected nutritional inputs, including vitamin A, iron folate, and seven special types of milk powders. The vitamin A content of the food basket was analyzed, revealing that the average amount of Vitamin A available per person per day was 1,206 International Units. This represents 60 per cent of the Recommended Daily Allowance (RDA) for Vitamin A in developing countries. The balance in deficiency is unlikely to be met by a population with meager or no income. The consequence of a 40 per cent shortfall in RDA for Vitamin A is increased child mortality through vulnerability to diarrhea and measles, and also to upper respiratory tract infections.

44. Routine screening of malnourished children under the age of five by UNICEF during the reporting period confirm an improvement in the nutrition status of children in the three northern governorates. During the last six months 465,000 children were screened for malnutrition. The results showed that moderate malnutrition rates decreased from 5.1 per cent to 3.1 per cent during the reporting period. However, UNICEF reported that children under five years of age, in rural and remote areas, who do not have easy access to public health clinics, showed comparatively higher rates of malnutrition. Afflicted children were referred to one of the 13 nutrition rehabilitation centres where high protein biscuits and therapeutic milk were distributed to malnourished children and lactating and pregnant women.

Water and Sanitation

45. Assessments conducted by United Nations observers on 40 per cent of the 218 water treatment plants and 24 per cent of 293 water compact units during the period under review indicate that installation of programme supplies have led to increases in water availability at household levels. To ensure supplies to consumers, the Government made a strategic decision to

focus on pipe network rehabilitation in the centre/south of Iraq. This initiative would benefit at least 2.2 million people.

46. There is a general improvement in the quality of potable water as evidenced by an overall decline, reported by the Ministry of Health for 2000 and 2001, in the percentage of failed samples of bacteriological and chlorine tests. This improvement in water quality is largely attributable to continuous availability of programme disinfectants, such as chlorine gas and bleaching powder, the increased arrival and installation of chlorinators and gradual progress on rehabilitation of the water distribution network.

47. Observations of 82 water treatment plants indicate that their performance efficiency increased by 5.6 per cent after the installation of programme equipment. Further improvements in water production and quality can only be achieved with the arrival of electromechanical equipment, most of which remain on hold.

48. Water treatment compact units serve semi-urban and rural areas. During the period under review, 293 units, representing 24 per cent of the total, were assessed, nine per cent of these were new units, 33 per cent had not received programme inputs, and 61 per cent received pumps, chlorinators, dosing pumps and generators. This resulted in an increase in the availability of potable water from these plants. For example, water production, at units managed by water authorities, increased from an estimated 157 liters per person per day (l/c/d) to 188 l/c/d. Those managed by local communities showed an increase from 88 l/c/d to 112 l/c/d. However, the Iraqi national standard is 250 litres per person per day for semi-urban and 180 for rural areas. To increase potable water supply more compact units, generators, sedimentation tanks, chlorinators and spare parts, such as filters are required.

49. The deficiencies in manual record keeping at governorate warehouses and 264 project sites assessed hamper efficient operations of these facilities. The release from hold of computers will greatly enhance overall operations.

50. An initial survey at the start of the programme determined that priority should be given to rural areas. Programme implementation achieved considerable progress. To mitigate the effects of a three year drought, in addition to the supply of potable water through tankers, emphasis was given to rehabilitating and constructing water projects. Extraordinary rainfall levels in 2001/2002 eliminated the need for tanker provision by end of January 2002. Problems in urban water network services are now receiving greater attention, with mapping exercises and the preparation of tenders for the rehabilitation of water and sewage networks.

51. WHO supported the collection of 10,940 water samples in the three northern governorates for bacteriological analysis. Results showed that the quality of drinking water in urban areas, but not in semi-urban and rural areas, complied with WHO guidelines - 98 per cent of the 1,472 of water samples subjected to chemical testing complied with WHO guidelines.

Agriculture

52. During this winter, rainfall was close to the normal levels of 300-500 millimeters. A bumper harvest of wheat, in the region of 1.6 million metric tons, is expected in the centre/south of the country, and approximately 500,000 metric tons in the north. Water levels in the rivers are rising gradually. This, coupled with an increased supply of irrigation inputs under the programme, is resulting in a substantial increase in water supplies for agricultural production.

53. Poultry rehabilitation is one of the programme's achievements. Before its inception in 1996, there were only 1,000 poultry farms. By the end of 2001, there were 4,200 broiler farms and hatcheries. Prices of white meat, red meat and eggs went down by over 50 per cent. Chicken meat production increased from about 50,000 metric tons in 1999 to about 100,000 metric tons in 2001, while production of table eggs doubled to 460 million a year.

54. However, the achievements are at a high risk of being compromised, with a resultant decrease in production, by the outbreaks of Gumboro, Newcastle and Marek's Diseases, registering a 70 per cent mortality rates amongst egg-laying hens (layers) as demonstrated in an analysis of data for 75 groups, collected at more than 50 farms, during January 2002. Vaccines for these diseases are on hold. The other factor contributing to high mortality is the inability to determine feed quality, specifically for the imported soybean meal and corn, where the possible presence of mycotoxins could increase mortality rates. Laboratory equipment for feed quality control is still on hold, hampering essential tests required for implementing and maintaining feed quality standards.

55. Pesticides, for the control of increased whitefly infestation in citrus orchards remain on hold. The inadequate supply of vaccines, to control animal diseases, remains the main concern for animal health and production.

56. The value of holds, the effects of which are felt across the agriculture sector, have increased by 81 per cent, from \$393 million to \$709 million, between November 2001 and April 2002. A major portion of this, almost 86 per cent is for agriculture machinery, especially vehicles and agro-industry equipment. The value of contracts currently on hold in the irrigation sub-sector increased by 19 per cent, from \$185 million to \$220 million, during the reporting period. This includes essential equipment needed for the rehabilitation, operation and maintenance of existing irrigation, drainage and land reclamation projects. Contracts on hold for the Animal Health and Production sub sector increased from \$5.3 million to \$14.6 million. These include, poultry vaccines against Infectious Bronchitis, Gumboro, Marek and Newcastle diseases, hatchery spare parts, cool and dry trucks for transport of hatching eggs and one-day old chicks - all essential items for maintaining the success of the Poultry Revival Programme. The concerning situation created by the holds on animal and poultry vaccines is such that the Government of Iraq, in an effort to facilitate the release of holds placed on these vaccines, has offered to entrust to FAO, the responsibility to store, distribute and manage all imported vaccine stocks on its behalf.

57. The Government's distribution system for agricultural inputs is efficient. Eighty five per cent of the total value of agriculture supplies that have arrived in Iraq since the start of the programme, were distributed to end-users. One anomaly is in the distribution of agricultural

machinery spare-parts. An assessment, conducted by United Nations observers in the 15 governorates of the centre/south of Iraq, revealed that a complex administration, compounded by the limited availability of transportation, results in a four-month delay in distribution after spare parts arrive in the country. Inventory levels also remain unnecessarily high because of the accumulated supply of infrequently used spare parts, the poor quality of some parts, the high prices for some essential spare parts, and inadequate profit margin for the agents.

58. In the three northern governorates, in an attempt to sustain and enhance the availability of animal protein and micro-nutrients which is deficient in the food basket, the programme distributed 187 metric tons of forage seeds for winter fodder, 6,641 metric tons of vegetable seeds and 14,804 metric tons of fertilizer. Improved production of fruits and vegetables was secured through the rehabilitation of 30 projects for the irrigation of 1,500 hectares of land.

59. Efforts to reduce the use of agro-chemicals continued through the promotion of integrated pest management awareness campaigns, which reached over 20,000 farmers in 2,236 villages. Efforts were also intensified to control major epidemic and economically or zootomically important animal diseases through vaccination and active disease surveillance. Except for two isolated incidents of Foot and Mouth Disease in Erbil and Dahuk governorates, no outbreak of a trans-boundary animal disease was encountered during the period under review.

60. During the period under review, 6,703 calves were born through artificial insemination. This will increase meat production, with a similar effect on medium-term milk production. Assistance to vulnerable groups through the provision of high breed layer chickens, poultry feed and veterinary services continued under the backyard poultry programme. Since the aim is to improve the nutritional status of the population, 600 layer chickens and 12,000 kilo grams of poultry feed were distributed to needy families in the last six months, bringing the cumulative total of beneficiaries to 35,041.

Electricity

61. During the initial phases of the programme (phases I-IV), contract applications focused on meeting the emergency requirements of power stations and distribution systems. However, from phase V onwards, the allocations have given increased attention to the rehabilitation of power plants, addition of new gas and thermal generating units, and maintenance and reinforcement of the transmission and distribution systems.

62. The major applications released from hold during the period under review include supplies for the maintenance of Beji Thermal Power Plant; two 210 megawatt (MW) power generating units and complementary items for the construction of the new thermal power station at Yousifiya, and complementary items for the rehabilitation of two 200 MW power-generating units at Hartha Thermal Power Station. In two to three years, due to the long lead-time for the delivery, installation and commissioning of the equipment, these supplies will add approximately 900 MW to the national available capacity, thus reducing the power supply deficit in the country to 1,100 MW.

63. The total value of contracts on hold in the electricity sector, as at 30 April, amounted to \$894 million, representing 21 per cent of the total contracts on hold. In November 2001 the Committee approved funding for the supply of two gas turbine units of 150 MW each (Comm. No. 702374) for Dibis gas power station for reconnection of the two northern governorates of Erbil and Sulaymaniyah to the national electricity grid. This application remained on inactive hold for six months, awaiting the provision of additional technical information by the supplier, as requested by the holding Committee member. The information was provided by the supplier in mid-May 2002 and is currently under review by the holding Committee member. The release from the hold of contracts for Dura thermal power plant and for chemicals and equipment for power plants and communication system is still required as a high priority. The release of contracts on hold for new gas turbine units at Najaf and Rumaila and for large thermal units at Salah Al-Din and Al-Shimal thermal power plants, would not be online to alleviate the shortage in power supply until at least five years, because of the long lead time required for construction, testing and commissioning of the plants.

64. Yousifiya Thermal Power Station is one of the major ongoing projects. In the first phase of the project, three 210 MW generating units will be installed, with commissioning scheduled for two to three years. Of the five applications for this project on the priority list, two applications, Comm. Nos. 901750 and 901752 have not yet been released. Their retention on hold will delay the commissioning schedule.

65. The peak load deficit in power supply which reached 2,500 MW in August 2001 is expected to remain largely unchanged, although the higher rainfall this year and the significantly higher water level in dams and reservoirs should result in a much higher amount of hydropower generated than the 450 megawatts or 18 per cent of installed hydropower capacity that was available last year.

66. During the reporting period, water levels in Derbandikhan and Dokan dams have risen by 24 metres and 21 metres, respectively, as a result of the rainfall recorded in the winter which is among the highest on record. The water levels are expected to rise further as the thaw occurs in the catchment areas. This inflow is sufficient to sustain normal electricity generation for an extended period. The generation output of the hydro power stations in Dokan and Derbandikhan has been estimated at 200 MW for at least the next 12 months. The total average sustainable generation output available throughout the network will be 250 MW. Unfortunately, in the short term, Erbil governorate will not benefit from the power generated by Dokan because the distribution network is in need of rehabilitation, after lying idle for three years. UNDP is, therefore, assisting with the implementation of a four-ampere supply system as well as undertaking required rehabilitation. Rehabilitation of this network is being implemented through a four-year programme. Work started late last year after surveys, planning and procurement were completed.

67. Power available from Mosul for Dahuk governorate fluctuated during the reporting period. It reached 54.9 MW at the end of April 2002 but this is less than 40 per cent of the requirements. The 29 MW diesel plant in Dahuk commenced 24-hour operations on the last day of March 2002.

Education

68. In the centre/south of Iraq, basic, primary and secondary and higher education continue to be affected by the severe shortage of teaching materials, furniture, books, stationery and laboratories. To date, the Ministry of Education has submitted a total of 28 contracts for rehabilitation materials, valued at \$72 million. Although rehabilitation materials, valued at \$2.2 million, have been distributed, United Nations observation data suggest that 83 per cent of the schools are in poor state of repair. Primary education has shown the least improvement. Primary schools are overcrowded, poorly maintained, and have poor sanitation. Contracts remaining on hold, the absence of a cash component, low salaries for teachers, and community apathy all contribute to this state of deterioration. The growth of the student population and the Ministry of Education's inability to build sufficient number of new schools, have turned the operation of double-shifts into a standard practice.

69. According to an assessment of the hygiene and sanitary conditions in primary schools in the centre/south of the country, only 50 per cent, from a sample of 353 out of a total count of approximately 10,000, had regular water supply. Although the distribution of programme inputs has resulted in some improvement, a reliable supply of water cannot be assured in the absence of tanks. Under these conditions it comes as no surprise that sanitary facilities in the majority of schools fail to meet the most basic hygiene standards and expose children to serious health hazards.

70. Laboratory equipment distributed to secondary schools now meet approximately half of the needs. Laboratory furniture contributed to improvements in the teaching and learning environment in 22 per cent out of a total of 3,000 schools.

71. In higher education there are 48 universities, technical institutes and technical colleges catering to an estimated 300,000 students. The introduction of supplies such as furniture, air conditioning units and refrigerators, imported under the programme, has been credited for the opening of the Department of Engineering Materials at the University of Technology in Baghdad and the College of Administration and Law at the University of Tikrit. While the recent release from hold of 6,000 computers is a positive development, the non-availability of scientific literature continues to be an obstacle to the improvement of academic standards.

72. In the three northern governorates, greater access to education and participation resulted from construction and renovation projects in secondary and tertiary facilities, valued at \$4,603,974. This was complemented by the production and distribution of 2,000 school desks and the provision of transport to 15,675 students, living in rural and isolated areas and urban slums, in the governorates of Erbil and Dahuk. These interventions resulted in a 3 per cent increase in school attendance in secondary and tertiary education, beginning in 2000. Sulaymaniyah governorate is not included in the transportation program because the needs have not yet been identified.

73. At the secondary and tertiary level, the quality and relevance of education is being addressed through training and technical assistance and international procurement of didactic materials, laboratory equipment and educational supplies. Training of 1,120 teachers,

administrators, staff members and students in the urban centres is complemented by the Distance Education project which targets the basic needs of the less advantaged teachers and students in urban and remote areas. At the primary level, the teaching skills of all 33,000 primary school teachers continue to be upgraded, on all subjects in the curriculum.

74. The School Mapping Project (SMP), launched in November 2001, has entered its third stage. This involves the implementation of a 2-3 month survey, covering 3,118 primary and 701 administrations for secondary, vocational, teacher and fine arts schools and institutes. As a project outcome, gender-disaggregated information on enrolment rates and distribution of schools, relative to student teacher ratios in primary education, is now available. Completion of the SMP is scheduled for mid-July 2002.

75. In the three northern governorates, schools that instruct 10 to 18 year olds who have either dropped-out or never attended school are being supported in a programme to combat illiteracy. Additionally, according to a household survey, 19 per cent of girls do not reach grade 5, and an education project, exclusively for girls in this category, is to start in June when school facilities can be used during the summer break.

Telecommunications

76. There has been a quantum improvement in the local and trunk telephone networks in the country. It is now possible to telephone subscribers within Baghdad. The trunk network is similarly dependable and calls can be made from remote rural locations in the country 15 governorates in the centre/south. This greatly facilitates not only social aspects of society but enables the population to reach emergency services with a degree of confidence.

77. This improvement in telecommunications results from the Outside Plant Network (OSP), which provides connectivity to the subscriber through telephone cables, because of the arrival and installation of jelly-filled telephone cables, aerial cables, jumper wires and cable accessories. Thirty per cent of the cables have been used for the replacement of old paper insulated copper cables and the rest for the expansion of OSP Network. This expansion is in anticipation of installation of telephone exchanges, which have started arriving into the country. Further improvement in the telecom infrastructure and international connectivity is expected after the installation and commissioning of the satellite earth station and the corresponding international switching centre equipment, which arrived during the period under review. Commissioning of these two systems is expected in mid-July 2002.

78. Further progress in the telecommunication network can only be expected after the arrival and commissioning of the transmission systems and the release from hold of optical fibre links for connections to Amman and Damascus.

79. Due to contracts on hold, ITU reported no tangible progress in field-work, in the three northern governorates. In December 2001, ITU signed a contract (Comm. No. 51587) for the installation and commissioning of telecommunication networks, but the contract was placed on hold with a request for further clarifications, which are still pending. Furthermore, terms of reference for the projects under phases VIII and IX have been prepared, but funds allocated for

phase XI, \$60 million have not yet been confirmed because of reduction in revenues available. Therefore, most activities were limited to the study and revision of the distribution plans, collection of necessary data on the existing networks and estimation of public demand, based on field inspection and site survey.

80 . As part of ITU's sectoral planning, enhancement of the telecommunication over five years was addressed. The proposed plan is based on field data and updating of available information on the existing system. Studies found that the penetration ratio (number of telephone lines per 100 inhabitants) is around 1.5 per cent. In the medium term (within five years), the primary objective of the plan is to raise this ratio to 7 per cent and ensure sustainability of the system.

Housing

81. Determined efforts by the Government to import building materials, equipment, machinery and spare parts needed for residential construction and for the rehabilitation of the construction industry resulted in the completion of 7.37 million square meters of residential housing during the reporting period. This figure represents 34,400 new units that can accommodate 275,700 people. The average size of an Iraqi household, according to WFP data, is 8 persons.

82 . Analysis of observation results indicates that 14.93 million square meters of housing construction were built in 2001, compared to 13.93 million square meters in 1990. This corresponds to 64,932 new housing units, which could accommodate 551,922 people, generating 219,328 new job opportunities of both skilled and unskilled labour. The Government is also implementing small-scale staff housing projects. Observation revealed that out of a sample of 135 project sites visited, 16 sites belonged to this category. The number of units in each project ranges between 12 to 64.

83 . The local production of building materials has improved with the progressive arrival of programme inputs of machinery, spare parts and materials. Cement production increased from 3 million tons in 2000 to the current level of 6,567,000 tons. With further release of contracts for the rehabilitation of factories, such as cement, steel foundries, glass, ceramic tiles and plastic pipes, production and affordability levels should improve.

84 . As previously reported, the geographical distribution of materials continued to respond to demand. Despite the subsidized prices benefiting private users, many families cannot afford to purchase the materials allocated to them. Some buy only a part of the quota preferring to delay their construction plans until cash becomes available or sell the materials in the local market. Many move into incomplete structures, sometimes with make-shift doors and windows, or stop in anticipation of improvement in their financial situation. In some newly distributed plots, where land is not yet developed, end-users delay their construction until the provision of basic services such as water and electricity are available.

Settlement rehabilitation

85. During the period under review, UN-Habitat completed the construction of 2,948 housing units for Internally Displaced Persons (IDPs) in the three northern governorates. UN-Habitat estimates that between 9,000 to 11,000 residential units will be completed during 2002. The number is slightly lower than the original estimate because a large volume of construction work is going into the provision of basic services for units previously delivered. Nevertheless, the number indicates progress towards meeting the delivery target of building at least 12,000 housing units a year, a rate of delivery necessary to achieve the primary goal of constructing 40,000 to 50,000 units.

86. The steady expansion of construction activities has inevitably led to constraints in the sector both with respect to the capacity of contractors and the supply of materials, and efforts are underway to overcome these problems.

87. Shortages of cement, during the peak construction period, May to October, represents a critical constraint to programme delivery. As a short-term measure, there has been an international procurement of 70,000 metric tons of cement. This will be maintained as a strategic stock to sustain construction operations during the peak period. A feasibility study into the local production of cement, including that relating to the repair and rehabilitation of the Tasluja cement factory, has recently been commissioned.

88. The UNOPS Relief Assistance Programme (RAP) continued to provide basic winter relief assistance to internally displaced families. In November 2001, UNOPS was tasked to address the most immediate and basic water, sanitation and other renovation requirements in shelters and tent camps. The four camps, Benislawa; Balqus; Mogubla and Akre, which required priority attention, benefited from improved sanitation. Closer and more effective coordination and integration of activities in the distribution of relief items, water and sanitation, rehabilitation and reintegration of displaced persons into society are being closely examined. While resettlement rehabilitation now comprises comprehensive packages to include roads, community buildings, and other facilities, a number of recent reviews and studies by UNOHCI, UN-Habitat and UNOPS have reaffirmed the need to focus on providing housing quickly for the considerable number of Internally Displaced Persons who now occupy tents or public buildings. In this regard, a targeted and aggressively paced emergency housing programme is being finalized for urgent implementation by UN-Habitat. The UNOPS RAP, in the interim, will continue to address urgent needs at temporary sites until such time that they can be closed.

Mine action

89. The UNOPS mine action programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah continued refining its prioritisation process mentioned in the last report of the Secretary-General (S/2001/1089). In the period under review, 993 villages encompassing 3,170 minefields were surveyed and evaluated to determine those with the highest socio-economic impact. To optimise the current mine clearance capability, 18 manual demining teams were restructured into 38 smaller, flexible and efficient teams.

90. The mine action programme, in support of eight United Nations agency projects for housing, resettlement, and electrical infrastructure throughout the three northern governorates, continued demining activities in 78 minefields. The impact, of the 24 UNOPS demined areas, during the reporting period, can be measured in terms of cultivated land, grazing land, and casualty reduction. The 1.7 square kilometers formally handed back will allow for an anticipated 74,373 kg of crops to be produced and grazing for 14,795 livestock, without threat of landmines - 24 mine/unexploded ordnance deaths, 12 injuries and 257 livestock fatalities had been previously associated with the 24 minefields. After demining, no further incidents have been reported. As a priority project, the programme also supported the United Nations Development Programme-Electricity Network Rehabilitation Programme's efforts by clearing a two-meter wide access route to pylons along the existing power line.

91. A local company produced six remote-controlled mechanical mini flail machines. Five have been deployed, in addition to the existing demining resources, for ground preparation purposes in the minefields. Almost a year since the import and deployment of nine mini-flails was held up by the Government of Iraq, resulting in heavy storage and demurrage charges, the Government of Iraq has at last, in mid-May 2002, agreed to allow their import into the country. Technical surveys will be carried out in order to ascertain the serviceability of the machinery in question before a final decision is taken on their importation and deployment. The storage costs now exceed the \$30,000 reported in October 2001 and demurrage charges are accruing at \$11,000 per month since May 2001. The mine action programme also initiated the development of four mechanical front-end loaders and two excavators for ground preparation. Necessary modifications have also been made to the two existing medium flail machines. These initiatives, in addition to the restructured teams, are expected to further increase the pace of mine clearance activities.

92. There were 139 new landmine and unexploded ordnance accidents involving civilians throughout the three governorates during the reporting period. The mine action programme investigates each new incident and identifies measures of mine awareness, demarcation and fencing and disposal of unexploded ordnance to prevent further recurrence in those areas. Services were provided for more than 21,000 patients, over 650 surgical operations were performed, 744 ortho-prosthetic appliances were produced, and 409 mobility aids distributed. Under the integrated approach programme, more than 150 persons in need, from 31 villages, were assessed and referred for services ranging from maintenance of prosthetics to vocational training. In Dahuk governorate, the opening of three new outreach and first aid posts, the feasibility study for an expansion of the surgical capacity for victims of landmine and unexploded ordnance accidents, and the ongoing construction of a rehabilitation and vocational training centre bring the implementation of the network of services for victims into its final stage.

93. Two local non-governmental organisations, one in Sulaymaniyah and one in Erbil and Dahuk, conducted mine awareness programmes in 238 communities. Training courses in Participatory Rural Appraisal methods (PRA) were conducted for the mine awareness teams of all three governorates. The introduction of an interactive method of social research ensures that more information is gathered by villagers and assists them in finding appropriate solutions to threats from landmines.

B. Cross-sectoral considerations

Visas

94. The problem of the delays in granting visas was raised by the Executive Director of the Office of the Iraq Programme, during his visit to the country in January-February 2002. It was agreed to establish four categories of visas, determined by the purpose of the request and the length of stay of the applicant, namely requests for new posts, replacements visas, consultants and headquarter visitors. The agreement further stipulated that the Government of Iraq would grant 105 visas out of the pending applications - 82 of the 105 would be for UNDP-ENRP and 23 for the rest of the Programme. Since 10 February, the Government has granted a total of 192 visas, including the 105 agreed upon. Outstanding number of visas as at 22 May was 120, and the agreement reached in February is being implemented satisfactorily. With better transparency in the format our requests for visas, I look forward for further improvements in the speed of processing our requests in that regard.

Common Programme Framework

95. The policy elements and strategies for the Common Programme Framework have been set following the sector reviews from the UN agencies in the northern governorates. Initial assessment has identified assistance to vulnerable and destitute groups will continue to be the most critical aspect. In this regard, the programme has launched discussions on addressing gender disparities within the programme, given the high correlation between vulnerability and women's access to basic needs and services.

96. The programme is continuing to systematically review project documentation prior to allocating funds under the ESC (13 per cent) account for project implementation. Under a new and streamlined project document processing system, which was established in January 2002 following audit recommendations, 229 projects have been approved in consultation with the implementing UN Agencies and Office of the Iraq Programme. The new system encourages agencies, when appropriate, to produce multi-phase project documents in an effort to improve the project approval process.

Special Allocations

97. Pursuant to paragraph 12 of Security Council resolution 1330 (2000) the Government has sought "to address the needs of the most vulnerable groups in Iraq" through the provision of new hospitals, social housing projects and water/sanitation plants all under the "Special Allocation" sectors included in the distribution plans for phases IX, X, and XI. Contracts for these large-scale projects were awarded on a "turn-key" basis. Against total allocations of \$1.08 billion, the Government has contracted and applications have been submitted to a value of \$780 million. Of these, only contracts worth \$16.25 million have been approved, the remainder being either non-compliant or under processing, \$648 million or on hold, \$116 million. Concerted efforts have been made by the Office of the Iraq Programme to redress this situation, including the visit of a customs expert to Iraq who held discussions with the relevant Government technical ministries,

particularly the Ministry of Housing and Construction. Discussions also took place with potential contractors in continuing efforts to bring the applications to a form that would enable their approval.

Drought response

98. In the three northern governorates, as a result of the high rainfalls during the reporting period, the United Nations inter-agency drought committee widened its scope to include long-term strategies for effective drought mitigation and water resource management. A common framework will enable the programme to support the development of a strategy for an efficient and effective utilization of surface and ground water resources. This will be accomplished through mapping of water resources and projects that utilize water, a coordinated construction of wells, and water conservation awareness programmes.
