

66.1.1. The present state of telecommunication systems throughout Iraq is extremely poor. Apart from the wider social considerations, there are negative consequences for the efficient procurement and distribution of humanitarian supplies. The difficulties experienced by the Ministries involved in implementing the MOU when communicating with their suppliers have contributed to delays in ensuring timely submission of applications and subsequently in the delivery of supplies to Iraq. In the health sector, poor communications between warehouses and hospitals have contributed to delays in the collection of supplies by health facilities. The absence of adequate data links has also hindered the timely passing on of accurate information on requirements. With regard to the electricity sector, this has affected the co-ordination of operation between the source, the transmission stations and substations.

66.1.2. A recent UN mission (August 1998) to Iraq by experts delegated from the International Telecommunication Union (ITU) has concluded that the entire telecommunication infrastructure is deteriorating to such an extent that the quality of service is beyond comprehension. The rate of unsuccessful calls has risen dramatically in recent years and the quality of transmission channels is so bad that it constitutes a major problem for even the transmission of faxes. At present, the transfer of computer files, (data transfer), is almost impossible via the public telephone network and this affects directly UN observation activities and reporting. The mission, further, concluded that the rehabilitation and modernization of the telecommunication network is a huge development project. It would require an investment of US\$ 1 billion or more and its implementation could take between 7 and 10 years. This of course falls outside the SCR 1281 program.

66.1.3. In order to ensure a more effective implementation of a distribution plan and enhanced utilization of commodities imported, communication equipment is required. The requirements presented in the current distribution plan are those identified by ITU mission referred to in item 4 below and has the following objective:

Replacement of damaged or obsolete equipment and introduction of some new equipment that will improve communications in areas of activities of the humanitarian program in Baghdad and other few selected areas. This will directly have positive impact on the improvement of the procurement and distribution system of humanitarian supplies

66.1.4. The plan addresses a few specific projects in Baghdad where most of the humanitarian programme activities are taking place and about 20% of the Iraqi population live. Further, it addresses the microwave / optical fiber links between Baghdad and Mousul, Kerkuk , Baquba, Ramadi and Trebil; including outside plant cables & accessories . These are:

First, replacement of seven old crossbar exchanges in Baghdad (Dauodi,Baya,Dora,Jadiriya,Zafaraniya, Sab-Abkar and Central). These exchanges provide telecommunication services to 132 Hospitals, 1500 Primary Health Care Centers, 52 Private Hospitals and all the pharmacies.

Second, replacement of five old crossbar exchanges in (Basrah, Amarah, Ramadi, Baquba and Mousul).

Third, replacement of damaged digital exchanges in Baghdad, (Salihya and 14th July); and Wasit, (Kut).

Fourth, replacement of analogue microwave links between Baghdad and Mousul with digital links . These microwave links will serve six governorates whose total population is more than (10) million and provide reliable and easy communications between Baghdad and the concerned governorates. This is extremely important for efficient co-ordination and management in the process of the supply and distribution of food and medicine. Some of the direct beneficiaries of this project are those involved in the humanitarian program in the area covered by it including all hospitals and health facilities, food distribution points which includes (10) ration centers, (261) ration branches, (33112) food agents and (10008) wheat flour agents.

Fifth, The cable networks in Baghdad and all other governorates are in a very bad condition. This means that many telephone lines are cross-connected due to contacts or induction effect between various lines in the cable. The provision of new cables and jointing material will improve the quality of service and reduce the mean time between failure of the telephone lines serving hospitals and food distribution points.

Sixth, The construction of an optical fiber link from Baghdad to Trebil. This will provide an international link with Jordan and the Global (FLAG) system. All segments of the Iraqi society will benefit from the availability of low cost telephone calls. This will particularly benefit those Ministries involved in contracting under the MOU, as they will have greater access to potential suppliers and be better able to solve difficulties which arise during the supply process and to monitor the progress of deliveries against orders. Optical fiber offers a cheaper alternative to microwave as the installation costs are less; there is a vastly reduced maintenance requirements; and the cost of using the system is less for all subscribers.

Seventh, There is a need to maintain the existing systems which is outside the projects approved by the MOU. The report of the recent UN expert

mission identified a need to spend in excess of US \$ 1 billion to rehabilitate the system. Budget allocation under phases five and six total approximately US \$ 240 million of which no contract have been approved yet.

The "old" equipment requires ever increasing maintenance and, to meet this increasing demand, a number of maintenance vehicles are required. Additionally, the problems with the electricity sector adversely affect the telecommunication network. This is likely to be worse in the coming year because of the low water levels associated with the drought. Auxiliary generators are therefore required.

66.1.5. The installation of telecommunication projects requires high level of expertise. Before 1991, the staff of ITPC used to carry out all the installation of telecommunication equipment with minor supervision from the suppliers. The same staff was able to put the majority of the remaining systems, immediately after the war, into operation. The plan envisages the utmost use of local resources for the installation and commissioning of the projects, to minimize expenditures.

66.1.6. Whilst the establishment of telecommunication projects requires a very high level of investment, this all risks to be lost unless those projects are adequately maintained. In order to maintain these projects properly, planned on-job training is required. It goes without saying that the new equipment to be purchased is of new technical generation. This will require training in the manufacturer premises.

66.1.7. The Plan allocates US\$ 64.5 million to meet the necessary urgent needs and requirements. Out of this total US\$ 1 million is allocated for the three northern governorates.

66.1.8. In accordance with paragraph 41 of the MOU, the Government of Iraq shall provide the Program with detailed information about the delivery of supplies and equipment to their locations in order to facilitate the monitoring of their use and to make sure of this. The Program will conduct the tasks provided for in paragraph 8 of annex-1 of the MOU.

66.2. RAILWAYS REHABILITATION.

66.2.1 The Iraqi Railways plays a great part in the transportation of food and agriculture products, beginning with the first stage of farming by providing fertilizers, seeds, etc. This kind of transportation from most of the cities in Iraq to different parts of the country requires special wagons and rolling stock. Most of the transportation of food which arrived at Um-Qaser port under the MOU, especially grains and rice, are carried by railways to most cities of Iraq. The Iraqi Railways can not fulfil its obligations to distribute the required quantities of food due to the lack of spare parts for locomotives and wagons, which are needed for this huge transportation task. The number of operating locomotives has been reduced to 65, and the operating number of wagons reduced from 11000 to 1000, representing different kinds of wagons, because of this shortage of spare parts needed for major maintenance. The Iraqi Railways need 365 locomotives per day to be in a position to assure a minimum standard of transportation service. Moreover, the condition of the present railway track system, totaling about 2500 KM, is not in a state of repair which permits the acceptance of this number of locomotives and wagons, because of the non availability of spare parts and materials for maintenance of the tracks, including spare parts for track-maintenance machines. This situation affects the capacity and the safety of the rail transport system, and will only deteriorate further unless urgent measures are taken to halt the decline.

66.2.2. In accordance with paragraph 41 of the MOU, the Government of Iraq shall provide the Program with detailed information about the delivery of supplies and equipment to their locations in order to facilitate the monitoring of their use and to make sure of this. The Program will conduct the tasks provided for in paragraph 8 of annex-1 of the MOU.

66.3. PORTS REHABILITATION.

66.3.1. The port of Um-Qaser is the only port in Iraq authorized to receive commodities imported to Iraq against the MOU. Since 1991 the port facilities have not been maintained and consequently they have now degraded to an extent which is severely limiting the ability to handle humanitarian supplies. To prevent further degradation in the situation it is necessary to dredge the entry channels and repair the port facilities. Dredging. Prior to 1991, the channel and wharf could accept vessels with a draught of 10.5 meters. Today that draught has been reduced to 8.5-9 meters, and as result larger vessels discharge in Jordan(Aqaba) and goods are transported by road to Iraq a distance of 1350 KM. This adds 4 to 5 days to the transit time and increase transport cost by \$38-40 per metric tons.

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Dredging the channels and port will increase in the capacity of Um-Qaser will lead to an increase in the capacity and result in more vessels using the port. This will increase the rate of delivery of Humanitarian Supplies into Iraq and reduce the landed cost of goods by \$38 - \$ 40 per metric ton.

Port Facilities. The state of port facilities has similarly degenerated . Mechanical handling equipment is old and inefficient; safety equipment, including fire fighting equipment, is obsolete and unreliable; auxiliary power, essential to provide 24 hours operation and for safety and security, is non-existent. The availability of tugs and pilot vessels imposes delays on berthing and accordingly on the speed of discharging humanitarian supplies. The speed of discharging has a direct effect on the receipt and ultimate distribution of humanitarian supplies, as well as the total cost of commodities. Any improvement in this area will have a positive effect on the humanitarian program.

- 66-4. A mobile and wireless telephone systems has been also included in the requirements for two main reasons. The first is to fulfill the urgent needs of the health and other humanitarian services, and the second is to act as a stop-gap measure in some areas that have very poor and severely damaged paper insulated copper subscriber networks, or no networks at all.
67. The Central Bank of Iraq has a very urgent need to have the banknote printing machines to improve its capability to print Iraqi banknotes in an acceptable quality reaching the INTERPOL requirements. These good bank notes are very necessary for the public to be used in their our economy, which [is] caused by the simple printing features of these transactions especially for food and other MOU stuff. The people in Iraq are suffering a lot because of the forged money circulated in bank notes. Having the required machines will enhance our capability to supply these people with banknotes as required by the INTERPOL.
68. In accordance with paragraph 41 of the MOU, the Government of Iraq shall provide the Program with detailed information about the delivery of supplies and equipment to their locations, in order to facilitate the monitoring of their use. The Program will conduct the tasks provided for in paragraph 8 of Annex-1 of the MOU.

PART EIGHT
PLAN FOR THE REQUIREMENTS OF THE OIL SECTOR

69. The implementation of the provisions of enhanced distribution plan necessitates achieving steady and sustained rate of oil exports which requires the continuation of the purchase of spare parts, materials and equipment needed for maintenance, rehabilitation and upgrading of obsolete or semi-obsolete equipment and systems as well as development of existing and new oil fields in the upstream sector in order to compensate for the depletion in oil available for export, prevent further deterioration in oil production, processing , storage , transportation capabilities, ensure better reservoir management and improve environmental protections and pollution control.

The Secretary General's letter to the Security Council dated 02/07/1999 re – emphasized his observations in his earlier letter of 15/04/1998 regarding the necessity for expenditure on spares & equipment to prevent severe damage to oil containing rocks & pipeline systems Accordingly, maintaining reliable and safe production and export rates with minimum damage of risk management in the oil fields to generate the revenues required in phase VII requires a substantial increase of funds than that set by para. (8) of UNSCR (1281) to implement the necessary works & projects.

70. In regard to downstream requirements, the provision of various oil products for local consumption meets a range of essential humanitarian requirements including heating, cooking, transportation and electricity production. Hence it is essential to sustain the safe operations of the existing refineries with acceptable standards of efficiency, safety and environmental protection, as well as to continue the rehabilitation, revamping & upgrading of the oil product production & distribution facilities to achieve these aims as well as provide and transport the fuel needed to operate the electricity generating plants in the country. Moreover, overcoming severe and chronic shortages in essential items such as LPG cylinders which have been utilized years beyond their safe working life, requires immediate replenishment and compensation to avoid unnecessary burns and accidents. Similarly, fuel stations and other related facilities should be operated within appropriate safety margins. Hence provision has to be made for the continued supply of urgently required equipment , materials and services in increasing funds, to achieve the above aims.

71. Accordingly and in addition to the Secretary General's recommendation to the Security Council, in his letter of 02/07/1999, to allocate \$ 600 million for the

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Oil Sector in phase VI , an additional allocation \$ 600 million will be necessary for the supply of spare parts, materials & equipment and cost of service contracts that are considered necessary to cover the essential and urgent needs of the oil sector in phase VII, to enable it to implement the necessary works and projects mentioned above. \$ (400) million will be for the upstream and \$ (200) million for the downstream requirements.

An annex coded (08-7) outlining the Oil Sector's requirements will be submitted separately by the secretary general after consultations between his authorized representatives and the Iraqi Ministry of Oil as specified by para. (9) of UNSCR (1281).

72. In accordance with paragraph (41) of the M.O.U., the Government of Iraq shall provide detailed and timely information about the delivery of supplies of equipment to their locations in order to facilitate and ensure observation of their use.
