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WORKING PAPERS

Iraq Status

This briefing is classified
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Highlights

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CPA Priorities:

- Governance
- Security
- Essential Services
- Economy
- Strategic Communications

CPA Intermediate Objectives:

- Support Transition to Sovereignty
- Achieve a Secure and Stable Environment
- Reconstruct Communications & Postal Systems
- Reconstitute Oil Infrastructure

Weekly Highlights:

- Over 12,000 democracy dialogue activities have been held that help educate Iraqis about the transition to sovereignty
- Prime Minister Ayad Allawi announced program to assist veterans' (including militia) transition into civilian life
- Total number of telephone subscribers in Iraq is now over 1,229,000 (incl. 442,000 cell phone subscribers) - 47.5 % above pre-war levels
- As of 06 Jun, estimated crude oil export revenue was around \$7.4 billion for 2004; however, subsequent weeks will be affected by recent attacks



Governance

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- On 08 Jun, the UN Security Council unanimously adopted Resolution 1546 (2004) which:
 - Endorses the Interim Iraqi Government and the transfer of sovereignty on 30 Jun 04
 - Endorses the political timetable and holding of democratic elections by Jan 05
 - Requests security force contributions from member countries as well as encourages them to assist in Iraq's reconstruction
- The Iraqi Property Claims Commission (IPCC) has 21 offices open
 - Four more offices are due to open next month
 - Around 5,000 claims have been received to date
- Fifteen ministries have transitioned to full Iraqi control as of 18 Jun
- Ministry of Foreign Affairs has nominated 47 chiefs of mission for overseas assignments

CPA Objective: Governance

Support Transition to Sovereignty; Develop Civic Participation in Governance; Develop Framework and Capacity for Elections; Promote Respect for Human Rights; Promote Durable Solutions for Refugees and Internally Displaced Persons (IDPs)



Governance (cont.) – National Transition

DEPARTMENT OF DEFENSE

2004

08 Mar

Transitional Administrative Law signed

01 Jun

Iraqi Interim Government (IIG) announced and Governing Council dissolved

Phase I
(Interim Government)

04 Jun

Election Commission established

30 Jun

Transfer sovereignty from CPA to IIG

Jul

National Conference convenes and selects Interim National Council

2005

31 Jan

Elections for the National Assembly complete: NLT 31 Jan 05

Early '05

Iraqi Transitional Government takes power

Phase II
(Elected Government)

15 Aug

National Assembly completes draft of permanent constitution

15 Oct

Referendum for permanent constitution

15 Dec

Elections for government completed

31 Dec

Elected government assumes office



Strategic Communication

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- **To date, over 12,000 Democracy Development Activities (DDA) program activities have been held in communities across Iraq, involving more than 312,000 participants**
 - **Has stimulated civic participation and increased Iraqis' understanding of the Transitional Administrative Law (TAL) and basic democratic principles**
- **Other activities continue in support of political transition and the Transitional Administrative Law (TAL) including:**
 - **Distribution of booklets and leaflets on the TAL**
 - **Numerous focus groups, seminars, public forums, and town hall meetings across Iraq**
- **CPA and USAID continue to undertake extensive activities providing assistance to Iraqi women, including:**
 - **Establishment of women's centers**
 - **Vocational training and education programs**
 - **Civic education and participation**



Essential Services - Water and Sanitation

DEPARTMENT OF DEFENSE
N/P

- Efforts are underway to address potential shortage of potable water in the Basrah region
- A substantial increase in access to potable water should result as work on a number of treatment plants and systems is completed in the second half of 2004, including:
 - Baghdad's Shark Dijlah plant will benefit 750,000
 - Sweet Water Canal and Basrah's plants will benefit 1,750,000 residents
 - Ad Diwaniyah plant will benefit more than 80,000
 - An Najaf plant will benefit 560,000
 - Ninawa' Governorate plants (10 out 67) will benefit 50,000
 - Fallujah will benefit more than 200,000 people
- Plant operations and maintenance training is continuing to prepare Iraqis to assume greater responsibility after transition

CPA Objective: Provide Water Supply, Sewerage & Municipal Services

Create viable organization to deliver water / sewerage / municipal services (WSMS);
 Expand WSMS to meet national needs; Develop full range of municipal services &
 inclusive delivery mechanism; Infrastructure improvements to water resource system;
 Facilities improvements & capacity building within Ministry



Essential Services – Telecommunications and Post

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- Total number of telephone subscribers in Iraq is now over 1,229,000 (incl. 442,000 cell phone subscribers) - 47.5 % above pre-war levels
- As of 11 Jun, 60,000 internet subscribers in Baghdad compared to only 3,000 in 2002
- Since Iraqi Post's International Service Center opened at Baghdad International Airport on 25 May, over 7,000 pounds of international mail has been airlifted out of Iraq
- Internet and voice connectivity for 12 core ministries in Baghdad and 17 governorate sites is progressing
 - Ministries to be completed by 30 Jun and governorates by 30 Jul

CPA Objective: Reconstruct Communications & Postal Systems

Build Iraq's first responder network; Establish independent regulatory agency; Upgrade Iraqi Telephone and Postal Company (ITPC) network; Build transmission component data network for Iraq, incl. international gateways; Restructure ITPC and its business operations; Upgrade and modernize postal systems; Upgrade ITPC outside plant for increased subscriber capacity and use



Essential Services - Transportation

- **Reconstruction of Baghdad International Airport (BIAP) and other activities continue in preparation for commercial operations and increased traffic**
 - A second group of Iraqi air traffic controllers commenced training
 - Work is expected to be complete by Aug 04
- **For the week of 31 May to 06 Jun, the average daily civilian departures were reported as follows:**
 - BIAP 4, Mosul 3, and Basrah 2
- **The last shipment of the city buses donated by the Korea International Cooperation Agency (KOICA) arrived in Baghdad from Kuwait**
 - Includes 50 city buses and 23 over-the-road buses
- **The Iraq Republic Railways (IRR) received 12 prime mover / main generator sets for rebuilding locomotives from the 1980s**

CPA Objective: Restore Economically Strategic Transportation Infrastructure

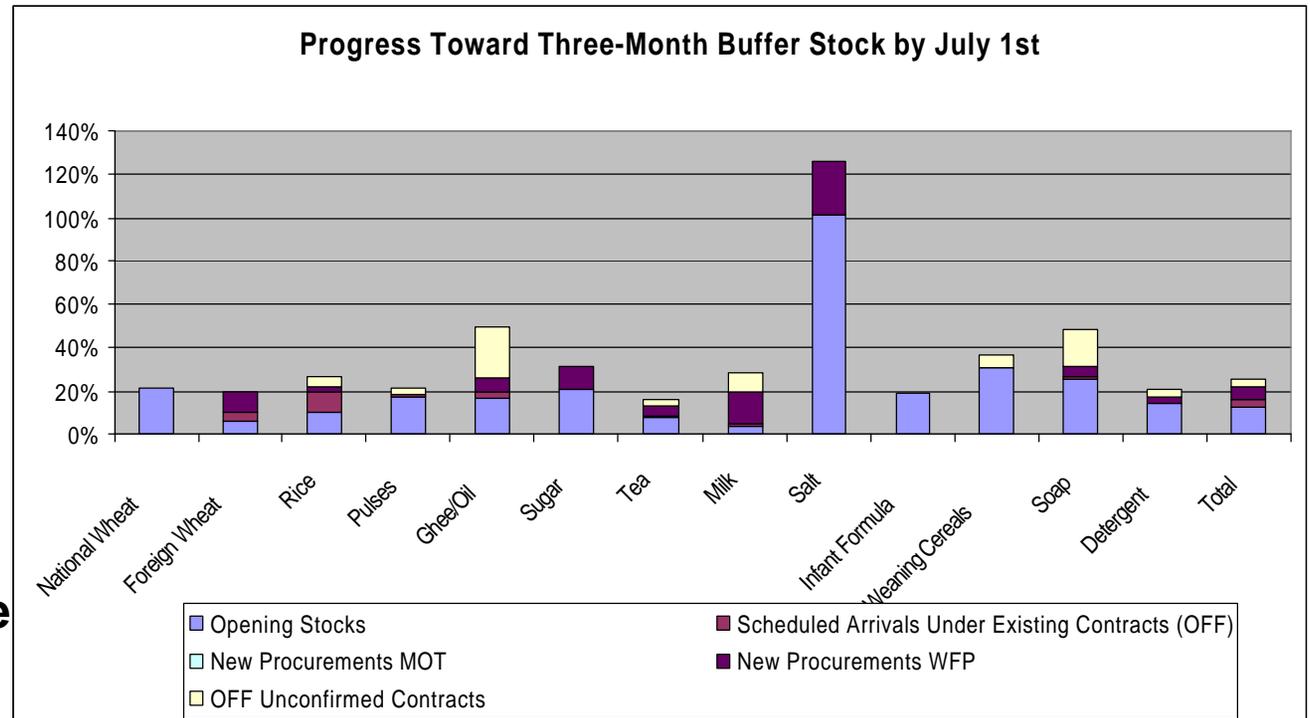
Enable Iraqi civil aviation to prepare for international commercial aviation and cargo service; Enable Iraqi Port Authority to administer a port of call with intermodal capabilities and inland container distribution; Enable Iraqi Republic Railways to provide domestic and international passenger and freight capabilities; Reform civil service at Ministry of Transportation



Essential Services - Food Security

DEPARTMENT OF DEFENSE
N/P

- Chart below shows % of estimated requirements for Public Distribution System (PDS) goods from Apr - 01 Jul
- Requirement includes stocks sufficient for the period and a three month buffer for 01 Jul
- While substantial additional shipments of most goods have been procured, they are not shown as these shipments will arrive after 01 Jul



CPA Food Security Objective: Provide Food Security for all Iraqis
 Enhance capacity of Ministry of Agriculture; Assure supply of inputs; Strengthen research system; Ensure adequate stocks for Public Distribution System (PDS); Monitor food security; Hand over administration of system in the North; Initiate reform of rations basket; Environmental Initiatives



Essential Services - Food Security (cont.)

- **Food availability throughout Iraq has improved through the combined efforts of CPA and Interim Iraqi Government:**
 - **Security on the highways has been enhanced and the ability of trucks to transport wheat and rice is being closely monitored**
 - **Latest reports show that the normal daily requirement for these commodities is close to being met**
 - **Financial incentives for truck drivers have been implemented**
 - **Harvest of national wheat through the end of July will ensure that there is an additional two months supply of wheat**
 - **The offload capacity of wheat at Umm Qasr has improved in recent weeks**



Essential Services - Health Care

- Estimated that 85% of Iraqi children have now been immunized
- 240 Iraqi hospitals and over 1,200 preventive health clinics are operating
 - Iraqi non-governmental organizations are using USAID assistance to rehabilitate health facilities throughout the country
- As part of the Ministry of Health (MoH)'s efforts to address drug shortages:
 - Three shipments of initial emergency drug purchases have been received
 - Delivery of a second emergency drug purchase expected mid-July
- An Iraqi NGO has been assessing the health of 4,000 primary school children in Salah ad Din Governorate
 - Will establish a baseline for future health assessments and strengthen community participation between schools and health facilities
- Training for medical professionals and support for primary health care centers in southern Iraq is improving the awareness and treatment of malnutrition

CPA Health Objective: Improve Quality and Access to Health Care

Develop health care organizations, management, & infrastructure; Train health care professionals; Pharmaceuticals logistic support; Public health



Essential Services - Education

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- **Primary, intermediate, and secondary students are completing their final examinations for the school year with minimal disruption**
- **The Ministry of Education has established a national committee on curriculum reform, which is expected to complete reform in two years**
 - **Includes prominent educators, university professors, public officials, and representatives from NGOs**
 - **An interim curriculum has been prepared that addresses human rights**
- **To date, over 32,000 secondary school teachers and 3,000 supervisors have been trained as part of effort to upgrade the quality of education**
- **Nearly 2500 schools have been rehabilitated to date and an additional 1,200 are expected to be complete by the end of the year**

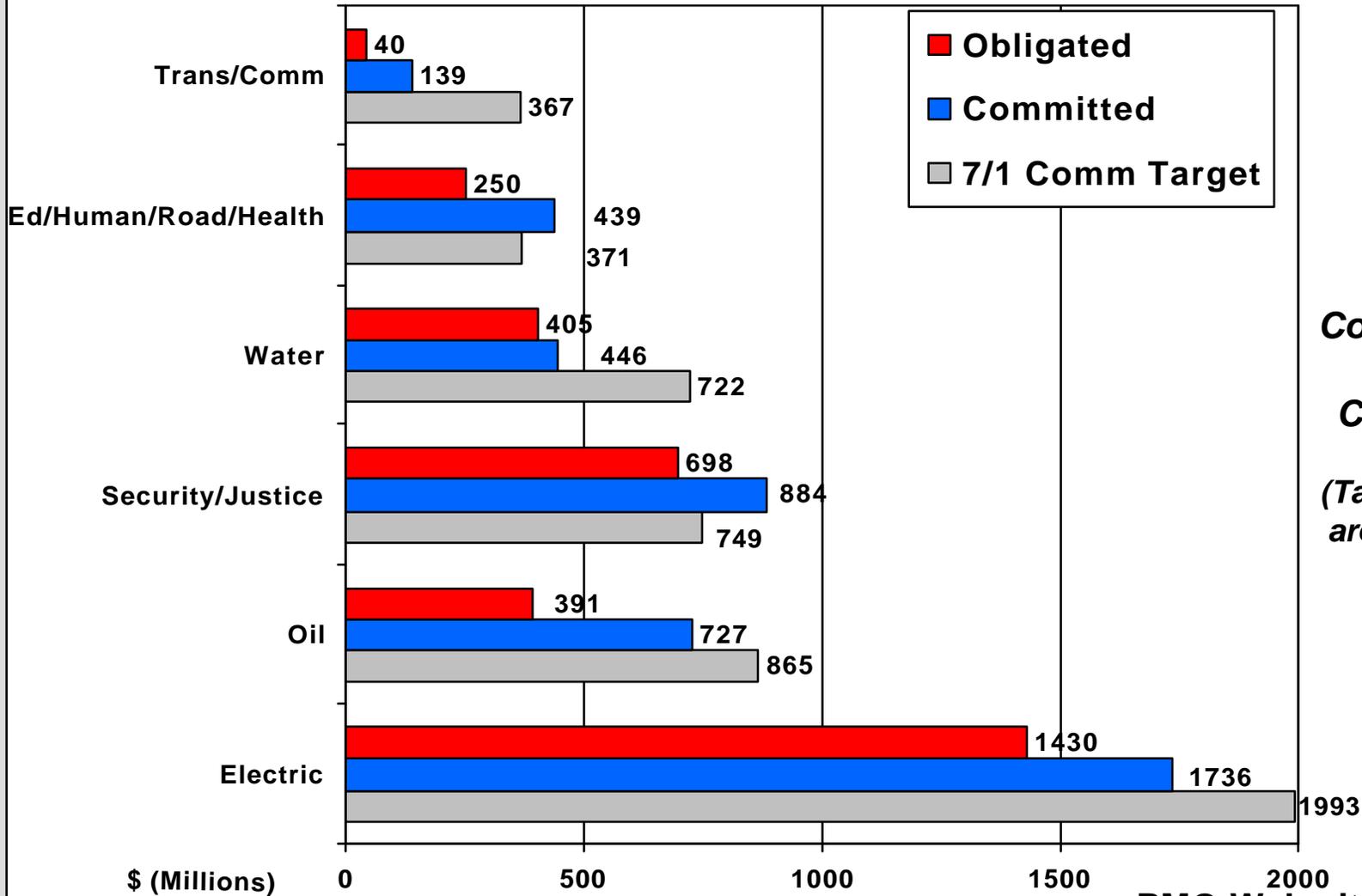
CPA Education Objective: Improve Quality and Access to Education

Reorganize and staff the Ministry of Education; Rehabilitate school buildings and build new schools; Advance national dialog on curriculum reform; Continue and expand teacher training



Program Management Office (PMO)

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Construction Tasks Committed
(Target figures are for 01 Jul)

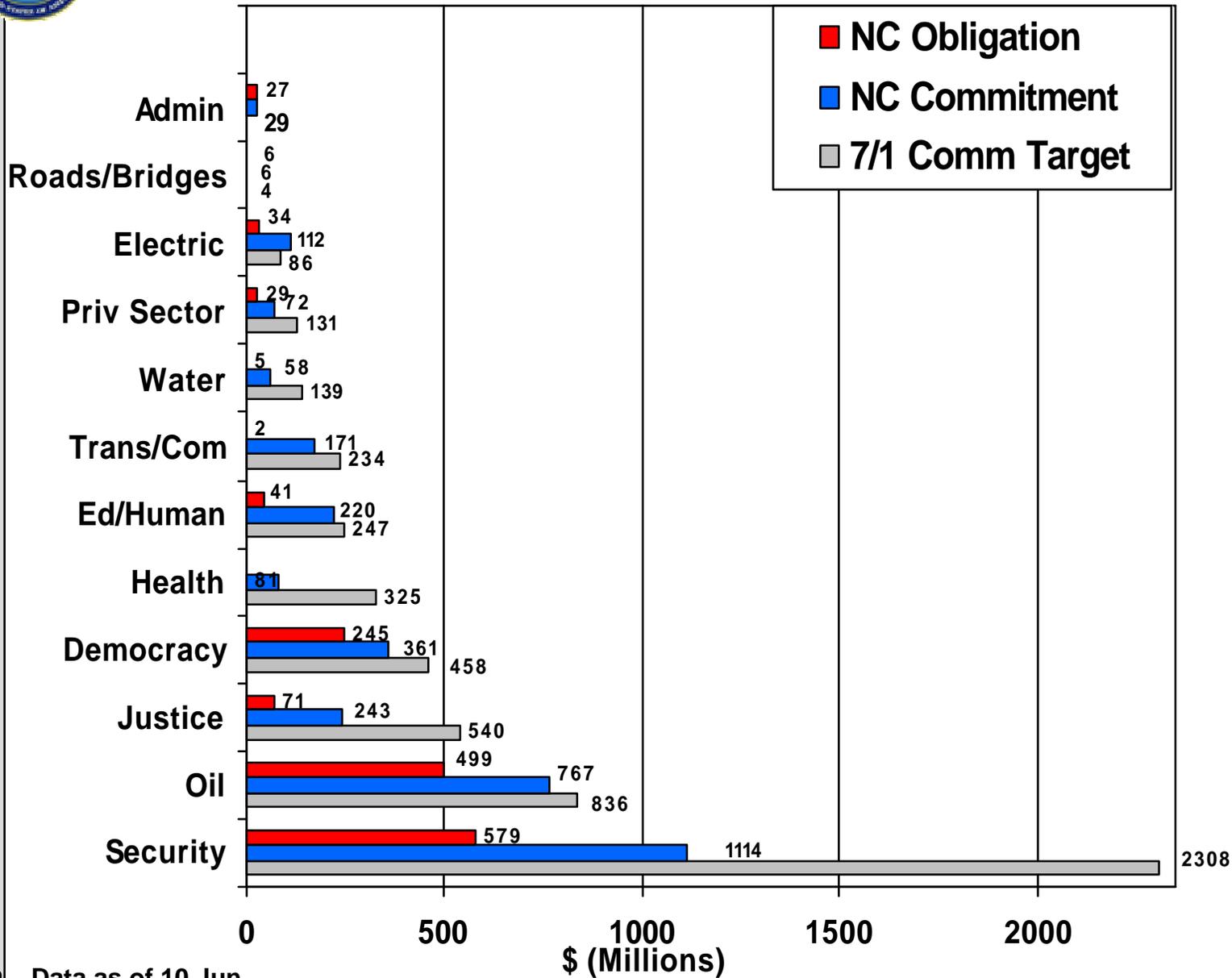
PMO Web-site Portal:
www.rebuilding-iraq.net



Program Management Office (PMO) (cont.)

DEPARTMENT OF DEFENSE

N/P



Non-Construction Procurement
(Target figures are for 01 Jul)

Data as of 10 Jun



Program Management Office (PMO) (cont.)

Sector	2207 Report	Apportioned \$M	Committed \$M	Obligated \$M	Expenditure \$M
Security and Law Enforcement	3,243	2,976	1,797	1,113	191
Electricity Sector	5,539	2,538	1,848	1,464	78
Oil Infrastructure	1,701	1,701	1,494	890	11
Justice, Public Safety, and Civil Society (less Democracy)	1,038	825	445	234	3
Democracy	451	451	361	245	32
Education, Refugees, Human Rights, Governance	259	259	220	41	9
Roads, Bridges, and Construction	370	270	202	81	
Health Care	793	512	323	175	
Transportation and Telecommunications	500	467	309	42	2
Water Resources and Sanitation	4,148	816	504	410	
Private Sector Development	184	136	72	29	
Admin Expense (USAID, CPA Successor)	213	29	29	27	7
TOTAL	18,439	10,980	7,604	4,751	333
CONSTRUCTION	12,406	5,740	4,372	3,214	
NON-CONSTRUCTION	5,582	4,789	2,871	1,292	
DEMOCRACY	451	451	361	245	
Total	18,439	10,980	7,604	4,751	333

DEPARTMENT OF DEFENSE

N/P

Data as of 17 Jun



Economy

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- On 06 Jun, estimated crude oil export revenue reached \$7.4B for 2004
 - Revenues in subsequent weeks will be affected by attacks on northern and southern pipelines
- In Jan 04, the Ministry of Planning reported a national unemployment rate of 28% and an underemployment rate of 21.6%
- As of 04 Jun, the Trade Bank of Iraq has issued 254 letters of credit, totaling approximately \$1 Billion, and covering imports from 36 countries
- The New Iraqi Dinar was at 1,455 dinars per dollar on 08 Jun, and has been stable for four months
- Micro-credit loans now total almost \$5M, with 2,500 clients
- CPA has awarded a new tender for a \$10 million microfinance grant to target areas affected by the recent unrest and southern Iraq in general
 - Loan distribution should start in about two weeks

CPA Economic Objectives:

Build Financial Market Structures; Develop Transparent Budgeting and Accounting Arrangements; Private Sector Initiatives; Design Oil Trust Fund; Lay Foundations for an Open Economy; Pursue National Strategy for Human Resources Development



Economy (cont.)

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- Deputy Governor of the Central Bank of Iraq led a delegation of 13 Iraqi private bankers to New York and Washington, DC on a one - week visit to meet with members of the US, Arab, and international financial community
- CPA Administrator L. Paul Bremer signed CPA Order Number 94, which promulgates a revised Banking Law
 - Removes the limit of six foreign bank licenses in Iraq and makes some technical corrections
- On 15 Jun, the PMO held a business networking event to introduce Iraqi firms to each of PMO's prime construction contract award winners at the Baghdad Forum Convention Center
 - Allowed Iraqi businesses an opportunity to get involved in the construction efforts now underway in Iraq
- The Salah ad Din Chamber of Commerce is developing a Trade Center in Tikrit to support regional investment and businesses

CPA Economic Objectives:

Build Financial Market Structures; Develop Transparent Budgeting and Accounting Arrangements; Private Sector Initiatives; Design Oil Trust Fund; Lay Foundations for an Open Economy; Pursue National Strategy for Human Resources Development



Accelerated Iraqi Reconstruction Program (AIRP)

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- The Accelerated Iraqi Reconstruction Program (AIRP) continues to gain momentum nationwide to meet urgent local needs
- Projects and requirements were developed as a joint effort between CPA, PMO, various US and Iraqi agencies, and local community leadership
- Projects cover: water and sanitation, health, education, building, roads, power, telecommunications, and various other
- Benefits of the AIRP include:
 - 5,400 Iraqis have been directly employed on projects to date
 - Jump starts community essential services construction
 - \$250 million under contract by 30 Jun (\$167 million as of 16 Jun)
 - Rapid execution and impact
 - Stimulates local economy
 - Provides opportunities for local businesses
 - Improves Iraqi quality of life



Iraqi Budgeted Spending for 2004

- The following chart shows budgeted Iraqi spending for 2004 from all revenue sources:

Ministry funding in millions of US\$	Revised Iraqi Budget, March 2004				New OFF	2004	
	Salaries (incl. FPS)	Other Operating Expenses	Capital Projects	Other	Deposits	Budgeted Total	
Finance (with selected major payments)*	17	12,938	184	814	13,953	1,580	15,533
<i>Public Distribution System</i>		2,400			2,400	200	2,600
<i>Fuel Imports</i>		2,100			2,100	0	2,100
<i>Transfer Payments</i>		1,671			1,671	0	1,671
<i>Foreign Obligations (e.g., reparations)</i>		1,432			1,432	0	1,432
<i>Local / Regional Grants</i>		831			831	0	831
<i>Salaries and Retirement Awards</i>		797			797	0	797
<i>SOE Restructuring and Salary Support</i>		761			761	50	811
<i>Regional Development</i>		600			600	277	877
<i>Nation Building Projects</i>		571			571	0	571
<i>Additional Security Projects</i>		500			500	500	1,000
<i>Rapid Regional Response Program</i>		225			225	0	225
<i>CERP</i>		70			70	123	193
<i>All other</i>		981			981	430	1,411
Electricity	8	210	900	-	1,118	315	1,433
Health	230	750	50	-	1,030	0	1,030
Education	682	103	170	-	955	0	955
Transport	7	82	212	-	301	0	301
Housing	37	17	233	-	287	0	287
Oil	5	56	200	-	261	460	721
Public Works	15	21	166	-	202	0	202
Water Resources	19	7	128	-	155	0	155
Interior	367	108	10	-	485	0	485
Justice	42	67	42	-	151	0	151
Defense	77	24	0	-	101	0	101
Other Agencies	265	425	237	-	927	130	1,057
TOTAL	1,773	14,809	2,532	814	19,926	2,485	22,411

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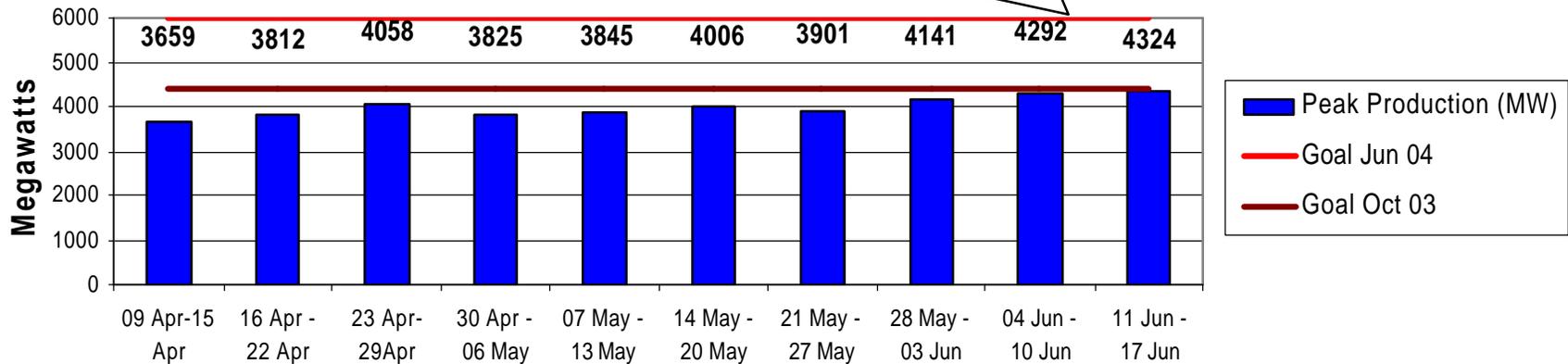
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Electricity Overview

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Goal Jun 04: 6,000 MW Peak Deliverable Generation Capacity

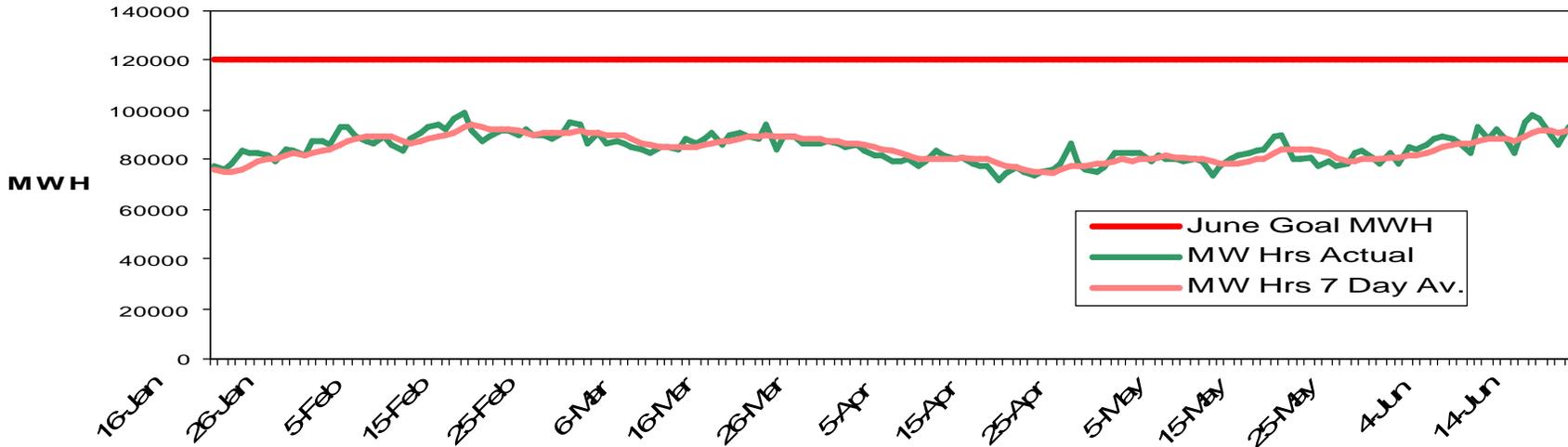


- Ambassador Bremer approved an increase plan in Jan to reach 6,000 MW of peak deliverable capacity and 120,000 MWH of daily production by 01 Jun. Due to unforeseen problems, these goals will not be reached until at least 30 Jun
- CPA spring maintenance program continues, resulting in 1,101 MW of generation capacity currently offline for scheduled maintenance and 556 MW for unscheduled maintenance

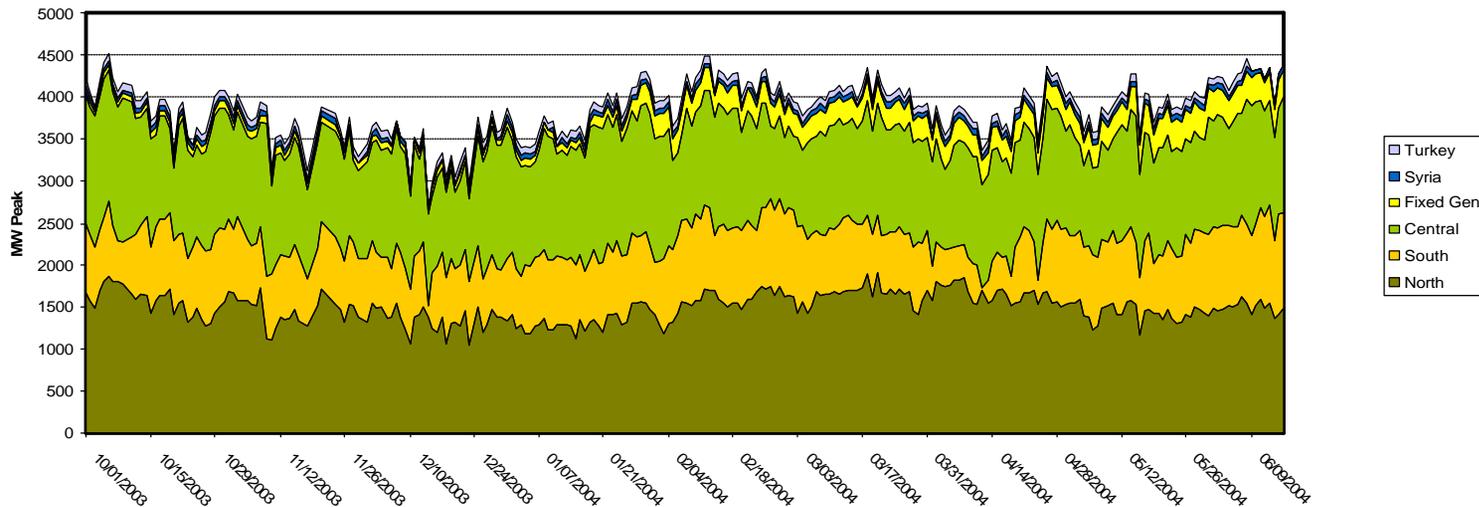


Power Production

Mega Watt Hour Production



Generation By Region

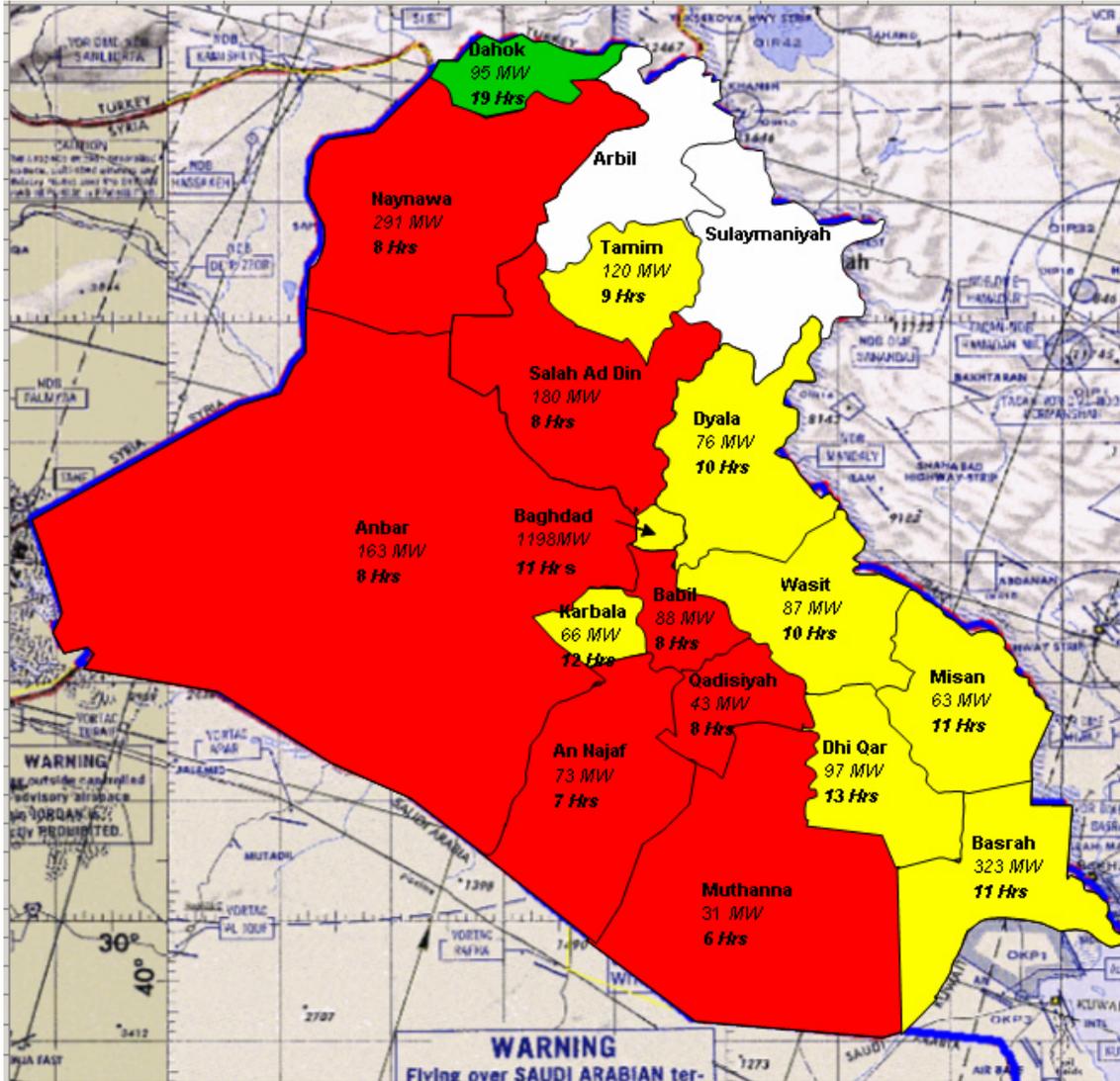


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Hours of Power

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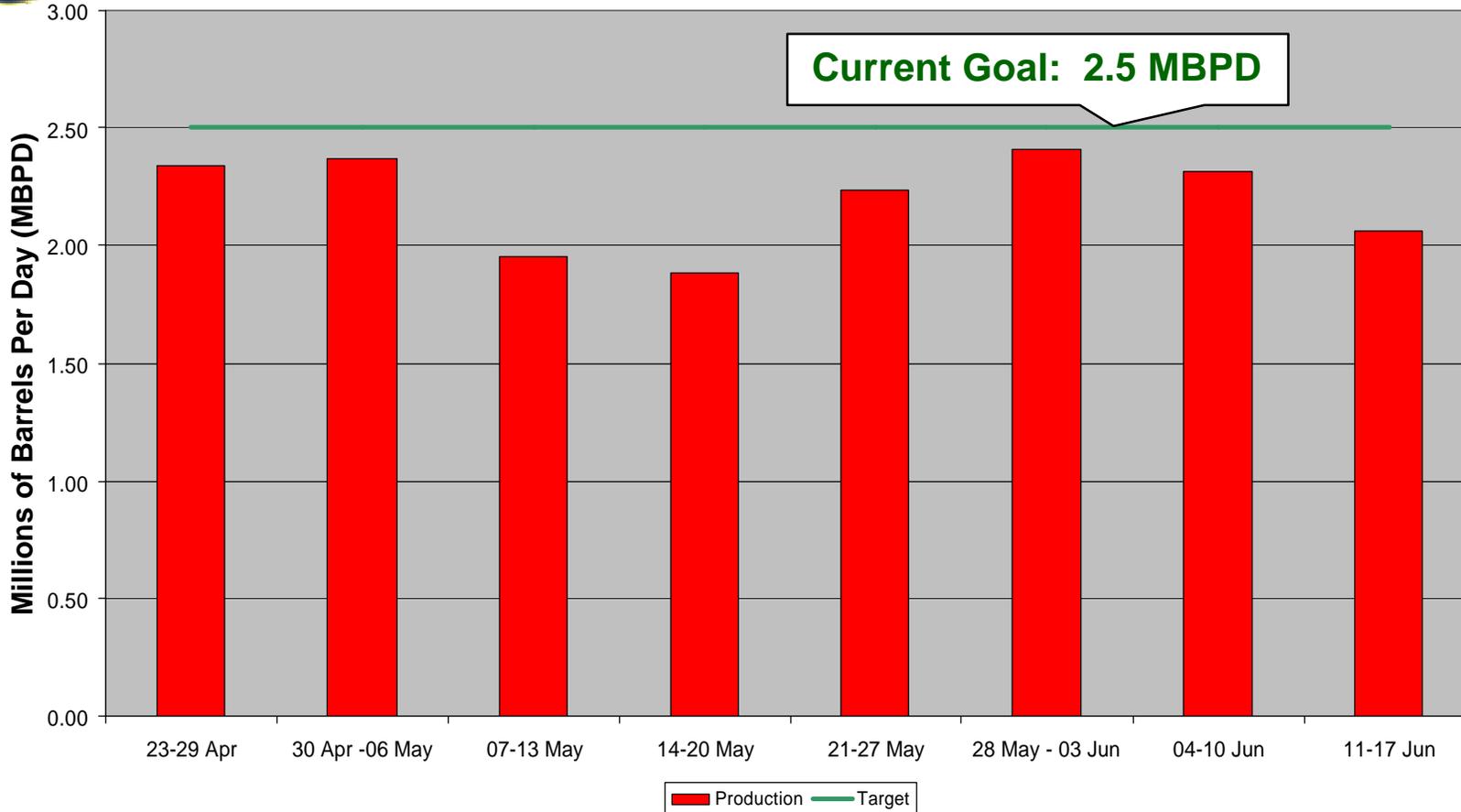
Average hours of Electrical Service provided over a 7 Day Period	
≤ 8 Hrs = Red	
9 to 15 Hrs = Amber	
≥ 16 Hrs = Green	
No Report = White	
Percent Change in MW over a 7 Day Period	
Baghdad	6.8%
Dahuk	-0.6%
Ninewah	0.7%
Tamim	9.9%
Salah Ad Din	-2.8%
Anbar	6.0%
Diyala	6.9%
Babil	4.4%
Karbala	-16.9%
Najaf	-2.8%
Qadisiyah	-19.8%
Wasit	-7.1%
Muthanna	-7.2%
Dhi Qar	6.8%
Maysan	37.2%
Basrah	-0.8%
Arbil	Unknown
Sulaymaniyah	Unknown
Total MW Generated	3,698
Total MW w/Losses	3,143
Total MW Delivered	2,994
Percent Deviation	4.7%

Average Electrical Power Distribution per Governorate as of 9 June 2004



Crude Oil Production

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N/P



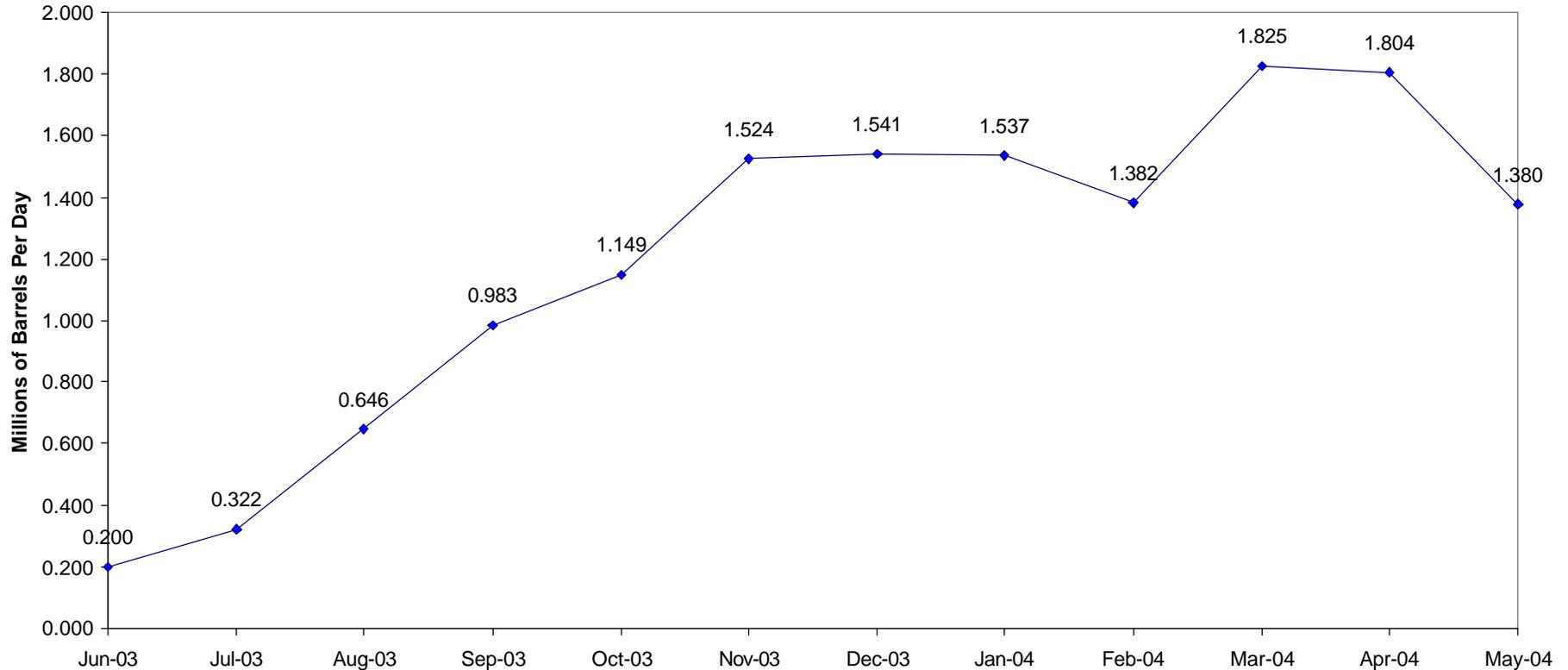
Weekly Average of 2.065 MBPD is Below Target of 2.5 MBPD

- Long Term Target (Dec 04): 2.8 - 3.0 MBPD (Pre - War Capacity)
- Pre - War Peak: 2.5 MBPD in Mar 03
- Post - War Peak: 2.595 MBPD on 16 Apr



Crude Oil Exports

Monthly Average of Crude Oil Exports



- **Current Monthly Average: 2.023 MBPD**
- **Average is before the 15 June sabotage, expect average to drop**

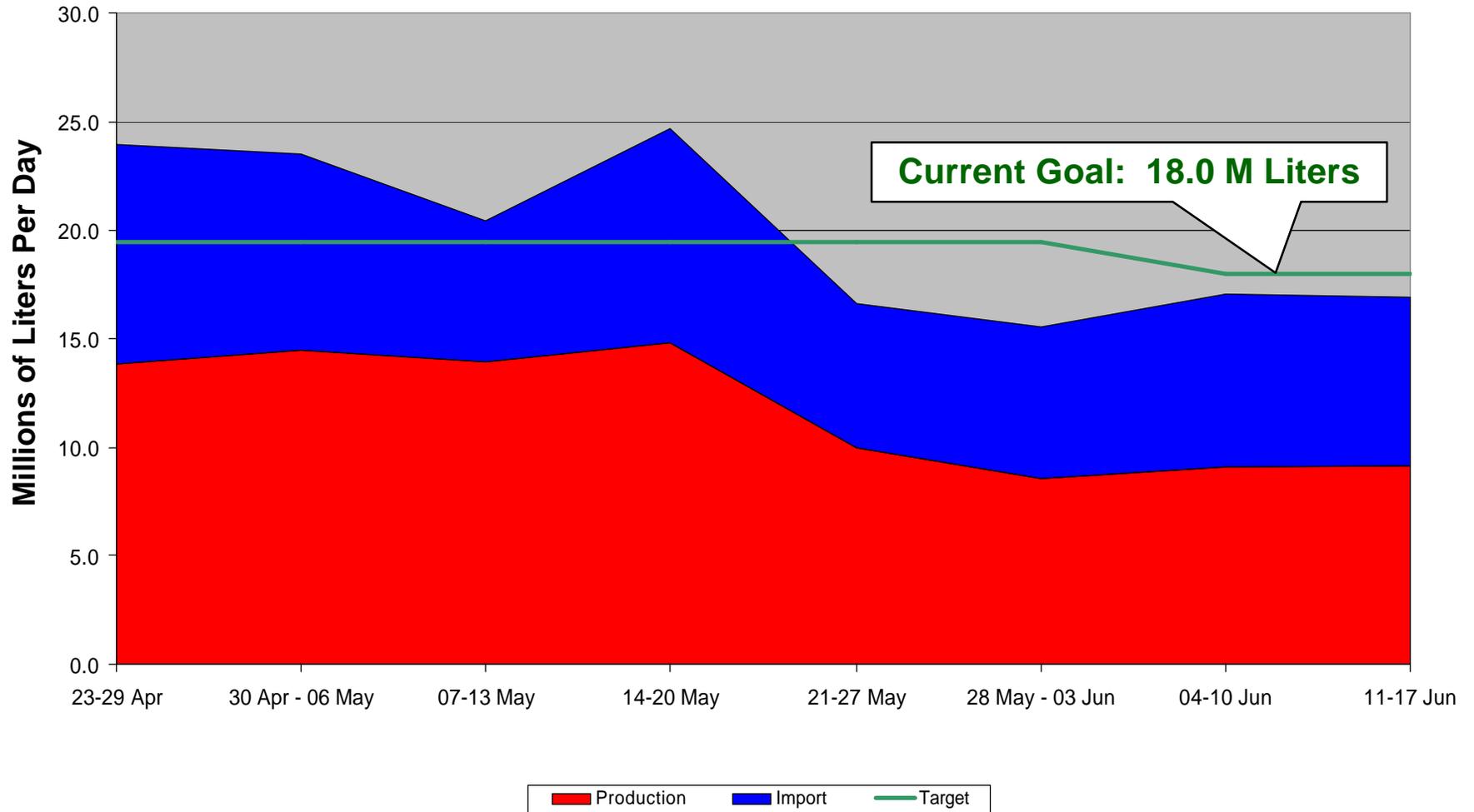
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Diesel Supply

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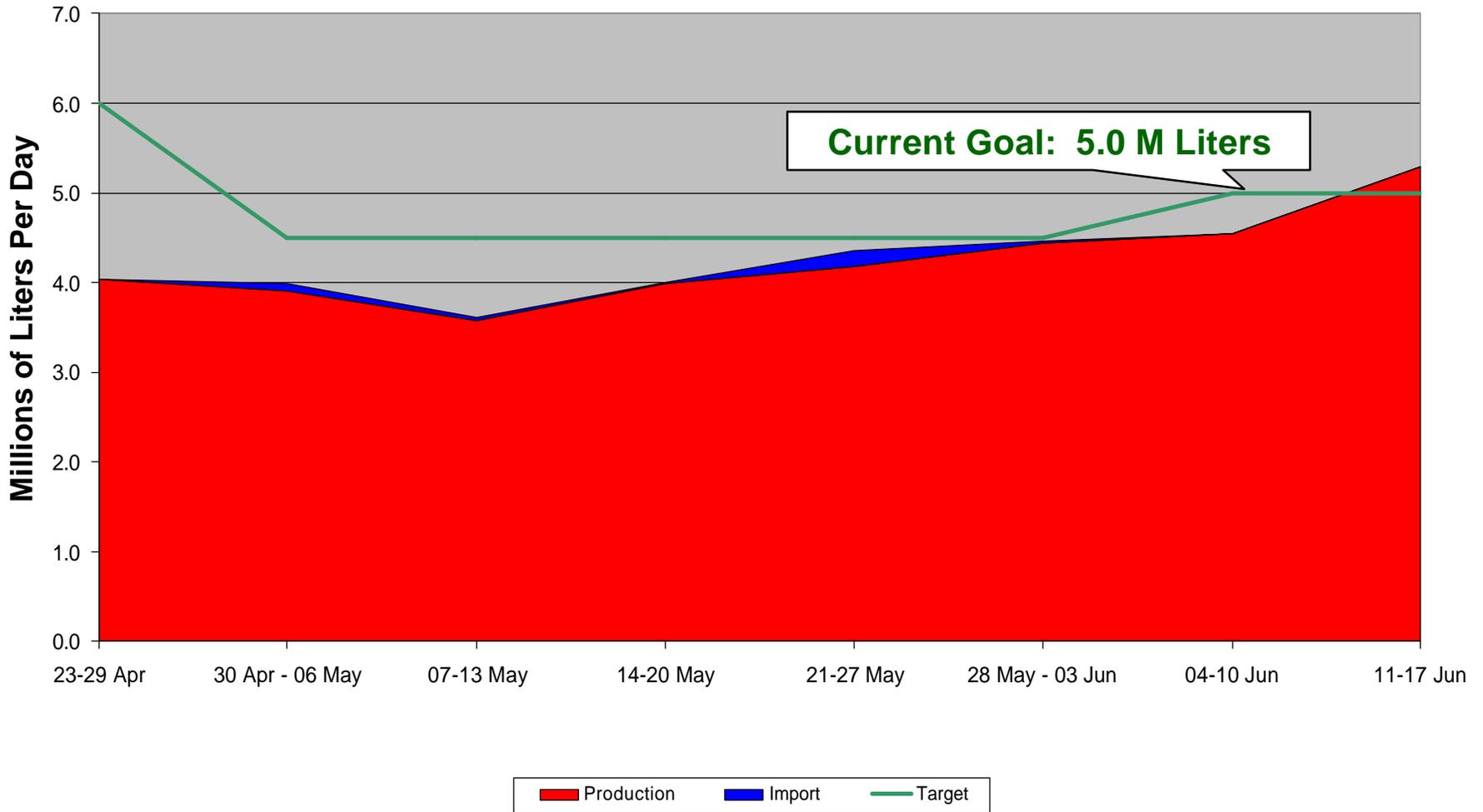


• This week's average production and imports are 94% of goal



Kerosene Supply

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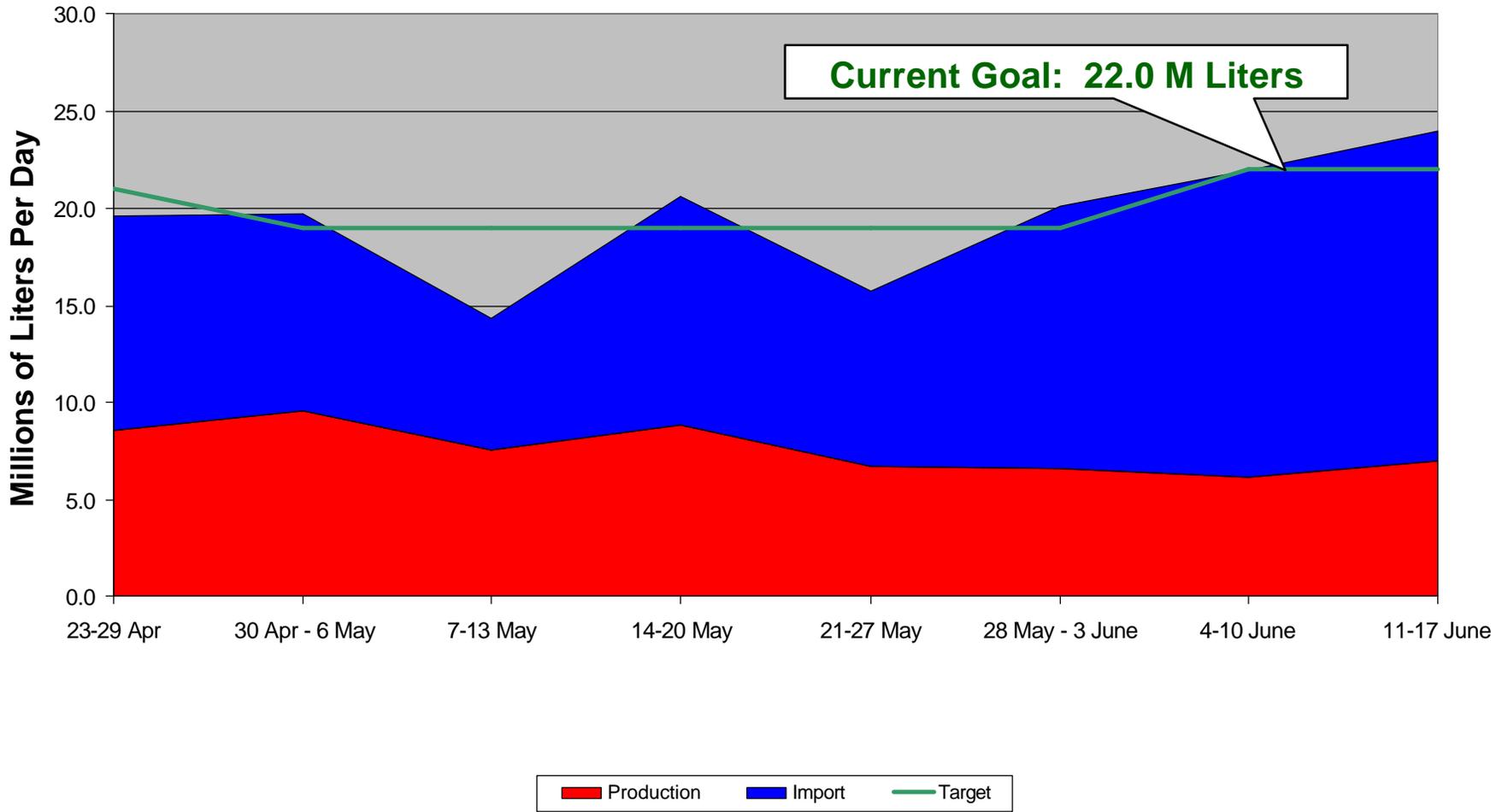


- This week's average production and imports are 106% of goal



Gasoline / Benzene Supply

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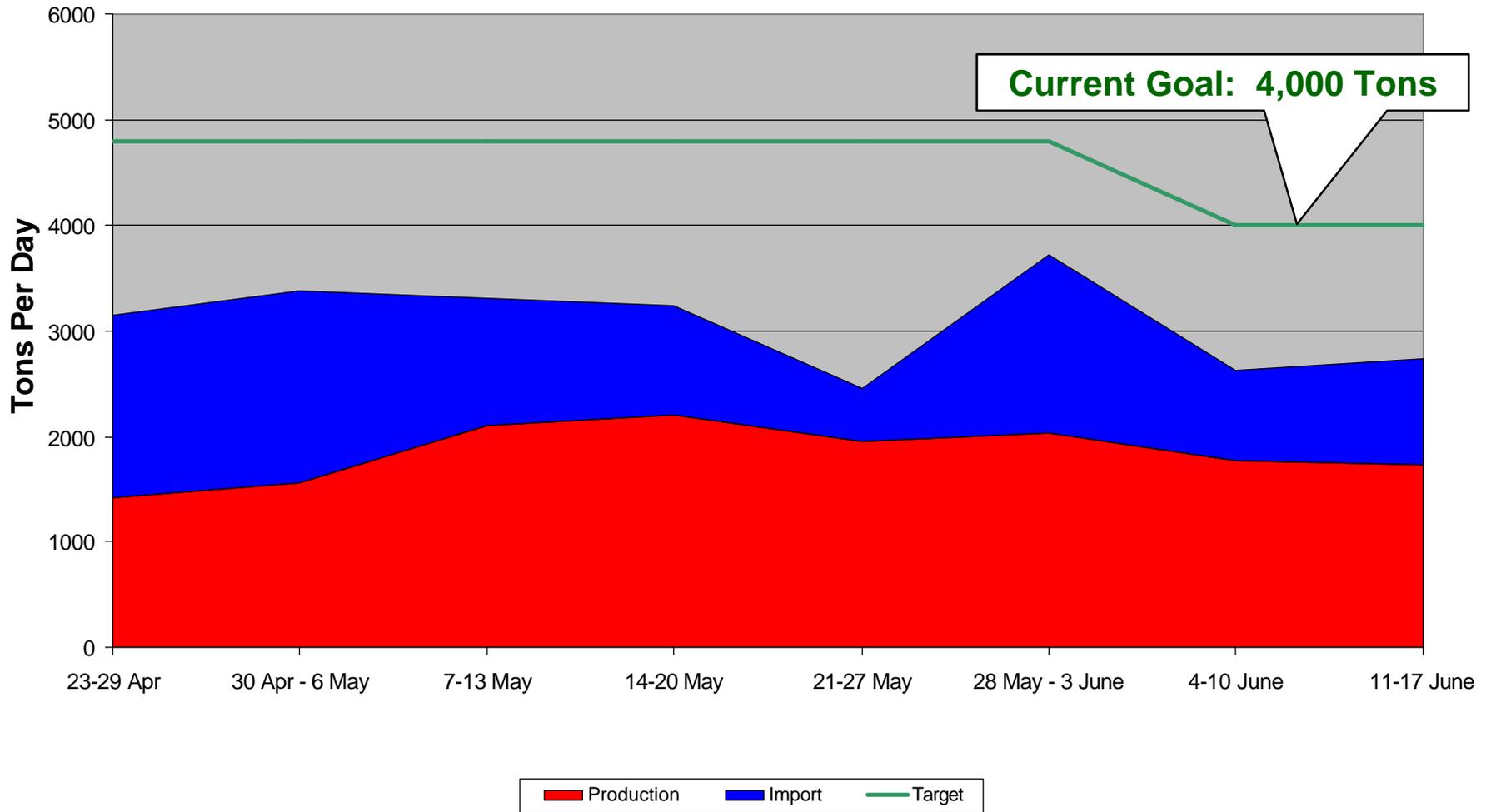


- This week's average production and imports are 109% of goal



Liquefied Petroleum Gas Supply

DEPARTMENT OF DEFENSE



• This week's average production and imports are 69% of goal



Security Forces Personnel & Training Summary

DEPARTMENT OF DEFENSE N/P

	Required	On Duty			Total On Duty	In Academy Training	In TIP Training	Total On Duty & In Training
		Untrained	TIP* Trained	Academy Trained				
Iraqi Police Service (IPS)	89,369	56,913	21,019	5,857	83,789	1,670	1,485	86,944
	Required	On Duty			Total On Duty	In Academy Training	Total On Duty & In Training	
		Untrained	Prior Trained	Academy Trained				
Dept of Border Enforcement	20,420	0	17,928	255	18,183	25	18,208	
	Required	On Duty			In-Training		TOTAL	
Iraqi Armed Forces (IAF)	35,000	7,116			2,638		9,754	
Iraqi Civil Defense Corps (ICDC)	41,088	36,229			1,561		37,790	
Facilities Protection Service(FPS)	73,992	73,992			77		74,069	

**Total Required:
259,869**

**Total on Duty and in Training:
226,765**

Data as of 18 Jun

*TIP =Transition Integration Program



Security - Build Justice

DEPARTMENT OF DEFENSE

- CPA advisors are assisting Iraqi officials with establishing a Commission on Public Integrity (CPI), responsibilities will include:
 - Investigating corruption, enforcing financial disclosure regulations on senior officials, and promulgating a Code of Conduct for public servants
 - The Commissioner has approved the Code of Conduct and Coalition advisors are assisting with associated training and implementation
- The Judicial Review Committee (JRC) has completed vetting of all judges and prosecutors from the former regime
- Last week, CPA justice advisors facilitated deliveries throughout Baghdad of computers donated by the Republic of South Korea to the judiciary of Iraq
 - Represents an important step in modernizing judicial recordkeeping

CPA Objective: Build Justice
 Establish Independent Judiciary; Reform Judicial System; Improve the Penal System; Establish Commission on Public Integrity; Solidify Real Property Rights



Security - Developments

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- On 14 Jun, Prime Minister Ayad Allawi announced program to assist veterans' (incl. militia) transition into civilian life
 - Provides veterans with vocational education, job training, and job placement services
- Hostile activity in Fallujah has declined significantly since Apr, however the Fallujah Brigade's base was attacked with mortars recently
- Hostile activity in the area of An Najaf has generally decreased
 - Iraqi security forces are responsible for security of the sacred city
- For the week of 04 - 11 Jun, the Iraqi Army increased by over 2,500
- Iraqi Civil Defense Corps is conducting joint patrols throughout Iraq with other Coalition forces and Iraqi Police forces
 - On average, the ICDC performs approximately 1,300 patrols per day
 - Focus on equipping, training, and reconstituting

CPA Objective: Security

Achieve a Secure and Stable Environment; Develop Institutions that are Effective in Protecting Society and Constitutional Order ; Develop Iraqi Defense Capabilities and Oversight Mechanism



Security – Developments (cont.)

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- **The Iraqi Police Service (IPS) has been given more responsibility in dealing with the militia of Muqtada al-Sadr in An Najaf Governorate**
 - **The Coalition continues to provide support, including supplying ammunition and equipment**
 - **IPS currently has around 70 percent of the weapons needed to fully arm the police**
- **IPS officers are being taught basic criminal investigation skills by Coalition advisors**
 - **The third two week session graduated 22 students on 10 Jun and a fourth course of 25 students was due to start on 13 Jun**
- **The first Executive Leadership course was due to commence on 12 Jun with 41 senior IPS officers attending**
- **Iraqi Coastal Defense Force has begun patrolling the Umm Qasr port area**
 - **All 215 naval soldiers currently in the force have completed basic training and continue to receive on the job training while on patrol**

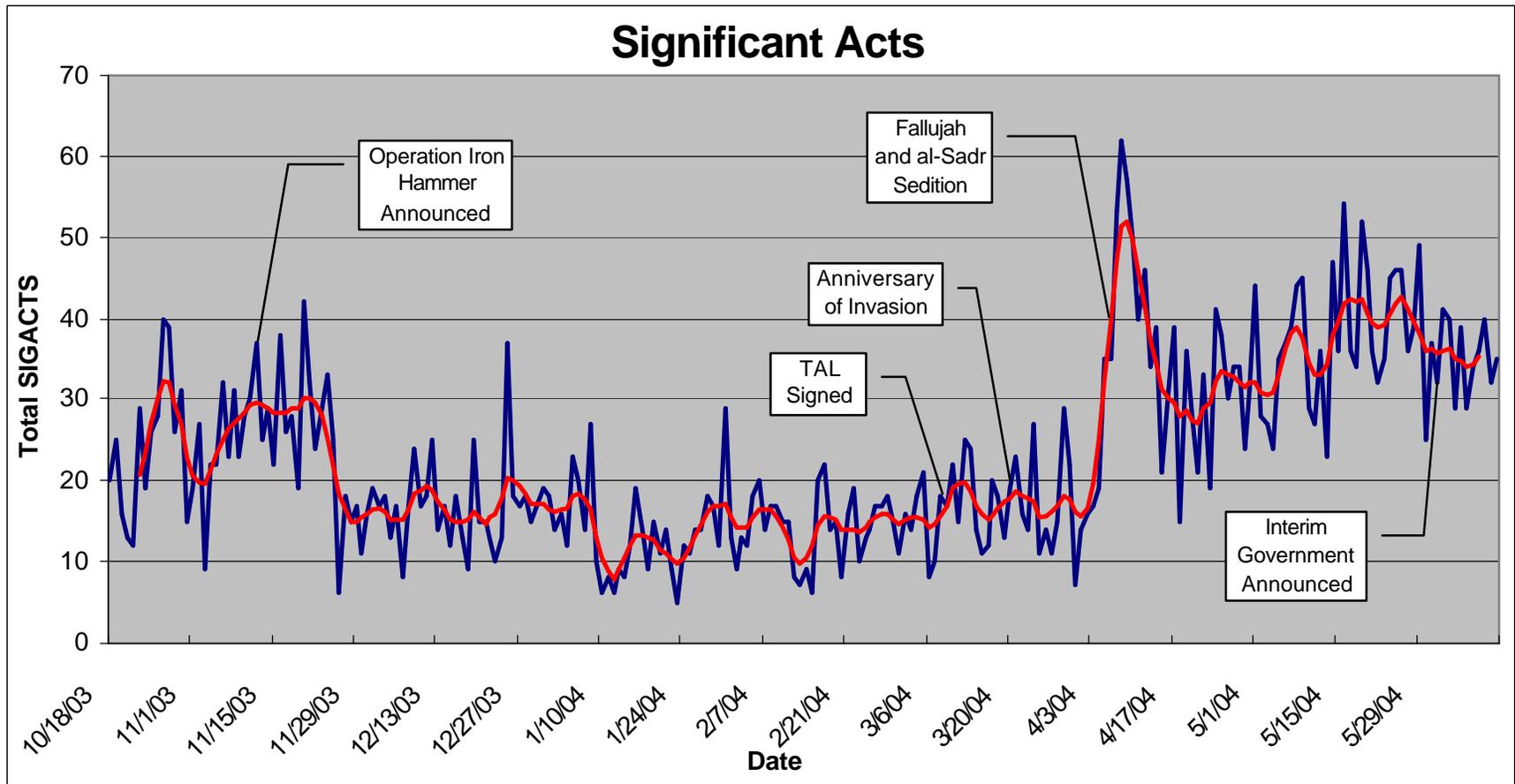
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Security – Developments (cont.)

DEPARTMENT OF DEFENSE

- Chart below shows significant insurgent activities in Iraq up to June 11, which includes attacks using:
 - Improvised explosive devices (IED), vehicle-borne IEDs, mortars, rocket propelled grenades (RPG), and improvised rockets





Stability Contributors - OIF

DEPARTMENT OF DEFENSE

Countries with forces in Iraq

33

TOTAL ~23K

- Albania
- Australia
- Azerbaijan
- Bulgaria
- Czech Rep
- Denmark
- El Salvador
- Estonia
- Georgia
- Hungary
- Italy
- Japan
- Jordan
- Kazakhstan
- Korea
- Latvia

- Lithuania
- Macedonia
- Moldova
- Mongolia
- Netherlands
- New Zealand
- Norway
- Philippines
- Poland
- Portugal
- Romania
- Singapore
- Slovakia
- Thailand
- UAE
- Ukraine
- UK

Countries considering decision to provide forces for Iraq

5

TOTAL TBD

38 Countries
 Potentially Supporting
 Iraqi Stability and
 Humanitarian Relief

Data as of 18 Jun