

Baghdad Suffers Worst Cuts

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Corruption, violence, mismanagement leave the capital with severely restricted supplies. Despite years of work and billions of dollars spent trying to repair Iraq's decrepit electricity system, Baghdad's power supply remains intermittent and well below pre-war levels.

Baghdad in the first week in October averaged six hours of electricity per day, half as much as the rest of the country, according to the United States State Department. The capital's residents have become almost entirely dependent on expensive private generators to light their homes and run basic appliances such as refrigerators.

Iraq's electricity grid nearly collapsed this summer and the shortages were the worst since the summer of 2003, reported the ministry of electricity, and some Baghdad neighbourhoods have had only a few hours of power a day. The capital's power supply is "woefully inadequate", US Ambassador to Iraq Ryan Crocker told American lawmakers in September.

Baghdad had 16 to 24 hours of power daily in March 2003. Former Iraqi leader Saddam Hussein directed the lion's share of the country's electricity supply to the capital, leaving other areas short.

US and Iraqi authorities have tried to repair the power systems and equalise electricity distribution in Iraq. But as demand has increased for electricity, violence, corruption and mismanagement have hindered years of efforts to improve the power supply - particularly in the capital - and have weakened Iraqi confidence in their government.

"Every year, the ministry announces emergency plans and projects ... but the power doesn't improve," said Ziyad Mahmood Ahmed, a 35-year-old civil servant from Baghdad's Dora district. "On the contrary, electricity was even bad in winter this year. There are areas in Baghdad that had power cuts for more than ten days."

The US inherited a shoddier power system than it had predicted after overthrowing former Iraqi leader Saddam Hussein in April 2003. US military air strikes badly damaged Iraq's power plants in 1991, and its infrastructure crumbled further under United Nations-imposed sanctions.

Washington has allocated over 4.6 billion US dollars, or about one-quarter of its Iraq reconstruction budget, for power projects since 2003. Yet only 57 per cent of Iraq's demand is being met, and the country as a whole has fewer hours of power daily than it did in the spring of 2004. The ministry of electricity estimates it will cost 27 billion dollars to repair and build infrastructure through 2015.

Just under 5,000 megawatts of power was produced per day in September, while the pre-war level was about 4,300 megawatts. The US Coalition Provisional Authority aimed to have 6,000 megawatts per day by July 2004, but that goal has never been met. The ministry reports that Iraq needs 8,250 megawatts per day, as demand for power has increased substantially since 2003 when Iraq was impoverished and under sanctions.

Insurgents regularly target both Iraq's oil-reliant electricity systems and its oil infrastructure, crippling both. About 2,500 megawatts are lost per day because of attacks on power transmission towers and distribution infrastructure, as well as fuel and water shortages, according to a September report by the US government's Energy Information Administration.

According to the Energy Information Administration, 78 per cent of Iraq's electricity stations are powered by resources such as gas and oil, while 22 per cent are hydro powered. Iraq's oil-dependent electricity infrastructure is problematic because of the country's fuel shortages, argued Abdul Ilah Sadiq, an adviser at the oil ministry.

"These two problems are interconnected," said Sadiq. "Refineries only operate with electricity and power stations only operate with oil products."

Oil smuggling has become a big business in Iraq, causing shortages that force the government to import oil and gasoline from countries such as neighbouring Iran and Turkey. The US Iraq Study Group estimated that Iraq loses at least 150,000 to 200,000 of the 2.3 million barrels of oil produced each day to smuggling.

The government also prioritises exporting its crude oil rather than keeping it in country because it needs to pay off the heavy debts accumulated under Saddam's regime and to stimulate the economy.

Diesel shortages have prevented the government from installing more than 220 generators in Baghdad. These generators, which the government has had since 2004, are sitting in ministry warehouses, said Ra'd Haris, senior deputy of the electricity ministry.

Oil tankers are frequently hijacked which worsens the shortage, according to Sadiq.

"Many of the drivers refuse to transport oil from Turkish and Iranian borders," he said. "They won't even transport oil inside the country ... because of the threat to their lives."

Electricity Minister Karim Waheed wants to privatise the system, and his ministry aims to provide 24 hours of electricity by 2009 while significantly increasing megawatt capacity by 2015. But the US government warns that the ministry cannot hope to meet its goals unless it has strong security, a regular supply of oil to fuel power plants and proper management - all of which have proved problematic.

Corruption and mismanagement have severely affected the rehabilitation of the electricity networks.

The Iraqi Commission for Public Integrity has cited former electricity minister Muhsin Shlash, who served in 2005 and 2006, in a corruption inquiry. He has not been charged. Another ex-electricity minister, Iraqi-American Ayham al-Samarie, which the commission also charged with corruption, broke out of prison in December 2006 with the help of a private foreign security firm, according to the Iraqi authorities. He denies the charges against him.

"The biggest corruption has been in the ministries of electricity and defence," said Mithal al-Alusi, leader of the independent Democratic Party of the Iraqi Nation and a member of parliament. "Millions of dollars have been paid from the state's budget and gone into the pockets of contractors and saboteurs."

The electricity ministry farms a lot of work out to contractors, but in a number of cases they haven't completed the work. Sometimes they say this is because of the violence, but often their intention from the outset is to defraud the ministry.

"There aren't strict laws to hold negligent individuals accountable," agreed Kadhim Muhammed, a journalist and an engineer with expertise in the energy sector. "Good governance is not being practiced to fight corruption in the ministry of electricity."

And there are serious budget expenditure problems. The electricity ministry was given 2 billion dollars for 2007, up from 800 million dollars in 2006. Yet the ministry and the government as a whole are reluctant to spend the money, citing security concerns. Last year, the electricity ministry used just over 35 per cent of its funds, and as of the middle of 2007, the government had spent only one-quarter of its budget.

Washington has been the biggest investor in Iraq's reconstruction and its electricity infrastructure. US government investigators have found serious accounting discrepancies, however: In one audit, at least 10 billion of 57 billion dollars in US reconstruction and troop support funds for Iraq was squandered in contractor overcharges and unsupported expenses, according to the US Government Accountability Office.

US government funds for Iraq reconstruction are drying up, and the American authorities are expecting Baghdad to assume responsibility for the country's development.

"As US reconstruction projects are completed, the ministry of electricity will have to assume the lead for funding its own requirements to supply more electricity," the Pentagon noted in its June report to the US Congress.

The electricity ministry reports that several new power plants are in the works for Baghdad, and Waheed is courting potential Arab and international investors to invest in electricity. Iran has offered to step in to replace the US by funding electricity projects to the tune of one billion dollars.

The government is currently purchasing electricity from neighbouring countries such as Turkey, Iran and Syria, but Alusi expressed concern that if political disagreements arise between the countries they could affect power distribution.

In the meantime, fuel-powered private generators are buzzing throughout Baghdad, but they are becoming more and more expensive to run as petrol prices rise.

Haris said fuel, security and electricity are all interconnected - one cannot move forward without the other, "If we can provide fuel and improve the security, electricity will improve. If nothing changes, the electricity situation won't change either."

Middle East editor Tiare Rath contributed to this report.

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