IAU Inter-Agency Information and Analysis Unit

July 2010

Electricity in Iraq Factsheet

Powering up: electricity and development

A reliable power supply is crucial for the achievement of the Millennium Development Goals. In the context of Iraq, improved energy infrastructure will have a critical contribution to achieving MDGs one, seven and eight.

1 ERADICATE EXTREME POVERTY AND HUNGER

Improved production and productivity in industry and agriculture, helping to reduce Iraq's 15% unemployment rate, boosting household incomes and contributing significantly to Iraq's efforts to reduce poverty and hunger.

7 ENSURE ENVIRONMENTAL SUSTAINABILITY

Consistent pumping of drinking water into the home and improved quality of living conditions

8 GLOBAL PARTNERSHIP FOR DEVELOPMENT

Improved quality of communications, encouraging increased technology ownership and information exchange.

Power down: Iraq's electricity shortages

Iraq's electricity infrastructure was severely damaged during the Gulf War, suffered from lack of investment and lack of available equipment under sanctions, and suffered again following the US-led occupation in 2003. While the supply of electricity is increasing, it is unable to keep pace with rising demand. According to the Ministry of Electricity, Iraq is only generating 8,000 of the 13-15,000 megawatts of power currently required to meet Iraqi needs today.[1]

1 Figure does not include Kurdistan Regional Government (Ministry of Electricity)

Problems in the electricity sector are widespread. Power generation is hampered by issues such as aging power plants, and shortages in fuel and water.[2] Illegal connections, poor planning and shortages in funding are compounding the problems with generation.[3]

In 2007 Iraqi households were receiving on average just 8 hours of electricity per day through the public network.[4] A quarter of households had no access to another source of electricity.[5] Even with the support of expensive communal and private generators, households in most governorates were receiving less than 18 hours of power per day.[6] According to UNDP, the electricity supply has since deteriorated in some areas, particularly Baghdad, but the Iraqi Kurdistan region has seen some improvement.[7] For Iraq's internally displaced (IDPs), the situation is often very poor, with 37% of IDP households receiving less than four hours of electricity daily.[8]

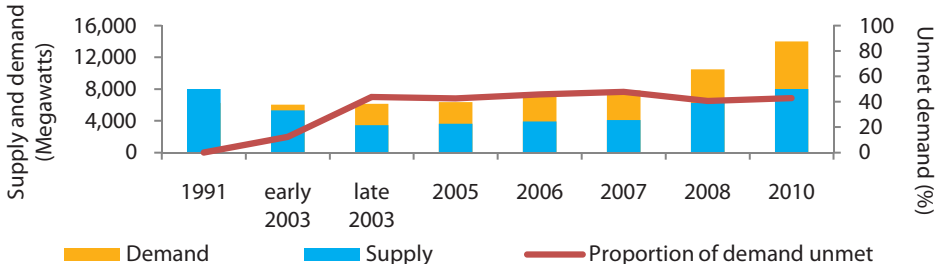
The deteriorated transmission system and poor quality of the network is also severely impacting economic development. Many businesses have to invest a significant amount of their revenues in expensive private generators.[9] This reduces profitability, deters potential investment and hinders economic growth, job creation and diversification.

Even during periods of low demand, public approval of the electricity supply has never risen above 39% since 2003.

2 UNAMI, UNDP, *Overview of Iraq's Electricity* (2008)
3 UNAMI, UNDP, *Overview of Iraq's Electricity* (2008)
4 World Bank/COSIT/KRSO IHSES 2007
5 World Bank/COSIT/KRSO IHSES 2007
6 World Bank/COSIT/KRSO Iraq Household Socio-Economic Survey (IHSES) 2007
7 UNDP Iraq
8 IOM IDP Monitoring and Needs Assessments 2010
9 BBC, "Baghdad diary: Searching for power", 29 June 2010 (http://news.bbc.co.uk/2/hi/world/middle_east/10437279.stm); *The Economist*, "Iraq›s economy: Why business is still in the dumps", 1 July 2010 (www.economist.com/node/16488938?story_id=16488938)

Iraq's electricity: supply and demand

Source: UNDP / Ministry of Electricity

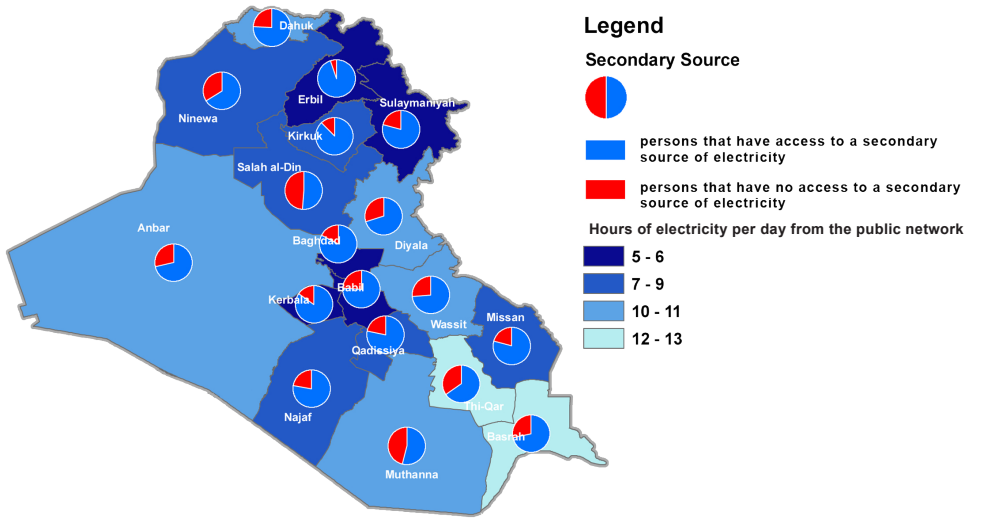


Public opinion on the quality of electricity supplies declined dramatically in 2006 and 2007, with only 8% expressing a positive opinion in 2007. By February 2009, this had recovered to 38%.[10] Improved perceptions coincided with a slight increase in the proportion of demand being met.[11]

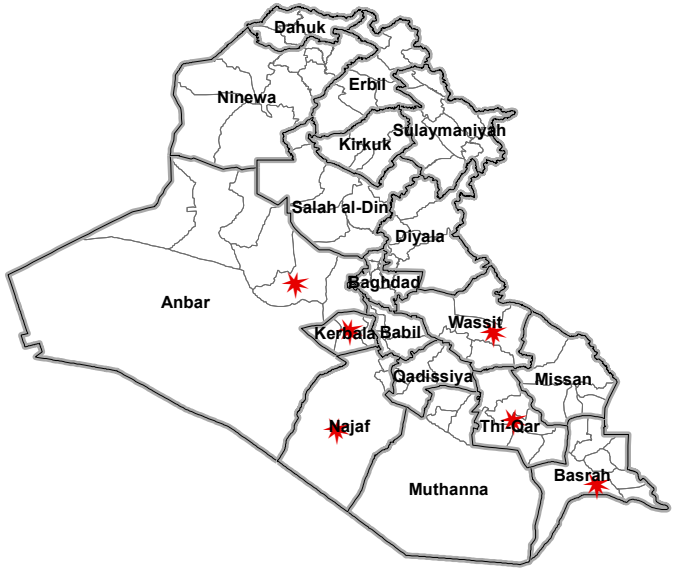
10 ABC/BBC, *Iraq: Where things stand* (March 2009); February is not a period of peak demand. Public opinion on electricity services may vary during the course of the year according to the level of supply and demand.
11 Government of Iraq Ministry of Electricity; Government of Iraq budget figures, cited in Centre for Strategic and International Studies, "Iraq After the Election: Meeting the Challenges of 2010" (Presentation, July 2010)

Electricity received from the public network and use of second electricity source

Source: World Bank / COSIT / KRSO IHSES 2007



Electricity-related protests Source: UNAMI SSI



Protests at the poor electricity situation were held in six cities in April and June, leading to the death of one civilian and injuries to both civilians and police.[12] The Minister for Electricity subsequently resigned on 21 June.[13]

Government and UN response

The Government of Iraq (GoI) has allocated US$22.7 billion to the Ministry of Electricity since 2006.[14] 42% of this funding has been used to cover recurrent expenditures, mostly salaries.[15] Additional funding worth US$5.3 billion from the US government has been used for 550 energy-related projects since 2003. The GoI has awarded several major contracts to international companies for generation capacity development projects, due to finish between 2010 and 2015. The contracts have been funded by a US$4.8 billion dollar increase in the Ministry of Electricity's budget allocation for capital expenditure between 2009 and 2010.[16] Should these and other ongoing projects be completed by 2015, twelve thousand megawatts will be added to Iraq's supply.[17] By that time, it is estimated that demand will have increased to 20-21,000 megawatts, meaning that Iraq may still face a shortfall in supply.[18]

UNDP has contributed US$185 million of funding through the Iraq Trust Fund and bilateral donors for rehabilitation and capacity development of the generation, transmission and distribution components of the national grid.[19] UNDP projects have contributed 350 megawatts to Iraq's power supply and supported planning and policy.[20]

12 UN
13 BBC News, "Iraq electricity minister resigns after deadly protests" (21 June 2010),
14 Government of Iraq Ministry of Finance
15 Government of Iraq Ministry of Finance

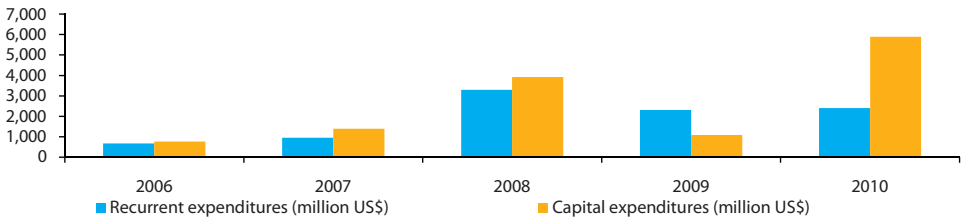
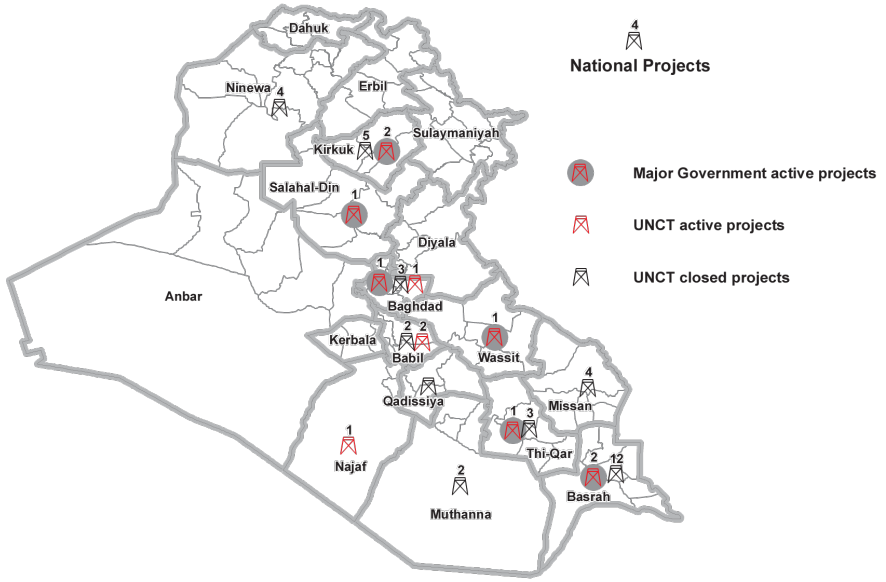
16 Government of Iraq Ministry of Electricity
17 Government of Iraq Ministry of Electricity
18 Government of Iraq Ministry of Electricity estimates

19 This figure includes a project on Unit 4 of Al-Musayyab TPS which is in the process of being completed (UNDP Iraq).

20 UNAMI, UNDP, *Overview of Iraq's Electricity* (2008)

Budget allocations to the Ministry of Electricity, 2006-2010

Source: Ministry of Finance



Activities related to electricity in Iraq Source: 3W database, Ministry of Electricity