April 6, 2005

Dear Mr. Chairman:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

This report updates information contained in the report submitted on January 5, 2005, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 13 of the Executive Summary.

Funds that will be used as described in this report and that were provided in the Emergency Wartime Supplemental Appropriations Act, 2003 (P.L. 108-11) are subject to reporting provisions in section 1506 of that Act that are similar to the requirements in section 2207 of P.L. 108-106. The attached report reflects the information required by both statutory provisions.

Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Thad Cochran, Chairman
Committee on Appropriations,
United States Senate.

April 6, 2005

Dear Mr. Chairman:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Jerry Lewis, Chairman
Committee on Appropriations,
House of Representatives.

April 6, 2005

Dear Mrs. Lowey:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Nita M. Lowey,
Committee on Appropriations
Subcommittee on Foreign Operations, Export Financing,
and Related Programs,
House of Representatives.

April 6, 2005

Dear Senator Byrd:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Robert C. Byrd,
Committee on Appropriations,
United States Senate.

April 6, 2005

Dear Mr. Obey:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
David Obey,
Committee on Appropriations,
House of Representatives.

April 6, 2005

Dear Mr. Chairman:

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Jim Kolbe, Chairman,
Committee on Appropriations,
Subcommittee on Foreign Operations, Export Financing,
And Related Programs,
House of Representatives.

April 6, 2005

Dear Senator Leahy:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Patrick J. Leahy,
Committee on Appropriations,
Subcommittee on Foreign Operations,
United States Senate.

April 6, 2005

Dear Mr. Chairman:

Pursuant to section 2207 and other relevant provisions of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), attached is the sixth quarterly report on the planned use of funds made available by P.L. 108-106 under the heading Iraq Relief and Reconstruction Fund (IRRF).

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Sincerely,

Matthew A. Reynolds
Acting Assistant Secretary for
Legislative Affairs

The Honorable
Mitch McConnell, Chairman,
Committee on Appropriations,
Subcommittee on Foreign Operations,
United States Senate.

QUARTERLY UPDATE TO CONGRESS

2207 REPORT

APRIL 2005

SECTION 2207 REPORT

Table of Contents

Note: Project Code (P/C) # represents a CPA tracking system.

Executive Summary……..… 1

Spending Plan Table……. 13

Appendix I – Sectoral Descriptions

Security and Law Enforcement

- Police Training and Technical Assistance (P/C 10000)……..… I-4
- Border Enforcement (P/C 11000)…….……. I-6
- Facilities Protection Service (P/C 12000)…….…….…… I-7
- Iraqi Armed Forces
  - Iraqi Armed Forces Facilities (P/C 20000)…….…... I-8
  - Iraqi Armed Forces Equipment (P/C 21000)……..... I-9
  - Iraqi Armed Forces Training and Operations (P/C 22000)…….. I-10
- Iraqi National Guard (ING)
  - ING Operations and Personnel (P/C 23000)……..……... I-11
  - ING Equipment (P/C 24000)…….. I-12
  - Iraqi National Guard Facilities (P/C 27000)……... I-12
- Iraqi Security Forces Quick Response Program (P/C 26000)…… I-13
- Commander's Humanitarian Relief & Reconstruction (P/C 28000)…….. I-14

Justice, Public Safety Infrastructure, and Civil Society

- Other Technical Investigative Methods (P/C 31000)……..……... I-16
- Witness Protection Program (P/C 30000)……... I-16
- Penal Facilities (P/C 32000)…….….. I-18
- Reconstruction & Modernization of Detention Facilities (P/C 33000)….. I-19
- Facilities Repair, Fire Service, and Demining
  - Facilities Repair (P/C 13000)…….. I-21
  - Fire Service (P/C 14000)……. I-21
  - Demining (P/C 09500)…….… I-22

- Public Safety Training and Facilities (P/C 15000)…… I-23
- National Security Communications Network (P/C 25000)…… I-25
- Rule of Law in Iraq P/C: 06500)……..….. I-27
- Investigations of Crimes Against Humanity (P/C 05000)……. I-30
- Judicial Security and Facilities (P/C 09000)…….…. I-32
- Democracy-Building Activities (P/C 06000)……. I-33
- United States Institute of Peace (P/C 07000)……. I-40

Electric Sector

- Generation (P/C 40000)……..… I-45
- Transmission (P/C 41000)…….. I-47
- Distribution Network Infrastructure (P/C 42000)…….. I-49
- Automated Monitoring and Control System (P/C 43000)…… I-52
- Security (P/C 45000)…….. I-53

Oil Infrastructure

- Infrastructure (P/C 50000)……. I-56
- Emergency Supplies of Refined Petroleum (P/C 51000)…….. I-57

Water Resources and Sanitation

- Potable Water (P/C 60000)…… I-61
- Water Conservation (P/C 61000)…….. I-63
- Sewerage (P/C 62000)……... I-64
- Other Solid Waste Management (P/C 63000)……... I-66
- Pumping Stations and Generators (P/C 64000)……..... I-67
- Irrigation and Drainage Systems (P/C 65000)…….…. I-68
- Major Irrigation Projects (P/C 66000)……..… I-69
- Dam Repair, Rehabilitation, and New Construction (P/C 67000)……..... I-70
- Umm Qasr/Basrah Water Supply Project (P/C 68000)……..…… I-71
- Basra Channel Flushing (P/C 69000)……... I-72

Transportation and Telecommunications

- Civil Aviation (P/C 70000)…….. I-73
- Umm Qasr Port Rehabilitation (P/C 71000)…….… I-74
- Railroad Rehabilitation and Restoration (P/C 72000) …….… I-75

- Iraq Telecommunications & Postal Corporation (P/C 74000)…… I-76
- Iraq Telecommunications Systems (P/C 76000)……. I-77
- Consolidated Fiber Network (P/C 76500)……. I-77
- Iraq Telecommunications Operations (P/C 79000)……. I-78

Roads, Bridges, and Construction

- Public Buildings Construction and Repair (P/C 81000)…….. I-80
- Roads and Bridges (P/C 82000)…….. I-81

Health Care

- Nationwide Hospital and Clinic Improvements (P/C 90000)……. I-83
- Basra Pediatric Facility (Hospital) (91000)…… I-84
- Equipment and Procurement (P/C 92000)……. I-85

Private Sector Development

- Expanded Network of Employment Centers (P/C 01000)……..… I-88
- Training (P/C 02000)
  - Vocational Training (P/C 02001)…….……..… I-88
  - Business Skills Training (P/C 02500)…….…… I-89
- Micro, Small, and Medium Enterprises (P/C 03000)…….…… I-91
- Institutional Reforms (P/C: 01500)…….…….……..…. I-93
- Agriculture P/C: 02500)..…….…… I-95
- Market-Based Reforms (P/C: 03500)……. I-96
- Housing Rehabilitation Grants (P/C: 01700)…….. I-97
- Iraq Debt Forgiveness (P/C: 04500)……..……. I-98

Education, Refugees, Human Rights, and Governance

- Migration and Refugee Assistance (P/C 04000)…… I-100
- Property Claims Commission (P/C 05500)…… I-102
- Governance (P/C 06700)…… I-103
- Banking System Modernization (P/C 08000)……. I-104
- Human Rights (P/C 09500)…… I-105
- Education (P/C 06300)…… I-107
- Civic Programs (P/C 06600)…….. I-109

Appendix II - Donor Contributions…….. II-1

Executive Summary

Section 2207, as amended, of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (Public Law 108-106) requires the Secretary of State to submit a quarterly report to Congress outlining the current conditions for programs and initiatives supported by the specific appropriation(s) dedicated to the Iraq Relief and Reconstruction Fund (IRRF). The Office of Management and Budget (OMB) submitted the first three quarterly reports to Congress, on January 5, 2004, April 5, 2004 and July 2, 2004. The Department of State submitted subsequent reports on October 5, 2004 and January 5, 2005.

This quarterly update for April 5, 2005 will highlight the significant program adjustments made to the implementation of the IRRF that began with the Administration's summer 2004 Strategic Review, which was reviewed and approved by Congress in September 2004. These adjustments continued with the December 2004 $457 million emergency electricity and post-battle reconstruction initiatives instituted to support Iraq's January 2005 elections, to reinforce Coalition campaign plans, and to address the projected energy demand increases in the summer of 2005. Continuing to respond to changed circumstances, the Department of State notified Congress on March 25 of our intent to allocate $225 million for job creation activities and $607 million for a management program (including Operations and Maintenance for the electricity and water sectors) and other urgent initiatives (outlined below). These plans will reallocate funds from long-term projects to address more immediate needs within key sectors such as electricity, water, and oil and will help to protect our investment in Iraqi infrastructure while helping to meet the short-term needs of the Iraqi people.

The Administration continues to shift the focus from longer range infrastructure development projects, as originally envisioned, to a plan providing for and sustaining a stable base of current infrastructure systems needed for short and intermediate range economic development. These moves are necessary not only because of the added operating complexity and cost caused by the continuing combat operations but also because (1) the original estimate of the damage done to the basic infrastructure from decades of neglect and warfare was significantly underestimated; as a result, more time and resources are required to stand-up and maintain systems than originally thought; and (2) the limited capacity of the Iraqi government to provide their own resources for near-term reconstruction.

This report outlines the purpose and status of each of the funded sectors that support our effort to encourage economic growth in Iraq. It highlights actions taken since December 2004 to mitigate the specific conditions that have hindered implementation of the IRRF, including: (1) the increased cost of doing business caused by the continued insurgency, (2) the challenge of securing Iraq's insufficiently protected energy infrastructure as we help to stand up the Iraqi Security Forces, (3) the tight supply of refined fuels, especially diesel, due to Iraq's limited refining capacity, and (4) delays caused by the transition from the Iraqi Interim Government (IIG) to the Iraqi Transitional Government (ITG).

IIG to ITG Transition

On January 30, 2005 Iraq achieved an historic milestone, when over 56% of eligible Iraqis voted in the first credible election in over 50 years. President al-Yawer, Prime Minister Allawi, the Iraqi Interim Government (IIG), and the people of Iraq demonstrated their combined resolve, remarkable unity of purpose, and clear commitment to further Iraq's transition to democracy despite intimidation. On March 16, 2005, Chief Justice Medhat al-Mahmoud swore in the first session of the freely elected 275-member Transitional National Assembly, which was chaired by its oldest member, Dhari al-Fayadh. The opening speech by IIG Prime Minister Iyad Allawi was marked by the continued call for all Iraqis to join in the effort to create a free, sovereign nation.

At present, negotiations for a coalition government continue, and the formation of a Transitional National Government is expected shortly. Despite the remarkable progress made to date, challenging times remain for the people of Iraq and the Coalition Forces supporting them as they move through the Constitution drafting process targeted for completion by August 2005, the Constitution ratification referendum in October 2005, and finally the national elections under a permanent constitution in December 2005.

The Independent Electoral Commission of Iraq (IECI) will continue its public information campaign on the ongoing electoral process, and continue working closely with the United Nations to ensure the constitutional ratification and elections processes succeed. This will help to ensure that all Iraqis will have the opportunity to participate in the selection of their first freely-elected government under a permanent constitution in nearly 50 years.

One of the keys to the success of the Iraqi government is the ability to eventually manage its own security without the presence of Coalition Forces. Over $5 billion in IRRF has been dedicated to the effort to stand up effective Iraqi Security Forces (ISF). The President requested an additional $5.7 billion in the FY 05 Supplemental Appropriations request submitted to the Congress on February 14, 2005; funds that are vital to the success of this security transition.

IRRF PROGRAM MANAGEMENT

Starting with the $457 million reprogramming in December 2004, Embassy Baghdad began shifting the focus of IRRF activity from construction project starts to more integrated management of projects and programs already underway. This allowed the Embassy to:

1. Build on the strengths of the original IRRF spending plan and the detailed project listings already in place;
2. Take full advantage of the growing institutional knowledge of the Iraqi Ministries, as well as the senior advisors, implementing agency officials, and contractors already in place;

3. Respond to increasing evidence of the dilapidated state of Iraqi infrastructure prior to the war;
4. Supplement the limited capacity of the Iraqi ministries to operate their existing infrastructure and to institutionalize modern management processes; and
5. Account for the costs associated with the continued insurgency.

This was done to ensure that the U.S. investments made in Iraq could be sustained and maintained to realize a good measure of their potential.

These changing conditions meant that the cost and time necessary to start and complete activities increased dramatically, requiring a significant and ongoing reevaluation of the overall IRRF program. The Administration has made some significant modifications in September 2004 and January 2005. Now, as a result of further analysis, and in cooperation with the Project and Contracting Office (PCO), U.S. Agency for International Development (USAID), U.S. Army Corps of Engineers' Gulf Region Division (GRD), and Multinational Forces-Iraq (MNF-I), the Embassy is moving to address the immediate needs of the IIG and Iraq's central ministries for capacity building by moving away from a long-range, "design-build-turnover" project orientation to a systems orientation that emphasizes "build-train-turnover." This will help to ensure that the investments that the USG has undertaken and will transfer to the Iraqis are more likely to be sustained. Specifically, we have established:

<u>IRRF Program Goals</u> – The Embassy is working closely with USAID, PCO, MNF-I, and the Iraqi ministries to focus on a systems-wide approach to program development. The Embassy has been managing each sector and the system as a whole with an eye on near-term stabilization and intermediate range sustainability, with particular emphasis on security, electricity, and oil to ensure that the USG:

- Finishes essential projects that have been started and has sufficient funding for critical, systems-completing activities. Non-critical activities will be canceled or deferred to other donors or the Iraqi government. The simple goal is to turn over completed and sustainable systems to the Iraqi government.
- Continues U.S. participation in completed projects until the Iraqis are in a position to assume complete management responsibility. The Embassy will have to reallocate IRRF funds to support training, capacity building, and operations and maintenance activities to avoid the shutdown of critical facilities we help rebuild.
- Moves toward completion of integrated systems that support economic, political, social and community development. For example, water treatment projects must be consistent with water distribution systems, and electricity generation needs to match up with transmission and distribution to provide end-to-end solutions for essential services; and
- Stays within the $18.4 billion budget by constant monitoring of program performance by executing agencies.

<u>Leveraging Finite Resources</u> – Another set of initiatives that work to optimize the finite funds available include:

- Shifting work to Iraqi sub-contractors that are somewhat less susceptible to insurgency attacks and are not burdened by the same heavy overhead expenses of foreign firms;
- Consolidating efforts between Design-Build contractors (DBs) and the Iraqi ministries to share project cost burdens and make more efficient use of IRRF resources. For example, in the electricity sector, both the Ministry of Electricity and the DBs have projects to refurbish transmission substations. Rather than having each Ministry contract for its own materials, the implementing agencies have found that they could optimize delivery time and project cost if the DB contractors buy all the materials and the Ministries handle all the labor & the majority of security;
- Constantly reviewing costs and improving estimates to account for changing circumstances while keeping an eye on completing whole systems; and
- Coordinating with other organizations that have finite funds available for re-construction to avoid duplication of effort (e.g., United Kingdom's Department for International Development (DFID) in southern Iraq).

Operating Flexibility – The Iraq Reconstruction Management Office (IRMO) has moved to cancel non-critical, longer-range projects. This has provided financial flexibility that allows IRMO to address serious gaps in the existing program plan, replicate successful activities, and address new needs/opportunities/initiatives created by changing circumstances. As of March, 14, 2005, $1.3 billion (not including the $3.46 billion summer 2004 reallocation) of needed changes have been implemented or will be implemented shortly to (1) cover unanticipated post-battle reconstruction costs, (2) cover indirect cost increases of contractors operating on cost plus contracts that allow them to continue billing even during delays, (3) account for increased security costs, (4) replicate successful anti-insurgency and community building initiatives in impoverished neighborhoods, (5) upgrade critical infrastructure, (6) launch an additional jobs creation initiative, and (7) cover operations and maintenance (O&M) shortfalls in Iraqi Ministries.

Monitoring systems – To ensure regulatory compliance and that the USG continues to have flexibility to respond to changes in the environment, IRMO has established a series of checks and balances that include:

- Monthly sector reviews with PCO, USAID, GRD, MNSTC-I, State/INL and Senior Consultants at the IRMO Director level (two times per month for essential services-- Oil, Water, Electricity, Communications, and Transportation);
- Weekly review of funds moved and projects started & completed;
- Sub-sector financial reviews every 6 weeks to do gap analysis and cost-to-complete reviews;
- Requiring program changes/re-scoping/cancellations be reviewed/approved at the IRMO level;
- Daily interaction with the Iraqi Ministries through the IRMO Senior Consultants;
- Weekly meeting with the Deputy Prime Minister headed by the Director of IRMO to address strategic issues regarding reconstruction;
- Enforcing the triennial review requirement (a Department of Defense requirement);

- Leveraging the 2207 review process to reconcile the projected and actual accomplishments; and
- Bi-weekly review with MNF-I at the Strategic Operations level to ensure that our military and reconstruction objectives are mutually reinforcing.

Alternative Funding Sources – Recognizing that the $20.9 billion of total IRRF funding (both IRRF I and II) will not fully restore Iraq's infrastructure and that the ITG is faced with as much as a $5 billion budget shortfall for CY 2005, the Embassy has begun working with the United Nations and the World Bank on donor coordination to assist the Iraqi Government in attracting further near-term investment from other official donors. Given that the private sector is an indispensable engine for long-term sustainable economic growth and employment, and the USG is working with Iraqis to develop an appropriate enabling environment to attract domestic and international private investment. As political, economic, security and other conditions vary according to locations, this holistic effort may take considerable time to produce material benefits countrywide.

IRRF Spending
As of March 29, $12.038 billion (over 65 percent of the $18.4 provided in the IRRF) has been obligated. Of this amount, $4.2 billion has been disbursed. Since submission of the January 5, 2005 report, $1.563 billion has been obligated and $1.988 billion disbursed.

IRRF STRATEGIC SPENDING PLAN REVIEW

In March 2005, the Embassy reallocated $832 million within the IRRF to increase funding for proven job creation programs, ensure adequate operations and maintenance of IRRF funded projects, and ensure that IRRF activities continue the transition toward a systems-oriented program to better support MNF-I military campaign plan initiatives and more accurately reflect Iraqi needs and priorities. These efforts will also address Iraqi ministry management and other shortcomings, particularly in the oil, electricity and water sectors. This will help to ensure that the Iraqis and the USG realize a significant continued return on our combined investments and to prevent funding gaps in key USG initiatives relating to regime crimes and the justice system. The $832 million is divided into a $225 million job creation initiative and $607 million for more effective management of IRRF programs to protect the long-range viability of our investments and other urgent priorities. The $225 million job creation initiative is designed to create employment opportunities for disenfranchised males, predominately through private sector development activities, and it was primarily funded through the cancellation of five non-critical long-range water projects. The majority of the $607 million is for operations and maintenance in the power and water sectors, urgent work in the electricity and oil sectors, and cost growth incurred by design build contractors. Canceling two non-critical out-year energy projects largely funded this initiative, and the funds reprogramming within the electricity sector was executed to optimize near and

intermediate investments (e.g., rehabilitation of existing power plants) that set the stage for longer range development in the electricity sector.

Job Creation

As part of the Administration's plan to extend two proven job creation programs (essential services in Baghdad and USAID's community development program) and to initiate two new ones (housing rehabilitation grants and micro/small business loans), $225 million was re-allocated to: acceleration of the build-out of vital essential services in other highly impoverished, potential insurgency-prone neighborhoods of Baghdad ($100 million), Community Action Program (CAP) ($100 million), housing rehabilitation grants ($20 million), and micro/small business loans ($5 million). These programs complement the reform and development efforts underway that are necessary for long-term, sustainable economic growth.

- Essential Services – By replicating the First Cavalry Division's essential services Sadr City model (electrical distribution and small-scale potable water/ sewerage projects) in impoverished areas similar to Sadr City, the Third Infantry Division (3rd ID) will strike further at the heart of the insurgency's power base in Baghdad: disenfranchised military-age males. Iraqis will be able to reclaim their communities with measurable, visible activities managed by their own people. The positive impact on security in Sadr City has been quantifiable – we continue to employ thousands of Iraqis– and the community development has been sustainable. Under this program, the Embassy, in coordination with the 3rd ID, allocated $63 million for new electrical distribution projects, $20 million for new potable water projects, and $17 million for new sewerage projects.
- Community Action Program (CAP) – USAID's CAP program emphasizes creating jobs based on community priorities. CAP implementers find that the local community takes an active part in ensuring and protecting success, as they must invest 20% of the projects' cost. This investment serves to reinforce the partnership and ownership that is missing from purely charitable activities. In addition to developing a modern social infrastructure, this program has rehabilitated and constructed schools, health clinics, and water & sewerage facilities throughout Iraq. CAP has employed thousands of Iraqis over the last two years. An additional $100 million for this program will continue these benefits for hundreds more Iraqi communities.
- Housing Rehabilitation Grants – The 3rd ID, with the guidance and approval of the local Community Action Groups (leaders councils at the neighborhood level) and with technical assistance from USAID, will provide $20 million of housing rehabilitation grants to 10,000-20,000 households through local community action groups. Housing rehabilitation is a proven job creator. This method of community development stimulates economic activity and job creation by injecting cash quickly into the local economy, and strengthens neighborhood councils that will assist in the implementation of the programs.
- Micro/Small Business Loans – Utilizing an existing mechanism, USAID will use $5 million to increase micro/small business lending in order to accelerate

redevelopment and capacity building in the vital private banking sector. This will allow local businesses access to much-needed capital necessary for sustained economic growth and job creation. Small businesses are the source of most new jobs in all market economies. This $5 million will supplement already-existing funding in USAID's credit/grant facility.

Management Program

Embassy Baghdad has recently reallocated $607 million from longer-range projects to activities that will help ensure the sustainability of the more urgent IRRF investments we have already made.

- Electricity ($444 million): $108 million will be provided for a comprehensive O&M program at 5-7 strategic power plants to ensure that these facilities have the necessary spare parts and trained personnel to operate with minimal interruption; $35 million for emergency generation work at two key power plants -- Doura ($30 million) and Bayji ($5 million) -- and at key oil infrastructure sites ($4 million); $30 million to complete the build-out of the automated monitoring and control system; $27 million to complete the rehabilitation of the Baghdad South generation plant; $50 million for the construction of a small, scalable 50MW generation plant at Koya; $160 million to cover a contractor's cost growth caused by increased security costs, project scope increases significantly above original estimates, and indirect cost increases associated with the contractor mobilizing for more work than was eventually assigned; and $30 million to meet USG obligations associated with closeout costs at IRRF-funded, Coalition Provisional Authority (CPA)-sponsored Restore Iraqi Electricity (RIE) projects.
- Oil ($51 million): $40 million for the construction of additional Gas-Oil Separation Plants (GOSPs), the purchase of long-lead time equipment, and the undertaking of a gas balance study; and $11 million to meet USG obligations associated with closeout costs at IRRF-funded, CPA-sponsored Restore Iraqi Oil (RIO) projects
- $25 million for a comprehensive operations and maintenance (O&M) program at recently-rehabilitated water treatment plants turned over to the Iraqis;
- $9 million to complete the construction of the Advanced First Responders Network (AFRN) in all 16 cities;
- $15 million to expand the prison at Nasiriyah ($9 million) and to complete the construction of the prison in Dahuk ($6 million in partnership with the Iraqi government which will contribute $4 million);
- $10 million for additional secure courthouses; and
- Regime Crimes Liaison Office (RCLO): $53 million to be used in FY 2006 to complete the exhumations of four additional mass graves that may be linked to a certain set of defendants.

SECTOR HIGHLIGHTS

Security and Law Enforcement Sector

In the last quarter, the ISF provided fixed site security during independent and democratic elections on January 30, 2005 in which 8 million Iraqis voted. The ISF also made progress in countering the insurgency, including a series of operations in Samarra – completely led and carried out by Iraqi units – which netted over 80 suspected terrorists and insurgents, plus the unearthing of a substantial weapon cache. This kind of independent operation demonstrates that our efforts to train and equip the ISF are beginning to produce results.

Ministry of Defence Forces Summary – All 27 battalions of the originally planned Regular Army and Iraqi Intervention Force have been stood up. Also, a reinforced battalion of the 1st Iraq Mechanized Brigade became operational in January and a second mechanized battalion will be formed by May 2005. The 2nd Mechanized Brigade will be formed between August and November 2005. These elements will form the backbone as we move to build a complete mechanized division with T-55 and T-72 tanks, BMP-1s (armored infantry combat vehicle) and MTLBs (multi-purpose tracked vehicle). The first Iraqi Transportation Regiment (battalion) became operational in January and has already assumed some logistical support missions from Coalition forces. On March 15, the Iraqi Navy assumed full control of its own base support operations at Umm Qasr, the first such transition of a base in Iraq. The Iraqi Air Force has four operational squadrons throughout Iraq. The addition of three Iraqi-flagged C-130 aircraft on January 14 provided a significant capability to support movement of key officials and equipment throughout Iraq.

While these successes show great promise, significant challenges remain. The Army continues to implement a direct recruiting program and individual replacement system to address manning shortfalls, which should be eliminated by April 2005. Many Iraqi tactical and operational level units are not able to plan and conduct operations without the assistance of Coalition forces. For example, Intelligence capabilities are still immature, although MNF-I is developing a plan to address these issues.

Ministry of Interior Forces Summary – During the previous quarter, 9,245 new police students were trained in an eight-week Academy program, bringing the total trained to date to approximately 25,000. These were the first students trained in the new curriculum that added more survival skills and counterinsurgency-related training that resulted from the analysis of how ineffective previously trained police forces were at countering insurgency activity. Additionally, efforts are underway to improve leadership training and field training done by Iraqis, in order to improve the overall effectiveness of police who confront an organized campaign of intimidation and terrorism.

In addition, the Multinational Security Transition Command – Iraq (MNSTC-I) helped the Ministry of Interior (MoI) equip and deploy three Special Police Commando Brigades to supplement the newly trained nine Public Order Battalions. These newly formed commando units are designed to provide a high-end capacity to the Iraqi police to conduct offensive operations against the insurgency. Moreover, Iraq's first Special Border Force Battalion is operating on the Syrian border in Al-Anbar Province; a second battalion has begun its deployments to the border, and a third began training in March.

Justice, Public Safety Infrastructure and Civil Society Sector

The Embassy has identified programs in partnership with the Iraqi Ministries of Interior and Justice to further joint efforts to establish the rule of law in Iraq. There are multiple federal agencies working in close partnership with the Iraqi government to provide the necessary combination of expertise, knowledge, and understanding through specialized training opportunities to build the appropriate legal framework to advance Iraq's democratic efforts.

USAID provided assistance to the Independent Electoral Commission of Iraq (IECI) and to Iraqi non-governmental organizations to organize and conduct the January 30 elections. Post-election assistance has continued with the emphasis on building the capacity of the ITG to both govern during the transition and write the permanent constitution.

Electricity Sector

Our efforts in the electricity sector during this quarter were intended to address the decrepit state of the electricity system as well as the ongoing insurgency. Consistent with this, we have moved to systems completion and stabilization, including moving funds from non-critical longer-range projects into shorter-term needs such as total plant rehabilitation at Doura and Bayji and funding additional O&M activities needed to protect existing USG investments. Focusing on a 4,000 MW core of 8 large generation plants, the corresponding 400/132 kV transmission corridors, and key urban distribution needs, the following gains were achieved: (1) addition of 369 MW to the grid, (2) reinforcement of the transmission system in Baghdad by adding a new 400 kV sub-station (Al-Ameen), and (3) accelerated distribution recovery in Baghdad, Samarra, Najaf and Fallujah. Additionally, the countrywide assessment for the System Control and Data Acquisition (SCADA) was completed.

Oil Infrastructure and Capacity Sector

While crude oil production and exports remain essentially unchanged from the levels of late 2004 (2.1 million barrels per day (bpd) produced/1.4 million bpd exported), they remain significantly below the production/export level of 2.5 million bpd/1.6 million bpd achieved in September 2004. Despite increases in crude oil prices, this drop in production and exports is making it more difficult for Iraq to close the almost $5 billion gap between planned expenditures and actual revenues in Iraqi FY 2005. Crude oil production and exports have been limited by attacks on the northern crude pipelines (300,000 bpd) and pressure maintenance in the southern oil fields (200,000 bpd). Despite this, we continue to apply the IRRF resources to address the situation, particularly the pressure maintenance issues in the south, through the construction of additional of Gas-Oil Separation Plans (GOSPs) and the rehabilitation of the Rumaila Fields water tables to improve the pressurization and increase oil production.

Water Resources and Sanitation Sector

Consistent with our evolving approach to reconstruction, our work in the water sector has also moved to systems completion and stabilization orientation. This includes allocating $25 million for O&M activities needed to protect USAID investments in water/wastewater treatment plants funded by IRRF I. In the last quarter, much of the activity has been limited to small, scalable projects as the larger water/wastewater treatment plants, dams, and irrigation systems move through the end of the design phase.

Transportation and Telecommunications Sector

Progress continued at the airports to help Iraq achieve International Civil Aviation Organization (ICAO) certification, at the port to rehabilitate facilities and establish security, and on the railroads to rehabilitate rail stations. The Wireless Broadband Network (WBBN) was connected at 5 Ministry sites, with the goal of fully commissioning the system by the end of April at 35 ministries.

Roads, Bridges and Construction Sector

PCO and USAID completed the construction/rehabilitation of 190 schools within the reporting period, bringing the total number of schools constructed/rehabilitated to 322 (of 900 planned). PCO concluded a grant agreement with the Ministry of Housing and Construction that will allow for the execution through the Ministry of three key roads and bridges projects.

Health Care Sector

PCO started construction on 54 Primary Health Care Centers (PHCs), bringing the total number of PHCs under construction to 110 (of 150 planned) and started construction on 19 hospitals (of 20 planned). Construction has also started on the Academy of Health Sciences. USAID's construction of the new Basrah Children's Hospital is on schedule, and its partners have also delivered 300 emergency health kits to strengthen emergency room and essential health care capacity in MoH facilities.

Private Sector Development Sector

USAID continued its efforts to (1) promote economic reforms (particularly through training and technical assistance to the IIG and the private banks); (2) promote agricultural sector reforms, including the distribution of improved wheat seed and assistance to veterinary clinics; and (3) promote market-based reforms (particularly to encourage privatization of state owned enterprises and accession to the World Trade Organization).

Education, Refugees, Human Rights, Democracy and Governance Sector

In late January 2005, IRMO's Iraqi Property Claims Commission (IPCC) Advisory Group negotiated a joint International Organization for Migration (IOM) /United Nations High Commissioner for Refugees (UNHCR) package of comprehensive support and assistance addressing a broad range of IPCC claims program matters. The support package has already begun to show results in terms of improved IPCC claims program activities, with more than 48,500 claims filed, and almost 2,500 claims decided, as of March 16th.

The Bureau of Population, Refugees, and Migration (PRM) continued to build capacity of the Ministry of Displacement and Migration (MoDM) and the IPCC. PRM and IRMO's consultant team supported MoDM's emergency response teams to Fallujah, and PRM-funded IOM and UNHCR training on organization, Internally Displaced Persons (IDPs), and returnees has enabled MoDM to document displacement and function effectively.

USAID's Office of Foreign Disaster Assistance (OFDA) provided winter supplies and support to IDPs, and USAID's Office of Transition Initiatives (OTI) continues to provide small grants to Iraqi communities to respond to rapidly changing conditions. In addition, the USG supported civic and voter education efforts in the days and weeks surrounding the January 30th election. USAID also distributed 525,000 secondary school kits for 10th-12th grade students and refurbished sanitary facilities in 20 schools. PCO delivered basic science laboratory kits to the Ministry of Higher Education and Scientific Research for distribution to 22 Universities.

Commander's Emergency Response Program (CERP)

CERP continues to be a highly effective and flexible program enabling quick response to urgent, labor-intensive, humanitarian relief and reconstruction requirements, which has built trust and support for the Coalition at the grassroots level. This program has allowed the local population in various communities to see immediate improvements in quality of life. The President has requested an additional $320 million for CERP projects in Iraq in the FY 2005 supplemental appropriations request, funds that are vital for this program to continue uninterrupted.

During the previous quarter, MNF-I units began work on 1,092 CERP-funded projects throughout Iraq and completed 657 projects. Some of the projects include repairing and refurbishing water and sewer lines, cleaning up highways by removing waste and debris, transporting water to remote villages, upgrading schools and clinics, purchasing school supplies, and refurbishing playgrounds, youth centers, libraries, other recreational facilities, and other public facilities. MNF-I units anticipate completing 436 CERP-funded projects by June 30 and starting an additional 205 projects.

The Development Fund for Iraq (DFI)

The Iraqi Minister of Finance granted an initial delegation of authority for the Chief of Mission to continue administering and paying for contracts written by the CPA to be paid from the Development Fund for Iraq (DFI) for the period June 28, 2004 to December 31,

2004. At year-end, the Minister granted a further extension until February 28, 2005. This extension was conditional upon the Mission providing a full accounting of the outstanding liabilities and the funds on hand in the DFI Transitional sub-account that is dedicated to pay for the DFI contracts. The accounting of liabilities and funds on hand was delivered to the Minister by Under Secretary of the Treasury, John B. Taylor, during his visit to Iraq in February along with a request for a further extension of the delegation of authority. Minister Mahdi granted the extension to December 31, 2005, by which time the great bulk of the liabilities will be settled and paid.

When the accounting was delivered in February, the potential liabilities were calculated at $1.387 billion and funds on hand were about $1.1 billion, leaving a potential unfunded liability of $287 million that could impact the 2005 Iraqi budget. Upon further examination during March the potential liabilities were found to be $245 million lower, leaving an unfunded liability of $42 million.

Accelerated Iraqi Reconstruction Program (AIRP)

The AIRP, implemented by PCO using Development Fund for Iraq (DFI) funds, continues to create jobs and build infrastructure that improves quality of life. The projects provide clean water, waste treatment facilities, roads, bridges, clinics, schools and infrastructure in eight key governorates. More than 360 projects valued at over $313 million are under contract and are employing approximately 5,000 Iraqis. Of these, 200 projects valued at over $52 million have been completed to date, with total work in place valued at over $145 million. The majority of these projects will be completed by July 2005. Those few projects that extend beyond July will be transferred to Iraqi control in order to build Iraqi management capacity.

International Donor Assistance

Over the past quarter, the international community has continued to build on the success of the October 2003 Madrid Donors' Conference. At Madrid, the international community pledged over $32 billion in assistance for the reconstruction of Iraq, including $5.5 billion in lending from the World Bank and International Monetary Fund (IMF) and another $8 billion from other donor governments. All of these funds are to be disbursed between the years 2004 and 2007. As of March 2005, over $2.7 billion of the pledges of non-U.S. assistance has been disbursed, including $436 million from the IMF. About $1 billion of the funds disbursed thus far have been transferred into the International Reconstruction Fund Facility for Iraq (IRFFI), a vehicle for joint management of World Bank and United Nations reconstruction trust funds. Donor government disbursements are defined here as meaning funds that have left government treasuries. Because much of it is being channeled for implementation through trust funds, contractors, NGOs, international organizations, and Iraqi institutions, the impact on the ground in Iraq is just starting to be felt. We have been working with the Iraqi government and other major donors and institutions to encourage that all donors disburse their pledged assistance as quickly as possible.

IRAQ RELIEF AND RECONSTRUCTION FUND (IRRF) - Status of Funds										
Millions of Dollars										
						Actuals Thru 2nd Quarter (FY 2005)				
Category	Project Codes	January 5, 2005 Allocation	Previously Notified Changes	New Changes in Report	April 5, 2005 Allocation	Apportioned (as of Jan. 26)	Actual Obligations (as of Mar. 29)	Actual Outlays (as of Mar. 29)	Rest of FY 2005 Apportionment	TOTAL
Security & Law Enforcement		**5,045**	**(9)**	**-**	**5,036**	**5,045**	**3,821**	**1,742**	**(9)**	**5,036**
Law Enforcement		2,318	(9)	-	2,309	2,318	1,672	640	(9)	2,309
-- Police Training and Technical Assistance	10000	*1,824*	*(9)*	-	*1,815*	*1,824*	*1,367*	*573*	*(9)*	*1,815*
-- Border Enforcement	11000	*441*	-	-	*441*	*441*	*276*	*55*	-	*441*
-- Facilities Protection Service	12000	*53*	-	-	*53*	*53*	*29*	*11*	-	*53*
National Security		2,640	-	-	2,640	2,640	2,070	1,098	-	2,640
-- Iraqi Armed Forces		*1,796*	-	-	*1,796*	*1,796*	*1,416*	*874*	-	*1,796*
of which:										
-- IAF Facilities	20000	*731*	-	-	*731*	*731*	*646*	*480*	-	*731*
-- IAF Equipment	21000	*632*	-	-	*632*	*632*	*497*	*194*	-	*632*
-- IAF Training and Operations	22000	*433*	-	-	*433*	*433*	*273*	*200*	-	*433*
-- Iraqi National Guard of which:		*675*	-	-	*675*	*675*	*539*	*190*	-	*675*
of which:										
-- Operations and Personnel	23000	*225*	-	-	*225*	*225*	*167*	*102*	-	*225*
-- Equipment	24000	*92*	-	-	*92*	*92*	*82*	*62*	-	*92*
-- Facilities	27000	*359*	-	-	*359*	*359*	*291*	*26*	-	*359*
-- Iraqi Security Forces Quick Response Program	26000	*170*	-	-	*170*	*170*	*115*	*34*	-	*170*
Commanders' Humanitarian Relief & Reconstruction	28000	86	-	-	86	86	*79*	*4*	-	86
Justice, Public Safety Infrastructure, and Civil Society		**1,953**	**177**	**-**	**2,130**	**1,953**	**1,436**	**506**	**177**	**2,130**
-- Other Technical Investigative Methods	31000	*5*	-	-	*5*	*5*	*1*	*0*	-	*5*
-- Witness Protection Program	30000	*40*	-	-	*40*	*40*	*35*	-	-	*40*
-- Penal Facilities	32000	*100*	*15*	*(28)*	*87*	*100*	*61*	*4*	*(13)*	*87*
-- Reconstruction and Modernization of Detention Facilities	33000	*137*	-	*28*	*165*	*137*	*86*	*12*	*28*	*165*
-- Facilities Protection, Mine Removal, Fire Service, and Public Safety Facility and Equipment Repairs		*284*	*(10)*	*3*	*277*	*284*	*225*	*75*	*(7)*	*277*
of which:									-	
-- Facilities Repair	13000	*92*	-	*(3)*	*89*	*92*	*64*	*8*	*(3)*	*89*
-- Fire Service	14000	*122*	*(10)*	*6*	*118*	*122*	*91*	*19*	*(4)*	*118*
-- Demining	09500	*70*	-	-	*70*	*70*	*70*	*48*	-	*70*
-- Public Safety Training and Facilities	15000	*220*	-	-	*220*	*220*	*135*	*52*	-	*220*
-- National Security Communications Network	25000	*98*	*9*	-	*107*	*98*	*85*	*17*	*9*	*107*
--Rule of Law in Iraq	06500	*30*	-	*27*	*56*	*30*	*25*	*1*	*27*	*56*

IRAQ RELIEF AND RECONSTRUCTION FUND (IRRF) - Status of Funds										
Millions of Dollars										
						Actuals Thru 2nd Quarter (FY 2005)				
Category	**Project Codes**	**January 5, 2005 Allocation**	**Previously Notified Changes**	**New Changes in Report**	**April 5, 2005 Allocation**	**Apportioned (as of Jan. 26)**	**Actual Obligations (as of Mar. 29)**	**Actual Outlays (as of Mar. 29)**	**Rest of FY 2005 Apportionment**	**TOTAL**
-- Investigations of Crimes Against Humanity	05000	*75*	*53*	*(3)*	*125*	*75*	*62*	*10*	*50*	*125*
-- Judicial Security and Facilities	09000	*123*	*10*	*-*	*133*	*123*	*45*	*21*	*10*	*133*
-- Democracy Building Activities	06000	*832*	*100*	*(27)*	*905*	*832*	*668*	*308*	*73*	*905*
-- U.S. Institute of Peace (USIP)	07000	*10*	*-*	*-*	*10*	*10*	*6*	*5*	*-*	*10*
Electric Sector		**4,369**	**(61)**	**-**	**4,308**	**4,078**	**2,803**	**937**	**230**	**4,308**
-- Generation	40000	*1,668*	*(87)*	*6*	*1,588*	*1,668*	*1,470*	*643*	*(81)*	*1,588*
-- Transmission	41000	*1,300*	*(40)*	*-*	*1,260*	*1,009*	*613*	*177*	*251*	*1,260*
-- Network Infrastructure	42000	*1,254*	*36*	*-*	*1,290*	*1,254*	*585*	*70*	*36*	*1,290*
-- Automated Monitoring and Control System	43000	*97*	*30*	*-*	*127*	*97*	*93*	*5*	*30*	*127*
-- Security	45000	*50*	*-*	*(6)*	*44*	*50*	*43*	*43*	*(6)*	*44*
Oil Infrastructure		**1,701**	**22**	**-**	**1,723**	**1,701**	**1,005**	**221**	**22**	**1,723**
-- Infrastructure	50000	*1,650*	*47*	*-*	*1,697*	*1,650*	*979*	*217*	*47*	*1,697*
-- Emergency Supplies of Refined Petroleum Products	51000	*51*	*(25)*	*-*	*26*	*51*	*26*	*5*	*(25)*	*26*
Water Resources and Sanitation		**2,279**	**(122)**	**-**	**2,157**	**1,770**	**973**	**97**	**386**	**2,157**
Public Works Projects		1,866	(97)	0.6	1,770	1,474	849	81	296	1,770
-- Potable Water	60000	*1,600*	*(117)*	*0.1*	*1,483*	*1,208*	*625*	*65*	*275*	*1,483*
-- Water Conservation	61000	*31*	*-*	*-*	*31*	*31*	*25*	*3*	*-*	*31*
-- Sewerage	62000	*214*	*20*	*0.5*	*235*	*214*	*178*	*12*	*21*	*235*
-- Other Solid Waste Management	63000	*21*	*-*	*-*	*21*	*21*	*21*	*0*	*-*	*21*
Water Resources Projects		413	(25)	(0.6)	387	296	124	16	91	387
-- Pumping Stations and Generators	64000	*123*	*-*	*(0.2)*	*123*	*123*	*86*	*9*	*(0)*	*123*
-- Irrigation and Drainage Systems	65000	*38*	*-*	*0.0*	*38*	*37*	*5*	*0*	*2*	*38*
-- Major Irrigation Projects	66000	*54*	*-*	*(0.5)*	*53*	*51*	*10*	*0*	*3*	*53*
-- Dam Repair, Rehab, and New Construction	67000	*86*	*(25)*	*0.2*	*62*	*60*	*14*	*6*	*1*	*62*
-- Umm Qasr to Basra Water Pipeline and Treatment Plant	68000	*111*	*-*		*111*	*25*	*10*	*1*	*85*	*111*
-- Basra Channel Flushing	69000	*0.1*	*-*	*(0.1)*	*-*	*0*	*-*	*-*	*(0)*	*-*
Transportation & Telecommunications Projects		**513**	**(4)**	**-**	**509**	**513**	**321**	**61**	**(4)**	**509**
-- Civil Aviation	70000	*115*	*(1)*	*-*	*114*	*115*	*44*	*5*	*(1)*	*114*
-- Umm Qasr Port Rehab	71000	*45*	*-*	*-*	*45*	*45*	*32*	*16*	*-*	*45*
-- Railroad Rehab and Restoration	72000	*192*	*(3)*	*-*	*189*	*192*	*149*	*31*	*(3)*	*189*
-- Iraqi Telecom and Postal Corporation	74000	*20*	*-*	*-*	*20*	*20*	*7*	*2*	*-*	*20*

IRAQ RELIEF AND RECONSTRUCTION FUND (IRRF) - Status of Funds										
Millions of Dollars										
						Actuals Thru 2nd Quarter (FY 2005)				
Category	Project Codes	January 5, 2005 Allocation	Previously Notified Changes	New Changes in Report	April 5, 2005 Allocation	Apportioned (as of Jan. 26)	Actual Obligations (as of Mar. 29)	Actual Outlays (as of Mar. 29)	Rest of FY 2005 Apportionment	TOTAL
-- Iraqi Communications Systems	76000	*46*	-	-	*46*	*46*	*10*	*3*	-	*46*
-- Consolidated Fiber Network	76500	*70*	-	-	*70*	*70*	*70*	-	-	*70*
-- Iraqi Communications Operations	79000	*25*	-	-	*25*	*25*	*9*	*3*	-	*25*
Roads, Bridges, and Construction		**360**	**(4)**	**-**	**355**	**355**	**186**	**58**	**-**	**355**
-- Public Buildings Construction and Repair	81000	*127*	-	-	*127*	*127*	*117*	*42*	-	*127*
-- Roads & Bridges	82000	*233*	*(4)*	-	*228*	*228*	*68*	*15*	-	*228*
Health Care		**786**	**-**	**-**	**786**	**786**	**451**	**54**	**-**	**786**
-- Nationwide Hospital and Clinic Improvements	90000	*439*	-	-	*439*	*439*	*261*	*35*	-	*439*
-- Pediatric Facility in Basra	91000	*50*	-	-	*50*	*50*	*50*	-	-	*50*
-- Equipment Procurement and Modernization	92000	*297*	-	-	*297*	*297*	*140*	*19*	-	*297*
Private Sector Employment Development		**843**	**17**	**-**	**860**	**835**	**762**	**438**	**25**	**860**
-- Expand Network of Employment Centers	01000	*8*	-	-	*8*	*8*	*7*	*2*	-	*8*
-- Vocational Training	02001	*94*	-	-	*94*	*94*	*89*	*27*	-	*94*
-- Business Skills Training	02500	*37*	-	-	*37*	*37*	*28*	*17*	-	*37*
-- Micro-Small-Medium Enterprises	03000	*44*	-	-	*44*	*44*	*36*	*35*	-	*44*
-- Institutional Reforms	01500	*100*	-	-	*100*	*100*	*93*	*1*	-	*100*
-- Agriculture	01600	*100*	-	-	*100*	*100*	*93*	*3*	-	*100*
-- Market-Based Reforms	03500	*100*	*5*	-	*105*	*100*	*63*	*1*	*5*	*105*
-- Housing Rehabilitation Grants	01700	-	*20*	-	*20*	-	-	-	*20*	*20*
-- Iraq Debt Forgiveness	04500	*360*	*(8)*	-	*352*	*352*	*352*	*352*	-	*352*
Education, Refugees, Human Rights, Democracy, and Governance		**379**	**(16)**	**-**	**363**	**379**	**251**	**67**	**(16)**	**363**
-- Migration & Refugee Assistance	04000	*175*	*(16)*	-	*159*	*175*	*96*	*20*	*(16)*	*159*
-- Property Claims Tribunal	05500	*10*	-	-	*10*	*10*	*5*	*2*	-	*10*
-- Governance	06700	*40*	-	-	*40*	*40*	*30*	-	-	*40*
-- Banking System Modernizations	08000	*30*	-	-	*30*	*30*	*21*	*13*	-	*30*
-- Human Rights	09500	*15*	-	-	*15*	*15*	*4*	*1*	-	*15*
-- Education	06300	*99*	-	-	*99*	*99*	*85*	*23*	-	*99*
-- Civic Programs	06600	*10*	-	-	*10*	*10*	*10*	*8*	-	*10*
Administrative Expenses		**213**	**-**	**-**	**213**	**29**	**29**	**29**	**184**	**213**
-- USAID		29	-	-	29	29	29	29	-	*29*
-- Administrative Expenses for U.S. Mission to Iraq		184	-	-	184	-			*184*	*184*
GRAND TOTAL		**18,439**	**-**	**-**	**18,439**	**17,444**	**12,038**	**4,209**	**995**	**18,439**

APPENDIX I

SECTOR: Security and Law Enforcement

In the last quarter, Iraqi Security Forces (ISF) have had numerous major successes, the most notable being the security they provided during independent and democratic elections on January 30, 2005. On this historic day, some 130,000 ISF secured over 8 million voters as they cast ballots at over 5,200 polling sites throughout Iraq. While providing two rings of security at these sites, ISF thwarted the efforts of a number of suicide bombers and prevented the penetration of all polling locations. While Coalition Forces helped set the conditions for this operation, the ISF performance on Election Day and in the planning and coordination leading up to it were impressive.

Also of note is the large number of Iraqi Security Forces providing security in locations such as Najaf, North Babil, Baghdad, Fallujah, Baqubah, Samarra, and Mosul. In many of these areas, ISF are performing key security roles that would otherwise be performed by Coalition Forces. In Baghdad, Iraqi Army units are assuming their own sectors of responsibility. Special Police units are providing security in a number of these cities while regular police are being reconstituted.

Iraqi Security Forces are also capturing more and more insurgents and terrorists than they have in the past. One series of operations in Samarra – completely led and carried out by Iraqi Police Commandos, Public Order Battalions, and Iraqi Army units – netted over 80 suspected terrorists and insurgents, plus a substantial weapon cache. One Iraqi unit in Baghdad apprehended a former regime member among those most wanted by the Coalition. The Iraqi Highway Patrol recently thwarted a kidnapping, and in two separate incidents, captured 13 hijackers. Iraqi police recently arrested a foreigner carrying explosive devices in his vehicle while he attempted to enter a Kirkuk airfield. In early March informants assisted Iraqi Army units in finding weapons caches and in arresting insurgents. These and many other Iraqi operations provide insights on the capabilities the ISF can develop given strong leadership, sound training, sufficient resources, and backup when required.

While these successes show the great promise of the ISF, events in the last quarter also highlighted where continuing challenges remain. The Army continues to implement a direct recruiting program and individual replacement system to address manning shortfalls, which should be eliminated by April. Building independent sustainment capacity, from the institutional to the tactical level, within the Ministries of Defence and Interior will require additional work. Many Iraqi tactical and operational level units are not able to plan and conduct operations without Coalition assistance. Intelligence capabilities are still immature. Finally, efforts to improve force protection measures at police stations and recruiting centers are ongoing. The Commander of Multinational Force-Iraq (MNF-I) is implementing a plan to increase the Coalition's efforts to develop the ISF at all levels and to address ISF shortcomings in the coming months.

Ministry of Interior Forces Summary

Police training capacity continues to be increased. As of March 3rd, a total of 24,700 students have been trained in the eight-week Academy program, and 35,526 have been trained under the three-week Transition Integration Program (TIP). In light of insurgent attacks on police in the Al Anbar province and other areas that rendered some local police forces ineffective, the Multinational Security Transition Command-Iraq (MNSTC-I) and the Iraqi Interim Government (IIG) have jointly modified the police force's training model and operational construct. The eight-week Academy curriculum has been changed – adding more survival skills and counterinsurgency-related training – and efforts are underway to improve leadership training, field training done by Iraqis, and the overall effectiveness of police, who must confront an organized campaign of intimidation and terrorism. Police stations are being hardened, and steps are being taken to provide police more rifles and machine guns to improve force protection at police stations, and to link police stations to quick response forces.

In addition, MNSTC-I has helped the Ministry of Interior (MoI) equip and employ Special Police Commando Brigades. These newly formed commando units are designed to provide a high-end police and counterinsurgency capability. These units continue to successfully conduct offensive operations in Baghdad, Fallujah, Samarra, and Mosul. MNSTC-I has helped to equip and train three brigades of Police Commandos. These forces have proved of great significance, as have the newly trained Public Order Battalions, nine of which are now operational.

Other special police units have also shown promising capabilities. Public Order Battalions conducted operations in Fallujah, Samarra, Baghdad, and Hillah, and three more completed training in mid-March. Two battalions of a new mechanized police brigade, consisting of wheeled and armored vehicles, are currently conducting operations in Baghdad. The Emergency Response Unit (ERU) now has over 200 operators and has conducted successful operations in Baghdad, Fallujah, and Mosul. In addition, the MoI has established some ERUs at the governorate level, several of which are now operating effectively. Finally, Iraq's first Special Border Force Battalion is operating on the Syrian border in Al Anbar Province; a second battalion has begun its deployments to the border, and third began training in March.

The MoI's Qualifying Committee (QC) continues its data collection efforts that will support the separation of unqualified Iraqi Police Officers. To date, the QC has collected 55,000 records, and is expected to add an additional 30,000 records in March when it completes the southern provinces. Production of a new Iraqi Police Service Identification (IPS) Card began in early March. Efforts to identify officers for separation are to begin by the end of March. Initial recommendations for officer separation will be based upon those who were not present to provide biometric data, and those who are medically unqualified. The second round of cuts will focus more keenly on whether the officers meet established standards of literacy, physical fitness, and job performance.

Ministry of Defence Forces Summary

All 27 battalions of the originally planned Regular Army and Iraqi Intervention Force (IIF) completed initial training with the last graduation at Kirkush Military Training Base on March 20th, 2005. This completed the force generation of the three planned Regular Army and Iraqi Intervention Force divisions. In addition, a reinforced battalion of the 1st Iraq Mechanized Brigade became operational in January and provided security at static

sites and in patrols around Baghdad to support the elections. The experience gained during operations in Samarra, Fallujah, and Mosul proved valuable in establishing the confidence and proficiency exhibited by the battalions during the crucial election period. Additionally, successful combat operations and post-election recruiting enabled the Army to access new recruits to restore manning strength levels to all units.

The Iraqi Regular Army and Intervention Forces have demonstrated their ability to conduct aggressive and successful counterinsurgency operations with and in conjunction with Coalition Forces. An ability to conduct independent operations at lower echelons is growing rapidly. A second mechanized battalion is forming and will be the next step toward building a complete mechanized division with tanks (T-55s and T-72s) and armored infantry combat vehicles (BMP-1s and MTLBs). Although manning and equipping of the Iraqi Regular Army and Iraqi Intervention Forces continues to mature significantly, logistical ability is only just beginning to take form. The first Iraqi Transportation Regiment (battalion) became operational in January and its ability to assume logistical support missions from Coalition Forces is making an impact. The second regiment (battalion) is forming in An Numinayah and is conducting multi-echelon combat service support training with a planned operational date of April 1, 2005. The third transportation regiment will begin forming in April with a planned operational date of July 30, 2005. In addition, an engineer brigade is forming with over 100 soldiers already assigned and is currently planning to conduct specialized training by Germany in the United Arab Emirates (UAE) in the next quarter.

The IIG announced on January 6, 2005 that the Iraqi National Guard (ING) would be integrated into the Iraqi Army, and initial steps to begin this process are underway. Former ING units now have 51 formed battalions and seven brigade headquarters, and their capabilities continue to improve. The 40th Brigade in Baghdad has started to assume security in battalion-sized sectors; a total of 43 battalions are now actively conducting security operations throughout Iraq. In addition, the Muthana Brigade, which was initially intended to be an ING Brigade, is now conducting operations with four battalions and a brigade headquarters.

Iraq's Special Operations Forces have continued to conduct successful counterinsurgency operations, and both units have continued to recruit and train new recruits with demanding regimens.

The Iraqi Navy and the Iraqi Naval Regiment (formerly the Iraqi Coastal Defense Force and Iraqi Coastal Defense Regiment) continue to conduct operations and completed a challenging operational assessment. They continue to conduct oil platform security, board and search operations, and base security operations in concert with Coalition Forces. On March 15th, the Iraqi Navy assumed full control of its own base support operations at Umm Qasr, the first such transition of a base in Iraq.

The Iraqi Air Force has four operational squadrons throughout Iraq. The addition of three Iraqi-flagged C-130 aircraft on January 14th provided a significant capability to support movement of key officials and equipment throughout Iraq. Currently, there are four fully trained Iraqi crews and mixed U.S.-Iraqi crews flying operational missions throughout Iraq and the region. Other Iraqi Air Force squadrons are conducting reconnaissance and surveillance operations in support of Coalition and Iraqi ground forces throughout the country.

As part of the FY 2005 Supplemental currently under Congressional consideration, $5.7 billion is earmarked for the Iraq Security Forces Fund. This Fund will allow the Commander, Multi-National Security Transition Command-Iraq (MNSTC-I), to provide equipment, supplies, services, training, facility and infrastructure repair, renovation, and construction, and funding in order to provide assistance to Iraqi Security Forces. This funding will be used to augment current frontline security and police forces, develop support capabilities, and enhance institutional training capabilities. The quick receipt of these funds will allow MNSTC-I to continue its train and equip mission, and will enhance and hasten the transfer of responsibilities to the Iraqi Government.

In summary, Iraq's Security Forces have progressed in the last quarter, but require additional assistance in the months ahead. With this assistance, Iraqi Army battalions, brigades, and divisions will increasingly be able to conduct independent counterinsurgency operations, and police will gain more ability to operate in a counterinsurgency environment. The Ministries of Defence and Interior will assume more and more responsibility for all aspects of commanding, training, and sustaining Iraq's military and police forces. We look forward to reporting on these capabilities as they develop.

LAW ENFORCEMENT

Police Training and Technical Assistance
Project Code: 10000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	1,040	849	-65	-	-	1,824	1,206	276
Change from January	-	-	-9	-	-	-9	+161	+297
April 2005	1,040	849	-74	-	-	1,815	1,367	573

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense and State, with some funds transferred to Department of Justice.

Changes from the January Report: This report reflects a previously notified $9 million decrease from $1,824 million to $1,815 million. As part of the $607 million management program, $9 million was re-allocated to National Security Communications Network (P/C 25000) to complete the construction of the Advanced First Responders Network (AFRN) in 16 cities.

Accomplishments since the January Report:

- Continued eight-week regular police training at Baghdad, Jordan, and three regional academies. A total of 6,319 students completed training between January 1st and March 31st.

- Continued specialized training for Iraqi Police Service Officers at MoI facilities in Baghdad.

- Graduated 125 recruits from the Iraqi Highway Patrol (IHP) interim academy, located at Latifyah.

- The IHP initiated daily convoy escorts for fuel convoys from Bayji to Al Dora.

- Awarded contracts to renovate 252 Police Stations and another 157 stations are under construction. Currently, 11 Police Stations have been completed for a total of $1.3 million.

- Began construction on two eight-week Police Academies in Al Asad and Basrah costing a total of $18.7 million. Six academies are under construction. In addition, construction was completed on two eight-week academies in Al Hillah and Arbil ($6.7 million).

- Began construction on three Public Order Battalion projects at Forward Operating Base (FOB) Justice ($9 million). The projects are scheduled for completion in June 2005.

- Started construction on billets, headquarters, and other facilities for the 8th Police Mechanized Brigade at Taji. The project was awarded for $43.9 million and is scheduled for completion in summer 2005.

- Executed a comprehensive training, force protection, and life support contract with the Counter-Terrorism Special Operations (CTSO) group establishing training programs for the Emergency Response Unit (ERU), Special Weapons and Tactics (SWAT), and Bureau of Dignitary Protection through December 31st.

Accomplishments anticipated in next quarter:

- Continue specialized training for Iraqi Police Service Officers at MoI facilities in Baghdad.

- The IHP will stand-up its own academy at Camp Taji. The initial classes will be taught in a tent complex for 500 students. Also, construction is expected to start on IHP stations and barracks at six locations.

- Execute new build station design work in Fallujah, Samarra, and Mosul.

- 63 expected construction starts, to include police stations and Basrah Regional Public Safety Training Academy.

- Complete 129 construction projects, to include facilities for Taji Special Police Regiment, facilities for Public Order Brigade at FOB Justice, and Al Kut Regional Public Safety Training Academy.

- Award contract in April 2005 for 1,800 SUVs, 1,830 trucks, and 100 sedans to equip the Iraqi Police Service.

Border Enforcement
Project Code: 11000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	260	190	-9	-	-	441	206	33
Change from January	-	-	-	-	-	-	+70	+22
April 2005	260	190	-9	-	-	441	276	55

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from the January Report: This report maintains the $441 allocation for Border Enforcement.

Accomplishments since the January Report:

- Trained, equipped and deployed a special border force along the Syrian border. To date, a total of 887 personnel have been trained with another 600 scheduled to begin a two-training course at the Jordanian International Police Training Academy (JIPTC).

- 100 border police attended a train-the-trainer course at JIPTC. These personnel are used to train future Department of Border Enforcement (DBE) classes at both the JIPTC and at the regional academies in Iraq.

- Commenced training and fielding of technology with the delivery and deployment of Z-Backscatter x-ray machines. Additionally, commenced training of Iraqi operators to use this equipment at the Ports of Entry (POEs).

- Completed two POEs, with six more under construction after initial delays in obtaining basic functional requirements and four others under contract awaiting start of construction.

- Started construction on Kirkush Military Training Base (KMTB) Department of Border Enforcement Academy with an estimated completion time of May 2005. Five of six DBE Academy contracts have been awarded.

- Since the last quarter, the number of border forts under construction increased by 21 with $21.2 million in completed construction. Completed 40 border forts in the Northwest region, with seven under contract but not started. In the Western region, completed nine forts, with 34 under construction. In the South-East region, completed four forts, with 53 forts under construction. In the Central-South area, completed 10 forts, with six under construction. In the North-Central region, completed 30 forts, with 35 under construction and five under contract. Since the last

quarter, increased the number of border forts under construction by 21 with $21.2 million in completed construction.

Accomplishments anticipated in next quarter:

- Begin to shift training of DBE personnel from JIPTC to regional academies throughout Iraq. Additionally, Iraqi instructors will conduct training at these academies.

- Expand and deploy the special border force to reestablish security along the Syrian border.

- Accelerate fielding of technology (additional vehicle and luggage Z-Backscatter X-ray machines, explosive detection systems and ground sensors) as forts and POEs are completed and manned.

- Complete and make operational 149 border forts. An additional 60 will be under construction, with an additional 12 beginning construction.

- Complete construction at Kirkush Military Training Base (KMTB), Sulaymaniyah, and Al Kut DBE Academies by the 3rd quarter of FY 2005.

- Complete five of six POE's currently under construction. A total of seven POE's will be operational with basic functional capabilities, with the remaining under construction.

- Expect to award contract in April 2005 for 200 trucks to equip the DBE.

Facilities Protection Service (FPS)
Project Code: 12000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	53	-	-	-	-	53	26	7
Change from January	-	-	-	-	-	-	+3	+4
April 2005	53	-	-	-	-	53	29	11

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from the January Report: This report maintains the $53 million allocation for the Facilities Protection Service (FPS).

Accomplishments since the January Report:

- Increased the Basic Course to three weeks with the capability to train between 250–300 guards at the Baghdad Police College. The FPS also graduated personnel at the Baghdad Police College in the First Line Supervisors Course and the Train-The-Trainer Course.

Accomplishments anticipated in next quarter:

- Expect to award contract in April 2005 for 65 SUVs and 65 sedans to equip the FPS.

NATIONAL SECURITY- IRAQI ARMED FORCES

Iraqi Armed Forces Facilities
Project Code: 20000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	602	89	40	-	-	731	574	352
Change from January	-	-	-	-	-	-	+72	+128
April 2005	602	89	40	-	-	731	646	480

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from January Report: This report maintains the $731 million allocation for Iraqi Armed Forces (IAF) Facilities.

The IAF construction program is the most robust construction program in MNSTC-I. The large number of requirements and projects has nearly exhausted existing funds. More than $1 billion in un-financed Coalition-Iraqi mutually agreed requirements remain, and FY 2005 Supplemental funding and Iraqi Ministry funding will be necessary to execute this program.

Accomplishments since the January Report:

- Completed Taji Warehouse Complex ($1.9 million).

- Completed Special Forces Barracks Project ($5.6 million).

- Constructed Umm Qasr Ammunition Supply Point ($0.3 million).

Accomplishments anticipated in next quarter:

- Complete 15 large construction projects at an estimated total cost of $145 million.

Iraqi Armed Forces Equipment
Project Code: 21000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	606	35	-9	-	-	632	439	69
Change from January	-	-	-	-	-	-	+58	+125
April 2005	606	35	-9	-	-	632	497	194

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from the January Report: This report maintains the $632 million allocation for Iraqi Armed Forces (IAF) Equipment.

Accomplishments since the January Report:

- Continued to plan for three additional Defense Private Communications Network sites: Basrah, Habbaniyah, and Tallil. Basrah will be operational in the first week of April.

- Purchased $16.5 million in battalion sets of individual equipment and $9.7 million in vehicles from the U.S. Army Tank-Automotive and Armaments Command (TAACOM) to equip the Iraqi Army. Purchased $22 million in body armor from Defense Logistics Agency (DLA) to help equip Iraqi Regular Army.

- Fully equipped nine battalions of Iraqi Regular Army and Intervention Forces.

- Distributed $16.2 million in truck sets to begin to stand up the 1st Transportation Regiment.

- Ordered close to 80% of the equipment in the modified table of organization and equipment (MTOE) for Iraq's Special Operations Forces (ISOF) Brigade. The majority of the unordered balance is due to unavailability of types or amounts of equipment.

Accomplishments anticipated in next quarter:

- Order equipment for the expansion units, which should arrive into theater with all essential equipment by early August 2005.

- Complete Defense Private Communication Network sites at Habbaniyah and Tallil. Continue to rollout data connectivity.

Iraqi Armed Forces Training and Operations
Project Code: 22000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	394	39	-	-	-	433	192	111
Change from January	-	-	-	-	-	-	+81	+89
April 2005	394	39	-	-	-	433	273	200

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from the January Report: This report maintains the $433 million allocation for the Iraqi Armed Forces (IAF) Training and Operations.

Accomplishments since the January Report:

- Completed initial training of all 27 battalions of the Regular Army and the Iraqi Intervention Force. The last graduation took place at Kirkush Military Training Base on March 20th.

- On March 24th, graduated 73 officers from Zahko Military Training Academy; training continues at Ar Rustimiyah with 89 students currently enrolled.

- The first Iraqi Transportation Regiment became operational in January. Formed the second Transportation Regiment in An Numinayah with a planned operational date of April 1st.

- Began organization of an Iraqi Engineer Brigade, with over 100 soldiers currently assigned. Majority of initial equipment gifted from Germany.

- Began a 12-week Iraqi Special Operations class on January 12th, and it graduated close to 100 students on April 4th.

- Transferred $45 million to Defense Cooperation Security Agency (DCSA) for training, repair parts, fuel, and other needed start-up costs for 90 days to help stand up the Iraqi Air Force with three C-130 aircraft gifted from the USG.

- Implemented direct recruiting program. Conducted a three-week training program for 10,146 soldiers between January 1st and March 31st.

Accomplishments anticipated in next quarter:

- Begin forming the third transportation regiment in April with a planned operational date of July 20th.

- Plan for the Engineer Brigade to conduct specialized training in the UAE in the near future.

- Graduate the 12-week Iraqi Special Operations class that began on 12 January; begin additional Iraqi Special Operations class.

Iraqi National Guard Operations and Personnel
Project Code: 23000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	159	73	-7	-	-	225	111	101
Change from January	-	-	-	-	-	-	+56	+1
April 2005	159	73	-7	-	-	225	167	102

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from the January Report: This report maintains the $225 million allocation for Iraqi National Guard (ING) Operations and Personnel.

Accomplishments since the January Report:

- On January 6th, the ING was integrated into the Iraqi Army and initial steps to begin that process are underway. (P/C 23000 will continue to report Operations and Personnel progress on units previously identified as ING battalions.)

- 44 Battalions are sufficiently manned, trained and equipped to conduct security operations.

- Started to transfer life support responsibility from USG to the Ministry of Defence (MoD). Initiated discussion to have MoD pick up a significant portion of ING life support for MNB-NW, MND-B, and MND-NC on or about 1 April. This transfer, if successful, will show a willingness and capacity on the part of the MoD to meet its requirement to sustain the ISF and will therefore be a significant milestone in the development of the Ministry.

- Formed 51 Battalion and seven Brigade headquarters.

- MNSTC-I partnered with Iraqi MoD and is now considering options to develop viable Iraqi Security Force presence in Al Anbar Province. This includes the disbanding of former ING units to enable them to integrate into the larger Army for stationing elsewhere in Iraq. These disbanded units will be backfilled by units that were established with nationwide recruiting.

- Developed a comprehensive plan to train all Explosive Ordinance Disposal (EOD) Companies that are part of the Brigade troops in each ING Brigade.

- Continued to equip ING battalions, including three expansion battalions in MND-NW.

Accomplishments anticipated in the next quarter:

- Continue to transfer life support responsibilities from USG to the Ministry of Defence. Will transfer significant portion of the MNB-NW, MND-B, and MND-NC, and begin discussion to transfer remaining MSCs for the ING life support. One EOD company (65 soldiers) will complete training on tasks up to EOD level III tasks, and a second company will begin training.

Iraqi National Guard Equipment
Project Code: 24000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	81	11	-	-	-	92	72	58
Change from January	-	-	-	-	-	-	+10	+4
April 2005	81	11	-	-	-	92	82	62

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from the January Report This report maintains the $92 million allocation for Iraqi National Guard (ING) Equipment.

Accomplishments since the January Report:

- On January 6th, the ING was integrated into the Iraqi Army and initial steps to begin that process are underway. (P/C 24000 will continue to report Equipment progress on units previously identified as ING battalions.)

- Completed the full equipment issue to 28 battalions in 15 key cities in the lead up to the election and completed the vast majority of equipment issue for 44 battalions.

- Awarded a contract for major end items and weapons for the expansion battalions.

- Started to receive individual equipment items ordered through Defense Logistics Agency for expansion battalions.

Accomplishments anticipated in the next quarter:

- Equip three additional brigade headquarters and three additional battalions.

Iraqi National Guard Facilities
Project Code: 27000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	359	-	-	-	359	235	-

Change from January	-	-	-	-	-	-	+56	+26
April 2005	-	359	-	-	-	359	291	26

NOTE: Obligation and Outlay Data is current as of March 29, 2005

Responsible U.S. Government Agency: Department of Defense

Changes from January Report: This report maintains the $359 million allocation for Iraqi National Guard (ING) Facilities.

Accomplishments since the January Report:

- On January 6th, the Iraqi ING was integrated into the Iraqi Army and initial steps to begin that process are underway. (P/C 27000 will continue to report Facilities progress on units previously identified as ING battalions.)
- Completed Hammam Al Alil Brigade Set, Phase 1 & 2 ($5.4 million).
- Finished $23.1 million Habbaniyah Phase 2 construction project (division headquarters and additional brigade area).
- Completed requirements for three battalions and one brigade headquarters at a total cost of $30.5 million.

Anticipated accomplishments in the next quarter:

- Complete 15 construction projects for an estimated total of $60 million.

Iraqi Security Forces Quick Response Program
Project Code: 26000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	40	80	50	-	-	170	67	19
Change from January	-	-	-	-	-	-	+48	+15
April 2005	40	80	50	-	-	170	115	34

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense.

Changes from January Report: This report maintains the $170 million allocation for the Iraqi Security Forces Quick Response Program (QRP).

Accomplishments since the January Report:

- Distributed resources to all of the divisional Major Subordinate Commands (MSCs) within Iraq, providing commanders with the means to build strong and capable Iraqi Security Forces.

- The table below breaks out the QRP categories and the amount committed/obligated in each area:

Category	Committed	Obligated
Reconstruction/Repair/Force protection of Buildings	$ 35,967,947	$ 30,057,931
Office Equipment/supplies/Furniture/computers	$ 7,325,372	$ 6,617,573
Uniforms for Iraqi Security Forces	$ 6,252,578	$ 5,762,130
Transportation	$ 9,108,040	$ 9,006,325
Equipment	$ 35,480,684	$ 32,112,005
Training and Training Equipment	$ 898,650	$ 445,253
Infrastructure Repair	$ 14,460,776	$ 13,781,869
Emergency Life Support for ISF	$ 17,267,273	$ 14,131,307
Total	**$126,761,319**	**$111,914,392**

Anticipated accomplishments in the next quarter:

- Continue to respond rapidly to the needs of the ISF and provide them timely assistance for urgent and compelling emergent requirements.

- Continue to spend QRP funds at a rate consistent with past quarters. The Commander, MNSTC-I, will use information from local commanders to identify and fund the most critical, time-sensitive needs.

Commander's Humanitarian Relief & Reconstruction

Project Code: 28000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	86	-	-	-	86	31	-
Change from January	-	-	-	-	-	-	+48	+4
April 2005	-	86	-	-	-	86	79	4

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/Multinational Force-Iraq (MNF-I) and USAID.

Changes from January Report: This report maintains the $86 million allocation for the Commander's Humanitarian Relief and Reconstruction Projects (CHRRP).

Accomplishments since the January Report:

- Started projects worth $30 million during the second quarter to include Baghdad Solid Waste Transfer Hauling, Mahalla Sewer Network, Baghdad Landfill Heavy Equipment, and Abu Ghuraid Sewer Truck Line and Treatment Ponds projects.

- Completed six Baghdad water sanitization projects totaling $1,387,005 and one Baghdad electricity project totaling $650,353.

- Started $47 million in new contracts.

Anticipated accomplishments in the next quarter:

- Complete purchase of Baghdad Landfill heavy equipment (~$2.9 million).
- Complete infrastructure improvements at the University of Tikrit (~$1 million).
- Purchase an estimated $902,000 worth of safety and firefighting equipment in Bayji.
- Complete five school construction projects in Sulaymaniyah, Kirkuk, and Bayji (~$821,000).

SECTOR: Justice, Public Safety Infrastructure, and Civil Society

Other Technical Investigative Methods
Project Code: 31000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	5	-	-	-	-	5	1	-
Change from January	-	-	-	-	-	-	-	-
April 2005	5	-	-	-	-	5	1	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense and State, with some funds transferred to the Department of Justice.

Changes from January Report: This report maintains the $5 million allocation for the Commission on Public Integrity (CPI) to use electronic surveillance equipment and advanced accounting techniques to detect, deter, identify, and investigate illegal activities and organizations. CPI achieved advances and growth in capabilities during this quarter and achieved a significant capacity milestone, its first arrest. In the event that the constitutional drafting process and subsequent legislative changes places the Ministry Inspector Generals under the supervision of the Commissioner to CPI, a needs assessment for the CPI may be conducted.

Accomplishments since the January Report:

- Conducted Ernst and Young Internal Audit Classes. ($300,000)
- Purchased investigative equipment, including auditing equipment and training materials. ($200,000)

Anticipated accomplishments in the next quarter:

- Begin Code of Conduct rollout to Iraqi government workers and implement first stage of Ghost Hunter ghost employee eradication program. (~$1,700,000)
- Initiate financial disclosure program phased implementation, training and equipment purchases. (~$500,000)
- Purchase additional investigative equipment, auditing equipment, training materials to assist CPI in taking initial steps toward the establishment of regional offices to expand its contribution outside of the greater Baghdad area. (~$800,000)

Witness Protection Program
Project Code: 30000

		FY 2005 by Quarter			

2207 Report	FY 2004	1st	2nd	3rd	4th	Total	Obligated	Outlayed
January 2005	40	-	-	-	-	40	25	-
Change from January	-	-	-	-	-	-	+10	-
April 2005	40	-	-	-	-	40	35	0

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense/Project and Contracting Office (PCO) and State, with funds transferred to the Department of Justice.

Changes from the January Report: This report maintains the $40 million allocation to support a Witness Protection Program ($35 million) and to establish and sustain the Commission on Public Integrity (CPI) ($5 million). The funds for CPI are in addition to funds provided for the CPI in the Other Technical Investigative Methods (P/C 31000) and Democracy Building Activities (P/C 06000) project codes.

Construction of the witness security facilities is directly related to the construction of the four new courthouses in Judicial Security and Facilities (P/C 09000). Equipment for the witness security program cannot be purchased until the near completion of the facilities. Training for the witness security agents cannot commence until the Ministry of Finance awards full time position to the Council of Judges security officers.

Accomplishments since the January Report:

Department of Defense

- Identified and evaluated witness protection facilities. A facility has been transferred to CPI for use in the Witness Protection Program.

- Evaluated a Mosul regional office for use in the Witness Protection Program.

Department of Justice (DOJ)

- Graduated 366 Personal Security Details (PSDs) to serve as a pool of officers to select as Witness Security (WitSec) agents. Officers trained for the Council of Judges will be used as candidates for WitSec agents.

- Designed a witness security facility to be built near new court complexes in Baghdad, Mosul and Basrah. The construction cost for this project is $10.2 million and the approximate cost for each facility is $2.5 million

Anticipated accomplishments in the next quarter:

Department of Defense

- Begin construction at the new witness security facilities in Karkh and Rusafa Districts of Baghdad. The approximate cost for each facility is $2.5 million. (referenced above)

- Continue the preparations for the Witness Protection Program rollout scheduled during the 4th quarter of FY 2005 as well as funding commitments towards additional establishment and sustainability for CPI. Funding is planned to be committed in the next quarter.

- Obligate CPI's $5 million pending the completion of other capacity building efforts in CPI, most notably the development of management structures, systems and processes and training of a team of investigators to more efficiently and professionally investigate corruption cases in the Iraqi government. Once a sustainable number of CPI investigators been reached, the CPI Witness Protection Program and other CPI establishment funding will be obligated.

Department of Justice

- Develop a basic Witness Security Class at Special Operations Group Tactical Center (SOGTC) in Pineville, Louisiana to train Council of Judges (COJ) PSD members. Procure equipment for the witness security program, as well as uniforms and equipment for the COJ Facility Protection Services (FPS). (~$5 million)

- Develop Witness Security offsite location. (~$10 million)

Penal Facilities
Project Code: 32000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	100	-	-	-	-	100	59	1
Change from January	-	-	+15	-28	-	-13	+2	+3
April 2005	100	-	15	-28	-	87	61	4

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report reflects a previously notified $15 million increase in this allocation from $100 million to $115 million. The $15 million is to expand the prison currently under construction in Nasiriyah ($9 million) and complete the prison currently under construction in Dahuk ($6 million in partnership with the Iraqi government, which will contribute an additional $4 million).

This report reallocates $28 million from Penal Facilities (P/C 32000) to Reconstruction and Modernization of Detention Facilities (P/C 3300) to supplement the funding for the renovation of the Khan Bani Sa'ad Correctional Facility . The capacity of the Nasiriyah Correctional Facility has been reduced from 4,400 offender beds to 800 with the potential to expand to 1,600 at a later date.

The current allocation is now $87 million.

Accomplishments since the January Report:

- Modified housing and support building designs to reduce size and costs in an effort to maximize the bed capacity through the allocated funds for the Nasiriyah project. This process reduced, on average, 20% of the overall square meterage of the buildings, saved an estimated $5 million dollars in the overall construction of the facility.

- Completed excavation, steelwork and placement of concrete for all perimeter walls and guard towers for the Nasiriyah Correctional Facility. In addition, all exterior and interior roadways have been leveled, graded, stripped and compacted. These accomplishments equate to approximately $3 million in activity.

- Formally defined the scope of the work for the Nasiriyah project at an amount of $46 million.

Accomplishments anticipated in next quarter:

- Continue to erect the perimeter wall, fences, guard towers and interior and exterior roadways for the Nasiriyah Correctional Facility. This will equate to approximately $10 million dollars in construction activity.

- Begin infrastructure development to include site water wells, sanitary sewer systems, and provision of electricity to the site from the national power grid to accommodate the vertical construction of offender housing and support service buildings for the Nasiriyah Correctional Facility. These accomplishments will equate to approximately $15 million dollars in construction activity.

- USG and IG are partnering to complete the Prison in Dahuk for the northern area of the country.

Reconstruction and Modernization of Detention Facilities
Project Code: 33000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	135	2	-	-	-	137	80	2
Change from January	-	-	-	+28	-	+28	+6	+10
April 2005	135	2	-	28	-	165	86	12

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense/PCO and State.

Changes from the January Report: This report reallocates $28 million to Reconstruction and Modernization of Detention Facilities (P/C 33000) from Penal Facilities (P/C 32000) to supplement the funding for the renovation of the Khan Bani Sa'ad Correctional Facility. This increases the allocation for this project code from $137 million to $165 million.

In addition, the Al Karkh Juvenile Detention Center project was canceled due to conflicting land issues with the Ministry of Interior. The funds remaining from this project will be utilized to begin basic renovations to the Abu Ghraib Prison in Al Anbar governorate.

Accomplishments since the January Report:

PCO

- Modified housing and support building designs for the Khan Bani Sa'ad Correctional Facility to reduce size by 20%, saving an estimated $9 million dollars in the overall construction of the facility. Actual construction of this facility has begun with the cost of these accomplishments in excess or $2 million.

- Terminated the contract for the renovation work of the Al Karkh Juvenile Detention Center for convenience due to a land ownership issue between Iraqi Ministries.

Department of Defense

- Received $1 million of equipment to support Iraqi Corrections Services with daily operations of facilities, as well as weapons, ammunition and other prison equipment needed to process and handle prisoners.

- Resubmitted the Request for Proposal (RFP) for Inmate Tracking System because no bids were submitted on the first contract.

- Graduated 204 Iraqi Correction Officers during January.

- Conducted Training of Trainers programs, Field Officers Training, and Specialized Training. Started a three-month training program in March of approximately 300 Iraqi Correction Officers for a pre-service Academy Class.

Accomplishments anticipated in next quarter:

PCO

- Continue to erect the perimeter wall, fences, guard towers and interior and exterior roadways for the Khan Bani Sa'ad Correctional Facility. (~$13,000,000)

- Begin infrastructure development to accommodate the vertical construction of offender housing and support service buildings at the Khan Bani Sa'ad Facility. (~$15,000,000)

- Commence renovation work for the Abu Ghraib Facility with the renovations of electrical services, water services, and structural repairs. (~$2,000,000)

Department of Defense

- Anticipate approximately $2 million worth of equipment to be delivered including welders and generators.

FACILITIES REPAIR, FIRE SERVICE, AND DEMINING

Facilities Repair
Project Code: 13000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	92	-	-	-	-	92	54	4
Change from January	-	-	-	-3	-	-3	+10	+4
April 2005	92	-	-	-3	-	89	64	8

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report reallocates $3 million (due to cost savings in renovation of administration facilities) from Facilities Repair (P/C 13000) to Fire Services (P/C 14000). The current allocation is being decreased from $92 million to $89 million. Funding in this project code is used for the construction or reconstruction of police stations, firehouses, and Ministry of Interior administrative buildings.

Accomplishments since the January Report:

- 13 of 14 new fire stations are under active construction. (~$24 million)
- 67 of 76 fire station renovations are underway. (~$22 million)
- Completed six fire station renovation projects. (five in Najaf and one in Baghdad) (~$1 million)
- Completed Adnan Palace renovations for a total cost of $1 million, a savings of $3 million from the original cost estimate.

Accomplishments anticipated in next quarter:

- Begin active construction on the last new fire station. (~$1.2 million)
- Begin active construction of the last nine fire station renovations. (~$4 million)
- Complete an estimated 85% of all fire station renovations. (~$19 million)

Fire Service
Project Code: 14000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	122	-	-	-	-	122	78	11
Change from January	-	-	-10	+6	-	-4	+13	+8
April 2005	122	-	-10	6	-	118	91	19

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report reflects a previously notified $10 million decrease in this allocation from $122 million to $112 million. These funds were re-allocated to Judicial Security and Facilities (P/C 09000) as part of the $607 million management program.

This report reallocates $6 million to Fire Services (P/C 13000): $3 million from Facilities Repair (P/C 13000) and $3 million from Investigations of Crimes Against Humanity (P/C 05000). The current allocation is now $118 million.

Accomplishments since the January Report:

- Completed purchase request for breathing units (Self Contained Breathing Apparatus) ($8.1 million) and Lockers ($50,000).
- Distributed firefighter uniforms to firefighters throughout the country.
- Trained 360 of 2,000 new recruit firefighters at the fire academy in Bahrain.
- Developing a security plan to distribute 392 Fire Protection Command/Control vehicles to fire stations throughout the country.

Accomplishments Anticipated:

- Program is on track per the Iraq Civil Defense Directorate (ICDD) 2004-2009 Strategic Plan and ensures nationwide distribution of equipment is on schedule.
- Initiate full equipment distribution in An Najaf, the first city to have construction completed at five fire stations secured for equipment and training.

Demining

Project Code: 09500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	61	9	-	-	-	70	60	36
Change from January	-	-	-	-	-	-	+10	+12
April 2005	61	9	-	-	-	70	70	48

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of State.

Changes from January Report: This report maintains the $70 million allocation for a National Mine Action Program to eliminate the impact of landmines and unexploded ordnance (UXO) upon Iraq.

Accomplishments since the January Report:

- Continued with the Vietnam Veterans of America Foundation (VVAF) Landmine Impact Survey (LIS). The LIS is a countrywide canvassing of towns and villages to ascertain the socioeconomic damage caused by landmines, UXO and munitions caches and to generate data for populating the national Information Management System for Mine Action (IMSMA) database. The IMSMA data is being analyzed to formulate a strategy for reducing areas of contamination on a prioritized basis. ($482,000)

- Continued to improve and expand the training facilities at Az Zubayr. ($39,243)

- Commenced training Iraqi staff on the use, care, and maintenance of National Mine Action Authority (NMAA) purchased equipment. ($66,435)

- Formalized the draft National Mine Action Standards. ($99,651)

- Provided continuing support to the Mine Detection Dog program in the North on a limited basis. ($383,916)

- Provided technical advice to the NMAA in anticipation of the NMAA funded clearance operations in Baghdad and other areas of Iraq on a limited basis. ($99,651)

Anticipated accomplishments in the next quarter:

- Continue with the LIS, security situation permitting. (~$525,000)

- Limited support for some demining operations and training to include courses to train elements of the Iraqi National Guard in Explosive Ordnance Disposal supported by coalition funding. (~$1 million)

- Limited training of Iraqi staff on the use, care, and maintenance of NMAA purchased equipment. (~$1.3 million)

- Placement of the Mine Detection Dog program in the North to a minimum maintenance status. (~$383,916)

- Provide limited technical advice to the NMAA for the commencement of NMAA funded clearance operations in Baghdad and other areas of Iraq. (~$99,651)

Public Safety Training and Facilities

Project Code: 15000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	139	81	-	-	-	220	96	18
Change from January	-	-	-	-	-	-	+39	+34
April 2005	139	81	-	-	-	220	135	52

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report maintains the $220 million allocation for the training of firefighters and the operating costs of fire training facilities and Iraqi police training academies, including the Baghdad Public Safety Academy.

Final approval of the land for the Civil Defense Headquarters is pending approval of the Council of Ministers. There may be a delay on this decision with the transition of the new government.

Accomplishments since the January Report:

- Completed renovation of Civil Defense Headquarters, located in Baghdad. (~$3 million)

- Identified and obtained approval from Urban Planning Directorate for use of a site, with sufficient land area, northeast of Baghdad for the Civil Defense Training Academy. Initial design has commenced and in the process of review for scope and proposal. (~ $30 million)

- Purchased life support for Mosul Police Academy (~$2 million) and for Al Hillah facility. (~$24 million)

- Provided temporary training facilities for police cadets. (~$8.4 million)

- Provided equipment and training equipment for Civil Intervention Force training school. (~$2.5 million)

- Provided commercial transportation for Iraqi police cadets to and from Jordon. (~$3.4 million)

Accomplishments anticipated in next quarter:

- Commence construction on Civil Defense Training Academy concurrent with final design work. The approximate start of the construction is April 15th with a completion of December 15.
- Purchase Iraqi police organizational clothing and individual equipment, night vision goggles, weapons, ammunition, and bulletproof vests for use during training. (~$18 million)

- Extend life support options, increasing performance to existing Iraqi bases. (~$1.8 million)

- Provide training and force protection services for Civil Intervention Force. (~$9.3 million)

- Provide commercial transportation for Iraqi police cadets to and from Jordan. (~$2 million)

National Security Communications Network: Advanced First Responder Network (AFRN)

Project Code: 25000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	98	-	-	-	-	98	25	11
Change from January	-	-	+9	-	-	+9	+60	+6
April 2005	98	-	9	-	-	107	85	17

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report reflects a previously notified $9 million increase in this allocation from $98 million to $107 million. These funds were re-allocated from Police Training and Technical Assistance (P/C 10000) as part of the $607 million management program. The $9 million was re-allocated from funds set aside for radio procurement to allow for the complete purchase and installation of the Advanced First Responders Network (AFRN). Total funding for AFRN is now $189.3 million, including $158.8 million for infrastructure (towers, switches, etc.) and $30.5 million for radio procurement funded in Police Training and Technical Assistance (P/C 10000). Of the $189.3 million, $137 million is from IRRF-2 and $52.3 million is from IRRF-1.

AFRN is a local, governorate, and national Public Safety communications and dispatch system that will enable Iraqi police, fire, and emergency personnel to communicate effectively through radio, secure voice, and data communications. It will provide improved emergency services to 16 of Iraq's cities selected for strategic importance. This project is critical for the establishment of an effective police force and for linking police to other security and government personnel, enabling them to converge quickly on local and regional emergencies. High frequency (HF) radios, when installed in 79 cities, provide emergency long haul voice and limited data connectivity prior to Terrestrial Trunked Radio (TETRA) installation in the 16 cities and in areas not covered by the TETRA infrastructure. As terrestrial fiber optic connectivity is established for the TETRA network, the HF will serve as backup voice connectivity.

In constructing and activating AFRN, site access and acquisition due to required permissions and permits have been a great inhibitor, as well as fuel for generators. Commercial power is unreliable and Iraq is experiencing a fuel shortage. Timely availability of encrypted TETRA radios is also delaying the rollout of the system. Other

potential issues include the danger of the Iraq Telephone and Postal Company (ITPC) fiber optic cable being cut or destroyed. (e.g. construction accidents with backhoes, insurgent activity, some tank traffic, etc.)

Accomplishments since the January Report:

- Activated a subset of the Baghdad AFRN to support the January 30th election. The Mobile Switching Office (MSO) and six key Base Transceiver Stations (BTS) providing significant radio coverage over Baghdad were operational. About 1850 handheld radios were distributed to Baghdad Iraqi Police inside the coverage footprint using a temporary channel scheme. These radios were recovered for reprogramming to upgrade them to encrypted operation. An estimated 650 encrypted radios will be issued to the Iraqi MoI as part of a pilot program to develop Standard Operating Procedures (SOP). All subsequent radios distributed will operate encrypted on the AFRN system. (~$39.5 million)

- Completed Task Order (TO) 5, the first phase of AFRN construction in Region 1 (Baghdad), is valued at $51.8 million. This phase included installation of a MSO, the National Coordination Center (NCC), the Communications Center (CC), the Baghdad Governorate Dispatch Center (GDC), the Incident Coordination Center (ICC), and 24 BTS. Baghdad radio coverage was optimized, reducing the number of BTS needed from 28 to 24. The four BTS will be installed in other cities as part of TO 6. Operation and Maintenance of the AFRN network in Baghdad is ongoing.

- Task Order 6 is the second phase of AFRN construction in the remaining 15 cities and is valued at $70.2 million. All equipment has been ordered and delivery will be scheduled just in time to install as the various sites' preparation is completed. Also under TO 6, two MSOs and 41 BTS and the required infrastructure for the remainder of the program were procured and the TO 6 system installation began.

- Task Order 4 is the AFRN high frequency (HF) radio installation in 104 locations in 79 cities. The installation of AFRN HF radios has been completed at all locations where security allows (80 locations in 59 of the cities). Due to insurgent activities, the MoI offered to install the remaining 24 radios in 20 of the cities once the security condition improves. With the turnover of these 24 radio units to MoI, Lucent has completed its responsibility for installation under this task order, which will be closed. (~ $1.48 million)

Accomplishments anticipated for the next quarter:

- Distribute 40,000 desktop radios, mobiles, and handsets to police, fire fighters, and emergency medical technicians (EMTs) first responders. (as part of the $39.5 million referenced above)

- Install AFRN Phase 2 under TO 6. This includes two new MSOs (Kirkuk and Basrah), eight Governorate Dispatch Centers (GDC), and 45 Base Transceiver Stations (BTS) in 15 cities.

- System Initial Operational Capability (IOC) is planned for June 30th. IOC is defined as: MSOs 50% provisioned with 25% of BTS installed and commissioned, along with

25% of the GDCs installed and functional, as well as 25% of the radio terminals distributed.

Rule of Law in Iraq
Project Code: 06500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	30	-	-	-	-	30	15	1
Change from January	-	-	-	+27	-	+27	+10	-
April 2005	30	-	-	27	-	57	25	1

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID and Departments of Defense and State.

Changes from the January Report: This report re-allocates $26.65 million from Democracy Building Activities (P/C 60000) to Rule of Law (P/C 65000) to better reflect the purpose of the funds. This increases the allocation for Rule of Law from $30 million to $57 million. Funds in this project code are used for a joint Ministry of Justice-USAID project designed to provide rule-of-law training to Judicial, Prosecutorial, and Attorney (JPA) officials and staff; policy support for the Ministry of Justice and High Judicial Council; and assistance to increase public access to justice and legal assistance. This report includes the impending return by the Regime Crimes Liaison Office of the $650,000 that was transferred by the Department of Defense.

Accomplishments since the January Report:

Department of State/INL

- Completed comprehensive strategy and design of programs for promoting Rule of Law in Iraq, including the Justice Integration Project, strengthening of Iraqi criminal law capacity, capacity building for the Council of Judges, training of judicial investigators and support to the Ministry of Human Rights to prevent abuse in the justice system.

- Held Rule of Law coordination meeting in Amman, Jordan amongst United Stated Government (USG) agencies and international donors.

- Conducted widespread consultation and program planning activities with Iraqi justice stakeholders to further develop specific Rule of Law and Justice Reform programs.

- Conducted the "Italian Conference" in Italy from February 10-17th for 60 members of the Iraqi Special Tribunal (IST). The conference was a continuation of the training begun in London on International Criminal law. ($161,896)

- Completed design of Justice Integration Project to increase integration and transparency of the justice system. Carried out consultations with relevant Iraqi stakeholders in Iraqi justice system. (Committed $20.5 million and obligated $.5 million with the balance to follow in a few weeks);

- Hosted Rule of Law coordination meeting in Amman for USG and international donors working on Rule of Law in Iraq, and
- Consulted with Ministry of Education to discuss Culture of Lawfulness project and to obtain Iraqi input into planning.

USAID

- Assessed Ministry of Justice (MoJ) policy/functional and organizational status and proposed first phase recommendations. Reached agreement in principle with the Minister of State for the Affairs of Civil Society on the first phase of a technical assistance program to assist the Ministry in finalizing the legal framework governing NGOs and on provision of training for Ministry officials.

- Assessed the operational status of the MoJ's Official Gazette and proposed recommendations for its regular publication and nationwide distribution.

- Completed a commercial legal framework diagnostic on the status of commercial laws and proposed recommendations for a first phase legal and policy reform action plan. Conducted a first phase review of six draft laws (Company-phase II, Bankruptcy, Competition, Consumer Protection, Commercial Agency and Moveable Property).

- Proposed recommendations for establishing and operating website, including preliminary software design and hardware procurement requirements, for publishing all Iraqi laws, decrees, regulations, and related instructions and decisions.

- Took initial steps toward the development of a website for the MoJ. Began comprehensive inventory, copying, scanning and filing in digital form of all Iraqi legislation, including English translations, available to both the current project (Iraq Economic Governance II Project) and its predecessor project in order to digitize these documents for publication on the World Wide Web.

- Met with the Director General of the Land Registry and discussed real estate and registry law in Iraq and the need for reform of those laws.

Accomplishments anticipated in the next quarter:

Department of State/INL

- Begin implementing the Justice Integration Project Phase I of the project (lasting three months) will result in (1) a thorough examination of the current jurisdictions, work flows, coordination practices and information sharing and case management procedures of the Iraqi justice system, (2) the formation of an inter-ministerial coordinating commission and facilitation of meetings to increase inter-ministerial coordination and develop a national policy and strategy for improving integration of the police, courts and prisons and (3) a detailed plan for further implementation of the Justice Integration Project. (Balance of $20 million will be obligated in April 2005)

- The Critical Support to the Central Criminal Court (CCCI) is being augmented by an additional criminal investigations task force. Specifics for the Statement of Work

(SOW) are being finalized this month. The combination of support is expected to be an estimated $1 million. This will be obligated in April 2005.

- The Training Judicial Investigator Program is ready for a task order issuance at an estimated $1 million and will be obligated in April 2005.

- Obligate funds for the establishment of and support to an Iraqi Rule of Law Advisory Committee that will provide input into the constitution-drafting process, devise strategies and programs for justice sector reforms that will effectuate the constitution and make recommendations to the new government and international community for Rule of Law activities in Iraq. (~$2 million to be obligated in April 2005)

- Funds will be obligated to support the constitution-drafting process on issues related to legal structures, justice reform and human rights. (~$1 million to be obligated in April 2005)

- Funds will be obligated for the "Culture of Lawfulness" education program and implementer (National Strategic Information Center) will commence consultations and planning with the Ministry of Education and other stakeholders in education issues. (~$1 million to be obligated in April 2005)

- Obligate funds for additional programs within INL's comprehensive Rule of Law Program, including strengthening Iraq's criminal law capacity, building the capacity of the Council of Judges and support to the Ministry of Human Rights. (~$11.6 million to be obligated in April 2005)

- Negotiations continue at INL to define the Anti Money Laundering/Counter-Terrorism Financing Program at an estimated $9 million. INL expects to use $2.5 million for the segment to be implemented this year.

USAID

- Develop a legal reform action plan to close the major gaps and problematic legal effects of the current commercial legal framework. This will be done by a Working Group comprised of international experts, Iraqi business community stakeholders, opinion leaders, university professionals and public officials. Once developed, this action plan will be widely vetted for broad public opinion and support.

- Train 30 Ministry of Justice officials in specific legal theories, concepts and practices pertinent to commercial legal matters currently before the Ministry. (e.g., State responsibility in matters of the compensation of commercial and related damages suffered by its nationals)

- Finalize design and create a modern website for the Ministry of Justice, containing all of the most current commercial laws and regulations in effect in Iraq.

- Train 20 non-court experts to specialize in alternative commercial dispute resolution to practice in the alternative dispute resolution institutions.

Investigations of Crimes Against Humanity
Project Code: 05000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	75	-	-	-	-	75	43	7
Change from January	-	-	+53	-3	-	+50	+19	+3
April 2005	75	-	53	-3	-	125	62	10

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Justice (with funds transferred from Departments of Defense and State) and USAID's Office of Transition Initiatives. (USAID/OTI)

Changes from the January Report: This report reflects a previously notified $53 million increase in this allocation from $75 million to $128 million. As part of the $607 million management program, these funds were re-allocated to this project code from the following: from $31 million from Transmission (P/C 41000) and $22 million from Generation (P/C 40000). Funding in this project code is used to support the Iraqi Special Tribunal (IST), including investigations, evidence handling, forensic support, prosecutorial and judicial support, and infrastructure and security. The $53 million will be used to meet FY 2006 costs to complete the exhumation of four mass gravesites that are linked to a certain set of defendants whom the Iraqi Special Tribunal (IST) is expected to bring to trial.

This report reallocates $3 million to Fire Services (P/C 14000) from Investigations of Crimes Against Humanity (P/C 05000). The current allocation is $125 million.

Accomplishments since the January Report:

Department of State

- Completed the first mass grave exhumation in the 1st quarter of FY 2005. The second grave exhumations have begun in Muthanna Province. Contracts are in place with the U.S. Army Corps of Engineers for the personnel necessary to conduct the current dig and the next two scheduled exhumations. ($6,932,700)

- Extended the life support contract from the March exhumation to accomplish the next two mass grave digs. ($4,001,957)

USAID/OTI

- As a result of the accomplishments this quarter totaling $4.34 million in grants, The Iraqi Special Tribunal (IST) will be able to fulfill its mandate to effectively collect, process, store, and secure evidence as well as prosecute past crimes of the former regime in a safe, secure environment. The accomplishments include:
    - A secure environment for IST investigators and other staff to work and process documentation.

- Continued support for the Secure Evidence Unit's information technology requirements, as well as provision of stipends to laborers protecting the documents collected for evidentiary purposes.
- Continued support for development of the Forensic Evidence Facility for the IST team.
- Residential facilities initiated to securely house evidence, morgue, radiology and pathology technician teams as well as investigative teams.
- Technical and photographic equipment provision to the Forensic Analysis Facility (FAF).
- Provision of office equipment and furnishings for the new IST office space.

Department of Defense

- Moved $3 million to construction for completion of the Tribunal building and the Forensic Analysis Facility.

- The first, second, and third floors of the Courthouse are substantially complete and await the arrival of the furniture.

- The Forensic Analysis Facility site has been established and funding allocated for the renovation of an existing building at Camp Slayer. These funds are being used to outfit the facility with the proper equipment for the analysis of the mass graves exhumation evidence. (~$580,000)

Accomplishments anticipated in next quarter:

Department of State

- Begin planning for the exhumation of gravesites 5 through 8.

USAID/OTI

- Continue support for the IST, FAF and SEU's, as well as provision of stipends to laborers protecting the documents collected for evidentiary purposes.

Department of Defense

- Begin renovation for the Secure Evidence Unit and complete by the end of the 3rd quarter. (~$2.25 million)

- Purchase necessary equipment and hire personnel for the Secure Evidence Unit. (~$750,000) Extend/renew current contracts to cover mission support through the end of the investigations. (~$2.2 million)

- Complete the Tribunal Building scheduled for April 2005. (~$1.3 million) It is anticipated that the renovation and construction of the Forensic Analysis Facility will be completed. (~$1.7 million)

- Conduct training for the Iraqis in the proper forensic procedures for analysis of evidence obtained from the Mass Graves Exhumations. (~$882,000)

- Complete the renovations to the building and the installation of the remainder of the equipment for the Forensic Analysis Facility. (~$478,000)

Judicial Security and Facilities
Project Code: 09000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	73	50	-	-	-	123	43	12
Change from January	-	-	+10	-	-	+10	+2	+9
April 2005	73	50	10	-	-	133	45	21

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense/PCO and Department of State, with some funds transferred to Department of Justice.

Changes from the January Report: This report reflects a previously notified $10 million increase in this allocation from $123 million to $133 million. As part of the $607 million management program, these funds were re-allocated to this project code from Fire Services (P/C 14000) to fund emerging requirements in judicial security. Funding for Judicial Security and Facilities is used to improve the security of and perform structural repairs to Iraqi courthouses and provide around-the-clock security and protective services for judges and prosecutors in Iraq. In addition, some of these funds are being used to support the Department of Justice's Office of Overseas Prosecutorial Development Assistance and Training (OPDAT) program, which is providing criminal justice experts to the Ministry of Justice.

Accomplishments since the January Report:

Department of Justice

- Completed Judicial Security training for the judges in the Central Criminal Court of Iraq (CCCI), Al Karkh, Al Rusafa, Kirkuk, and Ramadi courts.

- Issued ballistic vests for the Personal Security Details (PSD), Facilities Protection Services (FPS) and judicial officers for the entire Council of Judges and Ministry of Justice. (~$2 million).

- Completed security assessments for the city of Kirkuk and Ramadi

- Trained 366 Personal Security Detail (PSD) officers.

PCO

- Vetted the final design for new courthouse in the Karkh District of Baghdad with the Council of Judges. This design will be used to build four additional courthouses throughout Iraq. Each new courthouse will cost approximately $10 million.

- Completed 20% of the renovation of the Basrah Courthouse and 25% of the renovation of the Judicial Training Institute. Began renovations at the two Arbil courthouses, three Ninawa courthouses, and one Fallujah courthouse. Cost for renovating the courthouses is $4.2 million

Anticipated accomplishments in the next quarter:

Department of Justice

- Continue with security assessments and equipment issue in cities outside of Baghdad.

- Continue training of PSDs and Facilities Protective Services (FPS) security officers for the Ministry of Justice (MoJ)/Council of Judges (CoJ).

- Purchase security equipment and furnishings for the new courthouses in Baghdad. Each court will cost approximately $1 million to furnish .

PCO

- Begin construction of the new courthouses in Karkh and Rusafa Districts of Baghdad. (~$10 million)

- Begin additional renovations in all regions (north, central, and south) pending final assessments of courthouse locations. (~$4 million)

- Complete Basrah court renovation.

- Complete Judicial Training Institute renovation. (~$2.4 million)

Democracy-Building Activities
Project Code: 06000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	541	291	-	-	-	832	581	180
Change from January	-	-	+100	-27	-	+73	+87	+138
April 2005	541	291	100	-27	-	905	668	308

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of State and USAID.

Changes from the January Report: This report reflects a previously notified $100 million increase in this allocation from $832 million to $932 million. A total of $100

million was re-allocated from Potable Water (P/C 60000) as part of the $225 million jobs creation initiative. The extra $100 million is for USAID's Community Action Program (CAP).

This report reallocates $26.65 million from Democracy Building Activities (P/C 06000) to Rule of Law (P/C 06500). The allocation is now $905 million.

In the previous quarter, Embassy Baghdad's support to democratic initiatives in Iraq focused on the pivotal January 30th elections. Throughout 2005, Iraqis will be establishing the foundation of their country's system of democratic governance while playing a greater role in the selection of their leaders and formation of their government.

The USG has supported and will continue to support the full transitional elections cycle through the provision of immediate operational and technical assistance to the Independent Election Commission of Iraq (IECI); by supporting voter outreach and civic education through coalitions of civic leaders from across Iraq united to promote informed and active participation in the elections; providing assistance to combat fraud in the elections process through support for the creation of a network of election oversight and monitoring organizations; and providing technical assistance and training to political parties and agents, with a special emphasis on the political participation of women.

USG support bolstered the legitimacy of the political process by assisting Iraqis to participate in the elections process by supporting the founding of the Civic Coalition for Free Elections (CCFE), a group of civic leaders from across Iraq united to promote informed and active participation in the elections. The CCFE engaged in voter education that resulted in millions of Iraqis receiving education on their rights and responsibilities to participate in the elections through conferences, workshops, flyers and media.

The USG further supported the creation of Iraqi election oversight organizations through Iraqi Election Information Network (EIN) and Coalition of Iraqi Non-Partisan Domestic Election Monitors (CINEM). The networks of over 150 Iraqi civic groups provided oversight to combat fraud by deploying nearly 10,000 accredited election monitors throughout Iraq's 18 governorates, covering approximately 80% of the polling centers on Election Day, officially reporting on 5,587 polling stations and in 2,871 polling centers. An additional 30,000 party agent observers were trained and mobilized on Election Day.

The work of the USG, in conjunction with its implementing partners, the IECI, the UN Elections Assistance team, the donor community, and the massive participation of Iraqi citizens successfully resulted in the first democratic elections in Iraq on January 30, 2005. In the next quarter, increased support will be given to governmental and civil society entities for the constitutional process, which is the second phase of the 2005 Iraq election cycle.

Hand in hand with its support to the political process, Embassy Baghdad's activities are designed to achieve both immediate reconstruction objectives and longer-term democratic governance goals leading to stability. Targeted reconstruction grants and other support to designated strategic cities in this quarter increased the numbers and scope of short-term employment generation activities across Iraq and expanded conflict mitigating activities to new areas. Ongoing activities provided capacity building and training to both national and local level officials; Rule of Law activities are supporting

increased integration and transparency of the justice system; and support to civil society through grass-roots initiatives continued to create short and long term jobs while helping citizens to address community identified priorities and leveraging significant local resources.

USAID

- The Local Governance Program

  - Provided technical assistance to the provincial and lower councils to ensure a smooth transition from appointed councils to freely elected councils (following the January 30th elections).
  - Linked the Computerized Budgeting System and the Computerized Personnel and Salary System in the overall Accounting System for the City of Baghdad to improve efficiency and accountability. This system will link all 20 departments under the authority of the Mayor of Baghdad.
  - Completed a wide array of computer-based training for 2,977 members of the finance staff from the Baghdad Water and Sewage Departments. The training, which will form the basis for future training in finance and budgeting, is designed to build capacity of city employees for future implementation of revenue collection and expenses.
  - Supervised the completion of the Basrah Tax Office renovation project under an LGP Rapid Response Grant. The new offices will provide workspace for 130 employees, support continued technical assistance, and ensure more efficient collections and recordkeeping.
  - Completed the Civic Dialogue Program, in which more than 750,000 Iraqis participated in almost 30,000 Democracy Dialogue Activities (DDA).

- The Community Action Program (CAP):
  - Completed a total of 224 community-driven projects through community action groups and cluster groups, focusing on income generation, strengthening relationships with existing groups, and addressing critical needs in areas hardest hit by violence. These include the Leahy War Victims Assistance program.
  - The final three accomplishments reported under this section in January are now reported under the relevant project codes.

- Support to Iraqi Interim and Transitional Government:
  - Initiated one meeting each on a series of topics including federalism, communications with the media, public speaking, constituent relations, public relations, consensus building and public opinion polling for the Iraqi Interim National Council (IINC), senior political party representatives, and the Governing Council.
  - Developed the Transitional National Assembly (TNA) Member Orientation Manual and practical supplements in Arabic and Kurdish for each member of the Assembly containing practical information on the nature of government with particular emphasis on parliamentary systems, executive/legislative relations, committee structures, constituency relations, parliamentary management and administration and media relations.

- Provided technical assistance and materials on parliamentary procedures, sample organization charts, and staffing models of parliaments and prepared studies on parliamentary rules and procedures to TNA staff charged with inauguration and orientation activities for the 275 assembly members.
- Organized a strategic planning session for Interim National Council to discuss transitional steps for the newly elected Assembly focusing on parliamentary design including security, assembly related functions and support functions.
- In conjunction with State University of New York Center for International Development and University of Jordan in Amman, conducted week-long Parliamentary Administration workshop and training for 16 personnel in the Secretariat of the Parliament on topics of General Administration including protocol training, media relations, information technology, minute taking, accounting and bookkeeping, translation, problem solving and time management.
- Assisted the Government Communications Directorate (GCD) and other government representatives conduct workshops and training on management/communication planning, media relations/operations, etc that will help them plan and implement a communications strategy.

- Election Support and Voter Education:
  - Provided continuous training, support and daily technical assistance to EIN as the umbrella organization in charge of coordination of all training and reporting activities for thousands of Iraqi election monitors.
  - Completed the construction of a broadcast quality media studio in Baghdad for political entities, including CINEM, to practice their media skills and record campaign related materials ready for broadcast on television – making mass media outreach a possibility for several medium to small sized political entities that would never have been able to access these mediums otherwise.
  - Bolstered the legitimacy of the political process by assisting Iraqis to participate in the elections through dozens of voter education initiatives with both Shi'a and Sunni groups, as well as a nation-wide Get-Out-The-Vote campaign (GOTV) in the run-up to the January elections. In a September poll, sponsored by USAID, 73.9% of those polled had heard nothing at all about the IECI. By the end of December, 63% of respondents had seen, read or heard a great deal or some about the election.
  - Supported the Independent Electoral Commission of Iraq (IECI) in conducting Election Day activities through technical assistance and operational support including elections logistics, election dispute resolution, provision of information technology, organization of the tally room, development of a web site, news relations and elections graphics.
  - Following the elections, hosted series of meetings with EIN to conduct a detailed assessment of the overall electoral process in respective regions and to produce practical recommendations to be sent to the IECI to help the Commission improve future electoral processes.
  - Worked closely with Iraqi partners and the academic community to prepare for the creation of the Legislative Support Unit modeled after the Congressional Research Service, to provide non-partisan, objective public policy research and analysis, legislation drafting, and government activity updates. Presented proposals to the Chief of Staff of the INC/TNA.

- Designed an overview document for the newly elected Members of the Iraqi Transitional National Assembly. The overview document provided brief information on the roles of a legislator, setting up an Assembly office, strategic planning and management, communications and media relations, and constituent outreach. Also included in the overview was the book *Drafting a Constitution for a Nation or a Republic Emerging into Freedom* by Bernard H. Siegan. Both the overview and the book were made available to the TNA Members in Arabic.

- Civil Society and Media Program:
  - Civil Society Resource Centers have been established in all regions. (Arbil, Baghdad, Hillah and Basrah)
  - Remaining activities from the January 2207 Report are reported under the Human Rights (P/C 09500) section.

- Transition Initiatives:
  - Initiated 24 grants delivering approximately $3.4 million dollars of support to the Fallujah post-battle reconstruction response with grants targeted at addressing critical needs. Activities include rehabilitation of sewage pumping stations; repairs to schools; rehabilitation of small-scale infrastructure, such as local government offices and citizen engagement/civic pride-building activities including provision of soccer field equipment.
  - Increased numbers and scope of short-term employment generation activities across Iraq, including the employment of over 30,000 Iraqis in the month of January (average daily employment of 34,702) and over 52,000 Iraqis during the month of February (average daily employment of 44,505. Because of security concerns, short-term employment generation initiatives have not started in Al Anbar Governorate. In Basrah, canal cleaning and road improvement projects have generated temporary employment activities and serve to mitigate tensions in these underserved areas.
  - Provided increased reconstruction and other support to designated strategic cities such as Baqubah, Ramadi, and Nasiriyah. For example, in Nasiriyah, seven new temporary employment initiatives have commenced and are directed at reducing tensions and improving living conditions in local neighborhoods.
  - Provided support in Nasiriyah to local Iraqi NGOs to promote peace, democratic values, and civic participation. In Nasiriyah a grant was provided to the College of Engineering at Nasiriyah University to provide educational equipment and scientific instruments. Students assessed their needs and identified potential projects and held public elections to select the projects that would receive support.
  - Continued support to Najaf as part of the rapid, flexible, political transition strategy to assist with the continued stabilization of Najaf in the aftermath of the clash between the Al Mahdi and Coalition Forces. USAID/OTI provided an additional 17 grants to support this strategic city totaling $6.9 million that created short-term employment projects in strategically targeted neighborhoods and rehabilitated school and health clinics.

Department of State

- Rule of Law (INL):
  - Judicial Integrity Program Implementer (American Bar Association) received funding and began activities to strengthen the Iraqi judiciary. The first activity includes a judicial strategic planning session with the Council of Judges and others to plan the details of the program and set strategic objectives for judicial reform.
  - Completed design of Justice Integration Project to increase integration and transparency of the justice system. Carried out consultations with relevant Iraqi stakeholders in Iraqi justice system.
  - Provided additional funds to support investigation and training activities of the Commission on Public Integrity.
  - Hosted Rule of Law coordination meeting in Amman for USG and international donors working on Rule of Law in Iraq
  - Consulted with Ministry of Education to discuss Culture of Lawfulness project and to obtain Iraqi input into planning.

- Women's Democracy Initiatives (DRL & G/IWI):
  - Conducted candidate-training workshops throughout Iraq for female political candidates competing in the January election.
  - Worked to strengthen women's political participation in Iraq to foster an environment in which women are viewed as credible and effective leaders.
  - Implemented four key programs, which include: gender sensitization advocacy, coalition building, leadership training and democracy education.
  - Brought together and gave advocacy training to approximately 40 women's rights NGOs to facilitate a nationwide anti-violence campaign.
  - Held several regional meetings and workshops on political participation.
  - Helped to establish the Women's Leadership Institute that assists Iraqi women to rise to positions of authority in government and civil society.

Accomplishments anticipated in next quarter:

USAID

- The Local Governance Program:
  - Continue the council training and development package for the newly elected Provincial Councils and newly convened lower-level councils.
  - Facilitate national two-day conference on federalism and decentralization for central government officials (newly elected and appointed officials), chairs of newly elected Provincial Councils, and other key stakeholders to explore concepts of federalism and decentralization, and compare best practices.
  - Conduct seminars on the role of associations and the benefits of forming local government associations for council members and senior managers of local government departments.

- The Community Action Program (CAP):
  - Complete 227 on going community based projects.
  - Initiate activities by all five implementing CAP partners funded by the $100 million from the jobs creation initiative.

- Support to Iraqi Interim and Transitional Government:
    - Support newly elected government by providing orientation for newly elected TNA members as requested. Conduct assessment on training needs for new TNA members and staff as requested by the newly elected TNA.
    - Provide assistance on all aspects of the constitutional process including technical support to a newly formed government drafting committee.
    - Complete analysis on the status of women's legal rights in Iraq and share with the soon to be formed Iraqi governmental body on women's issues.

- Election Support and Voter Education:
    - Disseminate EIN's final election report and provide technical assistance for organizational capacity and skills building.
    - Support the further institutional capacity development of the IECI.
    - Support NGOs, Civil Society Organizations, and political parties to play an active role in the constitutional debate.
    - Support education activities related to the post-election and Constitution drafting process including media campaigns, printing and mass distribution of brochures and pamphlets. These activities will include a series of workshops in predominantly Sunni areas covering the Constitution-drafting process; and work on advocacy efforts in conjunction with a Sunni cleric's association.

- Civil Society and Media Program:
    - Conduct 60 workshops and trainings in the area of media, civic education, women's advocacy, and human rights. Workshops and seminars will be conducted on the constitutional drafting process.
    - Finalize Grants Manual. Begin distribution of small grants to civil society organizations.

- Transition Initiatives:
    - Continue support for short-term employment generation activities in priority locations across Iraq as a means of mitigating conflict and reducing tension.
    - Continue reconstruction and rehabilitation activities to support the designated strategic cities pending security conditions.
    - Provide further support local Iraqi nongovernmental organizations that promote peace, democratic values, and civic participation. .

Department of State

- Rule of Law (INL):
    - Funds from Democracy Building (P/C 60000) will be transferred to Rule of Law programs (P/C 65000) to consolidate Rule of Law activities and reporting.
    - Funds will be obligated to build the capacity of the Council of Judges to conduct judicial investigations. Funds will be used to train a core group of judicial investigators in advanced criminal investigation skills as well as in training skills so that they may serve as a COJ resource to train other judicial investigators.
    - Funding will be obligated to provide critical support to the Central Criminal Court of Iraq, including improved security and court administration.

- Funds will be obligated to provide human rights training to legal professionals.
- Funds will be obligated to begin creating a counter-terrorism financing regime in Iraq.

- Women's Democracy Initiatives (DRL & G/IWI):
  - Continue to renovate a radio station and media production studio.
  - Continue to provide workshops and training for the political participation of women and local capacity building.
  - Continue to work with political parties and civil society organizations in developing concrete, organic strategies for including women in political structures.

United States Institute of Peace (USIP)
Project Code: 07000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	10	-	-	-	-	10	6	5
Change from January	-	-	-	-	-	-	-	-
April 2005	10	-	-	-	-	10	6	5

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: U.S. Institute of Peace

Changes from the January Report: This report maintains the $10 million allocation for USIP.

Accomplishments since the January Report:

- Convened the first inter-party talks on the constitutional process for 21 senior legal and constitutional advisors, including parties that did not participate in January elections, as a first step in assisting Iraqis in designing a transparent constitution-making process, ensuring broad national dialogue and civil society engagement.

- Funded and supported the first sessions of a series of conflict management training workshops and inter-ethnic dialogues led by USIP-trained Iraqi facilitators. Sessions consisted of two workshops in Kirkuk for university students. The next session is planned for local officials.

- Developed MOU with Iraqi Institute of Economic Reform to manage the SENSE conflict management and economics training simulation after its transfer to Iraq. Began recruitment of staff and participants through implementing partners, Iraqi Ministries, universities, and NGOs for upcoming SENSE sessions in Amman and Baghdad.

- Supported the inter-religious work of the Iraq Institute of Peace (IIP) in support of a variety of conflict management and inter-faith dialogue activities, including elections-

related conflict management. The IIP's outreach to Sunnis encouraged voting and post-electoral political participation.

- Partnered with University of Baghdad to support establishment of first university center devoted to developing research and practice in conflict resolution, inter-religious and inter-ethnic dialogue. University of Baghdad authorized the unit, which began operations in March. Held conference for university faculty from an array of Iraqi universities on the role of the university in supporting development of civil society.

- Awarded grants to new local Iraqi civil society organizations for activities including a workshop on inter-communal tolerance for Shi'a and Sunni mothers and school teachers featured on Iraq national television; formation of student debating societies and newsletters (35,000 copies distributed) at the University of Babylon-Hillah; training for 1151 Iraqi women on political participation, elections mechanisms, and conflict resolution; distribution of 30,000 copies of first of 12 monthly newspaper on human rights issues; inter-communal reconciliation workshop for 64 Iraqi politicians, jurists, and social scientists.

- Developed and disseminated knowledge on the Iraq operations and conflict management environment through a workshop exploring lessons learned with 50 former CPA officials, and a separate conference convening representatives of U.S. military, civilian agencies, NGOs, and the UN to revise USIP's widely used "Guide to IGOs, NGOs, and the Military in Peace and Relief Operations" in the light of experience in Afghanistan and Iraq.

Accomplishments anticipated in the next quarter:

- Continue to support the design of a transparent constitution-making process, ensuring broad national dialogue and civil society engagement.

- Fund and support additional USIP-trained Iraqi facilitators to lead conflict management training and conduct other conflict management and inter-ethnic dialogue projects in their communities.

- Prepare for the transfer to Iraq of the SENSE conflict management and economic reform simulation, by conducting a transition session in Amman in order to train Iraqi SENSE staff.

- Continue to support the inter-religious work of the Iraq Institute of Peace, helping expand its network of religious leaders and in support of a variety of conflict management and inter-faith dialogue activities, including constitution making-related conflict management.

- Provide international expertise in the design of the Iraqi Special Tribunal's procedures and prosecution strategy, complementing Department of Justice**'s** efforts.

- Support operations of new University of Baghdad unit for conflict management and establish additional university centers devoted to developing research and practice in

conflict resolution, inter-religious and inter-ethnic dialogue.

- Award grants to new local Iraqi civil society organizations with a focus on increasing the participation of Iraqi women in public life, promoting religious and ethnic tolerance, and advancing transitional justice and the constitution-making process.

SECTOR: Electrical

Beginning in December 2004, IRMO initiated a program management transition from a long-range, "design-build-handover" project orientation to a systems orientation that emphasizes "build-train-handover" with emphasis on completing systems and ensuring sustainability of investments turned over to Iraqis. Electrical infrastructure projects represent a small subset of the broader electricity system, and the success of these projects is dependent on the integrity of the whole system. After over twenty years of neglect and warfare, the electrical system is much more fragile than anticipated. Not only are the mechanics of the system severely corrupted, but the institution of the Ministry of Electricity has also lost most of its management and process capability. The fragile nature of the infrastructure systems, limited fiscal means, and inherent weaknesses in the management and skills capacity of the Ministry of Electricity manifested themselves when projects the USG brought on line were not able to deliver their potential capacity. To avoid such occurrences in the future and ensure our investments have the best chance of paying off, IRMO, PCO, and USAID are implementing a "whole segment approach" – similar to "adopt a plant" – to include significantly upgrading the Operations and Maintenance (O&M) investment. To do this, some non-critical, longer-range projects that would not have come on line for 2-3 years were canceled. This shift is best categorized as a Build-Train-Transfer (BTT) approach vs. the originally conceived Build-Transfer (BT) approach.

Projects continue to be re-aligned and re-prioritized according to a BTT approach. In addition, a concerted effort is underway by IRMO, the Ministry of Electricity, PCO, USAID, and GRD to increase power generation levels for the upcoming summer season. A major part of the effort includes rehabilitation of gas turbine units, completion of maintenance at existing thermal power stations, and addressing fuel shortages.

The availability of correct fuels continues to be problematic for most generation facilities, threatening the continued uninterrupted operation of existing systems and the commissioning of new generation units. Where natural gas is unavailable, the second fuel of choice is diesel, which maintains higher reliability and power levels than crude oil or residual fuel oil. Iraq cannot produce enough diesel to meet these increased needs domestically, however. To address this problem, IRMO has facilitated meetings between the Ministries of Oil, Electricity, and Finance to discuss the quantity of imported diesel fuel needed to ensure a sustainable level of electricity production throughout the summer. An agreement was reached between the Ministers of Electricity and Oil that an additional 4.5 million liters per day of diesel fuel is needed. The Senior Deputy Minister of Finance made it clear, however, that funds are not available in the Iraqi budget to pay for additional imports of diesel fuel. As a result of the impasse, the Ministers of Electricity, Oil and Finance met with the DPM to broker a solution. The DPM stated that, although carving funding for fuel requirements from the government budget would not be impossible, both MoE and MoO should establish a committee to develop a technical solution to this problem that would address efficiency in operation and fuel usage and delivery. The DPM also ordered MoE to develop and rely on economically feasible tariffs and make significant efforts to strengthen collections. IRMO has begun an assessment to determine which generating units can operate on alternative fuel sources, which will result in less than optimal operating conditions, but could help sustain summer power levels.

New generation units using advanced technology have experienced problems and shutdowns after transfer to the Ministry. Both USAID and PCO are currently managing the implementation of a Ministry O&M program to preserve the USG's investment in the critical infrastructure and to ensure sustainable power generation.

Current generation capability is about 5,300 MW; however, actual output is about 4,000 MW due to natural gas and diesel fuel shortages, insurgent attacks on infrastructure, higher than average planned and unplanned maintenance outages, and a general resistance by some Ministry personnel to accept responsibility for managing and operating power stations. The lack of centralized monitoring and control of the power grid also forces the Ministry to operate at less than full capacity. Insurgent interdictions of fuel pipelines continue to impact the operations of power plants and decrease the hours of electricity available to the Iraqi people. The peak demand in mid-March was about 7,500 MW, and is expected to reach 8,500 MW this summer. The effective capacity is limited by reduced generation capability through use of Heavy Fuel Oil (HFO) as the prime fuel source and the state of the transmission system, which can only handle a maximum load of 6,000 MW due to downed or incapacitated 132 kV and 400 kV substations and overhead lines. There are further bottlenecks in the distribution system. Additional Iraqi, donor and private sector funds beyond those available in the original DFI and IRRF programs will be needed to increase the electricity flow to meet growing demand.

Security continues to be a destabilizing factor, leading to project delays and cost increases. For example, the current instability in the Upper Euphrates region strains available resources, particularly at the Bayji Power Station. The addition of combustion turbine units #3 and #4 at the Bayji Power Station are currently delayed due to the sabotage of an oil line to the Bayji refinery, disrupting refinery operations and the supply of diesel fuel required for commissioning.

IRMO, PCO, and USAID continue to support capacity building and institutional strengthening at the Ministry of Electricity in the areas of procurement, quality assurance, system planning, inventory control, metering and billing, specification writing, bid preparation, and many other areas. PCO recently organized and chaired the Electricity Sector Investor's Forum in Amman. The forum brought together over 100 primary and potential stakeholders, including key representatives from the government of Iraq, development and banking executives, and the donor community to discuss the future development of the Iraqi power industry. It also helped to establish the direction necessary for the Ministry to attract foreign direct investment in future power facilities. This will help the Ministry to build capacity for commercialization to ensure movement towards financial sustainability.

Other initiatives currently being discussed with the Ministry include critical operational needs, system planning and development tools, and a significant control and protection project to assist in maintaining system stability and the ability to transmit power.

Project controls and risk management of planned work continues to be a central focus. Independently, organizations have worked to strengthen project controls procedures and reporting processes of design-build contractors. Risk analyses on projects have been conducted to identify appropriate contingency reserves so that projects that are started are also completed.

Generation
Project Code: 40000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	1,870	-202	-	-	-	1,668	1,571	366
Change from January	-	-	-87	+6	-	-81	-101	+277
April 2005	1,870	-202	-87	6	-	1,588	1,470	643

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from the January Report: This report reflects a previously notified $87 million net reduction from $1,668 million to $1,582 million (due to rounding).

As part of the $607 million management program, $114 million was re-allocated to the following project codes: $15 million to Penal Facilities (P/C 32000), $22 million to Investigations of Crimes Against Humanity (P/C 05000), $30 million to Automated Monitoring and Control System (AMAC) (P/C 04300), $22 million to Oil Infrastructure (P/C 50000), and $25 million to Potable Water (P/C 60000). In addition, $27 million was re-allocated to Generation from Distribution Network Infrastructure (P/C 42000).

This report re-allocates $6 million to this project code from Security (P/C 45000). The funds will be used to supplement priority summer generation projects

Accomplishments since the January Report:

PCO

- Undertook emergency response effort designed to rapidly repair seven generating sites (called Project Phoenix) and purchase spare parts. Under this effort, six of seven site assessments were completed. In addition, the repairs on the Bayji Mobile Units were completed, adding 129 MW to the grid (capacity to service about 117,000 Iraqi homes). Mobilization to five other sites has started and critical replacement parts are being ordered.

- Undertook a critical spare parts purchasing program from priority lists received from the Ministry of Electricity for various generation, transmission, and distribution needs. $13 million of the $35 million has been obligated to date.

- Identified an alternate site to the cancelled Northern Project (Chamchamal) at the Koya Refinery on the Taqtaq oil field. This project will yield 50 MW from medium speed diesels using residual waste from the refinery (capacity to service about 45,000 Iraqi homes.

- Continued construction on Khor Al Zubayr near Basrah to add 250 MW of new generation to the grid and the capacity to service 226,000 Iraqi homes. The civil

work is progressing on schedule with piling work nearly complete. PCO is working with the contractor to determine options for expediting the work to meet summer peak demand.

- Completed the commissioning and synchronization of unit 3 at the Bayji Gas Power Plant, which is adding 140 MW to the grid and the capacity to service about 127,000 Iraqi homes. Unit 4 was first-fired and is in the process of commissioning.

USAID

- Added 100 MW of restored capacity to the grid at the Mussayib power plant as projected.

- Baghdad South power plant new generation worksite suffered an indirect fire attack during this quarter, and two Iraq engineers were murdered on their way to work. Because of these threats and the general work slowdown during the Ramadan/Iraqi election insurgent peak, 21 workdays were lost. Consequently, installation completion and commissioning of one 108 MW turbine generator has moved into the next quarter and the second to the 4th quarter of FY 2005.

- IRMO has requested that USAID/Bechtel extend its presence at Doura power plant past completion of the rehabilitation of Turbines 5 & 6 and installation of a new Distributed Control System (DCS), in order to coordinate the start up of boilers and Balance of Plant (BOP) systems to bring these units on-line in the September timeframe. The DCS system has been completely installed, but cannot be fully tested until steam is restored and the units are brought on-line.

- Trained 60 of the eventual 239 trainees in the O&M training program in Amman, Jordan, in Advanced Power Plant Operations, Management, and Maintenance topics. Selected Tier 3 Middle Managers from all 19 thermal plants, as well as hydroelectric representatives. One class period was lost during this quarter because the Ministry of Electricity delayed two weeks in approving the list of trainees, thereby slowing the Jordanian visa process.

- The Mansuria new gas generation project was canceled, and Bechtel has demobilized from the site earlier than expected.

Accomplishments anticipated in the next quarter:

PCO

- Complete the civil works and the majority of procurements at Khor al Zubayr.

- Complete all work at Bayji Gas Power Plant units 3 and 4 and turnover to the Ministry of Electricity. The facility will add a total of 280 MW to the grid and the capacity to service about 253,000 Iraqi homes by May 2005, subject to availability of fuel.

- Complete the majority of work associated with Project Phoenix, which will add about 500 MW to the grid and the capacity to service about 452,000 Iraqi homes, subject to availability of fuel.

- Start the assessments for the Koya Refinery New generation project. This project will provide 50 MW of critically needed new generation and the capacity to service about 45,000 Iraqi homes.

- Accelerate the implementation of the emergency spare parts activity for parts to arrive at the plants in time for the summer peak.

USAID

- Add 108 MW to the grid by commissioning one 108MW new turbine/generator at Baghdad South power plant on diesel.

- Oversee and coordinate the completion of the Ministry of Electricity boiler repairs at Doura power plant, so that the rehabilitation of Turbines 5 & 6 can be tested and completed. These units will be restored to the grid upon completion of Ministry BOP repairs and restart procedures.

- Train the remaining 179 of 239 trainees in the O&M training program. After training they will all return to their workplaces to begin employing their newly learned skills.

Transmission
Project Code: 41000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	783	[-96]*	517	-	-	1,300	580	144
Change from January	-	-	-290	+250	-	-40	+33	+33
April 2005	783	[-96]*	227	250	-	1,260	613	177

NOTE: Obligation and Outlay Data is current as of March 29, 2005.
* -- $96 million in unapportioned Transmission funds were re-allocated to Network Distribution Infrastructure (P/C 42000).

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from January report: This report reflects a previously notified $40 million reduction from $1,300 million to $1,260 million. As part of the $225 million jobs creation program, $9 million was re-allocated to Distribution Network Infrastructure (P/C 42000). As part of the $607 million management program, $31 million was re-allocated to Investigations of Crimes Against Humanity (P/C 05000).

Accomplishments since the January Report:

- Initiated the transmission stabilization program in Samarra and Najaf as part of the post-battle reconstruction initiative to restore residential electricity services in Fallujah, Najaf, Sadr City, and Samarra. Developed the scope of work with the Ministry of Electricity, and PCO is now proceeding with solicitation of the work.

- Completed and turned over the Al Ameen 400/132 kV substation project, which improves the transmission capabilities to the southeastern part of Baghdad and increases the effective generation capacity to thousands of Iraqis.

- Rescheduled projects anticipated to be started this quarter due to implementation of an alternative contracting approach that uses completed site assessments as the basis for RFPs in open international tenders for lump-sum fixed period contracts. PCO anticipates that this method will result in better prices and shorter construction periods, getting electricity service to Iraqis faster with less risk of project delays. One transmission project RFP was issued for the Fallujah 132 kV substation.

- Started construction of the Haditha-Bayji 400 kV overhead transmission line, which involves rebuilding 159 km of transmission line and rehabilitation of a substation and gantry equipment at the Haditha Dam. This is a critical westward link in the transmission grid.

- The Mosul 400 kV substation is a key facility in transmitting power to Baghdad and provides connectivity to Turkey. Its rehabilitation by the summer peak would greatly help meet the demand for electricity. The Ministry has requested that the USG consider extraordinary measures to expedite the work. In lieu of a conventional site assessment of the substation, the Ministry of Electricity provided PCO with several completed studies and proposals to rehabilitate the substation. PCO is evaluating the scope of work and is preparing to sole source the equipment on a negotiated basis with the original equipment supplier.

- In consultation with the Ministry, put on hold the Arbil 400 kV substation after determining that it was of lesser priority in meeting the growing demand for electricity.

- Funded and started the program contracting of four task orders ET-015 (Al Basrah Ten 132 kV Substation Rehabilitations, including the Qurna substation), ET-027 (Khor, Qadisiya and Nasiriyah Substation Extensions), ET-028 (Khor – Nasiriyah – Qadisiya No. 2 400 kV transmission line), and ET-029 (Al Basrah 132 kV Transmission Line Rebuild, including the Hillah South – Hashemiya 1&2 132 kV transmission lines).

Accomplishments anticipated in the next quarter:

- Anticipate starting construction of projects in the following task orders:

Anticipated Starts and Completions in 3rd Quarter FY 2005								
Task Order	Description	Governorate	Start Date	Completion Date	% Complete (6/30/05)	# of projects in task order Total	Starts	Complete *
ET-014	Baghdad East and Akarkuf Substation	Baghdad and Diyala	5/01/05	10/16/05	10%	2	2/2	0/0

	Rehabilitation							
ET-015	Al Basrah 132 kV Substation Rehabilitation	Al Basrah	5/1/05	7/04/06	5%	13	10/10	0/0
ET-008	Haditha/Qaim 400kV OHL	Al Anbar	5/01/05	3/06/06	10%	1	1/1	0/0
ET-019	Al Anbar 400/132 kV Substation Rehabilitations	Al Anbar	5/16/05	02/06/06	5%	4	1/1	0/0
ET-046	Umm Qasr 132 kV Substation Rehabilitation	Al Basrah	5/30/05	8/28/05	10%	1	1/1	0/0
ET-011	Bayji-Haditha 400kV OHL	Salah ad Din	5/1/05	10/16/05	10%	1	1/1	0/0

NOTE: Starts: Total Starts/Starts in Quarter; &
Completes: Total Completes/Completes in Quarter

- Train 20 Ministry personnel in operation and setting of high tech system protection equipment.

Distribution Network Infrastructure
Project Code: 42000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	987	170	96	-	-	1,254	507	24
Change from January	-	-	+36	-	-	+36	+78	+46
April 2005	987	170	132	-	-	1,290	585	70

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from January report: This report reflects a previously notified $36 million net increase from $1,254 million to $1,290 million.

As part of the $225 million jobs creation program, $63 million was re-allocated to Distribution Network Infrastructure (P/C 42000) from the following project codes: $9 million from Transmission (P/C 41000), $33 million from Potable Water (P/C 60000), $5 million from Dam Repair, Rehabilitation, and New Construction (P/C 67000), and $16 million from Migration and Refugee Assistance (P/C 04000). On the other hand, as part of the $607 million management program, $27 million was re-allocated from this Distribution Network Infrastructure (P/C 42000) to Generation (P/C 40000).

Accomplishments since the January Report:

PCO

- Started construction of 48 distribution projects, with a cumulative construction value of over $66 million.

- Executed the contractual agreements and defined the budgets with the contractor for the Salah Al Din, Sulaymaniyah and Tameen Distribution Networks. The contractor

is now advancing the designs and placing procurement orders for the long lead-time materials. These networks in the northern governorates bring electricity to the individual Iraqi homes and businesses, and are an integral part of the efforts to boost economic development and quality of life.

- Started construction of thirty distribution feeder projects in the central, southern and northern governorates as part of the Rapid Contracting Initiative (RCI). These projects, listed in the table below (task order ED-200, 300, and 500) and in previously started task orders (ED-028 and ED-400), are being undertaken in prime agreements by local Iraqi companies under the supervision of GRD. The RCI projects represent about one-half of the distribution programs and will realize benefits in cost efficiencies, allowing the construction of more projects, and increased utilization of local labor. Early estimates show about a threefold increase in local employment over conventional construction methods. Forecasts for RCI projects show about 8,000 Iraqis at peak employment in the 4th quarter.

- As part of the post-battle reconstruction initiative, started electrical distribution projects in Fallujah, Najaf, and Sadr City. Work advanced in the contracting of projects in Fallujah, and construction work started on the first four projects. PCO continued to work with the Ministry of Electricity to define the scope of work for the Najaf City Distribution Network.

- Started construction of projects in the following task orders:

Starts in 2nd Quarter FY 2005								
Task Order	Description	Governorate	Start Date	Complete Date	% Complete (3/31/05)	# of projects in task order Total	Starts	Complete *
ED-016	Babil Distribution Network	Babil	1/09/05	12/26/05	10%	8	7/7	0/0
ED-300	Local Distribution Network – South	Multiple	1/17/05	5/7/06	5%	45	2/2	2/2
ED-007	Dahuk Distribution Network	Dahuk	1/15/05	10/28/05	5%	4	3/3	0/0
ED-200	Local Distribution Network – North	Multiple	1/27/05	4/7/06	5%	28	6/6	0/0
ED-500	Local Distribution Network – Baghdad	Baghdad	2/01/05	12/8/05	5%	23	5/5	0/0
ED-028	Baghdad Feeder Cables	Baghdad	7/8/04	12/3/05	60%	18	13/2	9/4
ED-005	Diyala Distribution Network	Diyala	12/30/04	9/25/05	7%	7	7/5	0/0
ED-007	Dahuk Distribution Network	Dahuk	1/15/05	10/28/05	5%	4	3/3	0/0
ED-400	Local Distribution Network - Central	Multiple	11/20/05	3/23/06	25%	46	17/11	10/10
ED-010	Salah ad Din Distribution Network	Salah ad Din	2/21/05	10/20/05	5%	6	2/2	0/0
ED-006	Wasit Distribution Network	Wasit	12/27/04	8/5/05	15%	8	8/1	0/0
ED-031	Fallujah Residential Power	Al Anbar	3/6/05	12/5/05	5%	8	4/4	0/0

NOTE: Starts: Total Starts/Starts in Quarter; &
Completes: Total Completes/Completes in Quarter

USAID

- The Ministry of Electricity requested that 12 of the 37 distribution substation projects in Baghdad be turned over to them for expedited construction. USAID will supply the already-purchased equipment and material for these 12 substations to the Ministry, and has re-scoped its distribution substation project to the remaining 25. Started construction on 16 substations (of the remaining 25 substations).

- With construction delays due to the security situation and loss of subcontractors, none of the already-started substations projects will be complete and energized by the summer peak. Therefore, the Ministry of Electricity asked if USAID could energize 7 or 8 of the most critical substations by June 30th, through the use of mobile substations and temporary mini-modular installations. Commitment to this plan, and how it affects the eventual completion of these projects, is presently being studied.

- Construction initiation at the last 9 substations has been delayed through a combination of squatter presence on the sites, site use/access disputes, and insecure neighborhood conditions. The Ministry of Electricity has taken on the responsibility of resolving these disputes and clearing the sites, allowing construction to commence. ABB, a subcontractor on 11 of these sites, has pulled its work crews off 10 of them because of acts of intimidation against their subcontractors. Subcontractors may have to be changed on these sites.

- Delivered 250 km of 33 kV distribution cable for feeders to supply the new/rehabilitated substations in Baghdad, with the loss of only one truckload to a rocket propelled grenade (RPG) attack. The 3rd Infantry Division will complete installation of the cable.

Accomplishments anticipated in the next quarter:

PCO

- Anticipate construction starts and completions of projects in the following task orders:

Anticipated in 3rd Quarter FY 2005								
Task Order	Description	Governorate	Start Date of TO	Completion Date of TO	% Complete (6/30/05)	# of projects in task order Total	Starts	Complete *
ED-015	Anbar Distribution Network	Al Anbar	5/16/05	2/24/06	5%	15	4/4	0/0
ED-022	Najaf Distribution Network	An Najaf	5/16/05	12/11/05	5%	3	3/3	0/0
ED-024	Thi Qar Distribution Network	Thi Qar	5/30/05	11/25/05	5%	3	3/3	0/0
ED-500	Local Distribution Network – Baghdad	Baghdad	2/1/05	12/8/05	25%	23	16/11	6/6
ED-007	Dahuk Distribution Network	Dahuk	1/15/05	10/28/05	20%	4	4/1	0/0
ED-011	Sulaymaniyah Distribution Network	Sulyamaniyah	4/11/05	3/27/06	10%	13	8/8	0/0
ED-016	Babil Distribution Network	Babil	1/9/05	12/26/05	30%	8	8/1	2/2
ED-028	Baghdad Feeder Cables	Baghdad	7/8/04	12/3/05	80%	18	18/5	15/6
ED-200	Local Distribution Network - North	Northern, Multiple	1/27/05	4/7/06	20%	28	9/3	5/5

ED-300	Local Distribution Network - South	Southern, Multiple	1/17/05	5/7/06	15%	43	8/6	0/0
ED-400	Local Distribution Network – Central	Central, Multiple	11/20/04	3/23/06	35%	46	22/15	17/7
ED-013	Al Tameen Distribution Network	Al Tameen	5/18/05	5/27/06	5%	11	8/8	0/0
ED-008	Arbil Distribution Network	Arbil	9/22/04	11/30/05	20%	14	8/4	0/0
ED-009	Ninawa Distribution Network	Ninawa	4/5/05	9/4/06	5%	10	5/5	0/0
ED-006	Wasit Distribution Network	Wasit	12/27/04	8/5/05	30%	8	8/0	2/2
ED-017	Basrah Distribution Network	Basrah	11/29/04	7/17/05	80%	5	5/0	3/3
ED-031	Fallujah Residential Power	Al Anbar	3/6/05	12/5/05	20%	8	4/0	3/3

NOTE: Starts: Total Starts/Starts in Quarter; &
Completes: Total Completes/Completes in Quarter

USAID

- Initiate construction on the remaining 9 distribution substations in Baghdad.
- Complete construction and commission 5 of the 25 substations.
- Provide the already purchased equipment for the 12 substations that were returned to the Ministry of Electricity for construction.
- Complete 6 electricity projects, including the supply of lighting equipment, installation of electrical wires; cables and lighting fittings; and the completion of the Jasman electrical network.

Automated Monitoring and Control System
Project Code: 43000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	150	-53	-	-	-	97	66	2
Change from January	-	-	+30	-	-	+30	+27	+3
April 2005	150	-53	30	-	-	127	93	5

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report reflects a previously notified $30 million increase from $97 million to $127 million to allow for completion of the SCADA system. As part of the $607 million management program, $30 million was re-allocated from Generation (P/C 40000).

Accomplishments since the January Report:

- Completed and documented the site assessment work undertaken in a team approach with the Ministry of Electricity, PCO, Iraqi engineering companies, and several vendors and suppliers. The five Iraqi engineering firms visited every power plant and 132/400 kV substation in the country and assessed the type and condition of equipment in each. The product of this immense effort is the key design input for a countrywide state-of-the-art system that provides sustainability of the system with good control and protection of critical electricity facilities.

- Upon completion of the preliminary design, PCO concluded and executed the final agreements and construction budgets with the contractor, clearing the way for the detailed design development and definition. A Notice to Proceed for full design development and construction was issued.

- Advanced the engineering designs and started the procurements for the Supervisory Control and Data Acquisition (SCADA), Programmable Logic Controllers (PLC) and wireless systems.

Accomplishments anticipated in the next quarter:

- Start the detailed designs and initiate the procurement of the SCADA, Remote Terminal Unit (RTU), PLC and wireless equipment.

- Initiate the manufacturing of the SCADA, RTU, PLC and wireless equipment and integration of the SCADA for the northern region.

Security

Project Code: 45000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	50	-	-	-	-	50	48	18
Change from January	-	-	-	-6	-	-6	-5	+25
April 2005	50	-	-	-6	-	44	43	43

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes since the January Report: This report re-allocates $6 million from the project code to Generation (P/C 40000). $44 million remains to convert the Electrical Power Security Service (EPSS) into a capable and self-sustaining security force.

Accomplishments since the January Report:

- The training contract ended and the contractor, Arctic Slope and Range Services, has demobilized. The process has begun to turn the academy over to coalition forces and the Iraqi Ministry of Defence. Plans are being discussed for the Ministry of Defence to provide mobile security for linear assets such as pipelines and transmission lines.

- An option to purchase six aircraft (and associated training) will not be exercised.

Accomplishments anticipated in the next quarter:

- There are no further activities in this project code.

SECTOR: Oil Infrastructure

While crude oil production and exports remain essentially unchanged from the levels of late 2004, they are significantly below the production level of 2.54 million bpd and export level of 1.6 million bpd achieved in September 2004.

Crude Oil Production & Exports			
Millions of barrels per day (bpd)	December	January	February
Crude Production	2.155	2.076	2.104
Crude Exports	1.532	1.376	1.431

Crude oil production and exports have been limited by attacks on the northern crude pipelines (300,000 bpd) and pressure maintenance in the southern oil fields (200,000 bpd).

The attacks on the northern crude pipelines have halted the export of crude oil via Turkey, and the shipment of crude from Kirkuk to Baghdad. This limits northern crude production to the amount that can be refined at the Bayji and Kirkuk refineries (280,000 bpd) and shipped to Baghdad via truck (20,000 bpd).

The pressure maintenance problems associated with the southern oil fields are due primarily to lack of adequate water injection. The system for water injection is comprised of the Qarmat Ali water treatment plant, two 48" pipelines to transport the water to the various field locations, and cluster pump stations to inject the water into the formation. Although the water treatment plant and six of eight cluster pump stations are operational, the system has injected only minimal amounts of water due to the frequent failure of the 48" water pipelines.

Continued attacks on the northern crude pipelines and the almost complete outage of the 22" product pipeline that is used to transport products from the Bayji refinery to the Baghdad area precipitated a near crisis in fuel availability for the Baghdad area during the month prior to the election. However, increased imports and the utilization of truck convoys to move crude and products throughout the country averted the potential crisis. Product supply in the country is now at adequate levels.

Due to failure to adequately control and report costs, Kellogg, Brown, and Root (KBR), the southern Design Build contractor (DB) was issued a Cure Notice on January 29th. This has resulted in the replacement of some key personnel and a proposal from KBR to remedy the issues. Their response was considered insufficient, and KBR was required to take further actions. When KBR's revised response is received, it will be reviewed, and decisions on appropriate actions will be made.

In an effort to maximize the improvements to the oil infrastructure with the IRRF program, the oil sector has proposed to join certain resources of the state owned companies and the DB contractors. Selected projects have been structured to provide engineering, procurement, and technical support during construction and commissioning through the DB contractors, while the operating companies provide the labor and equipment for the construction. This collaborative approach has afforded the program the funds to complete more Gas Oil Separation Plants (GOSPs) and wet crude treatment facilities. This programmed approach has allowed the oil sector to increase the number

of Desalter Units (units that remove salt from the oil) to be installed at GOSPs in the south from three to six. Efficient operation of the Desalter Units will increase the market value of the produced oil by up to $10 per barrel.

Oil Infrastructure
Project Code: 50000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	1,200	450	-	-	-	1,650	926	103
Change from January	-	-	+47	-	-	47	+53	+114
April 2005	1,200	450	47	-	-	1,697	979	217

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and the U.S. Army Corps of Engineers.

Changes from the January Report: This report reflects a previously notified $47 million increase in this allocation for oil infrastructure construction projects from $1,650 million to $1,697 million. The $47 million was re-allocated from the following project codes as part of the $607 million management program: $25 million from Emergency Supplies of Refined Petroleum Products (P/C 51000) and $22 million from Electrical Generation (P/C 40000).

Accomplishments since the January Report:

- The following portrays the current status of the projects:
    - 82 projects ($781 million) have been negotiated and definitized, and
    - 55 projects ($323 million) remain to be negotiated and definitized.

- The full definitization of projects was delayed due to two factors:
    - Insufficient contracting staff to execute the workload, and
    - Change of contract executing strategy due to poor performance of KBR. PCO has begun working with Parsons (PIJV) in the south to execute some of the remaining work.

- Completed construction and commissioning of the Bai Hassan South gas-oil separation plant (GOSP). This unit is designed for 100,000 bpd of wet crude oil. Construction has been started on the revamp of the Bai Hassan North GOSP. The revamped unit will process 100,000 bpd of wet crude oil as compared to the current capacity of 45,000 bpd. The project will be completed in July 2005.

- No reportable progress on the Qarmat Ali cluster pump stations project. Commissioning of the final two cluster pump stations is delayed due to electrical problems and failures of the water pipelines.

- Qarmat Ali pressure maintenance is now an approved task order. The first phase of this project will assess and repair the 48” pipelines that transport water to the cluster

pump stations. This priority project is tentatively scheduled for completion in December 2005.

- Started procurement on the long-lead equipment for the natural gas liquids/liquefied petroleum gas (NGL/LPG) project in the South, designed to increase LPG production from the current 1,200 tons/day to 3,000 tons/day and supply additional dry gas to the pipeline system. This is the largest project in the program ($135 million). Scheduled completion is for late 2006.

- Purchased $206 million worth of vehicles and heavy equipment. As of March 3rd, 23% of the 1,102 pieces of equipment that have been received at the port of Umm Qasr are now being distributed to the various operating companies of the Ministry of Oil.

- The Emergency Response Pipeline Repair Organization (ERPRO) repaired four pipelines during the past three months. A total of $9 million has been set aside to fund this effort through the end of May.

Accomplishments anticipated in the next quarter:

- Several projects are currently being reviewed and are expected to be added to the program scope: engineering assistance and critical spares for the North Gas 2nd gas train; and engineering assistance and critical spares for the East Baghdad field.

- Negotiate and definitize the remaining projects worth $323 million.

- Start construction on the following projects:

South	
NGL/LPG projects	$135 million
Well workovers	$37 million
Assessment and repair of the Qarmat Ali water pipeline	$26 million
North	
Pipeline crossing of the Kirkuk canal/Al Fatha river	$ 66 million
Repair of two gas-turbine generators, switchgear	$6 million
Two gas-oil separation plants (GOSPs)	$16 million
Two gas compression plants	$10 million

- Complete planned procurement of $24 million worth of equipment, including equipment and spare parts for drilling rigs.

Emergency Supplies of Refined Petroleum Products
Project Code: 51000

		FY 2005 by Quarter						
2207 Report		**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**

	FY 2004							
January 2005	501	-450	-	-	-	51	51	4
Change from January	-	-	-25	-	-	-25	-25	+1
April 2005	501	-450	-25	-	-	26	26	5

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Defense Energy Support Center (DESC).

Changes from the January Report: This report reflects a previously notified $25 million decrease in this allocation from $51 million to $26 million. The $25 million was re-allocated to Oil Infrastructure (P/C 50000) as part of the $607 million management program.

Accomplishments since the January Report:

- DESC has been finalizing the review and processing of outstanding invoices remaining from this program. $25 million was identified as available and re-allocated to Oil Infrastructure (P/C 50000).

Accomplishments anticipated in the next quarter:

- Ensure that DESC has finalized its review and processed all outstanding invoices.

SECTOR: Water Resources and Sanitation

The water sector continues to address the countrywide issues of sustainability and integration of various programs being implemented in Iraq. Coordination between IRMO, PCO, USAID, Major Subordinate Commands (MSCs), the Ministry of Municipalities and Public Works, the Ministry of Water Resources, and the Amanat ensures that potential scope gaps are identified and addressed.

As part of the $225 million jobs creation initiative, $184 million in IRRF funding was shifted from projects in the Potable Water and Dam Repair, Rehabilitation, and New Construction sub-sectors. Five Potable Water projects were cancelled, and one was reduced in value. The Mosul Dam project was also reduced by $25 million. Offsetting these reductions, $25 million from the management program was re-directed to Potable Water for Operations & Maintenance (O&M) of water and wastewater treatment facilities being rehabilitated by USAID. Approximately $37 million from the job creation initiative will be used for public works (potable water and sewerage) projects in Baghdad, which will be executed by the U.S. military.

At this point in the program, with a wide diversity of projects now underway, the primary focus of the sector is on transition to Iraqis and project execution. The following are highlights of current program activities in these two areas of emphasis.

TRANSITION TO IRAQIS

Capacity Development. In January, the sector initiated a program designed to engage and leverage the capabilities of the Ministries to assume responsibility for facilities and systems constructed and rehabilitated by IRRF-funded programs. The Capacity Development Initiative (CDI) focuses on Ministry and Governorate level institutional processes necessary to plan, budget and administer operations activities. A related Design Build (DB) contractor project addresses Governorate and facility level needs, and provides training services and expertise at all levels of the organization.

Operations and Maintenance (O&M). A comprehensive O&M program addresses the most critical requirements for successful operations of facilities rehabilitated and constructed by IRRF funding. The program incorporates: (a) staff development and training within individual construction task orders, (b) development of necessary support systems such as maintenance management programs within CDI and (c) support for USAID in direct intervention/contract management of key facilities to be used as models for systems development and implementation.

Standard Design Program. This program is currently in progress, with designs being developed for a set of small- to medium-sized water treatment plants (1,000 to 4,000 cubic meters per hour capacity). The program will maximize Iraqi involvement within the Ministry, local water directorates and the private sector, with the standard designs site adapted for selected projects and competitively bid in the local market.

"Orphan" Project Development Program. This newly initiated program maximizes the opportunities for international donor funding by working with the Ministries to prioritize and further develop projects which have been eliminated from the IRRF program due to the past series of re-allocations. PCO staff, in coordination with the Ministries, is

developing project documentation in preparation for the international donor conference in the spring.

Basrah Water System "Mini" Master Plan. This master planning effort, completed in March, provides a framework for one of Iraq's most complex water supply challenges. Complementary projects (~$500 million) were mostly eliminated from the IRRF program during the Strategic IRRF Review, with only $111 million remaining for emergency and intermediate-term improvements to the Basrah Sweet Water Canal, and $9.4 million in Basrah City Water System rehabilitation. The Mini Master Plan provides the Ministries with a consensus-formulated solution for major future improvements, which can be financed by other bilateral and multilateral donors.

PROJECT EXECUTION

Cost Management. The sector's focus has shifted increasingly to execution as more projects move into the construction phase. An integral component of the program is cost management. The sector is actively working with the Joint Contracting Command (JCC), PCO/Finance, U.S. Army Corps of Engineers (USACE), and contractors to ensure that projects can be completed within existing budgets and problems are addressed immediately and proactively. Change control, risk management and contingency management plans are also in place.

"Scalable Projects". The nationwide program for small potable water projects continues to advance the delivery of clean drinking water throughout the country. The program relies on the Simplified Acquisition Process (SAP), with procurements that are accessible and readily performed by local Iraqi contractors. There have been 67 construction starts under this program so far and 125 ongoing procurements.

Post-Battle Reconstruction Initiative. This initiative redirected $15 million in potable water projects and $15 million in water conservation projects to critical water system needs in Fallujah, Najaf, and Samarra as part of the $246 million post-battle reconstruction initiative. These projects will upgrade severely damaged or neglected water systems to ensure both a sanitary source and efficient delivery mechanism for potable water to areas that had no prior access or suffered from combat operations for an extended period of time.

Project Definitization. Significant overall progress was made in the sector with completion of definitization of $552 million in projects during the quarter. It is anticipated that the remaining DB contractor projects will be definitized next quarter. This will enable the Water Sector to fully obligate all projects except the 4 standard design water plants, which will be competitively bid following completion of their standard designs. The sector worked with the Joint Contracting Command and the DB contractors to accelerate the definitization process on several complex projects delayed by security problems and access to Ministry design documents. Definitization continues to be impacted by original project budget estimates which were 30% or more too low when they were developed in 2003. Each of the projects definitized in this quarter were for amounts 30% or more above these original budget estimates.

Project delays due to the January election period were greater than expected. This impacted several of the projects that were in construction, in some cases completely

shutting down all construction work for several weeks. The situation stabilized after the elections and remained so through the end of the quarter.

PUBLIC WORKS PROJECTS

Potable Water
Project Code: 60000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	891	-32	741	-	-	1,600	562	21
Change from January	-	-	-392	+275	-	-117	+63	+44
April 2005	891	-32	349	275	-	1,483	625	65

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from the January Report: This report reflects a previously notified net $117 million decrease from $1,600 million to $1,483 million. As part of the $225 million jobs creation initiative, $142 million was re-allocated to the following project codes: $100 million to Democracy Building Activities (P/C 06000), $33 million to Distribution Network Infrastructure (P/C 42000), and $9 million to Housing Rehabilitations Grants (P/C 01700). As part of the $607 million management program, $25 million was re-allocated to Potable Water from Electricity Generation (P/C 40000).

This report re-allocates $0.1 million from the Basrah Channel Flushing (P/C 69000) to Potable Water (P/C 60000). This does not affect the current allocation of $1,483 million (due to rounding).

Accomplishments since the January Report:

PCO

- Under the scalable water project Task Order, a total of 90 projects, with 67 under construction, of which 17 were completed this quarter. The sector did not meet the 100-project completions goal due to unexpected difficulties in completing the bidding process with local contractors. Progress improved in late February and accelerated in March. The projects awarded in the quarter total $23 million and cover 15 of the 18 Governorates. The awarded projects will improve potable water service to an estimated 1.3 million people.

- Continued the Capacity Development Initiative (CDI) project, which is enabling the Ministries to assume responsibility for operation and maintenance of the facilities and systems constructed in the IRRF program. A related project, the $17 million MMPW Management Systems, is providing training and expertise at all Governorate level.

- Awarded $8 million of the $15 million in funding for the three post-battle reconstruction cities – Fallujah, Najaf, and Samarra. These funds will be used for the construction of 14 small package treatment plants in Najaf; two new package

treatment plants, repairs to existing equipment and two new water mains within Fallujah, and new water treatment plants in Samarra under the scalable water projects task order.

- Issued task orders for three new potable water plants projects that will add 8,000 cubic meters per hour of potable water supply that will benefit up to 800,000 Iraqis. These projects are Dewaniah & Daghara Water Supply, Dukan-Suly-Chamchamal Water Supply and Najaf Water Supply.

- Working closely with the Kurdistan Regional Government's Ministry of Municipalities and Tourism (MOMAT), solved the network connection problem for the Arbil-Ifraz Water Supply project caused by the cancellation of the Arbil Network project last year as part of Strategic IRRF Review. The sector and MOMAT agreed to add a connection line to PCO's project to tie into the Arbil main distribution network, while MOMAT will build an additional pump station and rehabilitate the existing water treatment plants. All of this work is part of Arbil City Water Master Plan of 2003, and is an excellent example of how collaboration between PCO and the Ministries can leverage PCO's major infrastructure projects to achieve a complete and usable water supply system for a major city of 800,000 people.

USAID

- Completed the rehabilitation of 22 FY 2003 IRRF-funded water projects in the last 6 months. None of these plants have adequate staff, with appropriate training, or enough consumables, to operate effectively. USAID has proposed a water/sanitation sustainability project to provide these facilities, and an additional 7 sewerage plants, with strong O&M training, supervision, and support for an average of 10 months each. A task order is presently being prepared for this activity. This activity will be conducted in coordination with PCO, and may become a model for O&M for all water/sanitation facilities in Iraq.

- Re-scoped the Rural Water project from 150 to 110 sites around the country, eliminating installations in 4 insecure governorates. Commenced construction at 63 of the 110 eventual sites. These sites are projected to have a 10-month construction cycle. They will eventually provide approximately 215,000 rural Iraqis with clean water.

- Completed rehabilitation of 27 km of the 74 km of Baghdad's potable water distribution main. This provided improved water service to approximately 275,000 Iraqis.

- Through USAID's Community Action Program, completed eight projects for potable water for a total value of $388,632, with an additional $115,696 in local contributions. During January and February the CAP projects were slowed significantly due to the security situation surrounding the elections. Implementation levels will increase in the next quarter.

Accomplishments anticipated in next quarter:

PCO

- Award 80 projects under the scalable water project task order, which will complete this activity. 40 projects will be completed in the quarter, which will benefit an estimated 750,000 people.

- Engage multiple Iraqi teams at the ministry, local governorate and facility levels, under the Capacity Development Initiative project, to develop capabilities and management systems in 12 identified areas. Complete 7 workshops on topics including planning and design, water quality and project management.

- Commence construction on the three new water plant projects issued this quarter, bringing the total value of potable water projects under construction to $451 million, representing 42% of the total PCO potable water program.

- $1 million of small water projects in Basrah will be under contract by the USACE as part of the Basrah Water Supply program.

USAID

- Commence construction at the remaining 47 Rural Water sites. Complete well-drilling at all 110 sites, with construction on all sites to be completed by March 2006. The completed system will provide 550,000 rural Iraqis with clean water.

- Initiate the water/sanitation sustainability O&M project at a total of 22 water facilities around the country. Pilot projects will include Najaf and Kirkuk Water Treatment Plants (WTPs). When fully operational, these 22 facilities will provide over 7 million Iraqis with clean water.

- Complete the rehabilitation of 25 km more of the Baghdad potable water distribution main. This will provide improved water service to approximately 250,000 more Iraqis.

- Complete 15 potable water projects under the CAP program valued at a total of $951,350, with an additional $346,000 in local contributions. 13 of these projects consist of the construction of a compact unit and water distribution network in the Wasit Governorate to supply potable water to rural villages throughout the area including outside of Al Kut, Al Hay, Badra, and Namaniya. Continue work on 16 projects currently under contract; complete the tendering process of 20 new potable water projects; and tender 16 new water projects recently approved.

Water Conservation
Project Code: 61000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	31	-	-	-	-	31	22	1
Change from January	-	-	-	-	-	-	+3	+2
April 2005	31	-	-	-	-	31	25	3

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report maintains the $31 million allocation for water conservation.

Accomplishments since the January Report:

- Started the water conservation network repair program in 10 of the 17 target cities. Security and site access problems delayed commencement in the other 7 cities, but these will commence in the next quarter. Purchase orders for $12 million of equipment and tools were placed, representing 38.7% of the total task order. 3,500 hours of training to 1,300 Iraqi water engineers were completed, much of it at a new Water Training Center in Baghdad set up under this task order. This center will "train the trainers" who will then provide additional training in their home cities.

- Awarded $1.5 million of the $15 million in funding for the three post-battle reconstruction cities – Fallujah, Najaf, and Samarra. These funds will be used for the development of the municipalities' leak detection and repair under the Network Conservation and Rehabilitation program. The DB contractor visited each city and prepared planning documents for the network leak and detection program in each city that will be implemented next quarter.

Accomplishments anticipated in next quarter:

- Undertake activity in the remaining 7 cities under the water conservation and network repair program. Construction will be underway on facilities in 14 cities. The DB contractor will deliver training to 300 Iraqi water operating staff.

- The post-battle reconstruction initiative for water conservation in Najaf, Samarra and Fallujah will be substantially complete.

Sewerage
Project Code: 62000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	205	7	2	-	-	214	165	3
Change from January	-	-	+20	+1	-	+21	+13	+9
April 2005	205	7	22	1	-	235	178	12

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from the January Report: This report reflects a previously notified $20 million increase to this allocation for sewerage projects from $214 million to $234 million. As part of the $225 million jobs creation initiative, $20 million was re-allocated from Dam Repair, Rehabilitation, and New Construction (P/C 67000).

This report increases the allocation by $.5 million for a new total of $235 million by re-allocating $.5 million from Major Irrigation Projects (P/C 66000).

Accomplishments since the January Report:

PCO

- Started construction of the network collection system of the Fallujah Sewerage Project 6 weeks early. This project will provide sewerage collection and treatment services for 183,000 residents of Fallujah.

- Began construction on four projects under the Basrah sewer rehabilitation system. Sewer jetting trucks were ordered and are currently being fabricated. Efforts continued to coordinate the central ministry (MMPW) and the local ministry officials to identify requirements and obtain necessary design data for additional projects.

USAID

- Completed the rehabilitation of seven FY 2003 IRRF-funded sewer projects in the last six months. None of these plants currently has adequate staff, with appropriate training, or enough consumables, to operate effectively. USAID has proposed a water/sanitation sustainability project to provide these facilities, and other water treatment plants, with strong O&M training, supervision, and support for an average of 10 months each. This activity will be conducted in coordination with PCO, and may become a model for O&M for all water/sanitation facilities in Iraq.

- Commenced construction at Karbala Wastewater Treatment Plant. Projected completion date is February 2006. This facility will eventually provide 1,400,000 Iraqis with wastewater treatment.

- Re-scoped the Northeast Sewer Trunk Line project to a new design of construction of two storm water retention ponds in Habibiya; rehabilitation of the Habibiya pump station; and connectors between the two. This project is being done in coordination with the Baghdad Amanat's new construction of the Northeast Sewer Trunk Line.

- Under CAP, completed two sewerage projects valued at a total of $40,570. There are 18 additional projects (~ $1 million) currently under implementation to be completed on a rolling basis over the next two to five months.

Accomplishments anticipated in next quarter:

PCO

- Complete design of the entire Fallujah sewer plant and priority network collection system, with construction underway on the plant and network. The estimated duration

for the entire project is 12 months, with a forecasted completion date of March 2006**.** The Fallujah plant will be designed for ultimate capacity of 84,000 cubic meters per day of sewage treatment. Under the present construction scheme, 15,000 cubic meters per day of this sewage will be treated from the priority network installed under this task order. The MMPW and the donor countries can use the full plant design to efficiently develop a future project to complete the plant and remaining network collection system.

- Continue construction on the Basrah sewer rehabilitation program. It is forecasted that construction will be complete in April 2006.

USAID

- Initiate the water/sanitation sustainability O&M project at a total of seven sewerage facilities around the country. When fully operational, these facilities will provide almost 8 million Iraqis with sewage/wastewater service.

- Obtain the land use permits and access, and initiate construction of the Habibiya Retention Ponds project.

- Under CAP, complete ten sewerage projects, including six projects in the neighborhood of Sadr City in Baghdad. Tender and/or contract six new sanitation projects.

Other Solid Waste Management
Project Code: 63000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	21	-	-	-	-	21	21	-
Change from January	-	-	-	-	-	-	-	-
April 2005	21	-	-	-	-	21	21	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID.

Changes from the January Report: This report maintains the $21 million allocation for a Baghdad landfill project.

Accomplishments since the January Report:

Secured access and land use permission from the Ministries of Finance and Defence for the new Baghdad Landfill site. However, site testing has not yet been completed due to intimidation of the geotechnical survey team.

- Operating equipment is still en route, and will begin to arrive in country next quarter.

Accomplishments anticipated in next quarter:

- Complete the geotechnical testing. At that time, reach a decision on whether the new Baghdad Landfill site is suitable and secure enough, long-term, for commencement of construction.

WATER RESOURCES PROJECTS

Pumping Stations and Generators
Project Code: 64000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	157	-33	-1	-	-	123	80	3
Change from January	-	-	-	-	-	-	+6	+6
April 2005	157	-33	-1	-	-	123	86	9

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from the January Report: This report re-allocates $.2 million from Pumping Stations and Generators (P/C 64000) to Dam Repair, Rehabilitation, and New Construction (P/C 67000). This does not affect the current allocation of $123 million (due to rounding) for pumping stations and generators.

Accomplishments since the January Report:

PCO

- Continued construction work on the Mandali Pump Station. Completed operator and pumps building rehabilitation. Completion date was extended so that the four new horizontal pumps procurement could be coordinated with the new 17 km water supply pipeline. Design of the new pipeline was completed and procurement commenced.

- Continued rehabilitation work on the Karbala Pump Station, with completion of the new vertical pumps and refurbishment of the horizontal pumps. Project completion was delayed because the Ministry needed to operate the new vertical pumps to release water from the seasonal rains. This prevented the contractor from installing the new screens and rehabilitating the gates.

- Commenced planning and design work on the completion of the Nasiriyah Drainage Pump Station. This project is a critical component of the Ministry of Water Resources program for agricultural irrigation and drainage and is tied directly to the Eastern Euphrates Drain project. Delays in obtaining full design and as-built information from the Ministry were experienced until the information was located and delivered to the contractor, who will now complete the assessment and prepare a construction scope to be commenced next quarter.

USAID

- Purchased equipment and material that will be turned over to the Ministry for Water Resources for them to complete rehabilitation of the irrigation pump stations and Wadha Pump Station.

Accomplishments anticipated in next quarter:

PCO

- Continue rehabilitation of the Mandali Pump Station, with targeted completion by July 2005. Commence installation of Mandali pipeline and deliver and install pumps in Mandali Pump Station. The pipeline will be completed by December 2005 and will provide up to 86.4 million liters of raw water per day to the cities of Mandali and Qazanyah.

- Continue construction of the Karbala Pump Station, with targeted completion by July 2005.

- Commence construction on the Nasiriyah Drainage Pump Station and installation of the 8 new pumps at the station.

USAID

- Turn over complete rehabilitation kits to Ministry for Water Resources for installation at the Irrigation Pump Stations and Wadha Pump Stations.

Irrigation and Drainage
Project Code: 65000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	7	-	31	-	-	38	5	-
Change from January	-	-	-2	+2	-	-	-	-
April 2005	7	-	29	2	-	38	5	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report maintains the $38 million allocation for irrigation and drainage systems. Only one project is being undertaken under this project code: Kut Betara Reclamation Project.

Accomplishments since the January Report:

- Completed survey work for the Kut Betara Reclamation Project. Collaborated with the Governor of Wasit and Ministry of Water Resources to resolve land ownership issues that delayed completion of the survey and start of construction.

- Commenced design work on the Kut Betara Reclamation project. Initial cost estimates indicate that the full project scope will cost substantially more than the current project budget. PCO is working with the DB contractor to align scope with the budget.

Accomplishments anticipated in next quarter:

- Complete effort to align scope with available budget that will construct a fully functional irrigation system. Design will be fully completed by July 2005, and construction mobilization for early construction will commence in April 2005, with full construction beginning in July 2005. The estimated completion date is January 2007.

Major Irrigation Projects
Project Code: 66000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	22	-	32	-	-	54	9	-
Change from January	-	-	-3	+2	-	-1	+1	-
April 2005	22	-	29	2	-	53	10	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report re-allocates $.5 million from Major Irrigation Projects (P/C 66000) to Sewerage (P/C 62000). This current allocation is now $53 million (due to rounding). Only one project is being undertaken under this project code: Eastern Euphrates Drain Project.

Accomplishments since the January Report:

- Assisted the Ministry of Water Resources effort to complete survey of new alignment and identify existing structures that need to be removed so that the Eastern Euphrates project can proceed. Project design was delayed by efforts to obtain existing design documents of the project from the Ministry. These documents were eventually obtained, which should save time and money in the next phases of the project by eliminating the redesign of significant portions of the project.

Accomplishments anticipated in next quarter:

- Commence design of the Eastern Euphrates Drain Project and mobilize for construction in May 2005, with construction starting in June 2005. Construction is forecast to be complete by December 2006.

Dam Repair, Rehabilitation and New Construction
Project Code: 67000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	39	-	47	-	-	86	10	1
Change from January	-	-	-25	+.2	-	-24	+5	+5
April 2005	39	-	22	.2	-	62	14	6

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report reflects a previously notified decrease of $25 million from $86 million to $61 million. Funding in this project code is for the Ministry of Water Resources' four highest priority dam projects: Mosul, Diyala Weir, Ramadi Barrage Complex, and Adhaim Dam.

$25 million was re-allocated to the following project codes as part of the $225 million jobs creation initiative: $20 million to Sewerage (P/C 62000) and $5 million to Distribution Network Infrastructure (P/C 42000).

This report re-allocates $0.2 million from Pumping Stations and Generators (P/C 64000) to Dam Repair, Rehabilitation, and New Construction (P/C 67000). This increases the current allocation to $62 million (due to rounding).

Accomplishments since the January Report:

- Made significant progress towards the final recommended solution for Mosul Dam. Meetings of the Panel of Experts were held in January and March to narrow issues and identify potential alternative solutions. PCO engaged the U.S. Bureau of Reclamation to assist in expediting its review of the conclusions and recommendations of the project contractor and its Panel of Experts. Also worked with the manager of the Dam to prioritize grouting equipment and spare parts needed immediately to support the ongoing grouting program.

- Contractor and Panel of Experts substantially completed their assessment of the Adhaim Dam. The Panel concluded that there are no significant safety issues at the dam. Worked with the Ministry of Water Resources to prioritize rehabilitation work on the dam gates and structures and prepare rehabilitation construction scope of work. This work will commence after the Ministry lowers the reservoir behind the dam to allow access to the gates and structures.

- After significant delays in getting access to the site caused by military and security actions, completed technical assessment and prioritization of work needed at the Ramadi Barrage Complex facility.

- Completed technical assessment and prioritization of work at Diyala Weir, which was agreed to by the Ministry. Substantially completed the design of the highest priority work to repair downstream scour and erosion and improve gate operations. Initial cost estimates for this work exceed the budget, which will require re-scoping the project to be consistent with available funding.

Accomplishments anticipated in next quarter:

- Complete the final analysis and recommended solutions for Mosul Dam, which PCO (with assistance from the Bureau of Reclamation) and the Ministry of Water Resources will review. Commence procurement of immediate grouting equipment needs.

- Commence design work for the rehabilitation of the Adhaim Dam gates and valves. Assuming the reservoir is lowered, commence construction work.

- Commence design work and construction on the Ramadi Barrage Complex.

- Complete design of Diyala Weir. Commence construction of Diyala Weir (in accordance with available funding).

Umm Qasr/Basrah Water Supply Project
Project Code: 68000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	25	-	86	-	-	111	1	-
Change from January	-	-	-86	+86	-	-	+9	+1
April 2005	25	-	-	86	-	111	10	1

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report maintains the $111 million allocation for this project to provide higher quality raw water to Basrah and Umm Qasr.

Accomplishments since the January Report:

- Continued emergency repair and maintenance of the Basrah Sweetwater Canal. 850 meters of the canal have been repaired on an emergency basis. Completed assessment of alternatives for providing permanent power to Pump Station 2, a key pump station operating the Canal. Generators are currently supplying the power.

- Commenced transition to Ministry of Water Resources of responsibility for repair and maintenance of the Canal, with a goal of fully transitioning by June 2005.

- Commenced study of intermediate term solutions for the Canal. This study will be coordinated with the recently completed Basrah City Water Master Plan approved by the Ministry of Municipalities and Public Works.

Accomplishments anticipated in next quarter:

- Continue emergency repair work on the Basrah Sweetwater Canal and finalize recommended alternative for permanent power to Pump Station 2.

- Transition responsibility for repair and maintenance of the Canal to the Ministry and continue with study of intermediate term solution for the Canal.

Basrah Channel Flushing
Project Code: 69000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	10	-10	-	-	-	.1	-	-
Change from January	-	-	-	-.1	-	-.1	-	-
April 2005	10	-10	-	-.1	-	-	-	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from the January Report: This report re-allocates the remaining unused $0.1 million from the Basrah Channel Flushing (P/C 69000) to Potable Water (P/C 60000). This eliminates any funding in this project code.

SECTOR: Transportation and Telecommunications

Civil Aviation
Project Code: 70000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	115	-	-	-	-	115	40	2
Change from January	-	-	-1	-	-	-1	+4	+3
April 2005	115	-	-1	-	-	114	44	5

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report reflects a previously notified $1 million decrease in this allocation from $115 million to $114 million. Funding for civil aviation supports projects to complete upgrades at three main international airports (Baghdad, Mosul, and Basrah) and selected domestic airports so that they meet International Civil Aviation Organization (ICAO) standards.

The $1 million was re-allocated to Housing Rehabilitation Grants (P/C 01700) as part of the $225 million jobs creation initiative.

Accomplishments since the January Report:

- Baghdad International Airport (BIAP) – Terminal renovations have begun and are 10-15% complete. The rehabilitation of visual aids (VISAIDS) contract has been awarded, and the contractor is developing his work plans. Work has begun at the site and is less than 10% complete.

- Basrah Airport –Bids for navigational aids (NAVAIDS) upgrades have been received, and a scope of work for the VISAIDS has been defined. These contracts are essential for ICAO certification.

- Mosul Airport – The contractor for the NAVAIDS, VISAIDS, terminal rehabilitation, and air traffic control tower construction projects is on-site, and the life-support issues have been resolved.

- Air Traffic Control (ATC) Support Contract – The ATC Support Contract has been awarded. ICAO qualified controllers will provide training to approximately 150-200 Iraqi controllers, which will hasten the ICAO certification process.

Accomplishments anticipated in next quarter:

- Commission the Basrah International Airport terminal building systems and finish the majority of the architectural repairs; initiate pre-construction surveys and site preparation for NAVAIDS; and award the contract for VISAID, with mobilization to site in April.

- Complete 60% of the terminal renovation and the VISAIDS rehabilitation at BIAP.

- Complete 30% of the rehabilitation of the terminal and tower at Mosul Airport.

Umm Qasr Port Rehabilitation
Project Code: 71000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	40	-	5	-	-	45	33	6
Change from January	-	-	-	-	-	-	-1	+10
April 2005	40	-	5	-	-	45	32	16

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report maintains the $45 million allocation for Umm Qasr port rehabilitation. Funding in this project code may also be used for rehabilitation work at the port of Khor al Zubayr.

Accomplishments since the January Report:

- Prepared a Statement of Work (SOW) for rehabilitation of the Roll On–Roll Off (RO-RO) berth and repairs to jetty fenders. Original contract was terminated for performance reasons resulting in a delayed start. Direct contracting process has been initiated.

- Prepared a SOW for the removal of sunken vessels and unexploded ordinances (UXO). Original contract was terminated for performance reasons resulting in a delayed start. Direct contracting process has been initiated.

- Completed 15% of the demolition of electrical panels and replacement of electrical feed to the warehouses at the port.

- Began preparation of SOW and field reconnaissance for the installation of approximately 11 kilometers of additional security fence that will encircle North Port and South Port and consolidate the security infrastructure.

- Delivered the following equipment: spare parts for container cranes manufactured by Shanghai Zhenhua Port Machinery Co. (ZMPC), fire station furnishings, pre-fabricated housing and kitchen trailers, heavy-duty trailer containers, an anti-sway system for the 400 Mobile Harbor Crane manufactured by Liebherr, and office and computer equipment.

Accomplishments anticipated in next quarter:

- Award contract and complete the clearing of UXO and the removal of a sunken vessel at the RO-RO berth. In addition, complete the design drawings of the RO-RO berth,

and deliver materials for the superstructure of the berth to the site. Pile driving for the RO-RO Berth and the jetty fenders will be completed and the final hardware for the jetty fenders will be installed.

- Begin renovation of Substation No.1 and initiate design of a new feeder from Substation No.1 to Substation No.4.

- Complete the design and bring the Operations Center to 75% completion. Original contract was terminated for performance reasons resulting in a delayed start. Direct contracting process initiated with a target start in April 2005. Work will be focused on the renovation of the building and the completion of the perimeter security fence.

- Receive delivery of the following: mobile harbor cranes, Nelcon container cranes, fire rescue boats and fire rescue equipment.

- Award contract for rehabilitation of the Roll On–Roll Off (RO-RO) berth and repairs to jetty fenders.

- Award contract for installation of approximately 11 kilometers of additional security fence that will encircle North Port and South Port.

Railroad Rehabilitation and Restoration

Project Code: 72000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	210	-13	-5	-	-	192	152	12
Change from January	-	-	-3	-	-	-3	-3	+19
April 2005	210	-13	-8	-	-	189	149	31

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report reflects a previously notified $3 million decrease in this allocation from $192 million to $189 million. Funding in this allocation is used to renovate the Iraqi railroad by improving the working environment and track structure, and providing necessary tools, spare parts, rolling stock, and railway maintenance equipment.

The $3 million was re-allocated to Housing Rehabilitation Grants (P/C 01700) as part of the $225 million jobs creation initiative.

Accomplishments since the January Report:

- Awarded contracts, with railway station construction ongoing in nine Governorates.

- Contract awards for the rehabilitation of the two railway facilities, Shalchiya Shops and the As Samawah Yard have been delayed due to the demobilization of

Contrack/AICI/OCI/Archirodon Joint Venture (CAOA JV) and the obligation of funds for these projects being contracted to CAOA JV. Demobilization of CAOA JV and the de-obligation funds will be completed in March 2005.

- Completed 24% of rehabilitation work at Baghdad Central Station.

- Completed the advertisement and award of the passenger coaches for the Iraqi Republic Railway (IRR). Procurement of a local area network (LAN) for Baghdad Central Station and the Shalchiya Shops has been delayed due to further revisions in the design of the network.

Accomplishments anticipated in next quarter:

- Award contract and start rehabilitation of the railway yard in Kirkuk and in As Samawah.

- Continue rehabilitation of the Baghdad Central Station, with 40% of construction completed.

- Continue to receive equipment deliveries that include spare locomotive parts, container flat cars, and track repair equipment.

Iraq Telecommunications and Postal Corporation

Project Code: 74000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	20	-	-	-	-	20	3	1
Change from January	-	-	-	-	-	-	+4	+1
April 2005	20	-	-	-	-	20	7	2

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report maintains the $20 million allocation for modernizing the Iraqi Telephone and Post Company (ITPC) as well as spinning off and modernizing the postal services.

Accomplishments since the January Report:

- Completed 14 post office renovations with the facilities now operating and generating revenues. Two post offices were further damaged by suicide bombings and require complete reconstruction.

- Design completion for the new constructions and layout approved by the Postmaster General. All renovated post offices will have the same layout. Local award packages are being prepared.

Accomplishments anticipated in next quarter:

- Award and start construction on four new post offices.
- Complete renovations on all the remaining nine post offices.

Iraqi Telecommunications Systems
Project Code: 76000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	90	-44	-	-	-	46	10	2
Change from January	-	-	-	-	-	-	-	+1
April 2005	90	-44	-	-	-	46	10	3

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes from the January Report: This report maintains the $46 million allocation to initiate a long-term upgrade of Iraqi telecommunications infrastructure to increase capacity, provide reliable service, and restore international connectivity.

Accomplishments since the January Report:

- Finalized the SOW for the rehabilitation of the Mamoon facility in Baghdad and initiated a competitive bidding process.
- Established Wireless Broadband Network (WBBN) connectivity at 5 Ministry sites by the beginning of March. Implementation was delayed from the expected date (end of January) due to equipment delivery delays and installation interruptions from the election period shut down and the unstable security situation.

Accomplishments anticipated in the next quarter.

- Award the Mamoon project and start of construction, with an expected completion time of 18 months.
- Fully commission WBBN, with Iraqi Telephone and Post Company (ITPC) acceptance by the end of April 2005. A 6-month Operations and Maintenance (O&M) period then begins.

Consolidated Fiber Network (CFN)
Project Code: 76500

		FY 2005 by Quarter						
2207 Report		**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**

	FY 2004							
January 2005	-	70	-	-	-	70	70	-
Change from January	-	-	-	-	-	-	-	-
April 2005	-	70	-	-	-	70	70	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID

Changes from the January Report: This report maintains the $70 million allocation for this project that eliminates redundancies from three project codes that had separate fiber optic networks planned. When completed, the Consolidated Fiber Network (CFN) is intended to support the SCADA capabilities (control systems) for the electricity sector; command and control and communications for railroads; and network expansion for the telephone company.

Accomplishments since the January Report

- Commenced a phased planning effort for the CFN starting in the southern region, including Basrah. Project initiation location was changed from Baghdad area based on Ministry of Telecommunications and Ministry of Electricity priorities and accessibility. Agreements on site priorities in all three sectors – telecommunications, electricity, and transportation – were reached, with SCADA having the highest priority. Subsequently, the transportation sector activity was deleted due to a lack of existing railroads fiber.

- Initiated and continued site assessment study and surveys of southern region.

- Due to the large number of sites – more than 450 – to be surveyed, project completion is now scheduled for March 2006.

Accomplishments anticipated in the next quarter.

- Complete assessment study of routes, and interconnection points in southern region.

- Commence construction on or before May 31st.

Iraq Telecommunications Operations (National Communications and Media Commission – NCMC)

Project Code: 79000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	25	-	-	-	-	25	8	2
Change from January	-	-	-	-	-	-	+1	+1
April 2005	25	-	-	-	-	25	9	3

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO.

Changes since the January Report: This report maintains the $25 million allocation to modernize the Iraq telecommunications operations system and to design a telecommunications regulatory agency.

Accomplishments since the January Report:

- Completed 5% of the renovation of the NCMC facility.

- Finalized and approved building layout to accommodate 150 personnel. Completed and approved technical drawings for 95% design.

Accomplishments anticipated in next quarter:

- The award for the installation of a LAN in the new NCMC headquarters was delayed in order to add the LAN cabling to the NCMC construction contract. The award is scheduled for April 2005.

- Continue renovation of the facility continues, with the following scheduled completion points: 50% completion by July 2005 and 100% completion by October 2005.

- Receive delivery of two armored spectrum-monitoring vehicles in May 2005. The vehicles have been delayed due to an equipment change by the supplier.

SECTOR: Roads, Bridges, and Construction

Public Buildings Construction and Repair
Project Code: 81000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	127	-	-	-	-	127	104	21
Change from January	-	-	-	-	-	-	+13	+21
April 2005	127	-	-	-	-	127	117	42

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from the January Report: This report maintains the $127 million allocation to reconstruct and rehabilitate headquarters buildings for four Ministries and to rehabilitate or repair by replacement approximately 900 public schools throughout Iraq.

Of the approximately 14,000 schools in Iraq, the program initially targeted 1,200 for renovation by PCO and USAID. As the program comes to closure, approximately 900 schools will actually be renovated. A combination of increased scope and higher unit costs for labor and materials led to this reduction in goal. Originally, the Ministry of Education targeted small schools; however, as the program matured, larger schools were also included in the PCO program at the request of the Directors General in the Governorates, thereby increasing the unit cost per school, and reducing the total number of schools that could be renovated.

Currently, PCO and USAID are exploring the possibility of teaming to develop two model schools per Governorate that are renovated and outfitted with quality furnishings, training aides, books, supplies, etc. These schools will then set the standards to be used by the Ministry of Education and the Governorates for developing strategic plans and budgets to transform the national school system into a more effective learning environment.

Accomplishments since the January Report:

PCO:

- Completion of the Ministry of Industry and Minerals building was delayed until July 2005 after insurgents destroyed a convoy transporting key materials for much of the project.

- Completed the Ministry of Environment building administrative spaces and made ready for occupancy. An attached auditorium will be completed in May 2005.

- 210 school renovations or replacements were started, for a total of 691 school starts. 156 schools were completed, for a total of 250 school completions.

- Purchased $40,000 worth of furniture for recently renovated mud schools.

USAID

- Completed the rehabilitation and/or construction of 34 schools in Basrah Governorate, bringing the total number of rehabilitated and/or constructed schools to date to 72. A total of 16 additional schools are currently in progress, and 9 are being tendered. An additional 7 have been identified. An estimated 104 schools will be rehabilitated and/or constructed at the conclusion of this activity. Program implementation was delayed when the Ministry of Education closed for several weeks around the elections.

Accomplishments anticipated in next quarter:

PCO

- Complete the Ministry of Environment auditorium.

- Start the final 109 school renovations and complete 483 schools to finish the program.

USAID

- Complete the construction and/or rehabilitation for another 17 schools. Work will continue on 15 additional schools.

Roads and Bridges
Project Code: 82000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	173	57	-	3	-	233	71	7
Change from January	-	-1	-	-3	-	-4	-3	+8
April 2005	173	56	[-4]*	-	-	228	68	15

NOTE: Obligation and Outlay Data is current as of March 29, 2005.
* -- $4 million in unapportioned Roads and Bridges funds were re-allocated to Housing Rehabilitation Grants (P/C 01700).

Responsible U.S. Government: Department of Defense/PCO and USAID.

Changes from the January Report: This report reflects a previously notified $4.3 million decrease in this allocation from $232.5 million to $228 million. Funding in this sector is used to repair, replace or construct essential segments of highway, strategic bridges, and critical secondary roads that will enable reconstruction, economic development, and public safety.

$4.3 million was re-allocated to Housing Rehabilitation Grants (P/C 01700) as part of the jobs creation initiative**.**

Accomplishments since the January Report:

PCO

- Completed agreement with the Ministry of Construction and Housing which allows for the execution through the Ministry of three key highway projects: Diwaniyah Samawah 2nd Carriageway; Kufa 3rd Bridge in the Najaf Governorate; and Al Shaqat Bridge in the Governorate of Salah ad Din.

USAID

- Completed 23 small roads and bridges projects under the Community Action Program (CAP). Continued implementation of an additional 51 projects. During this quarter, project execution slowed significantly due the security situation surrounding the elections. The total number of projects completed to date is 160.

Accomplishments anticipated in next quarter:

PCO

- Begin execution of the projects under the agreement with the Ministry of Construction and Housing.

- Complete/pave 54 km of the 424 km in the village road projects.

- Solicit and award the remaining road and bridge projects:

Project	Governorate	Start Date	Completion Date	% Complete (June 30, 2005)
Baghdad-Kirkuk 2d Carriageway - Southern Segment (53.5 km)	Salah Ad Din	6/11/2005	7/11/2006	1%
Al Amarah - Al Maymunah 2d Carriageway (23 km)	Maysan	6/11/2005	7/11/2006	1%
Al Dora-Yousifia Freeway (14 km)	Babil	7/16/2005	8/18/2008	0%
Baghdad-Kirkuk 2d Carriageway-Northern Segment	Salah Ad Din	7/16/2005	8/15/2006	0%
Al Hillah - Keesh Freeway (13 km)	Babil	8/31/2005	7/22/2006	0%
Zuba Bridge (160 m)	Dhi Qar	5/21/2005	5/15/2006	0%
Sheik Sa ad Bridge (456 m)	Wasit	6/30/2005	12/28/2007	0%
Nasiriyah Bridge (56 m)	Dhi Qar	6/30/2005	12/22/2005	0%

USAID

- Complete a minimum of 25 small road and bridge projects. Continue implementation of an additional 50 projects.

SECTOR: Health Care

Nationwide Hospital and Clinic Improvement
Project Code: 90000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	439	-	-	-	-	439	300	15
Change from January	-	-	-	-	-	-	-39	+20
April 2005	439	-	-	-	-	439	261	35

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO

Changes from January Report: This report maintains the $439 million allocation to rehabilitate maternity and children's hospitals and construct new primary healthcare centers in every governorate.

First project completion is anticipated next quarter. It has taken longer than expected for health projects come to fruition. Some of the contributing factors for the lengthy execution phase include: complex designs for healthcare facilities, long lead time for medical equipment manufacturing and delivery, construction delays due to land ownership and site functionality, and security issues for the contractors and delivery of construction supplies.

There are three types of health care facilities being constructed/renovated under this activity:

Primary Healthcare Centers (PHCs): Cost estimates for PHCs bid to subcontractors during October-December 2004 indicated construction costs were higher than anticipated, and would most likely result in reducing the number of PHCs from 150 to 135. Their design was modified to bring 150 PHCs back into budget, including a redesign of the second floor layout, to reduce the required square footage.

Hospitals: Originally, the health program included the renovation of 17 mother/child hospitals. The program has since grown to 20 hospitals, with the recent addition of the Sulaymaniyah Maternity Hospital With the concurrence of the Ministry of Health (MoH), funding for this additional hospital project ($538,000) will be achieved by diverting funds from the construction of Expanded Healthcare Centers discussed below.

Expanded Healthcare Centers (EHCs): Constructing EHCs (formally referred to as "super clinics") was determined to be more economically preferable than extensive renovation of 6 hospitals in the Sulaymaniyah, Diwaniyah, Karbala, Kirkuk, Wasit and Baqubah areas. These hospitals will have basic work done, such as roof and elevator repairs and improvements to water systems. The balance of their budgets will be used to fund the EHCs. These six EHCs will generally complement the hospital and will include space for laboratories, clinics, and beds. A 7th EHC in Maysan is currently in the planning stages.

Fallujah, Samarra and Najaf: $22 million was initially redirected to address health-related initiatives in Fallujah, Samarra and Najaf as part of the multi-sector $246 million post-battle reconstruction initiative. This amount has since been reduced to $16 million:

- Clinic upgrades and a new clinic construction in Fallujah funded at a cost of $2 million are proceeding through the planning process.
- The proposed construction of a "super clinic" in Samarra ($5million) was removed from consideration at the request of the MoH since they now have an approved plan to build a new hospital in the vicinity.
- The estimate for Najaf Teaching Hospital was reduced from $15 million to $14 million as the result of a change in the acquisition strategy and refinement of the scope of work. Discussions continue with another donor to obtain support for additional work on the facility and grounds. The first phase of three phases of renovation (emergency repairs) at the Najaf Teaching Hospital has been completed. Phase II includes renovation of the Outpatient Clinics, and Phase III includes renovations of the rest of the main hospital. Changes to requirements and expectations have delayed opening of the outpatient clinic until May 2005, and Phase III will be finished one year later.

Accomplishments since the January Report:

- Started construction on 54 PHCs, bringing the total number of PHCs under construction to 110.

- Started construction on 19 hospitals.

- Completed emergency repairs (Phase I) of renovation of the Najaf Teaching Hospital.

- Designed 6 EHCs, with the 7th in the planning stage.

- Undertook work on the construction and renovation of clinics in Fallujah.

Accomplishments anticipated next quarter:

- Start construction of 40 PHCs resulting in all 150 under construction. The estimated completion date for all PHCs is December 2005.

- Complete four hospital renovations. The estimated completion date for all hospitals is April 2006.

Basrah Pediatric Facility (Hospital)
Project Code: 91000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	50	-	-	-	-	50	50	-
Change from January	-	-	-	-	-	-	-	-
April 2005	50	-	-	-	-	50	50	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID.

Changes from the January Report: This report maintains the $50 million allocation to construct a new pediatric facility in Basrah, creating a modern pediatric hospital aimed at providing Iraqi children with access to quality care for pediatric medical conditions associated with high levels of mortality and morbidity.

Accomplishments since the January Report:

- Completed Basis of Design (BOD) drawings, equivalent to 20% of design work.
- Began testing of the pilings for the foundation of the hospital building.
- Initiated planning for medical equipment, hospital staffing, and training with the Ministry of Health. The MOH is currently preparing a staffing plan that outlines training needs.
- Working with a donor partner, began to plan for solicitation of equipment from vendors and training providers.
- Construction did not start in this quarter given the identification during site preparation of the need for 1,200 pilings to support the hospital design. It is anticipated that this additional requirement will delay construction by approximately 90 day, thus pushing the planned completion date back to March 2006.

Accomplishments anticipated in next quarter:

- Complete 50% of design work and begin construction.
- Make determination on funding source or vendor donations for equipment and training.

Equipment Procurement and Modernization and Training
Project Code: 92000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	297	-	-	-	-	297	158	9
Change from January	-	-	-	-	-	-	-18	+10
April 2005	297	-	-	-	-	297	140	19

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense/PCO and USAID.

Changes from the January Report: This report maintains the $297 million allocation to procure new medical equipment, train medical staff and provide technical assistance to build capacity in the MoH.

Accomplishments since the January Report:

PCO

- Selected vendor for Partnership in Health Care (PIHC) contract. Under this program an array of national medical organizations, e.g. Iraqi Medical Association, will be established to foster long-tern relationships and exchanges with other similar global counterparts, e.g. American Medical Association.

- Awarded $24 million of the $31 million open distribution equipment program. Within the maternity/pediatric program, $18 million of the $22.5 million has been awarded. Seven truckloads of medical and capital equipment were transferred to Kimadia (the MoH's State-Owned Enterprise which handles the procurement and distribution of medical equipment, supplies and pharmaceutical) for distribution throughout the governorates.

- Awarded $5 million of $14.5 million under the Mobile Blood Collection program for Mobile Blood Collection Trucks and refrigerated Blood Bank Vehicles. Awarded $9 million of $13 million under the Mobile Tuberculosis Screening Program for 19 Mobile X-Ray Trucks.

- Started demolition on the existing structures for the Academy of Health Sciences in February with an official groundbreaking ceremony held on March 3rd.

USAID

- The $10 million activity to train staff for the 150 model primary health care centers was assigned to USAID in December 2004. USAID decided to implement this program using an existing indefinite quantity contract (IQC) it has for health sector development. During this quarter, a scope of work the SOW was completed and proposals were requested from the organizations participating in the IQC. Selection of the IQC organization(s) for implementation is anticipated by the solicitation let. Review of proposals and selection of a contractor will be completed prior to the end of March, with an implementation task order expected to be awarded shortly there afterward.

- Completed extensive discussions with BASICS, a USAID global health project for child and maternal health, to provide targeted short-term technical support to MoH capacity development. BASICS, MoH and USAID partners have developed a detailed implementation plan through September 2005. This plan initiates immediate preparatory program activities in March and outlines expected results for all technical activities. Coordination with WHO and UNICEF has already begun to leverage appropriate program activities to broaden impact.

- Incorporated additional technical support requirements for MoH capacity building into the solicitation for training of model primary health care center staff as a separate option activity. Details of this support will be worked out with the contractor upon selection early in the next quarter.

Accomplishments anticipated in next quarter:

PCO

- Transfer remaining equipment from the Abu Ghraib warehouse to Kimadia for distribution to the hospitals in the governorates. PCO will develop a schedule for installation and training of specified equipment with the vendors, Kimadia and the designated hospitals.

- Continue to monitor the procurement of the equipment for the blood program. 17 Mobile Blood Collection Trucks and 1 Refrigerated Blood Bank Vehicle have been ordered, and all are expected to arrive between July 2005 and January 2006.

- Complete construction of and turn over Module A of the Academy of Health Sciences to conduct training starting in May. Construction of Modules B, C and D will continue. Anticipated completion date is October 2005.

- Award PIHC contract and commence activity.

USAID

- Initiate training of trainers for model primary health care center staff in Baghdad. These trainers will subsequently conduct cascade training of 5,027 staff of 150 model primary health care centers.

- Begin BASICS activities, with Iraqi counterpart team selected and in place by May. .

- By May, identify detailed additional MoH capacity building technical support activities for implementation by the contractor supporting training of model primary health care centers.

SECTOR: Private Sector Development

Expanded Network of Employment Centers
Project Code: 01000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	8	-	-	-	-	8	7	-
Change from January	-	-	-	-	-	-	-	+2
April 2005	8	-	-	-	-	8	7	2

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID

Changes from the January Report: This report maintains the $8 million allocation to establish Employment Service Centers.

Accomplishments since the January Report:

- Began training Ministry of Labor and Social Affairs (MOLSA) staff at the end of February. Identified forty key personnel who will be trained using the Outreach and Career Counseling curriculum to be developed with Ministry input.

- Completed gap analysis in 14 Employment Service Centers (ESCs). This analysis along with the labor market study will be used to provide the ESCs with equipment and determine the level of training needed.

- Commenced training in human resource management, customer service, gathering employment statistics, and client relations in one ESC.

Accomplishments anticipated in the next quarter:

- Continue staff training in the first ESC and commence training in two other ESCs.

- Continue MOLSA staff training in human resource, financial and program management.

Vocational Training
Project Code: 02001

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	79	15	-	-	-	94	75	20
Change from January	-	-	-	-	-	94	+14	+7
April 2005	79	15	-	-	-	94	89	27

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID

Changes from the January Report: This report maintains the $94 million allocation to establish vocational technical training centers (VTTCs).

Accomplishments since the January Report:

- Assessed training and instructional equipment needs for the six VTTCs. Began procurement of instruction equipment and finalized curriculum development.

- Began training of Ministry of Labor and Social Affairs (MOLSA) staff at the end of February. Identified forty key personnel who will be trained using the Outreach and Career Counseling curriculum to be developed with Ministry input.

- Completed preliminary analysis of six VTTCs. This analysis along with the labor market study will be used to provide the VTTCs with equipment and determine the level of applicable skills needed.

- Completed the Labor Market Study and determined those trade skills that are in critical demand: light manufacturing, carpentry, and food skills.

Accomplishment anticipated in the next quarter:

- Start staff training and procure instructional equipment in at least one VTTC.

- Start the "on-the-job training" program. Target 500 students for this quarter.

- Commence English and Informational Technology (IT) classes for 2,300 students in four cities: Baghdad, Basrah, Mosul, and Arbil.

- Develop a Gender Job Training Strategy to reach women nationwide.

Business Skills Training
Project Code: 02500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	37	-	-	-	-	37	29	15
Change from January	-	-	-	-	-	-	-1	+2
April 2005	37	-	-	-	-	37	28	17

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of Defense and USAID.

Changes from the January Report: This report maintains the $37 million allocation to provide training to Iraqi small and medium enterprises.

Accomplishments since the January Report:

Department of Defense

- Completed identification of software to be used for the automation of the Iraq Stock Exchange (ISX).

- Began governance and general management support for the Iraq Securities Commission (ISC).

- The Request for Proposal (RFP) closed for the Business Center's project, and the contractor is expected to sign the contract and begin work by the end of March 2005.

USAID

- Provided business mentoring to more than 300 businesses and provided practical business courses to 275 people.

- Made thirty-five $750 grants and three $5,000 grants designed to expand businesses, which resulted in the hiring of over 60 new employees.

- Providing business services and training in five business centers in Arbil, Kirkuk, Mosul and Sulaymaniyah. Business centers in Al Anbar (Ramadi) and Basrah have also been contacted and training programs are being explored. A number of businesses have been contacted in the city of Ramadi regarding their need for technical and grant assistance.

- Trained and placed 17 local business case managers in local business service providers in four Baghdad locations, Basrah, Arbil and Sulamaniyah.

Accomplishments anticipated in the next quarter:

Department of Defense

- Close RFP for the full automation of the Iraq Stock Exchange including trading, clearing, settlement, and a separate depositary.

- Review the draft Permanent Securities Law and make final preparation for proposing it for passage to the ITG.

- Provide the ISX and the ISC assistance in structuring their organizations in terms of executing proper oversight, training on governance, and general management. This will enable the new entities to effectively execute their respective regulatory roles.

- Develop an Iraq best practices business manual for use by all business centers in Iraq. The NGO will also provide income-generating strategies for the business centers to become self-sufficient and to prepare each center to become a stand-alone Iraqi managed entity.

- Evaluate prospective transactions as opportunities present themselves for applying management contracts to national infrastructure to increase efficiency and provide for much needed additional capital investment.

USAID

- Provide an additional 200 business grants that could result in the hiring of up to 600 new employees.

- Provide technical advice to 200 businesses in Basrah, Ramadi, and Baghdad, including Sadr City, Al-Rasheed, and other surrounding suburbs.

- Distribute 1,000 best practices business tool kits providing materials in accounting practices, how to start a business and how to market your products.

Micro, Small, and Medium Enterprises
Project Code: 03000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	44	-	-	-	-	44	35	34
Change from January	-	-	-	-	-	-	+1	+1
April 2005	44	-	-	-	-	44	36	35

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense and the Treasury, and the Overseas Private Investment Corporation (OPIC), with funding transferred to OPIC through USAID.

Changes from the January Report: This report maintains the $44 million allocation for the development of small and medium enterprises in Iraq.

Accomplishments since the January Report:

Department of Defense

- Chose an administrator to process grants to participating private banks approving term loans to small Iraqi owned businesses based on cash flow repayment criteria. A meeting was held with the Iraqi private banks to introduce this program; five of the largest private banks attended and it is expected that the seven largest will actually participate in the program.

OPIC

- The OPIC-supported Iraq Middle Market Development Foundation ("IMMDF"), a facility to make up to $130 million in loans to Iraqi private sector companies, continues to make progress. The project has had difficulties in hiring staff due to the local security environment, which seriously limits marketing of IMMDF's direct

lending program. The facility's on lending through Iraqi private sector commercial banks is limited to those institutions that are in compliance with Iraqi Central Bank minimum capital requirements. That recapitalization effort appears to be trailing the anticipated time frame, as a result, lending program via commercial banks is constrained.

- One loan has been made to date, and two others are in processing. The project has a request for a $750,000 loan to a retail photo processing company in Baghdad, and a $5 million loan to a Baghdad technology company to serve Iraqi public sector contracts through financing of computer software and hardware, as well as working capital.

- IMMDF has completed review of all prospects initially provided by the CPA. The loan for retail photo processing is the only project moving forward at this time**.**

- The project's General Manager made presentations through Iraqi American Chamber of Commerce to about 60 local private businesses and 14 private commercial banks.

Treasury/International Financial Corporation (IFC)

- During an early March mission to Amman, IFC staff substantially finalized the credit agreement with Export and Finance Bank of Jordan (EFB)/Iraq National Bank (INB). INB's technical partners, Rabobank Group and EFB, have begun training INB staff in Amman.

Accomplishments anticipated next quarter:

Department of Defense

- Post an RFP to review, identify, and recommend the best models for a variety of free/economic zones throughout Iraq. Training will be provided to insure that implementers understand the differences between the various types of economic structures and well as the necessary criteria to choose between various types of "zones**".**

- Post a RFP for the design and implementation of a website that identifies all private sector funds entering Iraq as well as the various funding programs, and translates the various programs for funding specifically for multiple users of the database, which include the Armed Forces, Iraqi businessmen, and the Iraqi general public. Periodic analysis will be completed of the funding flows into the private sector assisting in policy development as well as exchange of information about the formation of private investment funds seeking Iraqi investments.

OPIC

- Disburse $512,000 to the National Household Products Company for the purchase of plastic molding equipment associated with bottling.

- Begin training of IMMDF staff to support the follow on phase of lending via commercial banks.

Treasury/International Financial Corporation (IFC)

- The IFC expects to commit its investment in INB by April 29, 2005, which should permit small business credit operations to begin soon thereafter. IFC is no longer envisioning trade financing. This investment will come in conjunction with an increase in the capitalization of INB resulting from the acquisition of INB by the EFB, which will increase INB's capital to ($17.5 million).

Institutional Reforms

Project Code: 01500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	100	-	-	-	100	73	-
Change from January	-	-	-	-	-	-	+20	+1
April 2005	-	100	-	-	-	100	93	1

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID.

Changes from the January Report: This report maintains the $100 million allocation to continue to implement a broad-based institutional economic reform program.

Accomplishments since the January Report:

- Obtained approval from the Ministry of Finance for MoI payment of border guards' salaries through direct deposits via a private commercial bank.

- Assisted the Iraq Tax Commission (ITC) officials in the preparation of a PowerPoint training aid related to the Wage Withholding Tax applicable in 2005. Currently, Tax Commission officials are giving courses twice a week for all governmental employees involved in the payroll system and for employers in the private sector.

- Completed functional training for six Customs staff in the administration of the automated Iraqi Customs Levy System (ICLS) Reconstruction Levy.

- After the loss of four colleagues working on the project, work that was to have been completed under Ministry of Electricity was not completed due to the suspension of operations of the subcontractor to BearingPoint, Ian Pope Associates (IPA).

- Began full scale training program for bankers and Ministry officials in banking supervision, banking principles, Financial Management Information System (FMIS) use, and other courses; 804 trainees to date.

- Completed 5-day Free Balance e-Financials Training course in Amman for 14 Financial Management Information System (FMIS) staff from the following

government units: MOLSA, MMPW, and the Ministry of Transportation, along with the An Najaf, Dhi Qar and Maysan Governorates.

- Completed training for Rafidain and Rasheed Banks' staff at training institutes in Amman, Jordan and Beirut, Lebanon; 116 staff members attended five different management courses throughout the month of January.

- Completed the Chief Information Officer 'boot camp' training course, in Amman, Jordan, with 37 participants representing 32 Iraqi line ministries and government spending agencies.

- Undertook review with Business Registry staff of progress made since October 2004. The Registrar of the Business Registry mentioned that as a result of the training and clarification of the 2004 Company Law, over 3,000 companies were registered in the first three months of the project (October through December 2004). At the end of the month of February 2005, we have 25,077 companies registered (this number does not include the companies registered in Arbil).

Accomplishments anticipated next quarter:

- Develop and deliver procedures for improving the administration of the Corporate Income Tax, including training for ITC staff on the new processes and taxpayer education on compliance procedures.

- Review the new insurance law, in order for it to be amended and submitted by the Ministry of Finance to parliament for approval. A revised insurance law will protect consumers (through both solvency and market conduct analysis/ regulation) and provide consumers confidence in insurance companies.

- Provide training to the macroeconomic unit of the central bank to develop its capacity to identify, collect, and analyze statistics critical to development of a comprehensive set of economic accounts including: money supply, international reserves, exchange rate, banking reserves, domestic assets, government overdrafts, inflation and trade.

- Develop and implement procedures, and conduct training, to support conformity of Rafidain and Rasheed banks' capital adequacy to BASEL I international banking standards.

- Provide assistance to the Ministry of Housing and Construction as a housing lender and a secondary market maker.

- Deliver draft organization plan and regulatory procedures for the National Communications and Media Commission (NCMC).

- Draft Operating Protocols and Procedures, IT Policies and Procedures, IT Standards, and Information Security Policy and Standards by the Chief Information Officer (CIO) Council – with the broad participation of CIO officers throughout the government and spending agencies.

Agriculture
Project Code: 01600

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	100	-	-	-	100	61	-
Change from January	-	-	-	-	-	-	+32	+3
April 2005	-	100	-	-	-	100	93	3

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID.

Changes from the January Report: This report maintains the $100 million allocation to support expanded private sector agribusiness throughout Iraq.

Accomplishments since the January Report:

- In a series of workshops with the Ministry of Agriculture (MoA) staff, developed a Ministry-wide plan to reorganize the MoA institutions, provide capacity building and shift the MoA's role over the long term away from command and control towards regulation and advisory services.

- Distributed more than 4,000 metric tons of Cham 6 wheat seed at 50% subsidy; this expense of almost $2 million will increase wheat production by more than $10 million. Ninety-five tons of improved wheat seed is being multiplied to produce more than 3,000 metric tons of seed for distribution next season. The objective of this wheat program is to increase the production of wheat from one million metric tons per year to two million metric tons and improve the quality of the grain going to market. 160 demonstration sites were planted in twelve governorates participating in the winter crop technology program.

- Since January 2005, awarded thirty-six contracts valued at approximately $2.5 million to rehabilitate 22 veterinary clinics throughout Iraq, which will directly benefit more than 50,000 people. USAID is working closely with Dutch civil affairs officers in Muthanna and the Food and Agricultural Organization (FAO) to vaccinate 2 million animals for brucellosis, a disease with public health implications.

- USAID contractor hired a full time cooperative specialist to work with farmer and trade associations, such as the date and the national beekeeping association. Iraq was a major date producer, an industry that still employs more than a million man months annually.

- Signed a MOU with Case New Holland, which is working with the MoA to rehabilitate and maintain agricultural machinery. More than 5,000 tractors and combines were inspected and assessed. MOUs are under discussion with John Deere and Massey Ferguson to provide technical support and spares to this program.

Accomplishments anticipated next quarter:

- Assist the MOA's certified seed program and private sector seed processors to provide pure clean seed to increase the production of wheat.

- Expand support to the MoA's national vaccination program, in terms of geographic coverage and diseases treated and continue collaboration with FAO and their animal program.

- Support the MoA in developing and implementing a national program to support olive production throughout Iraq that will include 30 demonstration olive orchards comprising a total of 21,000 trees in fifteen governorates.

- Plan study tours to show the roles producer and marketing associations can play. Will also explore ways to form an association for input suppliers and continue strengthening the national beekeepers association and date processors.

- Plan and undertake the Summer Crop Technology Demonstrations for key crops such as rice, maize, and vegetables.

Market-Based Reforms
Project Code: 03500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	100	-	-	-	100	47	-
Change from January	-	-	+5	-	-	+5	+16	+1
April 2005	-	100	5	-	-	105	63	1

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID.

Changes from the January Report: This report reflects a previously notified $5 million increase in this allocation from $100 million to $105 million. Funding in this project code is used to promote market-based reforms. The $5 million was re-allocated from Iraqi Debt Forgiveness (P/C 04500).

Accomplishments since the January Report:

- Worked with the Prime Minister's representative to the Iraqi Privatization Commission to draft a law establishing an Iraqi Privatization Agency. This will centralize decision-making and help to ensure an energetic, fair and transparent process for liberalizing the state owned enterprise (SOE) sector.

- Worked with the Iraqi Privatization Commission to develop an Iraqi Ministry survey of SOEs. Continued to consolidate other state-owned enterprise assessments and identify gaps. A proper accounting of the SOEs is essential for the IG to understand the challenge and opportunities inherent to the reform process agreed to in the Emergency Post-Conflict Agreement (EPCA) with the IMF.

- Completed World Trade Organization (WTO) road map and began process of drafting the Memorandum on Foreign Trade Regime (MFTR) formally known as ACC1, the first formal filing used by a country in the WTO accession process. Submission of this document in a timely fashion will allow for a more rapid scheduling of a working party meeting. Its quality will determine the specificity of resulting questions from the WTO members. In many countries those questions are in themselves drivers of legal, regulatory and structural reforms.

- Drafted a plan developed for an Iraqi Investment Promotion Agency (IPA) and worked with the Iraqi government to finalize an agreement. As in many fast growing economies, (e.g. Ireland), an IPA is a critical portion of the effort to attract foreign capital and expertise.

- Delivered accounting training to private accountants and cash-flow-lending training to private banks.

- Identified microfinance needs and developed a training program. Delivered four training sessions to the local Iraqis staff of ACDI/VOCA and CHF, two microfinance institutions operating in Iraq, training 110 Iraqis.

- Began working with the Ministry of Trade (MOT) to establish a Trade Investment Center. Making connections between importers and exporters both inside and outside of Iraq will drive this important but currently moribund part of the economy.

Accomplishments anticipated next quarter:

- Deliver complete MFTR filing for Iraqi Transitional Government (ITG) review and submission to WTO.

- Establish Iraqi Privatization Agency and an Iraqi Investment Promotion Agency, dependent on ITG passing the enabling law.

- Continue providing training to the local Iraqis staff of CHF and ACDI/VOCA, the two microfinance operations currently operating in Iraq.

- Implement cash flow lending programs in private Iraqi banks.

Housing Rehabilitation Grants
Project Code: 01700

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	-	-	-	-	-	-	-
Change from January	-	-	+20	-	-	+20	-	-
April 2005	-	-	20	-	-	20	-	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID

Changes from the January Report: This report reflects a previously notified $20 allocation for this new project code as part of the $225 million jobs creation initiative.

Funding for this project code was re-allocated from the following project codes: $9 million from Potable Water (P/C 60000), $1 million from Civil Aviation (P/C 70000) $3 million from Railroad Rehabilitation and Restoration (P/C 72000), $4 million from Roads and Bridges (P/C 82000), and $3 million from Iraqi Debt Forgiveness (P/C 01700.

A combined team from USAID and a contracted NGO will work with the Major Subordinate Command in Baghdad, the 3rd Infantry Division, and with the guidance of the local Community Action Groups to provide housing rehabilitation grants to 10,000-20,000 households in Baghdad's most impoverished and high insurgency potential neighborhoods. Complemented by an additional essential services initiative (local electrical distribution, water, and sewerage), this program is targeted to stimulate economic activity and job creation to disenfranchised youth and unemployed heads of households. By injecting cash quickly into the local economy, this program offsets much of the potential for increased insurgency activity and strengthens democracy-based initiatives by moving decisions through the neighborhood councils that will assist in the implementation of the programs.

Accomplishments since the January Report:

- Not Applicable. Activity did not start prior to March 31st.

Accomplishments anticipated next quarter:

- Work with 3rd Infantry Division and local community action groups to develop a template for decision criteria and administration of housing rehabilitation grants for implementation within weeks of receiving funding.

- Provide grants of $500-$2,500 to 2,500-5,000 households in the most impoverished neighborhoods of Baghdad outside Sadr City.

Iraq Debt Forgiveness
Project Code: 04500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	360	-	-	-	360	-	-
Change from January	-	-	-8	-	-	-8	+352	+352
April 2005	-	360	-8	-	-	352	+352	+352

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of the Treasury

Changes from the January Report: This report reflects a previously notified $8 million decrease in this allocation from $360 million to $352 million. Funding in this sector is used for debt relief. The necessary authority was provided in PL 108-309.

$8 million was re-allocated to the following project codes as part of the $225 million jobs creation initiative: $5 million to Market Based Reforms (P/C 03500) and $3 million to Housing Rehabilitation Grants (P/C 01700).

Accomplishments since the January Report:

- The Paris Club agreement took legal effect, and the IRRF funding ($352 million) was obligated and disbursed.

Accomplishments anticipated in next quarter:

- This activity is completed.

Sector: Education, Refugees, Human Rights, and Governance

Migration and Refugee Assistance
Project Code: 04000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	105	70	-	-	-	175	28	8
Change from January	-	-	-16	-	-	-	+86	+12
April 2005	105	70	-16	-	-	159	96	20

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Department of State/Bureau of Population, Refugees, and Migration (PRM) and USAID/Office of Foreign Disaster Assistance (OFDA).

Changes from the January report: This report reflects a previously notified $16 million decrease in this allocation for migration and refugee assistance from $175 million to $159 million. $16 million was re-allocated to Distribution Network Infrastructure (P/C 42000) as part of the $225 million jobs creation initiative.

Accomplishments since the January Report:

USAID

- Distributed winterization relief supplies to 291,393 of the most vulnerable Internally Displaced Persons (IDPs) in 15 of Iraq's governorates. These supplies will lessen the risk of endemic disease and help stabilize living conditions for the large number of IDPs in Iraq until a permanent solution is found to their condition of displacement.

- Distributed relief supplies to 23 IDP sites outside of Kirkuk benefiting 2,610 Arab IDPs. This activity provided a counterbalance to assistance provided to Kurds in and around Kirkuk, thus promoting the local government's stated desire for a balanced ethnic approach to humanitarian aid.

- Established two semi-permanent health clinics at the two primary IDP sites within Kirkuk, as well as mobile health clinics targeting all IDP sites in and around the city. These distributions helped support the move of Kurdish IDPs occupying public buildings onto two sites where basic services could be provided, while also providing basic health care to Arab and Turkmen IDPs outside of the city.

- Provided full and part time employment to approximately 1,900 Iraqis thereby strengthening the belief that the new government offers the promise of a better life. USAID partners are finishing assessments for large cash–for-work programs that will commence in April.

- Distributed relief supplies worth over $1.1 million to 216,000 IDPs from Fallujah conflict. *(Note: this distribution took place from Dec. 20—Jan 20.)* These

distributions lessened health hazards associated with overcrowded living conditions, and provided supplies such as plastic sheeting, chlorine tablets and hygiene kits needed by displaced person upon their return to Fallujah.

- Provided supplies worth $800,000 to humanitarian distribution sites inside Fallujah: 15,000 plastic sheets, 11,000 kerosene containers, 20,000 blankets, and 450,000 plastic bags for breakdown of bulk food. These supplies were needed by returnees whose homes were destroyed in the conflict aid.

- Distributed over 900,000 liters of kerosene primarily to Arab IDPs in Diyala Governorate for use during winter months. USAID believes that such distributions, especially to Arab displaced populations, lessens the risk that they will join or support the insurgency.

Department of State (PRM)

- Supported the Ministry of Displacement and Migration (MoDM) in strengthening capacity in existing regional offices and acquiring offices and staff in Kirkuk and Mosul.

- MoDM worked with Ministry of Industry and Minerals and other ministries in response to displacement of over 200,000 people in Fallujah; field teams monitored the returns program and United Nations High Commissioner for Refugees (UNHCR) and International Organization of Migration (IOM) humanitarian assistance distributions to returnees in Fallujah (currently estimated at 70,000); and UNHCR and IOM designated MoDM as contact point for international organizations.

- Funded:

    - 30% of the International Red Cross's Iraq Appeal ($12.5 million) to support its monitoring of humanitarian law, detainee visits and tracing activities;
    - 25% of the International Federation of Red Cross/Crescent Societies' Iraq Appeal ($5.5 million) to support its capacity building of the Iraqi Red Crescent and provision of emergency assistance;
    - NGO Shelter for Life's proposal ($1 million) to build over 100 houses in northern Iraq for repatriating refugees;
    - Capacity-building training ($3 million) through UNHCR and IOM assisting MoDM to develop its institutional framework and organizational structure; supporting the ministry through technical assistance; and strengthening the abilities of staff in central and regional offices;
    - Expert support for MoDM in developing a more complete basic law, providing a solid foundation for greater activity and recognition in the ITG.

- Continued programs through IOM responding to migration capacity building, assisted voluntary returns, and third country nationals.

Accomplishments anticipated in next quarter:

USAID

- Employ through cash for work programs at least 7,000 IDPs in Kirkuk and Diyala Governorate so that more Iraqis will have the means for a productive life and increasingly distance themselves from the insurgency.

- Continue activities of mobile health units in returnee and IDP areas of Kirkuk and Diyala Governorate with expansion to Dahuk Governorate.

- Expand water and sanitation activities in Kirkuk Governorate targeting both Kurdish returnees and Arab IDPs and in Western Ninawa, Dahuk, and Maysan Governorates.

- Provide agricultural livelihood support packages in IDP/returnee areas in Kirkuk covering approximately 600 families.

- Distribute relief supplies for 14,000 families displaced as result of conflict in Fallujah.

Department of State (PRM)

- Integrate MoDM into ongoing capacity-building programs funded by PRM through IOM and UNHCR.

- Organize four regional conferences on displacement and migration, coordinating goals and responsibilities of participating ministries with regard to 500,000 recent IDP and refugee returnees; 300,000 recently displaced; the continuing refugee caseload; and emergency response. Establish firm plans for national conference.

- Fund 30% of UNHCR's Iraq Appeal.

- Through NGO Relief International, provide shelter and restore education and health, and water infrastructure for returning refugees in southern Iraq.

Property Claims Commission
Project Code: 05500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	10	-	-	-	-	10	1	1
Change from January	-	-	-	-	-	-	+4	+1
April 2005	10	-	-	-	-	10	5	2

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible US Government Agency: Department of State (PRM).

Changes from the January report: This report maintains the $10 million allocation for support to the Iraqi Property Claims Commission (IPCC). In early February, $4 million of this allocation was obligated for an IPCC claims program support by the IOM under a joint IOM/UNHCR program of comprehensive assistance to the IPCC.

The number of claims filed increased from just over 35,500 as of December 31, 2004, to almost 48,000 as of March 16, 2005, while the number of claims adjudicated increased from 200 as of December 31, 2004 to over 2,300 as of March 16, 2005. During the same period, the IPCC established three additional claims intake offices, for a total of 32 offices countrywide, and one additional regional commission, in Kirkuk.

Accomplishments since the January Report:

- On January 28, 2005, the Head of the IPCC agreed to a joint U.S.-funded IOM/UNHCR package of comprehensive support and assistance addressing a broad range of IPCC claims program matters.

- Pursuant to this new relationship with the IPCC, IOM conducted a 10-day IPCC staff training and database turnover session, from February 27 to March 12 in Amman, Jordan.

- UNHCR completed the printing of 4 million public information brochures, in Arabic and Kurdish, in March 2005. These brochures will be distributed in late March and early April to IPCC offices.

- During January and February 2005, IOM, UNHCR and U.S. Embassy/IRMO staff developed draft IPCC website pages for the IPCC. Deployment of the IPCC website in English, Arabic and Kurdish is expected in early April.

Accomplishments anticipated in the next quarter:

- IOM-prepared draft compensation guidelines will be reviewed and agreed by UNHCR and IRMO/IPCC, and then transmitted to the IPCC for review and implementation.

- Additional Public Information (PI) campaign activities will be undertaken, including deployment of the IPCC's website, IPCC PI staff training/office equipping, and TV, radio and newspaper advertising, along with PI activities relating to out-of-country claims.

- IOM will conduct additional trainings and working group meetings, including for legal staff and Appellate Division judges.

- IOM will supervise the acquisition and installation of computer equipment and related hardware and peripheral systems for the IPCC's computer network. ($1.5 million)

- Finalize and implement the details of an UNHCR/IOM-administered out-of-country claims and PI program targeting Iraqi expatriates. ($3.5 million)

Governance

Project Code: 06700

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	-	40	-	-	-	40	30	-
Change from January	-	-	-	-	-	-	-	-
April 2005	-	40	-	-	-	40	30	-

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible US Government Agency: Department of State and USAID.

Changes from the January Report: This report maintains the $40 million allocation to support governance activities.

Accomplishments since the January Report:

- NDI and IRI activities are being reported under Democracy Building Activities. (P/C 06000)

- Supported civic and voter education efforts in the days and weeks surrounding the January 30th election. In addition, the funds were available to support follow-on efforts to educate Iraqis about the post-election process.

- Produced a general voter participation ad campaign and a targeted voter participation to support democracy-building efforts prior to the elections. Television, radio and print advertisements were used with the main focus on TV spots. The radio and print ads supported and reinforced the TV spots.

Accomplishments anticipated in the next quarter:

- The Department of State will continue to promote civic education through television and other media to educate the Iraqi people on the creation of their new constitution.

Banking System Modernization
Project Code: 08000

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	30	-	-	-	-	30	18	12
Change from January	-	-	-	-	-	-	+3	+1
April 2005	30	-	-	-	-	30	21	13

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: Departments of Defense and the Treasury.

Changes from the January Report This report maintains the $29.1 million allocation for banking system modernization (Treasury) and $900,000 for cash payment operations (Defense).

Accomplishments since the January Report:

- Following completion of the Central Bank of Iraq (CBI)/contractor kick-off meeting, defined the schedule for developing the Real Time Gross Settlement and Automated Clearing House (RTGS and ACH) software applications and installing associated hardware.

- Completed requirements workshops with CBI officials and produced project blueprint document for delivery in mid-March.

- Began the train-the-trainers process in Dubai in January 2005 for CBI personnel on the RTGS and ACH systems.

- Deferred procurement and delivery of additional Banker Training Center sets for locations both in and outside Baghdad until security conditions allow continuation of the process. Treasury will evaluate restarting this effort in the 1st quarter of FY 2006.

Accomplishments anticipated next quarter:

- Complete assessment of communications capabilities in Baghdad as they relate to the RTGS and ACH installations to facilitate interagency coordination.

- Prepare user documentation for RTGS and ACH systems.

- Complete payments system and related banking systems training plan and preparation of training materials.

- Evaluate and respond to CBI requests for additional work in automated check processing, collateral management features for securities, multi-currency (other than dollars and dinars) operation, and advanced security methods such as digital signature.

Human Rights
Project Code: 09500

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	15	-	-	-	-	15	3	-
Change from January	-	-	-	-	-	-	+1	+1
April 2005	15	-	-	-	-	15	4	1

NOTE: Obligation and Outlay Data is current as of 29, 2005.

Responsible U.S. Government Agencies: Departments of Defense and State, and USAID.

Changes from the January Report: This report maintains the $15 million allocation to address past atrocities of the regime and create a climate for the promotion of fundamental human rights and dignity in Iraq.

Accomplishments since the January Report:

Department of Defense

- Results from the $1.94 million program is being reported in Investigations of Crimes Against Humanity. (P/C 05000)

USAID

- Conducted 57 workshops (8 specifically on human rights) and trainings for 1,744 beneficiaries in the areas of media, anticorruption, civic education, women's advocacy, and human rights. Nearly half of the sessions were devoted to Training of Trainers (TOT). These trainers are being trained to conduct workshops and seminars throughout all of the governorates of Iraq.

State/Democracy, Human Rights, and Labor (DRL)

- Conducted and collected testimonies of human rights abuses committed by Iraq's former regime.

- Provided expert legal, scientific and policy advice to the Iraqi Ministry of Human Rights on the establishment of a National Center for Disappeared and Missing Persons.

- Laid the groundwork with NGOs and the Iraqi Ministry on Human Rights concerning beginning exhumation of mass graves.

- Continued to assist Iraqis with medical care and psychotherapeutic treatment for torture survivors who were victims of the Ba'ath regime. Facilitated psychological rehabilitation and social reintegration.

Accomplishments anticipated in next quarter:

USAID

- Conduct human rights trainings for civil society representatives throughout Iraq in support of the process to draft the constitution. Included in the human rights training will be a focus on women's rights as delineated in the Convention to Eliminate All Forms of Discrimination Against Women (CEDAW).

- USAID will issue grants to provide fast, flexible assistance to address past atrocities of the former regime and create a climate for the promotion of fundamental human rights and dignity in Iraq.

Department of State/DRL

- Continue to collect and chronicle testimonies of human rights abuses committed by Iraq's former regime.

- Continue to assist the Iraqi Ministry of Human Rights in its effort to address the needs of the families of the missing and the larger Iraqi society in achieving a sense of closure regarding the fate of missing persons in Iraq. Begin the humanitarian excavation and identification of mortal remains. Provide technical training to Iraqi Ministry of Human Rights officials, facilitate community outreach, and support family associations.

- Continue to implement programs that support and assist with torture treatment and psychological abuse.

- Support and implement projects that promote human rights education.

- Support initiatives that work to collect and archive information about political violence in Iraq.

- Support the establishment of an independent national institution for the promotion and protection of human rights.

Education

Project Code: 06300

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	89	10	-	-	-	99	81	15
Change from January	-	-	-	-	-	-	+4	+8
April 2005	-	-	-	-	-	99	85	23

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible U.S. Government Agency: USAID and Department of Defense/PCO.

Changes from the January Report: This report maintains the $99 million allocation for education.

USAID's education program works closely with the Ministry of Education (MoE) and local Directorates of Education throughout Iraq to build their capacity to create and maintain a high quality education system. USAID's program increases the quality of Iraqi education by training teachers and administrators in interactive teaching methodologies, holding national symposia on curriculum reform, conducting exchanges and workshops for MoE staff, and establishing an Educational Management Information System within the MoE to improve the management of the education system. The program also increases students' access to schools. The centerpiece of USAID's education program is the establishment of 84 "model" schools, four in each governorate

and 16 in Baghdad, to pilot child-centered teaching styles coupled with computer and science labs. Once established, the goal is for the MoE to replicate these "centers of excellence" throughout Iraq to serve as the basis for the transformation of the Iraqi education system.

Accomplishments since the January Report:

USAID

- Distributed 525,000 secondary school kits for tenth through twelfth grade students.

- Identified 270 facilitators for training of education professionals and teachers of first through third and tenth through twelfth grades. The training will begin next quarter.

- Identified 38 schools to rehabilitate though grants to parent-teacher associations (PTAs), by conducting participatory workshops in 85 poor, mostly rural, communities. Most of the targeted schools were originally constructed of mud-brick and will require almost complete reconstruction.

- Completed refurbishment of sanitary facilities in 20 schools, with 178 additional schools in progress. Implementation has been delayed due to collusion among potential Iraqi contractors necessitating the re-solicitation of bids in many cases. Additionally, schools allocated by the MOE for refurbishment under this program have frequently been rehabilitated by other programs, forcing identification of new schools.

- Procured all materials and completed development of curriculum resources for an accelerated learning program for 50,000 out-of-school youths to return to school. The MoE has postponed enrollment of students in these programs until the 2005-2006 academic year.

- Designed prototypes and selected potential sites for 84 model primary and secondary schools.

- Distributed 18,000 kits of sports equipment to approximately 16,000 primary and intermediate schools throughout Iraq.

PCO

- Delivered basic science laboratory kits valued at $3.67 million to the Ministry of Higher Education and Scientific Research (MHESR). The lab kits, containing basic chemistry, physics and biology equipment, will be distributed among the 22 universities lying within MHESR.

- The procurement and distribution of computer labs were cancelled since most universities had sufficient quantities of donated computers. The funds allocated for this activity are being re-programmed.

Accomplishments anticipated in the next quarter:

USAID

- Train over 700 facilitators for training of educational professionals and teachers in up-to-date pedagogy for English, Math, Science, and Information and Computer Technology instruction.

- Rehabilitate up to 48 halls in teacher-training centers in governorates throughout Iraq. Furnish and equip these teacher-training centers with desks, chairs, computers, projectors, air conditioners, and training supplies. By the end of the quarter, begin process of training of educational professionals and teachers. Teachers will be trained through the summer and 2006 – 2007 academic year.

- Complete the refurbishment of sanitary facilities in 435 schools, including the 178 begun during the past quarter, and begin the refurbishment process in an additional 300 schools.

- Procure desks, chairs, computers, and science laboratory equipment for 84 model primary and secondary schools. The model schools will be completed in time for the 2006 – 2007 academic year.

- Award 42 grants to PTAs in Iraq's poorest communities to reconstruct schools.

Civic Programs
Project Code: 06600

		FY 2005 by Quarter						
2207 Report	**FY 2004**	**1st**	**2nd**	**3rd**	**4th**	**Total**	**Obligated**	**Outlayed**
January 2005	10	-	-	-	-	10	10	6
Change from January	-	-	-	-	-	-	-	+2
April 2005	10	-	-	-	-	10	10	8

NOTE: Obligation and Outlay Data is current as of March 29, 2005.

Responsible US Government Agency: USAID/Office of Transition Initiatives (OTI)

Changes from the January Report: This report maintains the $10 million allocation to promote the involvement of women and children in the reconstruction of Iraq, coupled with civic education and activities on democratic principles for the entire Iraqi population.

Accomplishments since the January Report:

- USAID continues to disburse funds that supported civic education activities for women and children.

Accomplishments anticipated in the next quarter:

- No additional accomplishments anticipated. Under the Democracy Building Activities project code (P/C 06000), USAID/OTI expects to continue to support similar activities assisting women and youth.

APPENDIX II

Contributions from Other Donors

International Resources for the Reconstruction of Iraq:

During this past quarter, the United States has continued to work hard to build on the success achieved at the October 2003 Madrid International Donors Conference. At this conference, donors other than the United States pledged over $13.5 billion in assistance for the reconstruction of Iraq. This includes $8 billion in assistance from foreign governments and $5.5 billion in lending from the World Bank and International Monetary Fund (IMF) -- all to be disbursed between 2004 and 2007. As of March 2005, over $2.7 billion of the pledges of non-U.S. assistance had been disbursed. Almost $2.3 billion of this was from other donor governments, either in bilateral projects or through the International Reconstruction Fund Facility for Iraq (IRFFI). Another $436 million was in the form of IMF assistance. Donor government disbursements are defined here as meaning funds that have left government treasuries. Because much of it is being channeled for implementation through trust funds, contractors, NGOs, international organizations, and Iraqi institutions, the impact on the ground in Iraq is just starting to be felt.

The International Reconstruction Fund Facility for Iraq (IRFFI)

The Madrid Conference authorized the establishment of the IRFFI (http://www.irffi.org/), which gives donors a multilateral channel for their assistance to Iraq -- in addition to donors' own bilateral assistance activities. The IRFFI is a mechanism for the joint management of World Bank and United Nations (UN) reconstruction trust funds. As with bilateral assistance, funds channeled through the IRFFI are funded out of donors' pledges at Madrid.

- The Donors' Committee of the IRFFI held its third meeting in Tokyo, Japan, on October 13-14, 2004. The Donor's Committee consists of 15 countries that have committed at least $10 million to the fund facility and also includes two rotating representatives (currently Finland and Turkey) from countries that have committed less than $10 million. In February 2005, Canada assumed chairmanship of the IRFFI Donors' Committee from Japan.

- At the Tokyo meeting, the Iraqi Interim Government (IIG) established its central role in soliciting international support for Iraqi reconstruction. It also presented its National Development Strategy, which was well received by donors. Donors, for their part, reaffirmed their support for Iraqi reconstruction.

- The next Donors' Committee meeting is scheduled tentatively for May or June in Jordan.

- Current donor commitments to the IRFFI total about $1.06 billion. Of this amount, $490 million is from Japan; $200 million from the European Commission; $127 million from the UK; $67 million from Canada; $20 million from Spain; $18 million from Australia; $12.9 million from the Netherlands, $12 million from Italy; $10 million each from the United States, India, Iran, Kuwait, South Korea, Qatar, Norway, and Sweden. Belgium, Finland, Greece, Iceland, Ireland, Luxembourg and Turkey are committing amounts less than $10 million each.

- Of the $1.06 billion in commitments, $1.02 billion has been deposited in the IRFFI trust funds and holding accounts by other donors, including $10 million from the United States.

- The UN and World Bank have submitted their project proposals for approval to the Iraqi Strategic Review Board (ISRB). The ISRB is an Iraqi coordinating body chaired by the Minister of Planning and Development Cooperation that reviews requests for and offers of external donor assistance.

Updates on Selected Major Donors

The January 2004 report to Congress included a table of pledges made at the Madrid International Donors Conference. Since that report, donors have begun disbursing and implementing their assistance.

Japan

Japan has pledged more assistance to Iraq than any other country except the United States. Japan pledged over $1.5 billion in grant assistance aimed at immediate humanitarian and reconstruction needs, as well as up to $3.5 billion in yen loans (concessional lending). Among priority areas of Japan's grant assistance are electricity, water and sanitation, health and education; yen loan priority areas include communication and transport sectors. Japan has extended humanitarian and reconstruction to Iraq through various channels such as direct assistance, international organizations, and non-governmental organizations (NGOs), while also providing training in Iraq's neighboring countries.

As of December 2004, Japan had disbursed $1.32 billion in grant assistance from its Madrid pledge. Of this, Japan had deposited a total of $490 million to the IRFFI ($360 million to the UN fund and $130 million to the World Bank fund). Japan has also deposited $10 million to the small business financial facility of the International Finance Corporation (IFC). In addition, Japan has disbursed $90 million directly to international organizations to implement projects such as restoration of water and sewage systems, garbage collection, and sanitation. The balance of Japan's disbursements--$720 million--have been in direct bilateral projects or channeled through Iraqi institutions and NGOs for implementation.

Among Japanese projects are:

- Rehabilitation of three electrical power stations (Taji Gas Turbine, Mosul Gas Turbine, and Mosul Hydroelectric).

- 12 water tankers donated by Japan to be used by the city of Samawa in cooperation with Japan's Self Defense Forces, which are purifying about 70 tons of water a day. With the provision of 26 more water tankers, 311 water tanks, and 6 water treatment units, over 200,000 people in the vicinity will be provided with clean water.

- Grant assistance for Japanese NGO projects to the Samawa Maternity and Children's Hospital, which have provided medical equipment, including infant incubators, phototherapy units for incubators, and electrocardiographs to the only children's and maternity hospital in Al-Muthanna Governorate. Medical supplies and equipment have also been provided to the Samawa General Hospital and Al-Rumaytha and Al-Khidhur hospitals and to 32 primary health centers in Al-Muthanna Governorate.

- The repair of roads between Al-Khidhur and Darraji and between Mahdi and Sawa and other roads in Al-Muthanna Governorate as well as the provision of construction equipment to restore damaged roads and bridges in the Governorate.

- Contributions to UNESCO, which are allowing capacity strengthening in the Ministry of Education and a recovery project for the restoration laboratory of the Iraqi National Museum to move ahead.

- Donation of 1,150 police vehicles.

- Donation of 70 fire trucks to Baghdad, Basra, and Muthanna.

- Donation of 742 ambulances.

- Rehabilitation and equipping of four general hospitals (Nasiriyah, Najaf, Diwaniyah, and Samawah) in southern Iraq, four more in northern Iraq (Kirkuk, Arbil, Mosul and Dahuk), and three in Central Iraq (Baghdad, Amarah, and Kut).

- 27 mobile electricity substations.

- 30 compact water treatment units in Baghdad, 38 water tankers, and 6 water purification units.

- Through HABITAT, assistance for rehabilitation of about 271 schools in Basrah, Samawa, Nashiria, and Amra, and of about 3,000 houses and community facilities in Baghdad, Samawa, and Kirkuk.

- Training in Japan of Iraqi diplomats, staff of Al-Muthanna TV Station, and hospital directors in Al-Muthanna Governorate. Training in Cairo of 215 Iraqi medical staff and training in Jordan of about 90 electricity, statistics, and water resources management personnel.

The United Kingdom

At Madrid, the UK pledged $452 million for the Iraq reconstruction effort up through March 2006. This is in addition to the UK's earlier assistance for the humanitarian effort (over 100 million pounds) and its assessed portion of the European Commission's assistance (38 million pounds). As of March 2005, the UK has disbursed over $277 million of its Madrid pledge.

The UK has deposited over $127 million in the IRFFI ($71 million to the World Bank Trust Fund and $56 million to the UN Trust Fund). Further contributions to the IRFFI from the UK's Madrid pledge will be considered depending on the effectiveness of its operations and its need for additional funding. The UK also made a $15 million contribution to an Iraqi small and medium size enterprise (SME) lending facility established by the IFC.

In addition to the $142 million in multilateral contributions, the UK is implementing bilateral projects for reconstruction. As of March 2005, the UK had disbursed approximately $135 million for bilateral projects that include reconstruction in Southern Iraq, governance and economic capacity building, and support to both the justice sector and civil service.

Spain

In addition to $80 million it provided in 2003, largely for humanitarian needs, Spain pledged another $220 million in reconstruction assistance at the Madrid Donors Conference for 2004-7. Of this amount, $60 million was intended for 2004. Out of this $60 million, Spain has deposited $20 million to the World Bank trust fund within the IRFFI, as well as $5 million for the IFC small business facility. It also provided $18 million for the production of new Iraqi dinars and is still programming the remaining $17 million of its 2004 pledge. At the recent Tokyo meeting, Spain announced that it was considering an additional $20 million contribution to the IRFFI to support elections and governance.

Canada

Canada pledged $187 million at Madrid (all figures are in US$). This is in addition to the $42 million in urgent humanitarian relief disbursed in 2003 in response to the UN Humanitarian Appeal.

Canada initially deposited $44.7 million to the IRFFI, which was equally divided between the UN and the World Bank trust funds of the IRFFI. In September 2004, Canada deposited another $15.3 million in the UN trust fund to be used to support Iraqi elections, as well as about $5.8 million to the International Mission for Iraq Elections. Canada now chairs the IRFFI Donors' Committee. In addition, Canada has allocated over $44 million in bilateral assistance, of which it has already disbursed about $19 million. These allocations include $29 million to UNICEF, $7.9 million for police training, and $3.7 million to CARE Canada for reconstruction work to improve basic services in water and sanitation, basic health and education, and child protection. It has also allocated $2 million to assist the "Marsh Arabs" and $0.5 million to UNDP for work on Iraqi governance.

Canada has also allocated $7.3 million over two years for deployment of Canadian police instructors to assist in the training of Iraqi police at the multi-national police academy in Jordan. The first contingent of 20 trainers arrived in January 2004.

Canada's priorities for the remainder of its assistance include: social and economic needs of Iraqis; good governance, in both Iraq and in the Middle East; the promotion of human rights and gender equality; and helping to reconstitute an effective and responsible Iraq security sector. More details on Canadian assistance to Iraq is available at www.acdi-cida.gc.ca/iraq

The European Commission (EC)

By the end of 2004, the EC had pledged 200 million euros (then worth $235 million) at the Madrid Donors Conference. At the end of 2003, the EC provided $47 million for UN-implemented activities and $3 million to the World Bank for Iraqi capacity building training. In June 2004, the EC deposited $100 million in the World Bank portion of the IRFFI and $58.6 million in the UN portion. It deposited another $43.2 million in the UN portion in December 2004. The EC in November 2004 also announced 30 million euros of elections support. Half of this was new funding, while the other half was reprogrammed funding from its earlier IRFFI contribution.

In late January 2005, the EC announced another 200 million euros in assistance for 2005. Of this, 130 million euros would be channeled through the IRFFI to support activities to restore and strengthen delivery of education and health services, increasing employment opportunities, and developing administrative capacity in the Iraqi administration. Another 15 million euros will go to bilateral technical assistance in the energy and trade sectors and 10 million euros to support the political process, the development of civil society, and human rights. The remaining 45 million euros is being held in reserve for future priority needs that arise.

On June 9, 2004, the EC set out in a report to the European Council and the European Parliament its short- and medium-term strategy for relations between the European Union (EU) and Iraq. Entitled *The European Union and Iraq: A Framework for Engagement*, it is available at http://europa.eu.int/comm/external_relations/iraq/doc/com04_417_en.pdf.

World Bank

As of the end March 2005, donors had committed $398 million to the World Bank trust fund of the IRFFI. Of this, $392 million has been deposited. With these deposits, the World Bank is implementing the following projects:

Operation	Projected Costs
Emergency Textbooks	$40 million
Emergency School Rehabilitation	$60 million
Water Supply and Sanitation - Baghdad	$65 million
Water Supply and Sanitation - other than Baghdad	$90 million
Emergency Health	$25 million
Private Sector Development	$55 million
Capacity Building	$ 7 million
Emergency Community Infrastructure	$20 million

As of the end of 2004, the IIG and World Bank had signed grant agreements for all of the projects above, which are now in the implementation phase. As of mid-March 2005, the World Bank had disbursed $12 million for work already completed. More details on the World Bank's IRRFI projects are available at http://www.irffi.org/.

The World Bank is operating from Amman, Jordan, and has established a videoconference link between its Amman office and the Iraqi government to facilitate project development and coordination with World Bank and UN teams (also operating primarily out of Amman) and with other donors.

Funded by $3.6 million from the EC, the World Bank conducted training for Iraqi officials addressing the environmental and social impact of development projects, infrastructure regulation, restructuring of state-owned enterprises, investment climate issues, and financial sector reform. The World Bank also provided a range of policy advice.

At Madrid, the World Bank pledged to offer at least $3 billion in lending to Iraq. The Iraqi government and World Bank are currently in preliminary discussions about a concessional lending program. In December 2004, Iraq cleared its arrears to the World Bank, making it eligible for lending again.

United Nations

As of February 2005, donors had committed $668 million to the UN trust fund of the IRFFI. Of this, $631 million had been deposited. The UN has developed a strategic planning framework, organized along eleven "clusters" with various UN specialized agencies working together under a cluster lead agency in each. The clusters are:

1. Education and Culture
2. Health
3. Water and Sanitation
4. Infrastructure and Housing
5. Agriculture, Water Resources, and Environment
6. Food Security
7. Mine Action
8. Internally Displaced Persons (IDPs) s and Refugees
9. Governance and Civil Society
10. Poverty Reduction and Human Development
11. Support to Electoral Process

As of February 2005, the UN had developed 50 projects, valued at over $500 million, all of which have been approved for implementation by the Iraqi government. Among these projects, the UN has provided school supplies, rehabilitated schools, provided vaccines, supported internally displaced persons (IDPs) and refugees, conducted capacity-building training programs for Iraqi officials, and assisted in the elections. By the end of February 2005, the UN trust fund had obligated $281 million in binding contracts for implementation and had disbursed $141 million. A full list of the UN's IRFFI projects is available at the www.irffi.org website.

IMF

At the Madrid Donors' Conference, the IMF pledged to provide over $2.55 billion in lending to Iraq. On September 29, 2004, the IMF Board approved $436 million in financial assistance in the form of Emergency Post-Conflict Assistance (EPCA). The main goals under the EPCA are to maintain macroeconomic stability, lay the groundwork for the development of a reform program that could be undertaken in years to come, and begin the process of restoring Iraqi's fiscal and external debt sustainability.

The IMF has also been providing technical assistance to Iraq. This has included training in the macroeconomic policy areas of public expenditure management, fiscal federalism, tax policy, tax and customs administration, monetary operations, banking supervision, payments system reform, and statistics. Some of this training has been done jointly with the World Bank. The IMF has assisted in coordinating macroeconomic training with the other major providers: the World Bank, United States, and United Kingdom.