January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
Assistant Secretary for
Legislative Affairs

The Honorable
C.W. Bill Young, Chairman,
Committee on Appropriations,
House of Representatives.

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
Assistant Secretary for
Legislative Affairs

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

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
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.

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
Assistant Secretary for
Legislative Affairs

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

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
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.

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
Assistant Secretary for
Legislative Affairs

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

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
Assistant Secretary for
Legislative Affairs

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

January 5, 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 fifth 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 October 5, 2004, and constitutes the reprogramming notification required for the report and reallocation of funds among sectors, as depicted in the chart on page 11 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,

Paul V. Kelly
Assistant Secretary for
Legislative Affairs

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

QUARTERLY UPDATE TO CONGRESS

2207 REPORT

JANUARY 2005

SECTION 2207 REPORT

Table of Contents

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

Executive Summary……..… 1

Spending Plan Table……. 11

Appendix I – Sectoral Descriptions

Security and Law Enforcement

- Police Training and Technical Assistance (P/C 10000)……..… I-5
- Border Enforcement (P/C 11000)…….……. I-10
- Facilities Protection Service (P/C 12000)…….…….…… I-12
- Iraqi Armed Forces
  - Iraqi Armed Forces Facilities (P/C 20000)…….…... I-13
  - Iraqi Armed Forces Equipment (P/C 21000)……..... I-16
  - Iraqi Armed Forces Training and Operations (P/C 22000)…….. I-17
- Iraqi National Guard (ING)
  - ING Operations and Personnel (P/C 23000)……..……... I-20
  - ING Equipment (P/C 24000)…….. I-21
  - Iraqi National Guard Facilities (P/C 27000)……... I-22
- Iraqi Security Forces Quick Response Program (P/C 26000)…… I-23
- Commander's Humanitarian Relief & Reconstruction (P/C 28000)…….. I-25

Justice, Public Safety Infrastructure, and Civil Society

- Other Technical Investigative Methods (P/C 31000)……..……... I-26
- Witness Protection Program (P/C 30000)……... I-29
- Penal Facilities (P/C 32000)…….….. I-31
- Reconstruction & Modernization of Detention Facilities (P/C 33000)….. I-31
- Facilities Repair, Fire Service, and Demining
  - Facilities Repair (P/C 13000)…….. I-32
  - Fire Service (P/C 14000)……. I-33
  - Demining (P/C 09500)…….… I-34

- Public Safety Training and Facilities (P/C 15000)…… I-36
- National Security Communications Network (P/C 25000)…… I-37
- Rule of Law in Iraq P/C: 06500)……..….. I-39
- Investigations of Crimes Against Humanity (P/C 05000)……. I-40
- Judicial Security and Facilities (P/C 09000)…….…. I-42
- Democracy-Building Activities (P/C 06000)……. I-44
- United States Institute of Peace (P/C 07000)……. I-62

Electric Sector

- Generation (P/C 40000)……..… I-67
- Transmission (P/C 41000)…….. I-70
- Distribution Network Infrastructure (P/C 42000)…….. I-72
- Automated Monitoring and Control System (P/C 43000)…… I-77
- Security (P/C 45000)…….. I-78

Oil Infrastructure

- Infrastructure (P/C 50000)……. I-79
- Emergency Supplies of Refined Petroleum (P/C 51000)…….. I-81

Water Resources and Sanitation

- Potable Water (P/C 60000)…… I-83
- Water Conservation (P/C 61000)…….. I-86
- Sewerage (P/C 62000)……... I-87
- Other Solid Waste Management (P/C 63000)……... I-89
- Pumping Stations and Generators (P/C 64000)……..... I-90
- Irrigation and Drainage Systems (P/C 65000)…….…. I-92
- Major Irrigation Projects (P/C 66000)……..… I-93
- Dam Repair, Rehabilitation, and New Construction (P/C 67000)……..... I-94
- Umm Qasr/Basrah Water Supply Project (P/C 68000)……..…… I-95
- Basra Channel Flushing (P/C 69000)……... I-96

Transportation and Telecommunications

- Civil Aviation (P/C 70000)…….. I-96
- Umm Qasr Port Rehabilitation (P/C 71000)…….… I-99
- Railroad Rehabilitation and Restoration (P/C 72000) …….… I-100

- Iraq Telecommunications & Postal Corporation (P/C 74000)…… I-102
- Iraq Telecommunications Systems (P/C 76000)……. I-104
- Consolidated Fiber Network (P/C 76500)……. I-105
- Iraq Telecommunications Operations (P/C 79000)……. I-106

Roads, Bridges, and Construction

- Public Buildings Construction and Repair (P/C 81000)…….. I-108
- Roads and Bridges (P/C 82000)…….. I-109

Health Care

- Nationwide Hospital and Clinic Improvements (P/C 90000)……. I-112
- Basra Pediatric Facility (Hospital) (91000)…… I-114
- Equipment and Procurement (P/C 92000)……. I-115

Private Sector Development

- Expanded Network of Employment Centers (P/C 01000)……..… I-117
- Training (P/C 02000)
  - Vocational Training (P/C 02001)…….……..… I-118
  - Business Skills Training (P/C 02500)…….…… I-119
- Micro, Small, and Medium Enterprises (P/C 03000)…….…… I-121
- Institutional Reforms (P/C: 01500)…….……..…. I-124
- Agriculture P/C: 02500)…… I-127
- Market-Based Reforms (P/C: 03500)……. I-129
- Iraq Debt Forgiveness (P/C: 04500)……. I-131

Education, Refugees, Human Rights, and Governance

- Migration and Refugee Assistance (P/C 04000)…… I-132
- Property Claims Commission (P/C 05500)…… I-135
- Governance (P/C 06700)…… I-137
- Banking System Modernization (P/C 08000)……. I-139
- Human Rights (P/C 09500)…… I-140
- Education (P/C 06300)…… I-141
- Civic Programs (P/C 06600)…….. I-143

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 financial report to Congress on January 5, 2004 and subsequent reports on April 5, 2004 and July 2, 2004. The Department of State submitted the October 5, 2004 report, which outlined significant changes in IRRF priorities, along with an update of ongoing IRRF programs and activities. This quarterly update for January 5, 2005, reviews progress in IRRF activities in the context of that reallocation, as well as the recent re-allocation of $457 million in the IRRF to address near-term needs of the electricity sector and to expedite delivery of essential services to four key post-battle cities.

In addition to outlining the progress in each of the sectors funded by the IRRF, this report will describe specific challenges faced by the United States, its coalition partners, and allies in the Iraqi Interim Government (IIG) to carry out the strategic programs funded by the IRRF and its related spending plans.

As noted in last quarter's report, Iraqi President al-Yawer, Prime Minister Allawi and the IIG continue to demonstrate resolve, unity of purpose, and a clear commitment to furthering Iraq's transition to democracy. The IIG's invitation for all Iraqis to participate in the democratic political process remains open. Key members of the IIG continue to take important steps to strengthen Iraq's standing as a sovereign state, illustrated by Iraq's participation in the United Nations (UN) General Assembly and Prime Minister Allawi's historic address to a Joint Session of Congress on September 23, 2004. At Iraq's request, the Egyptian government hosted a regional conference in November 2004 that brought together Iraq's leaders, states within the region, G-8 representatives, and other international friends of Iraq. The leaders discussed security and other regional concerns, Iraq's upcoming elections, and economic issues central to the stability of the region. Iraqi officials have also made numerous trips to neighboring states for bilateral discussions.

These are challenging times for the people of Iraq and the Coalition Forces supporting them. As we have highlighted in previous quarterly reports, insurgents and infiltrators have stepped up their efforts to destabilize the government and undermine the January 30th national and governorate elections. These elections are a critical step in Iraq's transition to democracy and the efforts to support stability and security in Iraq. The Independent Electoral Commission of Iraq (IECI), with strong support from the U.S. and its coalition partners, is working closely with the UN to ensure the elections take place in a way that maximizes the participation of Iraqis from all parts of the country in the selection of a new transitional government.

The IECI has implemented a voter registration system, launched a public information campaign, and completed the formulation of election rules and procedures. Over 233 political entities and 33 coalitions registered and submitted broadly based election lists by the IECI's December 15th deadline. Given the ongoing insurgency, assuring security for the election presents the largest challenge, but the IIG and Multinational Forces-Iraq (MNF-I) are working on a security plan to create conditions that encourage the widest possible participation.

IRRF SPENDING PLAN REVIEW

As reported in last quarter's submission, the Administration's strategic review of IRRF priorities was driven by the growing danger posed by the insurgency, preparations for the elections in January 2005, increasing capacity in the oil sector, and creating job opportunities for Iraqis. We reported the results of this strategic review to Congress in September 2004, and we appreciate Congressional support for the reallocation of IRRF priorities. The current report reviews progress across the board in IRRF programs, but it also highlights projects and activities undertaken as a result of the IRRF review. The report also reviews the $457 million adjustment to IRRF spending that was made in late December to address critical near-term needs in the electricity sector and to restore essential services in the four key cities most affected by the insurgency.

Security and Law Enforcement Sector

Insurgency and terrorism remain the most significant challenges to the reconstruction of Iraq. The United States Agency for International Development (USAID) and the Project and Contracting Office (PCO) report that intimidation of local workers has delayed projects, while the unsecure environment has driven away critically needed foreign technicians in the essential services sectors. As a result, security costs for private security forces protecting construction sites, workers, and convoys have increased dramatically, therefore significantly adding to reconstruction overhead costs. The success of our reconstruction efforts and the longer-term political and economic development of Iraq depend upon establishing a secure environment. The IIG, for its part, recognizes the need to devote additional Iraqi resources to the security sector, and in the Iraqi FY 2005 budget approved an increase of $1.3 billion dollars for the Iraqi security forces. The process of improving the security will take time to complete.

Multinational Security Transition Command-Iraq (MNSTC-I) has assisted the Ministry of Interior to increase police training capacity, graduating nearly 3,000 police per month, and poised to graduate over 4,000 per month in the next 60 days. In addition, MNSTC-I is assisting in equipping and training the newly formed Police Commando Brigades (PCBs), while providing assistance to the Department of Border Enforcement (DBE) in the development of a coherent border strategy that includes the establishment of a centralized training program for qualified Iraqi personnel and the location requirements for various planned ports of entry and border forts.

Within the Ministry of Defence, all twenty-seven Regular Army and Intervention Force battalions will complete their initial training by the end of February.

In the last quarter, Iraqi Security forces (ISF) were tested in a number of ways. Police and military forces were committed to offensive counterinsurgency operations in Samarra, North Babil, Fallujah, Mosul, Baghdad and a host of other areas, often within weeks after completing initial training. At the same time, attacks against security forces have increased at all levels, with the targets ranging from ministerial directors to privates. Finally, and directly related to these attacks, anti-Iraqi forces (AIF) have increased the level of intimidation directed against ISF, making retention more difficult in some areas.

While Iraq's Security Forces have shown considerable progress during the last quarter, the overall performance of these forces has been mixed when put to test. Several conclusions from these experiences are clear. First, the overall performance and capabilities of ISF units are directly related to the strength of Iraqi leadership in the units. Second, the ability of Iraqi and Coalition forces to provide backup support when needed is of great importance. Third, the IIG intends to continue the employment of Iraq's Security Forces in offensive counterinsurgency operations. Fourth, these operational requirements, in turn, will require national, operational, and tactical level capabilities to reconstitute and regenerate forces that suffer casualties, injuries, or absentees. Fifth, these force deployments also require logistical capabilities that do not currently reside in military and police force structures. Finally, it is clear that the IIG will increasingly take the initiative in developing capabilities to combat insurgents.

Justice, Public Safety Infrastructure and Civil Society Sector

The consolidated U.S. Government effort to strengthen Iraqi civil society, increase the capacity of the Iraqi justice system and improve the public safety infrastructure continued throughout the last quarter, despite difficulties presented by the insurgency. In an effort to accelerate delivery of assistance, U.S. implementing agencies have moved to contract directly with Iraqi firms for a variety of projects. Programs implemented during the 1st Quarter of FY 2005 include: (1) the creation of a witness protection program; (2) the establishment of a credible fire protection services, police training academies and associated facilities; (3) the training of an investigative staff of the Council of Judges that understands the legal aspects of evidence gathering, electronic surveillance, and human rights; (4) penal system improvements, including trained correction officers and acceptable detention centers; (5) humanitarian demining; (6) improvements to the judicial process and legal system with written code, statute and standard operating procedures; (7) the construction of new judicial facilities for the Council of Judges, Court of Cassation, and Central Criminal Court of Iraq; (8) the implementation of a financial management information system for Iraqi ministries coupled with a 2005 budget planning and reporting process; and (9) support for the election process, including technical assistance to the IECI and programs to enhance the capacity of local and provincial government.

Finally, the implementation of the Advanced First Responders Network (AFRN) will enable Iraqi police, fire, and emergency personnel to communicate effectively through

radio, secure voice, and data communications. Completion of this project is key to the establishment of an effective police force and for linking police with other security and government personnel, thereby facilitating a rapid reaction to local and regional emergencies. During this quarter, site assessments in Baghdad were completed, and construction began for a switching center, operations centers and 28 base stations.

Electric Sector

The short-term foci in the electrical sector are generation capacity and necessary fuel availability. The Iraq Reconstruction Management Office (IRMO), in coordination with the Minister of Electricity, initiated a $50 million "Rapid Recovery Program" to stabilize the generation crisis caused by insurgent activity, increasing consumer demand due to lack of tariffs, and high levels of unplanned outages at power plants. The goal is to increase generation so that Iraqis have more hours of available power prior to the January 30th elections, as compared to the average during this reporting period, when power supplies were low due to fall maintenance, and unscheduled maintenance, and fuel shortages resulting from the insurgency. Construction on generation, transmission, and distribution projects are progressing moderately across all governorates despite security problems in many locations. In response to recent insurgent attacks on electricity infrastructure, additional Electricity Security forces are being trained, and PCO has identified $35 million to procure emergency spare parts. Due to interdictions at various pipelines, supplies of reserves are at all time lows. The Embassy, MNF-I, Iraq's Deputy Prime Minister and Minister of Electricity are working jointly to address the fuels shortage resulting from pipeline interdictions and intimidation campaigns and to ensure the necessary fuel inventories are stocked by mid-January 2005.

Oil Infrastructure Sector

Iraqi oil production averaged 2.18 million barrels per day (mbpd) in the first quarter of 2005 (through December 31, 2004), with exports averaging 1.55 mbpd for the same period. While this does not mark a significant change from the previous quarter (in which production averaged 2.29 mbpd and exports averaged 1.39 mbpd), it is significant when compared to the 2.6 mpbd in production and 2.0 mpbd in exports Iraq can sustain when there are no attacks on pipelines and other oil facilities. In the first quarter of FY 2005 (through the week of December 10), Iraq lost an estimated $887 million in export revenues due to attacks on oil infrastructure. The export and production numbers also do not reflect the apparent strategy by insurgents to disrupt fuel supplies to Baghdad, which has been evident since early November. There is a shortage of all refined petroleum products in Baghdad, causing the Ministry of Oil to divert more of its budget than normal from capital projects to the importation of refined products, repairs and the provision of additional security to repair teams, truck convoys and key infrastructure points. The Ministry has, nevertheless, moved forward on IRRF funded projects, including projects funded by the $450 million reprogrammed in the first quarter.

Installation has begun on the Bai Hassan South Wet Crude Plant, and is scheduled for completion by end of January 2005. Seven of the ten remaining gas oil separation plants

(GOSPs) have been definitized and procurement activities continue. Additionally, a new task order for the Qarmat Ali Pressure Maintenance project has been approved using $100 million in funding from the fuels fund transfer. The project to restore the Southern GOSPs has been definitized, and an additional GOSP restoration project can also be completed with remaining funds. The Ministry of Oil has expressed an interest in a National Energy Strategy Study, which would develop a linear programming equation to measure the effect of policy choices, and provide educational opportunities to Ministry leadership on oil strategy/policy development. The Oil Exploration Company has also used $3.8 million to fund a database system project on geological and geophysical interpretation. In addition, as one element of a more comprehensive infrastructure security effort, $50 million in IRRF is identified for expenditure on security and repair projects.

Water Resources and Sanitation Sector

Consistent with the Administration's Strategic IRRF Review reallocation plan, the October 5th Report indicated a decrease in the allocation for potable water projects that were scheduled for later in the reconstruction process. In this quarter's report, we show an increase in funds devoted to potable water projects, reprogramming $63 million from funds previously allocated for sewerage projects. This shift corresponds to a similar change in priorities by the Ministry of Municipalities and Public Works (MMPW).

Transportation and Telecommunications Sector

New contracts were awarded in this quarter for continued airport rehabilitation in Baghdad, Basrah and Mosul, including air navigation equipment, visual aids, and Baghdad airport facilities. At Baghdad, commercial passenger charter and cargo flights have risen to an average of 1,000 per month, and Iraqi air controllers are now operating the tower. At the port of Umm Qasr, ship-loading equipment has arrived, renovation of the operations center is 75% complete, and designs for port warehouses and the Roll-on Roll-off berth were completed. Despite war wreckage and twenty years of silting, the two key ports or Umm Qasr and Khor Az Zubayr have recovered enough to permit between 30-50 vessels per month at Umm Qasr and 60 vessels per month at Khor Az Zubayr. In the railroad sector, 56 kilometers of track between Umm Qasr and Shoiba Junction were rehabilitated, spare parts were procured, and station rehabilitation has begun at 40 stations, including Baghdad. This rehabilitation continues despite the significant impact of the insurgency on the railroad sector.

In telecommunications, $70 million was reprogrammed during the 1st quarter of FY 2005 to increase efficiencies among three separate fiber optic networks projects and combine them into a Consolidated Fiber Network (CFN). When completed, the CFN will provide a communications network that will support the electricity, railroad, and telecommunications sectors. Final design was completed for the Wireless Broadband Network that will support inter-ministry communications for the Iraqi government in Baghdad. The U.S. Government also provided equipment to improve postal operations at the Iraqi Telephone and Postal Company and to support spectrum management at the

telecommunications regulatory body, the National Communications and Media Commission (NCMC). The Embassy continues to provide technical assistance to the NCMC, which has overseen the growth of wireless services to over 1.3 million subscribers from the initial award of mobile licenses in late 2003.

Roads, Bridges and Construction Sector

The prime design and build contractor for roads was demobilized in favor of direct local contracting program with Iraqi construction firms. This shift to using local contractors will decrease overall project costs, including security costs, and will make a more immediate and visible impact on local employment. $56 million was made available to fund the Dora-Yousafiya expressway project. Depending on the Ministry of Housing and Construction's execution success with similar projects, this project may be given to the Ministry for implementation. Projects implemented by the Ministry of Housing and Construction will be appropriately monitored by PCO.

Health Care Sector

This report outlines activities using the $439 million allocated to rehabilitate maternity and children's hospitals and construct new primary healthcare centers (PHCs) throughout Iraq. Currently, there are 35 PHCs under construction and 16 hospitals under renovations. Construction began on the $50 million National Children's Hospital in Basra on November 10th. The majority of construction and renovation projects are scheduled to be finished by November 2005.

Private Sector Development Sector

Although the oil sector dominates the economy, its capital-intensive nature generates limited employment creation. To encourage economic reform, private sector development, and to create job opportunities, the Administration shifted $380 million into this effort as part of the Strategic IRRF Review. These funds will be used to help increase employment and productivity in the private sector, which can more significantly generate employment. The implementation of business training programs in four business centers in the north has helped to spur employment and productivity, and the completion of a labor analysis survey will add knowledge on current labor market needs. The delivery of 14,000 tons of superior wheat seed increased agricultural production, and a joint venture between the Ministry of Agriculture, international firms and local companies is facilitating mechanization rehabilitation. At the same time, institutional, trade, and state owned enterprise reforms are underway that will help create conditions required for lasting employment.

In an effort to generate employment, stimulate economic growth, and provide immediate assistance to areas targeted by insurgents, the $286 million was shifted in the October 5th Report to more labor-intensive, fast-disbursing assistance programs. USAID's Office of Transition Initiatives (OTI) and MNF-I are the implementing agencies for this funding. During this reporting period, USAID/OTI projects employed a peak of over 38,000 Iraqis

nationwide. These projects targeted the highest-risk communities – including Sadr City, Najaf, North Babil and Kirkuk – where creating short-term employment opportunities directly contributes to promoting stability.

Debt Relief

The President and other G-8 leaders committed at the June 2004 Sea Island summit to provide debt reduction for Iraq in 2004 to relieve the new Iraqi government of the crushing burden of debt inherited from Saddam Hussein. With its friends and allies, the United States helped secure a deal at the Paris Club in November 2004, whereby Paris Club members agreed to forgive 80% of Iraq's debt. The IIG has taken the lead in seeking at least comparable debt reduction terms from its non-Paris Club creditors, a condition of the Paris Club agreement.

As part of the Strategic IRRF Review, $360 million was reprogrammed to forgive 100% of Iraq's approximately $4.1 billion debt to the United States. On December 17, in advance of the second U.S.-Iraq Joint Economic Commission meeting in Washington, Secretary Powell and Secretary Snow signed the formal agreement with the IIG to forgive Iraq's debt to the U.S.

Education, Refugees, Human Rights, and Governance Sector

The Office of Foreign Disaster Assistance (OFDA) is partnering with the Ministry of Displacement and Migration (MoDM) to continue their efforts in expanding the size and scope of their primary program for Internally Displaced Persons (IDP), using the increase of $70 million in funds noted in the October 5th Report. Emergency distributions of food and non-food items reached over 25,000 IDPs who left Fallujah in October and early November. A further distribution valued at $1.1 million is on-going and will benefit another 190,000 persons who fled Fallujah during the weeks and days prior to the commencement of military operations. Additionally, distribution of winterization supplies is ongoing in 14 other governorates, and it is expected that these supplies will benefit over 350,000 IDPs.

Capacity Building

To ensure proper operation, maintenance, and sustainability of IRRF-financed projects, PCO developed and approved a Capacity Development Plan that will:

- Develop transition/hand-over plans for projects to ensure sustainability for Iraqi operators and maintenance personnel.
- Convert PCO Logistics Infrastructure for Iraqi use as appropriate.
- Assist in establishment and enhancement of Iraqi engineering, construction, and professional organizations.
- Monitor progress of completed projects.
- Maximize transfer of program management techniques and methods.
- Promote employment opportunities for Iraqi citizens at all levels.

The Way Forward

Given the continuing security constraints and the need to demonstrate visible reconstruction progress throughout Iraq, the Embassy conducted another review of IRRF funding priorities in December 2004, resulting in a recommendation to reprogram $457 million. The Embassy has allocated $211 million to the electricity sector for rapid-disbursing, high-visibility projects to address the near-term electric needs. The Embassy is also using $246 million for smaller projects designed to provide immediate and visible essential services in four post battle cities—Fallujah, Samarra, Najaf and Thawra (Sadr City). The objective of this reprogramming is to gain support of the local population by complementing the efforts of the Coalition Forces and Iraqi Security Forces as they seek to stabilize the operating environment.

Commanders Humanitarian Relief and Reconstruction Projects (CHHRP)

The October 5th Report allocated $86 million for a new Commander's Humanitarian Relief and Reconstruction Projects (CHRRP), to be used on small-scale economic development projects in priority areas such as Baghdad, Samarra, Ramadi, North Babil, among other areas. $30 million of the $86 million has been obligated to 13 sewer and water projects. During this quarter, the IIG augmented this fund by matching the $86 million. $21 million of the matching funds have been obligated to fund electricity and water projects in Baghdad.

Commanders Emergency Response Program (CERP)

All $218 million of the initial CERP allocated to Iraq for FY 2005 has been made available. Of this, $93 million is obligated to 1,121 projects (see chart below). Local commanders are planning more than 1,200 additional immediate infrastructure repair and post-combat reconstruction projects with a value estimated to be between $450 million and $500 million. In October 2004, the MNF-I commander requested that the IIG contribute $218 million toward the additional projects. The IIG has provided $50 million in response and indicates additional funds will be provided once the $50 million is spent. These funds are in support of a concerted effort to fund 1,200 additional immediate infrastructure repair and post-combat relief and reconstruction projects for the benefit of the Iraqi people.

Status of CERP Projects Started in the 1st Quarter FY 2005:

Project Type	Number of Projects	Amount Obligated
Education	284	$11.3
Electricity	43	$1.2
Health	74	$3.5
Private Sector Projects	225	$23.5
Police/Security	92	$3.5
Reconstruction	157	$14.3
Rule of Law/Government	59	$1.7
Transportation	28	$2.2
Water/Sewer	159	$31.8
Total:	**1,121**	**$93.0**

(As of 20 Dec 2004)

The Development Fund for Iraq (DFI)

Prior to transition, the Coalition Provincial Authority (CPA) created a sub-account (DFI) at the New York Federal Reserve Bank for the Central Bank of Iraq. This sub-account was to be used exclusively to pay outstanding, DFI-funded CPA contracts. The Iraq Ministry of Finance (MoF) has transferred funds into this sub-account on a routine basis in order to pay for outstanding liabilities.

PCO and IRMO are developing a detailed list of all outstanding contracts for the MNF-I in order to determine the remaining balance of outstanding liabilities. PCO and MNF-I personnel are assisting pertinent IIG officials on issues related to contracts designated by the IIG for modification. An overall plan is being developed to facilitate the transition of administration and payment of DFI liabilities to the Iraqis for final resolution by the IIG.

Accelerated Iraqi Reconstruction Program (AIRP)

The AIRP, using 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. At this time, more than 360 projects valued at over $324 million are under contract and are employing approximately 12,000 Iraqis. Of these, 172 projects valued at over $26 million have been completed to date, with total work in place valued at over $80 million. The majority of these projects are expected to be completed by late spring 2005, but several of the larger projects will not be completed until December 2005.

International Donor Assistance

International Resources for the Reconstruction of Iraq

Over the past quarter, the United States has built on the success of the October 2003 Madrid Donors' Conference. At the Madrid Conference, donors other than the United States pledged over $13.5 billion in assistance for the reconstruction of Iraq, including $8

billion in assistance from foreign governments and $5.5 billion in lending from the World Bank and International Monetary Fund. All of these funds are to be disbursed between 2004 and 2007. As of December 2004, over $2.5 billion in non-U.S. assistance had been disbursed, either through bilateral projects or through the International Reconstruction Fund Facility for Iraq (IRFFI).

The International Reconstruction Fund Facility for Iraq (IRFFI)

The Madrid Conference authorized the establishment of the IRFFI, to give donors a multilateral channel for processing their assistance to Iraq over and above their own bilateral assistance activities. The IRFFI is a mechanism for the joint management of World Bank and United Nations reconstruction trust funds. In a manner similar to the bilateral assistance program, donations channeled through the IRFFI are funded out of donors' pledges at Madrid. Recent and upcoming IRFFI milestones include:

- The IRFFI Donors' Committee 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 each to the fund facility and two rotating representatives (currently Finland and Turkey) from countries that have committed less than $10 million.
- At the Tokyo meeting, the IIG established its central role in soliciting international support for Iraqi reconstruction. It also presented its National Development Strategy. Following this successful presentation, donors reaffirmed their support for the Iraqi reconstruction effort.
- Current donor commitments to the IRFFI total about $1.04 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; $15 million from Australia; $12.9 million from the Netherlands; $12 million from Italy; $10 million each from the United States, Belgium, India, Iran, Kuwait, Republic of Korea, Qatar, Norway, and Sweden. Finland, Greece, Iceland, Ireland, and Turkey are committing amounts less than $10 million each.
- The next Donors' Committee meeting is tentatively scheduled for spring 2005 in Amman, Jordan

While recognizing the Iraqis are their own best advocates in seeking international assistance for reconstruction, the United States has been supporting Iraqi efforts to encourage other nations to contribute.

IRAQ RELIEF AND RECONSTRUCTION FUND - Spending Plan										
Millions of Dollars										
						Actuals Thru 1st Quarter (FY 2005)				
Category	**Project Codes**	**October 5, 2004 Allocation**	**Previously Notified Changes**	**New Changes in Report**	**January 5, 2005 Allocation**	**Apportioned (as of Dec. 17)**	**Actual Obligations (as of Dec. 29)**	**Actual Outlays (as of Dec. 29)**	**Rest of FY 2005 Apportionment**	**TOTAL**
Security & Law Enforcement		**5,045**	**-**	**-**	**5,045**	**5,045**	**3,159**	**1,026**	**-**	**5,045**
Law Enforcement		2,392	-	(74)	2,318	2,392	1,438	316	(74)	2,318
-- Police Training and Technical Assistance	10000	*1,889*	-	*(65)*	*1,824*	*1,889*	*1,206*	*276*	*(65)*	*1,824*
-- Border Enforcement	11000	*450*	-	*(9)*	*441*	*450*	*206*	*33*	*(9)*	*441*
-- Facilities Protection Service	12000	*53*	-	-	*53*	*53*	*26*	*7*	-	*53*
National Security		2,566	-	74	2,640	2,566	1,690	710	74	2,640
-- Iraqi Armed Forces		*1,765*	-	*31*	*1,796*	*1,765*	*1,205*	*532*	*31*	*1,796*
of which:										
-- IAF Facilities	20000	*691*	-	*40*	*731*	*691*	*574*	*352*	*40*	*731*
-- IAF Equipment	21000	*641*	-	*(9)*	*632*	*641*	*439*	*69*	*(9)*	*632*
-- IAF Training and Operations	22000	*433*	-	-	*433*	*433*	*192*	*111*	-	*433*
-- Iraqi National Guard of which:		*682*	-	*(7)*	*675*	*682*	*418*	*159*	*(7)*	*675*
of which:										
-- Operations and Personnel	23000	*232*	-	*(7)*	*225*	*232*	*111*	*101*	*(7)*	*225*
-- Equipment	24000	*92*	-	-	*92*	*92*	*72*	*58*	-	*92*
-- Facilities	27000	*359*	-	-	*359*	*359*	*235*	*0*	-	*359*
-- Iraqi Security Forces Quick Response Program	26000	*120*	-	*50*	*170*	*120*	*67*	*19*	*50*	*170*
Commanders' Humanitarian Relief & Reconstruction	28000	86	-	-	86	86	*31*	-	-	86
Justice, Public Safety Infrastructure, and Civil Society		**1,953**	**-**	**-**	**1,953**	**1,953**	**1,166**	**288**	**-**	**1,953**
-- Other Technical Investigative Methods	31000	*5*	-	-	*5*	*5*	*1*	-	-	*5*
-- Witness Protection Program	30000	*40*	-	-	*40*	*40*	*25*	-	-	*40*
-- Penal Facilities	32000	*100*	-	-	*100*	*100*	*59*	*1*	-	*100*
-- Reconstruction and Modernization of Detention Facilities	33000	*137*	-	-	*137*	*137*	*80*	*2*	-	*137*
-- Facilities Protection, Mine Removal, Fire Service, and Public Safety Facility and Equipment Repairs		*275*	*9*	-	*284*	*284*	*192*	*51*	-	*284*
of which:										
-- Facilities Repair	13000	*92*	-	-	*92*	*92*	*54*	*4*	-	*92*
-- Fire Service	14000	*122*	-	-	*122*	*122*	*78*	*11*	-	*122*
-- Demining	09500	*61*	*9*	-	*70*	*70*	*60*	*36*	-	*70*
-- Public Safety Training and Facilities	15000	*220*	-	-	*220*	*220*	*96*	*18*	-	*220*
-- National Security Communications Network	25000	*98*	-	-	*98*	*98*	*25*	*11*	-	*98*
--Rule of Law in Iraq	06500	*30*	-	-	*30*	*30*	*15*	*1*	-	*30*

IRAQ RELIEF AND RECONSTRUCTION FUND - Spending Plan										
Millions of Dollars										
						Actuals Thru 1st Quarter (FY 2005)				
Category	Project Codes	October 5, 2004 Allocation	Previously Notified Changes	New Changes in Report	January 5, 2005 Allocation	Apportioned (as of Dec. 17)	Actual Obligations (as of Dec. 29)	Actual Outlays (as of Dec. 29)	Rest of FY 2005 Apportionment	TOTAL
-- Investigations of Crimes Against Humanity	05000	*75*	-	-	*75*	*75*	*43*	*7*	-	*75*
-- Judicial Security and Facilities	09000	*133*	*(10)*	-	*123*	*123*	*43*	*12*	-	*123*
-- Democracy Building Activities	06000	*831*	*1*	-	*832*	*832*	*581*	*180*	-	*832*
-- U.S. Institute of Peace (USIP)	07000	*10*	-	-	*10*	*10*	*6*	*5*	-	*10*
Electric Sector		**4,350**	**19**	**-**	**4,369**	**3,627**	**2,772**	**554**	**742**	**4,369**
-- Generation	40000	*1,710*	*(42)*	-	*1,668*	*1,710*	*1,571*	*366*	*(42)*	*1,668*
-- Transmission	41000	*1,493*	*(96)*	*(96)*	*1,300*	*783*	*580*	*144*	*517*	*1,300*
-- Network Infrastructure	42000	*987*	*170*	*96*	*1,254*	*987*	*507*	*24*	*267*	*1,254*
-- Automated Monitoring and Control System	43000	*110*	*(13)*	-	*97*	*97*	*66*	*2*	-	*97*
-- Security	45000	*50*	-	-	*50*	*50*	*48*	*18*	-	*50*
Oil Infrastructure		**1,701**	**-**	**-**	**1,701**	**1,701**	**977**	**107**	**-**	**1,701**
-- Infrastructure	50000	*1,650*	-	-	*1,650*	*1,650*	*926*	*103*	-	*1,650*
-- Emergency Supplies of Refined Petroleum Products	51000	*51*	-	-	*51*	*51*	*51*	*4*	*0*	*51*
Water Resources and Sanitation		**2,311**	**(32)**	**-**	**2,279**	**1,373**	**875**	**29**	**906**	**2,279**
Public Works Projects		1,920	(32)	(22)	1,866	1,156	770	25	711	1,866
-- Potable Water	60000	*1,569*	*(32)*	*63*	*1,600*	*891*	*562*	*21*	*709*	*1,600*
-- Water Conservation	61000	*31*	-	-	*31*	*31*	*22*	*1*	-	31
-- Sewerage	62000	*299*	-	*(85)*	*214*	*213*	*165*	*3*	*2*	*214*
-- Other Solid Waste Management	63000	*21*	-	-	*21*	*21*	*21*	-	-	*21*
Water Resources Projects		391	-	22	413	218	105	4	195	413
-- Pumping Stations and Generators	64000	*124*	-	*(1)*	*123*	*124*	*80*	*3*	*(1)*	*123*
-- Irrigation and Drainage Systems	65000	*35*	-	*3*	*38*	*7*	*5*	-	*32*	*38*
-- Major Irrigation Projects	66000	*25*	-	*29*	*54*	*22*	*9*	-	*32*	*54*
-- Dam Repair, Rehab, and New Construction	67000	*95*	-	*(9)*	*86*	*39*	*10*	*1*	*47*	*86*
-- Umm Qasr to Basra Water Pipeline and Treatment Plant	68000	*111*	-		*111*	*25*	*1*	-	*85*	*111*
-- Basra Channel Flushing	69000	*0.1*	-	-	*0.1*	*0*	-	-	*0*	*0*
Transportation & Telecommunications Projects		**500**	**13**	**-**	**513**	**513**	**316**	**25**	**-**	**513**
-- Civil Aviation	70000	*115*	-	-	*115*	*115*	*40*	*2*	-	*115*
-- Umm Qasr Port Rehab	71000	*40*	-	*5*	*45*	*40*	*33*	*6*	*5*	*45*
-- Railroad Rehab and Restoration	72000	*210*	*(13)*	*(5)*	*192*	*197*	*152*	*12*	*(5)*	*192*
-- Iraqi Telecom and Postal Corporation	74000	*20*	-	-	*20*	*20*	*3*	*1*	-	*20*

IRAQ RELIEF AND RECONSTRUCTION FUND - Spending Plan										
Millions of Dollars										
						Actuals Thru 1st Quarter (FY 2005)				
Category	Project Codes	October 5, 2004 Allocation	Previously Notified Changes	New Changes in Report	January 5, 2005 Allocation	Apportioned (as of Dec. 17)	Actual Obligations (as of Dec. 29)	Actual Outlays (as of Dec. 29)	Rest of FY 2005 Apportionment	TOTAL
-- Iraqi Communications Systems	76000	*90*	*(44)*	-	*46*	*46*	*10*	*2*	-	*46*
-- Consolidated Fiber Network	76500	-	*70*	-	*70*	*70*	*70*	-	-	*70*
-- Iraqi Communications Operations	79000	*25*	-	-	*25*	*25*	*8*	*2*	-	*25*
Roads, Bridges, and Construction		**360**	**-**	**-**	**360**	**355**	**175**	**28**	**4**	**360**
-- Public Buildings Construction and Repair	81000	*127*	-	-	*127*	*127*	*104*	*21*	-	*127*
-- Roads & Bridges	82000	*233*	-	-	*233*	*228*	*71*	*7*	*4*	*233*
Health Care		**786**	**-**	**-**	**786**	**786**	**508**	**24**	**-**	**786**
-- Nationwide Hospital and Clinic Improvements	90000	*439*	-	-	*439*	*439*	*300*	*15*	-	*439*
-- Pediatric Facility in Basra	91000	*50*	-	-	*50*	*50*	*50*	-	-	*50*
-- Equipment Procurement and Modernization	92000	*297*	-	-	*297*	*297*	*158*	*9*	-	*297*
Private Sector Employment Development		**843**	**-**	**-**	**843**	**843**	**327**	**69**	**-**	**843**
-- Expand Network of Employment Centers	01000	*8*	-	-	*8*	*8*	*7*	-	-	*8*
-- Vocational Training	02001	*94*	-	-	*94*	*94*	*75*	*20*	-	*94*
-- Business Skills Training	02500	*37*	-	-	*37*	*37*	*29*	*15*	-	*37*
-- Micro-Small-Medium Enterprises	03000	*44*	-	-	*44*	*44*	*35*	*34*	-	*44*
-- Institutional Reforms	01500	*100*	-	-	*100*	*100*	*73*	-	-	*100*
-- Agriculture	01600	*100*	-	-	*100*	*100*	*61*	-	-	*100*
-- Market-Based Reforms	03500	*100*	-	-	*100*	*100*	*47*	-	-	*100*
-- Iraq Debt Forgiveness	04500	*360*	-	-	*360*	*360*	-	-	-	*360*
Education, Refugees, Human Rights, Democracy, and Governance		**379**	**-**	**-**	**379**	**379**	**171**	**42**	**-**	**379**
-- Migration & Refugee Assistance	04000	*175*	-	-	*175*	*175*	*28*	*8*	-	*175*
-- Property Claims Tribunal	05500	*10*	-	-	*10*	*10*	*1*	*1*	-	*10*
-- Governance	06700	*40*	-	-	*40*	*40*	*30*	-	-	*40*
-- Banking System Modernizations	08000	*30*	-	-	*30*	*30*	*18*	*12*	-	*30*
-- Human Rights	09500	*15*	-	-	*15*	*15*	*3*	-	-	*15*
-- Education	06300	*99*	-	-	*99*	*99*	*81*	*15*	-	*99*
-- Civic Programs	06600	*10*	-	-	*10*	*10*	*10*	*6*	-	*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**	**16,603**	**10,475**	**2,221**	**1,836**	**18,439**

APPENDIX I

SECTOR: Security and Law Enforcement

In the last quarter, Iraqi Security Forces (ISF) have been tested in a number of ways. Police and military forces have been committed to offensive counterinsurgency operations in Samarra, North Babil, Fallujah, Mosul, Baghdad and a host of other areas, often within weeks after initial training. At the same time, attacks against security forces have increased at all levels, with the targets ranging from ministerial directors to privates. Finally, and directly related to these attacks, anti-Iraqi forces (AIF) have increased the level of intimidation directed against ISF, making retention more difficult in some areas.

While Iraq's Security Forces have shown considerable progress during the last quarter, the overall performance of these forces has been mixed when put to test. Several conclusions from these experiences are clear. First, the overall performance and capabilities of ISF units are directly related to the strength of Iraqi leadership in the units. Second, the ability of Iraqi and Coalition forces to provide backup support when needed is of great importance. Third, the Iraqi Interim Government (IIG) intends to continue the employment of Iraq's Security Forces in offensive counterinsurgency operations. Fourth, these operational requirements, in turn, will require national, operational, and tactical level capabilities to reconstitute and regenerate forces that suffer casualties, injuries, or absentees. Fifth, these force deployments also require logistical capabilities that do not currently reside in military and police force structures. Finally, it is clear that the IIG will increasingly take the initiative in developing capabilities to combat insurgents.

These recent actions on the part of the AIF and the IIG have provided an opportunity to assess the validity of the IRRF Strategic Review conducted in July and August of 2004. The IRRF Strategic Review determined the longer-term force levels that would be needed to transfer security operations to Iraq's Security Forces. It was assumed Iraq would have several years to build the institutional, logistical, leadership, and command and control capabilities that would be required to conduct independent and sustained military offensive operations, and would be able to do so largely with Iraqi resources. This assumption is no longer correct due to the operational requirements to develop such capabilities as quickly as possible.

In late September and October, Prime Minister Allawi expressed his intent to develop a more robust military and Security Force capability. Additionally, he expressed a strong desire to do this much more rapidly than had earlier been envisioned. He advanced the schedule in order to provide Iraq's Security Forces with the ability to conduct independent and sustained offensive operations with the specific intent to defeat the current insurgency. MNF-I is reviewing the mid- to long-term fiscal requirements that would enable Iraq to establish these increased capabilities, including all the pertinent cost based assessments. In the meantime, MNF-I is taking steps to develop the capabilities needed by Iraq to the maximum extent possible with available resources on a more accelerated schedule.

In the last quarter, the Multinational Force-Iraq (MNF-I) has taken a number of steps to implement actions approved under the Iraq Relief and Reconstruction Fund (IRRF) Strategic Review. As of December 15th, 31% of the $1.8 billion reallocated to the security sector has been obligated with the intent to increase the quality and accelerate the pace of police training, improve the effectiveness of the Department of Border Enforcement, and enable the expansion of the Iraqi National Guard (ING), and support the development of forces not part of the force structure originally approved. To date, 10% of the additional $80 million approved for the Commander's Quick Response Fund has been obligated. These funds have provided the Multinational Security Transition Command-Iraq (MNSTC-I) the ability to rapidly respond to unanticipated requirements that regularly arise in Iraq's fluid operational environment – a truly critical and valuable capability.

The formal Iraqi FY 2005 budgets for the Ministries of Interior and Defence have been approved and should provide increased capability to Iraq's Security Forces in the near to mid-term future. However, the final amount that will be provided to the Iraqi Ministry of Defence during the Iraqi fiscal year is not yet clear, and the amount formally approved will not cover all of the requirements proposed by the Ministry of Defence and approved by the Prime Minister in late November. In addition, the noted increase in insurgent activity has called into question some of the original assumptions and resulting assessments used in the formulation of those budgets. The uncertainty surrounding the final funding for the Ministry of Defence and the fluid nature of the counterinsurgency will demand flexibility on the part of MNF-I and the use of Coalition resources to assist Iraq as it develops independent capabilities to conduct counterinsurgency operations.

Ministry of Interior Forces Summary

Police training capacity has been increased, enabling more security with trained police before elections slated for January 30, 2005. As of December 27th, 18,323 recruits have been trained in the eight-week Academy program, and 34,801 have been trained under the three-week Transition Integration Program (TIP). The total number of police trained and equipped stands at 50,798. In light of insurgent attacks on police in the Al Anbar province and other areas that rendered a number of local police forces ineffective, MNF-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 responsive quick response forces.

In addition, MNSTC-I is helping 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. This autumn, these particular

battalions successfully conducted offensive operations in Baghdad, Fallujah, Samarra, Mosul, North Babil, and other areas with favorable outcomes. To date, MNSTC-I has provided equipment to one full Brigade and is in the process of equipping a second full brigade, while a battalion of a planned third brigade is now being formed. These forces have proved of great significance, as have the newly trained Public Order Battalions, three of which have begun operations in Fallujah and Samarra, and three more of which completed training in late December along with three battalions of a new mechanized police brigade that uses wheeled, armored vehicles. In addition, the Ministry of Interior has established some emergency response units at the governorate level, several of which are now operating effectively**.**

The Iraqi Ministry of Interior's Qualifying Committee continues its efforts to implement minimum standards for the Iraqi Police Service. All the necessary equipment is now on hand in country, which when distributed, will allow for biometric and biographic data to be collected on the entire police force operating throughout Iraq. It is the intent of the Ministry to do this across all of the governorates. Once complete, the Ministry will have the capability to identify and remove those police officers who do not meet the minimum standards, issue a standard identity card, and develop and implement a national pay and personnel system.

A similar Qualifying Committee is being commissioned for the Department of Border Enforcement (DBE). It is believed that many of those employed during the early days of the CPA authority do not meet the desired standards. As of December 1st, the number of Border Enforcement Officers was 14,999. MNSTC-I has been working closely with the DBE to develop a coherent border strategy that includes the establishment of a centralized training program as well as the identification of strategic locations and tactical requirements necessary to facilitate the placement of border forts and ports of entry. A new Special Border Force Battalions initiative is showing promise, with the deployment of an initial battalion to the Syrian border, where a Department of Homeland Security Border Support Team has also had a positive impact.

Ministry of Defence Forces Summary

The 27 battalions of the Regular Army and the Iraqi Intervention Force (IIF) will complete their initial training by the end of February. This represents a one-week to one-month delay in the projected completion date for five of the Army's regular army battalions as reported in the last 2207 report.

Currently, 18 battalions have completed training (6 Regular Army and 12 IIF) and are conducting operations in support of Coalition Forces throughout the country. The IIF comprises 12 of the Iraqi Army's 27 battalions and consists of volunteers who completed the standard eight-week basic training, as well as an additional six weeks of training on urban operations. Two IIF brigades successfully conducted combat operations with coalition forces in Fallujah while one battalion continued combat operations alongside coalition forces in Samarra. A Regular Army Brigade has commenced operations in the vicinity of Mosul, having just completed training and equipping. Another Regular Army

brigade and Intervention Force Brigade have deployed to Fallujah to relieve units currently deployed.

The recent performance of the Iraqi Regular Army and Intervention Forces has demonstrated their ability to conduct counterinsurgency operations alongside and with Coalition forces. Conversely, these joint operations have also revealed their inability to logistically sustain themselves. This arises in large part to the fact that most division and brigade staffs have not completed their initial training, and because these units lack the logistical organizations that are necessary to sustain operations over an extended period of time. A number of Army units have also had difficulty in retaining soldiers in the face of strong intimidation. The Iraqi Ministry of Defence is in the process of addressing these particular shortfalls with a concerted effort to recruit former soldiers and then properly train and integrate them into existing units. Over 2,500 such soldiers are in training or have recently completed training.

The Iraqi Army is also in the process of implementing the planned capabilities identified and set forth in the last quarter. The Ministry of Defence, with assistance from MNSTC-I, is training and equipping a mechanized brigade and transportation regiment (battalion). The mechanized brigade is the first step in developing a Mechanized Infantry Division, and the transportation regiment will provide the Iraqi Armed Forces a much-needed logistical capability for transporting troops and materiel. Both this regiment and the first battalion of the mechanized division are in training, and have a projected operational date by the end of January 2005. As noted earlier, MNF-I is reviewing all mid- to long-term requirements including whether additional transportation and mechanized Iraqi capabilities may be needed.

The Iraqi National Guard has begun the process of organizing its new units, currently consisting of 49 battalions and six brigade headquarters, with plans to expand to 65 battalions, 21 brigade headquarters, and six division headquarters. Although the status of equipment distribution has improved substantially, a number of equipment items remain outstanding. These missing elements are still arriving in country from their respective points of origin. As of December 27th, 42 battalions are actively conducting security operations.

In general, Iraqi security forces are demonstrating a much better performance in contributing to security in Iraq. While there have been minor delays in the development of some forces, the overall capabilities of Iraq's security forces and the processes to develop them are proceeding in a positive direction. More importantly, lessons learned are being identified and modifications to development plans are being made where appropriate. Notwithstanding these generally positive developments, recent insurgent activity has tested Iraqi Security Forces and their efforts to develop and perform. In some areas, such as the provinces of Al Anbar and Ninawa, some Iraqi Security Forces have been rendered ineffective. Due to insurgent intimidation and terrorist activity, large numbers of Police Service, Iraqi Highway Patrol, and the Department of Border Enforcement personnel in the Al Anbar Province have quit or abandoned their stations, along with police in several other cities. The impact of and recovery from these types of

situations and conditions is being determined now and will likely have budgetary implications. MNF-I and MNSTC-I are focusing their efforts to reverse these capability shortfalls—encouraged by the performance of many elements of Iraq's security forces that have demonstrated courage, determination, and resilience in the face of challenging circumstances.

LAW ENFORCEMENT

Police Training and Technical Assistance
Project Code: 10000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	1,040	849	-	-	1,889	674	196
January 2005	1,040	849	-65	-	1,824	1,206	276
Change from October	-	-	-65	-	-65	+532	+80

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Police Training and Technical Assistance from $1,040 million to $1,889 million.

- In order to support the continuation of the Iraqi Security Forces Quick Response Program (P/C 26000), $50 million will be re-allocated into that project code for a revised total of $170 million. The following funds will be re-allocated: $25 million from the construction portion of Police Training and Technical Assistance (P/C 10000) to build police facilities, $9 million from the construction portion of Border Enforcement (P/C 11000) to build border forts, $7 million from Iraqi National Guard Operations and Personnel (P/C 23000), and $9 million from Iraqi Armed Forces Equipment (P/C 21000).

- Additionally, $40 million of Police Training and Technical Assistance (P/C 10000) funds will be directed to Iraqi Armed Forces Facilities (P/C 20000). Actual costs of the police stations reconstruction are lower than initially estimated, and the large number of IAF Facilities projects necessitates the transfer of funds.

These two re-allocations leave Police Training and Technical Assistance with a new allocation of $1,824 million.

Anticipated Accomplishments Reported in October 2004 Report
• Training of the Civil Intervention Force (CIF) began on September 25, 2004, at an-Numaniyah Military Base with the arrival of 1,500 candidates for three 400-man public order battalions and a 60-man command and control cell. During Phase I, the Civilian Police Assistance Training Team (CPATT) will train six battalions of public order police over two consecutive six-week training blocks (total of 2,400).
• Phase II of CIF training will commence on November 1, 2004, at Taji Military Base with the arrival of 800 candidates that will form a special police regiment and a command and control cell.
• The Baghdad Public Safety Academy (BPSA) will double its current capacity from 2,000 to 4,000 by mid-November 2004.
• Specialized training will continue for Iraqi Police Service (IPS) officers at Ministry of Interior facilities in Baghdad in the subjects listed above, and a number of specialized training courses will begin. The following courses will begin or continue during the fourth quarter (anticipated number of students in parentheses): Basic Criminal Investigation (630); Basic Criminal Intelligence (75); Post-Blast Investigation (120); Organized Crime Investigation (200); Drug Enforcement Investigation (150); Kidnapping Investigation and Negotiation (100); Internal Controls (300); Mid-Level Management (120); Executive Leadership (150); Explosives and Improvised Explosive Device Recognition (100).
• The strength of the Baghdad IPS force will be increased from 19,000 to 25,000.
• Construction of the Counterterrorism-Special Operations (CT-SO) headquarters and training facility is scheduled for completion on November 30, 2004.
• The Interim Bureau of Dignitary Protection (BDP) Training program began on October 2, 2004. Graduates of the short-term BDP training program will be cycled through one of three three-week advanced close protection courses or one of five two-week site security courses. A total of 180 Iraqi personnel will be trained in close protection course and 200 in site security. Additionally, 120 new BDP recruits will be trained in three three-week motorcade escort courses.

Accomplishments since the October Report:

- 34,801 police have graduated from the eight-week Academy course as of December 7th. This program emphasizes democratic policing and human rights-related skills rather than basic training.

- During the last quarter, 2,537 IPS graduated from the Baghdad Public Safety Academy bringing the total number of graduates from that site to 5,815.

- The Baghdad Public Safety Academy (BPSA) was projected to double its current capacity from 2,000 to 4,000 by mid-November 2004. At the request of the MoI, Basic Training Class (BTC) 11-04, originally scheduled to start November 20th with 2,000 students, was postponed for 2 weeks in order to provide billeting space (billeting space that had been designated for regular police students) for approximately 1,500 Iraqi Special Police Commandos (SPC). This Basic Training Class started on December 4th. The SPCs, currently numbering less than 1,000, are engaged in major police operations at the direction of the MoI and assisted by Coalition Military Units. The MoI plans to leave the police commandos at the Baghdad Academy until the planned January 2005 elections, and may increase their number to 1,800. Their presence limits the number of students at the Baghdad Public Safety Academy to 1,000. Completion of construction on additional student billets is expected during December 2004, which will accommodate 2,000 students in Basic Training Course 01-05 scheduled to begin January 8, 2005. At that time the student population of both classes should total approximately 3,000. The maximum capacity of 4,000 students should then be reached by February 12, 2005 when BTC 02-05 begins with 2,000 students.

- The Jordan International Police Training Center (JIPTC) conducts 2 classes concurrently, therefore allowing the Center to graduate up to 1,500 officers per month. An additional eight-week IPS classes is scheduled to complete training in 2004, bringing a total of 3 graduating classes (4,003 IPS students) in the 1st Quarter of FY 2005. With the addition of this class of officers, a total of 11 classes, and approximately 9,543 IPS students, will have graduated from the JIPTC.

- Training of the Civil Intervention Force began on September 25, 2004, at an-Numaniyah Military Base with the arrival of 1,500 candidates for three 400-man Public Order Battalions and a 60-man command and control cell. On November 11th, the first Public Order Battalion six-week training course concluded, graduating a total of 1,091 students. This represents three battalions that will be re-assembled in the coming days for pre-deployment training. The reconfigured end-state is approximately 3,660, forming up to 9 Public Order Battalions. The battalions will be deployed at the discretion of the Minister of Interior and are designed to augment the Iraqi Police Service throughout Iraq as needed. The second Public Order Battalion course began on November 27th with 513 students initially enrolled.

- The Police Mechanized Brigade (formerly labeled Special Police Regiments), also from the Civil Intervention Force, started training on November 27th at Taji Military Base with 806 candidates that will form three small mechanized (wheeled armor) battalions. These first three battalions should complete their initial training by the end of December 2004.

- The Bureau of Dignitary Protection (BDP) completed advanced training in close protection, site security, and motorcade escort security, with the number of trained personnel listed below. Plans are underway to develop an enduring capability to train personnel to protect and safeguard high-level government officials, while training enough personnel to protect tier II and tier III personnel of the Iraqi Interim Government. The intent is to develop this training capability and then give the Iraqi government responsibility for sustaining it. This will enable the Iraqi government to train Iraqis for this critical task as agents depart the service over time. The expectation is that this turnover rate will be high as a result of voluntary or electoral turnover among principals who merit protection. The following are the number of persons who have completed training:

  - Three-Week BDP Program: 220
  - Three-Week Motorcade Escort Course: 125
  - Two-Week Site Security Course: 168
  - Total 513

- On October 23rd, the Iraqi Minister of the Interior signed an order making the Iraqi Highway Patrol (IHP) an independent Police Service but still part of the MoI. The mission of the IHP is to provide law enforcement and security along highways and major roadways, ensuring the safety of all Iraqi citizens, international visitors, and the

free flow of national and international commerce. As of November 2004, the IHP had 927 officers in 14 stations. Equipment for the first 1,500 IHP is currently on hand or on order with an expected delivery date of early 2005.

- Specialized training continued for Iraqi Police Service Officers at Ministry of Interior facilities in Baghdad. Projected graduates during the quarter and cumulative totals of police trained are listed below.

Course	**Actual Graduates during the quarter, including December projections (October – December 2004)**	**Actual Cumulative Graduates to date, including December 2004 projections**
Basic Criminal Investigations	366	802
Criminal Intelligence	0	119
Post-Blast Investigations	110	129
Organized Crime	119	164
Counter-Terrorism Investigations	49	76
Elections Security Train-the-Trainer	205	205
Civil Disorder Management	114	114
Drug Enforcement Investigations	0	63
Kidnapping Investigations	157	177
Internal Controls	0	213
Executive Management	82	203
Mid-Level Management	72	188
First-Line Supervision	128	128
Explosive Hazard Awareness Training (EHAT)	100	100
Basic Instructor Development	81	346
Advanced Instructor Development	53	53
TOTAL	**1,636**	**3,080**

- A major construction project awarded in this quarter was a $44 million base construction project at Taji, which encompasses construction of housing, maintenance, operations center, and warehouse for the 8th Police Mechanized Brigade.

- 49 police stations are currently under construction and funding has been committed to complete an additional 867 stations. Using the Corps of Engineers, MNSTC-I funded all police station requirements in Iraq's Center South region, worth $13.5 million.

- Construction is underway on eight-week long training Police Academies in Mosul, Baghdad, Al Sulaymaniyah, Al Hillah, and Al Kut. Contracts are awarded to build 3 Academies at Al Asad (relocated from Ar Ramadi), Kirkuk, and Al Kut. Enemy action requires reconstruction of the Mosul Public Safety Academy.

- 7 Transition Integration Program (TIP) police academies are operational in Ninawa, Al Anbar, Karbala, Kirkuk, Taji, Nasiriyah, and Al Basrah. Three additional TIP academies are under contract in Najaf, Baqubah, and Maysan.

- Project has been awarded to house 3 Public Order Battalions at Forward Operating Base (FOB) Justice in Baghdad.

- DOD has delivered 754 police vehicles, 20,432 weapons, and 33,081 sets of body armor.

Accomplishments anticipated in next quarter:

- Specialized training will continue for Iraqi Police Service Officers at MoI facilities in Baghdad. Projected graduates during the next quarter and cumulative totals of police trained are listed below

Course	Projected Graduates during the next quarter (January – March 2005)	Projected Cumulative Graduates 2004 – 31 March 2005
Basic Criminal Investigations	600	1,402
Criminal Intelligence	0	119
Post-Blast Investigations	0	129
Organized Crime	164	240
Counter-Terrorism Investigations	86	162
Elections Security Train-the-Trainer	0	205
Civil Disorder Management	0	114
Drug Enforcement Investigations	30	93
Kidnapping Investigations	180	357
Internal Controls	300	513
Executive Management	120	323
Mid-Level Management	120	308
First-Line Supervision	245	373
Explosive Hazard Awareness Training (EHAT)	250	350
Interviews & Interrogations	300	300
Violent Crime Investigations	180	180
Incident Command System	400	400
Critical Incident Management	75	75
Basic Instructor Development	180	526
Advanced Instructor Development	50	103
TOTAL	**3,356**	**6,436**

- Construction on 56 Police Stations should be completed, and 207 stations will be under construction.

- All Iraq's Transition Integration Program (TIP) Police Academy expansions should be complete and operational.

- The Iraqi Highway Patrol (IHP) will stand up its own academy at U.S. Marine Corps (USMC) Forward Operating Base (FOB) Kalsu in Babil Governorate in 2005. The first classes will be taught in a tent complex for 1,000 students while the permanent buildings are under construction.

- Four new Iraqi Highway Patrol Stations are planned for the area just North of Mosul down to Bayji. Another 4 stations are planned for the Basrah and Dhi Qar areas.

- Construction at the Kirkuk and Al Hillah Academies will continue and should be complete in the 3rd Quarter of FY 2005. Construction at Al Kut should be completed in the 2nd Quarter of FY 2005.

- The construction contract at the Ramadi police academy was cancelled because contractors would not do the work in an unsecured location. The project has been moved to Al Asad inside a secure perimeter, with an expected completion date in the 3rd Quarter of FY 2005.

Border Enforcement
Project Code: 11000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	260	190	-	-	450	159	12
January 2005	260	190	-9	-	441	206	33
Change from October	-	-	-9	-	-9	+47	+21

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Border Enforcement from $260 million to $450 million.

In order to support the continuation of the Iraqi Security Forces Quick Response Program (P/C 26000), $50 million will be re-allocated into that project code for a revised total of $170 million. The following funds will be re-allocated: $25 million from the construction portion of Police Training and Technical Assistance (P/C 10000) to build police facilities, $9 million from the construction portion of Border Enforcement (P/C 11000) to build border forts, $7 million from Iraqi National Guard Operations and Personnel (P/C 23000), and $9 million from Iraqi Armed Forces Equipment (P/C 21000).

This leaves Border Enforcement with a new allocation of $441 million.

The $190 million in additional funding from the Strategic IRRF Review supports training for an additional 16,000 Department of Border Enforcement (DBE) personnel, including border police, customs police, and immigrations officials. Funding will also equip 20,000 DBE personnel with uniforms, body armor, weapons, vehicles, and radios. The plan will also allow for construction of 99 remaining border forts and corresponding access roads as well as other DBE infrastructure, including establishment of regional training bases and their operating costs. Finally, funding will provide basic technology for control and screening at major ports of entry, including items such as x-rays, metal detectors, and grid sensors.

The current strength of the DBE is 16,654 (up from the 15,688 reported in October, but down from 18,223 in July). This change is a result of several factors. First, the Iraqi government transferred Civil Customs from the MoI to the Ministry of Finance, and moved the Nationality Office personnel from under the DBE to a separate directorate reporting directly to the MoI. Second, Immigration is no longer a part of DBE and is now merged with the Office of Nationality, reporting directly to the MoI. Third, the MoI established a new brigade (the Special Border Force) consisting of 1,000 to 1,200 personnel, of which 519 are currently training in Jordan. The adjusted end strength authorization for the DBE is 28,360 consisting of only border and customs police. 1,375 new Iraqi Border Police (IBP) personnel were hired by the DBE in the last quarter.

Anticipated Accomplishments Reported in October 2004 Report
• Four classes of DBE personnel (about 2,000 individuals) will complete training at JIPTC. • Deliveries of the following items under contract are anticipated: o Vehicle Inspection Z-backscatter X-ray systems for some points of entry; o Two metal detectors, four sets of unattended ground sensors, a Barringer explosive detection device, and four sets of Night Vision Goggles (NVGs) for each of 10 Point of Entries (POEs); and o Baggage-type Z-Backscatter X-Ray machine for seven points of entry.

Accomplishments since the October Report:

- Efforts are underway to train and equip a 1,200-man special border force. This unit is being established to provide interim border security by providing a surge capability to existing border guards and by temporarily relieving border guard units that require reconstitution. The unit will be equipped and receive training at the Jordanian International Police Training Center. Currently, one class of 600 is scheduled to start the two-week JIPTC classes in December 2004, with another class of 600 scheduled to attend in January of 2005.

- The requirement for 8 ports of entry (POE) into Iraq remains outstanding because the contract was terminated in October 2004 for lack of execution by the sector contractor originally chosen to perform POE construction. "In-house" MNSTC-I staff is completing all remaining design. New contract awards started on December 2nd, and will continue until complete.

- In the Northwest region, 42 forts are under contract. In the Western region, 9 forts are complete, 32 are under construction, and 2 are awarded. In the Southeast region,

4 forts are complete and 53 forts are under construction. In the Central-South area, 10 forts are complete and 6 are under construction. Finally, in the North-Central region, 30 forts are complete, 57 are under construction, and 8 are under contract.

- Construction has started on 3 regional DBE Academies – Al Kut, Al Asad, and As Sulaymaniyah – with an expected completion date in April 2005. The DBE Academy at Kirkush is awarded but not under construction.

Accomplishments anticipated in next quarter:

- Training of DBE personnel at the JIPTC will continue, with 4 classes (about 2,000 individuals) scheduled to complete training.

- The 1,000-man Special Border Force will complete JIPTC training and be employed along the border.

- Fielding of technology (night vision goggles, vehicle and luggage Z-Backscatter X-ray machines, explosive detecting systems, ground sensors, and patrol boats for the Riverine Police) will be well underway.

- Seven ports of entry (POE) will be operational with basic functional capabilities and the remaining POE will be under construction. All POE and auxiliary facilities will be completed by the 3rd Quarter of FY 2005.

- 142 border forts will be complete and operational. An additional 57 forts will be under construction.

Facilities Protection Service (FPS)
Project Code: 12000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	53	-	-	-	53	25	3
January 2005	53	-	-	-	53	26	7
Change from October	-	-	-	-	-	+1	+4

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: This report maintains the $53 million allocation for the Facilities Protection Service (FPS) to be used for equipment, training, construction, and the Diplomatic Protection Service (DPS).

Anticipated Accomplishments Reported in October 2004 Report
• The Iraqi Minister of Interior and the National FPS Commander will appoint an FPS Inspectorate and DPS Commander. The FPS Inspectorate's main duties will be to ensure consistency of operations, including training requirements, standing operating procedures and policy, and investigation reports on allegations of corruption and misuse of authority. • 18,000 AK-47 rifles are expected to arrive and be distributed throughout the ministries' FPS.

Accomplishments since the October Report:

- The Facilities Protection Service (FPS) has approximately 75,000 Iraqi personnel assigned. The basic 6-day FPS training course has been increased to a 3-week course at the request of the MoI and has been implemented at the Baghdad Public Safety Academy (BPSA). The training course is the responsibility of the MoI and the Civilian Police Assistance Training Team (CPATT). Enhancement and specialized training required at specific ministry sites are the responsibility of the ministry.

- The Iraqi Minister of Interior and the National FPS Commander have appointed an FPS Inspectorate and DPS Commander. The FPS Inspectorate's main duties will be to ensure consistency of operations, including training requirements, standard operating procedures and policy, and investigation reports on allegations of corruption and misuse of authority.

Accomplishments anticipated in next quarter:

- MNSTC-I has begun infrastructure repair on FPS sites throughout the country, to include its National Headquarters (HQ's), DPS HQ's and Samawah, Nasiriyah, Amara and Basrah Province HQ's. Further construction is planned at the remaining HQ's sites as well as an increase in training locations and equipment issue.

NATIONAL SECURITY- IRAQI ARMED FORCES

Iraqi Armed Forces Facilities

Project Code: 20000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	602	89	-	-	691	478	223
January 2005	602	89	+40	-	731	574	352
Change from October	-	-	+40	-	+40	+96	+129

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Iraqi Armed Forces Facilities from $602 million to $691 million.

The $89 million increase is being used for a variety of construction, rehabilitation and upgrade projects in support of Iraqi Armed Forces (IAF). This includes expanding the Special Operations Brigade base to accommodate the Commando Battalion and other headquarter elements, renovating the Taji Logistics Support Base and the Military Academy and Staff College at Ar Rustimiyah, and constructing a vehicle maintenance facility in Kirkush. Construction of the base at Baghdad International Airport and the Kirkuk airfield are also included in the funding plan.

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 to include the $89 million increase received in October 2004.

As a result, $40 million is being re-allocated from Police Training and Technical Assistance (P/C 10000) for anticipated costs to complete remaining IAF contracts. Actual costs of the police stations reconstruction are lower than initially estimated, and the large number of Iraqi Armed Forces Facilities projects necessitates the transfer of funds. This projection may not remain true once work in heavily contested provinces such as Al Anbar and Ninawa can commence; damage in these areas has been more extensive. But currently, costs indicate the ability to fund unanticipated cost growth in the IAF program with project code 10000 with only a minimal impact on the police reconstruction program.

This re-allocation leaves Iraqi Armed Forces Facilities with a new allocation of $731 million.

Anticipated Accomplishments Reported in October 2004 Report
• Award a contract for the construction of the support base infrastructure for the Iraqi Presidential Brigade/Ministry of Defence (MoD) Support Battalion. This will provide the training base and facilities for a brigade-sized element dedicated to tier one protection and emergency off-site security for senior governmental officials and for the MOD and its Joint Headquarter's support battalion.
• Award a contract for the construction of the Ministry of Defence National Logistics Depot at Taji Army Base. This establishes a depot for the Iraqi Army to provide sustainment across all classes of supply, including maintenance for military vehicles, weapons, and equipment; establishes national inventory control points and source of supply for all items; and establishes war stock storage areas.
• Award a contract for the construction/expansion of the Iraqi Special Operations Forces (ISOF) compound to accommodate the Iraqi Special Operations Brigade and its support elements.
• Award a contract for the construction/renovation of the Qualah Chulan Military Training Area, which will provide garrison, range facilities and field training sites to enable IAF unit training away from home station.
• Award a contract for the construction/renovation of the Zahko Military Academy, which will provide a venue for Iraqi Army and ING junior NCO and officer training. Iraqi Army training to be integrated with Peshmerga officer academy.
• Begin awarding contracts for the construction/ renovation of facilities to accommodate six divisions, twenty-one brigades and 65 battalions of the Iraqi National Guard.

Accomplishments since the October Report:

- The three phases of Al Kasik Iraqi Military Base ($102 million) are 90% complete. Upon construction completion, this base will have the capability to accommodate 3 brigades and a division headquarters.

- The first and second phases of An Numaniyah Iraqi Military Base are complete; the third phase is 84% complete. Upon construction completion, this base will have the capability to accommodate 2 brigades and a division headquarters.

- Work has progressed on construction of Talil Iraqi Army Base ($54 million); the base is currently 65% complete. Upon completion, this base will have the capability to accommodate one brigade.

- Work has progressed on Kirkuk Iraqi Army Base ($60 million); the base is currently 75% complete. Upon completion, this base will have the capability to accommodate one brigade.

- Construction of a logistics center at Kirkush Military Training Base ($28 million) is 85% complete. A project to repair the airfield was also awarded.

- Construction for the Ministry of Defence National Logistics Depot at Taji Army Base has been awarded. This project will establish: a depot for the Iraqi Army to provide sustainment across all classes of supply, including maintenance for military vehicles, weapons, and equipment; a national inventory control points and source of supply for all items; and war stock storage areas.

- A contract was awarded for the construction/expansion of the Iraqi Special Operations Forces compound to accommodate one battalion of the Iraqi Special Operations Brigade.

- MNSTC-I awarded a contract to construct/renovate the Zahko Military Academy providing a venue for Iraqi Army and ING junior NCO and officer training.

- Construction for a C-130 Base at Baghdad International Airport was funded and awarded for $24.3 million.

Accomplishments anticipated in next quarter:

- Complete base construction at Kirkush, Kirkuk, Talil, An Numaniyah, and Al Kasik.

Iraqi Armed Forces Equipment
Project Code: 21000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	606	35	-	-	641	339	29
January 2005	606	35	-9	-	632	439	69
Change from October	-	-	-9	-	-9	+100	+40

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Iraq Armed Forces' equipment from $606 million to $641 million.

In order to support the continuation of the Iraqi Security Forces Quick Response Program (P/C 26000), $50 million will be re-allocated into that project code for a revised total of $170 million. The following funds will be re-allocated: $25 million from the construction portion of Police Training and Technical Assistance (P/C 10000) to build police facilities, $9 million from the construction portion of Border Enforcement (P/C 11000) to build border forts, $7 million from Iraqi National Guard Operations and Personnel (P/C 23000), and $9 million from Iraqi Armed Forces Equipment (P/C 21000).

This leaves IAF Equipment with a new allocation of $632 million.

Anticipated Accomplishments Reported in October 2004 Report
• Equipment for the expansion units will be procured and arriving into theater with 100 percent fill of mission essential equipment by early March 2005.
• In transit damage of equipment delayed installation of this project. New equipment has been received. We will continue installation of a wireless infrastructure at IAF bases with satellite communications, voice and data connectivity and personnel management software.
• Procure $27 million of mission critical equipment for the 36th SOF Commando Battalion.

Accomplishments since the October Report:

- Fully equipped 12 battalions of Iraqi Regular Army and Intervention Forces, for a cumulative total of 18 battalions.
- Purchased vehicles, uniforms, and protective gear for the Iraqi Special Operations Force.
- Continued delivering battalion sets of equipment.
- Began distribution of equipment for the 1st Transportation Battalion; ordered all necessary equipment for transportation battalion.

- Installed 8 Defense Private Network (DPN) cell sites – this network provides communications within bases and between bases.

- Submitted purchase request for uniforms and equipment for the ISOF Brigade for $4.8 million. Additionally, a Department of Defense Activity Account Code (DODAAC) has been established ($19 million) with which all national stock numbered items are being ordered for the ISOF brigade.

Accomplishments anticipated in next quarter:

- Install 3 more Defense Private Network sites. Will plan and initiate the expansion of the related data network.

- Equip 9 battalions of Regular Army and Intervention Forces.

- Receive and distribute equipment for the transportation battalions.

- Complete purchase of modified table of organization and equipment (MTOE) equipment for ISOF Brigade.

Iraqi Armed Forces Training and Operations
Project Code: 22000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	394	39	-	-	433	141	80
January 2005	394	39	-	-	433	192	111
Change from October	-	-	-	-	-	+51	+31

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Iraq Armed Forces' training and operations from $394 million to $433 million. This report maintains that allocation.

The one-week to one-month delay in the force generation of the IAF has been caused primarily from the continued security threats against construction and life support contractors which result in extended construction timelines, from reduced life support capacity, and from delays in equipment arrivals.

The Minister of Defence re-designated the status of one Regular Army brigade to an Iraqi Intervention Force unit, thereby creating, in name, five Regular Army brigades consisting of 15 battalions, and four IIF brigades consisting of 12 battalions. The Minister's logic for this decision was based on the fact that this unit had conducted operations in Najaf and Fallujah, and was essentially performing the same tasks for which Intervention Forces were intended.

Anticipated Accomplishments Reported in October 2004 Report
• By December 2004, the IAF will have 17 trained battalions, with a further 10 battalions in training.
• Discovery of unexploded ordnance at Talil Military Base prolonged the site preparation and construction there. Changes in operational requirements caused training previously planned for Kirkuk Military Base to occur at Al Kasik. As a result, the base support contracts for Kirkuk, Talil, and Ar Rustimiyah bases anticipated as fourth quarter accomplishments in the July report did not occur, but are now anticipated as accomplishments in the coming quarter.
• The second Iraqi-led recruit course is underway. We expect 520 recruits to graduate. 130 personnel are recruits designated for the Iraqi Coastal Defense Regiment.
• The Iraqi Military Academy at Ar Rustimiyah will conduct a three-month pilot course for officer training starting October 2004. The IAF will also conduct an officer training course for those officer cadets that did not complete their training prior to the commencement of Coalition operations.
• One Iraqi Special Operations class will graduate and another will begin training.

Accomplishments since the October Report:

- Since August, increased instructor/trainer staff throughout several areas.
- Developed mobile training teams (MTTs) that will work directly with Iraqi officer and NCO trainers and leaders, in a train-the-trainer role, to establish deliberate and sustainable courses at each level of command and staff.
- Established officer education specialist teams that will train Division and Brigade Staffs on responsibilities, decision-making processes, principles of mission essential task lists, and staff management using 5-member mobile training teams.
- Developed military occupational specialty teams that will design and provide specific military training specialties as required by units.
- Staffed the Iraqi Training Battalion with 30 seasoned US Army drill sergeants who will continue to teach basic and squad leader training to the new Iraqi Army. Recent classes are projected to increase graduates to 1,000 per session.
- Began training ING soldiers in basic and squad leader training at six regional sites with 28 instructor/trainers.
- Began officer cadet training at Ar Rustimiyah and Zahko. A combined graduation ceremony is tentatively planned for January 6, 2005.

- Completed the training of 12 battalions, bringing the total trained battalions to 18. There are more than 8,000 personnel in 9 battalions undergoing training. The trained forces include the 5th, 8th, and 9th Regular Army Brigades.

- Completed a 12-week training program for 72 new operators for the Iraqi Counter Terrorist Force.

- Commenced officer training with a 3-month pilot course at the Iraqi Military Academy Ar Rustimiyah (IMAR) and the first of five 3-month courses at Zakho. The first officer cadets are due to graduate at the end of December 2004. The Iraqi Training Battalion (ITB) has continued to train basic recruits throughout this period.

- In addition, for the Iraqi Air Force, 8 pilots and 5 maintenance personnel completed CH-2000 aircraft training in Jordan, while 24 personnel completed UH-1 helicopter maintenance training. 15 UH-1 pilots and 8 C-130 pilots are currently in training in Jordan.

- The Iraqi Coastal Defense Regiment (ICDR) will be declared operational on December 30th with the capability to integrate with U.S. Navy forces already in place on the oil platform. The next phase for the ICDR will be advanced training to allow autonomous land operations in support of the oil infrastructure.

Accomplishments anticipated in next quarter:

- By March 2005, the IAF will have 27 Regular Army/IIF battalions, with an IIG-funded mechanized battalion and one transportation regiment operational**.**

- Training will continue at Al Kasik, Taji, An Numinayah, Kirkush, and Ar Rustimiyah as construction continues at Talil and Kirkuk. Ongoing construction has generally kept pace with requirements at training bases. Temporary facilities have been erected as short-term housing for selected units in training as infrastructure development has not kept pace with training requirements.

- Ar Rustimiyah and Zahko will continue to train new officers through 2005.

- An accelerated program of recruiting and training former Iraqi soldiers, NCOs, and officers has been undertaken to rapidly reinforce operational units. Five, three-week courses totaling 3,400 soldiers will be conducted over the next two months.

- One Iraqi Special Operations class will graduate and another will begin training.

Iraqi National Guard Operations and Personnel
Project Code: 23000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	159	73	-	-	232	96	61
January 2005	159	73	-7	-	225	111	101
Change from October	-	-	-7	-	-7	+15	+40

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Iraqi National Guard operations and personnel from $159 million to $232 million.

In order to support the continuation of the Iraqi Security Forces Quick Response Program (P/C 26000), $50 million will be re-allocated into that project code for a revised total of $170 million. The following funds will be re-allocated: $25 million from the construction portion of Police Training and Technical Assistance (P/C 10000) to build police facilities, $9 million from the construction portion of Border Enforcement (P/C 11000) to build border forts, $7 million from Iraqi National Guard Operations and Personnel (P/C 23000), and $9 million from Iraqi Armed Forces Equipment (P/C 21000).

This re-allocation leaves ING Operations and Personnel with a new allocation of $225 million.

Anticipated Accomplishments Reported in October 2004 Report
• By December 31, 2004, 45 battalions, six Brigade Headquarters and six Bomb Disposal Companies will be manned above 70 percent.
• By December 31, 2004, the ING will have strength of over 45,000 personnel.

Accomplishments since the October Report:

- There are 42 battalions of the ING manned above 70%, an increase of 4 battalions over the last quarter. At the same time, 42 battalions are conducting security operations at the squad to battalion level, with 15 battalions conducting operations at the company level or higher. The primary reason why all 45 battalions are not manned at more than 70% is that a number of battalions have suffered losses from a concentrated campaign of intimidation and terrorism in the Al Anbar Province. Efforts are underway to stand up new ING battalions per the IRRF Strategic Review, and the reconstitution of ING units in the Al Anbar Province takes a relatively lower priority. As of December 27th, 49 battalions have been formed, with three more forming.

Accomplishments anticipated in the next quarter:

- At least 45 battalions will be manned sufficiently to conduct security operations by the end of the next quarter.

Iraqi National Guard Equipment

Project Code: 24000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	81	11	-	-	92	59	20
January 2005	81	11	-	-	92	72	58
Change from October	-	-	-	-	-	+13	+38

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Iraqi National Guard equipment from $81 million to $92 million. This report maintains that allocation.

Anticipated Accomplishments Reported in October 2004 Report
• 28 ING battalions should have 100 percent of their required equipment by the end of the quarter.
• Plan to establish and train 2 Division Headquarters and 3 Brigade Headquarters by the end of the quarter.

Accomplishments since the October Report:

- Equipment delivered:
  - 39 vehicles
  - 4,000 sets of body armor
  - 3,659 assault rifles
  - 665 9mm pistols
  - 9,000 field jackets

- Equipping of 25 battalions of the Iraqi National Guard is ongoing, with an expected completion date in January 2005. At that time, 45 battalions of the ING will be equipped. The requirement to equip Special Police Commando battalions has delayed the equipment timeline for some ING units.

- In late October 2004, as a result of a joint Coalition-Iraqi review of ING equipment requirements, the Ministry of Defence approved new equipment organizational sets for Iraqi National Guard battalions, increasing the number of radios and heavy machine guns authorized in each battalion. Efforts are underway to address these

new requirements with equipment purchased by the MoD that is beginning to arrive in theater.

Accomplishments anticipated in the next quarter:

- 45 battalions of the ING should be trained and equipped.

- The contract for the major equipment items for the additional 20 battalions should be awarded in February. Organizational clothing and individual equipment items should be arriving for the additional 20 ING battalions. As this equipment arrives, additional battalions will be formed and trained.

- Equipment for the expansion of ING units has been ordered and should arrive into theater with 100% fill of mission essential equipment by early August 2005.

- Organizational clothing and individual equipment items for the 20 additional ING Battalions has been ordered. The contract for the major equipment items for these Battalions will be awarded in the next quarter.

Iraqi National Guard Facilities
Project Code: 27000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	359	-	-	359	-	-
January 2005	-	359	-	-	359	235	-
Change from October	-	-	-	-	-	+235	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense

Changes from October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $359 million for Iraqi National Guard Facilities. This report maintains that allocation.

The $359 million in funding for this new line item supports a number of new construction projects for the ING. This includes the construction of infrastructure for 62 battalions, 20 brigade headquarters, and 6 division headquarters. A portion of funding will also construct the base for the Presidential Brigade and the Ministry of Defence Headquarters unit.

Two original IAF projects required additional funding to be completed and were funded from ING Facilities, project code 27000, in light of joint IAF/ING missions associated

with these facilities. The additional costs were caused by increased program requirements, unforeseen site conditions, and unexpected security costs.

The Talil Military Base project requires an additional $20.9 million to complete. Operational requirements in support of the counterinsurgency will prevent 7th Brigade of the Iraqi Regular Army from occupying Talil Military base in the near to mid-term. Given this development, MNSTC-I funded the additional $20.9 million from Iraqi National Guard Facilities (project code 27000) because the base is now planned to serve as a location for the South-East ING Academy and ING units.

An additional $11.7 million was needed to complete the military academy at Ar Rustimiyah. This cost was primarily generated from an increased requirement for an additional 28,144 square meters of building renovation. This drove higher power, water, and wastewater requirements as well as higher security costs. Current discussions include more integration of the ING into the IAF. Along these lines, MNSTC-I intends to include provisions at Ar Rustimiyah to enable ING cadets to start attending the Academy as early as the spring of 2005.

Prior to the October 2004 IRRF re-allocation, MNSTC-I could not address the ING infrastructure. In this quarter, after receipt of the funds, MNSTC-I committed approximately $255 million to infrastructure development with over $100 million already obligated.

Anticipated Accomplishments Reported in October 2004 Report
• MNSTC-I anticipates that up to 15 percent of the new infrastructure will be constructed.

Accomplishments since the October Report:

- Within two months, MNSTC-I has committed and/or obligated over 70% of the $359 million. Construction has started on 10 battalions and 4 brigade headquarters.

Anticipated accomplishments in the next quarter:

- MNSTC-I anticipates obligating all the remaining funds and constructing 35% of the funded infrastructure in the 2nd Quarter of FY 2005.

Iraqi Security Forces Quick Response Program
Project Code: 26000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	40	80	-	-	120	-	-
January 2005	40	80	50	-	170	67	19
Change from October	-	-	+50	-	+50	+67	+19

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Iraqi Security Forces Quick Response Program from $40 million to $120 million.

In order to support the continuation of the Iraqi Security Forces Quick Response Program (P/C 26000), $50 million will be re-allocated into that project code for a revised total of $170 million. The following funds will be re-allocated: $25 million from the construction portion of Police Training and Technical Assistance (P/C 10000) to build police facilities, $9 million from the construction portion of Border Enforcement (P/C 11000) to build border forts, $7 million from Iraqi National Guard Operations and Personnel (P/C 23000), and $9 million from Iraqi Armed Forces Equipment (P/C 21000).

Anticipated Accomplishments Reported in October 2004 Report
• Continue to respond rapidly to the needs of the ISF and provide them timely assistance for urgent and compelling emergent requirements.
• Over 50 percent of the Quick Response Funds have been committed in only two months, indicating a great need for the program. We anticipate obligating the remaining funds from the initial $40 million and to begin obligating the additional $80 million.

Accomplishments since the October Report:

- Since receiving these new funds, MNSTC-I has distributed these 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. Two MNSTC-I organizations, the Coalition Military Assistance Training Team (CMATT) and the Civilian Police Assistance Training Team (CPATT), facilitate many of the MSC requirements.

- The table below breaks out the QRF categories and how much has been committed/obligated in each area:

QRF Categories	Commitments	Obligations
Reconstruction/repair/force protection of buildings or facilities	$ 21,231,261	$ 14,899,306
Office equipment/supplies/furniture/computers	$ 5,144,129	$ 3,464,545
Uniforms	$ 4,078,613	$ 3,207,960
Transportation	$ 7,588,072	$ 2,831,159
Equipment	$ 29,750,197	$ 20,191,228
Training and training equipment	$ 394,593	$ 293,358
Infrastructure repair	$ 13,143,237	$ 12,388,152
Emergency Life Support for ISF	$ 11,080,825	$ 9,286,919
Total	**$ 92,410,927**	**$ 66,562,626**

- We committed the remaining funds from the initial $40 million during this quarter. We have now committed over 50% of the $80 million provided in the IRRF reallocation during this quarter indicating critical demand for these funds.

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.

- Over 70% of the current total of $120 million has been committed in five months. At current usage rates, the intent is to fully commit the remaining funds in the next quarter.

- With the additional $50 million, 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					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	86	-	-	86	-	-
January 2005	-	86	-	-	86	31	-
Change from October	-	-	-	-	-	+31	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $86 million for the Commander's Humanitarian Relief and Reconstruction Projects (CHRRP). This report maintains that allocation.

$2 million will be used by USAID's Community Action Program (CAP) through its Baghdad implementing partner for its small business grants program across the governorate. This funding is being used in support of the 1st Cavalry Division to promote long-term income generation activities throughout Baghdad.

Anticipated Accomplishments Reported in October 2004 Report
• All $86 million dollars are expected to be obligated in the 1st Quarter of FY 2005. Planned projects include irrigation canal rehabilitation projects in the Al Mansour district, four sewer systems and a trunk connection in the nine Nissan district, and potable water projects in the Karadah and Adhamiya districts.
• Approximately 6 percent of the funds will be disbursed in the 1st Quarter of FY 2005 and 61 percent in the 2nd Quarter of FY 2005. All projects will be completed and fully disbursed in FY 2005.

Accomplishments since the October Report:

- $30.7 million has been obligated in the 1st Quarter of FY 2005 towards water and sewer projects in Baghdad. All $86 million are expected to be obligated early in the 2nd Quarter of FY 2005. Planned projects include irrigation canal rehabilitation projects in the Al Mansour district, 4 sewer systems and a trunk connection in the Nine Nissan district, and potable water projects in the Karadah and Adhamiya districts.

- Approximately 60% of the funds will be disbursed in the 2nd Quarter of FY 2005. All projects will be completed and fully disbursed in FY 2005.

Anticipated accomplishments in the next quarter:

- Of the $86 million of CHRRP funds, $74 million is directly devoted to water and sewer projects in the greater Baghdad area. These projects are focused on the "final mile" connecting the large infrastructure projects to the homes of the Iraqi people. The remaining $10 million has been dedicated to water and sewer projects in the Salah ad-Din province in Northern Iraq. Due to the adverse security conditions, there has been a slight delay in executing the CHRRP funding allowance, but it is anticipated that the majority of CHRRP projects will be completed during the 2nd Quarter of FY 2005.

- Over $1 million in small business grants will be awarded in Baghdad through the CAP program to stimulate long-term economic development, particularly aimed at benefiting disadvantaged groups.

SECTOR: Justice, Public Safety Infrastructure, and Civil Society

Other Technical Investigative Methods
Project Code: 31000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	5	-	-	-	5	-	-
January 2005	5	-	-	-	5	1	-
Change from October	-	-	-	-	-	+1	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from October 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 (these funds are in addition to funds provided to the CPI for the Witness Protection Program and Democracy Building Activities). In order to provide accurate reporting and oversight of CPI, all reporting has been consolidated under Project Code 31000. A needs assessment is underway to determine the nature and extent of assistance required for CPI in the event that Ministry Inspector Generals are formally placed under the supervision of the Commissioner to CPI.

Anticipated Accomplishments Reported in October 2004 Report
• Training of investigators will continue. A tracking system to manage the investigative caseload will be developed and implemented.
• The Code of Conduct will be printed and distributed. Iraqi government workers will be required to sign the Code of Conduct as a condition of their continued employment.
• Ethics training will continue within the ministries and will incorporate material specifically related to the Code of Conduct.
• Financial Disclosure regulations will be finalized and an implementation plan will be developed.
• An educational magazine for middle school-aged children containing lessons in ethics and character development is being developed and will be rolled out later in the academic year to selected schools.

Accomplishments since the October Report:

- Training of investigators continued with three law enforcement trainers now in country. A tracking system to manage the investigative caseload will be developed and implemented once a Director General is appointed.

- The Code of Conduct for all government workers was reviewed by all parties and has been forwarded to the Prime Minister for distribution prior to the January 30, 2005 election. The Financial Disclosure program is expected to be sent forward for implementation prior to the election. Iraqi government workers will be required to sign the Code of Conduct as a condition of their continued employment. The Financial Disclosure program will cover approximately 2,000 top governmental leaders. These efforts are on track for implementation prior to the election and to increase public perception of CPIs anti-corruption efforts.

- 44 ethics officers were trained on the Code of Conduct and will be available to help roll out the Code of Conduct and Financial Disclosure program in the Ministries.

- The Defense Institute of International Legal Studies provided training to all CPI legal and investigative staff on the legal aspects of evidence, electronic surveillance, and human rights.

- 5,000 posters advertising the CPI Hotline were distributed in specific locations in Baghdad. A gap analysis is underway prior to the second phase of poster distribution.

- The educational magazine for middle school-aged children containing lessons in ethics and character development was hampered by the loss of Iraqi personnel assigned to the program. A U.S. subject matter expert was brought in to assist in placing this program back on track and a new Iraqi counterpart has been hired.

- CPI has expanded to over 200 employees and is expected to grow to approximately 800 employees once additional office space can be acquired. A plan to expand into six provincial branch offices has been forwarded to the Prime Minister for approval and funding. If the Inspector General program is placed under the supervision of the Commissioner to CPI the end strength by FY 2005 will be approximately 3,000 employees.

- A location was identified to act as a training institute available across ministry lines which will concentrate on transparency, investigation, forensic accounting, internal audit procedures, human rights, legal reform, capacity building, management, public relations and public education as a means of combating corruption.

- The results of a Request for Information to locate U.S. federally approved translators are under review. We have obtained translation approval forms from the Institute of Internal Auditors and will develop a plan to translate key textbooks in accounting and internal audit into Arabic.

Anticipated accomplishments in the next quarter:

- International Criminal Investigations Training Assistance Program **(**ICITAP) trainers will train assigned investigators on electronic surveillance equipment, as well as a select group of investigators to provide security and investigate threats and intimidation of CPI personnel.

- Establish program to encourage updating of Iraqi Accounting, Auditing, and Financial Reporting standards to International levels by translating the currently used Iraqi Unified Accounting Standards to English and compare it to recommended international accounting standards.

- Seven distinct internal audit and accounting classes given in Arabic will train university professors, CPI staff, Inspector General staff and Board of Supreme Audit personnel.

- An evaluation of a program to establish a series of management training classes and the feasibility of the installation of a satellite video training facility to permit training by international experts without requiring travel to Iraq will be completed.

- Given the tremendous advances and external and internal growth of the Commission on Public Integrity, a feasibility study will be conducted to review a long term plan to ramp up and fund an umbrella sustainment program to assist Iraqis in continuing to develop programs to investigate, prevent, and educate on all facets of a successful

anti-corruption campaign ensuring broad national dialogue and civil society engagement and to develop the institutional and management capacity required to manage the programs.

Witness Protection Program
Project Code: 30000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	40	-	-	-	40	25	-
January 2005	40	-	-	-	40	25	-
Change from October	-	-	-	-	-	-	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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 October Report: This report maintains the $40 million allocation to support a Witness Protection Program and to establish the Commission on Public Integrity (CPI). These funds 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.

Anticipated Accomplishments Reported in October 2004 Report
• Establish a Witness Security Committee for developing standard operating procedures and for providing judicial review of potential witnesses to be inducted into the program.
• Begin construction of two new judicial facilities to include secure facilities designated for witness security.
• Graduate 600 private security officers from formal training providing a pool of Iraqis from which witness security agents will be chosen.
• Procure facilities, vehicles and equipment for the Witness Protection Program, including safe houses, armored cars, and equipment for Witness Security Officers.

Accomplishments since the October Report:

PCO

- The October 2207 Report reported that construction would begin in the 1st Quarter of FY 2005 on 2 new judicial facilities, to include secure facilities designated for witness security. With concurrence from the Ministry of Justice, the 2 judicial facilities were de-scoped and a Witness Security Facility in Al Karkh district of Baghdad will be built instead. Construction on this facility is expected to begin in the 2nd Quarter of FY 2005.

Department of Justice

- A Witness Security Committee was established and includes members of the U.S. Marshals Service, Iraqi Judges, and Security Officers of the Council of Judges. The committee is creating standard operating procedures and an organization structure for the program.

- 646 private security officers received formal Protective Service Detail (PSD) training and will provide a pool from which witness security agents will be chosen.

Anticipated accomplishments in the next quarter:

PCO

- Commence construction on the Witness Security Facility in the Al Karkh district of Baghdad. This construction effort will utilize local contractors, thereby employing 1,500 Iraqis.

Department of Justice

- Upon completion of the new facility, equipment for the program, including armored vehicles, will be procured.

- Graduation of an additional 283 PSDs from formal training, providing a pool of Iraqis from which witness security agents will be chosen. From this pool of agents the committee will select members for advanced witness security training, a course that is under development.

Penal Facilities

Project Code: 32000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	100	-	-	-	100	50	1
January 2005	100	-	-	-	100	59	1
Change from October	-	-	-	-	-	+9	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: This report maintains the $100 million allocation to construct one new maximum/medium security prison in the vicinity of An Nasiriyah.

Anticipated Accomplishments Reported in October 2004 Report
• Design review for the prison facility will be completed.
• Construction of the An Nasiriyah prison facility will begin, employing 5,000 local Iraqis.

Accomplishments since the October Report:

- The property issues that had previously delayed the construction of the An Nasiriyah prison facility were resolved and approximately 90% of the design review was completed.

- Construction of the 4,000-bed An Nasiriyah prison facility began in November 2004, a project that will employ 5,000 Iraqis.

Accomplishments anticipated in next quarter:

- The design review for the An Nasiriyah prison facility will be completed, and construction will continue with an 18-month construction schedule anticipated.

Reconstruction and Modernization of Detention Facilities
Project Code: 33000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	135	2	-	-	137	73	1
January 2005	135	2	-	-	137	80	2
Change from October	-	-	-	-	-	+7	+1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Departments of Defense/Project and Contracting Office (PCO) and State.

Changes from the October Report: This report maintains the $137 million allocation for reconstructing one large regional detention center, supporting technical assistance advisors for the Iraqi Corrections Service, procuring equipment, establishing a computerized detainee tracking system, and for initial staffing and facility-specific training.

Anticipated Accomplishments Reported in October 2004 Report
• 60 percent and 90 percent design reviews for the Khan Bani Sa'ad facility will be completed.

Accomplishments since the October Report:

PCO

- The property issues that had previously delayed the construction of the Kahn Bani Sa'ad prison facility were resolved and approximately 60% of the design review was completed.

- Construction of the 3500-bed Kahn Bani Sa'ad prison facility began, utilizing local contractors and employing 5,000 Iraqis.

- The design review of the Juvenile Detention Facility, located within the Baghdad District, was completed and construction is expected to begin 3 months after acquiring the adequate site, utilizing local contractors and employing an estimated 800 Iraqis.

Department of Justice

- Graduated 2 classes of Iraqi Correctional Officers from the Training Academy, with one numbering around 200 and the other at 150.

Accomplishments anticipated in next quarter:

PCO

The design review for the Kahn Bani Sa'ad prison facility will be completed, and construction will continue with an 18-month construction schedule anticipated.

FACILITIES REPAIR, FIRE SERVICE, AND DEMINING

Facilities Repair
Project Code: 13000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	92	-	-	-	92	39	1
January 2005	92	-	-	-	92	54	4
Change from October	-	-	-	-	-	+15	+3

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: This report maintains the $92 million allocation for the construction or reconstruction of police stations, firehouses, and Ministry of Interior administrative buildings.

Anticipated Accomplishments Reported in October 2004 Report
• Military commanders will provide their prioritized lists of requirements for police station and highway patrol station reconstruction and battle damage repair.

Accomplishments since the October Report:

- Military commanders have provided their prioritized requirements lists for police station and highway patrol station reconstruction and battle damage repair. To date, 90% of the inputs have been received.

- 59 fire stations are scheduled for renovation and 13 for new construction. 50% of these renovation/construction efforts have begun nationwide.

Accomplishments anticipated in next quarter:

- Begin construction/renovation of the remaining fire station projects, with an expected construction completion date of October 2005 for all projects. Construction of these facilities will utilize local contractors, thereby employing an estimated 50 Iraqis at each worksite.

Fire Service
Project Code: 14000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	122	-	-	-	122	20	2
January 2005	122	-	-	-	122	78	11
Change from October	-	-	-	-	-	+58	+9

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: This report maintains the $122 million allocation for the purchase of equipment for current and new firefighters.

Anticipated Accomplishments Reported in October 2004 Report
• 370 new firefighter recruits will be employed throughout Iraq.
• Fire Department tools such as generators and light sets, axes, fire hoses, fire fighting foam, hand tools, rescue saws, and Jaws of Life will arrive and be distributed to each of the fire stations.

Accomplishments since the October Report:

- Sent 360 Iraqi firefighters to Basic Fire Fighter Training course in Bahrain in December 2004.

Accomplishments anticipated in next quarter:

- Purchase firefighting equipment to outfit incoming fire trucks (fire hose, nozzles, safety guzzles, fire hose couplings); suspenders to complete personal protective equipment for all Iraqi firefighters ($0.2 million); required workstation duty uniform for all Iraqi firefighters ($0.4 million); back-up firefighting foam ($0.8 million); explosive ordinance disposal equipment ($1 million); and Fire Rescue Boats (approximately $5 million).

- Purchase breathing apparatus, mask fit tester, maintenance tool kit and breathable air compressors; establish contract to train Iraqi firefighters on breathing apparatus maintenance and testing equipment; and establish contract for testing air compressor air sample every 90 days for 2 years (approximately $7 million).

- Review General Purpose Fire Trucks requirement per MoI Fire Protection Strategic Document (196 Command/Control Vehicles, 72 Shop General Purpose Vehicles, 38 Fuel Truck, 19 Tow Vehicle and 196 Light Pick-up Trucks) and develop vehicle specifications. Modify initial purchase request to include command and control consoles and warning beacons for 196 Command and Control Vehicles.

Demining

Project Code: 09500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	61	-	-	-	61	54	27
January 2005	61	9	-	-	70	60	36
Change from October	-	+9	-	-	+9	+6	+9

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from October Report: This report reflects a previously-notified $9 million increase in this allocation from $61 million to $70 million. Funding for demining is used for a National Mine Action Program to eliminate the impact of landmines and unexploded ordnance (UXO) upon Iraq.

The $9 million was re-allocated from the Judicial Security and Facilities (P/C 09000) program for demining programs.

Anticipated Accomplishments Reported in October 2004 Report
• Implement additional training programs for Iraqi civil servants. • Maintain and possibly expand Iraq Mine Clearing Organization (IMCO) clearance capabilities. • Vietnam Veterans of America Foundation (VVAF) will train more local staff for Landmine Impact Survey and continue survey implementation. • Continue support to Regional Mine Action Center (RMAC)-North region mine action NGOs. • Initiate plans to establish RMACs in both Hillah (Central region) and either Mosul or Kirkuk (Central-North region).

Accomplishments since the October Report:

- Implemented additional training programs for 20 Iraqi civil servants at James Madison University, USA and Cranfield University, UK and Jordan.

- Maintained Iraq Mine Clearance Organization (IMCO) clearance capabilities and deployed teams to Basrah and Baghdad International Airport, including Mine Detection Dogs (MDDs).

- Vietnam Veterans of America Foundation (VVAF) trained additional local staff for Landmine Impact Survey and continued survey implementation.

- Continued support to Regional Mine Action Center (RMAC)-North (renamed the Iraqi Kurdistan Mine Action Centre (IKMAC) and NGOs.

- Initiated plans to establish RMACs in both Al Hillah (Central region) and either Mosul or Kirkuk (Central-North region). Due to the security situation, however, no further progress was made – this may be achieved after the Iraqi elections in January 2005.

- Provided technical advice to the National Mine Action Authority (NMAA) in connection with the procurement of mechanical demining assets and Mine Action equipment. Subsequent negotiations with international suppliers took place in Jordan and the budget was utilized effectively. Purchases included 2 Heavy Flails, 1 Heavy Tiller, 20 Light Flail, 2 Armored Earthmoving Equipment, 1 Armored Sifter, Specialist Explosive Ordnance Disposal Equipment, Mine Detectors and Personal Protective Equipment.

- Secured Az Zubayr as a permanent NMAA training location.

Anticipated accomplishments in the next quarter:

- Progress with the establishment of RMACs (Central region) and (Central – North region). This is very dependent on the security situation.

- Security situation permitting, VVAF will continue with the 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 analyzed to formulate a strategy for reducing areas of contamination on a prioritized basis.

- Continue to improve and expand the training facilities at Az Zubayr.
- Commence training Iraqi staff on the use, care, and maintenance of NMAA purchased equipment.
- Formalize the draft National Mine Action Standards.
- Provide continuing support to the Mine Detection Dog program in the north.
- Provide Quality Assurance advice to the NMAA once significant clearance activities resume, hopefully, after the Iraqi elections in January 2005.
- Provide technical advice to the NMAA for the commencement of NMAA funded clearance operations in Baghdad and other areas of Iraq.

Public Safety Training and Facilities

Project Code: 15000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	139	81	-	-	220	54	1
January 2005	139	81	-	-	220	96	18
Change from October	-	-	-	-	-	+42	+17

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased this allocation from $139 million to $220 million. This report maintains that 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.

Anticipated Accomplishments Reported in October 2004 Report
• Establish the Sulaymaniyah Police Academy and thereby expand the training rate of new Iraqi Police Service candidates.

Accomplishments since the October Report:

- Established the Sulaymaniyah Police Academy, thereby accelerating the training rate of new Iraqi Police Service (IPS) candidates. Current throughput level is 750 candidates (of a planned 1,000).

- Completed 25% of the construction at the Baghdad Public Safety Academy, a facility where police and Iraqi National Guard (ING) training will be conducted.

- Completed 90% of the construction at the National Iraqi Police Service (IPS) Counter-Terrorism Training Facility.

Accomplishments anticipated in next quarter:

- Begin construction on the Police Training Academies in Mosul, Kirkuk, Basrah, and Ramadi. Construction of these facilities will utilize local contractors, thereby employing a total of 1,500 Iraqis.

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

Project Code: 25000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	98	-	-	-	98	35	3
January 2005	98	-	-	-	98	25	11
Change from October	-	-	-	-	-	-10	+8

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: This report maintains the $97.5 million allocation for the Advanced First Responders Network (AFRN) infrastructure purchase and installation. A total of $198.3 million has been approved for the Advanced First Responders Network (AFRN), including $149.8 million for infrastructure (towers, switches, etc.) and $48.5 million for handset procurement. Of the $198.3 million, $146 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. 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. 104 high frequency (HF) radios installed in 79 cities will provide initial

AFRN long haul voice and limited data connectivity. As terrestrial fiber optic connectivity is established, the HF will serve as a backup.

Anticipated Accomplishments Reported in October 2004 Report
• Site assessments will be completed in Baghdad and other regions.
• All 108 High Frequency (HF) radios will be installed and operational as an initial capability and objective redundancy capability.
• Network construction will begin in the highest-priority region, which is likely to be Baghdad.

Accomplishments since the October Report:

- Site assessments in the Baghdad region are complete except for one site that may be relocated.

- 79 of 104 high frequency (HF) radios were installed and operational before the end of the quarter. The Ministry of the Interior will install the remaining 25 in the 2nd Quarter of FY 2005.

- The first phase of AFRN construction began in November in Region 1 – Baghdad, the region of highest priority. This phase includes installation of a Mobile Switching Office, the National Coordination Center (NCC), the Communications Center (CC), the Baghdad Governorate Dispatch Center (GDC), the Incident Coordination Center (ICC), and 28 base transceiver stations (BTS).

- Notice to Proceed was issued on November 29th for the design of the next phase of the system and to order long lead-time items.

- A $48.5 million contract to purchase AFRN handsets was awarded to Sepura, a British firm.

Accomplishments anticipated for the next quarter:

- Over 16,000 desktop radios, mobiles, and handsets will be distributed to police, fire fighters, and emergency medical technicians (EMTs) first responders in the Baghdad area.

- Installation of AFRN Baghdad, Region 1 will be completed, including one Mobile Switching Office, the National Coordination Center, the Communications Center (CC), the Baghdad Governorate Dispatch Center (GDC), the Incident Coordination Center (ICC), and 28 Base Transceiver Stations (BTS).

- The second phase of AFRN system design and schedule will be technically evaluated by mid-January 2005. It will provide improved emergency services to Iraq's cities of strategic importance.

- As part of the second phase, begin procurement and installation of required infrastructure for the remainder of the funded program (e.g., Mobile Switching Offices, Incident Coordination Centers, and Base Transceiver Stations).

Rule of Law in Iraq
Project Code: 06500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	30	-	-	-	30	2	1
January 2005	30	-	-	-	30	15	1
Change from October	-	-	-	-	-	+13	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: U.S. Agency for International Development (USAID) and Departments of Defense and State.

Changes from the October Report: This report maintains the $30 million allocation 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 Juridical Council; and assistance to increase public access to justice and legal assistance. State/Bureau of International Narcotics and Law Enforcement Affairs (INL) has an established Rule of Law Coordinator at the U.S. Embassy/Baghdad to coordinate and develop a comprehensive rule of law strategy based on Iraqi priorities and human rights.

Anticipated Accomplishments Reported in October 2004 Report
• Expansion of programs to promote commercial, legal and educational reform.
• The independence of the judicial system will be strengthened by fostering a more effective, efficient and transparent administration of courts and management of cases with an emphasis on commercial cases; developing legal policy, public information, judicial enforcement, and taxation programs with particular emphasis on the commercial and non-profit sectors; and increasing access to justice and professional legal services for Iraqis.

Accomplishments since the October Report:

USAID

- Conducted a legal framework diagnostic assessment on the status of commercial laws in order to propose recommendations for a first phase legal and policy reform action plan. The recommendations from this assessment are being used to develop the first phase of the legal and policy reform action plan to strengthen the legal and judicial framework for commercial and non-profit sectors.

- Due to the changing enabling environment, undertook a series of assessments to refine and redirect the progression of the activities in this program. This work

included inventory and assessment of the legislative and policy reform framework, the institutional reform of the Ministry of Justice (MoJ) and the court system.

Accomplishments anticipated in the next quarter:

Department of State/INL

- Develop a comprehensive strategy to integrate the anti-corruption and modernization of the entire criminal justice system – integrating policies and procedures of Police, Corrections, and Judiciary, including technological systems and procedures of coordination and communications to maximize effective apprehension, prosecution and detention of offenders and minimize abuse and wasted resources.

- Establish an Iraqi Rule of Law Advisory Committee to identify the Iraqi vision and priorities for justice reform, draft justice sector strategy, and make recommendations to Iraqi government and international community.

USAID

- Assess the MoJ's policy/functional and organizational status and propose first phase recommendations.

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

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

Investigations of Crimes Against Humanity
Project Code: 05000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	75	-	-	-	75	41	1
January 2005	75	-	-	-	75	43	7
Change from October	-	-	-	-	-	+2	+6

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: This report maintains the $75 million allocation to support the Iraqi Special Tribunal (IST), including investigations, evidence handling, forensic support, prosecutorial and judicial support, and infrastructure and security.

Anticipated Accomplishments Reported in October 2004 Report
• The RCLO, using DOD and USAID resources, will continue rehabilitation of the court structures to be used in trial.
• Professional training is planned in London for IST judges and prosecutors.
• The RCLO will continue training and working with Iraqi investigative staff to collect witness statements and evidence from Iraqi victims of regime crimes across Iraq.
• The Tribunal building is scheduled for completion at the end of December.

Accomplishments since the October Report:

USAID/OTI

- Approximately $1.4 million in grants to the IST resulted in:
    - The Secured Evidence Unit's (SEU) completion;
    - The completion and activation of a computerized system and archival method to track and preserve evidence;
    - One-third of 22 tons of documentary evidence for the IST processed;
    - The creation of a secure remote access system for documentary evidence which enables IST judges, investigators and others outside of the SEU to view the evidence;
    - Additional local staff hired to process evidence; and
    - A secure environment for IST investigators and other staff to work and process documentation.

Regime Crimes Liaison Officer (RCLO)

- Using DOD and USAID resources, completed reconstruction of the main tribunal courtroom and 90% of the Phase One rehabilitation of the tribunal courthouse to be used for prosecutions.

- Trained 50 Iraqi Special Tribunal judges and prosecutors in London in October 2004.

- Conducted and completed 2 mass gravesite exhumations in Al Hatra in December 2004.

- Continued training and working with Iraqi investigative staff to collect witness statements and evidence from Iraqi victims of regime crimes across Iraq.

- Conducted the first set of preliminary investigative hearings for two the top twelve High Value Detainees (HVDs), including Ali Hassan al-Majid (Chemical Ali).

Accomplishments anticipated in next quarter:

USAID/OTI

- Continue support for the SEU's information technology requirements, as well as provision of stipends to laborers protecting the documents collected for evidentiary purposes.

- Initiate support for the development of the Forensic Evidence Facility for the IST team.

RCLO

- Complete Phase One of courthouse in January 2005.

- Begin 1 mass gravesite exhumation – 8 other exhumations are needed but current funding will only permit 1.

- Conduct professional legal training for IST judges and prosecutors both in Iraq and abroad.

- Establish an Arabic law library for the IST, consisting of international law cases.

- Continue training and working with Iraqi investigative staff to collect witness statements and evidence from Iraqi victims of regime crimes across Iraq.

- Use USAID funding to provide furnishings for the new IST office space.

Judicial Security and Facilities

Project Code: 09000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	73	60	-	-	133	30	5
January 2005	73	50	-	-	123	43	12
Change from October	-	-10	-	-	-10	+13	+7

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: This report reflects a previously notified $10 million decrease in this allocation from $133 million to $123 million. 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.

The $10 million was re-allocated to the following: $9 million to Demining (P/C 09500) and $1 million to Democracy Building Activities (P/C 06000)

Anticipated Accomplishments Reported in October 2004 Report
• Facilities previously identified to serve as headquarters for the Council of Judges, the Court of Cassation and the Central Criminal Court of Iraq were deemed inappropriate due to ownership problems. A proposed solution was to build two brand new judicial facilities on large tracts of land with guaranteed ownership by the Council of Judges. Construction will begin on these two new judicial facilities.
• Complete security enhancements to the Chief Judge's home, the Central Criminal Court of Iraq, and the Institute of Justice.
• Train an additional 600 private security officers.

Accomplishments since the October Report:

Department of Justice

- Trained a total of 646 Private Security Details (PSDs).

- Continued to provide technical legal assistance and training to Iraqi judges/prosecutors and to liaise with the Central Criminal Court of Iraq (CCCI), Ministry of Justice and Council of Judges. The OPDAT program seeks to improve the proficiency and volume of criminal investigations and prosecutions, increase the skill level of Iraqi judges and prosecutors, and ensure that courts are functioning more fairly and effectively.

- Provided training to 41 judges and prosecutors in Dahuk.

PCO

- Facilities previously identified to serve as the headquarters for the Council of Judges, the Court of Cassation, and the Central Criminal Court of Iraq were deemed inappropriate due to ownership problems. A proposed solution to build two new judicial facilities on large tracts of land, with guaranteed ownership by the Council of Judges, was accepted. Construction is expected to begin on one of the new facilities in the 2nd quarter of FY 2005.

- Completed security enhancements at the Chief Judge's and the Minister of Justice's homes, as well as the Central Criminal Court of Iraq.

- Renovations have begun on the dormitory of the judicial training institute and the Basrah Central Courthouse.

Anticipated accomplishments in the next quarter:

Department of Justice

- Begin security assessments of, as well as provide security enhancement and equipment to, Court facilities outside of the Baghdad area.
- Complete the initial contract for the training of 800 PSD officers begun last quarter.
- Begin a new contract for the training of 798 PSDs starting in February.
- Train an additional 50 judges and prosecutors, as well as 200 judicial investigators.

PCO

- Begin construction on a new courthouse in the Karkh District, Baghdad City. Construction of this facility will utilize local contractors, thereby employing an estimated 400 Iraqis.
- Depending on the security situation, begin renovations at courthouses in Ninawa and Arbil Governorates. Construction of these facilities will utilize local contractors, thereby employing an estimated 300 Iraqis.
- Begin renovations of 2 courthouses in Basrah. Construction of these facilities will utilize local contractors, thereby employing an estimated 200 Iraqis.

Democracy-Building Activities

Project Code: 06000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	541	290	-	-	831	417	81
January 2005	541	291	-	-	832	581	180
Change from October	-	+1	-	-	+1	+164	+99

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased this allocation by $290 million from $541 million to $831 million for democracy building activities.

As previously notified, an additional $1 million was re-allocated from the Judicial Security and Facilities (P/C 09000) program to Democracy Building Activities for Voice for Humanity. The current allocation is $832 million.

Embassy Baghdad's strategy is to support Iraq's efforts to evolve into a nation that holds legitimate and transparent national elections and possesses strong democratic institutions – including an independent national assembly and judiciary, with a respect for human rights and the rule of law.

The activities outlined below are designed to support inclusive and competitive political processes by training political parties and educating Iraqis on election participation. They support greater decentralization of political authority by training local government officials to deliver public services and empowering Iraqis to advocate for services from their local government. Ongoing Rule of Law activities are supporting Iraqi society to participate in and support the drafting of Iraq's new Constitution. Future activities will provide technical and academic expertise to new assembly members once the Transitional National Assembly is elected.

Increased political participation of women is critical to the development of a democratic society in Iraq, and support to women is woven through several of Embassy Baghdad's democracy activities. Many Iraqi women have received specific training on running for election and serving in government. Finally, activities to support the development of a vibrant civil society, buttressed by free and independent media have begun in earnest over the past three months. Activities include training journalists on fair and accurate reporting and establishing partnerships with some of the many new radio networks expanding throughout Iraq.

Embassy Baghdad's activities over the past three months are designed to achieve both immediate reconstruction objectives and longer-term democratic governance goals. They are based on the premise that democratic governance is the best formula for assisting Iraqis in overcoming the legacy of authoritarian rule and addressing schisms (inter-ethnic, inter-religious, secular-religious) in Iraqi society. Achieving democratic governance in Iraq is an ambitious goal. Embassy Baghdad's contractors, grantees, and staff continue to work daily to support Iraq's transition to democratic governance and overcome daily security and logistical challenges. More importantly, the Iraqi people have demonstrated time and again their own commitment to achieving a democratic society. There are 233 political entities and 33 coalitions running in 20 elections. For the National Assembly there are 107 political entities and 9 coalitions on the ballot. The political will exists, and our activities are designed to provide Iraqis the tools and education they need to build a democracy.

Local Governance Program (USAID)

Anticipated Accomplishments Reported in October 2004 Report
• Continue Democracy Dialogue events throughout Iraq with the goal of conducting an additional 5,000 events reaching over 200,000 Iraqis.
• Form the first association for local government officials in Iraq, allowing them to advocate their interests, produce policy papers, and provide professional development training for local officials.
• Provide technical assistance to governors, provincial councils, and ministry departments at the local level on the implementation of the Financial Management Information System and 2005 budget planning and preparation.
• On August 18, the Department of Justice (ICITAP) assigned two trainers to train Commission on Public Integrity (CPI) investigators. Equipment for CPI investigators will be provided by the Department of Justice.

Accomplishments since the October Report:

- Continued Democracy Dialogue events throughout Iraq and conducted over 5,000 events reaching an additional 250,000 Iraqis. The Local Governance Program (LGP) reached a milestone during the quarter by exceeding the 750,000 participant mark for Iraqi citizens attending democracy education events. Since March 2004, LGP democracy facilitators conducted over 30,000 events for an average of nearly 23,000 participants per week.

- Developed and started two decentralization pilot projects with the City of Baghdad and the Ministry of Public Works and Municipalities. The aims of the pilot projects are to demonstrate the process of decentralizing authority and responsibility for the delivery of specific services (water and waste management) to local governments and to explore prospects for the privatization of these services.

- Conducted numerous capacity-building training sessions for local government officials throughout Iraq on such topics as Geographic Information Systems (GIS) software and revenue generation through tax collection and fee assessments. GIS will enable service departments to develop information maps regarding existing infrastructure, service demand, and customer complaints. It will also allow capital investment programs to be implemented more efficiently and assist local government in communicating public service initiatives to citizens in a more transparent manner. LGP training programs for provincial tax offices and members of the Supreme Audit Board enhance the capacity of local governments to generate, manage and oversee revenues vital for decentralized local governments to operate more independently and guard against recentralization.

- Provided technical assistance to governors, provincial councils, and ministry departments at the local level on the implementation of the Financial Management Information System and on 2005/2006 budget planning and preparation.

- Organized and facilitated an “exploration conference” for the formation of an Iraqi Association of Local Governments with participation from the Mayor of Baghdad, Chairman and members of the Baghdad City Council, 14 provincial council chairs,

eight governors, and representatives from the Kurdish north. The conference was the first step toward the formation of an association as it allowed participants to see the value in organizing their collective interests as a bulwark against recentralization and as a practical way forward for decentralization by developing common policy positions and influencing national decision-making by the central ministries and national assembly. A follow-on National Conference of Local Government Officials will serve as the venue for finalizing the necessary steps and timeline towards the formation of the association, including the drafting and adoption of a charter. This "formation" conference, intended to take place during the quarter under review, was postponed to the next quarter due to travel restrictions encountered by local officials.

Accomplishments anticipated in next quarter:

- Facilitate the formation of the first association of local government officials in Iraq by convening a National Conference for Local Government Officials, providing a venue where officials from throughout Iraq can draft and adopt an association charter. The conference will also serve as a first opportunity to discuss collective interests and recent policy initiatives of the central government as well as to identify professional development training needs for local officials.

- Provide technical assistance to the Provincial Councils during their formation following the January elections to ensure a smooth transition from appointed councils to freely elected councils.

- Replicate the decentralization/privatization program in other major cities throughout Iraq, as follow-on to the pilot project in Baghdad.

- Tender $100 million follow-on Local Governance Program through open competition. The follow-on LGP will insure that local administrations continue to be strengthened, thereby contributing to the further stabilization of Iraq leading up to the drafting of a constitution.

Community Action Program (CAP) [USAID]

Anticipated Accomplishments Reported in October 2004 Report
• Complete an additional 200 community-driven projects through newly formed and existing community action groups, including at least 30 cluster project groups that bring disparate communities together to meet shared needs and promote conflict mitigation in the process.
• Completion of the refurbishing of a minimum of 100 schools in the Basrah Governorate.
• Complete an additional 200 community-driven projects in the areas of electricity distribution, water supply and distribution, sewerage services, and roads and bridges with funds apportioned to CAP from the resources allocated to Project Codes 42000, 60000, 62000, and 82000.
• Complete refurbishing 71 schools remaining to be refurbished with funds apportioned to CAP from the resources allocated to the Public Buildings Construction and Repair Project Code, 81000.

Accomplishments since the October Report:

- Completed an additional 232 community-driven projects through newly formed and existing community action groups, including over 30 cluster group projects that bring disparate communities together to meet shared needs and promote conflict mitigation in the process. Projects completed were in the areas of local infrastructure, income generation, social services, education, health, women, youth, and strengthening civil society for a total of 1,579 projects completed thus far under CAP. To date, 2,569 projects have been committed, which generated an additional $10 million in local contributions to CAP projects, for a total of over $40 million.

- Over 150 schools were identified and discussed with the Ministry of Education in the process of determining which 100 schools in Basrah Governorate are most appropriate for rehabilitation with funding for CAP from the Public Buildings Construction and Repair (P/C 81000). Completed rehabilitation of 26 schools in the Basrah Governorate, with 28 under construction, and 31 being tendered. A final 20 schools are pending assessment, of which 15 will be selected. There were significant delays in this activity as a result of a long turnaround time on project approvals from the Ministry of Education.

- Began implementation of community-driven projects in the areas of electricity distribution, water supply and distribution, sewerage services, and roads and bridges with funds apportioned to CAP on September 30, 2004 from resources allocated to P/Cs 42000, 60000, and 82000. Delays in receiving the funding resulted in not meeting the original target of 200 completed projects. Additional funding from P/C 62000 was recently made available. Despite the funding delays and the serious security situation throughout October and November, 20 projects were completed and an additional 103 are under construction.

Accomplishments anticipated in next quarter:

- Complete an additional 250 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.

- Complete 100 projects (within the 250 total projects to be completed) to meet community needs in the areas of roads and bridges, potable water, and electricity corresponding to funding from Project Codes 42000 and 81000 made available to CAP for these small-scale needs identified and prioritized by the communities.

- Complete rehabilitation of an additional 59 schools in the Basrah Governorate and begin construction on the remaining 15 schools to complete this activity.

- Commit all remaining program funds in preparation for CAP's termination. In May 2005, USAID will begin implementation of closeout plans leading to the demobilization of the five implementing partners.

Support to Iraqi Interim and Transitional Government (USAID)

Anticipated Accomplishments Reported in October 2004 Report
• Conduct orientation programs providing basic introductory information to the 108 members of the Iraqi National Council appointed by a national conference in August 2004.
• Assist the Iraqi National Council and the government to prepare a human resource management and staff training plan, including recruitment strategy, in order to develop a staff for the Transitional National Assembly to be elected in January 2005.
• Assist the government in completing a comprehensive review and needs assessment of the design and capacity of key government staff structures, with particular emphasis on the Prime Minister's office and cabinet secretariat.

Accomplishments since the October Report:

- Conducted orientation program for members of the newly seated Iraqi Interim National Council (IINC), the interim legislative body for Iraq. Training sessions organized, in collaboration with the Speaker of the House and his Chief of Staff, included vital topics such as federalism, the role of the legislative bodies, the relationship between the Executive and Legislature in various democratic models, and outreach to constituents. Developed an orientation and training handbook.

- Conducted assessments of further training needs and interests for IINC members and provided advice on coalition building, federalism, and participation of various segments of the population in elections.

- Organized seminars on Budgetary Procedures for the members of the IINC Economy and Finance Committee, as well as members from each of the eleven IINC committees. Produced training materials for the IINC including taped presentations on budgeting for use in future trainings.

- Provided training for IINC's women members with special emphasis on skills most relevant to political and legislative work, while addressing the particular sets of challenges and issues that women may face in a parliamentary environment. Major topics included legislative procedures and the Constitution, organization, outreach and media, good governance and reconciliation. These continuing trainings bring together the collective expertise of various senior women political activists and members of Parliament from Costa Rica, Ireland, Morocco, Slovenia, and Sweden.

- Worked to support the Minister of State for Women's Affairs by facilitating series of meetings with women NGO members to discuss the future Constitution and consulted with Minister of State for Women's Affairs on the creation of a Statistics Unit within her office. Sponsored the Minister's trip to Washington, DC, to facilitate her meetings with NGOs and advocacy groups that concentrate on assisting development of women's initiatives.

- Assisted the IINC to develop a plan to provide technical training to the IINC's staff, as well as to the future staff members (30-33 people) of the post-election Transitional

National Assembly (TNA), covering a spectrum of subjects including basic office skills, accounting, time-management, and planning.

- Worked towards assisting the government in completing a review of the design and capacity of the Prime Minister's office and cabinet secretariat by providing the Prime Minister's department with various models of government structures such as a Privy Council office. Work continues with the Prime Minister's office to identify and tailor a structure to fit the needs of the Iraqi government structure.

- Worked with the IINC on developing a website and transitioning this site to reflect the current Iraqi Interim Government (IIG) and the IINC. In addition, worked towards preparing a library of documents, translated into Arabic and Kurdish, on various facets of legislative work.

- Engaged in an extensive outreach program to key governance partners in order to develop additional activities such as a training program on federalism for the Office of the Prime Minister.

- Prepared a plan, in consultation with Department for International Development (DFID) of the Government of the United Kingdom, to help the Iraqi government establish the Government Communications Directorate (GCD), a mechanism for the various agencies and ministries of the Iraqi government to share information with each other. Established a program to assist the GCD with developing training programs and contracted communications trainers for the GCD staff and for ministries' press and public affairs officers. Additionally, provided public opinion research to the GCD and Prime Minister's Office; established an inter-ministerial communication system; and developed a detailed proposal and approximate budget for government outreach centers.

- Shared public opinion research and providing briefings on polling work is ongoing with government entities such as the Prime Minister's Spokesperson and General Manager of the GCD to keep them abreast of the progress of vital USG assistance to the Iraqi government.

- Conducted multiple focus groups of members of the public on broad spectrum of relevant topics such as the first focus group on the Iraqi's attitudes toward the debt-relief package that the Iraqi Interim Government (IIG) concluded negotiations with the International Monetary Fund (IMF) and the Paris Club this autumn.

- Implemented an extensive program of support and training to develop Iraqi intragovernmental communications and public outreach which included work with the GCD, the International Press Center (IPC), the government's Public Affairs Officer's working group, the Ministry of Defence, the Ministry of Planning, the Ministry of Youth and Sports, the Iraqi National Olympic Committee, and the Ministry of Industry and Minerals.

- Facilitated collection, development and dissemination of policy papers to Iraqi government ministries and legislators. These were specifically aimed at solving problems identified by the Iraqi people in various surveys conducted under this program, such as solutions to health problems in Iraq, reducing discrimination against women in the Iraqi workforce, and improving the quality of Iraqi governance.

- Conducted extensive public opinion polling, held focus groups, and briefed various governmental bodies, including the Ministry of Interior and the Ministry of Health's Inspector General, on the results in order to help them identify and better address solutions to issues vital to their mandates.

- Printed various books, magazines, and other publications in Arabic such as *The Establishment of the Iraqi State* and *A Manual of Democracy* for use by government officials for public policy making.

Accomplishments anticipated in next quarter:

- Conduct skills training sessions for IINC members on media, public speaking, constituent relations, public outreach, consensus building, and public opinion polling.

- Assist the Prime Minister's Office and the Ministry of Finance in developing a communication strategy for presenting the government's debt relief proposal as a major accomplishment that will positively impact the Iraqi economy and the Iraqi people.

- Develop a program and schedule training for the Government Communications Directorate and the Ministry of Justice's press office staff.

Department of State/INL

- Initiate judicial integrity training in Jordan for Iraqi judges.

- United Nations Development Program (UNDP) will open liaison offices in Beirut and Amman, and will be begin working with Arab Center for Rule of Law and Integrity on judicial regional integration project. UNDP will conduct a regional experts workshop in January to develop an action plan and initiate project website.

Electoral Support and Voter Education (USAID)

Anticipated Accomplishments Reported in October 2004 Report
• Launch public service announcements to introduce the Independent Electoral Commission of Iraq (IECI) and to familiarize the Iraqi public with the IECI.
• Support to the IECI and the United Nations to prepare for the January 2005 Transitional National Assembly elections. This support will include: the provision of technical expertise and material assistance to commence with the registration of an estimated 14 million eligible voters throughout Iraq starting in late October; assistance to develop the capacity of the IECI and enable it to set up operations in its central offices as well as 22 governorate offices throughout the country by early October; assist the IECI in the development of the rules and regulations governing the January 2005 elections, including provisions for voter registration, political party and candidate registration, and administration of the polls on election day; and training the IECI, voter registration, and polling station staffs in preparation for the registration and election processes.
• Provide training and technical support to the Coalition of Iraqi Non-Partisan Election Monitors (CINEM) to enable the organization to observe the elections process and provide assessments and recommendations during the run-up to elections in January 2005.
• Provide training to political party members in election observation in preparation for them to observe the elections in January 2005.

Accomplishments since the October Report:

- Supported the Independent Election Commission of Iraq (IECI) and the United Nations' efforts to prepare for the January 2005 election cycle. This support included the development of an operational plan for the implementation of the upcoming election cycles and assistance to the IECI, which enabled it to set up operations in its central offices as well as 22 governorate offices throughout the country, and assisted it in its goal to hire and train 150 officers in IECI headquarters, 650 electoral officers in the Governorates, and 6,000 registration staff.

- Assisted the IECI in the development of 10 electoral regulations including those on the Board of Commissioners Rules of Procedure, Voter Registration, Political Entity Certification, Observers, Political Entity Agents, Exhibition and Challenges, Governorate Council Elections, Electoral Campaign, and Out of Country Registration and Voting.

- Provided additional support to the IECI and UN including provision of technical expertise and material assistance in order to adapt a database to create Iraqi voter registration rolls for the approximately 14 million voters nationwide; printed and distributed voter registration information forms nationwide; procured and shipped 1,000 registration kits; and, developed and launched an IECI nationwide voter education campaign through television, newspaper, radio, and posters.

- Supported the IECI operationally to conduct a massive, nationwide exercise to verify and correct the voter registration roll, as well as register and certify political party entities and candidates for the upcoming January election.

- Launched the Coalition of Iraqi Non-Partisan Election Monitors (CINEM) that will observe the elections process and provide assessments and recommendations during the run-up to the elections. By mid-December, over 1,200 Iraqi election monitor

trainers will be trained who will, in turn, train over 5,500 NGOs in preparation for them to observe the elections in January 2005.

- Inaugurated the Iraqi Voter Outreach Training and Education coalition that supports Iraqi civil society organizations in designing and conducting countrywide domestic voter education campaigns through national media coverage and grassroots activism. By the end of December, multiple education campaigns will have been conducted through television, newspapers, radio, newsletters, posters and brochures with partners such as women's coalitions, cleric's associations, student organizations and other civil society organizations. Through this network, hundreds of thousands of election education materials were distributed including 500,000 copies of Baghdad student-created brochures on the IECI's role, how to register, political entities, the Transitional National Assembly, and what voters will be voting on. Additionally, printed and distributed 6,000 copies of books containing the electoral framework and election regulations as well as 250,000 copies of a Q&A pamphlet created in conjunction with the IECI.

Accomplishments anticipated in next quarter:

- Provide network infrastructure to support IECI and its governorate offices.

- Support the IECI with conducting election-day polling activities.

- Train 8,000-12,000 domestic election monitors who will participate in election day monitoring of polling.

- Conduct a nationwide Get-out-the-Vote campaign.

<u>Civil Society and Media Program (USAID)</u>

Anticipated Accomplishments Reported in October 2004 Report
• Establish five Civil Society Resource Centers throughout Iraq to provide training, technical assistance, and grant support to Iraqi civil society organizations. Particular emphasis will be on women's groups, anti-corruption NGOs, independent media, and civic education. • Establish Iraqi advisory councils for each of the five Civil Society Centers, and a sustainability plan that seeks other resources for the support of the centers, and ultimately transfers control of the Centers to five boards of directors.

Accomplishments since the October Report:

- Established a Civil Society Resource Center in Arbil to provide training, technical assistance, and grant support to Iraqi civil society organizations. Particular emphasis is on women's groups, anti-corruption NGOs, independent media, and civic education.

- The anticipated accomplishments defined in the October report were not met in full due to security constraints. A revised Implementation Plan was adopted to reflect changes in the security environment.

Accomplishments anticipated in next quarter:

- Establish additional Civil Society Resource Centers in Basrah and Baghdad.

- Provide $2 million in small grants to civil society organizations to support activities that increase civic activism and promote the role of civil society organizations in advocacy and policy-making at all levels of government.

- Provide $300,000 in small grants to media organizations to support information production (such as investigative reporting) and to strengthen institutional capacity.

- Establish Iraqi advisory councils for each of the Civil Society Centers, and assist them in drafting a sustainability plan that seeks other resources for the support of the centers, and ultimately transfers control of the Centers to boards of directors.

Transition Initiatives (USAID/OTI)

Anticipated Accomplishments Reported in October 2004 Report
• Continue to provide short-term employment opportunities to an average of 40,000 Iraqis per month.
• Continue support to nongovernmental organizations working to promote peace, democratic values, and civic participation.
• Increase issuance of high-impact grants to communities in conflict-prone areas, including Najaf and others in South-Central Iraq.

Accomplishments since the October Report:

- Continued support of short-term employment generation activities in priority locations including Baghdad, North Babil, and Najaf. During the quarter, a daily average of 28,000 Iraqis were employed by USAID/OTI-funded projects. Typical short-term employment activities included trash pick-up, surface sewage removal, and irrigation canal clean-ups. USAID/OTI expanded its short-term employment efforts beyond Baghdad, initiating projects in Kirkuk, Tikrit, and other Iraqi villages along the Iranian border.

- Continued support to nongovernmental organizations (NGOs) working to promote peace, democratic values, and civic participation. USAID/OTI issued 66 grants valued at $1.6 million to civil society organizations. Highlighted activities include a grant to establish a newsletter for NGOs, a grant to assist a child welfare society in northern Iraq, a grant to promote an anti-violence, anti-terrorism campaign, as well as support for the establishment of a database of NGOs for the Mosul NGO Resource Center. Additional USAID/OTI grants of significant interest include support for a Tribal Leaders regional conference promoting inter-tribe cooperation, a cultural festival for Baghdad youth, and equipment provision to an NGO working to promote public participation by Internally Displaced Persons. The NGO is working to help Internally Displaced Persons (IDPs) organize themselves so that they can better advocate for their needs with local authorities and get needed essential services.

- Developed a rapid, flexible, political transition strategy to assist in the stabilization of Najaf in the aftermath of the clash between the Al Mahdi and Coalition Forces. USAID/OTI cleared 35 grants totaling $5 million that created short-term employment projects in strategically targeted neighborhoods and rehabilitated school and health clinics.

- Initiated six grants valued at $400,000 following the Coalition Forces' military operations in Tal Afar – one of the grants funded the procurement of essential furniture and equipment to the Municipality Directorate and renovation of the Tal Afar Fire Station. In addition, USAID/OTI grants are rehabilitating municipal pump stations that will increase the capacity of the water network by 10-15% to the city and rural areas. These projects allow government officials to demonstrate positive, tangible changes and increased employment opportunities, thus restoring trust and hope to a community prone to insurgency.

- Programmed approximately $700,000 for five projects in support of recent Coalition Forces' efforts in Samarra. These funds are used to improve community infrastructure and respond to the priorities of the Samarra City Council. These projects include: rehabilitation of two primary health clinics, rehabilitation of the Samarra Veterinary Hospital, improvements to the Samarra Museum, and provision of Internet and computers for the Samarra Courthouse. In addition to these 5 projects, work was restarted on four school rehabilitation projects (totaling $82,700) that started during the summer of 2004, but were suspended for several weeks due to the recent security situation.

Accomplishments anticipated in next quarter:

- Support the Fallujah post-battle reconstruction response with grants targeted at addressing critical needs. Anticipated activities include short-term employment projects, including rubble removal, trash pickups, and surface sewage removal; rehabilitation of schools, youth centers and health clinics; rehabilitation of small-scale infrastructure, such as local government offices; citizen engagement/civic pride-building activities such as soccer tournaments and community beautification; and civil society organization support projects.

- Increase the number and scope of short-term employment generation activities and expand to other areas of Iraq, including Basrah, Mosul, and Al-Anbar governorate.

- Increase reconstruction support to strategic cities such as Baqubah, Ramadi, and Nasiriyah pending security conditions.

- Continue to support local Iraqi nongovernmental organizations that promote peace, democratic values, and civic participation.

Women's Democracy Initiatives (Department of State – DRL & G/IWI):

Anticipated Accomplishments Reported in October 2004 Report
• Encourage active support of Iraqi women's participation in the emerging democratic political arena and boost the number of credible and effective women leaders in political parties, electoral processes, and civil society.
• Support political party training.
• Provide assistance to begin grassroots advocacy for building an inclusive democracy.
• Establish media centers and train women for jobs in the media. Provide outlets and media access with a focus on women's political rights.

Accomplishments since the October Report:

- Held a three-day seminar for women Iraqi Interim National Council (IINC) members from December 2nd through 4th in Amman, Jordan. Conducted Women's Candidate Training, in Sulaymaniyah, on December 13 and 14 to service the three main political parties in the region.

- Conducted political party training in Basrah from December 20-24,with one of the four women candidates. Also, candidate training will be held from December 7th to January 7th -- each party participating will be required to have at least 5 women (out of 15) in attendance.

- Conducted orientation programs on elections and the participation of women in government in eight villages selected to date – with approximately 20 women per village. Discussions included information on upcoming programs.

- Organized voter registration drives; assisted women in getting on their party's list; and met with village council members, schools and others to describe the electoral process.

- Collected materials for a virtual and an on-the-ground Human Rights Resource Center. Among the comprehensive materials, in Arabic and English, are the constitutions of all Middle East countries; the rights of women according to these constitutions; all relevant Islamic texts pertaining to rights of women in Islam, etc.

- A memorandum of understanding between a grantee and a local Baghdad radio station was signed, and two female broadcasters from that station will attend training course in New York. These broadcasters co-produce and run a women's show that airs two hours daily. An experienced radio trainer has been identified to work exclusively with the Baghdad station.

Anticipated accomplishments in the next quarter:

- Five women have been identified to participate in a broadcasting course in New York, in January 2005.

- Will hold women's leadership training in Sulaymaniyah and in Basrah, scheduled for early January.

- Will hold the Women's Leadership Conference in March in Amman, Jordan.

The National Endowment for Democracy (NED)

The NED continued providing grants to foster civic participation in the political process, promote political party development and coalition building, and build the capacity of NGOs. Included in this is support to the National Democratic Institute (NDI) and the International Republican Institute (IRI). Specifically, NED:

Anticipated Accomplishments Reported in October 2004 Report
• Support the capacity of nascent human rights, women's and grassroots political NGOs in Iraq, including provision of courses for Iraqi human rights activists and NGOs. • Promote dialogue about, and understanding of Iraq's past among Iraqi students, educators, and decision makers, as a step toward fostering a democratic culture in Iraq based on recognition of inalienable rights, civil liberties, and dignity. The Iraq Memory Foundation (IMF) will redesign and expand its web-based human rights memorial to the victims of the Ba'ath regime and electronic library in Arabic. The web site will serve as an educational tool to stimulate discussion and serious reconsideration among Iraqis of their nation's past, by offering electronic access to the Foundation's archive collection and eyewitness testimony.

Accomplishments since the October Report:

- Supported the capacity of nascent human rights, women's, and grassroots political NGOs in Iraq, including provision of courses for Iraqi human rights activists and NGOs.

- Promoted dialogue about, and understanding of Iraq's past among Iraqi students, educators, and decision makers, as a step toward fostering a democratic culture in Iraq based on recognition of inalienable rights, civil liberties, and dignity. The Iraq Memory Foundation (IMF) will redesign and expand its web-based human rights memorial to the victims of the Ba'ath regime and electronic library in Arabic. The website will serve as an educational tool to stimulate discussion and serious reconsideration among Iraqis of their nation's past, by offering electronic access to the Foundation's archive collection and eyewitness testimony.

- Held a series of large Civil Society and Political Party conferences, gathering hundreds of delegates to facilitate essential communication, information sharing, and coordination among Iraq's principal actors in preparation for the upcoming elections. In October**,** the Independent Electoral Commission of Iraq (IECI) was invited to make its first public appearance at one of these conferences in Baghdad in order to address a large audience of political party representatives and engage in a constructive questions and answers session which resulted in correcting misconceptions regarding the actual registration process and electoral rules and requirements.

- Conducted multiple training sessions and workshops reaching over 200 political parties and hundreds of individuals on topics such as campaign planning, voter

communications, the elections process, message development, organizing party events, writing press releases, conducting television interviews, and holding press conferences.

- Developed individual campaign training for over three dozen major political parties focusing on step-by-step research, goal-setting, and targeting techniques in political party campaigns, which will allow parties to make better use of their limited resources while building on the long-term support of sections of the population that most closely identifies with their party's message and overall identity. Conducted strategic planning sessions for these parties to prepare party leadership to design a campaign plan based on core goal setting research.

- Devoted substantial strategic support efforts to women candidates' training covering a detailed overview of voter targeting and contact strategies through the Women's Political Participation program. Conducted candidate-training workshops for over 130 prospective women candidates. As a result of participating in these trainings, women participants developed a strategy to ensure that a committee was developed in their party structure to consider women candidates and position women in leadership roles within the committee structure.

- As part of its commitment to assist civil society organizations from all parts of the country, including the most unstable regions, conducted workshops for nearly 50 civil society organizations from southern Iraq on NGO basic functions and structures, coalition building and advocacy planning. Enrolled over 20 new civil society organizations in a 10-step NGO capacity and skill building training program to build capacity among NGOs, in general, as well as to build capacity of a number of groups to participate in the domestic election-monitoring coalition. Facilitated weekly NGO league meetings to foster the exchange of ideas and information on how to address common challenges.

Anticipated accomplishments in the next quarter:

- Provide intensified, targeted candidate training for those on the candidate list of political parties who have formally registered with the IECI. The training focus will include public speaking, conflict resolution, and crisis management, with a special emphasis on training women candidates.

- Conduct intensive media training, including provision of access to broadcast quality audio and video production equipment to small and medium political parties so they can develop television, radio, and newsprint advertising at the resource center.

- Increase activities designed to support nascent civil society organizations in the new resource center in the northern Iraq, and begin activities with a new resource center in south central Iraq.

The National Democratic Institute (NDI):

Anticipated Accomplishments Reported in October 2004 Report
NONE REPORTED

Accomplishments since the October Report:

- Facilitated coalition building among the many political parties by bringing together a wide spectrum of parties among Iraq's fragmented and multiple political landscapes to help them recognize the benefits of identifying viable and long-term coalition partners with compatible priority-issues and political leanings. NDI's Election and Coalition Building Conference brought together some 47 political parties seeking to gain a greater understanding of the mechanisms and implications of the upcoming January elections. Developed a guide to coalition building in Iraq as a tool to present the political considerations of coalition building to parties as they consider joining.

- Continued publication and expanded distribution of NDI's Political Party Newsletter to 25 additional parties who have joined its political party network of nearly 200 parties. The newsletter, distributed in both Arabic and Kurdish, educates network members on critical election processes such as IECI deadlines and regulations, mechanisms and benefits of coalition building, and upcoming training events and available materials.

- Hosted national conference for the official announcement and disbursement of NDI's first wave of NGO micro grants. The micro grants, which benefited 76 members from 38 different NGOs from across the country, are designed to financially assist organizations with capacity building, putting into practical use new found skills relating to organizational development, project planning, coalition building, grant writing, and donor relations. In conjunction with the micro grants, the recipients received training in accounting and financial procedures in order to increase their capacity to manage grants for future projects and from other donors. Many of the NGOs who receive grants will become members of the election monitoring coalition.

Anticipated accomplishments in the next quarter:

- Continue to encourage active support of Iraqi citizen participation in the emerging democratic process.

- Continue to encourage and help facilitate the increase of credible and effective leaders in political parties, electoral processes, and civil society.

- Continue to conduct outreach with political parties, social opinion leaders, and the public to increase support for women's involvement in the political, electoral, constitutional, and public policy processes developing in Iraq.

- Continue to encourage and help facilitate the implementation of a democracy education and awareness component.

The International Republican Institute (IRI):

Anticipated Accomplishments Reported in October 2004 Report
• Campaign Training: An intensified schedule of party training seminars, emphasizing campaign skills, for the January 2005 Transitional National Assembly elections. Plans are to hold a multi-day conference every two months, with a goal of having more than 100 attendees representing 50 or more parties participating in each.
• Coalition Building: In addition to traditional campaign skills (field organization, communications, fundraising, voter contact, research, etc.), IRI will dedicate significant efforts to helping lay the groundwork for establishing coalitions among like-minded or otherwise compatible political parties, movements or groups. Given the shifting conditions in Iraq, determining the number of solidly viable coalitions possible could be 3 to 5.
• Polling/Focus Groups: IRI will continue to conduct polls and focus groups.
• Resource Centers: IRI will continue to establish and operate its resource centers.
• Post Election Assessment, Strategy Planning: Immediately following the election, IRI will actively encourage parties to conduct their own assessments of their respective electoral performances- guided by IRI's own exit polls, focus groups and other research- to reinforce the message that politics do not begin and end with elections alone.

Accomplishments since the October Report:

- Conducted intensified schedule of party training seminars, emphasizing campaign skills, for the January 2005 Transitional National Assembly elections. IRI held a multi-day conference. Noting a lack of information regarding the structure of the 2005 elections among Iraqi political party leaders, IRI has also concentrated on communicating the requirements and details of the January elections.

- Dedicated significant efforts to helping lay the groundwork for establishing coalitions among like-minded or otherwise compatible political parties, movements, or groups – in addition to traditional campaign skills (field organization, communications, fundraising, voter contact, research, etc.).

- Continued to conduct polls and focus groups, with three focus groups undertaken per week depending on political developments, and published its latest national poll in October 2004. All public opinion research is used to adapt IRI programs to the current social and political environment, to educate Iraqi political parties, civil society groups, and government officials about public policy issues.

- Continued to establish and operate its resource centers. Three are now operating in Dahuk, Arbil, and Hillah. IRI expects to open the fourth center in Kut.

- Continued to work with the Iraqi Foundation for Development and Democracy (IFDD) as the indigenous Iraqi organization has continued its work to build alliances among tribal leaders, religious clerics, and the wider movement to representative government. IFDD is currently beginning work to publish the *Iraqi File*, a periodical that will discuss the upcoming elections and transition to democracy, issues relating to such a transition, and which will be a forum for expressing differing ideas and

opinions relating to this transition. In addition, IFDD continues to attract notoriety as its Executive Director, Dr. Ghassan Atiyyah, speaks to citizens via the media regarding the importance of the January 2005 elections.

- In an unprecedented door-to-door campaign, a coalition of women's groups brought together by IRI visited homes in more than ten cities and collected over 16,000 signatures for its campaign for peace entitled "Stop the Violence!" With their message denouncing violence, they took the results of their effort public in an August press conference widely covered by Iraqi media. In response to their demand for improved border security, they were granted a meeting with Iraqi Minister of Defence Hazem Sha'alan and with President Ghazi Al-Yawar, who promised to continue to make the matter a priority. After witnessing the multiplying effect of working together, the coalition has begun the process of registering as an NGO and setting up a permanent management structure.

- Hosted a meeting for 22 student leaders from universities in six cities: Baghdad, Mustansariyah, Basrah, Sulaymaniyah, Babil, and Kufa. In a two-day session, students were trained in the basics of civil society activism, organizational development, campaign management, and grassroots movements. The student leaders also used the opportunity to begin formalizing their network by drafting a founding document and planning projects to address issues like basic voter education and youth unemployment – the founding document is available upon request. The group also began planning a follow-up meeting to include more students from other universities around the country.

- Funded a delegation of ten Iraqi political leaders to observe the parliamentary elections in Lithuania on October 10, 2004. The delegates found motivation in the fact that a nation with a tradition of authoritarian rule and relatively elementary democracy can succeed peacefully and efficiently throughout the democratic process. The group met with His Excellency Valdas Adamkus, President of the Republic of Lithuania. President Adamkus pledged strong support for continuing Lithuanian aid to the security and democratic transition in Iraq. The group also met extensively with other political party leaders to get a first hand look at campaign, party agent, and coalition building activities. The delegates also met with officials from the National Electoral Commission to learn about electoral and political party laws and procedures. To conclude the trip, the delegates met with US Ambassador Stephen Mull along with several other ambassadors and Lithuanian officials at a farewell breakfast. Together with a Czech partner organization, the Center for the Study of Democracy and Culture, IRI brought a delegation of 11 Iraqi political party representatives to observe regional and senatorial Czech elections. The delegates met candidates and observed campaign techniques first hand, as well as receiving lectures from prominent Czech professors on the transition from authoritarian to democratic political regimes. In addition, IRI partner organization The Pontis Foundation has prepared to bring 5 young Iraqi leaders to Bratislava from late November to late December for internships in Slovak government ministries and NGOs.

Anticipated accomplishments in the next quarter:

- Political entities, ranging from official parties and civic groups to individuals will now have a space to broadcast campaign advertisements over television and radio. IRI will provide a state-of-the-art building that will be accessible for all pro-democracy groups. In addition to equipment, the Center will provide consultants and production technicians that can advise the political leaders on party and coalition building as well as how to conduct a successful media campaign promotion. Eventually, the Center will be run by an all-Iraqi media campaign team; this will accomplish IRI's goal of establishing a Media Center owned and operated by Iraqi nationals.

- Immediately following the election, IRI will actively encourage parties to conduct their own assessments of their respective electoral performances guided by IRI's own exit polls, focus groups and other research to reinforce the message that politics do not begin and end with elections alone.

United States Institute of Peace (USIP)

Project Code: 07000

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

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: This report maintains the $10 million allocation for the U.S. Institute of Peace.

Anticipated Accomplishments Reported in October 2004 Report
• Conduct two conflict management trainings in Iraq: one inter-group dialogue workshop and one advanced facilitator training.
• Continue to support the inter-religious work of the Iraq Institute of Peace (a USIP partner).
• Facilitate dialogue between Iraqis and counterparts in neighboring countries aimed at reducing the likelihood of sectarian violence.
• Provide international expertise in the design of the Iraqi Special Tribunal's procedures and prosecution strategy, complementing Justice Department efforts.
• Assist Iraqis in designing, and partially fund implementation of, a transparent constitution-making process, ensuring broad national dialogue and civil society engagement.
• Transfer training of national security officials to Iraq (including the SENSE simulation), with increased emphasis on women, military, and police commanders.
• Begin to fund centers at five universities devoted to developing research and practice in conflict resolution, inter-religious and

inter-ethnic dialogue.

- Continue funding 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.

- Continue to build an "alumni" network that includes USIP trainees, grantees, contractors, fellows and others who have participated in USIP programs to provide a network of mutually supportive cadre of Iraqis with demonstrated commitment to peace and stability.

Accomplishments since the October Report:

- In December, conducted two conflict management trainings in Iraq: one core inter-group dialogue workshop and one advanced facilitator training. The advanced training is provided to an ethnically and religiously diverse group of Iraqis who have been through the standard training in core conflict management skills and who are prepared to take an active role in facilitating inter-ethnic dialogue and preventing sectarian violence in their own communities. USIP trainees are being encouraged to join in conflict mitigation efforts associated with the election campaign and the January 30th elections.

- Provided $160,000 to support the inter-religious work of the Iraq Institute of Peace, including working groups on human rights and religious tolerance; women, religion and democracy; inter-religious dialogue; and youth and media, as well as a half-day interfaith workshop session at the recent National Human Rights Conference.

- Facilitated dialogue between Iraqis and counterparts in neighboring countries aimed at reducing the likelihood of sectarian violence. USIP has commissioned analytical papers on the neighboring countries, their objectives in Iraq and their relations with the U.S. In November, USIP held an off-the-record briefing for U.S. Government officials, regional experts, and the press in preparation for the Sharm El Sheikh conference. These papers will be published with recommendations for how the U.S. should gain enhanced cooperation from the neighbors during the next quarter.

- Continued to assist Iraqis in designing a transparent constitution-making process, ensuring broad national dialogue and civil society engagement. Efforts included preparations for an international conference planned for January for key Iraqi actors in this field, so that the post-election National Assembly will be immediately able to begin dialogue with civil society. Efforts also include identification of/coordination with Iraqi civil society groups with ongoing activities related to the constitution-making process.

- Made preparations to transfer training of national security officials to Iraq (including the SENSE—Strategic Economic Needs and Security Exercise—simulation). Released job announcement for SENSE manager and identified potential institutional base for the training.

- Began development of university center initiative devoted to developing research and practice in conflict resolution, inter-religious and inter-ethnic dialogue. Held a conference for a small group of university faculty to begin this initiative.

- Continued funding 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. Five new grantees launched their programs during this period.

- Held the first in a series of roundtables for Iraqi intellectuals to brief international officials on critical issues in Iraqi politics. This first roundtable focused on the goals and influence of the Shia opposition movement.

- Expanded development of the "alumni" network that includes USIP trainees, grantees, contractors, fellows, and others who have participated in USIP programs to provide a network of mutually supportive cadre of Iraqis with demonstrated commitment to peace and stability.

Accomplishments anticipated in the next quarter:

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

- Transfer training of national security officials to Iraq (including the SENSE simulation), with increased emphasis on women and police commanders.

- Support the inter-religious work of the Iraq Institute of Peace, helping it to expand its network of religious leaders and to employ that network in support of a variety of conflict management and inter-faith dialogue activities, including elections-related conflict management.

- Facilitate dialogue between Iraqis and counterparts in neighboring countries aimed at reducing the likelihood of sectarian violence.

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

- Assist Iraqis in designing, and partially fund implementation of, a transparent constitution-making process, ensuring broad national dialogue and civil society engagement. Hold international conference for representatives of Iraqi government and civil society involved in the constitution-making process.

- Establish 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.

- Hold next sessions in series of roundtable briefings by Iraqi intellectuals to international officials on critical issues in Iraqi politics.

SECTOR: Electrical

Current Status and Issues Being Managed

- Projects were re-aligned to reflect the impacts of the reduced funding in August 2004, rapidly growing demand, and an increasingly hostile working environment to maintain best possible outcomes within the electricity system.

- Longer range transmission and distribution projects were reprogrammed to support an IRMO/MNF-I Four Cities Post-Battle Reconstruction initiative to restore or initiate residential electricity services and stabilize transmission/distribution to areas that had none or had suffered significant damage due to extended combat operations. The efforts in Fallujah, Najaf, Sadr City, and Samarra are part of a $246 million initiative to provide immediate and visible essential services as well as "hope providing" projects in these cities. These projects were identified from lists of unfunded requirements submitted by the MNF-I Major Subordinate Commanders assigned to these cities.

- IRMO/PCO initiated a “Rapid Recovery Program” with the Ministry of Electricity to stabilize a generation crisis created by a combination of insurgent activity against key infrastructure, rapidly growing consumer demand due to low or negligible tariffs, generation project delays, and high levels of planned and unplanned outages. The goal is to increase generation so that Iraqis have more hours of available power prior to the January 30th elections as compared to the average during this reporting period, when power supplies were low due to fall maintenance, and unscheduled maintenance, and fuel shortages resulting from the insurgency. Key elements of the initiative are to (1) complete GRD projects (under IRRF funding) that were turned over to the Ministry incomplete due to insufficient funds and cost overruns; (2) initiate an operations & maintenance program (including spare parts rationalization) in order to minimize the frequency of unplanned outages; and (3) develop an integrated “emergency reaction” program to rapidly and effectively respond to infrastructure attacks prior to and following the January 30th elections. Due to interdictions at various pipelines, supplies of reserves are at all time lows. The Embassy, MNF-I, Iraq’s Deputy Prime Minister and Minister of Electricity are working jointly to address the fuels shortage resulting from pipeline interdictions and intimidation campaigns and to ensure the necessary fuel inventories are stocked by mid-January 2005.

- Generation: Current system output is below projections due to the impact of planned and unplanned outages on an already delayed scheduled maintenance and upgrade program. Delays to the scheduled work were caused by Ramadan overlapping

normal maintenance scheduling, as well as by intimidation campaigns that slowed deliveries and forced workers off-site. Insurgent interdictions of fuel pipelines have directly and negatively impacted the hours of electricity availability to Iraqis.

- Construction has started at Khor Al Zubayr near Basrah. Engineering work is starting with equipment now on-site and being inventoried. The Ministry of Electricity and contractors are working to add this project's 246 MW capacity to the grid for the summer peak.

- Northern Generating Station (near Kirkuk) was tasked and studies are underway to determine the best location with respect to gas fuel availability.

- IRMO, with the Ministry of Electricity, is actively studying regional infrastructure, economic, and security conditions to prioritize projects to bring generation online as quickly and economically as possible.

- Transmission: Three projects are in construction this quarter:

  - Al Ameen 400kV Substation Rehabilitation

  - Baghdad West 400kV Substation Rehabilitation

  - Washash 132kV Substation Rehabilitation

- Distribution Projects: 36 projects started construction in 1st Quarter of FY 2005.

- Local Distribution Projects: 4 projects were completed and construction has started on 6 additional projects. Another 22 projects were awarded in the 1st Quarter of FY 2005 and are currently awaiting mobilization. An additional 16 are in solicitation by local contractors.

- Control and protection: Assessment is underway to determine the detailed scope of work required. The requirement for communications will now be met by the Consolidated Fiber Network (P/C 76500) project under the management of IRMO/USAID/Bechtel. Detailed requirements of the communications project are being communicated to IRMO.

- IRMO/PCO continues to support capacity building at the Ministry of Electricity through partnerships with Ministry officials at all levels. In particular, the Ministry was assisted through:

  - More comprehensive specifications for simple cycle, combined cycle and steam power stations

  - Improvement of its Quality Assurance Specifications.

- The upgrading of system planning capabilities using the inventory control and asset management software.

Status of the Ministry and Program Management Strategies Going Forward

- IRMO/PCO/USAID developed program management strategies to support the Ministry in the following key areas:

  - Enhancing management focus on operation and maintenance
  - Building capacity for commercialization to ensure movement towards financial sustainability
  - Building capacity for strategic planning and development
  - Establishing broad energy policy to develop the sector for the greatest economic good
  - Generating revenue for a sustainable Iraqi electricity system
  - Ensuring system control, protection, and communications for system stability.

- Initiatives currently 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.

Generation

Project Code: 40000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	1,870	-160	-	-	1,710	1,206	207
January 2005	1,870	-202	-	-	1,668	1,571	366
Change from October	-	-42	-	-	-42	+365	+159

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Generation by $160 million from $2,756 million to $1,710 million.

As previously notified, an additional $42 million was re-allocated from this project for Distribution Network Infrastructure (P/C 42000) to support electrical distribution in Sadr City as part of the $246 million post-battle reconstruction initiative. The current allocation is $1,668 million.

Anticipated Accomplishments Reported in October 2004 Report
• Reach total generation of 120,000 MW hours/day.

- Bring approximately 340 MW of new generation capacity on-line by November 2004.
- Continue construction of a large-scale fuel and generation project in Diyala Governorate, which will add 230 MW in electricity generating capacity by December 2005.
- Continue a maintenance and training program at thermal and combustion turbine power plants to help increase plant reliability in order to add 200 MW of power to the grid. The aim is to create a core group of trainers within the Ministry of Electricity who can utilize their expertise to train an additional 10,000 staff.

Accomplishments since the October Report:

PCO

- Issued a limited Not to Exceed (NTE) contract to conduct gas availability studies for the Northern Area New Gas Generation project. This project proposes to install two GE gas-fired Frame Nine turbine generator units, contributing 246 MW in electricity generating capacity.

- Initiated an investment analysis of alternative generation facilities to be constructed with the remaining program generation funds. The focus is on alternatives that add the most value and can be completed quickly. To this end, PCO is reviewing DFI projects that were substantially completed but stopped due to budgetary constraints.

- Started construction of the Khor Al Zubayr New Generation Project, which will add 246 MW in electricity capacity. PCO is determining if the schedule can be expedited to provide operation by the summer 2005 peak season.

- First-fired Bayji Gas Power Plant turbine Unit 3 (140 MW). Commissioning is ongoing for Unit 3 and construction work continues on Unit 4. The project will add 280 MW in generation capacity to the Iraqi grid. However, fuel availability for both units and work delays due to security threats continue to be issues that hinder productivity.

USAID

- Restored an additional 100 MW of generation on Unit 2 at Mussayib through repair of the Unit 2B's Forced Draft Fan.

- Despite the hostile security environment, delivered one (of two) new Combustion Gas Turbine (CGT) generators, totaling 108 MW, to Baghdad South power plant. Projected commission of the first unit is March 2005.

- Committed to long lead-time equipment purchases for new fuel and generation project in Diyala Governorate, which will add 240 MW in generating capacity by December 2005.

- Continued maintenance and training program at thermal and combustion turbine power plants to increase reliability and add 200 MW of power to the grid through

improved efficiencies. The program's aim is to train a 238-member core group from the Ministry of Electricity who will in turn train an additional 10,000 staff. The capacity building should promote much-needed improvements in plant maintenance practices.

Accomplishments anticipated in the next quarter:

PCO

- As part of an MoE & IRMO emergency response effort designed to restore and stabilize electricity services that have been under-delivering after suffering from a decade of neglect and disrepair and are suffering under the weight of insurgency attacks, procure emergency spare parts ($35 million) and dedicate world class engineering services from GE & Fluor-Amec to initiate emergency repair and maintenance programs ($50 million).

- Complete the gas and site studies for Northern Area New Gas Generation project, and determine the appropriate course of action in collaboration with the MoE.

- Finalize the contractual negotiations with the Khor Al Zubayr New Generation Project contractor and continue with the construction activities.

- Complete major construction work on Bayji Gas Power Plant Units 3 and 4 and continue the commissioning of the units. Assess the financial situation and work with the GRD to identify possible recovery actions to mitigate the delays due to the security situation. In collaboration with IRMO and the MoE, decide a course of action to resolve fuel supply issues.

USAID

- Add 208 MW of additional and restored capacity to the grid through the commissioning of a new 108 MW CGT generator at Baghdad South power plant and the restoring of 100 MW through rehabilitation activities at Mussayib power plant.

- Prepare an additional 108 MW of new CGT generator capacity at Baghdad South.

- Complete turbine/generator and controls system restoration of 320 MW of existing generation at the Doura plant. Provide technical assistance to the Ministry for the balance of plant equipment to complete the plant rehabilitation.

- Train 100 (of 238) Ministry of Electricity personnel as part of the Operations and Maintenance program.

- Complete drilling, site preparation, and procurement of all gas processing and turbine generating equipment for the new fuel and generation project at Mansuria (Diyala Governorate).

Transmission
Project Code: 41000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	783	710	-	-	1,493	308	77
January 2005	783	[-96]*	517	-	1,300	580	144
Change from October	-	-710	+517	-	-193	+272	+67

NOTE: Obligation and Outlay Data is current as of December 29, 2004.
* -- $96 million in unapportioned Transmission funds were re-allocated to Network Distribution Infrastructure (P/C 42000).

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID

Changes from October report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Transmission from $1,522 million to $1,493 million.

As previously notified, an additional $96 million was re-allocated from this project for Distribution Network Infrastructure (P/C 42000) to support electrical distribution in Fallujah, Najaf, and Sadr City as part of the $246 million post-battle reconstruction initiative.

A further $96 million will be re-allocated from Transmission (P/C 41000) to Distribution Network Infrastructure (P/C 42000) to fund distribution projects in Anbar and Tameem governorates and in addition, complete funding in Najaf and Basrah to ensure completion and utilization of substation work currently in the program.

The current allocation is $1,300 million.

Anticipated Accomplishments Reported in October 2004 Report
• Start reconstruction on the Baghdad West, Washash, Taji, Dibis-Old Kirkuk, and Agarguf projects.
• Start reconstruction of the 400 kV al Rasheed Substation.
• Completion of the Al Ameen Substation and Transmission Line projects.
• Complete design and start the rebuild of the Haditha – Al Qaim 400 kV line.
• Buzurgan – Old Amara 132 kV line – Final inspections, commissioning and handover, followed by SCADA installation and testing in the New Amara control building.
• Work will continue to reconstruct the damaged transmission network, and expand it as required to accommodate new generation projects.

Accomplishments since the October Report:

- Continued to reconstruct the damaged transmission network and expand it as required to accommodate new generation projects.

- Completed construction, final inspections, commissioning and handover of the Dibis – Old Kirkuk 132 kV Overhead Line (OHL) project.

- Completed the final inspections, commissioning, and handover of the Buzurgan – Old Amara 132 kV line. Conducted final inspections, commissioning and handover, followed by SCADA installation and testing in the New Amara control building.

- Completed the construction and started the commissioning of the 400 kV Al Ameen substation.

- Definitized the task order Baghdad West Substations and started the construction of 2 of 3 projects: Washash and Baghdad West substation.

- Definitized the contracts for the following task orders:

    - Haditha - Qaim 400 kV Overhead Line (OHL).
    - Bayji – Haditha 400 kV rehabilitation, Phase I, Engineering and Procurement. Design work is in progress.
    - Baghdad East 400 kV substation

- Completed the project assessment and estimate for the 400 kV Rasheed substation rehabilitation and definitized the contract.

- Completed the assessments and estimates for the Basrah 132 kV substations CPS 1-10 and the 132 kV Anbar substation project.

- Commenced the assessment of the Basrah Regional Pilot Wire project and the Jameela to Farabi to Muthanna 132 kV substation.

- Completed the program contracting and financing, project site assessments and estimates for the 400 kV Qurna substation rehabilitation and 400 kV OHL from Hartha to Khor.

- Completed the project assessments and estimates for the Umm Qasar 132 kV substation and the Baghdad 400 kV substation extensions (North, South, East, and West).

- Started the program contracting and financing for the following task orders: the Mosul - Arbil –Tameen 400 kV OHL; the new Rasheed – Baghdad No. 2 400 kV OHL; the Hamreen/ Algataer 132 kV substation extensions; the Yousifiyah/ Rasheed 400 kV OHL; the 132 kV Qurna substation; and the Jameela – Farabi – Muthanna 132 kV substation; the Kirkuk – Diyala – Himreen 132 kV and 400 kV OHL; and the Kalar – Tuz -/Arbil 132 kV OHL.

Accomplishments anticipated in the next quarter:

- Initiate transmission stabilization program in Samarra as part of the $246 million post-battle reconstruction initiative.

- Complete the commissioning and handover of the Al Ameen 400kV substation.

- Begin construction of the following projects: Haditha - Qaim 400kV OHL; Basrah 132 kV substations CPS 2, 3, and 4; Hartha to Khor No. 2 400 kV OHL, the Basrah Regional Pilot Wire; the Al Qaim 400 kV substation rehabilitation and 132 kV pumping station; the Taji 132 kV substation rehabilitation; the new Aqra 132 kV substation; the Baghdad East 400 kV substation rehabilitation, the Akarkuf 132 kV substation rehabilitation, the Umm Qasar 132 kV substation, and the Jameela-Farabi-Muthanna 132 kV substation; and the Baghdad North – Jameela – Salah Al Din 132 kV OHL.

- Definitize Phase II of the Bayji-Haditha 400 kV rehabilitation project.

- Start the assessments for the Mosul 400 kV substation rehabilitation and the new Arbil 400 kV substation.

- Start the program contracting and financing of the following task orders: Khor, Qadisiya and Nasiriyah substations; Khor - Nasiriyah - Qadisiya No. 2 400 kV OHL; Babil - Karbala 132 kV OHL rehabilitation; Hillah South - Hashemiya 1&2 132 kV OHL rehabilitation; and the Qurna 132 kV substation rehabilitation.

Distribution Network Infrastructure

Project Code: 42000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	987	-	-	-	987	407	5
January 2005	987	170	96	-	1,254	507	24
Change from October	-	+170	+96	-	+257	+100	+19

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from October report: This report reflects the following:

- A previously notified $170 million increase in this allocation to support electrical distribution in Fallujah, Najaf, and Sadr City as part of the $246 million post-battle

reconstruction initiative. The $170 million was re-allocated from: Electrical Generation (P/C 40000) -- $42 million; Electrical Transmission (P/C 41000) -- $96 million; and Nationwide Hospital and Clinic Improvements (P/C 90000) -- $32 million.

- A$96 million increase in this allocation from Transmission (P/C 41000) to fund distribution projects in Anbar and Tameem governorates and in addition, complete funding in Najaf and Basrah to ensure completion and utilization of substation work currently in the program.

The current allocation is $1,254 million.

PCO is identifying projects for execution through the Ministry of Electricity with the intent to contract through a cooperative agreement. This will require obligation and subsequent disbursement of funds by PCO. Funds will be obligated when the project execution procedures are reviewed (prior to January 31, 2005).

Anticipated Accomplishments Reported in October 2004 Report
• Begin initial estimate for the Babylon Distribution Network.
• Expand Rapid Construction Initiative to all Governorates of Iraq. Construction will start on 40 percent of these projects.
• Enable construction starts in the governorates of Diyala, Wasit, Dahuk, Arbil, Ninawa, and Basrah.
• Begin project assessments in the governorates of Salah Ad Din, Tamim, and Anbar.
• Upgrade and/or build 37 distribution substations in Baghdad, restoring the segment of the distribution network lost through deterioration, lack of maintenance, and over-use in load shedding activities.
• The $5 million provided under this project code for the USAID-managed Community Action Program will be used to finance community-level electricity distribution systems identified by community groups as urgent priorities. Those priorities will be agreed upon during this quarter.

Accomplishments since the October Report:

PCO

- Completed the construction of the following Baghdad 33 and 11 kV feeder projects: Ghazali – Momhandseen; Ghazali Feeder; Farabi – Sibaq; Iskan Al Dora substation; and Al Jihad substation. Local Iraqi companies constructed these projects under the supervision of the 1st Cavalry.

- Started and advanced the construction of the following Baghdad 33 and 11 kV feeder projects: Muthanna – Thaurad; Debaga substation; Bab Al Sharki; Royal Cemetery; Rashdiya; Khanzad substation; Khoshnaw substation; Zanko substation; Ar Rahman Mosque; and the Al Dora District. Local Iraqi companies constructed these projects under the supervision of the 1st Cavalry.

- Completed the project assessments and estimates, definitized the contract, and started the construction of the following Babylon Distribution Network projects: Al Talayee substation; Mahaweel Old Network rehabilitation; al Askary New Residential Area;

al Mashroa District New Residential Area; Al Noor New Residential Area; al Wardia substation; and the New Karama substation.

- Started construction on the following Basrah Distribution Network projects: Al Hakimia substation rehabilitation; Al Seraji substation (Al Hartha); Shatt Al Arab substation; Al Hamdan Secondary substation; and the Al Kafaat substation.

- Started construction on the following Diyala Distribution Network projects: 30 July substation; Al Nay substation; Al Sadeyah substation; and the Buhriz substation.

- Started construction on the following Wasit Distribution Network projects: Ahrar substation; Al Ezah substation; Al Dalmig substation; Al Karamah substation; Al Muwafaqiyah substation; Sheikh Saad substation; Wasit 33 kV OHL; and the Al Zubaidya switchgear.

- Started the construction of the following Arbil Distribution Network projects: Debaga substation; Khanzad substation; Khoshnaw substation; and the Zanko substation.

- Definitized the contract for the Dahuk Distribution and the Ninawa Distribution Networks.

- Awarded contracts to local Iraqi companies for the construction of the following: the al Jihad Muhammad Rasoul Allah Mosque 11 kV feeder project; the Big Washash – Small Washash 33 kV replacement; and the Yarmouk – Ma'amoon 33 kV replacement.

- Completed the project site assessments and estimates for the following networks: Najaf Distribution Network, Thi Qar Distribution Network, Salah Al Din Distribution Network, Sulaymaniyah Distribution Network, and the Tameem Distribution Network.

USAID

- Commenced construction and reconstruction of 20 of the projected 37 distribution substations in the Baghdad Amanat, restoring distribution network segments lost through deterioration, lack of maintenance, and over-use in load shedding activities. These projects aim to bring additional power to impoverished areas of the city by summer 2005.

- Provided $5 million for the USAID-managed Community Action Program (CAP) to finance community-level electricity distribution systems identified by community groups as urgent priorities. Five projects were completed and 16 projects are currently under construction with five more projects being tendered. For example, two of the completed projects installed a transformer, wires, and fittings, completed a redistribution of the electricity network, and installed lighting for two villages in the

Al-Hindiyah district of Karbala. These projects cost $81,556 and generated $5,289 from the community in contributions to the work.

Accomplishments anticipated in the next quarter:

PCO

- Start construction on over 60 projects next quarter, which will not only improve power system stability, but also contribute to job creation in Iraq.

- Initiate electrical distribution projects in Fallujah, Najaf, and Sadr City as part of the $246 million post-battle reconstruction initiative.

- Complete construction of local Baghdad feeder projects: Al Dora District, Royal Cemetery, Rashdiya, Muthanna-Thaura, Ghazalia 33 kV, Al Rahman Mosque, Bab Al Sharki; and the Saba Al Bor

- Definitize the contract for the Thi Qar distribution Network and start construction of the Al Aslah and the Al Fayhaa substations projects

- Definitize the contract for the Najaf Distribution Network and start construction of the Al Jamiaa and the Al Mutanabi substations projects.

- Start construction of the Anbar Distribution Network projects: Al Saqlawiya substation; Al Baghdad substation; Al Ameriya substation; Al Romana substation; and the Anbar 33 kV OHL.

- Start construction of the Diyala Distribution Network projects: Al Abara, Al Kanaan, and the Al Mansouriyah substation.

- Start construction of the Babylon Distribution Network project: Babylon substation assessment and spare parts.

- Start construction of the Ninawa Distribution Network projects: Al Khazer substation; Bab Al Top substation; the Karama substation 33 kV feeder; and the Bab Al Tob substation 33 kV feeder.

- Definitize the contract for the Salah Al Din Distribution Network and start construction of the Al Dijail Al Qadeema substation project.

- Definitize the contract for the Sulaymaniyah Distribution Network and start construction of the Aghjalar new substation project.

- Definitize the contract for the Tameen Distribution Network and start construction of the Al Haweja substation project.

- Start construction of the local distribution feeder projects in the Central Governorates: Awaireej substation 33 kV feeders; Big Washash/Small Washash 33 kV feeders; Al Escanderea District New Residential Area; Mahalla 829 New Network; Mahalla 820 New Network; Kaleeg to Riyadh 33 kV feeders; Oprea to Sandoon 33 kV feeders; Refeed Al-Saha Apartment Complex; Mahalla 835 New Network; Big Washash to Sana'a 33 kV feeders; Talaea to Kalood 33 kV feeders; Talaea to Shuda 33 kV feeders; and the Mahalla 220 Low Voltage Distribution Network. Local Iraqi companies will construct these projects under the supervision of the 1st Cavalry.

- Start construction of the local distribution feeder projects in the Southern Governorates: Al Shuhada Sectoral/Al Hussainea New Residential Areas; Al Askary Sector New Residential Area; Al Kheer Substation; Bab Al Khan Rehabilitation; Al Sanaia Substation; Al Ziute Substation; Plastic Substation; Al Majed Substation; and the al Asre Quarter Network Rehabilitation. Local Iraqi companies will construct these projects under to-be-arranged supervision.

- Start construction of the local distribution feeder projects in the Northern Governorates: Al Dawasa Network Replacement; Al Asri Network Replacement; Bab al Tob Substation 11 kV Feeder; Dakok Distribution Network Rehabilitation; Karama Substation Feeder 11 kV; Al Saadiay Sector New Network; Southern Muthanna 11 kV feeders; Dooz Sis feeders; Bayji Network Rehabilitation; Talaea to Kalood 33 kV feeders; Baqubah District New Network; and the Diyala 33 kV OHL. Local Iraqi companies will construct these projects under to-be-arranged supervision..

- Start construction of the local distribution projects in the Baghdad Governorate: Saba Al Bor and Grette feeders. Local Iraqi companies will construct these projects under the supervision of the 1st Cavalry.

- Start construction of the Arbil Distribution Network projects: Azadi - Zanko substation feeders; Azadi substation - Debaga Area feeders; and the North Arbil substation - Khanzad Area feeders

USAID

- Commence construction/reconstruction of the remaining 17 of a total of 37 distribution substations in the Baghdad Amanat.

- Provide 250 km of 33 kV underground distribution cable for the 1st Cavalry and installation of feeders to supply the new Baghdad substations.

- Complete 20 small-scale electricity distribution systems projects at the community level through the USAID's CAP. The projects currently underway include the installation of electrical distribution transformers, electric wires, fittings, and cables accompanied by redistribution of the electricity network to five villages in rural Hillah. There are also 3 projects that will improve the electricity network in rural Wasit governorate around Badra and Al Kut.

Automated Monitoring and Control System
Project Code: 43000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	150	-40	-	-	110	-	-
January 2005	150	-53	-	-	97	66	2
Change from October	-	-13	-	-	-13	+66	+2

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: The Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Automated Monitoring and Control System from $150 million to $110 million.

As previously notified, an additional $13 million was re-allocated from this project for the Consolidated Fiber Network (P/C 075000), leaving a new project total of $97 million.

Anticipated Accomplishments Reported in October 2004 Report
• Issue solicitation for upgrade and extension of Baghdad control system, which will allow more control over load shedding in and around Baghdad.
• Initiate design of Control and Communications system.
• Coordinate with UNDP National Dispatch Center Project.

Accomplishments since the October Report:

- Received proposals for upgrading and extending the Baghdad control system. Once in place, the improved system will allow greater responsiveness to electricity demand fluctuations in the Baghdad region.

- Initiated the site assessment surveys for the countrywide Control and Communication system. Employing approximately 650 Iraqis, three local contractors are conducting surveys.

- Coordinated efforts with similar United Nations Development Program (UNDP) projects related to the establishment of system control and a National Dispatch Center project. The National Dispatch center will serve as the hub for monitoring and control of the national power system.

Accomplishments anticipated in the next quarter:

- Complete the site assessment reports, estimates, and 30% of the design for the monitoring and control system.

Security
Project Code: 45000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	50	-	-	-	50	50	11
January 2005	50	-	-	-	50	48	18
Change from October	-	-	-	-	-	-2	+7

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes since the October Report: This report maintains the $50 million allocation to convert the Electrical Power Security Service (EPSS) into a capable and self-sustaining security force.

Anticipated Accomplishments Reported in October 2004 Report
• Commence training and equipping the EPSS on September 18, 2004. DOD will train and equip 600 EPSS personnel by the end of October (increasing to 2,000 by the end of 2004 and 6,000 in two years) to patrol worksites, power plants, transmission lines, the MoE and principals. This was not completed last quarter due to closing of the post to Iraqi workers by the Taji Coalition Forces garrison commander for a total of fourteen days due to credible security threats.

Accomplishments since the October Report:

- Commenced training and equipping the Electrical Power Security Service (EPSS) at Camp Cooke in Taji. The contractor, Arctic Slope Airfield and Range Services (ASARA), is expected to train 275 EPSS by the end of December 2004. A total of 337 EPSS guards are either in training or will have been trained by the end of 2004 to patrol worksites, power plants, transmission lines, the Ministry of Electricity and ministry principals.

- Ordered 8 new SAMA CH2000 security aircraft from Jordan and took receipt of 2 aircraft. 8 pilots completed Aircraft Qualification Course Training.

- Conducted Maintenance Technician Training of 5 aircraft maintenance technicians.

Accomplishments anticipated in the next quarter:

- Continue the training and equipping of new EPSS recruits.

- Receive delivery of the 6 remaining security aircraft. Train the remaining 8 pilots in the Aircraft Qualification Course.

- Train the remaining 5 aircraft maintenance technicians as part of the Maintenance Technician Training.

SECTOR: Oil Infrastructure

Infrastructure
Project Code: 50000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	1,200	450	-	-	1,650	621	36
January 2005	1,200	450	-	-	1,650	926	103
Change from October	-	-	-	-	-	+305	+67

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and the U.S. Army Corps of Engineers.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for oil infrastructure construction projects from $1,200 million to $1,650 million. This report maintains that allocation.

The number and locations of pipelines sabotaged, combined with an inability to secure some strategic pipelines, has resulted in a significant decrease in the levels of production and exports throughout the 1st Quarter of FY 2005. Exports from the north were halted for an extended period of time, and decreases in production in the south have also continued. Furthermore, production and distribution capabilities in Baghdad became critical during the months of November and December 2004 due to the effectiveness of attacks on the oil infrastructure, including many strategic pipelines. As one element of a more comprehensive infrastructure security effort, $50 million in IRRF is identified for expenditure on security and repair projects.

Production levels for the period October 1 - December 31, 2004 have averaged 2,176,000 barrels per day (BPD), while exports have dropped to an average of 1,546,000 BPD.

Anticipated Accomplishments Reported in October 2004 Report
• Work to start on North Oil Company gas-oil separation plants (GOSPs). The Bai Hassan North degassing plant was designed for a throughput of 100,000 barrels per day (BPD) and is currently processing only 30,000 BPD. Likewise, current production for the Bai Hassan South plant is 45,000 BPD, compared with a design capacity of 100,000 BPD. Work on these two GOSPs will bring back the production rates to the desired levels. • Invest $450 million in additional project funding, to be reprogrammed from the Emergency Supplies of Refined Petroleum, project code 51000. o $150 million will be utilized to expand Kirkuk production and exportation, including the Al Fathah pipeline crossing; a new 40" pipeline from Kirkuk to Al-Fathah; and refurbishment of GOSPs, and wet crude facilities. o Approximately $100 million will be utilized to support Rumaila crude oil production and exports, including water flooding facilities, and restoration of field GOSPs. o Approximately $195 million will be invested in helping to restore existing oil infrastructure required, *inter alia*, to help render the new production and export capacity described above feasible. o Finally, approximately $5 million will fund a National Energy Strategy Study, including oil, natural gas, electricity and water, to enable the IIG to integrate these sectors, improve efficiencies and raise them to world-class standards for the people of Iraq.

Accomplishments since the October Report:

- The North Oil Company's Saralu gas oil separation plant (GOSP) was repaired and commissioned at the end of September 2004, adding about 95,000 barrels per day (BPD) to the production capacity of the Kirkuk field.

- Work started on the Bai Hassan North and South GOSPs, each designed for a throughput of 100,000 barrels per day, but currently processing only 30,000 BPD and 45,000 BPD respectively, due to current operating limitations. When work is completed on the two GOSPs in March 2005 (South) and July 2005 (North), production rates should increase to the desired levels of 100,000 BPD.

- Work at Qarmat Ali water treatment plant, started under the 2003 Restore Iraqi Oil (RIO) program, was commissioned in September 2004, at 75% of the rated plant capacity. The 8 water injection pump stations are being completed, and 6 have already been commissioned. These facilities are essential for the pressure maintenance program of the North Rumaila and South Rumaila oilfields, which produce half of Iraq's oil. Water injection will maintain reservoir pressure and high oil production rates, and prolong the life of the oilfields. However, the degraded state and repeated breaks of the water pipeline from the plant to the pump stations have delayed the testing and commissioning operations, and hampered the attainment of full benefit from the system. Testing and repairing the pipeline will form the first phase of the upcoming project to reach full capacity (called 110%) of the system.

- Work has begun on replacing the Al Fathah pipe crossing. A geological survey is underway to assess soil conditions in the riverbed and to assess the optimum way for the pipes to cross the river. Seasonal river flooding will likely cause delays in the completion of the required geotechnical studies.

- The total value of vehicles and heavy equipment purchases has been reduced from $323 million to $206 million, as $117 million has been transferred from Non-Construction to Construction projects. This was made necessary because of the unusually high overheads and indirect costs of the design-build contractors due to additional security requirements and management difficulties.

- The Oil Exploration Company has used $3.8 million to fund a database system for geological and geophysical interpretation and training. This project was awarded to WWNS/Schlumberger.

- The Emergency Response Pipeline Repair Organization (ERPRO) has continued to repair sabotaged pipelines at the request of the Ministry.

Accomplishments anticipated in the next quarter:

- All projects will be definitized for scope, cost and schedule.

- Construction will begin on 16 projects totaling $77 million. These include:
  - 3 LPG related projects
  - 4 Gas Oil Separation Plants (GOSPs)
  - 2 Well Workover projects
  - 3 Power related projects
  - 3 Refined products distribution projects
  - 1 Pumping station project

- An additional 5 projects, totaling $24 million, are scheduled for completion between now and March 31, 2005.

Emergency Supplies of Refined Petroleum Products

Project Code: 51000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	501	-450	-	-	51	53	7
January 2005	501	-450	-	-	51	51	4
Change from October	-	-	-	-	-	-2	-3

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Defense Energy Support Center (DESC). On April 1, 2004, DESC assumed the emergency supply of refined petroleum mission from the U.S. Army Corps of Engineers.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for

Emergency Supplies of Refined Petroleum Products from $501 million to $51 million. Monies were no longer required to purchase refined products because they could be more productively utilized towards production, transmission, and exportation of energy resources (petroleum and refined products are used to fuel electrical generation plants).

Anticipated Accomplishments Reported in October 2004 Report
NONE REPORTED

Accomplishments since the October Report:

- Nothing further in this project code as funds were reallocated elsewhere.

Accomplishments anticipated in the next quarter:

- Nothing further in this project code as funds were reallocated elsewhere.

SECTOR: Water Resources and Sanitation

The Water Resources and Sanitation sector continues to work with key stakeholders, including the Ministries of Water Resources, Municipalities and Public Works, and the Environment, as well as the Mayoralty of Baghdad to address the effects of the $1.9 billion funding reduction – a result of the IRRF Strategic Review Reallocation Plan. This collaborative effort has led to the introduction and implementation of the following initiatives:

- Project Prioritization: With key input and concurrence from the Ministries, project evaluation criteria have been established to re-balance priorities and obligations. Project prioritization will be defined by balancing local needs, the executability of the project, regional balance, and local employment concerns.

- Small Scalable Projects: A national small potable water projects program is being developed to advance the delivery of clean drinking water throughout the country. The program's implementation is expected to bring immediate improvements to the lives of the Iraqi people, while employing large numbers of local workers at the same time.

- Capacity-Building Initiatives: To ensure proper operation, maintenance and the sustainability of the country's water resource and sanitation systems, the Ministries of Water Resources and Municipalities and Public Works are being actively engaged at the institutional level, as well as at the project level. In addition, the initiative furthers operation and maintenance training at Ministry-identified plants across the country.

- Standard Designs with Open Competitive Procurement: Funds made available in the 4th Quarter of FY 2004 are being used to develop a standard set of designs for small- to medium-sized water treatment plants (1,000 to 4,000 cubic meters per hour

capacity) contracts. This will result in technical and cost efficiencies, significant capacity development benefits for the Ministries, and direct work for Iraqi design and construction firms. Funds made available in FY 2005 monies will be used to fund the construction of up to 8 water treatment plants using the standard design and competitive bidding process.

- Repackaging Projects for International Donor Assistance: Projects that are integral to restoring and developing Iraq's limited water resources and have potential appeal to international donors are being identified and repackaged in an effort to obtain additional funding resources.

The implementation of these initiatives will foster an environment where the Ministries are actively engaged in the effort to restore and develop the country's limited water resources, as well as its sewerage system. The stability and sustainability of IRRF-funded construction and relief efforts are key to Iraq's economic and political growth and stability. It is imperative that we continue to work closely with the Iraqi government so not only will the addressing of immediate and long-term economic, public health and safety concerns be ensured, but so that the smooth transition and sustainability of these programs to the Iraqi Government will be ensured as well.

$15 million in potable water projects and $15 million in water conservation projects were redirected 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 the wear and tear of combat operations for an extended period of time.

$32 million from Potable Water (P/C 60000) was re-allocated to support Distribution Network Infrastructure (P/C 42000) projects in Sadr City.

PUBLIC WORKS PROJECTS

Potable Water

Project Code: 60000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	891	678	-	-	1,569	452	8
January 2005	891	-32	741	-	1,600	562	21
Change from October	-	-710	+741	-	+31	+110	+13

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Potable Water Projects from $2,773 million to $1,569 million.

As previously notified, an additional $32 million was re-allocated from this project for Distribution Network Infrastructure (P/C 42000) to support electrical distribution in Sadr City as part of the $246 post-battle reconstruction initiative. This action left Potable Water with a funding level of $1,537 million.

This report re-allocates $63 million from Sewerage (P/C 62000) to Potable Water, thereby increasing Potable Water's total allocation to $1,600 million. This fund reallocation corresponds to a Ministry of Municipalities and Public Works (MMPW) shift in emphasis from sewerage to potable water.

Anticipated Accomplishments Reported in October 2004 Report
• Construction of rural water systems will be underway in 50 percent of the identified rural villages with populations less than 5,000 people.
• Twenty-six of nearly 80 major water supply projects for urban/suburban areas will be underway.
• USAID will commence work on CAP potable water projects.

Accomplishments since the October Report:

PCO

- As a result of the Department of State's Strategic IRRF Reallocation Plan and subsequent reprogramming by the PCO Water Sector, in consultation with the Ministry of Municipalities and Public Works, the PCO portion of the Potable Water sub-sector code 60000 now consists of: (1) 20 task orders for 25 large water infrastructure projects, (2) two task orders for small scaleable water network rehabilitation projects throughout Iraq that will include approximately 186 individual projects, and (3) 2 task orders for Capacity Building efforts and development of standard designs for water treatment plants. Construction has commenced on a total of 19 of these projects, 4 large water infrastructure and 15 small scaleable water network rehabilitation projects.

- Completed development of the standard design program, which will create standard designs for water treatment plants that can be used by the Ministries for future projects. The standard designs will be implemented on three water treatment plant projects.

- Under the MMPW Potable Water Systems Rehabilitation program, 50 small water network repair projects were contracted directly to local Iraqi contractors. These small water networks are spread throughout all of Iraq and include the priorities of the Ministry, U.S. Military Commanders and local Iraqi authorities.

- Initiated repair and rehabilitation efforts at 2 existing Baghdad water treatment plants

USAID

- Initiated well construction at 43 of the planned 150 rural water systems for identified rural villages with populations less than 5,000 people.

- Completed both the site clearing and geotechnical analysis and commenced construction on December 15th of the Sadr (R3) City Water Treatment Plant, intended to serve more than 1.2 million residents of this Baghdad neighborhood.

- Completed the reconstruction of 23 kilometers of a planned 74 kilometers of Baghdad water distribution mains. The initial beneficiaries are 2 million Sadr City residents.

- USAID began work on small-scale potable water projects at the community level funded through its Community Action Program (CAP). Funding was provided through CAP to ensure community involvement and representation of community priorities throughout implementation. Twelve projects were completed, 42 projects are under construction with an additional 48 projects being tendered. One of the completed projects established a water system in Sinjar (Ninawa) by connecting pipes from the village well to establish a local water network for $14,821. Another project installed 1,250 meters of potable water network to Hay al Sikak in Hillah district for $10,500 with $3,811 contributed by the community. There were also four projects completed to improve the local water supply in Basrah and Muthanna governorate for $137,176 with $23,720 in local contributions.

Accomplishments anticipated in next quarter:

PCO

- Complete an additional 100 small water network repair projects throughout Iraq under the MMPW Potable Water Systems Rehabilitation program.

- Begin capacity development activities to provide additional operations and maintenance training at the plant and Governorate level, as well as institutional development at the Ministerial level, to ensure the sustainability of the reconstruction effort.

- Initiate critically needed upgrades to the Fallujah, Najaf, and Samarra water systems as part of the $246 million post-battle reconstruction initiative.

USAID

- Commence construction at another 50 (of 150 total) sites of rural water systems nationwide.

- Complete 60 small-scale potable water projects at the community level through the USAID Community Action Program (CAP). Some of the projects currently underway include establishing two small water plants in Nasiriyah for $103,372 with $33,957 in local contributions. Thirteen ongoing projects are constructing 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. These projects total just over $1 million with the local community contributing $167,000.

Water Conservation
Project Code: 61000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	31	-	-	-	31	9	2
January 2005	31	-	-	-	31	22	1
Change from October	-	-	-	-	-	+13	-1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

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

Anticipated Accomplishments Reported in October 2004 Report
• Shift efforts toward significant rehabilitation of existing water facilities, replacing existing compact units with more sustainable concrete-built water treatment plant, a targeted program of leakage reduction through labor-based pipe replacement, and support for key institutional development in terms of management of systems. These programs will be awarded in smaller contracts to facilitate rapid local contracting thereby reducing security concerns, cutting costs, and making immediate visible impact on employment. This will be undertaken in close cooperation with MPW and Coalition Forces.

Accomplishments since the October Report:

- Water conservation efforts have shifted to the repair of existing water facilities and to the implementation of a stability program of job creation through labor-intensive pipe repair/replacement.

- The capacity development program was developed with a task order and contract modification being initiated for working with the Ministry of Municipalities and Public Works to develop a facilities operation and maintenance education system and for developing the Ministry's utility management system. The program will include development for sustained public education in water conservation as well as water system repair training/education and development of management systems that will conserve water.

- Developed a meaningful water network repair program that enhances the sustainability of water network systems throughout Iraq. The program will facilitate the creation of thousands of jobs and provide tools, equipment, facilities and training. The model was piloted in the city of Hillah and will be extended to up to 16 other cities.

A**ccomplishments anticipated in next quarter:**

- Continue pursuit of small water conservation projects for the repair of existing water facilities, and job creation.

- The water network repair program will continue, with construction and training starting in Dahuk, Arbil, Kirkuk, Samarra, Baqubah, Fallujah, Karbala, Kut, Diwaniyah, Najaf, Nasiriyah, Amara, Samawah, Sulaymaniyah, Mosul, Hillah and Basrah to develop the local water agencies' ability to detect and repair water network leaks. This effort will include providing the required equipment, tools, technologies, and facilities, as well pertinent training.

- Initiate critically needed upgrades to the water systems in Fallujah, Najaf, and Samarra as part of the $246 million post-battle reconstruction initiative.

- Initiate capacity building program including measures for improving water conservation through maintenance and repair, public education and development of management systems.

Sewerage
Project Code: 62000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	205	94	-	-	299	162	4
January 2005	205	+7	2	-	214	165	3
Change from October	-	-87	+2	-	-85	+3	-1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Sewerage Projects from $663 million to $299 million.

This report decreases the allocation by $85 million for a new total of $214 million. This corresponds to a Ministry of Municipalities and Public Works shift in emphasis from

sewerage to potable water as it re-allocates $63 million to Potable Water (P/C 60000). It also results in a more equitable balance of the IRRF reallocations between the Ministry of Municipalities and Public Works and the Ministry of Water Resources by reallocating $20 million to Major Irrigation Projects (P/C 66000) and $2 million to Irrigation and Drainage (P/C 65000).

Anticipated Accomplishments Reported in October 2004 Report
• Initiate the design and construction of the Baghdad Dora trunk sewer, pump station and force main.
• The Kadhamiya and Mosul sewer systems will be repaired. Work on the Kadhamiya Sewer system was only recently begun, with an intended completion date of June 2005. The projected completion date of the Mosul sewer remedial work is November 2004.
• Complete work at two major Baghdad wastewater treatment plants, which will treat water for 1 million people in the region.
• Complete work at Baghdad's North and South Rustimiyah wastewater treatment plants, which will treat wastewater in eastern Baghdad for 1 million people.
• The $7.5 million provided under this funding category for the USAID-managed Community Action Program will be used to finance sewerage systems community groups identify as urgent priorities. Those priorities will be agreed upon during this quarter.

Accomplishments since the October Report:

PCO

- Commenced the design of the Fallujah Sewage treatment plant and network collection system. This system will serve 183,000 residents of Fallujah and be a vital part of the reconstruction of the city.

- Commenced construction of the Basrah sewer rehabilitation program, with the hospital diversion line. The rehabilitation program is intended to increase system capacity for sewage treatment by 15,000 cubic meters per day, which will service 200,000 persons.

- With the commencement of the Fallujah and Basra sewer programs, all projects in this sub-sector have been initiated.

USAID

- Redesigned and reinitiated construction on the Kadhamiya Sewer system in the Baghdad Mayoralty with an expected completion date of August 2005, a recent change from the June 2005 scheduled completion owing to materiel delivery delays.

- Completed design and commenced construction of the Zafraniyah Sewage Trunk Line, serving approximately 2 million residents of Baghdad.

- The $7.5 million of the USAID-managed Community Action Program was to be used to finance sewerage systems community groups identify as urgent priorities. Projects have been identified by the communities and will be ready to begin as soon as funding is made available. These projects include the following: rehabilitation of the sewage system and installation of a water network at Babil University in Hillah;

rehabilitation of the sewerage treatment plant and four pump stations in the Karadah District of Baghdad; and, cleaning out sewerage canals in the Al-Jamhoriya neighborhood of Basrah.

Accomplishments anticipated in next quarter:

PCO

- Commence work on an expedited basis on the Fallujah sewer system and plant.
- Continue construction work on the Basrah sewer rehabilitation system.

USAID

- Commence construction at the Karbala Wastewater Treatment Plant, to finish the partially completed plant that provides primary sewage treatment to approximately 30% of Karbala's 550,000 inhabitants.
- At least 20 CAP-funded community sewerage projects will be able to start within 30 days.

Other Solid Waste Management
Project Code: 63000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	21	-	-	-	21	20	-
January 2005	21	-	-	-	21	21	-
Change from October	-	-	-	-	-	+1	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID.

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

Anticipated Accomplishments Reported in October 2004 Report
• Begin construction for the Baghdad landfill project at newly-agreed upon site.

Accomplishments since the October Report:

- Relocated the Baghdad landfill site after the Kan Bani Saad site proved to be untenable to the Baghdad Amanat. Although the new site is not 100% cleared through the

Ministries and the Baghdad Amanat, adequate permission was secured to begin geotechnical investigations in preparation for construction commencement.

Accomplishments anticipated in next quarter:

- Secure final release of the land for the new Baghdad Landfill site and commence actual construction by January 2005.

- Begin receipt of operating equipment and store in a secure location until it can be turned over to the Amanat with the completed landfill.

WATER RESOURCES PROJECTS

Pumping Stations and Generators
Project Code: 64000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	157	-33	-	-	124	55	3
January 2005	157	-33	-1	-	123	80	3
Change from October	-	-	-1	-	-1	+25	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Pumping Stations and Generators from $157 million to $124 million.

This report re-allocates $1 million from Pumping Stations and Generators (P/C 64000) to Irrigation and Drainage (P/C 65000) in order to aid in restoring the remaining single project in that sub-sector to its original value. The current allocation is now $123 million.

Anticipated Accomplishments Reported in October 2004 Report
• Continue construction work initiated in FY 2004. The pumping station projects will be completed in series between November 2005 and February 2005.
• Commence construction on Nasiriyah Drainage Pumping Station, which will be completed in December 2005, providing sufficient pumping capacity to adequately reduce and maintain the water level in the Main Outfall Drain in Nasiriyah.

Accomplishments since the October Report:

PCO

- Continued construction work on the Karbala and Mandilee pump stations, with an expected completion date of March 2005. These stations will provide irrigation for over 113,000 hectares of land.

- Initiated the design phase of the Nasiriyah pump station, with construction expected to begin by March 2005 and construction completed by December 2005. The Nasiriyah pump station is the main station for the Main Drain and will provide drainage for over 50,000 hectares of land.

- With the commencement of Karbala, Mandilee and Nasiriyah pump stations, all projects in this sub-sector have been initiated.

USAID

- Initiated the rehabilitation of three irrigation pumping stations in Wadha that will supply over 50 million gallons per hour to the agricultural sector.

- Initiated rehabilitation of the Old Keish Drainage pumping station, which will increase drainage capacity by approximately 11 million gallons per hour when completed.

Accomplishments anticipated in next quarter:

PCO

- Complete rehabilitation of the Karbala Irrigation pumping station in Karbala.

- Complete rehabilitation of the Mandilee pump station which supplies water to the Cities of Mandilee and Qazanyah. Commence construction of 17 km in new pipeline.

USAID

- Initiate rehabilitation of two irrigation pump stations. Irrigation pumping stations (along with the Old Keish drainage pumping station started in December 2004) were selected from the original list of seven in this project due to a combination of funding constraints and an effort to comply with the Ministry of Water Resources directions and needs. These two pumping stations will increase irrigation capacity by approximately 25 million gallons per hour.

Irrigation and Drainage
Project Code: 65000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	7	28	-	-	35	-	-
January 2005	7	-	31	-	38	5	-
Change from October	-	-28	+31	-	+3	+5	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Irrigation and Drainage systems from $125 million to $35 million.

This report re-allocates $3 million to Irrigation and Drainage (P/C 65000); these funds will restore the remaining single project in this sub-sector to its original value. $1 million is being re-allocated from Pumping Stations and Generators (P/C 64000) and $2 million from Sewerage (P/C 62000). The current allocation for Irrigation and Drainage is now $38 million.

Anticipated Accomplishments Reported in October 2004 Report
• In addition to the initial project design, commence construction on Kut-Betara Reclamation Project. The complete design will be finalized by December 2004. This project is scheduled for completion in March 2006.

Accomplishments since the October Report:

- Design began on the Kut-Betara Reclamation Project, with the complete design expected to be finalized no later than April 2005 and construction completed no later than April 2006.

Accomplishments anticipated in next quarter:

- Continue construction of the Kut-Betara Reclamation Project that will irrigate and drain over 2,000 hectares of agricultural land.

- This project completes all projects in this sub-sector

Major Irrigation Projects
Project Code: 66000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	22	3	-	-	25	-	-
January 2005	22	-	32	-	54	9	-
Change from October	-	-3	+32	-	+29	+9	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Major Irrigation projects from $148 million to $25 million.

This report re-allocates $29 million to Major Irrigation Projects (P/C 66000): $9 million from Dam, Repair, Rehabilitation, and New Construction (P/C 67000) and $20 million from Sewerage (P/C 62000). The current allocation is now $54 million. The funding reallocation from the sewerage ensures a more equitable balance of the IRRF reallocations between the Ministry of Municipalities and Public Works and the Ministry of Water Resources.

Anticipated Accomplishments Reported in October 2004 Report
• Complete design initiated in the fourth quarter of FY 2004 and commence construction of the Eastern Euphrates Drain 3 & 4.

Accomplishments since the October Report:

- Continued the design work of the Eastern Euphrates Drain 3 & 4 that was initiated in the 4th quarter of FY 2004.

Accomplishments anticipated in next quarter:

- Complete the required design work of the Eastern Euphrates Drain 3 and 4 project and begin construction, with an expected completion date of December 2007.

- This project completes the work in this sub-sector.

Dam Repair, Rehabilitation and New Construction
Project Code: 67000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	39	56	-	-	95	18	2
January 2005	39	-	47	-	86	10	1
Change from October	-	-56	+47	-	-9	-8	-1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report decreased the allocation for Dam Repair, Rehabilitation, and New Construction from $149 million to $95 million. Funds are supporting the IIG and Ministry of Water Resources' four highest priority dam projects: Mosul, Diyala Weir, Ramadi Barrage Complex, and Adhaim Dam.

This report re-allocates $9 million to Major Irrigation Projects (P/C 66000) for the remaining project in that sub-sector while not affecting the four existing projects in this project code. The current allocation for Dam Repair, Rehabilitation, and New Construction is now $86 million.

Anticipated Accomplishments Reported in October 2004 Report
• Receive and evaluate initial recommendations from panel of experts for Mosul Dam.
• Continue engineering design of Diyala Weir, Ramadi Barrage, and Adhaim Dam. Design work on these dams is schedule to be complete by June 2005.

Accomplishments since the October Report:

- Received and evaluated initial recommendations from a panel of experts for the Mosul Dam.

- Continued engineering design of Diyala Weir, Ramadi Barrage, and Adhaim Dam. Design work is scheduled to be complete by April 2005 and construction work on Diyala Weir and Ramadi Barrage will be completed by December 2005. The timeframe for rehabilitation work on Adhaim Dam is unknown at this time as it is dependent upon completion of the expert panel's study.

Accomplishments anticipated in next quarter:

- Develop the complete solution for the safety and stability of the Mosul Dam.

- Commence construction on remaining three dam projects – Diyala Weir, Ramadi Barrage, and Adhaim Dam.

- These four projects comprise all the projects in this sub-sector.

Umm Qasr/Basrah Water Supply Project
Project Code: 68000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	25	85	-	-	111	-	-
January 2005	25	-	86	-	111	1	-
Change from October	-	-85	+86	-	-	+1	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

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

Anticipated Accomplishments Reported in October 2004 Report
• Initiate design and construction on a project to provide higher quantity and quality of raw water to Basrah and Umm Qasr, initially through the Sweetwater Canal and long-term through long-term projects such as de-salinization of Shatt al Arab water. The long-term alternatives are being reviewed as part of the master planning process described under Project Code 60000.

Accomplishments since the October Report:

- Continued design and repair work, to include both normal maintenance as well as emergency repairs, on the Basrah Sweetwater Canal. The improvements at Sweetwater Canal are only the first phase of a multi-phased process to increase the quantity and quality of potable water to the area.

- Commenced and continued to finalize a master plan for long-term sustainable water supply to the City of Basrah, for example, by integrating the Basrah and Umm Qasr systems.

Accomplishments anticipated in next quarter:

- Continue repair and maintenance of the Basrah Sweetwater Canal, while developing the plan for the intermediate to long-term sustained operation of the Canal in coordination with the Basrah City Water Master Plan.

Basrah Channel Flushing
Project Code: 69000

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

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report eliminated the $70 allocation for the Basrah Channel Flushing. The IIG decided to complete this work, using its own resources.

Anticipated Accomplishments Reported in October 2004 Report
NONE REPORTED

Accomplishments since the October Report:

- Nothing further in this project code as funds were reallocated elsewhere.

Accomplishments anticipated in next quarter:

- Nothing further in this project code as funds were reallocated elsewhere.

SECTOR: Transportation and Telecommunications

Civil Aviation
Project Code: 70000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	115	-	-	-	115	6	1
January 2005	115	-	-	-	115	40	2
Change from October	-	-	-	-	-	+34	+1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: This report maintains the $115 million allocation for 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.

Anticipated Accomplishments Reported in October 2004 Report
• At Baghdad International Airport: o Prepare runways, taxiways, taxi lanes and apron for commercial operations. o Create Class A airspace for civil aviation. o Complete rehabilitation of power grid and provide dual electric feed. o Rehabilitate electricity, water, and Heating Ventilation Air Conditioning (HVAC) systems. o Provide passenger security screening and cargo screening equipment. o Rehabilitate fire suppression system. o Rehabilitate air traffic control tower and base building. o Rehabilitate control tower cab including new Air Traffic Control consoles. o Install a Doppler VOR/DME. o Install and establish meteorological services. o Install and certify a Category 2 Instrument Landing System. o Install airport radar system, including radar data processors and control room. o Install en route non-radar operations control room. o Enable and training for AFTN system. o Enhancement and training for new VSAT base communications system. o Install VHF ATC communication antennas throughout Iraq. o Enable VSAT communication system throughout Iraq.

Accomplishments since the October Report:

- At Baghdad International Airport (BIAP), the infrastructure required to support an ICAO Category 2 ILS approach will be installed, thus allowing the civilian runway to be certified for all weather operations. This is vital to the economic growth of the entire country.

  A $5.2 million contract for the rehabilitation of BIAP facilities was awarded and includes: rehabilitation of the electric system; replacement of two 1,700-ton chillers for restoration of the Heating Ventilation Air Conditioning (HVAC) systems; repair of the potable water supply, sanitary sewer system, and storm water system; mechanical system repairs of the elevators, escalators and baggage handling; and renovations, painting, and architectural repairs. Work has begun and is scheduled for completion by June 2005.

- Awarded a $6.5 million contract for Visual Aids at Baghdad International Airport. The scope includes: an approach lighting system (ALSF-2); runway centerline, runway edge, and taxiway lights; stop bars; painting of numbering and striping; wind directional indicators and wind socks; air Traffic Control Tower-based Automation system for the approach, runway, and taxiway lighting system. Work has not yet begun, but is scheduled for completion by June 2005

- At Mosul Regional Airport, an ICAO Category 1 ILS approach will be installed. An $11.8 million contract was awarded for a New Air Traffic Control Tower, NAVAIDs, Visual Aids, and Electrical System Upgrades. The contracts' scope includes: a new 25-meter air traffic control tower; electrical system upgrades including restoration of the airside electrical grid and addition of a new 2000 kVA standby generator system;

visual aids; and installation and commissioning of NAVAIDs. Work has not yet begun, but is scheduled for completion by June 2005.

- At Basrah International Airport infrastructure to support an ICAO Category 2 ILS approach will be installed. A $5.4 million contract was awarded for facility rehabilitation, to include: rehabilitation of the electric system; replacement of two 1,700 ton chillers for restoration of the Heating Ventilation Air Conditioning (HVAC) systems; repair of the potable water supply, sanitary sewer system, and storm water system; mechanical system repairs of the elevators, escalators and baggage handling; and renovations, painting, and architectural repairs. Work has not yet begun, but is scheduled for completion by June 2005.

- A $15 million contract was awarded for NAVAIDs at Basrah International Airport, to include: an approach radar system; instrument landing system (ILS); D-VOR/DME; ground-to-air communications radios; and a tower-based automation and control system. Work has not yet begun, but is scheduled for completion by June 2005.

Accomplishments anticipated in next quarter:

- Anticipate award of the Visual Aids restoration contract at Basrah, to include: an approach lighting system (ALSF-2); Precision Approach Path Indicator (PAPI); runway and taxiway signs; runway centerline, runway edge, and taxiway lights; stop bars; painting of numbering and striping; and wind directional indicators and wind socks.

- Anticipate award of Electrical System Upgrade for the Airside of Basrah, to include: testing of existing electrical cables and repairs and replacements where necessary; renovations of 4 Electrical Substations with painting, replacement of window and doors, window air conditioners (to prevent degrading the electrical system); and installation of new switchgear, MCCs and distribution boards to provide power to the airside NAVAIDs and Visual Aids at the above 4 Substations.

- Anticipate award of Iraq Air Traffic Control (ATC) Support Contract that will among other things include ICAO qualified air traffic controller instructors to provide classroom and on-the-job training to approximately 150-200 Iraqi controllers to meet the needs of the Iraq civil aviation requirements. Additionally, the contract will assist the Iraqi Civil Aviation Authority develop and implement a performance based ATC certification program and ATC quality assurance program.

Umm Qasr Port Rehabilitation
Project Code: 71000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	40	-	-	-	40	31	4
January 2005	40	-	5	-	45	33	6
Change from October	-	-	+5	-	+5	+2	+2

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: This report increases the allocation by $5 million to a new total of $45 million. This increase, which will be used for increased perimeter security, comes from Railroad Rehabilitation and Restoration (P/C 72000).

Anticipated Accomplishments Reported in October 2004 Report
• The arrival of two 100-ton mobile container cranes will almost double the port's ship to shore container capability.
• The introduction of four top load container handlers, sixteen heavy-duty container trailers, and ten trailer jockey yard tractors will significantly enhance the capability of moving containers within the port.
• The start of a design construct project for a second Roll-On Roll-Off berth will be the beginning of a process that will double the port's Roll-On Roll-Off capability.

Accomplishments since the October Report:

- Expected to receive two 100-ton mobile container cranes by late December/early January at the Umm Qasr Port. When operational, these will almost double the Port's ship-to-shore container capability. These cranes will be fully operational by March 1, 2005

- Received 4 top-load container handlers, 16 heavy-duty container trailers, and 10 trailer jockey yard tractors. These will significantly enhance the capability of moving containers within the port.

- Prepared 60% of the required design drawings for the Roll-On Roll-Off Berth at the Port of Umm Qasr. The landside of the berth has been cleared of unexploded ordinances (UXO). When this project is completed, the capacity of the Port will allow it to compete with other ports in the Gulf Region, thus bringing in added revenue to the Iraqi government.

- Prepared 90% of the required design drawings for the Port warehouses. Demolition of electrical distribution facilities and equipment has concluded and the electrical feeders between the warehouses and adjacent substations have been laid.

- Completed 75% of the renovation of the Operations Center and the installation of the facility's perimeter security fence.

- Received office furniture and computer equipment, which is being installed in the Port Authority administration offices.

Accomplishments anticipated in next quarter:

- Continue progress on the Roll-On Roll-Off Berth project with the completion of 90% of the required design drawings and the removal of submerged wreckage and UXO from the Port's waters. The groundbreaking for the construction of this berth is scheduled for February 2005.

- Replace the electrical feeders for the cranes at the Roll-on Roll-off Berth and complete the warehouse security lighting.

- Complete the Operations Center.

- Commence the rehabilitation of the Nelcon container cranes at the South Port in January 2005 after assessment is completed in December 2004.

- Receive spare parts for the North Port ZPMC cranes in January 2005. This will reduce down time currently incurred due to mechanical problems.

- Receive delivery of a Pilot Boat in February 2005. This will prevent delays caused by transporting pilots to and from vessels.

- Receive delivery of the following equipment: 2 rigid hull assault skiffs for security patrol; 2 fire trucks; fire station furnishings, housing and kitchen trailers; and 6 RoRo tractors, 4 minibuses, 6 SUVs, 30 four-wheel drive trucks, 16 pickups, 10 passenger buses, and various radios for security.

- Solicit and award a contract to improve security at the port through the construction of perimeter fencing, lighting, guard towers, and improved gates. The project will consolidate the security infrastructure for the north and south ports at Umm Qasr.

Railroad Rehabilitation and Restoration

Project Code: 72000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	210	-	-	-	210	123	2
January 2005	210	-13	-5	-	192	152	12
Change from October	-	-13	-5	-	-18	+29	+10

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: This report reflects a previously notified $13 million decrease in this allocation for the Consolidated Fiber Network (P/C 76500), and re-allocates an additional $5 million from this project code to Umm Qasr Port Rehabilitation (P/C 71000), while not affecting the plan 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.

Anticipated Accomplishments Reported in October 2004 Report
• Continue to award the remaining contracts for spare parts and other track maintenance equipment and materials.
• Continue rehabilitation of the Baghdad Central Station, workshops, and rural stations.
• Complete rehabilitation of 56 km of rail line between Umm Qasr and Shoiaba Junction and 14 km of sidings at Umm Qasr to enhance port capacity.

Accomplishments since the October Report:

- Awarded contracts and began construction on regional railway stations in 9 Governorates. Upon completion, 98 railway stations will have been rehabilitated and upgraded to meet the needs of the Iraqi Railroad. To date, construction has begun on 41% of the regional stations, and 5 stations in Al Anbar Province have been fully restored and handed over to the IRR.

- Continued rehabilitation of the Baghdad Central Station with construction at 14% complete.

- Continued procurement of spare parts, rolling stock (LPG tankers and container wagons), and other maintenance equipment continue with 90% of the contracts awarded totaling approximately $110 million. The remaining contracts are expected to be awarded soon.

- Rehabilitated 56 km of track between Umm Qasr and Shoiaba Junction, with 14 km of siding at the Port of Umm Qasr at 80% of completion. The project was expected to be complete by December 2004 and is now slated for completion in March 2005. Delays are attributable to disrupted rail lines south of Baghdad that hindered the transport of construction materials to the project site. The movement of materials at the Port facilities will be greatly enhanced with the completion of both projects.

Accomplishments anticipated in next quarter:

- Award remaining contracts and continue construction on the regional railway stations in all 9 Governorates. At the completion of this project, 98 railway stations will have been rebuilt and or remodeled. This will provide the country will the increased economic power it needs to sustain growth.

- Award contracts and start construction on the 2 railway workshops, the Shalchiya and the Samawah Workshops. Construction and equipment retooling is scheduled to start in mid-January 2005.

- Continue rehabilitation of the Baghdad Central Station, with an anticipated 28% of construction completed.

- Complete rehabilitation of the 56 km of track between Umm Qasr and Shoiaba Junction and 14 km of siding at the Port of Umm Qasr by March 2005.

- Advertise and award the remaining non-construction procurements: passenger coaches for the IRR and a Local Area Network (LAN) at the Baghdad Central Train Station and Shalchiya Workshops

Iraq Telecommunications and Postal Corporation

Project Code: 74000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	20	-	-	-	20	2	1
January 2005	20	-	-	-	20	3	1
Change from October	-	-	-	-	-	+1	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October 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.

Anticipated Accomplishments Reported in October 2004 Report
• The upcoming deployment of procured equipment, vehicles, and lock boxes will have a significant impact on service, efficiency, and overall customer satisfaction.
• The Iraq Post Code utilization will be accelerated via the distribution of flyers and school presentations.
• Additional service initiatives will include the division of the country into four regions, each with a Regional Manager reporting to a Chief Operating Officer.
• Postal transportation networks are being redesigned and distribution operations will be upgraded to improve efficiency and service.
• We plan to have the first on-time service performance test results during this period. The results should help increase volume and revenue.

Accomplishments since the October Report:

- The deployment of procured equipment (including x-ray, cancellation machines, and retail meter machines), vehicles (contract has been awarded for 38 vans and 10 five-ton vehicles, of which funds have been obligated for 12 vans an 1 five-ton), and lock boxes will have a significant impact on service, efficiency, and overall customer satisfaction. All scheduled non-construction equipment is either on order or has arrived at Baghdad International Airport.

- Accelerated the Iraq Post Code utilization via the distribution of flyers and school presentations.

- Additional service initiatives have included the division of the country into four regions, each with a Regional Manager reporting to a Chief Operating Officer. Began overnight, 2-day, and 3-day service standard testing in the Central Region.

- Redesigned postal transportation networks and upgraded distribution operations to improve efficiency and service.

- Began construction on 4 post offices, and the Shaab Post office is 80% complete. Identified an additional five buildings in Baghdad for new construction. 12 renovation projects are in the contract award phase.

Accomplishments anticipated in next quarter:

- Expand Regional Manager structure to all four Regions. Expand Originating Mail facility concept to remaining three facilities. Expand new transportation network nation-wide. Implement service standards nation-wide.

- Begin Post Office construction efforts in the greater Baghdad area. 22 renovations and 7 reconstructions have been identified and prioritized. Construction on 6 facilities will begin, and 12 renovations will be completed.

- Begin construction on the remaining 22 post offices and it is expected that construction will be completed on all 26 post offices during the Second Quarter.

- Expand Regional Manager structure to all four Regions and expand Originating Mail facility concept to remaining three facilities. Expand new transportation network nation-wide, and implement service standards nation-wide.

Iraqi Telecommunications Systems
Project Code: 76000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	90	-	-	-	90	3	2
January 2005	90	-44	-	-	46	10	2
Change from October	-	-44	-	-	-44	+7	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

Changes from the October Report: This report reflects a previously notified $44 million re-allocation from this project code to Consolidated Fiber Network (P/C 76500). The current allocation of $46 million is being used to initiate a long-term upgrade of Iraqi telecommunications infrastructure to increase capacity, provide reliable service, and restore international connectivity.

Anticipated Accomplishments Reported in October 2004 Report
• The upcoming deployment of procured equipment, vehicles, and lock boxes will have a significant impact on service, efficiency,
• Begin rehabilitation of two telephone switch buildings in Baghdad.
• Begin planned construction of Wireless Broadband Network Project for Baghdad.

Accomplishments since the October Report:

- The Wireless Broadband Network (WBBN), a $15 million secure wireless broadband network to provide high capacity data and voice communications to 35 government sites in Baghdad, has been awarded to NANA Pacific on an IDIQ contract with Lucent as Subcontractor. NANA Pacific was selected in September and received initial notice to proceed on October 17, 2004.

- Completed site surveys for all 35 Wireless Broadband sites.

- Held a preliminary design review meeting on the Wireless Broadband Network in Amman, Jordan between IRMO-Office of Communications, NANA Pacific and Lucent on 11/28/04-12/02/04. An equipment vendor has been selected.

- Held final Design Review of the Wireless Broadband Network on December 21, 2004.

- Commenced the phased construction and implementation of the WBBN Project for Baghdad.

- Completed a site survey for the reconstruction of the Mamoon telephone exchange. A draft statement of objectives has been prepared for procurement.

Accomplishments anticipated in the next quarter.

- Continue the phased-in implementation of all WBBN sites with emphasis on having the first five sites connected by the end of January.

- Connect 35 selected Iraqi Ministries and government sites, at which time the network will be fully operational.

- The network will be fully commissioned and accepted by the ITPC by the end of March 31, 2005and the contractor will begin network operations and maintenance.

- Award a contract for the reconstruction of the telephone switch building in Baghdad (Mamoon). Construction is scheduled to be completed in 12 months.

Consolidated Fiber Network

Project Code: 76500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	-	-	-	-	-	-
January 2005	-	70		-	70	70	-
Change from October	-	+70	-	-	+70	+70	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID

Changes from the October Report: The October report did not contain this new activity. As previously notified, this project is funded at a level of $70 million, which includes $13 million re-allocated from Automated Monitoring and Control System (Supervisory Control and Data Acquisition) (P/C 43000), which covers the SCADA system, $13 million from Railroad Rehabilitation and Restoration (P/C 72000), and $44 million from Iraqi Communications System (P/C 76000).

Funding for the Consolidated Fiber Network (CFN) consolidates funding and eliminates redundancies from the three project codes above that had separate fiber optic networks planned. When completed, the CFN will support the SCADA capabilities for the electricity; command and control and communications for railroads; and network expansion for the telephone company. The project has been awarded to Bechtel through a USAID IDIQ contract.

Anticipated Accomplishments Reported in October 2004 Report
NONE REPORTED. NEW ACTIVITY.

Accomplishments since the October Report

- All requirements were identified within the Electricity, Transportation and Communications Organizations and approved by all the above parties in the preparation of the Statement of Objectives (SOO).

- Commenced the design and survey of the Consolidated Fiber Network in December 2004.

Accomplishments anticipated in the next quarter.

- Commence a phased implementation of the CFN starting in the central region, including Baghdad. The communications requirements of the electricity sector for the SCADA system will be given priority.

- Complete scoping design of CFN, prioritize loops and regions, and develop a plan for serving main customers of electricity grid and railroad.

- Initiate long-lead time procurement activities for equipment and material, such as fiber cable.

- Complete survey and commence route construction of at least the Baghdad metro loop.

- The CFN project will be completed and commissioned by December 2005.

Iraq Telecommunications Operations (National Communications and Media Commission)

Project Code: 79000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	25	-	-	-	25	5	1
January 2005	25	-	-	-	25	8	2
Change from October	-	-	-	-	-	+3	+1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO).

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

Anticipated Accomplishments Reported in October 2004 Report
• The installation and training of SPECTRUM XXI equipment and software used for spectrum management, though training will be delayed until spectrum management personnel and records are relocated to NCMC. • Delivery of two specialized armored spectrum monitoring vehicles.

Accomplishments since the October:

- Completed the delivery of Spectrum Monitoring Equipment for the management and planning of frequency spectrum.

- Delivered the Multi-Media Broadcast Monitoring and Analysis System in Baghdad and installed it in the temporary NCMC Headquarters until the new Headquarters are complete. The system is used to monitor the performance of the media and regulate it during the election campaign. It is crucial for the success of the election campaign in terms of free and fair access for political parties. The system provides news content management software that includes digital recording, editing, and cataloging of news and other media content. After the election the system will be used for general media compliance.

- Awarded the contract for the reconstruction of the NCMC new headquarters, with completion scheduled for June 2005.

Accomplishments anticipated in next quarter:

- Deliver 2 specialized armored spectrum monitoring vehicles.

- Make an award for the installation of a local area network (LAN) in the new headquarters of NCMC.

- Begin renovations of the National Communication & Media Commission Headquarters building in mid-January 2005, with completion expected by June 2005.

SECTOR: Roads, Bridges, and Construction

Public Buildings Construction and Repair
Project Code: 81000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	127	-	-	-	127	108	9
January 2005	127	-	-	-	127	104	21
Change from October	-	-	-	-	-	-4	+12

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October 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 twelve hundred public schools throughout Iraq.

PCO has begun to identify projects for execution through the Ministry of Housing & Construction. The intent is to contract with the ministry through a cooperative agreement. This will require obligation and subsequent disbursement of funds by PCO. Funds will be obligated as soon as the project execution procedures are reviewed and approved, which will be before the end of January 2005.

Anticipated Accomplishments Reported in October 2004 Report
• Completion of three public building reconstructions for two ministries, and significant progress on the other three buildings.
• Approximately 1,140 school renovations in 11 governorates will be assessed, under construction, or completed.
• Renovations will begin in five northern governorates.
• Complete refurbishing 71 schools remaining to be refurbished with funds apportioned to USAID's Community Action Program from the resources allocated to the Public Buildings Construction and Repair Project Code, 81000.

Accomplishments since the October:

PCO:

- While the scheduled completion of reconstruction of four public building for three Ministries has been extended by scope modifications, PCO has made significant progress on all the buildings. The renovations for the Ministry of Trade headquarters (two buildings) are scheduled for completion by January 15, 2005. The renovations for the Ministries of Education and Higher Education and Scientific Research headquarters (two buildings) had significant cost overruns and the renovation will now be limited to addressing safety hazards. This work will be completed in December 2004.

- Conducted assessments and began/continued construction on approximately 800 school renovations, out of a total of 1,200, in fourteen Governorates.

- Initiated 355 school renovation starts throughout Iraq. To date, 130 of these have been completed.

USAID

- Over 150 schools were identified and discussed with the Ministry of Education to determine which 100 schools in Basrah Governorate were the most appropriate for rehabilitation using the $6.138 million made available for the Community Action Program (CAP). Rehabilitation of 26 schools in the Basrah Governorate was completed, with an additional 28 under construction and 31 being tendered. A final 20 schools are pending assessment, out of which an additional 15 will be selected for rehabilitation. There were significant delays in this activity resulting from a long turnaround time on project approvals by the Ministry of Education.

Accomplishments anticipated in next quarter:

PCO

- Complete public building reconstructions for two Ministries: the Ministry of Industry and Minerals and the Ministry of Environment.

- Continue and/or complete renovations of 1,200 schools in 14 Governorates.

- Anticipate 400 additional school renovation starts and 300 completions by 31 March 2005.

USAID

- Complete rehabilitation of 59 schools in the Basrah Governorate and begin construction on the remaining 15 schools to conclude this activity.

Roads and Bridges
Project Code: 82000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	173	60	-	-	233	35	2
January 2005	173	57	-	3	233	71	7
Change from October	-	-3	-	+3	-	+36	+5

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October Report: This report maintains the $233 million allocation to repair, replace or construct essential segments of highway, strategic bridges, and critical secondary roads that will enable reconstruction, economic development, and public safety.

PCO has begun to identify projects for execution through the Ministry of Housing and Construction. The intent is to contract with the ministry through a cooperative agreement. This will require obligation and subsequent disbursement of funds by PCO. Funds will be obligated as soon as the project execution procedures are reviewed and approved, which will be before the end of January 2005.

Anticipated Accomplishments Reported in October 2004 Report
• Construction to be started on the Al Anbar Village Roads Project. At the completion of this project, approximately 30 km of dirt road will have been paved which will improve the movement of commerce and people within the Governorate.
• Construction to be started on the Diyala Village Roads Project. At the completion of this project, approximately 50 km of dirt road will have been paved which will improve the movement of commerce and people within the Governorate.
• Advertise for local tender and initiate construction on the remaining Village Road Projects in 14 of the 18 Governorates of Iraq. At the completion of this project, approximately 460km of dirt road will have been paved which will allow for the safe movement of people and goods.
• Initiate construction on the following bridge projects: o Kufa 3rd Bridge in Najaf Governorate o Zuba Bridge in Nasiriyah Governorate o Nasiriyah Bridge in Nasiriyah Governorate Sheikh Sa'ad Bridge in Wasit Governorate
• The $15 million provided under this funding category for the USAID-managed Community Action Program will be used to finance roads and bridges community groups identify as urgent priorities. Those priorities will be agreed upon during this quarter.

Accomplishments since the October Report:

PCO

- Started construction on 3 segments, out of a total of 8 segments, of the Al Anbar Village Roads Project. The project is estimated to be completed by March 2005. At this time, approximately 30 km of dirt road will have been paved, thereby allowing for the safe passage of both commerce and people within the Governorate.

- Started construction on 2 segments, out of a total of 7 segments, of the Diyala Village Roads Project. The project is estimated to be completed by March 2005. At this time, approximately 50 km of dirt road will have been paved, thereby allowing for the safe passage of both commerce and people within the Governorate.

- Awarded contracts on the remaining Village Road Projects in 14 of 18 Governorates, with construction expected to begin in early December 2004. All Village Roads projects will be built using Iraqi contractors and employ more local workers than if

the projects had remained with the Design Builder. The project is estimated to be completed by December 2005. At this time, approximately 426 km of dirt road will have been paved, thereby allowing for the safe passage of both commerce and people.

- Bridge designs have been completed on the following projects: Kufa 3rd Bridge in Najaf Governorate; Zuba Bridge in Nasiriyah Governorate; Nasiriyah Bridge in Nasiriyah Governorate; and Sheikh Sa'ad Bridge in Wasit Governorate

USAID

- Used the $15 million under this funding category for the Community Action Program to finance roads and bridges identified by community groups as urgent priorities. Thirteen projects were completed with an additional 45 projects under construction and 37 projects being tendered. These projects span each region of the country across 12 governorates.

Accomplishments anticipated in next quarter:

PCO

- The below-listed projects were scheduled to begin in the 1st Quarter of FY 2005 but were delayed due to the demobilization of the Design Builder. The Design Build contractor was demobilized to take advantage of the direct local contracting program, a program that utilizes Iraqi construction firms and employees, thereby decreasing overall projects costs by reducing security costs as well as making an immediate visible impact on local employment.

    - Kufa 3rd Bridge in the Najaf Governorate;
    - Zuba Bridge in the Nasiriyah Governorate;
    - Nasiriyah Bridge in the Nasiriyah Governorate;
    - Sheikh Sa'ad Bridge in the Wasit Governorate;
    - Ramadi Bridge in the Anbar Governorate; and
    - Buhriz Bridge in the Diyala Governorate.

- Award contract and begin construction on the following carriageways/ expressways: Baghdad to Kirkuk Carriageway (North); Baghdad to Kirkuk Carriageway (South); and Al Dora – Yousifiyah Expressway.

USAID

- Complete approximately 50 small roads and bridges projects identified by community groups through the Community Action Program nationwide. The 45 projects currently under construction span 11 governorates.

SECTOR: Health Care

Nationwide Hospital and Clinic Improvement
Project Code: 90000

		FY 2005					
2207 Report	FY 2004	1st Qtr	2nd Qtr	3rd-4th Qtr	Total	Obligated	Outlayed
October 2004	439	-	-	-	439	252	1
January 2005	439	-	-	-	439	300	15
Change from October	-	-	-	-	-	+48	+14

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO)

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

The Ministry of Health (MoH) has requested the program increase the number of mother/child and teaching hospitals considered for renovation from seventeen to nineteen to accommodate for renovations sorely needed in Najaf and Mosul. The first additional requirement is Najaf Teaching Hospital where assistance is requested to address the severe damage incurred during military operations in Najaf. In order to restore basic services in the outpatient clinics, emergency services, and to reopen the operating rooms on the first floor, $3 million in emergency hospital repairs is required immediately. Additionally, approximately $2 million in urgent repairs is required at the Al Khansa Maternity Hospital in Mosul, another high profile hospital, in order to sustain operations. With the concurrence of the MoH, funding for the two additional hospital renovations will be achieved by downscoping the level of work at the original seventeen hospitals.

$22 million has been redirected to address critical health needs in Fallujah, Najaf, and Samarra as part of the $246 million post-battle reconstruction initiative. Discussions are continuing with the MoH and Japan to obtain an additional $15 million for needed repairs at the Najaf Teaching Hospital. If the required funding is not received, PCO, in collaboration with the MoH, will reprioritize existing projects in order to address the urgent requirement at the Najaf Teaching Hospital. Furthermore, the identification of an additional $7 million in hospital/clinic projects is required to address urgently needed clinic upgrades in Fallujah and clinic construction in Samarra.

Serious evaluations are underway to determine the economic viability of constructing "super clinics", with moderate wards. If this approach proves viable, the 6 hospitals in the Sulaymaniyah, Diwaniyah, Karbala, Kirkuk, Wasit and Baqubah areas will be descoped in favor of the "super clinics". Completed assessments and negotiated task orders highlight these 6 hospitals as being in far worse shape than originally envisioned

by initial program estimates. For example, some of the buildings to be renovated were designed and initially constructed for uses other than medical facilities (i.e., hospitals have been found to be either old office or hotel buildings and will be extremely difficult, if not cost prohibitive, to bring to any level of modern standards). At the moment, the increasing number of patients has created an enormous backlog in inpatient care, particularly in the Sulaymaniyah and Baqubah areas. The proposed super-sized clinics will aid in offsetting some of the financial shortfalls, yet still meet a compelling need in a timely fashion.

Furthermore, cost estimates for PHCs bid to subcontracts during October-December 2004 indicate construction costs are higher than anticipated, and most likely will result in reducing the number of PHCs from 150 to 135.

Anticipated Accomplishments Reported in October 2004 Report
• Commence the construction of up to 30 primary healthcare centers in 14 of the 18 Governorates.
• Commence renovation of the remaining 13 of the 19 mother and child and teaching hospitals throughout the country.
• Complete construction of a primary healthcare center in Al Nazal

Accomplishments since the October Report:

- Began renovation on 17 of the 19 mother/child and teaching hospitals with emphasis on elevators, incinerators, roofs, sewerage treatment and water purification and supply systems. This will make an immediate impact on patient services. 6 hospitals have been fully definitized and the remaining 13 definitizations are scheduled to be complete by January 31, 2005.

- Began construction on 34 primary health care facilities nationwide, with an additional 46 scheduled to begin in December.

Accomplishments anticipated next quarter:

- Start construction on 55 primary health facilities. At this point, construction will be underway on all 135 proposed primary health care facilities.

- Undertake renovation on all 19 of the mother/child and teaching hospitals.

- Najaf Teaching Hospital should be providing limited outpatient services.

- Initiate 10 public health clinic upgrades in Fallujah and the construction of a public health center with 100 beds in Samarra as part of the $246 million post-battle reconstruction initiative.

Basrah Pediatric Facility (Hospital)
Project Code: 91000

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

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID.

Changes from the October 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.

Anticipated Accomplishments Reported in October 2004 Report
• The scope of services to be provided by the hospital will be defined and work will be initiated on providing needed hospital equipment and planning for training of medical and administrative staff. • Site preparation and remediation work will get underway. • Bechtel will let the Request for Proposals for the Design Build Subcontract in early October and will award the contract by mid-November. • Design work for the pediatric hospital will begin in November; construction will begin by January 2005 and be completed by December 2005.

Accomplishments since the October Report:

- In mid-October, selected MidCon/Universal Hospital Services/Hospital Designers and Planners as the design build subcontractor and issued a Letter of Award and a Limited Notice to Proceed. Design work began in late October.

- Held the first design roundtable in Baghdad in November to review preliminary internal design concepts including floor plans, layout of key rooms, and site design options as well as exterior design options. Based on preliminary design cost information, the MoH is scaling back on the hospital's size and services scope to ensure design fits within the existing budget.

- Reviewed equipment needs and initiated equipment planning.

- Started site preparation and remediation work, excavated a layer of topsoil, and is currently placing, watering and compacting approved fill material. Foundation design work is also in progress and Bechtel is finalizing concrete pile specifications and production plans so pre-casting of piles can commence.

- The construction subcontractor mobilization and security plans are being finalized with the intent to mobilize on the site in December.

Accomplishments anticipated in next quarter:

- Complete 20% of design work.
- Start construction with completion by December 2005.
- Develop plan to obtain medical equipment.
- Develop plan with MoH for hospital staffing and training.

Equipment Procurement and Modernization and Training

Project Code: 92000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	297	-	-	-	297	103	1
January 2005	297	-	-	-	297	158	9
Change from October	-	-	-	-	-	+55	+8

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of Defense/Project and Contracting Office (PCO) and USAID.

Changes from the October 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 Ministry of Health (MoH).

Anticipated Accomplishments Reported in October 2004 Report
• USAID anticipates MoH Capacity Building to be underway by October 2004. Initial steps will include the establishment of a USAID-MoH project management committee and the development of an overall implementation plan.

Accomplishments since the October Report:

PCO

- Undertook an $8.5 million building refurbishment project to support the MoH Academy of Healthcare Sciences, which will support various USAID training projects, including the primary health care (PHC) physician and nursing training programs.

- Almost fully obligated the entire $79 million medical equipment acquisition program, with equipment now being received in country. All equipment will be distributed via the MoH's Kimadia organization (the MoH's State-Owned Enterprise which handles the procurement and distribution of medical equipment, supplies and pharmaceutical) to support hospitals and clinics not addressed under the construction programs.

USAID

- During the procurement process, urgent MoH priorities were identified and new donor programs undertaken which overtook planned USAID activities. As a result, USAID cancelled the procurement for MoH capacity building in late November in order to reassess program areas of focus against current MoH needs and available USAID funds. USAID is working with the MoH to define a revised program approach using rapid implementation mechanisms and increased Iraqi participation.

Accomplishments anticipated in next quarter:

PCO

- Conduct training in Baghdad on 19 recently acquired Mobile Blood Collection Vehicles and 10 Mobile TB Screening Vehicles. Delivery of these vehicles is expected in early January. Training will be conducted in Baghdad and will be supported by physicians assigned to the MNF-I Surgeon's Office.

- Award a $5 million Partnership in Health Care program. 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 with global counterparts, e.g. American Medical Association.

- Award a $10 million PHC physicians and nurses training program. This program will train core medical teams which, in turn, will be deployed to operate in each of the 150 newly constructed PHCs. Focus will be given to upgrading technical capabilities, training on newly installed PHC equipment, and to introducing a family practice clinical approach to medical care.

USAID

- Utilize a team of Iraqi specialists to coordinate in-country MoH Capacity Building activities in collaboration with MoH counterparts. Use targeted short-term technical assistance to assist Iraqi specialists in implementing program activities in close collaboration with MoH colleagues

- Create a joint USAID-MoH management committee to direct the MoH Capacity Building program and guide program activities. Define program targets and benchmarks and develop a program implementation plan to steer achievement toward program results.

SECTOR: Private Sector Development

Expanded Network of Employment Centers
Project Code: 01000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	8	-	-	-	8	-	-
January 2005	8	-	-	-	8	7	-
Change from October	-	-	-	-	-	7	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID

Changes from the October Report: This report maintains the $8 million allocation to establish employment centers.

Anticipated Accomplishments Reported in October 2004 Report
• Agencies will rehabilitate, staff, and oversee operations of the 18 existing employment centers, ensuring that they are all fully operational and effectively matching jobseekers with vacancies.

Accomplishments since the October Report:

- Completed performance needs assessments and analyses on 9 of the 18 existing Employment Service Centers (ESC). The Contractor mobilized after a delay resulting from a procurement dispute, a holdup on receiving country clearances, and problems recruiting advisors.

- Completed work plans for the rehabilitation, staffing, training, and management oversight of the 18 existing employment centers.

Accomplishments anticipated in the next quarter:

- Build the Ministry of Labor and Social Affairs' (MOLSA) capacity to manage the ESCs through training MOLSA staff in human resource management, procurement, and building and equipment maintenance.

- Commence staff training in one center human resource management, customer service, employment statistics and client relations.

Vocational Training
Project Code: 02001

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	79	15	-	-	94	38	18
January 2005	79	15	-	-	94	75	20
Change from October	-	-	-	-	-	+37	+2

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID

Changes from the October Report: This report maintains the $94 million allocation to establish vocational technical training centers (VTTCs).

Anticipated Accomplishments Reported in October 2004 Report
• Expand the training offered at the six centers currently open and renovate the centers inherited from the Ministry of Industry and Minerals.
• After conducting a labor market study to determine how many centers and what training is needed, the new contractor will expand the training offered at existing centers, and assist the Ministry of Labor and Social Affairs (MOLSA) in opening new centers. MOLSA will also open an additional 15 centers funded by the Development Fund of Iraq, many of which were inherited from the Ministry of Industry and Minerals or the Ministry of Military Industries.

Accomplishments since the October Report:

- The Contractor arrived in mid-November and is mobilizing, hiring local staff and bringing in expatriate advisors. Delays occurred because of a procurement dispute, a holdup receiving country clearances, and problems recruiting expatriate advisors who will not arrive until January.

- Due to delays in the contractor's mobilization, postponed the start date for the expansion of training offered at the six vocational training centers currently open, as well as the renovation of the centers inherited from the Ministry of Industry and Minerals. In addition, the Labor Market Survey was deferred until next quarter.

- Completed performance needs assessment and analysis for staff, equipment, training and renovating on six Vocational Technical Training Centers (VTTCs).

Accomplishment anticipated in the next quarter:

- Start staff training in human resource management and teacher training, procure instructional equipment and introduce updated curriculum in one of the six pilot VTTCs. The first tier of training will include: (1) technical skills that can be readily applied to re-building the country's infrastructure, for example, the construction sector and (2) developing skills to assist the Small and Medium Enterprises (SMEs) that are competing for IRRF-funded reconstruction sub-contracts. Timely and

targeted technical and managerial skills training will help assure that SMEs can competitively bid for such contracts, thus further supporting economic development.

- Begin building capacity within MOLSA to manage the VTTCs by training MOLSA staff in human resource management, procurement and building and equipment maintenance.

- Complete and analyze the Labor Market Survey to determine trade skills needs in the Iraqi job market. Conduct a skill and equipment gap analysis on the VTTCs and develop a work plan to address the gaps identified that are impediments to an efficient and customer service orientated VTTC.

Business Skills Training
Project Code: 02500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	37	-	-	-	37	20	6
January 2005	37	-	-	-	37	29	15
Change from October	-	-	-	-	-	+9	+9

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October Report: This report maintains the $37 million allocation to provide training to Iraqi small and medium enterprises.

Anticipated Accomplishments Reported in October 2004 Report
• USAID will support business centers in Baghdad and at other locations, with at least one in Al Anbar province. Once open, the centers will provide access to office equipment, matchmaking and mentoring services, training materials, and links to information on raising capital.
• USAID partners will organize special programs for credit training for banks, and accounting training programs will be developed for accountants and auditors. Programs to develop business and trade associations will also be created. In association with the small business training, monetary awards will be made to selected graduates of the small business training program based on objective, competitive evaluations of business plans prepared as part of the training. The awards will be used to provide seed capital for the best start-up ideas.
• A minimum of three business training centers will be established with USAID support to offer training, consulting, and business entrepreneurship services. The centers will also include business incubation services and provide $3 million in grants for up to 600 graduates of their training courses.
• Develop small business tool kits covering 14 business areas to be used either to deliver training or as a self training device.
• USAID's entrepreneurship program will train 20 Iraqi citizens to become entrepreneurship trainers. They will then each teach five classes a year, reaching 5,000 Iraqi students over the course of the two-year program.
• The Iraq Stock Exchange (ISX) will be automated including new hardware and software that will accommodate Trading, Clearing, Settlement, and possibly Depositary systems along with the necessary training to insure that the Iraqi users will be effective in executing market-making transactions.
• The Iraqi Securities Commission (ISC) will receive training on Ethics and Codes of Conduct, which will enable the new ISC to

effectively execute its regulatory role.

- A program will be undertaken to identify and design the best models for a variety of free/economic zones in Iraq and training will be provided to insure that implementers understand the differences between the various types of economic structures.

Accomplishments since the October Report:

Department of Defense

- Funding for 3 programs in this project code had been suspended since July 2004 due to the IRRF Strategic Review. The funding for these programs became available in November 2004.
    - DOD posted a RFP that will contract with a NGO involving in three specific initiatives to upgrade existing business centers (Mosul, Baghdad, and Basrah).
    - DOD posted a RFP that will undertake the automation of the Iraq Stock Exchange (ISX) and various training initiatives. Additionally the contract will involve the training of the Iraq Securities Commission (ISC).
    - Undertake a new effort to develop a strategic investor database for prioritized State Owned Enterprises (SOE) along with a variety of effective privatization models to be proposed to the Iraqi Government in efforts to encourage the progress of privatizing selected SOEs. Evaluation of prospective transactions will be made as opportunities present themselves for privatization or private assistance.

USAID

- Supported 4 business centers in Baghdad, Arbil, Kirkuk and Mosul by providing business training, mentoring services, training materials, and conducting business assessments. Due to security limitations in Al Anbar province, USAID was unable to work in this area.

- Produced small business tool kits covering 14 business areas in Kurdish – an Arabic version is currently being developed.

Accomplishments anticipated in the next quarter:

Department of Defense

- The Iraq Stock Exchange (ISX) will be automated including new hardware and software that will accommodate Trading, Clearing, Settlement, and possibly Depositary systems. The necessary training to insure that the Iraqi users will be effective in executing market-making transactions, including brokers ISX's Board of Governors and the Iraq Securities Commission (ISC). A subcontractor will be chosen to consult on the choice of software, which is a cornerstone of the automation.

- Provide the ISX and the ISC assistance in structuring their organizations in terms of executing proper oversight, training on governance, and general management, which will enable the new entities to effectively execute their respective regulatory roles. Additionally a review of the draft Permanent Securities Law as well as other interlinking laws preparing it for delivery for passage that will assist in the ISC effectively executing its regulatory role.

- 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 preparing each center to become a stand-alone Iraqi managed entity. The NGO will also plan, develop, and implement the Iraq National Business Alliance where all Iraq Business Centers and business associations are aligned under one umbrella organization and will represent the business interests of the private sector in Iraq. Funding will be provided to each of the three existing business centers for this coming year before the centers are turned over to full Iraqi management. Funding will be provided to startup the National Business Alliance and maintain it through the first year of initial operations.

- Undertake a new effort to develop a strategic investor database to prioritized State Owned Enterprises (SOEs) along with a variety of effective privatization models to be proposed to the Iraq Government in efforts to encourage the progress of privatization of selected SOEs. Evaluation of prospective transactions will be made as opportunities present themselves for privatization or private assistance.

USAID

- Begin distribution of grants ranging from $500 to $25,000 to micro and small businesses for a total of $750,000 in grants over the next year.

- Provide training, mentoring and grant service to three additional business centers in Basrah, Al Anbar, and a city in the south.

Micro, Small, and Medium Enterprises
Project Code: 03000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	44	-	-	-	44	34	10
January 2005	44	-	-	-	44	35	34
Change from October	-	-	-	-	-	+1	+24

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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 October Report: This report maintains the $44 million allocation for the development of small and medium enterprises in Iraq.

During the previous quarter, an additional $900,000 was transferred by USAID to OPIC. To date, $25.9 million has been transferred to OPIC.

Anticipated Accomplishments Reported in October 2004 Report
• IMMDF employees, Iraqi private sector banks and businesses are expected to begin participation in training programs established through separate USAID contracts.
• The Iraq Stock Exchange will migrate to a fully electronic depository and trading system.
• A Website will be designed and implemented that identifies all the private sector funds entering Iraq and translates the various programs for funding specifically for users which include the Armed Forces, Iraqi businessmen, and the Iraqi general public.
• A new effort will be undertaken to develop a strategic investor data base for prioritized State Owned Enterprises (SOE) along with a variety of effective privatization models to be proposed to the Iraqi Interim Government in efforts to encourage the progress of privatizing selected SOEs.
• Contingent on improved security, the IFC will engage a contractor to train Iraqi loan officers to begin lending to clients who want to establish or expand small and medium sized enterprises.

Accomplishments since the October:

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, has opened offices in Jordan and is traveling to Iraq on an as needed basis.

- IMMDF has approved one loan of $2.3 million in October to National Household Products Company for the purchase of plastic molding equipment associated with bottling. IMMDF is in active review of a second $750,000 loan request and has contacted Iraqi businesses that had earlier expressed interest to the CPA in potential loans prior to June 28, 2004.

- OPIC has signed the Tranche B framework agreement, which allows Iraqi private sector commercial banks to receive funding for on-lending to Iraqi middle market businesses upon completion of training and meeting Central Bank of Iraq minimum capital requirements.

Department of Defense

- Funding for 3 programs in this project code had been suspended since July 2004 due to the IRRF Strategic Review. The funding for these programs became available in November 2004.

Treasury/International Financial Corporation (IFC)

- In light of pressure from donors to begin operations, despite the poor security environment, the IFC is proposing to offer trade financing for private businesses in Iraq, working through the Iraq National Bank (INB) and the Export and Finance Bank of Jordan (EFB), which will soon be a major investor in INB. The IFC hopes to use the EFB's offices in Amman to train senior and mid-level bank officials early in 2005, so they can make their first line of credit available ($15 million) soon thereafter. .

Accomplishments anticipated next quarter:

Department of Defense

- Post a RFP for the design and implementation of a website that identifies all the 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.

- Choose an Administrator to process grants to private banks, approving term loans to small Iraqi owned businesses based on cash flow repayment criteria.

- Complete a 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".

OPIC

- IMMDF will continue its review of prospects originally sourced by the CPA.

- IMMDF, together with Citibank and BNP Paribas, is planning a meeting in Jordan to market the facility to private Iraqi banks.

Institutional Reforms
Project Code: 01500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	100	-	-	100	-	-
January 2005	-	100	-	-	100	73	-
Change from October	-	-	-	-	-	+73	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $100 million to continue to implement a broad-based institutional economic reform program. This report maintains that allocation.

The July 2207 report indicated that CPA and Iraqi Ministries agreed to use some of the funds from Vocational Training (Project Code 02001) to provide training and technical assistance to support the following: public and private institutions that shape and implement economic and financial policy; regulatory and legal reforms; fiscal decentralization; and intergovernmental finance. These institutions included: the Central Bank, the Ministry of Finance, the Ministry of Trade, and public utilities regulatory agencies. Towards that end, $20 million was allocated from the Vocational Training in order to initiate these activities under USAID's ECON II contract, the remaining $80 million of which is now being funded under this project code. Therefore, $20 million of Institutional Reforms will be used to support Vocational Training. In order to provide accurate reporting of the activities under the ECON II contract, all reporting is consolidated under Project Code 01500.

Anticipated Accomplishments Reported in October 2004 Report
• Complete an analysis of the current tax legislation, state and local duties and fees and assist the Tax Commission to further improve their structural organization and automation by reorganizing the Commission along functional lines.
• Complete an analysis of revenue performance for 2003, and complete and update, as appropriate, revenue forecasts for 2004-2007.
• USAID will assist the Tax Commission and MOF with training to further develop and improve capacity of all staff to administer the tax laws in a fair, efficient and professional manner.
• Develop educational materials explaining the tax laws, including record-keeping requirements.
• USAID will complete the roll out of Phase III of the FMIS within the MOF, the 18 Governorates and 28 related Ministries and continue training in the MOF to improve their capacity to prepare an annual budget that integrates all level of governments and that uses an IMF framework based on functional classification, organizational structure, economic classifications, and source of financing for the line agencies, provinces and local governments.
• USAID partners will provide training and support to the Ministry of Finance's Macroeconomic Analysis Unit, and provide training related to the implementation of new economic laws and regulations.
• Identify and implement significant improvements in the infrastructure, operations and training areas of the MOF, and continue training in the FMIS.

- Establish a professional association of surveyors accepted by the Ministry of Justice (MOJ) and the real estate industry and establish professional standards, train and certify surveyors.

Accomplishments since the October:

- To date, the Ministry of Finance (MoF) has limited ability to conduct any type of revenue analysis as the information provided to the MOF from various other Ministries and tax administrative data is largely fragmented and poorly reported. As a result of delays in obligating funds to this contract, the completion and updating of revenue forecasts for 2004-2007 was not completed. During the next quarter, USAID will conduct a Data Needs Assessment to catalogue the tax administrative data for the purposes of revenue and tax policy analysis. The objective of this work is to convert existing tax administrative data into a format more easily accessible for analysts; catalogue the variables available for each tax's database; assess data quality, identify problems and document findings; and to develop recommendations for further improvements in the tax administration data.

- Assisted the Tax Commission and MoF with training to develop and improve the staff's capacity to administer tax laws in a fair, efficient and professional manner. Training was provided on the Wage Withholding Tax, Income Tax Deduction Schedule, Sales Tax and Corporate Tax implementation as well as the electronic tax registration system.

- Developed educational materials clarifying the tax laws and the related record-keeping requirements.

- Completed the roll out of the Financial Management Information System (FMIS) in the MOF and the Baghdad governorate. Six Ministries and two Governorates received FMIS orientation and are moving to implement additional training courses. While the October report suggested that USAID will complete the roll out of Phase III of the FMIS within the MOF, the 18 Governorates and 28 related Ministries, during this reporting period the MOF changed the formatting in the Chart of Accounts in the FMIS system which resulted in a need to redesign the software (in addition to translate into Arabic) and delayed the overall completion date of this installation. Security conditions permitting, the roll-out will continue with an agreed to and accepted completion date of the FMIS installation nation-wide by June of 2005.

- Trained and provided support to the MoF's Macroeconomic Analysis Unit and also conducted training on implementing new economic laws and regulations. Balance of Payments and Key Financial Indicators' reports were prepared.

- As a result of the MoF changes to the Chart of Accounts in the FMIS system, the software had to be redesigned to reflect these changes. Moving forward, USAID will continue to work with the MOF to identify and implement significant improvement in the infrastructure, operations and training areas of the MOF and the FMIS system.

- Due to the delayed deployment of personnel for security reasons, the establishment of a professional association of surveyors accepted by the Ministry of Justice and the real estate industry was delayed.

- Completed an analysis of the current tax legislation, state and local duties and fees. Continued to work with the Tax Commission to further improve its structural organization and automation by reorganizing the Commission along functional lines. To date, the Tax Commission agreed to complete a "pilot" reorganization of one of its regional offices as part of this reorganization.

- Finalized an agreement with the Warkaa Investment Bank President to pay border guards' salaries via direct deposit subsequent to approval of the MOF. Trained three Registrars of the Baghdad, Arbil and Sulaymaniyah Business Registries on the new business registry system. Conducted five Bank Supervision module courses for 30 bank employees of two state-owned banks.

- In conjunction with the Department of Treasury, conducted a review of the Central Bank of Iraq's (CBI) Monetary Policy with a view towards providing recommendations for improvement. This work will be critical in facilitating rational discussion by the CBI and formulation of its monetary and exchange rate policy within the context of the overall economic program of the Government of Iraq in coordination with the International Monetary Fund, World Bank, and other donors.

- Conducted a World Trade Organization accession training workshop for 35 Iraqi ministry officials.

- Implemented a comprehensive series of in-country business management skills workshops for Iraqi senior and mid-level business managers.

- Organized special programs for bank credit training for more than 200 banking community participants that covered lending practices and accounting management. Developed programs for business center managers and conducted training in three business centers. Twenty-three firms attended trainings in presentation and negotiation skills in preparation for a trade expo in Amman, Jordan. Four business training centers, established with USAID support, are offering business training, consulting, and entrepreneurship services in Baghdad, Arbil, Kirkuk and Mosul. Two centers are currently offering business incubation services. A grant manual was prepared for the distribution of $3 million in grants for up to 600 graduates of the centers' business training based upon select criteria established in the Grants Manual.

Accomplishments anticipated next quarter:

- Strengthen Iraq's commercial banking system by assisting Iraqi Government Ministries and USG contractors in using domestic banks for payment of employees' salaries through direct deposit systems.

- Aid the Iraq Tax Commission (ITC) in developing information and instructional materials that will assist the ITC during its deliberations on the introduction of a Value Added Tax (VAT).

- Assist the Iraq Customs Commission in their operations and procedures by assisting the transition of Customs from the Ministry of Interior to the Ministry of Finance. At the same time, provide assistance to the Customs Commission in improving collection of the Reconstruction Levy.

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

- Continue support to the Ministry of Electricity in review of capacity training, including resource planning, budgeting, accounting and financial reporting systems.

- It is anticipated that both the Master Plan and Institutional Development work with the Ministry of Electricity will be carried out over the next year. The objective of this plan is to ensure orderly and adequate development of electricity infrastructure and utility fuel supply requirements keeping in mind the immediate need of providing power for basic services and for the needs of industry and commerce so that the existing, current expansions and future projects can be efficiently and safely operated and maintained in a cost effective manner and comply with environmental and pollution requirement. Components of this plan include (i) collect system data and develop computer models; (ii) development of a generation plan; (iii) development of a transmission expansion plan; and (iv) review and upgrade distribution reliability and maintenance plans. Towards this end, USAID will seek to review the Master Plan with the Ministry in order to identify any subsequent changes required before its adoption.

Agriculture
Project Code: 01600

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	100	-	-	100	-	-
January 2005	-	100	-	-	100	61	-
Change from October	-	-	-	-	-	+61	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $100 million to support expanded private sector agribusiness throughout Iraq. This report maintains that allocation.

Anticipated Accomplishments Reported in October 2004 Report
• Increase support to Minister of Agriculture as she works to reform the MOA and reduce the role of government in the sector.
• Distribute superior wheat seed and improve technology demonstrations across Iraq.
• Rehabilitate veterinary clinics, and implement vaccination and de-worming programs.
• Develop farmer and trade associations, such as marketing associations around vegetable storage facilities.
• Support nascent private sector supply and marketing sector.

Accomplishments since the October:

- Provided ongoing capacity building support to Minister of Agriculture (MOA), which included a study tour to discuss donor coordination with Egyptian counterparts, as well as MoA officials' attendance at custom-designed irrigation management training in Jordan.

- Conducted a joint program with the MoA that distributed 14,000 tons of superior wheat seed. Technology demonstrations were established in 12 governorates across Iraq.

- Completed bills of quantities and undertook tendering and contracting to rehabilitate an initial 21 of the Minister's list of priority veterinary clinics around Iraq, starting with clinics in the governorates of Ninawa, Anbar, Salah al Din, Tameen, Diyala, Baghdad, Babylon, Wasit and Missan. Because of security issues (assassinations of veterinarians), civil affairs units have taken the lead on the vaccination campaign in cooperation with the MoA. The campaign will start in Baghdad governorate.

- Continued work on association development with the establishment of a plan for group use of a tomato storage facility and creation of a subcommittee in the Iraqi Businessman's Association for the date palm association.

- Supported nascent joint ventures between the private sector and international firms. For example, the agricultural mechanization rehabilitation and development program is a three way joint venture between the MOA, international firms and local companies.

Accomplishments anticipated next quarter:

- Implement a Ministry-wide training plan developed to reform the MOA as well as reduce and change the role of Government. The MoA's role will shift over the long term towards regulation and advisory services.

- Multiply improved wheat seed for distribution next year and continue demonstration of technologies that will increase production across Iraq.

- Continue to re-equip the rehabilitated veterinary clinics and support the MOA and civil affairs as they implement vaccination and de-worming programs.

- Expand support to farmer and trade associations, such as date association.

- The MoA will implement a nationwide program to rehabilitate and maintain agricultural machinery. The MoA provided information on models and numbers of machinery by governorate. The private sector (Iraqi and international) will hold workshops to train mechanics and set up local level machinery repair shops.

Market-Based Reforms

Project Code: 03500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	100	-	-	100	-	-
January 2005	-	100	-	-	100	47	-
Change from October	-	-	-	-	-	+47	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID.

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $100 million to promote market-based reforms. This report maintains that allocation.

The July 2207 report indicated that CPA and Iraqi Ministries agreed to use some of the funds from Vocational Training (Project Code 02001) to provide training and technical assistance to support the following: complement public and private efforts to create and develop growing, integrated and sustainable economic activity in Iraq by providing relevant technical assistance in developing and implementing international best practice solutions focusing on those policies, regulations, administrative procedures and institutions that have the most direct impact on the ability of foreign and particularly smaller Iraqi private sector firms to invest and grow their businesses. Towards that end, $12.6 million was allocated from the Vocational Training in order to initiate these

activities under USAID's PSD II contract, the remaining $87.4 million of which is now being funded under this project code. Therefore, $12.6 million of Market-Based Reforms will be used to support Vocational Training. In order to provide accurate reporting of the activities under the PSD II contract, all reporting is consolidated under Project Code 03500.

Anticipated Accomplishments Reported in October 2004 Report
• Identify important stakeholders groups and "center-of-influence" effected by potential restructuring /privatization and establish communications to identify issues and foster participation.
• Assess ownership options and incentives for asset sale or management of infrastructure services to or by private investors or operators. Identify investment opportunities. Facilitate the registration and licensing of investment projects. Gather investment data and technical information.
• Establish a central trade policy body at the Ministry of Trade or at a higher level having sufficient authority and resources to coordinate trade policies.
• Conduct needs assessment for WTO accession and development of action plans.
• USAID will implement a comprehensive series of in-country business management skills workshops for Iraqi senior and mid-level business managers.

Accomplishments since the October:

- Signed the Private Sector Development contract on September 30th. Security issues and delays in issuing country clearances have slowed deployment and limited progress. The Chief of Party arrived on November 16th and core staff will continue to arrive throughout the remainder of the year.

- Held initial meetings with the Prime Minister's advisor on privatization. Participated in the World Bank meeting on Privatization in Amman, Jordan.

- Briefed the Prime Minister's privatization advisor on successful privatization campaigns in other countries, and various options for Iraq. Scheduled follow-up meetings with the entire privatization council and the Deputy Prime Minister.

- Initiated development of a database of potential US investors. Preliminary focus has been on the Iraqi/American community.

- WTO meetings in Washington delayed initial efforts to build consensus of a central trade policy, as essential Iraqi counterparts were not in country. In lieu of these meetings, USAID initiated collection of Iraqi WTO-related legislation with a view towards reviewing the adequacy of such in relation to WTO compliance.

Accomplishments anticipated next quarter:

- Collaborate with Iraqi officials to achieve agreement on the basic structure of a state-owned enterprise reform program.

- Consolidate state-owned enterprise assessments and identify gaps.

- Identify several state-owned enterprises to use as pilot projects for corporatization/ privatization efforts.

- Construct an initial road-map document for World Trade Organization accession and begin work on drafting needed legal reforms.

- Complete the initial assessment of investment roadblocks and opportunities, begin investor outreach efforts, and develop a plan for the establishment of an Iraqi Investment Promotion Agency.

- Identify the best performing business associations, chambers, clusters, and business skills' providers in Iraq and develop an initial strategy to deepen their capacity to deliver business skills training and disseminate and/or access information.

- Identify current constraints on lending to micro, small, and medium sized enterprises, and develop a work plan to enhance the capacity of microfinance institutions and private banks to provide capital and services to these sectors.

Iraq Debt Forgiveness

Project Code: 04500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	360	-	-	360	-	-
January 2005	-	360	-	-	360	-	-
Change from October	-	-	-	-	-	-	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of the Treasury

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $360 million for debt relief. This report maintains that allocation. The necessary legislative authority was provided in PL 108-309.

Anticipated Accomplishments Reported in October 2004 Report
• Work with the Paris Club of Creditors and other Iraqi creditors to provide deep debt reduction.

Accomplishments since the October Report:

- Successfully negotiated Paris Club agreement for 80% debt reduction. USG provided 100% bilateral debt reduction

Accomplishments anticipated in next quarter:

- Assist Iraqi efforts to obtain expeditious implementation of bilateral agreements with Paris Club creditors, and at least comparable debt treatment from non-Paris Club creditors.

Sector: Education, Refugees, Human Rights, and Governance

Migration and Refugee Assistance

Project Code: 04000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	105	70	-	-	175	18	3
January 2005	105	70	-	-	175	28	8
Change from October	-	-	-	-	-	+10	+5

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Department of State's Bureau of Population, Refugees, and Migration (PRM) and USAID's Office of Foreign Disaster Assistance (OFDA).

Changes from the October report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Migration and Refugee Assistance from $105 million to $175 million. This report maintains that allocation.

Anticipated Accomplishments Reported in October 2004 Report
• The MDM will open at least three more offices, for a total of four regional offices throughout Iraq, to support reintegration of returning displaced persons and Iraqis from abroad.
• OFDA will continue ongoing IDP programs, as well as substantially expand the size and scope of the IDP response. OFDA will continue to work through its current implementing partners, as well as seeking new partners.
• OFDA will seek to award funding in the next quarter to support long-term IDPs in areas of displacement; support the basic humanitarian needs of IDPs returning to their areas of origin; and support recent IDPs who have been displaced since the 2003 conflict.
• New funding for IDPs will be directed towards support for basic water, sanitation, and health needs, as well as livelihoods support and income generation projects to support humanitarian needs and stability in IDP and IDP return areas.

Accomplishments since the October Report:

USAID

- Continued OFDA's ongoing Internally Displaced Persons (IDP) program, and is moving to expand its size and scope. OFDA issued an Annual Program Statement (APS) at the end of September, seeking new proposals for IDP activities focused on

water, sanitation, health, livelihoods, and capacity to respond to new emergencies. OFDA expects to fund approximately $52 million toward new IDP-related activities and anticipates obligating it before the end of the quarter. In addition, OFDA committed $9.8 million to the International Organization for Migration (IOM) for emergency IDP response and preparedness, and expects to obligate $2 million to continue existing programs.

- Supported long-term IDPs in areas of displacement, primarily in northern Iraq, as well as basic humanitarian needs of IDPs returning to their areas of origin. Activities addressed the health needs of IDP communities in Northern Iraq. An implementing partner increased access to health services by: training 22 primary health care doctors in Makhmur, and 18 doctors and 36 nurses in Diyala; provided community outreach health services by establishing two mobile health teams that provided health services to 2,906 patients, antenatal care to 176 pregnant women and vaccinated approximately 1116 children and pregnant women in Diyala Governorate; and rehabilitated the Tel Al Reem Primary Health Care Center which serves 13 villages of Kurdish returnees in Arbil Governorate. With funding from OFDA, implementation of several water projects was completed in Northern and Central Iraq. OFDA's implementing partner increased access to safe and sufficient quantities of water and adequate sanitation in Arbil and Ninawa Governorates by rehabilitating and extending water supply networks, repairing a water tanker, and constructing 600 portable water tanks. The projects increased access to potable water for an estimated 1,975 internally displaced persons (IDPs) and vulnerable persons in Qushtapa sub district of Arbil, and 1,785 IDP and vulnerable persons in Makhmur district of Ninawa. Some villages previously had no water source and their wells were destroyed by the former regime. Most villages had relied on water from other sources, either by tanker or on shallow wells that were not hygienic. In Kirkuk Governorate an implementing partner installed deep wells in 13 returnee villages destroyed by the former regime and provided health services through mobile health units to over 2,000 returnees in 21 villages.

- Distributed emergency supply packages to more than 17,000 of the most vulnerable IDPs, returnees and members of the host community in Diyala Governorate until a more permanent solution is found to the situation of displacement. A package contains 23 items that range from mattresses to water containers to locks for doors to stoves. The list was decided upon through community participation and input from local Arab and Kurdish NGOs.

- Supported recent IDPs displaced since the 2003 conflict, including, most recently, IDPs displaced from Fallujah in October and November of 2004. With OFDA funding, IOM, through its humanitarian aid partners, distributed more than food and relief supplies to 25,000 of the most needy IDPs displaced from Fallujah. In addition, four emergency medical health kits were provided to primary health care centers in IDP communities in Amiriyah, Habaniyah, Saklawiyah and Karma.

- Funded an international organization to maintain two warehouses in Baghdad and Samarra for storage of emergency supplies, including winterization items, and contracts with local merchants in order to quickly purchase supplies on the local market as needed.

- Funded an international organization to provide winterization items for 325,000 of the most needy IDPs in 15 governorates of Iraq. Items included tents, cooking stoves, buckets, blankets, plastic sheeting, mattresses, sweaters, and kerosene heaters. In this quarter, items were distributed to more than 1,000 families in Kirkuk Governorate, and distributions have begun in the majority of the other Governorates.

Department of State (PRM)

- The MDM has opened three regional offices in Basrah, Diyala, and Karbala, and it has plans for an additional two, for a total of seven regional offices throughout Iraq, to support reintegration of returning displaced persons and Iraqis from abroad.

- Funded a capacity building program for the MDM, which is being implemented by the International Organization for Migration (IOM). IOM's program will focus on human resource development and training.

- MDM led an assessment team to the Al-Tash refugee camp, which hosts over 2,500 Kurdish refugees from Iran. MDM is advocating greater IIG assistance to the camp.

- MDM led an inter-ministerial committee to Kirkuk to assess the IDP situation and to generate IIG interest in addressing the humanitarian issues there.

Accomplishments anticipated in next quarter:

USAID

- Provide winterization support to approximately 325,000 of the most vulnerable IDPs in 15 of Iraq's governorates. Provision of basic water and sanitation and health to IDP sites in Kirkuk City, targeting all of the city's ethnic groups, will be under way. Health activities include provision of mobile clinics that will provide health and hygiene promotion training to two IDP sites in Kirkuk and 23 villages for Arab IDPs outside Kirkuk. Water/sanitation and health activities to non-contentious areas of return (areas without land disputes) south of the green line will be expanded. Cash for work programs for post-conflict IDPs and income generation for returnees will have commenced.

Department of State (PRM)

- The MDM will open two more regional offices in Kirkuk and Mosul, for a total of seven throughout Iraq, to support reintegration of returning displaced persons and Iraqis from abroad.

- The MDM will coordinate actions of various ministries with regard to displacement in Fallujah, and other areas as needed. MDM will work with UNHCR to focus additional assistance for refugees in the Al-Tash camp.

- The MDM will work through regional offices to establish coordination with provincial and KRG governments.

- The MDM will continue to encourage host countries to extend the protection period for Iraqis, and not to urge or force returns.

Property Claims Commission
Project Code: 05500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	10	-	-	-	10	1	-
January 2005	10	-	-	-	10	1	1
Change from October	-	-	-	-	-	-	+1

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible US Government Agency: Department of State (PRM).

Changes from the October Report: This report maintains the $10 million allocation for support to the Property Claims Commission (IPCC).

Anticipated Accomplishments Reported in October 2004 Report
• The IPCC will consider beginning adjudication of certain uncontested land claims.
• We will work with international partners UNHCR and IOM in order to assist the IPCC in implementing a comprehensive plan for the dissemination, coordination and collection of international property claims.
• A national database will be installed to assist the operation of the IPCC. The State Department will supply consultants to work with Iraqi counterparts in establishing and maintaining this system.
• The IPCC will work with the International Rescue Committee (IRC), a UNHCR partner, to review the work of the IPCC and to make best practice recommendations for future progress.

Accomplishments since the October Report:

- During November 2004, the IPCC began adjudicating claims (contested as well as uncontested). Given that the IPCC was first established only earlier this year, this timeline for commencing the issuance of decisions on claims compares most favorably with that of similar property claims programs (which have normally taken well in excess of 1 year from the date of the program's creation to begin issuing decisions on claims).

- As of December 8, 2004, the IPCC has rendered decisions in over 100 cases, with the pace of adjudications now appearing likely to increase markedly in future months (particularly with continued technical, procedural and "best practices" assistance by DOS and our international partners (particularly IOM and UNHCR)).

- With the recent adjudications of contested claims (which typically involve monetary compensation awards), the IPCC will now be accessing, for the first time, non-US funds budgeted in the IIG's budgets (for 2004 & 2005) for payment of the IPCC's compensation awards (a separate line item in the IIG budget from IPCC administrative expenses).

- Substantial progress has been made in designing and implementing a more robust public information program (for noticing and publicizing to potential claimants information on the IPCC's property claims program, and highlighting its current June 30, 2005 filing deadline). Draft mock-ups of brightly-colored posters to be posted prominently in public places, and draft flyers for insertion in the monthly food ration packets dearly during 2005, are now being finalized for printing and duplication.

- During mid-October 2004, the IPCC's Iraqi head, accompanied by approximately five of his senior officials, visited IOM and UNHCR offices and facilities in Geneva, Switzerland, to receive information, briefings and training on all aspects of the conduct of property and related claims programs that have been conducted by those organizations.

- IOM has now developed -- and the head of the IPCC appears fully agreeable to having IOM commence within the next quarter -- a training program for the IPCC's national, regional and local staff. Staff members targeted for the training program have responsibilities across a broad range of the IPCC's internal and external operations and activities.

- IRMO/IPCC staff initiated efforts to build direct relationships between IPCC, on the one hand, and IOM and UNHCR, on the other. This expansion of ties between the two international organizations and the IPCC will allow the IPCC to obtain the full benefit of IOM's and UNHCR's experience in administering all aspects (including IT) of mass claims programs. This anticipates that the IPCC may continue to need their assistance even after the US has geared down its presence in Baghdad.

- PRM has funded, and/or committed to fund, IOM's and UNHCR's increased availability and support to the IPCC. This will be in specific areas that include IPCC employee training, the IPCC's database functionality and IT capabilities, and the IPCC's public information campaign. The spend rate has been slower than anticipated, however, because of security and IIG (and IPCC) organizational issues.

Accomplishments anticipated in the next quarter:

- The number of claims being adjudicated will continue to increase, along with the rate of claims adjudication.

- The number of IPCC offices in Iraqi governorates will be increased to 40+ from the current level of 29.

- A plan for compensating claimants and/or respondents, in accordance with decisions of IPCC regional commissions, will be developed, under the sponsorship of Iraqi governmental authorities.

- IOM will conduct training for IPCC adjudicators and IPCC staff members on the law and practice of the IPCC Statute and Instructions for Operation, including: claims processing; database creation, maintenance and use; and decision-making standards and procedures.

- The IPCC Claims Program will be made more accessible to expatriate claimants residing out-of country, with likely logistical assistance to IPCC in this area by UNHCR or IOM, or both international organizations.

- The public information (PI) program now in the planning stages will be implemented with the distribution and posting of materials and the eventual creation of an IPCC website.

Governance

Project Code: 06700

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	-	40	-	-	40	-	-
January 2005	-	40	-	-	40	30	-
Change from October	-	-	-	-	-	+30	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible US Government Agency: Department of State and the National Endowment for Democracy (NED).

Changes from the October Report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report established an allocation of $40 million for building the capacity of parties, and coalitions of parties, to respond to the challenge of the first national elections of the post-Saddam era. This report maintains that allocation.

Up to $5.3 million will be used to produce and place a much needed series of voter education/democracy building television spots to air on Iraqi television during and after the run up to the elections in support of other voter education/democracy building efforts. It will also include a specific outreach to encourage Sunni citizens to vote in the elections.

Detailed results from activities carried out by NED (IRI and NDI) under this project code will be reported under Democracy Building Activities (P/C 06000).

Anticipated Accomplishments Reported in October 2004 Report
• Democratically oriented political parties are polling their fair share in credible public opinion polls.
• Democratically oriented political parties have formed a reasonable number of coalitions and have formed effective campaign committees and staffs.
• Democratically oriented parties have submitted lists of candidates and been certified on the ballot.

Accomplishments since the October Report:

- Obligated a $30 million grant to NED in December 2004. Funds will be provided to IRI and NDI to implement support for dramatically oriented political parties and groups.

- Many democratically oriented parties still fare poorly in the polls, but they are focusing more closely on their media messages in cooperation with NDI and IRI consultants.

- Several large coalitions of democratically oriented parties have formed, including one of Kurdish parties, and several involving moderate Sunni/Shia parties, and they are on the election ballot. While some of the biggest names among democratically oriented political groups did not form coalitions, they are pledging to cooperate with each other in the future national assembly.

- Democratically oriented political parties have submitted candidate lists for both national assembly elections as well as Kurdish regional and provincial council elections throughout Iraq.

Accomplishments anticipated in the next quarter:

- NDI and IRI will provide support to democratically oriented political parties, to include providing them with strategic advice, technical assistance, training, polling data, and assistance.

- Opinion polling will be conducted weekly, (supplementing a program of polling that is currently monthly) on a national and provincial scale within Iraq, for the purpose of identifying issues of interest to the Iraqi people at national and provincial levels, and the strengths of the various political parties and candidates.

Banking System Modernization
Project Code: 08000

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	30	-	-	-	30	18	9
January 2005	30	-	-	-	30	18	12
Change from October	-	-	-	-	-	-	+3

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: Departments of Defense and the Treasury.

Changes from the October Report: This report maintains the $30 million allocation for Banking System Modernization.

$900,000 was re-allocated from the Department of the Treasury to the Department of Defense to install a provisional Iraqi national payments system until the long-term system can be installed across Iraq.

Anticipated Accomplishments Reported in October 2004 Report
• Complete delivery of the computers to all the bank branches and associated training.
• Begin work in Iraq to install the Real Time Gross Settlements System and Automated Clearing House project that was contracted in July. This will include "train the trainer" training for the key Central Bank personnel who will be capable of operating the system and providing training to others in the Central Bank and the commercial banks.
• Complete the Central Bank guard force training already contracted.
• Need for increased security in maintaining re-established banking services is causing a review of Bank Modernization project priorities. Under consideration now are requests for armored currency transport and additional Central Bank guard training. In the short term these additional procurements (estimated $1.7 million) would have to be implemented at the expense of other objectives.

Accomplishments since the October Report:

- Delivered computers to all the bank branches in Iraq along with associated training.
- The Real Time Gross Settlements System (RTGS) and Automated Clearing House (ACH) contractor has assembled its team in Dubai. A kick-off meeting with Central Bank of Iraq (CBI) officials has been delayed twice at the request of the Central Bank Governor for security reasons. As an interim solution to provide for essential local payments and settlements, the head offices of all of Iraq's banks have been outfitted with satellite phone-based computer terminals and software. These terminals have been networked together to function as the core of the Iraq Local Settlements System (ILSS).
- Effected payments to S.W.I.F.T. in Belgium for financial telecommunications services to the Central Bank of Iraq.

Accomplishments anticipated next quarter:

- Following completion of the CBI/contractor kick-off meeting, define the schedule for developing the RTGS and ACH software applications and installing associated hardware.

- Begin the train-the-trainers process in Dubai for CBI personnel on the RTGS and ACH systems.

- Procure the next Banker Training Center sets for delivery to locations both in and outside Baghdad.

- Assess CBI requirements for servers, computers and related equipment.

Human Rights
Project Code: 09500

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	15	-	-	-	15	2	-
January 2005	15	-	-	-	15	3	-
Change from October	-	-	-	-	-	+1	-

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

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

Changes from the October 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.

Anticipated Accomplishments Reported in October 2004 Report
• Obligate grants to support human rights education, documentation and oral history projects and forensic assistance in connection with humanitarian exhumation of mass graves. Coordinate mass graves and missing persons assistance with UK.
• Implement a workshop in cooperation with the Iraqi Ministry of Human Rights to formulate a policy on missing persons and mass graves.

Accomplishments since the October Report:

USAID

- Supported a major 10 day Human Rights Festival in Sulaymaniyah in October, organized by the Ministry of Human Rights, through provision of partial costs of the production and printing of a 6-page daily newspaper for the festival that provided

coverage of elections-related topics, voter awareness material and training and how these relate to issues of human rights.

- Established a Civil Society Resource Center under the civil society portfolio (see Democracy Building Activities) to provide training, technical assistance, and grant support to Iraqi civil society organizations. Support will emphasize assistance to NGOs who work in the cross-cutting areas of human rights and women's issues. Trainings scheduled to be completed in December include human rights education, monitoring, documentation, and advocacy, as well as training targeted towards women's Civil Society Organizations.

Accomplishments anticipated in next quarter:

- Support the establishment of 2 additional Resource Centers and will continue training Iraqi NGOs in topics related to human rights, advocacy, and gender coupled with the start of a small grants program to support NGOs that work in areas with cross-cutting human rights and gender themes.

Education
Project Code: 06300

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	89	10	-	-	99	79	9
January 2005	89	10	-	-	99	81	15
Change from October	-	-	-	-	-	+3	+6

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible U.S. Government Agency: USAID and Department of Defense/Project and Contracting Office (PCO).

Changes from the October report: Consistent with the Department of State's Strategic IRRF Review and Reallocation Plan, the October report increased the allocation for Education from $89 million to $99 million. This report maintains that allocation.

Anticipated Accomplishments Reported in October 2004 Report
Basic Education:
• Computerize education supply warehouses in governorates, including provision of Internet facilities for some governorates.
• Initiate selection and training of master trainers for training of education professionals in grades 10-12.
• Reach a national consensus among MOE and other stakeholders on strategies to develop a model school program.
• Award 180 community small grants to refurbish schools.
• Procure and deliver secondary school kits for 525,000 students in grades 10-12.

Higher Education:

- Complete rehabilitation of Soils Testing Laboratory at Basrah University.
- The universities will open on September 25th and the freshman class will start in late October.
- Distribute the fifty Chemistry and Biology labs to all 20 Universities by November 15th.
- Contract and receive in Iraq computer labs by December. Distribution will take place late December or early first quarter of calendar 2005.

Accomplishments since the October Report:

USAID

Basic Education:

- Degradation of the security environment during the reporting period caused a slow-down in implementation of education programs. New security measures were taken to enable the education program to move forward. The following activities were completed:
  - Distribution of equipment to computerize education supply warehouses in 16 of 18 governorates.
  - Selection of facilitators for training of education professionals in grades 10-12.
  - Initiation of a dialogue between Ministry of Education (MOE) and other stakeholders on strategies to develop a model school program.
  - Identification of priority areas for 180 small grants to communities to refurbish schools.

Higher Education: (IRRF I only)

- While this was included in previous reports, support for USAID higher education programs was provided from funding appropriated in the first Iraq Relief and Reconstruction Fund (IRRF) enacted in PL 108-11.

PCO

- Began distribution of a total of 50 Chemistry and Biology labs to all 20 Universities

Accomplishments anticipated in the next quarter:

USAID

Basic Education:

- Distribute 525,000 secondary school kits for tenth through twelfth grade students.
- Train facilitators for training of education professionals in grades 10-12.

- Award 40 small grants to communities to refurbish schools.
- Refurbish sanitary facilities in 500 schools.
- Enroll 10,000 out-of-school youths in accelerated learning programs.
- Design prototypes for model primary and secondary schools.

Higher Education:

PCO

- Contract, receive and deliver equipment for approximately 100 University computer labs by February 2005.

Civic Programs
Project Code: 06600

		FY 2005					
2207 Report	**FY 2004**	**1st Qtr**	**2nd Qtr**	**3rd-4th Qtr**	**Total**	**Obligated**	**Outlayed**
October 2004	10	-	-	-	10	10	4
January 2005	10	-	-	-	10	10	6
Change from October	-	-	-	-	-	-	+2

NOTE: Obligation and Outlay Data is current as of December 29, 2004.

Responsible US Government Agency: USAID/Office of Transition Initiatives (OTI)

Changes from the October 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.

Anticipated Accomplishments Reported in October 2004 Report
• Expand efforts to reach women, particularly in the promotion of women's access to legal assistance.
• Continue support is planned for the development of constructive activities for Iraq's youth, including supporting activities at youth centers.
• Provide courses for women in information technology and sewing skills to expand the economic opportunities available to women in Iraq.
• USAID will also continue to fund conferences and seminars held by women's groups.

Accomplishments since the October Report:

- Continued efforts to program grants to encourage women's participation in public life. During the reporting period, USAID/OTI provided equipment and furniture to a

women's association in Basrah so they could hold meetings, trainings, and courses on the legal rights of women and provide legal aid for women. With USAID/OTI support, the association also provided courses for women in information technology and sewing skills. Additional grants issued during the quarter supported an advocacy training program for women. Four women's centers were established in Mosul, Basrah, Dahuk and Kirkuk that provide places for women to meet and attend courses.

- A series of women's conferences in the reporting period was funded by USAID/OTI. Eleven grants for seminars and discussions to promote women's participation in public life were awarded. Examples of the types of the activities sponsored included: a series of lectures for women on elections and voting held by an NGO in Northern Iraq, a conference to create networking possibilities held by a group of women entrepreneurs, and a conference held by a women's NGO to raise awareness on human rights issues. In Basrah, USAID/OTI funded a women's political awareness seminar to promote women's knowledge about democracy. In Al-Anbar province, women participated in a series of dialogue sessions highlighting the rights of the disabled in a democratic society.

- In support of youth activities, awarded 36 small grants. These programs targeted activities to constructively engage youth to minimize the appeal of insurgency/radical groups. Seven grants provided sports and recreation equipment to a youth centers across Iraq, and 2 others funded computer training courses for young persons. The rehabilitation of 3 youth centers created new spaces where young Iraqis can come together. Additional grants supported the establishment of a youth soccer league in Basrah, the rehabilitation of soccer and volleyball fields across Iraq and the renovation/equipping of a chess hall in Baqubah. In addition, 9 grants provided assistance of sports equipment, books, art supplies, and musical instruments to student groups at the Basrah and Baghdad Universities.

Accomplishments anticipated in the next quarter:

- The entire $10 million has been obligated; therefore, no additional accomplishments are anticipated. Under Democracy Building Activities (P/C 06000), USAID/OTI expects to continue supporting 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 worked 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 December 2004, over $2.5 billion of the pledges of non-U.S. assistance had been disbursed, either in bilateral projects or through the International Reconstruction Fund Facility for Iraq (IRFFI).

The International Reconstruction Fund Facility for Iraq (IRFFI)

The Madrid Conference authorized the establishment of the IRFFI, 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.

- 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 this spring in Amman, Jordan.

- Current donor commitments to the IRFFI total about $1.03 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, Republic of Korea, Qatar, Norway, and Sweden. Belgium, Finland, Greece, Iceland, Ireland, and Turkey are committing amounts less than $10 million each.

- Of the $1.03 billion in commitments, $1 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, non-governmental organizations (NGOs), while also providing training in Iraq's neighboring countries.

As of December 2004, Japan had disbursed $1.25 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--$660 million--have been in direct bilateral projects or channeled through Iraqi institutions and NGOs for implementation.

Japanese assistance is already making a difference on the ground in Iraq. Projects already completed or under implementation include:

- 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 have also been provided to the Samawa General Hospital and Al-Rumaytha and Al-Khidhur hospitals.

- The repair of roads between Al-Khidhur and Darraji and between Mahdi and Sawa 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.

- Rehabilitation and equipping of four general hospitals (Nasiriyah, Najaf, Diwaniyah, and Samawah) in southern Iraq and four more in northern Iraq (Kirkuk, Erbil, Mosul and Dahuk).

- 27 mobile electricity substations.

- 30 compact water treatment units in Baghdad.

- Through HABITAT, assistance for rehabilitation of schools and housing and community facilities.

- Through HABITAT, assistance for rehabilitation of about 271 schools in Basrah, Samawa, Nashiria, and Amra, and of about 3,000 housing 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 100 Iraqi medical staff and training in Jordan in electricity, statistics, and water resources management for a total of 85 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 and its assessed portion of the European Commission's assistance. Through October 2004, the UK has disbursed in excess of $230 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. Through October 2004, the UK has disbursed approximately $90 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.

The UK is providing $10 million for elections. It is also considering more contributions to the IRFFI, depending on the Fund's progress in disbursing its existing funds.

Spain

Spain pledged $220 million in reconstruction assistance at the Madrid Donors Conference. 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.

Canada

Canada pledged $187 million at Madrid. 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. In addition, Canada has allocated over $35 million in bilateral assistance. This includes $29 million to UNICEF 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.

The European Commission (EC)

In late 2004, the EC has proposed contributing another 200 million euros in assistance for 2005, much of which would likely be channeled through the IRFFI. The EC in November 2004 also announced 30 million euros of elections support. Half of this will be new funding, while the other half will be reprogrammed funding from its earlier IRFFI contribution.

The EC had already 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. As set out in its Iraq Assistance Program adopted on March 4, 2004, the Commission's priorities for Iraq reconstruction in 2004 are:

- Restoring and strengthening delivery of public services - $113 million to support the re-establishment of key public services – education, both primary and secondary; health, particularly children's immunization programs; and clean water and access to sanitation.

- Livelihoods and poverty reduction - $75 million to support generation of immediate local employment, contribute to efforts to develop sustainable sources of income through the development of the private and agricultural sectors, and help create social safety net provisions.

- Strengthened governance, civil society, human rights - $12 million, in part to channel support to the UN and World Bank to assist in the holding of elections, reforming the justice system, reinforcing civil society and a free media, and for assistance in good governance. Additional financing from EC bilateral democracy and human rights programs will complement these initiatives.

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 of December 2004, donors had committed $398 million to the World Bank trust fund of the IRFFI. Of this, $386 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 December 2004, the Textbook project was continuing to deliver textbooks to classrooms. The Ministry of Education has signed over $27 million in textbook printing contracts. By December 18, 2004, the IIG and World Bank had signed grant agreements for all of the projects above and are now in the implementation phase. In addition to the World Bank's first capacity building project ($3.6 million), which has already been completed, the World Bank's projects, completed or under implementation, total about $365 million.

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 possible concessional lending program. In December 2004, Iraq cleared its arrears to the World Bank, making it eligible for lending again.

United Nations

As of the end of December 2004, donors had committed $664 million to the UN trust fund of the IRFFI. Of this, $627 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. IDPs and Refugees
9. Governance and Civil Society
10. Poverty Reduction and Human Development
11. Support to Electoral Process

As of November 2004, the UN had developed 38 projects, valued at over $400 million, all of which have been approved for implementation by the Iraqi government. The first UN projects under the IRFFI are underway, including the provision of school supplies, vaccines, support for internally displaced persons (IDPs) and refugees, and elections assistance. By the end of November 2004, the UN trust fund had obligated $133 million in binding contracts for implementation and had disbursed $57 million. By the end of December, the UN expected to have obligated $200-$220 million and to have disbursed $100-$140 million.

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.