

APPENDIX I

SECTOR: Security and Law Enforcement

As a result of a comprehensive “troops-to-tasks” review of Iraq Security Force requirements—completed in conjunction with an Iraq Relief and Reconstruction Fund Strategic Review—the Multinational Force Commander recommended increases in three major forces: Iraqi Police (from 90,000 to 135,000); Iraqi National Guard (45 to 65 battalions); and the Department of Border Enforcement (16,000 to 32,000). The increase in force numbers and the immediate employment of trained Iraqi units on combat missions have increased substantially the financial and equipment burden. The financial requirement will be met through the reallocation of \$1.8 billion from within the IRRF, through use of authority from section 9006 of Public Law 108-287 (FY 2005 DoD Train and Equip authority), and through use of Iraqi funds. The Ministry of Defense (MOD) and Ministry of Interior (MOI) budgets for 2005 continue to be developed by the Iraqi Interim Government (IIG), and the United States Mission and the Multinational Security Transition Command-Iraq (MNSTC-I) are working closely with IIG officials to ensure that US and Iraqi spending is complementary. Additionally, key Interim Iraqi Government officials, including the Prime Minister and the Ministers of Defense and Interior, have approved the Iraqi Security Force increases and acknowledged Iraqi responsibility for the sustainment costs associated with those additional forces.

The Regular Army and the Iraqi Intervention Force (IIF), comprising the Army’s full complement of 27 battalions, will be trained to an initial operating capability by January 31, 2005. The IIF comprises nine of the Iraqi Army’s 27 battalions and consists of volunteers who complete the standard 8-week basic training as well as an additional six weeks of training on urban operations. Currently, six battalions have completed training (three Regular Army and three IIF) and are conducting operations in support of Coalition forces throughout the country. Two IIF battalions, in conjunction with Iraqi Police, National Guard units, and Iraqi Special Operations Forces, proved their worth by providing key support to Coalition operations in Najaf, where Moqtada al-Sadr and followers had entered the Imam Ali Shrine and were using it as a sanctuary and base of illegal operations. By December 31, 2004, 18 battalions of the Regular Army and IIF will be at initial operating capability.

Efforts to improve the quality of the Iraqi Police Service continue, as the Qualifying Committee established by the Iraqi Minister of Interior in July 2004 began reviewing police qualifications and identifying individuals who should be removed from the force with separation pay. Simultaneously, new recruits are being trained for the police force at the Baghdad Public Safety Academy, the Jordan International Police Training Center (JIPTC), and regional training facilities. Training capacity is being increased by expanding the Baghdad Public Safety Academy and by expanding or establishing regional police academies at Al Kut, Al Hillah, Mosul, Sulaymaniyah, Kirkuk, Ar Ramadi, and Basra.

A similar Qualifying Committee is being commissioned for the Department of Border Enforcement (DBE), as many of those employed in the early days of the CPA to fill the gap do not meet standards. MNSTC-I has been working closely with the DBE to develop a coherent border strategy that establishes a centralized training program as well as locations and requirements for border forts and ports of entry.

The Iraqi Air Force's Air Reconnaissance Squadron 70 was established during the month of August 2004 and has already begun to prove its worth. Two reconnaissance aircraft are flying operational sorties along the oil pipelines in the southeast and have reported several sites as damaged. For the time being, further development of the Air Force will be limited to an increase in reconnaissance aircraft.

The Iraqi Coastal Defense Force was certified capable of conducting autonomous night training at the end of August and met the standards to conduct independent patrol boat operations up to sea state 3 in late September. A recent gift of patrol craft from the UAE has significantly improved its capability, but the organization needs more patrol craft, and this capability gap is under review.

The insurgent activity has been a test of the security forces and, while some have been found wanting, the majority have performed adequately. Lessons have been identified and are now being implemented.

LAW ENFORCEMENT

Police Training and Technical Assistance

Project Code: 10000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	921	119	-	1,040	372	57
October 2207 Report	921	119	849	1,889	674	196
Change from July Report	-	-	+849	+849	+302	+139

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

Changes from the July Report: The July report allocated \$1.040 billion for police training and technical assistance. The October report reflects an increase of \$849.3 million for the Police Training and Technical Assistance program, consistent with the Department of State's Strategic IRRF Review reallocation plan.

The increase in funding supports significant changes from the July report, including the training and equipping of an additional 45,000 police, bringing the total number of trained regular Iraqi Police Service (IPS) personnel to 135,000. The increase in funding also supports the construction and/or repair of over 650 police station facilities

throughout Iraq; the expansion or establishment of four regional training academies in Hillah, Kirkuk, Mosul and Ramadi; and infrastructure repair at the Al Kut Regional Academy and the Baghdad police staging area. Six regional maintenance facilities will be built as part of the logistical support structure for the IPS. Funding also supports ongoing support for the Jordan International Police Training Center, salaries and support for international police trainers and liaison officers (mentors), and construction of up to 33 highway patrol stations throughout Iraq.

The IRRF Review plan also supports the Civil Intervention Force (CIF), which is a specialized organization under the Ministry of Interior designed to provide a national level, high-end, rapid-response capability in order to counter large-scale civil disobedience and insurgency activities. The CIF is comprised of nine Public Order Battalions totaling about 3,600 personnel and two Special Police Regiments totaling about 1,200 police. The Public Order Battalions will assist the IPS in maintaining law and order, protecting critical infrastructure, controlling large-scale crowds and performing surge operations. To support these nine battalions, which will be located throughout the country, nine bases will be constructed. The Special Police Regiments will be trained to perform counter-insurgency missions with light armor capability and serve as the outer cordon security for the IPS Emergency Response Unit strike missions. Funding will support accelerated training for the second Special Police Regiment and renovation and construction to base both regiments.

Finally, the IRRF Review plan supports special operations capabilities, the IPS Emergency Response Unit (ERU) and the Bureau of Dignitary Protection (BDP). The ERU is a 270-person law enforcement tactical unit responsible for high-risk arrest, hostage rescue and explosive ordnance disposal (EOD). This unit, when operational, will have 235 operators trained via a U.S. Department of State Anti-terrorism Assistance program of instruction focused on crisis response and an additional 35 selected for a Special Operations Explosive Ordnance Disposal (EOD) team. The BDP will be a professional dignitary force of about 1,450 personnel providing security for key Iraqi officials; in the interim a short-term dignitary protection training program is underway. Funding supports additional training, equipping and base construction for the ERU and BDP, which share a site adjacent to Baghdad International Airport.

Accomplishments since the July Report:

- Sulaymaniyah Regional Police Training Academy construction is now underway, and this academy achieved initial operating capability (IOC) with 250 students on September 18, 2004. Full capacity of 1,000 students will be reached by November 15, 2004.
- 1,680 IPS students have graduated from the Baghdad Public Safety Academy during the quarter, bringing the total number of graduates to 3,278. Work also began on the \$60 million permanent construction of the Academy and on the Mosul Police Academy and the Ar Ramadi and Al Hillah regional police academies.

- Beginning in April 2004, the Jordan International Police Training Center (JIPTC) expanded its capacity to train 3,000 police officers. Because JIPTC conducts two concurrent classes, the Center can graduate up to 1,500 officers per month. A total of three more eight-week IPS classes are scheduled to complete training during the remainder of this calendar year. Three classes (2,309 IPS students) graduated from the JIPTC during the quarter, bringing the total number to eight classes (5,541 IPS students).
- A total of approximately 30,100 IPS personnel with basic police skills and who served as police under the former regime have completed the three-week Transitional and Integration Program taught by Coalition soldiers. This program emphasizes democratic policing and human rights-related skills rather than basic training.
- The following specialized police training courses have been completed this quarter (numbers of graduates are in parentheses):
 - July: Basic Criminal Investigation (64), Police Internal Controls (16), Criminal Intelligence (75), Executive Leadership (23), and Mid-Level Leadership (36).
 - August: Basic Criminal Investigation (106), Counter-drug Investigation (40), Kidnap Negotiation (20), Police Internal Controls (36), Executive Leadership (18), and Mid-Level Leadership (31).
 - September: Basic Criminal Investigation (126), Post-Blast Investigation (33), Organized Crime Investigation (45), Counterterrorism Investigation (28), Counter-drug Investigation (23), Kidnap Negotiation (20), Police Internal Controls (120), Executive Leadership (45), and Mid-Level Leadership (21).
- Under the auspices of the Baghdad Policing Working Group, an IPS operations center was built and equipped at the Baghdad Main IPS headquarters, and international police advisors were appointed to each of the fourteen IPS districts.
- As of September 2, 2004, 329 Iraqi personnel from the Bureau of Dignitary Protection have been trained on close protection techniques, and 117 personnel have been trained on site security operations.
- DoD has delivered 754 police vehicles, 20,432 weapons, and 33,081 sets of body armor.

Accomplishments anticipated in next quarter:

- Training of the 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 Tadjji 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 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 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.

Border Enforcement

Project Code: 11000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	280	-20	-	260	96	-
October 2207 Report	280	-20	190	450	159	12
Change from July Report	-	-	+190	+190	+63	+12

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

Changes from the July Report: The July report allocated \$260 million for the Border Enforcement project. The October report reflects an increase of \$190.1 million for this

program, consistent with the Department of State's Strategic IRRF Review reallocation plan.

The \$190.1 million in additional funding from the 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 15,688 (down from 18,223 in July). This change is a result of two factors. First, the Nationality Office personnel (4,144) were removed from under DBE and made a separate directorate reporting directly to the MOI. Second, 1,375 new Iraqi Border Police (IBP) personnel were hired by the DBE against a new and elevated DBE authorized level of 32,000. Of the current 15,688 personnel, 13,241 are IBP. The remaining 2,447 DBE personnel are a combination of Civil Customs and Immigration staff.

Accomplishments since the July Report:

- A troops-to-tasks study and mission analysis were conducted during this quarter, which identified a personnel requirement of 32,000 for the DBE to perform its missions effectively.
- DoD delivered 1,063 vehicles, 12,845 weapons, and 3358 sets of body armor.
- Construction began on five border forts in Basra province and design work on five of 15 border points of entry (POE).
- Thirty-two border forts in Al Anbar province are under construction by local contractors and under the management of U.S. Navy SEABEE personnel.
- The Minister of Interior visited Diyala and Sulaymaniyah provinces to define exact locations of 99 border forts.

Accomplishments anticipated in next quarter:

- Four classes of DBE personnel (about 2,000 individuals) will complete training at JIPTC.
- Deliveries of the following items under contract are anticipated:
 - Vehicle Inspection Z-backscatter X-ray systems for some points of entry;

- Two metal detectors, four sets of unattended ground sensors, a Barringer explosive detection device, and four sets of NVGs for each of 10 POEs; and
- Baggage-type Z-Backscatter X-Ray machine for seven points of entry.

Facilities Protection Service (FPS)

Project Code: 12000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	73	-20	-	53	11	-
October 2207 Report	73	-20	-	53	25	3
Change from July Report	-	-	-	-	+14	+3

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

Changes from the April Report: The July report allocated \$53 million for the Facilities Protection Service (FPS) to be used for equipment, training, construction, and the Diplomatic Protection Service (DPS). There are no changes from the July report.

Accomplishments since the July Report:

- As reported in July, the Facilities Protection Service (FPS) has approximately 74,000 Iraqi personnel assigned. The basic six-day FPS training course is the responsibility of Ministry of Interior (MOI) and the Civilian Police Assistance Training Team (CPATT). Enhancement and specialized training required at specific ministry sites are the responsibility of that ministry.
- All equipment required for FPS personnel has been delivered or is currently on order and awaiting delivery by the end of the fourth quarter.
- SUVs have been distributed to the MOI FPS National Commander with further distribution to the FPS Provincial Commanders.

Accomplishments anticipated in next quarter:

- 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.

NATIONAL SECURITY- IRAQI ARMED FORCES

Iraqi Armed Forces Facilities

Project Code: 20000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	602	-	-	602	417	57
October 2207 Report	602	-	89	691	478	223
Change from July Report	-	-	+89	+89	+61	+166

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

Changes from July Report: The July report allocated \$602 million for Iraqi Armed Forces' facilities. The October report reflects an increase of \$88.5 million for Project Code 20000, consistent with the Department of State's Strategic IRRF Review reallocation plan.

Specifically, the \$88.5 million increase will be used for a variety of construction, rehabilitation and upgrade projects in support of Iraqi Armed Forces. This includes expanding the Special Operations Brigade base to accommodate the Commando Battalion and other headquarter elements, renovating the Tadjji Logistics Support Base and the Military Academy and Staff College at Ar Rustamiyah, 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.

Since the July report, the proper role of the Iraqi Air Force has been the subject of significant discussion by the Iraqi Interim Government, with a resultant de-emphasis on bringing cargo aircraft into operation and increased emphasis on acquiring reconnaissance aircraft. Construction of facilities adjacent to Baghdad International Airport capable of basing a C-130 squadron was deferred pending completion of an ongoing assessment of work necessary to make donated Jordanian C-130s airworthy.

Accomplishments since the July Report:

- Construction began on nine Iraqi Armed Forces bases. These projects employ an average of 6,000 local Iraqi construction workers.
- Construction at the Umm Qasr Iraqi Coastal Defense Force Naval Base (\$17 million) was completed.
- The three phases of Al Kasik Iraqi Military Base (\$102 million) are 87 percent complete, and this has created capability to accommodate two brigades in the 4th quarter. Upon construction completion, Al Kasik Iraqi Army Base will have the capability to accommodate three brigades.

- The first phase of An Numaniyah Iraqi Military Base (\$99 million) is 84 percent complete, and this has created capability to accommodate one brigade in the 4th quarter. Upon construction completion, An Numaniyah Iraqi Army Base will have the capability to accommodate two brigades.
- Work has progressed on the design and construction of Tallil Iraqi Army Base (\$54 million). Unexpected and extensive UXO removal and disposal has caused some initial delays; base is currently 22 percent complete. Upon completion the base will have the capability to accommodate one brigade.
- Work has progressed on the design and construction of Kirkuk Iraqi Army Base (\$60 million); base is currently 30 percent complete. Upon completion the base will have the capability to accommodate one brigade.
- Awarded contracts for the upgrade of utilities, installation of a water supply line and construction of a logistics center at Kirkush Military Training Base (\$28 million); 30 percent complete.
- Construction at the Iraqi Military Academy Ar Rustamiyah (\$59 million) is 40 percent complete; the Ministry of Defense and Joint Headquarters facility (\$29 million) is 60 percent complete.
- The Iraqi Counter-Terrorism Force (ICTF) described in the July report has been completed. Under the newly organized Iraqi Security Forces, the ICTF—a battalion-size force—is now part of the Iraqi Special Operations Forces, a brigade-sized organization. The permanent basing complex will form the core of this brigade's facilities.

Accomplishments anticipated in next quarter:

- Award a contract for the construction of the support base infrastructure for the Iraqi Presidential Brigade/Ministry of Defense 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 Defense National Logistics Depot at Tadjil 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 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.

Iraqi Armed Forces Equipment
Project Code: 21000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	544	62	-	606	146	11
October 2207 Report	544	62	35	641	339	29
Change from July Report	-	-	+35	+35	+193	+18

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

Changes from the July Report: The July report allocated \$606 million for Iraqi Armed Forces’ equipment. The October report reflects an increase of \$34.7 million for Project Code 21000, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

The \$34.7 million increase supports equipment purchases for 805 Special Operations Forces (SOF) troops, equipment for the SOF Logistical Support battalion, and equipment for an IAF transportation battalion.

Accomplishments since the July Report:

- Fully equipped 6 battalions of Iraqi Regular Army and Intervention Forces.
- Installed 23 Internet systems, distributed Automated Data Processing Equipment (ADPE) to base camps and implemented base communications infrastructure including repeater network.
- Purchased tactical and support vehicles and ordered all the uniforms, protective gear and individual team equipment for the Iraqi Special Operations force.
- Began delivering first items of 18 battalion sets of equipment.

Accomplishments anticipated in next quarter:

- 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.

Iraqi Armed Forces Training and Operations

Project Code: 22000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	365	29	-	394	95	53
October 2207 Report	365	29	39	433	141	80
Change from July Report	-	-	+39	+39	+46	+27

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

Changes from the July Report: The July report allocated \$394 million for Iraqi Armed Forces’ training and operations. The October report reflects an increase of \$39 million for Project Code 22000, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

The \$39 million increase for IAF training and operations funds training and support costs for the 805 Special Operations Force Commando Battalion, operations and maintenance for other existing SOF elements, and training and operating costs for the IAF transportation battalion.

The delay in the force generation of the IAF is due primarily to the continued security threats against construction and life support contractors which result in extended construction timelines, reduced life support capacity, and delays in equipment arrivals.

Accomplishments since the July Report:

- As of September 1, 2004, the IAF has 6 trained battalions. There are more than 13,000 personnel in 12 battalions undergoing training. The trained forces include the 1st Brigade Iraqi Intervention Force (IIF) and the 3rd Regular Army Brigade.

- The final non-commissioned officer (NCO) course for the initial NCO cadres of Regular Army and IIF units was completed at Kirkuk Military Training Base in August 2004. This represents the leadership component down to squad leader level of three divisional headquarters, nine brigade headquarters and 27 battalions. The Iraqi-led recruit training course completed a full recruit course, graduating 550 recruits.
- In addition, 14 UH-1 helicopter pilots and five C-130 pilots have completed flight training in Jordan while an additional six officers completed Professional Military Education programs in Jordan. These air force pilots, staff, and support personnel have formed into an operational squadron (the air reconnaissance squadron).

Accomplishments anticipated in next quarter:

- By December 2004, the IAF will have 17 trained battalions, with a further 10 battalions in training.
- Discovery of unexploded ordnance at Tallil 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, Tallil, and Ar Rustamiyah 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 Rustamiyah 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.

Iraqi National Guard Personnel

Project Code: 23000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	109	50	-	159	57	11
October 2207 Report	109	50	73	232	96	61
Change from July Report	-	-	+73	+73	+39	+50

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

Changes from the July Report: The July report allocated \$159 million for Iraqi National Guard operations and personnel. The October report reflects an increase of \$72.6 million for Project Code 23000, consistent with the Department of State's Strategic IRRF Review reallocation plan.

On 20 June 2004, the Prime Minister of Iraq re-designated all former Iraqi Civil Defense Corps (ICDC) units as Iraqi National Guard (ING) units. Furthermore, he placed the Iraqi National Guard under the Ministry of Defense as part of the Iraqi Armed Forces. The Prime Minister directed the structure of the ING to consist of 6 regional division headquarters, 18 brigade headquarters and at least 50 battalions. The Prime Minister's statement declared the primary purpose of the ING was to conduct internal security operations in support of the Iraqi police forces. To meet the Prime Minister's intent, it will be necessary to create a division and additional brigade headquarters elements tied to regions and provinces that can effectively provide command and control to subordinate battalions and at the same time coordinate with corresponding police forces.

The MNSTC-I Troops-to-Task analysis recommended an increase in the ING force structure to 6 Division Headquarters, 20 Brigade Headquarters, and 65 battalions. The \$72.6 million increase approved in the IRRF Strategic Review for ING Operations and Personnel supports operations and maintenance costs for this augmented force structure.

The Iraqi National Guard has been involved in extensive combat and security operations over the past quarter. Because of this, the personnel plan and equipment distribution originally planned has been disrupted as described below.

There are currently 38 ING battalions manned above 70 percent, a decrease since the July report due to heavy operational tempo and combat losses. Three battalions have been temporarily disbanded--two in Fallujah and one in Najaf. Other battalions suffered a drop in manpower due to desertions in the face of the insurgency. However, further operational experience and an increase in equipment amounts have led the remaining ING units to become more effective and reliable. Excellent experience and lessons have been gained from recent operations, and ING leaders who are showing increasing levels of confidence and skill are sharing these among the forces.

Accomplishments since the July Report:

- There are currently 38 ING battalions manned above 70 percent, a decrease since the July report due to heavy operational tempo and combat losses.

Accomplishments anticipated in the next quarter:

- 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.

Iraqi National Guard Equipment

Project Code: 24000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	81	-	-	81	22	4
October 2207 Report	81	-	11	92	59	20
Change from July Report	-	-	+11	+11	+37	+16

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

Changes from the July Report: The July report allocated \$81 million for Iraqi National Guard equipment. The October report reflects an increase of \$10.9 million for Project Code 24000, consistent with the Department of State's Strategic IRRF Review reallocation plan.

The \$10.9 million in increased IRRF funding, plus up to an additional \$210 million in funding from the FY 2005 DoD Train and Equip program, will support requirements identified in the Troops-to-Task study for equipping the Iraqi National Guard (ING). Funding supports equipment for an additional 20 ING battalions, and an ING Brigade and Division headquarters.

The July report anticipated the 45 original ING battalions would be fully equipped. This has not occurred, as competing demands from theater logistical system and increased insurgent activity during the month of August prolonged the process of receiving, preparing and distributing the equipment.

Accomplishments since the July Report:

- Equipment delivered:
 - 305 vehicles
 - 22,250 sets of body armor
 - 1,963 assault rifles
 - 40 9mm pistols
 - 300 Night Vision Goggles

Accomplishments anticipated in the next quarter:

- 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.

Iraqi National Guard Facilities
Project Code: 27000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	359	359	-	-
Change from July Report	-	-	+359	+359	-	-

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

Changes from July Report: The July report did not include any funding for ING Facilities. The October report establishes Project Code 27000 as a new line item in the amount of \$358.5 million, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

The \$358.5 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 Defense Headquarters unit.

Accomplishments since the July Report: N/A

Anticipated accomplishments in the next quarter:

- MNSTC-I anticipates that up to 15 percent of the new infrastructure will be constructed.

Iraqi Security Forces Quick Response Program
Project Code: 26000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	40	-	40	-	-
October 2207 Report	-	40	80	120	-	-
Change from July Report	-	-	+80	+80	-	-

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

Changes from July Report: The July report established this new project code that allows the Multinational Security Transition Command-Iraq to respond to emerging requirements, including force protection, facilities repair, communications equipment, and other needs of the various Iraqi Security Forces (ISF). The July report allocated \$40 million for the Quick Response Program. The October report reflects an increase of

\$80 million for Project Code 26000, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

The increase of \$80 million for the Commander’s Quick Response program enables Major Subordinate Commands (MSCs) to quickly execute a range of local security enhancements.

Accomplishments since the July Report:

- Since receiving these new funds, MNSTC-I has distributed these resources to all of the divisional 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 the majority of the MSC requirements. These two organizations have engaged with MSC representatives on a daily basis to identify their needs and help to meet them by obtaining the Quick Response Funds required. As of mid September, nearly 50 percent of the QRF funding had been obligated.
- 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	\$5,823,456	\$3,714,565
Office equipment/supplies/furniture/computers	\$792,376	\$141,227
Uniforms	\$109,675	-
Transportation	\$1,216,097	\$360,097
Equipment	\$3,904,222	\$2,553,620
Training and training equipment	\$3,990	-
Infrastructure repair	\$6,596,295	\$5,580,185
Emergency Life Support for ISF	\$596,400	\$356,400
Other ISF Projects	\$5,481,096	\$5,481,096
Total	\$24,523,606	\$18,187,189

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 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.

Commander's Humanitarian Relief & Reconstruction
Project Code: 28000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	86	86	-	-
Change from July Report	-	-	+86	+86	-	-

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

Changes from July Report: The July report did not include any funding for the Commander's Humanitarian Relief and Reconstruction Projects (CHRRP). The October report establishes Project Code 28000 as a new line item in the amount of \$86 million, consistent with the Department of State's Strategic IRRF Review reallocation plan.

The CHRRP is not to be confused with the "Commanders' Emergency Response Program" (CERP) authorized by Section 1110 of Public Law 108-106 (and by section 9007 of Public Law 108-287 (Department of Defense Appropriations Act, 2005)). Although CHRRP and CERP funds are both for requirements defined by military commanders in the field, the laws and implementing regulations governing their expenditure differ. Procurements using CHRRP funds must follow the federal acquisition regulation and provisions pertaining to full and open competition in Public Law 108-106 for the IRRF. The specific focus of CHRRP is to provide urgent, essential water and sewage services with a primary focus on Baghdad.

Accomplishments since the July Report: N/A

Anticipated accomplishments in the next quarter:

- 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.

SECTOR: Justice, Public Safety Infrastructure, and Civil Society

Other Technical Investigative Methods

Project Code: 31000

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

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

Changes from the July Report: The July report allocated \$5 million 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 projects). No changes have been made to this plan. The purpose of the CPI is to investigate allegations of corruption, educate government workers and the citizens of Iraq on ethics in government, and promote transparency in government activities.

Accomplishments since the July Report:

The July report noted that \$5 million each from three programs (Other Technical Investigative Methods, Witness Protection, and Democracy Building) had been allocated to support, train and equip the Commission on Public Integrity. In order to more accurately provide reports and oversight of the CPI, all reporting has been consolidated under Other Technical Investigative Methods.

- The CPI building became operational and 80 Iraqi staff members were hired to perform investigative, legal, public relations, transparency and prevention, and administrative functions.
- The Department of Justice has trained 10 investigators in basic investigative techniques and information collection. Investigators are managing an active caseload of approximately 20 cases. Several cases have resulted in arrests and/or administrative punishment.
- A number for the CPI Hotline is now operational. A public awareness campaign to promote the program is 75 percent complete. Hiring of collectors is underway.
- An ethics-training program for government workers was developed and is now being implemented for selected ethics officers within each Ministry. These Ethics Officers

will form the backbone of deploying the Code of Conduct and Financial Disclosure program.

Anticipated accomplishments in the next quarter:

- 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.

Witness Protection Program

Project Code: 30000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	30	10	-	40	-	-
October 2207 Report	30	10	-	40	25	-
Change from July Report	-	-	-	-	+25	-

Responsible U.S. Government Agency: Department of State (with funds transferred to Department of Justice) and Department of Defense.

Changes from the July Report: The July report allocated \$40 million for this activity. Of this amount, \$35 million is being used to hire, vet, and pay Iraqi nationals to manage and operate a Witness Protection Program. The remaining \$5 million is being used to help establish the Commission on Public Integrity (these funds are in addition to funds provided for the CPI in the Other Technical Investigative Methods and Democracy Building projects). There are no changes to the July plan.

Accomplishments since the July Report:

- Members of the U.S. Marshals and the Department of Justice Office of Overseas Prosecutorial Development Assistance and Training (OPDAT) program met with the

Chief Judge of the Council of Judges and discussed the establishment of a Witness Security Committee to oversee the program and institute standard operating procedures.

- The use of a previously identified apartment building in the Green Zone for this program was deemed to be inappropriate. New construction projects have been discussed for Witness Protection Program facilities that will be co-located with two new court facilities.
- Iraqi Protective Security Details (PSDs) are currently receiving training in protective services. These people will provide a pool from which future witness security agents will be chosen.

Anticipated accomplishments in the next quarter:

- 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.

Penal Facilities

Project Code: 32000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	67	33	-	100	55	-
October 2207 Report	67	33	-	100	50	1
Change from July Report	-	-	-	-	-5	+1

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

Changes from the July Report: The July report allocated \$100 million to construct one new maximum/medium security prison in the vicinity of An Nasiriyah. There are no changes to the July plan.

Accomplishments since the July Report:

- A design review for the An Nasiriyah prison was initiated.
- Meetings with the Urban Planning Office in the Governorate of An Nasiriyah resulted in the allocation of a site for the prison facility.

Accomplishments anticipated in next quarter:

- Design review for the prison facility will be completed.
- Construction of the An Nasiriyah prison facility will begin, employing 5,000 local Iraqis.

Reconstruction of Detention Facilities

Project Code: 33000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	96	39	2	137	65	-
October 2207 Report	96	39	2	137	73	1
Change from July Report	-	-	-	-	+8	+1

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

Changes from the July Report: The July report allocated \$137 million 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. There are no changes to the July plan.

Accomplishments since the July Report:

- A 30 percent design review for the Khan Bani Sa’ad detention facility was completed.
- Construction on the Khan Bani Sa’ad facility will begin in October 2004.

Accomplishments anticipated in next quarter:

- 60 percent and 90 percent design reviews for the Khan Bani Sa’ad facility will be completed.

FACILITIES REPAIR, FIRE SERVICE, AND DEMINING

Facilities Repair

Project Code: 13000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	92	-	-	92	44	-
October 2207 Report	92	-	-	92	39	1
Change from July Report	-	-	-	-	-5	+1

Responsible U.S. Government Agency: Department of Defense

Changes from the July Report: The July report allocated \$92 million for the construction or reconstruction of police stations, fire houses, and Ministry of Interior administrative buildings. There are no changes from the July report.

Accomplishments since the July Report:

- The design was completed and ground was broken for the renovation of an existing facility to serve as the new Iraq Civil Defense Directorate Headquarters in Baghdad. This state-of-the-art-facility will provide space for the day-to-day and crisis management of resources in support of fire departments in all of the governorates of Iraq.
- Design is underway for the new Fire and Emergency Services Training Academy to be located in Baghdad.
- Contracts were awarded for the renovation of 174 existing fire stations and the construction of 27 new fire stations.

Accomplishments anticipated in next quarter:

- Military commanders will provide their prioritized lists of requirements for police station and highway patrol station reconstruction and battle damage repair.

Fire Service

Project Code: 14000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	122	-	-	122	13	-
October 2207 Report	122	-	-	122	20	2
Change from July Report	-	-	-	-	+7	+2

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

Changes from the July Report: The July report allocated \$122 million to fund the purchase of equipment for current and new firefighters. There is no change to this plan.

Accomplishments since the July Report:

- \$4.35 million worth of new protective clothing for the nation’s firefighters has been delivered to date. This includes pants, coats, helmets, and boots that all meet current safety standards for fire protection protective clothing.
- New contracts were awarded for the purchase of self-contained breathing apparatuses, breathing air compressors, and cascade systems that will be distributed by the Iraq Civil Defense Directorate to fire stations throughout the country. Firefighter uniforms that meet current fire department safety standards have also been ordered and will be distributed nationally upon arrival.

Accomplishments anticipated in next quarter:

- 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.

Demining

Project Code: 09500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	61	-	-	61	36	14
October 2207 Report	61	-	-	61	54	27
Change from July Report	-	-	-	-	+18	+13

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

Changes from July Report: The July report allocated \$61 million for a National Mine Action Program to eliminate the impact of landmines and unexploded ordnance upon Iraq. There are no changes from the July report.

Accomplishments since July Report:

- Conducted further analyses of individual training needs and developed training programs for Iraqi civil servants at the National Mine Action Authority (NMAA) and Regional Mine Action Centers (RMACs).
- 18 Iraqi staff members were trained in management courses conducted overseas.
- Established and made operational an Iraqi clearance organization, the Iraqi Mine/UXO Clearance Organization (IMCO), which includes demining teams, Exploded Ordnance (EOD) teams, and Mine Detection Dog (MDD) teams, based in the Baghdad region. Clearance to date includes:
 - 7,400,000 square meters of land cleared
 - 877,900 items of Unexploded Ordnance (UXO) destroyed
 - 223,000 tons of stockpiled munitions destroyed.
- The Vietnam Veterans of America Foundation (VVAFA) started the Landmine Impact Survey and is fully operational collecting data in northern and southern Iraq.
- The draft demining legislation was approved by the Ministry of Planning and is waiting to be incorporated into Iraqi law.
- Mine Risk Education (MRE) children's spots for television were completed.

Anticipated accomplishments in the next quarter:

- Implement additional training programs for Iraqi civil servants.
- Maintain and possibly expand IMCO clearance capabilities.
- VVAFA will train more local staff for Landmine Impact Survey and continue survey implementation.
- Continue support to RMAC-North region mine action NGOs.
- Initiate plans to establish RMACs in both Hilla (Central region) and either Mosul or Kirkuk (Central-North region).

Public Safety Training and Facilities

Project Code: 15000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	139	-	-	139	27	-
October 2207 Report	139	-	81	220	54	1
Change from July Report	-	-	+81	+81	+27	+1

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

Changes from the July Report: The July report allocated \$139 million to be used for the training of firefighters and to cover the operating costs of fire training facilities and Iraqi police training academies, including the Baghdad Public Safety Academy. The October report reflects an increase of \$80.5 million for this program, consistent with the Department of State's Strategic IRRF Review reallocation plan.

The \$80.5 million increase will support ongoing operations and maintenance costs for a doubling of capacity at the Baghdad Public Safety Academy and an increase in capacity at five regional police training centers. Funding also provides similar life support costs for both Special Police Regiments.

Accomplishments since the July Report:

- The current personnel strength of the Iraqi fire departments is 8,000 working out of 243 existing fire stations throughout the country. The goal is to increase the number of firefighters by adding an additional 4,000 full-time professionals to the country's Fire and Emergency Services ranks. The first class of new recruits entered training on September 17, 2004. The 4,000 new firefighters will be trained over a two-year period. They are being trained to national training standards and will be the backbone of the Iraq Civil Defense Directorate, Fire and Emergency Services capability.
- Completed the temporary expansion of the Baghdad Public Safety Academy, thereby increasing the training capacity of the facility from 1,000 to 2,000 students.

Accomplishments anticipated in next quarter:

- Establish the Sulaymaniyah Police Academy and thereby expand the training rate of new Iraqi Police Service candidates.

**National Security Communications Network: First Responder Network
Project Code: 25000**

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	75	15	-	90	3	-
October 2207 Report	75	23	-	98	35	3
Change from July Report	-	+8	-	+8	+32	+3

Responsible U.S. Government Agency: Department of Defense

Changes from the July Report: The July report allocated \$89.5 million for the First Responders Network (FRN). As previously notified, funding for this project has been increased by \$8 million to \$97.5 million. This \$8 million was reprogrammed from the Roads, Bridges and Construction sector: \$5 million from the Roads and Bridges project and \$3 million from Public Building Construction and Repair. An additional \$52.3 million in FY 2003 IRRF funding will support the FRN, and up to \$48.7 million in FY 2004 IRRF funding from the Security and Law Enforcement sector will be used to support FRN handheld end-user devices.

The FRN is a public safety communications network that will enable Iraqi police, fire, emergency medical, and other security personnel to communicate effectively through wireless, 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 rapidly on local emergencies.

Accomplishments since the July Report:

- Conducted site assessments in Basra to determine optimal placement of communication towers. This design was reviewed and accepted by the Ministry of Interior.
- Region 5 (South West Region) and the National Control Center (NCC) are scheduled to be the initial regions to be implemented.
- Implementation of the 108 high frequency radios as part of the overall network began September 15, 2004.

Accomplishments anticipated in the next quarter:

- Site assessments will be completed in Baghdad and other regions.
- All 108 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.

Rule of Law in Iraq

Project Code: 06500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	10	20	-	30	-	-
October 2207 Report	10	20	-	30	2	1
Change from July Report	-	-	-	-	+2	+1

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

Changes from the July Report: The July report allocated \$29.5 million 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. There are no changes to the July report.

Accomplishments since the July Report:

- Completed the design of a new program to support Iraq's judicial system by fostering more effective, efficient and transparent administration of courts and management of cases, and by developing a more supportive legal environment.

Accomplishments anticipated in the next quarter:

- 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.

Investigations of Crimes Against Humanity

Project Code: 05000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	65	10	-	75	5	-
October 2207 Report	65	10	-	75	41	1
Change from July Report	-	-	-	-	+36	+1

Responsible U.S. Government Agency: Department of Justice (with funds transferred from Department of State and Department of Defense), and the U.S. Agency for International Development (USAID).

Changes from the July Report: The July report allocated \$75 million to support the Iraqi Special Tribunal (IST), including investigations, evidence handling, forensic support, prosecutorial and judicial support, and infrastructure and security. There are no changes from the July report.

Accomplishments since the July Report:

- With the assistance of the U.S. Army Corps of Engineers, the Regime Crimes Liaison Office (RCLO) began construction of the Tribunal building. The building will provide three trial chambers, detainee detention facilities, and workrooms for court staff.
- Iraqi IST judges and prosecutors attended judicial training sessions in August. The Iraqi Interim Government and the Iraqi Judicial Council have hired most of the judges and prosecutors required.
- The RCLO continued investigations of high value detainees (HVDs). More than 30 HVDs have been interviewed. IST investigators have been involved in the investigative process.
- On September 1, 2004, the RCLO started exhumation of a gravesite in Ninawa province. This is the first of two planned exhumations in Iraq. Over 70 sets of remains have already been recovered. The RCLO plans to continue exhumation at this site until early November 2004, recovering approximately 250 remains to be used as evidence. The RCLO plans to conduct exhumations on the second site starting in January 2005.
- A document examination database and process were established at the Iraqi Survey Group (ISG) office in Qatar. This database and evidence processing has provided evidence which investigators in Iraq are using to question detainees, suspects and the accused.

Accomplishments anticipated in next quarter:

- 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.

Judicial Security and Facilities

Project Code: 09000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	55	18	60	133	10	-
October 2207 Report	55	18	60	133	30	5
Change from July Report	-	-	-	-	+20	+5

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

Changes from the July Report: The July report allocated \$133 million 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, \$7 million 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. There are no changes to the July report.

Accomplishments since the July Report:

- Initiated security enhancements to the Chief Judge’s home and the Central Criminal Court of Iraq.
- U.S. Marshals obtained a “safe house” for the Minister of Justice, who has been the target of several assassination attempts.
- Trained 200 Iraqi private security officers.
- Conducted additional vulnerability assessments on all but two Baghdad courthouses that are off limits due to security. The assessments will be used to make security recommendations to the Council of Judges.

- Received and distributed over \$14 million in equipment ordered earlier in the year.
- OPDAT continued to provide technical legal assistance and training to the investigating magistrates and other judicial sector personnel in Iraq. The principal goal of the OPDAT team in this area is to improve the function of the Iraqi criminal justice sector in accordance with recognized rule of law principles. Specifically, the 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.

Anticipated accomplishments in the next quarter:

- 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.

Democracy-Building Activities

Project Code: 06000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	451	-	-	451	265	8
October 2207 Report	451	90	290	831	417	81
Change from July Report	-	+90	+290	+380	+152	+73

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

Changes from the July Report: The July report allocated \$451 million for Democracy Building Activities. The October report reflects an increase of \$380 million for Project Code 06000, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

This \$380 million increase includes \$200 million for OTI’s conflict mitigation activities (\$50 million of which is previously notified) that also spur short-term employment activities; \$100 million to support the development of Local and Provincial Government; \$40 million in electoral technical assistance to the Independent Election Commission of Iraq (IECI) in preparation for Iraq’s Transitional National Assembly elections in January

2005 (previously notified); \$20 million for Elections Monitoring and \$20 million to support the Interim Government of Iraq.

Local Governance Program

Accomplishments since the July Report:

- Provided technical assistance to 15 governors and provincial councils and numerous ministry departments at the governorate level, as well as to the Kurdistan Regional Government (KRG), on financial administration and budget planning with citizen inputs. Provided technical assistance in the form of on-site training and study tours to local service providers responsible for electricity, water, sewerage, sanitation, agriculture, irrigation, health, education, and urban planning.
- U.S.- trained Iraqi Democracy Dialogue facilitators conducted over 10,000 Democracy Dialogue events throughout Iraq, reaching over 250,000 Iraqis during this period. This brings the total number of events to date to nearly 25,000 with approximately 700,000 Iraqis reached through the initiative.
- Completed and published the Quality of Life Survey II Report, the Government Departmental Survey Report and the Labor Force Survey Report.

Accomplishments anticipated in next quarter:

- 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.

Community Action Program (CAP)

Accomplishments since the July Report:

- Completed an additional 315 community development projects in the areas of local infrastructure, social services, education, health, women, youth, and strengthening

civil society, for a total of 1,330 projects completed to date. A total of 2,045 projects are committed to date, with 235 projects underway.

- Formed an additional 227 community action groups and cluster groups, for a total of 891 groups.
- Generated an additional \$13 million in local contributions to CAP projects, totaling over \$29 million to date.
- 105 schools in the Basra Governorate were assessed and contracts were issued to refurbish 29 schools with the \$6.3 million apportioned to CAP from the Public Buildings Construction and Repair project code 81000. Tenders have been issued for the refurbishment of another 11 schools.

Accomplishments anticipated in next quarter:

- 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 Basra 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.

Support to Iraqi Interim and Transitional Government

Accomplishments since the July Report:

- Conducted a series of communication workshops for the newly appointed Interim Government's ministries and agencies, involving a total of 37 media/public affairs/public relations managers and specialists from 18 government agencies, including representatives of the National Security Advisor's Office and 18 Iraqi Ministries.
- Conducted and presented results of several rounds of its public opinion surveys and political attitudes surveys -- which measured Iraqi opinions about the Interim

Government, political parties and public figures, issues, and political ideology -- to various Iraqi government entities including the Ministries of Finance, Agriculture and Governorates' Affairs, the National Security Advisor, and dozens of political parties.

Accomplishments anticipated in next quarter:

- 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.

Electoral Support and Voter Education

Accomplishments since the July Report:

- Convened more than 190 civic leaders from across Iraq, including representatives of the cities of Fallujah, Mosul and Najaf -- some of the most strife prone areas -- for training and a networking conference on "The Role of Civil Society Organizations in Elections." The groups heard from trainers from Romania, Serbia, Slovakia, and the U.S. on voter education and advocacy skills including campaign management, message development, grassroots organizing, and coalition building. The event also featured one of the first public speaking appearances of the Independent Electoral Commission of Iraq (IECI), in which the deputy chairperson of the Commission presented the Iraqi electoral system and the role of the IECI, as well as engaged the nation's civic leaders in a lengthy question and answer session.
- Conducted women's initiatives for hundreds of women, including a series of three workshops, along with the Women Issues Institute, for leaders of women's NGOs. Additionally, organized, with the Samir Amees Institute, two-day training workshops for women NGO's on topics such as the Iraqi political system and elections, rights and freedoms, and women as active participants in political life.
- Launched a youth website www.shababaliraq.org (www.youthofiraq.org).
- Sponsored an Election Observation Mission to Indonesia for representatives of 18 political parties to observe the Presidential elections in anticipation of the upcoming elections cycle in Iraq.

- Sponsored a one-month study mission to Jakarta, Indonesia, for Iraqi NGO leaders where they observed and participated in civil society election monitoring efforts during the Presidential run-off election.
- Conducted introductory sessions on the Role of Civil Society in a Democracy, and assessed the capacity and interest of individual NGOs for participation in national election monitoring efforts.
- Conducted intensive training seminars on elections and campaigns for dozens of major and smaller political parties that focused on the current electoral law, message development, and campaign management.
- Met with student/youth leaders to plan a series of youth movement development meetings to take place across the country in September and October.
- Awarded a \$40 million cooperative agreement to support election administration for the technical and administrative development and operational implementation of the full transitional election cycle, and help to institutionalize a sound and sustainable election administration.

Accomplishments anticipated in next quarter:

- 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.

Civil Society and Media Program

Accomplishments since the July Report:

- Awarded a new contract to strengthen civil society's role in the economic, political, and social development of Iraq. This will develop and institutionalize a broad cadre of indigenous civil society organizations in Iraq, with a strong emphasis on organizations that work in the areas of human rights, gender issues, civic education, and anti-corruption. The program also will help develop a professional independent media sector in Iraq.

Accomplishments anticipated in next quarter:

- 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.

USAID's Transition Initiatives

Accomplishments since the July Report:

- The Office of Transition Initiatives (OTI) initiated 449 grants totaling more than \$45.6 million.
- Since June 2004, 94 grants worth more than \$2.8 million were awarded to assist 60 local NGOs with activities that are critical to the implementation of transition timelines, including civic education, civil society and media development, women's participation, conflict mitigation, and transitional justice.
- Working closely with the U.S. Army's First Cavalry in Baghdad developing high-impact community projects to promote employment and community engagement, 270 small grants valued at \$34 million were initiated to stimulate short-term employment while providing essential services such as debris and surface sewage removal.
- Through targeted efforts, provided short-term employment opportunities to an average of 30,000 Iraqis per month.
- Funded the revitalization of critical small-scale public infrastructure including 31 schools and 6 clinics in Baghdad.

- Supported the development of the Iraq Bar Association through the provision of equipment and materials that will permit the Association to foster the legal system in Iraq and enable lawyers to better represent clients.
- Provided equipment, furniture and other institutional support to NGOs that foster democratic dialogue and encourage civic participation, include the Artists Union of Basra, the Contemporary Visuals Arts Society, the Just Read Association, the Frya Shelter Association, and the Association for Women, Children, and Underprivileged Families.
- Engaged students at four colleges in activities that gave them practical experience with democratic processes. Through this series of workshops, 25 projects selected by the students received over \$1 million.

Accomplishments anticipated in next quarter:

- 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.

State/DRL and GIWI Women's Democracy Initiatives:

Accomplishments since the July report: None.

Anticipated accomplishments in the next quarter:

- 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.

The National Endowment for Democracy (NED)

Accomplishments since the July report:

- Continued providing grants to foster civic participation in the political process, promote political party development and coalition building, and build the capacity of NGOs. Between January and June 2004, approximately \$12.5 million was allocated for twelve months of activities to NDI and IRI, the two political party institutes. Another \$12.5 million was allocated to approximately 26 civil society groups. (Some NED grantees are, in turn, using NED funds to support additional local groups). The majority of the civil society grants are awarded directly to Iraqi groups. NED's accomplishments under these civil society grants include:
 - Supported the development of an innovative and independent media in Iraq by equipping local Iraqi journalists with the requisite professional training and skills to produce high quality news to Iraqi citizens and strengthen the independent media sector. Also supported the development of an independent network of Iraqi film producers and TV journalists.
 - Continued its women's rights monitoring project by carrying out a second monitoring survey of discrimination and abuse of women in the three Kurdish provinces of Erbil, Dohuk, and Sulaymaniyah.
 - Launched the "Exchanges to Support Iraqi Professionals" project. The project will provide emerging Iraqi leaders with practical internships designed to provide them with relevant experiences in the United States in four vital sectors of democratic development.
 - Supported Iraqi workers in their effort to build membership-based, democratic, representative trade unions capable of joining with other civil society organizations in the development of their country.

Anticipated accomplishments in the next quarter:

- 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 Baath 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.

The National Democratic Institute (NDI):

Accomplishments since the July report:

- Initiated political party Resource Centers that can be used as centralized training centers with equipment and facilities for use by parties. The first center opened in Baghdad in late August, a second center will open in Kirkuk in early September and a third center is slated for Hilla very soon.
- Facilitated a meeting of 15 NGOs to identify challenges faced in Sadr City and southern provinces and agree on joint means to promote NGO capacity in these areas.
- Conducted several activities targeting women's empowerment including a workshop for 25 women from the Iraqi National Accord (INA); a women's candidate training workshop for 30 women on electoral strategies; multiple trainings on issues of accountability and transparency; and circulation of the third volume of the Women Newsletter to approximately 200 women activists and organizations informing them of training activities and political developments.
- Held a series of campaign workshops for 40 members of the Iraqi Democratic Conference, a coalition of 217 moderate secular political parties and organizations that recently mobilized an alternative list of candidates for the Interim National Council conference.
- Completed three Baghdad-based political party training seminars for political leaders from around the country.
- Sponsored a series of week-long computer training seminars for 19 political parties.
- Conducted training sessions on organizational development for 60 participants representing 34 NGOs in Dohuk, Mosul, Kirkuk and Sulaymaniyah.
- Completed three political training academies in Amman, Jordan for mid-level and senior party leaders. Additional academies are planned.

The International Republican Institute (IRI):

Accomplishments since the July report:

- Opened Resource Centers to serve parties regionally in the south, center and north of Iraq, including in Basra, Erbil, Dohuk. Provided support for the Democracy Center in Hilla as part of a larger project to support political activity in the mid-Euphrates area.

- Completed a two-day session of campaign trainings for more than 50 small-medium sized parties who committed, at the close of the second day, to explore forming a coalition.
- Signed an agreement with the University of Dohuk to provide support to the establishment of a Center of Democracy at the University's Faculty of Law and Politics. Devoted to the study of democracy, the Center will serve as a place of research, teaching and training.
- Created and maintained party database containing detailed information on over 100 political parties.
- Fielded three nationwide polls and twice weekly focus groups providing a more detailed understanding of Iraq's political landscape.
- Initiated outreach and youth unions and organizations to assess and develop activities through advocacy campaigns.
- Facilitated the creation of a network of 36 women's organizations from around the country representing a cross section of Iraqi's social, religious and ethnic society.
- Supported the Iraq Foundation for Democracy and Development (IFDD) to launch the "Transition to Democracy" project providing a focal point for Iraqi civil society to come together, debate, study and provide input on the range of issues related to Iraq's constitution and constitutional process.

Anticipated accomplishments in the next quarter:

IRI will focus on preparing political parties and organizations for participation in the elections, beginning now and continuing through January 2005. From September to January 2005, Ire's program will include:

- **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 Ire’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

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	10	-	-	10	-	-
October 2207 Report	10	-	-	10	4	3
Change from July Report	-	-	-	-	+4	+3

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

Changes from the July Report: None

Accomplishments since the July report:

- Conducted in Baghdad conflict management, inter-group dialogue training for local/regional Iraqi leaders from 6 northern governorates (43 participants).
- Conducted two Iraqi National Security Official trainings in Washington, D.C., for 100 Iraqi officials from the Ministries of Defense, Justice, Planning, Finance, Foreign Affairs, and Interior.
- Worked with and funded (\$160,000) the Iraq Institute of Peace to conduct Iraqi-led forums on women, religion and democracy, religious tolerance, youth, and media.
- Began production (in Arabic) of a documentary on truth and reconciliation process.
- Selected and translated books, chapters, materials, and collections in preparation for a higher education workshop in September.

Accomplishments anticipated in the next quarter:

- 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.

SECTOR: Electrical

Cooperation is improving with the Ministry of Oil and the Ministry of Electricity in coordinating efforts to develop natural gas fields and capture flared gas in support of electricity generation. The use of natural gas instead of crude and heavy fuel oil in the gas turbine generators will improve reliability and output.

Generation

Project Code: 40000

	1st - 3rd Qtr	4th Qtr				
	FY 2004	FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	1395	565	796	2756	1163	81
October 2207 Report	1395	475	-160	1710	1206	207
Change from July Report	-	-90	-956	-1046	+43	+126

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

Changes from the July Report: The July Report allocated \$2.756 billion for Electrical Generation Projects in order to invest in the repair and expansion of Iraq's natural gas infrastructure to reliably supply fuel to a greater number of power stations. This report reflects a decrease of \$1.046 billion for Electrical Generation, bringing the total for this project line down to \$1.710 billion, consistent with the Department of State's Strategic IRRF Review reallocation plan.

With this shift in funding, the IRRF will increase power generation by 2,200 instead of 3,400 Mega Watts (MW) under the original funding level. This shift, therefore, results in approximately 1,200 MW less in additional power generation. The cuts include four gas powered stations in Anbar, Basra, Al-Methane and Dados; a diesel power plant in Babylon; and Baja steam turbines 4 and 5 in Salah-Ad Din. The Embassy will continue to work with the IIG and the Ministry of Electricity (MoE) to re-prioritize the remaining IRRF funding to maximize the provision of electricity to the Iraqi.

Accomplishments since the July Report:

- Generated a 30-day average in September of 106,700 Mega Watt Hours(MWH)/day, compared to 102,400 MWH/day for July. The 30-day average peak generation capacity in September was approximately 4,970 MW compared to a July capability of 4,700 MW. On September 6, a record 5,100 MW peak generating capacity was reached.
- Work has commenced on the Martha Thermal Power Plant, a rehabilitation project that will increase output by 400 MW by early fourth quarter of calendar year 2005. This project will employ an estimated 2,000 Iraqis at its peak for about six months.
- Baja thermal units 1, 2 and 3 were improved through an extensive maintenance program, adding 180 MW to the system.
- Baja gas turbine units #3 and #4 are currently under rehabilitation.
- A large quantity of parts and equipment arrived at Khor Al Zubair new generation site. This project will provide an additional two gas turbines, generating a total of 240 MW for the grid by August 2005.

Accomplishments anticipated in the next quarter:

- 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 Governate, 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.

Transmission

Project Code: 41000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	404	379	739	1522	218	28
October 2207 Report	404	379	710	1493	308	77
Change from July Report	-	-	-29	-29	+90	+49

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

Changes from July report: The July Report allocated \$1.522 billion for Electrical Transmission projects. The October report reflects a decrease of \$29 million for project line, bringing the total allocated down to \$1.493 billion, consistent with the Department of State's Strategic IRRF Review reallocation plan. The \$29 million reduction will result in a nominal programmatic impact on transmission lines projects.

Accomplishments since the July Report:

- Site assessments were completed and the scope of work defined for the following substation rehabilitation projects that will substantially enhance the grid: Baghdad Area, Baghdad East, Baghdad West, Washash, Taji and Agarguf.
- Employed a fast-track approach that included advanced surveys of the Baiji-Haditha transmission line allowing for earlier construction start.
- The Jazair-Yarmook and Buzurgan–Old Almara lines were energized and commissioned. The completion of work on these lines will increase the reliability of the 132kV system in the area, which in turn will support distribution networks.

Accomplishments anticipated in the next quarter:

- 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 Amarah control building.
- Work will continue to reconstruct the damaged transmission network, and expand it as required to accommodate new generation projects.

Distribution Network Infrastructure

Project Code: 42000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	539	448	-	987	267	-
October 2207 Report	539	448	-	987	407	5
Change from July Report	-	-	-	-	+140	+5

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

Changes from July report: The July report allocated \$987 million to this project for continued operation of the electrical system. This report makes no changes to the July report.

Accomplishments since the July Report:

- One new step the Project and Contracting Office (PCO) is taking to increase Iraqi employment is its rapid construction initiative (RCI), through which PCO will contract directly with companies in Iraq for work corresponding to their capabilities. RCI was successfully implemented for 14 projects within Baghdad during June 2004. Most of these projects are under construction or have already been completed. This approach will be expanded to encompass one-third of the electrical distribution projects in the upcoming quarter.
- Site assessments were conducted in the Governorates of Erbil, Wasit, Diyala, Dahuk, and Ninawa. Definitive estimates have been submitted for Erbil, and Wasit.
- The Design Build Contractor has mobilized and is now in a position to commence multiple Site Assessments.
- Began site selection and demolition activities preparatory to upgrading distribution substations in Baghdad.

Accomplishments anticipated in the next quarter:

- 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, Erbil, Ninawa, and Basra.
- 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.

Automated Monitoring and Control System

Project Code: 43000

	1st - 3rd Qtr	4th Qtr				
	FY 2004	FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	150	-	-	150	-	-
October 2207 Report	150	-	-40	110	-	-
Change from July Report	-		-40	-40	-	-

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

Changes from the July Report: The July report allocated \$150 million to the Automated Monitoring and Control System project to develop distribution, regional, and national control centers to replace the current inadequate system used to manage the electrical network. This report decreases this line item by \$40 million. These funds are being reprogrammed from this project for a new Governance program under the Education Sector (Project Code 06700: Governance) that will provide political party support in the period leading up to the January election. The cut funds were to be used for the electricity monitoring and the control system.

Accomplishments since the July report:

- Continued technical discussions with the Ministry of Electricity regarding Communications and Control requirements.

Accomplishments anticipated in the next quarter:

- 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.

Security

Project Code: 45000

	1 st - 3 rd Qtr	4 th Qtr				
	FY 2004	FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	50	-	-	50	19	-
October 2207 Report	50	-	-	50	50	11
Change from July Report	-	-	-	-	+31	+11

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

Changes since the July Report: The July report allocated \$50 million and accelerated these funds to convert the Electrical Power Security Service (EPSS) into a capable and self-sustaining security force. There are no changes from the July report.

Accomplishments since the July report:

- Awarded a contract for \$11.6 million to purchase eight permanent surveillance aircraft, which will allow aerial surveillance of transmission lines and other electrical infrastructure and quickly pinpoint the location of damaged lines.
- Started construction and refurbishment at the Electricity Power Security Service (EPSS) training academy site. The contractor is progressing with site refurbishment/ construction despite significant delays due to security threats to local national workforce. The training cadre has arrived in country.

Accomplishments anticipated in the next quarter:

- 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.

SECTOR: Oil Infrastructure

Infrastructure

Project Code: 50000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	1200	-	-	1200	403	10
October 2207 Report	1200	-	450	1650	621	36
Change from July Report	-	-	+450	+450	+218	+26

Responsible U.S. Government Agency: U.S. Army Corps of Engineers under the Department of Defense.

Changes from the July Report: The July Report allocated \$1.2 billion for Oil Infrastructure construction projects. The October report reflects an increase of \$450 million for Project Code 50000, consistent with the Department of State's Strategic IRRF Review reallocation plan.

This investment will be specifically targeted to increase the production of Iraqi oil. The money will be used over the next six to twelve months to complete previously started oil projects, which will increase Iraqi oil revenues and lower fuel imports. Ministry of Oil officials project that these projects can increase oil production capacity by up to 650,000 barrels per day (b/d), which would generate significantly higher oil export revenues. Security conditions permitting, these projects can be completed in six to nine months. The strategic objective of this increased capacity is to generate additional budgetary revenues for the IIG. The IIG will then have additional resources to invest in the needs of the Iraqi people, such as the electricity and water projects for which IRRF funding has been cut due to the State Department's Strategic IRRF Review.

The large number of pipelines sabotaged resulted in a decrease in oil production from 2.5 million barrels per day (bpd) in the April report to a current average (for the period of July 1 thru September 16, 2004) of only 2.2 million bpd. Additionally, oil exports decreased to a monthly average of 1.4 million bpd in July and again decreased to a monthly average of 1.1 million bpd in August.

Accomplishments since the July Report:

- Khor Al Zubair (KAZ) Port has been commissioned, and is now fully operational for importing refined fuels. Previous operations included barge-to-tank truck transfers that took up to a week. Current offloading via pipeline has reduced the barge cycle time by about 75 percent, thus helping to avoid gasoline and liquid petroleum gas (LPG) shortages in the country and reducing the cost of importing refined products.
- The Basra refinery power station at Shuaiba, consisting of two gas-turbine generators with a total capacity of 12 MW, has been successfully commissioned. Thus all of the

21 generators, previously rented at a cost of \$650,000 per month to maintain reliable power to the refinery, are no longer needed.

- Qarmat Ali water treatment plant has been commissioned, and water injection cluster pump stations are being completed and commissioned in succession (one commissioned as of 13 September). These facilities are essential for the pressure maintenance program for the North Ramaila and South Ramaila oilfields, which produce most of Iraq's oil. Water injection will maintain high oil production rates and prolong the life of the oilfields.
- Started procuring over \$300 million of critical equipment including fuel trucks and trailers, a fleet of work vehicles for the 65,000-strong Ministry of Oil and its subordinate companies, heavy construction equipment for the continued improvement and repair of oil infrastructure, and various other items required by the petroleum industry. This equipment is needed to rehabilitate the current operational infrastructure and begin reconstruction of deteriorated, damaged, looted, or destroyed infrastructure. The equipment began arriving in Kuwait in July, however the security situation in the south has thus far prevented its entry into Iraq. Various logistical arrangements are being reviewed to ensure its delivery to the appropriate Ministerial units.

Accomplishments anticipated in the next quarter:

- 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.
 - \$150 million will be utilized to expand Kirkuk production and exportation, including the Al Fatah pipeline crossing; a new 40" pipeline from Kirkuk to Al-Fatah; and refurbishment of GOSPs, and wet crude facilities.
 - Approximately \$100 million will be utilized to support Ramaila crude oil production and exports, including water flooding facilities, and restoration of field GOSPs.
 - 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.

- 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.

Emergency Supplies of Refined Petroleum Products

Project Code: 51000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	501	-	-	501	497	3
October 2207 Report	501	-	-450	51	53	7
Change from July Report	-	-	-450	-450	-444	+4

Responsible U.S. Government Agency: Defense Energy Support Center (DESC), the Department of Defense Executive Agent for Bulk Petroleum under Defense Logistics Agency. On April 1st, 2004, DESC assumed the emergency supply of refined petroleum mission from the U.S. Army Corps of Engineers in accordance with an Under Secretary of Defense for Acquisition, Technology, and Logistics directive.

Changes from the July Report: The July Report allocated \$501 million for Emergency Supplies of Refined Petroleum Products. The October report reflects a decrease of \$450 million for this project line item, consistent with the Department of State's Strategic IRRF Review reallocation plan.

DESC enabled the Ministry of Oil to regain refined petroleum self-sufficiency using \$645 million from the Development Fund for Iraq (DFI) allocated to the Defense Working Capital Fund by the Coalition Provisional Authority. Because of the DFI, funds beyond \$51 million are not needed from the IRRF for this purpose, and funds from this activity are being reprogrammed as part of the IRRF Strategic Review to the Oil Infrastructure project code above. During the first quarter of FY 2005 DESC will work to deobligate the full \$450 million in unneeded IRRF funds.

Accomplishments since the July Report:

- DESC supplied sufficient benzene, diesel, and liquid petroleum gas (LPG) through August to augment Ministry of Oil imports and production. The Ministry of Oil resumed full responsibility for the supply and import of refined petroleum products from DESC on August 15, 2004.
- Met demand for all fuels and built stocks to country-wide levels that are 18 days of supply for benzene, 14 days of supply for diesel, 43 days of supply for kerosene, and 39 days of supply for LPG. This level of stock enabled nation-wide resilience in response to sabotage and supply line interdiction.

Accomplishments anticipated in the next quarter:

- Nothing further in this project code is planned as funds are being reallocated elsewhere.

SECTOR: Water Resources and Sanitation

PUBLIC WORKS PROJECTS

Potable Water

Project Code: 60000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	548	343	1882	2773	332	-
October 2207 Report	548	343	678	1569	452	8
Change from July Report	-	-	-1204	-1204	+120	+8

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

Changes from the July Report: The July report allocated \$2.773 billion for Potable Water projects and outlined a plan for increasing safe and reliable water access through the purchase of essential supplies and the construction of new water distribution systems. The October report reflects a decrease of \$1.204 billion from Project Code 60000, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

The United Nations has estimated that about 50 percent of Iraqis have access to potable water at various levels of quality. With the IRRF Strategic Reallocation, 7.5 million additional Iraqis will gain access instead of the original target of 15 million prior to the reallocation. The Embassy will continue to work with the IIG and the Ministry of Municipalities and Public works to re-prioritize the remaining IRRF funding to maximize the delivery of potable water systems.

The July report notified that up to \$17.5 million of the funds in this activity might be used to fund USAID’s Community Action in order to support its work in small-scale infrastructure projects in potable water at the community level. This report increases that amount that may be used for CAP from this line item to \$22.5 million.

Accomplishments since the July Report:

- Developed a range of designs to support a nationwide rural potable water program. Designs will be implemented through USAID programs and through the Marine Expeditionary Force in Anbar.
- Well drilling began at 10 sites, each of which will provide potable water to multiple rural villages, which should be complete by November 2005.
- Initiated the rehabilitation of Baghdad's potable water network, some of which is subject to delays due to the security situation (e.g. Sadr City).
- Commenced construction of 4 potable water projects with a total value of \$416 million, which will be complete by October 2005.
- Working with stakeholders including MMPW, Basra city, USAID, the UK's Department for International Development (DFID), and military forces, developed an emergency response plan to respond to potential water crisis in Basra. This will allow local officials to respond immediately to a serious water shortage if it arises.
- Developed and began implementation of a master water planning process for Basra that will develop a long-term (20-year) solution for drinking water. While the emergency response plan addresses immediate water shortage problems, this master planning process will produce a strategic plan for the development of a sustainable potable water system over the long run. This document will provide clear international donor opportunities, in addition to the IIG.
- Commenced a water conservation and water network rehabilitation program to build local utility capabilities and infrastructure to detect and repair major water leaks. The program started in the fourth quarter in Hillah and will expand to all 18 governorates.
- Made significant progress on more than \$200 million in sewer and water system rehabilitation for Baghdad, focusing on Sadr City, Al Rashid, and other high priority areas. This work is being done in close coordination with the 1st Cavalry.

Accomplishments anticipated in next quarter:

- 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.

Water Conservation

Project Code: 61000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	31	-		31	-	-
October 2207 Report	31	-		31	9	2
Change from July Report	-	-	-	-	+9	+2

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

Changes from the July Report: The July report allocated \$31 million to this category and outlined a plan for improving water conservation throughout Iraq. There are no changes from the July Report.

Accomplishments since the July Report:

- Spent \$31 million on water conservation materials including pipes, meters, and fittings. These funds were associated with water conservation and water network rehabilitation programs, which are building local utility capabilities and infrastructure to detect and repair major water leaks. The program started in the fourth quarter in Hillah and will expand to all 18 governorates.

Accomplishments anticipated in next quarter:

- 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.

Sewerage

Project Code: 62000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	205	-	458	663	67	-
October 2207 Report	205	-	94	299	162	4
Change from July Report	-	-	-364	-364	+95	+4

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

Changes from the July Report: The July report allocated \$663 million for Sewerage projects in order to increase sewerage service in cities. The October report reflects a decrease of \$364 million from this project line item, consistent with the Department of State's Strategic IRRF Review reallocation plan.

Currently about 1.5 million Iraqis have access to workable sewerage systems. This population segment can increase by an additional 1.3 million Iraqis with the monies remaining in this project code after this reallocation versus an additional 5 million under the original IRRF allocation plan. The Embassy will continue to work with the IIG and the Ministry of Municipalities and Public works to re-prioritize the remaining IRRF funding to maximize the delivery of sewerage systems.

Accomplishments since the July Report:

- Made significant progress on more than \$200 million in sewer and water system rehabilitation for Baghdad, focusing on Sadr City, Al Rashid, and other high priority areas.
- Installed sewer trunk lines in Baghdad, particularly in the Sadr City area.
- Completed work at one Baghdad wastewater treatment plant.
- Initiated design of the new Zafraniyah & North East/9 Nissan Trunk Sewers in northeast Baghdad.
- Initiated cleaning and repairs of the Kadhamiya Trunk Sewer in Baghdad.
- Initiated design for expansion of the Basra City Sewer System.
- Began the design and construction of the new Fallujah Sewage Treatment Facility.

Accomplishments anticipated in next quarter:

- 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 Rustamiyah 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.

Other Solid Waste Management

Project Code: 63000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	21	-	-	21	18	-
October 2207 Report	21	-	-	21	20	-
Change from July Report	-	-	-	-	+2	-

Responsible U.S. Government Agency: USAID.

Changes from the July Report: The July report allocated \$21 million to this activity and outlined a plan for introducing sustainable and efficient waste management practices. There are no changes from the July Report.

Accomplishments since the July Report:

- The Baghdad landfill design work continued this quarter. The original site proved unsuitable due to the existence of unexploded ordinance. A new site was selected in Diyala Governorate.

Accomplishments anticipated in next quarter:

- Begin construction for the Baghdad landfill project at newly-agreed upon site.

WATER RESOURCES PROJECTS

Pumping Stations and Generators

Project Code: 64000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	66	91	-	157	33	-
October 2207 Report	66	91	-33	124	55	3
Change from July Report	-	-	-33	-33	+22	+3

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

Changes from the July Report: The July report allocated \$157 million for this line item to improve the functionality of pumping stations and generators through the purchase of new parts or the rehabilitation of old parts. The October report reflects a decrease of \$32.76 million from this project, consistent with the Department of State's Strategic IRRF Review reallocation plan.

Currently, there are 4.5 million hectares of irrigated agricultural land in Iraq. This land area can increase by 440,000 hectares under the reallocation instead of 900,000 prior to the reallocation. Post will continue to work with the IIG and the Ministry of Water Resources to re-prioritize the remaining IRRF funding to maximize the delivery of water resources.

Accomplishments since the July Report:

- Awarded contract for \$19 million to purchase 57 diesel generators to provide power for 39 critical potable water pump stations located throughout Iraq.
- Contracted for the repair of the Karbala Irrigation and Drainage Pump Station #1, which will provide water for threatened agricultural crops.
- Contracted for the repair of the Mandali Irrigation Pump Station #2, which will provide pump capacity to remove and convey agricultural drainage water.
- Began design and site work for construction and repair of 10 pump stations which will provide water for both local and regional irrigation projects.
- Began design on Nassiriyah Drainage Pumping Station to provide water to currently inaccessible areas. This project is scheduled to be complete in December 2005.

Accomplishments anticipated in next quarter:

- 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 Nassiriyah 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 Nassiriyah.

Irrigation and Drainage

Project Code: 65000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	7	118	125	-	-
October 2207 Report	-	7	28	35	-	-
Change from July Report	-	-	-90	-90	-	-

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

Changes from the July Report: The July report allocated \$125 million for Irrigation and Drainage Systems for refurbishing the drainage and irrigation infrastructure, which will result in additional reclaimed arable land and better control of contaminated/saline waters. The October report reflects a decrease of \$89.53 million from this project code, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

Currently, there are 4.5 million hectares of irrigated agricultural land in Iraq. This land area can increase by 440,000 hectares under the reallocation instead of 900,000 prior to the reallocation. The Embassy will continue to work with the IIG and the Ministry of Water Resources to re-prioritize the remaining IRRF funding to maximize the delivery of water resources.

Accomplishments since the July Report:

- Began design on Kut-Betara Reclamation Project, which removes saline waters from the water supply. The design of this project will be completed in March 2005.

Accomplishments anticipated in next quarter:

- 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.

Major Irrigation Projects

Project Code: 66000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	5	17	126	148	-	-
October 2207 Report	5	17	3	25	-	-
Change from July Report	-	-	-123	-123	-	-

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

Changes from the July Report: The July report allocated \$148 million for Major Irrigation Projects and outlined a plan to complete construction of five irrigation projects that will open new areas to agriculture. The October report reflects a decrease of \$122.79 million from this project line, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

Accomplishments since the July Report:

- Commenced design of the Eastern Euphrates Drain Zones 3 & 4. The project will ultimately collect drainage water from approximately 412,000 hectares of agricultural land. Once complete, these works will improve the quality of river water and help create an environment conducive to improvements in the agricultural sector.

Accomplishments anticipated in next quarter:

- Complete design initiated in the fourth quarter of FY 2004 and commence construction of the Eastern Euphrates Drain 3 & 4.

Dam Repair, Rehabilitation and New Construction

Project Code: 67000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	16	23	109	149	-	-
October 2207 Report	16	23	56	95	18	2
Change from July Report	-	-	-53	-53	+18	+2

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

Changes from the July Report: The July report allocated \$149 million for Dam Repair, Rehabilitation and New Construction projects and outlined a plan to fund the rehabilitation of 6 water supply dams. The October report reflects a decrease of \$53.31 million from this project line item, consistent with the Department of State's Strategic IRRF Review reallocation plan.

Remaining funds will continue to support the IIG and Ministry of Water Resources' four highest priority dam projects: Mosul, Diyala Weir, Ramadi Barrage Complex, and Adhaim.

Accomplishments since the July Report:

- Conducted study of the condition of Mosul Dam. It is imperative that a design-build plan is established, which will provide solutions to prevent/mitigate the potential risk for catastrophic failure of this dam.
- Initiated design of Diyala Weir, Ramadi Barrage, and Adhaim Dam.

Accomplishments anticipated in next quarter:

- 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.

Umm Qasr/Basra Water Supply Project

Project Code: 68000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	25	85	111	-	-
October 2207 Report	-	25	85	111	-	-
Change from July Report	-	-	-	-	-	-

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

Changes from the July Report: The July report allocated \$111 million to this activity and outlined a plan to provide higher quality raw water to Basra and Umm Qasr.

Accomplishments since the July Report:

- Stabilized Sweetwater Canal to ensure increased quantity of un-treated (raw) water reaching Basra water treatment plants. Water supply to Basra through Sweetwater Canal has doubled in the last 12 months.

Accomplishments anticipated in next quarter:

- Initiate design and construction on a project to provide higher quantity and quality of raw water to Basra 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.

Basra Channel Flushing

Project Code: 69000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	10	60	70	-	-
October 2207 Report	-	10	-70	.1	-	-
Change from July Report	-	-	-70	-70	-	-

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

Changes from the July Report: The July report allocated \$69.6 million for Basra Channel Flushing. The October report reflects a decrease of \$69.5 million from this project,

consistent with the Department of State's Strategic IRRF Review reallocation plan. The IIG has decided to complete this work, using its own resources.

Accomplishments since the July Report: None, as work never commenced.

Accomplishments anticipated in next quarter: None, as no funding remains for this line item.

SECTOR: Transportation and Telecommunications

Civil Aviation

Project Code: 70000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	115	-	-	115	17	-
October 2207 Report	115	-	-	115	6	1
Change from July Report	-	-	-	-	-11	+1

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

Changes from the July Report: The July plan allocated \$115 million to projects to complete upgrades at three main international airports (Baghdad, Mosul, and Basra) and selected domestic airports so that they meet International Civil Aviation Organization standards. There are no changes from the July report.

Accomplishments since the July Report:

- A major contractor has been terminated on several projects due to lack of performance. Replacement contractors should be selected within thirty days.
- Backup diesel power generators have been installed and an assessment of the work needed to replace the electric grid at Baghdad International Airport has been completed. The 11kV switchgear rehabilitation has been completed.
- The repair of runway lighting and circuits is approximately 40 percent complete.
- Substantial rehabilitation has been performed at the BIAP Air Traffic Control (ATC) Administration Building and Tower, including the replacement of floors, tile, and general repair, and repair of an elevator.

Accomplishments anticipated in next quarter:

- At Baghdad International Airport:

- Prepare runways, taxiways, taxi lanes and apron for commercial operations.
- Create Class A airspace for civil aviation.
- Complete rehabilitation of power grid and provide dual electric feed.
- Rehabilitate electricity, water, and Heating Ventilation Air Conditioning (HVAC) systems.
- Provide passenger security screening and cargo screening equipment.
- Rehabilitate fire suppression system.
- Rehabilitate air traffic control tower and base building.
- Rehabilitate control tower cab including new Air Traffic Control consoles.
- Install a Doppler VOR/DME.
- Install and establish meteorological services.
- Install and certify a Category 2 Instrument Landing System.
- Install airport radar system, including radar data processors and control room.
- Install en route non-radar operations control room.
- Enable and training for AFTN system.
- Enhancement and training for new VSAT base communications system.
- Install VHF ATC communication antennas throughout Iraq.
- Enable VSAT communication system throughout Iraq.

Umm Qasr Port Rehabilitation

Project Code: 71000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	40	-	-	40	11	4
October 2207 Report	40	-	-	40	31	4
Change from July Report	-	-	-	-	+20	+4

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

Changes from the July Report: The July plan allocated \$40 million to this activity, consistent with the Maritime Strategy to increase capacity at the port of Umm Qasr. There are no changes from the July report.

Accomplishments since the July Report:

- The electrical contractor has continued programs to upgrade the port power system so that consistent and reliable electricity will be available for essential equipment at the North and South Ports of Umm Qasr. Discussions are underway with the United Nations Development Fund for a possible joint effort to upgrade the South Port power system to accommodate container cranes being repaired under a separate contract.
- A Port Commercial Operations Center with two satellite e-mail links has been established, allowing the port for the first time to electronically communicate with customers and international businesses.

- Iraqi personnel received a two-month comprehensive training course in maritime business practices that will enable Iraq to electronically bill and collect tariffs and fees from port agents and customers for the use of port facilities and equipment.
- Port Security has been improved with activation of the Quick Reaction Force—comprised of select volunteers from the port guard force—and the manning of the new Joint Security Operations Center with representatives from port security, Customs, Immigration, and the Iraqi Riverine Patrol Service.
- The opening of two new port entrance gates and management changes at the port's main gate has significantly improved traffic flow and general port operations.

Accomplishments anticipated in next quarter:

- 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.

Railroad Rehabilitation and Restoration

Project Code: 72000

	1st - 3rd Qtr	4th Qtr				
	FY 2004	FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	210	-	-	210	40	-
October 2207 Report	210	-	-	210	123	2
Change from July Report	-	-	-	-	+83	+2

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

Changes from the July Report: The July plan allocated \$210 million to continue the plan to renovate the Iraqi railroad by improving the working environment and track structure, and providing necessary tools, spare parts, and equipment. There are no changes from the July report.

Accomplishments since the July Report:

- Continued rehabilitation of the Baghdad Central Railway Station and rural stations throughout the rail network.

- Continued rehabilitation of 56 km of rail line between Umm Qasr and Shoiaba Junction and 14 km of sidings at Umm Qasr to enhance port access.
- Awarded procurement contracts for the following items:
 - 44 liquid petroleum gas (LPG) tank wagons and 124 inter-modal containers. The wagons will augment existing rolling stock.
 - Spare parts for the Thyssen-Henschel and Dalien locomotives.
 - Valves and hoses to repair the braking systems on the rolling stock.
 - Container handling equipment and container yard maintenance trucks.
 - Thermite welding supplies.

Accomplishments anticipated in next quarter:

- 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.

Iraq Telecommunications and Postal Corporation

Project Code: 74000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	15	5	-	20	-	-
October 2207 Report	15	5	-	20	2	1
Change from July Report	-	-	-	-	+2	+1

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

Changes from the July Report: The July plan allocated \$20 million for modernizing the Iraqi Telephone and Post Company (ITPC) as well as spinning off and modernizing the postal services. There are no changes from the July report.

Accomplishments since the July Report:

- One facility in Baghdad has been identified for new construction, 13 facilities have been identified for reconstruction, and a review of construction requirements at all remaining facilities is underway. Service improvements are also ongoing, including identifying Overnight, 2-day, and 3-day service areas, centralizing distribution operations, and rolling out on-time performance testing procedures
- An Iraqi postal delegation is attending this year’s Universal Postal Congress in Bucharest. This is the first time in over 20 years that Iraq has attended.

Accomplishments anticipated in next quarter:

- 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.

Iraqi Telecommunications Systems

Project Code: 76000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	70	20	-	90	-	-
October 2207 Report	70	20	-	90	3	2
Change from July Report	-	-	-	-	+3	+2

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

Changes from the July Report: The July plan allocated \$90 million for developing a high-capacity, high-bandwidth data network. The intent for this funding is to initiate a long-term upgrade of Iraqi telecommunications infrastructure to increase capacity, provide reliable service, and restore international connectivity. There are no changes from the July report.

Accomplishments since the July Report:

- Iraq Government communications will be enhanced with the recent selection and subsequent rollout of the Wireless Broadband Network Project. This project will provide an effective and reliable means of providing Internet, data services and voice services to strategic government ministries and other crucial organizations and institutions. The system will be connected to approximately 32 locations in Baghdad.

Accomplished anticipated in the next quarter.

- Begin rehabilitation of two telephone switch buildings in Baghdad.

- Begin planned construction of Wireless Broadband Network Project for Baghdad.

Iraq Telecommunications Operations

Project Code: 79000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	17	8	-	25	1	-
October 2207 Report	17	8	-	25	5	1
Change from July Report	-	-	-	-	+4	+1

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

Changes since the July Report: The July plan allocates \$25 million to modernize the Iraq Telecommunications Operations system and to design a telecommunications regulatory agency. There are no changes from the July report.

Accomplishments since the July Report:

- The National Communications Media Commission (NCCM) now has the legal responsibilities for licensing and spectrum management and has issued some licenses. NCCM, however, has not taken over full-scale operational responsibility because of a lack of spectrum management personnel and records. The U.S. is providing advice and counsel on this activity.
- NCCM has adopted a comprehensive statement of policy, legal framework, code of ethics, rules of procedure, broadcasting code of conduct, licensing ruled and spectrum rules. The U.S. is also providing technical assistance for this activity.
- Procurement of spectrum monitoring and analysis equipment and vehicles has proceeded with contracts awarded but no significant deliveries.

Accomplishments anticipated in next quarter:

- 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 NCCM.
- Delivery of two specialized armored spectrum monitoring vehicles.

SECTOR: Roads, Bridges, and Construction

Public Buildings Construction and Repair

Project Code: 81000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	130	-	-	130	74	-
October 2207 Report	130	-3	-	127	108	9
Change from July Report	-	-3	-	-3	+34	+9

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

Changes from the July Report: The July plan allocated \$130 million to reconstruct and rehabilitate four ministry headquarters buildings, repair about 60 public schools, and restore an additional 871 school buildings, grouped by governorate. The October report reflects a decrease of \$3 million from this project line to support the First Responders Network in Project Code 25000, consistent with prior notification to Congress. Funds remaining in the line item following the reallocation total \$127 million.

Accomplishments since the July report:

- Reconstruction and rehabilitation of ministry buildings continued, including the Ministries of Environment, Trade, Industry and Minerals, and the Education / Higher Education and Scientific Research complex. In October 2004, construction work will be completed at two Ministry of Trade headquarters buildings.
- Renovations have begun for about 175 public secondary schools, assessments have been completed for over 500 schools, and other assessments are underway.
- Renovations have continued for about 140 schools in Al Muthanna, Missan, Thi-Qar, and Wassit Governorates.
- Two contracts have been awarded for the renovation of public secondary schools in Diyala, Salah al-Din, Kirkuk, Ninawa and Dahuk Governorates.
- 105 schools in the Basra Governorate were assessed and contracts were issued to refurbish 29 schools with the \$6.3 million apportioned to CAP from the Public Buildings Construction and Repair project code 81000. Tenders have been issued for the refurbishment of another 11 schools.

Accomplishments anticipated in next quarter:

- 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.

Roads and Bridges

Project Code: 82000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	140	38	60	238	50	-
October 2207 Report	140	33	60	233	35	2
Change from July Report	-	-5	-	-5	-15	+2

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

Changes from the July Report: The July plan allocated \$237.5 million to repair, replace or construct essential segments of highway, strategic bridges, and critical secondary roads that will enable reconstruction, economic development, and public safety. The October report reflects a decrease of \$5 million from this project line item to support the First Responders Network in Project Code 25000, consistent with prior notification to Congress. Funds remaining in this line item after the reallocation total \$232.5 million.

Accomplishments since the July Report:

- Initiated design review and assessments for the construction of four bridges. The bridges scheduled for construction are the:
 - Kufa 3rd Bridge in Najaf Governorate
 - Zuba Bridge in Nassiriyah Governorate
 - Nassiriyah Bridge in Nassiriyah Governorate
 - Sheikh Sa’ad Bridge in Wassit Governorate
- The Tikrit Bridge was opened to traffic on September 14, 2004.

Accomplishments anticipated in next quarter:

- 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:
 - Kufa 3rd Bridge in Najaf Governorate
 - Zuba Bridge in Nassiriyah Governorate
 - Nassiriyah Bridge in Nassiriyah Governorate Sheikh Sa'ad Bridge in Wassit 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.

SECTOR: Health Care

**Nationwide Hospital and Clinic Improvement
Project Code: 90000**

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	282	157	-	439	175	-
October 2207 Report	282	157	-	439	252	1
Change from July Report	-	-	-	-	+77	+1

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

Changes from July Report: The July report allocated \$439 million to DoD to rehabilitate 17 maternity and children’s hospitals and construct new primary healthcare centers in every governorate. Two additional hospitals were added to the Hospital List due to urgent requests made by the Iraqi Ministry of Health bringing the total number of hospitals to 19. The rest of the July plan has not changed.

In the July report, DoD planned to begin construction or rehabilitation of 5 maternity-child hospitals in Baghdad and other cities, and construction of up to 30 primary healthcare centers in Baghdad and 14 other governorates. This was delayed because of security challenges in accessing sites, as well as coordination issues with the Ministry of

Health (MOH) concerning the conceptualized layout of the new primary healthcare centers.

Accomplishments since the July Report:

- Continued the renovation of the Ibn Al Baladi Maternity and Pediatric Hospital in Thawra, Baghdad. The initial renovation Phase of work has been completed, the major Design – Build sub-contract is ready to be awarded to a local Iraqi firm. Despite periodic work stoppage due to security issues in Sadr City the project is basically progressing on schedule.
- Renovation has begun on Al Karhk Maternity Hospital, Al Karhk, Alaweeya Maternity and Alaweeya Children’s Hospitals in Rusafa, Al Najaf Teaching and Al Najaf Maternity Hospital and Al Nasiriyah Maternity Hospital in Thi-Qar.
- Design for the construction of primary healthcare centers in each Governorate has progressed to the 65 percent level, and includes a complete foundation package, thus allowing construction to begin prior to design completion and expediting the schedule.
- Completed design for two primary healthcare centers in the Al Shuhadaa and Gufee districts of Fallujah.

Accomplishments anticipated next quarter:

- 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.
- Refurbish critical systems in Fallujah Hospital, including the replacement and refurbishment of existing equipment, which was identified as a part of the Accelerated Iraqi Reconstruction Program.
- Begin construction of two primary healthcare centers in the Al Shuhadaa and Gufee districts of Fallujah.

**Basra Pediatric Facility (Hospital)
Project Code: 91000**

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	50	-	-	50	-	-
October 2207 Report	50	-	-	50	50	-
Change from July Report	-	-	-	-	+50	-

Responsible U.S. Government Agency: USAID.

Changes from the July Report: The July report allocated \$50 million to USAID to construct a new pediatric facility in Basra, 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. There are no changes from the July report.

Accomplishments since the July Report:

- USAID reached final agreement with the Ministry of Health (MOH) to construct a 50-bed pediatric hospital.
- The Basra Children’s Hospital Steering Group convened to develop a scope of services and identify associated medical and space needs for the hospital. The final scope of services will be submitted to Bechtel by mid-September for use in designing the scope of work for a design build contract.
- Bechtel has developed a bid pre-qualification document and issued it to eleven potential design and construction subcontractors.
- Bechtel has subcontracted for subject matter experts in children’s hospital planning and design to assist in planning the design build subcontract process, including developing a scope of work for the design build contract, assisting in the technical evaluation of the design build proposals, and participating in the 20 percent design review of the hospital.
- Bechtel has completed an unexploded ordnance survey. Soil testing and a geotechnical site survey are underway.

Accomplishments anticipated in next quarter:

- The scope of services to be provided by the hospital will be defined and Project HOPE will initiate work 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.

Equipment Procurement and Modernization and Training

Project Code: 92000

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	245	52	-	297	53	-
October 2207 Report	245	52	-	297	103	1
Change from July Report	-	-	-	-	+50	+1

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

Changes from the July Report: The April report allocated \$297 million to the Department of Defense and USAID to procure new medical equipment, train medical staff and provide technical assistance to build capacity in the Ministry of Health (MOH). There are no changes from the July report.

Accomplishments since the July Report:

- Through its implementing partner UNICEF, USAID provided 5 million doses of oral polio vaccine for a Ministry of Health (MOH) five-day campaign in polio immunization. USAID funds also supported national planning meetings with clerics, health education managers, women’s groups and local NGOs as well as workshops for media personnel. The MOH successfully mobilized immunizations teams across the country, even with constraints associated with the security situation, to reach over 3 million children.
- USAID moved 600 primarily IRRF – I funded health care kits containing 58 items of basic medical and laboratory equipment and furniture for primary health care service provision into Iraq. These kits are being delivered as road security permits. A total of 323 kits have been delivered thus far, 179 to clinics in Southern Governorates and 144 kits to clinics in Central Governorates.
- USAID ordered 1 million doses of tetanus toxoid vaccine to cover routine immunization requirements through the end of 2004. The MOH was provided with 2.5 million syringes for routine immunization, and immunization program managers were trained in vaccine management.

- Breastfeeding reference materials and training/educational slides were provided by USAID to the MOH for use in governorate level training activities;
- 106 midwifery kits were delivered by USAID to the MOH traditional birth attendant (TBA) program for distribution to TBAs.

Accomplishments anticipated in next quarter:

- 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.

SECTOR: Private Sector Development

Expanded Network of Employment Centers

Project Code: 01000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	7	1	-	8	-	-
October 2207 Report	7	1	-	8	-	-
Change from July Report	-	-	-	-	-	-

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

Changes from the July Report: The July report allocated \$8 million to this project and outlined a strategy to establish employment centers. There are no changes from the July report.

Accomplishments since the July Report:

- A contractor has been providing international employment experts to provide capacity building and staff training at the employment center in Baghdad. Contractor has assisted in developing a personnel database for the labor directorate, in computer training for staff members, and in completing a strategy and transparent budget for the rebuilding of new vocational training centers.

Accomplishments anticipated in the next quarter:

- 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.

Vocational Training
Project Code: 02001

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	75	4	15	94	29	-
October 2207 Report	75	4	15	94	38	18
Change from July Report	-	-	-	-	+9	+18

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

Changes from the July Report: The July report allocated \$94 million to this activity and outlined a plan to establish vocational training centers and to support activities at the Central Bank, the Ministry of Finance, the Ministry of Trade, and public utilities regulatory agencies. There are no changes from the July report.

Accomplishments since the July Report:

- Offered bank supervision training in bank structure, Basle Committee Core Principles and risk rating systems, and established priority regulations.
- Supported the development and implementation of bankruptcy, interim securities, and intellectual property laws to enable a pro-business environment.
- Installed and began implementing a Financial Management Information System at the Central Bank. This is a critical precursor to United Nations and World Bank funding of Iraqi reconstruction.
- USAID banking sector advisors offered bank supervision training in bank structure, Basle Committee Core Principles and risk rating systems, and established priority regulations.
- Bankruptcy, interim securities, and intellectual property laws to enable a pro-business environment were developed and implemented.
- Opened six vocational training centers.
- USAID partners conducted training in the Ministry of Finance (MOF), and conducted capacity building training in the Ministry of Education (MOE).
- Border site surveys were completed and software for implementation of import duties was installed.
- Electricity Institutions were strengthened by the following: IAS training, assisted the executive working group in budget preparations, conducted organizational ministry

study, completed integrated financial planning, implemented the Chart of Accounts, and completed integrated financial planning paper.

Accomplishments anticipated in the next quarter:

- 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.
- 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.
- USAID will implement a comprehensive series of in-country business management skills workshops for Iraqi senior and mid-level business managers.

Business Skills Training

Project Code: 02500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	18	19	-	37	-	-
October 2207 Report	18	19	-	37	20	6
Change from July Report	-	-	-	-	+20	+6

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

Changes from the July Report: The July report allocated \$37 million to this activity and outlined a plan to provide training to Iraqi small and medium enterprises. There are no changes to this plan.

Accomplishments since the July Report:

- USAID's partner designed a program to develop a broad range of business skills. Training on contracting, subcontracting, and the Request for Proposal process have begun.
- Business Toolkits were prepared to accompany the availability of small business loans. Separate classroom training is being developed for small and start-up companies, and for mid-sized firms which will cover entrepreneurship training, accounting, financial management, raising capital, and other relevant topics.
- USAID's firm-level assistance program vetted 50 companies to determine their potential eligibility for loans, analyzing business prospects, drafting business plans, and undertaking credit analysis in partnership with the senior Iraqi managers of the companies. USAID advisors offered credit training to two large state-owned banks and four private banks to encourage private sector lending, especially to small and medium size businesses.
- Developed software for company registration on the newly opened Iraq Stock Exchange.
- Conducted training for the Tax & Customs Commission and for implementation of the Reconstruction Levy Tax; assisted in development of the Insurance By-Law I; and completed an industry training needs assessments.
- Updated the wage withholding system.
- Developed a tax reform proposal and developed a tax guide for Hotel and Restaurant tax.

Accomplishments anticipated in the next quarter:

- 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 Depository 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.

Micro, Small, and Medium Enterprises

Project Code: 03000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	35	9	-	44	10	10
October 2207 Report	35	9	-	44	34	10
Change from July Report	-	-	-	-	+24	-

Responsible U.S. Government Agency: Department of Defense and USAID, with some funding transferred to the Overseas Private Investment Corporation (OPIC) through USAID.

Changes from the July Report: The July report allocated \$44 million to this project for development of small and medium enterprises in Iraq. There are no changes to the July report.

Accomplishments since the July Report:

- OPIC is the implementing agency for a loan facility to serve middle market Iraqi private sector companies and strengthen Iraqi private sector banks. The Iraq Middle Market Development Foundation (“IMMDF”), a newly established NGO, has now hired senior staff resident in the region, received its first year operating budget, and has initial capital to make direct loans to Iraqi businesses. Ultimately, this program can deliver up to \$131 million in loans of between \$500 thousand to \$5 million to Iraqi private sector companies.
- The International Finance Corporation (IFC) has selected an Iraqi Bank -- the National Bank of Iraq -- as the local institution through which it will provide lending for small and medium sized enterprises. The next step is to begin training Iraqi loan officers.

Accomplishments anticipated in the next quarter:

- 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.

Institutional Reforms

Project Code: 01500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	100	100	-	-
Change from July Report	-	-	+100	+100	-	-

Responsible U.S. Government Agency: USAID.

Changes from the July Report: The July report did not include any funding for Institutional Reforms. The October report establishes Project Code 01500 as a new line item in the amount of \$100 million, consistent with the Department of State's Strategic IRRF Review reallocation plan.

These funds will be used to continue to implement a broad-based institutional economic reform program by providing assistance in tax policy, tax administration and fiscal reform (such as International Monetary Fund compliant budget planning); development of a medium-term expenditure framework; customs reform; strengthening the financial sector, consolidation of the existing State-owned banks and increasing supervision of commercial banks; commercial law reform; housing reform; utilities regulation (e.g., development of a sustainable tariff system); and, assistance in reforming the social safety net structure in order to create a more market-friendly environment that promotes economic opportunity and stimulates broad-based economic growth. Implementation of reforms and provision of assistance continues with the procurement of services in September 2004. USAID's portfolio of economic growth programs will positively impact employment, economic growth, and living standards in Iraq – with results in the short and long-term.

Accomplishments since the July Report: None, as this is a new activity.

Accomplishments anticipated next quarter:

- 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.
- 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.

Agriculture

Project Code: 01600

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	100	100	-	-
Change from July Report	-	-	+100	+100	-	-

Responsible U.S. Government Agency: USAID.

Changes from the July Report: The July report did not include any funding for Agriculture. The October report establishes Project Code 03500 as a new line item in the amount of \$100 million, consistent with the Department of State's Strategic IRRF Review reallocation plan.

This activity will support expanded private sector agribusiness throughout Iraq. It will build on U.S.-supported Iraqi investments in institutional reform, private sector development and irrigation infrastructure. Elements will include re-organization of the Ministry of Agriculture (MOA) institutional structures and building staff capacity to operate in a liberalized economy; promoting the necessary legal and policy changes to reform the agricultural sector, including restructuring plans for the MOAs, SOEs; joint ventures with Iraqi input supply, production, processing and ancillary agribusinesses and international agribusinesses; assisting the Government of Iraq and the private sector to develop and implement a country-wide plan to rapidly modernize the wheat, barley, rice and maize sectors; additional policy guidance and institutional reform; crop and livestock technology joint ventures; and improved soil and water management.

Accomplishments since the July Report: None, as this is a new activity.

Accomplishments anticipated next quarter:

- 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.

Market-Based Reforms

Project Code: 03500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	100	100	-	-
Change from July Report	-	-	+100	+100	-	-

Responsible U.S. Government Agency: USAID.

Changes from the July Report: The July report did not include any funding for Market-Based Reforms. The October report establishes Project Code 03500 as a new line item in the amount of \$100 million, consistent with the Department of State’s Strategic IRRF Review reallocation plan.

This support will permit continued work on restructuring and reforming State Owned Enterprises, promoting capital market and non-bank financial sector development (i.e., the pension and insurance industry), strengthening micro and small/medium enterprises, trade policy and investment promotion, assistance with the development of a Business Investment Promotion Agency in conjunction with the Ministry of Trade, provision of assistance with accession to the WTO, and design a grant-making mechanism to emerging Iraqi businesses. In doing so, the program will focus on those policies, regulations, administrative procedures and institutions that have the most direct impact on the ability of foreign and domestic private sector firms to invest and grow their businesses in Iraq as well as generate employment opportunities for Iraqis. Implementation of reforms and provision of assistance continues with the procurement of services in September 2004. USAID’s portfolio of economic growth programs will positively impact employment, economic growth, and living standards in Iraq – with results in the short and long-term.

Accomplishments since the July Report: None, as this is a new activity.

Accomplishments anticipated next quarter:

- 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.

Iraq Debt Forgiveness

Project Code: 04500

	1st - 3rd Qtr FY 2004	4th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	360	360	-	-
Change from July Report	-	-	+360	+360	-	-

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

Changes from the July Report: The July report did not include any funding for debt forgiveness. The October report establishes Project Code 04500 as a new line item in the amount of \$360 million, consistent with the Department of State's Strategic IRRF Review reallocation plan.

Debt relief will promote financial stability and reconstruction. Paris Club creditors are discussing Iraq's request and could reach agreement as early as October. In order to be in a position to participate in such an agreement, it is very important that the Administration secure the requested U.S. legislative authorization. Once the Paris Club reaches agreement on reducing Iraq's debt, non-Paris Club creditors will be encouraged to extend similar terms.

Accomplishments since the July report: None, as this is a new activity.

Accomplishments anticipated in next quarter:

- Work with the Paris Club of Creditors and other Iraqi creditors to provide deep debt reduction.

Sector: Education, Refugees, Human Rights, and Governance

Migration and Refugee Assistance

Project Code: 04000

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	105	-	-	105	6	-
October 2207 Report	105	-	70	175	18	3
Change from July Report	-	-	+70	+70	+12	+3

Responsible U.S. Government Agency: Department of State, Bureau of Population, Refugees, and Migration (PRM), and USAID's Office of Foreign Disaster Assistance (OFDA).

Changes from the July report: The July report allocated \$105 million for Migration and Refugee Assistance. The October report reflects an increase of \$70 million for Project Code 04000, consistent with the Department of State's Strategic IRRF Review reallocation plan.

After the transfer of sovereignty, both NGO and IO humanitarian organizations active in this field have been working more closely with the Ministry of Displacement and Migration. This has allowed the ministry to have a link with forced migration issues throughout Iraq that it did not have before. This has improved the working environment in Iraq for IOs, NGOs, and the ministry.

The Iraqi Ministry for Displacement and Migration (MDM) received a new minister in early June, who is re-energizing the efforts of the ministry. She is improving the staffing of the ministry and has traveled to a number of countries hosting Iraqi populations, encouraging patience and requesting that Iraqis not be returned to Iraq until the security and absorptive capacity of Iraq improve. She is committed to opening all of the regional offices. The regional office in Basra is now open. The growing pains of a new government and the security situation have hampered some of her efforts, but the ministry is clearly more actively engaged than it has been in the past.

Accomplishments since the July report:

- The Office of U.S. Foreign Disaster Assistance (OFDA) has awarded funding to six U.S. NGOs and the International Organization of Migration (IOM) for more than \$10 million. Activities have supported water, sanitation, and health projects benefiting internally displaced persons (IDPs) throughout Iraq.
- The UN High Commissioner for Refugees (UNHCR) estimates that there have been over 100,000 returns to Iraq since the fall of the regime. Of these, over 16,000 were facilitated by UNHCR and IOM.

- During the Najaf conflict in August, the ministry took a leading role in coordinating the response of humanitarian organizations. With the support of UNHCR, the MDM held regular teleconference meetings with partners in Amman, Baghdad and other parts of Iraq and provided information to the key players. This initiative was noted in the UN Secretary General's 3 September 2004 report to the Security Council.
- The UN completed an assessment of the ministry's training needs and supported a number of trainings for the ministry staff.
- UNHCR and IOM have both developed programs for building Iraqi capacity to deal with displaced populations and absorb returns. UNHCR now has 14 NGO implementing partners working on sustainable reintegration throughout Iraq. UNHCR has also placed an international expert in the ministry, to provide more direct support
- IOM has implemented particularly creative capacity building solutions for the ministry, and has placed Arabic-speaking consultants in the ministry to support development of the administrative and information sections of the ministry.
- In Northern Iraq, OFDA projects have benefited the governorates of Ninawah, Erbil, At Ta'im, Sulaymaniyah, Diyala, and Salah Ad Din. Projects are supporting the return of Kurdish IDPs north of the Green Line to their villages of origin, as well as to villages south of the Green Line which were destroyed during the Hussein regime. OFDA projects are also providing immediate assistance to Arabs displaced after the recent conflict. OFDA will continue ongoing IDP programs, as well as substantially expand the size and scope of the IDP response, particularly in the Kirkuk area.
- OFDA partner World Vision is beginning implementation of water/sanitation programs for 20,000 recent internally displaced persons and 10,000 returnees in areas to the north and east of Mosul in Ninawah governorate.
- OFDA partner International Medical Corps (IMC) is providing water and sanitation to Kurdish returnees in western Ninawa, and to returnees in Makhmour District and Kushtapa subgovernorate in Arbil governorate.
- IMC is providing health outreach through mobile health clinics for IDPs in rural areas of Diyala Governorate and to 4500 IDPs in Salah Ad Din governorate. IMC is providing water/sanitation support to IDPs in the Baqubah region of Diyala, and is providing water/sanitation support in Fallujah.
- In the Khanaqin region of Diyala governorate, in order to prevent asset depletion among the most vulnerable of IDPs, Mercy Corps has started providing livelihood assets and necessary non-food items to 15,000 IDPs and is planning to expand the program closer to Baquba to support a large number of recently displaced Arab IDPs.
- In At Ta'im governorate, OFDA partner International Rescue Committee (IRC) is providing water/sanitation to support recent returnees and to promote the return of

Kurdish IDPs to 50 villages in non-contentious areas. This project supports approximately 15,000 recent returnees and up to 50,000 future returnees.

- OFDA provided funding to IOM in order to respond to situations of sudden population displacement due to upsurge in violence or natural disasters. IOM is also using this funding to procure winterization supplies for vulnerable IDPs nationwide.
- Save the Children/US has used OFDA funding to enhance the capacity of local health institutions to better identify and respond to child malnutrition in southern Iraq, including training of staff and provision of equipment.
- OFDA has provided funding to IRC to provide basic repairs to the teacher’s hospital in Najaf, which provides services to up to 40 percent of the governorate and trains staff to work in public health clinics. IRC is currently identifying and procuring equipment for the project.

Accomplishments anticipated in next quarter:

- 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.

Property Claims Commission

Project Code: 05500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	10	-	-	10	-	-
October 2207 Report	10	-	-	10	1	-
Change from July Report	-	-	-	-	+1	-

Responsible US Government Agency: US Department of State.

Changes from the July Report: The July report allocated \$10 million for the Property Claims Commission. There are no changes from the July plan.

The Head of IPCC has taken responsibility for running the IPCC. He was confirmed to his position by Prime Minister Allawi and reports directly to the Prime Minister's office. Despite the ongoing security issues he has continued to make progress in organization building.

Accomplishments since the July report:

- All governorates have IPCC offices. There are 26 open and they have taken almost 20,000 claims to date.
- All Regional Commissioners have been identified. Judges, State Property and Land Registry Representatives have been identified and have received some initial training. They are prepared to begin adjudicating.
- Certain instructions have been finalized for IPCC's operational procedures. Additional guidelines on the substantive law to be applied and on compensation need to be finalized in order to adjudicate most claims. The Prime Minister's office has instructed that the IPCC and the Ministry of Displacement and Migration (MDM) lead an inter-ministerial working group to develop a compensation scheme.
- The IPCC has continued to work with international partners, the UN High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM), on data base management and IT solutions. This is considered an essential task.
- Amendments were made to the IPCC statute in order to extend the claims filing date until June 30, 2005, and to assist certain IDPs who have lost property as a result of private self-help measures.

Accomplishments anticipated in the next quarter:

- 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.

Governance

Project Code: 06700

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	-	-	-	-	-	-
October 2207 Report	-	-	40	40	-	-
Change from July Report	-	-	+40	+40	-	-

Responsible US Government Agency: US Department of State and the National Endowment for Democracy.

Changes from the July Report: The July report did not include funding for this new activity. The October report includes \$40 million for this new project code, with funding reprogrammed from the Electricity Sector, Automated Monitoring and Control System (Project Code 43000). \$31 million of these funds were notified prior to the submission of this 2207 report, and the remainder will be notified separately.

These funds will complement activities outlined elsewhere in this report, including support for the Independent Electoral Commission of Iraq and civic education and voter registration programs. In the run-up to the January 2005 elections, political parties will begin to organize their campaigns, develop candidate lists, and begin to campaign. After 30 years of a one-party state in most of Iraq, the best-organized and best-funded parties tend to be at the extremes of the political spectrum, yet polling reveals that most Iraqis would favor a government that is moderate, non-ideological, and focused on pragmatic issues.

The focus of the \$40 million program will be on building the capacity of parties, and coalitions of parties, to respond to the challenge of the first national elections of the post-Saddam era. The State Department has engaged with the National Endowment for Democracy (NED), the International Republican Institute, and the National Democratic Institute for International Affairs to develop programs to support democratic political parties and to support the democratic political process leading up to the January 2005 elections and beyond. Funds would be provided to NED to use with IRI and NDI to support activities that build coalitions among political parties in Iraq.

Accomplishments since the July report: None, as this is a new activity.

Accomplishments anticipated in the next quarter:

- 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.

Banking System Modernization

Project Code: 08000

	1 st - 3 rd Qtr	4 th Qtr				
	FY 2004	FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	30	-	-	30	9	-
October 2207 Report	30	-	-	30	18	9
Change from July Report	-	-	-	-	+9	+9

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

Changes from the July Report: The July report allocated \$30 million to this category and outlined a plan to fund the beginning steps of banking rehabilitation in Iraq. There are no changes to the July report.

Accomplishments since the July Report:

- Installed 500 computers with printers and scanners in bank branches around Iraq allowing them to begin computer-based banking operations. A further 1100 computers have been delivered and are in process of being distributed to the bank branches. In addition, training in basic computer uses and bank applications is underway.
- Completed work on security upgrades to the Central Bank compound, including construction of watchtowers, installation of traffic control barriers and security gates, construction of a security entrance building with search rooms, and providing security equipment (protective vests, under-vehicle search mirrors, etc.).
- Provided intensive training to upgrade the skills of the Central Bank guard force, including the selection of an elite element capable of handling severe security threats.
- Installed terminals for a new Iraqi National Payments and Settlement System in the head offices of all the Iraqi banks and the Central Bank of Iraq allowing electronic funds transfers and settlements among all the banks of Iraq.

- Conducted workshops in the developing the local Treasury Bill market and bi-weekly Iraqi Treasury Bill auctions.

Accomplishments anticipated next quarter:

- 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.

Human Rights

Project Code: 09500

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	15	-	-	15	-	-
October 2207 Report	15	-	-	15	2	-
Change from July Report	-	-	-	-	+2	-

Responsible U.S. Government Agencies: Department of State, USAID, and Department of Defense.

Changes from the July Report: The July report allocated \$15 million to this activity to address past atrocities of the regime and create a climate for the promotion of fundamental human rights and dignity in Iraq. There are no changes to the July report.

Accomplishments since the July Report:

- Established programs for women and youth in each of Iraq’s 18 governorates that included exchanges, conferences, and capacity building through training, technical assistance, and sub grants.

- Supported capacity building of women’s associations and organized women’s rights awareness trainings throughout Iraq.
- Supported independent civic organizations that encourage constructive citizen participation in a democratic society through training, infrastructure building, and small grants.
- Financed grants to provide family and community support to victims of torture, implement human rights education and training programs and assist the Iraqi National Bureau of Missing Persons.

Accomplishments anticipated in next quarter:

- 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.

Education

Project Code: 06300

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	89	-	-	89	22	6
October 2207 Report	89	-	10	99	79	9
Change from July Report	-	-	+10	+10	+57	+3

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

Changes from the July report: The July report allocated \$89 million for Education. The October report reflects an increase of \$10 million for Project Code 06300, consistent with the Department of State’s Strategic IRRF Review reallocation plan. These funds will be used to support higher education by purchasing computers and equipment for labs at 20 universities and 46 colleges throughout Iraq.

Accomplishments since the July Report:

Basic Education

- Awarded \$51 million contract to Creative Associates to: 1) improve quality in education service delivery through Ministry of Education (MOE) capacity building, development of model schools, training of secondary school teachers and administrators, production of an early childhood learning program, development of an

interactive Education Management Information System (EMIS); 2) increase access to education system through: community grants for school rehabilitation, procurement of educational equipment and supplies.

- MOE staff completed mapping of over 80 percent of schools following training in Global Information Systems (GIS).
- A bilingual MOE Arabic-English webpage was put in place. It includes data on national level indicators related to students, teachers and schools at all levels of education.

Higher Education:

- Two of the three major projects, Chemistry and Biology labs, have been successfully contracted. Fifty of each of the laboratories are scheduled to arrive in Baghdad by October 29th.
- The third major project is being redirected toward Computer labs. The basic computer lab has been designed and will be go out for bidding by the end of September.
- The partial reconstruction of the Ministry of Higher Education HQ building has started. See project code 81000 for additional information.
- A new Minister of Higher Education has been sworn in and will complete his strategic review of the universities, colleges and institutes of the Ministry of Higher Education by the end of the September.
- The Ministry will complete its organizational review of the Ministry HQ by the end of September.

Accomplishments anticipated in the next quarter:

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 Basra 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.

Civic Programs

Project Code: 06600

	1 st - 3 rd Qtr FY 2004	4 th Qtr FY 2004	FY 2005	Total	Obligated	Outlayed
July 2207 Report	10	-	-	10	10	-
October 2207 Report	10	-	-	10	10	4
Change from July Report	-	-	-	-	-	+4

Responsible US Government Agency: USAID.

Changes from the July Report: The July report allocated \$10 million 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. There have been no changes since the July report.

Accomplishments since the July Report:

- Established programs for women and youth in each of Iraq’s 18 governorates that included exchanges, conferences, and capacity building through training, technical assistance, and sub grants.
- Supported a series of eight weeklong vocational trainings in agriculture, industrial arts, and information technology for over 600 youths in the Basra area.
- Provided funding to the Liberation Society of Mosul to conduct women’s empowerment workshops over three months. The courses include training, sewing, and economic management skills and permit women of different ethnicities to meet.

- Supported capacity building of women's associations and organized women's rights awareness trainings throughout Iraq.
- Sponsored a series of seminars on the topic of Women in Elections, which took place in cities across Iraq, including Baghdad, Ninawa and Kirkuk.
- Supported independent civic organizations that encourage constructive citizen participation in a democratic society through training, infrastructure building, and small grants.
- Issued a grant in support of the Women's Troupe of the Basra Actors Union to stage a series of performances promoting peace and reconciliation.
- Increased citizen understanding of basic democratic principles and practices with public education campaigns about constitutional processes and elections through town hall, meetings, conferences, debates, television, radio, and print media.
- Printed 36,000 copies of twelve different posters promoting a peaceful vision of Iraq that were distributed throughout the Basra area.

Accomplishments anticipated in the next quarter:

- 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.