

APPENDIX I

SECTOR: Security and Law Enforcement

The period covered in this report (October 1, 2006 to December 31, 2006) saw incremental progress in the Government of Iraq's willingness and ability to take over responsibility, to build institutions and to deliver essential services. This progress is notable given the escalating violence in some of Iraq's more populous regions and the tragic loss of civilian life at the hands of terrorists and other extremists. The Government of Iraq has identified future security requirements and is working both independently and with the United States, to program additional security resources. One of the most significant shortcomings in both the MOD and MOI forces capabilities is in planning and executing their logistics and sustainment requirements. Iraqi Security forces rely heavily on U.S forces for logistics and sustainment and other critical enablers. As of the end of December 2006, approximately 323,000 personnel have now been trained and equipped for service in the military and police sectors. With the exception of MOD support forces, the United States and its Coalition partners have met the initial force generation targets while continuing the efforts to improve the Iraqi Security Forces capability to meet emergent requirements. The actual number of Iraqi soldiers and police present for duty at any one time is significantly lower due to scheduled leave, absence without leave and attrition.

Ministry of Interior Forces Overview

Ministry of Interior (MOI) forces consist of the Iraqi Police Service, National Police, the Department of Border Enforcement, Department of Ports of Entry and the Center for Dignitary Protection. Civilian Police Assistance Training Team (CPATT), a Major Subordinate Command (MSC) of MNSTC-I, continues to train, mentor, equip and professionalize the Iraqi police forces. As of December 25, 2006, the Coalition had trained 188,300 MOI security forces, fulfilling its authorized training goal. This is the number of personnel who have successfully completed the various MNSTC-I training programs, not the present-for-duty number. There has been substantial absenteeism and attrition; and, police, who have not been trained by MNSTC-I, have been hired at the provincial level, which complicates assessing the actual present-for-duty number.

Iraqi Police Service: The Iraqi Police Service is composed of patrol, traffic, station and highway police assigned throughout Iraq's 18 provinces. Its mission is to enforce the law, safeguard the public and provide internal security at the local level. The Iraqi Police Service constitutes the majority of MOI security forces. CPATT has completed its objective of training and equipping 135,000 Iraqi Police Service personnel. Continuing efforts are being made to increase the training capacity of the Iraqi Police Service in order to replace personnel lost to attrition. In addition, 3,900 MoI personnel have been trained in forensics, of a goal of 4,000 personnel being trained.

Border Forces: The Department of Border Enforcement (DBE) and the Department of Ports of Entry (POE) are collectively charged with controlling and protecting Iraq's borders. The DBE is organized into five regions, twelve brigades and 38 battalions and includes forces

that man 405 border structures, of which the Coalition has funded 258. CPATT has completed its objective of training and equipping 28,400 DBE personnel. CPATT is continuing to train DBE Personnel to replace personnel lost to attrition.

National Police: The National Police (NP) allows the Minister of Interior to project security capabilities across provinces. The National Police also is charged with maintaining law and order while an effective community police force is developed. The National Police continue to improve their abilities as a national, rapid-response force capable of countering armed insurgency. These security forces provide support to local civil security forces and operate as a “bridging” force between Iraqi Army and regular Provincial/Iraqi Police. CPATT has completed its objective training and equipping of 24,000 National Police. CPATT is continuing to train National Police to replace personnel lost to attrition. The National Police are currently undergoing a four-phase extended training program to increase the professionalism of the force and to gain the confidence of the public.

Ministry of Defense Forces Overview

The Iraqi Ministry of Defense (MOD) forces consists of the Joint Headquarters (JHQ), the Iraqi Army (IA), the Iraqi Special Operations Forces (ISOF), the Army, the Air Force and the Navy (including Marines). The total number of trained MOD military personnel is 134,700, which is 98% of its authorized strength, of which approximately 131,200 are Iraqi Army and Special Operating Forces. Coalition Military Assistance Training Team (CMATT), a Major Subordinate Command (MSC) of MNSTC-I, continues to train, mentor, equip and professionalize the military components of the Iraqi MOD.

Iraqi Army: The Iraqi Army is a component of the Iraqi Security Forces tasked with assuming responsibility for all Iraqi land-based military operations. The Iraqi Army is trained to provide internal security. The original force generation plan will train and equip a total of approximately 125,000 soldiers and officers in 36 brigades and 112 battalions. However, Prime Minister Maliki has recently introduced a new initiative to increase the strength of counterinsurgency units by 10% and train an additional 19,000 soldiers to stand up twenty new battalions. These increases should help offset attrition, absent without leave, scheduled leaves and other counterinsurgency requirements.

Iraqi Special Operations Forces: The ISOF Brigade is the operational component of the Iraqi Counter-Terrorism Command, and approximately 1,500 soldiers have been initially trained and equipped. ISOF consists of a counterterrorism battalion, a commando battalion, a support battalion and a special reconnaissance unit. The ISOF is a key component of the Iraqi security forces as Iraq develops more effective counter-terrorism capabilities.

Air Force: The Iraqi Air Force is making measurable progress toward supporting the counterinsurgency mission. As of the end of December 2006, approximately 900 Air Force personnel have been trained and equipped.

Navy and Marine Operations: The Iraqi Navy and Marines (IqN/M), in conjunction with Coalition maritime forces, conduct offshore oil platform security, anti-smuggling, anti-terrorist and anti-piracy operations in the Northern Arabian Gulf. As of the end of December

2006, approximately 1,100 personnel have been trained and equipped for the Iraqi Navy and Marines. In 2006, the Iraqi Navy placed procurement contracts for two Offshore Support Vessels, four Patrol Ships and three additional Patrol Boats as part of their future force structure. Additionally, the MOD recently awarded a contract to build the naval base infrastructure and has a plan in place to award the follow-on plan in early 2007. The next major hurdle for the Iraqi Navy is logistical support for their base and maintenance efforts. The lack of timely parts procurement has increased the difficulty of maintaining their fleet of vessels and has reduced the operational readiness of the fleet. The key to transition for the Iraqi Navy and Marines will be their ability to expand operations as their acquisition processes and logistic capabilities mature.

Police Training and Technical Assistance
Project Code: 10000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,801	-	-	-	-	1,801	1,799	1,662
Change from October	-	-	-	-	-	-	-	+28
January 2007	1,801	-	-	-	-	1,801	1,799	1690

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$1.801 billion allocated for Police Training and Technical Assistance.

Accomplishments since the October Report:

- Completion of Force Protection Upgrades at As Samawah FPS HQ (\$259,000)
- Commenced construction of barracks and site renovations at National Police Sites #4 and #6 (\$1.06 million)
- Continuing construction at the Baghdad Police College (\$45.2 million). The repair of deficiencies identified in the September 2006 SIGIR report is complete. Additional construction deficiencies have been identified in various facilities throughout the campus and the U.S. Army Corps of Engineers, Gulf Region Division (GRD) has coordinated closely with MNSTC-I and the BPC staff to ensure that all classes have convened and graduated as scheduled while repair to the various facilities has been underway. GRD continued to require repair of previously and newly identified systemic problems, such as improperly connected plumbing fixtures, under warranty by working with the subcontractors and worked with agents of several U.S. and Iraqi agencies as well as

civilian contractors to assist in correction of non-warranty work vital to the continued operation of the campus.

- Completed the Hamiya police station (\$538,000).
- Completed the Waffa local police station in Najaf (\$159,000).
- Postponed construction at Tahrir IPS in Ba’quba (\$500,000) due to multiple attacks and killings of local national contractor employees.
- Completed the Saqawiha Patrol Police station in Falluja (\$559,000).
- Completed the Southwest Police Patrol Station in Falluja (\$2.4 million).

Accomplishments anticipated next quarter:

- Complete the Al Kut Police Academy (\$3.1 million).
- Complete Baghdad Police College water line replacement (\$124,000). GRD is pursuing completion of this project in cooperation with MNSTC-I. GRD will continue to staff an onsite team of field engineers to monitor warranty repair work, resolve warranty issues and identify and address other deficiencies.
- Complete Dora IPS Training Academy repairs (\$303,000).

Border Enforcement

Project Code: 11000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	435	-	-	-	-	435	433	404
Change from October	-	-	-	-	-	-	-	+9
January 2007	435	-	-	-	-	435	433	413

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense / U.S. Army Corps of Engineers, Gulf Region Division (GRD)

Changes from the October Report: This report maintains the \$435 million allocated for Border Enforcement.

Accomplishments since the October Report:

- Completed modifications at the Rabea Class “A” Land Port of Entry (\$307,000).
- Continued construction at the Jotan Border Fort (\$43,000).
- Commenced construction of road, culvert and drainage repairs for the Jotan Border Fort road (\$484,000)

Accomplishments anticipated next quarter:

- Complete Jotan border fort road construction (\$484,000).

NATIONAL SECURITY- IRAQI ARMED FORCES

Iraqi Armed Forces Facilities

Project Code: 20000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	729	-	-	-	-	729	729	713
Change from October	-	-	-	-	-	-	-	-3
January 2007	729	-	-	-	-	729	729	710

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$729 million allocated for the Iraqi Armed Forces Facilities.

Accomplishments since the October Report:

- Worked with contracting agency to complete close out of all project contracts.

Accomplishments anticipated next quarter:

- Project closed.

Iraqi National Guard Facilities
Project Code: 27000

\$ millions	FY 2007 by Quarter								
	2207 Report	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	361	-	-	-	-	-	361	360	346
Change from October	-	-	-	-	-	-	-	-	-4
January 2007	361	-	-	-	-	-	361	360	342

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$361 million allocated to Iraqi National Guard Facilities.

Accomplishments since the October Report:

- Completed construction of facilities for 250 soldiers of the 4th Brigade, 10th Division Headquarters at FOB Sparrow in Al Amarah (\$6.6 million).
- Completed construction of facilities for 1,500 soldiers of the 2nd and 3rd Battalions of the 2nd Brigade, 1st Division in Habbaniyah (\$6.2 million).

Accomplishments anticipated next quarter:

- Complete contract close out.

Iraqi Security Forces Quick Response Program
Project Code: 26000

\$ millions	FY 2007 by Quarter								
	2207 Report	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	163	-	-	-	-	-	163	163	156
Change from October	-	-	-	-	-	-	-	-	-
January 2007	163	-	-	-	-	-	163	163	156

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$163 million allocated to Iraqi Security Forces Quick Response Program.

Accomplishments since the October Report:

- Completed project to renovate and improve security at National Police Academy in Baghdad (\$963,000).
- Completed fuel cleaning and storage point to ensure fuel is a better quality and on-hand as needed in Um Qasr (\$910,000).

Accomplishments anticipated next quarter: Project code closed.

**Nonproliferation and Export Control and Border Security
Project Code: 09600**

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	5	-	-	-	-	5	5	1
Change from October	-	-	-	-	-	-	-	+1
January 2007	5	-	-	-	-	5	5	2

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of State, Bureau of International Security and Nonproliferation (ISN)

Changes from the October Report: This report maintains the \$5.5 million allocated to Nonproliferation and Export Control and Border Security.

The Iraqi WMD Expertise Redirection Program’s goal is to redirect Iraqi scientists, technicians and engineers with weapons of mass destruction (WMD) and missile expertise to sustainable civilian employment in support of national reconstruction. This is accomplished through job placements, providing career transition assistance in the form of workshops, seminars and collaboration with western counterparts, paying monthly stipends to approximately 120 key Iraqi weapons development personnel and funding Iraqi scientists’, technicians’ and engineers’ science-based reconstruction projects. The Export and Border Security Control program’s overall goal is to combat the proliferation of WMD, associated delivery systems, conventional weapons and related goods and technologies. The Nuclear Facility Dismantlement Project provides advice and guidance from U.S. government experts and other support to the International Atomic Energy Agency (IAEA) coordinated international program to help Iraq dismantle the former regime’s nuclear facilities. The yellowcake project provides assistance to Iraq in meeting its IAEA safeguards obligations related to its nuclear material and to facilitate the eventual sale of the yellowcake and its removal from the country.

Accomplishments since the October Report:

WMD Expertise Redirection Program:

- Selected over sixty Iraqi scientists for funding in reconstruction-based scientific research projects through a DOS/DOE/U.S. Civilian Research and Development Foundation/Sandia National Laboratories-sponsored Iraq Research and Development Initiative (\$1.2 million).
- Trained two Iraqis at the Princess Haya Biotechnology Center in Jordan (\$7,000). Provided equipment for a laboratory-based water monitoring service owned by a member of the Iraqi International Center for Science and Industry (IICSI) to facilitate his business with the Ministries of Health, Environment and Water Resources (\$76,000).
- Registered 1,500 people for access to the Iraqi Virtual Science Library (IVSL) and negotiated continued journal subscriptions through 2010 to ease the online library's future transition to Iraqi government control (\$175,000).
- Eight Iraqis attended an International Atomic Energy Agency technical workshop in Vienna, Austria to improve their skills in decommissioning and decontaminating Iraq's Al-Tuwaitha nuclear site (\$36,000).
- Installed security cameras to monitor the perimeter of the IICSI center and made arrangements for on-site emergency medical treatment in case of emergency (\$2,500).
- Purchased scientific textbooks for the IICSI Library (\$1,400).
- IICSI's Iraqi Deputy Director attended a United Nations Development Program conference on reconstruction in the electricity sector and secured forty positions in two Iraqi government ministries that were previously unavailable for IICSI job placements (\$3,500).
- Provided additional equipment and supplies for the continued operation of a High-Temperature Laboratory at the University of Technology in support of an IICSI scientist, whose research in this laboratory has been documented in several scientific articles and will be presented at international conferences in the future (\$4,500).
- Continued IICSI operation: \$340,000
 - Scientist stipends: \$180,000
 - Grants for education and training abroad: \$90,000
 - Staff salaries: \$45,000
 - Short-term education/training grants in country: \$2,500
 - Operating expenses: \$22,500

Nuclear Facility Dismantlement and Yellowcake (NDs):

- The International Atomic Energy Agency conducted two one week meetings in support of the Iraq NDs project. Participants were from Canada, France, Germany, Italy, UK, U.S., the IAEA and Iraq (Ministries of Science and Technology (MoST), Environment (MoENV), Foreign Affairs (MFA) and the Iraqi Radioactive Source Regulatory Authority (IRSRA). Substantial work was accomplished on a new draft Iraqi law and regulations for radioactive waste management and disposal. An overall facility dismantlement prioritization scheme was agreed. A six month plan for data collection, assembly and review was developed. Requirements and options for facility radiological characterization were identified with unit cost estimates.
- State, the Nuclear Regulatory Commission (NRC), Sandia Lab and Texas Tech University provided technical support to IAEA NDs meetings to help Iraq develop the framework and text for a new Iraq law and regulation for the decommissioning and remediation of Iraq's nuclear facilities. They also developed a draft strategy to prioritize and characterize contaminated sites in Iraq for decommissioning. Civilian Research and Development Foundation agreed to fund the Radioecology Laboratory in the Ukraine to analyze all environmental samples collected at Tuwaitha last fall.
- For the Yellowcake project, Oak Ridge National Laboratory (ORNL) staff have been urgently engaged in a broad range of tasks to prepare for, and execute, a two-week training workshop to provide a broad range of material and analytical support to facilitate Iraqi efforts to conduct a comprehensive inventory of nuclear materials stored at Tuwaitha Nuclear Research Center. ORNL has:
 - Sent a formal letter of invitation to MoST for six personnel to attend a two-week technical workshop on January 8-19, 2007.
 - Arranged for an Iraqi diplomatic note which was signed and submitted to the U.S. Embassy requesting support for VISA applications.
 - Submitted information on the Iraqi delegation to the ORNL Foreign National Office for security checks and the generation of security plans to appropriately control the movement and access of foreign nationals at a DOE site.
 - Initiated procurement orders for the supplies and equipment to support this project. Approximately 50% of the equipment and supplies ordered have been received and are being consolidated in a warehouse where workshop training will be conducted.
 - Began review of equipment for compliance with all U.S. export control regulations for shipment to Iraq.
 - Preparing a cargo and weight volume estimate to request a formal quote from DHL for the transport of the supplies to Iraq.
 - Prepared a detailed training agenda and held two planning meetings for the training course.
 - Identified and ordered the necessary tools and equipment to support sample analysis for up to 600 samples. This will support up to 300 samples for return to the U.S. for analysis and 300 samples to be retained by MoST for future sample

analysis, or to be provided for a future buyer of the nuclear material for their own specified analyses.

Export Control and Related Border Security Program:

- The \$1 million received in funding is used to purchase equipment to be deployed to the Baghdad and Najaf International Airports to provide advanced detection of illicit materials. The equipment – Rapiscan 527DV baggage and parcel inspection x-ray systems – is under contract and the procurement is proceeding. Discussions with CBP and IRMO aviation specialists in determining whether Baghdad and Najaf airports are still the best places to install the equipment
- In addition, we have ordered 18 CT-30-10 Kits for customs and/or border guards. CBP will assist with the delivery of the equipment when manufacturer is ready to ship them.

Accomplishments anticipated next quarter:

WMD Expertise Redirection Program:

- Continue to respond to the increasing threats against Iraqi WMD and missile scientists, technicians and engineers to ensure they are not tempted to emigrate to proliferant states or work with insurgents.
- Eight Iraqis will be trained in the molecular diagnostics of avian influenza at the Naval American Medical Research Unit (NAMRU-3) in Cairo, Egypt (\$41,800).
- Four Iraqis will attend an eight week intensive English language course for business and science professionals at the Center for Nonproliferation Studies in Monterey, California (\$50,000).
- IICSI will provide equipment and certification training to establish a Non-Destructive Testing (NDT) Institute in the Ministry of Industry, allowing Iraq to have internationally certified NDT technicians for the first time. In exchange for this service, the ministry will permanently employ 25 former missile engineers (\$500,000).
- Eight Iraqis will be trained in the technical operation of network servers to support the IVSL (\$40,900).
- Twenty Iraqi entrepreneurs with WMD expertise will attend a business development training workshop (\$130,800). This event was delayed from its expected December start date for logistical reasons.
- Shipments will begin for an equipment clearinghouse program to donate used laboratory equipment from U.S. laboratories to Iraqi institutions in order to rebuild laboratories and create additional employment opportunities for Iraqi scientists, technicians and engineers. This project was also delayed due to logistical reasons.

- Continue IICSI operation: \$340,000
 - Scientist stipends: \$180,000
 - Grants for education and training abroad: \$90,000
 - Staff salaries: \$45,000
 - Short-term education/training grants in country: \$2,500
 - Operating expenses: \$22,500

Nuclear Facility Dismantlement and Yellowcake:

- Nuclear Facility Dismantlement
 - IAEA will conduct two technical meetings supported by NRC, Sandia and State.
 - Sandia will sponsor two week training and visit to DOE disposal sites for MoST, MoENV and IRSRA.
 - Texas Tech will sponsor a planning meeting with MoST Deputy Minister
- Yellowcake
 - Complete workshop training materials.
 - Complete all but minor procurement activities.
 - Further planning for shipments to and from Iraq to include request for quotes.
 - Additional staging of arriving supplies and equipment at ORNL.
 - Initiate export control reviews of training materials.

Export Control and Related Border Security Control:

- Delivery of Rapiscan equipment to Iraq tentatively scheduled for January 2007. Installation and training are expected to be scheduled in February or March.
- Delivery of CT-30 Kits scheduled for February 2007.

Focused Stabilization

Project Code: 08500

\$ millions	FY 2007 by Quarter							Obligated	Outlayed
	FY 04/06	Q1	Q2	Q3	Q4	Total			
2207 Report									
October 2006	30	-	-	-	-	30	30	-	
Change from October	-	-	-	-	-	-	-	+2	
January 2007	30	-	-	-	-	30	30	2	

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: USAID

Changes from the October Report: This report maintains the \$30 million allocated to this project code.

Accomplishments since the October Report:

- Initiated Community Stabilization Program (CSP) activities in coordination with the Baghdad PRT and local government agencies in focus neighborhoods. Activities include; street cleaning, sewer and water system rehabilitation and other public works projects, school rehabilitation, curbstone painting, tree planting, parks development, etc., employing an average of 5,527 young men each week in the following Baghdad Districts: Rusafa, Doura/Rasheed, Kadhamiya, Adhamiya and Mansour.
- Reactivated, in collaboration with the GOI's Ministry of Labor and Social Affairs (MOLSA) CSP, three vocational training centers. As of December 2006, 897 young men and women were enrolled in construction skill development classes. Each course lasts 3-12 weeks with an average of 20-30 students per class. From the total people enrolled since the beginning of the program, 816 trainees have graduated. Outdoor training shelters were built, classrooms equipped and new course curricula developed. Courses included masonry, carpentry, painting, electrical generator repair, plumbing, tailoring, welding, electronics and auto.
- Offered business management, IT/Computer, ESL, hairdressing, small appliance repair, secretarial and office management, generator maintenance and air conditioning courses. 315 trainees have graduated.
- Provided micro-, small and medium enterprises grants and business development assistance in agriculture, livestock, manufacturing, trades and home based services. 153 projects for a total of \$2.4 million have been approved.
- Coordinated with Gulf Regional Division (GRD), USACE, the First Cavalry Division and others to ensure that MOLSA's vocational education graduates are apprenticed with construction firms working on USG and GOI projects.

Accomplishments anticipated next quarter:

- Increase public works and training in current focus areas. Training will be provided in a new vocational training center, and activities will be expanded to a new Baghdad District, in collaboration with local communities, Baghdad PRT and MND-I Brigade Combat Teams.
- Expand MOLSA Vocational Education courses by adding a new Vocational Training Center and place at least 200 apprentices with construction firms under contract to USG or GOI agencies.

- Provide business development services and micro-grants to stimulate employment opportunities for young men and women and promote economic growth in some of Baghdad's most violence prone neighborhoods. CSP's micro-grant program will be teamed with previously established microfinance institutions to help ensure sustainability and maximum impact.

Commander's Humanitarian Relief & Reconstruction

Project Code: 28000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	86	-	-	-	-	86	86	69
Change from October	-	-	-	-	-	-	-	+2
January 2007	86	-	-	-	-	86	86	71

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

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

Accomplishments since the October Report:

DoD

- The Al Alath Water Project in Isahki, Salah al-Din is 70% complete (\$504,779.44). Progress on job been suspended due to death threats and the slaying of an engineer working on this project. This project has been recommended for cancellation.
- Completed Altun Kapri water tower (\$154,391).
- Completed Kalwar water tower (\$209,311).
- Completed Balad Train Station water project (\$620,000).

Accomplishments anticipated next quarter:

- Complete Kadamiyah Shula Sewage Lift Stations (\$177,000).
- Complete Repair of Kadamiyah Sewage Lift Stations (\$216,650).
- Complete Kamalaya Sewer Renovation (\$25,457,179).

- Complete Qubaidy Sewer System Renovation (\$15,041,350).

SECTOR: Justice, Public Safety Infrastructure and Civil Society

Witness Protection Program

Project Code: 30000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	36	-	-	-	-	36	36	11
Change from October	-	-	-	-	-	-	-	-
January 2007	36	-	-	-	-	36	36	11

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Departments of Defense and State with funds transferred to the Department of Justice – United States Marshal Service (USMS)

Changes from the October Report: This report maintains the \$35 million allocated to support a Witness Protection Program and the \$1 million for Commission on Public Integrity (CPI). CPI activities were closed in July 2006.

Accomplishments since the October Report:

DoD

- Construction of the Al Karkh Witness Protection facility in Baghdad Province was prematurely reported to be complete in the October 2207 report. Security issues, including military action at the facility site, prevented the wrapping up of the project. Damage incurred during the military action has delayed completion of the facility. (\$2.5 million)

Department of Justice (USMS)

- Continued training of FPS and PSD personnel in the further development of a viable, functioning and professional Iraqi Marshals Service.
- Promoted plans for the identification and creation of additional, secure housing for Iraqi judges in Baghdad and in other large municipal areas.

Accomplishments anticipated next quarter:

DoD

- Complete construction on Al Karkh Witness Protection facility in Baghdad Province (\$2.5 million).

Department of Justice (USMS) Project code closed.

**Penal Facilities
Project Code: 32000**

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	87	-	-	-	-	87	87	51
Change from October	-	-	-	-	-	-	-	+2
January 2007	87	-	-	-	-	87	87	53

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$87 million allocated for penal facilities, specifically for the Maximum Security Correctional Facility in Nassriya.

Accomplishments since the October Report:

- Continued construction of 800-bed Nassriya correctional facility. Progress has been slower than anticipated because of the unavailability of materials and equipment due to payment disputes between previous contractor and their subcontractors. GRD is pursuing a funding source for an alternate resolution to the materials issue and anticipates material availability in early February.
- Continued the sewer upgrades and force protection at the Rusafa Prison Complex. Construction completion was delayed due to security issues in the area.
- Awarded medical equipment contract for prisons.

Accomplishments anticipated next quarter:

- Complete the sewer upgrades and force protection at the Rusafa Prison Complex.
- Deliver medical equipment to Nassriya correctional facility.

Reconstruction and Modernization of Detention Facilities
Project Code: 33000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	206	-	-	-	-	206	206	89
Change from October	-	-	-	-	-	-	-	+24
January 2007	206	-	-	-	-	206	206	113

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Departments of Defense/GRD, Justice-International Criminal Investigative Training Assistance Program (ICITAP) and State

Changes from the October Report: This report maintains the \$206 million allocated to Reconstruction and Modernization of Detention Facilities.

Accomplishments since the October Report:

DoD/GRD

- Delivered equipment and services to the Ministry of Justice/Iraqi Corrections Service including weapons and ammunition (three contracts totaling \$831,000), one water and one pumping truck (\$530,000), linguist support services (\$497,000) and three vehicles (bus, truck and multi-use vehicle \$615,000).
- Delayed construction of Khan Bani Sa'ad correctional facility. Project delayed due to security issues and unavailability of materials and equipment due to payment disputes between previous contractor and their subcontractors. GRD is pursuing a funding source for an alternate resolution to the materials issue and anticipates material availability in early February. The contractor has yet to resolve local security issues and has been unable to field an adequate workforce at the sight. GRD is assessing the options for addressing these issues and advancing the project.
- Completed video satellite (VSAT) equipment upgrades (\$114,000).

Department of Justice (ICITAP)

- Continued to facilitate the transfer of Detainee Centers located in the Baghdad area from the Ministries of Interior and Defense to the Ministry of Justice.
- Continued to work with the Deputy Minister of Justice and Director General of the Iraqi Correction Service to create facility activation plans, select and commence training of corrections officers, supervisors, specialized staff, wardens and deputy wardens for the new facilities of Khan Bani Sa'ad and Nassriya.

- Began modification of the VSAT internet/computer project for Rusafa Prison Complex / Baladiyat / Site 4.

Accomplishments anticipated next quarter:

DoD/GRD

- Complete construction of Dahuk Rehabilitation Center (\$ 5.6 million).
- Resolve material custody issues at Khan Bani Sa'ad prison.

Department of Justice (ICITAP)

- Complete prison visit and training in the United States for two groups of thirty employees from the Ministry of Justice and Iraqi Correctional Service (~\$326,000).

Facilities Repair

Project Code: 13000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report	87	-	-	-	-	87	86	72
October 2006	87	-	-	-	-	87	86	72
Change from October	-	-	-	-	-	-	-	+2
January 2007	87	-	-	-	-	87	86	74

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$87 million allocated to Facilities Repair.

Accomplishments since the October Report:

- Completed construction of security fences and paving projects at five firehouses (\$555,000).
- Completed part construction of International Zone training tower and firefighting water training station (\$1.3 million).

Accomplishments anticipated next quarter:

- Continue construction of classroom building and barracks at the International Zone Fire Station (\$1.8 million).
- Continue renovation and additional construction at Al Karmah Fire Station (\$407,000).
- Commence road repairs at Kamalyea, Sadr and Zayona Fire Stations (\$268,000).

Fire Service

Project Code: 14000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	115	-	-	-	-	115	115	101
Change from October	-	-	-	-	-	-	-	+3
January 2007	115	-	-	-	-	115	115	104

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$115 million allocated for Fire Service.

Accomplishments since the October Report:

- Delivered equipment to the Iraq Civil Defense Directorate (ICDD) including HAZMAT Trucks (\$532,000), portable communications equipment (\$300,000), portable lighting equipment (\$312,000) and HAZMAT Equipment (\$699,000).
- Continued working on travel arrangements for the training courses that include executive training/capacity development for 45 fire chiefs (\$250,000) and fire officer training for 300 fire officers (\$3.7 million).
- Commenced search and rescue training course for 120 personnel and the delivery of search and rescue equipment (\$1.77 million).
- Postponed HAZMAT awareness training for 72 personnel until April because original site and training equipment were not available (\$83,000).
- Continued working on travel arrangements for the calibration training of five personnel (\$63,000).
- Postponed delivery of fire hose and nozzles and training for 400 firefighters due to lack of training location (\$1.6 million).

- Delivered fire fighting foam to the ICDD (\$975,000).
- Delivered portable compressors to the ICDD (\$342,000).

Accomplishments anticipated next quarter:

- Conduct training courses including executive training/capacity development for 45 fire chiefs (\$250,000) and fire officer training for 300 fire officers. (\$3.7 million)
- Conduct HAZMAT awareness training to 72 personnel (\$83,000).
- Complete calibration training for five personnel (\$63,000).
- Complete delivery of fire hose and nozzles and start training for 400 firefighters (\$1.6 million).
- Deliver portable training trailers (\$582,000).

Demining

Project Code: 09500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	83	-	-	-	-	83	83	74
Change from October	-	-	-	-	-	-	-	+7
January 2007	83	-	-	-	-	83	83	81

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of State

Changes from the October Report: This report maintains the \$83 million allocated for Demining, including a combination of minefield and battle area clearance (BAC) operations and explosive ordnance disposal (EOD) missions by RONCO Consulting Corporation (RONCO), the Iraqi Mine UXO Clearance Organization (IMCO) and the Mines Advisory Group (MAG) as well as closing down landmine and unexploded ordnance (UXO) impact survey operations by the Vietnam Veterans of America Foundation (VVAFA) and drafting final reports.

This program continues to contribute to post-battle operations and improve the humanitarian environment for returning populations, especially children. The program also increases prospects for donor and Iraqi funded economic development by clearing land for agricultural and other economic use.

RONCO, the State Department contractor, has successfully established a demining/UXO non-governmental organization (NGO) IMCO, for the center/south of the country. RONCO continues to provide managerial, technical and operational advisory support along with financial oversight. IMCO has successfully been clearing minefields within the southern oilfields and caches/stockpiles of UXO, which were a source of explosive materials for the insurgents. Also, formerly productive agricultural land in the south which was not in use, due to actual or perceived contamination by cluster bombs, has been cleared and returned to the users. A large quantity of lethal UXO is destroyed each day.

Accomplishments since the October Report:

- Clearance of old Ministry of Planning buildings, on the outskirts of the International Zone, Baghdad, at the request of IRMO, to facilitate refurbishment/rebuilding and occupation in 2007 by government agencies.
- Continued to support IA and coalition forces by providing comprehensive, cost effective EOD clearance packages, via IMCO, to carry out high priority and emergency clearance tasks. This task utilizes Iraqi staff, as coalition assets are reduced.
- Continued to utilize IMCO instructors to support the IA/IP Bomb Disposal School and when necessary, assist in the preparations for the transition of the school from Az Zubair to Besmaya in 2007.
- Followed up from the DoS Grantee Workshop, held in Washington DC, to enable IMCO to register and apply for direct grants from U.S. Government sourced funding. Also, increased management support to IMCO in terms of proposal drafting, seeking funding and establishing more self sufficiency amongst IMCO senior staff.
- MAG continued to provide crucial mine action activities in the governorates of Dahuk, Erbil, Kirkuk, Ninawa and Sulymaniyah by conducting survey and clearance of minefields and small arms and light weapons (SALW) destruction. In addition, MAG has been delivering Community Liaison and Mine Risk Education training.
- MAG's activities have resulted in the release of safe land for agricultural needs and infrastructure development thereby assisting local populations and the broader community to improve their security and economic means.
- Refugees and IDPs have been assisted in safe passage and integration into the northern governorates.
- MAG responded to the flash flooding in Northern Iraq by deploying teams to affected areas to assess the risk from migrating mines and UXO and reducing the threat to communities through clearance and Mine Risk Education training.

- MAG has increased its work by addressing the threat caused by SALW, this has resulted in assisting counter-insurgency efforts and reducing the threat to multi-national forces and local communities.
- MAG continued its institutional training of Iraqi National Guard in Mine Action and EOD clearance. In addition to this training, members from the Ministry of Education in Basrah were taught how to deliver a Mine Risk Education Program.
- Mechanical demining machinery continues to be deployed as part of MAG's comprehensive clearance efforts in northern Iraq.
- Analysis of Iraq Landmine Impact Survey data completed by VVAF.
- Draft Iraq Landmine Impact Survey report completed by VVAF.

Accomplishments anticipated next quarter:

- Briefing Iraqi ministers responsible for oil, electricity and railways on the landmine and UXO challenges limiting development and progress in restoration of services and looking at mechanisms that they can consider to reduce the impact of these blockages.
- Under the direction of the Iraqi Regional Mine Action Center – South, IMCO will provide significant clearance capacity to clear agricultural land in order to alleviate the severe poverty and unemployment in the south.
- In cooperation with the National Mine Action Authority (NMAA), assist in the preparation and updating of the National Strategic Mine Action plan for 2007 and beyond.
- Enhancing the current capacity of IMCO, RONCO will conduct Advanced EOD training in accordance with internationally recognized EOD Level IV standards to appropriately qualified IMCO staff.
- Prioritized removal of accessible and unsecured stockpiles and caches of mines, UXO and SALW, thereby supporting counter-insurgency, security and peace-building initiatives.
- Development of a sustainable institutional demining capability by continued training of the Iraq Army and other national entities.
- Clearance of contaminated areas in support of essential infrastructure and macro-economic development initiatives throughout the northern governorates.
- Prioritized clearance of contaminated communities and response to the needs of IDP and returning refugees.

- Improvement of data gathering and management to achieve better prioritization of activities and a more effective and efficient delivery of mine action.
- Continue community liaison and mine risk education efforts in order to assess and prioritize the threat from landmines, UXO and SALW.
- Implement technical support and re-constitute the national Information Management System for Mine Action in Iraq.
- Deliver comprehensive Iraq Landmine Impact Survey Final Report to United States government, Iraqi national authorities and international humanitarian community.
- Commence expansion of Iraqi national rehabilitation capacity to meet Iraq's needs.

Rule of Law in Iraq
Project Code: 06500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	71	-	-	-	-	71	71	41
Change from October	-	-	-	-	-	-	-	+3
January 2007	71	-	-	-	-	71	71	44

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL), USAID and Department of Defense

Changes from the October Report: This report maintains the \$71 million allocated to Rule of Law in Iraq.

Accomplishments since the October Report:

State Department, INL

- Funded and provided oversight for programs run by the implementing agencies and organizations listed below, including: U.S. Marshals Service; Major Crimes Task Force (MCTF); Overseas Prosecutorial Development, Assistance and Training (OPDAT) at the Department of Justice (DOJ); Commission on Public Integrity (CPI) Advisors from DOJ's International Criminal Investigative Training Program (ICITAP); Iraqi Justice Integration Project (IJIP); American Bar Association (ABA); Public International Law and Policy Group (PILPGP); USAID; and Government Accountability Office (GAO).
- Deployed one of the newly hired new rule of law advisors for the PRT rule of law teams;

- Advised and coordinated with Higher Juridical Council to pass new enabling legislation to strengthen the independence of the judiciary in Iraq.
- Began new training program for 200 judicial investigators in close coordination with the Higher Juridical Council.
- Coordinated efforts of coalition countries, UN and NGOs to support creation of an independent human rights commission.

Iraqi Justice Integration Project (IJIP)

- Conducted a second conference on justice integration at the Dead Sea in Jordan from November 4 to November 7 for over fifty delegates from Iraqi Ministries of Interior, Justice, Labor and Social Affairs and Science and Technology and the Higher Juridical Council, DOJ ICITAP (Law Enforcement and Prisons), MNSTC-I, CPATT, the Baghdad PRT and INL to propose tangible solutions for improved justice integration and strengthening of rule of law and due process standards in Iraq (\$90,000).
- Finalized Policy Guides based on international standards and leading practices for relevant Iraqi ministries, which will eventually be combined to provide a consolidated guide covering the primary Iraqi criminal justice procedures (\$50,000).
- Trained five Iraqi software programmers in Oracle 10g database administration and development (\$15,000).

American Bar Association (ABA)

- Supported local partners in sponsoring two public outreach roundtables by training NGO leaders and Ministry of Human Rights staff members in public legal education techniques, conducting regular follow-up with the participants, assisting them to identify appropriate experts for the topics chosen, providing event planning tools and substantive materials, providing guidance and feedback on content and logistics as each roundtable was planned and implemented and funding the implementation of the events. The first roundtable was held in Baghdad in September and focused on human rights education for youth. The second roundtable was held in Erbil in November and focused on the structure/ functions of the Iraqi Human Rights Commission. These two events built the capacity of two NGOs and the Ministry of Human Rights to reach out to the public on human rights. These events reached approximately eighty members of the public in person, and, in the case of the Erbil event, a much larger number through coverage on television and print media (\$20,000).
- Supported the Iraq Human Rights Group (IHRG - formerly the Human Rights Working Group) by directly assisting the Coordinating Committee at meetings, providing guidance on the agenda of each meeting, assisting the Coordinating Committee to draft a mission statement and operational structure to better serve their long-term needs, assisting with the identification of additional members, providing guidance on the development of

outreach materials and techniques and funding the venue and materials used. The group now has a set of written procedures and a structure that includes a Coordinating Committee and a General Assembly. The group continued the process of publicizing and advocating for their eleven core recommendations for constitutional amendment and legislative reform (\$5,000).

- Assisted the IHRG to design its website. ABA staff produced materials describing Iraqi constitutional provisions related to human rights and regional and international human rights conventions to which Iraq is a party, along with useful links to other human rights-related sites to be posted on the website. The website will go live in January (\$3,000).
- Produced and distributed a memo at the request of the Ministry of Human Rights on the withdrawal of treaty reservations on international human rights instruments to which Iraq is a signatory (\$500).
- Planned a study program for Ministry of Human Rights officials and parliamentary and civil society representatives (\$90,000).
- Prepared a resource CD for the Ministry of Human Rights containing relevant international human rights conventions as well as Iraqi human rights laws in both English and Arabic for use by Ministry staff.
- Developed a website for the Ministry of Human Rights in Arabic and English including a mechanism for submitting human rights complaints via e-mail to the Ministry, information on the Ministry itself and informative materials, including Iraqi constitutional provisions related to human rights and regional international human rights conventions to which Iraq is a party. The website is scheduled to go live in January 2007.
- Conducted a focus group meeting November 22-23, 2006 in Amman, Jordan to gather additional information and verify the continuing accuracy of existing information for the update to the 2005 Assessment of the Status of Women in Iraq. Meeting participants included women's rights experts from across the political and geographic spectrum in Iraq.
- Completed research and drafting of an update to the 2005 Assessment of the Status of Women in Iraq, scheduled to go to press and be distributed in Arabic (1500 hard copies and unlimited electronic copies for distribution in Iraq) and English (500 hard copies and unlimited electronic copies for distribution in the U.S. and elsewhere, as needed) in January.
- Organized a Strategic Planning session for the Iraqi Judges Association (IJA) on October 18 and 19, 2006 in Manama, Bahrain. Brought judges together to discuss strengths, weaknesses and challenges facing the Judges Association in the short and long term, and to create a responsive strategic plan. IJA prioritized their goals and created a list of

detailed measures for achieving the goals in the coming year, which included increasing membership, organizing training workshops and fundraising.

- Completed software development and testing and implemented the necessary hardware to support the pilot court reforms. Held a series of training programs on the new system for Khadimiya judges and court staff of the civil, criminal and personal status court. Trained court staff on software use and tested program to ensure it met the needs of each court, making necessary modifications.
- Printed the Judicial Reform Index for Iraq (JRI) in English and Arabic. Researched and drafted Kurdistan supplement to the JRI. The document, which is based on 43 interviews of Iraqis who work in or with the legal community in Kurdistan, is currently being reviewed and is expected to be completed in January.

Government Accountability Office (GAO)

- Sent the following documents for translation from English into Arabic: Quality Assurance Framework, Policy Manual, Design Matrix, Performance Audit Tool, Project Plan, Audit Documentation Set, Statement of Intent, Commitment Letter, Notification Letter and Evidentiary File Cover Sheet. The estimated completion date is April 1, 2007 and estimated related cost is \$25,965.60.
- Worked on Generally Accepted Government Auditing Standards (“Yellow Book”). It is in its final stages of being updated; the updated text was sent for translation.
- Invited the Iraqi Board of Supreme Audit (BSA) to nominate three qualified candidates for the 2007 International Auditor Fellowship Program.
- Continued on-going dialogue between the BSA and the GAO, including a meeting between the Comptroller General and his Iraqi counterpart.

Public International Law and Policy Group (PILPG)

- Developed numerous Legislative Drafting Guides for use by Iraqi ministry officials, members of the Council of Representatives (CoR), members of the executive, Iraqi lawyers and international officials.
- Conducted analysis of pending draft legislation, including Draft Federal Supreme Court and Higher Juridical Council Legislation, Draft Human Rights Commission Legislation, Military Justice Law and other key Constitutional provisions and briefed CoR members (including relevant committee members) on same.
- Discussed prospective legislative initiatives with Minister of Human Rights and Chief Justice of Federal Supreme Court, initiated regular meetings with Federal Supreme Court/Higher Juridical Council to develop legislative strategy for passage of key judiciary legislation.

- Coordinated legislative activities with United Nations staff and CoR Research Directorate.
- Organized and convened first two meetings of Legal Committee Advisory Group, composed of nine Iraqi attorneys and legal experts from most regions of Iraq. This group provides independent advice on Iraqi law and legal traditions, as well as reviews legislative guides and draft legislation and provides other legal analysis. The Committee convenes monthly.

Federal Bureau of Investigation (FBI) / Major Crimes Task Force (MCTF)

- Conducted criminal investigations that have led to the issuance of 88 arrest warrants of identified targets; 33 of those persons are presently incarcerated as further investigation proceeds and trials are scheduled.
- Pursued actively the investigations of ten cases, including several high-visibility, high-threat matters; some 45 deployments into the “Red Zone” were undertaken in support of this investigative work to date.
- Participated actively in a number of “special focus” initiatives and working groups at the U.S. Embassy in Baghdad, including military-civilian coordination of law enforcement/arrest-apprehension matters.
- Continued to develop further the professional staffing of the MCTF through security-based recruitment of Iraqi law enforcement officers and the deployment of USG-based supervisory and special agents.

Department of Justice (OPDAT):

- Furnished case-specific legal advice, operational direction and practical coordination for a number of high-visibility, high-threat investigations of criminal matters, including extrajudicial killings and human rights abuses.
- Facilitated discussions, meetings and training sessions among the judiciary (including judges and investigators) and of the police, in the interest of promoting interaction on criminal justice operations.

USAID

Anti-Corruption Program – Civil Society

- Conducted four regional anti-corruption train-the-trainer workshops for the Iraq Civil Society Program (ICSP) staff and Civil Society Organization (CSO) partners. The workshops produced 80 master trainers equipped with knowledge and skills to conduct anti-corruption workshops for Iraqi government employees.

- Reviewed 49 grant proposals in the area of anti-corruption. The ICSP grants committee will award the grants in January.
- ICSP and partner CSOs held four meetings with Iraq's Commission on Public Integrity (CPI) in Basrah, Mosul and Baghdad. As a result of the meetings, ICSP trained fifty CPI staff on corruption identification techniques. ICSP also discussed establishing a joint ICSP/CPI task force to conduct anti-corruption campaign workshops.
- Broadcast seven call-in talk shows featuring members of the Kurdistan Regional Government parliament and several anti-corruption activists. These shows were presented by the media anti-corruption campaign.
- Presented an ICSP workshop in Erbil. Over fifty journalists, representing 16 media outlets, participated and received training in news coverage best practices.

Anti-Corruption Program – Public Employee Census

- Conducted a census of Iraqi government employees as a major initial step in the development of an automated payroll system. The data collected will assist the Government of Iraq to meet a condition of the 2005 Stand-by Arrangement (SBA) with the International Monetary Fund (IMF) and provide the necessary analytical material to determine the technical scope and capacity required to support the proposed system.
- Analyzed the existing Iraqi payroll processes and drafted a conceptual and functional design, including analysis of existing Iraqi payroll processes, supporting regulations and procedures and identify mandatory functional requirements.

Anti-Corruption Program – Public Affairs TV Show

- Supported series of TV programs on al-Sharqiya with Embassy pre-approved subjects airing anti-corruption messages. Five programs in this series were aired during October through December.
- ICF program director conducted a site visit and program monitoring in Baghdad in November.

Accomplishments anticipated next quarter:

State Department, INL

- Deploy three new advisors to PRTs.
- Implement comprehensive plan for rule of law programs in 2007 to provide support across all sectors of the Iraqi legal system and coordinate strategy for the plan with other U.S. agencies and rule of law implementers.

- Work with Higher Juridical Council to establish new program to develop major crimes investigation offices (including training of personnel) around Iraq that will bring together judicial and police investigators.
- Coordinate with Higher Juridical Council and PILPG advisers to pass judiciary legislation.
- Assist Iraqis in final passage of the Human Rights Commission law and establishment of the Human Rights Commission.

Iraqi Justice Integration Project (IJIP)

- Implement iteration II of the IJIP prototype detainee tracking application database in several test sites throughout Baghdad (beginning with the MOI Criminal Records Directorate and two police stations). This pilot roll-out will take place in stages to incorporate courthouses, prisons and other ministerial headquarters in Baghdad.
- Present the IJIP Steering Committee with a foundational charter for assent and signature. This document will formalize and outline the strategic-level authority and stakeholder responsibilities of the Committee, its relationship to subordinate inter-ministerial groups and ongoing Iraqi ownership of the IJIP mandate.
- Conduct inter-ministerial coordination meetings based on the outcomes and suggestions from the justice integration conference and the resultant recommendations.
- Provide IT training to Iraqi ministerial staff on the use of the prototype application to demonstrate the ability of stakeholders to input, access, edit, audit and track movement of a detainee throughout the continuum of the Iraqi justice system.

Government Accountability Office (GAO)

- Assist BSA in identifying three candidates for the 2007 International Auditor Fellowship Program.
- Facilitate BSA President's participation in the Transformation Seminar scheduled for mid-November 2007.
- Complete translation from English to Arabic of the Quality Assurance Framework, Policy Manual, Design Matrix, Performance Audit Tool, Project Plan, Audit Documentation Set, Statement of Intent, Commitment Letter, Notification Letter and Evidentiary File Cover Sheet by April 1, 2007.

Public International Law and Policy Group (PILPG)

- Complete Arabic translations of legal memoranda and legislative drafting guides and further develop guides and memoranda, including Judicial Appointments and Qualification of Judges Legal Memorandum, Federal Court of Cassation Legislative Drafting Guide and Public Prosecution Department Legislative Drafting Guide.
- Work with Iraq's Higher Juridical Council, finalize drafts of legislation on the Federal Supreme Court and Higher Juridical Council and develop strategy for Council of Representatives (CoR) consideration of both pieces of legislation.
- Coordinate with Prime Minister's Office, Council of Ministers, Ministry of Justice/Shura Council and Minister of State for CoR Affairs to ensure a smooth and timely delivery of the draft legislation through these offices to the Council for deliberation.
- Work with the CoR to build consensus on legislative priorities, especially the judiciary and judicial independence; develop close relationships with the CoR's Legal Committee and CoR to address judiciary and other legal issues, implementing legislation and constitutional amendments.
- Conduct one-day negotiation simulations with ministry officials, parliamentarians and other interested legal experts to identify substantive and administrative issues critical to passage of judicial legislation by the CoR.
- Provide short-term legal expertise from the United States, Europe and the Middle East to the Prime Minister's Office, CoR and others to address specific legislative tasks.
- Further develop Legal Committee Advisory Group capacity, broaden membership to include Islamic Law scholars as well as increase number of Sunni and Kurdish representatives; in cooperation with the Beirut-based Arab Center for Rule of Law and Integrity, assist Legal Committee Advisory Group to convene a conference highlighting international legislative drafting assistance, or convene a conference of Iraqi judges and legal professionals to cement rank-and-file consensus on draft judiciary legislation in collaboration with the non-governmental organization Iraqi Organization for Human Rights Coordination.
- Review draft Commission on Public Integrity legislation, military justice, and/or other legislation; provide analysis and support for passage by the CoR.

Federal Bureau of Investigation (FBI) / Major Crimes Task Force (MCTF)

- Continue to engage in investigations of serious criminal conduct, including cases involving assassinations, kidnappings, detainee abuse, extrajudicial killings and other human rights abuses.
- Provide further support to a variety of other short-term and long-term investigative initiatives, including but not limited to those focusing on fraud, waste and abuse.

Department of Justice (OPDAT):

- Provide professional, competent legal counsel and direction to law enforcement units, including but not limited to the FBI/MCTF and the USMS, in the investigation of criminal cases and the provision of security to judges, witnesses and others involved in the criminal justice system.
- Offer training opportunities for members of the Iraqi judiciary (including trial and investigative judges and judicial investigators), investigators for the CPI and other personnel (both Iraqi and American) assigned to components of the criminal justice system.

USAID

Anti-Corruption Program – Civil Society

- Award three to five grants to begin the anti- corruption advocacy campaign.
- Train 45 master trainers in the field of anti-corruption.
- Deliver over 4,000 packages of comprehensive anti-corruption tools, techniques and materials to CSOs and Iraqi officials throughout the country.
- Conduct 150 workshops for Iraqi government offices throughout the country on anti-corruption and accountability.
- Provide corruption training and information toolkits, utilizing Iraq Civil Society Program (ICSP) workshops, to train 3,000 Iraqi government employees.

Anti-Corruption Program – Public Employee Census

- Issue a Request for Information (RFI) to ascertain the likely software applications that can meet the functional and technical requirements for a payroll system in Iraq.
- Finalize an analysis of the existing Iraqi payroll processes and draft the conceptual and functional design of the automated payroll system.
- Complete the technical specifications and requirements for Payroll Census and System Test Site.
- Award fifty ICSP grants to Iraqi Civil Society Organizations to improve anti-corruption training and conduct awareness campaigns.

Anti-Corruption Program – Public Affairs TV Show

- Continue programming and audience feedback solicitation.

Investigations of Crimes Against Humanity
Project Code: 05000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	128		-	-	-	128	127	101
Change from October	-	-	-	-	-	-		-32
January 2007	128	-	-	-	-	128	127	69

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$128 million allocated to investigations of crimes against humanity.

Accomplishments since the October Report:

Department of Justice

- Continued construction to improve to the Iraqi High Tribunal (IHT) courthouse perimeter security (\$1.6 million).
- Completed renovation of the Iraqi Police (IP) billeting at the IHT courthouse (\$2.2 million).
- Contracted and completed translation effort for the Al Dujayl trial verdict (\$87,000).
- Upgraded Audio-Visual presentation system in the main IHT courtroom (\$4,000).
- Co-located some of the RCLO staff with the IHT Judiciary at the courthouse to facilitate ongoing trial services and case development.
- Improved witness transportation security issues (coordinated effort with the U.S. Marshal Service)

DoD

- Completed 11% of construction of the Secure Evidence Unit facility at the Iraqi Special Tribunal. Construction has been delayed due to security issues and the need for additional compacted fill (~\$3.4 million).

Accomplishments anticipated next quarter:

Department of Justice

- Complete primary and secondary power improvement project at the IHT courthouse and witness security camp.

DoD

- Complete construction of the Secure Evidence Unit facility at the Iraqi Special Tribunal (\$3.4 million).

Judicial Security and Facilities

Project Code: 09000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	157	-	-	-	-	157	152	104
Change from October	-	-	-	-	-	-	-	+4
January 2007	157	-	-	-	-	157	152	108

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Departments of Defense and State and the Department of Justice's U.S. Marshals Service (USMS)

Changes from the October Report: This report maintains the \$159 million allocated to Judicial Security and Facilities.

Accomplishments since the October Report:

DoD

- Completed construction on Khan Bani Sa'ad Courthouse (\$197,000).
- Delivered eight up-armored passenger vehicles to U.S. Marshals Service (\$1.3 million).
- Delivered two signal jamming systems to U.S. Marshals Service (\$300,000).
- Delivered five multi-use vehicles to U.S. Marshals Service (\$84,000).

Department of Justice (USMS)

- Upgraded the instructional firing range at the Central Criminal Court of Iraq - Baghdad through a number of related, physical improvements that will promote better training of judicial security personnel.

- Provided professional instruction to Federal Protective Service (FPS) and Personal Security Detail (PSD).

Accomplishments anticipated next quarter:

DoD

- Complete construction of Al Karkh courthouse in Baghdad (\$10.3 million).
- Complete renovation of al Kadhamiyah courthouse in Baghdad (\$300,000).
- Complete rehabilitation of Basrah House of Justice Phase IV (\$884,000).

Department of Justice (USMS)

- Oversee the continued exterior renovations and construction projects at the judicial housing complex, including the installation of new guard facilities.
- Continue its regular, practical instruction of FPS and PSD staff as a critical component of the creation of an effective, professional IMS.

Democracy-Building Activities

Project Code: 06000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,002	-	-	-	-	1,002	1,002	852
Change from October	-	-	-	-	-	-	-	+34
January 2007	1,002	-	-	-	-	1,002	1,002	886

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$1.002 billion allocated for democracy building activities.

Through the Local Governance Program (LGP), the Provincial Reconstruction Teams (PRTs) are assisting in empowering elected provincial officials in the decision-making process needed for basic governance. Iraqi Provincial Councils have been trained on public management practices and service on a local government council. The Iraqi Provincial Council Members met to formalize the LGC in order to introduce it as a Bill before the Council of Representatives (CoR) and to create a Local Government Association (ILGA) body to act on behalf of all governorates on matters of importance in lobbying the CoR and

central government. LGP played a significant role to facilitate and guide this Iraqi led and Iraqi driven conference.

The USAID Community Action Program (CAP) completed 152 community-based projects during this reporting period, valued at over \$7.99 million. Working closely with the Community Action Groups (CAGs) to identify critically important projects, CAP partners were able to work in their areas of responsibility and address community needs through these CAP-CAG collaborative efforts.

At the request of the National Coordination Team (NCT) LGP sponsored five regional Provincial Development Strategy (PDS) conferences, held in September and October to help Provincial Councils assess provincial and regional needs and understand how those needs fit with national priorities established by the central government. At each conference, participants reviewed and discussed the National Development Strategy prepared by the Iraqi Ministry of Planning and worked to plan a development strategy for their particular province. Provincial Development Strategies for each province are expected to be completed in time for use in the next Iraqi budget preparation and planning process that begins May 2007, for the 2008 budget year. Provincial Development Strategies are prepared with the assistance of LGP and other technical advisors from the Provincial Reconstruction Teams (PRTs) and LGP regional experts.

Iraq's local government association, the Regional Coordinating Board of Iraqi Provinces and Regions, formed in August with support from LGP, has continued its activities this quarter with monthly meetings of its Board of Directors in Baghdad and Basrah that have included the development of a legislative agenda.

Accomplishments since the October Report:

Women's Democracy Initiatives (State - DRL and G/IWI):

- Trained thirty radio journalists on basic and advanced radio programming and broadcasting techniques, including the staff at Radio Taware.
- Conducted a series of NGO capacity-building workshops in Basrah and Karbala, despite serious security issues.
- Increased the skills and capacity of local women journalists from 14 civil society organizations on such subjects as message development and media-oriented public relations skills.
- Brought the Minister for Women's Affairs and ten staff members of her Ministry and the Ministry for Human Rights to Washington for capacity building and meetings with senior officials.
- Launched women's radio show, carried by six Iraqi stations around the country on Fridays.

USAID

Local Governance Program:

- Assisted all 18 governorates in using the accelerated regional development funds and, where necessary, delivered additional training and technical assistance to enable the Provincial Councils (PCs) to access and use the funds.
- Continued roll out of the LGP training modules on strategic planning in all governorates. These training sessions will enable the governorates to establish joint legislative, PC and executive (Department Directors General) committees to prepare Provincial Development Strategies (PDS) that are consistent with requirements and guidelines of the Ministry of Planning. The Ministry of Planning then will be able to roll up the PDS into the national plan in 2007.
- Continued to implement the core training modules on council organization, functions, roles and responsibilities and finance and strategic planning. Focus will be placed on Al-Anbar PC as they have not been as active as other PCs because of the challenging security environment in the governorate preventing the PC from meeting at the Government Center in Ramadi.

Community Action Program

- Completed 718 projects from October to December 2006 worth over \$38 million. These projects directly benefited over 7 million people and created 4,660 long-term jobs and well over 20,000 short-term jobs. One hundred sixty-nine of the projects, valued at over \$3.7 million provided assistance for war victims which benefited over 600,000 people.

Accomplishments anticipated next quarter:

USAID

Local Governance Program:

- Expand the city mapping pilot project beyond Basrah Province to other southern provinces.
- Training activities will include the rollout of the Project Oversight and Management training module. This core component of the PC training program uses the “learning by doing” approach to help participants manage pilot projects.
- Begin disbursing \$4.5 million to refurbish and equip meeting halls, PC chambers, PC staff offices and related provincial government facilities.

Community Action Program

- Complete 200 new community projects worth over \$13 million, including the rehabilitation of a nursing home in Al Obaidi, which will benefit 800 people and create four long-term jobs.

Women’s Democracy Initiatives (State - DRL and G/IWI):

- Conduct approximately twelve training sessions throughout Iraq under auspices of the Women’s Leadership Institute, consisting of both large-scale conferences (150 – 300 women leaders) and smaller-scale workshops (30 – 50 participants).
- Carry out awareness campaigns on the constitutional amendment process and voter education campaigns in run-up to Iraqi provincial elections that are expected to occur during the first quarter of 2007.
- Identify 25-30 Iraqi women entrepreneurs and partner them with U.S. businesswomen as part of an economic mentoring program.
- Continue programs on the empowerment of women politicians, with training focused on topics that include but are not limited to: advocacy, public speaking, networking, campaigning, gender equality and international treaties on women.

**Marla Ruzicka Iraq War Victims Fund
Project Code: 06050**

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	30	-	-	-	-	30	30	18
Change from October	-	-	-	-	-	-	-	+2
January 2007	30	-	-	-	-	30	30	20

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: USAID

Changes from the October Report: This report maintains the \$30 million allocation in this project code.

Accomplishments since the October Report:

- Completed 115 projects valued over \$1.8 million, which created over 150 long term jobs and over 700 short-term jobs.

Accomplishments anticipated next quarter:

- Complete 80 new community projects worth nearly \$2.1 million, which will benefit over 100,000 directly as well as generating 500 short term jobs.

United States Institute of Peace (USIP)

Project Code: 07000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	10	-	-	-	-	10	10	10
Change from October	-	-	-	-	-	-	-	-
January 2007 2006	10	-	-	-	-	10	10	10

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: U.S. Institute of Peace (USIP)

Changes from the October Report: This report maintains the \$10 million allocated for USIP.

Accomplishments since the October Report:

- Completed final production phase of a Kurdish version of "Confronting the Truth", a documentary on the truth and reconciliation processes of four countries, South Africa, Peru, East Timor and Morocco. This project reflects USIP's effort to educate the Iraqi public and policy makers about different mechanisms through which to confront abuses of the past (~\$26,600).
- Completed final editing phase of the USIP Guide to Participants in Peace, Stability and Relief Operations (\$32,000).
- Cancelled a Sunni/Shia dialogue on constitutional review due to a delay with the constitutional drafting committee (~\$150,000).
- Canceled partnership project on the constitutional review process. Efforts and funds redirected towards the September judicial conference (~\$80,000).

Accomplishments anticipated next quarter:

Project contract and program close out.

SECTOR: Electricity

IRRF funding continues to focus on providing a foundation for a robust network through rebuilding and expansion rather than constructing a completely new system. The new Minister shares this focus. Dr. Karim W. Hasan, the Minister of Electricity, is pushing alongside IRMO to achieve positive results by seeking to overcome the obstacles that USG efforts continue to face: interdiction of electricity transmission lines and fuel pipelines; shortages of optimal fuels to operate power generation plants efficiently; unplanned outages due to weakened infrastructure; and a consistent increase in demand since liberation as the Iraqi economy grows. The combination of these factors reduces the visibility to consumers of improvements in the electric sector.

As part of this effort, IRMO coordinates regular meetings with the Ministry of Electricity (ME), GRD, USAID and donors. These meetings have been vital to the progress of generation, transmission and distribution projects by enabling the participants jointly to solve technical and operational problems. Focus for the next quarter will be on the following areas:

- **Equitable Distribution and Reliability:** The USG and the ME share a mutual concern over the continued problem of transporting power from the north and south to provide equitable hours of power to all regions of Iraq, particularly Baghdad. Distribution projects, therefore, are currently underway to maximize the availability of electricity throughout Iraq. One key USG project is the installation of an automated control system. When completed in April 2007, this system will decrease the reliance on manual operators and implement control mechanisms that alert operators of imbalances in power transmission. The system should reduce system interruptions and power outages.
- **New Generation:** A USG contract was awarded for the Qudas Expansion Project and the contractor is in the process of mobilizing. This project will add up to 235 MW of new generation to the Baghdad area where the need is greatest.
- **Operations & Maintenance (O&M):** The long-term success of reconstruction relies heavily on the ability of the ME to execute an effective O&M program. The new O&M contractor mobilized and work has started. As new and rehabilitated generation plants come on line, successful contract implementation will help reduce rates of machine degradation, extend machine longevity and institutionalize a proactive O&M culture throughout the ME. When the new central monitoring facility is complete, the O&M contractor will provide personnel to help the ME monitor these power plants and conduct predictive maintenance analysis. The USG is also currently assisting the ME to schedule and conduct routine maintenance, implement a long-term maintenance program and, under the Ministerial Advisory Team, adopt business practices that maintain capital assets turned over to the Ministry.
- **Budget Execution and Contract Development:** The ME has experienced delays in awarding contracts. USG agencies under IRMO leadership continue to assist ME

officials to implement their budget and expert assistance with legal and contract issues will be provided.

- **Capacity Development and Ministerial Advisory Team:** IRMO has partnered with the ME to establish a fully functional ME-led Ministerial Advisory Team (MAT), which includes USG agencies and other donors. The Minister of Electricity has issued an order assigning the chairman of the MAT and creating and staffing five ME working groups. These working groups will initially address immediate need capacity development issues for the Ministry, including: project and strategic planning; legal department capacity building and infrastructure contracts; management organization and employee productivity; tariffs and collections; and, regulatory reform.
- **Asset Recognition and Hand Over:** IRMO is working with GRD and USAID in a formal process to hand over care and custody of capital assets provided by the USG. This process is meant to provide the Ministries of Electricity, Finance and Planning the necessary information to recognize and budget for the sustainment of capital assets.
- **Fuel Issues:** As generation projects are commissioned and brought on line, the issue of fuel supply grows substantially more critical. The frequent interdictions to crude and natural gas lines further burden the available fuel supply and force the ME to burn less than optimal fuels. Use of incorrect fuel has consequently diminished power generation and led to higher O&M costs. Actions are underway between the ME and Ministry of Oil (MoO) to develop plans for further pipeline additions and associated equipment at the power facilities to ensure adequate and higher quality fuels.
- **Completion of Daura Power Plant:** Rehabilitation of Thermal Unit 6 has been delayed due to the incomplete work under the responsibility of the ME and its subcontractors. Under the direction of the Minister, the ME has committed to complete the necessary requirements to bring the unit on-line as soon as possible. At the same time, IRMO has awarded a contract to provide start up and commissioning assistance; and a project execution plan has been developed in partnership with the ME.
- **ME New Generation Projects:** IRMO continues to work in partnership with the ME to facilitate technical assistance and logistical and security support with the help of MNF-I to complete key generation projects, including:
 - Samarra Power Plant generators to add 340 MW operating on heavy fuel oil
 - Musayab Gas Turbine Power Plant to add 500 MW operating on diesel produced by a 40,000 barrel per day topping plant
 - Najaf Power Plant to add 246 MW operating on natural gas
 - Baghdad South Power Plant to add 400 MW operating on heavy fuel oil
 - Haditha Power Plant to add 230 MW operating on diesel
 - Hurriah Power Plant to add 60 MW operating on diesel
 - Baghdad North generator to provide 55 MW operating on heavy fuel oil

- **Unplanned Outages and Delays:** Several major events affected the expected power generation and transmission during the summer months. Baghdad’s average hours of power have significantly lagged behind the rest of Iraq for the past year partially due to the inability to transfer power from large plants in northern and southern Iraq. In the north, sabotage and, to a lesser degree, weather-related damage of transmission lines has prevented the transfer of up to 600 MW of power to Baghdad. In late August, the northern provinces were effectively isolated from the middle and southern regions. During the reporting period one of the power lines to the north, (Baiji – Baghdad West #1), was restored to service. In the south, three of the four of the 400kV power lines went down. Due to the hostile security situation, these lines were not restored to service. The combined loss of these lines and the seasonal planned generation outages has reduced hours of power to both Baghdad and the nation. The USG is assisting the GOI to improve its linear security and rapid repair capability.

Generation

Project Code: 40000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,736	-	-	-	-	1,736	1,705	1,217
Change from October	-	-	-	-	-	-	-	+71
October 2006	1,736	-	-	-	-	1,736	1,705	1,288

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$1.736 billion allocated to Generation.

Accomplishments since the October Report:

DoD/GRD

- Started the refurbishment of a GE Frame 5 turbine generator (21 MW sustained) at the Shuaiba Power Station. When complete, the unit will sustain generation capacity capable of serving 19,000 Iraqi homes (\$2 million).
- Did not complete the O&M support training for various machines and engineering disciplines, reported last quarter as an anticipated accomplishment. Training was rescheduled due to difficulties in obtaining valid passports and visas for Canada and the UK, where training will take place. The courses are now scheduled for completion in February 2007 (two contracts, \$1 million total).

- Started the construction of the National Training Center. The center will provide training in the basic skills required to operate and maintain generation plants, transmission and distribution substations and overhead lines. These skills are essential to ensure that the electrical system is reliable, operates efficiently and with a minimum down-time due to unscheduled equipment shutdowns or failures (\$9 million).
- Did not start the advanced power system modeling/simulation training for ME planning engineers, reported last quarter as an anticipated accomplishment. The training was delayed due to longer than expected time to obtain visas to the United States. The training is rescheduled to January 2007. The training builds on prior training given in November 2005 and January 2006. The trainees will acquire advanced skills in the use of an industry standard, transmission planning software (\$400,000).
- Started the pre-installation work of a new IT system for the ME including: advanced designs, equipment procurement and site assessments. The system will include hardware and installation of a new local area network, e-mail and virtual private network, improving ME business operations (\$11 million).
- Started the designs and pre-installation work for the Computerized Maintenance Monitoring System (CMMS) for six combustion plants and the central monitoring facility. The CMMS will provide the ME with a central system to monitor inventory and equipment maintenance, improving power generation levels and plant reliability (\$14 million).
- Started the installation of a gas purifying facility at the Nassriya Power Plant. The facility will process and purify the fuel used in gas turbines, reducing maintenance requirements and unit outages and increasing generation output (\$2 million).
- Postponed the construction of the O&M V-SAT communication system. The contract was terminated due to nonperformance. The remaining work was awarded to another contractor and is scheduled for completion next quarter. The system will provide broadband satellite services, including voice-over-internet-protocol (VOIP) phone and internet access, to about 40 Ministry generation plant offices (\$2 million).
- Started work at the Doura Thermal Power Plant to complete the refurbishment of Unit No. 6 and to improve the thermal fuel handling. The project, initiated by USAID and turned over to DOD/GRD for completion, will restore 140 MW to the grid, restoring generation capacity capable of serving 127,000 Iraqi homes (\$10 million).
- Did not complete the repair work on the mobile GE LM2500 engines (2X20 MW sustained), Units 1A and 1B, at the Baiji Power Plant, reported last quarter as an anticipated accomplishment. The work is 60% complete and scheduled to be completed in February 2007. When complete, the units will sustain generation capacity capable of serving 36,000 Iraqi homes (\$3 million).

- Completed the installation and commissioning of a new LM2500 turbine generator (20 MW) at the Baiji Power Station capable of serving 18,000 Iraqi homes (\$3 million).
- Completed a combustion inspection of a Siemens V-64.3 turbine (65 MW) at the Kirkuk Power Plant. This work is necessary and critical to sustaining generation capacity capable of serving 59,000 Iraqi homes (\$3 million).
- Did not complete the installation of a GE Frame 5 turbine generator (21 MW sustained) at the Old Mulla Power Station, reported last quarter as an anticipated accomplishment. The work is 60% complete and scheduled for completion in January 2007. When completed, the new unit will sustain generation capacity capable of serving 19,000 Iraqi homes (\$3 million).
- Did not complete the construction of the Central Monitoring System building (\$1 million) and did not start the system installation work (\$10 million), reported last quarter as an anticipated accomplishment. The work was delayed due to security issues at the building site as well as other issues with the building contractor that were being addressed. To avoid further delay in system implementation, the equipment will be partially installed at a temporary site while construction of the building continues. Construction of the building is 25% complete and site surveys are underway for the system. The system will use the newly constructed V-SAT communication system to provide real-time monitoring of about half of the Ministry's combustion turbine engines at a central location where engineers will analyze the data and direct maintenance and trouble-shooting support.
- Continued the designs, procurement and pre-mobilization activities for the Qudas Power Plant Expansion. The project will install two new GE Frame 9 gas turbines at the plant, providing new generation of 180 to 235 MW (depending on type of fuel used) and capacity to serve 163,000 to 213,000 Iraqi homes. The expansion will strengthen the Baghdad Ring and help against power shortage in Baghdad due to interdictions of transmission lines in the north and south (\$166 million).
- Completed the O&M Spare Parts Program in which high priority emergency and operating spares were procured to increase sustainability of generation units. The ME has the capacity to install the majority of spare parts. Training of Ministry personnel continues to broaden and fortify basic maintenance skills.
- Continued the Nationwide Long Term Operations and Maintenance (O&M) Support work at eight power plants. The O&M contractor is assisting the ME O&M departments increase their effectiveness by improving day-to-day operations through training, mentoring and hands on O&M services. The project also contains provisions to purchase critical parts, as needed. All sites are manned and several training classes are complete.

USAID

- Restarted the V94.3a combustion gas turbine at Kirkuk, restoring 260MW to the grid. Work involved repair of a failed gas compressor main bearing and damaged turbine shaft.

Conducted a root cause analysis to determine cause of failure and identify actions necessary to avoid a similar incident in the future. Also performed minor maintenance activities and assisted Ministry in optimizing plant operations (\$4 million).

Accomplishments anticipated next quarter:

DoD/GRD

- Complete the repairs of two generator rotors at the New Mullah Power Plant (\$1 million).
- Complete the sustainment work at the Baiji Power Plant. The contractor is conducting hot gas path inspections for Siemens V94.2 gas turbine engines (\$58 million).
- Start and complete the advanced power system modeling/simulation training for ME planning engineers (\$400,000).
- Start the installation of the Computerized Maintenance Monitoring System (CMMS) for six combustion plants and the central monitoring facility (\$14 million).
- Start the installation of the new IT System for the ME (\$11 million).
- Complete the O&M support training for various machines and engineering disciplines (two contracts, \$1 million total).
- Complete the construction of the O&M V-SAT communication system (\$2 million).
- Complete the installation of a gas purifying facility at the Nassriya Power Plant (\$2 million).
- Complete the refurbishment of a GE Frame 5 turbine generator (21 MW) at the Shuaiba Power Station (\$2 million).
- Complete the installation of a GE Frame 5 turbine generator (21 MW) at the Old Mulla Power Station (\$3 million).
- Complete the sustainment work at Qudas and Baghdad South Power Plants. The contractor is conducting hot gas path inspections on seven GE Frame 9E gas turbines at these plants in Baghdad (\$28 million).
- Complete the repair work on the mobile GE LM2500 engines (2X20 MW), Units 1A and 1B, at the Baiji Power Plant (\$3 million).
- Complete the refurbishment work at the Doura Thermal Power Plant on Unit No. 6 and improve the thermal fuel handling. The project, initiated by USAID and turned over to DOD/GRD for completion, will restore 140 MW to the grid (\$10 million).

USAID

- USAID has completed all major infrastructure activities under this project code. Work completed by USAID under P/C 40000 Generation includes the design, installation and commissioning of two complete new gas turbine power plants providing 541 MW of new generation. One new plant, producing 216 MW, is at the Baghdad South location and the 325 MW balance is at Kirkuk and is fueled by natural gas. USAID also provided extensive training and sustaining spare parts for these two plants.
- USAID also carried out an extensive, two and one-half year Operations and Maintenance program impacting the 19 existing power plants. Program included extensive out-of-country training of 246 Ministry of Electricity technicians, supervisors, engineers and managers, plus in-plant on-the-job hands-on training at Doura plant by western experts and supply of \$31 million in spare parts and critical consumable chemicals for generating plants.
- At the Musayab 1280 MW power plant, USAID established an on-site team to assist the Ministry of Electricity in critical maintenance activities, restoring 455 MW of plant generating capacity to operation.
- At Baiji thermal power plant, USAID established an on-site team to carry out major maintenance on five thermal units, increasing capacity on three units by 185 MW and providing to the Ministry an additional \$12 million of replacement parts when security forced an early demobilization.
- At Doura thermal power plant, USAID provided startup management assistance to the Ministry of Electricity for completing rehabilitation of thermal units 5 and 6. Unit 5 was successfully restarted in December 2005, producing 146 MW. Unit 6 was brought to a point of being “ready for steam blows” in February 2006, at which time delay in supply of critical equipment by the Ministry and the worsening security situation resulted in USAID contractor demobilization.
- USAID generation activities resulted in a net increase in Ministry of Electricity generating capacity of at least 1,291 MW. Total estimated cost for work completed under the Bechtel contract is approximately \$560.6 million. Remaining effort involves project closeout and documentation.

Transmission
Project Code: 41000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,103	-	-	-	-	1,103	1,035	450
Change from October	-	-	-	-	-	-	-	+87
January 2007	1,103	-	-	-	-	1,103	1,035	537

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$1.099 billion allocated for Transmission.

Accomplishments since the October Report:

- Started procurement and installation of the 132kV mobile substation in Samarra, Salah ad Din (\$2 million).
- Completed rehabilitation of the Diyala 400kV substation (\$10 million).
- Completed the work for the expansions and rehabilitations of the Baghdad East, Baghdad West, Baghdad North and Baghdad South 400kV Substations (three task orders - \$75 million total). The contractor was unable to complete the final installations and final commissioning of the work because the ME was not able to provide power outages required to install the new equipment. The installation and commissioning work are being de-scoped from the contractor, and the IRRF-funded parts and equipment are being turned over the ME to complete the work.
- Started the construction of the new South Sulaymaniyah 132kV substation (\$28 million).
- Did not start the construction of the new Shatra and Nassriya 132kV substation in Dhi Qar, due to contractor performance issues. A Cure notice was issued to the contractor. Pre-construction work is progressing with improvement in performance. Construction is scheduled to start in January (\$15 million).
- Did not start the rehabilitation of the Hilla South to Hashimiya to Shamiya 132kV overhead lines due to minor issues with the designs. Pre-construction work is progressing and construction is scheduled to start in early January (\$28 million).
- Started the reconstruction of the Babil to Karbala 132kV overhead lines (\$9 million).

- Started the construction of the Baiji to Haditha to Qaim 400kV overhead lines in the Anbar and Salah al-Din governorates (\$45 million).
- Started the rehabilitation of the Falluja 132kV substation in the Anbar governorate (\$14 million).
- Did not start the construction of the new Aqra 132kV substation in the Dahuk governorate, due to an issue in executing a subcontract agreement. The issue is being resolved. Pre-construction work continues and construction is scheduled for early January (\$18 million).
- Started the rehabilitation of the Al Qaim 400kV substation in the Anbar governorate (\$15 million).
- Started the construction of the new Dahuk to Aqra 132kV overhead line in the Dahuk governorate (\$18 million).
- Did not start the rehabilitation of the Ramadi 132kV substation in the Anbar governorate, due to a land ownership issue. The ME is resolving the issue. Pre-construction work is progressing and construction is scheduled for January (\$28 million).
- Did not complete the construction of five Cluster Pump 132kV substations in the Basrah governorate. The projects were delayed due to the deteriorating security conditions in the area. A total of ten 132kV substations are being rehabilitated to help increase oil production capacity in the Basrah governorate. All of these stations are scheduled for completion next quarter. The progress of each substation ranges from 50% to 90% complete (\$77 million).
- Did not complete the rehabilitation of four 132kV substations in the Basrah governorate. The projects were delayed due to the deteriorating security conditions in the area. All five substations under contract are about 65% complete and scheduled for completion next quarter (\$50 million).
- Completed the rehabilitation of the Agarguf 132kV substation (\$12 million).
- Did not start the construction of a new 132kV substation in East Diwaniya due to issues with the contractor. The contractor was issued a notice to cure and is taking measures to recover the schedule, including increasing project management staff. Pre-construction work continues, and construction is scheduled to start in January (\$20 million).
- Started the construction of the new Nassriya to Shatra 132kV overhead line in the Dhi Qar governorate (\$15 million).
- Did not start the construction of the new Farabi and Jamila 132kV substation in Baghdad. The contractor does not yet have access to the site as it currently occupied. The ME is

working to make the site available to the contractor. Pre-construction work continues, and construction is scheduled to start in January (\$48 million).

- Did not start the designs, procurements and pre-mobilization work for the Kirkuk to Diyala portion of the Kirkuk to Diyala to Al-Amin line (\$41 million). The ME could not find local contractors willing to conduct site and soil surveys along the route due to extremely high security risks. The ME indicated this work may need to be delayed until next year. IRMO, GRD and the ME are deciding the way forward on this section of the line. The Diyala to Al Ameen section, however, did start pre-construction work and is moving forward. Construction for this portion is scheduled for January (\$8 million).

Accomplishments anticipated next quarter:

- Start the rehabilitation of the Hilla South to Hashimiya to Shamiya 132kV overhead line in Babil (\$28 million).
- Start the construction of new Farabi and Jamila 132 kV substations in Baghdad (\$48 million).
- Start the construction of the new 132 kV East Diwaniya substation in Al-Qadisiyah (\$20 million).
- Start the rehabilitation of the Shatra and Nassriya 132 kV substation in Dhi Qar (\$10 million).
- Complete the reconstruction of the Al Rasheed 400 kV substation in Baghdad (\$38 million).
- Complete the reconstruction of the Umm Qasr 132 kV substation in Al-Basrah (\$14 million).
- Continue the construction of the Baiji to Haditha to Qaim 400 kV overhead line in Al Anbar and Salah al Din (\$45 million).
- Complete the reconstruction of the Mosul substation in Ninawa (\$28 million).
- Complete the rehabilitation of ten 132 kV substations that support the Cluster Pumping Stations (CPS) in Al-Basrah (\$77 million).
- Complete the construction of the new Ghammas 132 kV substation in Al-Najaf (\$15 million).
- Complete the Nassriya to Shatra 132 kV overhead line in Dhi Qar and Al-Qadisiya (\$15 million).

Distribution Network Infrastructure
Project Code: 42000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,229	-	-	-	-	1,229	1,197	881
Change from October	-	-	-	-	-	-	-1	+98
January 2007	1,229	-	-	-	-	1,229	1,196	979

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$1.229 billion allocated to Distribution Network Infrastructure.

Accomplishments since the October Report:

- Started construction of 14 Baghdad Essential Services 11kV feeder and low voltage network distribution projects (\$24 million).
- Started construction of 14 low voltage network, 11kV feeder and substation PRDC rehabilitation projects nationwide (\$8 million).
- Completed construction of 3 low voltage network and 11kV feeder PRDC projects nationwide (\$133 thousand).
- Started the construction of the Abu Ghraib 33/11kV substation and feeders (\$3 million).
- Started the construction of the Mhanawia 33/11kV substation in Diwaniya (\$2 million).
- Started one procurement project to purchase and deliver materials to the ME for low voltage distribution network work in Falluja (\$3 million) and the construction of the Falluja Laydown Yard (\$1 million), where the materials will be stored.
- Started the construction of the 33kV feeders for the Khan Dhari-Alban substation in Baghdad (\$2 million).
- Started the construction of the Al Salem 33kV overhead feeders in Diyala (\$2 million).
- Started the construction of the Al Muthanna 33/11kV Substation in Salah ad Din (\$2 million).

- Completed the purchase of materials for 58 of the 68 distribution network rehabilitation projects in Sadr City (\$76 million). Construction of these projects will no longer be reported in this report because only the purchase of the materials is funded by IRRF. The construction, which is in progress, is being done by the ME with Development Fund for Iraq funds.

Accomplishments anticipated next quarter:

- Start the construction of the Yusufiya 33/11kV substation (\$3 million).
- Complete the construction of four 33/11kV substations and two 33kV feeders in Al-Anbar governorate (\$11 million).
- Complete the construction of the Saba Al Bor 33kV feeder (\$2 million).
- Complete two procurement projects to purchase and deliver materials to the ME for low voltage distribution network work in Falluja (\$10 million) and the construction of the Falluja Laydown Yard, where the materials will be stored (\$1 million).
- Complete construction of twenty low voltage network, 11kV feeder and 33/11kV substation PRDC projects (\$13 million).
- Complete the construction of a 33kv feeder project in Baiji, Salah Al-Din (\$2 million).
- Complete the construction of 21 Baghdad Essential Services low voltage network and 11kV feeder projects (\$34 million).
- Complete a miscellaneous requisition project for the Sadr City distribution network program (\$3 million).
- Complete the purchase of distribution network equipment for the Najaf distribution network (\$17 million).
- Complete the purchase of distribution equipment for the Samarra distribution network (\$8 million).
- Complete 14 projects in the southern region including a 33/11 kV substation and three 33kV feeder projects (\$66 million).
- Complete the construction of the 33kV feeders for the Khan Dhari-Alban substation in Baghdad (\$2 million).
- Complete the construction of Al Mutanabi substation in Al-Najaf governorate (\$3 million).

- Complete the rehabilitation of the Malhala 123 low voltage network in Baghdad (\$4 million).
- Complete the construction of a 33 kV feeder project at Baghdad International Airport (\$6 million).

Automated Monitoring and Control System

Project Code: 43000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	127	-	-	-	-	127	116	75
Change from October	-	-	-	-	-	-	-	+10
January 2007	127	-	-	-	-	127	116	85

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$127 million allocated for the automated monitoring and control system.

Accomplishments since the October Report:

- Completed the installation and commissioning of the Baghdad Microwave Ring communication network.
- Delivered the first batch of equipment to the ME for upgrade and expansion of the Baghdad Distribution Supervisory Control and Data Acquisition (SCADA) System. With the installation of this equipment by the ME, an additional 63 substations in the Baghdad area will be capable of remote supervisory control, improving the efficiency of the distribution grid and adding transparency to load shedding (\$7 million).
- Completed the installation of equipment and master computers at the Central Regional Control Center as well as at 37 substations. The center will provide supervisory control of the 132kV grid in that region (\$13 million).
- Completed the construction of the National PLC network rehabilitation. This project provides the Ministry with internal communication systems over the 132kV power lines and integrates with the regional wireless communication network to provide protection, voice and data communications for SCADA (\$32 million).
- Completed the construction of the Regional Wireless Communication Network. This project provides the Ministry with an internal communications system using microwave

and UHF and integrates with the PLC Network to provide protection, voice and data communications (\$5 million).

- Continued the commissioning of master computers and 32 substations at the Southeast Regional Control Center. The center will provide SCADA control of the 132kV grid in that region (\$12 million).
- Continued the commissioning of the master computers and forty substations at the Northwest Regional Control Center. The center will provide supervisory control of the 132kV grid in that region (\$14 million).

Accomplishments anticipated next quarter:

- Complete delivery of equipment to the ME for upgrade and expansion of the Baghdad Distribution SCADA System. With the installation of this equipment by the ME, an additional 63 substations in the Baghdad area will be capable of remote supervisory control, improving the efficiency of the distribution grid and adding transparency to load shedding (\$7 million).
- Complete commissioning of the master computers at the Central Regional Control Center and the equipment at 37 substations and turnover to the ME. The center will provide supervisory control of the 132kV grid in that region (\$13 million).
- Complete commissioning of the National PLC network and turnover to the ME. This project provides the Ministry with internal communication systems over the 132kV power lines and integrates with the regional wireless communication network to provide protection, voice and data communications for SCADA (\$32 million).
- Commission the Regional Wireless Communication Network and turnover to the ME. This project provides the Ministry with an internal communications system using microwave and UHF and integrates with the PLC Network to provide protection, voice and data communications for SCADA (\$5 million).
- Complete commissioning the master computers at the Southeast Regional Control Center as well as equipment at 32 substations in that region and turnover to the ME. The center will provide supervisory control (SCADA) of the 132kV grid in that region (\$12 million).
- Complete commissioning the master computers at the Northwest Regional Control Center as well as equipment at 40 substations in that region and turn over to the ME. The center will provide supervisory control (SCADA) of the 132kV grid in that region (\$14 million).

SECTOR: Oil Infrastructure

The 2006 Iraqi budget assumes \$28.1 billion in revenues, about 93% of which will be revenue from crude oil exports. By comparison, Iraq earned approximately \$17.5 billion from oil exports in 2004 and \$23.5 billion in 2005. Crude oil production of fourth quarter 2006 averaged 2.17 million barrels per day (mbd), a significant increase from the first three quarters of 2006 of 2.12 mbd average. With respect to crude oil exports, the fourth quarter 2006 averaged 1.48 mbd, below the first three quarters of 2006 of 1.51 mbd average and the Iraqi Government's average export target of 1.65 mbd. Completion of the new Kirkuk to Baiji 40-inch crude oil pipeline is expected to increase northern export capacity.

Crude Oil Production & Exports			
Millions of barrels per day (bpd)	October	November	December
Crude Production	2.25	2.11	2.16
Crude Exports	1.55	1.44	1.45

Post-war product demand has out-paced supply from current refinery production and the volumes imported by the State Oil Marketing Organization (SOMO). The IMF Stand-by Arrangement limits spending on fuel imports, and Iraq has stayed below the limit. The Council of Representatives passed a Fuel Import Liberalization Law on September 6 to end the government monopoly on fuel imports. The Ministry of Oil is developing implementing regulations. Once the private sector begins importing refined products, Iraq should see unofficial prices stabilize.

Liquefied petroleum gas (LPG, the main cooking fuel) production will potentially increase in the north once the new 40 inch pipeline is in operation. In the south, work is ongoing on rehabilitating the Natural Gas Liquids/LPG facilities at the South Gas Company (SGC) which is scheduled to be fully completed in March 2007.

Fourth quarter 2006 IRRF projects continued to concentrate on repairing key oil production facilities and export infrastructure as well as improving the oil export terminal facilities in the south.

Oil produced in the North is not flowing at capacity due to production constraints from the interdictions and corrosive failures of existing pipelines and the sabotage of the stabilization plant #2 in February 2006 and stabilization plant #1 in November 2006. Stabilization plants strip hydrogen sulfide from the crude oil. Stabilization plant #2 has the capacity to process one million barrels per day while stabilization plant #1 has the capacity to process 500,000 barrels per day. The new 40-inch crude oil pipeline between Kirkuk and Baiji will allow the North Oil Company (NOC) to produce significant volumes of crude oil and associated gas from shut-in wells once the stabilization plant #2 is rehabilitated by North Oil Company by mid 2007. The 40-inch has been delayed since last year due to problems with three canal crossings which now have been completed, along with the repair of 14 weld defects by the

State Company for Oil Projects (SCOP), the state-owned construction company, and hydrostatic testing before the line can be commissioned by the NOC in January 2007.

The completed Gas-Oil Separation Plant (GOSP) projects in the north will add potentially 300,000 bpd of crude oil facility capacity. The North Oil Company (NOC) is presently straight lining one unit back into production and hopes to add back 225,000 barrels processing capacity in January 2007. The older stabilization plant #1 in Kirkuk was brought on-line and can process up to 500,000 bpd. Sulfur removal is required prior to shipment, domestic use or export of crude oil from northern Iraq. The Ministry of Oil (MoO) and NOC are working to restore all four processing units to plant #2 and hope to restore full capacity by summer 2007. Despite these limitations, continued corrosion failures, leaks and pipeline interdictions of the pipeline transport remain the biggest problems in reestablishing exports through Turkey.

Construction has been completed on the loading arm refurbishment of Al Basrah Oil Terminal (ABOT) Berths 1-4. The limiting factors for full flowing capacity are the condition of the offshore pipelines and the lack of pumping capacity and storage at Al-Faw which was destroyed in 1991 and has not been rebuilt. The MoO has a project to increase crude oil storage in Al-Faw by 1,250 million barrels of oil; however, the project has been delayed due to a dispute with the Chinese contractor. Further enhancements to ABOT are in progress, to include adding turbine meters and control rooms with redundancy to operate all four berths plus the Emergency Shutdown systems from either platform “A” or “B.” It will enhance reliability and safety. South Oil Company (SOC) continues to complete new wells in the West Qurna field to maintain and increase production levels. IRMO is assisting SOC with U.S. exporting licensing and procedures to facilitate the import of U.S.-manufactured perforation charges to complete some of these wells.

Oil Infrastructure
Project Code: 50000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,719	-	-	-	-	1,719	1,600	1,136
Change from October	-	-	-	-	-	-	+17	+142
January 2007	1,719	-	-	-	-	1,719	1,617	1,278

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$1.719 billion allocated to this project code for Oil Infrastructure.

Accomplishments since the October Report:

- Completed compressor station AB2, the last remaining project in the north. This compressor station adds the potential to compress more than 50 million standard cubic feet per day of gas and more than 500 tons per day LPG feed to the north gas plant. (\$22 million).
- Completed Qarmat Ali pipeline evaluation, which has assessed the integrity of the entire 75 kilometers of pipelines to the cluster pump stations (\$1 million).
- Completed the engineering and procurement to enable SCOP to complete the rehabilitation of the Nassriya LPG Pumping Station. This is the main pumping station for pumping LPG and refined products from Basrah to Baghdad (\$10.8 million).
- Completed compressor stations 2 and 5 in Rumaila. These compressor stations are vital in the effort to increase the amount of flared gas that can be recovered and in helping to achieve the 3,000 tons per day LPG goal (\$5.5 million).
- Completed the engineering and procurement of a fire protection system for Pump Station 1. When construction is completed by SOC, a modern fire protection system will provide protection for this pumping station, the main pumping station in the south (\$700,000).
- Complete the engineering and procurement for the nine remaining GOSP projects in the south. These GOSPs have the capability to process more than 1.3 million bpd of crude oil, but currently process about half a million barrels less. The IRRF projects will restore the nameplate capacity of the GOSPs (\$91.5 million).
- Delayed completion of gas compressor station at site 3R in South Rumaila. This compressor will provide natural gas feedstock to the natural gas liquids (NGL) and LPG plants in southern Iraq to support the production of 3,000 metric tons per day of LPG. Extended delivery of control devices valves has delayed completion to the end of January 2007 (\$16 million).
- Delayed completion of the nine cluster pump stations for water injection at Qarmat Ali. Assessment of equipment to be refurbished revealed a worse state than anticipated. The current forecast completion date is May 31, 2007. If the delay goes beyond that date the project will be transferred to the South Oil Company (\$29 million).
- Delayed completion of rehabilitation of the Water Treatment Plant at Qarmat Ali that provides purified water for the cluster pump stations for water injection. The current forecast completion date is May 31, 2007. If the delay goes beyond that date the project will be transferred to the South Oil Company (\$8.2 million).
- Delayed completion of construction repairs of the NGL plant at North Rumaila and one NGL plant and two LPG plants at Khor Zubair Central. Completion will potentially increase LPG production capacity to 3,000 metric tons per day. The second turnaround will complete the project and provide reliability of operation. The second turnaround was

delayed in order to stabilize production of LPG and has resulted in an anticipated mid-February completion (\$107 million).

- Delayed procurement of 3-D seismic equipment for the Iraq Oil Exploration Company, which will implement the use of modern techniques and technologies for locating and mapping oil reservoirs. Delayed final inspection extended delivery to January 2007 (\$11 million).

Accomplishments anticipated next quarter:

- Complete construction repairs of the NGL plant at North Rumaila and one NGL plant and two LPG plants at Khor Zubair Central. Completion will potentially increase LPG production capacity to 3,000 metric tons per day (\$107 million).
- Complete well logging in the Rumaila fields and phase one of logging and tubing replacement in the West Qurna fields. Production potential will increase by 300,000 bpd (\$47 million).
- Complete the procurement of equipment, spare parts and supplies to repair the drilling and work-over rigs of Iraqi Drilling Company (IDC) (\$15.2 million).
- Complete gas compressor station at site 3R in South Rumaila. This compressor will provide natural gas feedstock to the NGL and LPG plants in southern Iraq to support the production of 3,000 metric tons/day of LPG for the Iraqi people. This will be the last compressor station out of seven total that have been re-constructed by the Oil Sector (\$16 million).
- Complete the Invitation to Bid Project which instructs Iraqis how to compose proper bid documents for large, complex projects.
- Complete the procurement of laboratory equipment for Oil Exploration Company. Completion of this project will allow Oil Exploration Company to analyze core samples obtained in drilling exploratory wells, thus enabling Iraq to increase oil production from new wells (\$1.3 million).

SECTOR: Water Resources and Sanitation

Work continued on implementation of the Water Sector construction and non-construction projects, as well as the \$110 million Water Sector Sustainment Program (WSSP); however, the Water Sector experienced major challenges during the past quarter.

The Nassriya drainage pump station project experienced considerable cost growth. In March 2006, the estimate at completion was \$82.3 million; in June/July 2006 it was increased to \$93.4 million. The current estimate at completion is \$147.7 million, which is \$65.8 million above the current obligated amount of \$81.9 million. In light of the cost growth, IRMO is considering options to terminate GRD contractor Washington International during this coming quarter and transfer responsibility for completion of the project to the Ministry of Water Resources. The Ministry would be provided a specific amount of additional funding from the U.S. Government to complete the project under a grant agreement.

Poor or worsening security conditions impacted work on the Sadr City R3 water treatment plant project, Eastern Euphrates Drain project, Mandali irrigation pump station project, Falluja sewage project, and Diyala Weir project, although specific impacts to cost and schedule have yet to be determined. Additional funding will be needed to complete the permanent power connection for Baladrooz water supply project.

The Mishkhab Water Supply project will be cancelled in this coming quarter due to concerns over anticipated cost growth in the future. The magnitude and timing of the growth is not known, but by the time the growth materializes, there will be extremely limited options for covering the additional costs. IRMO is considering providing limited funding to support completion of the project.

The Nassriya water treatment plant, the largest plant constructed by the U.S. Government in Iraq, will be completed this coming quarter; however the Ministry of Municipalities and Public Works may not have sufficient trained staff to assume responsibility for its operation. A total of about 100 O&M personnel are required; the Ministry has had difficulty in identifying an adequate number of staff for training since September 2006. The plant will not be operated or turned over to the Ministry until sufficient staffing is available.

Potable Water Project Code: 60000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	1,454	-	-	-	-	1,454	1,414	943
Change from October	-	-	-	-	-	-	-	+73
January 2007	1,454	-	-	-	-	1,454	1,414	1,016

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$1.454 billion allocated for Potable Water.

Accomplishments since the October Report:

DoD/GRD

- Completed 37 small water projects with local Iraqi firms, which increased employment and contributed to the local economies (\$10.3 million).
- Continued construction of the Nassriya Water Supply project to an estimated 94% complete and commenced pre-commissioning of the treatment facility (\$277 million).
- Commenced construction on Sinjar Water Supply to an estimated 3% completion (\$18.3 million).
- Commenced construction on Wahda Water Treatment Plant refurbishment project to an estimated 10% completion (\$17.6 million).
- The Sadr City R3 Water Treatment Plant transitioned from USAID at 85% completion. The sub-contractor has made little progress since being awarded the contract on October 15 and GRD is closely monitoring the situation (\$8 million for GRD component).
- Completed 21% design for the Baghdad Raw Water Hydraulic Model (\$0.6 million).
- Completed 97% of the water treatment plant designs for Najaf, Diwaniya and Dukon-Sulaymaniyah (\$3.0 million).
- Completed 22 Capacity Development Workshops, including twelve outside of Iraq and three international visits to Cairo, Egypt, Alexandria, VA and Washington, DC.
- Implemented Water Distribution Network Rehabilitation support to three of 13 Baghdad Amanat City Districts – Al Shaab, Karradeh and Nissan, and to the Iraqi governorates of Babylon, Najaf, Dhi Qar, Wasit and Maysan .
- Issued work orders for WSSP activities such as plant optimizations, spare parts support, process control and maintenance training and the provision of diesel fuel and chemicals to thirty selected U.S. Government supported water facilities throughout Iraq.
- Implemented Rural Water O&M support activities to include providing operators, maintenance technicians, instruction materials, chemicals and minor repair support to 69 Rural Water remote sites throughout Iraq.

USAID

- Completed rehabilitation and commissioning of the Sharq Dijlah Water Treatment Plant (\$22.9 million).

Accomplishments anticipated next quarter:

DoD/GRD

- Complete 87 small water projects with local Iraqi firms, which will increase employment and contribute to the local economies (\$33 million).
- Complete to 90% the remaining work on Sadr City R3 Water Supply (\$8 million for GRD component).
- Complete to 99% the Nassriya Water Supply (\$277 million).
- Complete to 25% Sinjar Water Supply (\$18 million).
- Complete Phase II WSSP activities (\$30 million).
- Cancel GRD contract to complete the Mishkhab water supply project.

USAID

USAID has completed all major infrastructure activities under this project code. In addition to rehabilitation of the Sharq Dijla Water Treatment plant, USAID constructed an expansion of the Karbala Water Treatment Plant and completed approximately 85% of construction of the Sadr City Water Treatment Plant before transitioning responsibility to DoD/GRD. USAID also constructed water treatment plants in seventy small rural communities nationwide, which have been historically underserved. The treatment plants and associated remote storage tanks in 349 locations have the capacity to provide treated water to approximately 493,000 villagers.

**Sewerage
Project Code: 62000**

\$ millions	FY 2007 by Quarter							
	FY 04	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	282	-	-	-	-	282	269	173
Change from October	-	-	-	-	-	-	+1	+12
January 2007	282	-	-	-	-	282	270	185

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$282 million allocated for sewerage.

Accomplishments since the October Report:

- Continued construction of the Falluja Sewerage project to an estimated 10% completion (\$49 million). Security continues to be an ongoing challenge.
- Completed 18% design for the Wastewater Treatment Facility Representative Design (\$1 million).
- Implemented WSSP activities including plant optimizations, spare parts support, process control and maintenance training and the provision of diesel fuel and chemicals to ten selected U.S. Government supported wastewater facilities throughout Iraq (\$7 million).
- Implemented O&M oversight and supervision support for 13 major Basrah Sewerage Pump Stations (\$500,000).

Accomplishments anticipated next quarter:

- Continue construction of Falluja Sewerage to 25% (\$49 million).
- Continue Wastewater Treatment Facility Representative Design to 40% (\$1 million).
- Complete all assessments and begin work on selected Baghdad Security Program “Find and Fix” sewerage lift stations (\$3 million).

Other Solid Waste Management

Project Code: 63000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	11	-	-	-	-	11	11	7
Change from October	-	-	-	-	-	-	-	-
January 2007	11	-	-	-	-	11	11	7

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$10.9 million allocated for Other Solid Waste Management.

Accomplishments since the October Report:

- Completed 11% design criteria for the National Solid Waste Master Plan (\$3 million).

Accomplishments anticipated next quarter:

- Complete National Solid Waste Master Plan to 40% (\$3 million).

Pumping Stations and Generators

Project Code: 64000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	180	-	-	-	-	180	165	96
Change from October	-	-	-	-	-		+1	+20
January 2007	180	-	-	-	-	180	166	116

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$180 million allocated for Pumping Stations and Generators.

Accomplishments since the October Report:

- Did not complete installation of water hammer protection system at Mandali Irrigation Pump Station due to security and lack of water for commissioning (\$400,000).
- Continued construction of Nassriya Drainage Pump Station (NDPS). GRD contractor identified additional cost growth due to discovery items and schedule impacts. The project is behind schedule, and estimated cost at completion has increased considerably.
- Continued to provide emergency generator O&M services for assigned Ministry of Water Resources (MWR) generators throughout Iraq, including the provision of necessary spares and consumable supplies (\$5 million).
- Implemented WSSP activities such as drainage pump station optimizations, spare parts support, process control and maintenance training and the provision of emergency diesel generator fuel to Mandali and Karbala drainage pump stations (\$400,000).

Accomplishments anticipated next quarter:

- Terminate GRD contractor for construction of the NDPS and transition responsibility for project completion to the Ministry of Water Resources. Develop a grant agreement with the Ministry with a fixed additional amount in IRRF funding.

- Complete installation of the surge tanks and electrical work for the Mandali irrigation pump station. An additional \$600,000 is required to complete the electrical work. .

Major Irrigation Projects

Project Code: 66000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	54	-	-	-	-	54	54	6
Change from October	-	-	-	-	-	-	-	-
January 2007	54	-	-	-	-	54	54	6

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$54 million allocated for Major Irrigation Projects.

Accomplishments since the October Report:

- Continued construction of Eastern Euphrates Drain to an estimated 2% complete (\$39 million).
- Completed procurement of MWR heavy equipment and began delivery of equipment (\$9 million).

Accomplishments anticipated next quarter:

- Complete construction of Eastern Euphrates Drain to 15% (\$39 million).
- Continue delivery of heavy equipment (\$9 million).

Dam Repair, Rehabilitation and New Construction
Project Code: 67000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	79	-	-	-	-	79	77	19
Change from October	-	-	-	-	-	-	-	+3
January 2007	79	-	-	-	-	79	77	22

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$79 million allocated for Dam Repairs, Rehabilitation and New Construction.

Accomplishments since the October Report:

- Delivery of equipment for Adhaim Dam and Ramadi Barrage rehabilitation did not commence, due to due to delays finalizing project details (\$10 million).
- Continued rehabilitation of Diyala Weir to an estimated 21% complete (\$5 million).

Accomplishments anticipated next quarter:

- Commence manufacturing and delivery of equipment for Adhaim Dam and Ramadi Barrage (\$10 million).
- Continue rehabilitation of Diyala Weir to an estimated 35% complete (\$5 million).

Umm Qasr/Basrah Water Supply Project
Project Code: 68000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q 1	Q2	Q 3	Q 4	Total	Obligated	Outlayed
2207 Report								
October 2006	35	-	-	-	-	35	34	20
Change from October	-	-	-	-	-	-	-	-
January 2007	35	-	-	-	-	35	34	20

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$34.9 million allocated for Umm Qasr.

Accomplishments since the October Report:

- Did not commence implementation of Sweetwater Canal Pump Station No. 2 power supply due to contractor failure to procure equipment (\$9 million).
- Continued to provide heavy equipment O&M services at Sweetwater Canal including the provision of necessary spares and consumable supplies (\$2.0 million).

Accomplishments anticipated next quarter:

- Continue implementation of Sweetwater Canal Pump Station No. 2 power supply. (\$9 million).
- Continue to provide heavy equipment O&M services at Sweetwater Canal including the provision of necessary spares and consumable supplies (\$2.0 million).

SECTOR: Transportation and Telecommunications

Civil Aviation

Project Code: 70000

\$ millions	FY 2007 by Quarter								
	2207 Report	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	80	-	-	-	-	-	80	79	50
Change from October	-	-	-	-	-	-	-	-	+4
January 2007	80	-	-	-	-	-	80	79	54

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$80 million allocated to Civil Aviation.

Accomplishments since the October Report:

- Started construction of the Basrah International Airport (BIA) Navigational Aids project. The installation of the Instrument Landing System, Automatic Weather Station will provide for low level weather landings and departures (\$1.9 million).
- Started construction of the BIA Communications project. This program will provide International Civil Aviation Organization (ICAO) compliant communications to the air traffic control (ATC) tower allowing clear communications between aircraft and ground (\$800,000).
- Started construction of the BIA Radar project. The radar provides coverage for the south of Iraq. The radar will enhance safety and improve all weather operations and improve commercialization (\$11.5 million).
- Started construction of the BIA Water System Improvements project. Clean and safe water distributed to the airport complex is critical to development of the airport and terminal complex. This system provides specially treated water to the air conditioning system for the buildings and a reserve for fire fighting requirements (\$2.6 million).
- Completed the Baghdad International Airport (BIAP) navigation aid commission flight check. The new navigation aids provide for safer operation of aircraft at this important airport consistent with international standards (\$400,000).
- Completed the Mosul Air Traffic Control (ATC) Tower construction project. The new tower with its modern air traffic control equipment will enable Iraqi civilian air traffic controllers, once properly trained and certified, to assume responsibility for the

movement of civilian aircraft flights into and out of the airport. The equipment is a step toward compliance with ICAO standards for an Iraqi-managed airport and restoring commercial air service to the area (\$11.0 million).

- Completed O&M training in the U.S. for Iraq Civil Aviation Administration (ICAA) personnel on the ASR-11 radar system and the AUTOTRAC II air traffic control system. The training of Iraqi civilians to operate and maintain essential modern air traffic control systems is a further step toward their independence in the operation and control of Iraq airspace (\$400,000).
- Completed ICAA Flight Safety Training and Certification. Iraq cannot achieve ICAO internationally recognized standards for aviation unless it has a viable central government function of regulation and enforcement of aviation rules and regulations. Integral to this function are well trained, competent Flight Safety Inspectors (\$540,000).
- Completed 30% of Navigation Aids On-Site Maintenance (\$554,000).
- Delivered Radios and Antennas to BIAP. These radios provide a critical communications redundancy for air traffic control at Iraq's main international airport (\$52,000).
- Completed two of three phases of the ATC training. Training includes courses teaching Iraqi ATC Officers how to operate air traffic control systems throughout Iraq, feature systems familiarization, terminal radar approach control, quality assurance and English language training. This training advances the ICAA toward ICAO compliant control of the Iraq airspace while promoting the safe management of air traffic through quality training. Iraqi staff is progressing through training in Air Traffic Control to assume responsibly for control of local aircraft at BIA (\$6.5 million).

Accomplishments anticipated next quarter:

- Deliver four Sport Utility Vehicles (SUVs) and seven Light Utility Vehicles (LUVs) to the airports in Iraq. The equipment facilitates the movement of operational and maintenance staff throughout the airport while conducting their on-going responsibilities in operating the airport in compliance with ICAO standards (\$349,000).
- Continue construction on all BIA projects.

Umm Qasr Port Rehabilitation
Project Code: 71000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	43	-	-	-	-	43	43	36
Change from October	-	-	-	-	-	-	-	+3
January 2007	43	-	-	-	-	43	43	39

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$43 million allocated to Umm Qasr Port Rehabilitation.

Accomplishments since the October Report:

- Continued refurbishment work on the Nelcon cranes. Once completed, the cranes should increase cargo handling capacity of the port by 30%.
- Completed 80% of the Nelcon crane power supply project. The completion date was extended by fifty days for a total of ninety days due to delays in parts delivery (\$300,000).
- Completed 60% of the new Roll-On Roll-Off (RO-RO) berth construction. The overall project completion date was extended due to long delivery schedule of new fenders for Berth #5. Upon completion, this project will improve capacity and throughput efficiency for RO-RO cargoes and reduce potential vessel damage (\$2.7 million).

Accomplishments anticipated next quarter:

- Complete the power supply installation project for the Nelcon cranes and begin utilizing the cranes for cargo operations (\$300,000).
- Complete the new RO-RO berth construction and commence cargo operations at the new berth (\$2.7 million).
- Accept delivery of the Fire Rescue Boat spare parts at the Port of Umm Qasr thereby improving reliability of the boat with a resultant increase in port safety and security.
- Complete work on the Nelcon crane, spreaders and motor refurbishment eventually resulting in increased cargo throughput capacity for the port (\$3.4 million).

Railroad Rehabilitation and Restoration
Project Code: 72000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	197	-	-	-	-	197	196	135
Change from October	-	-	-	-	-	-	-	+8
January 2007	197	-	-	-	-	197	196	143

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$197 million allocated for Railroad Rehabilitation and Restoration.

This project code supports the increase of capacity and assures self-sustainability of the Iraqi Republic Railways Company (IRR) by providing essential tools, spare parts, track maintenance equipment, communications and control systems and renovating rolling stock maintenance facilities and railway stations. To date, ninety station rehabilitations have been completed.

Accomplishments since the October Report:

- Completed the rehabilitation of five railway stations in Dhi Qar and a bridge rehabilitation in Baghdad (\$428,000).
- Completed 95% of the rehabilitation of Baghdad Central Railway Station project. The completion date will be extended by approximately one month to accommodate a contract modification (\$6.3 million).
- Started the Shalchiya Shops Rehabilitation project. This effort will support future locomotive and wagon (freight car) maintenance requirements for this IRR operating division (\$4.6 million).
- Completed rehabilitation of Samawah Maintenance Shop (\$9.2 million).
- Completed 74% of Communications Based Train Control (CBTC) System (Locomotive Telemetry, Operating Control Consoles, Site Surveys, Soil Mechanics and Training.) This system will be used to track and monitor train locations for improved efficiency and safety (\$1.6 million).
- Completed 88% of Baghdad LAN equipment and training. This equipment will allow for communications between staff and the installation and usage of enterprise resource planning software (\$1.3 million).

Accomplishments anticipated next quarter:

- Complete the rehabilitation of Baghdad Central Railway Station (\$6.3 million).
- Re-award the rehabilitation of Falluja Station and housing contract (\$3.0 million).
- Complete the rehabilitation of two Railway stations in Basrah (\$281,000) and one in Dhi Qar (\$39,000).
- Deliver Diesel Generator sets to Baghdad Central Railway Station to provide back-up power to the operations center and primary power to outlying stations (\$144,000).

**Iraq Telecommunications and Postal Corporation
Project Code: 74000**

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	20	-	-	-	-	20	20	16
Change from October	-	-	-	-	-	-	-	+2
January 2007	20	-	-	-	-	20	20	18

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$20 million allocated to the Iraq Telecommunications and Postal Corporation.

Accomplishments since the October Report:

- Re-solicited Baqubah Post Office rehabilitation due to contractor asking for more money after original award.
- Completed 20% construction of Diwaniya Post Office (\$485,000).
- Completed rehabilitation of Hamorabi Post Office in Baghdad (\$76,000).

Accomplishments anticipated next quarter:

- Award Baqubah Post Office rehabilitation project (\$51,000).
- Furnish Baghdad Post Offices (\$25,000).

Iraqi Telecommunications Systems
Project Code: 76000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	48	-	-	-	-	48	44	19
Change from October	-	-	-	-	-	-	-	+3
October 2006	48	-	-	-	-	48	44	22

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$48 million allocated for Iraqi Telecommunications Systems.

Accomplishments since the October Report:

- Completed 11% construction of Al Mamoon Telephone Exchange building (\$22.7 million).

Accomplishments anticipated next quarter:

- Deliver office furniture (\$18,000).
- Continue Al Mamoon Exchange project.

Consolidated Fiber Network (CFN)
Project Code: 76500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	56	-	-	-	-	56	56	46
Change from October	-	-	-	-	-	-	-	+1
January 2007	56	-	-	-	-	56	56	47

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$56 million allocated to the Consolidated Fiber Network. USAID has completed their portion of the project.

Accomplishments since the October Report:

- Started work on the CFN Operations and Maintenance project (\$955,000).

Accomplishments anticipated in the next quarter:

- Continue Operation and Maintenance project.

**Iraq Telecommunications Operations Communications and Media Commission (CMC)
 Project Code: 79000**

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	20	-	-	-	-	20	20	12
Change from October	-	-	-	-	-	-	-	+1
January 2007	20	-	-	-	-	20	20	13

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$20 million allocated to modernize the Iraq telecommunications operations system and to support a telecommunications regulatory agency.

Accomplishments since the October Report:

- Delivered furniture to CMC headquarters (\$537,000).
- Delivered 18 laptops to CMC headquarters and 79 to Ministry of Communications (\$148,000).
- Commenced phase one of Strategic Development Training for CMC staff consisting of multiple short duration courses in Amman, Jordan.
- Completed technical training for ten CMC IT staff in Amman, Jordan for 25 days.

Accomplishments anticipated next quarter:

- Continue phase one of Strategic Development training.

SECTOR: Roads, Bridges and Construction**Roads and Bridges****Project Code: 82000**

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	209	-	-	-	-	209	202	75
Change from October	-	-	-	-	-	-	-	+10
January 2007	209	-	-	-	-	209	202	85

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government: Department of Defense

Changes from the October Report: This report maintains the \$209 million allocated to Roads and Bridges. This project code supports the repair, replacement or construction of essential segments of highway, strategic bridges and critical secondary roads that will enable reconstruction, economic development and public safety.

Accomplishments since the October Report:

- Completed three road projects in Babil (\$1.4 million), three in Qadissiya (\$1.9 million) and two in Wassit (\$1.3 million).
- Completed two road projects in Basrah (\$471,000) and one bridge in Ninawa (\$94,000).

Accomplishments anticipated next quarter:

- Complete two bridges in Dhi Qar (\$2.5 million).
- Complete Nassriya Bridge in Dhi Qar (\$845,000).
- Complete two road projects in Wasit (\$1.5 million), one in Basrah (\$1.3 million) and one in Najaf (\$762,000).
- Start rehabilitation on two PRDC projects in Baghdad (\$3.16 million).
- Start rehabilitation on two PRDC projects in Najaf (\$240,000).
- Start rehabilitation on two PRDC projects in Maysan (\$550,000).

SECTOR: Health Care

The Iraqi healthcare system had not been funded or managed in a sustainable, systematic manner for at least two decades before liberation. Quality of care and efficiency of delivery was limited by several factors, including: facility location not in line with current demographics; dilapidated infrastructure and poor or non-existent biomedical and health facility maintenance; limited supplies of medications, other supplies and modern equipment; and lack of continuing medical education and training for clinicians as healthcare advanced.

Helping the Iraqi Ministry of Health (MoH) convert its healthcare system from a centralized, inpatient, specialty care hospital-based model to an outpatient primary health care-based system will help to improve the health of the overall population especially in the fields of women's health, preventive medicine and maternal and pediatric health. It will also provide a sustainable healthcare delivery system that improves services for the most vulnerable population groups.

Nationwide Hospital and Clinic Improvement

Project Code: 90000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	466	-	-	-	-	466	450	317
Change from October	-	-	-	-	-	-	-	+23
January 2007	466	-	-	-	-	466	450	340

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$466.3 million allocated to this project code for Nationwide Hospital and Clinic Improvements.

Primary Healthcare Centers (PHCs): A total of 142 new PHCs are planned across Iraq. In March 2006, the design-build contract for constructing 141 of these was terminated for convenience. Only 18 PHCs were nearly complete, while construction on the remaining 124 PHCs was 67% complete on average. The Iraqi Ministry of Health (MoH) has accepted seven of these 18 PHCs from the U.S. Government. Each is now seeing patients even while corrective work is underway. The work on these seven clinics and on the remaining 11 mostly completed PHCs is scheduled to be complete in January and February.

All of the 124 partially complete PHCs are under firm, fixed price (FFP) contracts awarded to local Iraqi contractors. As of December 4, 2006, construction has re-started on 119, with five sites being blocked due to security issues and payment disputes with former sub-contractors.

Hospitals: The health program originally included renovation of 17 maternity and children’s hospitals. Currently, the program has grown to 27 projects at 20 hospitals, including the \$15 million Najaf Teaching Hospital renovation.

In May, the USG terminated the design-build construction contract for eight hospital rehabilitation projects due to slow construction progress causing funds to be depleted at a rate that would have prevented the completion of this project. In June, the award of eight FFP contracts to Iraqi contractors was completed using the funds remaining after termination of the design-build contract. As such, work continued on each of the eight hospitals without interruption.

With the exception of elevator replacement or repair work and the installation of ultra-clean operating rooms, rehabilitation work at 12 of the 20 hospitals is complete.

Accomplishments since the October Report:

- Completed work on one PHC. Restarted work on 59 PHCs. Continued work on 82 PHCs.
- Completed work on three of the eight remaining hospital rehabilitation projects.
- Awarded in-scope change on two contracts to replace non-operable and un-certifiable elevators in 15 hospitals.

Accomplishments anticipated next quarter:

- Complete the construction of 71 PHCs.
- Complete the major rehabilitation on four of the five hospitals that remain incomplete in this program.
- Continue to replace the non-operable and sub-standard elevators in 15 hospitals.

Equipment Procurement and Modernization and Training

Project Code: 92000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	268	-	-	-	-	268	268	181
Change from October	-	-	-	-	-	-	-	+9
January 2007	268	-	-	-	-	268	268	190

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$268 million allocated to the Equipment Procurement and Modernization and Training project code.

Accomplishments since the October Report:

DoD/GRD

- Delivered and installed medical equipment, consumables and furniture to seven PHCs upon completion of their construction.
- Continued delivery and installation of \$23.7 million in medical equipment in the twelve hospitals in which the rehabilitation is complete.

USAID

The USAID Health Training Program closed out December 31, 2006. This multifaceted program enabled more than 2,839 health care providers to obtain specialized skills in the management of childhood illness, interpersonal communications, counseling skills, infection prevention, team building for primary health care staff and health care management health center directors. During the course of the program, more than 4,664 Iraqi citizens participated in courses to enhance or build their skills. The courses stressed the need to foster a cadre of trainers who are capable of continuing the program. Of note, the program can boast that 17 of the 18 governorates now have at least two individuals who have received the basic training of trainers curriculum.

Accomplishments anticipated next quarter:

DoD/GRD

- Continue the delivery and installation of medical equipment and furnishings to 71 PHCs as they are completed.
- Continue the delivery and installation of medical equipment to four renovated hospital as they are completed.
- Continue contract closeout.

USAID Project closed out.

Basra Pediatric Facility (Hospital)
Project Code: 91000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	50	-	-	-	-	50	49	36
Change from October	-	-	-	-	-	-	-	+3
January 2007	50	-	-	-	-	50	49	39

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: USAID

Changes from the October Report: This report maintains the \$50 million allocated to the Basra Pediatric Facility (Hospital).

Accomplishments since the October Report:

- This project code is closed.

Basra Children’s Hospital
Project Code: 91500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	34	-	-	-	-	34	34	-
Change from October	-	-	-	-	-	-	-	+4
January 2007	34	-	-	-	-	34	34	4

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: DoD/GRD

Changes from the October Report: This report maintains the \$34 million allocated for the completion of the Basra Children’s Hospital (BCH).

Accomplishments since the October Report:

- Established USACE/GRD project management team in Basrah. The “team,” established in July, continues to grow as project responsibilities increase. Currently there are six USACE and six local national employees working on the BCH project.

- Signed Memorandum of Understanding with Project HOPE. Project HOPE is providing \$20 million in medical equipment and \$10 million in training.
- Awarded Architect Engineer (\$1.45 million) and Medical Equipment Integration Service (\$8.7 million) contracts with Child Survival and Health (CSH) Funds from USAID to support the project/construction management effort of this project.

Accomplishments anticipated next quarter:

- Continue construction.
- Complete design work for medical logistics warehouse, off-site utility connections and generator busing system, medical waste steam autoclave, oxygen generation system and site drainage.

SECTOR: Private Sector Development

Business Skills Training

Project Code: 02500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	40	-	3	-	-	40	40	33
Change from October	-	-	-	-	-	-	-	+3
January 2007	40	-	3	-	-	40	40	36

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of Defense

Changes from the October Report: This report maintains the \$40 million allocated for Business Skills Training.

Accomplishments since the October Report:

- Finalized the permanent Securities Law.
- Outlined comments regarding the context of the Law, its underlying foundation and imbedded international standards as documents that will accompany the Law as it is processed for passage.
- Completed draft of the Rules and Regulations for the Iraq Securities Commission.
- Completed the training of the Iraq Stock Exchange's IT Team for the automation software.
- Contracted work for the development of a Business Center Association and expansion and upgrades to the Best Practices Manual for Business Centers.

Accomplishments anticipated next quarter:

- Prepare permanent Securities Law and narrative of legal framework for Law, translated and ready to enter the process for legislative action.
- Complete presentations to senior GOI officials regarding the Law, its underlying principles and comparative standing in the region.
- Finalize and have adopted the Rules and Regulations by the Iraq Securities Commission.

- Complete the training of all support staff and brokers for automation.
- Complete the system testing in Amman, Jordan of the customized software and prepare the system for shipment to Baghdad for installation in the Iraq Stock Exchange.

Micro, Small and Medium Enterprises

Project Code: 03000

\$ millions	FY 2007 by Quarter								
	FY 04	FY 05	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report									
October 2006	41	-	-	-	-	-	41	41	36
Change from October	-	-	-	-	-	-	-	-	+5
January 2007	41	-	-	-	-	-	41	41	41

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Departments of Defense and the Treasury and the Overseas Private Investment Corporation (OPIC), with funding transferred from USAID

Changes from the October Report: This report maintains the \$41 million allocated to Micro, Small and Medium Enterprises.

Accomplishments since the October Report:

DoD

- Transferred funds to the Iraq Middle Market Development Fund (IMMDF) under the OPIC facility to increase its capacity and enable it to undertake lending activities to a new market segment, Small and Medium Sized Enterprises (\$35,000 to \$500,000 loans) for agro-business and other industry sectors. This completes the project funding in this project code (\$4 million). The OPIC project will utilize the funding to continue to make loans to small and medium-sized Iraqi businesses to support private sector development, economic growth and a diversified economy.
- Received the first two sections of the Economic Zone Study.

OPIC

- Of the thirty-three potential loans to date, IMMDF has disbursed \$26.6 million to nine borrowers. An additional eleven borrowers representing \$29.2 million and 745 jobs in sectors as diverse as glass and doors for housing/commercial construction and flour milling have been approved. The companies are located throughout Iraq in Basrah, Sulaymaniyah, Erbil and Najaf. Three loans totaling \$5.5 million are currently under consideration. Another ten companies had applications that did not move forward for various underwriting issues, borrower decisions, or other reasons. IMMDF's general

manager continues to participate in multiple trade and investment conferences. Offices have been established in Erbil and Sulaymaniyah, which should contribute to a good pipeline of new business.

- In late December 2006 OPIC received an additional \$9,171,756; \$5,000,000 to support agriculture and \$4,171,756 to support small business projects. After applying 10% of these amounts for OPIC's administrative expenses as provided for by interagency agreement, \$8,254,581 will be granted from OPIC to IMMDF to expand IMMDF's programs for small business and agriculture this quarter.

Accomplishments anticipated next quarter:

DoD

- Receive the complete Economic Zone Study and prepare it for distribution to the GOI and other interested parties.

OPIC

- Selection and award of loans will continue.

Institutional Reforms

Project Code: 01500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	89	-	-	-	-	89	89	66
Change from October	-	-	-	-	-	-	-	+12
January 2007	89	-	-	-	-	89	89	78

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: USAID, the Department of the Interior Minerals Management Service (MMS) (with funds transferred from the Department of State), the Department of Energy (DOE), Office of Policy and International Affairs (with funds transferred from the Department of State) and Department of Commerce, Office of the General Counsel/Commercial Law Development Program (CLDP) (with funds transferred from the Department of State)

Changes from the October Report: This report maintains the \$89 million allocated to Institutional Reforms.

Accomplishments since the October Report:

USAID

- Installed the tax automated system, TAGDEER, at the General Commission for Taxes headquarters.
- Assisted the Tax Policy Unit of the Ministry of Finance in drafting a formal plan for the overhaul of the Iraqi tax system. Achievement of this result will enable the GOI to meet a requirement under the SBA with the IMF.
- Postponed installing the Central Bank of Iraq (CBI) data center due to delivery delays. The first hardware arrived at the end of November. Initial installation of the multi-phase project commenced at the beginning of December.
- Delayed the CBI Banking Supervision department's first Financial Soundness Indicators report to IMF. This has been discussed at the IMF/FRBNY/USAID Banking Supervision Workshop in Bahrain and the CBI BSD staff members anticipate the first draft report will be produced shortly.
- Delayed recapitalizing CBI by the Ministry of Finance (MOF) according to USAID/IMF recommended format. Despite repeated requests by the CBI, the Minister of Finance has not taken the necessary actions to recapitalize the CBI. Advisor efforts on this topic are at a standstill until the Minister moves the MOF into action.
- Prepared Preliminary Draft Law on Moveable Property Leasing.
- Designed and incorporated into the current system, enhancements for Business Registry that will streamline registration of new businesses. A generator has been provided to the Sulaymaniyah registry, a full-time Kurdish speaker is in place to support the consolidation of the registries and advisors have prepared a conceptual design for overall system improvements.
- Prepared implementing regulations for the newly designed Iraq Procurement Law. Advisors commented on draft regulations and will attend a conference on procurement reform in December to discuss new regulations.
- Facilitated the drafting and submission to the Council of Ministers of adjustments to the social safety net (SSN) cash benefits to mitigate the impact of inflation and fuel and food subsidy reductions on poor and vulnerable households and enforce social protections incorporated in the SSN package.
- Assisted the GOI with implementation of amended state pension legislation. Assisted the Pension Reform Steering Committee in organizing the State Pension Fund as a sustainable and solid administrator of the public pension contributions to secure and meet the budget deficit limits as set by the Stand-by Arrangement with the IMF.
- Provided further training sessions for the Baghdad and regional staff that supports the GOI in carrying out effective public education programs in both SSN and pension reform

areas to strengthen public support for macroeconomic reforms. Support is provided through a dedicated advisor working with MOLSA and its affiliated offices to address public education campaigns and media outreach. The advisor works closely with the Public Relations Department at MOLSA and conducted training sessions for Baghdad and regional staff and plans on doing more in the future.

- Assisted in operation of Pilot Social Welfare Program in Baghdad at the Ministry of Labor and Social Affairs by configuring and troubleshooting the system and providing additional training, support that is vital for a successful regional rollout.
- Completed post-Pilot 'Next steps' IT summary document, including overview of suggested post-Pilot software and hardware modifications, based on operation of the Pilot Social Welfare Program and domestic legislative changes.
- Continued execution against IT Capacity-Building and Knowledge Transfer Plan of the new Social Welfare system at the Ministry of Labor and Social Affairs.

DOE

- DOE signed an Interagency Acquisition Agreement with the State Department on September 26 for \$1.5 million to assist with the legal and regulatory development of Iraq's energy sector. DOE's Office of Policy and International Affairs will provide a two-year program of technical assistance to Iraq, focused on helping create a legal and regulatory environment conducive to domestic and foreign investment in the country's energy sector. DOE will be working principally with the Ministry of Oil (MOO) and other relevant government entities responsible for hydrocarbon development, as well as the Ministry of Electricity (ME).
- Program Manager traveled to Iraq in late October to participate in meetings with U.S. Embassy Baghdad and IRMO officials regarding the prioritization of DOE's Energy Program activities and projects to support the Embassy, MOO and ME.
- After a review of the projects and activities proposed by DOE and subsequent refinement of a draft work plan, the most urgent priority was providing "Energy Policy and Regulatory Development Assistance." DOE contracted a Petroleum Legal Advisor on November 30 to provide assistance to the U.S. Embassy on Iraqi hydrocarbon legislation and regulations. After several briefings at DOE, conference calls with U.S. Embassy Baghdad and meetings with participants of the Iraq Policy and Operations Group including the State Department, Treasury Department, NSC and Department of Commerce, DOE's Legal Advisor traveled to Iraq in late December to review and advise on Iraqi and Kurdistan Regional Government draft hydrocarbon laws.

CLDP

- Reviewed Iraq's new fuel import law and implementing regulations. Prepared a report on the shortcomings of the current texts; suggested alternative drafting to remedy these

shortcomings; developed an optimal regulatory framework for fuel imports, suitable to short-term and longer-term conditions in Iraq and conducive to attracting foreign investment.

- Responded to questions from the U.S. Embassy on issues of sovereignty and arbitration in the oil and gas sector.
- Translated the new law drafted by Iraq's Ministry of Oil to govern hydrocarbon exploration and production.
- Developed a detailed proposal for two events that would contribute to creating a dispassionate dialogue of a technical nature between Iraqi factions: A seminar on "Growth Through Investment And Trade: The International Legal Framework" and a workshop on "Awards Of Oil And Gas Leases: Best Practices".
- Obtained Dubai International Arbitration Center's (DIAC) agreement to host the seminar on "Growth Through Investment And Trade: The International Legal Framework".
- Obtained Qatar University Law School's agreement to host the workshop on "Awards Of Oil And Gas Leases: Best Practices."

Accomplishments anticipated next quarter:

USAID

- Enter opening balances into the Iraq Financial Management Information System (IFMIS) in conjunction with MOF staff.
- Assist the MOF in producing documentation explaining the new Chart of Accounts.
- Configure IFMIS for 2007, including loading the new GFS chart of accounts.
- Implement TAGDEER at two pilot branches for the GCT.
- Assist the Tax Policy Unit of the MOF in producing detailed work plans for implementing the first phase of the formal plan for the overhaul of the Iraqi tax system.
- All banks required to submit their prudential reporting in electronic form.
- Transition to the amended reserve requirement allowing banks to meet 5% of their required reserves with vault cash.
- Initiate development of an e-Government Strategy for the GOI.

- Provide legislative input to Shura Council legislative staff to promote passage of Secured Transactions Law and Procurement Law.
- Migrate old company records from pre-existing Business Registry to new Business Registry system.
- Provide formal comment on draft bidding documents for the new draft Procurement Law.
- Design the business process and functional requirements for the computerization of pension contribution withholding in the newly organized State Pension Fund.
- Start the production activity in the SSN Pilot Center in Baghdad and continue software functionality development for the rollout process throughout Iraq.
- Complete regulations for the development of the micro-grant programs for small income generating activities.

DOE

- Continue review and analysis of new law drafted by Iraq's Ministry of Oil to govern hydrocarbon exploration and production, as well as review implementing regulations and model contracts, including PSAs. Provide legal and technical assistance, including economic competitiveness evaluations of proposed laws and regulations, in response to requests from the U.S. Embassy Baghdad and other U.S. and Iraqi officials on oil and gas law issues.
- Target February/March 2007 to conduct a MOO study tour with DOE's Energy Information Administration and other entities. Ten MOO mid-management technical experts will receive an initial understanding of DOE's modeling and forecasting initiatives.
- Review the development and creation of a Strategic Planning Unit within the MOO Planning Department and further refine DOE's activities and projects accordingly to provide technical training and capacity development.
- Detail DOE Interim Energy Attaché to the U.S. Embassy in Baghdad for approximately eight months.

CLDP

- Review new law drafted by Iraq's Ministry of Oil to govern hydrocarbon exploration and production; review implementing regulations.
- Respond to questions from the U.S. Embassy on oil and gas law issues.

- Organize the seminar on “Growth Through Investment And Trade: The International Legal Framework..”
- Create a U.S./Arab International Legal Standards Advisory Group (ILSAG) that would help Iraqi stakeholders ensure that new laws governing the oil and gas sector are consistent with international standards. In order to identify Arab experts who could contribute to ILSAG, help a law school located outside of Iraq (most likely in Qatar) create a center of excellence on oil and gas law.

Agriculture

Project Code: 01600

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	113	-	-	-	-	113	113	95
Change from October	-	-	-	-	-	-		+9
January 2007	113	-	-	-	-	113	113	104

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: USAID, the Department of State and OPIC, with funds transferred from the Department of State

Changes from the October Report: This report maintains the \$113 million allocated to Agriculture.

Accomplishments since the October Report:

USAID

- All USAID funds have been disbursed under this project code. Project staff has demobilized, property disposition is underway, and negotiations of final USG payments to the contractor are underway. Project activities focused on Employment Generation, Mechanization, Grain Production, Date Palm Production, Animal Health, Irrigation Infrastructure, High-Value Crops and Capacity Development.

Department of State

- The *Iraq Agricultural Extension Revitalization Project* contract (\$7.8 million) was awarded on December 13 to a consortium of five U.S. land grant universities. The five U.S. universities will link with five Iraqi colleges of agriculture and with the Ministries of Agriculture, Higher Education and Scientific Research and Science and Technology for agriculture-related extension/education programs in arid- and semi-arid agriculture,

irrigation technologies/water resource management, agriculture extension training, distance education and livestock/animal health.

OPIC

- IMMDF received \$5 million in new loan capital to support agribusiness requests from small and medium enterprises (SMEs) and has begun the process of identifying possible loan recipients.

Accomplishments anticipated next quarter:

USAID – Project closed out

Department of State

- Start-up phase of the *Iraq Agricultural Extension Revitalization Project* will begin. A project conference is scheduled for February 2007 in Amman, Jordan between U.S. land grant university consortium members, Iraqi universities and Iraqi ministries.

OPIC

- IMMDF will continue identifying possible loan recipients.

Market-Based Reforms

Project Code: 03500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report	99	-	-	-	-	99	99	67
October 2006	99	-	-	-	-	99	99	67
Change from October	-	-	-	-	-	-	-	+3
January 2007	99	-	-	-	-	99	99	70

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: USAID

Changes from the October Report: This report maintains the \$99 million allocated to Market-Based Reforms.

Accomplishments since the October Report:

- SME Banking: Assisted the Iraq Company for Bank Guarantees through development of operational policies, procedures and manuals, staff training and establishment of headquarters. Guarantee applications were accepted. Training was conducted with six

partner banks to familiarize staff with the practical steps necessary to apply for guarantees. An additional 77 private bank credit officers in Baghdad and 20 in Erbil received training on modern bank lending practices in order to encourage private bank lending to SMEs.

- **Microfinance:** Continued to manage over \$10 million in grants for operational and loan capital to three international microfinance institutions operating in 14 governorates, supporting a cumulative total of over 15,000 loans cumulative since grants were operational in first quarter of 2006. Continued technical assistance to indigenous microfinance institutions (MFIs). Conducted basic training for 44 Iraqi MFI staff, advanced training for eleven staff and training for eleven trainers. Engaged 100 domestic and international microfinance stakeholders in a three-day summit on microfinance in Erbil. The summit helped in defining microfinance in Iraq, educating donors, implementing partners and practitioners; bringing together the people responsible for the development and delivery of microfinance; and establishing a basis for the way forward for the industry.
- **Trade Promotion:** Assisted in finalizing GOI responses to questions from World Trade Organization (WTO) members on Iraq's Memorandum of Foreign Trade Regime and submitting them to the WTO Secretariat. Provided training in the form of a simulated working party meeting to prepare the Iraqi delegation for its formal meeting with the WTO working party members. Assisted the GOI in drafting the Intellectual Property Law, which has been submitted to the appropriate committees in the CoR for consideration. Established a close working relationship with the Office of the U.S. Trade Representative to facilitate the accession process.
- **Investment Promotion:** Responded to GOI request for assistance in the preparation of the annual operating budget of the newly formed Investment Promotion Commission.
- **Accounting and Auditing:** Supported 45 learning resource centers through publication of pamphlets and provision of books. Six hundred eighty students have commenced a course on "Auditing Methods, Methodology and Standards" at ten universities and seventeen Iraqi Union of Accounting Associations chapters in 17 governorates throughout Iraq. E-book distribution project provided an implementation guide to industry professionals, universities and business associations on Accommodating Reporting Requirements of International Accounting Standards and IFRS to accompany Iraqi Uniform Accounting Standards.
- **Training and Business Associations:** Established five Small Business Development Centers (SBDCs) in Hilla (Babylon Center for Economy Development), Baghdad (Iraq Association of Securities Dealers), Erbil (Women Empowerment Organization), Kirkuk (Investment and Economic Development Center) and Talafar (Small Business Center) providing 100 participants with business development training. Fifty-three training courses (373 files) were made available through an e-knowledge portal. The e-knowledge portal will operate as a source of additional information and communication among the PRTs and other provincial development efforts of the U.S. Government.

Accomplishments anticipated next quarter:

- **SME Banking.** The Iraq Company for Bank Guarantees will finalize participating bank agreements with more than eleven banks and begin to market and provide for bank loan guarantees. The concept and business model for the Financial Services Training Center (FSTC) will be finalized with Iraqi counterparts and an implementation plan launched. The FSTC will be established to provide modern banking skills to Iraqi bank employees.
- **Microfinance:** Indigenous MFIs will provide an additional 85 loans in the first quarter worth \$174,000. Continue to manage three international microfinance institutions operating in 14 governorates, Microfinance Policy Reform Strategy finalized.
- **Trade Promotion:** Following the appointment of a Working Party chairman, assistance will be provided to prepare GOI participants for the First Working Party Meeting. Complete review of draft sanitary and phytosanitary law. Complete the draft customs legislation review with GOI.
- **Investment Promotion:** Investment policy reform measures, based on the Investor Roadmap, provided. Regulations governing the internal operations of the Investment Commission and its relationship with regional investment commissions provided to GOI.
- **Accounting and Auditing:** Senior Iraqi Accountants will undertake a study tour to the U.S. in January to develop relationships with premier accounting and auditing academic and professional organizations.
- **Training and Business Associations:** Three hundred trainees will be provided with business development courses through the SBDCs.

SECTOR: Education, Refugees, Human Rights and Governance

Migration and Refugee Assistance

Project Code: 04000

\$ millions	FY 2007 by Quarter							Obligated	Outlayed
	FY 04/06	Q1	Q2	Q3	Q4	Total			
2207 Report									
October 2006	186	-	-	-	-	186	186	134	
Change from October	-	-	-	-	-		-	+13	
January 2007	186	-	-	-	-	186	186	147	

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

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

Changes from the October Report: This report maintains the \$186 million allocated to fund life sustaining assistance to meet the immediate needs of refugees and other conflict victims, including internally displaced persons (IDPs). The funding will also support efforts by the Department and international organizations such as the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM) to build the capacity of Iraqi institutions, particularly the Ministry of Displacement and Migration (MoDM). The successful reintegration of refugees, returnees and IDPs is critical to achieving stability in areas heavily affected by persecution under the former regime.

Accomplishments since the October Report:

State (PRM)

- Conducted a mission to Al Anbar province to gather information towards finding a durable solution for Sudanese refugees near Al Rutbah. Proposed specific recommendations for consideration.
- Monitored and evaluated the assistance that UNHCR is providing to Sudanese refugees in Anbar.
- Advanced negotiations to facilitate the voluntary return of 14,000 Kurdish-Turkish refugees to Turkey, contributing to the two meetings held to agree on specific measures to prepare for a refugee census at the camp.
- Held a workshop in Amman for senior officials from the MoDM to plan for training for Ministry's staff in the coming months.

- Provided technical assistance and secretarial support to MoDM's working group reviewing the departmental Functional Statements and the individual Job Descriptions developed by the PRM-funded capacity-building program.
- Developed Standard Operating Procedures (SOPs) for MoDM's Information and Branches departments.
- Provided on-the-job information technology training and technical support for the day-to-day operations of MoDM's Information Department.
- Coordinated with MoDM modifications to the Ministry's draft basic law.
- Established one Legal Aid and Information Center (LAIC) in Maysan (southern Iraq).
- Initiated a survey on the social status of 1,200 returnee women across 21 villages in Maysan and Dhi Qar (southern Iraq).
- Held a gender orientation workshop in Baghdad to train implementers of a program to improve the social status of returnee women in Maysan and Dhi Qar.
- Developed training material for a community health education program for returnee women in Maysan and Dhi Qar.
- Continued construction of 3,900 meters of pipe networks and 15 water outlet points in Maysan and Dhi Qar.
- Conducted health and hygiene training for over 1,000 women in Soran (northern Iraq).
- Implemented three cash-for-work rehabilitation projects in Khanaqin and Kifri (central Iraq).
- Initiated the rehabilitation and expansion of a clinic in central Iraq.

USAID

- OFDA generated through cash-for-work programs thousands of days of employment in Kirkuk, Dahuk, Maysan Wasit, Ninawa and Diyala Governorates. Projects included water and sanitation, road graveling and civic infrastructure improvements; all activities were labor intensive.
- Continued responding to sudden displacement needs due to sectarian conflict country wide. Provided emergency relief to flood victims in Erbil and Sulaymaniyah provinces.
- Concluded activities of mobile health units in returnee and IDP areas of Erbil, Kirkuk, Anbar, Dahuk and Ninawa Governorates and in areas impacted by recent kinetic operations and among newly displaced persons due to sectarian tension.

- Completed implementation of water and sanitation activities in Kirkuk, Diyala, Erbil and Ninawa, Maysan, Muthana and Wasit Governorates.
- Completed health education and refresher training for rural-based physicians.
- Completed Violence, Abuse and Women’s Rights Awareness Training in Kalar and Kifri for over 1,300 women.
- Completed provision of livelihood assets to persons with disabilities (e.g. wheelchairs) and supported local prosthetic device manufacturing activities.

Accomplishments anticipated next quarter:

State (PRM)

- Monitor and evaluate existing PRM programs and begin implementing new programs benefiting returning refugees throughout the country (as security conditions allow).
- Begin winterization assistance for returnees in central Iraq.
- Assess, evaluate and then make recommendations and conduct training for local municipality authorities to build their knowledge regarding environmental issues in Soran.
- Analyze the data collected and report on the survey on the social status of returnee women in Maysan and Dhi Qar.
- Initiate community health education, including training of educators and sessions with returnee women in Maysan and Dhi Qar.
- Complete provision of livestock, training in livestock-keeping and basic business skills for vulnerable returnee women in Maysan and Dhi Qar.
- Complete construction of 3,900 meters of pipe networks and 15 water outlet points.
- Finalize the Standard Operations Procedures (SOPs) on information dissemination at MoDM.
- Develop SOPs for the Humanitarian Affairs Department at MoDM.
- Continue working with UNHCR, IOM and ICMC to identify and implement durable solutions for 137 Sudanese asylum seekers near Al Rutba in Al Anbar province.
- Continue to support technical and institutional capacity building of the MoDM through funding to IOM.

- Continue to engage UNHCR, the Government of Turkey and the Government of Iraq to finalize an agreement that may facilitate the voluntary return to Turkey of approximately 10,000 Kurdish-Turkish refugees in Makhmour camp.
- Monitor and evaluate existing PRM programs benefiting returning refugees and host communities throughout the country (as security conditions allow).
- PRM implementing partner Shelter for Life (SFL) will begin construction of water pipe distribution networks in four neighborhoods in Soran, northern Iraq, benefiting Iraqi returnees. SFL will also begin construction of a 16 inch pipe along a 7.4 kilometer long mountainous route, from the source of the town's water supply, to augment the solitary pipe now providing water. This will increase the town's water capacity and delivery system. In addition, health and hygiene and water conservation classes will be provided to families in four neighborhoods in Soran.
- PRM implementing partner Mercy Corps Iraq will commit \$200,000 in quick-impact projects benefiting returnees in Diyala and Sulaymaniyah.
- With PRM's support, International Medical Corps will begin interventions in the area of gender awareness raising targeting 55,026 individuals (28,026 returnees and 27,000 host population) in the marshlands of Maysan and Dhi Qar. With the goal of reintegrating returnee populations by addressing their health needs, the program focuses on community-based interventions for women and will implement water projects, community health education, income generation and other activities for women.

USAID

- OFDA partners will prepare final reports and complete close out procedures.

Commission for the Resolution of Real Property Disputes (formerly Property Claims Commission)

Project Code: 05500

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	10	-	-	-	-	10	10	10
Change from October	-	-	-	-	-	-	-	-
January 2007	10	-	-	-	-	10	10	10

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of State's Bureau of Population, Refugees and Migration (PRM)

Changes from the October Report: This report maintains the \$10 million allocated for support to the Commission for the Resolution of Real Property Disputes (CRRPD) (formerly the Iraq Property Claims Commission).

The total number of claims considered officially filed decreased from 124,092 as of August 31 to 123,095 as of November 23 due to continued implementation of a CRRPD management decision not to include submissions that were so incomplete they could not be acted on. The total number of claims adjudicated during the same period increased from 25,893 to 28,216. Implementation of the out-of-country claims program continues to be delayed due to uncertainty of obtaining funding from the United Nations High Commissioner for Refugees (UNHCR) to assist with opening of CRRPD branch offices. The Appellate Commission became active again following the appointment of two Kurdish judges necessary to constitute a quorum. Security concerns and lack of reliable electronic connectivity continue to limit the ability of branch offices and CRRPD headquarters to communicate with each other more effectively.

All funds have been obligated and disbursed under this project code and the project code is closed.

**Ministerial Capacity Building
Project Code: 06750**

\$ millions	FY 2007 by Quarter							
	FY 04	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	20	-	-	-	-	20	20	-
Change from October	-		-	-	-	-	-	+4
January 2007	20	-	-	-	-	20	20	4

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Department of State, Iraq Reconstruction Management Office (IRMO) and USAID

Changes from the October Report: This report maintains the \$20 million allocation in this project code.

Accomplishments since the October Report:

IRMO

- Continued contracting additional projects under the short-term NCD program in concert with the key ministries and the Prime Minister’s Office.
- Coordinated the drafting of action and strategic plans for each key ministry.

- Implemented the support of the Prime Minister’s Legal Coordination Committee and Policy Advisory Unit.
- Began activities for various programs, such as the equipping the Prime Minister’s new Media Center, conducting ministry-wide procurement and contracting reform training and commencing implementation of Financial Management Information System (FMIS) modules for procurement, budget and asset management.
- Continued defining, coordinating and addressing capacity development initiatives with relevant Mission stakeholders such as USAID and DoD.

USAID

- Assessed the National Center for Consultancy and Management Development (NCCMD, also known as the National Training Center), developed a strengthening plan and began initial activities.
- Placed an advisor in a regional training center to prioritize and address its immediate needs.
- Approved advisors for Oil, Electricity and Health Ministries, which launches the ministry by ministry program to address capacity-building needs.
- Conducted four training courses in Procurement Basics and Budget Basics through the National Training Center, with a total of ninety trained.
- Awarded twenty scholarships for public administration graduate study at regional universities.
- Initiated organizational self-assessment process within the Ministry of Planning.

Accomplishments anticipated next quarter:

IRMO

- Continue contracting additional projects under the short-term NCD program in concert with the key ministries and the Prime Minister’s Office.
- Continue to support of the Prime Minister’s Legal Coordination Committee and Policy Advisory Unit.
- Continue activities for various programs, such as the equipping the Prime Minister’s new Media Center, conducting ministry-wide procurement and contracting reform training and commencing implementation of Financial Management Information System (FMIS) modules for procurement, budget and asset management.

- Continue defining, coordinating and addressing capacity development initiatives with relevant Mission stakeholders such as USAID and DoD.

USAID

- Establish presence in at least one additional regional center and begin strengthening process.
- Continue and expand Fiscal Management training through the National Training Center.
- Develop curricula for, and begin training courses in additional areas of public administration, such as Leadership and Communications, Project Management, Human Resources Management and Information Technology.
- Complete first organizational self-assessment.

Banking System Modernization

Project Code: 08000

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
2207 Report								
October 2006	30	-	-	-	-	30	30	28
Change from October	-	-	-	-	-	-		-
January 2007	30	-	-	-	-	30	30	28

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agency: Departments of Defense and the Treasury

Changes from the October Report: This report maintains the \$29.1 million allocation for banking system modernization (Treasury) and \$900,000 allocation for cash payment operations (Defense).

Accomplishments since the October Report:

- Approved individual MOUs and Bank Restructuring Action Plan, signed by all parties and submitted to the Council of Ministers for CoR approval.
- Continued to connect branch banks to the Iraqi Payment System (IPS), an automated bank communications system that allows for the electronic clearing of commitments between banks. Up to fifteen additional banks will join the system using their own communications technologies. The World Bank will complete its review of the communications link between the CBI and the private banks which will allow the system to expand.

Accomplishments anticipated next quarter:

- Continue work on the IPS.

Human Rights

Project Code: 09500a

\$ millions	FY 2007 by Quarter							
	FY 04/06	Q1	Q2	Q3	Q4	Total	Obligated	Outlayed
October 2006	15	-	-	-	-	15	15	12
Change from October	-	-	-	-	-	-	-	-
January 2007	15	-	-	-	-	15	15	12

NOTE: Obligation and Outlay Data is current as of December 28, 2006.

Responsible U.S. Government Agencies: Departments of Defense and State, USAID and USAID's Office of Transition Initiatives

Changes from the October Report: This report maintains the \$15 million allocated to address the atrocities of the Saddam regime and create a climate for the promotion of fundamental human rights and dignity in Iraq.

Accomplishments since the October Report:

State/Democracy, Human Rights and Labor (DRL)

- Gathered more than 6,000 detailed testimonies ten to 100 pages each, representing over 100,000 pages of detailed personal stories of the experience of severe human rights violations.
- Established network of interviewers gathering material in Baghdad, Hilla, Kut, Al Mahawil, Amara, Basrah, Nassriya, Al Samawa, Diwaniya, Najaf, Karbala, Kifri, Al Khalis, Mosul, Sinjar and other communities.
- Completed fieldwork in Kurdistan, gathering over 3,500 testimonies from the region.
- Completed preliminary analysis and compilation of reports in Arabic, Kurdish and English on specific human rights violations, patterns of violations and case studies to provide an historical record of the impact of the repressive activities of the prior regime.
- Completed the last of a series of civil society training, including a five-week program for Kurdish women political leaders.

- Completed the preparation of an introductory human rights course for the University of Sulaymaniyah.
- Translated the International Human Rights Law Institute (IHRLI) Gender Justice book into Kurdish and published 800 copies for use in future training.
- Held four Human Rights Education workshops in Baghdad and Basrah.
- Recorded and broadcast five radio programs on: Freedoms and Rights in the Constitution, the Reality of Human Rights in Iraq, Freedoms and Rights of Minority Groups in Iraq, the Rights of the Handicapped and the Rights of Wives Abandoned by their Husbands.
- Conducted training for human rights organizations in Amman, Jordan on monitoring, documenting, reporting and advocacy December 12-17.
- Followed a July Situational Assessment meeting involving 15 key Iraqi stakeholders by producing: Revised National Human Rights Institution (NHRI) establishment checklist; Final version of a NHRI Reference Tool; Memo on Roles and Responsibilities vis-à-vis the HR Ministry and the proposed Commission, produced at the request of the Minister of Human Rights; Full Legal Analysis of the Draft Law to Establish the Commission drafted by the UN Assistance Mission for Iraq Human Rights Office.
- Met with the Chairman of Iraq's CoR Human Rights (HR) Committee to discuss the Committee's needs and how it relates to the Ministry and other HR bodies in Iraq.
- Discussed plans for human rights public outreach/civic education with the HR Committee Chairman.
- Responded to the meeting, by revising our legal analysis of the draft legislation based on questions raised.
- Began planning a "shadowing" project, with the goal of offering hands-on training for present and future members of Iraqi national human rights institutions, fostering informed decision-making regarding the operationalization of Iraq's national human rights institutions and establishing a foundation for professionalism among Iraqis working on human rights concerns, both as government employees and as nongovernmental advocates.
- Began planning training for Iraq's CoR HR Committee in Erbil, Iraq January 6-7, 2007. Training topics include a focus on forced migration and roles and responsibilities of a parliamentary human rights committee.

Accomplishments anticipated next quarter:

- Continue weekly radio broadcasts. Broadcasts are expected to run twelve weeks and be composed of selected edited testimonies in Arabic and Kurdish on key radio stations, reaching an estimated three to four million listeners.
- Continue running weekly publication in major Arabic and Kurdish newspapers.
- Complete three human rights case studies from Kurdistan.
- Prepare text for three books in Arabic and Kurdish composed of edited testimonies and analyses.
- Continue holding human rights education workshops.
- Continue recording and broadcasting radio programs.
- Continue negotiation with the Ministry of Higher Education and Baghdad University to relocate the Human Rights Resource Center to the University's campus.
- Upgrade facilities of the HRRC.
- Offer scholarships to university students and scholars conducting research on human rights issues at Baghdad University.
- Launch the Human Rights Defenders Network (HRDN).
- Establish network operation, including setting up databases and mechanisms for communication among the participating NGOs.
- Begin gathering reports of activities from HRDN partners.
- Begin publishing and disseminating monthly HRDN newsletters (electronic publication).
- Provide training for members of the CoR HR Committee in Erbil, January 6-7, 2007.
- Launch "shadowing" project, to train present and future members of Iraqi national human rights institutions.