

## **APPENDIX III**

### **Economic Support Funds (ESF)**

#### **Objective 1: Security Track**

##### **Provincial Reconstruction Teams (PRTs)**

These projects are intended to strengthen the ability of provincial governments to deliver essential services to their communities. These small-scale projects are primarily implemented to support the mission of improved provincial governance. The National Coordination Team will coordinate the disbursement of this funding and will link it with the PRTs. Approximately \$50 million has been provided for Baghdad, \$40 million for Basrah, and \$9 million for each of the other 16 provinces, with \$50 million for emergency surge capacity. An additional \$50 million has been provided for essential service infrastructure in Baghdad.

##### **U.S. Government Implementing Agency: Department of Defense**

##### **Accomplishments:**

- The U.S. Department of State and the U.S. Army Corps of Engineers (USACE) entered into an Interagency Agreement (IAA) under which the USACE Gulf Region Division (GRD) is responsible for the execution and disbursement of these funds as well as overall project quality assurance oversight. The agreement includes the processes and procedures for submission of projects through the Iraqi-led Provisional Reconstruction Development Committees (PRDCs) as well as approval of projects through the National Embassy Team (NET). To the greatest extent possible, vendor-direct, firm-fixed priced contracts will be utilized for these projects. This IAA fully obligated \$315 million for PRDC projects.
- The PRDCs throughout the Iraq provinces have forwarded nominations and lists of desired and prioritized projects totaling \$386 million to the field operations team in Baghdad for consideration. The following activities have been accomplished under this IAA:
  - The NET has approved for funding \$147.4 million in projects in 16 of 18 provinces throughout Iraq.
  - Awarded 32 contracts totaling \$56 million for PRDC projects. All of these projects are located in Baghdad.
  - The NET has approved for funding \$21.5 million in projects in Baghdad Province. An additional \$12.2 million in funding requests has been received from the Anbar PRDC. The Anbar project submissions include requests for funding of two hospitals and six electrical projects.

## **Local Governance Project**

The Local Governance Project (\$155 million) will actively support and complement PRT initiatives by: enhancing advocacy efforts of provincial and local governments on policy reform through passage of legislation such as a Local Government Code, assisting to clarify and define functions and responsibilities that can be devolved from the national to local government levels, and strengthening the capabilities of the provinces and local governments to deliver services and foster economic development.

### **U.S. Government Implementing Agency: USAID**

#### **Accomplishments:**

- USAID has obligated the entire \$155 million of ESF under the existing Local Governance Program contract with Research Triangle Institute.

## **Community Stabilization Program (CSP) in Strategic Cities**

The \$135 million CSP focuses on reducing the incentives for young men to participate in violent conflict. The CSP will develop and implement social and economic stabilization programs in up to ten strategic cities. In consultation with MNF-I and PRTs, city neighborhoods and districts are selected for short-term essential service/public works employment generation, business development micro-grants and business skills training, as well as youth programs. In collaboration with the Ministry of Labor and Social Affairs, vocational education is provided in skill areas identified through formal and informal market surveys. CSP activities are designed to reduce insurgency, sectarian violence and crime by employing disenfranchised young men in some of the nation's most violent cities. CSP activities operate in secure environments as well as closely follow Clear-Control-Retain operations by Iraqi Security Force and coalition soldiers. CSP's funding will be used as follows: \$95 million for employment generation, business skills development, and vocational education, \$20 million for specialized youth programs, and \$20 million for micro, small and medium enterprise grants linked to vocational training and employment generation.

### **U.S. Government Implementing Agency: USAID**

#### **Accomplishments:**

- USAID has obligated all of the \$135 million of ESF allocated for CSP.
- The CSP has expanded to three additional cities (Kirkuk, Mosul/Tal Afar and Falluja/Al Anbar) and is in the planning phase for Basrah. CSP has completed security assessments in Kirkuk, Mosul and Falluja, established offices, hired and trained staff, developed city work plans and initiated essential service/public works employment generation and youth programs.

- Coordination and discussions with neighborhood action committees, district advisory committees, municipal government, brigade combat teams and PRTs are ongoing.
- CSP vocational education activities in Baghdad are ongoing.

### **Infrastructure Security Protection for Oil, Water and Electricity**

Infrastructure Security projects totaling \$277 million will focus on the oil sector (security barrier construction, hardening of oil infrastructure sites, implementing controlled access to facilities, maintaining standoff distances and exclusion zones), the electrical sector (security barriers, observation facilities, hardening of selected structures, controlled access, training static security guards), and the water sector (hardening of key water treatment plants and pumping stations).

### **U.S. Government Implementing Agency: DOD**

#### **Accomplishments:**

- USACE entered into an Interagency Agreement under which the USACE GRD is responsible for the execution and disbursement of these funds as well as quality assurance oversight. The agreement includes project lists for all three sectors and fully obligated the \$277 million for Infrastructure Security. The following activities have been accomplished under this agreement:
  - Solidified the preliminary list of projects to ensure viable, effective projects will be implemented. The present list consists of 28 projects for a total of \$132 million, including contingency and S&A.
  - Identified 16 projects worth \$22 million for which the GRD districts will complete the design, solicitation, award and quality assurance. These projects include hardening, improved lighting, communications and other improvements for use by the Iraqi Army to protect critical infrastructure. The remaining 12 projects, which are worth \$110 million, will be managed by GRD. The main projects are exclusion zones for oil pipelines and electrical transmission towers for \$100 million which will be solicited, awarded and administered by the GRD districts and oil valves for \$3.5 million.
  - Three projects worth \$6.4 million have already been awarded. Additional projects, including large projects worth \$115.2 million, will be awarded by the middle of May.

### **Community Action Program (CAP)**

With \$45 million in ESF funding, CAP will build upon previous community development efforts and further strengthen the links between communities and their governments. CAP will facilitate formal community coordination with local and provincial governments,

promote transparency and accountability at all levels, and encourage local ownership of public goods.

**U.S. Government Implementing Agency: USAID**

**Accomplishments:**

- USAID has obligated the full \$45 million of ESF allocated for CAP. USAID signed a Cooperative Agreement with CHF International in support of this activity, which will serve as the lead organization for the five-NGO alliance implementing CAP activities.
- Both the Baseline Survey and Performance Monitoring Plan have been completed and approved by USAID, which will allow accurate tracking of results achieved with these funds from this point forward.
- A web-based Project Reporting System has been launched that will unify the data collected among all five CAP Alliance Partners, and each Partner is currently populating this system with project data. Training given in late March enabled USAID personnel to access data directly for reporting and other purposes.

**Objective 2: Economic Track**

**Infrastructure Capacity Development Training and Technical-Level Management**

Infrastructure Capacity Development and Technical-Level Management (\$60 million) focuses on strengthening essential service ministries through Operation and Maintenance (O&M) training programs for plant and technician-level operators at major electricity power plants, water and wastewater plants and select health, transportation and communication facilities. Training includes preventive maintenance planning and scheduling, inventory control systems, spare parts forecasts and procurement, apprenticeship and certification programs with existing Iraqi technical institutes and, in the power sector, planning for annual maintenance outages.

**U.S. Government Implementing Agency: DOD**

**Accomplishments:**

- USACE entered into an Interagency Agreement under which the USACE GRD is responsible for the execution and disbursement of these funds. This agreement fully obligated the \$60 million for Technical Training. The following activities have been accomplished under this agreement:
  - Completed and approved prioritized project lists for the use of all authorized funds, with 36 specific efforts identified. Planned efforts span essential service areas of Electrical, Health Care, Transportation, Communication Water, and Sanitation.

- Completed detailed statements of work and initiated procurement actions for 23 of the 36 capacity development efforts.
- Awarded three contracts totaling \$12.7 million for Infrastructure Capacity Development Training and Technical-Level Management. All efforts are planned to be under contract by July.

### **O&M Sustainment of Key USG Funded Infrastructure**

O&M Sustainment (\$285 million) will assist Iraqis to sustain U.S. investments in essential service infrastructure by providing in-plant services (e.g., combustion inspections and hot gas path inspections), consumables (chemicals and spare parts, e.g., alum and chlorine) and spare parts at major electricity power plants, water and wastewater plants and select health, transportation and communication facilities.

### **U.S. Government Implementing Agency: DOD**

#### **Accomplishments:**

- USACE entered into an Interagency Agreement under which the USACE GRD is responsible for the execution and disbursement of these funds. This agreement fully obligated the \$285 million for O&M Sustainment. The following activities have been accomplished under this agreement:
  - Completed and approved prioritized project lists for the use of all authorized funds, with 62 specific efforts identified. Planned efforts span O&M sustainment of U.S.-funded facilities in the essential service areas of Electrical, Health Care, Transportation, Communication, Water and Sanitation.
  - Completed 43 detailed statements of work and initiated procurement actions for 39 of the 62 O&M sustainment efforts.
  - Awarded two contracts totaling \$20.7 million for O&M sustainment of U.S.-funded electric facilities. There are now a total of six sustainment efforts under contract, totaling \$83.6 million. All efforts are planned to be under contract by May.

### **Objective 3: Political Track**

#### **Ministerial Capacity Development**

The Ministerial Capacity Development Program has allocated \$105 million to assist the Government of Iraq (GOI) in strengthening the core functions necessary for the efficient administration of its key national ministries including: Finance; Electricity; Oil; Municipalities and Public Works; Water Resources; Transport; Planning; Justice; Judiciary;

Agriculture; Basic and Higher Education; and Health, the Inspectors General of these ministries and anti-corruption organizations like the Commission on Public Integrity and the Board of Supreme Audit. There are two components: (1) specific, immediate support to key ministries through the Ministerial Coordination Team and the Ministry Advisory Teams totaling \$45 million, and (2) support implemented through USAID that focuses on developing uniform approaches to key public administration functions (procurement, personnel, etc.) and on building the capacity of the GOI to manage training programs in these areas to sustain this effort (\$60 million).

## **U.S. Government Implementing Agencies: Department of State and USAID**

### **Accomplishments:**

#### **Department of State:**

IRMO has obligated \$2 million and is in the process of obligating the remaining \$43 million in Ministerial Capacity Development initiatives:

- \$11.9 million – Programs to strengthen leadership capacity of the Prime Minister’s Office and the Council of Ministers’ Secretariat.
- \$19.5 million – Programs to assist with budget execution, procurement and the private sector.
- \$13.6 million – Programs to strengthen service delivery of key ministries.

#### **USAID:**

USAID has obligated \$60 million of ESF funds allocated for Ministerial Capacity Development. Recent accomplishments include:

- A total of 143 trainees from 11 ministries participated in procurement and/or budgeting courses. Courses were given in Baghdad and Erbil.
- Public management advisors are in place for the Ministries of Oil, Electricity, Water Resources, Municipalities and Public Works and Agriculture. The Ministry of Oil requested assistance with organizational reform and systems reorganization and the Ministry of Agriculture requested training in core functional areas of public administration in preparation for decentralization.
- A pilot, Iraqi-led organizational self-assessment process was conducted at the National Training Center as an initial component of an Iraqi quality assessment and improvement process targeted at key ministries.

#### **Ministry of Finance and Central Bank of Iraq**

Assistance to the Ministry of Finance (MoF) and Central Bank of Iraq (CBI) in the amount of \$20 million will focus on the areas of banking supervision, evaluation and enforcement of the reserve requirement, management and sale of Iraqi treasury bills, data collection and statistical analysis and information technology management. More specifically, this program will assist the MoF in developing an integrated annual budget using the International Monetary Fund (IMF) classification system and international standards for planning and reporting. Budget planning activities will assist the MoF in preparing the Iraqi budget to meet the conditions of GOI's Stand-By Arrangement with the IMF. Also, the project will complete the rollout of the Financial Management Information System, which will enable the GOI to have real time reporting and management of cash expenditures across spending agencies and improve control and management of cash resources, accounting processes and budget execution in accordance with the Financial Management Law and international standards and increased transparency in budget preparation and execution. These efforts will be coordinated with the Treasury Attaché and the Department of the Treasury's Office of Technical Assistance.

**U.S. Government Implementing Agency: USAID**

**Accomplishments:**

- USAID obligated \$20 million of ESF allocated for Support to the MoF and CBI to its existing contract with BearingPoint, Inc.

**Democracy and Civil Society**

Funding in the amount of \$56 million (FY 2006 budget), and \$50 million (FY 2006 Emergency Supplemental Appropriation) supports critical democracy building programs as Iraqis transition to their first permanent, democratically elected government. ESF funding will support Council of Representatives efforts through the legislative and constitutional process to address a number of important governance issues. Funds also support women and minority participation in the political process and civil society efforts.

**U.S. Government Implementing Agencies: USAID and Department of State/DRL**

**Accomplishments:**

**USAID:**

- Civil Society and Independent Media - USAID obligated \$8 million of ESF to its existing contract with ADF.
- International Foundation for Election Systems (IFES) Election Support – USAID obligated the full \$10 million of ESF to its existing Agreement with IFES.
- IFES staff has conducted meetings with PRT representatives and other international, democracy-promotion organizations in Iraq to explore potential areas for collaboration in

anticipation of future electoral events. Areas currently being explored include how national networks of local observer groups can be leveraged to maximize public outreach at the grass roots level.

- Identified priorities and objectives in accordance with the Draft National Operations Plan for the conduct of an electoral event in 2007. Working with UN counterparts, a) continued assessment of the current election administration's preparedness so that targeted training programs could be developed based on each division's specific needs, and b) prepared a detailed training agenda for Independent Election Commission of Iraq staff based on immediate, prioritized needs.

**DRL:**

- Obligated \$56 million provided by the FY 2006 budget to the National Democratic Institute (NDI) and International Republican Institute (IRI).
- Obligated \$30 million provided by the FY 2006 Emergency Supplemental to the NDI (\$10 million), IRI (\$10 million), the National Endowment for Democracy (\$5 million), International Research and Exchanges Board (\$3 million) and the United States Institute of Peace (\$2 million).

**Regime Crimes Liaison's Office**

Regime Crimes Liaison's Office (RCLO) programs (\$33 million) assist the Iraqi High Tribunal (IHT) in coordinating assistance to the IHT by foreign governments, law enforcement agencies, international and non-governmental organizations and other United States Government agencies in Iraq. RCLO also serves as the lead Coalition office supporting the IHT measures to ensure the security and safety of witnesses and victims of crimes under investigation by the IHT.

**U.S. Government Implementing Agency: Department of Justice**

**Accomplishments:**

- RCLO has provided International Legal Advisors and Experts who have assisted and advised the IHT and the Appellate Court on legal and administrative issues.
- RCLO has conducted training for the IHT Judiciary and IHT personnel.
- RCLO has obligated \$19,281,259 of the FY 2006 ESF allocated to RCLO. Contracts for this quarter include:
  - Two contracts (\$898,600) were awarded for Logistical, Repatriation, and Demobilization Support of the Forensic Analysis Facility.
  - Fifteen contracts (\$2,002,137) were awarded for IHT Courthouse Support.

- Eleven contracts (\$7,870,579) were awarded for Judicial and Witness Security.
- Two contracts (\$71,260) were awarded for Training and Capacity Building.
- One contract (\$3,741,692) was awarded for Media/Outreach.