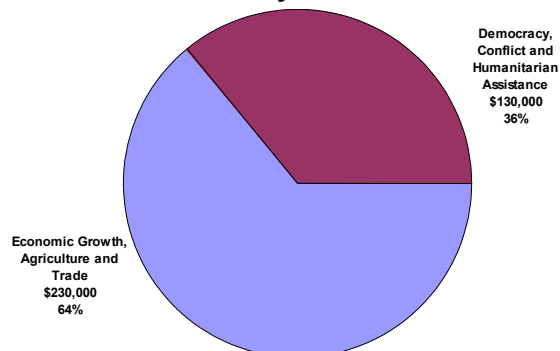
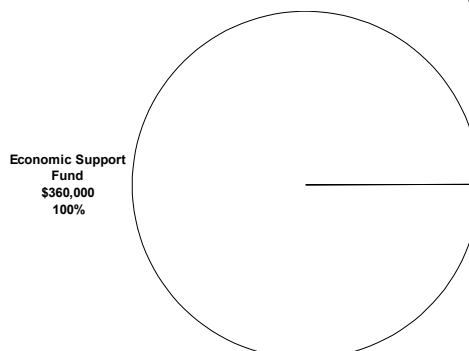


# Iraq

## FY 2006 Assistance by Sector



## FY 2006 Assistance by Account



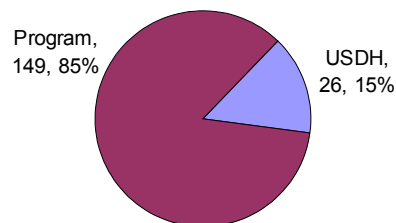
## Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Restore Economically Critical Infrastructure	267-001	1,494,287	127,481	
Education, Health, and Other Social Services	267-002	185,175		
Expand Economic Opportunity	267-003	135,868	365,236	230,000
Efficiency and Accountability of Government	267-004	386,074	169,417	130,000
Program Support and Development	267-006	4,500		
<b>Total (in thousands of dollars)</b>		<b>2,205,904</b>	<b>662,134</b>	<b>360,000</b>

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	93,851	90,078	26,600
USDH Salaries & Benefits	1,375		4,756
Program Funds			
<b>Total (in thousands of dollars)</b>	<b>95,226</b>	<b>90,078</b>	<b>31,356</b>

## FY 2006 Workforce



Mission Director: Spike Stephenson

## Iraq

**The Development Challenge:** Misguided economic policies and three wars wrought terrible damage to Iraq's society and economy. Per capita income fell to very low levels, unemployment increased, poverty expanded, and basic services deteriorated along with social indicators in areas such as health and education. The legacy of economic sanctions, such as deteriorated basic infrastructure, poor economic performance, and unemployment, are a significant burden on the general population and challenge to the Coalition and Iraq's Transitional Government. The reconstruction efforts of the Coalition and the Iraqi Interim Government (IIG) have been undertaken in the midst of a growing violent insurgency of former regime elements, foreign fighters, and other enemies of democracy. During the past year, in spite of military successes, the insurgency has intensified, creating an atmosphere unlike any other in which an international donor community has ever attempted such large-scale reconstruction. In an effort to sow fear, create an atmosphere of chaos, and prevent democracy from taking root, foreign-aid workers and Iraqis who work with, or benefit from, reconstruction efforts are intimidated and killed daily, and projects are routinely attacked.

Even absent an insurgency, the transition from authoritarian rule to democratic governance poses considerable challenges to the people of Iraq. During the interim and transitional periods, the disparate ethnic, religious, and sectarian groups of Iraq are challenged to form a common vision for their country based on tolerance and other democratic principles. In this decisive period in history, the people of Iraq will draft their new constitution and develop a new system of governance based on checks, balances, decentralization, and separation of powers. For the first time in decades, Iraqis have the opportunity for free, fair, and transparent voting, to express their views publicly, to debate important issues and policy alternatives, and to have a part in the decision-making process.

Over the past decades, Iraq has deteriorated from a nation with enormous natural resources and a relatively healthy, educated population to a failed nation. Literacy currently stands at only 39% and general health is far below the level in any other country in the region. The highly centralized bureaucracy resulted in inefficient and inequitable service delivery at the local level.

It is in the U.S. national interest to create a stable, democratic Iraq with a free-market economy. If this can be achieved, it will have a far reaching impact on an unstable region with little experience in democracy. Without economic growth and democratic pluralism, the Middle East will continue to be a pool of the disenfranchised and disenfranchised - a reservoir of recruits for Al Qaeda and other terrorist and extremist groups.

**The USAID Program:** When the Coalition Provisional Authority dissolved on July 27, 2004 and the IIG assumed sovereignty, USAID officially announced the opening of its Mission in Baghdad. The USAID Mission works as part of the U.S. Embassy team and contributes to the achievement of overall U.S. Government (USG) objectives in Iraq. Prioritization of reconstruction projects to be funded is done by the Iraq Reconstruction Management Office (IRMO), in conjunction with Iraqi ministries, and within the mandates of USG funding legislation. To implement its activities, USAID collaborates closely with the people of Iraq, non-governmental organizations (NGOs) and private sector partners, the United Nations, and Coalition partners involved with relief and reconstruction efforts. In 2004, USAID implemented assistance programs in agriculture, economic growth, infrastructure, transportation, telecommunications, seaport and airport rehabilitation/operation, local governance, health, education, electricity, water, and sanitation.

**Other Program Elements:** Several USAID/Washington-funded programs further support achievement of USG objectives in Iraq. USAID's Asia and Near East Bureau provides technical support. The Office for Transition Initiatives implements critical job creation and conflict mitigation activities. The Office of Foreign Disaster Assistance provides assistance to Internally Displaced Persons and the Office of Food for Peace works with the U.S. Embassy to assist the Ministry of Trade's management of the Public Distribution System.

**Other Donors:** In October 2003, representatives from 73 countries and 20 international organizations met in Madrid, Spain for the "International Donors Conference for the Reconstruction of Iraq." Major pledges totaling approximately \$13 billion were received from donor countries including Japan, Saudi

Arabia, Kuwait, United Kingdom, Italy, Spain, United Arab Emirates, Korea, Canada, Qatar, and others. This pledged amount also includes significant lending from the World Bank and the International Monetary Fund, and is based on the low end of their potential lending. The World Bank pledged lending between \$2.5-4.5 billion, and the International Monetary Fund pledged between \$1.7-3.4 billion. With the U.S. contribution of \$18.4 billion, the total amount of grants and loans that the international community pledged toward Iraq reconstruction at the Madrid conference was approximately \$32 billion.

International support for humanitarian assistance and reconstruction in Iraq is being provided either bilaterally as grants, loans, export credits and guarantees, or assistance-in-kind or multilaterally through international organizations such as the World Bank and United Nations (including through the International Reconstruction Fund Facility for Iraq (IRRF) consisting of separate World Bank and UN Trust Funds). The top three country donors are: the United States with \$21 billion in grants (IRRF I & II); Japan with \$1.5 billion in grants and \$3.5 billion in concessional loans; and the United Kingdom with approximately \$1 billion in grants. In addition to the donors listed above, other donors that have pledged significant funding include the European Commission, Australia, Denmark, Sweden, Turkey, the Netherlands, and Norway.

## Iraq PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	0	0	0	0
CSH - Wartime Supplemental	40,000	0	0	0
Economic Support Fund	140,000	0	0	360,000
International Disaster Assistance	42,000	956	0	0
Iraq relief and Reconstruction Fund	0	0	0	0
IRRF - Emergency Response Fund	1,438,229	2,204,948	662,134	0
PL 480 Title II	137,424	0	0	0
<b>Total Program Funds</b>	<b>1,797,653</b>	<b>2,205,904</b>	<b>662,134</b>	<b>360,000</b>

### STRATEGIC OBJECTIVE SUMMARY

267-001 Restore Economically Critical Infrastructure				
CSH	0	0	0	0
CSH - Wartime Supplemental	9,000	0	0	0
ESF	17,500	0	0	0
IDA	25,065	0	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	1,117,000	1,494,287	127,481	0
267-002 Education, Health, and Other Social Services				
CSH	0	0	0	0
CSH - Wartime Supplemental	31,000	0	0	0
IDA	3,935	0	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	95,898	185,175	0	0
267-003 Expand Economic Opportunity				
ESF	1,000	0	0	230,000
IDA	3,013	956	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	46,000	134,912	365,236	0
267-004 Efficiency and Accountability of Government				
ESF	6,000	0	0	130,000
IDA	2,900	0	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	165,711	386,074	169,417	0
267-006 Program Support and Development				
ESF	3,500	0	0	0
IDA	7,087	0	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	13,620	4,500	0	0
267-XXX				
ESF	112,000	0	0	0

Mission Director,  
Spike Stephenson

## Data Sheet

<b>USAID Mission:</b>	Iraq
<b>Program Title:</b>	Restore Economically Critical Infrastructure
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	267-001
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$127,481,000 IRRF
<b>Prior Year Unobligated:</b>	\$46,460,000 IRRF
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** The USAID infrastructure program supports the U.S. Embassy's Iraq Reconstruction Management Office's (IRMO) objectives, which include the restoration of economically critical infrastructure including airports, roads, bridges, railroads, seaports, electric power, water and sanitation, telecommunications, and essential buildings. Activities are planned and developed in close coordination with relevant Iraqi ministries.

Planned FY 2005 obligations shown above also include administrative expenses for this program.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Expand and Improve Access to Economic and Social Infrastructure (\$127,481,000 IRRF). Expanding on work already successfully completed or underway, two additional critical infrastructure construction projects will commence in 2005. (1) USAID will construct and turn-over to the Iraqi government a functioning consolidated fiber-optic network, which will provide command, control, and communications for the state-owned electricity grid and railroad system. It will also allow expansion of available voice and data capacities of the national telecommunications network. This project will be implemented under the Bechtel contract. (2) USAID will also construct a Children's Hospital in Basrah which will be a 95-bed pediatric referral hospital. The prime contractor is Bechtel with General Electric, Siemens Westinghouse, and Parsons as subcontractors.

The \$46,460,000 in prior year unobligated funds was apportioned to USAID in 2004 and will be used to complete priority infrastructure projects as identified and tasked by the IRMO in 2005.

**FY 2006 Program:** Expand and Improve Access to Economic and Social Infrastructure (\$0). Although no new funding is planned for FY 2006, the initiatives and programs begun in FY 2004 and FY 2005 will be continued.

**Performance and Results:** Airports: FY 2004 resources were used to complete the repair, replacement, and upgrading of navigational infrastructure, air traffic control towers, approach control systems, and area control centers at the international gateways of Baghdad and Basra airports.

Ports: Thanks to the efforts of USAID contractors operating Iraqi ports, revenues in excess of \$15 million were collected from commercial shippers.

Roads, Bridges, and Railroads: Repairs to three critical bridges were completed and reopened to traffic. Work on the rehabilitation of 72 kilometers of railroad track between Umm Qasr and Shuiaba Junction, in southern Iraq, was substantially completed.

Electric Power: Efforts in this sector over the past year have contributed to improvements in electricity generation, transmission, distribution, and systems control functions. The summer peak supply to the Iraqi grid in FY 2004 was approximately 5,360 megawatts, an increase of 22 percent from the pre-conflict level of 4,400 megawatts. This increase was due to maintenance, repair, and rehabilitation, and a spare parts supply program in which USAID, in coordination with the Program Contracting Office, played a key role. Completed projects have added 610 MW and include significant maintenance upgrades of Bayji

Thermal Units one, two, three, and four; completion of crude oil treatment units at Qudas power plant; partial rehabilitation of Mussayib Thermal Power Station; and commissioning of a new 65MW unit in Kirkuk. On-going projects include further construction of new generating capacity in Kirkuk, commissioning of new units at Baghdad South, and rehabilitation of Units five and six at Doura Thermal Power Station in South Baghdad. These projects will add 1026 MW to the grid when completed. Noteworthy new projects initiated in FY 2004 were the Mussayib Generation Plant Maintenance Upgrade, the Operations and Maintenance training and spare parts project, the rehabilitation or construction of distribution substations in Baghdad, and the rehabilitation of Baiji Units 4 and 5.

Water and Sanitation: In the potable water sector, 14 plants were completed in Basrah in 2004 which improved access to safe drinking water for about one million people. A major portion of the Kerkh wastewater treatment plant in west Baghdad was completed and for the first time in over 10 years wastewater was treated in Iraq. Major construction progress was achieved elsewhere in the water and sanitation sector, including rural water projects in villages of less than 5,000 that will benefit 550,000 people, the expansion of the Sharkh Dijlah water treatment plant (formerly Saba Nissan) in Baghdad to add 50 million gallons per day, the rehabilitation of the Sweet Water Canal in southern Iraq which supplies most of the fresh water to Basrah, and rehabilitation work on the sewage treatment plants Rustimiyah North, Rustimiyah South, An Najaf, and Al Hillah. When this work is complete, about 11 million Iraqis will benefit from the water and sanitation program.

Irrigation & Drainage: Construction plans and specifications were completed for six major pumping stations and bid packages for required pumps have been issued.

## US Financing in Thousands of Dollars

Iraq

267-001 Restore Economically Critical Infrastructure	CSH	ESF	IDA	IRRF
<b>Through September 30, 2003</b>				
Obligations	9,000	17,500	25,058	1,111,653
Expenditures	5,000	16,796	18,531	8,715
Unliquidated	4,000	704	6,527	1,102,938
<b>Fiscal Year 2004</b>				
Obligations	0	0	0	1,427,387
Expenditures	4,000	704	6,528	733,424
<b>Through September 30, 2004</b>				
Obligations	9,000	17,500	25,058	2,539,040
Expenditures	9,000	17,500	25,059	742,139
Unliquidated	0	0	-1	1,796,901
<b>Prior Year Unobligated Funds</b>				
Obligations	0	0	0	46,460
<b>Planned Fiscal Year 2005 NOA</b>				
Obligations	0	0	0	127,481
<b>Total Planned Fiscal Year 2005</b>				
Obligations	0	0	0	173,941
<b>Proposed Fiscal Year 2006 NOA</b>				
Obligations	0	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	9,000	17,500	25,058	2,712,981

## Data Sheet

<b>USAID Mission:</b>	Iraq
<b>Program Title:</b>	Education, Health, and Other Social Services
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	267-002
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$27,704,000 IRRF
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2005

**Summary:** USAID's health program is designed to build human and institutional capacity within the Iraqi Ministry of Health to improve the availability, quality, and effectiveness of primary health care services throughout the country. Institutional strengthening, systems development, and technical assistance interventions focus on improving national and governorate level planning and management of primary health care programs, as well as enhancing the delivery of child and maternal health services, particularly those proven to reduce maternal and child morbidity and mortality. This work will be accomplished in 2005 with \$20,970,000 from FY 2004. The Iraq Reconstruction Management Office (IRMO) also has committed to provide an additional \$10 million to USAID in 2005. These funds will provide training to clinical and administrative staff of 150 model primary health care centers being constructed and equipped with supplemental funding.

USAID will continue its work to improve the quality of basic and higher education through the summer of 2005 with previously obligated resources, and no resources are being requested in FY 2006.

Planned FY 2005 obligations shown above include administrative expenses for this program.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Build Health Systems Capacity (\$15,318,000 IRRF Prior Year Unobligated). The Health II Project assists the Iraqi Ministry's effort to facilitate decentralization and health sector reform by enhancing health policies and strategies to increase equitable access to health care, improving health sector leadership and management at both the central and governorate level, and strengthening national and governorate level systems in planning, human resources development, health information, pharmaceutical logistics, training, and monitoring and evaluation. A Health Training Program enhances the skills of primary health providers and health managers and the capacity of the Ministry to improve the quality of primary health services available at the community level.

Improve Child Survival, Health and Nutrition (\$6,193,000 IRRF Prior Year Unobligated). The Health II Project assists the Ministry of Health (MOH) to improve the quality of and access to child health services in primary health care centers. This is done by scaling up interventions proven to reduce child morbidity and mortality; strengthening systems to support the effective delivery of services; and incorporating quality assurance approaches to improve and maintain the quality of services. The Health Training Program enhances the health care provider skills and knowledge needed to deliver and manage quality maternal and child health services. Additional IRRF funding (\$50 million) continues to support construction of a pediatric hospital in Basrah.

Improve Maternal Health and Nutrition (\$6,193,000 IRRF Prior Year Unobligated). The Health II Project assists MOH efforts to strengthen the performance of health providers in the delivery of maternal and reproductive health services. Also, efforts encourage the wider use of trained health providers during deliveries. The Health Training Program enhances the health care provider skills needed to deliver quality maternal health services.

**FY 2006 Program:** No new funding is planned in FY 2006 for any of these program components.



**Performance and Results:** Health: USAID's health program assisted the MOH to initiate restoration of essential primary health care services to support the needs of women and children, address urgent water and sanitation needs, and enhance the effectiveness of health services.

Improve Child Survival, Health and Nutrition: Over 5 million children aged six to twelve were vaccinated against measles, mumps, and rubella, and over 3 million children under five were vaccinated against polio; 1.3 million children under five were screened for malnutrition; more than 5 million sachets of oral rehydration salts distributed nationwide; and high protein biscuits and fortified milk were provided to over 450,000 malnourished children. More than 600,000 children received supplementary doses of Vitamin A.

Improve Maternal Health and Nutrition: This program provided iron folate supplements to over 1.6 million women of childbearing age and distributed supplementary doses of Vitamin A to 1.5 million lactating mothers.

Build Health Systems Capacity: USAID supported the refurbishment of 110 primary health care facilities and the equipping of 600 centers with primary health care kits. The training of over 750 physicians on best clinical practices supported visible improvements in health services quality.

Education: USAID's education program (1) improved the qualifications of 32,632 secondary school teachers by training them in child-centered teaching methodologies; (2) increased access to educational materials by printing and distributing 8.7 million science and math textbooks; (3) furnished desks, chairs, and chalkboards for 3,900 schools; (4) awarded community grants to rehabilitate 606 schools; (5) completed refurbishment and rehabilitation of seven university academic facilities; (6) provided refresher training in Iraq and abroad for over 650 university professors, and (7) funded academic exchanges for 36 students and faculty members.

## US Financing in Thousands of Dollars

Iraq

267-002 Education, Health, and Other Social Services	CSH	IDA	IRRF
<b>Through September 30, 2003</b>			
Obligations	31,000	3,000	91,578
Expenditures	3,007	1,122	13,576
Unliquidated	27,993	1,878	78,002
<b>Fiscal Year 2004</b>			
Obligations	0	0	152,796
Expenditures	25,772	878	73,519
<b>Through September 30, 2004</b>			
Obligations	31,000	3,000	244,374
Expenditures	28,779	2,000	87,095
Unliquidated	2,221	1,000	157,279
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	27,704
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	0	0	0
<b>Total Planned Fiscal Year 2005</b>			
Obligations	0	0	27,704
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	31,000	3,000	272,078

<b>USAID Mission:</b>	Iraq
<b>Program Title:</b>	Expand Economic Opportunity
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	267-003
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$365,236,000 IRRF
<b>Prior Year Unobligated:</b>	\$10,490,000 IRRF
<b>Proposed FY 2006 Obligation:</b>	\$230,000,000 ESF
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID is engaged with the Iraqi government to develop and implement international best practice solutions to improve economic governance and create a policy-enabling environment for private sector-led growth. USAID's program in 2005 will provide assistance in economic governance, private sector development, agriculture, vocational training, and business skills development. All USAID programs in Iraq are designed to adapt to a complex and dynamic environment.

Planned FY 2005 obligations shown above include administrative expenses for this program.

**Inputs, Outputs, Activities:**

**FY 2005 Program:** Improve Economic Policy and Governance (\$100,000,000 IRRF; \$10,490,000 IRRF Prior Year Unobligated). In 2005, USAID's contractor BearingPoint and its principal subcontractor, Chemonics are continuing to support reforms in tax, fiscal, legal, institutional, and regulatory frameworks. USAID partners are also continuing work with the Ministry of Finance to further enable policy makers to formulate and implement policy decisions based on international best practices. Capacity building efforts at the Central Bank of Iraq (CBI) will expand the ability of the CBI to develop and monitor an effective monetary policy, strengthen its supervisory role, and modernize banking operations. At the same time, assistance will be provided to the electricity and communications ministries and other relevant government ministries to implement master plans. This assistance will strengthen budget and investment planning and provide training for and build capacity of participating ministries. USAID will also support the development of a reliable social safety net, ensuring assistance to displaced workers and the provision of sustainable pension benefits.

Increase Private Sector Growth (\$101,285,000 IRRF): This program will drive economic development and employment generation by supporting key private sector institutions and reforms. The Micro, Small, and Medium Enterprise (MSME) initiative will provide businesses with reliable access to credit and technical assistance. This program builds the foundation for privatization, in addition to developing the institutions and framework for domestic and foreign investment promotion. USAID will provide assistance in trade policy and market access to support Iraq's integration with the international economy, including a program that could see them admitted into the World Trade Organization in a few years. A capital markets component will establish international best practices for equity/bond regulation and trading, and will develop fair, efficient, liquid, and transparent systems for market regulation and trading. Prime implementer for this program is Louis Berger with The Services Group as the primary subcontractor.

Protect and Increase the Assets and Livelihood of the Poor During Periods of Stress (\$62,666,000 IRRF). Through its contractor Louis Berger, USAID will continue work begun with FY 2004 funds with the Ministry of Labor and Social Affairs (MOLSA) to provide vocational training and employment services by establishing Employment Service Centers (ESCs) and Vocational and Technical Training Centers (VTTTCs) throughout Iraq. USAID is helping to staff, operate, fund, monitor, and train the staff of ESCs throughout Iraq.

Through a consortium of non-governmental organizations (NGOs) known as Volunteers for Economic Growth Alliance, and with funds obligated in FY 2004, USAID will continue to provide training and technical assistance to entrepreneurs and businesses of all sizes through a dynamic "virtual business center" model. Virtual business training centers provide services to clients in a specific geographical area. Services include business incubation, business basics training, in-house mentoring and consulting, access to business and market information, access to a small grants program, access to public-use

computer terminals, and communications equipment.

Increase Agricultural Productivity (\$101,285,000 IRRF). Through its implementing contractor, Development Alternatives Inc., and principle subcontractors Texas A&M, Land of Lakes and SAGRIC, USAID's Agriculture Reconstruction and Development Program is working closely with the Ministry of Agriculture and assisting them with the rehabilitation of Iraq's most productive sector in terms of employment and GDP, after oil. By providing technical assistance, grants, and contracts, this program is helping to rebuild and reform the agriculture sector, jump start crop and animal production, improve soil and water resources management, and stimulate agribusiness development and marketing. This program contributes to economic development and reform by transitioning Iraq from public to private sector production of agricultural commodities, and by moving toward private sector provision of related goods and services. Revitalization of Iraqi agriculture through policy reforms and modern technology are key to enabling the Iraqi Government to modify agricultural subsidies and re-evaluate the Public Distribution System.

USAID's Integrated Marshlands Restoration Program (IMRP), through Development Alternatives Inc., supports restoration of the ecosystem through improved marsh management, and provides social and economic assistance to Marsh Arabs. IMRP operates at a national and a local level.

**FY 2006 Program:** FY 2006 funds will be used to continue and build upon the initiatives and programs begun in FY 2004 and FY 2005. Incremental funding will be provided as follows: Improve Economic Policy and Governance (\$90,000,000 ESF), Increase Private Sector Growth (\$90,000,000 ESF), and Increase Agricultural Productivity (\$50,000,000 ESF).

**Performance and Results:** Private Sector Development Achievements: (1) Provided business skills training, services, and grant opportunities to entrepreneurs and businesses of all sizes through a dynamic "virtual business center" model; (2) Assisted with the management of a \$35 million micro-credit program; (3) Provided technical assistance to the World Trade Organization (WTO) accession process for Iraq; and (4) provision of assistance to privatize certain State-owned assets.

Financial Sector Achievements: (1) Provided assistance to strengthen accounting, budgeting, and lending at Iraq's commercial banks; (2) Evaluated and updated commercial laws pertaining to private sector and foreign investment; (3) Recommended reforms for insurance regulations and trained Iraqi insurance staff; and (4) Improved statistical analysis, monetary policymaking, and bank supervision procedures at Iraq's Central Bank.

Fiscal Sector Achievements: (1) Continued implementation of a Financial Management Information System (FMIS), a nationwide budget execution system for all Iraqi ministries; (2) Furthered tax, fiscal, and customs reforms by enabling policy makers to formulate and implemented informed policy decisions that will further develop the fiscal infrastructure necessary for a market economy by reforming administrative procedures to improve efficiency, transparency, and revenue collection; and (3) Conduct a thorough Intergovernmental Fiscal Review with a view towards advising on appropriate revenue and expenditure assignments across all levels of government.

Special Project Achievements: (1) Introduced the new Iraqi Dinar in cooperation with the Central Bank of Iraq and the Ministry of Finance. The currency exchange began on October 15, 2003 and was completed on January 15, 2004. An estimated 6.36 trillion new Iraqi Dinars are now in Iraq and 4.62 trillion Iraqi Dinars are circulating - 106% of the original demand estimate of 4.36 trillion; (2) Developed an Electricity Master Plan and a Telecommunications Master Plan as a basis for reforms in these two sectors; (3) Provided technical assistance for the Oil for Food (OFF) transition to prepare Iraqi ministries to assume responsibility for OFF contracts; (4) Developed a government-wide information technology strategy to support the automation of planning, budgeting, and reporting processes across ministries.

## US Financing in Thousands of Dollars

Iraq

267-003 Expand Economic Opportunity	ESF	IDA	IRRF
<b>Through September 30, 2003</b>			
Obligations	1,000	3,000	39,000
Expenditures	0	0	0
Unliquidated	1,000	3,000	39,000
<b>Fiscal Year 2004</b>			
Obligations	0	5,000	126,863
Expenditures	1,000	8,000	83,213
<b>Through September 30, 2004</b>			
Obligations	1,000	8,000	165,863
Expenditures	1,000	8,000	83,213
Unliquidated	0	0	82,650
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	10,490
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	0	0	365,236
<b>Total Planned Fiscal Year 2005</b>			
Obligations	0	0	375,726
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	230,000	0	0
Future Obligations	0	0	0
Est. Total Cost	231,000	8,000	541,589

## Data Sheet

<b>USAID Mission:</b>	Iraq
<b>Program Title:</b>	Efficiency and Accountability of Government
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	267-004
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$169,417,000 IRRF
<b>Prior Year Unobligated:</b>	\$31,250,000 IRRF
<b>Proposed FY 2006 Obligation:</b>	\$130,000,000 ESF
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID's program to support Iraq's transition to a democratic system of governance includes (1) decentralization/local governance strengthening; (2) grassroots democratization through community development; (3) technical assistance and commodity support to the Independent Electoral Commission of Iraq (IECI); (4) technical assistance to the interim and transitional governments and national assembly; (5) strengthening Iraqi civil society, including an independent and professional media; and (6) technical assistance to non-governmental organizations (NGOs) for voter education, election monitoring, and conflict mitigation.

Planned FY 2005 obligations include recovery resources reprogrammed during the Iraq Relief and Reconstruction Fund (IRRF) II program review in Baghdad. Planned FY 2005 obligations shown above include administrative expenses for this program.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Support Democratic Governance and Decentralization (\$111,455,000 IRRF; \$10,000,000 IRRF Prior Year Unobligated). USAID will build upon the foundation laid in activities implemented since 2003 to promote government decentralization and build capacity in local administrations. The local and national governance programs will prepare local, provincial, and national government officials and employees to carry out responsibilities defined by the new constitution. Capacity building will strengthen the fiscal and administrative management and leadership skills of government officials and employees at the ministries, governorate, and sub-national levels. Technical assistance will improve the quality and delivery of essential services such as water, health and sanitation. Principal contractors, grantees, and agencies include: Research Triangle Institute, National Democratic Institute, International Republican Institute, IFES (formerly International Foundation for Election Systems).

Promote and Support Free and Fair Elections (\$34,175,000 IRRF; \$10,000,000 IRRF Prior Year Unobligated). The Transitional Administrative Law calls for a cycle of electoral events in FY 2005. The first of these, scheduled for January, include elections to the Transitional National Assembly, the Governorate Provincial Councils, and the Kurdistan Regional Assembly. Also anticipated are a Constitutional Referendum and elections to the permanent national council. USAID will focus its efforts on expanding voter and civic education, continuing support to domestic observation groups, establishment of an association to monitor potential areas of election related conflict, and providing technical assistance to the IECI in election management and administration. Principal contractors, grantees, and agencies include: the National Democratic Institute, the International Republican Institute, and IFES.

Strengthen Civil Society (\$23,787,000 IRRF; \$11,250,000 IRRF Prior Year Unobligated). USAID has a robust program to support Iraq's nascent community development and civil society organizations, particularly in the areas of human rights, anti-corruption, women and minority rights, and professionalization and independence of the media. Assistance will include the establishment of NGO resource centers offering basic training and technical assistance in leadership skills, management principles, and budgeting, along with a small grants program. The community action program will continue building democracy at the local level by incorporating citizen involvement in resolving community problems. An additional 200,000 victims of war will directly benefit from 250 projects. Principal contractors, grantees, and agencies include: ACDI/VOCA, Mercy Corps, Cooperative Housing Foundation, Save the Children, International Relief and Development, America's Development Foundation, and the Iraq

Foundation.

**FY 2006 Program:** Support Democratic Local Government and Decentralization (\$85,000,000 ESF). USAID will provide critical support to the first post-transitional national governance institutions. The program will strengthen the capacity of the national assembly to include lawmaking, representation, executive oversight, and other responsibilities provided by the new constitution. Assistance will be given to other government entities to develop governing processes, rules of procedure, regulations and directives, accountability, strategic planning, financial management, and other related systems and skills. Additionally, USAID will provide policy support on fiscal and administrative decentralization, revenue generation and management, and improved constituent outreach.

Promote and Support Free and Fair Elections (\$15,000,000 ESF). USAID will continue to support efforts to institutionalize representative political processes through civic and voter education, electoral administration and oversight, and conflict mitigation.

Strengthen Civil Society (\$30,000,000 ESF). USAID will continue to support hundreds of poor and conflict-prone communities' engagement in democratic decision-making processes at the local level. The program will continue to address critical needs (including water, sewerage, and schools) and to generate local income.

**Performance and Results:** In FY 2004, USAID made tremendous progress in laying the foundation for democracy and good governance. Over 10,000 council members throughout Iraq were trained in democratic principles, council rules and procedures, committee structure and management, budgeting, project management, accountability, and citizen input. More than 5,000 department and ministry officials at the provincial level received technical assistance in water treatment, waste management, agriculture, financial, and project management systems. Over 190 grants worth \$14 million were awarded to strengthen the capacity of local government offices to deliver essential services. USAID supported the transitional executive authority of the Iraqi Interim Government, as well as selected ministries, in developing policy planning capacity.

USAID provided technical assistance and commodity support to the IECI to establish the election administration, create voter lists, and prepare for polling day operations. Additionally, at the end of the fiscal year, USAID launched its domestic monitoring, voter education, and conflict mitigation programs.

The Community Action Program supported grassroots democratization by incorporating citizen involvement in addressing community needs. The program assisted 890 communities throughout Iraq by implementing 1,112 projects selected by the communities themselves. Illustrative projects include rehabilitation of schools, improvement to local infrastructure, preservation of the environment, and equipping local health centers.

## US Financing in Thousands of Dollars

Iraq

267-004 Efficiency and Accountability of Government	ESF	IDA	IRRF
<b>Through September 30, 2003</b>			
Obligations	6,000	2,900	165,711
Expenditures	0	2,274	703
Unliquidated	6,000	626	165,008
<b>Fiscal Year 2004</b>			
Obligations	0	0	360,635
Expenditures	6,000	626	145,471
<b>Through September 30, 2004</b>			
Obligations	6,000	2,900	526,346
Expenditures	6,000	2,900	146,174
Unliquidated	0	0	380,172
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	31,250
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	0	0	169,417
<b>Total Planned Fiscal Year 2005</b>			
Obligations	0	0	200,667
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	130,000	0	0
Future Obligations	0	0	0
Est. Total Cost	136,000	2,900	727,013



## Data Sheet

<b>USAID Mission:</b>	Iraq
<b>Program Title:</b>	Program Support and Development
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	267-006
<b>Status:</b>	Last Year of Expenditure 2005
<b>Planned FY 2005 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2005

**Summary:** The Program Support Objective (PSO) funds activities implemented exclusively to support the achievement of other programs in Iraq. The targets and results of this objective are visible through and attributed to USAID/Iraq's four other strategic objectives: 1) Restore Economically Critical Infrastructure; 2) Education, Health, and other Social Services; 3) Expand Economic Opportunities; and 4) Efficiency and Accountability of Government. PSO support to these programs includes training, monitoring and evaluation, administrative support, and technical support in the form of institutional contractors and personal services contractors.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** The total amount to be obligated for this objective in FY 2005 is \$89.6 million. This consists of \$46 million in FY 2005 apportioned funds and \$43.6 million in FY 2004 unobligated carryover funds. These funds were apportioned in, and are reported as a part of, each programmatic SO.

**Staff:** Although most of the U.S. Direct Hire (USDH) staff positions will be filled in FY 2005, it will be critical to retain contract employees to maintain continuity in the program. Additionally, a recruitment plan developed by the Iraq Mission will be implemented to eliminate institutional contractor positions and replace them with personal service contracts that will have the ability to perform governmental functions at a lower cost to the USG.

**Facilities:** USAID/Iraq also operates from four locations outside Baghdad: Irbil, Hillah, and Basrah in Iraq, and Amman, Jordan. The facilities in Irbil and Basrah are not co-located with State Department offices, thus requiring co-location waivers, which are being processed. Both of these facilities will have to be upgraded to meet Diplomatic Security (DS) standards.

**Security:** Since the opening of U.S. Mission in Baghdad on June 28, 2004, USAID/Iraq's operations must conform to those of the Embassy. This meant that its security services would be provided by DS. The USAID private security services contract was not renewed at the end of the contract period on December 31, 2004. Beginning on January 1, 2005, DS assumed responsibility for static and personal service detail guards. The number of personal security guards will increase from 46 to 80. The new standards for moves outside protected areas, in conjunction with the projected program and administrative travel requirements, will require a fleet of 70 vehicles (50 armored and 20 non-armored). The Mission's fleet currently consists of 34 usable armored and 20 non-armored vehicles. Under normal circumstances, armored vehicles have a life expectancy of approximately three to five years. In Iraq, however, the lack of qualified maintenance facilities, poor road conditions, and insurgent activities mean the Mission's vehicles must be replaced more frequently. The 16 armored vehicles purchased in FY 2004 will arrive in FY 2005.

**Monitoring and Evaluation:** Phase I of the Monitoring and Evaluation Performance Program (MEPP) started in FY 2003 and will continue through February 2006. Following a full and open competitive procurement, Phase II will start without any lapse in the program. MEPP II will provide regular annual performance monitoring and reporting, as well as a periodic review of specific activities and the overall portfolio, including the impact of all USAID-funded activities. MEPP II will create a more dynamic and agile web-based monitoring and reporting system capable of meeting the high demand for timely, regular, and ad hoc reporting. The system will facilitate consistent application of measurement standards to each strategic objective.

**FY 2006 Program:** International staffing levels are expected to continue during the first six months and then they should decline as better trained Foreign Service National staff are prepared to take on additional responsibility.

**Facilities:** USAID/Iraq will upgrade the modular housing by installing a hardened roof over 31 existing modular units. Rather than removing the existing modular units and replacing with hard houses, the mission will make use of the current units, including the existing utility connections, but install a hardened roof to improve the security of the units. The cost of installing a hardened roof is less than the cost to disassemble and remove the modular units and construct replacement hard houses.

USAID anticipates continuation of a monitoring and evaluation performance program through FY 2006.

**Performance and Results:** Results for this strategic objective are being reported through other program data sheets of USAID/Iraq.

## US Financing in Thousands of Dollars

Iraq

	ESF	IDA	IRRF
267-006 Program Support and Development			
<b>Through September 30, 2003</b>			
Obligations	3,224	7,086	13,500
Expenditures	1,664	6,796	0
Unliquidated	1,560	290	13,500
<b>Fiscal Year 2004</b>			
Obligations	276	0	4,039
Expenditures	1,700	290	16,584
<b>Through September 30, 2004</b>			
Obligations	3,500	7,086	17,539
Expenditures	3,364	7,086	16,584
Unliquidated	136	0	955
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	0	0	0
<b>Total Planned Fiscal Year 2005</b>			
Obligations	0	0	0
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	3,500	7,086	17,539