

The Honorable C. W. Bill Young
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the President, I am submitting the third in a series of reports required under Section 1506 of the Wartime Emergency Supplemental Appropriations Act, 2003.

As the report indicates, the Coalition Provisional Authority has continued to make progress in restoring critical services and rebuilding Iraq's infrastructure. The investment made with appropriated funds in the first Supplemental is contributing to important results. Of note, almost all the nation's 13,000 K-12 schools opened on time; water and electric supplies have reached pre-war levels nation-wide; a new currency has been introduced; and nearly all of Iraq's hospitals, specialty care facilities and clinics are operational. In addition, oil production has steadily increased and has now reached 1.9 million barrels per day.

The report also indicates that we have nearly exhausted all available seized, vested, and appropriated funds at a critical point when much remains to be done to secure Iraq's future. As you will see, the plans outlined both for the next 90 days and subsequent months are dependent upon passage of the President's Supplemental appropriations request now pending before the Congress.

We appreciate your reviewing the enclosed material and look forward to working with you to help the Iraqi people secure the transition to self-government and create the conditions for economic growth and investment.

Sincerely,

Joshua B. Bolten
Director

Identical Letter Sent to The Honorable C. W. Bill Young, The Honorable David R. Obey,
The Honorable Ted Stevens, and The Honorable Robert C. Byrd

**Report to Congress
Pursuant to Section 1506 of the Emergency Wartime Supplemental
Appropriations Act, 2003
(Public Law 108-11)**

**UPDATE REPORT ON
UNITED STATES STRATEGY FOR
RELIEF AND RECONSTRUCTION IN IRAQ**

OCTOBER 14, 2003

Section 1506 (b) of the Emergency Wartime Supplemental Appropriations Act, 2003, (117 STAT. 580) provides:

(b) SUBSEQUENT REPORTS – Not later than 90 days after the date of enactment of this Act, and every 90 days thereafter until September 30, 2004, the President shall submit to the Committees on Appropriations a report that contains:

- (1) A list of significant United States Government-funded activities related to reconstruction in Iraq that, during the 90-day period ending 15 days prior to the date the report is submitted to the Committees on Appropriations –
 - (A) were initiated; or
 - (B) were completed.
- (2) A list of the significant activities related to reconstruction in Iraq that the President anticipates initiating during the 90-day period beginning on the date the report is submitted to the Committees on Appropriations, including:
 - (A) Cost estimates for carrying out the proposed activities.
 - (B) The source of the funds that will be used to pay such costs.
- (3) Updated strategies, if changes are proposed regarding matters included in the reports required under subsection (a).
- (4) An updated list of the financial pledges and contributions made by foreign governments or international organizations to fund activities related to humanitarian, governance and reconstruction assistance in Iraq.

The report that follows has four sections that correspond to the four specified categories listed in section 1506(b).

The United States and its Coalition partners made a significant investment to liberate Iraq. The Coalition, through the Coalition Provisional Authority (CPA), is now managing a process to rehabilitate and reconstruct key sectors and laying the groundwork for Iraqis to take ownership of their future. There have been substantial accomplishments to date. But more work – and the additional funds of \$20.3 billion requested in the FY2004 supplemental appropriations – is needed to put Iraq on the path to a secure future.

The vision for a sovereign, stable, prosperous and democratic Iraq continues to center on:

- A durable peace for a unified and stable country that provides effective and representative government for the Iraqi people;
- New and protected freedoms and a growing market economy; and
- Effective security that does not pose a threat to neighbors or the international community.

The plan to achieve this vision continues to be built on four goals, as noted in the two previous reports on U.S. strategy for relief and reconstruction in Iraq:

- Security – establishing a secure environment for the Iraqi people and creating an environment that supports relief and recovery activities;
- Essential Services – achieving measurable improvement in the lives of the Iraqi people by restoring basic services to an acceptable standard;
- Economy – creating the conditions for economic growth;
- Governance – enabling the transition to a legitimate, constitutional government.

A key objective to realize these goals is:

- International Cooperation – expanding financial and military contributions from international partners and organizations.

There has been significant progress on each of these goals. In much of the country, the security situation has improved, and normal daytime life has resumed. In other areas, however, crime perpetrated by hardened criminals remains high, and Saddam loyalists and international terrorists continue to threaten Coalition, Iraqis, and international personnel. The focus of efforts to address these issues has been to empower Iraqis to take control of their own security.

Essential services have improved substantially since the end of major combat operations. Of particular note, there have been no food, health or other humanitarian crises that had been widely predicted. Electrical power and water are at or have surpassed pre-war levels; electric power has received and will continue to receive significant investment and

attention in the near future. Initial steps have been taken to restore economic activity, especially as oil production increases, and solid progress has been made in the transition to a representative constitutional government.

1. A list of significant United States Government-funded activities related to reconstruction in Iraq that, during the 90-day period ending 15 days prior to the date the report is submitted to the Committees on Appropriations –

(A) were initiated; or

(B) were completed.

The key trend of the past 90 days has been empowering Iraqis to play greater roles in their own security, governance and other affairs. Reconstructing Iraq's infrastructure, devastated by war and years of neglect, continued to be a high priority. Electrical power production received significant attention and effort, as did repair of other dilapidated and sabotaged infrastructure, including water supplies, health facilities and schools. The Coalition remains committed to aiding Iraqis in their efforts to build a secure and prosperous future, free from tyranny and repression.

SECURITY

Objective: Ensure a secure environment for people and property that enables citizens to participate fully in political and economic life. Create conditions and provide means for Iraqis to assume responsibility for their own security.

Security/Public Safety/Law and Order

Iraq faces three principal threats to public safety and security: foreign terrorists; the remnants of the old regime; and criminals, including those freed by the previous regime. The last 90 days featured significant progress towards the greater participation of Iraqis in meeting their own security needs. Since the end of July, the numbers of U.S. forces have decreased as a percentage of the total security effort while Iraqi participation in the security effort has more than doubled. The current number of Iraqis engaged in security operations is approximately 70,000; another 13,000 are in training or awaiting training. Expectations are to grow this force to about 170,000 individuals.

The plan to build effective Iraqi security forces has five main components:

- Building a credible Iraqi police service: Currently, approximately 50,000 Iraqis serve as police; a major program is planned to provide professional police training in Jordan.
- Developing Iraqi border enforcement and customs forces: these forces help to protect border crossings and enforce customs and immigration laws; there are 4,700 border enforcement officers.

- Expanding the Facilities Protection Service: approximately 20,000 Iraqis help to secure critical facilities as facility protection guards; more than 240 sites are being protected.
- Developing the Iraqi Civil Defense Corps: The ICDC is a regional paramilitary force intended to assist Coalition forces with local security. Currently, approximately 6,000 members of the Iraqi Civil Defense Corps (ICDC) are employed, remaining in their own communities and working with Coalition forces. The goal is to have about 10,800 ICDC members by the first quarter of 2004 and around 15,000 by the end of 2004.
- Creating a professional Iraqi Army: the New Iraqi Army (NIA) is currently being trained and the first battalion of more than 700 Iraqis graduated on October 4. The NIA will reflect Iraq's religious and ethnic diversity and its mission will be defensive only. A force of 27 battalions is projected by September 2004 as training/equipping the force and preparing its bases proceed.

Many areas in Iraq are permissive and virtually free of significant incidents. Coalition forces remain active in hunting terrorists and dead-enders, netting hundreds of detainees. Solid intelligence from Iraqis continues to be the most valuable commodity in capturing enemies of the new Iraqi state. Of the 55 most wanted senior individuals, only 12 remain at large.

Justice Reform

Building an Iraqi justice system and establishing the rule of law is an essential element of the plan for Iraqi security. After decades of corrupt Ba'athist party rule, reforming the Iraqi justice system, including the prison system and courts, is a prerequisite for improving the confidence of the Iraqi people and laying the foundation for a constitutional democracy.

A number of steps toward implementing the rule of law have been taken in the last 90 days. The Judicial Review Committee, established in June, began to vet all Iraqi judges and prosecutors nationwide for past corruption, Ba'athist links, complicity in the former regime's crimes, or other malfeasance. The pace of vetting is expected to accelerate now that the Committee is fully staffed. The Central Criminal Court of Iraq, established as a bulwark of judicial integrity to try serious criminal cases with national ramifications, held its first trial in late August and has two additional trials pending. Personal security has been provided to the judges and prosecutors on the Central Criminal Court, and plans are under way to bolster security for additional court personnel.

In September 2003, the new Iraqi Minister of Justice established an independent judiciary. The CPA transferred responsibility for administration, assignment, nomination, promotion and supervision of judges to a Council of Judges comprised of leading judges and prosecutors and chaired by the Chief Judge of the Supreme Court. The Council of Judges operates independently from the Ministry of Justice.

ESSENTIAL SERVICES AND INFRASTRUCTURE

Objective: Provide the foundation from which Iraqis can rebuild their country. Begin creating an Iraqi civil society that participates in improving social and physical infrastructure.

The plan for rehabilitating Iraq's infrastructure and essential services recognizes the importance of these services in improving security, enabling economic development, and empowering Iraqis to improve their quality of life.

Electrical Power

Improving Iraq's electrical power production and distribution is the focus of intense planning and activity. Working together, Coalition and Iraqi engineers have restored electrical power production above pre-war average levels – improved from virtually nothing following major combat operations to 3,200 Megawatts (MW) in July, 3,920 MW in September, and over 4,400 MW in early October. The CPA continues to make immediate repairs to power stations and transmission lines as part of the plan to increase sustainable, deliverable power. Execution of a fall maintenance program and detailed planning for a major spring maintenance period will further enhance system reliability. Current challenges include a dilapidated power infrastructure, coupled with looting and sabotage directed at the power infrastructure.

On September 15, the U.S. Army Corps of Engineers established Task Force Restore Iraqi Electricity (RIE). It has begun projects to add generation capacity, repair major transmission lines and improve power distribution.

Water and Sanitation

The focus of activities has been on increasing water supplies to pre-war levels or above, and restoring sewage treatment plants to operation. Much of Iraq is at least at pre-war water availability, and there are no critical water shortages. Baghdad's water supply levels reached the pre-war level of 2 million liters in August, with 2,000 repairs completed. Under current ongoing water rehabilitation projects, it is expected that water supply in Baghdad will be above pre-war levels by June 2004. Efforts also continue to upgrade the water distribution system in Basra.

Approximately 70 of Baghdad's 90 non-functioning waste pumping stations have been rehabilitated and generators are being installed at 37 Baghdad water facilities and pumping stations to ensure continuous water supply in the event of an electrical grid failure. The city also held its first city-wide garbage clean-up in August. Through these and other initiatives, the objective is to reduce the incidence of water-borne disease and mortality by bringing safe drinking water to 90% of the Iraqi people.

Water Resources

The bulk water storage and delivery system consists of dams, reservoirs, barrages, canals and pump stations. Following a joint U.S.-Iraqi assessment of safety and operation of the

25 major dams and barrages in May, immediate, short- and long-term work was identified and included in the Spring Supplemental. Pump stations and back-up generators suffer from poor maintenance and years of neglect. The United Nations Food and Agriculture Organization approved a proposal for \$2.4 million to address immediate repairs of 31 critical stations. Pump stations are negatively affected by the lack of grid electricity in remote locations. The Ministry of Water Resources' budget and Coalition Commander's Emergency Relief Program (CERP) funds have been used to repair pump stations and back-up generators.

Owing to a successful job creation program, irrigation canals all over Iraq are functioning better than they have in many years. Since June 2003, approximately 14,000 of the nation's 27,000 kilometers of canals have been cleared of excessive aquatic weeds that impeded the flow of irrigation water. More than 4 million man-days of work have injected over \$10 million into the rural economy.

The Restoration of the Mesopotamian Marshes is the focus of considerable effort both within the Ministry of Water Resources and in the international community. The U.S. Agency for International Development (USAID) is planning for a second visit of an international study team in late October – November. The Ministry of Water Resources has assumed a leading role in coordinating the efforts of the numerous internal and external contributing organizations.

Food

Objectives include continuing the successful food distribution programs in the near term; designing an assistance program that promotes local production and free-market infrastructure over the longer term; and promoting agriculture reform to optimize private participation. More than 1.8 million metric tons of food has been distributed since the beginning of operations. Under this system, food reaches all Iraqis, including those who had been excluded under the Saddam regime. Food distribution has continued using the Public Distribution System (PDS), as the result of the CPA working with the World Food Program (WFP). WFP operations continue to transport food primarily through Turkey, Syria, Jordan, Kuwait and, increasingly, through the port of Umm Qasr.

These activities will continue until Iraq's internal production increases and there is a transition to a more market-based system. As the first step in this process, preparations continue in the three northern governorates of Arbil, Dahuk and Al Sulaymaniyah for the handover of the PDS to Iraqi authorities.

Health

The public health situation has stabilized and is improving throughout the country. There have been no health crises or unexpected outbreaks of preventable diseases. An Iraqi International Medical Assistance Committee (IMAC) has been established and is coordinating incoming offers of assistance and supplies from non-governmental organizations throughout the world.

The Ministry of Health and the CPA are working to ensure that basic health care services are available to all Iraqis. Today, all of Iraq's 240 hospitals, 10 specialty centers and

more than 95% of clinics are open, receiving patients and being stocked with adequate medical supplies for the first time in many years. Iraq's pharmaceutical and medical supply distribution system, known as Kimadia, is functional under the Ministry's auspices, with supplies flowing to hospitals, clinics and warehouses throughout the country. At least 22 million doses of vaccines to cover approximately 4.2 million children have been administered. More than 12,000 tons of pharmaceuticals have been shipped in the last four months.

The health care system infrastructure, after decades of governmental neglect, still poses challenges. Facilities and basic medical equipment are in need of maintenance and must be upgraded to current technological standards. The CPA has purchased new generators for hospitals in Baghdad and has begun renovation of the Ministry's headquarters in Baghdad. The CPA and the Ministry of Health continue to assess the country's health care needs and are focusing all available resources on infrastructure requirements.

Public Telecommunications

Significant progress has been made in restoring and improving telecommunication services to the Iraqi people. More than three-quarters of pre-war landline customers currently have service. Site preparation, including foundation construction and cable splicing, is proceeding at the 12 destroyed telephone switch locations that service 240,000 telephone lines in Baghdad. To restore services for the general public, twelve temporary, containerized telephone switches are under construction, and one satellite gateway has been assembled and shipped to Baghdad. Projections indicate that landline availability will exceed pre-war levels early in 2004. One switch for international service has been activated. In addition, the 2000 kilometer fiber optic network is being repaired and will be fully restored by January 2004. Finally, the process of competitively awarding three cellular telephone contracts was completed earlier this month.

Transportation Infrastructure and Ports of Entry

Baghdad and Basra airports are operational for Coalition and non-commercial charter flights. At Baghdad International Airport, administrative offices and one large terminal have been repaired and power generators have been installed. At Basra's airport, the runway has been repaired and baggage x-ray units have been installed along with passenger lounges. The Umm Qasr port re-opened to commercial traffic on July 17. Most of the 21 berths are open, with 50,000 ton cargo ships able to use the port. Petroleum is being transhipped through Umm Qasr, and container and roll-off cargoes are also arriving. Repairs to grain silos were completed at the end of August 2003.

Outside Baghdad, the construction of a four-lane bypass bridge has been completed, allowing travel around the damaged Al-Mat bridge. This bypass provides a key commercial link from Baghdad and other Iraqi cities to Jordan. More than 3,000 trucks carrying humanitarian and commercial supplies use this route daily.

The government-owned railroad system has not been sufficiently maintained and will require significant capital investment to address deferred maintenance and lack of spare

parts. Repair is underway on a 72-kilometer stretch from Umm Qasr port to Suiaba Junction to ensure that grain shipments from the port to the mills are not jeopardized.

Oil and Fuels

The partnership of the Ministry of Oil, the CPA and the U.S. Army Corps of Engineers Task Force Restore Iraqi Oil (TF RIO) continues to manage and synchronize the overall oil infrastructure restoration effort. More than 130 projects are underway and others are being planned. Significant progress has been made both in bringing fuel to the Iraqi people and their industrial base and in the export of crude oil, which brings needed income for Iraq.

Crude oil production has been steadily increasing and has reached 1.9 million barrels per day. Crude exports are averaging about one million barrels per day. Two major projects – replacement of 50 km of the Iraq-Turkey pipeline and the Tigris River underground pipeline crossing – have started. These projects will increase pipeline capacity in the north to one million barrels per day.

The three major refineries have achieved stable production rates. The current refining output since October 1 is 488,000 barrels a day. Gasoline availability, including imports, meets or exceeds daily consumption. Kerosene production exceeds current daily consumption. Diesel production and imports together are meeting current demand. Significant effort has been applied to the restoration of the Liquefied Petroleum Gas (LPG) production capability in southern Iraq. This system began producing and delivering LPG to the people of Iraq in early October.

Independent power generation has been installed at more twenty-two key oil infrastructure sites resulting in a significant increase in crude oil production. More than 325 MW of power generation capacity will be installed in the southern oil fields to ensure stable power, crude production and refinery operations.

Education

Near-term objectives for Iraqi education have included increasing enrollment and improving the quality of primary and secondary education, ensuring sufficient materials for the start of the school year, training teachers, and establishing educational partnerships. Schools opened on October 1, 2003. Almost all of the country's approximately 13,000 K-12 schools are operating with 160,000 primary and 62,000 secondary school teachers employed in these schools. Approximately 36,000 Iraqis, working for 64 Iraqi subcontractors, have rehabilitated over 1,500 schools. USAID is funding significant numbers of student desks, teacher desks, chalkboards, and pens and pencils for schools throughout the country. USAID is also distributing 1.5 million secondary school kits, and the United Nations International Children's Education Fund (UNICEF), with USAID and Japanese funding, will furnish 3.6 million primary school kits. Ministry of Education training specialists and the CPA advisors and contractors worked together to train an initial set of Iraqi teachers in effective lesson-planning and classroom practices used in countries around the world.

A committee of Iraqi teachers under the auspices of the Ministry of Education has edited the textbooks in all subjects and grades to remove references to Saddam, Ba'athist doctrine, war propaganda and racial and religious hatred. The United Nations Educational Scientific and Cultural Organization (UNESCO) is printing 5 million edited math and science textbooks, to be delivered by November. UNICEF is printing the remaining 67 million edited textbooks, to be delivered from November 2003 through April 2004.

Twenty-two universities and 43 technical schools are now open. Universities in Iraq will receive 1,500 computers from the Oil for Food program in the next few weeks, along with internet centers established with financial support from the South Korean government. The Minister of Higher Education and Scientific Research, Dr. Zeiad Abdule-Azzak Aswad, has met with the presidents of each of Iraq's universities, including the presidents of universities in northern Iraq. These are important symbolic meetings because the former Iraqi government did not recognize universities in northern Iraq. The USAID has funded three (of an expected five) large cooperative agreements to establish partnerships among selected U.S., international and Iraqi institutions. The U.S. and international institutions include the University of Hawaii, DePaul University College of Law and State University of New York-Stony Brook in collaboration with Columbia University, Boston University, and Oxford University. The initial three grants are in the areas of law, agriculture and archaeology, respectively.

ECONOMY

Objective: Create an environment that encourages economic growth. Assist Iraqis in the creation of a market economy.

Restoring Economic Activity

Restoring the oil industry is crucial to rehabilitating the economy. Under an Iraqi/CPA/Army Corps of Engineers oil management team, crude oil production averaged more than 1.9 million barrels per day through late September. Oil exports are averaging about one million barrels per day and, as of the end of September, cumulative exports approached 80 million barrels. Cumulative oil revenues as of the end of September were about \$1.6 billion.

Significant progress has also been made in developing the private sector. A CPA Order issued September 21 encourages foreign investment by protecting the rights and property of the investor. The order was issued in collaboration with the Governing Council. The CPA also recently completed a review of State Owned Enterprises in preparation for upcoming reforms. The International Finance Corporation is proposing a \$100 million finance facility for small and medium sized enterprises. The CPA also plans to award \$15 million for a National Micro and Small Enterprise Credit program from existing funds. Progress has also been made in the financial markets. There are 17 small, private sector banks operating in Iraq, and the CPA is ensuring adequate standards are established and maintained.

CPA orders have implemented a number of economic and financial reforms. The Governing Council has reduced the marginal tax rate on individual and corporate income from 45 percent to 15 percent. In addition, a reconstruction tariff capped at 5 percent has been levied on all new imports for the next two years. A new law allows six foreign banks to enter Iraq over the next five years. After 2008, this limitation will be rescinded. Currency exchange begins in mid-October and is expected to be complete in mid-January. Production of new dinars is underway, costing approximately \$150 million. The Trade Bank of Iraq, an independent entity with authorized capital of \$100 million, was established on July 17, 2003 to facilitate import and export finance activities.

GOVERNANCE

Objective: Enable the transition to a legitimate constitutional government. Help Iraqis on the path to representative government, sustained by democratic elections.

Governance

National: The Iraqi people have taken a number of important steps on the road to establishing a fully representative government. On July 14, 2003, the Iraqi Governing Council was established. The Council was originally comprised of 25 men and women representing Iraq's religious and ethnic diversity. One member, Dr. Akila Al-Hashimi, was assassinated by opposition elements in September, 2003. Less than a month after the establishment of the Council, a committee was appointed to prepare for the drafting of a constitution. In early September, the Governing Council appointed 25 highly qualified interim cabinet ministers who are now responsible for the day-to-day management of their respective ministries. On September 10, the Governor of the Iraqi Central Bank, which will independently oversee members of the judiciary, was named. In addition, a new Council of Judges will oversee public prosecutors.

These steps have been met with broad international support. In early September, the Arab League accepted the new Iraqi Foreign Minister and his representatives as the interim representatives of the Iraqi government. On September 17-18, a ministerial delegation from the Council attended World Bank and International Monetary Fund (IMF) meetings in Dubai. A ministerial delegation also attended an Organization of Petroleum Exporting Countries (OPEC) meeting. Most notably, several Council members attended sessions of the United Nations General Assembly. The Governing Council is now preparing to open embassies in the US, UK and five Arab states. There is growing international recognition that the Governing Council currently serves as the political voice of Iraq.

Local: Iraq now has 255 municipal councils. All Iraqi citizens are now represented by a council at the municipal or governorate level. Baghdad itself now has 88 neighborhood councils, 9 district councils, and a city council. The existence of these governing bodies provides the people of Iraq with a direct and meaningful say in their community's affairs for the first time in 35 years.

The innovative decentralization processes initiated in each of the governorates in Iraq since April 2003 has brought a new sense of local ownership and prioritization for the delivery of services. The primary challenge facing the Ministry of Municipalities and Public Works now is to coordinate these new local political structures – the governorate and municipal councils – with the existing decentralized Ministry administrative network. This is to ensure development proposals and investments reflect local priorities, and that payments flow as needed to pay for the local administration, essential maintenance and capital projects. These activities are required to restore the water and sewage services and the municipal services of garbage collection, cleaning and road repairs. In support of these objectives, the CPA has awarded more than 1,000 small grants totaling almost \$50 million in all 18 governorates. Local governorate facilities have been refurbished and furnished in many areas, and office supplies and equipment have been provided to town councils across Iraq.

Refugees, Returnees and IDPs

Plans and timelines for the return of refugees and internally displaced persons (IDPs) are being established. The current challenge is how to accommodate requests to return to lands now owned by other individuals. There are approximately 500,000 refugees and 1 million IDPs resulting from many years of conflicts and repression. The current timeline calls for returning 25 percent of the refugees and IDPs within one year, 50 percent within two years, and 75 percent within three years. The Iraqi Ministry of Foreign Affairs chairs an inter-ministerial committee that works with the CPA to build a common policy framework to accommodate both refugees and IDPs. This framework will integrate a strategy for dealing with property disputes and national reconciliation. To date, the State Department has allocated nearly \$66 million to international organizations and non-governmental organizations to address issues of refugees and IDPs. Both the International Committee of the Red Cross and the United Nations High Commission for Refugees (UNHCR) are strengthening their presence to address refugee and IDP issues.

Sources of funds. Through the end of September 30, 2003, the CPA allocated approximately \$7.6 billion of the \$9.5 billion in funds available (Iraqi seized and vested, Development Fund for Iraq, and U.S. appropriated funds) for relief and reconstruction activities in Iraq, including the significant activities noted above. An additional \$64 million was allocated from the Iraq Relief and Reconstruction Fund to the Department of State after September 30th for justice and law enforcement programs. The \$7.6 billion includes the following broad, priority areas:

- Security: \$0.5 billion for providing public safety, establishing Iraqi security forces, and strengthening the justice system.
- Essential Services and Infrastructure: \$4.2 billion primarily to reestablish and rehabilitate essential services (water and sanitation services, electricity, trash removal), restore oil production, and ensure fuel supplies for domestic consumption.

- Governance: \$0.6 billion for human rights and civil society, including support to local governing councils, and youth and cultural activities.
- Economy: \$1.7 billion for the Iraqi economy, including emergency payments and salaries for civil servants and other workers in various sectors, the wheat harvest purchase, currency conversion, and jobs for Iraqis.
- In addition: \$0.6 billion for operating expenses of the CPA, including personnel, communications, facilities, logistics, media support and security.

Sources and allocations of the \$7.6 billion for the functions listed above include:

- Iraqi state assets, both vested and seized, totaling \$2.47 billion of the \$2.53 billion available have been allocated. In addition, over \$100 million in seized assets have been converted to U.S. dollars since September 30th. These funds have not yet been allocated. The Iraqi assets are being used to finance the salaries of Iraqi civil servants, regular payments for Iraqi pensioners, construction program projects, and other critical relief and reconstruction activities in direct support of the Iraqi people.
- Development Fund for Iraq (DFI) assets totaling \$1.1 billion of the \$2.5 billion available has been allocated. The DFI assets are being used to finance emergency fuel imports, currency exchange, and various security and infrastructure projects.
- Of the \$4.5 billion U.S.-appropriated funds available, \$4.0 billion have been allocated: \$3.4 billion for relief and reconstruction efforts and \$0.6 billion for operating expenses of the CPA.

The total amount available in the Development Fund for Iraq (DFI) account since its inception was approximately \$2.5 billion as of September 30, 2003. The \$2.5 billion in the DFI account consists of the following transfers:

- \$1.0 billion from the United Nations Oil For Food escrow account;
- \$0.7 billion of proceeds from the sale of oil;
- \$0.3 billion Oil For Food deposits;
- \$0.2 billion from vested assets from U.S. Treasury accounts; and
- \$0.3 billion from foreign government accounts.

Appropriated funds are contributing to the relief and reconstruction efforts in the following ways:

- USAID has allocated \$1.7 billion of the \$2.5 billion appropriated in the Iraq Relief and Reconstruction Fund (IRRF) and \$0.5 billion of the \$0.6 billion appropriated in other non-IRRF accounts for a total of \$2.2 billion. USAID has used these funds to restore economically critical infrastructure in Iraq including establishing emergency telecommunications; water, sanitation, and electricity services; food distribution; and

transportation capability as well as education and health services and support for local governance and economic growth.

- The Department of Defense has allocated \$0.5 billion of the \$2.5 billion appropriated in the IRRF, \$0.6 billion appropriated in the Iraq Freedom Fund (IFF), and all \$0.5 billion appropriated in the Natural Resources Risk Remediation Fund (NRRRF) for a total of \$1.6 billion for reconstruction efforts in Iraq. DoD intends to transfer in mid-October an additional \$0.3 billion from the IFF to the NRRRF for rehabilitation of the Iraqi oil distribution infrastructure. Reconstruction efforts include repairing damaged oil facilities and related infrastructure and preserving the oil distribution capability in Iraq, restoring Iraqi electrical power production, contracting for trainers for the New Iraqi Army, and providing direct support to the Administrator and CPA staff overseeing the reconstruction of Iraq.
- The Department of State has allocated \$50 million of the \$2.5 billion appropriated in the IRRF and \$116 million of the \$0.6 billion appropriated in non-IRRF accounts totaling \$166 million for relief and reconstruction efforts. Since September 30th, the Department has allocated an additional \$64 million from the IRRF. The Department of the Treasury has allocated \$6 million of the \$2.5 billion appropriated in the IRRF for technical advisors.

Foreign governments have seized approximately \$2.9 billion in Iraqi assets to date, and \$322 million of these funds have been deposited in the DFI. The Administrator of the CPA intends to deposit into the DFI: (1) proceeds from the sale of petroleum, petroleum products, and natural gas, (2) any returned Iraqi assets provided by UN member states, and (3) funds attached to Oil for Food contracts that are not prioritized or executed by November 21 and for which letters of credit have expired.

The current estimate of total revenues, through September 2003, from the sale of Iraqi oil is approximately \$1.6 billion, of which approximately \$1 billion represents cash received, and approximately \$.6 billion represents accounts receivable. Revenues are being placed in the DFI. As stated in the initial report, all DFI resources will be used for the humanitarian needs of the Iraqi people, for economic reconstruction and repair of Iraq's infrastructure, for the costs of an Iraq civilian administration, and other purposes benefiting the people of Iraq.

Please see the attached funding charts.

2. A list of the significant activities related to reconstruction in Iraq that the President anticipates initiating during the 90-day period beginning on the date the report is submitted to the Committees on Appropriations, including:

(A) Cost estimates for carrying out the proposed activities

(B) The sources of the funds that will be used to pay such costs

The President has requested \$20.3 billion in emergency supplemental funds to carry out plans to:

- Enhance security including: border enforcement; building a national police service; standing up a new Iraqi army; and reforming the justice system (\$5.1B).
- Repair infrastructure to provide the basic electricity, water, and services to the Iraqi people (\$12.4B).
- Repair oil infrastructure, import refined petroleum to overcome shortfalls and provide incentives to business initiatives and job development to encourage economic growth and assist in the creation of a market economy (\$2.5B).
- Enable transition to a legitimate constitutional government and assist refugees and internally displaced persons (IDPs) (\$0.3B).

The additional \$20.3 billion will finance the most critical needs for security and infrastructure that cannot be met with anticipated revenues from oil sales until the necessary oil infrastructure is developed. The supplemental request is for the purpose of fulfilling known and urgent requirements that cannot reasonably be met through the use of existing appropriations or Iraqi assets.

If the supplemental request is delayed, projects planned by the CPA will be delayed or deferred. The remaining Iraqi assets, primarily the Development Fund for Iraq, will be used to pay for ongoing ministry operations and ministry salaries. The remaining U.S. appropriated funds, primarily Iraq Relief and Reconstruction Fund, will be used to pay for the continuation and completion of USAID and Department of State projects.

The CPA is meeting the challenge of managing the recovery of Iraq and facilitating greater involvement of Iraqis in the reconstruction process. During the next 90 days, the CPA will continue to focus on activities that include the following:

SECURITY

The plan for the next 90 days is to accelerate the transfer of responsibility for security to Iraqi forces, especially responsibility for local law enforcement. Attention will also be devoted to law enforcement planning and oversight. The CPA and the Interior Ministry will begin police training at national-level academies in Iraq and at a training center to be established in Jordan. In addition, the CPA will begin establishing civilian oversight of police. Long-term acquisition programs and logistical support activities will be established in the next 90 days as well. Professional military training like that provided under the International Military Education and Training (IMET) program and by Coalition nation programs, is also slated to commence. Other key initiatives will continue to build up the New Iraqi Army, Iraqi Civil Defense Corps, Facilities Protection Services and the Border Guards. Police forces will continue to be recruited and trained, and efforts will be directed toward facility protection, mine removal, and public safety facility and equipment repairs. Efforts will also be devoted to strengthening the firefighting force, including the recruitment, training and equipping of an additional 5,000 firefighters, the establishment of a national firefighting academy, and the refurbishment of over 165 firehouses. Additional initiatives include programs to conduct

public safety training to increase professional standards and to develop a National Security Communications Network.

Goals for each of the five security forces are:

- Building a credible Iraqi police service: Professional police training will begin in Jordan. National police facilities must also be constructed and refurbished. The goal is to maintain an Iraqi police service of approximately 70,000 officers.
- Developing Iraqi border enforcement and customs forces: These forces help to protect border crossings and enforce customs and immigration laws. Construction and/or refurbishment must commence on 53 border police facilities and 19 port-of-entry facilities. Recruitment efforts will continue for border police, immigration inspectors and national passport officials. Passport facilities will be completely reconstructed.
- Expanding the Facilities Protection Service (FPS): The goal is to grow the Service modestly over time. Regional FPS operation centers will be established in each governorate and a 48-person Program Office will be established to administer and oversee the Service.
- Developing the Iraqi Civil Defense Corps: The goal is to have approximately 10,800 individuals in the first quarter of 2004 and expand to around 15,000 by the end of 2004. They will continue to work with Coalition forces.
- Creating a professional Iraqi Army: A force of 27 battalions is projected by September 2004 as training and equipping the force and preparing its bases proceed. Plans are to prepare an army aviation element, a brigade of heavy fire support, and a modest Coast Guard. Finally, the first course for officers of the New Iraqi Army will commence in a refurbished Military Academy.

Several judicial reforms are planned in the coming months as well. The Central Criminal Court's mandate is expected to be amended to allow the prosecution of crimes against humanity and war crimes committed prior to March 19, 2003, the Court's present temporal jurisdictional limit. An emergency order will be drafted to address terrorism, gangs and organized crime. Responsibility for the penal system will be transferred from the military forces to the CPA and Iraqi officials. Juvenile detention facilities and an Iraqi correctional service will also be established. The CPA will support the development of an investigative capacity and we will promote legal training for court officers to contribute towards the formation of an impartial and transparent legal system. Necessary security guards will be provided for judges, prosecutors and witnesses. Significant efforts will continue to investigate, arrest, charge and prosecute serious criminals. Plans are also underway to buttress courthouse security and to rehabilitate the prison system.

ESSENTIAL SERVICES AND INFRASTRUCTURE

Electrical Power

A major focus of plans for the next 90 days is to accelerate investment in electrical generation and distribution. During this period, temperatures become cooler and electrical demand declines. The Ministry of Electricity will begin their planned fall maintenance program with plants shutting down units according to a schedule designed to keep total output above 3500 MW. MOE is also planning for changes in residential peak demand for electricity associated with observance of Ramadan from 26 October through 26 November. With planned maintenance complete at the end of the 90 day period, plants will be back online to meet demands associated with heating during the cooler winter months.

Recent congressional approval to transfer \$300 million from IFF to the U.S. Army Corps of Engineers for Restore Iraqi Electricity (RIE) maintains momentum for several critical electricity projects. Building on work that has been started by Task Force Restore Iraqi Electricity, the proposed \$20.3 billion Supplemental appropriation would provide \$5.7 billion – over 25 percent of the entire Supplemental request – to make rapid progress on this most critical element of Iraqi infrastructure. The goal is to generate 6,000 MW by June 2004 through completion of 10 power generation projects and 8 transmission and distribution projects. However, this should not be viewed as the final electrical power production goal, as long-term improvements will continue to add to capacity over time.

Water/Sanitation and Water Resources

A second major focus of supplemental funds is public works projects which include providing potable water access to 90 percent of Iraqis and more than doubling sewage service. By the end of October 2003, electric generating units that will improve water distribution will be installed at Baghdad water treatment and pumping stations. In South Central Iraq, contracts and subcontracts will be put out for bids on work at An Najaf water treatment plant and An Najaf, Karbala and An Diwaniyah wastewater treatment plants. Bid and work timetables will be scheduled to minimize their impact on Ramadan religious observances in October and November 2003. Other water projects include rehabilitating irrigation and drainage systems; replacing pumping station standby generators, pumps, and electrical control devices; reducing salinity loads to the Tigris and Euphrates rivers; repairing and rehabilitating key dams; and building the Umm Qasr to Basra water pipeline and treatment plant.

Food

Operational responsibility for buying, transporting, and distributing food and medicines under the Oil for Food (OFF) Program will be transferred from the UN to the CPA on November 22 in accordance with UNSCR 1483. The UN in consultation with the CPA has prioritized humanitarian and oil services contracts under the OFF program, valued at \$7 billion. While food distribution is continuing, consideration must be given to how best to move the Iraqi economy from a highly centralized, subsidized system to a market-driven system where people are free to make their open choices in the purchase of food and other items. Local products such as fruits and vegetables are now freely traded in

open markets. The challenge will be to expand this progress rapidly to grains such as wheat and rice, which are the staples of the Iraqi diet.

The CPA is developing a project to assist agricultural production and develop agricultural enterprise, credit availability and infrastructure. Future tasks include rehabilitation of irrigation and drainage systems, food production facilities, and services for pest management and animal health; providing farm inputs such as seed, feed, and fertilizers; and public food distribution.

Health

Supplemental funds will permit the refurbishment of 600 primary health clinics to provide life saving health services at a local level throughout Iraq. The CPA will also train thousands of health care providers in the most important life saving techniques. Work will continue to rehabilitate hospitals, public health centers, and delivery rooms in the Baghdad area and nationwide. In addition, a hospital burn ward, and dentistry and allergy/asthma centers in Basra, Mosul and Kirkuk are being repaired. The CPA is partnering with American health care organizations and international donors for additional resources and advice. The Health Ministry and the CPA are collectively developing a health strategy for the country.

Public Telecommunications

Continued investment in telecommunications will enable private, commercial, and official communications throughout Iraq, serving the people, business, and government. Cellular service is scheduled to begin in November 2003. International connectivity is also expected to be restored. Approximately 50,000 wireless connections are expected to be in service in the early part of next year, as are 50,000 connections to the Internet. Regulations encouraging competition and wireless internet are expected to be issued, and plans to extend internet connectivity from the CPA to all 18 governorates are also underway. The repair of Iraq's 2,000 kilometer-long fiber optic network from North of Mosul through Baghdad and south to Nasiriyah and Umm Qasr is due to be completed by the end of the year. This network will reconnect 20 cities and Baghdad, thereby covering 70 percent of Iraq.

Transportation Infrastructure and Ports of Entry

The transfer of authority for port operations at Umm Qasr is expected to take place before the end of the year. The Ministry of Public Works has identified the following three bridges as top priorities and has begun work to rehabilitate each of them: 1) the Al-Mat bridge, which is in danger of collapse; 2) the Khazir bridge, which is located near Mosul and is critical to the flow of fuel and agricultural products in the northern region; and 3) the Tikrit bridge, which provides an important commercial link between Tikrit and Tuz Khurmatu. These and other bridges are critical to economic development, regional integration, and transportation. Opening Baghdad and Basra airports to commercial scheduled flights is also an important goal, as airports enhance commercial productivity and help integrate Iraq and its economy into the global community.

Oil and Fuels

Importation of gasoline, diesel, kerosene and LPG will be necessary in the next 90 days. While Iraq is increasing oil exports, it lacks the capability to produce sufficient refined fuel products to fully satisfy internal consumption. As a result, Iraq must currently import petroleum products to meet commercial, industrial, and private demands. Port facility repairs to be completed during the next 90 days will allow for the importation of the necessary fuels in order to establish a national storage level of 30 days and provide enough fuel to meet the winter demand. The Supplemental request contains several projects that would begin reducing dependence on imported fuels, including repairs to a LPG plant and the construction of four topping plants (topping plants are the first step in the process of converting crude oil to refined petroleum products, and can provide diesel, LPG and kerosene directly from crude oil in remote locations).

The oil infrastructure mission is on track to achieve the crude oil production target of two million barrels per day by the end of 2003. Phases II and III of the unified strategic work plan for the restoration of the Iraqi oil infrastructure will commence in October and November, respectively. Funds required for the 87 projects in these phases total \$437 million. The goal is to produce 2.5 million barrels of crude oil per day by March, 2004, and a sustainable capacity of 3 million barrels per day by the end of 2004.

Multiple acts of sabotage and looting, and mechanical failure due to historically poor maintenance, have resulted in extended downtime on main pipelines. Supplemental funds will be used to provide a quick reaction pipeline repair capability to return pipelines to operational condition within 96 hours of notification.

ECONOMY

Reform of the economy is essential to economic growth. Priority areas include: introduction of a new currency, credit for small businesses, improvement of commercial legislation, coordination of a national employment program, development of a bank-to-bank payment system, new tax policies, and effective budget planning. A new currency is being issued, commencing the week of October 13, 2003, after which there will be a currency exchange program with a target completion date of January 15, 2004. The CPA is playing a key role in supporting the currency exchange operation and is developing a bank-to-bank payment system that will allow 80 banks to conduct business by mid-October 2003.

Evaluations will be conducted over the next 90 days to assess how to dispose of state-owned enterprises, and a system must be designed to extend credit facilities to small business owners. The CPA is planning to support the development of competitive agro-enterprise and agricultural markets. Other private sector development priorities include developing an American-Iraqi enterprise fund, expanding the network of employment centers, providing on-the-job training programs, and establishing market-oriented specialized training.

Repairing and securing Iraq's oil infrastructure will raise oil production and help establish an oil industry that is essential to Iraq's long-term economic development. The goal is to reach a sustainable production level of 3 million barrels per day by the end of 2004. Through September 2003, Iraq had received approximately \$1.6 billion in oil revenue. With improvements to the infrastructure, Iraqi oil revenues should grow to about \$12 billion in 2004.

GOVERNANCE

Significant steps will be taken in the next 90 days to enhance Iraq's capacity for elections. The existing electoral infrastructure will be assessed by international officials coordinated by the CPA and GC. Steps will be taken to encourage women and youth to participate in political processes. Polling organizations will be contracted to provide public opinion data. Other plans for the next 90 days include encouraging professional staff development for municipal employees, decentralizing the provision of basic services, developing more civic programs, providing migration and refugee assistance and holding public hearings on budgeting and the provision of services. To help redress the wrongs of the past, a property claims tribunal is also being designed to provide compensation or transfer of ownership for property arbitrarily seized without just compensation by the former regime.

Sources of Funds. The CPA will use all available sources of funds for projects initiated or continued during the next 90 days to reconstruct Iraq and fulfill the needs of the Iraqi people. However, the \$20.3 billion the President has requested in the FY2004 Supplemental appropriations is needed to further reconstruction activities and accelerate plans.

3. Updated strategies, if changes are proposed regarding matters included in the reports required under subsection (a).

The Coalition Provisional Authority continues to function effectively as an interagency coordinating body "on the ground" in Iraq to assist Iraqis in the rehabilitation of their country. Led by Administrator L. Paul Bremer III, the CPA staff continues to grow and adapt to the realities on the ground. Ambassador Bremer's senior advisors, including his 11 Directors, come from the U.S. Government, the private sector and from Coalition partners. Approximately 750 people work in the CPA, plus Coalition Military Advisory Training Teams (CMATT) personnel. The CPA is working closely with the Governing Council and the recently appointed Interim Ministers to help Iraqis shape their future and react to the changing realities that emerge over time.

A Program Management Office (PMO) is being established to coordinate and oversee the plans associated with the Supplemental. It will be built upon the assumption that there will be significant private sector involvement. There will be multiple construction contracts. These contracts will be competitively awarded, working with and through selected federal agencies, unless national security or emergencies require a compressed contracting timeframe. There will be several areas of construction activity including electricity, water, transportation, communications and physical infrastructure. The CPA

has been collaborating with national and professional societies to gain their support, advice and ideas. The PMO will help in planning, design and construction of all the infrastructure improvements. The PMO will also be represented through the CPA Representative Office in Washington.

4. An updated list of the financial pledges and contributions made by foreign governments or international organizations to fund activities related to humanitarian, governance and reconstruction assistance in Iraq

INTERNATIONAL FUNDS

As of September 29, 2003 some 60 countries have made pledges and contributions totaling nearly \$4 billion to the humanitarian and reconstruction effort (\$1.5 billion from foreign donations and \$2.5 billion from the United States), including countries that were originally opposed to the war to liberate Iraq.

The report submitted in June 2003 listed the top donor countries and their international pledges and contributions. Below is a comparison of these pledges and contributions to the same top donors' current pledges/contributions as of September 29, 2003. The right-hand column is a cumulative amount :

	<u>Amount of Pledge/Contribution</u>	
	(\$ mil)	
	<u>as of 6/30</u>	<u>as of 9/29</u>
United Kingdom	\$177.1	\$325.4
Japan	101.8	101.8
Australia	60.5	65.8
United Arab Emirates	47.6	50.0
Canada	41.2	244.1
Spain	32.3	74.0
Kuwait	27.5	90.0
The European Commission	26.3	113.3
Italy	<u>22.4</u>	<u>24.5</u>
Top Donor Total:	\$536.7	\$1,088.9

Additionally, other countries that have substantially increased their assistance to the humanitarian and reconstruction efforts in Iraq include: Korea (\$60 million); Germany (\$57.5 million); and Denmark (\$53.1 million).

These contributions are only the beginning of a sustained international effort in which countries must do their fair share. The Government of Spain has agreed to host an Iraq Donors Conference in Madrid on October 23 and 24. The Government of Spain is expected to issue invitations to the same 50 to 60 countries that participated in the UN Technical Consultations on Iraq in June.

The U.S. is coordinating outreach efforts with key countries prior to the Donors Conference to encourage pledges. Further, the CPA has also undertaken an outreach effort leading up to the Donors Conference, planning visits and contacts to encourage pledges. The CPA outreach plans call for heavy involvement by Iraqi Governing Council and Interim Ministers.

In preparation for the Donors Conference, the World Bank and the IMF have released their needs assessment. Conducted in Iraq during the summer, these assessments provide the basis for discussion at the Donors Conference. They include cost assessments for 14 sectors, including: transport, telecommunications, education, financial sector, water and sanitation, health, agriculture, electricity, state-owned enterprises, housing and land management, urban management, sustainable livelihood and rapid employment creation, investment climate and trade, and government institutions (including rule of law, civil society and media).

To promote transparency and ensure donor confidence, the World Bank and United Nations have designed a Multi-Donor Trust Fund. This fund will be administered by the UN and the World Bank and will allow donors to target their donations to specific sectors. The priorities and projects to be funded will be prioritized by the Iraqi Ministries and presented to the Multi-Donor Trust Fund for funding and administration.

Additionally, the CPA, along with the Iraqi Ministries, is in the process of completing an annual budget which will be provided to donors for review.

INTERNATIONAL MILITARY SUPPORT

To date, 32 nations have deployed approximately 23,700 personnel for stability and humanitarian operations in Iraq. Discussions continue with approximately 14 other nations on providing forces.

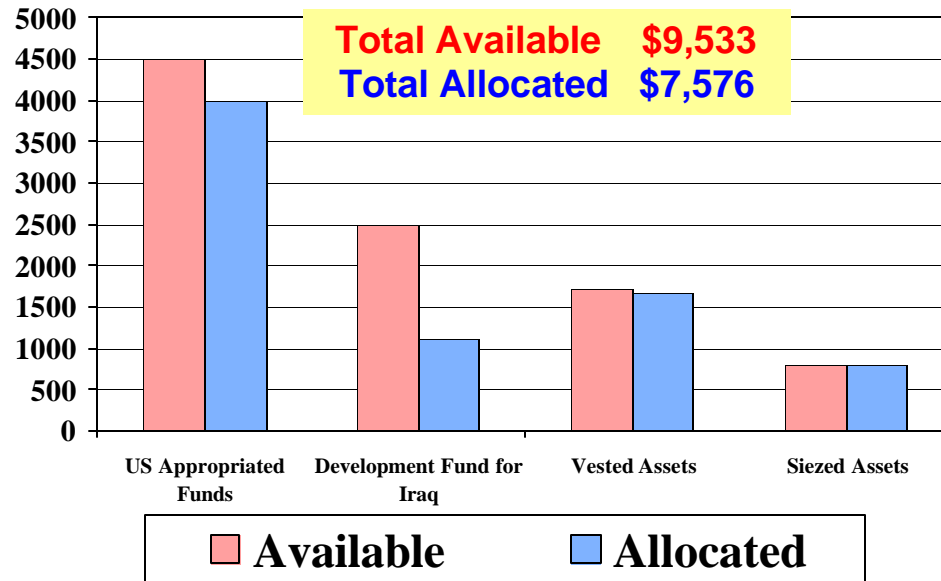
Two Multinational Divisions (MNDs) are currently in operation under British and Polish leadership in the south. United Kingdom forces, together with an Italian brigade and a battalion of Dutch Marines, are responsible for the South East sector and are responsible for Coalition successes in and around Basra. Poland assumed command of the MND-Central South Iraq in early September, taking over from U.S. Marines who were previously responsible for that sector. The division comprises 8,000 troops. The Polish have made the largest contribution to the division, followed by Spain and Ukraine. Over 15 nations have forces in the division. Other countries have offered to take on theater-wide support functions such as engineering that contribute to reconstruction.

Contributions to the Coalition include other areas as well. The Czech Republic, the Slovak Republic and Romania all deployed nuclear, biological, chemical – consequence management (NBC-CM) units to the theater. Lithuania has offered forces to help with cargo transportation. The British have made significant air contributions to the Coalition, and British naval contributions have also been supplemented by forces from Denmark and Spain. Personnel from Kuwait, the Republic of Korea, Italy, Spain and a host of other nations make critical contributions to the humanitarian and medical elements.

CHARTS AND TABLES

IRAQ RELIEF & RECONSTRUCTION FUNDING -- AS OF SEPTEMBER 30, 2003									
				APPROPRIATED ASSETS					
Balances		Vested	Seized	Development Fund for Iraq	Iraq Relief and Reconstruction Fund	Non-IRRF Accounts (net of IRRF reimbursements) *	Iraq Freedom Fund **	Natural Resources Risk Remed. Fund***	Total
Cumulative Assets a/o Sept. 30		1,724.1	808.9	2,498.0	2,475.0	576.3	948.0	502.5	9,532.8
Amounts Apport/Auth		(1,660.2)	(808.9)	(1,120.0)	(2,260.0)	(576.3)	(648.0)	(502.5)	(7,575.9)
--Department of Defense		(1,660.2)	(808.9)	(1,120.0)	(466.0)	-	(648.0)	(502.5)	
--Department of State		-	-	-	(49.9)	(115.8)	-	-	
--USAID		-	-	-	(1,738.1)	(460.5)	-	-	
--Department of Treasury		-	-	-	(6.0)	-	-	-	
Balance after Current Activities ****		63.9	-	1,378.0	215.0	-	300.0	-	1,956.9
NOTES:									
* -- The following agencies were reimbursed from the IRRF: USAID (\$212 million); State (\$10.6 million); and Treasury (\$3.7 million). To avoid double-counting with the IRRF, the column is net of IRRF reimbursements. Other amounts were reimbursed directly by appropriation account.									
** -- \$15.7 billion was appropriated to the Iraqi Freedom Fund. DoD has designated \$595 million for support to CPA's headquarters activities, \$48 million for New Iraqi Army trainers, and \$5 million OHDACA reimbursement. DoD anticipates transferring \$300 million (sec. 1311 of P.L. 108-11) to the NRRF for rapid rehabilitation of oil production and distribution capacity; final Congressional approval received subsequent to September 30, 2003.									
*** -- Beginning Balance includes \$13.218 million from the Defense Cooperation Account and \$489.3 million appropriated for NRRF (transferred from the IFF).									
**** -- In early October, an additional \$64 million was allocated to the Department of State from the IRRF. Over \$100 million in additional seized assets have been converted to U.S. dollars after Sep. 30th and will be added to the seized total in the next report (these funds have not yet been allocated).									

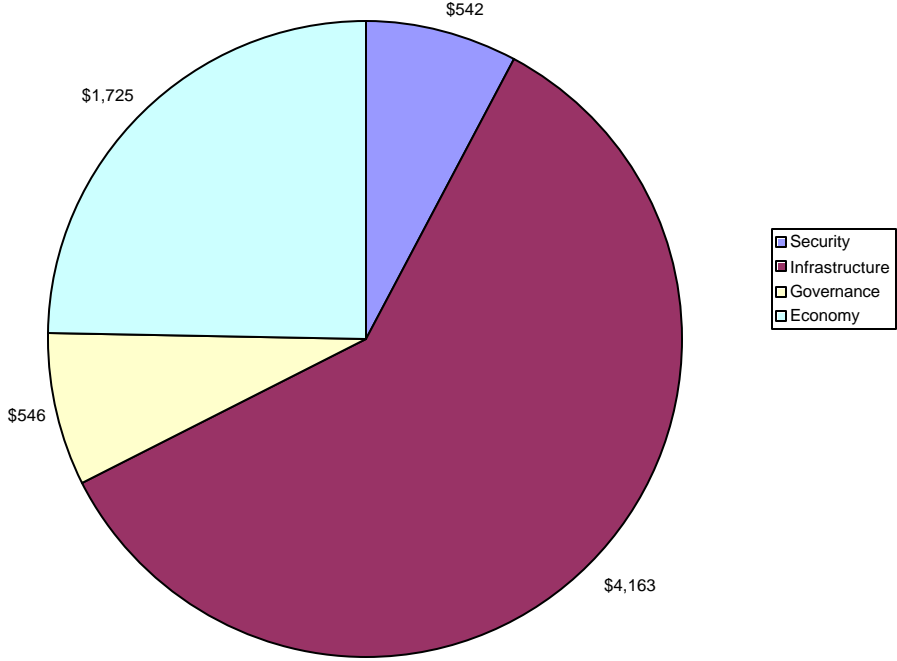
Iraq Funds Status (\$M)



Note: "US Appropriated Funds" includes Iraq Relief and Reconstruction Fund, Natural Resources Risk Remediation Fund, Iraq Freedom Fund, and non-IRRF accounts.

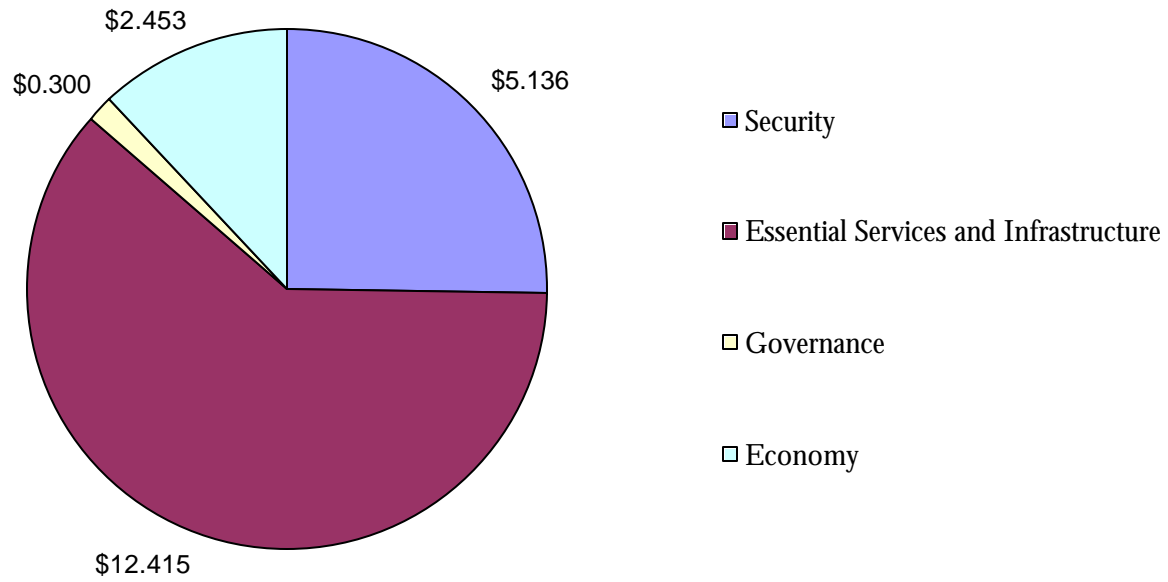
CATEGORY BY IRAQ RELIEF & RECONSTRUCTION FUNDING SOURCE-- AS OF SEPTEMBER 30, 2003									
				APPROPRIATED ASSETS					
Balances		Vested	Seized	Development Fund for Iraq	Iraq Relief and Reconstruction Fund	Non-IRRF Accounts (net of IRRF reimbursements)	Iraq Freedom Fund	Natural Resources Risk Remed. Fund	Total
Cumulative Assets a/o Sept. 30		1,724.1	809.0	2,498.0	2,475.0	576.3	948.0	502.5	9,532.9
Amounts Apport/Auth		(1,660.2)	(809.0)	(1,120.0)	(2,260.0)	(576.0)	(648.0)	(502.5)	(7,575.7)
--Security		(227.0)	(14.0)	(161.0)	(18.0)	(74.0)	(48.0)	-	(542.0)
--Infrastructure		(286.0)	(478.0)	(656.0)	(1,779.0)	(461.0)		(502.5)	(4,162.5)
--Governance		(9.0)	(264.0)	(35.0)	(197.0)	(41.0)	-	-	(546.0)
--Economy		(1,138.2)	(53.0)	(268.0)	(266.0)		-	-	(1,725.2)
--CPA Office/Admin		-	-	-	-		(600.0)		(600.0)

Highlights of Funds Allocated through September, 2003 for Iraq Relief and Reconstruction



Note: Chart does not include \$0.6 billion of operating expenses of the CPA

Planned Use of 20.3B FY2004 Emergency Supplemental Request Funds for Iraq Relief and Reconstruction



Coalition Provisional Authority

