



THE NEW WAY FORWARD

FUNDING IRAQ'S TRANSITION TO SELF-RELIANCE AND STABILIZATION
IN THE PRESIDENT'S 2007 SUPPLEMENTAL AND 2008 REQUESTS



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FIVE CORE PRINCIPLES

The budget requests submitted to Congress support key elements of the New Way Forward on Iraq that the President presented on January 10, 2007. These elements include:

- ◆ Helping the Iraqis provide population security, particularly in Baghdad and Anbar;
- ◆ Expanding our political and economic influence outside the International Zone so that we can strengthen moderates in their struggle with extremists;
- ◆ Helping the Iraqis make progress on a range of political and economic challenges that, taken together, can ultimately dampen sectarian violence.

Just as the political and economic components of the new strategy are needed to reinforce the security ones, improvements on the security track create opportunities for progress on the economic and political front. The men and women of our military are dedicated to helping Iraqis provide greater security to the people of Baghdad. Iraqi and American civilians are also on the front line, helping to take advantage of windows of opportunity created by our military forces. Likewise, the State and DOD budget requests are intertwined and mutually reinforcing: if either the military or the civilian side of our strategy is starved for resources, the sacrifices and efforts of the other will be jeopardized.



This document explains the budget requests on the civilian side, highlighting the interwoven nature of our security, economic, and political efforts. Five core principles underpin the strategy, and therefore shape our budget requests:

- First, the government of Iraq is in the lead. Success will not be dependent primarily on U.S. resolve and effort, but on the commitment and performance of the Iraqi government.
- Second, our efforts will focus on helping Iraqis build their own capacity to govern. Iraqis want to be self-reliant, but are still overcoming 30 years of poor management and a civil service that served the former regime, not the people.
- Third, we will decentralize and diversify our civilian presence and assistance to the Iraqi people. While we will continue to work closely with the central government in Baghdad, we must reach beyond the International Zone to help local communities and leaders transition to self-reliance.
- Fourth, we will channel targeted assistance to those Iraqi leaders regardless of party or sectarian affiliation who reject violence and pursue their agendas through peaceful, democratic means. We must isolate extremists and help empower moderates throughout the country.

- Fifth, we will reinvigorate regional diplomacy and strengthen support for the Government of Iraq.

Our assistance programs in 2007 and 2008 will apply these principles on three critical fronts – economic, political and security – all of which are inextricably linked. We recognize and appreciate the challenge that the Government of Iraq faces in becoming secure and self-reliant, including, most importantly, providing security for its people and executing its capital budget.

Our continued assistance will remain critical to help Iraq overcome the centrifugal forces of extremism and sectarianism; however, in the long-term it will be Iraqis, not the U.S., who determine the ultimate path of their country. To this end the Government of Iraq has committed to very specific benchmarks of progress as part of the International Compact with Iraq.

COMPLETION OF THE IRAQ RELIEF AND RECONSTRUCTION FUND (IRRF) AND TRANSITION TO NEW FUNDING

While our focus is on the way forward, we are also effectively managing the remaining funds in the Iraq Relief and Reconstruction Fund (IRRF). In 2003-2004, Congress appropriated \$20.9 billion for the IRRF. This funding was intended to kick start the Iraqi economy, and focused primarily on large-scale infrastructure projects like restoring essential services such as water, electricity and oil production, improving health and education, and helping re-establish the Iraqi security forces and police.

Despite security challenges, IRRF projects have made significant improvements in Iraq. We have increased access to clean water for 4.2 million Iraqis and access to sewerage for 5.1 million; installed, rehabilitated or maintained 2,800 MW of electricity; and helped Iraq increase oil production over pre-war levels. Democracy programs also helped Iraq hold three elections and provided advisers to support the drafting of the constitution.



We have obligated 98%, or \$18.08 billion, of IRRF II, and, as of the end of January, have disbursed \$14.8 billion (80%). Funds that were not obligated as of September 30, 2006 have now “expired,” and will be used to cover limited contract adjustments and in-scope changes needed to complete ongoing projects. We expect to complete most IRRF II projects during 2007. Over the years, we have also significantly improved our oversight and management of our projects.

We received \$61 million in the FY06 budget, and an additional \$1.6 billion in the FY06 Supplemental budget at the end of FY06. The FY06 Supplemental addresses the critical programs needed to support military counter insurgency programs and was carefully designed to work in coordination with our FY 07 budget request.

We have obligated the FY 06 Base and \$1.54 billion (98%) of the FY 06 supplemental. Of this funding, more than \$500 million is allocated

to support programs coordinated by the Provincial Reconstruction Teams (PRTs) to build the capacity of local and provincial governments to provide services for the Iraqi people. Over \$300 million is being used for programs to enhance the rule of law; governance, civil society, and political party development; and Iraqi ministerial capacity. Other programs in the FY06 Supplemental are also helping Iraq improve the

protection of its critical oil and electricity infrastructure. FY 06 Supplemental funds are already having a significant impact, helping create jobs, revitalize communities and improve Iraqi government capacity.

The FY 2007 supplemental and FY 2008 request are aimed at helping Iraq apply its own resources to further improve the economic infrastructure, create jobs, and grow the economy.

***FUNDING REQUESTS FOR IRAQ: \$2341.8M FY
2007 SUPP, \$400.8M, FY 2008 BASE,
\$966M FY 2008 GLOBAL
WAR ON TERROR (GWOT)****

As the President's New Way Forward in Iraq makes clear, our success cannot be achieved without progress along each of the security, economic and political tracks. The FY 2007 supplemental budget request will address urgent needs to improve new security efforts and continue building Iraqi self-reliance and governance. The largest portion of emergency funds will support vital security, political and economic stabilization initiatives. Effectively supporting U.S. forces means also supporting the civilian programs that must proceed alongside military efforts to build upon their successes. With this funding, we can help provide space for the Iraqi government to take the lead fully, gain the support of its people and stand on its own.

We have carefully designed the FY 2007 Supplemental and the FY 2008 base and FY 2008 Global War on Terrorism (GWOT) budgets as parts of a coordinated whole. These funding requests are integrated with our military's security operations, recognizing that economic development cannot take place without a secure environment, and that better economic and political prospects will undermine the recruiting efforts of the insurgency. Without sufficient foreign assistance, Iraq will be severely hindered in its transition to self-reliance and handicap our military forces.

* Contains funding for educational and cultural exchange (ECE) and Treasury technical assistance (OTA)

Security Track

Focused Stabilization, Provincial Reconstruction Teams (PRT), Provincial Reconstruction Development Councils (PRDC), Infrastructure Security

Total Request: \$1762M = \$1254M FY 07 Supp + \$118M FY 08 + \$390M FY 08 GWOT

Security operations can provide an environment for political and economic growth. But additional civilian capabilities are required to take advantage of the opportunities created when U.S. and Iraqi forces bring a greater level of stability to a neighborhood, town, or city. Too often the nascent capacity of the Iraqi government, and the limited reach of our own civilians outside of the International Zone, have meant that security gains have not been followed by political and economic gains, making them fleeting despite the best efforts of our military.

The New Way Forward recognized this deficiency and, as a result, has undertaken to 1) invest robustly in the capacities of the Iraqis – at provincial and national levels – to spend Iraqi money wisely and to provide services to their people and 2) to increase the number of American civilians working outside the International Zone.

Focused Stabilization and Provincial Reconstruction Teams (PRTs) will help Iraqi provincial authorities, including those in Baghdad, build their capacity to govern so that they can serve their people and thereby gain the trust of the people that any legitimate government needs. This portion of the request will allow Iraqi authorities to develop greater legitimacy by improving public services and providing employment, which will help undermine the insurgency. A small amount of funding is also requested to continue to harden and protect critical infrastructure. All of these efforts will be carried out in close coordination with the Department of Defense and Coalition partners.



■ **\$1078M PRT/PRDC = \$820M 07 Supp + \$93M 08 + \$165M 08 GWOT** PRTs will support moderate local Iraqi leaders through targeted assistance (e.g. micro loans, vocational education and grants) to foster new businesses, create jobs and develop provincial capacity to govern in an effective and sustainable way. PRTs will continue to play a leading role in coordinating several U.S. programs including Iraqi Provincial Reconstruction Development Councils (PRDC) and USAID's local governance, community stabilization, and community action programs. We are requesting \$880 million to support assistance programs through our existing and planned expansion of PRTs.

This year we will double our PRTs from 10 to 20, adding more than 300 new civilian personnel and continue programs that allow us to act quickly to provide assistance. We will expand our PRTs in three phases with the

first phase occurring over the next two months to complement our enhanced military efforts. In that time, we plan to co-locate nine new PRTs – six in Baghdad and three in Anbar – with Brigade Combat Teams engaged in security operations, providing new dimensions for leverage and coordination to military commanders and the PRTs.

In the next two phases of our PRT expansion, we will add a new PRT in North Babil and augment our existing PRTs with specialized technical personnel, such as irrigation specialists, veterinarians, and agribusiness development experts, based on local provincial needs as assessed by our PRTs and brigade

commanders. We intend to complete all three phases of our PRT expansion by the end of the calendar year.

The National Coordination Team in Embassy Baghdad will serve as the coordinating body for this funding, assisting the PRTs and PRDCs in identifying, prioritizing and managing the projects. This funding request will provide flexible funding for small, immediate impact projects targeted at PRDC initiative-based development efforts throughout Iraq.

Through this funding request (\$198M), USAID's LGP will assist Iraq's provincial governments to develop a transparent and sustained capability to govern, promote increased security and rule of law, promote political and economic development, and provide provincial administration necessary to meet the basic needs of their constituents.

- **\$564M Community Stabilization Program (CSP) = \$384M 07 Supp + \$25M 08 + \$155M 08 GWOT** The Community Stabilization Program (CSP) is an important element in the USG's strategy for success in Iraq. It forms a vital part of the inter-agency Focused Stabilization Program. CSP brings employment, economic opportunity, and hope to violence-prone communities. There are four components of the CSP including 1) public works, 2) employment generation programs and vocational training and appren-



ticship programs 3) micro-small-medium enterprise development programs, and 4) specialized youth programs.

Following kinetic activities and in close collaboration with Coalition forces, CSP utilizes both short-term and medium-term public works activities (from one to three months) to employ young men who might otherwise participate in the insurgency, sectarian violence, or crime. Using local contractors and partnering with neighborhood communities, CSP public works activities will provide early security dividends to residents by clearing debris and improving streets, water and sewer systems, parks, schools, and clinics.

In close coordination with the Ministry of Labor and Social Affairs (MOLSA), CSP's vocational education activities enhance employment prospects for young men, training them in construction trades, business management, computer literacy, and other areas. Vocational education graduates are provided apprenticeships with local contractors, including those already contracted by CSP and Coalition reconstruction efforts. Qualified vocational education graduates also receive in-kind micro-grants to start their own businesses. Finally, and in response to community requests, CSP has expanded its youth leadership and social skill development programs.

■ ***\$50 Community Action Program (CAP) = \$50M 07 Supp*** CAP works at the grassroots level to foster citizen involvement in meeting local development needs. Coordinating with Iraqi communities, CAP assists local groups in identifying needs, developing and implementing responsive projects. CAP helps mitigate violence, providing citizens with an opportunity to participate in decision-making and local development initiatives that affect their everyday lives (\$50M).



■ ***\$70 Infrastructure Security for Oil, Water, Electricity = \$70M 08 GW OT*** It is

absolutely critical to reduce the number of successful interdictions of Iraq's oil, electricity and water infrastructure in order to maintain essential services for the Iraqi people, to generate needed support for the government, and to improve the Iraqi budget, which in turn will improve GOI ability to fund its own operations. To accomplish this we are requesting funds (\$70M) for security barrier construction, hardening of oil infrastructure, implementing controlled access to facilities, maintaining standoff distances and exclusion zones and training static security guards.

Economic Track

Operations and Maintenance of Key USG Funded Infrastructure, Capacity Development, and Provincial Economic Growth Program

Total Request: \$326M = \$100M FY 07 Supp + \$92M FY 08 Base + \$134M FY 08 GWOT

Along the economic track, this funding seeks to accelerate nascent growth in the Iraqi private sector through broadening economic opportunity in the provincial areas, building future capacity, and supporting targeted initiatives. The funding proposed will enable both near-term efforts, such as micro-financing and longer-term efforts to energize Iraq's private sector. Agribusiness is particularly critical given agriculture's continuing role as a major employer and second largest source of GDP after oil. In addition, funding will be used to assist with programs in higher education and educational exchange, specifically those that have direct linkages to Iraq's major industries.



■ ***\$134 Operations and Maintenance for Key USG-Funded Infrastructure = \$134M 08 GWOT*** Sustainment funding for operation and maintenance is designed to provide critical infrastructure sectors (Electricity, Health Care, Water, Transportation, and Communications) with funds necessary to sustain operations at an acceptable level until the local economy is recovered sufficiently to assume full funding. This funding request is based on a U.S. Government contribution of 25% of the total O&M costs for key assets with Iraq paying the remaining 75%.

Contained within this amount is some additional technical capacity development for plant technicians and management.

- ***\$170M Provincial Economic Growth (PEG) Program = \$100M 07 Supp + \$70M 08*** PEG programs are designed to strengthen the Iraqi economy at the provincial level and assist Iraq in the transition from a centrally planned and controlled model to a transparent market-based system. There are three main components to the PEG program: private sector agribusiness development, strengthening Iraqi businesses to grow selected sectors of the economy, and expanding commercial lending to increase access to finance.

- ***Agribusiness Development (\$125M)***
Agriculture employs a significant percentage of Iraq's population and has the potential to employ many more. The purpose of our agribusiness development programs is to provide access to technology, financial services and institutions and facilitate linkages between and among farmers, agribusinesses, other small and medium-sized businesses and local and national government officials, in order to improve competitiveness and access to domestic, regional, and international markets.

- ◆ Increase/ diversify crop and livestock productivity, deliver in-country agriculture-related information systems to farmers and food processors, establish sustainable programs for soil reclamation and water



resource management, upgrade national food safety policies/regulations with corresponding ministry and agribusiness capacity development.

- ◆ Create partnerships between U.S. land grant universities with Iraqi ministry and university counterparts to promote academic and technological exchange.
- ◆ Promote domestic and foreign partnerships to improve the commercial success of new and existing Iraqi agribusinesses.

- ***Strengthening Iraqi Financial Markets (\$22.5M)***

This program provides Iraqis with the skills and the tools that are requisite for achieving success in expanding capital markets by increasing access to credit. Increasing access to credit allows investment to flow more readily within and between regions thus providing Iraqis the most needed tool to re-establish as well as create new centers of trade and commerce regionally. We expect this program will:



- ◆ Annually increase in the number and value of loans from private banks and microfinance institutions.
- ◆ Increase in the number and strengthening of Iraqi organizations that deliver business and financial skills training, including accreditation and certification programs, to Iraqi entrepreneurs.
- ◆ Generate positive momentum within and between communities and increase commercial exchange.

■ *Iraqi Business and Capital Development*
(\$22.5M)

Comprehensive training is critical to enable Iraqi business owners to stand on their own and successfully compete in the regional and national economy. This funding will provide access to training and complement the developing businesses and financial institutions, enabling these entities to reach sustainability and meet continuing demand and to build capacity as the economy evolves. This funding will enable:

- ◆ Iraqis to establish sustainable domestic capacity building programs across the broad spectrum of the commercial economy,
- ◆ The integration and growth of markets to generate economic prosperity,
- ◆ Continuing development of small to



medium scale businesses and quickly generate secondary and tertiary downstream benefits aimed at reducing unemployment.

- ***Secondary and Higher Education/Cultural Exchange = \$22M 08*** This initiative will focus on strengthening continuing education and certification of the next generation of professionals in Iraq's strategic industries. It will combine curriculum development, faculty training and scholarships related to Iraq's strategic industries. These innovative approaches will strengthen linkages between institutions of higher education and strategic industries, including university-industry partnerships, work-study apprenticeships and small business development opportunities for graduates in strategic sectors such as agriculture, oil, and electricity.

Political Track

National Capacity Development, Policy, Legal and Regulatory Reform, Democracy and Civil Society, Criminal Justice/Rule of Law, Non-Proliferation, Refugee Assistance

Total Request: \$1620.6M = \$987.8 FY 07 Supp + \$190.8 FY 08 Base + \$442 FY 08 GWOT

The focus of the funds requested for the Political Track includes building the capacity of Iraq's national institutions and civil society as well as developing a more stable democracy and robust civil society. In addition, requested funds will provide support for continued constitutional development to ensure Iraqis –especially women – are able to make maximum use of the protections and rights outlined in the constitution.

The requested funds are critical for developing the political conditions that encourage reconciliation, and empowering Iraqi citizens to engage with their government. Ministry capacity-building efforts will continue to train officials, increase transparency and accountability, and build core public sector functions. Establishing effective government budgeting, financial management, and procurement are challenges that cut across all ministries. A range of programs will work with NGOs and other partners to encourage democratic values and institutions.

- **\$435M National Capacity Development (NCD) = \$180M 07 Supp + \$25M 08 + \$230M GWOT** One of the greatest economic challenges of the Iraqi government has been to fully and transparently execute its budget. It is in our interest to help it improve its track record dramatically. The objective of the National Capacity Development (NCD) program is to build the capacity of key ministries to deliver core services to the people of Iraq. Such reforms are critical for Iraq in making a successful transformation from a socialist, centralized government structure into a modern democratic state. Ensuring transparency and developing the ability to manage, fund and maintain public security, provide essential services, ensure a smooth economic transition, and accelerate the development of an effective, professional civil service will be the hallmarks of a legitimate democratic government in Iraq.



- ◆ Developing institutional capacity for public administration training - working with staff of the national and regional training institutions to ensure

that they are able to deliver high-quality, relevant training for mid- and senior-level Iraqi government officials. Core functional areas of training include fiscal and resource management, program management, strategic planning, policy development, leadership and communication skills, personnel management, and information technology. Improvement of Iraqi budget execution is an essential cross-cutting objective for these activities, as are anti-corruption, ethics and change management.

- ◆ Develop Core Functions in Key Ministries, Prime Minister's Office and Council of Ministers' Secretariat - will work in diagnosing and addressing capacity development needs in the key ministries including the Ministries of Planning, Finance, Oil, Electricity, Water Resources, Municipalities and Public Works, Health, Justice, Agriculture, and Education, the Prime Minister's Office (PMO) and the Council of Ministers' Secretariat (COMSEC). Programs are tailored to specific ministry needs based on assessments of their capacity.

With these continued efforts 6,000 Government of Iraq employees will be trained in core functional areas. In addition, a Federal Public Service Commission and Civil Service Reform Commission will be established by the Government of Iraq.

- **\$134.8M Legal and Regulatory Reform = \$112.8M 07 Supp + 22M 08** We have been actively engaged in supporting Iraq's transi-

tion to free-market economy, accession to the World Trade Organization (WTO) and building a foundation for economic growth through various measures including social safety net development, pension and tax reforms, customs modernization, commercial law reform in the areas of business registry, secured transaction law, and financial management information systems to strengthen government regulatory agencies. An important example of these legal reforms is the drafting and passage of a hydrocarbon and revenue sharing law that ensures that all Iraqis benefit from Iraq's natural resources. Our programs focus on three main areas:

- ◆ Supporting the GOI in accession to the WTO, establishment of an Investment Promotion Agency, passage of a privatization law and restructuring of state-owned enterprises.
- ◆ Supporting the implementation of a nationwide Financial Management Information System (FMIS), tax reform and customs modernization, enhancing statistics collection and evaluation, and strengthening of the Central Bank of Iraq to become an effective regulator of the financial markets.
- ◆ Helping the Iraqis draft laws and regulations to meet reform needs of the Iraqi Government, the requirements of the IMF, and for strengthening the commercial legal framework. These include a web-based business registry, security transactions law, leasing law, as well as a bankruptcy law and other legal and regulatory measures that will facilitate the conduct of business.



- **\$478M Democracy and Civil Society = \$428M 07 Supp + \$50M 08** A core objective of the new strategy is to empower moderates and counter the destructive influence of those who are pursuing a sectarian agenda. This strategy is focused on developing institutions for Iraq's next general elections, scheduled for 2009, as well as the provincial elections and constitutional referenda scheduled for 2007-2008. We intend to continue to fund existing democracy programs through groups such as the National Democratic Institute and the International Republican Institute. We also intend to continue other, new programs such as the National Institutions Fund, the Political Party Participation Fund and media reform

programs. It is essential at this stage to bolster Iraq's still nascent democracy by increasing participation in the political process, particularly of the disenfranchised and those who are committed to the political process, not violence, as the means of resolving political dis-

putes. Mentoring programs targeted at civil society institutions and leaders not tied to a single sect, and to similar cross-sectarian political institutions, aim to shift the political debate in Iraq towards core issues, including public integrity and rule of law.

We will continue to fund the work being done by the U.S. Institute of Peace to overcome sectarian and religious divisions, and educate a new generation of Iraq's leaders to play a positive role. This funding also includes programs administered by the National Endowment for Democracy which provides resources and training support to civic advocacy and democratic development

activities, business associations, labor unions and other political actors, as well as programs that will provide political movements with the skills necessary to run effective campaigns individually or within issues-based coalitions. We will continue support for programs that:

- ◆ Support independent elections,
- ◆ Provide funding and support to independent media outlets not affiliated with political parties to encourage unbiased reporting on news items,
- ◆ Build capacity with civil society and charitable organizations that promote a moderate or national cross-ethnic, cross-sectarian focus to addressing Iraq's social and political needs,
- ◆ Address human rights issues in Iraq such as assistance for victims of the former regime, as well as human rights education,
- ◆ Promote women's activism, with advocacy development and empowerment skills in the political, business, and social sectors.

- **\$452.8M Criminal Justice/Rule of Law = \$200M 07 Supp + \$75.8M 08 + \$159M 08 GWOT** Corruption remains one of the most serious impediments to good governance and political stability in Iraq, draining resources from needed government services. We will address this by providing ongoing capacity development, training and support for a public integrity center in Iraq that provides training and workshops for staff of the Ministerial Inspectors General (IGs), the Commission on Public Integrity (CPI), and Board of Supreme Audit (BSA). This funding is designed to support further integration of the



three key components of the justice system (police, courts, and prisons. Additionally, this funding will be used to:

- ◆ Provide resident legal advisors to assist in mentoring judges and prosecutors assigned to the Central Criminal Court of Baghdad and in the provinces with respect to collecting and analyzing evidence and preparing serious criminal cases for trial,
- ◆ Support the development and security of courts, the Judiciary, and public prosecutors,
- ◆ Development of Ministry of Justice and Iraq corrections service capacity.

Rule of Law funding will also be used to continue the work of the Regime Crimes Liaison Office which supports the Iraqi High Tribunal which is responsible for trying many former high-ranking regime leaders.

■ **\$23M Non-**

Proliferation (NADR) = \$7M 07 Supp + \$16M 08 There are six components to our non-proliferation programs which continue ongoing specialized USG programs within Iraq. These include: nonproliferation of WMD expertise, export control & border security, anti-terrorism assistance, counter-terrorism finance programs, terrorist interdiction program, and humanitarian de-mining.

- **\$2M International Military Education and Training (IMET) = \$2M 08** The International Military Education and Training (IMET) program is an important tool in increasing the Iraqi military's awareness of international human rights norms,

fostering respect for the principle of civilian control of the military and the rule of law, and providing Iraqi military officers with necessary technical skills.

■ ***\$95M Refugee Assistance (OFDA & MRA) = \$60M 07 Supp + \$35M 08 GWOT***

Large-scale population displacement – normally viewed as a consequence of instability – can itself trigger expanded violence and polarization. As population displacement creates new victims with new grievances fleeing to supposedly safer locations, the sense of direct group victimization and radicalization inevitably spreads to relatives, host families, and community leaders in previously untouched neighborhoods.

The Office of Foreign Disaster Assistance (OFDA) reports that since OFDA began programs in Iraq in April, 2003, it has assisted more than ten million vulnerable people, including 350,000 old and new internally displaced persons.

With the current levels of violence in Iraq we expect there be an increasing number of refugees and internally displaced persons. Funds will continue to support the following targets: voluntary return and reintegration assistance for an estimated 150,000 newly returned Iraqi refugees in the critical sectors of health, water/sanitation, shelter, and primary education; meeting the short-term needs of communities impacted by large numbers of returning refugees.

DEPARTMENT OF STATE AND USAID OPERATING BUDGET REQUEST

State \$858.9M Iraq Operating Expenses Supplemental in FY 2007 and \$1.946B in FY 2008 Budget and GWOT

\$858.9M in the FY 07 Supplemental supports the Department of State operating expenses. \$1.881B in the FY 08 GWOT and \$65M in the FY 08 President's Budget support the Department of State operating expenses for FY 08. They provide:

- \$394.8M (FY 07 Supp) and \$1.187B (FY 08 GWOT) for mission operations, logistics support, security, and other costs associated with U.S. Mission operations in Iraq.
- \$15M (FY 07 Supp) and \$15M (FY 08 GWOT) for overhead cover and other physical security measures in Baghdad and at regional sites.

- \$414.1M (FY 07 Supp) and \$679.2M (FY 08 GWOT) to stand up new Provincial Reconstruction Teams (PRTs) and to augment and support existing PRTs.
- \$35M (FY 07 Supp) for support of SIGIR oversight activities for Iraq programs and operations.
- \$65M (FY 08) for core Embassy functions.

USAID \$48.8M Iraq Operating Expenses

- \$48.8M (FY 08 Base) for mission operations, logistics support, security, and other costs associated with U.S. Mission operations in Iraq.

FY 2007 Supplemental

FY 2008 Base

FY 2008 Global War on Terrorism (GWOT)



Objective/Program		FY 06 Enacted	FY06 Supp., Enacted	FY07 Budget Request	FY07 Supp.	FY08 Base	FY08 GWOT
TOTAL (\$ millions)		60.4	1593.0	777.9	2341.8	400.8	966.0
Objective 1: Security Track		5.0	932.0		1254.0	118.0	390.0
A.	Provincial Reconstruction Team Programs		470.0		820.0	93.0	165.0
	1.0 Projects with Iraq Provincial Reconstruction Development Councils		315.0		720.0	60.0	100.0
	2.0 Local Governance Program		155.0		100.0	33.0	65.0
B.	Community Stabilization Program (CSP) in Strategic Cities.		135.0		384.0	25.0	155.0
C.	Community Action Program (CAP)		45.0		50.0		
D.	Marla Ruzicka Iraq War Victims Fund	5.0	5.0				
E.	Infrastructure Security Projects for Oil, Water and Electricity		277.0				70.0
Objective 2: Economic Track		0.0	350.6	283.2	100.0	92.0	134.0
A.	Operations and Maintenance of Key USG-Funded Infrastructure		285.0	134.0			134.0
B.	Capacity Development: Training for Technicians and Plant Management		60.0	20.0			
C.	Provincial Economic Growth (PEG)			122.5	100.0	70.0	
	1.0 Private Sector Agribusiness Development			84.0	75.0	50.0	
	2.0 Strengthen Iraqi Financial Markets			17.5	12.5	10.0	
	3.0 Iraqi Financial Market Development			21.0	12.5	10.0	
D.	Secondary & Higher Education					15.0	
E.	Education and Cultural Exchange		5.6	6.7		7.0	
Objective 3: Political Track		55.4	310.4	494.7	987.8	190.8	442.0
A.	National Capacity Development Program for Critical Ministries		105.0		180.0	25.0	230.0
B.	Policy, Subsidy, Legal, & Regulatory Reforms		33.0	115.0	112.8	22.0	
C.	Democracy and Civil Society	55.4	48.0	63.3	428.0	50.0	
D.	Criminal Justice Development/Rule of Law		91.4	254.6	200.0	75.8	159.0
E.	Regime Crimes Liaison Office		33.0	24.0			18.0
F.	Non-Proliferation, Anti-Terrorism, & Demining			16.6	7.0	16.0	
G.	Refugee Assistance			20.0	60.0		35.0
H.	International Military Education and Training			1.2		2.0	



UNITED STATES DEPARTMENT OF STATE
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