

SECTION 2207 REPORT

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Executive Summary

Section 2207 of the Emergency Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004, (Public Law 108-106) requires the Office of Management and Budget (OMB) to submit a report to Congress every 90 days that updates the estimates and assumptions for the \$18.4 billion appropriated in this Act for Iraq under the Iraq Relief and Reconstruction Fund (IRRF). On January 5, 2004, OMB submitted the first financial plan to Congress. This first update to the report required under Section 2207 of Public Law 108-106 highlights the changes from the financial plan laid out in January.

Where We Are: Progress to Date

The United States and its partners remain committed to assisting the Iraqi people reconstruct their country after years of oppressive rule, corruption, and mismanagement. In this long-term endeavor, U.S. appropriated funds provide a critical catalyst. Combined with Iraqi resources such as the Development Fund for Iraq (DFI), and over time with contributions from other donor nations, funds from the IRRF and previous appropriations are laying the foundation of progress on which Iraq's future will be built.

Difficult challenges remain, but much progress has been made on the key goals of security, essential services, governance, and economic development as summarized below. Research indicates a high level of optimism among Iraqis that there will be improvement across all key areas over the next 12 months.

Security. Much improvement has taken place since last fall, but security remains the most difficult challenge and the top priority. The focus of the security programs continues to be empowering Iraqis to take progressively greater ownership of Iraq's security. Some 200,000 Iraqis now serve in the five main security forces: police, border enforcement, Iraqi Armed Forces, Iraq Civil Defense Corps, and facilities protection. As these forces are fully trained and equipped, Iraq's ability to defeat terrorists and Baathists and provide a secure environment will be substantially strengthened.

- The Iraqi Police Service is functional nationwide, on track to field 75,000 members by June. Efforts to equip and train the force are accelerating, as police academy and Transition Integration Program (TIP) courses come fully on line and international police advisors arrive.
- The current strength of the Iraqi Department of Border Enforcement is over 18,000 personnel, of which over 9,000 are Iraqi Border Police.
- The Iraqi Armed Forces are on track to train and equip 27 infantry battalions by this fall. The first IAF battalions are now operating with Coalition forces in Central and Northern Iraq.

- The Iraq Civil Defense Corps (ICDC) has fielded 36 battalions, of an eventual 45 battalions. These units work in close coordination with Coalition forces in their areas of operation.
- The Facilities Protection Service has approximately 74,000 Iraqi personnel on board.
- While research consistently shows that regaining security is seen as the highest priority by Iraqis, these polls also indicate that the Iraq public has a high level of confidence in the new Iraq security forces.

Essential Services. There has been a marked increase in the delivery of essential services and infrastructure, especially electricity.

- The Coalition Provisional Authority (CPA) expects Iraq will meet the goal of generating 6,000 megawatts per hour of electricity by June 2004.
- The total number of telephone subscribers in Iraq exceeded one million in March— over 25 percent greater than the number of active subscribers pre-war.
- The U.S. has rehabilitated over 2,000 schools to date.
- The Ministry of Health became the first Iraqi ministry to “graduate” from CPA-directed operations to full Iraqi leadership of all operations. Through UNICEF, the U.S. supported the procurement and distribution of more than 30 million doses of children’s vaccinations.

Economy. Iraq’s economy is accelerating due to the creation of financial market structures, the emergence of a dynamic private sector, and investments in human resources. We are implementing programs to develop and train Iraqis in business and improve educational opportunities.

- The Coalition’s accomplishments and efforts to provide relief and reconstruction have created tens of thousands of new jobs for Iraqis and a better quality of life.
- Iraq has issued a new currency and liberalized interest rates.
- Purchases of electrical appliances have increased dramatically since April 2003, indicating improvements in individual and disposable income.
- The improved capacity for oil production has increased the average daily production rate to about 2.5 million barrels, with average crude oil exports increasing to 1.7 million barrels per day as of March.
- The Ministry of Labor and Social Affairs has opened 17 new employment centers throughout the country.

Governance. Reconstruction efforts also support the transition to representative government, promotion of the rule of law, protection of human rights, and a vibrant civil society.

- Democracy initiative programs are underway. CPA has obligated almost \$200 million for governance programs such as electoral process monitoring, voter education campaigns, civic education training, public opinion polls, and anti-corruption activities.
- The unanimous signature by the Governing Council of the Transitional Administrative Law (TAL) on March 8, 2004 was the first step in bringing a sovereign government to the people of Iraq. The TAL will be the Supreme Law of Iraq starting in the transitional period that will begin on June 30, 2004, and remain in place until a new government takes office by December 31, 2005.

This report discusses key accomplishments to date for each project. These accomplishments have been made possible due in part to the funds available in the FY 2004 IRRF, and these funds will provide even more tangible accomplishments in the future. However, all the various sources of funds to Iraq – the Iraqi budget, funds from donors and the Oil-for-Food Program, the FY 2003 Supplemental funds, and the Commander’s Emergency Response Program (CERP) funds (see following section) – are contributing to the progress of relief and reconstruction of the country. Therefore, in the details of the report, we have listed overall accomplishments, attributable to all sources of funding, under each Project Code in the body of the report. We have not attempted to separate out the accomplishments that are specifically attributable to the FY 2004 IRRF funds, since all available funds will eventually lead to the same purpose – a sovereign and stable Iraq.

Spending Plans for U.S. Supplemental Funds

The important political changes occurring in Iraq along with the evolving security situation required some adjustments to the plan submitted on January 5. The applicable sections of this report describe the necessary changes in more detail, the most significant of which relate to security and overall responsibility for the Iraqi army and police force. In addition, the experience over the last three months of establishing the process of contracting with international and local firms, as well as increased knowledge and subsequent re-evaluation of the needs of Iraq as the Coalition helps the country to rebuild, has resulted in changes to the spending plans proposed in January.

The January report noted that flexibility in the allocation of resources among projects and for new programs is critical to successfully execute the reconstruction program for Iraq. The security situation for Coalition forces and the Iraqi people continues to evolve as:

(1) international pledges become available, (2) the transition to full sovereignty progresses, and (3) the budget picture for Iraq in 2004 becomes final. The Administration continues to assess the current situation and plans, and will endeavor to ensure that the CPA, its successor organizations, Coalition forces, and the Iraqi Governing Council remain focused on the proper priorities. Because the situation in Iraq remains fluid, reallocations of resources will continue to occur, even as the goals of a free, stable and sovereign Iraq remain constant. The

Administration will continue to consult with Congress on any necessary reallocations of funds. In these times, the necessity for flexibility is more important than ever.

Major Changes to the January Report. The IRRF Spending Plan table on page 15 summarizes the status of funds, the latest allocation between projects, and estimated allocations for the balance of FY 2004 and 2005. The allocation of funding between quarters may change over time – funds may be accelerated between quarters to accommodate specific efforts. Major changes in funding from the January 5 report include:

- A net reallocation of \$93 million to the Police Training and Technical Assistance line to consolidate funding for construction of training academies, including the Baghdad Public Safety Academy, and training equipment for the Iraqi Police Service, the Department of Border Enforcement, and the Facilities Protection Service. To finance this increase, CPA has reallocated \$8 million from the Facilities Protection Service, \$20 million from Border Enforcement, and \$65 million from the Iraqi Armed Forces.
- A reallocation of \$41 million from the Iraqi Armed Forces line to increase the number of battalions in the Iraqi Civil Defense Corps (ICDC) from 36 to 45. In total, CPA has reallocated \$106 million from the Iraqi Armed Forces Equipment line to the other priorities noted above (\$65 million to Police Training and \$41 million to the ICDC).
- A net increase of \$13 million to the Justice, Public Safety Infrastructure and Civil Society sector. This net increase consists of several components:
 - A \$15 million increase in the Reconstruction and Modernization of Detention Facilities to support up to 107 civilian contractors to train and mentor the Iraqi Corrections Service. To cover this requirement, CPA reallocated \$15 million from the Judicial Security and Facilities line.
 - The establishment of a new \$30 million Rule of Law program in the Justice section designed to provide judicial, prosecutorial, and attorney training; policy support for the Ministry of Justice and the High Juridical Council; and to increase public access to justice and legal assistance. This new program is financed by reductions in two programs: a \$10 million reallocation from the Public Safety Training and Facilities line in the Justice sector, and a \$20 million reallocation from the Property Claims Commission in the Education sector.
 - A \$7 million decrease to the Democracy Building Activities line. These funds will be used to cover part of USAID’s administrative expenses.
- A reallocation of \$184 million from the water sector to provide operating funds for CPA’s successor organization in the 4th quarter, as permitted in Title II of the FY 2004 Supplemental under the IRRF heading.
- A reallocation of funds from various lines to fund \$29 million for U.S. Agency for International Development (USAID) administrative expenses, as directed in Title II of the FY 2004 Supplemental under the IRRF heading.

Development Fund for Iraq and Contributions from Other Donors

The funds appropriated for the IRRF by the Congress in the FY 2004 Emergency Supplemental are one of several sources of funds available for rebuilding and redeveloping Iraq and for the continuing operation of the Iraq government. In addition to the funds appropriated to the FY 2004 IRRF, there are funds and assistance donated from nations around the world, as well as the Iraqi assets that will eventually lead to a stable Iraqi budget. In the short term, those funds are augmented by deposits of Iraqi assets that have been held by various foreign countries, as well as uncommitted balances from Iraq's Oil-for-Food program account.

The Development Fund for Iraq The United Nations Security Council Resolution (UNSCR) 1483 noted the establishment of the Development Fund for Iraq (DFI). The DFI is administered by the Administrator of the CPA in consultation with the interim Iraqi authority. The DFI was set up to protect Iraq's overseas assets and oil revenue from seizure or attachment by creditors. The balances in the DFI come from multiple sources, of which the two most important are proceeds from oil export sales and transfers by the United Nations in 2003 from uncommitted balances in Iraq's Oil-for-Food program account. In 2003, the DFI received \$3.7 billion from Iraq's oil export sales and \$5.6 billion from the United Nations. A third source of funds is the deposit of Iraqi overseas assets held by various foreign countries (i.e., frozen assets).

The DFI is the primary source of funds for the operation of the Iraqi Government. According to UNSCR 1483, the DFI may only be used for humanitarian assistance, economic reconstruction, Iraqi civil administration, and other purposes benefiting the Iraqi people (such as establishing security forces with training and equipment). Until the transfer of authority to Iraqi sovereignty, the CPA Administrator serves as a steward of the DFI on behalf of the Iraqi people.

The DFI began 2004 with \$5.4 billion on hand. Additional revenues expected to be generated from oil export sales during the fiscal year are projected at \$14.5 billion. The Iraqi budget is expected to expend a comparable amount, \$19.9 billion. Any additional deposits from oil revenues or the UN Oil for Food Program will be deposited in the DFI. When revenues exceed the budget expenditure projections, DFI resources will be used for the appropriate high priority requirements.

The budget for FY 2004 for the government of Iraq, which includes the DFI, is attached in Appendix 1.

UN Oil for Food Program Widespread allegations about corruption in the Oil for Food program (OFF), under which Saddam Hussein's regime was allowed to use oil revenues to purchase essential commodities under UN supervision, have recently surfaced in the press. UN Secretary General Kofi Annan has announced he is appointing an independent commission to investigate these allegations and is urging Security Council members to support the widest possible inquiry. In a separate initiative, CPA Administrator Bremer has allocated \$5 million from the Development Fund for Iraq to support an Iraqi Board of

Supreme Audit investigation of the conduct and management of the OFF program and the disposition of Iraqi assets associated with this program under the Saddam Hussein regime. Further, Administrator Bremer has ordered that all relevant records in Iraqi ministries be inventoried and protected so that they can be made available for these investigations.

Donated Funds. Assistance from other international donors should begin to comprise a significant source of financing for the reconstruction of Iraq over the next few months. Developments over the past quarter include the following:

- The International Reconstruction Fund Facility for Iraq (IRFFI), a vehicle for joint management of World Bank and United Nations reconstruction trust funds, is open and receiving funds.
- The donor committee of the IRFFI met in Abu Dhabi on February 29, 2004, and selected Japan as the chair. At this meeting, donors made commitments to contribute roughly \$1 billion of their pledged assistance to the IRFFI in 2004. Approximately \$450 million of this amount will come from Japan; \$194 million from the European Commission; \$125 million from the UK; \$67 million from Canada; \$20 million from Spain; \$15 million from Australia; and \$10 million from the United States.
- The Iraqi interim government has developed a set of sectoral strategies for reconstruction, which include developing projects focused on generating employment, improving productivity across the economy, and rehabilitating essential services. The Iraqi Strategic Review Board, whose five members include the Minister of Planning and Development Cooperation and Minister of Finance, endorsed these plans. The World Bank and United Nations Development Group have developed related work plans to structure their activities in Iraq.
- The World Bank has conducted a 3-week training course on managing development projects for 75 Iraqi officials from 12 ministries. The program provided an overview of the project cycle and included special sessions on procurement, financial management, and project management. Such training is a vital step in developing Iraqi government capacity to plan and implement reconstruction.

The January Section 2207 report included a table of pledges made at the Madrid International Donors Conference, held October 23-24, 2003. Donors have made few new pledges of assistance since that time, though several have provided additional definition regarding their plans and implementation for these pledges. The status of assistance programs among the largest donors and international organizations is detailed in Appendix II.

Program Management

The cooperative efforts of the Department of Defense, USAID, the Department of State, and the Department of the Treasury are building upon accomplishments from funds provided to the IRRF in both P.L. 108-106 and P.L. 108-11, as well as other sources.

Status of Major Contracts. Of the \$18.4 billion appropriated in the FY 2004 Supplemental, \$8.15 billion was apportioned through the 2nd quarter to various agencies for a variety of projects. Of this amount, agencies have obligated approximately \$2.3 billion through March 24, 2004. In mid-March, CPA's Project Management Office (PMO) awarded construction support contracts and a number of major construction and non-construction contracts. The rate of obligation will significantly increase as agencies execute contracts that were recently awarded. Major contract awards to date include:

- On January 6, 2004, USAID awarded a \$1.8 billion contract for infrastructure.
- On January 16, 2004, the U.S. Army Corps of Engineers awarded two contracts to help reconstruct Iraq's oil industry.
- On January 12, 2004, the U.S. Army Corps of Engineers awarded ten capacity contracts in anticipation of potential contract requirements in the U.S. Central Command area of operations. These contracts, while not specific to Iraq, are available to support Iraq relief and reconstruction efforts.
- On March 10, 2004, the Army, on behalf of the PMO, awarded seven contracts to provide dedicated program management and coordination support for all design and construction activities being performed for the PMO.
- Between March 10 and March 26, the Army, on behalf of the PMO, awarded ten Design-Build construction contracts for the major construction sectors totaling a maximum of \$5 billion.

A more complete list of the major contract awards and contract vehicles can be found in Appendix 3.

Administrative Costs and Program Overhead. The CPA and other agencies have been involved in reviewing the operational costs of providing relief and reconstruction to the people of Iraq. The FY 2004 Emergency Supplemental allows up to 10 percent of IRRF funds to be made available to agencies other than CPA to pay for administrative expenses.

In providing for the reconstruction of Iraq, CPA and the implementing agencies face considerable challenges. Providing security, moving supplies through Iraq's long-neglected infrastructure to construction and other sites around the country, and providing food and shelter for personnel involve costs that must be covered using the IRRF. Of particular note, the costs of protecting the staffs of implementing agencies in Iraq have risen over the past six months. Although the U.S. military provides significant and

highly valued protection, agencies have to commit resources to protect staff from attacks by terrorists.

Administrative expenses for such things as security, program management, and logistics will come from IRRF funds and reduce slightly the level of funding that CPA and its successor can provide for specific relief and reconstruction projects in Iraq. OMB is currently working with CPA and other agencies to determine the amount and allocation of administrative expenses within the statutory 10 percent limitation set out in the Supplemental. Therefore, we do not break out in this report the amount of IRRF funding allocated to administrative costs. However, this report delineates a separate allocation of \$29 million specifically identified in the FY 2004 Supplemental to partially cover USAID's administrative expenses.

Commander's Emergency Response Program (CERP). Reconstruction activities are occurring in ways large and small. Some of the most important reconstruction efforts are occurring at local levels through the Commander's Emergency Response Program or CERP. On June 15, 2003, the CPA Administrator established CERP to enable tactical military commanders to respond to urgent humanitarian relief and reconstruction requirements by carrying out programs that immediately assist the Iraqi people.

The program is a broad-based application that crosses regions, religions, and tribes and has a positive impact on and generates interaction with the Iraqi population. In addition, the program leads to a grassroots building of trust and support that enables economic development, a return to normalcy, and jobs. Further, the CERP program is a low-cost program, with virtually no overhead, and 100 percent of the funds go directly to help the Iraqi nation.

The CERP enables brigade- and division-level commanders to spend funds not to exceed \$200,000 and \$500,000, respectively, at any one time and are subject to per transaction limits of \$50,000 and \$100,000, respectively. The tactical military commanders are required to coordinate all projects with the regional CPA offices and other reconstruction teams to ensure that there is no duplication of projects or efforts and to ensure synchronization.

Brigade and division commanders have identified CERP as a key tool in the reconstruction effort. Tactical military commanders say the benefit received from CERP funds far outweighs the amount provided and are finding that funding minor efforts such as repairs to houses and buildings are helping to stabilize areas in Iraq.

The total amount of CERP funds for Iraq is \$549 million. Of this:

- \$179 million is from seized Iraqi assets;
- \$230 million is from the Development Fund for Iraq (DFI); and

- \$140 million is from DOD Operations and Maintenance funds appropriated for the CERP in the FY 2004 Emergency Supplemental.

As of March 27, 2004, local commanders have spent over \$222 million in CERP funds on over 19,000 small projects, including repairing and refurbishing water and sewer lines, cleaning up highways by removing waste and debris, transporting water to remote villages, purchasing equipment for local police stations, upgrading schools and clinics, purchasing school supplies, removing ordnance from public spaces including schools, and refurbishing playgrounds, youth centers, libraries, other recreational facilities, and mosques. The table below shows how local commanders have spent CERP funds by sector through March 27, 2004.

Status of CERP Projects and Funding through March 27, 2004

Project Type	Number of Projects	Amount (\$millions)
Education	3,549	38.9
Electricity	663	6.2
Health	1,171	12.6
Other Public Services	3,363	47.6
Police/Security	2,654	48.6
Reconstruction	2,384	21.8
Rule of Law/Government	1,036	8.4
Social Programs	540	4.6
Transportation	207	2.2
Water/Sewer	1,643	16.3
Other projects	1,933	15.7
Total	19,143	222.5

A Legal Foundation for the New Iraq

Less than two weeks after President Bush signed the FY 2004 Emergency Supplemental Appropriations Act, the CPA Administrator and the Iraqi Governing Council agreed on a process that would return a sovereign government to the people of Iraq by the end of June 2004. This reflected an acceleration of the timetable to transition to Iraqi control and sovereignty.

The first step to returning a sovereign government to the people of Iraq was the unanimous signature by the members of the Governing Council of the Transitional Administrative Law on March 8, 2004. The Transitional Administrative Law (TAL) will be the Supreme Law of Iraq during the transitional period beginning June 30, 2004. The TAL will expire once a government is elected under a permanent constitution and takes office, which is to happen no later than December 31, 2005. The transitional period will consist of two phases:

- *Phase I:* On June 30, 2004, an Iraqi Interim Government will be vested with full sovereignty, and the Coalition Provisional Authority will dissolve. This Iraqi

government will be formed through a process of widespread consultation with the Iraqi people and will govern according to the TAL.

- *Phase II:* The Iraqi Transitional Government will take office after elections for the National Assembly. These elections will take place as soon as possible, but no later than January 31, 2005.

Under the TAL, Iraq will be united under a system of government that will be federal, democratic, and pluralistic. Federalism will be based on geography, history, and the separation of powers rather than on ethnic or sectarian lines. Islam will be the official religion of the State of Iraq. Islam will be considered a source, but not the sole source, of principles underlying the law. The TAL will guarantee the freedom of religious belief and practice of all citizens of Iraq. Arabic and Kurdish will be the official languages of Iraq. Finally, the Transitional Iraqi Government will contain checks, balances, and the separation of powers. The Iraqi Armed Forces, for example, will be under the control of Iraq's civilian political leadership and the judiciary will be independent.

Under the TAL, the government will respect the rights of the people, including rights:

- To freedom of thought, conscience, and expression;
- To assemble peaceably and to associate and organize freely;
- To justice; to a fair, speedy, and open trial; and to the presumption of innocence;
- To vote, according to law, in free, fair, competitive and periodic elections; and
- To file grievances against officials when these rights have been violated.

Where We Are Going: Transitioning to Full Iraqi Sovereignty

On June 30, 2004, responsibility for governing Iraq will transition from the CPA to the Iraqi Interim Government. At that time, the Department of State will establish a U.S. Mission that will assume responsibility for the diplomatic and reconstruction activity currently being conducted by the CPA. The Departments of State and Defense, along with the CPA, have formed strong partnerships to assess, plan, and execute the interagency transition for the organization and operations of the U.S. Mission. The details of the transition plan, including the role and status of the PMO and the senior advisors to Iraqi ministries, are being finalized. In general terms, however, the Department of State and the U.S. Mission, operating under a new ambassador to Iraq, will assume responsibility for the reconstruction activities and the execution of reconstruction funds appropriated by Public Law 108-106.

In executing the transition from the CPA to the U.S. Mission, the CPA operating budget must be transitioned to the appropriate successor organization. There are a number of funding sources to apply to the operating expenses of the U.S. Mission beginning July 1st:

- \$97 million from the FY 2003 and 2004 Iraq Supplemental appropriations, including \$36 million for operations/security costs from the Department of State's Diplomatic and Consular Programs account and \$61 million for interim Iraq facilities;
- \$196 million in 4th quarter funds currently apportioned for CPA Operating Expenses; and
- \$184 million from the IRRF using the authority allowing up to 1 percent of the \$18.4 billion available for Iraq relief and reconstruction to be transferred to cover operating expenses of CPA or a CPA successor organization.

In addition, IRRF implementing agencies can access up to 10 percent of the IRRF funds they manage or administer to use for overhead costs.

The Report

The following report provides by sector and project: changes, if any, from the January report; accomplishments to date; and accomplishments anticipated in the next quarter. There are also three appendices:

- Appendix 1 outlines the 2004 Iraqi budget;
- Appendix 2 discusses international donor contributions; and
- Appendix 3 provides information on the major contract awards.

SECTOR: Security and Law Enforcement

The structure and overall responsibility for the Security and Law Enforcement sector have changed since the January report. Recognizing the need for consolidation of all five Iraqi Security Forces (ISFs) under one oversight element, the U.S. Central Command (CENTCOM), working through the Combined Joint Task Force-7 (CJTF-7), has assumed responsibility for manning, training, equipping, mentoring, and certifying ISFs. The CJTF-7 has established the Office of Security Cooperation (OSC) that will encompass the Coalition Military Assistance Training Team (CMATT) and the Civilian Police Assistance Training Team (CPATT). These teams will organize, train, equip, mentor, and certify the Iraqi Civil Defense Corps (ICDC), the Iraqi Police Service (IPS), the Department of Border Enforcement (DBE), and the Iraqi Armed Forces (IAF), formerly the New Iraqi Army (NIA). The OSC will also monitor, advise, and certify the Facilities Protection Services (FPS) in coordination with relevant ministries.

This new framework will help achieve planning and logistical synergies, enhanced command and control, as well as better coordination, cooperation, prioritization, and direction. We have already seen promising results, such as:

- ensuring interoperability among the five forces, for example, by using compatible communications equipment; and
- providing a common center for training for three of the civilian forces (IPS, FPS, and DBE).

CJTF-7 will accelerate the development of credible and capable internal security forces in order to support the security transition plan. Commanders will give priority to organizing, training, equipping, and mentoring credible and capable ISFs and transitioning responsibility to them as soon as feasible without losing the Coalition's ability to coordinate and synchronize actions with these forces at the local and regional level.

OSC will coordinate and direct efforts within CJTF-7 for the development of all ISFs, and will prioritize the distribution of resources across the security line of operations, giving priority to the ICDC, IPS, and DBE. The changes proposed in this quarterly update reflect this new unity of effort. The net effect of these changes is to reallocate \$106 million from the IAF to the ICDC and law enforcement areas. Of the \$106 million from the IAF:

- \$41 million has been reallocated to ICDC to increase the number of ICDC battalions from 36 to 45; and
- \$65 million has been reallocated to the IPS for vehicles, communication gear, other mission equipment, and uniforms.

In addition to funding for salaries, CPA has allocated the following funding from the DFI to finance critical equipment and initial construction for critical security forces:

- \$27 million for the expedient equipping of the ICDC;
- \$118 million for the equipping of law enforcement services (IPS/DBE/FPS);
- \$46 million for the initial construction of the Kirkush Military Training Base and Tadjji facilities; and
- \$21 million for five battalion equipment sets for the IAF.

Finally, CPA has included \$500 million in the 2004 Iraqi budget to accelerate the training and equipping of the security services in anticipation of the June 30 return of sovereignty.

LAW ENFORCEMENT

Police Training and Technical Assistance

Project Code: 10000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	246	422	160	122	0	950
April 2207 Report	246	572	103	122	0	1,043
Change from Jan Report	0	+150	-57	0	0	+93
Obligated	0	45				45

Responsible U.S. Government Agency: Departments of State, Defense, Justice, and Homeland Security.

Changes from the January Report: The January plan allocated \$800 million to the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) to support police training at the Jordan Training Academy and at the police academies in Iraq. In addition, it would have funded an international civilian police force of up to 1,500 members, of which 1,000 would be American. The January plan also allocated \$150 million to the Department of Defense to provide uniforms and equipment to the Iraqi Police Service. The April plan increases spending for police training and technical assistance by \$93 million, from the \$950 million in the January plan to a total of \$1,043 million.

The revised plan allocates \$800 million for police training and related activities. Of these funds, the State Department will use \$600 million to:

- Complete construction of the Jordan International Police Training Center (Jordan Academy) for new police recruits;

- Provide up to 150 U.S. police trainers from the International Criminal Investigative Training and Assistance Program of the Department of Justice to the Jordan Academy;
- Deploy and maintain up to 500 U.S. International Police Advisors (IPAs);
- Support up to 500 IPAs provided by other countries, for a total of 1,000 IPAs rather than the 1,500 level anticipated in January; and
- Deploy up to 200 U.S. police trainers to Iraq and provide all necessary field support for these advisors/trainers.

The remaining \$200 million will be used by the Departments of State, Defense, Justice, and Homeland Security to:

- Provide specialized police training (e.g., police counter-terrorism, criminal investigations, intelligence, and internal affairs); and
- Establish a specialized training center in Baghdad.

In order to finance these evolving security needs, CPA accelerated \$150 million for the Department of Defense into the 2nd quarter from the 3rd quarter. CPA also intends to realign \$93 million in funds in the Security Sector. These funds will come from FPS (\$8 million), DBE (\$20 million) and IAF (\$65 million) and will be used under the Police Training and Technical Assistance line for the construction of the training academies, including the Baghdad Public Safety Academy, as well as for training equipment for the IPS, DBE, and FPS. The funds will be executed by the Department of Defense on behalf of the Ministry of Interior. These funds are in addition to the \$118 million for the expedient equipping of the law enforcement services provided in the 2003 Iraqi budget.

Accomplishments to date:

- The first two classes of the IPS graduated from the Jordan Academy, and two classes have graduated from the Baghdad Public Safety Academy.
- Approximately 13,000 IPS personnel who served as police under the former regime have completed CPA's three-week Transitional Integration Program taught by Coalition soldiers. This program emphasizes democratic policing and human rights-related skills rather than basic training.
- Training began in the areas of criminal investigation techniques, Special Weapons and Tactics (SWAT) operations, and train-the-trainer instruction.
- Approximately 13,500 qualified or partially qualified police are currently on duty, 3,000 are in academy training, and another 54,500 await training.
- 294 IPAs are actively deployed on the ground in Iraq.

Accomplishments anticipated in next quarter:

- Specialized training will continue for IPS officers at Ministry of Interior facilities in Baghdad in the areas of intelligence, drug enforcement, organized crime, recruitment, internal affairs, post-blast investigation, and criminal investigation.
- Four more IPS classes at the Baghdad Public Safety Academy will begin training in the next quarter. Nine classes are expected to start by the end of the calendar year. Each class can hold 500 cadets.
- Three classes of IPS are expected to graduate in the 3rd quarter from the Jordan Academy. Each class can train 1,000 cadets. A total of seven IPS classes are scheduled to start in this calendar year. In July we expect the Jordan Academy to ramp up to 1,500 students per class.

Border Enforcement

Project Code: 11000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	150	75	75	0	300
April 2207 Report	0	150	130	0	0	280
Change from Jan report	0	0	+55	-75	0	-20
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$300 million for Border Enforcement. This report reallocates \$20 million from Border Enforcement to the Police Training and Technical Assistance project to help fund the construction of the Baghdad Public Safety Academy that will support the IPS, DBE, and FPS.

The remaining \$280 million in the Border Enforcement project will be spent on equipment and systems for DBE personnel and construction and furnishing of various border, customs, and immigration facilities. These include 17 ports of entry, immigration and border police headquarters, 3 airport ports of entry, 2 seaport ports of entry, 17 denial points, 153 border police posts, and 245 nationality offices. A study for the Iraqi National ID Card Program will be conducted to determine the best method to implement this program. The remaining 4th quarter funds were advanced into the 3rd quarter to accelerate border construction.

Accomplishments to date:

- The current strength of the Iraqi Department of Border Enforcement is over 18,000 personnel (total requirement is 25,700). Of the current 18,000 personnel, over 9,000 are Iraqi Border Police.

- Coalition forces have trained approximately 9,200 Department of Border Enforcement personnel through the Transitional Integration Program, 200 personnel are currently in training, and 8,600 are awaiting training. 7,700 more Iraqis need to be recruited to fulfill the targeted requirement.

Accomplishments anticipated in next quarter:

- Over 500 DBE students attending the Jordan Academy are expected to graduate in May.
- DOD will begin construction of various border posts and DBE facilities in the 3rd quarter. Contracts will be awarded in April, which will provide the equipment, weapons, uniforms, body armor, vehicles, and communications to increase border police capabilities.

Facilities Protection Service

Project Code: 12000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	81	0	0	0	81
April 2207 Report	0	81	-8	0	0	73
Change from Jan Report	0	0	-8	0	0	-8
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$81 million for the FPS, including \$8 million for a FPS training academy. CPA reallocated \$8 million to the Police Training and Assistance project line to construct a multi-purpose Public Safety Training Academy for the IPS, DBE, and FPS personnel. The remaining \$73 million for the FPS is allocated as follows:

- \$24 million for equipment (Note: In the January report, this \$24 million was allocated for salaries, which are now being covered by the Ministry of Finance using DFI/Iraqi budget funds);
- \$16 million for costs associated with FPS training;
- \$11 million for the Diplomatic Protection Service (this is a correction from the January report);
- \$11 million for communications equipment, weapons, uniforms, protective gear, and other equipment;
- \$8 million to construct a Regional Operations Center for the FPS; and

- \$3 million for embassy protection.

Accomplishments to date:

- The FPS has approximately 74,000 Iraqi personnel on board.

Accomplishments anticipated in next quarter:

- Agencies will award contracts for uniforms, equipment, and construction of a Regional Operations Center.

NATIONAL SECURITY

Iraqi Armed Forces

The Iraqi Armed Forces (IAF) will provide Iraq with an effective military force for the defense of its territory. These forces will be non-political, representative of the country, and committed to the protection of Iraq. Major elements consist of an army, counter-terrorism force, and small aviation and coastal defense forces. A mixture of supplemental and DFI funding is being used for construction and furnishing of facilities, purchase of equipment and supplies, and training and operations. By July 1, 2004, there will be 18 equipped and trained battalions, with the ultimate goal of having 27 battalions on duty by September 2004.

Iraqi Armed Forces Facilities

Project Code: 20000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	239	353	9	2	0	602
April 2207 Report	239	353	11	0	0	602
Change from Jan Report	0	0	+2	-2	0	0
Obligated	0	242				242

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

Changes from January Report: There is no change to the initial allocation of \$602 million for Iraqi Armed Forces facilities. However, CPA shifted \$2 million from the 4th quarter to the 3rd quarter to ensure completion of all required military housing construction.

Accomplishments to date:

- DOD began construction at several bases, including the Iraqi Counter Terrorism Force (ICTF) permanent basing complex.

- Specifically, work began during the 2nd quarter on construction and renovation of the Tadjji Military Base and IAF recruiting station (\$28 million); the Umm Qasr Naval Base (\$10.3 million); the al Kasik Army Base (\$46 million); and the An Numanhiya Military Base (\$65 million).
- These projects are already employing several thousand local residents.
- In addition, contracts were awarded to refurbish the Ministry of Defense and Joint Headquarters (JHQ) facilities, which will house military and civilian members of the new Ministry of Defense.

Accomplishments anticipated in next quarter:

- DOD is scheduled to begin construction of the ICTF base by April 30, 2004, and construction of other facilities to house 14 Iraqi Army Battalions (15,000 soldiers) should be completed by May 20, 2004.
- DOD will award contracts for the construction of a second round of facilities, including significant improvements to the ICTF basing complex, in the 3rd quarter.

Iraqi Armed Forces Equipment

Project Code: 21000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	61	346	243	64	0	714
April 2207 Plan	61	346	137	64	0	608
Change from Jan Report	0	0	-106	0	0	-106
Obligated	0	34				34

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

Changes from the January Report: In total, CPA reallocated \$106 million from this line to fund other priorities in the security sector. More specifically:

- \$41 million is being reallocated to the Iraqi Civil Defense Corps (ICDC). Of this amount, \$11 million is for ICDC operations and personnel and \$30 million is for ICDC equipment; and
- \$65 million is being reallocated to the Police Training and Technical Assistance line to help finance construction of police training facilities and training equipment.

Accomplishments to date:

- The CPA is pursuing a variety of means in the interim (including on relying on DFI) to ensure that the Iraqi Armed Forces are properly equipped.

Accomplishments anticipated in next quarter:

- DOD will re-solicit the battalion sets contract with a contract award date in the 3rd quarter.
- DOD will begin installation of a wireless infrastructure at IAF bases with satellite communications, voice & data connectivity, and personnel management software.
- DOD will complete deliveries of equipment for the ICTF including tactical and support vehicles, uniforms, protective gear, and other equipment.

Iraqi Armed Forces Training and Operations

Project Code: 22000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	116	179	70	30	0	395
April 2207 Report	116	179	70	30	0	395
Change from Jan Report	0	0	0	0	0	0
Obligated	0	31				31

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

Changes from the January Report: The January report allocated \$395 million for IAF operations and personnel. There are no changes in this report.

Accomplishments to date:

- The first four battalions of the IAF are now operating and performing critical defense tasks, including operations with Coalition forces. Specifically, two battalions are located in North Central Iraq, one battalion is in Baghdad, and one is with the Multinational Brigade in the northern sector. These battalions conduct joint patrols with Coalition forces averaging 30 patrols per day.
- Currently, there are more than 3,000 qualified members in the Iraqi Armed Forces who have been trained and another 2,200 in training.
- DOD has provided funding to the National Defense University for training Ministry of Defense personnel. The first two of three classes of about 75 newly hired Ministry staff have completed the training, which introduces them to operating a Ministry of Defense and a military that are under civilian control.

- DOD awarded a contract on March 14, 2004, for provision of subsistence, material, and supplies management, vehicle maintenance, laundry, barber, warehousing, and inventory management for Al-Kasik, Umm Qsar, and Taji Military bases.
- Officer Candidate training in Jordan commenced in January 2004, and Non-Commissioned Officer training commenced in February 2004 at Kirkush Military Training Base.

Accomplishments anticipated in next quarter:

- DOD plans to award a base support contract for the IAF facilities around the country.
- By July 1, 2004, there will be 18 active battalions with approximately 18,000 personnel. By September 2004, the IAF will have 27 battalions totaling over 35,000 personnel.
 - As the level of training increases and trained leadership is provided, the IAF will begin to conduct independent patrols in support of internal security requirements.
- The Iraqi Counter Terrorism Force will begin full-scale training.
- The Jordanian Armed Forces Training Program has allowed the Coalition to build a cadre of trained Iraqi officers who will then become trainers of future IAF battalions, while simultaneously using contractor support to validate the training for the initial Iraqi battalions.
 - The Jordanian training programs will graduate 349 Platoon Commanders and 198 Company Commanders for the Iraqi Armed Forces in April 2004.
 - The second officer class, with an additional 350 Platoon Commanders and 200 Company Commanders, will commence in May 2004.
- In addition, the Iraqi NCO academy will open at Kirkush Military Training Center in April with an initial training class of 1,800 NCOs.
- Front-end loading of leadership training will be critical to the ultimate success of the new IAF. In addition, 14 UH-1 helicopter pilots and five C-130 pilots are in flight training in Jordan while an additional six officers are in Professional Military Education programs in Jordan.

Iraqi Civil Defense Corps (ICDC)

The ICDC is a lightly equipped force designed to augment Coalition forces and to assist with counter-insurgency security missions and will eventually number nearly 41,000 personnel. The ICDC has proved to be effective leading CPA to increase its size and resource base.

Iraqi Civil Defense Corps Personnel
Project Code: 23000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	59	30	30	31	0	150
April 2207 Report	59	30	20	52	0	161
Change from Jan Report	0	0	-10	+21	0	+11
Obligated	0	23				23

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

Changes from the January Report: The January plan provided \$150 million for ICDC operations and personnel. CPA has reallocated \$11 million from the IAF Equipment line to stand up nine additional battalions, increasing the total resources to \$161 million. The funds for the 4th quarter include operating costs through the end of the Iraqi fiscal year (December 2004).

Accomplishments to date:

- The ICDC program has successfully manned 36 battalions and 5 command and control nodes with more than 33,500 personnel.

Accomplishments anticipated in the next quarter:

- An additional nine battalions of ICDC forces will be in place by June 1, 2004. Total personnel will be 40,890.
- All battalions will be fully equipped by the end of June 2004.

Iraqi Civil Defense Corps Equipment
Project Code: 24000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	51	0	0	0	0	51
April 2207 Plan	51	0	30	0	0	81
Change from Jan Report	0	0	+30	0	0	+30
Obligated	0	6				6

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

Changes from the January Report: The January plan provided \$51 million for ICDC equipment. An additional \$30 million has been transferred from the Iraqi Armed Forces to equip the nine new ICDC battalions. The total ICDC equipment requirement is \$81 million.

Accomplishments to date:

- DOD procured weapons, communications gear, personal protective gear such as helmets, body armor, and cold weather gear, and other equipment and uniforms. Body armor will begin to arrive in March and be fully distributed by June 2004. In addition, DOD purchased operational vehicles for 36 battalions, which will be fielded by Iraqi units in April 2004.

Accomplishments anticipated for the next quarter:

- DOD purchase of similar equipment to outfit the nine newly approved battalions.

SECTOR: Justice, Public Safety Infrastructure, and Civil Society

The January report outlined a plan for establishing the rule of law in Iraq and noted that the most critical needs in the justice sector were prisons, security, courthouse reconstruction or new construction, and technical assistance in various fields. Since the January report, CPA has made several changes to the Justice Sector funding and program.

As noted in the executive summary, CPA added a net \$13 million to this sector, consisting of (1) a \$15 million increase in the Reconstruction and Modernization of Detention Facilities to support up to 107 civilian contractors to train and mentor the Iraqi Corrections Service (to cover this requirement, CPA reallocated \$15 million from the Judicial Security and Facilities line) and (2) the establishment of a new \$30 million rule of law program in the Justice section designed to provide judicial, prosecutorial, and attorney training, policy support for the Ministry of Justice and the High Juridical Council, and to increase public access to justice and legal assistance. This new program is financed by reductions in two programs: a \$10 million reallocation from the Public Safety Training and Facilities line in the Justice sector and a \$20 million reallocation from the Property Claims Commission in the Education, Refugees, Human Rights and Governance sector. Finally, the Democracy Building Activities line was decreased by \$7 million. This \$7 million will be used to cover a portion of USAID's administrative expenses.

In addition to these funding changes, the scope of the Commission on Public Integrity (CPI), which has been created by the Iraqi Governing Council, has changed. The CPI was originally planned to be a small institution in the Democracy Building Activities project line, laying the groundwork to ensure transparency and combat corruption. In this update, the scope of the CPI will be expanded to be an umbrella organization to consolidate and coordinate many of the activities that were proposed in the earlier report in various sectors (e.g., Other Technical Investigative Methods). The purpose of the CPI is to investigate allegations of corruption, educate government workers and the citizens of Iraq on ethics in government, and promote transparency in government activities. The CPI serves as the third

prong of an independent auditing board for ministries. The other two prongs are the in-house Inspectors General and the Board of Supreme Audit.

The January report allocated \$5 million for the CPI under the Democracy Building Activities line item. Under a revised plan, CPA has allocated a total of \$15 million for the CPI, broken out as follows:

- \$5 million under Democracy Building Activities (as noted in the January report);
- \$5 million under Other Technical Investigative Methods; and
- \$5 million under the Witness Protection Program.

The State Department will manage the \$5 million under Democracy Building Activities to train the Iraqi investigators assigned to the CPI. DOD will obligate the remainder of the funding. The \$5 million under Other Technical Investigative Methods will enable the CPI to use electronic surveillance techniques and more advanced accounting methods to detect, deter, identify, and investigate illegal activities and organizations. The \$5 million earmarked for CPI under the Witness Protection Program project will be used to cover personnel costs and to ramp up its information collection, administration, and community outreach responsibilities.

Other Technical Investigative Methods

Project Code: 31000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	2	2	2	0	5
April 2207 Report	0	2	2	2	0	5
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$5 million to obtain state-of-the-art surveillance equipment needed to field an investigative task force looking into the most sensitive criminal/anti-corruption allegations. In this update, CPA placed primary responsibility for these activities under the CPI. The CPI will be able to use electronic surveillance techniques and more advanced accounting techniques to detect, deter, identify, and investigate illegal activities and organizations.

Additional funds from the Iraqi budget (through the Development Fund for Iraq) will also contribute to this activity. To date, \$20 million has been allocated, allowing renovation to begin on a building to house this activity.

Accomplishments to date:

- To establish the CPI, the executing agencies began renovating a building for use by the commission, identified candidates for commissioner with selection expected shortly, and began developing a code of conduct and a financial disclosure form together with an implementation plan.

Anticipated accomplishments in the next quarter:

- Agencies plan to complete renovation of office space; train Iraqi investigators on the use of basic investigative techniques, including permissible electronic surveillance; guide them in an on-the-job training program; establish a Hotline to report corruption with plans to forward information for analysis and follow-up; and finalize and implement the code of conduct and financial disclosure programs.

Witness Protection Program

Project Code: 30000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	15	15	10	0	40
April 2207 Report	0	15	15	10	0	40
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report:

The January report allocated \$40 million to hire, vet, and pay Iraqi nationals to manage and operate a Witness Protection Program. The only change from this original plan is that \$5 million of these funds will be allocated to help establish the Commission on Public Integrity, specifically to ramp up the information collection, administration, and community outreach responsibilities of the Commission.

Accomplishments to date:

- A team of U.S. Marshals arrived in Baghdad on March 25, 2004 to provide assistance to the Iraqi nationals who will design and operate the Witness Protection Program.

Anticipated accomplishments in the next quarter:

- With the assistance of the U.S. Marshals, an effective, efficient, and professional Witness Protection Program will be designed, along with a plan of action and milestones for implementation.

Penal Facilities

Project Code: 32000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	33	33	33	0	100
April 2207 Report	0	33	33	33	0	100
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$100 million to construct three new maximum/medium security prisons in different locations throughout Iraq. Based on a more detailed needs assessment, the \$100 million will now be used for the construction of one new maximum/medium security prison with up to 4,400 beds in the vicinity of An Nasiriyah in the Dhi Qar Governorate.

Within this \$100 million, \$2 million is reserved for the purchase of furniture, fixtures, and equipment and an additional amount of \$2.5 million for the initial staffing and training of personnel for the facility.

Accomplishments to date:

- The initial scope of work for the new prison has been approved, including approval of the Director General of the Iraqi Corrections Service.

Anticipated accomplishments in the next quarter:

- DOD will break ground on a facility in June 2004.

Reconstruction of Detention Facilities

Project Code: 33000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	42	41	41	0	124
April 2207 Report	0	42	54	41	2	139
Change from Jan Report	0	0	+13	0	+2	+15
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$124 million for the renovation of local detention facilities at multiple locations throughout Iraq. Of this amount, \$99 million was applied to the renovation effort and the remaining \$25 million was specified for several other projects in support of the mission. CPA is increasing the overall allocation for detention facilities by \$15 million, for a total of \$139 million and is modifying the original plan in two ways.

- The additional \$15 million, being reallocated from the Judicial Security and Facilities project line, will be used by the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) to support up to 107 civilian contractors to serve as trainers and mentors to the Iraqi Corrections Service. These funds will supplement \$27 million of the original allocation which is being recast for this purpose for a total of \$42 million.
- The revised plan differs from the January report by concentrating funding on one large regional detention center instead of rehabilitating numerous facilities. This change is based on the findings of a detailed assessment conducted after the January report was transmitted.

Of the \$139 million allocated to this project:

- \$79 million is for construction;
- \$42 million is for civilian technical assistance advisors to the Iraqi Corrections Service;
- \$8 million is to procure equipment such as vehicles, medical equipment and furniture;
- \$4 million is for a computerized detainee tracking system;
- \$4 million is for juvenile center vocational training program equipment; and
- \$2 million is for initial staffing and facility-specific training.

Accomplishments to date:

- U.S. civilian prison experts have initiated the long-term training process for prison personnel.

Anticipated accomplishments in the next quarter:

- DOD will break ground for the new facility in June 2004.
- Agencies will train 10,000 prison personnel.

Facilities Repair, Fire Service, and Demining

Facilities Repair

Project Code: 13000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	32	30	30	0	92
April 2207 Plan	0	32	60	0	0	92
Change from Jan Report	0	0	+30	-30	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$92 million for the construction or reconstruction of police stations, fire houses, and Ministry of Interior administrative buildings. The only change this report includes is an acceleration of 4th quarter funding into the 3rd quarter. This acceleration is necessary to reduce the risk of attack on police and fire stations.

Accomplishments to date:

- DOD has completed the scope of work for the Civil Defense Directorate headquarters building.

Accomplishments anticipated in next quarter:

- DOD will commence construction on the Civil Defense Directorate headquarters and all police and fire station facilities requiring construction/renovation.

Fire Service

Project Code: 14000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	122	0	0	0	122
April 2207 Report	0	122	0	0	0	122
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$122 million to fund the purchase of equipment for current and new firefighters. There is no change to this plan.

Accomplishments to date:

- DOD received contract proposals for equipment and vehicles, including firefighter work station uniforms, personal protection equipment, rescue equipment, general purpose fire trucks, fire boats, exploded ordnance disposal equipment, and fire trucks (mini-pumper and rescue trucks).

Anticipated accomplishments in the next quarter:

- DOD will distribute equipment and vehicles.

Demining

Project Code: 09500

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	61	0	0	0	61
April 2207 Report	37	24	0	0	0	61
Change from Jan Report	37	-37	0	0	0	0
Obligated	0	25				25

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

Changes from the January Report: The January report allocated all \$61 million in the 2nd quarter. This report reflects actual allocations in 1st and 2nd quarters. The project goal remains to enhance a National Mine Action Program to eliminate the impact of landmines and unexploded ordnance upon Iraq. These devices are causing significant casualties and also impeding the start and completion of numerous reconstruction and other sector activities throughout Iraq. The CPA established the National Mine Action Authority and the Iraq Mine Action Center (with related Regional Mine Action Centers) to plan and coordinate mine action response.

Accomplishments to Date:

- Agencies have deployed 39 technical advisors/trainers and developed training programs for Iraq civil servants at relevant Iraqi agencies.
- Agencies established the Iraqi Mine Clearance Organization (IMCO), including demining teams, explosive ordnance disposal teams, and mine detection dog teams, in the Baghdad region.
- Agencies drafted a demining law that is currently under discussion with the Minister of Planning.

Anticipated accomplishments in the next quarter:

- Agencies will implement training programs for Iraqi civil servants.
- Agencies will expand IMCO clearance capabilities.
- Agencies will complete additional grants to NGOs to build operational clearance organizations in the center and the south.

Public Safety Training and Facilities

Project Code: 15000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	149	0	0	0	149
April 2207 Plan	0	149	-10	0	0	139
Change from Jan Report	0	0	-10	0	0	-10
Obligated	0	7				7

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

Changes from the January Report: The January report allocated \$149 million to be used for the training of firefighters and to cover the operating costs of fire training facilities and Iraqi Police Service (IPS) training academies in Iraq. The only change to the original plan is that \$10 million is being reallocated to the new Rule of Law project code described below.

Accomplishments to date:

- The Baghdad Public Safety Academy is operational and is conducting FPS and IPS training. Two classes of IPS cadets have graduated from the Baghdad Public Safety Academy to date.

Accomplishments anticipated in next quarter:

- DOD will begin the Baghdad Public Safety Academy expansion and will increase its training output, which is critical to the establishment of a stable and secure Iraq.
- DOD will begin construction of the Iraqi Civil Defense Directorate's training academy. The Civil Defense Directorate is the fire service in Iraq, as opposed to the Iraqi Civil Defense Corps, which is a separate entity.

**National Security Communications Network: First Responder Network
Project Code: 25000**

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	25	50	15	0	90
April 2207 Report	0	25	50	15	0	90
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$90 million to build a public safety communications network that would enable the various agencies within the Ministry of Interior to communicate within each community and to communicate among sibling law enforcement agencies. Since that report was transmitted, the overall acquisition strategy for the National Security Communications Network has shifted to reflect a more aggressive, comprehensive nationwide strategy.

The current plan is for the Coalition to deploy thousands of push-to-talk radios to Iraqi first responders in 83 key Iraqi cities, including Baghdad. Building on the pre-existing but limited Iraqi Police Service (IPS) Radio System, an Iraqi First Responder Network (IFRN) capability of 30,000 hand-held radios and 9,375 vehicle-based analog radios will be operational in these key cities by mid-August 2004. Using mostly analog radios, Iraqi police, firefighters and ambulance drivers will have a basic communications capability. These purchases deliver only the most basic voice radio capabilities, which IFRN will continue to build on through integration, upgrade, or replacement.

Accomplishments to date:

- DOD began deploying radios in Baghdad.

Accomplishments anticipated in next quarter:

- Agencies will deploy radios in the remainder of the country in April 2004. CJTF-7 expects to be approximately 50 percent complete with capability deliveries by June 30, 2004. By mid-summer 2004, 90 percent of the currently defined immediate voice communications needs for Iraqi first responders will have been met.
- Agencies will acquire common Commercial Off-the-Shelf network equipment for the network trunking backbone.
- Agencies will configure and acquire systems components for network operations centers in Baghdad, Basra, Al Sulaymania, and Mosul. Funds will be used for investments in computers, operations support systems, and software unique to these technologies and networks.

Rule of Law in Iraq

Project Code: 06500

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	0	0	0	0	0
April 2207 Plan	0	0	10	20	0	30
Change from Jan Report	0	0	+10	+20	0	+30
Obligated	0	0				0

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

Changes from the January Report: This is a new project not included in the January 5 report. To fund this project, CPA reallocated \$10 million from Public Safety Training and Facilities and \$20 million from the Property Claims Commission. CPA is partially funding the Property Claims Commission from the DFI.

The \$30 million will be used for a joint Ministry of Justice-USAID project designed to provide rule-of-law training to Judicial, Prosecutorial, and Attorney (JPA) officials and staff, policy support for the Ministry of Justice and High Juridical Council, and assistance to increase public access to justice and legal assistance.

Of the \$30 million, the Department of Defense will use \$15 million to provide grants to NGOs, the American Bar Association, Harvard University, and law schools for the JPA rule-of-law training component of the project, and USAID will use the remaining \$15 million to provide policy support for the Ministry of Justice and High Juridical Council, and provide assistance to increase public access to justice and legal aid.

Accomplishments anticipated in the next quarter include:

- Agencies will begin to include international human rights principles in training of JPA personnel in the new Transitional Administrative Law and the anticipated new Constitution.
- Agencies will begin training of JPA personnel in criminal law and criminal procedure codes as modified by the CPA.
- A High Juridical Council and Supreme Court will be established with high levels of public credibility and broad representation.
- CPA will increase public knowledge of how to gain access to justice and legal assistance offered in selected Women's Centers and Democracy Centers.

Investigations of Crimes Against Humanity

Project Code: 05000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	40	25	10	0	75
April 2207 Report	0	5	60	10	0	75
Change from Jan Report	0	-35	+35	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report laid out a spending plan for activities, including investigations, support for investigations, evidence handling, forensic support, prosecutorial and judicial support, and infrastructure and security for the Iraqi Special Tribunal (IST). While these activities have not changed, the U.S. Department of Justice will assume the lead role for CPA in coordinating investigative and other assistance by the United States and the international community to the IST. Funds were moved from the 2nd quarter to the 3rd quarter to accommodate this adjustment.

Accomplishments to date:

- Agencies began planning and security requirements for the IST.
- Agencies established an Evidence Storage Facility at a former Iraqi Army base. Reconstruction and refurbishment activities at the facility are near completion, and CPA is training Evidence Custodians in the use of the storage facility.
- Five Deputy U.S. Marshals deployed to Baghdad on March 26, 2004 as the first wave of investigative advisors in the Regime Crimes Advisor Office, which will coordinate and provide assistance to the IST.

Accomplishments anticipated in next quarter:

- Agencies will develop a computerized system and archival materials to track and preserve documents.
- A Regime Crimes Advisor will deploy to Iraq.
- Agencies will begin judicial training sessions for Iraqi IST judges and investigators.
- The Regime Crimes Advisor Office and the Iraqi IST investigative staff will begin investigations of High Value Defendants.
- Agencies will begin training of Iraqi investigative interviewers to collect witness statements and evidence from Iraqi victims of regime crimes across Iraq.

Judicial Security and Facilities
Project Code: P/C 09000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	30	25	20	75	150
April 2207 Report	0	30	25	20	60	135
Change from Jan Report	0	0	0	0	-15	-15
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$150 million for this project line to improve security of and do structural repairs to Iraqi courthouses and provide around-the-clock security and protective services for judges and prosecutors in Iraq. While the majority of these funds will be used for their original purpose, this report notifies the following two changes to the original plan:

- CPA reallocated \$15 million from this project line to the Reconstruction of Detention Facilities project line to deploy and support up to 107 civilian advisors to serve as trainers and mentors to the Iraqi Corrections Service. This funding supplements approximately \$27 million already included for this purpose under the Reconstruction of Detention Facilities project line.
- CPA allocated \$7 million of the funds in this project line to INL to fund the Department of Justice Office of Overseas Prosecutorial Development Assistance and Training (OPDAT), providing up to 12 criminal justice experts at the CPA Ministry of Justice and necessary field support. INL originally funded the OPDAT program in Iraq with FY 2003 IRRF funds. OPDAT personnel provide technical advice and training for the operation of the criminal justice sector throughout Iraq.

Accomplishments to date:

- Agencies ordered support equipment (e.g., 5,000 Glock pistols, 1.5 million rounds of ammunition, and 5,000 holsters) for the Facilities Protection Service and the Personal Security Detail.

Accomplishments anticipated in next quarter:

- Agencies will begin construction and reconstruction of courthouses.

Democracy Building Activities

Project Code: 06000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	99	359	0	0	0	458
April 2207 Report	99	359	-7	0	0	451
Change from Jan Report	0	0	-7	0	0	-7
Obligated	0	260				260

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

Changes from the January Report: The January report allocated \$458 million to assist the Iraqis in building a legitimate government nationally and regionally, support the development of democratic, competitive political parties, and ensure open and transparent elections. That report notified that DOD would undertake some of these activities. However, CPA has since determined that the Department of State and USAID are best suited to undertake such activities and will be the responsible agencies for programming democracy building funds. Funding originally allocated to DOD is now being utilized by USAID to provide technical assistance and support to the transitional government.

In addition, \$5 million has been allocated to support the Commission on Public Integrity (CPI). The INL Bureau at the State Department, working with the Departments of Justice and Defense, will continue to support the CPI using these funds as well as funds included under Other Technical Investigative Methods (\$5 million) and the Witness Protection Program (\$5 million).

Also, \$50 million in funding from the Water, Electricity and Roads, Bridges and Construction Sectors will be used to fund USAID's Community Action Program, which has received \$50 million in funds under Democracy Building. Finally, funds from Democracy Building activities will be used to support USAID administrative expenses.

Accomplishments to date:

- The National Endowment for Democracy (NED) provided grants to the International Republican Institute and the National Democratic Institute to foster civic participation in the political process, promote political party development and coalition building, and build the capacity of NGOs. NED also provided grants to the Center for International Private Enterprise to support networking for Iraqi business associations and business support organizations.
- NED provided grants to NGOs working in Iraq to support human rights awareness training for youth leaders, women's rights monitoring projects, women's political and legal literacy, and the promotion of democratic public sector institutions. Additionally, a NED grant to Freedom House will fund a U.S.-based internship program for Iraqi civic activists, journalists, and private sector entrepreneurs.

- USAID’s Office of Transition Initiatives initiated more than 50 small grants to assist local NGOs with activities that are critical to the implementation of transition timelines, including civic education, civil society and media development, women’s participation, conflict mitigation, and transitional justice.
- USAID’s Local Governance Program has:
 - Facilitated the formation of 16 Governorate Councils, 78 District Councils, 192 City/Sub-district Councils, and 392 Neighborhood Councils;
 - Facilitated town hall meetings on the fundamentals of democracy and the transition to sovereignty, and organized the delivery of civic education materials throughout Iraq;
 - Provided technical assistance to the CPA and Coalition forces to make the Iraqi government councils more representative;
 - Provided leadership and effectiveness training to council members, and study tours for Iraqi municipal leaders and managers, to improve service delivery effectiveness and efficiency; and
 - Employed and trained over 500 Iraqi Democracy Dialogue facilitators who are conducting hundreds of Democracy Dialogue events throughout Iraq.
- The USAID-managed Community Action Program (CAP) to foster citizen involvement has:
 - Completed 819 community development projects in the areas of local infrastructure, social services, education, health, youth, and civil society strengthening. An additional 540 projects are underway.
 - Promoted citizen involvement and grassroots democratization while meeting critical community needs in all 18 governorates.
 - Formed 635 community action groups and an additional 78 cluster groups (comprised of 2 or more community action groups).
 - Generated over \$15 million in local contributions to CAP projects.

Working with CPA’s Governance Team, USAID also developed three specific programs to facilitate the transition and strengthen civil society:

- *Support to Iraqi Interim and Transitional Government*: This program will strengthen the transitional government by offering technical and material assistance to Iraq’s interim and transitional governing bodies. It will also contribute to the drafting of the Iraqi permanent constitution.
- *Electoral Support and Voter Education*: This program promotes active political participation and free and transparent elections. It will include a voter education campaign, domestic and international election observation, and get-out-the-vote campaigns.

- *Civil Society Strengthening and Media*: This program includes anti-corruption/transparency activities and oversight of public resources, and civil society strengthening with a focus on women, civic education, and capacity building of civil society organizations. It also supports development of an independent media that accurately and objectively reports on the transitional process.

Accomplishments anticipated in next quarter:

- USAID will:
 - Award contracts for elections assistance, civil society building programs, and technical assistance for the interim national government and the new Transitional National Assembly; and
 - Provide support for a wide range of women’s organizations and activities at the community, regional, and national level.
- Working with CPA’s Governance and Judicial Sector teams, State/INL will provide support for the following anti-corruption initiatives:
 - Strengthening Iraqi national procurement laws and systems, including through the provision of legal reform assistance and training;
 - Providing technical assistance to the Iraqi judiciary, including strengthening judicial integrity by helping to revise and enforce an Iraqi judicial code of ethics and providing ethics-related training;
 - Enhancing Iraqi government capacity to combat money laundering, including through assistance with legal reforms and training for financial investigators, judges, and prosecutors; and
 - Providing technical expertise and support to the Supreme Audit Board and Inspector Generals at the various ministries.

United States Institute for Peace (USIP)

Project Code: 07000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	10	0	0	0	10
April 2207 Report	0	10	0	0	0	10
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

Responsible U.S. Government Agency: USIP.

Changes from the January Report: The January report allocated \$10 million to assist Iraq in establishing rule of law and constitutional development, and to promote prevention, management, and peaceful resolution of conflicts in the reconstruction effort. There have been no changes since the January report.

Accomplishments to date:

The United States Institute for Peace (USIP) has:

- Provided assistance to civil society organizations that will foster an agenda of inter-religious reconciliation. USIP is assisting such organizations as the newly formed Iraq Council for Dialogue, Reconciliation and Peace.
- Coordinated with CPA's Office of National Security to organize training for 27 potential mid-level Ministry of Defense officials at the Near East and South Asia Center of the National Defense University in the United States. The training took place from March 8 - March 12, focusing on negotiation, consensus, and team-building skills.

Accomplishments anticipated in next quarter:

In the 3rd quarter USIP will:

- Set up training workshops for Iraqis, focusing on facilitation and conflict management skills. Participants will be nominated by the Governorate Coordinators in Baghdad, Ninewa, Tamim (Kirkuk), Salah ad Din, Diyala, and al Anbar. These training workshops will be offered in Iraq, the United States, and third countries.
- Provide small grants to Iraqi civil society organizations and other activities to:
 - Promote inter-ethnic and inter-religious reconciliation through conflict management training of provincial government and civil society leaders;
 - Train officials (including military officers, diplomats, and police) in conflict management techniques and strategies;
 - Work with university professors, administrators, and other educators to design programs that will help the transition to democracy and reduce conflict;
 - Assist in the creation of Iraqi institutions committed to religious and ethnic co-existence;
 - Provide assistance in the creation of a new Iraqi constitution; and
 - Assist with the design and implementation of an Iraqi Special Tribunal for the prosecution of senior officials of the former regime charged with committing atrocities.

SECTOR: Electrical

The focus of the funds notified in the January report for the Electrical Sector was on the repair and restoration of the existing generation, transmission and distribution systems. At the time of the January report, the level of generation capacity had been restored to pre-war levels, but the system was inadequate for growing demands and lacked reliability.

In the intervening months, the U.S. Army Corps of Engineers and the U.S. Agency for International Development (USAID) have undertaken over 20 projects. With increased numbers of consultants and contractors working in the field on existing projects, CPA has gained greater insight into the current electricity situation in Iraq, leading to an important shift in the strategy for the electrical sector. Rather than merely repairing and restoring the existing system, the U.S. can, through adjustments in investments in this sector, improve Iraq’s electrical system and leave the country well on its way to a sustainable power sector.

The key piece of the puzzle is the use of natural gas as the fuel of choice in electrical generation. Under the previous regime, this clean-burning, cheap, and abundant resource was not successfully captured and used as a viable source of energy for electric power generation.

Currently, natural gas is being flared off from oil drilling and is wasted. Harvesting this valuable commodity will lead to a “virtuous cycle” of energy use. Not only will the flared natural gas be used rather than wasted, but it will also enable Iraq to reduce its current high consumption of less efficient diesel, crude oil and heavy fuel oil for electricity generation. Using petroleum fuels to generate electricity not only decreases the amount of crude oil output that is available for export, but also requires the input of energy in order to refine it to a level sufficient for use in electrical generation. Oil output that is refined to diesel and used for electrical generation is sold from the Ministry of Oil to the Ministry of Electricity for about \$0.02 per barrel, so that each barrel of petroleum used for electrical generation costs Iraq significant potential revenue. In addition, there are currently significant net imports of diesel fuel into Iraq.

The investment in the electrical generation, transmission and distribution network proposed in this report will set the stage for Iraq to use its abundant and clean-burning natural gas resource for generations to come. This capital investment will put the country on a more stable and sustainable power generation track. Because the generation, transmission, and distribution of electricity are inextricably intertwined, it is necessary to accelerate all in tandem. These changes are further explained in the following project descriptions.

Generation

Project Code: 40000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	434	400	100	300	1576	2810
April 2207 Report	434	730	231	600	796	2791
Change from Jan Report	0	+330	+131	+300	-780	-19
Obligated	0	853				853

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

Changes from the January Report: The January report allocated \$2.81 billion to the electrical generation category and outlined the prioritized list of new projects that included countrywide maintenance and new power plants. CPA accelerated \$330 million into the 2nd quarter in order to meet the summer generation target of 6,000 megawatts (MW) of peak capacity by June 1.

New generation facilities will increasingly be configured to use clean-burning, cheaper and more abundant natural gas as a primary fuel rather than continuing to rely on costlier crude-based fuels. This decision, made by CPA in concert with the Ministry of Electricity and the Ministry of Oil, should increase exports of crude oil, reduce costly imports of diesel fuel, and improve Iraqi air quality, while using the natural gas resource that is currently being flared and wasted.

Funds accelerated into the 3rd and 4th quarters will be used to invest in the repair and expansion of Iraq's natural gas infrastructure to reliably supply fuel to a greater number of power stations. In addition, funds from this project will be used to support USAID administrative expenses.

Accomplishments to date:

- Agencies have increased the level of peak generation to around 4,100 MW, from 3,500 MW in January, and have added at least 500 MW of generation capacity to the network over the last quarter.
- Agencies have improved daily generation from 79,000 KWH in January to 90,000 KWH in February and 87,000 KWH in March. Lower numbers in March reflect implementation of the spring maintenance program, which resulted in an increase in the number of units off-line for scheduled maintenance during a time of lower demand.
- FY 2004 Supplemental funds are funding construction of a second 106 MW combustion turbine unit plant at South Baghdad, which will be complete by September 2004.

Accomplishments anticipated in next quarter:

Agencies will:

- Add approximately 1,800 MW of new and restored peak capacity to the system by June 2004 in order to attain the 6,000 MW goal, thus surpassing pre-war levels of 4,000 – 4,400 MW, through additional maintenance and new generation projects.
- Complete an assessment of existing steam plants for rehabilitation, and will initiate the design/construction phase of rehabilitation. This will increase to more than 6,000 MW the power available to the Iraqi people this fall.

- Initiate a maintenance and training program at thermal and gas power plants, which will increase their capacity utilization rate over time.

Transmission

Project Code: 41000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	658	33	117	742	1550
April 2207 Report	0	258	146	407	739	1550
Change from Jan Report	0	-400	+113	+290	-3	0
Obligated	0	78				78

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

Changes from the January Report: The January report allocated \$1.55 billion to the electrical transmission category and outlined the projects required for electrical transmission, including software, hardware and training; rehabilitation and repair of transmission lines and substations needed for the summer peak demand; installation of pilot wire relay schemes in certain areas; and construction of new transmission lines and substations. While the list of projects has not changed, the timetable for completing these projects has been extended. Funding requirements for the 2nd quarter were decreased by \$400 million, since only those projects associated with the effort to generate, transmit, and distribute 6000 MW received funding for emergency completion prior to March 2004.

Planned allocations in the 3rd and 4th quarters in the transmission area will help ensure that increased generating capacity will not go to waste, and that additional capacity beyond 6,000 MW will be transmitted throughout the country in a more efficient, reliable and secure manner. Construction projects funded after 2004 will be designed to enable Iraq to maintain this transmission network, eventually becoming interconnected with neighboring countries, and creating opportunities for the export of potential surpluses of electrical energy. This will add a further source of energy-related revenue.

Accomplishments to date:

Agencies:

- Rebuilt or restored several 400kV and 132kV lines after destruction by looting and sabotage following the cessation of major hostilities, and have begun the assessment and restoration of transmission lines, procurement of necessary parts, and rehabilitation of the transmission network in the Baghdad, Erbil, Basra, Anbar, Te'meem, and Maysan Governorates, as well as country wide.
- Initiated new construction in the Baghdad area to improve system capacity to deliver energy to and within the city.

- Significantly improved reliability of the transmission system through ongoing effort to replace high voltage lines looted during and after the war and repair or replace lines destroyed or damaged over the last 25 years.

Accomplishments anticipated in next quarter:

- CPA will complete an assessment of transmission lines and their ability to handle increased electrical generation. This assessment will indicate any potential weaknesses in the system, thereby allowing CPA to alleviate any issues before they cause problems in the power system.
- Agencies will conduct spring maintenance of transmission lines, increasing the ability to effectively move energy from the generation to the load (consumers) by the addition or restoration of lines and substations.
- Agencies will continue to improve the reliability and redundancy of the transmission system to more efficiently transmit and more fairly allocate power throughout Iraq to minimize the extent and severity of outages this summer.

Distribution Network Infrastructure

Project Code: 42000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	77	300	400	223	1000
April 2207 Report	0	111	428	459	0	998
Change from Jan Report	0	+34	+128	+59	-223	-2
Obligated	0	90				90

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

Changes from the January Report: The January report identified \$1 billion in projects for network infrastructure reconstruction critical for continued operation of the electrical system. The projects have not changed; however, funding requirements for the 2nd quarter were accelerated by \$34 million. The reason for this change is that increased generation capacity necessitates a corresponding improvement of the distribution network in order to prevent an overload of the system and to distribute power to the people who need it.

Proposed funding for the 3rd and 4th quarters has also been accelerated, so that all funds in this area will be available in 2004. The large amount of accelerated generation scheduled to be brought on line throughout the summer and fall of 2004 requires accelerated spending to repair and replace inadequate distribution systems to distribute power reliably to a greater number of consumers.

The distribution network is in a severe state of disrepair, and load-shedding activity necessitated by deficiencies in generating resources has caused increased deterioration of

substation equipment, particularly circuit breakers. This equipment will require urgent rehabilitation, repair, and a supply of consumable parts in the near term through 2005 to maintain and increase the capacity of this segment of the electrical system.

In addition, funds from this activity will be used to support USAID administrative expenses.

Accomplishments to date:

Agencies:

- Improved the reliability of distribution systems in and around Baghdad.
- Procured \$19 million of electrical safety equipment, vehicles, testing equipment, and other related equipment.
- Purchased additional equipment such as trucks, protective gear, and tools that will enable personnel to more effectively and safely perform their jobs throughout the country.
- Commenced upgrades or equipment replacements in 38 distribution substations located in the Baghdad area.

Accomplishments anticipated in next quarter:

Agencies will:

- Upgrade and replace parts in 14 distribution substations, restoring to pre-war levels the capacity of this segment of the distribution network lost through deterioration, lack of maintenance and repair, and over-use in load shedding activities.
- Continue to increase the capacity and reliability of distribution networks in Iraq to facilitate a smooth transition to Iraqi control and to better serve the Iraqi people's electricity needs this summer and in the future.

Automated Monitoring and Control System

Project Code: 43000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	50	50	50	0	150
April 2207 Report	0	125	25	0	0	150
Change from Jan Report	0	+75	-25	-50	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$150 million to this category and outlined a plan for development of distribution control centers, regional control centers, and a national control center to replace the inadequate system currently used to manage the electrical network. Although the plans remain the same, the timing of the projects has changed. Funding requirements for the 2nd quarter were accelerated by \$75 million in order to increase the Ministry of Electricity’s ability to manage load shedding in Baghdad to reduce stress on equipment, improve system reliability and attempt to reduce unscheduled outages that are causing extensive degradation of substation equipment. Similarly, the April plan makes all remaining funding in this category available by the 3rd quarter to continue to improve the Ministry’s capacity in this area.

Accomplishments to date:

- Agencies have begun rebuilding the Iraqi network communications and control system.

Accomplishments anticipated in next quarter:

- Agencies will expand coverage of network control systems to allow more control over load shedding and transmission between regions and in and around Baghdad in particular.

Security

Project Code: 45000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	25	0	0	25	50
April 2207 Report	0	50	0	0	0	50
Change from Jan Report	0	+25	0	0	-25	0
Obligated	0	19				19

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

Changes from the January Report: The January report proposed \$50 million, split between 2004 and 2005, to convert the nascent Electrical Power Security Service (EPSS) into a capable and self-sustaining security force. However, all funding was accelerated into the 2nd quarter of FY 2004 in order to award a single contract to train and equip the EPSS. The contract was awarded in March, and the firm is obliged to be fully operational within Iraq within three months.

In addition, a solicitation to provide eight airplanes for aerial surveillance is open and will be covered by the funds provided in the 2nd quarter under this category.

Accomplishments to date:

- DOD commenced training for and management of the EPSS.

- DOD awarded a contract to construct a training facility, provide training and materials, and equip the members of the EPSS.

Accomplishments anticipated in next quarter:

- DOD will train and equip 600 EPSS personnel. This will increase to 2,000 by September 30, 2004, and 6,000 by September 30, 2005.
- DOD will award a contract for the purchase, operation and maintenance of Aerial Surveillance Aircraft, including training of Iraqi personnel.

SECTOR: Oil Infrastructure

Infrastructure

Project Code: 50000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	1200	0	0	0	1200
April 2207 Report	0	1200	0	0	0	1200
Change from Jan Report	0	0	0	0	0	0
Obligated	0	54				54

Responsible U.S. Government Agency: U.S. Army Corps of Engineers under the Department of Defense.

Changes from the January Report: The January report allocated \$1.2 billion for priority oil infrastructure construction projects. The projects have not changed since January except for the oil reservoir management component, which has decreased from \$40 million to \$20 million. The reason for this is that priorities have shifted over the past months from increasing production of crude oil (which includes reservoir management) to improving the supply of fuels throughout Iraq, resulting in a shift of funding to improve refining, storage and distribution networks and facilities.

Accomplishments to date:

- DOD increased production to approximately 2.5 million barrels per day for the first 3 weeks of March. The ultimate production goal continues to be a sustainable level of about 3 million barrels per day by the end of 2004.
- DOD awarded two full and open competition construction contracts to complete the restoration effort.

- Improved contract security has significantly reduced the number of successful attacks on pipelines.

Accomplishments anticipated in next quarter:

DOD will:

- Continue to increase exports via the recently re-opened Khor Al Amaya Terminal. Exports in March are near pre-war levels of 1.8 million barrels per day, with plans still on track to achieve nearly 3 million barrels per day by year’s end.
- Procure over \$300 million of critical equipment including fuel trucks and trailers, a fleet of work vehicles for the 65,000-strong Ministry of Oil and its subordinate companies, heavy construction equipment for the continued improvement and repair of oil infrastructure, and various other items required by the petroleum industry. This equipment is needed to rehabilitate the current operational infrastructure and begin reconstruction deteriorated, damaged or destroyed infrastructure. Almost all of this type of equipment was looted or severely damaged in 2003 immediately following hostilities. Procuring these items is a critical step to achieving the ultimate CPA goal of making the Iraqi Ministry of Oil capable of functioning independently.
- Establish a rapid pipeline repair capability. The contractor is expected to have enough equipment in country to be operational in early April.
- Initiate construction on the highest priority reconstruction projects.

Emergency Supplies of Refined Petroleum

Project Code: 51000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	400	101	0	0	501
April 2207 Plan	0	400	101	0	0	501
Change from Jan Report	0	0	0	0	0	0
Obligated	0	396				396

Responsible U.S. Government Agency: The U.S. Army Corps of Engineers (USACE) under the Department of Defense.

Changes from the January Report: There are no changes from January report.

Accomplishments to date:

DOD:

- Increased Iraqi domestic production of fuels which, coupled with imports, ended the fuel crisis in Baghdad and prevented a general crisis across Iraq.
- Supplied sufficient kerosene (heating fuel) throughout Iraq during the winter. The Ministry of Oil will now begin normal summer stockpiling in anticipation of next winter's needs.
- Covered fuel demand and built stocks to levels that, while low (around seven days of supply), allow flexibility during periods of sabotage, bad weather, or equipment failure.

Accomplishments anticipated in next quarter:

DOD will:

- Build the capacity of the Iraqi Ministry of Oil to take over the import mission through engagement with the Ministry's operating companies, leading to improved payment mechanisms and contract performance, and restoration and up-grades to ports, pipelines, and distribution facilities.
- Import increased level of refined products to make up for loss of domestic production during much needed refinery maintenance periods as well as to build stocks.

SECTOR: Water Resources and Sanitation

PUBLIC WORKS

Potable Water

Project Code: 60000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	273	201	401	1956	2830
April 2207 Report	0	347	201	368	1730	2646
Change from Jan Report	0	+74	-.5	-32	-226	-184
Obligated	0	14				14

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

Changes from the January Report: The January report allocated \$2.83 billion to this category and outlined a plan for increasing safe and reliable water access through the

purchase of essential supplies and the construction of new water distribution systems. This plan has not changed; however, funding was accelerated into the 2nd quarter to reflect Ministry priorities.

Funds from this activity will be used to support USAID administrative expenses.

In addition, funding for this project has been adjusted downwards by \$32 million in the 4th quarter of FY 2004 and by \$152 million in FY 2005 in order to reserve \$184 million, or 1 percent, of IRRF funding for administrative expenses for the successor organization to CPA, as provided for in the FY 2004 Supplemental.

Accomplishments to date:

Agencies:

- Commenced the design of a nationwide rural potable water construction program.
- Rehabilitated 48 compact water treatment plants in Najaf and Karbala.
- Repaired critical breaks throughout Iraq's water network.

Accomplishments anticipated in next quarter:

Agencies will:

- Initiate construction of rural water systems in villages throughout Iraq.
- Initiate the first two of nearly 80 major water supply projects for urban/suburban areas in Erbil-Ifrazin and Nassiriyahin Thi-Gar governorates.
- Award contracts worth \$100 million for water purification chemicals, spare parts and electrical equipment, potable water trucks, pipes, fittings, valves and meters, and tools, all of which will result in a higher incidence of potable water.
- Complete 80 percent of the rehabilitation of the Sharkh Dijlah water plant (previously named Saba Nissan water plant), and increase the capacity by 45 percent or 225,000 cubic meters per day. This will benefit 2.2 million people in eastern Baghdad.
- Complete 75 percent of water supply rehabilitation projects underway in Basra, An Najaf, Mosul and Karbala.

Water Conservation

Project Code: 61000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	15	16	0	0	31
April 2207 Report	0	15	16	0	0	31
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$31 million to this category and outlined a plan for improving water conservation. There are no changes from the January report.

Accomplishments to date:

- CPA commenced a planning and acquisition strategy for water conservation.
- CPA reached an international agreement with Turkey, whereby Turkey will provide data on snowfall and reservoir levels sufficient for Iraq to develop its water plan for this year. Turkey will also provide weekly updates on their reservoir operations, which will allow the optimal operation of reservoirs within Iraq to meet flood control, power generation, and irrigation objectives.

Accomplishments anticipated in next quarter:

- DOD will award a contract for \$31 million for water conservation supplies and services.

Sewerage

Project Code: 62000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	70	60	60	485	675
April 2207 Report	0	70	60	60	485	675
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$675 million to this category and outlined a plan for increasing sewerage service in cities. This plan has not changed.

Accomplishments to date:

- USAID completed civil engineering work at complete Hilla, Ad Diwaniyah, and An Najaf waste water treatment plants, and mechanical and electrical repairs are now underway.
- USAID completed repair of Amarah sewage treatment plant.

Accomplishments anticipated in next quarter:

- DOD will award a \$32 million contract for pipes, fittings, spare parts and sewer trucks.
- USAID will complete the Kerkh waste water treatment repair, benefiting 1.4 million residents. Work at the Rustimiyah South and North plants is ongoing.

Other Solid Waste Management

Project Code: 63000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	18	0	2	1	0	21
April 2207 Report	18	3	0	0	0	21
Change from Jan Report	0	3	-2	-1	0	0
Obligated	0	18				0

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

Changes from the January Report: The January report allocated \$21 million to this category and outlined a plan for introducing sustainable and efficient waste management practices. This plan has not changed; however, funding requirements were accelerated into the 2nd quarter in order to meet the Ministry's priorities in this area.

Accomplishments to date:

- USAID began design and construction (site clearing) on the first sanitary landfill in Baghdad.

Accomplishments anticipated in next quarter:

Agencies will:

- Complete most construction on the landfill and purchase needed equipment.
- Contract four companies to construct 400 solid waste collection points to improve sanitation.

- Extend solid waste collection services to Haweja, a historically underserved city.

WATER RESOURCES

Pumping Stations and Generators

Project Code: 64000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	44	23	93	0	159
April 2207 Report	0	44	23	93	0	159
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$159 million to this category and outlined a plan for improving the functionality of pumping stations and generators through the purchase of new parts or the rehabilitation of old parts. This plan has not changed.

Accomplishments to date:

Agencies:

- Commenced work on 12 of 14 water treatment plants.
- Delivered 200 of 250 water pumps.

Accomplishments anticipated in next quarter:

Agencies will:

- Begin design and construction on the first two priority pump stations.
- Award a generator contract by May 1, 2004.
- Complete the addition of diesel generators at 37 water supply/pumping stations in the Baghdad area to increase the reliability of the water supply.

Irrigation and Drainage
Project Code: 65000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	0	0	10	118	128
April 2207 Plan	0	0	0	10	118	128
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$128 million to this category and outlined a plan for refurbishing the drainage and irrigation infrastructure, which will result in additional reclaimed arable land and better control of contaminated/saline waters. This plan has not changed.

Accomplishments to date:

- None, this project begins in the 4th quarter.

Accomplishments anticipated in next quarter:

- This project begins in the 4th quarter.

Major Irrigation Projects
Project Code: 66000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	0	5	21	126	151
April 2207 Report	0	0	5	21	126	151
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$151 million to this category and outlined a plan to complete the construction of five irrigation projects that will open new areas to agriculture. This plan has not changed.

Accomplishments to date:

- None, this project begins in the 3rd quarter.

Accomplishments anticipated in next quarter:

- Agencies will begin construction of irrigation projects to open new areas to agriculture.

Dam Repair, Rehabilitation and New Construction

Project Code: 67000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	0	16	27	109	152
April 2207 Report	0	0	16	27	109	152
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$152 million to this category and outlined a plan to fund the rehabilitation of 6 water supply dams. This plan has not changed.

Accomplishments to date:

- DOD (Army Corps of Engineers) has made critical emergency repairs to return most structures to an operational status.

Accomplishments anticipated in next quarter:

- CPA will bring together a panel of experts to investigate the critical Mosul Dam, and likely will recommend modifications to the current grouting scheme, which will be funded in the 3rd quarter.

Umm Qasr/Basra Water Supply Project

Project Code: 68000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	0	0	28	85	114
April 2207 Plan	0	0	0	28	85	114
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$114 million to this category and outlined a plan to provide higher quality raw water to Basra and Umm Qasr. This plan has not changed.

Accomplishments to date:

- Agencies have restored Basra’s water supply to pre-war levels, giving 1.75 million people access to water.

Accomplishments anticipated in next quarter:

- Agencies will near completion of the rehabilitation of the Sweetwater Canal, which will benefit 1.25 million residents in Basra.

Basra Channel Flushing

Project Code: 69000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	0	0	12	59	71
April 2207 Plan	0	0	0	12	59	71
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$71 million to this category and outlined a plan to flush out the Basra channel. This plan has not changed.

Accomplishments to date:

- None, this project begins in the 4th quarter.

Accomplishments anticipated in next quarter:

- This project begins in the 4th quarter.

SECTOR: Transportation and Telecommunications

TRANSPORTATION

Civil Aviation

Project Code: 70000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	0	115	0	0	115
April 2207 Report	0	1	114	0	0	115
Change from Jan Report	0	+1	-1	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$115 million in the 3rd quarter to identified projects to complete upgrades at three main international airports (Baghdad, Mosul, and Basra) and selected domestic airports so that they meet International Civil Aviation Organization standards. The only change to the spending plan submitted in the January report is the acceleration of \$1 million from the 3rd quarter to the 2nd quarter for reconstructing the checkpoint at the Baghdad Airport to improve the flow of traffic.

Accomplishments to date:

- Authorities are currently processing an average of 20 non-military arrivals and departures a day at Baghdad International Airport.
- More than 5,000 military and NGO flights have arrived and departed at Baghdad International Airport since July 2003.
- USAID completed major infrastructure work to prepare Basra and Baghdad International Airport for commercial air operations.
- 83 airport firefighters completed training. The training program is part of an effort to prepare the firefighters to assume airport fire protection duties from the U.S. military.

Accomplishments anticipated in next quarter:

Agencies will:

- Expand the Very Small Aperture Terminal (VSAT) communications system to permit access to voice and data and possibly video links between Baghdad, Basra, Ballad and Mosul airports.

- Procure two Instrument Landing Systems (ILS) for Basra, two ILSs for Mosul, and one additional ILS for Baghdad.
- Place very high frequency Omni-directional Ranges/Distance Measuring Equipment Navigational Aids at Basra, Mosul and other locations to be determined.
- Install an airport information system designed for use throughout the country by controllers and base operations flight dispatch offices. Initial system installation will include Baghdad, Basra and Mosul with expansion capability throughout the country as needs are identified.
- Procure a radio and communication system for installation at Basra. Procurement and installation at Mosul is dependent on facility evaluation.
- Complete evaluation of key facility infrastructure at Baghdad airport, with tasking to improve HVAC, water and sewage systems at Baghdad's passenger terminal and administration building. Evaluation of Basra and Mosul are anticipated to follow late in the 3rd quarter or early 4th quarter.

Umm Qasr Port Rehabilitation

Project Code : 71000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	40	0	0	0	40
April 2207 Report	0	40	0	0	0	40
Change from Jan Report	0	0	0	0	0	0
Obligated	0	3				3

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

Changes from the January Report: The January report allocated \$40 million in the 2nd quarter to increase the shipping and cargo handling capacity of the port at Umm Qasr. There are no major changes from the work outlined in the January report. However, \$1.5 million originally planned for the dredging and upgrading of upstream waterways and berths at Khor Khawr Az Zubayr, and \$600,000 planned for improvement of "old port" berths, pier sides, and warehouses at Umm Qasr, will now be spent on critical structural and pier side repairs of the berths at Umm Qasr. This is a necessary precursor to begin dredging operations.

Accomplishments to date:

Agencies:

- Completed salvage of all 19 wrecks at port of Umm Qasr identified as necessary to facilitate port traffic flow. Funds were provided by the United Nations Development Program (UNDP), using Oil for Food funding. The wrecks are being contributed to a

UNDP-administered scrap metal wreck removal program through which Iraq will receive proceeds of the sale.

- Strengthened water and shore-side fire and safety systems – the north port of Umm Qasr’s fire station was refurbished and work was begun on the south port’s fire station. Equipment for the fire stations has been acquired using Oil for Food funds. FY 2004 Supplemental funding will be used to further build out fire and safety systems.
- Improved the port’s electric system and connected the port to the electrical grid. A mobile substation was delivered to the port using FY 2003 Supplemental funds to re-connect the port to grid power as a short-term solution.
- Accommodated approximately 252 ships since September 2003 at the port of Umm Qasr, bringing passengers, consumer goods and critical foodstuffs.

Accomplishments anticipated in next quarter:

Agencies will:

- Conduct \$3.5 million of dredging operations.
- Perform \$6 million of electrical infrastructure repairs in order to reconnect the entire port of Umm Qasr to the power grid.

Railroad Rehabilitation and Restoration

Project Code: 72000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	84	84	42	0	210
April 2207 Report	0	84	126	0	0	210
Change from Jan Report	0	0	+42	-42	0	0
Obligated	0	11				11

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

Changes from the January Report: The January report allocated \$210 million spent in the 2nd, 3rd, and 4th quarters and outlined a plan for the 2000-km Iraqi railroad to operate effectively by improving the working environment and track structure, and providing the necessary tools, spare parts, and equipment. The January report included \$42 million in the 4th quarter primarily for equipment acquisitions. CPA is accelerating this funding from the 4th quarter to the 3rd quarter to match the delivery of the equipment with the restoration of the rail lines. Although the \$42 million in funding has been accelerated from the 4th to the 3rd quarter, there are only minor changes in the scope of work, including increasing funds for the

communications backbone, providing improved signalization, and increasing rolling stock to provide necessary spare parts.

Accomplishments to date:

Agencies:

- Began reconstruction of about 70km of railway between Umm Qasr Port and Shouaiba under a USAID-funded contract with Bechtel.
- Installed new VHF radios in approximately 50 percent of locomotives, stations and vehicles and provided a large number of hand-held radios.
- Completed reconstruction of the railway bridge at Akashat, destroyed during Operation Iraqi Freedom.
- Resumed work, interrupted by the war, on construction of the fiber optics backbone communications system.

Accomplishments anticipated in next quarter:

Agencies will:

- Procure critical spare parts and other materials.
- Begin work on the renovation of the Baghdad Central Station, the main Shalschia Workshops, and many local stations.
- Award a contract for the installation of a basic communications-based train control system which will significantly improve the effective capacity of the railway.

TELECOMMUNICATIONS

Iraq Telecommunications Business Modernization

Project Code: 74000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	5	10	5	0	20
April 2207 Report	0	5	10	5	0	20
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$20 million for modernizing the Iraqi Telephone and Posts Company (ITPC) and spinning off the postal services operations of the ITPC. There are no changes from the January report.

Accomplishments:

Agencies:

- Conducted the first small test shipment of Iraqi international mail.
- Designed the remapping of Iraq’s postal code system, which will aid in future democratic elections.
- Began work on the modernization of ITPC business operations, the spin-off of the postal unit and the drafting of a telecommunications master plan for all of Iraq.

Accomplishments anticipated in next quarter:

Agencies will:

- Procure necessary post office equipment nationwide.
- Open an International Service Center during week of May 3, 2004.
- Establish five modernized postal service centers.
- Implement a postal code system.
- Unveil a new postal logo.

Iraqi Telecommunications Systems

Project Code: 76000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	30	40	20	0	90
April 2207 Report	0	30	40	20	0	90
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$90 million for developing a high capacity, high bandwidth data network. There are no changes from the January report.

Accomplishments to date:

Agencies:

- Replaced or restored 18 of 22 telephone switches destroyed in the war.
- Restored service to over 719,750 of 833,000 pre-war phone customers.
- Purchased tools, equipment and parts to enable Iraqi engineers to restore the network.
- Audited over 1,200 km of the fiber optic backbone network.
- Commenced repair of the national fiber optic network from Mosul to Umm Qasr, connecting 20 cities to Baghdad.

Accomplishments anticipated in next quarter:

Agencies will:

- Initiate countrywide assessment and inventory of facilities.
- Initiate the upgrade and repair of nationwide Iraq Telecommunications and Posts Company (ITPC) fiber network and rehabilitation of ITPC telecommunications facilities and telephone switching centers.

Iraq Telecommunications Operations/Regulatory Reform

Project Code: 79000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	5	10	10	0	25
April 2207 Report	0	5	12	8	0	25
Change from Jan Report	0	0	2	-2	0	0
Obligated	0	0				0

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

Changes from the January report: The January report allocates \$25 million to modernize the Iraq Telecommunications Operations system and to design a telecommunications regulatory agency. There are no changes from the January report; however, funds from the 4th quarter have been accelerated into the 3rd quarter in order to fund startup costs of the regulatory agency, facility rehabilitation costs and training of Iraqis to perform the functions of the agency staff.

Accomplishments:

Agencies:

- Created a new Iraqi Communications and Media Commission (ICMC), an independent regulatory commission similar to the FCC that has jurisdiction over telecommunications and broadcasting.
- Identified and began vetting process for candidates for director general, chairman, and two commissioners.
- Identified and examined sites for short term and long term headquarters buildings for ICMC.
- Assisted in drafting a legal framework, proposed a basic telecommunications law and economic and technical regulations, and developed procedural processes and rules including a code of ethics.
- Issued and managed spectrum licenses.
- Provided technical legal support for the Ministry.

Accomplishments anticipated in next quarter:

Agencies will:

- Secure site(s) for ICMC headquarters and execute a facility renovation task order.
- Appoint and train initial commissioners, director general and staff, including an introductory session in the UK for the initial director general and commissioners.
- Complete a proposed legal framework, a proposed basic telecommunications law, economic and technical regulations, and procedural processes and rules, with further input from the ICMC and other interested parties.
- Develop and implement a spectrum management and allocation plan for Iraq, and procure and deploy spectrum monitoring and enforcement equipment.
- Develop and implement a plan for the logistics of setting up a new organization, including hiring, management organization, training, and equipment, hardware and software.
- Procure required equipment, hardware, and software to support activities of the ICMC.

SECTOR: Roads, Bridges, and Construction

Public Buildings Construction and Repair

Project Code: 81000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	13	33	33	52	130
April 2207 Report	0	99	31	0	0	130
Change from Jan Report	0	+86	-1	-33	-52	0
Obligated	0	8				8

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

Changes from the January Report: The January report allocated \$130 million to reconstruct and rehabilitate four ministry headquarters buildings, repair of about 60 public schools, and restore an additional 871 school buildings, grouped by governorate. Since the January report, funds originally allocated for the 4th quarter and FY 2005 were accelerated to the 2nd quarter of FY 2004. In addition:

- While \$86 million was initially allocated in the 2nd quarter to USAID to repair 930 schools in 9 governorates, \$79 million of the funds will be reallocated to DOD at the request of the Ministry of Education and with the concurrence of USAID. \$7 million will remain at USAID for repair of Basra schools via a grant to a non-governmental organization. DOD will allot the remaining funds to private and military contractors to ensure sufficient reconstruction capacity.
- The Ministry of Education, after completing initial inspections of nearly half of the schools in the nine provinces, estimates that the number of additional schools to be rehabilitated with supplemental funds will increase from 930 to 1,047.

Accomplishments to date:

- The Ministry of Education has developed construction standards for the schools to be rehabilitated.
- USAID has completed the rehabilitation of over 2,000 schools.
- CPA has identified nearly 2,000 additional schools to be rehabilitated countrywide; over 1,000 will be rehabilitated with FY 2004 Supplemental funds.
- Reconstruction and rehabilitation of public buildings has begun, including four ministry headquarters buildings (Ministries of Environmental, Trade, Industry and Minerals, and Transportation)

Accomplishments anticipated in next quarter:

- More than 600 school renovations, in addition to the 2,000 completed above, in six governorates will be contracted and either be in construction or completed.

Roads and Bridges

Project Code: 82000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	20	120	40	60	240
April 2207 Report	0	20	120	40	60	240
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January report: The January report allocated \$240 million to repair, replace, or construct essential segments of highway, strategic bridges, and critical secondary roads that will enable reconstruction, economic development, and improved public safety. There are only minor changes in plans; for example, the State Commission for Roads and Bridges expects a Japanese donor to fund the Dair Bridge project, which was identified in the January report as a project to be funded by the 2004 Supplemental. The revised plan is outlined in the table below.

Accomplishments to date:

Agencies:

- Demolished irreparable sections of three key bridges (Khazir, Tikrit and Al Mat) and started reconstruction.
- Completed reconstruction of Al Mat Bridge. All four lanes are open.
- Opened the Khazir Bridge for two-way traffic.

Accomplishments anticipated in next quarter:

- Agencies will complete the Tikrit Bridge and work on roads Hilla, Baghdad, Nasiriyah and other locations.

SECTOR: Health Care

Nationwide Hospital and Clinic Improvements

Project Code: 90000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	175	150	118	0	443
April 2207 Report	0	175	107	161	0	443
Change from Jan Report	0	0	-43	+43	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report laid out a plan to support the rehabilitation of 16 maternity and children's hospitals, as well as the construction of new primary health care centers in every governorate. Plans remain the same; however, CPA has revised the spending pattern to better align health program spending with the phasing of projects in the public building and school sectors. The projects will be phased by Governorate and will be accomplished by one design-build general contractor.

Accomplishments to date:

- Agencies have rehabilitated the Mosul Tuberculosis Center, Mosul General Hospital, Basra General Hospital Burn Unit, and the Primary Health Directorate Building.
- The Ministry of Health completed a headquarters refurbishment project.
- DOD awarded a contract to rehabilitate 17 maternity-child hospitals. This contract will also construct up to 15 primary health centers per governorate.

Accomplishments anticipated in next quarter:

Agencies will:

- Begin construction on one maternity-child hospital in Baghdad and up to 15 primary health centers in Basra.
- Begin the rehabilitation of eleven additional maternity-child hospitals.
- Begin construction of up to 15 primary health centers in the following Governorates; Baghdad, Thi Qar, Muthanna, Missan, Wassit, Kerbala, Babil, Najaf, Qadissiya, and Anbar.

Equipment Procurement and Modernization

Project Code: 92000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	105	75	55	65	300
April 2207 Report	0	105	75	55	65	300
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report outlined a plan to procure new medical equipment and to train medical staff. These plans remain on target. In the 2nd quarter, \$25 million of the funds were reappportioned from DOD to USAID to include USAID's participation in medical staff training and capacity building.

Accomplishments to date:

- USAID, in cooperation with the Ministry of Health and CPA, supported the procurement and distribution of more than 30 million doses of children's vaccinations bought through UNICEF.

Accomplishments anticipated in next quarter:

- DOD will award a contract to supply over \$100 million in medical equipment to the tuberculosis and blood programs, maternal-child hospitals, general hospitals, and Iraqi Armed Forces will be awarded.
- USAID will provide health policy, technical and operational support to the Ministry of Health to implement policy and institutional reforms and improve the quality and impact of Ministry of Health maternal and child health programs.
- USAID will strengthen nursing training through support for four-year and two-year nurse education programs in coordination with the Ministry of Health and the Ministry of Education.
- USAID will provide small grants to local professional associations, community-based organizations, and NGOs to support Ministry of Health program goals.

Basra Pediatric Facility
Project Code: 91000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	50	0	0	0	0	50
April 2207 Report	50	0	0	0	0	50
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

Responsible U.S. Government Agency: USAID.

Changes from the January Report: The January report stated that USAID would construct a new modern pediatric facility in Basra to improve the quality of care and life expectancy for both the women and children of Iraq. However, due to the high estimated cost of constructing an entirely new facility, USAID is evaluating the feasibility of renovating an existing facility that can provide pediatric services.

Accomplishments to date:

- USAID completed assessments of eight land sites in order to identify possible sites for construction of a new pediatric facility.
- USAID conducted preliminary assessments of 11 existing facilities to assess their potential for rehabilitation and has short-listed three sites for more detailed assessments.

Accomplishments anticipated in next quarter:

- USAID will undertake comprehensive engineering and architectural assessments at three potential sites for rehabilitation and begin design work on final selected site for the pediatric facility.

SECTOR: Private Sector Development

Expanded Network of Employment Centers
Project Code: 01000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	6	2	1	0	8
April 2207 Plan	0	6	2	1	0	8
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$8 million to this sector and outlined a strategy to establish employment centers. There are no changes to this plan.

Accomplishments to date:

- Agencies have rehabilitated, staffed and opened 15 of the planned 28 employment centers in Baghdad, Erbil, Mosul, Nasariyya, Najaf, Amarah, Baquba, Diwaniyya, Kirkuk, Kut, Samawa, Khanaqin, Karbala, Fallujah, and Tikrit. The Employment Centers help match job seekers with employers by maintaining a database that includes the contact information, work skills, and employment history of the job seekers. To date, the primary focus has been to identify and register people into the database; however, the Centers have also been successful in placing thousands of individuals into actual employment. The database currently contains information on over 450,000 job seekers, including approximately 300,000 former members of the Iraqi military and 150,000 Iraqi civilians.
- Four employment services and counseling centers, including Baghdad, are currently providing training in English, basic computers skills, resume building, and interview skills. The Ministry of Labor and Social Affairs (MOLSA) offers potential employers the following services: candidate notification, pre-screening, interviewing, English language classes, computer testing, and other services.

Accomplishments anticipated in the next quarter:

- Agencies will rehabilitate, staff and open the remaining 13 employment centers in Basra, Duhuk, Babil, Ramadi, Samarah, Suluymaniyya, Zubayr, Chamchamal, Dufah, Shatrah, Talafar, and Baghdad (one in al-Baladiyyat and one in Al-Kark).
- Remedial and accelerated employment training will be offered to students selected from the database. Selected students from the database also will receive vocational training. A contractor, through a two-year USAID contract, will assist the Office of Private Sector Development (PSD) and MOLSA with training.

Vocational Training

Project Code: 02001

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	50	25	5	15	95
April 2207 Report	0	54	21	5	15	95
Change from Jan Report	0	+4	-4	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$95 million to this activity and outlined a plan to establish vocational training centers. There are no changes from the January report; however, 3rd quarter funding was accelerated into the 2nd quarter to hasten completion of the training centers in order to better facilitate employment opportunities.

In addition, CPA and Iraqi Ministries have agreed to use 3rd and 4th quarter funds to provide training and technical assistance to support: public and private institutions that shape and implement economic and financial policy; regulatory and legal reforms; fiscal decentralization; and intergovernmental finance. These institutions include, among others, the Central Bank, the Ministry of Finance, the Ministry of Trade and public utilities regulatory agencies.

Accomplishments to date:

- Eight training institutes and eight training centers (collectively Training Centers) are now operating throughout Iraq. These Training Centers, managed by MOLSA, are staffed by over 900 well educated and highly-qualified faculty members. The Training Centers provide students with education at three levels: secondary certificates (high school); diploma (associate’s degree); and continuing education or educational updates. Previously these Training Centers were managed by the Iraqi Military Industrial Complex to support Iraq’s military, but now they offer technical training in the following areas: electronics (computers, communications, and electronic controls), mechanical engineering, chemical engineering, welding, metallurgy, internal combustion engine mechanics, tool and dye, and refrigeration.

Accomplishments anticipated in the next quarter:

- MOLSA will begin opening, equipping, operating, and providing capacity building and staff technical assistance to the vocational training centers. MOLSA also will initiate a training program to support the construction sector.

Business Skills Training

Project Code: 02500

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	4	14	4	15	37
April 2207 Report	0	0	18	4	15	37
Change from Jan Report	0	-4	+4	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$37 million to this activity and outlined a plan to provide training to Iraqi small and medium enterprises. There are no changes to this plan; however, 2nd quarter funding has been pushed back into the 3rd quarter in order to better align spending in this activity with the Small and Medium Enterprise activity below. \$17 million of these funds will be used to fund the current USAID Bearing Point contract.

Accomplishments to date:

- CPA has agreed to provide technical assistance to various Iraqi ministries and institutions. Agencies will provide technical assistance to the Central Bank for the creation of a Monetary Data Unit; to the Ministry of Finance for budget planning execution, financial management information systems, management of the Oil For Food Program, inter-bank payment systems, commercial bank and Central Bank and insurance activities.
- Planning for USAID’s Firm-Level Assistance Program is complete and program activity is commencing. To date, numerous firms have applied to the CPA Office of Private Sector Development to participate in the program. This activity will provide technical assistance to small and medium-sized Iraqi companies on how to develop a business plan and apply for loans in order to expand their existing operations and develop new commercially viable projects. This in turn will facilitate private sector expansion, create jobs, and promote a more stable economic environment in Iraq.

Accomplishments anticipated in the next quarter:

- Iraq’s Stock Exchange and the Firm-Level Assistance Program will be operational.

Micro, Small, and Medium Enterprises
Project Code: 03000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	5	25	14	0	44
April 2207 Plan	0	10	25	9	0	44
Change from Jan Report	0	+5	0	-5	0	0
Obligated	0	0				0

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

Changes from the January Report: The January report allocated \$44 million for the development of Micro, Small and Medium Enterprises in Iraq. There are no changes to this plan; however, funding was accelerated into the 2nd quarter to support a \$10 million contribution to the Iraq Small Business Facility administered by the International Finance Corporation (IFC). The IFC Facility will provide financing for small businesses in Iraq through new or existing commercial banks. The balance of the funds under this project is

being carefully considered for projects under development by the Private Sector Development group.

Accomplishments to date:

- The IFC has identified the first qualified Iraqi Bank to which it will provide financing for making loans for small business development. It has also identified most of the grant financing and investments necessary for the Facility to be fully capitalized.
- CPA has issued over 1,400 micro and small business loans totaling approximately \$3 million. Microfinance operations are underway in 6 of 18 governorates including Najaf, Karbala, Babil, Basra, Baghdad, and Tamim.
- In the North, CPA partner ACDI/VOCA has outstanding loans of \$2.8 million.

Accomplishments anticipated in the next quarter:

- The IFC will commence loans from Iraq Small Business Facility through an existing commercial bank in Baghdad by the end of May.
- CPA will develop a middle market lending facility and begin making loans.
- CPA will open microfinance offices in Qadisiyah, Muthanna, Maysan, and Ninawa.

SECTOR: Education, Refugees, Human Rights, and Governance

Migration and Refugee Assistance

Project Code: 04000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	41	28	36	0	105
April 2207 Report	0	105	0	0	0	105
Change from Jan Report	0	+64	-28	-36	0	0
Obligated	0	0				0

Responsible U.S. Government Agency: Department of State, Bureau of Population, Refugees, and Migration, and USAID/Office of Foreign Disaster Assistance.

Changes from the January report: The January report included a spending plan to return up to 500,000 Iraqis to their homeland in 2004 and 2005. One of the key components of this plan is capacity building of the Ministry, which was not anticipated in the initial supplemental request of \$105 million. The Department of State has received concept papers from several key partners describing the capacity building requirements in the new ministry.

Accelerating the remaining \$64 million into the 2nd quarter allows State to plan to respond to these requirements as well as expected appeals from the UN and other key partners in the coming months. \$7 million of these funds will be executed by USAID to assist internally-displaced persons (IDPs).

Accomplishments to date:

- More than 50,000 refugees returned spontaneously from Iran, as well as more than 5,000 facilitated by the UN High Commissioner for Refugees (UNHCR).
- Nearly all of 5,300 refugees in Rafha camp in Saudi Arabia were returned.
- The Iraqi Governing Council established the Iraqi Ministry for Displacement and Migration (MDM).
- MDM and the UNHCR launched a joint strategic planning process in Amman in February. Both organizations are working to finalize a return and reintegration strategy for refugees and IDPs.
- Iraqi migrants in Lebanon and Pakistan were returned with assistance from the International Organization for Migration (IOM).

Accomplishments anticipated in next quarter:

- UNHCR and IOM international staff will gradually return to Iraq and continue operations to promote sustainable reintegration and enable future refugee and IDP returns.
- International and non-governmental organizations (IOs and NGOs) will implement capacity building programs for Iraqi institutions (e.g., training in local municipalities and provision of advisors and supplementary staff).
- Local communities – assisted by IO and NGO programs – will begin to integrate returnees.
- The International Committee of the Red Cross will expand operations in health, humanitarian law training, and protection of vulnerable persons.

Property Claims Commission
Project Code: 05500

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	15	10	5	0	30
April 2207 Plan	0	10	0	0	0	10
Change from Jan Report	0	-5	-10	-5	0	-20
Obligated	0	0				0

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

Changes from the January Report: The January report outlined a process for resolving property disputes created by practices of the previous regime, including \$10 million to establish offices, staffing, and equipment for an Iraqi Property Claims Commission (IPCC), and \$20 million for a compensation fund to encourage the voluntary resolution of disputes. The requirement for \$10 million for staffing and equipment remains unchanged. The \$20 million compensation fund is now included in the revised 2004 Iraqi budget. CPA proposes to use the \$20 million in IRRF funds previously allocated for this purpose to help fund the Rule of Law project described under the Justice Sector in this report.

Accomplishments to date:

The Department of State:

- Secured Iraq Governing Council passage of the IPCC statute.
- Finalized Claims Forms, “Guidelines” and “Instructions” documents that will help Iraqis interpret and access the IPCC system.
- Began development of a database for collecting, sorting, and analyzing claims forms.
- Identified lawyers and judges to form the regional adjudication bodies of the IPCC.

Accomplishments anticipated in next quarter:

- State will hire and train IPCC National Secretariat staff.
- IPCC offices will begin collecting claims forms and building up the database.
- IPCC Commissions will begin first round of claims adjudications.
- State will reach agreement on establishing an IPCC compensation scheme to supplement property restitution as a means of redress in some cases and options for financing this scheme are developed.

- State will open IPCC offices in all 18 governorates.

Banking System Modernization

Project Code: 08000

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	5	17	8	0	0	30
April 2207 Report	5	17	8	0	0	30
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

Responsible U.S. Government Agency: Department of Treasury.

Changes from the January Report: The January report allocated \$30 million to this category and outlined a plan to fund the beginning steps of banking rehabilitation in Iraq. There is no change to the activities outlined in the January 5 report.

Accomplishments to date:

- CPA has issued the Iraq Banking Law and the new Central Bank Law, which lay the foundation for a stable and competitive market-based financial system.
- Iraq has issued a new currency and liberalized interest rates.
- The Central Bank of Iraq selected three international foreign banks to proceed to the final stage of licensing. When licensed, the banks will be expected to begin operations by the end of 2004.

Accomplishments anticipated in the next quarter:

- In the next quarter, CPA and Treasury expect continued progress on building supervisory and administrative capacity in the Central Bank and installing the basic communications and information processing capabilities that will bind the private and public sector financial institutions into a truly national banking system. Projects will include:
 - Connecting the Central Bank to the international payments messaging system.
 - Selecting a vendor and beginning installation of a national electronic payments system.
 - Redesigning and automating the check clearing system.
 - Boosting the IT infrastructure of the banking system by providing internal automation equipment to the banks.
 - Building the Central Bank's Treasury Bill dealing room.

Human Rights
Project Code: 09500

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	0	12	4	0	0	15
April 2207 Report	0	12	4	0	0	15
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

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

Changes from the January Report: The January 5th report allocated \$15 million to address past atrocities of the regime and create a climate for the promotion of fundamental human rights and dignity in Iraq. There have been no changes since the January report.

Accomplishments to date:

- The Ministry of Human Rights has been established and the minister appointed.
- The Transitional Administrative Law included a provision for a National Human Rights Commission.

Accomplishments anticipated in the next quarter:

State will:

- Establish an Oral History project to record information on violations of human rights under the former regime in preparation for creation of a historical record/Truth Commission.
- Initiate the establishment of a Missing Persons' Bureau.
- Forensic training to start in April in Iraqi Kurdistan.

Education
Project Code: 06300

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Report	10	29	34	17	0	90
April 2207 Report	10	29	50	0	0	89
Change from Jan Report	0	0	+16	-17	0	-1
Obligated	0	22				22

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

Funds from this activity will be used to support USAID administrative expenses.

Basic Education

Changes from the January report: The January report allocated \$82 million to Basic Education and outlined a plan to repair schools in nine Governorates across Iraq. There are no changes from this plan; however, CPA moved \$17 million forward into the 3rd quarter to accelerate capacity building within the Ministry of Education and improve teaching skills throughout Iraq. The Iraqi Governing Council and cabinet of Ministers highlighted education as one of their top priorities in the reconstruction and rebuilding of Iraq.

Accomplishments to date:

USAID used \$10 million in FY 2004 funds to:

- Complete the establishment of the Education Management Information System (EMIS).
- Support 860 Master Trainers, trained with prior year funds; train over 32,000 secondary school teachers and administrative staff in five-day courses that used interactive teaching methods and team work to strengthen teaching management skills in the classroom and impart critical thinking concepts.
- With the Ministry of Education, launch an accelerated education program in five cities that provides a compressed one-year instruction program to over 600 school drop-outs.
- Help the Ministry of Education recruit Iraqi specialists for 10 key positions.

Accomplishments anticipated in the next quarter:

USAID will award a \$14 million grant to UNICEF for the following activities:

- Commence hygiene and sanitation programs in 3,000 schools.
- Offer child protection services and academic retrieval program for children who have dropped out of school

USAID will award a new contract in May 2004 to:

- Build capacity of Ministry of Education personnel at the central and governorate levels.
- Develop 162 educational excellence centers that will serve as educational resources for the schools in the provinces and regions where they are located.
- Support additional teacher training.

- Provide grants to form Parent-Teacher Associations.

Higher Education

Changes from the January report: The January report allocated \$8 million to this activity and outlined a plan to rebuild higher education facilities. There are no changes from this plan; however funds were reappropriated from USAID to DoD for an \$8 million project to rebuild basic laboratories in various universities, providing both supplies and equipment.

Accomplishments to date:

CPA:

- Helped establish nearly a dozen partnership agreements between American and Iraqi universities.
- Established the Council of University Presidents as the chief policy making board for Higher Education.
- Re-established the Fulbright program after an absence of 14 years as well as assisted in the promotion of exchange programs to the Czech Republic, the United Kingdom and elsewhere.
- Put into place new protections for academic freedom and, most importantly, protections for students and faculty from religious and political intimidation and force.
- Assisted in the planning and initial implementation phases of three “American-style” colleges/universities in Iraq.
- Assisted in the procurement and distribution of over 13 tons of donated books for Iraqi university libraries.
- Secured major donations of computer hardware, software, and internet access for each of the universities.
- Facilitated the visits of university presidents, deans and faculty to conferences, meetings and universities abroad.

Accomplishments anticipated in the next quarter:

DOD and CPA will:

- Rebuild and equip basic laboratories in 20 universities.
- Begin reconstruction of the Ministry building.

- Bring university Presidents, Deans and the Vice-Minister of Education to the United States for university visits and meetings in Washington.
- Establish at least six more university partnerships.
- Continue to assist with the establishment of three “American-style” universities in Iraq.

Civic Programs

Project Code: 06600

Dollars in millions	FY 2004				FY2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
Jan 2207 Appropriated	0	10	0	0	0	10
April 2207 Plan	0	10	0	0	0	10
Change from Jan Report	0	0	0	0	0	0
Obligated	0	0				0

Responsible US Government Agency: USAID/Office of Transition Initiatives.

Changes from the January Report: The January 5th report allocated \$10 million to promote the involvement of women and children in the reconstruction of Iraq, coupled with civic education and activities on democratic principles for the entire Iraqi population. There have been no changes since the January report.

Accomplishments to date:

The USAID Office of Transition Initiatives has awarded grants that:

- Support a wide range of women’s and youth organizations and activities at the community, regional, and national levels.
- Support independent civic organizations that encourage constructive citizen participation in a democratic society through training, infrastructure building and small grants.
- Increase citizen understanding of basic democratic principles and practices with public education campaigns about constitutional processes and elections through town hall meetings, conferences, debates, television, radio, and print media.
- Establish programs for women in each of Iraq’s 18 provinces that include exchanges, conferences, and capacity building through training, technical assistance and sub-grants.

Accomplishments anticipated in the next quarter:

- USAID/OTI will award \$3 million in small grants related to civic programs to support civil society infrastructure development, civic education related to the

transition to sovereignty, development of independent media, and participation in civil society activities by women and youth.