

APPENDIX I

SECTOR: Security and Law Enforcement

Since the last report, an additional \$1.5 billion in Development Fund for Iraq (DFI) funding has been added to security efforts: \$500 million in the revised 2004 Iraqi budget published in early April and \$1 billion in funds from the UN escrow account for the Oil for Food program. Of the additional \$1.5 billion, \$1 billion was added for training, equipping and sustaining Iraqi security forces. Another \$377 million was added to support the following three initiatives: the Accelerated Iraqi Reconstruction Program, the Rapid Regional Response Program (R3P) and the Middle Euphrates Program. The remaining \$123 million was added to the Commander's Emergency Response Program (CERP) allowing Coalition field commanders to address humanitarian needs in their region of authority. The additional funds for Iraqi security forces have been applied toward new and emerging requirements as a direct result of the more difficult security situation since early April.

As noted in the Executive Summary, Lieutenant General David Petraeus arrived in early June to lead the Office of Security Transition-Iraq (OST-I). At his request the Coalition Provisional Authority (CPA) established the "Iraqi Security Forces Quick Response Program," a new project that was separately reported and notified on June 24, 2004. This \$40 million project will allow OST-I to make a series of diverse, relatively small purchases in support of the Iraqi Armed Forces, the Iraqi National Guard (ING, formerly the Iraqi Civil Defense Corps), Iraqi Police Service, Department of Border Enforcement, and the Facilities Protection Service. This program will be funded out of the IRRF by reallocating \$20 million from the Border Enforcement project and \$20 million from the Facilities Protection Service.

Security remains a challenge and the top priority. The focus of the security programs continues to be empowering the Iraqis to take progressively greater ownership of Iraq's security. Over 200,000 Iraqis are now serving or are being trained to serve in the five main security forces: Iraqi Police Service (IPS), Department of Border Enforcement (DBE), Facilities Protection Service (FPS), Iraqi Armed Forces (IAF), and Iraqi National Guard (ING).

The uprisings in April 2004 tested many Iraqi security forces in major operations. Some Iraqi forces fought alongside Coalition forces, but other units abandoned their posts and responsibilities, and in some cases assisted the insurgency. OST-I and Iraqi government officials are refocusing efforts to better train and equip the Iraqi forces and to develop better leadership within the ranks.

- The IPS is developing into a functional national force and presently has approximately 120,000 police on the payroll. However, not all of the police on duty have received sufficient training or have been fully equipped to be mission capable. The immediate focus is to reconstitute and reorganize the IPS and accelerate efforts to train and equip the force. This can best be achieved by streamlining the force and concentrating on quality rather than quantity of Iraqi police officers. To this end, the

Iraqi Ministry of Interior has decided to reduce the number of police officers to 89,000 by trimming from its rolls those who have proven to be unsuitable for this rigorous type of service while at the same time increasing the capacity at the Baghdad Public Safety Academy and the Jordan International Police Training Center. Equipment problems that have plagued police units are being rapidly remedied by deliveries from contracts CPA awarded in the spring.

- 41 of 45 planned ING battalions have been established and are now at 75 percent manning strength or greater following intensive efforts by the Major Subordinate Commands to reconstitute them in the aftermath of intensive fighting in April; at one point, the number of personnel dropped to about half of what it is now. These units are actively participating in combined operations with Coalition forces. Leadership, training, and proper vetting procedures are being evaluated to ensure the ING will be an effective force to counter future incidents of armed uprising.
- The IAF are on track to complete recruit training for 27 infantry battalions by this fall, and deliveries of basic equipment should be complete by then. Officer and non-commissioned officer training for the 27 battalions is largely complete. Four battalions have just completed integration training in preparation for operating with multinational brigades throughout the country; three more battalions are training and reconstituting. The Ministry of Defense is restructuring some of these components into an Iraqi Intervention Force that will be oriented toward fighting the insurgency. These units are actively participating in combined operations with Coalition forces.

LAW ENFORCEMENT

Police Training and Technical Assistance

Project Code: 10000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	246	572	103	122	0	1043
July 2207 Report	246	572	103	119	0	1040
Change from April Report	0	0	0	-3	0	-3
Obligated to date						372
Outlayed to date						57

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

Changes from the April Report: The April report allocated \$1.043 billion for police training and technical assistance. This report reduces this amount by \$3 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq, as authorized in the FY 2004

Supplemental Appropriations Act. This brings the funds allocated to this activity to \$1.040 billion. The rest of the April plan has not changed.

Of the total funding allocated, the State Department is using \$600 million for the following activities: support police training at the Jordan International Police Training Center (Jordan Academy) and at police academies in Iraq; deploy and maintain up to 500 U.S. International Police Advisors (IPAs); and support up to 500 IPAs provided by other countries. An additional \$200 million is funding the specialized police training program begun this past quarter and administered by the Departments of State, Justice and Defense. Finally, the Department of Defense is using the remaining \$243 million to construct training academies, including the Baghdad Public Safety Academy, and to procure equipment for the IPS, DBE, and FPS.

Accomplishments since the April Report:

- Three more classes (2,268 students) of the IPS have graduated from the Jordan Academy (for a total of five classes—4,082 students—to date).
- Two more classes of police (665 police officers, including 94 women) have graduated from the Baghdad Public Safety Academy (for a total of four classes—1,598 students--to date).
- Approximately 22,000 IPS personnel who served as police under the former regime have completed CPA's three-week Transitional and Integration Program taught by Coalition soldiers. This program emphasizes democratic policing and human rights-related skills rather than basic training.
- Specialized police training is rapidly coming online. The following courses have been launched (number of graduates to date in parentheses):
 - May 2004: Basic Criminal Investigation (78), Mid-Management (31), Train-the-Trainer (326), and Counter Terrorism/Emergency Response Unit Phase I (40).
 - June 2004: Criminal Intelligence (37), Executive Leadership (47), and Intermediate Dignitary Protection Service (54).

Accomplishments anticipated in next quarter:

- The Baghdad Public Safety Academy will offer an additional six classes in Basic Criminal Investigation during the remainder of the calendar year. Each class will provide the basic 8-week training curriculum for up to 1,000 police cadets.
- Beginning in July, the Jordan Academy will expand to permit up to 1,500 new officers per class. Because the academy maintains two concurrent classes at any time, the maximum capacity will be expanded to 3,000 at any one time. Presently, the Jordan

Academy has the capacity to train 1,000 per class, or 2,000 at any one time. A total of six IPS classes are scheduled to start training during the remainder of this calendar year.

- Specialized training will continue for IPS officers at Ministry of Interior facilities in Baghdad in the subjects listed above, and a number of specialized training courses will begin. The following courses will begin or continue during the fourth quarter (number of students in parentheses):

--Basic Criminal Investigation (630); Criminal Intelligence (75); Post-Blast Investigations (120); Organized Crime (200); Drug Enforcement Investigations (150); Kidnapping Investigations (100); Internal Controls (300); Mid-Level Management (120); Executive Leadership (150).

- During the fourth quarter, a Civil Intervention Force (CIF) with both public order and counter-insurgency capabilities will be developed under the auspices of the Iraqi Police Service. Initial plans are for the CIF to include two counter-insurgency battalions (1,200 personnel) and nine public order battalions (3,600 personnel). The CIF will also include the new Emergency Response Unit, an elite unit similar to SWAT teams in the United States. OST-I anticipates that the CIF will be deployed by November 2004.

Border Enforcement

Project Code: 11000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	150	130	0	0	280
July 2207 Report	0	150	130	-20	0	260
Change from April Report	0	0	0	-20	0	-20
Obligated to date						96
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$280 million for the Border Enforcement project. As previously notified, the Office of Security Transition-Iraq redirected \$20 million of these funds to the new Iraqi Security Forces Quick Response Program. This redirection of funding is possible because DFI funds were used to purchase equipment originally planned to be purchased with IRRF funds for Border Enforcement. The remaining \$260 million for Border Enforcement is being spent on equipment and systems for Department of Border Enforcement (DBE) personnel and construction and furnishing of various border, customs, and immigration facilities.

Accomplishments since the April Report:

- The current strength of the DBE is 18,223. (Current authorized level is 20,420). Of the current 18,223 personnel, 11,879 are Iraqi Border Police (IBP) (current authorized level 12,376). IBP personnel have increased by 2,839 since the last report. The remainder of DBE personnel are customs and immigration staff.
- Coalition forces have trained 10,850 IBP to date.

Accomplishments anticipated in next quarter:

- DoD will deliver 2,010 vehicles and radios and 75 fixed base stations for the Iraqi Department of Border Enforcement (DBE).
- DoD will also distribute 500 handheld radios to required border stations for location-specific command and control network.

Facilities Protection Service (FPS)

Project Code: 12000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	81	-8	0	0	73
July 2207 Report	0	73	0	-20	0	53
Change from April Report	0	0	0	-20	0	-20
Obligated to date						11
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$73 million for the FPS to be used for equipment, training, construction, and the Diplomatic Protection Service. As previously notified, the Office of Security Transition-Iraq is redirecting \$20 million from this project code to the new Iraqi Security Forces Quick Response Program, bringing the total for FPS down to \$53 million. The \$20 million is available from FPS funding because costs for FPS requirements were less than originally projected.

Accomplishments since the April Report:

- As reported in April, the FPS has approximately 74,000 Iraqi personnel on board. The respective Iraqi Ministries are charged with training FPS personnel.
- All equipment required for FPS personnel has been placed on order and is due to arrive by the end of the fourth quarter.

Accomplishments anticipated in next quarter:

- DoD will establish a national Inspector General team to assist the Ministry of Interior (MOI) in ensuring that FPS guards meet professional standards and that each ministry enforces these standards.

NATIONAL SECURITY

Iraqi Armed Forces

Iraqi Armed Forces Facilities

Project Code: 20000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	239	353	11	0	0	602
July 2207 Report	239	353	11	0	0	602
Change from April Report	0	0	0	0	0	0
Obligated to date						417
Outlayed to date						57

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

Changes from April Report: The April report allocated \$602 million for Iraqi Armed Forces facilities. There are no changes from the April report.

Accomplishments since the April Report:

- DoD is currently finishing construction at all bases funded in the 1st quarter. The Iraqi Coastal Defense Force at Umm Qasr Military Base (\$10.3 million), and the reconstruction of two additional battalion areas and garrison support areas at the Tadjji Military Training Base and IAF recruiting center (\$28 million) are complete. Completion of the Al Kasik Military Base (\$46 million) and An Numaniyah Military Base (\$65 million) will be delayed until early August. However, one brigade area will be complete at each base by 1 July. These projects employ approximately 10,000 local residents.
- DoD began construction on bases funded in the 2nd quarter. All of these projects have started, with contractors in place and working on each site. Work progressed on the refurbishment of the 3rd Brigade area of Al Kasik Military Base (\$27.2 million); the design and construction of Talil Military Base (\$69.7 million); the design and construction of Kirkuk Military Base (\$69.7 million); the upgrade of utilities at Kirkush Military Training Base (\$23.3 million); the refurbishment of the Ar Rustamiyah Military Academy (\$55.2 million); and the Ministry of Defense and Joint Headquarters facility (\$23.6 million).

- DoD awarded contracts for the Iraqi Counter Terrorism Force (ICTF) Permanent Basing Complex. Projects include:
 - Renovation of Permanent Basing (Utilities Infrastructure--Water, Electric, Sewer Lines)
 - Training Buildings (Classroom, Indoor Range, Shoothouse, Demo Range, Offices)
 - Support Facilities (Chapel, Gym, DFAC, Motor Pool)
 - Infrastructure Support (Road Repairs, Helipad, ECP Renovation, Fencing/Force Protection).

Accomplishments anticipated in next quarter:

- DoD will award a contract for the construction of a C-130 base at Baghdad International Airport to create fixed-wing mobility for the Iraqi Armed Forces Air Corps, with construction anticipated to begin in August 2004.
- DoD will complete construction of projects funded in the 1st and 2nd quarter and begin permanent basing, training and operations out of the established facilities.
- DoD will complete construction of much of the ICTF base. The road repairs and the second motor pool will be started and completed. The remaining contracts for construction will be awarded in the 4th quarter, pending the receipt of follow-on funding. This is a multiple-use Training Base Facility. Troops will be able to train for multiple mission sets and still have the ability to add additional forces to the area as required. There will be no permanent stationing at this facility; units will rotate through for training.

Iraqi Armed Forces Equipment

Project Code: 21000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	61	346	137	64	0	608
July 2207 Report	61	346	137	62	0	606
Change from April Report	0	0	0	-2	0	-2
Obligated to date						146
Outlayed to date						11

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

Changes from the April Report: The April report contained \$608 million for armed forces equipment. This report reduces this amount by \$2 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental

Appropriations Act. This brings the funds allocated to this activity to \$606 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- DoD equipped 7 battalions and established bases at Kirkush, Tal Afar, and Tadjji. These bases are fully operational.
- DoD re-solicited and awarded the contract for battalion set support and ordered field equipment for a full 27 battalions of IAF soldiers.
- DoD purchased over \$2 million of Automated Data Processing equipment that will be distributed to various sites throughout Iraq, providing the IAF with computer and communications training and operational capabilities. Radios, computers, and internet services were provided to the headquarters and forward operating bases. While the systems are initially being used for unclassified communications, a command and control system will be developed providing secure voice and data capabilities using similar technologies.
- Special Operations Central Command (SOCCENT) purchased 64 tactical and support vehicles for the IAF with the first 14 to be fielded to the Iraqi Counter Terrorism Force (ICTF) in mid-July 2004. ICTF weapons packages arrived in March of 2004 and body armor arrived in May 2004, along with uniforms and other equipment items. Tactical communications packages were ordered and are due in the 4th quarter.

Accomplishments anticipated in next quarter:

- DoD will fully equip the first 22 IAF battalions, with the battalion sets arriving on or about July 15, 2004, and will have equipment available to equip all 27 battalions as they become operational. Military bases at An Numaniyah, Umm Qasr, and Al Kasik will be fully operational by July 15. Three additional bases will be fully operational by the end of the 4th quarter 2004.
- DoD will install 23 internet systems, distribute Automated Data Processing Equipment (ADPE) to base camps, and implement base communications infrastructure, including a base repeater network.
- DoD will continue installation of a wireless infrastructure at IAF bases with satellite communications, voice and data connectivity, and personnel management software.
- DoD will field tactical and support vehicles for the Iraqi Special Operations force. Additional quantities of uniforms, protective gear, and individual team equipment will be placed on order.

Iraqi Armed Forces Training and Operations
Project Code: 22000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	116	179	70	30	0	395
July 2207 Report	116	179	70	29	0	394
Change from April Report	0	0	0	-1	0	-1
Obligated to date						95
Outlayed to date						53

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

Changes from the April Report: The April report contained \$395 million for armed forces training and operations. This report reduces this amount by \$1 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$394 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- As of July 1, 2004, there are more than 4,000 trained personnel and more than 3,400 in training. The trained forces include the 1st Brigade Iraqi Intervention Force (IIF). The first four battalions of the IAF were reorganized into the three battalions of the 1st Brigade IIF. The mission of the IIF is to assist the IPS and ING to defeat insurgent forces occupying towns and cities within Iraq. To complete the mission, the brigade has undergone specialist training in urban operations and reached initial operating capability on June 24, 2004.
- DoD awarded a new contract on May 1, 2004, for provision of subsistence, material, and supplies management, vehicle maintenance, laundry and barber services, warehousing, and inventory for An Numaniyah, Tal Afar, and the Baghdad Bachelor Officer Quarters. All garrison-related functions for the next year in support of the Iraqi Armed Forces will be provided under these contracts.
- The final officer training in Jordan for Platoon Commanders, Company Commanders, Battalion Commanders and Staff, and Brigade Commanders and Staff was completed on June 20, 2004. The final non-commissioned officer (NCO) training at Kirkush Military Training Base will be complete in August 2004. This represents the leadership component down to squad leader level of three divisional headquarters, nine brigade headquarters and 27 battalions.

Accomplishments anticipated in next quarter:

- By September 2004, the IAF will have 10 battalions totaling over 10,000 personnel, with a further 17 battalions in training with approximately 13,000 personnel. The delay in the force generation of the IAF is due primarily to the change in priorities from forces required for external threats to forces required for internal threats.
- DoD plans to award base support contracts for the remaining three military bases: Ar Rustamiyah Military Academy, Kirkuk Military Base, and Talil Military Base.
- 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. While this was achieved in the last quarter, the reorganization following the April uprisings resulted in a cessation of operational activity until new IAF units are formed and trained.
- The Iraqi-conducted recruit training course will graduate 1,000 soldiers for service in the 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. These air force pilots, staff and support will be formed into two operational squadrons (air reconnaissance and tactical lift helicopters) in this quarter. The third squadron (tactical transport aircraft) will form in December 2004.
- One Iraqi Special Operations class will graduate and another will begin training.

Iraqi National Guard (ING)

The ING (formerly the Iraqi Civil Defense Corps, but renamed by the Interim Iraqi Government) 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 ING has proved itself effective, leading CPA to provide additional training and equipment to increase its size and resources.

Iraqi National Guard Personnel

Project Code: 23000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	59	30	20	52	0	161
July 2207 Report	59	30	20	50	0	159
Change from April Report	0	0	0	-2	0	-2
Obligated to date						57
Outlayed to date						11

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

Changes from the April Report: The April report contained \$161 million for Iraqi National Guard personnel. This report reduces this amount by \$2 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$159 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- The ING program has successfully manned 41 battalions (five more than reported in April), five command and control nodes (brigades), and six Bomb Disposal Companies with approximately 32,000 trained personnel and an additional 2,300 in training.
- The ING suffered a significant setback during the heightened enemy activity in April. At the beginning of April, the ING force held steady at around 32,000 personnel. Between 9 and 16 April this number dropped to a low of 17,500. The Coalition forces working with the ING have rebuilt the force. Lessons learned from the units whose ING battalions held their ground have been shared between all the Coalition forces responsible for ensuring the success of the ING.

Accomplishments anticipated in the next quarter:

- A total of 45 battalions, six Brigade Headquarters, and six Bomb Disposal Companies will be in place with more than 41,000 personnel by July 30, 2004. As indicated below, all ING battalions are not yet fully equipped. A primary reason for this is that competing demands on the theater logistical system and increased insurgent activity during the month of April prolonged the process of receiving, preparing, and distributing the equipment.

Iraqi National Guard Equipment

Project Code: 24000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	51	0	30	0	0	81
July 2207 Report	51	0	30	0	0	81
Change from April Report	0	0	0	0	0	0
Obligated to date						22
Outlayed to date						4

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

Changes from the July Report: The April report contained \$81 million for Iraqi National Guard equipment. There are no changes to the April report.

Accomplishments since the April Report:

- Equipment procured to date includes \$75.5 million in soldier equipment, vehicles, weapons/ammunition and communication devices. The following equipment has been fielded:
 - 310 UAZs (jeeps)
 - 1,800 Body Armor (level IIIa)
 - 29,963 AK-47s
 - 969 PKMs (machine guns)
 - 176 9mms
 - 300 NVGs (night vision goggles)

Accomplishments anticipated in the next quarter:

- By the end of August 2004, all ING battalions should be able to conduct operations.
- All remaining equipment requirements should be filled, ensuring 100 percent equipment fielding by October 1, 2004.

Iraqi Security Forces Quick Response Program

Project Code: 26000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	NA	NA	NA	NA	NA	NA
July 2207 Report	0	0	0	40	0	40
Change from April Report	0	0	0	+40	0	+40
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: This is a new project that was not included in the April report. As separately notified on June 24, 2004, this \$40 million project will allow the Office of Security Transition-Iraq (OST-I), led by Lieutenant General David Petraeus, to respond to emerging requirements that could include force protection, facilities repair, communications equipment, and other needs of the various Iraqi security forces. This program was funded by redirecting \$20 million from the Border Enforcement project and \$20 million from the Facilities Protection Service.

OST-I intends to use information provided by the local commanders in the Multinational Force to identify the most critical, time-sensitive needs. Efforts that promote regional coordination among the various Iraqi security forces and joint responsiveness to security threats will receive priority. Other efforts that will receive priority funding will be those that promote partnership with the Multinational Force and tangible progress toward transitioning responsibility for security from Coalition forces to Iraq's Ministry of Defense and Ministry of Interior.

Anticipated accomplishments in the next quarter:

- Respond to the most critical, time-sensitive needs identified by local commanders in the Multinational Force.

SECTOR: Justice, Public Safety Infrastructure, and Civil Society

Other Technical Investigative Methods

Project Code: 31000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	2	2	2	0	5
July 2207 Report	0	2	2	2	0	5
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$5 million for the Commission on Public Integrity (CPI) to use electronic surveillance equipment and advanced accounting techniques to detect, deter, identify, and investigate illegal activities and organizations (these funds are in addition to funds provided to the CPI for the Witness Protection Program and Democracy Building projects). No changes have been made to this plan. 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.

Accomplishments since the April Report:

- The Commission on Public Integrity (CPI) building is ready for occupancy and a Commissioner has been appointed.

- The Code of Conduct was approved and the implementation plan for the Financial Disclosure program is in its final stage of development.
- Training programs for the investigative teams have been approved.
- A public relations campaign has been developed and will be implemented. The information-collection program has been developed, and is ready to be staffed with trained Iraqi personnel.

Anticipated accomplishments in the next quarter:

- Financial Disclosure regulations will be approved and should be implemented in the next quarter.
- An Internal Audit Training Program will be developed and nationwide standards recommended.
- An NGO outreach program will be deployed to increase public awareness and strengthen the information collection effort.
- CPI will work with the Iraqi Inspectors General to train government workers and distribute and track the Code of Conduct forms.

Witness Protection Program

Project Code: 30000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	15	15	10	0	40
July 2207 Report	0	15	15	10	0	40
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$40 million for this activity. Of this amount, \$35 million is being used to hire, vet, and pay Iraqi nationals to manage and operate a Witness Protection Program. The remaining \$5 million is being used to help establish the Commission on Public Integrity (these funds are in addition to funds provided for the CPI in the Other Technical Investigative Methods and Democracy Building projects). There are no changes to the April plan.

Accomplishments since the April Report:

- A team of U.S. Marshals began budgeting, organizing, coordinating, and providing equipment for the Witness Protection Program.
- In May of this quarter, the Ministry of Justice secured the rights to a 42-apartment building in the Green Zone to be used for short-term witness relocation and as an assessment center.
- Iraqi witness security agents have been identified and are awaiting vetting and training.

Anticipated accomplishments in the next quarter:

- Iraqi agents will be trained in basic investigative techniques, including counter surveillance, executive protection techniques, and relocation procedures.
- A guide will be developed to induct witnesses into the program.
- Applications will be accepted for protected witnesses from various agencies in need of services.
- Witnesses will be transitioned into the program from the parent agencies based on level of threat and ability of the infrastructure to support requests until the program expands to its full potential.

Penal Facilities

Project Code: 32000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	33	33	33	0	100
July 2207 Report	0	33	33	33	0	100
Change from April Report	0	0	0	0	0	0
Obligated to date						55
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$100 million to construct one new maximum/medium security prison in the vicinity of An Nasiriyah. There are no changes to the April plan.

Accomplishments since the April Report:

- The original construction site identified for this facility was recently deemed inappropriate due to its location on a flood plain. A new site was identified by the Coalition Provisional Authority and site analyses and feasibility studies for this new location are underway. This was done in consultation with the Iraqi Ministry of Justice.

Anticipated accomplishments in the next quarter:

- Due to the recent necessity of locating a new site for this facility, the original timeline for breaking ground has been modified from June 2004 to August 2004.

Reconstruction of Detention Facilities

Project Code: 33000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	42	54	41	2	139
July 2207 Report	0	42	54	39	2	137
Change from April Report	0	0	0	-2	0	-2
Obligated to date						65
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$139 million for reconstructing one large regional detention center, supporting technical assistance advisors for the Iraqi Corrections Service, procuring equipment, establishing a computerized detainee tracking system, and for initial staffing and facility-specific training. This report reduces this amount by \$2 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$137 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

The accomplishments and progress for the previous quarter have been tempered due to security concerns and requirements. Upon the arrival of the civilian advisors in late March 2004, the Department of Justice placed travel restrictions on the advisors for most of the month of April 2004 due to hostilities. Despite these restrictions, the 53 civilian advisors accomplished the following:

- The advisors focused their efforts on developing draft policies, procedures, staffing patterns, and training curricula and establishing procurement packets for needed equipment and supplies (see last bullet for details). Upon the lifting of the travel restrictions by the Department of Justice, civilian advisors assumed their roles as trainers and mentors throughout the Baghdad region and began conducting training classes for Iraqi Corrections Officers on May 29, 2004.
- Advisors monitored the progress of the reconstruction efforts for the Khan Bani Saad regional detention facility. DoD selected a contractor and issued solicitations for subcontractors. In addition, civilian advisors have also assisted the Iraqi Corrections Service in the constructing or reconstructing of multiple prison facilities utilizing funds from the Iraqi budget.
- Teams of civilian advisors are mentoring and training Iraqi Corrections Service administrators, supervisors, and operations staff in the internationally accepted standards for prison/detention center operations throughout the Baghdad region.
- Advisors assisted in the development of the Iraqi Corrections Service Internal Affairs Division, Transportation Division, Health Services Division, Business Office, and Training Academy.
- DoD placed orders for necessary equipment and supplies for such items as custody and control equipment, disturbance control equipment, communications equipment, training equipment, medical supplies and equipment, vehicles and heavy machinery, and prisoner database system.

Anticipated accomplishments in the next quarter:

- Civilian advisors will expand the mentorship and training programs outside of the Baghdad region into other areas of the country, including Mosul, Basra, Hilla, Diwaniya and An Nasiriyah.
- Advisors will assist the Iraqi Corrections Service and the Iraqi Court System to develop an effective system whereby detainees are transported to and from court in a timely and appropriate manner.
- Advisors will continue to monitor the reconstruction of the Khan Bani Saad detention facility. In addition, advisors will continue to assist the Iraqi Corrections Service in the supervision and coordination of construction and renovation projects funded through the Iraqi budget.
- Advisors will continue to improve the Iraqi Corrections Service Training Academy in accordance with the newly established training standards, and anticipate training 750 Iraqi Corrections staff in the next quarter.

FACILITIES REPAIR, FIRE SERVICE, AND DEMINING

Facilities Repair

Project Code: 13000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	32	60	0	0	92
July 2207 Report	0	32	60	0	0	92
Change from April Report	0	0	0	0	0	0
Obligated to date						44
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$92 million for the construction or reconstruction of police stations, fire houses, and Ministry of Interior administrative buildings. There are no changes from the April report.

Accomplishments since the April Report:

- The Civilian Police Assistance Training Team (CPATT) submitted statements of work for reconstruction/repairs at 31 facilities, including 19 Joint Coordination Centers (JCCs), six police stations in East/West Baghdad, and two police stations in each province. Work on these projects is anticipated to begin in the fourth quarter.

Accomplishments anticipated in next quarter:

- Begin work on all 31 police facilities.
- Complete construction of Iraqi Civil Defense Directorate headquarters in late September.
- Renovate approximately 120 fire stations throughout Iraq.
- Start construction of 27 new fire stations, 20 of which will be in Baghdad.

Fire Service

Project Code: 14000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	122	0	0	0	122
July 2207 Report	0	122	0	0	0	122
Change from April Report	0	0	0	0	0	0
Obligated to date						13
Outlayed to date						0

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

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

Accomplishments since the April Report:

- Completed contract reviews (but contracts not yet awarded) for \$28 million worth of firefighting equipment and vehicles.

Anticipated accomplishments in the next quarter:

- Award contracts for firefighting equipment and vehicles.

Demining

Project Code: 09500

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	37	24	0	0	0	61
July 2207 Report	37	24	0	0	0	61
Change from April Report	0	0	0	0	0	0
Obligated to date						36
Outlayed to date						14

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

Changes from the April Report: The April report allocated \$61 million for a National Mine Action Program to eliminate the impact of landmines and unexploded ordnance upon Iraq. There are no changes from the April report.

Accomplishments since the April Report:

- 45 technical advisors/trainers are in country and training Iraqi civil servants at relevant Iraqi agencies.
- A demining accreditation system is now in place, with 24 demining/unexploded ordnance clearance organizations either accredited or in the review process, including 12 Iraqi national organizations.
- The Ministry of Planning approved the draft demining legislation, which is now awaiting incorporation into law.
- State continued training for the National Mine Action Authority Mine Detecting Dog program.
- To date, the Iraqi Mine/Unexploded Ordnance Clearance Organization (IMCO) has cleared 1,500,000m² of land and destroyed 75,000 items of unexploded ordnance.

Accomplishments anticipated in next quarter:

- State will assist the Iraqi government in completing its strategic plan for mine action.
- State will maintain and expand IMCO clearance capabilities.
- The Vietnam Veterans of America Foundation will train local staff for implementation of the Landmine Impact Survey.

Public Safety Training and Facilities

Project Code: 15000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	149	-10	0	0	139
July 2207 Report	0	139	0	0	0	139
Change from April Report	0	0	0	0	0	0
Obligated to date						27
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$139 million to be used for the training of firefighters and to cover the operating costs of fire training facilities and Iraqi Police training academies, including the Baghdad Public Safety Academy. There are no changes from the April report.

Accomplishments since the April Report:

- DoD awarded a \$20 million contract for the recruitment, screening and training of 4,000 Iraqi firefighters. Training will take place over the next two years and will be conducted outside of Iraq, because the Iraqi National Fire Academy will not be completed for approximately two years.
- On June 15, 2004, the first 180 Iraqi firefighter recruits began a 10-week training course in Bahrain.

Accomplishments anticipated in next quarter:

- Complete the expansion of the Baghdad Public Safety Academy, thereby increasing the training capacity of the facility from 1,000 to 2,000 students by allowing two classes to be in residence at any one time.

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

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	25	50	15	0	90
July 2207 Report	0	25	50	-0.5	0	89.5
Change from April Report	0	0	0	-0.5	0	-0.5
Obligated to date						3
Outlayed to date						0

Responsible U.S. Government Agency: Department of Defense

Changes from the April Report: The April report allocated \$90 million to build a public safety communications network that would enable the various agencies within the Ministry of Interior to communicate with each other within each community, and to communicate among sibling law enforcement agencies. This report reduces this amount by \$0.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$89.5 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- DoD completed concept of operations (CONOPS).
- DoD completed cost benefit analysis and technology selection.

Accomplishments anticipated in next quarter:

- DoD will complete detailed system design.
- DoD will begin construction on the initial build-out phase.

Rule of Law in Iraq

Project Code: 06500

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	10	20	0	30
July 2207 Report	0	0	10	19.5	0	29.5
Change from April Report	0	0	0	-0.5	0	-0.5
Obligated to date						0
Outlayed to date						0

Responsible U.S. Government Agency: U.S. Agency for International Development (USAID) and Department of Defense.

Changes from the April Report: The April report allocated \$30 million 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. This report reduces this amount by \$0.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$29.5 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Agencies began direct technical assistance and training to strengthen the Iraqi High Juridical Council and Supreme Court and increase access to justice and legal assistance through selected Women's Centers and Democracy Centers.
- Agencies conducted the first-ever rule-of-law training workshop for Iraqi judges. The workshop was held at The Hague on May 5-7, 2004, and included judges from Iraq's Supreme Court (i.e., Cassation Court) and War Crimes Court (i.e., Iraqi Special Tribunal). Two U.S. Supreme Court Justices (Kennedy and O'Connor) participated, as did the Lord Chief Justice of England and Wales. Through this workshop, Iraqi judges were able to discuss with leading jurists international legal developments that have taken place during the last 35 years. In addition, fundamental concepts such as federalism and separation of powers were discussed with special emphasis on the need for a strong and independent judiciary, vitally important in a free Iraq.

- Agencies began weekly sessions of a rule-of-law training program for Iraqi defense attorneys. This training emphasizes the critical need for defending the rights of the accused. With an emphasis on due process, these lawyers will have a greater appreciation of the importance of a fair judiciary, further enhancing the legitimacy of the Iraqi government before the eyes of its citizens.

Accomplishments anticipated in the next quarter:

- Additional training for Iraqi judges will be conducted, including a program for Iraqi judicial officials in Washington, D.C. in June; a program for War Crimes Court (Iraqi Special Tribunal) judges in Iraq in July; and a program for Iraqi trial court judges in the Czech Republic in September.
- Agencies will continue training Iraqi defense counsels in criminal law and criminal procedure codes as modified by the CPA.
- Agencies will initiate training for Iraqi judges in rule-of-law concepts, criminal law and procedure, and international human rights law.
- The High Juridical Council and Supreme Court will be established almost immediately after June 30th.
- USAID will award a contract for rule-of-law activities, including (1) assisting the Iraqi High Juridical Council in assuming full management and leadership of the judiciary as an independent branch of the Government of Iraq; (2) fostering a more effective, efficient and transparent administration of courts and management of cases; and (3) strengthening the Ministry of Justice.

Investigations of Crimes Against Humanity

Project Code: 05000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	5	60	10	0	75
July 2207 Report	0	5	60	10	0	75
Change from April Report	0	0	0	0	0	0
Obligated to date						5
Outlayed to date						0

Responsible U.S. Government Agency: Department of Justice (with funds transferred from Department of State), Department of Defense, and USAID.

Changes from the April Report: The April report allocated \$75 million to support the Iraqi Special Tribunal (IST), including investigations, evidence handling, forensic support, prosecutorial and judicial support, and infrastructure and security. There are no changes from the April report.

Accomplishments since the April Report:

- The Regime Crimes Liaison arrived in Baghdad and, along with 19 Regime Crimes Liaison Office (RCLO) staff, began researching crimes by the former regime.
- USAID provided approximately \$1.1 million in grants to the Iraqi Special Tribunal which has resulted in: completion of the Secured Evidence Storage Facility; establishment of a computerized system and archival method to track and preserve evidence; the hiring of local staff who have begun processing evidence; rehabilitation, furnishing and equipping of office space for the IST judges, prosecutors and other personnel; providing technical assistance in the areas of information technology and evidence preservation systems; and providing a more secure environment for IST investigators and other staff.
- The RCLO has initiated investigations of High Value Detainees. The IST now employs 15 investigators, five investigative judges, three prosecutors and an administrator.

Accomplishments anticipated in next quarter:

- The IST Administrator will continue to identify additional investigators and judges for service on the IST.
- Iraqi IST investigators will receive professional training from members of the RCLO, DoD and private contractors.
- The RCLO will begin training and working with Iraqi investigative staff to collect witness statements and evidence from Iraqi victims of regime crimes.

Judicial Security and Facilities

Project Code: 09000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	30	25	20	60	135
July 2207 Report	0	30	25	18	60	133
Change from April Report	0	0	0	-2	0	-2
Obligated to date						10
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$135 million to improve the security of and perform structural repairs to Iraqi courthouses and provide around-the-clock security and protective services for judges and prosecutors in Iraq. In addition, the April report notified the intent to use \$7 million of these funds to support the Department of Justice Office of Overseas Prosecutorial Development Assistance and Training (OPDAT), which is providing criminal justice experts to the Ministry of Justice. This report reduces the amount allocated to this activity by \$2 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$133 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Agencies obtained facilities that will serve as the headquarters of the Iraqi Council of Judges and will also house three or four courtrooms for use by the Court of Cassation, the proposed Supreme Court and the new Central Criminal Court of Iraq. Two other buildings will be used for administrative and support staff servicing the Iraqi judiciary.
- Agencies conducted vulnerability assessments on the old Central Criminal Court of Iraq, Ministry of Justice, Judicial Training Institute, and the new buildings stated above. These assessments will be used to enhance security at these locations as the reconstruction efforts go forward.
- In coordination with the Iraqi Council of Judges, U.S. federal prosecutors detailed from DOJ's Office of Overseas Prosecutorial Development Assistance and Training conducted six training sessions, each of which lasted four or five days. To date, 178 Iraqi judges and prosecutors, or 20 percent of the Iraqi judiciary, have participated in the training session as students. The courses are co-taught by Iraqi judges, professors and attorneys, and by United States federal prosecutors, and concentrate on the proud history of the Iraqi judiciary, judicial independence from the executive branch, judicial ethics, and due process, among other things. These training courses will continue, and the goal is for all Iraqi judges to have attended these courses by the end of the year. Additionally, in the future the judges will be offered specialized training in counter-terrorism, organized crime, and anti-corruption efforts.

Accomplishments anticipated in next quarter:

- Train up to 300 personal security details per month.
- Continue vulnerability assessments on the remaining judicial facilities. Pursue reconstruction efforts for the targeted 156 courthouse locations throughout the

country, starting with sites in Baghdad. These activities have been delayed due to security constraints.

Democracy Building Activities

Project Code: 06000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	99	359	-7	0	0	451
July 2207 Report	99	352	0	0	0	451
Change from April Report	0	0	0	0	0	0
Obligated to date						265
Outlayed to date						8

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

Changes from the April Report: As noted in the April report, \$451 million was allocated to assist the Iraqis in building a legitimate government nationally and regionally; to support the development of democratic, competitive political parties; and to ensure open and transparent elections. There are no changes from the April report.

Accomplishments since the April Report:

In spite of security constraints, democracy programs continued at a robust pace, including civic education, political party training, civil society development, women's activities, and local government programs. For example, a delegation of Iraqi women attended the UN Commission on the Status of Women meeting in New York in March, followed by a series of meetings and programs in Washington, D.C. Thousands of civic dialogues were held throughout the country, giving Iraqis the opportunity to discuss the Transitional Administrative Law (TAL), democratic principles, and transition issues. Other activities include:

- The National Endowment for Democracy (NED) continued providing grants to foster civic participation in the political process, promote political party development and coalition building, and build the capacity of NGOs. Specifically, NED:
 - Approved 13 new grants, bringing the total portfolio to 23 grants, totaling \$18.8 million. These include 10 direct grants to local Iraqi civil society organizations, such as the Iraq Memory Foundation, the Nakhla Peace Organization, and Organization for a Model Iraqi Society. Most of the remaining 13 grants to Western-based organizations include sub-grants or other methods for delivery of infrastructure support and training to local Iraqi groups.
 - Contracted with a young Iraqi-American scholar who is currently preparing a survey of the best literature on democracy that exists in Arabic.
 - Began developing an inventory of Arabic language training and other practical materials that will be accessible through a dedicated website.

- The National Democratic Institute (NDI) continued its programs focused on strengthening political parties and civil society development, laying the groundwork for establishing a national coalition of nonpartisan organizations and election monitoring. In the past quarter NDI:
 - Increased its expatriate staff to 12 and its local staff to 16, and expanded its country presence from Baghdad to Erbil.
 - Provided training for more than 45 parties, and conducted needs assessments for other political parties. NDI is currently conducting a series of week-long campaign academies for political parties.
 - Conducted a study mission to Canada designed to teach 11 young Iraqi activists representing 7 political parties about campaign management and elections.
 - Continued working with the Nongovernmental Organization League, a coalition of 23 Iraqi civil society organizations, to provide training in all aspects of NGO development. NDI has trained 100 civil society organizations.
 - Began building a network of women activists across political parties, civil society organizations, and other professions through public speaking training workshops and the compilation of a database of women's organizations.

- The International Republican Institute (IRI) continued its work to provide assistance to Iraq's emerging multiple political parties and groups, to provide opportunities for democratic dialogue, and to encourage immediate and active participation of Iraqi citizens in the democratic national reconstruction. It also continued working with Iraqi political parties to develop women's auxiliaries and to assist student organizations in democracy projects. In the past quarter IRI:
 - Expanded its in-country staff to include 5 expatriates, 30 full-time local Iraqis, and 10 staff from around Iraq to assist as facilitators in major cities.
 - Worked with the Iraq Foundation for Development and Democracy to convene the first meeting of the 500 most influential tribal Shaikhs in late May to develop a Supreme Council of Iraqi Tribes that support democracy.
 - Continued a series of six political party conferences in June involving more than 300 participants from 150 parties. The conferences followed on forums held in March for political parties to discuss the role of parties in a democracy, the organization and structure of political parties and experiences of other parties.
 - Worked with a noted Romanian public opinion research firm, IMAS, to assist the Iraq Center for Research and Strategic Studies (ICRSS) and the Independent Institute for Administrative and Civil Society Studies (IACSS) in developing professional opinion research methodologies.
 - Began work with partners from Central European organizations, the Pontis Foundation, the Centre for Democracy and Culture Studies, and the Institute of Public Affairs, on projects that will transfer know-how and training to leaders from Iraq's emerging civil society.

- USAID's Office of Transition Initiatives (OTI) initiated more than 284 grants totaling more than \$16 million. Since April 2004, OTI has awarded 145 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.

- OTI provided institutional support to six women's centers and associations throughout Iraq, including the Baghdad Women's Shelter.
 - OTI assisted the Iraqi Special Tribunal to furnish and equip its expanded office space and to develop the technical capacity of the Tribunal to process evidence for future war crimes trials.
 - OTI equipped and furnished two offices in Baghdad to enable staff of the Iraq Property Claims Commission to accept and process property claims. These offices join six other IPCC offices completed with OTI funding around the country.
 - OTI provided equipment and furniture and other institutional support to NGOs seeking to foster dialogue and encourage cooperation among different ethnic and religious groups in Iraq, including the Council of Peace and Solidarity, the National Center for Protecting Peace, and the Iraq Center for Dialogue, Reconciliation and Peace.
 - OTI supported technical assistance from the International Center for Not-for-Profit Law to the Working Group on Order No. 45, which regulates NGO legislation in Iraq.
- USAID's Local Governance Program has:
 - Facilitated the formation of an additional 13 District Councils, 2 City/Sub-district Councils, and 53 Neighborhood Councils.
 - Provided technical assistance to governors, mayors, and departments on financial administration and budget planning with citizen inputs.
 - Provided technical assistance to governorate and municipal service providers responsible for electricity, water, sewage, sanitation, health, education, and urban planning.
 - Provided technical assistance to the CPA and Coalition forces on the selection and election processes for governors, mayors, and councils leading up to the transition, to ensure that these government officials/entities were more representative until elections can be held by January 2005.
 - Employed and trained over 500 Iraqi Democracy Dialogue facilitators who have conducted almost 10,000 Democracy Dialogue events throughout Iraq.
 - The USAID-managed Community Action Program (CAP) to foster citizen involvement has:
 - Completed an additional 196 community development projects in the areas of local infrastructure, social services, education, health, youth, and strengthening civil society, for a total of 1,015 projects completed to date. An additional 255 projects are underway.
 - Formed an additional 29 community action groups, for a total of 664.
 - Generated an additional \$1 million in local contributions to CAP projects, for a total of over \$16 million to date.

Accomplishments anticipated in next quarter:

- Establish an additional 50 community action groups (CAGs) under its Community Action Program (CAP), including at least 10 cluster groups that bring disparate communities together to meet shared needs and promote conflict mitigation in the process.
- Establish five Civil Society Resource Centers throughout Iraq to provide training, technical assistance, and grant support to Iraqi civil society organizations. Particular emphasis will be on women’s groups, anti-corruption NGOs, an independent media, and civic education.
- Ensure that political parties and electoral monitors work closely with the Independent Iraqi Election Commission in preparation for national elections by no later than January 31, 2005.
- Begin providing training, mentoring, and equipment to the investigators in the Iraqi Commission on Public Integrity. This program will focus on the development and utilization of best practices to properly investigate governmental corruption. Additionally, a Special Investigative Unit will be trained and equipped to investigate threats against government employees, witnesses, and judges.
- Institutionalize training and capacity building for sub-national officials, with international donors providing technical assistance and resources in support of democratic governance in coordination with Coalition efforts.
- Establish associations of governors and mayors to consolidate gains made in decentralization, advocate sub-national interests at the central level, and provide professional management training and technical assistance to sub-national government.
- Provide an additional \$5 million grant to IRI and NDI, through NED, to increase the capacity of moderate political organizations to serve as vehicles for broad participation of Iraqis in the political process.

United States Institute of Peace (USIP)

Project Code: 07000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	10	0	0	0	10
July 2207 Report	0	10	0	0	0	10
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

Responsible U.S. Government Agency: USIP.

Changes from the April Report: As noted in the April report, \$10 million has been allocated to USIP 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 from the April report.

Accomplishments since the April Report:

- USIP's Rule of Law Program conducted a seminar in The Hague for 17 Iraqi jurists to define appropriate preparations required for conducting a Special Tribunal, such as the organization and staffing of the Special Court, rules of procedure and evidence as well as prosecutorial authority and rights of the accused. The jurists were also able to visit Balkans Tribunal facilities and see the procedures and systems used in this Special Tribunal.
- On March 29 - April 3, and May 17 - 26, USIP held its second and third training sessions for Iraqi national security officials in Washington, D.C. This seminar, completed in tandem with the National Defense University, trained over 20 officials from various Iraqi ministries on negotiation, consensus-building, and organization skills. The SENSE simulation, a multi-computer exercise that involves all officials simultaneously in the virtual reconstruction of a war-ravaged society, was used as part of this training. Officials were also able to meet their counterparts, including Secretary of State Powell. From June 21 – July 2, the fourth Washington-based training of Iraqi government officials is slated to occur.
- In April, USIP's Education Department, in conjunction with the Iraqi Ministry of Higher Education, conducted a "Liberal Arts Education and Democracy Program" seminar in Washington with visiting Iraqi university deans and professors. This event focused on the challenges of university and college curriculum reform in Iraq and developing a liberal arts focus alongside the technical-heavy emphasis of most universities in the country.
- On May 16 -20, USIP held its first in-country training for 40-45 regional community and civil society leaders from Baghdad, Tikrit, Kirkuk, Mosul, Baqubah, Samara and Fallujah. Communicating effectively, interest-based negotiations, and mediation were among the skills taught in this workshop. Once the Institute has identified a cadre of Iraqi civic activities, individuals from these seminars will receive advance training and eventually, with USIP assistance, organize and lead trainings in their own communities.
- USIP established and continues to work with the Iraqi Council for Dialogue, Reconciliation, and Peace. The new Iraqi Cabinet will consider a proposal that the Council be named the official channel to handle conflict resolution and inter-religious reconciliation issues.

Accomplishments anticipated in the next quarter:

- Beginning in July, USIP will translate books, chapters, materials, and collections in preparation for a Higher Education Curriculum Workshop in September for the list of participants identified in the previous meetings.
- From July through September, the USIP-supported Iraq Centre for Dialogue, Reconciliation, and Peace will conduct five forums on such topics as women, religion and democracy, religious dialogue, and religion and the media.
- Coventry Cathedral will write and submit a final report on work with the Iraqi Council on Dialogue, Reconciliation and Peace by October 30.
- In July, in partnership with York Zimmerman and the International Center for Transitional Justice, USIP will begin production (in Arabic) of a documentary film on the truth and reconciliation process in several countries for presentation on Iraqi television and at other community events. In August, USIP will begin broadcasting and disseminating this truth and reconciliation documentary.
- On July 2, with participants from the Training department's program, USIP will conduct a program for Iraqi Ministry of Justice officials on the role of an independent judiciary in a democratic society.
- From August 15 to August 19, USIP will offer in Baghdad the second introductory inter-group dialogue training for local and regional Iraqi leaders from six Northern and Central governorates.
- From September 13 through September 23, USIP will hold a training session for Iraqi National Security Officials and in October will begin transplanting the SENSE program to Baghdad.

SECTOR: Electrical

The June 2004 goal of 6,000 megawatts (MW) of peak generation capacity has been delayed because of problems related to security, electrical delivery infrastructure, and generator capacity. The current level of peak generating capacity, while expected to continue to increase, is approximately 4,600 MWs. Spring maintenance, which together with new generation projects was supposed to add an additional 1,800 MWs of new and restored peak capacity to the system by June, has continued into summer due to the deterioration in the security environment and acts of sabotage. Numerous projects, totaling approximately 1,000 MWs, are behind schedule due to breakdowns, contractor delays resulting from the security environment, and acts of sabotage.

The introduction of natural gas and other fuels will continue to be the focus for the development of new electrical generation. As generation capacity increases, weaknesses in the transmission and distribution (network infrastructure) system will become more apparent. Work continues on critical transmission and distribution projects that will enable the system to distribute available generation.

4th quarter funding in the electric sector will focus on the rehabilitation of thermal generation, development of new gas turbine power stations and associated natural gas infrastructure for fuel supply, and the strengthening of the transmission and distribution system to accommodate additional available power. This investment in the electricity system will continue to build towards meeting the increasing demand for electricity as the Iraqi economy grows.

In addition to resources provided in the IRRF, the Iraqis have allocated \$315 million from the Development Fund for Iraq (DFI) to help restore and build electrical capacity.

Generation

Project Code: 40000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	434	730	231	600	796	2791
July 2207 Report	434	730	231	565	796	2756
Change from April Report	0	0	0	-35	0	-35
Obligated to date						1163
Outlayed to date						81

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

Changes from the April report: The April report allocated \$2.791 billion to the electrical generation activity and accelerated funding into the 3rd and 4th quarters in order to invest in the repair and expansion of Iraq’s natural gas infrastructure to reliably supply fuel to a greater number of power stations. This report reduces the amount allocated to this activity by \$35 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$2.756 billion. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Operational peak generation capacity has increased to approximately 5,000 MW from a March capability of approximately 3,950 MW. While the actual peak generation is currently approximately 4,600 MW, it is increasing.

- Completed an assessment of existing steam plants for rehabilitation and initiated the design/construction phase of rehabilitation of Baiji units 4 and 5 and Hartha units 2 and 3.
- Initiated a maintenance and training program at thermal and combustion turbine power plants, which will help to increase their capacity utilization rate over time. A total of 1,500 Ministry staff will be trained. This core staff ultimately will train 10,000 Ministry staff.

Accomplishments anticipated in the next quarter:

- Bring approximately 800 MWs new generation capacity on-line over the summer.
- Commence maintenance of units 4 and 5 of the Baiji thermal power plant. Completion of maintenance on these units will add 200 MWs of peak capacity by summer 2005.
- Begin the addition of generating units at Khor Zabayr Power Plant, which will add 240 MWs in generating capacity.
- Begin rehabilitation of Hartha Power Plant Units 2 and 3, completion of which will add 400 MWs in generating capacity.
- Begin large-scale fuel/generation project in Diyala Governate, which will add 500 MWs in generating capacity.
- Commence at least two large scale generation projects incorporating fuel infrastructure to collect and utilize natural gas. Work has begun on assessments of two oil and gas fields at Mansuryia and East Baghdad to determine the sites for new generating units totaling as much as 2,000 MWs additional capacity.

Transmission

Project Code: 41000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	258	146	407	739	1550
July 2207 Report	0	258	146	378.5	739	1521.5
Change from April Report	0	0	0	-28.5	0	-28.5
Obligated to date						218
Outlayed to date						28

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

Changes from April report: The April report allocated \$1.55 billion to the electrical transmission category, outlined the projects required for electrical transmission and delayed funding from the 2nd quarter to the 3rd and 4th quarters. This report reduces this amount by \$28.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$1.521 billion. The rest of the April plan has not changed.

Accomplishments since the April Report:

- USAID, through a contract with Bearing Point, completed the preliminary transmission system model, called the Power System Master Plan. This plan predicts loading on the transmission grid under various scenarios as well as the ability of the system to handle increased electrical generation. This knowledge will help determine future priorities in the electrical sector.
- Rehabilitated the downed Haditha – Baghdad West 400kV line. This line enables the capability of Haditha Dam Hydro Power Plant to be fully utilized at peak levels of 660 MWs. This is a significant improvement in generating capacity available on the network, and enhances system reliability both in the Anbar province and the Baghdad area, as well as for the entire network.
- Rehabilitated the downed Hartha – Wasit Kut 400kV line. This line alone enables an additional 100 megawatts transfer capability from the Basra generating plants into the Baghdad area, for a total transmission capability of approximately 250 MW.
- Rehabilitated the Dibis-Azadi-Qaraqosh 132kV double circuit lines. These lines re-establish interconnection between the Kurdish regions and the rest of Iraq for the first time since they were torn down by the previous regime. Further, the connection will enable transfers of up to 200+ MWs when substation terminal work is completed in June and operational issues are resolved in July 2004.
- Completed the rehabilitation of the Khor Az Zubayr-Nasiriyah 400kV transmission line, which will add stability to the southern grid and allow more sustained exports of power from the south to the load centers in and around Baghdad.
- Additionally, three 132kV projects have been completed in the Basra region. These projects increase the reliability of service to local area loads and increase the ability of the 400kV system to transfer energy to remote loads from Basra area power plants by an estimated 150 MWs.
- Commenced a project to complete the Al Ameen 400kV/132kV substation and connections. When completed in the Spring of 2005, this critical substation will reinforce the southeastern Baghdad 132kV system and distribution network, and relieve potential overloading of the existing Baghdad area 400kV substations during the summer peak period.

- Completed procurement of 30 emergency quick erect towers in June, including training of Iraqi personnel in the use of the system.

Accomplishments anticipated in the next quarter:

- Agencies will complete the rehabilitation work on Jaza’er – Yarmouk 132kV lines 1 and 2. The completion of work on these two lines will increase the reliability of the 132kV system in the area, which in turn will support distribution networks.
- Agencies will complete the work on Samediya – New Baghdad 132kV lines 1 & 2 rebuild. These two lines will reinforce transfers and voltage in and around the southeast Baghdad area until the completion of Al Ameen substation, and after that substation is connected, will support its impact in transfers and voltage. These two 132kV circuits also will significantly improve the reliability of the 132kV system in transferring energy to the distribution network of Baghdad.
- Agencies will continue to improve the transmission network, and expand it where required, to accommodate new generation projects

Distribution Network Infrastructure

Project Code: 42000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	111	428	459	0	998
July 2207 Report	0	111	428	448	0	987
Change from April Report	0	0	0	-11	0	-11
Obligated to date						267
Outlayed to date						0

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

Changes from April report: The April report identified \$998 million in projects for network infrastructure reconstruction critical for continued operation of the electrical system. This report reduces this amount by \$11 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$987 million. The rest of the April plan has not changed.

\$5 million of the funds in this activity may be used to fund USAID’s Community Action Program (CAP) in order to support its work in small-scale infrastructure projects at the community level in distribution network infrastructure.

A series of delays related to the security environment and acts of sabotage continues to stall the execution of these projects, and have slowed the achievement of anticipated accomplishments. Looting, physical attacks, and increased demand over the last year have contributed to further deterioration of the existing electrical distribution networks. Equipment is operating without adequate electrical protection and is generally overloaded. The majority of medium voltage substations suffer from the effects of frequent switching (due to load shedding), a lack of maintenance, and insufficient augmentation to cater for new load. Finally, a recent study by USAID and Bearing Point indicates that the distribution system will be strained in some areas as the electrical system approaches 6,000 MW in generating capacity. Because of the load-shedding activity necessitated by deficiencies in generating capacity, the distribution network has increasingly deteriorated and needs to be repaired/upgraded before it can handle increased generation capacity. In response, distribution projects have been identified in several areas to better deal with increasing generating capacity.

Accomplishments since the April Report:

- Commenced rehabilitating portions of the distribution network in the Baghdad area.

Accomplishments anticipated in the next quarter:

- 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.

Automated Monitoring and Control System

Project Code: 43000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	125	25	0	0	150
July 2207 Report	0	125	25	0	0	150
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$150 million to this project and accelerated funding from the 3rd and 4th quarters for completion of the plan to develop distribution, regional, and national control centers to replace the current inadequate system used to manage the electrical network. There are no changes from the April report. However, it should be noted that projects currently designated for these funds are being reevaluated in light of recent efforts toward funding projects through the UNDP. U.S. IRRF funds above may be limited to communications links only.

Accomplishments since the April Report:

- Partially expanded coverage of network control systems, allowing more control over load shedding and transmission between regions and in and around Baghdad.

Accomplishments anticipated in the next quarter:

- Complete expansion of coverage of network control systems, allowing more control over load shedding and transmission between regions and in and around Baghdad (partially completed in 3rd quarter).
- Agencies will commence additional distribution projects in Baghdad, Erbil and Wassit to repair and replace aged and neglected parts of the distribution network to more reliably serve consumers.

Security

Project Code: 45000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	50	0	0	0	50
July 2207 Report	0	50	0	0	0	50
Change from April Report	0	0	0	0	0	0
Obligated to date						19
Outlayed to date						0

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

Changes since the April Report: The April report allocated \$50 million and accelerated these funds to convert the Electrical Power Security Service (EPSS) into a capable and self-sustaining security force. There are no changes from the April Report.

Accomplishments since the April report:

- Obtained training site for the EPSS training academy in June.
- Awarded contract for the EPSS to train and equip over 6,000 guards.
- Awarded security contracts for the Haditha-Baghdad West, Al Hartha-Al Kut, Mussayib-Baghdad South, and Kut-Baghdad South lines, ensuring security of these critical resources.

Accomplishments anticipated in next quarter:

- Award contract for the purchase, operation and maintenance of Aerial Surveillance Aircraft, including training of Iraqi personnel.
- Commence construction and refurbishment at the EPSS training academy site.
- Commence training and equipping on September 2, 2004. DoD will train and equip 600 EPSS personnel by the end of October (increasing to 2,000 by the end of 2004 and 6,000 in two years).
- Commence implementation of DoD-leased aerial surveillance aircraft in mid-July, with coverage lasting through mid-November. DFI is providing the funding for this project.
- Award contract to purchase 8 permanent surveillance aircraft, which will allow aerial surveillance of transmission lines and other electrical infrastructure and quickly pinpoint the location of damaged lines.

SECTOR: Oil Infrastructure

Infrastructure

Project Code: 50000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	1200	0	0	0	1200
July 2207 Report	0	1200	0	0	0	1200
Change from April Report	0	0	0	0	0	0
Obligated to date						403
Outlayed to date						10

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

Changes from the April Report: The April report allocated \$1.2 billion for priority oil infrastructure construction projects. There are no changes to the April plan. Increased security costs, however, have impacted the estimated costs and therefore, timing of projects. Due to cost increases, several projects have been delayed, including repairs to the natural gas liquids (NGL) and liquid petroleum gas (LPG) plants that were heavily looted last year, installation of communications within the oil sector that was destroyed, refurbishment of the

export terminals to enable crude oil exports, and refurbishment of pump stations and compressor stations that were damaged.

Accomplishments since the April Report:

- Oil production was increased to approximately 2.5 million barrels per day. However, attacks on the pipelines have caused disruptions to crude oil production in the months of May and June. The ultimate production goal continues to be a sustainable level of about 3 million barrels per day by the end of 2004.
- Exports of 1.8 million barrels per day were restored on June 26. Because of sabotage to infrastructure, exports of crude oil had fallen from 1.8 million barrels per day in March to 1.4 million in May.
- Engineering and construction activities have begun on 53 individual projects

Accomplishments anticipated in next quarter:

- Continue to increase crude oil production, with the ultimate goal of reaching a sustainable production level of 3 million barrels per day and an export level of 2.2 million barrels per day by the end of 2004
- Continue to increase exports via the recently re-opened Khor Al Amaya Terminal. Exports in March were near pre-war levels of 1.8 million barrels per day, with plans still on track to achieve nearly 2.3 million barrels per day by year's end. Recent attacks on the pipelines reduced exports in April to an average of 1.7 million barrels per day and 1.4 million barrels per day in May. The total could possibly be lower in June.
- 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 of 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. Procurement and delivery of the first tranche is scheduled for late July.

Emergency Supplies of Refined Petroleum
Project Code: 51000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	400	101	0	0	501
July 2207 Report	0	400	101	0	0	501
Change from April Report	0	0	0	0	0	0
Obligated to date						497
Outlayed to date						3

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

Changes from the April Report: The April report allocated \$501 million to this item and defined a plan to use these funds to cover the difference between Iraqi demand and refinery production, as well as to establish and maintain a reserve in all major petroleum products to ensure no interruptions in basic services. There are no changes to the April plan.

Accomplishments since the April Report:

- Supplied sufficient benzene, diesel, and liquid petroleum gas (LPG) through June. The Ministry of Oil has implemented a plan and multiple contracts to become self reliant on benzene.
- Met demand for all fuels and built stocks to country-wide levels that are currently 15 days of supply for diesel, 8 days of supply for benzene, 9 days of supply for kerosene, and 32 days of supply for LPG. This allowed for flexibility during periods of sabotage, bad weather, or equipment failure.

Accomplishments anticipated in next quarter:

- Import increased levels of refined products to mitigate risk while the Ministry of Oil takes control of the complete import mission. Conduct much needed refinery maintenance to facilitate increased in-country production and decrease the amount required for import, thus freeing funds for long-term capital investments.

SECTOR: Water Resources and Sanitation

Public Works

Potable Water

Project Code: 60000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	347	201	368	1730	2646
July 2207 Report	0	347	201	343	1882	2773
Change from April Report	0	0	0	-25	+152	+127
Obligated to date						332
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$2.646 billion to this project 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. The April report reduced the potable water activity by \$184 million (\$32 million in the 4th quarter and \$152 million in FY 2005) in order to reserve the one percent allowed under the FY 2004 Supplemental Appropriations Act for operating expenses for the U.S. mission in Iraq. This report restores most of these funds to the appropriate quarter; however, as noted in the Executive Summary, this activity is being charged \$57 million in the 4th quarter in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity up to \$2.773 billion. The rest of the April plan has not changed.

\$17.5 million of the funds in this activity may be used to fund USAID's Community Action Program (CAP) in order to support its work in small-scale infrastructure projects in potable water at the community level.

Accomplishments since the April Report:

Because of the nature of potable water projects, the timeframe for completion for projects commenced in the 3rd quarter is approximately six to eighteen months.

- Initiated construction of rural water systems in villages with populations of less than 5,000 throughout Iraq. These projects will promote health by providing more reliable sources of potable water for small rural communities.
- Completed 75 percent of construction on water supply rehabilitation projects in Basra, An Najaf, Mosul, and Karbala.

- Developed a range of designs that can be adapted to the particular needs of hundreds of locations in villages throughout Iraq to support a nationwide rural potable water program.
- Commenced design and site work for a number of projects, including: the new Erbil City – Ifraz Water Treatment Plant, Pump Stations, and transmission lines; the new Halabja Water Distribution System, consisting of pump stations, and transmission lines; the new Balad Rooz Water Treatment Plant, pump stations, and distribution lines; and the new Nasiriyah Water Treatment Plant, pump stations, and distribution pipes.
- Initiated hydraulic modeling of the Baghdad water distribution system.
- Completed 85 percent of the work on a project to increase the existing capacity of the Shark Dijlah water treatment facility. Once completed, this will increase its current capacity by an additional 45 percent, or 225,000 cubic meters per day, and benefit 2.2 million people in eastern Baghdad. Also, commenced design for the refurbishment and additional expansion of the Shark Dijlah water treatment facility. This new refurbishment project will improve the operational efficiency of the existing plant.
- Initiated a project to rehabilitate the potable water network in the Baghdad area.

Accomplishments anticipated in next quarter:

- Commence by September 30: construction of rural water systems in 10 percent of the prioritized rural villages with populations less than 5,000 people ; twenty-six of nearly 80 major water supply projects for urban/suburban areas; the construction of a new water treatment plant in Sadr City and the repair of the potable water network in Baghdad.

Water Conservation

Project Code: 61000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	15	16	0	0	31
July 2207 Report	0	15	16	0	0	31
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

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

Accomplishments since the April Report:

- Procured water conservation materials, including pipes, meters, and fittings. These resources will be used to decrease the huge water losses throughout Iraq (approaching 40 to 50 percent in many areas) due to leaking and broken pipes, valves, and fittings.

Accomplishments anticipated in next quarter:

- Commence water system leak repair program throughout Iraq for which supplies were procured in the 3rd quarter.

Sewerage

Project Code: 62000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	70	60	60	485	675
July 2207 Report	0	70	135	0	458	663
Change from April Report	0	0	+75	-60	-27	-12
Obligated to date						67
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$675 million to this activity and outlined a plan for increasing sewerage service in cities. During the 3rd quarter, \$75 million was accelerated from the 4th quarter (\$60 million) and FY 2005 (\$15 million) in order to begin urgently-needed USAID projects in Sadr City. This report reduces the amount allocated to Sewerage by \$12 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$663 million. The rest of the April plan has not changed.

\$7.5 million of the funds allocated to Sewerage may be used to fund USAID's Community Action Program (CAP) in order to support its work in small-scale infrastructure projects in sewerage at the community level.

Accomplishments since the April Report:

- Awarded a \$32 million contract for pipes, fittings, spare parts, and sewer trucks. This contract will provide local sewer directors with the materials and equipment needed to expedite the most critical repairs to sewer systems.

- Completed rehabilitation of the Kerkh waste water treatment repair, benefiting 1.4 million residents.

Accomplishments anticipated in next quarter:

- Complete design and begin construction of three sewage treatment plants that will benefit more than 2.5 million people.
- Commence the installation of sewer trunk lines in Baghdad, particularly in the Sadr City area.

Other Solid Waste Management

Project Code: 63000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	18	3	0	0	0	21
July 2207 Report	18	3	0	0	0	21
Change from April Report	0	0	0	0	0	0
Obligated to date						18
Outlayed to date						0

Responsible U.S. Government Agency: USAID.

Changes from the April Report: The April report allocated \$21 million to this activity and outlined a plan for introducing sustainable and efficient waste management practices. There are no changes from the April Report.

Accomplishments since the April Report:

- Continued design work on the Baghdad Municipal Solid Waste Landfill project, which will provide protection for the health of over 6.5 million people. While design work continued this quarter, site clearing stopped when the original site was determined to be unsuitable due to unexploded ordnance. A new site was selected, and survey and initial site work is underway.

Accomplishments anticipated in next quarter:

- Work with the Baghdad Amanat (city government) to begin actual construction of the Baghdad Municipal Solid Waste Landfill.

Water Resources

Pumping Stations and Generators

Project Code: 64000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	44	23	93	0	159
July 2207 Report	0	44	23	91	0	157
Change from April Report	0	0	0	-2	0	-2
Obligated to date						33
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$159 million to this category to improve the functionality of pumping stations and generators through the purchase of new parts or the rehabilitation of old parts. This report reduces this amount by \$2 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$157 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Purchased diesel generators to provide power for critical agricultural pump stations located throughout Iraq.
- Began the engineering design for construction and/or repair on ten irrigation pump stations that will provide water for both local and regional irrigation projects.
- Initiated repair of the Karbala Irrigation and Drainage Pump Station #1, which will provide water for local and regional irrigation projects.

Accomplishments anticipated in next quarter:

- Commence design and construction on Nasiriyah Drainage Pumping Station to provide water to currently inaccessible areas.
- Commence rehabilitation of 10 irrigation pumping station for which engineering designs were commenced in the 3rd quarter.

Irrigation and Drainage
Project Code: 65000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	0	10	118	128
July 2207 Report	0	0	0	7	118	125
Change from April Report	0	0	0	-3	0	-3
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$128 million to this activity for refurbishing the drainage and irrigation infrastructure, which will result in additional reclaimed arable land and better control of contaminated/saline waters. This report reduces this amount by \$3 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$125 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Projects under this activity begin in the 4th quarter.

Accomplishments anticipated in next quarter:

- Begin design and construction on Kut-Betara Reclamation Project, which will remove saline waters from the water supply.
- Begin design and construction of the Hilla-Hashmiya Reclamation Project, which will create 10,750 new hectares of irrigated land.

Major Irrigation Projects
Project Code: 66000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	5	21	126	151
July 2207 Report	0	0	5	17	126	148
Change from April Report	0	0	0	-3.5	0	-3.5
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$151 million to this category and outlined a plan to complete construction of five irrigation projects that will open new areas to agriculture. This report reduces this amount by \$3.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$148 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Commenced construction of irrigation projects to open new areas to agriculture and initiated design of the Muhrut irrigation project in Diyala.

Accomplishments anticipated in next quarter:

- Continue design and construction of the Eastern Euphrates Drain Z 3 & 4 and start design of the Muhrut irrigation project in Diyala.

Dam Repair, Rehabilitation and New Construction

Project Code: 67000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	16	27	109	152
July 2207 Report	0	0	16	23	109	149
Change from April Report	0	0	0	-3.5	0	-3.5
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$152 million to this activity and outlined a plan to fund the rehabilitation of 6 water supply dams. This report reduces this amount by \$3.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$149 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Awarded an initial study of the condition of the Mosul Dam.

Accomplishments anticipated in next quarter:

- Convene a panel of experts to investigate the critical Mosul Dam, which will likely recommend modifications to the current grouting scheme, to be funded in the 4th quarter. This panel will recommend short-term and overall long-term solutions to correct the existing problems with the dam and ensure the safety of the residents downstream.
- Initiate design of the Badoosh Dam.

Umm Qasr/Basra Water Supply Project

Project Code: 68000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	0	28	85	114
July 2207 Report	0	0	0	25	85	111
Change from April Report	0	0	0	-3	0	-3
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$114 million to this activity and outlined a plan to provide higher quality raw water to Basra and Umm Qasr. This report reduces this amount by \$3 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$111 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Nearing completion of rehabilitation work on the Sweetwater canal.

Accomplishments anticipated in next quarter:

- Initiate design and construction on a project to provide higher quality raw water to Basra and Umm Qasr.

Basra Channel Flushing
Project Code: 69000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	0	12	59	71
July 2207 Report	0	0	0	10	59	70
Change from April Report	0	0	0	-1.5	0	-1.5
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$71 million to this activity to flush the Basra channel. This report reduces this amount by \$1.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$70 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- None. This project begins in the 4th quarter.

Accomplishments anticipated in next quarter:

- Initiate design and construction on the project to flush out the Basra channel.

SECTOR: Transportation and Telecommunications

TRANSPORTATION

Civil Aviation

Project Code: 70000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	1	114	0	0	115
July 2207 Report	0	1	114	0	0	115
Change from April Report	0	0	0	0	0	0
Obligated to date						17
Outlayed to date						0

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

Changes from the April Report: The April plan allocated \$115 million to 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. CPA estimates that Baghdad will meet full ICAO standards in July 2005. Renovation of Basra and Mosul airports is currently underway with work continuing through fourth quarter and completion in early 2005. This report makes no changes to the plan detailed in the April Report; however, projects have been delayed to the next quarter pending contract awards.

Accomplishments since the April Report:

- Initial assessments have been completed on the Baghdad International Airport and cost estimates have been submitted for the upgrade of the HVAC system, the water and wastewater infrastructure, and the terminal electrical system.

Accomplishments anticipated in next quarter:

- 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 surveillance radar systems for installation at Basra and Mosul with feeds back to the area control center, located in Baghdad.
- Procure two Instrument Landing Systems (ILSs) for Basra, two for Mosul, and one for Baghdad.
- Install 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.
- Complete evaluation of key facility infrastructure at Baghdad airport, with tasking to improve HVAC and water, and sewage systems at Baghdad's passenger terminal and administration building.

Umm Qasr Port Rehabilitation
Project Code : 71000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	40	0	0	0	40
July 2207 Report	0	40	0	0	0	40
Change from April Report	0	0	0	0	0	0
Obligated to date						11
Outlayed to date						4

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

Changes from the April Report: The April plan allocated \$40 million to this activity, consistent with the Maritime Strategy to increase capacity at the port of Umm Qasr. There are no changes from the April report; however, slight schedule realignments were made as cost estimates were refined and dredging/wreck removal projects were reworked based on new information such as discovering one additional wreck. Top priority critical dredging and wreck removal has been completed and the port's throughput is up to 55 vessels per month (up from 39 in December 2003). Additional capacity will be realized as capital projects are completed.

Accomplishments since the April Report:

- Conducted \$3.5 million of dredging operations.
- Completed salvage of over 30 wrecks in Umm Qasr.
- Contractor has begun electrical power upgrade that will connect more of the Umm Qasr Seaport to the grid, providing more power to essential equipment in both North and South Ports. Port electrification will be coordinated with projects proposed by UNDP to maximize improvements.
- Accommodated 163 ships during the quarter ending May 31, 2004 at the port of Umm Qasr, including critical foodstuffs, reconstruction supplies, military equipment, and commercial cargoes. This is an increase of 39 vessels, or 31 percent, over the prior quarter.

Accomplishments anticipated in next quarter:

- Anticipate completion of contract within 90 days to improve traffic flows, renovate port operations center, improve lighting, and make other improvements to port operations. This will increase both security and throughputs, especially for movement of foodstuffs. The opening of West Gate should decrease truck waiting times as clearance activities are improved.

- Installation of additional equipment will continue to increase throughput during the coming quarter. Additional wreck removal, dredging, and ongoing scrap metal removal will make more berths available to deeper vessels, which will also serve to increase throughput. Exact increases in throughput will depend on the ability to move cargo off the Northern terminals. If security problems continue, throughput will slow from otherwise-achievable levels.

Railroad Rehabilitation and Restoration

Project Code: 72000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	84	126	0	0	210
July 2207 Report	0	84	126	0	0	210
Change from April Report	0	0	0	0	0	0
Obligated to date						40
Outlayed to date						0

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

Changes from the April Report: The April plan allocated \$210 million to continue the plan to renovate the Iraqi railroad by improving the working environment and track structure, and providing necessary tools, spare parts, and equipment. There are no changes from the April report.

Accomplishments since the April Report:

- Began work on the renovation of the Baghdad Central Station, the main Shakhiya Workshops, and many local stations.

Accomplishments anticipated in next quarter:

- Continue to procure critical spare parts and other materials.
- Award a contract for the installation of a basic communications-based train control system that will significantly improve the effective capacity of the railway.
- Continue renovation work on Baghdad Central Station and rural train stations.
- Begin the repair and retooling of outlying rail shops at the Samawah and Shalchiya rail shops in Baghdad.
- Continue rehabilitation of 56 km of rail line between Umm Qasr and Basra and 14 km of sidings at Umm Qasr to improve delivery of cargo and foodstuffs from the port.

Telecommunications

Iraq Telecommunications and Postal Corporation Project Code: 74000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	5	10	5	0	20
July 2207 Report	0	5	10	5	0	20
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April plan allocated \$20 million for modernizing the Iraqi Telephone and Post Company (ITPC) as well as spinning off and modernizing the postal services. There are no changes from the April report.

Accomplishments since the April Report:

Postal:

- Official opening and dedication of the International Service Center at Baghdad International Airport (May 25, 2004).
- Restarted international air mail delivery service for first time since 1990.
- Implemented new zip code system.
- Unveiled new Iraqi Postal Service logo.
- Began production and delivery of new Iraqi stamps.
- Began procurement and delivery of mail and sorting equipment, franking machines, parcel X-rays, postal vehicles, and other critical mail handling/delivery equipment.

ITPC:

- Developed training plan for ITPC employees that will focus on leadership, management, technical, and basic computer skills training; training plan will be integrated with other available training from USAID and the World Bank.
- Completed organizational and legal restructuring plan for ITPC to form four distinct and separate business entities:

- Iraqi Telephone Company (Wholesale Service)
- Iraqi Telephone Company (Retail Service)
- Iraqi Internet Company
- Iraqi Postal Service

Accomplishments anticipated in next quarter:

- Continue procurement and delivery of post office equipment nationwide and train staff on new equipment.
- Procure accounting software for each of the four business entities under the ITPC.
- Start postal facility rehabilitation projects to establish five modernized postal service centers.
- Begin work on ITPC Operation Support System (OSS) to design an overall operating support system architecture. OSS will aid in tracking service orders, trouble shooting, network congestion, and system repair.
- Begin management, technical, and computer skills training to improve the efficiency and productivity of the ITPC workforce.

**Iraqi Telecommunications Systems
Project Code: 76000**

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	30	40	20	0	90
July 2207 Report	0	30	40	19.5	0	89.5
Change from April Report	0	0	0	-0.5	0	-0.5
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April plan allocated \$90 million for developing a high-capacity, high-bandwidth data network. The intent for this funding is to initiate a long-term upgrade of Iraqi telecommunications infrastructure to increase capacity, provide reliable service, and restore international connectivity. This report reduces this amount by \$0.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$89.5 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- Increased the number of telephone subscribers to over 1,245,000, including 442,000 cellphone subscribers. This represents an increase of 49.5 percent from pre-war levels.
- Developed a coordinated strategy for rehabilitation of major communications infrastructure.
- Worked with the ITPC to establish a clear definition of infrastructure requirements to support future growth for the communications network.
- Began preliminary design and prioritization for rehabilitation of 12 telephone switch buildings (and relocation of switches) in Baghdad.

Accomplishments anticipated in next quarter:

- Begin rehabilitation of 12 prioritized telephone switch buildings in Baghdad.
- Begin a 4-month planned construction on Wireless Broadband network for Baghdad that will serve approximately 40,000 users across key Iraqi ministries and financial institutions.
- Begin work on telecommunications transport backbone (short links off of fiber loop backbone) to enhance inter and intra-city communications and improve the ability to transmit data across distances.

Iraq Telecommunications Operations**Project Code: 79000**

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	5	12	8	0	25
July 2207 Report	0	5	12	8	0	25
Change from April Report	0	0	0	0	0	0
Obligated to date						1
Outlayed to date						0

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

Changes from the April Report: The April plan allocates \$25 million to modernize the Iraq Telecommunications Operations system and to design a telecommunications regulatory agency. There are no changes from the April report.

Accomplishments since the April Report:

- Established the new Iraqi Communications and Media Commission (ICMC), an independent regulatory commission similar to the FCC that has jurisdiction over telecommunications and broadcasting.
- Selected Director General, and nine commissioners.
- Moved ICMC into interim headquarters building.
- Completed drafting of a legal framework; proposed basic telecommunications law, economic and technical regulations; and developed procedural processes and rules, including a code of ethics.
- Signed a contract for SPECTRUM XXI radio spectrum management software, training, and database development.
- Acquired initial sets of spectrum monitoring and analysis equipment and began monitoring and enforcement activities.
- Completed and implemented the initial government communications design.
- Created the Office of the Chief Information Officer for Iraq.
- Completed an information training plan for the Iraqi ministries.

Accomplishments anticipated in next quarter:

- Complete establishment of the ICMC and begin training of key staff.
- Begin rehabilitation of permanent headquarters facility for the ICMC.
- Begin installation and configuration of network and regulatory/administrative support system.
- Begin SPECTRUM XXI training and configuration.
- Begin delivery of vehicles and specialized monitoring/analysis equipment.
- Commission will assume responsibility for all licensing and spectrum management for Iraq.

SECTOR: Roads, Bridges, and Construction

Public Buildings Construction and Repair

Project Code: 81000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	99	31	0	0	130
July 2207 Report	0	99	31	0	0	130
Change from April Report	0	0	0	0	0	0
Obligated to date						74
Outlayed to date						0

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

Changes from the April Report: The April plan allocated \$130 million to reconstruct and rehabilitate four ministry headquarters buildings, repair about 60 public schools, and restore an additional 871 school buildings, grouped by governorate. There are no changes from the April report.

\$5 million of the funds in this activity may be used by USAID's Community Action Program (CAP) to support its work in small-scale infrastructure projects at the community level.

Accomplishments since the April report:

- Reconstruction and rehabilitation of public buildings continued, including four ministry headquarters buildings (Ministries of Environment, Trade, Industry and Minerals, and Transportation).
- Renovations to nearly 2,500 schools have been completed countrywide.
- USAID has begun assessments of approximately 114 schools in Basra to be renovated.
- Provided funding to the 1st Marine Engineering Group to conduct repairs on approximately 104 schools in the Governorate of Al Anbar. School assessments are being completed.
- Continued repairs to approximately 440 schools in the Governorates of Al Muthanna, Maysan, ThiQar, and Wassit. School assessments are being completed.

Accomplishments anticipated in next quarter:

- Approximately 1,161 schools renovations throughout each of the 11 Governorates will be assessed, under construction, or completed.

- Determination from the Ministry of Education on which, if any, schools throughout the country will be reconstructed as “Schools of Excellence.”

Roads and Bridges

Project Code: 82000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	20	120	40	60	240
July 2207 Report	0	20	120	37.5	60	237.5
Change from April Report	0	0	0	-2.5	0	-2.5
Obligated to date						50
Outlayed to date						0

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

Changes from the April report: The April plan 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 public safety. This report reduces this amount by \$2.5 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$237.5 million. The rest of the April plan has not changed.

\$15 million of the funds in this activity may be used by USAID’s Community Action Program (CAP) to support its work in small-scale infrastructure projects at the community level.

Accomplishments since the April Report:

- Opened two 4-lane traffic bridges, one on Highway 10 at Al Mat and second at the crossing of the Tigris at Khazir in northern Iraq.
- Completed Khazir bridge reconstruction, which is critical to the flow of fuel and agricultural products to the north.
- Completed Al Mat bridge reconstruction.

Accomplishments anticipated in next quarter:

- Agencies will complete the Tikrit Bridge by September and continue work on roads in Hilla, Baghdad, An Nasiriyah, and other locations.

- Contracts will be awarded for the rehabilitation/reconstruction of the Al Sharqat Bridge and the Al Madeen Bridge.
- Construction will begin, using local Iraqi firms, on Al Anbar village roads in July with completion by next summer.
- Construction will begin on village roads of Najaf, Basra, Babil, and Qadissiyah during August with completion late next summer.

SECTOR: Health Care

Nationwide Hospital and Clinic Improvement

Project Code: 90000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	175	107	161	0	443
July 2207 Report	0	175	107	157	0	439
Change from April Report	0	0	0	-4	0	-4
Obligated to date						175
Outlayed to date						0

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

Changes from April Report: The April report allocated \$443 million to the Department of Defense to rehabilitate 16 maternity and children's hospitals and construct new primary healthcare centers in every governorate. This report reduces the amount allocated to this activity by \$4 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$439 million. The rest of the April plan has not changed.

In the April report, DoD planned to begin construction or rehabilitation of 12 maternity-child hospitals in Baghdad and other cities, and construction of up to 30 primary healthcare centers in Baghdad and 10 other governorates. This was delayed because of security challenges in accessing sites, as well as coordination issues with the Ministry of Health (MOH) concerning the conceptualized layout of the new primary healthcare centers.

Accomplishments since the April Report:

- Began the renovation of the Al Baladi Maternity and Pediatric Hospital in Thawra, Baghdad. All planning work was initially suspended due to the dangerous situation in Sadr City, but coordination meetings have now taken place with the hospital staff and a site visit been planned.
- The Ministry of Health has planned the construction of primary healthcare centers in each Governorate, with the exact number of clinics and services to be provided based primarily on population density and existing services. Conceptual designs have been developed in cooperation with the Ministry of Health and construction designs are being developed.

Accomplishments anticipated next quarter:

- Determine specific site locations of primary healthcare centers for each Governorate.
- Commence the construction of up to 30 primary healthcare centers in 14 of the 18 Governorates.
- Commence renovation of 5 of the 17 mother and child hospitals throughout the country.
- Complete construction of a primary healthcare center in Al Nazal.
- Refurbish critical systems in Fallujah Hospital, including the replacement and refurbishment of existing equipment, which was identified as a part of the Accelerated Iraqi Reconstruction Program.
- Design and build two primary healthcare centers in the Al Shuhadaa and Gufee districts of Fallujah.

Basra Pediatric Facility (Hospital)

Project Code: 91000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	50	0	0	0	0	50
July 2207 Report	50	0	0	0	0	50
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

Responsible U.S. Government Agency: USAID.

Changes from the April Report: The April report allocated \$50 million to USAID to construct or renovate a pediatric facility in Basra, creating a modern pediatric hospital aimed at providing Iraqi children with access to quality care for pediatric medical conditions associated with high levels of mortality and morbidity. The facility will offer expert care for certain common conditions that require specialized skills and equipment and will function as a secondary hospital that can treat referrals from primary health care centers in the region. The facility will also train Iraqi health professionals in modern pediatric practices. There have been no funding changes since the April Report, although USAID has decided to construct a new facility for this purpose, rather than renovate an existing facility.

Accomplishments since the April Report:

- USAID is nearing final agreement with MOH to construct a new 35-50 bed pediatric hospital.
- The MOH has finalized selection of a site for construction of this hospital based on an earlier assessment conducted by the US Army Corps of Engineers, MOH/Basra, and USAID. The site is adjacent to a main highway, near sewer and power lines, and of sufficient size to allow for future hospital expansion if needed. Title to the land rests with the Ministry of Health, which had previously designated this land for a new hospital.
- USAID has in place a Memorandum of Understanding (MOU) with Project HOPE, under which Project HOPE will take the lead in providing hospital equipment and will have responsibility for training medical and administrative staff.

Accomplishments anticipated in next quarter:

- Convene the Steering Group with the MOH to agree on a Scope of Services for the hospital.
- Begin design work for the pediatric hospital. Construction is expected to begin in December 2004, with work to be completed by December 2005.

Equipment Procurement and Modernization and Training
Project Code: 92000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	105	75	55	65	300
July 2207 Report	0	105	140	52	0	297
Change from April Report	0	0	+65	-3	-65	-3
Obligated to date						53
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$300 million to the Department of Defense and USAID to procure new medical equipment, train medical staff and provide technical assistance to build capacity in the Ministry of Health (MOH). While there no changes to the April report, \$65 million in funds were accelerated from FY 2005 into the 3rd quarter in order to allow work to be completed more quickly. The construction of primary health care centers will begin in July 2004 with 19 planned for initial construction work. There are significant lead times in selecting a vendor, ordering equipment, scheduling for manufacturing lead times, and delivery to the clinic locations. Waiting until October 2004 to begin this process increases the risk that the equipment and furnishings will not be available when construction of the initial primary healthcare centers is complete. The earlier start date will facilitate the integration of planning for the proper installation of equipment with the construction effort.

In addition, this report reduces the amount allocated to this activity by \$3 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$297 million.

A Technical Evaluation Committee (TEC) composed of USAID, Ministry of Health (MOH) and Coalition Provisional Authority (CPA) representatives reviewed proposals for the MOH Capacity Building Project in late March. The TEC determined that significant revisions to proposals were needed, warranting a second review of proposals. The submission date for the second round of proposals was late June, and if proposals are deemed to be adequate, USAID anticipates awarding a contract for this work by the end of July 2004.

DoD intended to award a contract to supply over \$100 million in medical equipment to various health institutions, but the contract was delayed due to delays in receiving detailed technical specifications for desired equipment.

Accomplishments since the April Report:

- Ensured the delivery into cold storage of vaccines that will ultimately benefit 4.2 million children under five and 700,000 pregnant women.

- Trained over 1,100 clinic care providers in the provision of essential primary health care services.
- Produced an analysis of the flow of healthcare funds in Iraq in preparation for the establishment of national health accounts and a new five-year national nursing strategy for strengthening nursing and midwifery services in Iraq.
- Completed work under several USAID grants to nongovernmental organizations that improved health waste disposal at primary healthcare centers, increased skills on early detection of breast cancer, rehabilitated health facilities, and provided potable water to communities while reconstruction of water systems was underway.

Accomplishments anticipated in next quarter:

- DoD will provide over \$100 million in medical equipment to Iraq’s tuberculosis and blood programs, maternal-child hospitals, general hospitals, and the Iraqi Armed Forces.
- DoD will establish a program for the assessment and training of nurses, administrators and other health care professionals.
- USAID anticipates award of the contract for the MOH Capacity Building project by the end of July 2004, so that the contractor can field staff and initiate implementation no later than August 2004. Initial steps will include the establishment of a USAID-MOH project management committee and the development of an implementation plan.
- USAID will distribute equipment to 600 clinics across Iraq, and continue immunization assistance to Iraqi women and children, with immunization extended to over 70 percent of children under five years of age.

SECTOR: Private Sector Development

Expanded Network of Employment Centers

Project Code: 01000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	6	2	1	0	8
July 2207 Report	0	6	2	1	0	8
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

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

Accomplishments since the April Report:

- The Ministry of Labor and Social Affairs (MOLSA) has opened eighteen employment services and counseling centers, which provide job-seekers with training in English, literacy, basic computer skills, resume building, and interview skills. For potential employers, the centers offer candidate notification, pre-screening, interviewing, English language classes, computer testing, and other services.
- Danish contractor Legend Land, through a Department of Labor grant, has begun providing MOLSA with international employment experts to provide capacity building and staff training at the employment center in Baghdad.

Accomplishments anticipated in the next quarter:

- Agencies will rehabilitate, staff, and open the remaining 10 employment centers. MOLSA intends to have 28 employment centers open.

Vocational Training

Project Code: 02001

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	54	21	5	15	95
July 2207 Report	0	54	21	4	15	94
Change from April Report	0	0	0	-1	0	-1
Obligated to date						29
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$95 million to this activity and outlined a plan to establish vocational training centers. The April report also indicated that CPA and Iraqi Ministries have agreed to use some of the funds from Vocational Training to provide training and technical assistance to support the following: public and private institutions that shape and implement economic and financial policy; regulatory and legal reforms; fiscal decentralization; and intergovernmental finance. These institutions include: the Central Bank, the Ministry of Finance, the Ministry of Trade, and public utilities regulatory agencies. \$40 million will be used to provide training and technical assistance, as outlined above.

This report reduces the amount allocated to Vocational Training by \$1 million in order to help offset a transfer of \$184 million from the IRRF to the State Department to cover the operating expenses of the U.S. mission in Iraq as authorized in the FY 2004 Supplemental Appropriations Act. This brings the funds allocated to this activity to \$94 million. The rest of the April plan has not changed.

Accomplishments since the April Report:

- USAID and CPA banking sector advisors offered bank supervision training in bank structure, Basle Committee Core Principles and risk rating systems, and established priority regulations.
- USAID supported the development and implementation of bankruptcy, interim securities, and intellectual property laws to enable a pro-business environment.
- Installed and began implementing a Financial Management Information System at the Central Bank. This is a critical precursor to United Nations and World Bank funding of Iraqi reconstruction.
- MOLSA currently has 6 vocational training centers open.

Accomplishments anticipated in the next quarter:

- A USAID contract will assist MOLSA to open additional centers and expand the training offered at the six centers currently open, after conducting a labor market study to determine how many centers and what training is needed. MOLSA will open an additional 15 centers with funds from the DFI. Many of these additional centers were inherited from the Ministry of Industry and Minerals or the Ministry of Military Industries.

Business Skills Training

Project Code: 02500

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	0	18	4	15	37
July 2207 Report	0	0	18	19	0	37
Change from April Report	0	0	0	+15	-15	0
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April 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, \$15 million of funds allocated for FY 2005 are being accelerated into the 4th quarter in order to complement the services offered by the business centers and to more quickly lay the groundwork necessary for small and medium enterprises in Iraq.

Accomplishments since the April Report:

- USAID is supporting a cooperative development program aimed at developing a broad range of business skills. Training on contracting, subcontracting and the Request for Proposal (RFP) process are the most urgent and have already begun. Business Toolkits are the next priority and are being timed to accompany the availability of small business loans. Separate classroom training is being developed for small and start-up companies, and for mid-sized firms. These classes will cover entrepreneurship training, accounting, financial management, raising capital, and other relevant topics.
- The firm-level assistance program which began in March 2004 has vetted approximately 50 companies to date, analyzing business prospects, drafting business plans, and undertaking credit analysis in partnership with Iraqi company senior management. The program will be funded through the third quarter of 2005
- USAID advisors offered credit training to the two large state-owned banks and four private banks to encourage private sector lending, including to small and medium size businesses.

Accomplishments anticipated in the next quarter:

- Business centers are being funded in Baghdad and a few other locations, at least one of which is to be in Al Anbar province. Once open, the centers will provide access to office equipment, matchmaking and mentoring services, training materials, and links to information on raising capital.
- The Iraq Stock Exchange will open. The actual opening of the exchange has been held up due to safety and security concerns in the area.
- Special programs for credit training will be organized for banks, and accounting training programs will be developed for accountants and auditors. Programs to develop business and trade associations will also be created. In association with the small business training, monetary awards will be made to selected graduates of the small business training program based on objective, competitive evaluations of business plans prepared as part of the training. The awards are to be used to provide seed capital for the best start-up ideas.
- The cooperative development program will focus on establishment of a minimum of three business training centers that offer training, consulting, and business entrepreneurship services. The centers will also include business incubation

services and provide \$3 million in grants for up to 600 graduates of their training courses.

- Develop 14 small business tool kits that can be used to deliver training or as a self training device. Intend to distribute up to 3,000 kits within the next 15 months.
- The entrepreneurship program will train 20 Iraqi citizens to become entrepreneurship trainers. They will each teach 5 classes per year for a total of 5,000 Iraqi students over the course of the two-year program.

Micro, Small, and Medium Enterprises

Project Code: 03000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	10	25	9	0	44
July 2207 Report	0	10	25	9	0	44
Change from April Report	0	0	0	0	0	0
Obligated to date						10
Outlayed to date						10

Responsible U.S. Government Agency: USAID and the Department of Defense, with some funding transferred to the Overseas Private Investment Corporation (OPIC).

Changes from the April Report: The April report confirmed the January allocation of \$44 million to this project for development of small and medium enterprises in Iraq. There are no changes to the April report; however, CPA has allocated remaining funds to previously unidentified projects, as outlined below.

It is expected that in the 4th quarter funding of \$1.5 million will be directed to the Iraq Stock Exchange (ISX) for the purchase and implementation of Depository Software as well as Capital Markets Consulting. These funds will enable the ISX to encourage one of the major vehicles of private capital formation to expand and become available to the greater population of Iraqi citizens. The Middle Market Facility (MMF) and the Small Business Facility together constitute a fundamental economic driver of private capital formation. Development of the MMF funded at \$25 million is nearly complete, and funds have been transferred to OPIC, who will manage the facility. The security situation has led to delays in the implementation of the Small Business Facility developed by the International Finance Corporation (IFC), including the withdrawal of contractor personnel tasked to provide training to Iraqi loan officers. The U.S. has contributed \$10 million to the Facility.

Accomplishments since the April Report:

- The CPA developed an Iraq Small Business Loan Facility in June that matches one-to-one commitments from Iraqi banks for small commercial business loans to Iraqi-owned and operated businesses.
- The CPA has developed a middle-market lending facility but has not yet begun to disperse loans. OPIC, who will manage the facility, has begun the process of selecting a manager for the facility.
- The CPA opened microfinance offices in Missan, Muthanna, Dhi-Qar and Wasit with an additional 300 loans processed from these sites.

Accomplishments anticipated in the next quarter:

- Through NGOs, develop and deliver Credit Officer training programs to Iraqi bank and non-bank personnel. Approximately 15 banks and 30 companies, 3-5 personnel per institution, for a total of approximately 200 Iraqi bank and non-bank personnel will be trained.
- Through NGOs, develop and deliver accounting training to Iraqi businessmen and other interested Iraqi persons. 200 Iraqi businessmen and interested Iraqi persons will be trained.
- Develop a strong Business Center model that responds to the needs of Iraqi companies in various regions in the country. Funding for up to 24 months is provided and a self-sustaining business model is employed.
- The Iraq Stock Exchange will migrate to a fully electronic depository system.

Sector: Education, Refugees, Human Rights, and Governance

Migration and Refugee Assistance

Project Code: 04000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	105	0	0	0	105
July 2207 Report	0	105	0	0	0	105
Change from April Report	0	0	0	0	0	0
Obligated to date						6
Outlayed to date						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 April report: In the April report \$105 million was allocated to support the return of up to 500,000 Iraqi refugees to their homeland in 2004 and 2005, and assist internally displaced persons (IDPs). There are no changes from the April plan.

Accomplishments since the April report:

Due to security constraints some of the anticipated accomplishments in the April report have been delayed. The International Committee of the Red Cross (ICRC) had planned to expand its operations in health, humanitarian law training, and protection of vulnerable persons. The ICRC has put these efforts on hold indefinitely due to the security situation. However, there have been other accomplishments to note:

- An additional 20,000 refugees returned spontaneously from Iran, as well as an additional 6,000 facilitated by the UN High Commissioner for Refugees (UNHCR).
- The Iraqi Ministry for Displacement and Migration (MDM) graduated from U.S. oversight in May. MDM and UNHCR presented refugee and IDP needs to donors at the International Reconstruction Fund Facility for Iraq conference in Doha, Qatar.
- The UN High Commissioner for Refugees and the International Organization for Migration have both developed programs for building Iraqi capacity to deal with displaced populations and absorb returns. UNHCR now has 14 NGO implementing partners working on sustainable reintegration throughout Iraq.

Accomplishments anticipated in next quarter:

- The MDM will open the first of four regional offices to support reintegration of returning Iraqis, which was delayed from the second quarter due to logistical/administrative complications.
- The UN will complete an assessment of the ministry's training needs and support training of the ministry staff. Assessment was delayed from the second quarter by UN travel restrictions due to insecurity inside Iraq.
- International and non-governmental organizations (IOs and NGOs) will continue capacity building programs for Iraqi institutions (e.g., training in local municipalities and provision of advisors and supplementary staff).
- Additional IO and NGO assistance to returnee communities will facilitate sustainable reintegration.
- IOs will complete initial contingency planning for new population displacements and other emergencies, in consultation with the MDM.

Property Claims Commission

Project Code: 05500

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	10	0	0	0	10
July 2207 Report	0	10	0	0	0	10
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$10 million for the Property Claims Commission, and noted that an additional \$20 million for a compensation fund to encourage the voluntary resolution of disputes would be funded from the 2004 Iraqi budget (the DFI) instead of the IRRF. There are no changes from the April plan.

Accomplishments since the April report:

Progress toward IPCC objectives has been delayed due to closures of some regional offices for security concerns, as well as hiring and headquarters relocation delays. Nonetheless, progress has been made in institutionalizing the legal and policy foundations of the IPCC within the new government.

- Opened 21 offices in 12 governorates and have taken in more than 2600 claims.
- Finalized instructions for the IPCC’s operation. Began to draft guidelines setting forth the principles of substantive law that the IPCC will apply.
- Designed mediation, compensation, and evidence-gathering schemes.
- Supported the work of UN High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM) in developing a strategy to provide access to the IPCC for Iraqis outside of the country.

Accomplishments anticipated in next quarter:

- State will advise the IPCC’s administrative head on hiring and training IPCC Regional Commission staff.
- International experts will work with the IPCC in designing and programming a national database of claims.
- IPCC Commissions will begin adjudicating claims in locations in each of the 18 governorates.
- State will assist the Interim Iraqi Government in establishing a publicly funded compensation plan to supplement property restitution as a means of redress in some cases. State will also assist in developing options for financing this plan.
- Amendments will be made to the IPCC statute to ensure the IPCC effectiveness. The amendments sought include: (1) expanding the IPCC’s jurisdiction so that it can consider claims arising out of “private evictions” occurring after April 2003; and (2) extending the period in which claimants may file claims.
- State will advocate for IPCC funding for compensation and administration costs from the UN/World Bank International Reconstruction Fund Facility for Iraq (IRFFI).

Banking System Modernization

Project Code: 08000

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	5	17	8	0	0	30
July 2207 Report	5	17	8	0	0	30
Change from April Report	0	0	0	0	0	0
Obligated to date						9
Outlayed to date						0

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

Changes from the April Report: The April report allocated \$30 million to this category and outlined a plan to fund the beginning steps of banking rehabilitation in Iraq. There are no changes to this report.

Accomplishments since the April Report:

- Connected the Central Bank of Iraq (CBI) to the international payments messaging system (SWIFT), allowing secure communications between the CBI and the Federal Reserve Bank of New York and other central and commercial banks worldwide.
- Awarded contract for Iraqi Payments System, a national real-time gross settlement and automated clearing system, to be completed over the next eight to twelve months.
- Awarded contract for automation equipment for a redesigned check clearing system.
- Awarded contract to boost the IT infrastructure of the banking system by providing internal automation equipment to the banks.
- Procured, shipped, and delivered furnishings and equipment to outfit a training center in the CBI in Baghdad.
- Awarded a security contract to provide a range of security upgrades to the CBI compound in Baghdad. Work, including construction of watch towers, installation of traffic control barriers and security gates, construction of a security entrance building with search rooms, and providing security equipment (protective vests, under-vehicle search mirrors, etc.) is expected to be completed by July 15th.

Accomplishments anticipated in the next quarter.

- Complete setup of the Visa-based domestic interbank electronic payment system, which will provide overnight electronic clearing.
- Build the Central Bank's treasury bill dealing room. This activity was expected to be completed during the third quarter, and substantial progress was made in laying the foundation for completion of the dealing room during the next quarter. For example, the CBI governor and the new Minister of Finance should soon complete an agreement on restructuring existing domestic debt. The new public debt law has been issued, and CBI and Ministry of Finance staff just completed a treasury bill workshop sponsored by the IMF in Abu Dhabi.

Human Rights
Project Code: 09500

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	12	4	0	0	15
July 2207 Report	0	12	4	0	0	15
Change from April Report	0	0	0	0	0	0
Obligated to date						0
Outlayed to date						0

Responsible U.S. Government Agencies: Department of State, USAID, and Department of Defense.

Changes from the April Report: The April report allocated \$15 million to the Department of State to address past atrocities of the regime and create a climate for the promotion of fundamental human rights and dignity in Iraq. Since the April report, \$1,485,000 has been reappropriated to USAID (\$660,000 for human rights education and \$825,000 for NGO development) and \$1,940,000 has been reappropriated to the DOD (\$940,000 for forensic training and \$1,000,000 for exhumation equipment).

Accomplishments since the April Report:

- The Ministry of Human Rights has been established and a Deputy Minister appointed. He is filling the role of Minister since previous Minister resigned.
- An expert on National Human Rights Commissions has arrived to advise on establishment of an Iraqi National Human Rights Commission.
- A training course for Ministry staff has been held in June 2004 in Amman.
- Two human rights NGOs were sent to Geneva to visit the United Nations High Commissioner for Human Rights (UNHCHR), and ministerial visits were made to UNHCHR.
- A Swiss expert on Missing Persons was recruited and has begun work advising the Ministry on establishment of National Missing Persons Bureau.
- An oral history project commenced to record information on violations of human rights under the former regime in preparation for the creation of a historical record/Truth Commission.
- Forensic training commenced in Iraqi Kurdistan, but the UK forensic team was withdrawn due to security concerns.
- Announcement of Iraqi intention to sign Torture Convention.

- Established workshops on women’s issues.

Accomplishments anticipated in the next quarter:

- Complete the restructuring of the Ministry organization to produce a more lateral management structure in order to allow talent to rise more quickly to positions of authority and to ensure that all personnel have specified tasks and their performance can be assessed.
- Link up successful NGOs in Iraqi Kurdistan with nascent NGOs in rest of Iraq.
- Undertake an education campaign on human rights for schools in conjunction with Iraqi Kurdistan.
- Produce an updated, focused and relevant newsletter for the Ministry, and establish methods to improve inter-ministry dialogue with other Ministries.
- Create a system for dealing with violations.
- Build up a human rights NGO database.
- Start a series of lectures on human rights issues with guest speakers.

Education

Project Code: 06300

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	10	29	50	0	0	89
July 2207 Report	10	29	50	0	0	89
Change from April Report	0	0	0	0	0	0
Obligated to date						22
Outlayed to date						6

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

Basic Education

Changes from the April report: The April report allocated \$81 million to basic education and outlined a plan to repair schools in nine Governorates, accelerate capacity building within the Ministry of Education (MOE), and improve teaching skills throughout Iraq. There have been no changes since the April Report.

While USAID will have awarded a contract before the end of the third quarter for a program designed jointly by MOE, CPA and USAID to provide direct technical assistance support to the MOE, this contract will have been awarded too late in the quarter to achieve the accomplishments anticipated for the third quarter in the April report. These accomplishments are now anticipated for the fourth quarter of FY 2004.

Accomplishments since the April Report:

- Awarded a \$14 million grant to UNICEF to commence hygiene and sanitation programs in 1,150 schools and offer child protection services and academic retrieval program for children who have dropped out of school.
- Completed end of school exams to ensure students return to school with appropriate placement.
- Implemented five accelerated-learning pilot programs in five cities that provided a compressed one-year instruction program to almost 600 school dropouts, of which 87 percent of the students passed.
- Trained approximately 33,000 secondary school teachers and administrators.
- Built capacity of the Ministry of Education through support of personnel recruitments and hiring of 6 key officials.
- Initiated the establishment of the Education Management Information System (EMIS).
- With funding from then Public Building Construction and Repair project, awarded \$6.138 million to rehabilitate at least 100 schools in the Basra governorate. This activity is being implemented through an extension of USAID's Cooperative Agreement with Save the Children under the Community Action Program (CAP).

Accomplishments anticipated in the next quarter:

- Initiate planning for a decentralized management system with technical assistance to the MOE.
- Initiate design for an early childhood development program.
- Initiate the selection and planning for 162 educational excellence centers that will serve as educational resources for the schools in the provinces and regions where they are located, as jointly selected by USAID and the MOE.

Higher Education

Changes from the January report: The April report allocated \$8 million to this activity and outlined a plan to rebuild higher education facilities. There are no changes from this plan.

Accomplishments since the April Report:

- Continued facilitating the visits of university presidents, deans, and faculty to conferences, meetings, and universities abroad.
- Developed an assessment for reconstruction of the Ministry building.
- Extended the Fulbright Scholarship program to Iraqi students for the first time in 14 years.

Accomplishments anticipated in the next quarter:

- Rebuild and equip basic laboratories in 20 universities. Due to delays, this accomplishment was not achieved in the third quarter.
- Begin reconstruction of the Ministry building. This proposed accomplishment has also been delayed from the third quarter.

Civic Programs

Project Code: 06600

Dollars in millions	FY 2004				FY 2005	Total
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr		
April 2207 Report	0	10	0	0	0	10
July 2207 Report	0	10	0	0	0	10
Change from April Report	0	0	0	0	0	0
Obligated to date						10
Outlayed to date						0

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

Changes from the April Report: The April 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 April report.

Accomplishments since the April Report:

- Established programs for women and youth in each of Iraq's 18 governorates that included exchanges, conferences, and capacity building through training, technical assistance, and sub-grants.
 - Supported renovation of youth centers and organization of activities that engage young people in educational training, temporary employment, and recreation activities throughout Iraq.
 - Provided funding to the Salah ad Din Youth Conference, a three-day conference where more than 90 young people discussed the Transitional Administrative Law and strategies for engagement in the political transition.
 - Supported capacity-building of women's associations and organized women's rights awareness trainings throughout Iraq.
 - Helped Women for Women Iraq to organize programs that provide opportunities for education and economic access to the most vulnerable and marginalized women in Baghdad. Currently 350 women are enrolled as beneficiaries of the program in Baghdad, and an additional 300 are participating in Hilla and Karbala.

- Supported independent civic organizations that encourage constructive citizen participation in a democratic society through training, infrastructure building, and small grants.
 - Supported the Baqubah Cooperative Association, which is organizing a series of three public events that will promote discussion of democratic processes.
 - Funded a three-month Civic Dialogue campaign organized by the Association for Defending Displaced and Prejudiced Iraqi Persons that will build the NGO's capacity and enable them to conduct community outreach to disenfranchised IDP communities in northern Iraq.

- Increased 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.
 - Supported the CPA Civic Education Program through grants to Iraqi organizations for implementation of democratic activities.
 - Printed one million copies of a ten-page summary highlighting major themes within Transitional Administrative Law.
 - Supported production of three public service announcements describing specific Democratic Themes developed by the CPA Governance Team.

- A USAID/OTI journalism trainer, placed at KurdSat in Sulaymaniyah, completed a five-week on-site consultancy that focused on development of news and information programming, and provided a comprehensive report to station management detailing actions that would improve KurdSat broadcast output. A second trainer was placed with the Iraqi Media Network (al Iraqiyah) television affiliate in Basra; however, as a result of the deteriorating security situation, the consultancy was postponed until a future date and the trainer returned to the U.S. USAID/OTI provided a grant to renovate and refurbish

the Iraqi Press Information Center that will support media outreach activities of the Interim Iraqi Government.

Accomplishments anticipated in the next quarter:

- USAID/OTI will expand efforts to reach women, particularly in the southern governorates of Basra, Al-Muthanna, Thi-Qar, and Missan. USAID/OTI anticipates funding several short-term training programs for women, teaching skills in presentation, advocacy, organization, and participation in politics. In addition, USAID/OTI will support courses for women in information technology and sewing skills to expand the economic opportunities available to women in Iraq. USAID/OTI will also continue to fund conferences and seminars held by women's groups.
- USAID/OTI will expand its support of small grants to student and university groups and faculties. As part of an effort to teach Iraqi students about democratic participation, USAID/OTI has been working with local student and university groups to prioritize their needs for items such as books, furniture, and/or supplies. The groups collectively decide amongst themselves what is most needed for their respective faculty or club, employing a transparent voting process. In addition, USAID/OTI will sponsor youth activities such as sports tournaments and cultural events, to keep the young people of Iraq positively engaged in their communities.
- USAID/OTI will fund local organizations, many identified in consultation with the USAID local governance program implementer RTI, to host public roundtable discussions, lectures, and conferences on issues such as the TAL, elections, women in politics, and the rights of a citizen in a democracy. USAID/OTI will support art exhibits and poetry festivals which promote the ability of citizens to express themselves freely, and examine issues of democratic development in Post-Saddam Iraq. In addition, USAID/OTI will support local media outlets to develop public affairs programming such as public service announcements, call-in talk shows, and town hall meetings, all in an effort to foster greater public understanding.
- USAID/OTI will renovate public spaces such as community and youth centers, Chambers of Commerce, theaters, and stadiums in which Iraq's civil society will be able to gather.