

Security and Law Enforcement

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 772.0 | 1,560.9 | 586.2 | 324.5 | |

Security will provide the foundation for a free and prosperous Iraq. Consequently, security is the top priority of the Iraqi reconstruction efforts. While the Coalition has made great strides to stabilize Iraq through the enhancement of security, the Iraqi people continue to face grave threats from three major sources: (1) remnants of the former regime and their supporters; (2) foreign terrorists; and (3) criminal elements. To address these internal security issues, the Coalition and Iraqi Governing Council are establishing four security organizations: the Iraqi Police Services, Border Police Services, Facilities Protection Services, and the Iraqi Civil Defense Corps (ICDC). The New Iraqi Army is also being established to provide for the legitimate territorial defense of Iraq.

The Ministry of Interior has been allocated \$125 million in the 2004 Iraqi Budget to cover operating costs and salary payments for a workforce which exceeds 100,000. The recent adoption of hazardous duty pay from the Iraqi budget across the security sector will have a positive impact on recruiting and retention rates ministry-wide. Operational priorities in the upcoming year will be small renovations, fuel for vehicles, and other maintenance needs. All capital expenditures and equipment purchases will be financed with Supplemental funds.

Law Enforcement

Police Training and Assistance **P/C 10000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 246.0 | 422.0 | 160.0 | 122.0 | |

Responsible U.S. Government Agency: Department of State, Bureau of International Narcotics and Law Enforcement Affairs and the Department of Defense, in coordination with CPA-Ministry of Interior.

Creating a safe and secure environment is vital for the success of Iraq's reconstruction. The Coalition is taking an aggressive path to rebuild a viable police force for Iraq through recruitment of new police, the establishment of new training academies throughout Iraq and one in Jordan, and the re-education of retained Iraqi police officers.

The U.S. Congress has approved \$950 million to rebuild the Iraqi police force. The table above lists the planned expenditures.

The State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) will use \$800 million, \$246 million of which has already been notified to Congress, to support police training at the Jordan Training Academy and at the police academies in Iraq. These funds will also support an international civilian police force (CIVPOL) of up to 1,500 members. An additional \$150 million will be executed by the Ministry of Interior to provide uniforms and equipment for the new Iraqi police force.

Over the next two years, this program will provide basic skills training to approximately 35,000 new Iraqi police recruits needed to bring the Iraq Police Service to full capacity of 85,000 personnel, provide in-service training to current police personnel, and enable field training, advising and mentoring of Iraqi police by an up to 1,500 member CIVPOL force. This program will provide salaries for U.S. police instructors at training facilities in Jordan and Iraq (Baghdad and Erbil), as well as field support for all non-U.S. police instructors. In total, up to 400 (200 U.S.) police instructors will be needed in Jordan, and 200 (100 U.S.) in Iraq. Also provided will be salaries, field support, vehicles, weapons, and other equipment for up to 1,000 CIVPOL, plus field support for up to an additional 500 non-U.S. CIVPOL who will be assigned throughout Iraq (150 locations) as part of the international police force to supervise a ten-month structured field-training program that will focus on the practical application of the course work taught in the police academies. CIVPOL will function as mentors and advisors, evaluating the performance of the new Iraqi police officers, and providing guidance in modern, democratically based policing as necessary.

All salaries for Iraqi security service personnel will be included in the 2004 Iraqi budget. All employees in the security services will receive hazardous duty pay due to the importance of their work. Police officers in the security service sector will receive 130,000 New Iraqi Dinars (an estimated \$76 at current exchange rates) a month in addition to the pay scale outlined in CPA Order #30, and the increase is to include all pay grades and steps within the pay scale. As quality of training improves and the quantity of police officers increases, the number of criminals on the street will be reduced, thereby allowing Iraqis the security needed to rebuild their nation.

**Border Enforcement
P/C 11000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 150.0 | 75.0 | 75.0 | |

Responsible U.S. Government Agency: Department of Defense, on behalf of CPA-Ministry of Interior.

Secure borders and ports of entry are critical to national security and preventing foreign terrorists and others attempting to subvert Iraq from entering the country. The

Department of Borders and Enforcement (DBE) is responsible for the security of the borders and has full policing powers to investigate, arrest, and detain persons suspected of illegal or terrorist activities. The Iraqi Borders and Customs Police are a single unit and can be broken down into three divisions: patrol, investigation, and deportation and detention. The patrol division is spread along the Iraqi border at 17 Class A ports of entry and 10 Class B ports of entry and is charged with guarding its posts and outlying areas. If breaches occur, the investigation division is asked to follow up and investigate illegal crossing and smuggling reports. Finally, the detention and deportation division handles those individuals who have, in fact, illegally entered the country.

Training and equipping new Border Police and Customs and Immigration officials will drastically improve border security providing a long-term stabilizing effect and helping to create the conditions for a safe and prosperous Iraq. The DBE officials will be required to complete the standard eight-week training required of all Iraqi police officers before attending advanced training classes. Border Police attend a two-week class covering additional security instruction in patrolling outlying border areas. Advanced training classes for Customs and Immigration officials last one week and include instruction on primarily administrative and clerical tasks.

The U.S. Congress appropriated \$150 million to reconstruct various DBE facilities and train/equip current and new border police and customs officials. The table above lists the planned expenditures. As part of the Administration's plan to accelerate security efforts in Iraq, the Administration proposes to re-allocate an additional \$150 million from the New Iraqi Army to support a \$300 million border enforcement program, with a total force strength of 27,500 instead of the 13,600 contemplated by the Supplemental.

This \$300 million will fund construction of new facilities and training and equipment for Border Police and Customs and Immigration officials. Of this amount, \$148 million will be spent on new facilities. Approximately \$107 million is for the construction of the training facility in Sulaymaniyah and various border, customs, and immigration facilities throughout Iraq (see the following map). This money will be used for 17 ports of entry, immigration and border police headquarters, 3 airport ports of entry, 2 seaport ports of entry, 17 denial points, 153 border police posts, and 245 nationality offices. The remaining \$41 million will be spent to furnish existing and newly constructed border facilities. A total of \$152 million will be spent on equipment and systems for Border Enforcement personnel: This includes \$32 million for vehicles; \$48 million for equipment, uniforms, protective vests, weapons and ammunition; \$34 million for x-ray scanners in each Class A port of entry; \$13 million for the redesign of nationality cards and the continued equipping of border police; \$5 million for the computerization of national civil affairs; \$5 million for a new passport system; and \$15 million for technical infrastructure.

**Facilities Protection Services
P/C 12000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 81.0 | | | |

Responsible U.S. Government Agency: Department of Defense, on behalf of CPA.

Consistent insurrection and terrorist activity have increased the need for infrastructure protection during reconstruction. The Facilities Protection Services (FPS) and its newest subsection, the Diplomatic Protection Service, are charged with providing security to all national buildings and grounds for each ministry and governorate throughout Iraq. The FPS guards perform essential security functions such as safeguarding the workplace for government employees, embassies and diplomatic staff. A strong and efficient FPS force also will facilitate the reconstruction effort by protecting critical infrastructure and politically sensitive points by deterring terror and sabotage. Further, well-protected facilities will prove to the Iraqi people and the international community that Iraqis are determined to quell the insurrection and violence that currently disrupts daily lives.

Congress approved \$67 million to establish the FPS. As part of the Administration's plan to accelerate security efforts in Iraq, the Administration proposes to re-allocate an additional \$14 million from the New Iraqi Army to support an \$81 million FPS program (50,000 personnel by September 2004).

This \$81 million will fund the training and equipping of the new FPS along with key construction projects. \$56 million will be needed immediately for the following: approximately \$24 million being expended for salaries for the FPS guards; \$3.1 million for uniforms, weapons and protective gear; \$2.8 million for vehicles; \$4 million for communications equipment; \$7 million for Defense Protection Service (DPS) equipment; and the remaining \$15.1 million to fund costs associated with training guards, providing badges, and inspections. The remaining \$25 million includes \$8 million for the Baghdad training academy, \$8 million for regional operations centers in the governorates, \$6 million for ballistic helmets and protective gear, and \$3 million for perimeter protection for embassies.

In 2003, FPS guards, regardless of which strategic position they protected, were considered employees of the Ministry of Interior and paid accordingly with assistance from the Ministry of Interior and discretionary funds from the military. Eventually in 2004, FPS guards will be paid by the ministry that controls the respective strategic position each guard protects. Moreover, the adoption of hazardous duty pay throughout the security sector will increase FPS salaries by 96,000 NID (an estimated \$56) a month.

National Security

Establishment of Iraqi Armed Forces

As part of Iraq's progression toward full sovereignty, Iraq will need an effective military force for the defense of its territory that is non-political, representative of the country, and committed to the protection of Iraq. Further, from the point of view of developing a working constitutional government in Iraq, it is essential that the military be under civilian control and subject to public and parliamentary oversight. To form the foundation for such a force, the United States and its coalition allies have begun to establish an Iraqi Army that embodies these principles. The first two battalions have been activated and others are in training. As the units of the Iraqi Armed Forces become operational, they will participate in Coalition military operations and, like other coalition forces, will be under overall Coalition operational command. They will perform critical territorial defense tasks, including patrolling the borders and more remote areas of the country, thereby supporting U.S. and other coalition military units and expediting the time when Iraqis can assume full control over their own security. The goal is to establish an equipped and trained Iraqi Armed Forces by the end of September 2004.

Of the \$2 billion provided for the Iraqi Armed Forces and Iraqi Counterterrorism Force, the Administration plans to reallocate \$288 from the New Iraqi Army to fund its plan to accelerate security efforts in Iraq. This reallocation will include \$124 million for the Iraqi Civil Defense Corps (ICDC), \$150 million for border enforcement, and \$14 million for the Facilities Protection Service. The remaining \$1,712 million will be allocated to support nine fully operational brigades (27 battalions) of the Iraqi Armed Forces (35,000 personnel by September 2004) and to establish the Iraqi Counterterrorism Force (200 personnel by April 2004). The funding in the Supplemental provides U.S. support for the costs of training, facilities, and equipment for the forces, plus costs for setting up administrative support structures, reopening the military academy to provide a source of young officers, conducting advanced training for military and civilian leaders, and establishing a new Iraqi Armed Forces Joint Headquarters and Ministry of Defense.

The Iraqi Army will consist of a newly recruited, trained, and equipped volunteer force of 27 infantry battalions, organized into 3 divisions. The existing Iraqi military facilities and infrastructure, however, decayed after decades of neglect and suffering from the effects of the war, are not suitable for a national army. Adequate facilities must be renovated or rebuilt.

A Congressional Notification for \$416 million was delivered to Congress on December 24th. Funding has been provided to the U.S. Army for some of the construction, equipment purchases, and training outlined below.

The following sections of this report provide details on how funding will be used for the facilities, equipment, and training and operations for the Iraqi Armed Forces.

**Iraqi Armed Forces Facilities
P/C 20000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | 238.6 | 352.7 | 8.7 | 2.0 | |

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

Congress provided \$745.4 million for Iraqi Armed Forces facilities. Subsequently, a total of \$143.0 million was reallocated: \$124 million to the ICDC and \$19.4 million to New Iraqi Army training. A total of \$602.0 million remains available for facilities. Included in this amount are construction costs of \$571.7 million and \$30.3 million for other facility costs, including furniture (\$14 million), facilities maintenance (\$8.3 million), and quality assurance (\$8 million).

The vast majority of the construction effort will be to refurbish existing facilities to provide minimum basic necessities for training and garrison functions. There will be a minimum of new construction. On these Iraqi military bases, buildings will be cement block construction with concrete floors, stucco exterior finish, basic Heating Ventilation and Air Conditioning (HVAC), and suspended florescent lighting. The level of comfort will be austere yet consistent with a reasonable standard for this region. Billeting will generally consist of 12-30 man rooms with bunk beds and latrines that have community showers. Other buildings will include messing facilities, classrooms, multi-use training rooms, offices, warehouses, and maintenance facilities. Details for several of the larger projects are described below.

- Al Kasik, phases 1 and 2. Refurbish brigade areas that include battalion compounds, the brigade headquarters, garrison support facilities, three-story barracks, classroom buildings, utilities support, maintenance facilities, training barracks, administration buildings, other facilities for communications, guardhouses, medical aid station, petroleum, oil and lubricants (POL) storage, generator, water tanks, storage, shipping, and various sunshades for vehicles.
- An Numanhiya Military Base, phases 1A and B. Two brigade areas that include a brigade headquarters, utilities support, maintenance facilities, barracks, dining facility, administration buildings, brigade/garrison headquarters, facilities for communications, guard houses, POL storage, various sunshades for vehicles.
- Karkuk brigade. A brigade area that includes maintenance facilities, barracks, classroom buildings, administrations buildings, dining facility, supply buildings, medical aid station, facilities for communications, guard houses, POL storage, transformer/switch, ammunition storage, and sunshades for vehicles.

**Iraqi Armed Forces Equipment
P/C 21000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 61.0 | 346.0 | 242.7 | 64.4 | |

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

Congress approved \$879 million to equip the Iraqi Armed Forces. The Administration has reallocated \$165 million of this funding to the Facilities Protection Service (\$14 million), border enforcement (\$150 million), and NIA training (\$1 million), leaving \$714 million for equipment. The first six battalions were equipped with commercial grade non-tactical vehicles and uniforms using seized Iraqi funds; these items will be swapped during the second quarter for standardized, military-grade vehicles and uniforms. To date, \$61 million has been apportioned and notified to establish the Ministry of Defense by July 2004 and to equip Battalions 7-12.

A breakdown of some of the major items is as follows:

- Battalion Equipment Sets. A total of \$393.8 million is planned for 27 light infantry battalion sets – vehicles, weapons, communications equipment, and individual soldier equipment for a 757-soldier battalion.
- Armor, Direct and Indirect Fire Systems. \$106 million is planned for a small number of refurbished/second hand tanks, infantry fighting vehicles, mobile artillery, and light armored vehicles.
- Army Non-Tactical Vehicles. A total of \$12.1 million is planned for the necessary wheeled vehicles and trailers for the support of the Iraqi Armed Forces, beyond those already purchased to provide field specific support to each Battalion.
- Engineering Equipment. \$18 million is planned to partially fund the equipment for the engineer companies supporting the nine maneuver brigades. This equipment provides mobility (bridging and obstacle breaching) and counter-mobility (bulldozers and backhoes) capabilities.
- Army Support Items. A total of \$59.6 million is planned for the equipping of items such as individual equipment, ordnance, uniforms, and other items to resource a new Iraqi Armed Force.
- Iraqi Counterterrorism Force (ICTF). \$5.2 million is planned to provide equipment to support a counterterrorism battalion.

- Ministry of Defense Equipment. A total of \$3 million is planned to pay for vehicles, equipment, information technology, and other items necessary to create the Iraqi administrative infrastructure to support the newly established Iraqi Armed Forces.
- Military Academy Equipment. A total of \$4.4 million is planned for equipment to stand up a military academy, e.g., training aids, computers, language laboratories, and a limited numbers of vehicles.

**Iraqi Armed Forces Training and Operations
P/C 22000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 116.4 | 179.0 | 69.6 | 30.3 | |

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

Congress provided a total of \$375.0 million to fund training and operations for the Iraqi Armed Forces and \$20.3 million has been reallocated to this function, for a total of \$395.3 million. Of this amount, \$116.4 million was requested for accelerated release. This includes \$98.4 million for training and deploying Battalions 7-12, the Non-Commissioned Officer (NCO) Academy, and officer candidate training for the Iraqi Armed Forces, the Iraqi Counterterrorism Force, and continued operational and training support for Battalions 1-6. The remaining \$18 million was for life support costs at Taji Military Base where the NCO Academy will be co-located temporarily. Taji is also the site where the 2nd Battalion will be garrisoned.

The Coalition Military Assistance Training Team (CMATT) is providing the majority of training necessary to build the army. Officer candidate training will be accomplished through a partnership with the Jordanian Armed Forces (JAF). A total of 1,310 officer candidates will be sent to Jordan for three-month courses (655 candidates per course) scheduled during 2004. Additionally, JAF will send instructors to provide training, in conjunction with coalition instructors, for the NCO training program to be conducted temporarily at Taji Military Base. Two NCO training sessions are scheduled during 2004, each of which will include one Advanced Non-Commissioned Officer Course for 560 NCOs and two Basic Non-Commissioned Officer Courses with 620 NCOs per course. The eventual goal is to train a total of 3,600 NCOs.

A total of \$170 million will be spent on training the Iraqi Armed Forces. A breakdown of these costs is as follows:

- International Training. These funds (\$6 million) will be used to pay for overseas professional training for members of the Iraqi Armed Forces and newly selected Iraqi civil servants. This training program consists of several courses, including courses with such institutions as the National Defense University in Washington, D.C, and

command and general staff colleges in several countries, including Australia, Jordan, and possibly one or two other countries.

- Contracted Training and Support. These funds (\$164 million) will pay for officer and NCO training in Jordan and at Taji. For the training to be conducted by Jordanians, including officer candidate training, aviation training, and NCO training, the estimated costs are \$96 million. The costs of security at the training sites and logistic support, such as food services, billeting, waste management, laundry, and maintenance, are estimated to be \$38 million. Other contracted training is estimated to cost \$30 million.

Another \$225.3 million will pay for operational costs associated with the Iraqi Armed Forces. A breakdown of those costs is as follows:

- Iraqi Armed Forces (\$195.2 million). Includes sustainment costs normally associated with army operations (e.g., provision of subsistence services, ammunition re-supply, fuel).
- Iraqi Counterterrorism Force (\$26.8 million). Includes costs to man and train a counterterrorism battalion.
- Ministry of Defense and Joint Headquarters (\$2.5 million). Includes paying for subsistence services such as water, sewage treatment, power, plus those costs associated with running an administrative office responsible for providing services to a dispersed force (e.g., vehicle maintenance costs, fuel, replenishment of damaged equipment and replacement of consumables).
- Military Academy (\$0.8 million). These operating costs are for food, water, power, fuel for vehicles, and office supplies for the military academy that will be located in Baghdad.

Iraqi Civil Defense Corps (ICDC)

The CPA has established the ICDC as a constabulary force to assist Coalition forces in bringing stability to Iraq. In conjunction with Coalition forces, the ICDC will conduct foot patrols, search for remnants of the former regime, and perform other civic duties. Once trained and operating, ICDC forces will be a significant force multiplier, increasing the effectiveness and potentially freeing Coalition battalions in their area of operations. ICDC members undergo three weeks of training and will operate predominantly in their home areas. Without these elements, Coalition maneuver battalions must continue their deployment to provide stability.

The great potential contribution the ICDC can make to the security of Iraq, however, has led to a revision in planning since submission of the Supplemental request in September 2003. The original plan called for 18 battalions. The current plan increases the number of

battalions from 18 to 36, increases equipment to improve capabilities and support expanded missions. The additional battalions are distributed throughout Iraq, but the greatest concentration of ICDC forces will be in Baghdad, North Central Iraq and Al Anbar provinces, the least stable areas of the country. The Combined Joint Task Force (CJTF-7) is accelerating the training and deployment of these 36 battalions and 10 command and control nodes so that 40,000 ICDC personnel will be in place by April 2004. Funds are necessary to pay for building renovations, subsistence, fuel and other operations and maintenance costs and to meet lead times required for equipment orders.

In order to permit the more rapid training and deployment of larger numbers of ICDC personnel, CPA requested a transfer of \$124 million from New Iraqi Army funding to meet the expanded ICDC needs. This brought total ICDC funding to \$200 million, including the \$76 million provided by Congress. Of this amount, \$110 million was notified to Congress to meet the requirements for more rapid orders for equipment such as vehicles, personal protective gear, machine guns and other equipment. The Department of Defense is the responsible agency, acting through CJTF-7.

**Iraqi Civil Defense Corps Personnel
P/C 23000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 59.3 | 29.9 | 29.9 | 30.8 | |

Responsible U.S. Government Agency: Department of Defense through CJTF-7.

Congress provided \$58.4 million for ICDC operations and personnel costs. As part of the acceleration plan, the Administration reallocated \$90.6 million from the New Iraqi Army for a total of \$149 million for ICDC operations and personnel. Since that reallocation, estimated ICDC operations and personnel costs have decreased while estimated ICDC equipment requirements have increased. The Administration continues to refine the estimates for the acceleration of the establishment of this force.

Iraqi Civil Defense Corps (ICDC) battalions are an integral part of increasing the peace, security, and internal stability of Iraq and the Iraqi people. Coalition forces, NGOs, PVOs, the CPA, and other agencies will be the beneficiaries of increased security provided by the Iraqis. The ICDC forces are currently operating jointly with CJTF-7 Coalition forces and provide the Iraqis the opportunity to take responsibility for their own security. Funds are to cover subsistence, building renovations, fuel, and operations/maintenance expenses for the 36 ICDC battalions. Iraqi funds will be used for salaries throughout the 2004 Iraqi fiscal year (Jan-Dec 04).

**Iraqi Civil Defense Corps Equipment
P/C 24000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 50.7 | | | | |

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

Congress provided \$17.2 million for ICDC equipment. As part of the acceleration plan, the Administration reallocated \$33.5 million from the New Iraqi Army to the ICDC, providing a total of \$50.7 million for ICDC equipment. An additional \$18.9 million from the Development Fund for Iraq will be used to pay for vehicles, weapons, communications equipment, tented infrastructure, and personal protective gear for 36 ICDC battalions.

The major procurement requirements are for ten utility vehicles and seven cargo trucks, five ambulances, four water carriers, one water truck, and one recovery vehicle per battalion, communications gear (99 platoon net and 25 company and battalion net radios per battalion), basic ‘tented’ infrastructure (overhead cover, ablutions, plastic furniture, and secure storage containers for each battalion) and personal protective gear (cold weather gear, helmet and body armor for each member). Vehicles are needed to speed ICDC response, particularly in rural sectors, ensure public perception of ICDC cooperation with Coalition forces, and reduce ICDC reliance on Coalition transport. Radios are required to increase the flexibility and responsiveness of ICDC units and to reduce ICDC reliance on Coalition communications equipment. Basic infrastructure is required to provide ICDC with suitable locations at which units can muster, train, secure stores, and, equally importantly, develop their identity. Finally, helmets and body armor are prudent personal protection items given an ICDC mission that includes crowd and riot control, route and convoy security, and fixed site security.

Justice, Public Safety Infrastructure, and Civil Society

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 99.0 | 919.9 | 221.0 | 161.1 | 75.0 |

The rule of law is a prerequisite for confidence in government, political stability, social order, economic development and faith in constitutional democracy. The most critical needs in the justice sector are prisons, security, courthouse reconstruction or new construction, and technical assistance in various fields. Following the war, the justice system was idle with most of the courts and ministry buildings suffering almost total devastation. The Saddam regime had little interest in improving these courthouses, and as a result the Iraqi people suffer from an inefficient and oftentimes corrupt judicial system. Prisons were little more than dungeons under Saddam and must be brought up to humane, international standards before they can be returned to service as correctional facilities. Every penal facility requires reconstruction or new construction, with special attention to adequate personal space, health, education, treatment, training, exercise and rehabilitation programs.

Technical Investigative Methods **P/C 31000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 1.6 | 1.7 | 1.7 | |

Responsible U.S. Government Agency: Department of State, Bureau of International Narcotics and Law Enforcement, with funds transferred to the Department of Justice or the U.S. Marshals Service, as necessary.

Under the former regime, Iraq's justice sector depended upon coerced confessions in many criminal cases. The legal framework that actually permitted the use of confessions obtained through torture has now been eliminated. In order, however, to conduct successful investigations and prosecutions against terrorist cells and organized crime members, technical measures such as recording devices and other means will be required.

Long experience with terrorism and organized crime has demonstrated that technical evidence gathering is critical in the investigation and prosecution of these activities. In a democratic society, these crimes should be addressed through the due process system of the courts. The ability to gather such evidence is required in order to prove criminal responsibility. Iraq has become a focus for terrorist activity, and the use of unclassified technical means of gathering evidence is critical to the successful prosecution of these cases. In order to develop prosecutable cases against terrorists and organized crime members, solid evidence must be presented that demonstrates their intent. This requires the use of technical measures, such as recording devices. Experience in similar

environments has shown that the failure to allocate such equipment to law enforcement in the early stages following a conflict allows terrorists and organized criminals to flourish.

Congress provided \$10 million for this project. Subsequently, a total of \$5 million was re-allocated to reconstruct detention facilities. A total of \$5 million remains for technical investigative methods. Funding will be used to obtain state-of-the-art surveillance equipment needed to field an investigative task force at the national level looking into the most sensitive criminal/anti-corruption allegations. This equipment will include electronic surveillance equipment, night goggles, and video/radio transmitters. The project will occur in three phases: equipment immediately needed to commence investigations, equipment needed in a few months once the unit is established and functioning, and equipment that can sustain the unit's investigative operations at optimum level, but can be acquired near the end of the year.

These funds will be used to purchase the needed equipment and train vetted and trusted Iraqi officials in the use and operation of the equipment. The FBI or other appropriate USG investigative agency will identify the appropriate equipment and train Iraqi law enforcement officials on its use.

The desired outcome of this project is an Iraqi law enforcement community that will be able to carry out the directives of Iraqi investigating judges to conduct investigations using technical measures. Combating corruption throughout Iraqi society is of the utmost priority if assets and training provided by the Coalition officials are to remain effective in the near future and especially following the transfer of sovereignty in July.

**Witness Protection Program
P/C 30000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 15.0 | 15.0 | 10.0 | |

Responsible U.S. Government Agency: Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL), with funds transferred to the Department of Justice or the U.S. Marshals Service, as necessary.

Not only does Iraq face daily attacks from terrorists, but organized crime is flourishing in the disorder created in the aftermath of the war. Organized crime members and terrorists function in a similar manner even though their motivations are different. Indeed, terrorist organizations often fund their activities through organized crime. In order to effectively prosecute these offenses, witnesses to the commission of these offenses are required. These witnesses cannot be used as effective weapons for the prosecution unless there is a mechanism in place to protect them. Consequently, a witness protection program is needed in order to allow victims as well as criminals who become government witnesses

to testify without fear of being killed by the members of the organization against whom they are testifying.

The goal of this project is to establish a witness protection program that can provide both short-term and long-term protection of witnesses. The best estimate is that approximately 800-1,000 Iraqi citizens may be placed in the protection program. In addition the funds will be used to locate and use safe houses and provide rudimentary guard services pending the establishment of a functional Iraqi witness protection program. The United States Marshals Service or a similar agency may be needed to provide advice to the Iraqis who will operate the program. This program will directly benefit United States Government and Coalition interests, as Iraq will undoubtedly remain on the front line in the war against terrorism.

Congress provided \$75 million for this project. Subsequently, a total of \$35 million was re-allocated from this project: \$10 million to reconstruct detention facilities and \$25 million for democracy programs. A total of \$40 million remains for the witness protection program. These funds will be managed by a U.S. government agency in cooperation with the Iraq Ministry of Justice to hire, vet and pay Iraqi nationals to manage and operate the witness protection program. The requested funds will provide the seed money for the program until the Iraqi government can independently fund the program through oil and other revenue sources, beginning with FY 2005.

Penal Facilities
P/C 32000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 33.3 | 33.3 | 33.4 | |

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

Iraq has no maximum-security prisons. Competent control of the more dangerous, long-term inmates mandates the construction of new maximum-security facilities in accordance with international standards. These new construction facilities will provide the proper environment and conditions of confinement for the most difficult to manage and violent inmates, thereby improving safety and security for all inmates, the staff and the public at large. Supplemental funding of \$100 million has been approved for these purposes.

Funding is needed immediately for the architectural design and the completion of preliminary engineering assessments in order to commence construction at the earliest possible date. The design of these maximum-security facilities will reflect international standards of facility operations and implement security features that reduce staffing costs and achieve economies of scale.

The CPA will use these funds to provide Iraq with up to three maximum/medium security prison sites containing a total of approximately 4,500 new prisoner spaces. At least one facility is expected to be located in the greater Baghdad area, one in the Southeast portion of Iraq (Al Alamarah) and the third in the South Central (Ad Diwaniyah) part of the nation. These new prisons will complement the facilities under renovation in the North (both at Dahuk and at Mosul), in the South (Basra) and in the South Central (Hillah) region. The CPA, through the Prisons Department of the Ministry of Justice, will work with the Iraqi Corrections Service to accomplish this construction endeavor.

**Reconstruction of Detention Facilities
P/C 33000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 42.0 | 41.0 | 41.0 | |

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

Regional detention centers as well as juvenile detention facilities throughout the country are in dire need of renovation in order to meet international standards for confinement. Since the primary civil communication systems are in varying states of reliability, there is a critical need to utilize radio systems among the various facilities of the Iraqi Correctional Service and primary responders to agency emergencies. In addition, prisoner transportation is required to ensure court appearances and to accommodate medical appointments as well as to maintain appropriate population levels among all of the facilities under the control of the Prisons Department. Current vehicle fleet capabilities are inadequate and even the most basic demands of the system (e.g., getting prisoners to court) often become significant struggles. Additionally, all facilities require basic medical equipment to support sick-call medication management and triage activities for primary responses to emergencies that may arise.

The \$124 million allocated for this program will provide for the reconstruction or modernization of 25 adult facilities and one juvenile rehabilitation center. This program will permit the reach of the Prisons Department to extend to a wider geographically oriented support capability than merely Baghdad. These funds will ensure that targeted establishments conform to acceptable international standards. These capital projects will increase the detention center and prison population capacity by approximately 10,000 prisoner spaces. This increase will free up significant military resources currently tasked to operate correctional services.

The juvenile facility is planned to be a vocational training facility and will offer a broad range of technical skills development training. This training will greatly assist graduates in becoming productive members of society.

The project will fund prison reconstruction in 14 of Iraq's 18 governorates. The average cost per facility is approximately \$2.3 million, plus \$0.5 million in start-up costs and \$1 million in initial operating costs. The juvenile facility construction is estimated at \$3.8 million dollars. This project will also provide 27 multi-channel 800mhz base station radio transmitters at the national headquarters and facility locations nationwide, 1,500 hand-held, multi-channel, 800mhz, 2-way radios with charger bases, and 1,750 mobile, vehicular-mounted, multi-channel, 800mhz radio kits for prisons located throughout Iraq, and various medical equipment. The project will fund the acquisition of 52 15-passenger vans (two each for 26 facilities) and 26 40-passenger buses (one per facility).

Congress provided \$109 million for this project. Subsequently, a total of \$15 million was re-allocated from other Ministry of Justice projects because of the urgent need for these items to the development of the criminal justice system in Iraq. \$10 million was re-allocated from technical investigative methods and \$5 million from the witness protection program.

Facilities repair, fire service, and demining

Congress provided \$400 million for this project. Subsequently, a total of \$125 million was reallocated to democracy programs. A total of \$275 million remains for these programs.

Facilities Repair P/C 13000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 32.0 | 30.0 | 30.0 | |

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

The majority of public safety facilities throughout Iraq are in a state of disrepair. Immediate construction and reconstruction of police stations, fire houses, and administrative facilities will serve as a visible symbol of the reemergence of safety and security throughout Iraq and provide current and newly trained public safety officials adequate structures in which to perform their duties.

Congress approved \$92 million to construct and rebuild structures that are vital to the safety of Iraqis. These funds are to be used to construct 150 fire stations, reconstruct 200 fire stations, construct and reconstruct 150 police stations, and construct Ministry of Interior administrative buildings. The table above lists the planned expenditures.

\$32 million will fund the construction and rebuilding of an estimated 150 police stations. An additional \$10 million will be used to reconstruct buildings that may be damaged in the future due to the sporadic hostilities that are present in Iraq.

\$15 million will reconstruct fire houses that need varying amounts of repairs. \$20 million will fund the construction of 150 new fire stations. \$15 million will be used to construct administrative buildings that are necessary to the Ministry of Interior.

**Fire Service
P/C 14000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 122.0 | | | |

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

The Fire Service is the principal agency responsible for serving the physical safety needs arising from fire, natural, and human-made hazards in an effort to diminish the loss of life and property. Firefighters are also the principal emergency responders for the entire country and serve the needs of about 26 million Iraqis. These funds will permit the expansion of fire fighting capabilities including the ability to continue to provide fire suppression and mitigation services for petroleum industry incidents, fire in nature (e.g., sulfur mines and agricultural fires) and civilian structure fires. This program is vital to the protection of critical infrastructure and resources, especially as the reconstruction process is expanding. \$122 million has been allocated to fund the purchase of equipment for current and new firefighters.

Firefighters will operate out of 200 to-be-renovated fire stations in addition to those already in use throughout the 18 governorates. The war and subsequent looting destroyed over 165 firehouses throughout the country. There are no tools or equipment in any firehouse. There is a need for a major communications overhaul which will be included in the National Security Communications Network.

There are no phones or portable radios for coordination and communication. Major end items and support required near term include personal protective equipment, operational, maintenance, and training needs.

**Demining
P/C 09500**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 61.0 | | | |

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

With hundreds of casualties per month, Iraq is severely affected by mines, unexploded ordnance and explosive remnants of war, more so than any other country in the world. CPA established a National Mine Action Authority in the Ministry of Planning and Development Cooperation and now supports over 20 NGOs and commercial companies removing and limiting this threat. These projects will sustain existing capabilities and provide modest growth for new capacities needed in the center and south of the country. Supplemental funding of \$61 million was approved for demining activities.

Data on the explosive remnants of war (ERW) problem in Iraq is based on a survey of the three Northern governorates conducted in 2002, a country-wide Emergency Survey that is currently on-going, and partial reporting on casualty rates over a limited time period in the summer of 2003. A full Landmine Impact Survey will need to be conducted in 2004 to obtain comprehensive national data.

Based on current estimates, it is known that ERW, both in quantity and because of post-war looting, pose a serious threat to communities and vulnerable groups. Unexploded Ordnance (UXO), including cluster bombs, and sub-munitions, are scattered throughout many of the major cities and military positions affected by recent and earlier conflicts. The 2002 landmine survey in the North indicates that some 20 percent of the population lives in mine-affected communities with a suspected affected land surface of 339 km². Minefields block grazing and agricultural land, water sources, community facilities, and access for infrastructure rehabilitation. Major minefield barriers also exist along Iraq's borders with Turkey, Iran, Kuwait and Saudi Arabia where clearance is complicated by the lack of minefield records and heavy UXO contamination.

Limited victim data reflects 324 casualties (of whom 94.6% are male) in four southern governorates and 70 in the three northern governorates over a six-week period. These high figures for only seven governorates highlight the severity of the ERW, UXO and landmine problem in Iraq.

The CPA established the National Mine Action Authority (NMAA) and Iraq Mine Action Center (IMAC), in the Planning Ministry, to plan and coordinate mine action response. The NMAA became operational on July 9, 2003, and is responsible for mine action policy development and providing stakeholders with guidance on standards and other requirements to operate in Iraq. It is responsible for the development of legislation for mine action in the country and is currently developing its staffing structure and requirements. Regional Mine Action Centers (RMAC) were established in Erbil (North) and Basra (South) by the end of November 2003 with central coordination now being accomplished from the Baghdad-based IMAC. These organizations will coordinate all operational aspects of mine action activities in Iraq.

The project is to sustain and grow a National Mine Action Program to eliminate the impact of landmines and unexploded munitions that are causing significant casualties and impeding the start and completion of numerous reconstruction and other sector activities throughout Iraq. Funding will sustain the governance capability created in 2003 (national and regional) and fund all previously existing mine action organizations currently

working in all regions. It will provide for a modest growth of new organizations needed in areas of the country where the previous regime would not allow them to operate, especially the center and south of the country where there are few if any mine action organizations.

The National Mine Action Authority in the Ministry of Planning is responsible for coordination of removal of all explosive remnants of war. This involves several organizations, both local and international. The omnibus State Department partner is Ronco Consulting Corporation, but the U.S. also funds numerous NGOs such as Mines Advisory Group (MAG) and Norwegian People's Aid (NPA). \$37 million of funding was required to sustain 12-15 more local and or international organizations. This will include the governance piece of the National Mine Action Authority, Iraqi Mine Action Center, and three Regional Mine Action Centers already formed or paid for in the 2003 U.S. budget through the State Department.

Mine Action success is measured and tracked through an internationally recognized data base system called the Information Management System for Mine Action (IMSMA) that CPA implemented in Iraq in 2003.

Public Safety Training and Facilities
P/C 15000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 149.0 | | | |

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

Congress approved \$199 million to fund the construction and operating costs of training facilities in Iraq for the Iraqi police and fire services. Subsequently, a total of \$50 million was re-allocated for democracy programs. A total of \$149 million remains for this project. Construction and operating costs associated with the Jordan police training facility and the International Civilian Police Force (CIVPOL) are not included here but rather under the “Police Training and Assistance” section of the report.

Approximately \$35 million will be used for the training of firefighters, including the construction, services, and furnishings associated with the training academy, which will be located in Baghdad. 4,000 Iraqi firefighters must be trained in the next year, thereby bringing the total number of firefighters to 12,000. There is a need for a national academy to train these Iraqis. The objective is to provide controlled classroom training for professional personnel involved in municipal and governorate activities of fire protection, search and rescue, technical fire and rescue operations, public education, management, incident command and control, arson detection, ordinance reorganization and mitigation. Personnel will attend basic, advanced, and periodic refresher training ranging from one to 10 weeks in duration in class sizes ranging from 20 to 200 personnel, with multiple

classes in session at any one time. All students will be housed and fed on the grounds of the academy.

In addition to the fire training facilities, \$47.7 million will fund the operating costs of all of the Iraqi Police Service (IPS) training facilities in Iraq, including the Training and Integration Program (TIP) as well as the Baghdad and Erbil regional academies. Approximately \$4.6 million will purchase vehicles for the IPS training facilities, \$8.4 million will go towards training supplies and equipment, and \$2.7 million will be used to purchase uniforms for the cadets attending IPS training. \$1.6 million will be used to purchase communications equipment for the training facilities. Of the remaining \$49 million, \$17 million will pay for cadet and administrative salaries, the salaries of the Iraqi training staff, and security personnel at the training academies. An additional \$9.3 million will be used to recruit additional cadets and purchase training supplies and equipment to continue operations at the facilities. \$7 million has been allocated for travel to and from international specialized training facilities for the IPS officers. \$9.5 million will be used to pay for National Support Personnel, which includes administrative, IT/communications and logistics personnel as well as interpreters and legal instructors. \$6.2 million will be used to pay for the construction various TIP academies.

**National Security Communications Network:
First Responder Network
P/C 25000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 25.0 | 50.0 | 15.0 | |

Responsible U.S. agency for the project: Department of Defense.

To address the on-going security crises in Iraq, the CPA and the Governing Council have established five security organizations: the Iraqi Police Services, Department of Border Enforcement, Facilities Protection Services (FPS), the New Iraqi Army (NIA), and the Iraqi Civil Defense Corps (ICDC). The success of these organizations, however, depends upon an ability to integrate and harmonize their respective law enforcement processes and standard operating procedures (SOP). At the core of this coordination is the capability within the Ministry of Interior’s various agencies to communicate within each community and to communicate among sibling law enforcement agencies.

Consequently, the establishment of a National Security Communications Network for public safety is crucial to the success of Iraqi criminal justice and public safety initiatives. A system is required that enables ubiquitous wireless communications (provisioning both voice and data) among security and safety forces throughout Iraq.

Since these persons in uniform are frequently the first to arrive at the scene of an action, the working name of this communications network is the First Responder Network, or FRN.

At its core, FRN will be engineered to address the immediate needs of the Ministry of Interior (MOI). FRN, which has been conceptually designed, will be physically designed and built with commercially available equipment. Since CPA (and the Congress) wishes to avoid duplication of effort and incompatibilities in communications systems interoperability, the MOI has entered into a partnership of its initial customers with the telecommunications systems designers resident within the advisory team of the Ministry of Communications (MOC).

The MOI has signed a formal Memorandum of Understanding (MOU) with the MOC. This business agreement will permit the MOI to focus upon its core competencies in policing and security, while leveraging the programs and capital investments within the MOC's telecommunications and Information Technologies (IT) portfolio.

Effective radio communication among police, fire departments, Emergency Medical Technicians, border patrol, civil defense forces, and other public sector agencies is a central enabler of public safety. To enhance effective coordination across the country and between the different services, the FRN will enable field personnel, supervisory teams, work groups, and dispatch centers to communicate with each other and with regional and national control centers.

The immediate goal of FRN is to provide coverage to Iraq's major metropolitan areas. Security problems are the highest in these population centers. Initial uses of the funding will be applied to system engineering, architectural and design engineering, and for the purchase of common capital equipment items such as radio antennas, switching equipment, power generation equipment, and transmission relays. This equipment will be used to stand up limited network operations in the cities of Baghdad, Mosul, Basra, and Sulaymaniyah. In 2005, the network will expand to other cities and rural areas. In addition, specifications will be developed for families of handsets and vehicle equipment for varying user groups within these municipalities. These specifications will then be applied immediately for volume-based purchases. The system architecture will allow network elements to be added incrementally in block upgrades, as increased feature-functionality is added during the network build-out phase.

**Investigations of Crimes Against Humanity (Office of Human Rights and Transitional Justice)
P/C 05000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 40.0 | 25.0 | 10.0 | |

Responsible U.S. Government Agency: Department of Defense (\$70 million) and USAID (\$5 million).

The Iraqi people deserve justice for the systematic and widespread crimes committed against them during the reign of Saddam Hussein. A top priority for both the CPA and the Iraqi people is bringing Baathist regime officials to justice for atrocities committed during Saddam's rule. The primary vehicle for this task will be the Iraqi Special Tribunal, a new court with jurisdiction over war crimes and crimes against humanity, within the Iraqi justice system, established to try senior Baathist officials. Currently, Iraq lacks the professional and technical investigative and judicial expertise to do this on its own, and therefore needs Coalition assistance.

Assistance will support forensic analysis, document analysis and financial analysis. In the prosecution of crimes against humanity it is critical to have expert testimony to establish the commission of the crime and command responsibility of higher officials. This expert testimony is dependent upon an accurate and complete investigation. Thus, forensic analysis is needed to corroborate testimony concerning the manner in which killings were conducted. This expert evidence is critical in corroborating the testimony of persons having knowledge of the crime in order to establish the witness's credibility. Similarly, the analysis of documents showing the command structure of the regime is needed to prove knowledge and criminal responsibility by members of that command structure. Finally and separately, financial analysis is needed to demonstrate the squandering of state assets for the personal benefit of governmental officials.

Assistance for crimes against humanity investigations includes: (1) bringing in and supporting international investigators; (2) evidence handling; (3) local capacity building; (4) prosecutorial and judicial support; (5) forensic support through evidentiary exhumations of mass graves; and (6) infrastructure and security requirements of the Special Tribunal.

Congress appropriated \$75 million for investigations into crimes against humanity. These funds will support the following:

- Investigations. \$10 million is planned for the establishment and hiring of five operational teams of investigators to investigate and mentor Iraqi investigators. These teams will include interpreters, analysts, investigators and attorneys.
- Investigations Support. \$27 million is planned for temporary, and then permanent, accommodations and security support for investigative teams in Iraq. This will include physical infrastructure for investigators to work, live and store evidence (an Evidence Storage Facility has been designated, but requires additional work); office equipment, transportation with security services, and support staff.
- Evidence Handling. \$8 million is planned for a computerized tracking system and analysts needed for the Secure Evidence Storage Facility. An Evidence Custodian

will also be hired. Training local Iraqi counterparts in evidence handling will also be required.

- Capacity-Building. \$4 million is planned for training courses, equipment, and stipends for Iraqi trainees in order to ensure that Iraqi investigators can carry this work forward in the future.
- Forensic Support. \$7 million is planned to support the CPA Mass Grave Action Plan to designate between 8 and 24 sites in Iraq for full forensic exhumation for use as evidence in future prosecutions. It is essential to create equipment storage facilities, a mortuary compound, and an operational center for international forensic teams who come in to assist Iraqis in this process. Salaries and life support for core forensic staff is also required.
- Prosecutorial and Judicial Support. \$7 million is planned for international investigators, prosecutors and jurists who will work closely with Iraqi counterparts to train, mentor and provide assistance, which is essential for international acceptance of the Iraqi Special Tribunal. Approximately 25 international experts, with support packages, and training programs are also required.
- Infrastructure and security for the Iraqi Special Tribunal. \$12 million is planned for a secure physical structure to safeguard judges, investigative judges, prosecutors, attorneys and accused individuals before the court. Once selected, the courthouse will require immediate modifications and support to ensure such security.

Judicial Security and Facilities
P/C 09000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 30.0 | 25.0 | 20.0 | 75.0 |

Responsible U.S. Government Agency: The Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL).

Court security requires dramatic fortification because the transition from dictatorship to democracy means that courts and judges will become targets of the criminals and terrorists they seek to bring to justice. This threat can already be seen from the deadly attacks on the Baghdad Central prison, the Baghdad and Ramadi police academies, the United Nations, and the Governing Council.

Courthouses have also become terrorist targets, and if measures are not immediately taken, the courts will cease to function effectively as judges will not work. Unfortunately, Iraqi courthouses are exceptionally susceptible to attack due to a lack of

both security guards and security design. Several Iraqi judges have been assassinated during the past two months. Funding is needed to improve security at 120 Iraqi courthouses and to provide around-the-clock security and protective services to 860 judges and prosecutors in Iraq. Courthouses must be hardened against terrorist attacks by providing concrete barriers and other physical protective measures. In some cases, courthouses must be relocated. The people of Iraq will benefit from the stable, evenhanded administration of justice in the face of escalating terrorist activity attempting to shut down judicial institutions.

In addition to improved security, courthouses are in need of various structural repairs, including electrical, sanitary and civil works, as well as computer docketing equipment. Computerized listing, numbering, and tracking of cases will allow the courts to better manage their caseloads and provide faster, more efficient and, most importantly, more just judicial operations. The structural and computer docketing improvements needed in these courthouses are a key element in the overall improvement of the Iraqi legal system.

Democracy-Building Activities

Recognizing the critical need to firmly establish the democratic foundations of the new Iraq, CPA has developed a comprehensive strategy and made its implementation a paramount priority over the course of the next two years. The plan calls for committing both Iraqi and appropriated funds, to its implementation. For Iraq to succeed, investment in basic institutions critical to democracy must be made now and sustained. These programs aim to firmly establish a strong foundation for Iraq's democratic future.

Congress provided \$100 million for this project. Subsequently, given the timetable to return sovereignty to the Iraqi people on July 1, 2004, a total of \$358 million was re-allocated to this program. The \$358 million consists of the following: \$25 million from the witness protection program, \$125 million from the facilities protection/fire service, \$50 million from public safety training and facilities, and \$158 million from the emergency supplies of refined petroleum products.

Democracy-Building Activities

P/C 06000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 99.0 | 359.0* | | | |

*including \$95 million for USAID.

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

The regime of Saddam Hussein left behind human misery, repressive and illegitimate government structures, an absence of civil society and civic infrastructure, and a

traumatized citizenry. Iraq now has the opportunity to build institutions that represent the Iraqi people, promote rule of law and accountability of the government, allow all segments of Iraqi life to participate in the democratic development of the country, and protect the rights of minority, ethnic and religious groups. In order to build a secure, civil society that will be returned to Iraqi sovereignty by June 30, 2004 it is imperative that governance and civic projects commence as soon as possible.

An estimated total of \$363 million of Supplemental funds will assist Iraqis to build a legitimate government nationally and regionally, support the development of democratic, competitive political parties, and ensure open and transparent elections. This funding will also support the establishment of an objective and robust media, and help build a vibrant civil society that includes wide-ranging civic education, effective and well managed non-governmental organizations, and activities that focus on women and youth. In addition, \$95 million of Supplemental funds will provide continuing support for core USAID democracy programs.

\$363 million will fund a number of democracy building efforts:

- \$9 million will be used to provide the Iraqi Governing Council with expertise in crafting laws, including the Transitional Administrative Law that will lead to the formation of a transitional national assembly and a process for direct elections for a Constitutional Convention.
- \$20 million will help establish core procedures and processes for the Governing Council and for the subsequent Transitional National Assembly. This includes technical assistance, staff training, establishing constituent relations offices and conducting outreach to Iraqi citizens.
- \$12.5 million will support the establishment of a robust political party building program. The emergence of democratic political parties is essential to consolidating Iraq's transition to a representative form of government. Funds support the creation of resource centers for emerging political parties to level the playing field, as well as provide training and technical assistance on organizational management, platform development, electoral campaigns, polling, and governance. Programs will be conducted through the National Endowment for Democracy (NED) and its core grantees, the International Republican Institute (IRI) and the National Democratic Institute (NDI).
- \$5 million will provide post-election assistance.
- \$100 million will assist highly centralized ministries and local governments with making the transition to a more decentralized power-sharing system. This process will begin as soon as the Transitional Administrative Law is signed.

- \$47 million will be used to initiate broad-based transparency in government programs.
- \$5 million will help establish an Iraqi Government Commission on Public Integrity by mid-January.
- \$30 million will support activities that are necessary to ensure active political participation and free and transparent elections. The November 15 Agreement calls for three nation-wide elections by the end of 2005, including election of a constitutional convention, a referendum on the constitution and ultimately national elections to form a new Iraqi government. Efforts will include establishing an ongoing voter education campaign, developing a domestic election observation capacity, and supporting international observation and get-out-the-vote campaigns. The bulk of Iraq's election administration activities will be supported by DFI funds. These funds will be expended under contract by international election experts to be identified by CPA working with Iraqis. By the end of 2005, an electoral commission will become a permanent Iraqi-run electoral management body with a professional staff capable of managing elections with limited technical assistance, as in other transitional democracies.
- \$134.5 million will be used to support civil society building and national civic education programs.

To date, \$99 million in funding has been apportioned for democracy-building activities. A congressional notification of \$74 million in Supplemental funding for activities undertaken by USAID was sent on December 19, 2003. These activities include providing technical expertise to draft the Transitional Administrative Law, as well as assistance in public financing and administration. This funding also supports the production and distribution of civic education materials, transitional plan media campaigns, civil society infrastructure development, and women's participation. On December 23, 2003, a congressional notification was sent regarding the apportionment of \$25 million for the National Endowment for Democracy (NED) to promote institutional development. This includes political party building and training for NGOs.

Most democracy building programs will be implemented over a two-year period. However, we expect the following accomplishments by July 1, 2004:

- Establish the Transitional Administrative Law and other currently non-existing laws leading to the formation of a transitional national assembly and a process for direct elections to a Constitutional Convention in 2005.
- Launch the institutional development of the Governing Council and Transitional National Assembly by incorporating core procedures and processes, training staff of the Executive Secretariats, establishing constituent relations offices in each of Iraq's 18 governorates, and imparting institutional mechanisms and techniques to reach out to Iraqi citizens.

- Ensure programs are fully underway to promote democratic political party development through technical assistance, direct training of party staff, outreach and media capacity building. These will strengthen the capacities of democratically oriented political parties lacking resources to better secure popular appeal for the 2005 elections.
- Continue the decentralization process as provincial and local governments assume responsibility for decision-making, service delivery and revenue collection, while the central government gains capacity for communication and coordination with local and regional government structures.
- Assist the Iraqi government as it establishes, furnishes, and equips its Commission on Public Integrity. Coalition experts will help vet and train staff and launch public awareness campaigns. The groundwork for a larger anti-corruption apparatus is laid.
- Establish an independent election commission in preparation for elections. International experts recruit and train Iraqi staff and develop procedures for nationwide voter registration. Provide further technical and managerial support to the nascent Iraqi electoral commission, which will ultimately assume responsibility for Iraq's electoral administration. Establish a legal framework and institutional structure for the electoral administration.
- Establish, equip and staff a network of civil society resource centers. Each center begins to strengthen the institutional and managerial capacity of new and emerging Iraqi NGOs, providing this nascent sector with technical and training services with emphasis on youth and women.
- Identify Iraqi partners for initial capacity building, training, sub-grants disbursement for provincial chambers of commerce, business associations, modern labor unions, and other nongovernmental organizations, with focus on women and youth, to accelerate sustainable civil society development.
- Ensure the infrastructure is in place to promote independent media development through capacity building, training, and technical assistance.
- Ensure that a national civic education program conducted through television, radio, and print media programs and announcements, pamphlets, town hall meetings, conferences, and roundtable discussions is fully underway.
- Establish programs in each of Iraq's 18 provinces for women that include exchange programs, conferences, and associational capacity building through training, technical assistance and sub-grants.

In addition to the above programs, \$95 million will support the continuation of USAID's core programs to rehabilitate the civic infrastructure:

- \$50 million to address critical community needs and foster citizen involvement through the continuation of the USAID's Community Action Program (CAP). USAID will make \$10 million of the CAP program funds available to assist Iraqi civilians who have suffered losses as a result of military operations.
- \$25 million to continue USAID local government programs.
- \$20 million for USAID's Office of Transition Initiatives to implement a quick impact small grants program.

**United States Institute of Peace (USIP)
P/C 07000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 10.0 | | | |

Responsible U.S. Government Agency: USIP.

Rule of law and institutions with the capacity to address post-conflict issues are essential to Iraq's successful democratic transition. The Governing Council needs expert assistance in writing the basic law and establishing the process for a constitutional and election process. Public education and outreach programs are needed to educate Iraqis on the new timeline and process for a transitional government and constitutional development. Also, Iraqi leaders and institutions need support and training in building capacity to foster a unified nation while balancing the interests of minority ethnic and religious groups. In order to meet the new timeline, these efforts must be started immediately.

Congress approved \$10 million to assist Iraq in establishing rule of law and constitutional development, and promoting prevention, management, and peaceful resolution of conflicts in its reconstruction effort.

The \$10 million grant to USIP will fund technical expertise in the areas of legislative development and establishing a constitutional process, including assisting in the design of public education campaigns and materials. Funds will allow USIP to work with Iraqi institutions and organizations to establish training programs that will assist Iraqis to acquire skills in handling all phases of conflict in the post-conflict period. Funds will provide international experts, models, conferences and workshops for the development of rule of law and post conflict programs. USIP will provide training and materials on managing inter-ethnic and other disputes and advice on handling of war crimes and other past abuses, and legal support for a truth and reconciliation process.

Electric Sector

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 434.0 | 1,210.0 | 483.0 | 867.0 | 2,566.0 |

The electrical power infrastructure of Iraq remains in a perilous condition. Through the strenuous efforts of the Ministry of Electricity (ME), CPA and Coalition forces, the level of generation has been restored to the same level as that available prior to the war. However, the system is inadequate to meet Iraq's growing demands and lacks any measure of reliability. Blackouts, unplanned outages and other failures continue to occur on a frequent basis. Sabotage and looting also continue.

There are many projects presently being undertaken by the U.S. Army Corps of Engineers Task Force Restore Iraqi Electricity and by USAID, nearly all of which are scheduled to be completed by the summer of 2004. These projects will provide new generation capacity, rehabilitate some existing generating units and reconstruct most of the 400 KV transmission lines that were subject to extensive sabotage and looting. The ME is itself undertaking essential maintenance to power stations, using materials and supplies procured within Iraq and imported by the CPA. It is expected that the 2004 spring maintenance program will improve considerably both the output and the reliability of existing power stations.

During the past two months, the CPA has worked very closely with the ME to identify and define projects to be funded by the Supplemental, and has agreed on an order of priority.

Generation **P/C 40000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 434.0 | 400.0 | 100.0 | 300.0 | 1,576.0 |

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

Currently, the level of generation is approximately 3,500 MW, with daily peak levels varying widely. While pre-war levels of 4,000-4,400MW were achieved in September, capacity has recently been reduced for maintenance work. The completion of ongoing work and new work funded through the Supplemental should result in a generation level of 6,000 MW by June 2004. The estimated present demand is 5,700 MW and is expected to increase significantly as the economy grows, industry is restarted and oil production increases. The shortfall in generating capacity results in rationing of electricity across Iraq. Deliberate load-shedding is being used where local lines serving a neighborhood are switched off, so that other lines may be switched on. Although there is no alternative at

this time, this practice causes much greater wear on the components of the already decrepit electrical power infrastructure.

The CPA has worked closely with the ME to identify and define generation projects, and to determine their order of priority. Short term objectives will be met through the maintenance and rehabilitation of existing power stations, while longer term objectives will be achieved through construction of new power stations. With a more equitable distribution of electricity throughout Iraq, the immediate concern is meeting the demand load of the greater Baghdad area. This will be achieved through the rehabilitation of power stations and reinforcing the transmission lines from the south, where power is relatively abundant.

The Iraqi electrical requirements are expected to grow with the development of new business, economic growth, and oil production. An anticipated increase in generation capacity of at least 2,800 megawatts (MW) will be obtained through the construction of new power plants and the rehabilitation of existing power stations (see charts below).

Baghdad has been identified as the primary location for augmented power needs. It is the load center of the country but without commensurate supply. Two new power plants have been identified for immediate design/construction: Baghdad East and Baghdad West. Each comprises the first phase (200MW) of a planned 400MW plant at each site. In addition the first phase of immediate countrywide maintenance needs has been identified as a top priority.

To date, \$434.1 million has been apportioned to USAID for the immediate design/construction of the Baghdad East and Baghdad West power plants (\$378.3 million) and for the power plants maintenance program (\$55.8 million).

| New Generation projects funded by the Supplemental | Additional capacity (MW) |
|---|---------------------------------|
| Amara South GPS 40MW (1X40MW) Gas Turbine New Generation | 40 |
| Badoosh GPS 100MW (2X50MW) Gas Turbine New Generation | 100 |
| Baghdad East GPS Gas Turbine or Combined Cycle 200MW (4X50MW) Phase I | 200 |
| Baghdad East GPS Gas Turbine or Combined Cycle 200MW (4X50MW) Phase II | 200 |
| Baghdad North GPS Gas Turbine or Combined Cycle 100MW (2X50MW) | 100 |
| Baghdad West GPS Gas Turbines or Combined Cycle 200MW (4X50MW) Phase I | 200 |
| Baghdad West GPS Gas Turbines or Combined Cycle 200MW (4X50MW) Phase II | 200 |
| Diyala Gas Turbine Power Plant 100MW (2x50MW) | 100 |
| Mussaib New Power Station 160MW (2X80MW) | 160 |
| Samawah (Muthana) Cement Factory 60MW (1X60MW) | 60 |
| Sulaymaniyah GPS Gas Turbine or Combined Cycle 100MW (2X50MW) | 100 |
| Toraq Gas Turbine 225MW (5X50MW) Erbil | 225 |
| Total new generation | 1,685 |

| Rehabilitation and maintenance projects funded by the Supplemental | | Additional capacity (MW) |
|--|-------------------------------|---------------------------------|
| Baghdad South TPS | Rehabilitation of Units 1-6 | 90 |
| Bayji TPS | Maintenance & Upgrade | 30 |
| Bayji GPS | Maintenance & Upgrade | 112 |
| Dibis TPS | Rehabilitation | 68 |
| Doura TPS | Rehabilitation of Units 3 & 4 | 160 |
| Doura GPS | Maintenance & Upgrade | 50 |
| GEC Mobile GPS | Maintenance & Upgrade | 24 |
| Haditha and Dokan Dams | Rehabilitation | 60 |
| Hartha TPS | Maintenance & Upgrade | 150 |
| Hartha TPS Unit No. 2 | Rehabilitation | 200 |
| Hartha TPS Unit No. 3 | Rehabilitation | 200 |
| Hillah GPS | Maintenance | 0 |
| Immediate Rehabilitation/Maintenance Needs Phase I | | All plants on assessment basis* |
| Immediate Rehabilitation/Maintenance Needs Phase II | | |
| Total additional generation capacity through rehabilitation and maintenance | | 1,144 |

* Intent is to assess all plants and, on an immediate basis, effect repairs and rehabilitation countrywide.

Transmission P/C 41000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 658.0 | 33.0 | 117.0 | 742.0 |

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

Transmission networks perform the task of transporting power from where it is generated to the area where it is consumed. In Iraq, the transmission networks are comprised of the 400 KV network with its 22 substations, and the 132 KV network with approximately 200 substations. Before the recent war, the transmission networks were in a degraded but operable state. Inadequate maintenance and poor operational procedures had resulted in corroded power lines, damaged towers, switchgear with frequent faults, damaged transformers, and a multitude of other faults which degraded network performance and that risked the safety of Electricity Commission staff.

Since the recent war, continuing acts of looting and deliberate sabotage on a vast scale have reduced the capabilities of the transmission networks to a point where the national grid barely functions. The network, as it currently stands, is highly unstable, resulting in frequent blackouts, and is incapable of delivering sufficient power from power stations to population centers, most notably Baghdad.

The projects within the transmission sub-sector comprise the reconstruction and rehabilitation of existing transmission lines and substations, and the construction of new transmission lines and substations. This will both increase both the capacity of the network and will provide greater resilience.

Supplemental funding will rehabilitate the existing transmission network and reinforce it to a level that will sustain an estimated system demand of 6,000 MW for summer 2004, and increasing demand beyond 2004. Approximately 923 km of transmission line requires repair and rehabilitation. For the transmission network to carry 6,000 MW, it will also be necessary to construct an additional 548 km of line.

The CPA will issue task orders (TOs) to specify the work necessary for transmission projects funded by the Supplemental, including work on:

- software, hardware, and training;
- rehabilitation and repair activities on the transmission lines and substations that are most critical to satisfying the demand of the 2004 summer peak;
- installation of a pilot wire relay scheme between both power stations at Bayji, and a pilot wire relay scheme for fifty substations in the Baghdad area;
- installation of a pilot wire relay scheme among forty substations in the Basra area;
- construction of new transmission lines and substations that ME and USAID planning efforts have identified as vital to sustaining the system when the demand reaches 6,000MW; and
- construction of new transmission lines and substations that ME and USAID planning efforts have identified as vital to sustaining the system when the demand reaches 7,800MW, estimated to be that required to provide close to a 24/7 service.

Distribution Network Infrastructure
P/C 42000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 77.0 | 300.0 | 400.0 | 223.0 |

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

Distribution networks deliver power carried over the transmission networks to local areas. The distribution networks were relatively unaffected by the recent war but were in a highly deteriorated condition beforehand. Equipment is operating without adequate electrical protection and is generally overloaded. The majority of lower voltage 33/11

KV substations suffer from the effects of frequent switching (due to load shedding), a lack of maintenance, and insufficient augmentation to cater for new load. There has also been, and continues to be, damage to distribution networks caused by acts of looting and vandalism.

The CPA has worked closely with the ME to identify and scope projects within the distribution network sub-sector. These projects include maintenance, replacement of worn components and extensions, with the aim of improving the reliability and operability of the distribution networks, especially when the automated remote control systems are installed and operational.

The Supplemental funding includes \$1 billion for network infrastructure reconstruction to upgrade the existing system. While the ME identified \$1.8 billion in critical projects, the initial \$1 billion will fund projects that are critical for continued operation. Immediate requirements include \$30 million for the purchase of materials, specialized vehicles and equipment. The remaining \$970 million shall be allocated by governorate based on population and adjusted according to the physical size of the governorate.

**Automated Monitoring and Control System
P/C 43000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 50.0 | 50.0 | 50.0 | |

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

The ME monitors and controls its power stations, transmission and distribution networks with four obsolete control systems. The primary means of managing the network is by conversations between a mix of cellular and satellite telephones. This does not provide adequate responsiveness to problems, occasionally resulting in blackouts. The network cannot be operated optimally and power cannot be distributed equitably. The installation of modern communications and supervisory control systems will provide the following benefits: (1) the capability to centrally monitor and control all elements of the network; (2) improved load management; balancing the power generated depending on load and the transfer of power between regions; (3) real time identification of network weak points and provide information to analyze these weak points; and (4) provision of data for future planning

To address these electrical system issues, the CPA and ME will establish:

- twenty Distribution Control Centers throughout the governorates for the control of distribution networks;

- seven Regional Control Centers for the control of generation facilities and transmission networks; and
- one National Control Center to coordinate and control the entire infrastructure

The CPA has allocated \$150 million to rebuild the Iraqi Electrical Network Communications and Control system. This funding will enable the design, construction and installation of approximately forty percent (40%) of the required communications and control systems, with associated training for ME operators. The \$150 million will also be targeted to the priority requirements, including both fiber optic and power line carrier systems for voice, data and video.

Security
P/C 45000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 25.0 | | | 25.0 |

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

The security of the electrical power infrastructure continues to be a significant problem, particularly for 400 kV transmission lines. Sabotage and looting attacks continue at a rate of over one per week, weakening the national grid and preventing the efficient transfer of energy from generation stations to load centers.

The \$50 million allocated to the security sub-sector shall be used to convert the nascent Electrical Power Security Service (EPSS) into a capable and self-sustaining security force with supporting architecture sufficient in order to safeguard the delivery of electricity to the people of Iraq and its industry. An EPSS of 6,000 personnel is envisaged (up from 2,500).

The Supplemental shall be used to fund the training and management provided by an external contractor, all equipment costs, possible aerial surveillance, and command and control capabilities. Based on the contract that the Ministry of Oil entered into with a security management company, it is estimated that \$25 million per year for the first two years will cover the start-up costs of the new EPSS.

Oil Infrastructure

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 0 | 1,600.0 | 101.0 | | |

Infrastructure **P/C 50000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 1,200.0 | | | |

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

The Iraqi oil infrastructure was damaged in the beginning of the war and extensively looted soon afterwards. Oil is the most abundant natural resource in Iraq, and thus the mainstay of the Iraqi economy. It is extremely important that Iraq's infrastructure be restored quickly to sustainable levels of production. Oil infrastructure restoration is unique in that it is the only sector in which every dollar invested, either directly or indirectly, provides direct revenue to Iraq for future reconstruction.

The Coalition has assisted the Ministry of Oil in making progress towards reestablishing pre-war production levels. However, more must be done to lay the foundation for the national economic recovery, and to ensure that Iraq has the revenue for a self-sustaining government. In addition to repair of damage resulting from the war and looting, the coalition must stop continued terrorist sabotage activity which is hampering progress. The funds requested will be used to repair the infrastructure, counter the terrorist threat to protect the current investments, and to compensate for the losses that are a direct result of previous terrorist attacks. Once production has stabilized, funds will then be used to continue to improve the Iraqi petroleum production systems with the ultimate goal of restoring pre-war capacity levels of about 3 million barrels per day.

| Category | Projected Spending (millions of \$s) | Projected Start Date |
|----------------------|--|-----------------------------|
| Construction | | |
| Initial Mobilization | 50.0 | January 2004 |
| Actual Construction | 759.0 | February 2004 |
| Procurement | 323.0 | January 2004 |
| Security | 68.0 | February 2004 |
| Total | 1,200.0 | |

Oil infrastructure restoration projects fall generally into three categories: security, procurement, and construction.

Security is required to protect the current infrastructure, provide a safe working environment, and preserve the gains that have been made to date. This will be accomplished through the use of mainly Iraqi guard forces throughout the nation at key infrastructure locations. Funds will be used to train and equip an oil infrastructure security force and to leverage security technologies to reduce terrorist attacks along critical oil infrastructure nodes. The purpose of this force is solely to protect the oil infrastructure, and will not duplicate other security efforts being undertaken.

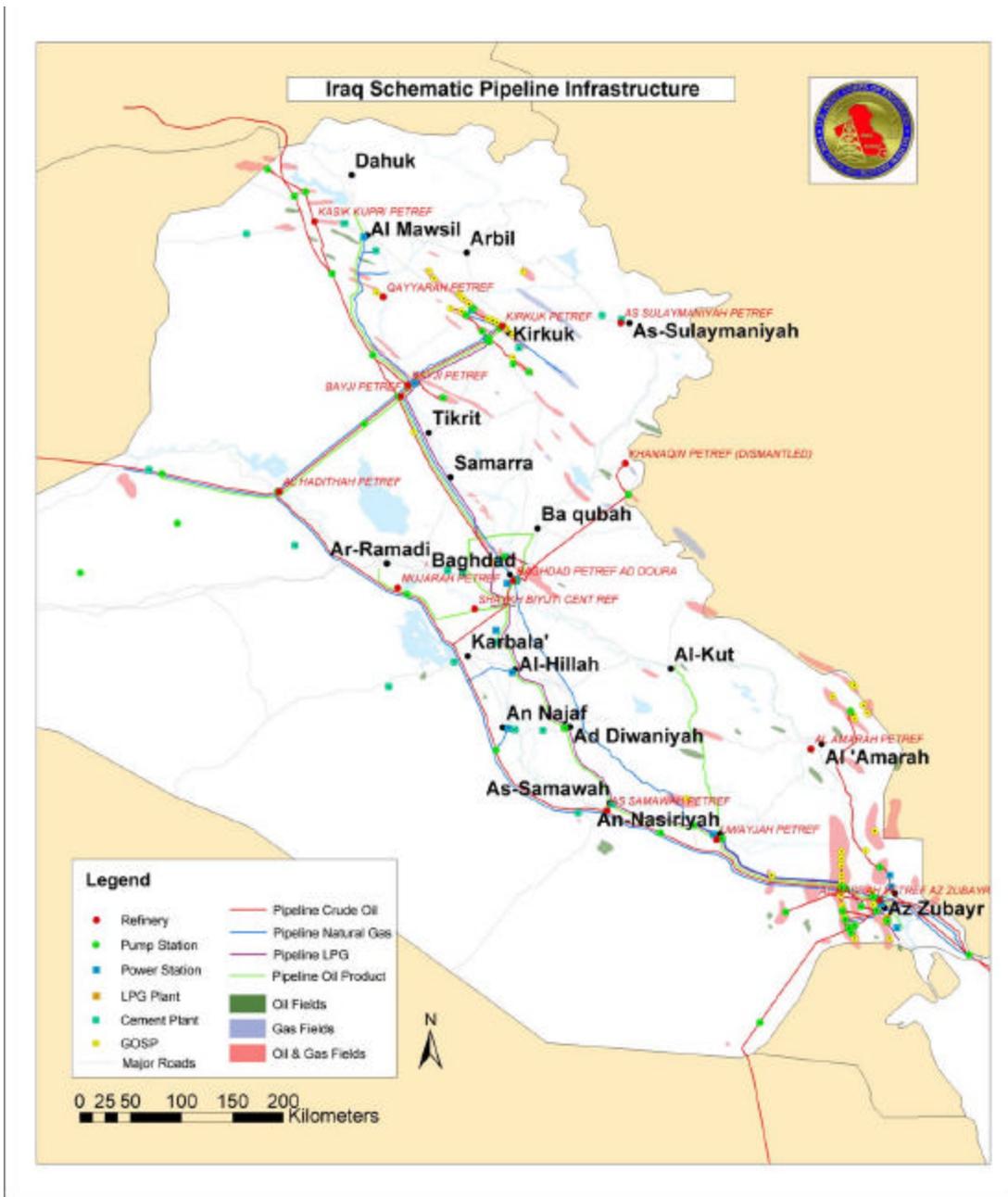
Procurement of equipment will enable the Ministry of Oil and its subordinate operating companies to rehabilitate the current operational infrastructure, and to begin reconstruction of that which has deteriorated or been damaged or destroyed. The Army Corps of Engineers will procure fuel trucks and trailers, a work vehicle fleet 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 additional items specific to the petroleum industry.

Priority oil infrastructure construction projects include:

- \$272 million for infrastructure repair, including specialized equipment to meet on-site needs for gas-oil separator plants, pipelines, compressors, and pumping stations.
- \$125 million for repair of a water plant and associated “cluster stations”, which pipe water into the Rumaylah oil fields, a process critical to maintain current production rates and manage the underground reservoir.
- \$108 million for the Basra South Oil Company to centralize power generation capability at two locations to provide a dependable dedicated power source.
- \$50 million for repairs to a liquefied petroleum gas (LPG) plant, which will increase Iraq’s domestic capacity to meet LPG requirements. When repaired, the plant will produce 1,500 metric tons of LPG daily.
- \$40 million for oil reservoir management, to put in place modern techniques and technologies to improve management of Iraq’s reservoirs of oil.

The Coalition will also need to continue to procure petroleum product imports for cooking, heating and transportation to avert a humanitarian crisis while the production infrastructure is brought to the point where it can keep pace with national consumption.

The map below shows key oilfields and pipelines in Iraq.



**Emergency Supplies of Refined Petroleum
P/C 51000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 400.0 | 101.0 | | |

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

War damage, looting, poor maintenance, and sabotage have caused interruptions to the flow of crude to the refineries. Difficulties due to outdated technology and poor maintenance at the refineries themselves and interruptions to the flow of refined product to the cities have created the need to import more petroleum products than originally projected. The main products required are liquefied petroleum gas (LPG), used for cooking; kerosene, used for heating in the winter months; benzene, for auto fuel; and diesel, to fuel larger equipment and power generation.

The Administration requested and Congress appropriated \$690 million for these essential imports. Subsequent to Congressional action, however, the need to meet immediate import requirements for kerosene, LPG and benzene in December led CPA to use Iraqi budget resources. Therefore, CPA reduced proposed spending from the Supplemental for this purpose by \$189 million, moving the funding to democracy building activities (+\$158 million) and to private sector development (+\$31 million).

Funds will be used to cover the difference between Iraqi demand and refinery production, and to establish and maintain a 15-day reserve in all major products to ensure no interruptions in basic services due to future terrorist activity. In the second quarter, \$400 million will be used to compensate for the large difference between demand and production and to build the 15-day reserve. For the remainder of the fiscal year, \$101 million will be used to compensate for continued production shortfalls (currently estimated) while maintaining the reserve.

Water Resources and Sanitation

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 18.0 | 401.6 | 321.8 | 651.6 | 2,939.0 |

Currently, clean water resources in Iraq are extremely limited and are a high priority to sustain stability in the country and ensure long-term economic growth and preservation of life. While raw water resources are plentiful in the north, the distribution to dryer areas and the treatment of these resources need attention. A systematic approach must begin immediately to define, allocate and treat these water resources. Many drastic changes have occurred over the last 12 years that have had a significant impact on water usage and needs. Many of Iraq's once-fertile agricultural lands lie in waste. Population centers in Kurdistan and the marsh areas of the south have experienced mass relocations. As a whole, the former regime ignored the maintenance of the entire water control and water distribution system within Iraq. Misuse and mismanagement have left large sections of the country with polluted waters, saline croplands and a lack of sanitary facilities. The following sections included in the Water Resource and Sanitation sector define the essential needs of Iraq at this time.

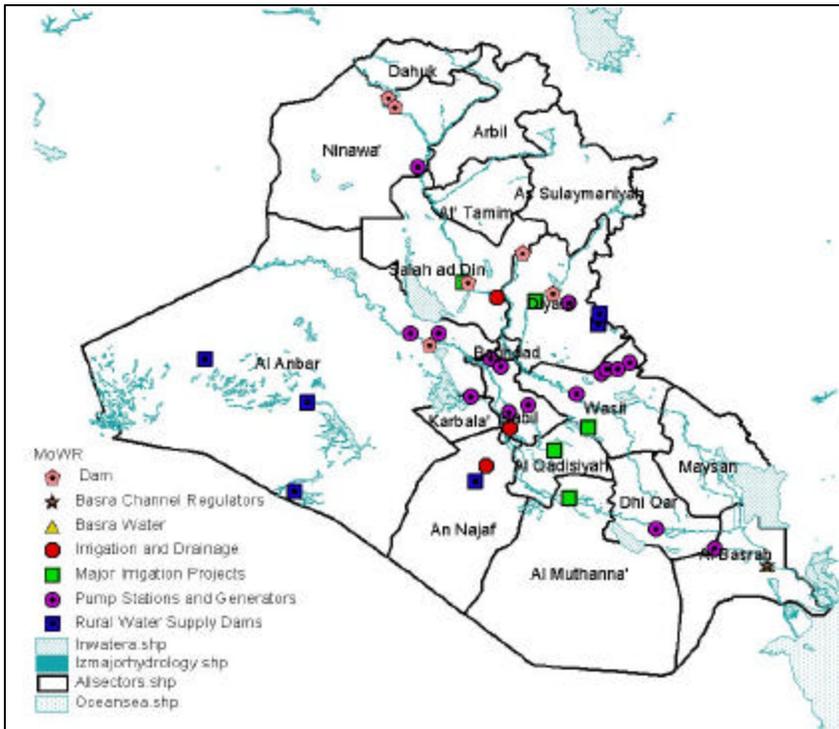
Present Condition of Water Supply System

Haditha Dam on the Euphrates and Mosul Dam on the Tigris provide the majority of raw water supply to the lower half of Iraq. These projects, and related control structures downstream, suffered some damage after the war due to looting and vandalism; however, the system for supplying raw water is currently operational on the Euphrates and Tigris Rivers. The prewar condition of the water resource projects in the north and extending into central Iraq varied greatly. Saddam stopped or destroyed projects in Kurdistan as a punitive measure. As a result, the north requires many potable water projects. The infrastructure to support these potable water projects must be closely coordinated with the total water resource allocation, since this is a critical water source for all of Iraq.

Central Iraq receives its supply of water through a sophisticated system of barrages, canals, regulators and pumping stations. The pumping systems are in need of substantial repairs. Nearly 300 generators require daily service. The operational rate of the generators varies from 20 to 90 percent on any given day. These generators run pump stations that supply the single source of both drinking water and irrigation water to large portions of central Iraq. New pumps and generators are essential to restore the present system to a sustainable level, provide additional water systems, and allow for land reclamation. The Coalition prioritized the projects on a needs basis. Systems supporting drinking water get first priority, and systems supporting existing critical agricultural areas get second.

Irrigation System in Iraq

Iraq has the oldest system of irrigation in the world. A system of canals and trenches flood the croplands to provide water for the crops. It is important to complete the drain system for central Iraq. This is a closed system of canals to drain salts from the soils within the agriculture zones. Most of the elements of this system remain at various levels of construction. The map below shows key elements of the irrigation system in Iraq.



Public Works Projects

Potable Water

P/C 60000

| FUNDS (Millions of \$) | 1 st Qtr FY 2004 | 2 nd Qtr FY 2004 | 3 rd Qtr FY 2004 | 4 th Qtr FY 2004 | FY 2005 |
|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
| Appropriated | | 273.0 | 200.5 | 400.5 | 1,956.0 |

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

About 40% of the population of Iraq lacks access to safe, clean water. Moreover, much of the existing water supply infrastructure was not maintained by the previous regime, or was damaged or looted during the war. Limited actual water production and quality records exist, and the command economy that existed prior to 2003 did not foster a

culture of proper maintenance, management, or customer service. Iraq's isolation meant that well-educated engineers had little or no exposure to advances in concepts or technical aspects of water supply. Water quality is a major issue, with sewerage and water networks often adjoining and breaks in networks causing contamination of water supplies, which has resulted in severe increases in diarrheal diseases, including cholera in the south of the country.

Rough estimates indicate that the water supply network is operating at about 65% of pre-war levels due to power shortages, lack of funds for operations and maintenance, shortage of equipment and materials, damaged equipment, war, looting and lack of governance.

The goal of the projects in this sector is to raise safe and reliable water access by about 15% of the population to about 75% (improving the access of about 4 million Iraqi citizens). The proposed project list is anticipated to meet this goal, which was stated in the Supplemental budgetary request. The Ministry of Municipalities and Public Works requested a comprehensive approach that took into consideration the quantity and quality of water service, the number of people benefiting, project sustainability and the per person cost. This approach means that the list is expected to meet two goals: to bring new potable water access to an additional 15% of the population (as stated above), and to raise the quantity and quality of potable water access to generally-accepted minimum international standards for an additional 15% of the Iraqi population. The latter goal should affect some 4 million persons. Therefore, projects are expected to benefit overall some 8 million persons, not only through fulfilling urgent short-term needs for materials, supplies, tools, and equipment, but through some 83 construction projects, affecting 77 urban and over 1,000 rural communities. Projects will be located in all 18 governorates. Finally, the total of the construction projects are estimated to provide a minimum of about 180,000 man-years of employment during construction.

Initial funding is planned for:

- Supplies, materials, tools, and equipment. (\$75 million in FY 2004) Funds will purchase essential materials and equipment for the Ministry of Municipalities and Public Works. Without essential supplies and materials, the water systems may not be able to provide safe, reliable water. The main features of first and second quarter project funds include:
 - purchase of water treatment chemicals such as chlorine and alum sulfate;
 - procurement of spare parts for mechanical and electrical equipment at water treatment plants;
 - procurement of 300 water tanker trucks for urgent rural water delivery;
 - procurement of materials such as piping and fittings to repair water main leaks; and
 - procurement of tools and equipment for maintenance.

These are expected to ensure that the quality of treated water delivered will be increased for 500,000 people across all 18 governorates by mid-2004. In addition, it will be essential that a portion of project funds are used to build Iraqi capacity, not only in technical skills but in management, contracting, financing, and proper and transparent financial reporting of both projects and their outcomes to prepare for sustainable management of facilities.

- Construction. (\$74 million in FY 2004) Water demand is highest in Iraq’s summers. In order to make new facilities operational by summer 2004, funds are planned to construct some 625 rural water distribution systems, comprising water storage tanks, pumps, and distribution systems that will be supplied by tanker trucks (purchased under the previous category), as well as 160 compact water treatment plants.
- Other construction and supplies, tools, and materials. (\$500 million in FY 2004) Construction work on both water treatment and water supply facilities is intended to start on projects in 14 municipalities. These are: Ramadi, Sadr City, Wathba, Taje, Chambarakat, Balad Rooz, Erbil, Maimona, Smawa, Meshkhab, Najaf, Sinjar, Dukan Sulaymaniyah, and Nasiriyah.

**Water Conservation
P/C 61000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 15.0 | 16.0 | | |

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

Rough estimates indicate about 60% of the water pumped through reticulated water networks in Iraq leaks out because of both system degradation and illegal tapping.

Funds are planned for the purchase of water piping materials for installation by personnel of the Ministry of Municipalities and Public Works in all 18 governorates. This will allow the Ministry personnel at the governorate level to repair and replace damaged pipes within the existing water transmission and distribution systems. With sufficient materials and some technical guidance, the ministries will be assigned the responsibility of reducing unaccounted for water loss, which is critical for increasing the usable water supply, increasing supply system pressure, and improving the system’s water quality. Such materials would normally be viewed as a capital improvement expense, but ideally should continue as an annual operations and maintenance activity, funded with annual budgets. A shortfall in the 2004 budget prevents this from occurring next year. Labor costs will be covered by the Ministry.

The funding will be used for piping, fittings, valves, and meters, as well other undeveloped construction items, security, housing, training and the like. The purchase and installation of meters should help to better quantify the amount of water loss.

**Sewerage
P/C 62000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 70.0 | 60.0 | 60.0 | 485.0 |

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

There are only 9 sewage treatment plants in 8 out of the 15 southern governorates (excluding the 3 northern governorates). Mosul, the second largest city after Baghdad, does not have any sewerage systems, and discharges its sewage untreated into the Tigris River. Even where sewer lines exist, broken lines and components are a major health hazard throughout the country. There is standing sewage in hundreds of municipalities, often in or next to schools, clinics, or public food markets. There are about 250 cities in Iraq, and only 6% of the population is covered by treatment plants; the rest of the population depends on individual septic tanks and other means of disposal, which are often highly unsanitary. There is virtually no sewerage in rural areas, where about 30% of the population lives. Lack of maintenance has rendered the few sewerage systems ineffective.

In cities with septic tanks, there are major problems with rising water levels, so that the urban population is diverting wastewater into streets through storm water drains, which then flow directly into rivers without treatment. Lack of treatment has serious environmental consequences for the Tigris and Euphrates Rivers.

As with water supply, there has been considerable damage to the few existing sewage treatment plants caused by poor maintenance, power outages, and looting of equipment during and just after the war. Most sewage repair vehicles were damaged or destroyed by looting after the war.

The initial goal is to increase the sewerage service in cities by 5% to 11% of the population. This is expected to benefit approximately 900,000 people. Ten major projects are forecast under the construction portion of this program.

Initial funding will support reliable human waste collection and treatment by purchasing materials for wastewater plants, mechanical and electrical spare parts, vacuum trucks (for collection of waste from septic tanks). Procurement of items should include:

- piping and fittings to repair sewers (\$13.5 million);

- spare parts for mechanical and electrical equipment at sewage treatment plants and lift stations: \$8 million; and
- 70 vacuum trucks: \$10.5 million.

Initial construction will begin on projects in four cities: Baghdad, Basra, Erbil, and Kula. Because the water supply and sewerage sectors are closely linked, the desired outcomes are similar: reducing illness and mortality rates, especially for children, and improving Iraqi capacity on the technical and management levels. There should also be environmental benefits realized by arresting the rate of pollution of key resources (notably the Tigris and Euphrates rivers and related alluvial aquifers).

**Solid Waste Management
P/C 63000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 18.0 | | 2.0 | 1.0 | |

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

Solid waste management throughout Iraq is inadequate with unique urgent needs for the city of Baghdad. An estimated 1.5 million cubic meters of rubble is currently piled throughout the city, blocking streets, creating a safety hazard and hindering reconstruction efforts. An additional 1.5 million cubic meters is in buildings that are no longer structurally sound and will need to be torn down.

This project is needed to protect the public health of about 6.5 million people (25% of the population) and improve environmental quality. This will be accomplished through the introduction of efficient and sustainable waste management practices, which include a new landfill facility, constructed to international standards, to properly dispose of solid waste and tub grinders for rubble disposal. Tub grinders can convert this material into useful gravel which then can be re-used as landfill lining or road repairs.

These funds will be used for:

- purchase of landfill and support facilities (\$18 million);
- operation and training (\$2 million); and
- purchase of four tub grinders (\$1 million).

The funding should help Baghdad to recover from the effects of bombing during the war and improve public health. To date, \$18 million has been apportioned to USAID for this project.

Water Resources Projects

Pumping Stations and Generators P/C 64000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 43.6 | 22.6 | 92.8 | |

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

Generators

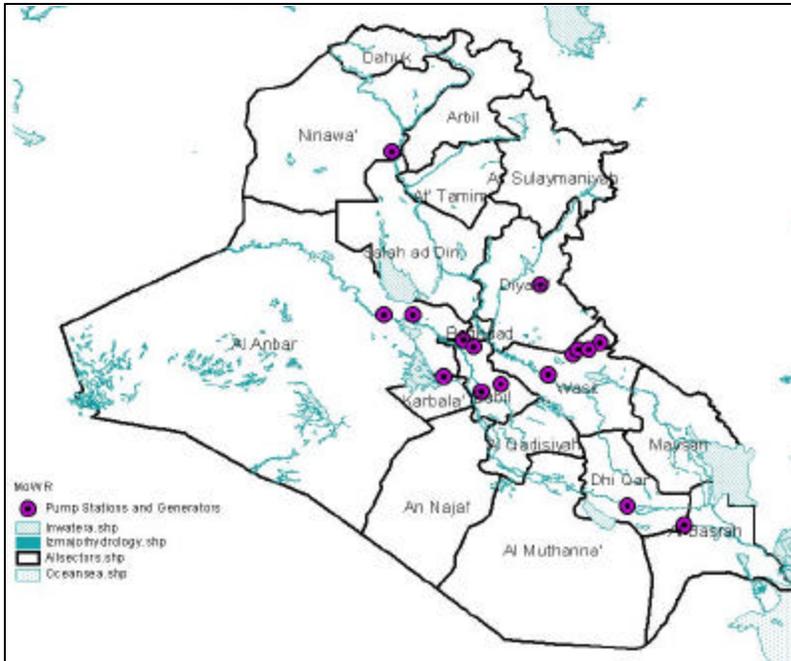
For most of the pump stations, regulators and barrages, the purpose of a generator is to provide a backup source for electricity. After the war, Iraq's citizens looted or destroyed most generators, spare parts and electrical systems. In most cases, these generators are now the only means of electricity. Nearly 300 generators require daily service. The operational rate varies from 20% to 90% on any given day. These generators run pump stations that supply the single source of both potable water and irrigation water to large portions of central Iraq. Funding will purchase new, or replace standby generators for over 100 key points in the vast system of reservoirs, barrages and pumping stations that require backup generators to assure electricity for running the pumps, providing municipal water, irrigation, lifting the gates on barrages, and operating other essential emergency equipment. Many sites also require minor site work (e.g., construction). CPA estimates the total cost of completing the work described above at just over \$60 million, based on an assumption of 150 generators at \$400,000 per generator.

Pumping stations

Pumping stations lift water into the canal systems. Once the pumps lift the water, it flows by gravity through thousands of miles of canals that service most all populated areas in the lower two thirds of Iraq. Since most of Central Iraq is flat, in many instances a failure of an upstream pump station can render several others non-functional due to lack of water to pump. The CPA gave priority to all pumping stations that provide a continuous flow of water to potable water facilities.

Funding will replace pumps and electrical control appurtenances in 17 major pumping stations. Each pumping station has, on average, 4-6 pumps for the purposes of reliability, maintenance and operational flexibility.

The map below shows key pumping stations in Iraq.



The total estimated cost to repair or rehabilitate the pump stations included in the list below is \$98.6 million. This is a substantial improvement over the existing conditions. In addition, the Coalition is seeking additional funds from donors and the Iraqi capital budget to ensure a reliable continuous source of raw water to meet the existing needs during the dry months.

| PUMP STATIONS AND GENERATORS | GOVERNORATE | ESTIMATED COST |
|--|-------------|--------------------|
| Ramadi Drainage Pumping Station (Abu Tiban) | Anbar | 853,000 |
| Ramadi Irrigation Pumping Station No. 01 | Anbar | 471,000 |
| Bazaia Yousifiyah Irrigation Pumping Station | Babylon | 5,329,000 |
| Yousifiyah Irrigation Pumping Station Number 02 | Babylon | 3,198,000 |
| MN00 Drainage Pumping Station | Babylon | 3,198,000 |
| Old Keish Drainage Pump Station | Babylon | 2,665,000 |
| Basra Water Scheme, Pumping Stations No. 02 | Basra | 3,757,000 |
| Mandali Irrigation Pumping Station Number 02 | Diyala | 5,685,000 |
| Karbala Irrigation and Drainage Project, Razaza Drainage P.S. 01 | Karbala | 4,526,000 |
| Karbala Irrigation and Drainage Project, Razaza Drainage P.S. 02 | Karbala | 12,879,000 |
| Al Jazira Irrigation Pumping Station Rehabilitation | Ninewa | 1,776,000 |
| Nasiriyah Drainage Pumping Station | Thi-Qar | 38,193,000 |
| Badra Jassan Irrigation and Drainage Project P.S. No. 1 | Wassit | 4,263,000 |
| Badra Jassan Irrigation and Drainage Project P.S. No. 4 Horizontal | Wassit | 1,243,000 |
| Badra Jassan Irrigation and Drainage Project P.S. No. 4 Vertical | Wassit | 3,535,000 |
| Badra Jassan Irrigation and Drainage Project P.S. No. 3 | Wassit | 3,535,000 |
| Badra Jassan Irrigation and Drainage Project P.S. No. 2 | Wassit | 3,535,000 |
| Generators – Drainage and Irrigation Projects | Countrywide | 60,358,000 |
| TOTALS | | 158,999,000 |

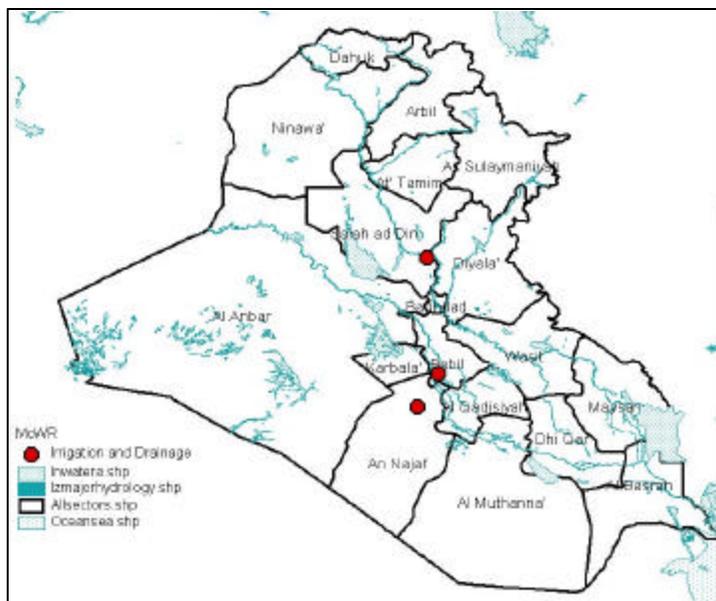
Irrigation and Drainage
P/C 65000

| FUNDS (Millions of \$s) | 1 st Qtr FY 2004 | 2 nd Qtr FY 2004 | 3 rd Qtr FY 2004 | 4 th Qtr FY 2004 | FY 2005 |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
| Appropriated | | | | 9.6 | 118.3 |

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

The former government neglected the maintenance and refurbishment of the irrigation infrastructure since 1980. These projects will increase the efficiency of water delivery and use throughout the country. Funding will be used to rehabilitate old operating irrigation and drainage systems in order to improve water use efficiency and water quality. Existing systems need major rehabilitation, consisting of leveling the land; cleaning irrigation and drainage canals; replacing regulators and sluice gates; and lining irrigation canals with concrete to reduce water losses through infiltration. The three projects listed below are the highest on the priority list. When rehabilitated, the CPA expects the water savings alone to be 25-35% of current usage (typical savings when canals are lined with concrete). These projects are concentrated in the southern Governorates, which require perennial irrigation.

The map below shows the sites of these projects.



This effort will directly benefit the agricultural community by improving the efficiency and reliability of water use. As a nation, Iraq will determine how best to allocate the conserved water. Their options include additional irrigation, municipal and industrial uses, or ecological/environmental restoration. This project will gain the support of hundreds of thousands of rural Iraqis whose backing is critical to the success of the coalition.

The many village and tribal leaders need clear examples of improvement to gain the confidence and support of their members.

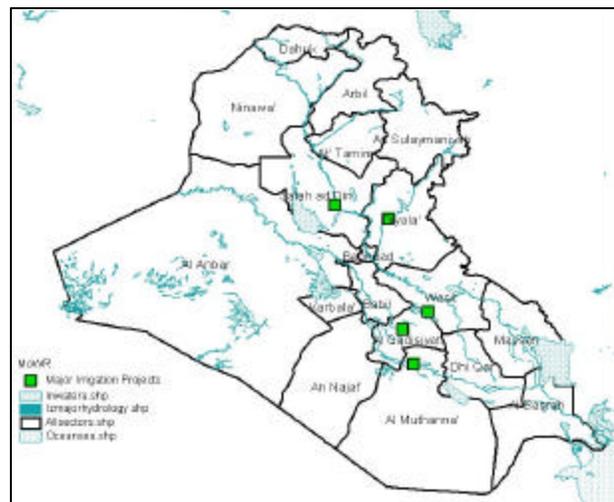
| IRRIGATION AND DRAINAGE SYSTEMS | GOVERNORATE | ESTIMATED COST |
|---|---------------|--------------------|
| Kut-Betara Reclamation Project | Wassit | 38,371,000 |
| Hillah-Hashmiya Reclamation Project | Babylon | 45,832,000 |
| Left Al-Adheem Reclamation Project (Ausser Eudhaim) | Diyala | 43,700,000 |
| | TOTALS | 127,903,000 |

**Major Irrigation Projects
P/C 66000**

| FUNDS (Millions of \$) | 1 st Qtr FY 2004 | 2 nd Qtr FY 2004 | 3 rd Qtr FY 2004 | 4 th Qtr FY 2004 | FY 2005 |
|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
| Appropriated | | | 4.7 | 20.7 | 125.8 |

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

Providing irrigation water to the fertile central regions of Iraq has always been a high priority. CPA estimates it will cost \$151 million to complete the construction of the major ongoing irrigation and drainage projects. Five major irrigation projects will have concrete lined canals for water savings, and will connect to drainage canals to ensure that saline water flows only to the main outfall drain (MOD) and the sea, reducing the salinity loads to the Tigris and Euphrates Rivers. The total new irrigated area will be approximately 400,000 hectares.



These projects will open new, more productive areas to agriculture and allow Iraq to retire less productive land. This will result in a net savings of water and increased crop production. The water projects will also have a positive environmental impact, by reducing high salinity return flows into the Tigris and Euphrates Rivers. The map above shows the sites of these projects.

| MAJOR IRRIGATION PROJECTS | GOVERNORATE | ESTIMATED COST |
|---|---------------|--------------------|
| Eastern Euphrates Drain (Zones 3 and 4) | Muthanna | 28,423,000 |
| Hurrya-Dagharra Reclamation Project | Qadissiya | 63,951,000 |
| Mahrut | Diyala | 15,988,000 |
| Kirkuk (Contract 24) | Salah al-Din | 14,282,000 |
| Muthanna Reclamation Project | Muthanna | 28,565,000 |
| | TOTALS | 151,209,000 |

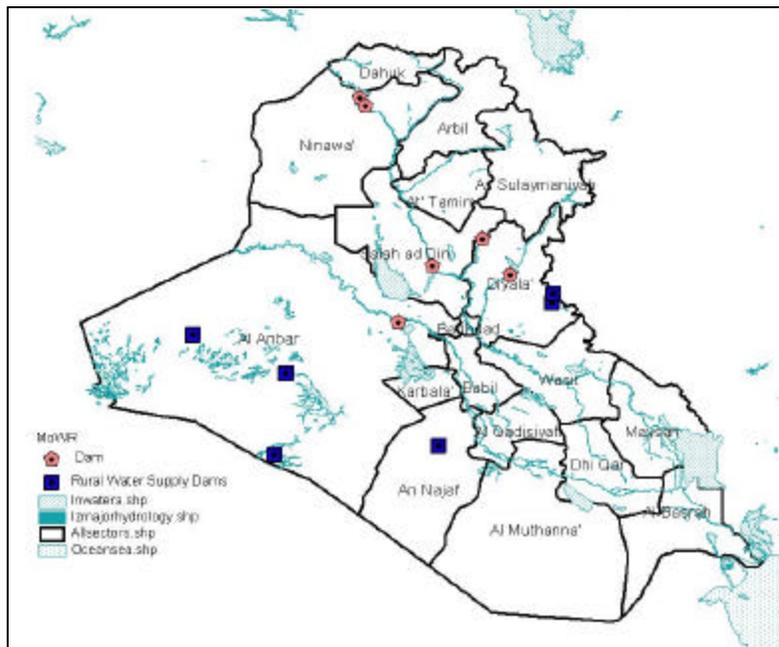
Dam Repair, Rehabilitation, and New Construction
P/C 67000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | | 16.0 | 26.8 | 109.3 |

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

There are many semi-nomadic desert dwellers, with villages and livestock dependent on the sporadic flows of streams during a short rainy season. The Ministry of Water Resources has identified nine critical rural water supply dams in Western Al-Anbar, An-Najaf and Diyala governorates to provide water for villages and livestock. Six of these rural dams will be funded by the Supplemental budget. For these projects, engineering and design can begin anytime, with construction following immediately thereafter.

The map below shows the sites of these projects.



Four of these projects would more than double the prewar amount of water available to the villages and herdsmen of western Iraq who suffer from water shortages.

A Corps of Engineers Dam safety team assessment of 16 dams and barrages identified key repairs that are needed. Supplemental funding will repair six of the sixteen dams and barrages reviewed by the safety team. The

CPA, with the Corps of Engineers, has already made critical emergency repairs to return most structures to an operational status. There are dams and barrages requiring repair throughout the country. The large dams are primarily in the north; the barrages or weir structures are located along the Tigris and Euphrates Rivers. Many shortcomings are readily repairable and require little design or lead-time. Work that is more comprehensive requires engineering and design before beginning construction.

CPA’s safety assessment team identified the Mosul Dam as the primary safety concern. Iraq constructed this dam on known layers of soluble gypsum. As a result, maintenance crews must perform a continuous grouting operation to prevent the dam from failing. The Supplemental will provide funding to develop and implement a lasting solution to secure the safety of this dam. Completion of this work is necessary to insure the overall safety and reliability for operation of the water control infrastructure in Iraq.

The Badoosh Dam project is located on the Tigris River, approximately 40 kilometers downstream of the Mosul Dam, roughly 15 kilometers northwest of the City of Mosul. Badoosh Dam is a work in progress. The original design intent of the dam was to contain the impounded waters of the dam at Mosul, should that structure fail catastrophically. Under the original design, the structure would also act to re-regulate flows from the Mosul Dam regulation structure, provide irrigation and raw water impoundment, and provide 170 Megawatts of generating capacity.

Construction of the dam started in 1987, stopped in 1991, restarted in 1996, and stopped again in 1999. During these periods, Iraqi engineers completed major portions of the dam, although river flows are still bypassed. Recently, the Iraqi’s have reevaluated the concept to use the dam to capture extreme flows caused by a failure of the upstream dam. The current plan is to develop the Badoosh Dam to an elevation significantly less than what would be required to capture these flows. This will result in a dam approximately sixty (60) meters lower than originally planned.

This project intends to complete those portions of the dam as required to develop a flood control, re-regulation, and irrigation impoundment. Power generation components may be added later by the Ministry of Energy (the provision for hydro-power at this location is not currently funded). Major components of this project include completion of the spillway and low-level outlets, and construction of the dam section over the existing watercourse, creating the impoundment and forcing flow through the control structure.

| DAMS - RURAL WATER SUPPLY DAMS | GOVERNORATE | ESTIMATED COST |
|---|--------------------|-----------------------|
| Kazania Dam | Diyala | 2,665,000 |
| Mandali Dam | Diyala | 4,441,000 |
| Hussub Dam | Najaf | 1,844,000 |
| Arar Dam | Anbar | 8,752,000 |
| Tubal Dam | Anbar | 6,972,000 |
| Horan 1/2 Dam | Anbar | 1,859,000 |
| DAMS - SAFETY AND REHABILITATION | | |
| Mosul Dam Rehabilitation | Ninewa | 66,088,000 |
| Adhaim Dam | Diyala | 8,882,000 |
| Diyala Wier | Diyala | 4,441,000 |
| Sammara Barrage Complex | Salah al-Din | 3,555,000 |
| Ramadi Barrage Gate Operators | Anbar | 3,553,000 |
| Ramadi Barrage Complex | Anbar | 3,553,000 |

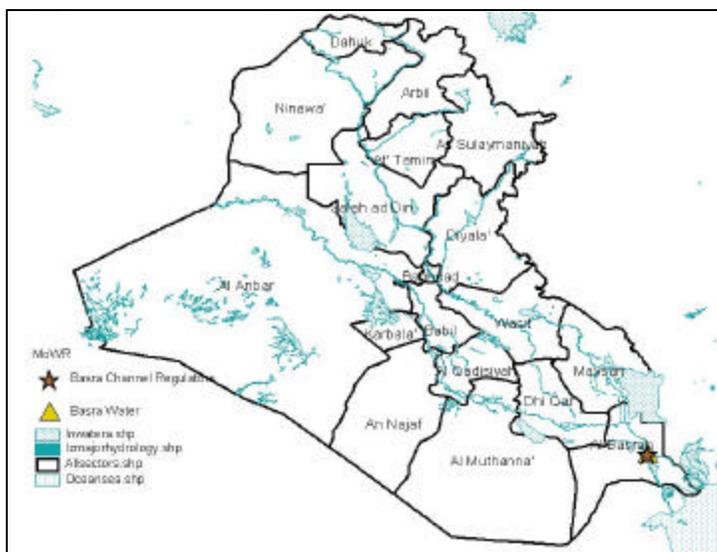
| | | |
|-----------------------------|---------------|--------------------|
| NEW DAM CONSTRUCTION | | |
| Badoosh Dam | Ninewa | 35,528,000 |
| | TOTALS | 152,133,000 |

**Umm Qasr/Basra Water Supply Project
P/C 68000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | | | 28.4 | 85.3 |

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

Currently, water flows through an open canal for 275km (~172 miles) to reach Basra. Iraq constructed the canal to deliver 32,000 m³/hr to the 1.75 million citizens of Basra. The flow within the canal has been as low as one-third of its capacity, and it continues to operate with flows below required capacity. Maintenance to the canal structure, reservoir, and sluice gates require continuous work to maintain full operational efficiency. Iraq did not conduct maintenance on this canal for more than a decade. There is now leakage, erosion and vegetation within the canal. There are also a number of embankment failures and slippages. To reach capacity, the canal will require continuous dredging. Presently, only half of the canal length is concrete lined. There is infiltration and large evaporation losses along the route. Saline and polluted water infiltrate into the water supply, making it more costly to treat the water.



The Ministry of Water Resources has considered a variety of solutions to this problem, including the construction of a large pipeline to convey these flows. However, the most cost-effective solution to increase flow is to line the unlined portions of the existing channel. This project will include rehabilitation of the existing system by completing the process of lining the canal with concrete (currently 96 of the 238

kilometers of canal are earth based).

The map above shows the site of this project.

This project will restore canal discharges to the original design conveyance and will provide higher quality raw water to Basra, the second largest city in Iraq. Umm Qasr, historically the recipient of poor quality, highly saline water, will also benefit.

| BASRA/UMM QASR WATER SUPPLY SCHEME | GOVERNORATE | ESTIMATED COST |
|------------------------------------|---------------|--------------------|
| Basra/Umm Qasr Water Supply Scheme | Basra | 113,669,000 |
| | TOTALS | 113,669,000 |

Basra Channel Flushing
P/C 69000

| FUNDS (Millions of \$s) | 1 st Qtr FY 2004 | 2 nd Qtr FY 2004 | 3 rd Qtr FY 2004 | 4 th Qtr FY 2004 | FY 2005 |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
| Appropriated | | | | 11.8 | 59.3 |

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

A network of canals extends throughout the city of Basra. All of these canals contain stagnant water and debris and present a health hazard to a large number of people. This project will allow the natural rise and fall of the tidal cycle to flush out the canals at frequent intervals. This project requires a series of six gates where each canal joins the Shatt Al-Arab. Because the canals can be separated as individual loops, a pair of gates, one at each end of a loop, can be alternately opened and closed when the tide rises and falls, thus creating a current to flush the canal. This project's estimated cost is \$71 million.

This project will improve the health and environment of tens of thousands of citizens in Basra, a long-neglected city.

| BASRA CHANNEL FLUSHING | GOVERNORATE | ESTIMATED COST |
|------------------------|---------------|-------------------|
| Basra Channel Flushing | Basra | 71,057,000 |
| | TOTALS | 71,057,000 |

Transportation and Telecommunications

| FUNDS (\$ millions) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-------------------------------|---|---|---|---|----------------|
| Appropriated | | 164.0 | 259.0 | 77.0 | |

Transportation

A functioning transport network for people and goods is essential to lay the groundwork for economic growth in Iraq. Although Coalition military forces have upgraded transportation facilities throughout Iraq, poor conditions remain at many seaports, airports, and in the railway system. For decades, ship wrecks and the lack of dredging have hindered the development of Iraqi ports, making ship transport and the import and export of most goods difficult. Also, the decrepit state of airport facilities and absence of basic airport equipment have significantly reduced foreign airline service to Iraq.

To address these issues, the Coalition and Iraqi Governing Council are focusing on three critical transportation areas: Civil Aviation, Ports, and Railroads.

Civil Aviation **P/C 70000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | | 115.0 | | |

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

The primary objective of this project is to complete upgrades at three main international airports and selected domestic airports with links to the international airports so that they meet International Civil Aviation Organization (ICAO) standards. Until these aviation safety standards are met, foreign airlines will be unlikely to restore or begin service to these airports.

CPA has allocated \$115 million to help rebuild the aviation infrastructure system. These funds will be used for the repair, replacement, renewal, and upgrading of the total infrastructure, navigational infrastructure, air traffic control towers, approach control systems, and the area control centers at the international gateways of Baghdad, Basra, and Mosul Airports, and strengthen infrastructure at smaller, domestic airports with international links throughout Iraq.

Currently, the Baghdad, Mosul, and Basra airports are used primarily to support military air operations, not commercial cargo or passenger services. While funding from the FY 2003 Supplemental and from seized Iraqi assets has accelerated national airport redevelopment, particularly in Baghdad for security and repair operations, new funding is

necessary to strengthen the foundations of air travel in Iraq. This project will upgrade, repair, or replace the most essential components of Air Navigation Systems (ANS), including the instrument landing system (ILS), the Doppler Very High Frequency Omni Range (DVOR) with Distance Measuring Equipment (DME), and the Precision Approach Path Indicator System (PAPIS). It will also repair buildings, terminals, and other infrastructure and facilities, including roads, runways, taxiways, aprons, sewerage, potable water, electric, and crash, fire, and rescue systems. In particular, the funds are planned for:

- \$32.5 million for Baghdad International Airport (BIAP) infrastructure such as terminal improvement, air traffic control operations, sewers, runway lighting and taxi ways, and security and safety systems;
- \$23.4 million to improve Baghdad International Airport (BIAP)'s navigational and approach control systems;
- \$21.3 million to create new terminals, establish new internal electric systems, and replace old communication cabling with fiber optic cables, egress, and exit ways;
- \$15.6 million for navigation equipment and services at Mosul Airport;
- \$17.1 million for air navigational infrastructure and air traffic control towers at Basra and Mosul airports; and
- \$4.5 million for air navigations equipment and services at smaller locations including Kirkuk and western Iraq (Ar Rutbah).

**Umm Qasr Port Rehabilitation
P/C 71000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 40.0 | | | |

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

The port of Umm Qasr is a vital transportation node in the Iraqi economy. Initial upgrades at Umm Qasr are complete, and the port is now able to receive large ships. For example, Umm Qasr recently received two 50-ton grain ships and was able to unload cargo into a grain receiving facility; while before the war, the port could only accept smaller cargo vessels. While conditions are improved, additional investments are needed to further increase the port's capacity. Iraqi authorities are expected to take over operation of Umm Qasr at the end of January 2004. However, the Iraq Port Authority will still need CPA guidance to see them through the transition period to July 2004. This

project will increase the cargo handling capability and throughput of the port and will facilitate receipt and onward movement of goods, as well as provide needed safety and operational equipment.

The \$40 million enacted amount will address the serious problems discussed above, as well as other shortcomings that are hindering increased capacity at Umm Qasr. In particular, the funding is planned for the following:

- \$3.5 million for maintenance/spot dredging;
- \$2.0 million to enable underwater structural integrity inspections at Iraq’s ports;
- \$1.5 million to dredge and upgrade upstream waterways and berths at Khawr Az Zubayr;
- \$3 million to strengthen water- and shore-side fire and safety systems ;
- \$6.5 million to improve employee flow control and port security;
- \$5.0 million to improve the “old port” berths, pier sides, and warehouses at Umm Qasr;
- \$6.0 million to improve the port’s electric system and connect the port to electrical grid;
- \$2 million to provide transload gear, a secure storage facility for the gear, buses, and a medical/first aid station;
- \$6.5 million to conduct structural and pier side repair of the berths at Umm Qasr’s “new port” and acquire new forklifts, namely to discharge breakbulk cargo;
- \$3.0 million to acquire new ship-to-shore cranes at Umm Qasr to provide efficient container handling; and
- \$1.0 million to acquire small service vessels and repair parts to improve the port’s waterside operations.

**Railroad Rehabilitation and Restoration
P/C 72000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 84.0 | 84.0 | 42.0 | |

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

The Iraqi Republic Railway (IRR) has suffered from years of neglect to its basic infrastructure, compounded by the vandalism and looting that followed the war. The result is a railway that is physically on the verge of collapse, although staffed by a competent and dedicated management.

The Iraqi Republic Railway network is approximately 2,000 km in length. Of this, 1,520 km, or approximately 75%, suffers from poor track conditions that require trains to operate at well below design speed. In order to fulfill its critical role in support of Iraqi industrial and economic revitalization, it is necessary that significant investments be made quickly in order to provide the working environment, the track structure, the tools and spare parts, and the equipment needed for the railway to operate effectively.

This \$210 million includes:

- \$15.2 million to fund creation of a basic communications-based train control system which will dramatically improve safety in the operation of trains and will significantly improve the effective capacity of the railway.
- \$88.5 million to fund the acquisition of major track maintenance equipment and supplies which will enable much-needed repairs and renovation to the track structure.
- \$32.6 million to renovate selected locomotive and wagon repair shops, repair or replace damaged tools and machines, and replenish depleted stocks of repair parts in order to restore rolling stock to service.
- \$32.6 million to restore basic services and amenities in offices and stations. The headquarters building, which is currently without heat, air conditioning, running water, functioning restrooms or safe wiring, will have those basic functions restored, and be equipped for modern voice and data communications. A local area network will be installed and internet connections provided so that the staff can access technical information they have been denied for over a decade.
- \$30.4 million to acquire some critically-needed rolling stock, including thirty tank wagons for carrying liquid petroleum gas (LPG) and a small number of passenger coaches to provide basic service to the public. This funding will also be used to purchase one hundred modern container wagons, as well as a small amount of container-handling equipment, to support establishment of inland container terminals at major locations.
- \$8 million to complete a fiber-optics communications backbone to support voice, data and signal communications.
- \$2.7 million for local signal projects.

Overall, this funding will provide the basic facilities, tools and equipment that the railway will need to significantly improve safety and operating efficiency.

Telecommunications

Prior to the war, Iraq had a single telephone network, which was operated by a monopoly provider, and possessed only rudimentary capabilities for connecting voice traffic over an antiquated fiber optic network. Iraq had no data network, and Internet access was provided to only a handful of the power elite. With few exceptions, telecommunications and postal facilities were completely looted, and domestic postal transport capabilities were limited.

By February 2004, Baghdad’s battle-destroyed telephone exchanges will be replaced and returned to their pre-war operational status. In addition, Iraq will have added three new privately owned mobile wireless cellular telephone carriers. CPA will design and build a fifth telephone network to link all “first responder” security forces, beginning with those police agencies belonging to the Ministry of Interior. Finally, a data network will be built to enable a modern banking and financial management system. These capabilities will enable electronic funds transfers (EFT) and point of sale (POS) credit card transactions, and will also enable the postal system to track packages electronically.

A regulatory agency to oversee the telecommunications operators is needed. This agency will provide the minimal oversight needed to maintain market competition, while performing vital public policy functions such as collecting access fees and mediating interexchange tariffs among multiple telecommunications carriers. The regulator will also oversee broadcast media. Investments in new software and computer support systems are required for building a high speed internet backbone for broadband multimedia applications and for traffic management of multiple common carriers.

Iraq Telecommunications Business Modernization P/C 74000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 5.0 | 10.0 | 5.0 | |

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

The Iraqi Telephone and Posts Company (ITPC) must be modernized into a functional, customer-oriented, and profitable organization, increase its ability to provide voice telephone services, and deliver profitable data traffic and network management services.

A secondary goal is to spin off and modernize the Postal Services operations of the ITPC. As Iraq lacks a data networking infrastructure, the post will remain the only method for the near future of moving customer invoices and accounts payable traffic, moving

checking account payments for the banking system, and maintaining the traditional savings accounts institutions.

This project will be divided into four separate and distinct sub-programs, all implemented through contractors possessing proven past performance in managing telecommunications operations and postal services operations.

- Business Restructuring. The ITPC will divest its postal operations from its telephone operations. Both businesses, however, will remain under the auspices of the Ministry of Communications. The telephone part of ITPC will be transformed into at least two principal operating divisions. Investments will be made in the existing voice network to increase the subscriber density at the local exchange and subscriber level.
- Business Practices Restructuring. Funds will be used to incorporate Generally Accepted Accounting Practices (GAAP) into the management of business operations, and to acquire limited investments in modern management information systems for finance, cost accounting, payroll, and customer business operations.
- Build and Operate Enterprise Networks. ITPC possesses limited local area networks and no wide area networks. These internal data networks are necessary for business units and operating units to share and use common business operating data. Networks built using Supplemental funds will support simple communication needs, accounting functions, project planning, network engineering operations, and customer care operations.
- Modernize Iraq’s Postal System. Funds will be used to reengineer the divested Postal Systems business operations, reform business practices, and introduce pilot automated systems such as automatic mail and flat package sorting equipment and letter and package tracking systems. In addition, the project will design and acquire enterprise systems linking retail counter functions with financial management systems, and business operations systems.

**Iraq Telecommunications Systems
P/C 76000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 30.0 | 40.0 | 20.0 | |

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

Iraq requires new switching and transport systems for wide-area voice and data traffic. This project will serve as the main umbrella for building a high capacity, high bandwidth data network. The network architecture will accommodate various forms of data

transmission, including Internet traffic, and will be the blueprint for the capital construction programs to immediately follow.

At the regional and local levels the project will fund the design and construction of metropolitan area networks, modernization of central office switching centers, and construction of local loop traffic for voice circuits terminating at residences and businesses.

Pilot programs will also be conducted to investigate the technical and economic feasibility of wireless technologies, particularly in urban areas where the laying of fiber or copper cables is impractical or uneconomical. Achieving significant expansion of telecommunications capacity in the timescales envisioned will require the use mainly of wireless technologies including Wireless Broadband and Wireless Local Loop.

The immediate focus of this project is four-fold:

1. to build a new transmission network to carry increased loadings of voice traffic derived from increases in the legacy, fixed wire, subscriber base;
2. to build entirely new Operations Support Systems (OSS) to carry administrative information and to manage long-haul traffic. This traffic includes that generated by the Iraqi public carrier, the traffic of the three mobile cellular wireless carriers, segments of the traffic of "First Responder Network", and traffic from other new private carriers. Elements of the OSS will be applied to new billing systems;
3. to build three regional, and one national "Network Operations Centers" (NOC) to manage traffic; and
4. to invest in international, fiber optic gateways.

The next steps planned to implement this project are:

- Commence network design and architecture work using DFI and/or Supplemental funds. These funds will be applied for hiring systems engineers and network architects. This planning team will then prepare specifications and draft RFPs.
- Place orders for long-lead time capital equipment items. Working with the new wireless carriers and the IPTC (SOE telecommunications carrier), study teams are now planning for these investments. Orders will be placed for critical network equipment using accrued 2003 capital funds and/or 2004 DFI funds.
- Conduct procurements and prime contractor source selection for engineering and construction work.
- Title to assets and responsibility for operations will transfer either to the appropriate Iraqi SOE or Iraqi private sector entity.

**Iraq Telecommunications Operations/Regulatory Reform
P/C 79000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 5.0 | 10.0 | 10.0 | |

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

Iraq is moving from a State monopoly provider of telecommunications and posts to a competitive environment very rapidly. The legal environment for telecommunications requires significant revision to reflect this shift from monopoly to competition. An extensive training program to provide the skills needed to support this change is equally important.

Iraq's Telephone and Posts Company (ITPC) will be realigning its business units into profit centers. These investments will modernize the ITPC network for its "long haul carrier" routes. Additional investments, however, are required at the network interface level to manage traffic among multiple common carriers, especially Internet Services Providers (ISP).

With the advice of the Iraqi Governing Council, the CPA Administrator will sign an order that will create an independent regulatory agency for telecommunications and broadcast media. Investments will be immediately required to establish core functions of the new regulatory agency, based on those of the U.S. Federal Communications Commission (FCC). Critical investment items for the regulatory agency and its support contractors will include those hardware and software tools required for:

1. spectrum allocation and management;
2. licensing and registration procedures;
3. technical support for licensing applicants;
4. computer systems used for tariff fee collection and traffic revenue management ;
and
5. enforcement of the airwaves and cyberspace.

A properly designed regulatory agency will require staff and facilities to perform the functions listed above. These investments will allow the regulatory agency to be operational within a few months.

The agency will speed up the licensing process for radio and TV broadcast licenses to allow the media broadcasters to proliferate. Alternative programming channels will proliferate, and thus counter much anti-coalition propaganda now on the air waves.

The next steps planned to implement this project are:

- Launch an independent regulatory agency for telecommunications, including broadcast TV and radio.
- Invest in computer systems for tariff management, and establish contract support organizations to assist the independent regulatory body to set and enforce regulatory policy, as well as to manage spectrum distribution and management and enforce spectrum regulations. This contract support will enable extensive training for communications officials and professionals.
- Invest in spectrum management and enforcement. This includes monitoring vans, remote sensing devices, and software systems for spectrum management.

Roads, Bridges, and Construction

| FUNDS (\$ millions) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-------------------------------|---|---|---|---|----------------|
| Appropriated | | 33.0 | 153.0 | 73.0 | 112.0 |

Public Buildings Construction and Repair **P/C 81000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 13.0 | 32.5 | 32.5 | 52.0 |

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

After the war nearly all public buildings were looted or burned. Lack of public buildings in which to conduct public business, including the education of Iraq's school children, has prolonged the disruption to government operations and the lives of the Iraqi people.

Restoration of 21 public buildings began in FY 2003. Three of these projects have been completed with the remaining 18 still ongoing.

The FY 2004 Supplemental provides \$130 million for public building reconstruction; \$78 million is expected to be obligated in FY 2004, with the remainder to be obligated in FY 2005.

Funds will be used for the reconstruction and rehabilitation of public buildings to include four ministry headquarters buildings and the rehabilitation and repair of 60 school buildings. The remainder of the money will be used for restoration of an additional 871 school buildings, for which the task orders will be issued with the schools grouped by governorate. By July 1, 2004, task orders for the four ministry headquarters renovations and the first 60 school building restorations will have been issued and construction will be underway. This will provide a significant start towards the reestablishment of an appropriate network of government buildings and schools for the people of Iraq.

Roads and Bridges **P/C 82000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 20.0 | 120.0 | 40.0 | 60.0 |

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

Decades of war and neglect have left Iraq with a system of roads and bridges that are insufficient to meet the needs of its people. Currently, there are over 74,000 km of major highways and local roads in a general state of disrepair. The safe and efficient movement of passengers and goods is fundamental to the success of reconstruction efforts, humanitarian relief efforts, economic development, and public safety. A robust transportation network is also an imperative for the efficient movement of essential products such as fuel, water, and other staples to areas that have historically been neglected. Similarly, local roads and bridges are the lifeline that connects local farmers with their markets.

Although the Supplemental appropriation will only fund a small percentage (~2%) of the overall requirement for road and bridge improvements, it is a significant step forward, which will bring key roads and bridges back to a safe operational condition where economic growth is not deterred by a poorly maintained transportation network. Funding for additional improvement projects will be pursued through the Iraqi Ministry of Finance and the Madrid Donors Conference.

The FY 2004 Supplemental provides \$240 million for reconstruction of roads and bridges. Of this total, \$180 million is expected to be obligated in FY 2004, with the remainder to be obligated in FY 2005.

The goal of funding is to repair, replace, or construct essential segments of highway, strategic bridges and critical secondary roads that will enable reconstruction, economic development, and improved public safety. Plans include funding for the following:

| <u>Title</u> | <u>Est. Cost (\$ million)</u> |
|--|-------------------------------|
| Dora-Yousifia Freeway (84 km) | \$ 76.7 |
| Construct Village Roads (800 km) | \$ 42.0 |
| Al Sharqat Bridge and Approaches | \$ 12.3 |
| Kufa Third Bridge | \$ 8.7 |
| Qandil Bridge | \$ 2.3 |
| 2 nd Carriageway: Diwanayah-Samawah | \$ 10.0 |
| Sheik Sa'ad Bridge | \$ 13.3 |
| Al Madaen Bridge and Approaches | \$ 10.0 |
| Hillah-Keesh Freeway (13 km) | \$ 8.0 |
| 2 nd Carriageway: Baghdad-Kirkuk | \$ 36.0 |
| Zuba Oilfield Bridge | \$.7 |
| 2 nd Carriageway: Amarah-Maymunna | \$ 3.3 |
| Dair Bridge | <u>\$ 16.7</u> |
| | \$240.0 |

The objective of this effort is the completion of the first step towards a nationwide network of roads and bridges that will support an improved quality of life for all of the people of Iraq.

Health Care

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 50.0 | 280.0 | 225.0 | 173.0 | 65.0 |

Due to the neglect and mismanagement of the previous regime, the current Iraqi healthcare system declined from one of the best systems in the region to one of ruin. In their current condition and layout, the healthcare facilities are not able to positively support the evolving Iraqi primary-care based healthcare system.

Nationwide Hospital and Clinic Improvements P/C 90000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 175.0 | 150.0 | 118.0 | |

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

There are about 250 hospitals and slightly more than 1,000 healthcare centers in Iraq. The healthcare system has not been managed in a systematic manner for at least two decades. As the population continued to grow and shift and as healthcare or management practices failed to evolve in Iraq as in other parts of the developed world, the healthcare system declined to its current dysfunctional level. Among the problems, the location and type of services provided out of these facilities are no longer aligned to support the demographics nor capable of supporting contemporary, high quality levels of healthcare.

Most buildings are in poor condition and suffer inefficiencies based on the condition and inadequacy of electrical power, sanitary system and mechanical system. The strategy to correct the problems, and the goal of Supplemental funding, is to:

- make improvements to the services for the most vulnerable population groups;
- reshape the healthcare system to shift the focus from hospital-based care to primary care; and
- realign the healthcare system to match the current and projected demographics.

The total facilities strategy requires 10 years of increased capital inflow, applied in an incremental manner to allow the healthcare systems as a whole to develop rationally and meet new manpower and knowledge requirements. Therefore, the Supplemental funding is considered as the first stage and the U.S. contribution to a multi-year, multi-funding source effort. This multi-year plan approved by the Minister of Health addresses

problems in a systematic manner to improve the safety and reliability of the facilities as it reshapes its facility inventory to support the conversion of the healthcare system from the current archaic hospital-based model to a primary care based system that is needed to improve the health of the population and to provide for a sustainable healthcare delivery system.

Supplemental funding will support the rehabilitation of up to 15 maternity and children's hospitals and the construction of new primary health care centers in every governorate.

**Equipment Procurement and Modernization
P/C 92000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 105.0 | 75.0 | 55.0 | 65.0 |

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

Throughout Iraq, there are about 250 hospitals and more than 1,000 healthcare centers that have outdated and unreliable medical equipment. The medical staff has not received adequate training throughout the full spectrum of medical specialties to improve overall patient care. There is also a severe shortage of college trained nurses.

A national equipment assessment identified urgent medical equipment requirements. A recently completed emergency survey of hospital and clinic medical equipment identified a total of more than 4,000 pieces of equipment requiring replacement. It is widely believed that as much as 40% of the medical equipment inventory will require replacement within the next two years.

Of the \$300 million in Supplemental funds, \$258 million will be used for procurement of new medical equipment and \$42 million (including \$25 million for USAID) for medical staff training and capacity building. \$235 million will be obligated in FY 2004 and \$65 million in FY 2005.

**Basra Pediatric Facility (Hospital)
P/C 91000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | 50.0 | | | | |

Responsible U.S. Government Agency: USAID.

The Iraqi healthcare system has been systematically under-funded. In particular, there are few primary, secondary, or tertiary resources available for children's health.

The goal of this project is to construct a new modern pediatric facility (hospital) in Basra to improve the quality of care and life expectancy for both the women and children of Iraq. This construction effort will improve access to healthcare for the children of the southern third of Iraq (other project proposals target significant improvements in primary care).

This facility will also train Iraqi health professionals, addressing the critical shortages of qualified health personnel. The scope of the construction of the new children's facility includes site preparation and development, including substantial security measures, and the construction of the facility.

The total cost of the project will be approximately \$100 million. The Supplemental is providing \$50 million of this amount. Private sources will provide the additional funds. \$50 million has already been apportioned to USAID for this project.

Private Sector Development

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 64.5 | 65.5 | 24.0 | 30.0 |

The private sector development projects outlined below are intended to open employment centers to match the needs of the public and private sectors with the vast labor pool, refurbish existing and provide additional vocational training centers, banking and business skills training, and capital to establish micro, small and medium enterprises. A component of private sector development will be stimulating the rural economy by placing emphasis on increasing agricultural productivity, increasing agricultural inputs, and creating jobs. Productivity even under the old order was low compared to most other developing countries, though it has potential to be quite high. The agricultural infrastructure is relatively advanced but has been seriously neglected over the years. The loss of rural jobs has encouraged a flow unemployed young Iraqi men to migrate to cities in search of work. Stimulating the rural economy will stem this urban migration and keep men in the rural areas.

Congress provided \$153 million for private sector development. Subsequently, an additional \$31 million was re-allocated to this program from the emergency supplies of refined petroleum products.

Expanded Network of Employment Centers P/C 01000

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 5.5 | 1.5 | 1.0 | |

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

High unemployment rates in Iraq are a persistent source of insecurity and instability for the country and will continue to hamper reconstruction. The goal of this project is to establish 28 Ministry of Labor and Social Affairs (MOLSA) Employment Centers to match the needs of the vast labor pool with those of the public and private sectors and facilitate reconstruction efforts. Using these centers, MOLSA will provide employment services, counseling, and other services to 1.1 million Iraqis, including 300,000 demobilized soldiers.

Within the Employment and Training Strategy for 2003-04, MOLSA has taken steps to address the issue of long-term employment opportunities for unemployed Iraqis. By the end of 2003, CPA-MOLSA had opened 10 employment centers across the country. CPA-MOLSA is well ahead of target to reach its target of opening 28 centers in Iraq by June 30, 2004.

Each center will have an average of 40 staff: computer data entry specialists, outreach (or job creation) specialists, monitors, career counselors, clerks, drivers, information specialists, and other support staff. The cost of staffing an average center is estimated at \$57,000/year (\$1.6 million for 28 centers). Average capital expenditures, such as computers, generators, and furniture, are estimated at \$153,000 per center (\$4.38 million in total). Rent, utilities, advertising, fuel and transportation, costs of training of staff, photocopies, signage, and other operating expenses associated with serving about 1.1 million Iraqis, are estimated at \$5 per client, or \$5.5 million in total.

The \$8 million in Supplemental funds will be used to cover the costs of opening, operating, and providing training and capacity building for the staff and centers. The funds will significantly aid in creating a mechanism for matching job seekers with employment opportunities, for referral for vocational and technical training, for counseling, and other services for those clients who require further training, or retraining, in order to qualify them to enter the job market.

**Vocational Training
P/C 02001**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 50.0 | 25.0 | 5.0 | 15.0 |

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

One of the largest challenges facing the reconstruction of Iraq is the task of training an Iraqi labor force to meet the economic growth and development needs of a new Iraq. A trained and qualified Iraqi labor force is needed to stimulate the economy, radically reduce unemployment, and encourage foreign investment. Already, MOLSA employment centers are struggling to fill the demand for trained English speakers, IT specialists, and mid-level managers, to name but a few. The demand for trained workers will significantly increase in 2004.

The goal of this project is to establish 16 MOLSA Vocational and Technical Training Centers in order to meet the demand for trained workers and to retrain unemployed and displaced workers. Through USAID, CPA-MOLSA will open, fully equip, operate, and provide capacity building and staff technical assistance to MOLSA vocational training centers for 2004. A Korean government organization, KOICA, will also partner with MOLSA to open the 17th center in Baghdad.

Particular emphasis will be placed on providing relevant vocational training to assist the Iraqi small and medium enterprises (SMEs) that are competing for reconstruction contracts funded by the Supplemental. Timely and targeted vocational and technical

training will help assure that SMEs can competitively bid for subcontracts, thus further promoting economic growth.

Each center will be staffed with an average of 60 staff: trainers, administrators, clerks, drivers, and support staff. The cost of staffing an average center is estimated at \$86,400/year (\$1.5 million in total). Average capital expenditures, such as computers, generators, vocational training equipment, and furniture, are estimated at \$1.12 million per center (\$19 million in total). Utilities, advertising, fuel and transportation, costs of training of staff, photocopies, signage, and other operating expenses associated with serving an estimated 340,000 unemployed Iraqis, is estimated at \$5 per client, or \$1.7 million. The cost of OJT designed to serve 153,000 demobilized soldiers and other unemployed Iraqis is estimated at \$250 per client, or \$38.3 million. The cost of renovating five of the six existing sites and constructing 11 new centers is estimated to be nearly \$20 million.

**Business Skills Training
P/C 02500**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | | 4.0 | 14.0 | 4.0 | 15.0 |

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

Decades of economic mismanagement, state control, and isolation from sanctions has left the Iraqi banking sector and Iraq’s micro and small and medium enterprises without the proper skills needed to run businesses in a liberal and open economy. The resultant lack of management capacity in the Iraqi economy severely inhibits the stabilization and growth. These inadequacies will also impede full Iraqi participation in reconstruction spending. A high level of Iraqi participation in Supplemental-funded subcontracts serves U.S. interests.

Overcoming these issues has two components: ensuring that Iraqi banks and firms are able to function in an effective manner both during the reconstruction work and afterwards. Bank training is addressed later in this document; these funds will support business skills training to ensure that subcontracts are not lost due to a lack of business management skills.

The Business Training Program will include rudimentary financial training for the Iraqi SMEs that are competing for Supplemental-funded reconstruction contracts. In addition to some general topics on the principles of a free market, and some overview courses on business and entrepreneurship, the following list illustrates the sorts of functional areas that will be taught:

- international accounting standards for reporting purposes;

- writing business plans;
- cost accounting and budgeting; basics of cash flow management;
- methodologies for responding to Request for Proposals;
- reporting required from recipients of U.S. government funds;
- computer training to include spreadsheet and word processing skills;
- marketing;
- human Resource management;
- review of the Iraqi Commercial Code;
- review of Iraqi Labor and Environmental Laws; and
- special sessions for Iraqi women in business.

Non-governmental organizations (NGOs) such as the Center for International Private Enterprise and/or the National Foundation for Teaching Entrepreneurship Implementation are planned as the implementers for the SME financial training programs. Other institutions such as the World Bank and the International Finance Corporation have discussed providing private sector technical training in Iraq. The World Bank and the International Finance Corporation programs, once they are implemented, would complement the CPA program funded by the Supplemental.

**Micro, Small, and Medium Enterprises
P/C 03000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 5.0 | 25.0 | 14.0 | |

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

The Iraqi banking sector (state and private) is currently not functional, and the lack of liquidity in the Iraqi economy is severely inhibiting economic growth and stabilization. A vigorous free market is the best way to trigger growth and experience has shown that two-thirds of new jobs and economic growth come from the contributions of micro, small, and medium enterprises (micro-SME). In Iraq, as a practical matter, this means almost all companies with the exception of state-owned enterprises (SOEs). To begin to address this problem, this program will issue grants to one or more NGOs or similar entities whose purpose is to implement a loan program to support Iraqi micro, small, and

medium enterprises. Particular emphasis will be given to Iraqi companies competing for Supplemental-funded reconstruction sub-contracts. The NGO will be authorized to provide loans provided that strict economic criteria are used and that return of capital or other repayment are strictly enforced. The NGO will be permitted to sell its portfolio at a discount, re-using the recovered capital to inject additional capital into the Iraqi economy. Special emphasis will be placed on ensuring that no otherwise competitive Iraqi firm is disqualified from a CPA subcontract owing to a lack of capital. These funds will not be used to support Iraqi SOEs.

The IFC is currently discussing the deployment of an Iraqi small and medium enterprise credit fund. The IFC facility will be complementary to the Supplemental-funded micro-SME Grant program. The liquidity need in the Iraqi economy greatly exceeds the combined capitalization amount of the IFC facility and the micro-SME Grant program. The micro-SME Grant program and the IFC facility are interim solutions for an economy starved of capital.

The micro-SME Grant Program also includes \$5 million to fund professional fees. Professional fees will primarily consist of legal fees, technical assistance and consulting in association with this program. Professional assistance would include reviewing and modifying the Iraqi commercial code, banking regulations and streamlining the process to register new companies in Iraq. The Iraqi commercial code is currently being translated and reviewed by the CPA. The professional fees will allow the current Iraqi commercial code translation and review to be expedited which will be followed by recommendations to the Administrator and the Iraqi Governing Council for amendments to the commercial code. The amendments will assure that a proper legal foundation exists to promote economic growth in the new, liberal Iraqi economy.

Education, Refugees, Human Rights, and Governance

| FUNDS (\$ millions) | 1 st Qtr FY 2004 | 2 nd Qtr FY 2004 | 3 rd Qtr FY 2004 | 4 th Qtr FY 2004 | FY 2005 |
|------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
| Appropriated | 15.0 | 123.5 | 83.9 | 57.6 | |

Migration and Refugee Assistance P/C 04000

| FUNDS (Millions of \$s) | 1 st Qtr FY 2004 | 2 nd Qtr FY 2004 | 3 rd Qtr FY 2004 | 4 th Qtr FY 2004 | FY 2005 |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
| Appropriated | | 41.0 | 28.4 | 35.6 | |

Responsible U.S. Government Agency: Department of State, Bureau of Population, Refugees, and Migration (State/PRM).

Estimates suggest there may be as many as 800,000 persons displaced throughout northern Iraq, in addition to 100,000-300,000 in the center and south. In addition, an estimated 900,000 Iraqis were compelled to cross international borders and are considered to be refugees, or in a “refugee-like” situation. Many Iraqi refugees and those in “refugee-like” conditions reside in Iran and Jordan, with lesser numbers in Saudi Arabia, Lebanon, Syria, and countries outside of the immediate region.

In order to respond to immediate protection and assistance needs of these Iraqis and facilitate the return and reintegration of approximately 500,000 people, the Department of State’s Bureau of Population, Refugees, and Migration (PRM) will use \$105 million to support humanitarian programs of its international and non-governmental partners.

The U.S. Department of State’s Bureau of Population, Refugees, and Migration will provide funding to the following organizations, which have programs that serve Iraqi refugees in the region and Iraqi internally displaced persons (IDPs) and non-Iraqi refugees inside Iraq. USG funds will fund a portion of these programmatic needs, while the remainder will be sought from other international donors. In many cases USG funds will be provided early in the calendar year to enable the continuation of programs started in 2003. The USG will assist the specialized agencies of the UN and other international organizations in soliciting funding from European and other donors to facilitate burden-sharing and spread the costs of humanitarian programming for Iraqis.

The United Nations High Commissioner for Refugees (UNHCR) is the lead UN organization for coordinating and facilitating the voluntary, safe, and orderly return of approximately 500,000 Iraqi refugees and asylum seekers outside Iraq, and many of the 900,000 plus IDPs inside Iraq, including promoting their sustainable reintegration into their communities of origin. The rate of refugee returns will increase markedly in 2004, as the security situation improves and basic infrastructure is restored. UNHCR’s role may also include involvement in dealing with property issues related to refugee returns, especially among Iraqi refugees in neighboring countries. In addition to organizing

returns, UNHCR provides returnees with repatriation/reintegration packages that consist of such necessities as seeds, basic agricultural tools, and plastic sheeting. Emphasis will be on ensuring the sustainability of returns through this reintegration assistance and income generation projects. UNHCR also provides assistance to communities of return, with priority given to those communities hardest hit by the recent conflict, those most affected by pre-war vulnerability and those receiving significant returns. UNHCR will also provide protection and assistance to the more than 110,000 non-Iraqi refugees living in Iraq, and where appropriate, facilitate their voluntary repatriation. USG support for UNHCR programs is expected to total \$50 million.

The International Committee of the Red Cross (ICRC) has provided and will continue to provide essential assistance and protection to victims of conflict, with priority given to IDPs, the wounded and sick, and people deprived of their freedom. ICRC assistance includes providing food, water, and non-food items; support to Iraqi hospitals; emergency repair of water and sanitation installations; registration and interviewing of prisoners of war and monitoring their treatment and conditions of detention; involvement with the missing; and, with the local Iraqi Red Crescent Society, establishing a family tracing service. As soon as the situation allows, ICRC will resume, and expects to substantially expand regular ICRC program activities in the fields of water and sanitation, public health, psychiatric, and orthopedic care. USG support for ICRC programs is expected to total \$26.25 million.

The International Organization for Migration (IOM) will continue its coordination with UNHCR to arrange and manage transportation for returnees, whose numbers are expected to increase as the security situation inside Iraq improves. It will manage a program of voluntary returns from European and other countries and continue assistance to IDP populations inside Iraq. In 2004 IOM will also increase its registration, information, transportation, and medical assistance to non-refugee Iraqi migrants and, where necessary, care for third country nationals remaining in transit centers in the region. USG support for IOM programs is expected to total \$5.6 million.

USG funding will support the activities of other international organizations (e.g., UNICEF, IFRC, UNDP, etc.) to provide complementary humanitarian assistance to returning refugees – especially women and children -- in critical sectors such as food, water and sanitation, housing, health and nutrition, and water. International organization activities will be closely coordinated with the CPA and other partners. USG support for these partners is expected to total \$10 million.

Funding for non-governmental organization (NGO) projects for Iraqi refugees and returnees throughout the region will be necessary in 2004. As the pace of large-scale refugee returns intensifies, PRM expects that increased opportunities for return and stabilization activities inside Iraq will require expansion of current NGO implemented assistance projects. USG support for NGO partners is expected to total \$12.65 million.

Additional funding for the State Department's Bureau of Population, Refugees and Migration (PRM) will be required in 2004 to support PRM management and oversight of

programs in Iraq. This will include travel, salaries, per diem, and support costs for PRM staff deployed to the field. These administrative costs are expected to total \$500,000.

Programming for refugees, returning refugees, and internally displaced persons will increase stability inside Iraq through the integration of these populations into society. Durable solutions for many of these persons will resolve decades old displacement problems and enhance reconciliation between factions that the former regime tried to divide.

**Property Claims Commission
P/C 05500**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 15.0 | 10.0 | 5.0 | |

Responsible U.S. Government Agency: Department of State, Bureau of Population, Refugees, and Migration (State/PRM)

One of the most pressing security issues in Iraq, and particularly in the sensitive regions of Kirkuk and Mosul, is resolving the many real property disputes created by the Arabization campaign and other confiscatory practices of Saddam’s regime. The former regime forced thousands of Iraqi families from their homes, farms, and other property without adequate (if any) compensation and in many cases destroyed entire villages. Much of this property was transferred to innocent purchasers and the concept of simply returning the land is complicated by the rights of these innocent third parties. In order to build a secure civil society based on the rule of law, it is imperative that basic property rights be restored as soon as possible.

The aim of this project is the establishment of a process to resolve property claim issues created by the seizing of property by the old regime. The CPA supports the Governing Council’s establishment of the Iraqi Property Claims Commission (IPCC) to adjudicate these thousands of claims. The strategy is to resolve as many claims as possible through voluntary mediation with awards of compensation and, if mediation fails, through arbitration of the claims by a quasi-judicial panel with judicial review through an accelerated appellate process. Funds will be used to begin training Iraqi personnel and opening national and regional offices in Baghdad, Kirkuk and Mosul in an effort to establish a civil society by the time sovereignty is handed over in June 2004.

The Property Claims Process will be administered by an Iraqi-led, Iraqi-run process, with cooperation and oversight by the Coalition Provisional Authority until June 30. The Property Claims Process will accept claims for property confiscated or distributed from rightful owners from January 1968 through April 2003. Claimants will file claims with regional offices that will review and make initial determinations on ownership. Claimants may appeal this decision to an administrative appellate authority for final and

binding decision. During the process, claimants will have the opportunity to voluntarily resolve property disputes at the regional level through the compensation fund. This fund will greatly assist in an efficient and fair resolution to property claims disputes. Funding is planned as follows: \$10 million for the establishment of offices, staffing, and equipment for the IPCC; and \$20 million for the compensation fund that will encourage the voluntary resolution of disputes.

**Banking System Modernization
P/C 08000**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | 5.0 | 17.0 | 8.0 | | |

Responsible U.S. Government Agency: Department of Treasury in coordination with USAID.

The rehabilitation of the banking system of Iraq is vital to the nation’s economic recovery, which underpins political and social stability for the long-term. A foundation must be established, including the development of basic banking institutions and infrastructure, essential communications and information processing capabilities, human skills, and key banking networks within Iraq and between Iraq and other countries.

Funding in this area will be focused on the beginning steps of the rehabilitation process, in particular on the Central Bank of Iraq (CBI) and on the national information technology networks that will bind Iraqi private and public financial institutions into a truly national banking system.

- Essential Financial Sector Infrastructure. A nationwide banking network is vital to the growth of financial services as the means to carry banking information and payments. \$9 million is planned to conduct initial studies and basic infrastructure implementation, which includes essential hardware, security, networking and monitoring applications. These funds will also be used to train senior Information Technology managers and operators from the CBI and other Iraqi banks, and on a one year warrantee and services agreement.
- Central Bank Core Banking system. \$4.5 million is planned for installation of the system that will provide the following operations and functionalities:
 - accounting and General Ledger management;
 - CBI treasury room and back office functions;
 - domestic banks accounts management;
 - finance Ministry and other government agencies accounts management;
 - CBI accounts managements including foreign account and correspondents;
 - investment accounts and government securities depository/registry system;

- human resources management system, which includes payroll and training; and
 - procurement systems for the CBI and all its branches.
- National Payment System. \$8 million is planned to create a national system for payments and transactions as follows:
 - Central Automated Clearing House to handle routine and low value transactions; and
 - Real Time Gross Settlement system to facilitate inter-bank transactions on a real time basis for high value and urgent transfers.
 - Procurement of Central Bank Servers, Computers and Related Equipment. \$1 million is planned to procure computer and computer-related equipment, operating system and application licenses and warranties that are needed for the rehabilitation and modernization of CBI functions and branches.
 - Basic Skill Raising; National and International Institution Building. \$3.5 million is planned for training in the areas needed for running a modern and efficient central bank, including the provision of courses on supervisory policies and techniques and on Basel II, BIS, and anti-money laundering regulations and activities. These funds are also planned to pay for Iraqi participation in relevant national and international meetings, conferences, and workshops.
 - Other essential equipments. \$4 million is planned to secure other equipment needed for the CBI to accomplish its mission. This includes power generators, physical security systems, bank note sorters, and armored vehicles.

To date, \$5 million has been apportioned to the Department of the Treasury (Office of Technical Assistance) and notified for this program.

**Human Rights
P/C 09500**

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 11.5 | 3.5 | | |

Responsible U.S. Government Agency: Department of State, Bureau of Democracy, Human Rights and Labor (State/DRL).

In conjunction with the Ministry of Human Rights, the objectives of the Office of Human Rights and Transitional Justice (OHRTJ) are to address past atrocities of the regime and create a climate for the promotion of fundamental human rights and dignity in Iraq.

- Mass Graves/Missing Persons. The OHRTJ has developed a Mass Grave Action Plan, which balances the needs of grieving families to find information about their missing loved ones and the need to preserve sufficient evidence for accountability. This plan selects certain sites for international forensic teams to exhume for evidentiary purposes and trains Iraqis to lead and participate in community-led exhumations to identify missing persons. Immediate funding will support training programs to strengthen local capacity, equipment, the development of an Iraqi Bureau of Missing Persons under the Ministry of Human Rights, and overall support for the exhumations of select mass grave sites. Funding is planned as follows:
 - ? Forensic Anthropology Training Programs to train local communities in forensic exhumation. This program will begin immediately and will be implemented by OHRTJ staff. Estimated cost: \$940,000.
 - ? Equipment for Iraqis to use in forensic and local digging. Training is being provided by OHRTJ staff. Estimated cost: \$1.0 million.
 - ? Family advocacy programs to help families who have lost loved ones gain closure and psychosocial counseling programs to train locals in community-based counseling. Estimated cost: \$700,000.
 - ? Development of Iraqi National Bureau of Missing Persons within the new Human Rights Ministry. Funding will be used for hiring and training personnel and establishing a national database. Estimated cost: \$1.5 million.

- Research into Past Atrocities. Although the justice system may focus on the investigation of key Baath officials for criminal accountability, the vast majority of all research and documentation of past atrocities will take place outside of the justice system, for healing, truth and reconciliation, and historical record. To accomplish this, funding will train Iraqis in testimony-taking projects, establish a physical document archive, and train Iraqis how to scan documents for information on past atrocities. Funding will also support local initiatives to establish memorials and museums. Funding is planned as follows:
 - ? Documentation Workshop. Follow-up to earlier conference to discuss the establishment of a National Archive of Documents for Past Atrocities within the Human Rights Ministry and how to encourage NGOs, political parties, and other private entities to turn over documents to the government or government-accessible institutions. Estimated cost: \$40,000.
 - ? Abu Gharaib Memorial. A memorial and museum will be established at Abu Gharaib prison, previously one of the world's most feared prisons, to commemorate past suffering and the triumph of survival, with local Iraqi NGO participation. Estimated cost: \$500,000.
 - ? Memory Foundation or other Documentation Project. These funds will support efforts to collect and turn over atrocity records to the appropriate entity for the creation of a historical record. Estimated cost: \$1 million.
 - ? Athletes Committee. A conference will be held to document and tell the world about past atrocities committed against Iraqi athletes and establish a memorial. Estimated cost: \$50,000.

- ? Witness Database. This database will train local Iraqis to collect witness statements and oral histories to assist in investigations, historical records and locate missing persons. Estimated cost: \$960,000.
 - ? Document Database. The CPA has developed a database to collect information on atrocities committed by the former regime into a user-regulated, but accessible, national database. OHRTJ staff will train Iraqis from around the country in the use of this database and will purchase necessary equipment. Estimated cost: \$960,000.
 - ? Atrocity Research Fund. This fund will purchase videos, photos, and other readily available information on past atrocities readily available in Baghdad, as well as pay for shipping/transportation costs for information on past atrocities and documents maintained by international NGOs and other groups elsewhere. Estimated cost: \$500,000.
- Human Rights Education. Human rights education will be essential to developing a culture of respect and promotion of human rights in Iraq. After 35 years under a repressive regime, training must occur in the education system, within civil society, in selected government agencies, such as police and justice, and through the media. Also, active participation by Iraqis in the Human Rights Commission will help create an understanding of these issues. Funding is planned as follows:
 - ? Human Rights Commission. These funds will support an Iraqi delegation to the 6-week UN Human Rights Commission. The Human Rights Minister also desires to establish a national “independent” network to monitor and question the government which requires start-up funding. Estimated cost: \$1 million.
 - ? Develop a Human Rights Civic Education Program. Funding will be used to train Iraqis, in schools and at the community level, in fundamental human rights and to increase public awareness through brochures, publications and news releases. The Human Rights Minister will also begin a newspaper on human rights education. Estimated cost: \$2.1 million.
 - ? Truth Commission. Funds will assist Iraqis and the Human Rights Ministry in the development of a truth commission and training workshops in the value and structure of such commission. This Commission initially intends for victims to publicly come forward at the local level and describe the atrocities suffered, which will feed into a national process which manages and coordinates the local process. Perpetrators may or may not become part of this process. Estimated cost: \$2.5 million.
- NGO Development. Even with the development of a new Human Rights Ministry, it is still essential to develop a strong civil society which promotes and demands government respect for human rights. A strong NGO community serves as an independent watchdog on government activities. This requires assistance to individual NGOs and training programs for NGOs as a whole. Training, equipment and facilities are required in the short-run, and in the long-run, funding for programs will ensure that civil society has a voice with regard to human rights in Iraq. Funding is planned as follows:

- ? Training programs for NGOs. Estimated cost: \$250,000.
- ? Equipment and assistance to 10-20 start-up NGOs. Estimated cost: \$1 million.
- Human Rights Ministry. This new Ministry was established by the Governing Council to foster a culture of human rights and dignity in Iraq and to assist in reconciliation with atrocities committed by the former regime. The OHRTJ's programs, as laid out above, will support the goals of the Human Rights Ministry as it develops.

Specific planned projects which will likely fall under the ministry in the future include mass graves assistance to families, research into past atrocities, forensic training programs, equipment for forensics and local digging, development of a Human Rights Civic Education Program, family advocacy, a document database, an oral history database, NGO coordination and development, a Truth and Reconciliation Commission, establishment of Human Rights Commission delegation, development of the Iraqi National Bureau for Missing Persons, a fund for investigative/documentary purposes, the Memory Foundation, Documentation and Memorial Workshops, Abu Gharaib Memorial Workshop, and a Committee to review crimes against athletes.

**Education
P/C 06300**

Basic Education

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------|
| Appropriated | 10.0 | 26.0 | 30.0 | 16.0 | |

Responsible U.S. Government Agency: USAID.

The education system in Iraq was highly regarded and high performing until the early 1980s. Before then, the country had continued to improve at all levels of education and had achieved nearly universal primary enrollment in 1980. Thereafter, following more than two decades of major wars and bad policies, the system went into a steady decline, driven by a combination of:

- lack of resources as public funds were siphoned off for military expenditures and other priorities of the ruling regime; and
- the politicization of the education system, which influenced everything from curriculum, to teaching, staff, to admission policies.

Enrollment rates have declined progressively and attendance rates have decreased to alarmingly low levels, including the 50% attendance rate for girls in rural areas. The curriculum became outdated and distorted as it was used as a tool for political purposes. Systems development came to a standstill with serious consequences for management and governance. In addition, the school physical infrastructure has so deteriorated that it has increasingly negative effects on the quality of education and attendance rates since many students must now be educated in double or triple shifts. An estimated 4,500 new schools are required to meet the needs of the current student population. Out of nearly 15,000 existing school buildings, 80% now require significant reconstruction. More than 1,000 schools need to be demolished and completely rebuilt. Another 4,600 require major repair. Thousands of school buildings nationwide also do not meet the minimally acceptable health standards.

While the country continues to graduate many teaching candidates, the availability of professional development and pre-service preparation programs have deteriorated considerably over the last two decades.

From May to December 2003, 1,842 schools were repaired or rehabilitated. The Supplemental funds will be used to repair pre-, primary and secondary schools in nine Governorates across Iraq. Many of these schools are in areas that have not received much rehabilitation attention because of security issues. Renovations and repairs will bring the schools up to an acceptable life-safety, maintenance and construction levels providing a better learning environment and sense of security for faculty and students. Supplemental funds will also be used to meet the essential non-construction requirements of the Ministry of Education, including: (1) restoring water and sanitation services to schools; (2) forming or reactivating PTA; (3) reducing the number of schools holding multiple shifts; (4) establishing 162 model schools, Centers of Excellence; (5) developing television for pre-school children; and (6) ensuring the delivery of school supplies.

To date, \$10 million has been apportioned to USAID for this program.

Higher Education

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 3.0 | 4.0 | 1.0 | |

Responsible U.S. Government Agency: USAID.

Just as primary education facilities suffered from neglect, vandalism, and other damage, so too have Iraq's institutions of higher education. Iraq's 20 universities and 43 technical schools are in desperate need of repair, furnishing, and equipment. Iraq's institutions suffer from varying degrees of damage. Minimal rehabilitation of the worst will require at least \$500,000 each. This will bring their structures up to absolutely minimal safety, sanitary and environmental (heating, ventilating, and air-conditioning standards). Others

can be brought to the same standards for less. The average rehabilitation will run approximately \$250,000 per institution.

In addition to rehabilitating buildings, rooms, and sanitation facilities, there is a need to supply the basic furnishings, equipment (computers, laboratory supplies and equipment, machinery and tools), and textbooks.

Civic Programs
P/C 06600

| FUNDS (Millions of \$s) | 1st Qtr FY 2004 | 2nd Qtr FY 2004 | 3rd Qtr FY 2004 | 4th Qtr FY 2004 | FY 2005 |
|-----------------------------------|---|---|---|---|----------------|
| Appropriated | | 10.0 | | | |

Responsible U.S. Government Agency: USAID.

Iraqi society, including women and youth, suffered under the repressive regime of Saddam Hussein. Post-war, these two groups have emerged as eager and willing participants in their country's reconstruction and the opportunity now exists for women and youth to become an integral part of the democratic process. In addition, society throughout Iraq's governorates has demonstrated a desire to understand basic democratic principles.

The objective of this project is to promote the involvement of women and youth in the reconstruction of Iraq, coupled with civic education and activities on democratic principles for the entire Iraqi population. Programs will aim to support women and youth by providing training in leadership skills that will allow them to participate in democratic development. This will include exchange programs, international conferences, and other venues for learning and networking. These programs will focus on the participation of Iraqi women and youth in the regions. These funds will support opportunities for Iraqis at the regional level to learn and discuss their rights and responsibilities in a democracy by enabling indigenous non-governmental organizations and local government bodies to sponsor such fora as discussion groups, debates, town hall meetings, and other events that focus on democracy.