

PRESS CONFERENCE

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PARTICIPANTS:

DR. AL-SHEIKHLY, BG DORKO, and BG TALLEY

REPORTERS 1-6:

INT=INTERPRETER

RPT1=REPORTER1

BG DORKO:

Good afternoon, and thank you all for being here today. We here, and I on behalf of the entire Gulf Region Division certainly want to send all our best wishes to you here and all the Iraqi people at the, at the start of Ramadan, and thank you, again, all for coming. I also want to thank Dr. Tahseen al-Sheikhly and General Talley for allowing me to join them to take part in today's press conference.

Today, I would like to brief you and update you on a few projects recently completed and nearing completion that will contribute to Iraq's capacity to serve the Iraqi people, not only today, but for years to come.

A few of these slides will address brick-and-mortar parts of construction and are really only part of the over 4,600 projects to date that we have built in our cooperative partnership with the government of Iraq. But as you'll see in a couple of cases, you'll see where we are investing in Iraq's greatest resource, its people.

Next slide, please.

Few projects can claim to be as fast in terms of payback as the Pipeline Exclusion Zone that protects the pipeline complex from the Kirkuk oil fields to the Bayji oil refinery. This

construction investment of only \$44.3 million, \$32 million from the U.S. government and over \$12 million from the Ministry of Defense, protects against the estimated loss of \$30 million of revenue each day in the event of a pipeline interdiction.

In engineering terms, the project was basically very simple. The Kirkuk-to-Bayji Pipeline Exclusion Zone is a combination of physical barriers on each side of the pipeline creating a corridor that prevents access by those who would interdict the pipelines and there are controlled crossing sites.

These relatively basic obstacles, coupled with guard towers and supporting infrastructure built by the Ministry of Defense, have had a tremendous economic impact. Northern exports, for the first half of 2007, were very low, often less than one 100,000 barrels per day, but increased dramatically just at the start of this project. By November, 2007, daily production rates rose to 520,000 barrels a day, and by February of 2008, peak production and export figures were topping 600,000 barrels per day. The Pipeline Exclusion Zone enabled the Iraqi army to effectively take charge of the situation and eliminate interdiction of a strategic national asset for the Iraqi people. The Ministry of Defense not only provided overall security during GRD's construction, but as I

mentioned, constructed facilities to house security forces and to allow them to effectively manage this Pipeline Security Zone. Additional pipeline exclusion zones are now under construction, and for the Bayji-to-Baghdad pipeline, you can see on the slide that we're, we're planning a couple others from Dura to Hilla and then Bayji to Baghdad, based on the model that we've come up with for Kirkuk to Bayji. When all the associated costs of this project are taken into account, and pipeline interdictions are avoided, you could actually say that the Kirkuk-to-Bayji Pipeline Exclusion Zone paid for itself in only two or three days.

Next slide, please.

One of the issues in Iraq's power generation shortage has been difficulty in obtaining refined petroleum products to power gas turbine generators. To build capacity for refined diesel fuel for gas turbine power plants, the Gulf Region Division and the government of Iraq's Ministry of Electricity have completed construction and commissioning of a topping plant at Musayyib. A topping plant is actually a small refinery that in this case is capable of producing 21,000 barrels of diesel fuel every day. The topping plant can provide enough fuel on site for all gas turbine generators at the Musayyib power plant, which is designed to

produce about 400 megawatts of power, enough to meet the needs of about 360,000 Iraqi households. This on-site refining capacity not only addresses the fuel needs for the gas turbine generators, the residual heavy fuel oil from the refining process can be piped to the Musayyib thermal generation power plant next door to fire the boilers to make steam and to turn these additional generators into steam generators that make electricity. In addition to providing more power for the Iraqi people, each reliable megawatt that's added from Musayyib contributes to the sustainability and stability of power in Baghdad.

Also in electricity generation, the Gulf Region Division continues to work on the Kudis power plant expansion near Baghdad where we are installing two General Electric Frame 9 generators capable of producing 90 megawatts of power each. This \$175 million power plant expansion will strengthen the Baghdad Ring and serve an estimated 180,000 to 235,000 Iraqi households when the turbines come online in early 2009. This will be the last Gulf Region Division electrical generation project to be completed under the Iraq Relief and Reconstruction Fund auspices. GRD has managed \$3.4 billion in electricity projects, which is a substantial portion of the total U.S. contribution of over \$4.2 billion.

Next slide.

Another significant project that's nearing completion is the Sadr City R-3 water treatment plant here in Baghdad. Work at Sadr R-3 is more than 95 percent complete, and the plant has for some periods already operated at 70 percent of its designed capacity. The contractor is on schedule to reach full plant capacity by the end of September. The plant will produce 4,000 cubic meters an hour of potable water to serve 192,000 residents in Sadr City. GRD's work on the plant costs \$26.5 million. Completion of the Sadr R-3 water treatment plant will go a long way to meet the potable needs of the Baghdad ... of Baghdad residents as these projects, this project in particular, is integrated with other GRD projects and the Baghdad Water Authority's projects throughout Baghdad neighborhoods. The plant, when operating, will employ up to 150 operators, maintenance and management personnel. To ensure that the plant operates properly, GRD is providing operations, maintenance and systems training to all the plant employees.

Next slide.

With the completion of 118 primary healthcare centers and 41

hospital renovations to date, the Iraqi Ministry of Health has many improved facilities to provide for Iraq's health needs. But those facilities and the specialized medical equipment they will contain require proper attention to make sure they stay in top condition. As part of the commissioning and turnover process, the Gulf Region Division has provided training on facilities, systems and equipment for the medical and general maintenance staff at each of these facilities. To further facilitate the turnover process for the 14 remaining healthcare clinics, and to continue building the Ministry of Health's capacity to care for all the facilities we've been involved with, we, the GRD, have contracted for a one-year program to conduct facility maintenance to help with the transition of the last 14 clinics, to fix identified shortcomings in all the clinics, and to provide refresher maintenance training for Ministry of Health personnel. This will ensure that these facilities are of the highest quality and get their life-cycle maintenance off on the right foot so that quality facilities are reinforced with good practices and to ensure spare parts are present, that ... that good maintenance work is done, that future budgets all line up and guarantee that these facilities will continue to serve the Iraqi people for decades to come.

Next slide.

For employees at water treatment plants, electrical generation stations and other complex industrial facilities, GRD has incorporated training for modern technologies for this equipment or equipment, replacing older equipment dating from decades past. This slide represents just one example in the electrical sector where GRD has not only partnered with the Ministry of Electricity to build new facilities, we've gone beyond just the operator training and familiarization, but have conducted over 100 courses involving more than 800 Ministry of Electricity employees to address specific mechanical and electrical skills necessary at the power plant level, all the way up to project management and program management training for senior managers in the Ministry. Iraq's greatest resource is its people, and we believe training and building the capacity of the workforce is every bit as important as the initial construction of a facility. We're proud to have been able to partner with several ministries in this regard as well as in our role in building vocational and technical schools throughout the country. This will set the conditions for sustained success well into the future.

Reconstruction in Iraq is certainly a team endeavor being undertaken by a number of entities that are each bringing their particular capabilities to bear in a variety of interconnected

problems. We're proud of what we've accomplished with our Iraqi partners and look forward to continued progress. And I'll stand ready with my teammates at the end of all our presentations to take your, to take your questions at the end.

I'm delighted here today to be joined by Brigadier General Jeff Talley, the commander of the 926th Engineer Brigade, and look forward to listening as he tells us about the great work that he and his brigade have done, here in Baghdad, but particularly in Sadr City. Thank you.

BG TALLEY:

Good morning, and thank you for coming. I hope that they will provide some food to you after all this is done. So, at least if the questions and answers are not to your satisfaction, at least you will have something to look forward to.

As was mentioned, I command the 926 Engineer Brigade; more specifically, I am the engineer for Multi-National Division Baghdad, which is the maneuver unit for Coalition Forces, it has the responsibility for the greater Baghdad area.

This morning, I'll highlight just a few things that we're doing within Sadr City, and then I'll look forward to taking your

questions.

You have a slide packet, I hope, in front of you. We had them translated into Arabic, and those slides should be behind me up on the screen. And there's lots of information in here, so I think what I want to first is to kind of give you a short history lesson, if okay, with how we were asked to come into Sadr City and try to make an immediate difference in assisting the people of Sadr City.

Task Force Gold is one of three subordinate units that I command. Task Force Gold is led by a colonel, engineer officer, and it is the Coalition Force Assistance and Reconstruction Office in Sadr City. And it is located at JSS Sadr City, which is just off, off of a route that we call Plutos, or Armory Canal Road. Task Force Gold was stood up towards the end of May, and the objective of Task Force Gold was to get in and to immediately provide assistance and reconstruction assistance to the people of Sadr City, specifically in the area that we call Operational Environment Gold. And the map to my right and to your left lays out the boundary ... boundaries of OE Gold, and all those little markers up there are all the projects that we are either working on or, or will begin working on shortly.

If you look ... next slide, please ... If you look at this slide, you'll

see how we've broken out the spending that we've been able to do so far. So, I think I'll start with assistance first.

Within Task Force Gold, it's organized really into two subsections; one section is a group of engineers that do the technical scoping, design, planning, and then contracting for engineering services. The other is the assistance piece.

The assistance piece is run by the CMOC, the Civil/Military Operations Center, and within the CMOC is an Iraqi Assistance Center. The IAC's purpose is to assist Iraqis in Sadr City that feel they have been disadvantaged due to combat operations by Coalition Forces. So, this consists of, first, what we call Claims and Condolences, paid out in terms of cash to those that feel that their homes or family members were ... were somehow harmed by Coalition Force operations in the battle for Sadr City where we were assisting and working with the Iraqi army; secondly, it's to provide micro-grants to those businesses that may be in the OE Gold area, that need some assistance in getting their businesses restarted, or starting new businesses to help generate income within the heart of Sadr City, which is the ... the economic heart, which is Jamila Market.

Without going through all of these numbers, simply put, we've paid out about ... as you can see there in the column of micro-grants statistics, almost \$600,000 USD in the terms of micro-grants to businesses. These are normally anywhere from \$2,500 to \$5,000 micro-grants, and some cases it can be more. The Claims and Condolences are listed below and broken out. As you can see there, it's almost \$2 million so far paid out to residents of Sadr City in terms of trying to reimburse them for damages that may have been done to their businesses or their residences from combat operations. So overall, maybe close to two and a half million dollars of assistance provided already within the area we called OE Gold.

Within OE Gold, we currently have spent or have obligated or planned to spend, almost \$73 million for reconstruction. Of that \$73 million, approximately twelve and a half million were provided by the Iraqi government. The rest is provided by the United States government. And this comes under a program we called CERP, which is Construction Emergency Response Program. And what you should understand is the CERP money that's provided by Congress to commanders in the field, is this is humanitarian, emergency response-type activities, and generally it's supposed to be for \$500,000 or less, and six months or less in

duration.

We have spent some money on projects greater than \$500,000, and when we do that, we try to link it one of three things, or at least that's the guidance I have to my Task Force Gold commander.

First, is it has to be able to somehow hopefully move forward in terms of sustainable security. The most important thing is that we provide security to the people of Sadr City, then, of course, provide that assistance in reconstruction. The second piece is to make sure that we're providing repairs to anything that the Coalition Force may have damaged in the course of combat operations in Sadr City. And the third, if the project is more than \$500,000, but there's significant Government of Iraq leveraging or assistance, then we may be able to go ahead and use U.S. taxpayer money to provide that assistance, even if it may be infrastructure issues that aren't associated with damage from Coalition Forces or directly linked to security. We try to do this to be fair to the U.S. taxpayer, but also to do everything we can to assist the people of Sadr City and in Baghdad. You'll see what we have here is called "lines of efforts." Lines of efforts are the different descriptions we use for projects that you'll see quickly presented behind me. We have the term called "access." Access, we have 29 projects, either completed,

ongoing or planned, that have to do with access. Access means removing debris or things that were result of combat operations. So, concrete structures, buildings that unfortunately were damaged during combat operations, physically removing that debris so people can get in and out of the streets within OE Gold. Sewage is 18 projects; this is pretty much self-explanatory. A lot of the sewage collection system was clogged, either through trash or in some cases neglect from maintenance or due to combat ops, so we wanted to be able to repair those sewage lines. Academics and schools. We have 40 projects associated with the renovation of schools within OE Gold. Water. You'll see "zero" down there. And one of the reasons within OE Gold we have found that there has not been a huge problem with supply of water. Electricity is a, is a great challenge next to security, it's the second-most important thing to the residents of Sadr City based upon my conversations with them and surveys that we've done. And we have 23 projects that have to do with either microgeneration or solar lighting or just lighting in general along, along the streets. Trash is self-explanatory. Health, our clinics, these are public clinics that provide medical care to the residents of Sadr City. And the Normacy and Security, we have 57 projects. These are everything from repairing the sidewalks, fences, painting the T-walls that we've put in around Sadr City for security and protection,

restoration of parks, soccer fields, even a new pool opening. We just had our first pool construction project finished here a few days ago, and it opened yesterday. Economic Development is Jamila Market and the other private markets in OE Gold. And Life Safety are those buildings that were damaged that we needed to tear down before they would fall down and, and hurt the general public.

If you'll follow on to the next slide, please, I'll just give you examples, and then we'll finish up with questions. You'll see behind me "Access." Here's an example of what we call Route Douglas. Route Douglas is, is a, a route that's in the heart of the People's Market. In Jamila Market, you have the warehouse distribution area, and then you have, some locals call it the Vegetable Market or the People's Market. In that area, debris from combat operations were in some cases 20 feet high where you could not even get into the streets itself. I used U.S. Coalition Force engineers the first week—this was during the last week of May—to remove, in some cases 50 to 70 truck loads per day. And then after that, went with Iraqi contractors to continue the work. All of the other work that you'll see in these following slides are done by Iraqi contractors that we hire, and a condition of their contract is they have to hire local Sadr City residents to be their workforce.

The projects, when we try to design the projects, it's not to do this where it's the Coalition Force trying to figure out what projects need to be done; it's the Coalition Forces and Task Force Gold working with the baladiyah, who works of course, for the Amanat and the Mayor. It's also the DAC. So we're looking with the local neighborhood council and the area councils, along with the Government of Iraq in trying to identify projects that they think are important as well as not just what we think. So, it's a collaborative effort right from the very beginning. Then we write the technical scopes and of course make sure that those contractors do a good job. And then we even have the DAC and the baladiahs help us do quality assurance, quality control inspections, and in many cases, we will link it with the ministry, appropriate minister representation to Sadr City. And what we're trying to do is always have a quality product for the residents of Sadr City.

So, the access you'll see in some of these pictures, it looks pretty rough behind me. We removed the debris and then, with the issues of micro-grants, most of the businesses rebuilt themselves along Route Douglas, which is the People's Market at Jamila, and this has had a huge impact on the economy. We also were able to open up five entry points along the Gold Wall, which is predominantly

controlled by the Iraqi Army in order to allow access by pedestrians and vehicle traffic in the Jamila Market area while still providing security.

Next slide.

In Sewage Area, I could spend and put you all to sleep, two to three hours just discussing all the projects. And I just want to kind of give you a flavor for the type of work we're doing and I ... I like you too much to put you to sleep, particularly if they haven't fed you yet. So let me just focus on highlights.

Off of the Peoples Market, there was a street that we called Route Kansas; the locals called it the "River of Sewage" or "River of Poo," and that's because it had standing sewage for three and a half to four and a half years, depending on which locals you talk to. It was—and in some cases three and a half feet deep—and the poor residents of the Jamila Market area had to deal with that every day. You can see pictures behind me. Within five days after we stood up Task Force Gold, we had the River of Poo gone and remediated and then repaired the sewage lines. So we're also repairing the sewage lines associated with Jamila Market.

Next slide, please.

In terms of academics, as I mentioned, 40 schools—22 schools have been completed, 16 remaining, eight of which we will have finished here shortly. This is everything from ... many cases this is not from combat operations; these are just schools that, to be frank, they just needed renovation. It's not associated with any combat operations. So we go in and we look at the plumbing, the electricity, painting, try to make them a nice place for students to study. We do this with, again, the DAC, the local representatives, and we get with the Ministry of Education, and I meet with them personally and bring them in to the Sadr City reps, linking the national government to the local representation and agreeing on the projects, and you can see examples behind me. And this has been a real success story, in many cases providing generators as well for back-up electricity.

Next.

Speaking of electricity, within the 12 mahalas that we call OE Gold, we've initiated projects for microgeneration. Microgeneration is simply the installation of 350 KVA generators strategically placed in each mahala, general three or four

generators per mahala, which will provide electricity to 200-250 families where the guidelines is each family gets about 5 amps per house. This is not a, a great solution, but it is to provide some immediate relief to the, to the people. Five amps will give them enough electricity to run their air conditioning unit, the refrigerator, television and some lighting. These private co-ops are created and we hand them over, and the DAC actually manages these co-ops for us. And then they ask that we train the operators, it's ... we meet with the locals, residents, to make sure that we've got the right families covered, and this is all orchestrated through the local council. And then after the co-op is established, you can see pictures of the generator behind me, then they are turned on and it provides the electricity and it, again, it provides some immediate relief. And we've put eight generators in so far, and we'll be putting generators in to the rest of the mahalas in the coming months. This is to provide immediate relief to the residents.

The lighting pictures you can see behind me, up and down what we call Routes Florida and Delta, which are the main roads coming in to Sadr City off Mudaffer Square. We have repaired all of the permanent lighting, and we were able to convince the Ministry of Electricity to allow us to connect those lights to the 24/7 circuit.

So now, for the first time in many years, you actually have ... Sadr City, as ... you can see Sadr City from Google Earth. So if you go into Google Earth, you can actually see Sadr City lit up at night because of the Ministry of Electricity's cooperation with us in connecting that to the 24/7 grid. We've also installed 133 solar lights in Mahalas 512 and 514, and done other electricity projects.

Next slide, please.

Trash. All I can say is trash is a real challenge, not only in Sadr City, but throughout Baghdad. The initial response was to come in and just basically have contractors try to handle picking up all the trash; now we've gone to a public service corps contract working with the baladiyah, putting out garbage dumpsters, trying to do our best to keep the trash picked, as well as from clogging the sewage and storm water collection systems. Great success out there. If you were to go out to Sadr City, some of you may be from Sadr City, you will clearly have noticed a huge difference in trash pick up.

Next slide, please.

Clinics. The clinics are all public clinics. The division surgeon

from Multi-National Division Baghdad, working with my medical operations people, linked up with the medical of health and the local area councils. We pulled them together; we agree on which clinics ... and every public clinic in OE Gold has been, has been or is under rehabilitation at this time, to include the installation of generators, again plumbing, and then the Ministry of Health comes in and provides the staff and the instrumentation for the medical piece after we complete the clinics. And that's been a real success story. There is actually one clinic we've done north of Route Gold, which was a maternity clinic, where the administrator of the clinic came to us and asked us to help them with air conditioning and a roofing project. And we have done that as well.

Normalcy. Next slide, please. This may seem like unimportant things, but it's important to the residents of Sadr City. People hate T-walls. I don't like the T-walls any better than the local residents do, but they're, unfortunately, a necessary for security. So we hired local artists from, from Sadr City, from some of the vocational colleges, and hired them to paint the murals on the T-walls. And I actually have some posters that I think are in the back, and you can see some of the mural painted by some of the local artists, redoing Wahafran Square, Mudaffer Square, sidewalks, all those sorts of things. Big difference, visible

difference throughout OE Gold.

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Jamila Market. I've talked about how we went in to Jamila Market, repaired and provided the essential services, and then provided the micro-grants so that the businesses could rebuild their own, their own organizations. That's been very, very successful, particularly on Douglas and Route Kansas and along Route Gold. If you were to have looked at what was going on in late May in OE Gold and now, you can actually hardly drive there, there's so much traffic. Now the businesses are coming back and doing very well. And hopefully, if security continues in the future, we'll be able to increase more openings along the Route Gold Wall and allow it easier for access.

Next slide, please.

I think one I'll finish up with is power generation. In addition to microgeneration and the solar lightings and the regular lightings, one of the things that we've ... are trying to do is at the Kudis substation, which is, which is in OE Gold, we have looked at providing an HFO, heavy fuel oil generator that would provide 4

megawatts of power. And this would provide electricity 24/7 to all the businesses within Jamila Market and the three private markets. The idea is, as most of you I'm sure are aware, is it's been estimated as high as 30 percent of all the residents of Sadr City are somehow employed by businesses affiliated with Jamila Market as well as it's a direct stimulus to Baghdad. So, we have this project up at the corps right now. We're working with the Ministry of Electricity; they would provide the crude and the operational maintenance, and we have some other initiatives we're trying to get across with the Ministry of Electricity. And we think that will be very, very important to providing security ... improve security because of not only the, the economy will grow, but also the electricity, as I mentioned, is the second-most important issue within, within Sadr City, and probably goes true for Baghdad.

I think with that, I will stop and, and turn it over to my colleague.

DR. SHEIKHLY: Thank you. (Speaking in Arabic.)

INT: It is a good pleasure, a good opportunity to see you today with General Dorko, General Talley, both of them have the name "Jeff."

At first, I would like to congratulate you with the Ramadan month.

It is ... Hopefully it is going to be the peace and love month for everyone.

Talk about reconstruction as the gentleman, the dear friends here have talked to you. It's very long; there are very major efforts by the Iraqi government and our partners at the Multi-National Force. It is major challenge to build this country. That's why behind the scene you see big, enormous efforts exerted by the Iraqi government and the friends in order to reconstruct most of Iraq regions.

General Dorko has talked about the infrastructure in Iraq. General Talley talked about what's going on in a part of Sadr City, which is Jamila City. I would like to talk about the other part which is to the north of Gold Line, which is the task of the Al-Sadr Reconstruction Committee.

We have put in concentration how can we spend the funds that are allocated by the Iraqi government and projects that are positively reflected and rapidly reflected and the social economic level to people. Are we going to plan to build or to plan to ... for projects that we didn't has life and open job opportunities to people. Or should we turn to projects with the purpose of drawing a pretty

picture in Sadr City without giving the people ... making the people sense the value and the essence of these funds in their life.

So we had to, to discuss and to study how are we going to plan projects that are going to stop the unemployment, that are going to enhance the picture of the city, that are going to improve the social and economic level of life of the people and health level in Sadr City. So we have approved a number of projects, 40 ... 34 projects have been approved. We took over than 45 days to discuss these projects. Our excuse was how to think hard and choose the projects.

Seventeen projects we have started on them, building the health center for allergy and asthma, building a dental center, building a blood bank, rehabilitating the existing hospitals, and we also contracted on new medical equipments that are going to be brought within the period of 45 days to Al Imam Ali Hospital in Sadr City. Also we have asked for other equipments that will make all these health centers able to provide healthcare to people in a proper way.

We are about ... Schools are about to start. We started rehabilitating schools, not to build schools, but rehabilitate the existing ones. We started already and we have focused mainly on

how to make the environment proper and suitable for students in order to sit and learn.

First, we started about the administration, and these schools, they need suitable furniture. We entered these schools and we saw the situation there, needs, emergency response. So, we have contracted on administration, furniture, on studying desks, ceiling fans. Also, the health centers inside these schools, the facilities, water facilities inside the schools—all of it in order to provide a suitable environment to our students in Sadr City. We have finished the contracting and providing computers to each school and copy machine in order for the questions, test questions, and to activate the drawing room and laboratory. Lots of our sons have abilities; they can't find the environment in order to make use of their abilities, so we want to encourage their creativity in school. This is as far as the educational part is involved.

As for services, General Talley has talked about all the support, the possible support for the lack in electric power, water, and sewage system. Even General Dorko talked in general about how to support the general situation all over Iraq through power stations that the Multi-National Force have participated in building or rehabilitating. Now we a crisis in electric power. We need to deal

with this crisis in two lines: First line, it's a strategic plan, and to provide stations all over the country. Also, another plan is to increase the hours of power saving for the citizens. Through the committee, we have discussed the probability of providing generators. General Talley talked about this. Together, these are going to increase the hours of providing the citizen with power in Sadr City. I'm not saying it's going to cover 24 hours, but minimum. Now, let's say he's going ... he's having an hour every 10 hours. He might have four hours every 10 hours, and it's going to increase to even more than that with our support. And this is going to be reflected positively on people. We're not going to cover 24 hours, but it is able to provide as much as we can to the people, especially the coming days are fasting month and people need such facilitation.

And for water lines, we have support ... supplied Baghdad Municipality with projects to help people to provide potable water. And for the sewage system, the committee started with big projects, bigger than Baghdad Municipality plan.

Lighting, it is part of electric service. We thank the Multi-National Force for supplying a part ... 200 lights have been provided by Ministry of Electricity. After 70 ... After 97 days of installing

these lights, we'll have ... we'll witness a new phenomenon. The whole city is going to be lightened, which is going to be reflected positively on the citizen.

We tried ... We had a number of challenges, some of them ... some of the streets were trespass, like the, the streets are narrow, narrowed by the violations of the people. That's why we're cooperating with the national ... with the security forces on how to deal with these violations in order to widen the roads. Someone might ask, we have been working since June, and now we are ... we haven't seen any projects on reality. I'm telling you it is existed, 17 projects are available, including football playing squares, parks, educational projects. All of them have started working, in addition to cleansing and environment projects, Sadr area and Shala (ph) area, they are taking the bigger attention, but it doesn't mean we're going to ignore the rest of the city. These areas have been deprived for a long time from services due to the armed groups there which hindered the expenditure of money on such projects. Now we need to compensate the previous ... periods of time and to give the children their better chance.

I wouldn't ... I don't like to, to keep talking, but hopefully now we would open the questions. Kindly specify the person intended by

your question. Now we can receive your questions. Thank you.

REP1: (Speaking in Arabic.)

INT: Al Raya Newspaper. My first question to General Dorko. The coordination process, the projects are with coordination with Iraqi government ministers, but lately, during the last month, Baghdad mayor said Iraqi ... the projects are contradicting with the plans of Baghdad Municipality and they are over the budget for establishing such projects.

My second question to Dr. Tahseen concerning schools' rehabilitation: You are aware and you're making field visits. The schools in Sadr City are old; the rehabilitation is not doing any good to these old schools. They are very ancient. You're only doing the painting and you ... after six months it was returned as the way it was.

The definition ... second ... third question. You've mentioned there are microprojects, infrastructure, general services, all are in the Gold Line. Do you have intentions to go away from that? Because it gives bad intention that you are only giving support to these areas. Do you have other organizations working in the area

to give through them the funds for the microprojects or only with the army?

DR. SHEIKHLY: (Speaking in Arabic.)

INT: Only one question.

BG DORKO: I guess I'll go with the first part. You make a great point about the coordination of projects. That's something that's very important to make sure that the plans of the Amanat Baghdad are ... are met, and that all the efforts that go from the Coalition side in its varied organizations along with anything that's happening in Baghdad that give the best benefit to the Iraqi people. We've had a Joint Planning Commission and a Joint Reconstruction Operations Center that have existed for a couple of years now, that integrate all these requirements, that meets on a regular basis to make sure that the plans are coordinated, one with the other. But even beyond that, more coordination is required, because we need to make sure on the Coalition side that all our projects meet Amanat Baghdad requirements in terms of technical capabilities and that they're done at the right place at the right time to achieve the proper end. We met with the mayor, probably about a month ago, and each of, each side, the mayor's office and the GRD side, have

drafted up some procedures that will allow us to coordinate even better. A Memorandum of Agreement that will clarify testing standards, and the methods for coordination to make sure even the smallest details of projects that the Amanat Baghdad are doing, and that the Coalition are doing that are coordinated and so that we're not getting in each other's way, and that we're each meeting critical needs out in the communities, the various baladiahs or mahalas that need to be served by, by various projects. But that's a great point, and we need to do better at that, and I think we're working very closely with the mayor's office now, and in the next couple of weeks we'll have an agreement that gets to those fine details of project, that gets the best projects on the ground.

DR. SHEIKHLY: (Speaking in Arabic.)

INT: I would like to comment all the contractors are Iraqis. Each project, each work is conducted with the approval of the beneficial side. So, if Amanat Baghdad, Baghdad Municipality, it is going to be the benefit side, so it needs to approve on the project and on the contractor in order for the Multi-National Force to conduct the project.

As for the schools, yes, I know. I'm aware that the schools need to

be demolished and built, rebuilt again. But we need ... we were surprised with allocations to build 12, 24 schools and seven schools ... three different allocations. Should we waste these funds on schools or should we build a compound, a residence compound to ... for the majority of the citizens to get use from it, to break the populational jam. Other ... someone else is building a school. I need this money to be directed to other direction. We're going to be on direct contact while on supervision on the building of these schools. As for General Talley, he would like to talk about the last question.

BG TALLEY: Well, if I can remember the last question...

DR. SHEIKHLY: (Speaking in Arabic to the reporter who asked the question.)

REP1: (Speaking in Arabic.)

INT: Concerning the projects, is it going only to be limited to the Golden Line? It is going to go past, to pass the ... you have neglected the other areas. Do you have organizations working inside Sadr ... Sadr...

DR. SHEIKHLY: He is asking about micro-grants. Do you have plans to expand it

for beyond the Golden ...

BG TALLEY: Sure.

DR. SHEIKHLY: ... Wall?

BG TALLEY: Sure. I'd be ...

DR. SHEIKHLY: And also for the assistance organizations that work inside Sadr City, do you have cooperation with them?

BG TALLEY: Sure. Yes, sir. Thank you for the question, and thank you to all the members of the press for telling the story, both good and bad. Right? It's important to tell the story.

The short answer that you will not like is that the Coalition Forces do not currently plan to go north of Route Gold for reconstruction using CERP funds. The main reason is because no Coalition Forces went north of Route Gold. That was strictly an Iraqi Army operation, and as I mentioned, the funding that I have to use is called CERP, Commanders Emergency Response Fund. And so, we do not have ... we cannot use CERP money from the American taxpayers to renovate old schools just because they're old and they

need renovation. It has to be somehow tied directly to Coalition Forces operations or improve security. The agreement that was made between Coalition Forces and the Government of Iraq was that we would stay within the area OE Gold and we would provide support and assistance to the Government of Iraq north of Route Gold. And I am doing that in terms of the Reconstruction Committee for the Prime Minister, providing them some advice and suggested projects on how they could move forward more quickly north of Route Gold. It's not that the Coalition would not like to help the people north of Route Gold, it's just that the taxpayers' money has to be used for the ... one of those three conditions. I will say, though, about your comment about schools, is it's a very good comment. As a matter of fact, when we initially had our assessment of schools within OE Gold, the Minister of Education, when we met with his deputy and the reps to Sadr City, they had indicated three schools that—or two schools—that were going to get torn down, like, five, 10 years from now. So the thought was, well, why spend money renovating those. Fix these. So they helped guide our decisions on where we, in fact, did renovations for schools.

So, I wish we could do more than we have done, but we're trying, to be frank, to be fair to the taxpayers of the United States, these

are really gifts from the United States and the Coalition Forces to help the Iraqi people and Sadr City as we partner with the Government of Iraq as they take the leadership. We have to, you know, I have to be the muhandas for the Government of Iraq. It's not about me; it's about the ... your government and how I can help them. So I hope I answered your question, sir.

REP2: (Speaking in Arabic.)

INT: Al Mala (ph) Press Agency. The three of you have talked during the conference about big amounts of money for projects and other issues. But now, the things we see in the streets, planting some trees, some minor renovation, don't you think that we should see real reconstruction? All we get is mere promises. Is it possible to see ... to say touchable matters have started. Secondly, you have talked about the Iraqi contractor is starting a project, then he would leave it before finish it. So what do you say about this?

DR. SHEIKHLY: (Speaking in Arabic.)

INT: I thank you for talking about this. The iceberg, always the major threat is under the sea, only the tip is over the sea. So as you know, these projects are not mayor ... mayor ... minor projects.

We are working to establish a modern city. We cannot plan for a city- ... put plans for a city with this capacity without putting the infrastructure in mind. This is our main problem, the major issue of these projects and works are untouchable. What the citizens see is what's going on on the streets; he sees the, the trees, he sees the pavement, he sees the light ... same thing. He's ... and his house, there is water coming from the water tap? Is there light in his house? So, he's not aware of the resources behind the provision of these elements. We call it the "infrastructure." As you know, the majority of our efforts is mainly focused on rehabilitating the infrastructure; at the same time we're trying to offer services with what we have available, of potential.

Now we talk about the electric power. Yesterday, I was with the minister, and he said the 19 percent is the improvement in electric power production. But it is not felt by the citizens. You're not going to see it in your house, but maybe expenditure and the ... have raised it also. So, the citizens now get the power an hour, each for hours. He says I always have the greater number of cuts, but we say Baghdad has four ... 16 lines, 14 were stopped, and only two were working. Now the 16 lines, all of them are working together. They have been rehabilitated. These efforts are exerted by the Ministry of Electrical Infrastructure ... the Ministry of

Electrical Power to revive the infrastructure. That's why, as if you have 16 roads and were blocked, and now they are all opened. Now we're expecting incomes; this is the basic problem. The citizen always sees the pavement, why did you put this pavement here? Why did you remove it later? So we need to rehabilitate something. At the same time, we have lots of work to do, to be done under the ground, over the ground.

The follow-up, we have been suffering from the contractors. I would like to call them "the corrupters," they have constructed the society through providing uncompleted projects through corrupting the officials with their twisted manners.

Now we are following up and supervising each project. Multi-National Force, through the JPC, together we are choosing the contractor, and the contractor that is not working properly, we're going to place him on the blacklist. We'll always have the follow-up checks to see this enhanced ... this improved work ... and I'm not saying ... We have lost lots of dollars in some projects, merely painting projects, some ... the majority of them were not, did not meet the quality criteria. But hopefully from now on, we're going to conduct it according to criterias.

REP3: (Speaking in Arabic.)

INT: [Inaudible] Channel. Sir, concerning the contractors. Why not give them ... giving them the allocations specified for them. Why not put a penalty on them, an amount to pay in case their work did not meet the criteria? I would like mention, to talk about the generators. They're ... the Sahawa men have been controlling some area and they have returned the generators, they have returned the generators with cooperation with U.S. troops. Generators were brought to the area –

DR. SHEIKHLY: (Speaking in Arabic momentarily; not translated.)

REP3: (Speaking in Arabic.)

INT: U.S. Coalition Forces brought generators, the person in charge, this area of Sahawa, he did not want to receive them. He said, "I have my generators." And he did not let them in. Concerning the lighting, we have witnessed the solar system lighting. Some areas need more light. How are you going to deal with this?

DR. SHEIKHLY: (Speaking in Arabic.)

INT: We're going to install 13,000 Colemans ... light Colemans in Baghdad. First, your first question concerning the contractors. Believe me, the amount of thought we're adopting now with ... previously we have a contracting procedure through the Iraqi law, the Multi-National Forces have a procedure for their contracting also. But through General Dorko, during a whole year, we tried and we managed to direct this contract issue. General Dorko, I believe he had some answer concerning this, concerning the generators that are being provided by the Multi-National Force. Would you tell us about this?

BG DORKO: I would like to specifically speak back to contractor performance. That's a great question. We're all interested that contractors perform exactly in accordance with the contract; that they provide the service or the facility to the highest standard as they promised in the contract. And we have ways of penalizing poor performance. If a contractor does not perform adequately, then they should not be paid for that, and there are ways to withhold payment until a facility or a part of a facility is constructed correctly. We could make them tear that out and, and redo the work. And in some cases in contracts, we can actually ... we call it "liquidated damages," but it's actually a penalty that a contractor would be charged for poor performance. But most of all, we're ...

we take into account, because we in GRD and on the Coalition side, have to contract in accordance with U.S. contracting law, which allows us to take into account a contractor's performance. So, if a contractor has performed poorly in the past, we can take that into account when we decide who we're going to award future contracts to. So, if you you've demonstrated that you can't do the work in the past, that ... we obviously look at that in terms of would we want to select you for a future job. So, in all those ways, I think we have, within U.S. contracting law, ways to discipline the system and to discipline the contractor to ensure that the contractor fulfills their promise. And in terms of the specific generators you're asking about, I really don't know too much about those. I'd ask General Talley if he's aware of the specific generators.

DR. SHEIKHLY: (Speaking in Arabic.)

REP3: (Speaking in Arabic.)

DR. SHEIKHLY: They (inaudible) back five of those generators to the Coalition Force. I think this is security problem. (Commences to speak in Arabic.)

INT: We can talk about this. I want to get some more details from you.

Thank you. Question?

REP4: As-Salamu 'Alaykum. (Speaking in Arabic.)

INT: As-Sabah (ph) (inaudible) Newspaper. After rehabilitating the two hospitals in the Sadr area, why have you stopped the, the reconstruction there and locked the water, sewage, sewage system?

DR. SHEIKHLY: (Speaking in Arabic.)

INT: The committee was formed in order to compensate people, but it seems that there are more than one side that is offering compensations. The Multi-National is offering compensation and we are offering compensations, so this is going to form a legal problem. The committee found it suitable to be only responsible to compensate the wounded and the dead ... issues, death issues. So the U.S. force is going ... the U.S. side is going to compensate. General Talley mentioned a number about the compensations they have offered to the afflicted people inside Sadr City. The methods to compensate is to give an allocation, give a grant, then the citizen is going to start building; if he did not reach the certain level in building, he's not going to receive the second allocation.

As for the city ... as for the water, we have started al-Sadr ... al-Sadr Treatment Plant, it is working ... General Dorko referred to one of the projects, R-3, which is one of the essential projects that is going to provide potable water at Sadr area. You'll witness the improvement within a few days. Generals, do you have any further comments concerning water?

BG DORKO:

No, sir. The projects that we are doing in Sadr City right now are very specifically designated. So ... and GRD are on the Coalition side, we only have enough money for a certain family of projects, and they're part of a larger reconstruction program, the Iraqi Reconstruction Program, where the appropriation that came from the U.S. Congress, now we're at an end of executing those projects. So the limited number of projects you've seen done are the only projects in that program. Now, we support General Talley, we support Multi-National Division Baghdad if we're asked to support CERP projects that go on in the area or projects that are done through another program called the Provincial Redevelopment Program where money is allocated from the Coalition side and the Provincial Council decides what projects those would go to. In some cases we're involved in doing those. But we're just limited to the number of projects based on the allocation of money that comes from our Congress.

DR. SHEIKHLY: How many composition up to now? The composition, the ...

BG DORKO: Oh, how many have actually been paid?

DR. SHEIKHLY: Yes. 497, right?

BG DORKO: Correct. For ... for ... That's Claims and Condolences, correct.

DR. SHEIKHLY: That's what she wanted.

BG DORKO: As I understand, I think one of the questions was on Claims and Condolences within OE Gold, how much have Coalition Forces actually paid out so far, and it's 297 claims paid to date for almost 600,000 U.S. dollars. Many cases you'll notice on your ... on the handouts, we have claims that are converted to micro-grants; in other words, people come in and they request a claim because of proposed damage that has occurred from combat operations, that must be from Coalition Forces. The United States cannot reimburse for damages done by the Iraqi Army or by the militia. And let's just say not everybody that comes in is always honest and tells the truth. I know it's hard to believe, but it does happen. And if we cannot verify the claim as legit, sometimes, then, we cannot

honor that claim. If the claim is legit and we just can't agree on a price, because ... Let's say they want a certain amount of money for a building, and then when we have it appraised locally with Iraqi contractors, the appraised value is significantly less. Many times we will convert the claim to a micro-grant; in other words, we try hard to find ways to help the people without ... without, certainly, violating the guidelines that we have for the United States Government.

REP5: (Speaking in Arabic.)

INT: Dr. Tahseen, the contractors, I haven't heard from you that you are keeping considerations, the criteria for classif- ... for listing the contractors. We haven't seen the certain requirements to choose a contractor. What are your requirements needed in order to choose a contractor? The contractors have faced challenges in Sadr City. My question to General Talley: You have mentioned that there are generals (sic) and solar system light; are you following up the operation of the installing process. Like, I will tell you ... I can tell you that the generators that existed in Sadr City, but still not working for two months. The solar system lights are not fairly distributed in the streets. Ten percent of these lights are not working, and they are brand new.

DR. SHEIKHLY: I'll answer you for your first question: We depend ... The category put by the Iraqi government for the contractors, the project, if it was four million, the cost, we would take the third degree, and some projects we would take the first degree. This is the same thing we adopt in choosing the contractor. As for the challenges, it is, it is true that we are working in environment filled with challenges. And the contractors are part of the people living in this environment, so they need to deal with their challenges. Yes, sir.

BG DORKO: Thank you for your question. I guess the first thing I'll answer is I think regarding the solar lights. You're right. It would be good to put more solar lights in than what we have. The projects are, again, projects that are agreed upon up front between the local area council, the government of Iraq, via the baladiyah, and the Coalition Forces. I want to reemphasize the money that we use is CERP money, so we can't just spend it any way that we'd like. Of ... all the solar lights have been put up, 133, mahalas 512 and 514. The reason those mahalas were selected, based upon the council and the baladiyah, was because those areas were designated to be important for security to support the economic development of the Jamila Market, People's Market area. They're not the only solar lights we're putting in; that's just the ones we've put in so far. We

have two ... two to three more contracts that are pending to put solar lights elsewhere within OE Gold. And you're absolutely right; we've had some challenges with some contractors. I believe the projects ... I personally inspect the projects, and I have a QA/QC team, a quality assurance/quality control team that inspects all the projects before and during, and it's an everyday thing as well as assisted by the ministry folks and the, and the DAC and the baladiyah. And in many cases we have fired contractors. And many, many times I have just refused to pay them because they've done bad work or they haven't brought it to the standard. Of the 133 solar lights that we've installed, most of them work. There's very few that don't work. Of the few that don't work, we withhold payment until the contractor repairs them, and then we continue to follow up even after those ... even after the contract's closed out to make sure they're maintained. So, that's where we are on solar lights.

I think on the generation, I think the other question was about microgeneration. We only have installed eight generators, and all eight of them absolutely work. So, I'm not sure which generators you're referring to. There are a lot of private generators, but the eight that we've installed, all eight work. And matter of fact, the only complaint was that they were digital, and we were asked by

the local operators that we trained to please make them analog. They felt more comfortable with analog generators. So we switched the instrumentation over to analog. And all eight work. And all of them but two are the co-ops are established. And the only reason the final co-ops haven't been established is because, again, it's being worked through the DAC. But all the ... All eight generators are new and all eight generators work. So if you have information that I don't have, maybe see me after this and I'll check it out.

DR. SHEIKHLY: (Speaking in Arabic.)

INT: We are pleased ... Yeah, one more question. Last question. I'm really sorry. I just don't want...

REP6: (Speaking in Arabic.)

INT: Independent News Agency Eba (ph). As for the locked bridges, [inaudible] bridge, when are you going on open it? Also there are some new bridges that have been established newly in Bayah area. A few months ... just a few months ago ...

DR. SHEIKHLY: (Speaking in Arabic.)

INT: No, it was a couple of months.

REP6: (Speaking in Arabic.)

INT: Until now they're not opened.

DR. SHEIKHLY: (Speaking in Arabic.)

INT: Yes, they will be opened. Do you want the answer? Okay. The roads, for security reasons we need to respect the orders they have ... The security leaders have orders and we need to respect them. As for the bridges, we have opened lots of new bridges. The bridge in Hay al Amel, Hay Jammiyah (ph), and we also have another bridge in Shab (ph) area. We also have other two bridges, they're going to be open during Ramadan and the following month hopefully.

I'm thankful for your presence, and I'm sorry for making it long for you.

Thank you very much, Generals.

BG DORKO: Thank you, sir.

DR. SHEIKHLY: Thank you, sir.

[END]