Special Inspector General for Iraq Reconstruction

Quarterly Report to the United States Congress

[April 30, 2009]

(Public Law 108-106, as amended, and Public Law 95-452)

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MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

I am pleased to provide the Congress and the Secretaries of State and Defense with the 21st Quarterly Report from the Special Inspector General for Iraq Reconstruction. This comprehensive report on the status of Iraq reconstruction in 2009 includes:

- an overview of significant issues affecting the U.S. program
- updated reporting on the use of the billions of dollars in reconstruction money appropriated for Iraq
- snapshots of rebuilding progress in every Iraqi province
- a summary of SIGIR audits, inspections, and investigative work accomplished this quarter
- an overview of other agency oversight work in Iraq

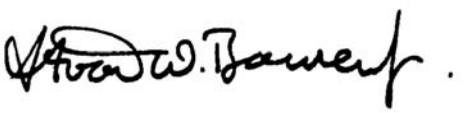
This quarter, I traveled to Iraq for the 22nd time since my appointment as IG five years ago. During my visit, I had meetings with senior leadership of the Government of Iraq, including Prime Minister Nouri al-Maliki, Vice President Tariq al-Hashemi, Deputy Prime Minister Rafie al-Eissawi, and the President of the Board of Supreme Audit, Dr. Abdul Basit. These meetings covered a wide variety of issues, but one significant matter threaded through each of them—*corruption*. SIGIR has long reported on this problem, describing it in 2006 as a *second insurgency.* It continues to daunt the Government of Iraq's efforts to develop its fledgling democracy. The Prime Minister acknowledged the broad scope of the problem, and the Vice President agreed that more must be done to strengthen Iraq's capacity to respond. I also met with the Embassy's Anti-Corruption Coordinator and was pleased with the planning he has developed to improve U.S. support in this area. But clearly more must be done to fight the second insurgency, which appears to have grown stronger as the first insurgency has been suppressed.

This quarter's highlights include the release, on February 2, of SIGIR's most important lessons learned report—*Hard Lessons: The Iraq Reconstruction Experience*. More than two years in the making, this lengthy study of the U.S. Iraq reconstruction program examines the length and breadth of the six-year U.S. effort to rebuild Iraq, reaching 13 important tactical and strategic lessons that apply to current and future overseas contingency operations. On March 25, I appeared before the House Armed Services Committee to testify on these lessons. The core strategic lesson from Iraq is that the United States needs to reform its approach to overseas contingency operations. Any approach to reform must address ways to improve the weak unity of command that burdened management of the Iraq reconstruction program.

SIGIR's oversight efforts this quarter addressed a wide variety of issues in Iraq reconstruction, including audits reviewing the program to construct Primary Healthcare Centers across Iraq, the process for transferring U.S.-provided assets to Iraqi control, and the congressional requirement that the Government of Iraq share the costs of continuing reconstruction efforts. SIGIR inspectors traveled to a number of project sites across Iraq this quarter; I accompanied them to Anbar province in early March to inspect a bridge project near Falluja. The inspections summarized in this report comprise a generally successful set of projects, including schools and health clinics. Finally, SIGIR's investigative team continued progress on 80 cases and expects legal action on a

number of them in the upcoming quarter. Thanks to SIGIR investigative work, we were able to return more than $13 million in recovered funds to the Government of Iraq in March.

I believe that this is SIGIR's strongest Quarterly Report to date, and I am proud of the Quarterly Report team that worked diligently to produce this high-quality product. I also remain grateful for the efforts of the 35 auditors, inspectors, and investigators who are carrying out SIGIR's work across Iraq and for all of our hard-working staff committed to this mission. Recent events demonstrate that the country remains in a fragile state. On the first anniversary of the loss of a SIGIR auditor in Iraq, I commend the courage of those on our team who continue to serve there.



Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction

SIGIR Summary of Performance
As of April 30, 2009

Audits

Reports Issued	142
Recommendations Issued	373
Dollars Saved and Recovered	$81,600,000
Dollars Put to Better Use	$224,720,000
Challenged Payments	$14,930,000

Inspections

Project Assessments Issued	147
Limited On-site Assessments Issued	96
Aerial Assessments	746

Investigations

Investigations Initiated	414
Investigations Closed or Referred	334
Open Investigations	80
Arrests	20
Indictments	24
Convictions	18
Court-ordered Restitution/Forfeiture	$35,040,161

Hotline Contacts as of March 31, 2009

Fax	18
Telephone	75
Walk-in	110
E-mail	343
Referrals	26
Mail	28
SIGIR Website	116
Total Hotline Contacts	**716**

Non-Audit Products

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*The complete version of this SIGIR Quarterly Report is available on the SIGIR website: www.SIGIR.mil. It is the official version of the Report, containing all appendices and corrections.

Appendices

The appendices for this Quarterly Report are not included in the print version of the publication. They are published on the SIGIR website at www.sigir.mil.

Appendix A cross-references the pages of this Report to SIGIR's statutory reporting requirements under Section 3001 of P.L. 108-106, as amended, and the Inspector General Act of 1978, as amended.

Appendix B summarizes the financial and non-financial impacts of SIGIR's work.

Appendix C cross-references budget terms associated with the Iraq Relief and Reconstruction Fund (IRRF), Iraq Security Forces Fund (ISFF), Economic Support Fund (ESF), Commander's Emergency Response Program (CERP), and international support for Iraq reconstruction.

Appendix D provides a cross-reference of how SIGIR categorizes projects and programs of various U.S. government agencies within SIGIR-defined sectors.

Appendix E provides information on the background and history of each of the four main U.S. funding accounts related to Iraq reconstruction.

Appendix F reports on the status of seized and vested Iraqi funds, as well as funds in the Development Fund for Iraq, used for reconstruction.

Appendix G reports on international contributions to the Iraq reconstruction effort.

Appendix H presents a listing of completed SIGIR audits, significant open recommendations from prior audits, and information on financial and non-financial impacts of SIGIR audits.

Appendix I contains a list of SIGIR's completed inspections of Iraq reconstruction activities.

Appendix J contains a comprehensive list of suspensions and debarments resulting from those investigations.

Appendix K provides summaries of completed and ongoing audits and reviews by other U.S. government agencies of Iraq reconstruction programs and activities.

Appendix L contains a list of completed audits, reports, and testimonies on Iraq reconstruction activities released by SIGIR and other U.S. government audit agencies.

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SECTION

1

IRAQ RECONSTRUCTION IN 2009

This quarter marked the sixth anniversary of the U.S. entry into Iraq. Since the March 20, 2003, invasion, the Congress has appropriated $51 billion in foreign aid for relief and reconstruction efforts that have touched every aspect of Iraqi society, from training and equipping its security forces to improving the delivery of essential services.

These tens of billions in taxpayer dollars were provided chiefly to four major funds: the Iraq Relief and Reconstruction Fund ($20.86 billion), the Iraq Security Forces Fund ($18.04 billion), the Economic Support Fund ($3.74 billion), and the Commander's Emergency Response Program ($3.5 billion). As of March 31, 2009, the United States had obligated $42.16 billion and expended $37.89 billion for Iraq reconstruction.[1]

Several landmark events shaped continuing relief and reconstruction efforts this quarter:

- **Governance.** On January 31, 2009, the Government of Iraq (GOI) conducted long-awaited provincial elections in 14 of Iraq's 18 provinces, choosing new Provincial Councils that will play increasingly important roles in Iraq's reconstruction. In several ethnically and denominationally mixed provinces, election results corrected representational imbalances caused by the Sunni boycott of the 2005 provincial elections. Moreover, the provincial elections inaugurated a "year of elections" in Iraq, which will culminate in December with parliamentary elections, the first plebiscite on Prime Minister Nouri al-Maliki's governing coalition.
- **Security.** Pursuant to the January 1, 2009, Security Agreement (SA), the GOI now has responsibility for security across the entire country. The GOI also has assumed management control of the U.S.-sponsored Sons of Iraq (SOI), which had comprised almost 100,000 Sunni men, many of whom previously participated in or were subject to insurgent activity. The new U.S. Administration also announced its strategy to draw down U.S. forces in Iraq over the next several years.
- **Economy.** On April 2, 2009, Iraq's Presidency Council ratified a $58.6 billion budget for 2009. Oil price fluctuations forced the GOI to downwardly revise its budget three times before finally passing it (the initial proposal was about $80 billion). The GOI is pursuing new means for revenue generation, including increasing efforts to attract more foreign investment. ◆

PROVINCIAL ELECTIONS

The results of the recent provincial elections revealed that Iraqis largely decided to vote out incumbents, many of whom belonged to the various Shia religious parties that dominated Iraq's political scene over the past four years. The voters instead selected candidates advocating more security, less secularism, and better services. No significant acts of violence marred the elections, representing a major victory for the Iraqi Security Forces (ISF), which took the lead in ensuring the safety of more than 7,000 polling stations.

Once fully operational, the new Provincial Councils will have the power to elect provincial governors, appoint security officials, enact provincial laws, and manage reconstruction funds from provincial budgets. The three Kurdish provinces and Tameem—which is disputed among Arabs, Kurds, and Turkomen—will conduct elections later in 2009.

Low Turnout

On January 31, 14,431 candidates vied for 440 seats in 14 provinces; only 51% of the eligible voters in those provinces went to the polls.[2] But in the heavily Sunni Anbar province, turnout was up significantly from 2005 levels (from 5% to 40%.) Turnout also increased in the religiously and ethnically diverse provinces of Diyala (up 11%) and Ninewa (up 38%). Most of the Shia provinces saw lower turnouts: Babylon, Baghdad, Basrah, Kerbala, Missan, Qadissiya, Thi-Qar, and Wassit all were down more than 10% from 2005.[3]

Winners and Losers

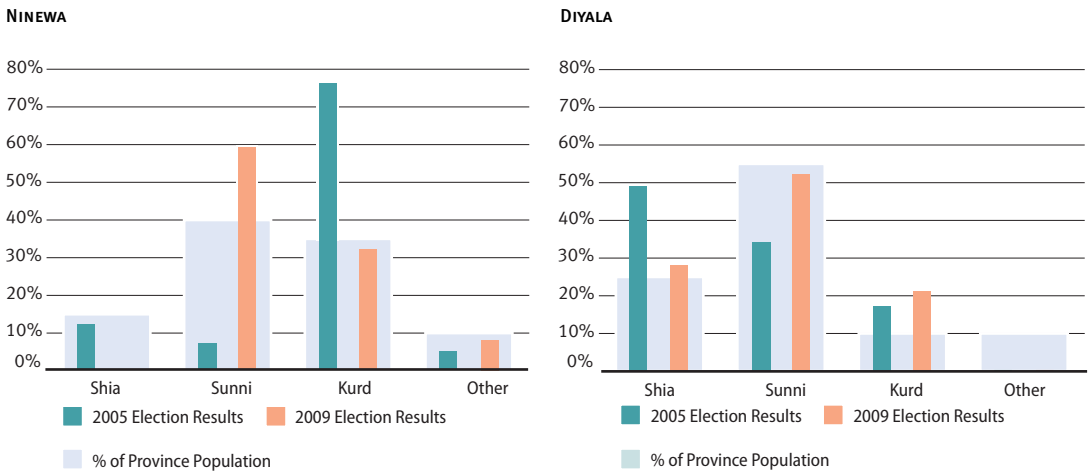
Prime Minister al-Maliki's State of Law Coalition won 121 seats, the Islamic Supreme Council of Iraq (ISCI) won 58, and supporters of Moqtada al-Sadr won 41. Former Prime Minister Ayad Allawi's Iraqi National List won 26 seats. Sunni Vice President Tariq al-Hashemi's Iraqi Islamic Party (IIP) won 32 seats, and the Sunni-led Iraqi National Project List of Saleh al-Mutlaq and the al-Hadbaa National List each won 19. Kurdish parties won 12 seats, but most Iraqi Kurds reside in the 4 provinces voting later this year. A wide spectrum of smaller parties captured the remaining seats, representing a diverse array of political, ethnic, and religious constituencies. Figure 1.1 displays an overview of the results by party in all 14 provinces.[4]

A Shia Perspective—Baghdad and Basrah Provinces

Prime Minister al-Maliki supported the State of Law Coalition, which advocated a strong and secular central government capable of delivering more services and better security to the Iraqi people. The State of Law Coalition won solid pluralities or majorities on six councils (Babylon, Baghdad, Basrah, Thi-Qar, Qadissiya, and Wassit) and finished tied with ISCI in three others (Missan, Muthanna, and Najaf). ISCI (formerly known as the Supreme Council for Islamic Revolution in Iraq, or SCIRI) previously controlled eight councils; it now controls none.[5]

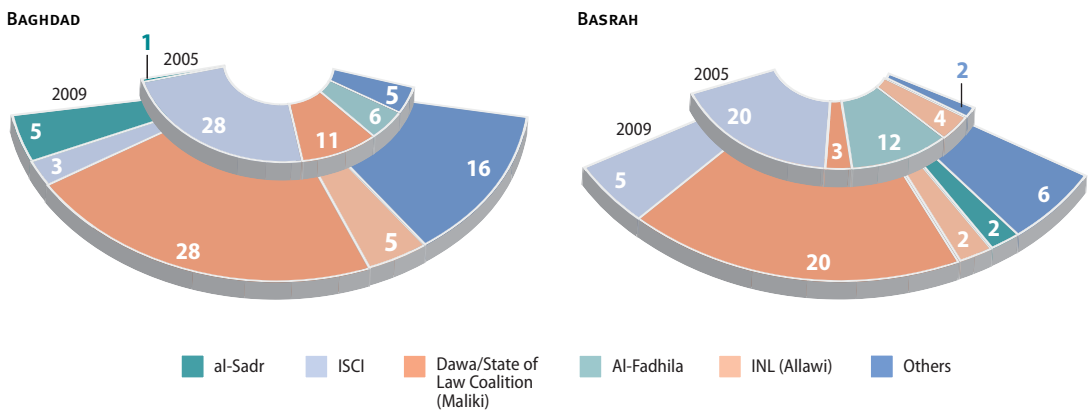
State of Law's victories in Baghdad and Basrah province were particularly noteworthy. After the 2005 provincial elections, ISCI held 28 of 51 seats on the council of Iraq's most populous province—Baghdad. Now, the State of Law bloc holds 28 of the 57 positions on the Baghdad Council, while ISCI controls only 3 seats. (The total number of seats on many councils changed under the terms of the Provincial

FIGURE 1.1
COUNCIL SEATS WON IN NINEWA AND DIYALA, 2005 VS. 2009



Sources: UNAMI, Elections Results, issue no. 30, 2/2009; GOI, Independent High Electoral Commission, www.ihec.iq/arabic, SIGIR translation, accessed 2/22/2009, U.S. Embassy-Baghdad, response to SIGIR data call, 4/2/2009.

ELECTION RESULTS, BY PARTY, 2005 AND 2009 PROVINCIAL ELECTIONS IN BAGHDAD AND BASRAH



Sources: UNAMI, Elections Results, issue no. 30, 2/2009; GOI, Independent High Electoral Commission, www.ihec.iq/arabic, SIGIR translation, accessed 2/22/2009.

Elections Law of 2008.) In Basrah, the heavily Shia province where Prime Minister al-Maliki is personally identified with the ISF's victorious spring 2008 military campaign, the storyline was much the same: the State of Law Coalition won 20 seats to ISCI's 5.[6]

A Sunni Perspective—Anbar, Ninewa, and Diyala Provinces

In 2009, new tribally based Sunni political movements emerged from the Anbar Awakening of 2006–2008 that helped restore relative security to areas previously devastated by the insurgency. In

Iraqi citizens wait in line to vote at a polling site in Jabella, Iraq, during the provincial elections in Babylon province on January 31, 2009. (MNF-I photo)

Anbar province, one such coalition led by Sheikh Abu Risha, a prominent Awakening leader, garnered 8 of the 29 seats on the council.

Greater Sunni participation in the recent elections also contributed to ousting the Kurds from their controlling position on Ninewa's Provincial Council. In 2005, the Kurdish parties captured a majority of seats on Ninewa's council, although Kurds comprise only about 35% of the province's population. But in 2009, the Sunnis won 22 of the 37 seats on the Ninewa council, while the Kurdish Ninewa Brotherhood secured only 12.[7]

A similar outcome occured in Diyala, where Sunni Arabs comprise approximately 65% of the population. Sunnis previously held just a third of the seats on the Provincial Council, but this year they won 15 of 29 seats.[8]

Emerging Electoral Trends

Iraq will conduct several more elections this year, including district and sub-district contests, a referendum on the SA (which must be held before July 31, 2009), and December's national parliamentary elections, when Iraqis will elect a new Council of Representatives.

Several trends will likely shape these elections:

- The Iraqi electorate, historically secular and moderate, will probably continue to turn from overtly religious parties. Thus, ISCI could lose more ground as Iraqis embrace secular-minded politicians who emphasize security and development.
- Tensions continue to rise between Arabs and Kurds in north-central Iraq regarding the demarcation of federal Kurdistan's southern border and the rights to Kirkuk's oil. October's scheduled national census, the first since the U.S. invasion, will likely heighten these disputes. The number of Arabs and Kurds residing in the border regions remains a controversial matter. As Secretary of Defense Robert Gates recently noted, there is much need for reconciliation between the Arabs and the Kurds.[9]
- The Sunni Arabs split their support in the provincial elections between parties that have been active since 2004 and new political movements that have emerged since the Anbar Awakening. Whether the newfound electoral strength of the Sunni tribal sheikhs is sustainable will be tested in the upcoming elections. ◆

THE FUTURE OF THE U.S. PRESENCE IN IRAQ

Under the terms of the new Security Agreement, all U.S. military forces must withdraw from Iraq by December 31, 2011. This quarter, the Administration presented its plan for meeting this requirement.

The Withdrawal Plan

On February 27, 2009, the President stated that he will reduce the U.S. military presence in Iraq to just over 120,000 personnel by September 2009. During the first half of 2010, U.S. brigade combat teams will continue to depart Iraq, and the withdrawal of all U.S. combat forces will be completed no later than August 31, 2010. U.S. troops remaining thereafter will be organized into Advisory Assistance Brigades to assist in training and mentoring ISF units through December 31, 2011. These remaining forces will leave Iraq by the end of 2011 unless the United States and the GOI mutually agree on another course of action.

Provincial Reconstruction Teams in Transition

In concert with this withdrawal plan, the Provincial Reconstruction Team (PRT) program will also wind down. Over time, PRT functions will be incorporated into the operational structure of the Department of State (DoS). In the near term, the smaller embedded PRTs will either be disbanded or be subsumed into regular PRTs. By the end of 2011, the PRT program will conclude, with the Embassy in Baghdad and the Regional Embassy Offices taking over remaining reconstruction work.

New U.S. Ambassador to Iraq

On April 21, 2009, the U.S. Senate confirmed Christopher Hill as the next U.S. Ambassador to Iraq. He will replace Ambassador Ryan Crocker, who departed in early February 2009 after two years in Baghdad. Ambassador Hill will be the fourth U.S. Ambassador to Iraq since 2003, following Ambassadors Negroponte, Khalilzad, and Crocker.

Strategic Framework Agreement

The new U.S. Ambassador will also be responsible for steering implementation of the Strategic Framework Agreement (SFA), which became effective on January 1, 2009. The SFA outlines the new bilateral relationship between the United States and the GOI. Central to the effectiveness of the SFA are a series of joint committees through which U.S. and Iraqi officials will attempt to coordinate efforts in the political, security, economic, and cultural spheres. This quarter, the first joint committee meetings were held in Baghdad. ◆

Sailors from USS Rushmore observe Iraqi oil operations in the Persian Gulf. (ARCENT photo)

IRAQ'S SECURITY IN 2009

The number of violent incidents in Iraq remained at relatively low levels over the past three months, but several recent mass-casualty attacks illustrate the fragile nature of Iraq's security situation.

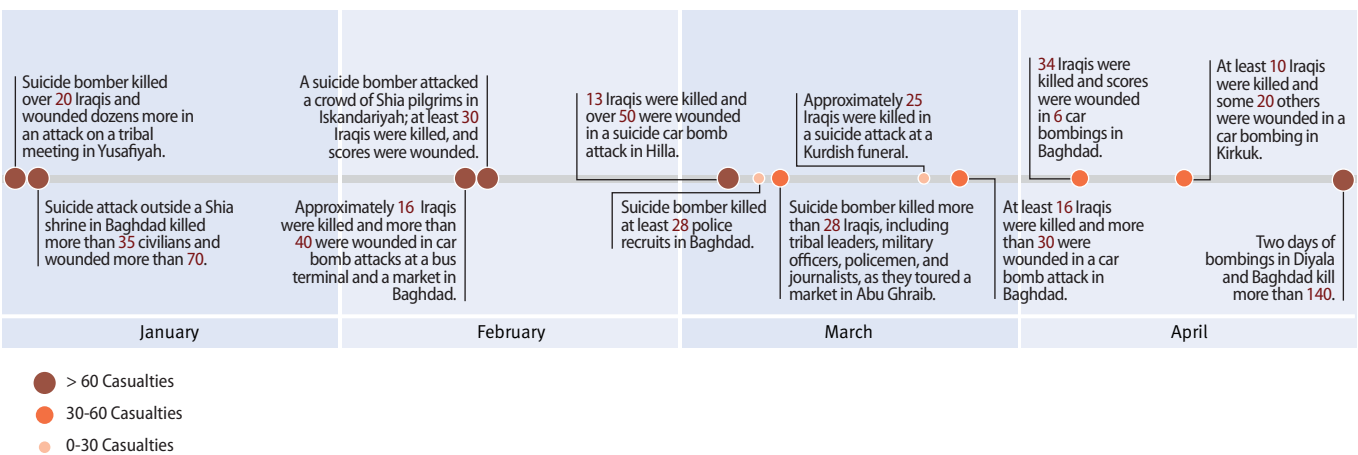
On April 23, bombs in Baghdad and Diyala reportedly killed more than 80 people, marking the highest one-day human toll in more than a year. The next day, 60 more were killed in Baghdad. Two weeks earlier, on April 10, a bombing in Mosul took the lives of five U.S. soldiers, the largest single loss of U.S. soldiers in over a year. Figure 1.2 displays information about some of this quarter's major security incidents.

End of Provincial Iraqi Control Process

For the past three years, the Multi-National Security Transition Command-Iraq (MNSTC-I) has managed a process called Provincial Iraqi Control (PIC), which gradually gave the GOI control over security in most Iraqi provinces. By December 2008, five provinces had yet to attain the requisite level of security that would have allowed their transfer to Iraqi control—Baghdad, Ninewa, Tameem, Diyala, and Salah Al-Din. The PIC process was superseded by the SA, which transferred full security responsibility for all 18 provinces to the GOI on January 1, 2009.[10] The ISF is now formally in control of the entire country's security, with the Multi-National Force-Iraq (MNF-I) remaining in a strategic overwatch posture and continuing to provide substantial logistical and training support to the Iraqi Army and Police.

FIGURE 1.2

SIGNIFICANT SECURITY INCIDENTS, JANUARY 1, 2009–MID-APRIL 2009



Sources: Information presented herein is based on SIGIR's analysis of open source and official English and Arabic documents, studies, and analyses. All figures based on best available casualty information and represent the sum of killed and wounded for each incident.

Transfer of Sons of Iraq to GOI Control

The Sons of Iraq (SOI) is a U.S. program created during the Surge to bring Sunnis into the security apparatus. On April 2, 2009, MNF-I transferred the last SOI contingent to Iraqi government control. In all, more than 94,000 SOI across 9 provinces are now under the GOI's control.[11]

The GOI is working to find public sector jobs for most SOI members, including folding some of them into the ISF while placing others in government offices, such as the Ministry of Education (which appears willing to accept about 10,000 SOI). As of April 1, 2009, only about 5,000 SOIs had been inducted into the ISF out of a planned 20,000.[12]

Trouble arose in late March when a spate of firefights between ISF units and Baghdad-based SOI erupted in the Fadil District of the Iraqi capital. Aggravating matters, the GOI has detained several senior SOI members; and on April 11, 2009, at least 13 SOI were killed by a suicide bomber when they gathered south of Baghdad to collect their pay. ◆

FINANCING RECONSTRUCTION, SECURITY, AND DEVELOPMENT

Since 2003, the United States and the GOI have committed $122.01 billion for the reconstruction of Iraq.[13] But global fluctuations in the price of oil forced the GOI to cut planned reconstruction investment.

U.S. Funding

Of the $3.01 billion in remaining unobligated U.S. funds, the largest portion—$2.82 billion—is in the Iraq Security Forces Fund (ISFF). For an overview of balances in the ISFF, the Economic Support Fund (ESF), and the Commander's Emergency Response Program (CERP), see Figure 1.3.[14]

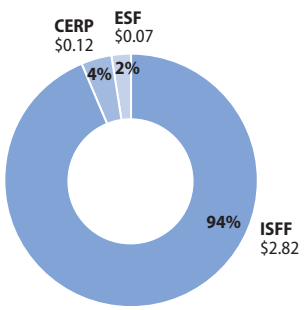
On April 9, 2009, the President submitted to the Congress an FY 2009 supplemental appropriations request totaling $83.4 billion to fund ongoing operations in Iraq and the Afghanistan-Pakistan theaters of operations. About $700 million in new funds for Iraq relief and reconstruction were requested: $449 million for the ESF, $108 million for programs assisting displaced persons, and $150 million for diplomatic and consular security programs.

The President did not request any new funds for the ISFF; instead, he proposed to extend for another year the $1 billion "bridge fund" already appropriated to the ISFF in the Supplemental Appropriations Act of 2008. This would extend the period of availability for these funds until September 30, 2010. The FY 2009 supplemental also requests $500 million in new CERP funding for Iraq and Afghanistan combined.[15]

FIGURE 1.3

UNOBLIGATED MAJOR U.S. FUNDS

$ Billions, Total Unobligated $3.01 Billion



Sources: ISFF: OSD, response to SIGIR data call, 4/14/2009; ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; Embassy, response to SIGIR data call, 4/15/2009. CERP: OSD, response to SIGIR data call, 4/10/2009.

The Government of Iraq's 2009 Budget

Iraq's estimated gross domestic product (GDP) for 2008 was $84.7 billion—a 7.8% rate of annual growth from 2007's estimated GDP. However, Iraq's GDP is projected to grow by only 5.7% in 2009.[16]

After three downward revisions—driven by the collapse in oil prices from their July 2008 highs—the CoR passed a $58.6 billion budget on March 5, 2009, and the Presidency Council ratified it on April 2, 2005. This represents a 17% increase from the GOI's 2008 base budget of $49.9 billion.

Iraq's 2009 budget includes:

- **A projected deficit of $15.9 billion.** The deficit will be covered by unspent revenues from previous years.
- **$45.9 billion in operating costs.** The five ministries receiving most of the operating funds in 2009 are Finance, Interior, Education, Defense, and Trade. The Ministry of Defense's operating budget is down 21%, declining from $4.92 billion in 2008 to $3.85 billion in 2009. The Ministry of Interior's operating budget, however, is up 2% from $5.16 billion in 2008 to $5.27 billion this year.
- **$12.7 billion in capital expenditures.** The ministries of Oil, Electricity, Finance, Water Resources, and Industry and Minerals received the largest allocations from the GOI's capital budget.[17]

Flag display for the return of the former Forward Operating Base Callahan to Iraqi control. (MNF-I photo)

For 2009, the GOI estimates $36.5 billion in oil revenues, which will provide about 85% of the GOI's revenue. The combined total of government revenue from all other sources (customs levies, taxes, and other fees) is projected to total only $6.22 billion.[18] Absent the development of other sources of revenue, the GOI's budgetary planning—and Iraq's security—will continue to be tied to fluctuations in the world oil market. ◆

IRAQ'S ECONOMY IN 2009

Under Saddam Hussein, Iraq had a centrally planned economy. Notwithstanding the 2003–2004 attempts by the U.S.-led Coalition Provisional Authority (CPA) to impose a new array of free market reforms, Saddam's legacy of centralization lives on. Five years after the CPA transferred sovereignty to the Interim Iraqi Government, the Iraqi state still fully controls the oil industry—the only significant revenue-producing sector in the economy.

Key Sectors: Oil and Electricity

Iraq's average quarterly crude oil production fell slightly to 2.28 million barrels per day (MBPD) from the 2.37 MBPD average achieved during the last quarter of 2008, while Iraq's average oil exports increased to 1.81 MBPD from the previous quarter's 1.79 MBPD.[19] In an effort to entice more international investors, the GOI recently announced plans to allow foreign energy companies to hold as much as a 75% stake in new oil drilling projects.[20]

Iraq's daily electricity production reached new post-war highs for the third straight quarter, averaging 118,485 megawatt-hours (MWh) per day, for a total average daily supply (including imports) of 131,506 MWh.[21] This output exceeds pre-invasion levels, as Figure 1.4 shows, but a notable gap continues exist between estimated demand and available supply.

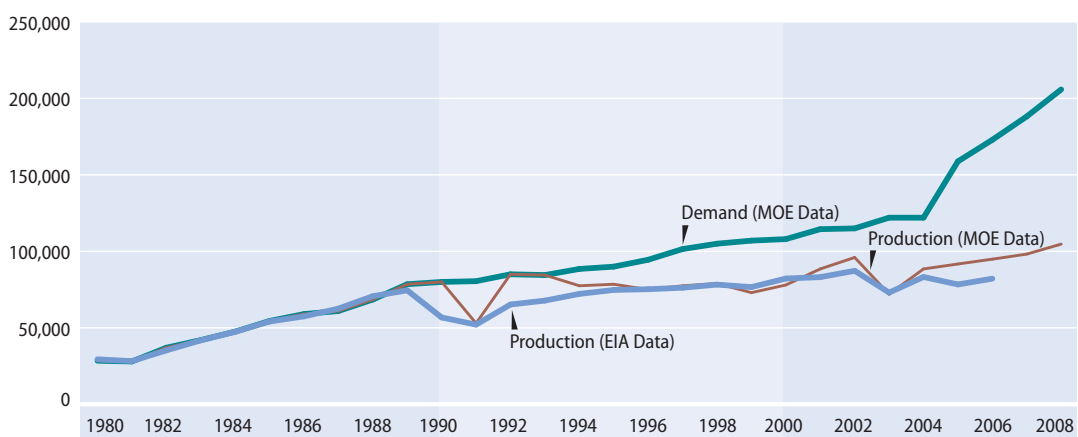
Non-oil Sectors

Implementing Iraq's national development strategy will cost approximately $187 billion over the next three years, according to estimates by Iraq's National Investment Council.[22] Oil revenue alone cannot fund the plan. In a February 2009 conference on developing new

FIGURE 1.4

ELECTRICITY DEMAND VS. PRODUCTION, 1980–2008

MWh per Day



Sources: Energy Information Administration (EIA), *International Energy Annual 2006*; GOI Ministry of Electricity (MOE).

revenue sources, Prime Minister al-Maliki acknowledged that the "Iraqi economy has been dependent on a single source of income for too long."[23] The conference, which was sponsored by the Ministry of Planning, addressed Iraq's need to develop new revenue sources and explored ways to improve Iraq's industrial, agricultural, and tourism capacity.

The GOI manages state-owned industrial enterprises that comprise most of Iraq's manufacturing capacity. U.S. efforts to revitalize Iraq's state-owned industrial sector continue under the auspices of the Task Force to Improve Business and Stability Operations (TF-BSO), an initiative of the Department of Defense.

As of March 25, 2009, TF-BSO is assisting with the revitalization of 30 state-owned factories,[24] but none of them yet produces a profit. Reforming Iraq's industrial sector lies in the hands of the Iraqi government officials who manage these industrial facilities. Their willingness to modernize management practices will determine whether current U.S. assistance yields long-term benefits.

Investing in Iraq

Asian, European, and regional interests continued to expand efforts to invest in Iraq this quarter while U.S. private businesses have taken a less prominent role.[25]

- In January 2009, the China National Petroleum Corporation agreed to start field work in Wassit under a contract with the Ministry of Oil.[26] The GOI also began a joint venture with a British company to drill 60 new wells a year in the south of Iraq.[27]
- The province of Thi-Qar signed a memorandum of understanding with Turkish firms to construct a large industrial complex near Nassriya in the south.
- Iraq and Iran agreed to establish a joint committee that will focus on deepening the economic ties between the two countries. The GOI's Minister of Commerce will co-chair this body with his Iranian counterpart.
- German-based Daimler AG opened a corporate representative office for Iraq in Baghdad and is working with a state-owned enterprise in Iskandaria on potential opportunities to build trucks and buses. ◆

PERSISTENT OBSTACLES TO SUSTAINABLE DEVELOPMENT

In the six years since the 2003 invasion, U.S. and GOI efforts to establish the rule of law have yielded modest results. Corruption still plagues key government ministries, and a lack of transparency precludes governmental accountability. In addition, the complex Iraqi legal regime discourages investment.

Corruption

This quarter, the United States continued efforts to help the GOI's anticorruption institutions fight what Prime Minister al-Maliki has called the "white terrorism" of corruption.[28]

The DoS Anticorruption Coordination Office (ACCO) engaged with its Iraqi interlocutors to urge the repeal or reform of Article 136(b) of the Iraqi Criminal Procedure Code of 1971, which allows GOI ministers to grant immunity to subordinates accused of corruption.[29] ACCO also continued to work with the GOI's three primary anticorruption institutions—the Commission on Integrity (CoI), the inspectors general, and the Board of Supreme Audit (BSA)—to bring Iraq into compliance with all 166 provisions of the UN Convention Against Corruption (UNCAC).

Under the UNCAC, the GOI is obligated to establish a strong anticorruption regime. Examples of matters addressed by the UNCAC include:

- legal mechanisms for confiscating the proceeds of a crime
- legislative reforms
- extradition
- economic reforms
- the protection of witnesses and whistle-blowers
- law enforcement

U.S. engagement with the GOI on anticorruption matters focused on two important initiatives—a gap analysis aimed at identifying the UNCAC provisions with which Iraq is not in compliance and a GOI-led assessment of Iraq's extant legal and institutional anticorruption framework.

In March 2009, the UN Office on Drugs and Crime (UNODC) issued its assessment of Iraq's anticorruption laws and institutions. The UNODC report recommended that the GOI receive assistance from the international community to create and adopt a national anticorruption strategy, reform its laws, build the institutional capacity of its anticorruption institutions, and strengthen its ties to international law enforcement and anticorruption organizations.[30]

Iraq's Anticorruption Institutions

In early March 2009, the Inspector General had a series of meetings with high-level GOI officials, including Prime Minister al-Maliki, Vice President Tariq al-Hashemi, Deputy Prime Minister Rafie al-Eissawi, and BSA President Dr. Abdul Basit Turki Sa'eed.[31] Each of the meetings confirmed that the menace of corruption remains one of the most pressing problems confronting Iraq today.

Five years after its founding, the CoI continues to struggle. In August 2007, it had more than 2,500 open corruption investigations against GOI officials; as of March 31, 2009, it had fewer than 250.[32] The rest were either dismissed under Iraq's year-old Amnesty Law or simply closed.

Over the past two quarters, the GOI appointed new inspectors general in several ministries, including Culture, Trade, Youth and Sports, Foreign Affairs, Water Resources, and

A GOI official holds a stack of Iraqi dinars during a Sons of Iraq payment event on January 18, 2009, at the Joint Security Station Beladiyat in the New Baghdad District. (MNF-I photo)

Education.[33] But the overall performance of the IG community remains very mixed.

All three anticorruption institutions have authorization statutes pending before the CoR. If passed in its current form, BSA's revised law would fundamentally readjust the balance of power among the anticorruption institutions by restoring to BSA the extensive investigative powers it previously possessed. These powers are currently divided between CoI and the inspectors general. On March 5, 2009, the BSA's president informed SIGIR that the CoR may pass BSA's revised law later this spring.

Legislative Logjams

Legal and legislative shortfalls within the Iraqi system continue to limit progress and adversely affect transparency and accountability:

- **Hydrocarbons.** For nearly three years, the CoR has been unable to pass the important hydrocarbons legislation. The resulting lack of a clear regulatory framework for the hydrocarbons sector has deterred multinational oil companies from entering the Iraqi oil market. Without substantial international investment in oil infrastructure, Iraq will not likely meet its production goals for the next decade. In late February 2009, Deputy Prime Minister Rafie al-Eissawi informed the Inspector General that he does not believe the Hydrocarbons Law will pass this year.[34]
- **Investment laws.** In 2008, Iraq established national and provincial investment commissions to assist in the registration and support of foreign and domestic investors. Kurdistan, however, maintains its own separate investment law, which has provisions that conflict with the National Investment Law.
- **Land titles.** The GOI currently lacks a transparent mechanism for resolving contested land claims, which is particularly applicable to the myriad land disputes in and around the northern cities of Mosul and Kirkuk.
- **Implementing regulations.** All laws passed by the GOI must be published in the *Gazette* (Iraq's equivalent of the U.S. *Federal Register*). But ministerial regulations—the operational law in Iraq—can remain secret.[35]

The CoR has yet to take action on a number of economic agreements between the U.S. and Iraq, including the Trade and Investment Framework Agreement, Investment Incentive Agreement, Bilateral Agreement for Economic and Technical Cooperation, and memorandum of understanding on agricultural reform.[36] The

An Iraqi soldier provides security at the Opportunity Fair in Kut, Iraq, on February 27, 2009. (MNF-I photo)

absence of these pacts introduces an additional element of uncertainty that strictly regulated U.S. firms must consider when deciding whether to do business in Iraq.

Council of Representatives Elects New Speaker

After months of intense debate, the CoR elected Ayad al-Samarraie, an influential Sunni parliamentarian, as the new speaker. He replaces Mahmmoud al-Mashhadani, who resigned in December 2008. The election of a new speaker may presage an end to the legislative paralysis that characterized this quarter's CoR sessions.

Iraq's Public Sector

The public sector now provides about 39.8% of all jobs in Iraq.[37] Although some of the public sector's recent growth is attributable to the expansion of the ISF, this imbalance forces significant salary and pension pressures on the GOI's annual budget. It also crowds out private-sector investment and removes skilled human capital from the employment pool. Any effort to make significant cuts in the public-sector workforce, however, risks creating short-term political dislocations that could endanger Iraq's fragile stability.

Unemployment

The UN estimates Iraq's unemployment rate at 18%, although other estimates range up to 50%.[38] On January 31, 2009, MNF-I directed that, wherever possible, the U.S. military use Iraqi contractors, as opposed to third-country-national contractors.[39] Security concerns will make it difficult to shift a high number of jobs to Iraqis in a relatively short period of time. ◆

SIGNIFICANT LEGAL ACTIONS

Protection of Iraqi Assets

Iraqi oil proceeds deposited in U.S. banks will remain immune to garnishment or attachment until December 31, 2009.[40] The GOI is currently negotiating with the United States to ensure that these funds continue to be protected after year's end.

Custer-Battles Decision

On April 10, 2009, the U.S. Court of Appeals for the Fourth Circuit ruled that a contractor found to have committed fraud in Iraq could not avoid paying damages by claiming on jurisdictional grounds, that the False Claims Act did not apply to its dealings with the CPA. The Fourth Circuit ruling reversed a district court decision that set aside a jury's verdict in 2006 finding that the contractor must pay about $10 million in damages and penalties to the U.S. government and two whistle-blowers.[41] The decision removes a potential obstacle to ongoing and future SIGIR investigations. ◆

SIGIR OVERSIGHT

SIGIR continued active oversight of Iraq reconstruction this quarter, which included expanding efforts this quarter on forensic data-mining and investigations. SIGIR also issued 13 new audits and inspections, which are summarized in Section 4.

Investigations

As of April 17, 2009, SIGIR has 80 open investigations into alleged criminal acts committed by U.S. citizens and others involved in the reconstruction effort. To address this substantial caseload, SIGIR maintains a robust, fulltime investigative presence in Iraq. Of note, over the past year, SIGIR has doubled its investigative staff in Iraq. To date, SIGIR investigations have resulted in 20 arrests, 24 indictments, and 18 convictions.

In March 2009, a joint SIGIR-DoD investigation led to the return of more than $13 million in Iraqi funds to the Central Bank of Iraq (CBI). These funds were part of the Development Fund for Iraq, which comprised Iraqi oil proceeds managed by the CPA and used for development projects in 2003-2004. The unused funds were supposed to have been returned to the GOI by the end of 2006. Tipped off by a complaint to the SIGIR Hotline, investigators determined that the funds were being improperly held in various accounts belonging to the U.S. government and U.S. contracting companies. SIGIR and its law enforcement partners arranged for the return of the unused funds to the CBI. On March 4, 2009, Prime Minister al-Maliki personally commended SIGIR for this unprecedented result and promised that a portion of the returned funds would be used to finance humanitarian projects throughout Iraq.

This quarter, SIGIR investigators worked with colleagues from an allied nation to obtain convictions of three Coalition partner military officers and recover more than $1.1 million in CERP funds. This investigation looked into extortion and bribery involving the contract award process, contract execution, and overall construction management activities associated with CERP-funded projects administered by a Coalition partner. The Coalition partner military personnel pled guilty to bribery charges and were sentenced to jail time as a result of this SIGIR investigation. The loss to the U.S. government is estimated to have been more than $4 million. Six other Coalition partner officers will be disciplined by their government in this matter.

In a separate investigation, a Marine Master Sergeant was charged with bribery under the Uniform Code of Military Justice. He was the first individual charged in an ongoing, large-scale investigation of bribery involving Marines and private contractors in Iraq.

As a result of other successful SIGIR investigations, four defendants currently await trial, while nine others are awaiting sentencing.

Forensic Audit Cell

SIGIR is required by law to prepare a final forensic audit report on all U.S. funds made available for Iraq reconstruction. Currently, SIGIR is engaged in three separate forensic audit initiatives, involving a thorough analysis of all reconstruction-related transactions occurring from FY 2003 through FY 2008.

SIGIR is concentrating on anomalies, including double billing, inflated costs, abrupt changes in pricing, and costs charged to the wrong

project. In addition to these three data-mining projects, SIGIR's forensic audit cell continued its close collaboration with SIGIR Investigations on four projects aimed at identifying questionable activities on the part of individuals and entities associated with the Iraq reconstruction effort and to develop the necessary evidentiary information to make determinations regarding the feasibility for civil or criminal prosecutions.

Audits

SIGIR issued seven audit reports this quarter. Several produced recommendations that could also be applied to U.S. reconstruction efforts in Afghanistan. Since 2004, SIGIR has issued 142 audit reports containing more than 350 recommendations. SIGIR audits this quarter reviewed:

- **Asset transfer.** SIGIR found that most asset transfers have taken place at the local level. Thus, the GOI ministries that are responsible for planning the sustainment and integration of these assets usually have incomplete information about the nature of what the United States has provided.
- **Primary Healthcare Centers (PHCs).** SIGIR auditors found that of the originally planned 150 PHCs, approximately 133 will ultimately be completed and turned over to the Iraqis. However, the program has cost about $345 million—or about $102 million more than the $243 million estimate when the original contract with Parsons Delaware, Inc., was terminated—and the PHCs have been transferred to the Ministry of Health years later than planned. Moreover, the status of the transfer and sustainability of the facilities remains unclear because the Gulf Region Division of the U.S. Army Corps of Engineers does not have accurate data on the number of PHCs currently open and operating.
- **Cost-sharing agreements between the United States and the GOI.** The Congress has directed U.S. agencies to obtain increased contributions from the GOI for specific U.S.-funded programs, such as the Sons of Iraq and the CERP. SIGIR found that U.S. agencies do not have policies or procedures governing cost-sharing in Iraq. USAID informed SIGIR that, in conjunction with DoS, it has drafted a plan to implement various congressional cost-sharing mandates and intend to include this document with future budget submissions.
- **PRT costs.** SIGIR found that U.S. financial systems are not designed to capture the true cost of PRTs; therefore, the total actual cost of the PRT program remains unknown. Improving cost information is essential to informing the Congress as it decides how and where to use PRTs in other theaters, such as Afghanistan.
- **The Theater-Wide Internal Security Services contract.** SIGIR determined that the cost of the main DoD private security contract was high and likely to increase. Private security contractors (PSCs) have been used to free up military personnel for other duties. The audit found that competition has driven down costs, but oversight of PSCs by contracting officer representatives (CORs) is weak, leaving the contract vulnerable to undetected fraud, waste, and abuse. SIGIR auditors ascribed the weak oversight to the inadequate training of CORs, other duties they must perform, and their frequent rotation home after short tours of duty.
- **PSC serious incident reporting system.** SIGIR auditors found that DoS and DoD are providing useful information on security incidents involving PSCs. SIGIR recommended that the processes for data reporting and analysis be improved.

A UH-60 Black Hawk helicopter flies over a mosque during a routine flight in Baghdad. (MNF-I photo)

- **The Iraq Security Forces National Maintenance Contract.** SIGIR concluded that important maintenance services were being provided to the Iraqi Army, but a key contract requirement—to develop the maintenance and supply system capabilities of the Iraqi Army—is still largely unmet. This has forced MNSTC-I to extend the contract several times.

In March 2009, Iraq's Board of Supreme Audit and SIGIR agreed to conduct a landmark joint audit of the Iraq-Commander's Emergency Response Program (I-CERP), through which the United States assists the GOI in spending Iraqi funds on small-scale reconstruction projects. For more information about SIGIR's recent audit activities, see Section 4, SIGIR Audits.

Inspections

This quarter, SIGIR's Inspections Directorate completed seven project assessments, which were documented in six reports, including reviews of three schools, two PHCs, a courthouse, and a witness-protection facility. To date, SIGIR has produced 147 project assessment reports covering 136 project sites. This quarter's reports assessed:

- **Basrah Courthouse and Witness Protection Facility.** This $10.9 million Iraq Relief and Reconstruction Fund (IRRF) project will provide the Iraqi Ministry of Justice with a two-story courthouse building and single-story witness protection facility. Aside from minor construction issues, SIGIR concluded that the construction of the two facilities was adequate.

- **Shiqaq Hai Musalla and Hai Tiseen PHCs.** The objective of these two IRRF-funded projects was to complete partially constructed PHCs in Kirkuk and Tameem. The process of transferring PHCs to the GOI was haphazard, and many deficiencies were left unresolved. SIGIR found that these facilities still cannot offer x-ray services and recommended that GRD direct the installation of—and training of local staff on—the medical equipment that currently sits idle inside the two PHCs.
- **Khandek Intermediate School.** The purpose of this ESF-funded project was to repair and expand the school so that it could serve 300 students. SIGIR inspectors determined that the school was operating at full capacity and providing educational services to the requisite number of students. SIGIR also determined that the renovation and construction work was satisfactory except for some minor plumbing deficiencies and a significant crack in a reinforced concrete beam.
- **Suroor Elementary School.** The objective of this ESF-funded project was to rehabilitate a school in Husseiniya. SIGIR found that the evaporative coolers for the school were transferred by the GOI to other schools, but that the overall construction appeared to be satisfactory.
- **Sagrah School.** This school reconstruction project was financed with CERP funds. Although the contract did not require detailed design information, SIGIR inspectors noted that the construction was sound, and the classrooms were well maintained.

For executive summaries of these inspections, see Section 4. ◆

LESSONS LEARNED: REFORMING OVERSEAS CONTINGENCY OPERATIONS

The core message of SIGIR's four-year Lessons Learned Initiative is that there is a pressing need for more closely integrated efforts by the U.S. agencies participating in overseas contingency operations (OCOs).

Hard Lessons: The Iraq Reconstruction Experience

On February 2, 2009, SIGIR presented the final report of its Lessons Learned Initiative to the Commission on Wartime Contracting in Iraq and Afghanistan. *Hard Lessons: The Iraq Reconstruction Experience* provides an extensive body of evidence identifying the shortcomings of the ad hoc approach that characterized the Iraq reconstruction experience and emphasizing that the United States does not have a coherent institutional framework for managing OCOs.

In testimony before the House Armed Services Committee on March 25, 2009, the Inspector General discussed the relevance of *Hard Lessons* to OCOs. In particular, he stressed the need for:

- unity of command among all agencies involved in the management and implementation of contingency relief, reconstruction, and stabilization operations
- improved "soft power" capabilities that are integrated into the overall reconstruction program
- development of efficient wartime contracting rules to avoid wasting U.S. resources
- properly scaling projects to indigenous capacities

U.S. Institute of Peace's Iraq Office Director working with the local PRT and military counterparts.

Unity of Command Necessary for Effective Reform

Iraq revealed the need for a new management structure to coordinate the U.S. response to OCOs. The lack of unity of command meant, for example, that DoD (through CERP) and DoS (through ESF-funded programs) frequently pursued similar, and sometimes overlapping, relief and reconstruction agendas without adequate integration. Temporary reconstruction agencies, such as the CPA, came and went, operating in the absence of clearly defined zones of command. Effective integration of relief and reconstruction operations was thus impossible.

Currently, both DoD and DoS are independently creating capacities to respond to OCOs. For several years, DoD has been implementing DoD Directive 3000.05, which has led to the development of a robust, in-house stability operations capacity. Meanwhile, in October 2008, the Congress passed the Reconstruction and Stabilization Civilian Management Act of 2008, which made the State Coordinator for Reconstruction and Stabilization a statutory entity within DoS. Furthermore, this quarter the

Congress appropriated another $75 million for the Civilian Stabilization Initiative in the Omnibus Appropriations Act, 2009, after previously appropriating $65 million for it in "bridge funds" for FY 2009 as part of the FY 2008 Supplemental Appropriations Act.[42]

To date, no uniform command structure has been developed to integrate these and other agencies' responses to OCOs. If the lessons learned in Iraq are to be implemented effectively, a comprehensive review must be undertaken of current agency efforts aimed at reforming how the U.S. government resources, staffs, oversees, and manages its response to OCOs. This should include considering whether to form a new U.S. Office for Overseas Contingency Operations. ◆

THE HUMAN TOLL

This quarter, no significant security incidents were reported in the International Zone (IZ). U.S. forces continued to lower their security profile around the access points to the IZ, allowing the ISF to take the lead in inspecting entrants to the former Green Zone.

U.S. Civilians

DoS reported that six U.S. civilians died in Iraq from January 1 to March 20, 2009—including one DynCorp employee who was shot and killed by insurgents while working on a personal security detail. Over the past 6 years, at least 284 U.S. civilians have died in Iraq.

Contractors

In the first three months of 2009, the Department of Labor (DoL) reported 57 new death claims for civilian contractors working on U.S.-funded reconstruction projects in Iraq. DoL also reported that 697 contractors sustained injuries that required them to miss at least 4 days of work. As of April 2, 2009, 1,360 death claims have been filed with DoL, since March 2003.

Journalists

On March 10, 2009, two journalists from the Cairo-based Al-Baghdadia television network were among the more than 30 people killed in a suicide bombing in the town of Abu Ghraib. The journalists were part of a delegation that accompanied the head of MOI's Tribal Affairs division to a tribal reconciliation conference. The bomber entered the meeting wearing a military uniform and detonated the device. At least four other journalists were injured in this attack.[43]

Internally Displaced Persons and Refugees

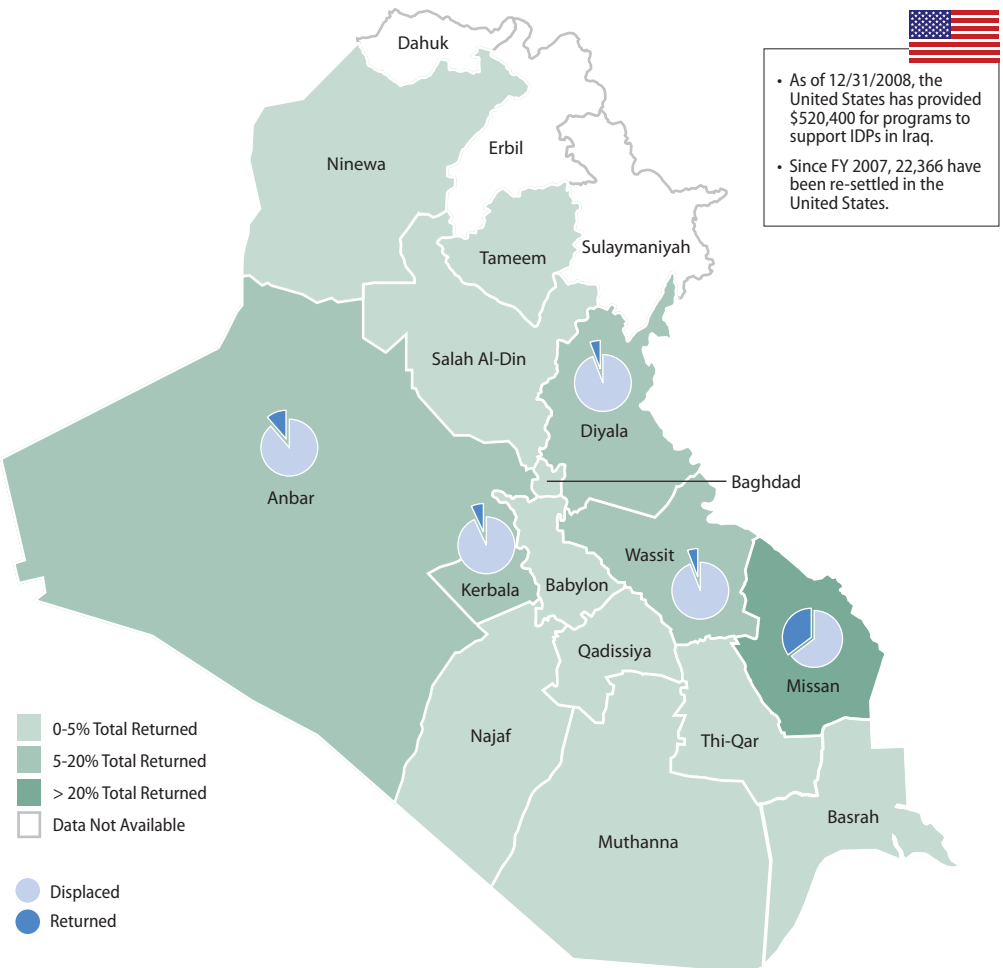
The DoS Office of Foreign Disaster Assistance estimated that only 4.5% of the more than 5 million Iraqis displaced by the violent insurgency and its consequences have returned to their homes as of December 2008.[44] This estimate of displaced persons includes refugees (2.19 million) and internally displaced persons (IDPs) (2.84 million). Figure 1.5 displays the five Iraqi provinces with the most displaced persons and how many are estimated to have returned home.[45]

This quarter, the United States and the international community made progress in their efforts to assist displaced Iraqis. In the Administration's FY 2009 supplemental, the President requested $108 million to assist the millions of Iraqi refugees, IDPs, and conflict victims.[46] This would bring total refugee funding for FY 2009 to $249 million, a 10% reduction over FY 2008 funding. Total appropriated U.S. funding to date for refugees is $520.4 million.

The Psychological Costs of War

In March 2009, the GOI and the World Health Organization released a study evaluating the mental toll that six years of war has taken on the Iraqi populace.[47] The survey estimated that 17% of Iraqis over 18 years old suffer from depression, anxiety, and other mental disorders; almost 70% of these respondents stated that they had contemplated suicide. There are no current reliable statistics for the total number of suicides in Iraq over the past six years. ◆

FIGURE 1.5
RATE OF IDP AND REFUGEE RETURN



Note: As of December 2008, 4.4% of displaced persons have returned out of the total of 5,268,894.

Sources: UNHCR, 9/2008; IOM, September and 12/2008.

IRAQ RECONSTRUCTION FUNDING SOURCES AND USES

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SECTION

2

IRAQ RECONSTRUCTION FUNDING

Six years since the start of efforts to provide humanitarian assistance and to rebuild and restore Iraq's services and infrastructure, more than $139 billion has been made available through three main sources:

- Iraqi funding: $71.01 billion
- U.S. funding: $51.00 billion
- International funding: $17.79 billion

For the status of all sources of funding for Iraq reconstruction, see Figure 2.1.

Iraqi Funding

Reconstruction efforts in Iraq were initially funded through the Development Fund for Iraq, U.S. appropriations, and international pledges, but the GOI capital budget now accounts for the largest source of future spending. Since 2003, Iraq has allocated $71 billion for reconstruction projects,[48] primarily through its capital budgets ($59 billion).[49]

Although Iraq's total annual budgets have increased steadily since 2003, the 2009 Iraqi budget reflects a cut of almost 26% from the initial proposal, because of declining oil prices.[50] The final $58.6 billion[51] budget includes 3% less capital funding than did the 2008 base budget.[52]

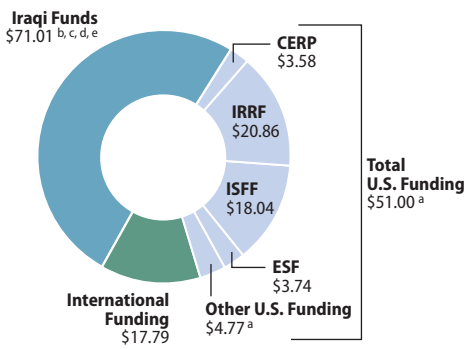
Slow budget execution rates between 2005 and 2007 caused a nearly $29 billion surplus to amass in the Iraqi treasury.[53] The GOI will need to rely on these accumulated fiscal reserves to cover a projected 2009 budget deficit[54] of $15.9 billion.[55] The total fiscal reserves reported at year-end 2008 include funds currently tied to open letters of credit and funds being used for capital projects from previous years.[56]

For details of reserves over time, see Table 2.1.

FIGURE 2.1

FUNDING SOURCES

$ Billions, Total Reconstruction Funding $139.79 Billion



Note: Numbers affected by rounding.
[a] May include humanitarian aid or other types of assistance.
[b] Includes 8/11/2004 transfer of $86 million cash from the Central Bank of Iraq for CERP at the authorization of the Ministry of Finance.
[c] In previous Quarterly Reports, SIGIR reported approximately $20 billion in Development Fund for Iraq (DFI) cumulative deposits to fund Iraqi government operations and reconstruction programs. SIGIR has refined that number to reflect only reconstruction funding, which is approximately $7 billion, according to GAO Report 05-876, 7/28/2005, p. 2.
[d] In 2003, the budget covered the last half of 2003 only. Budget for 2008 includes Supplemental funding.
[e] This total includes vested (frozen) funds of $1.724 billion; seized funds, including confiscated cash and property of $0.927 billion; DFI support of $9.331 billion (including the DFI Transition sub-account); and Iraqi capital budgets from 2003–2009.

Sources: OMB, response to SIGIR data call, 1/16/2009; Ministry of Finance, Ministry of Planning, and Coalition Provisional Authority, "Republic of Iraq Budget Revenues and Expenses: July-December 2003 Budget Summary," p. 6; Ministry of Finance, response to SIGIR data call, 10/2008; NEA-I, responses to SIGIR data call, 10/2/2008 and 4/2/2009.

TABLE 2.1

GOI FISCAL AND MONETARY RESERVES

$ Billions

YEAR	ACCUMULATED FISCAL RESERVES	CURRENCY RESERVES
2005	$6.00	$12.00
2006	$15.00	$19.90
2007	$29.00	$31.70
2008	$46.00	$50.20
2009 (projected)	$25.00	$40.00

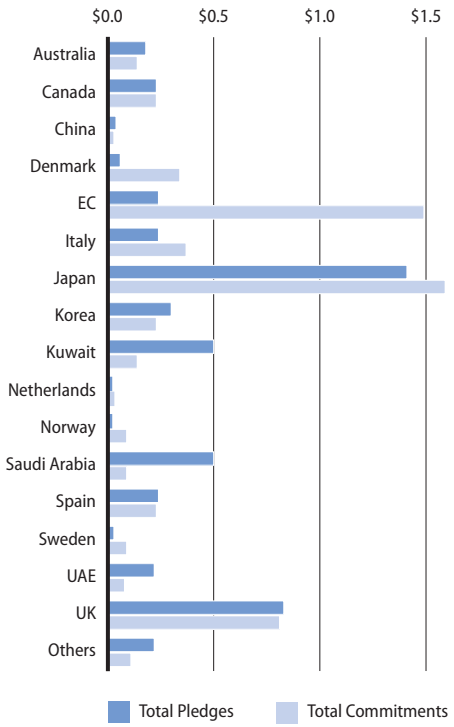
Note: Currency reserves are legally unavailable for government expenditures.

Source: NEA-I, "Iraq's Economy," 3/4/2009.

FIGURE 2.2

INTERNATIONAL DONOR GRANTS PLEDGED VS. COMMITTED, BY COUNTRY

$ Billions



Source: NEA-I, response to SIGIR data call, 4/14/2009.

International Funding

According to the Department of State (DoS), since 2003 Iraq has received $17.79 billion in total international assistance, including $6.04 billion in grants[57] and $11.75 billion in pledged loans.[58]

For a comparison of the original $5.26 billion in pledged grants to the $6.04 billion that has been committed, see Figure 2.2.

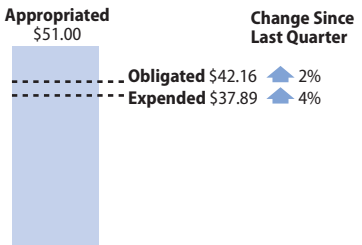
U.S. Reconstruction Funding

The U.S. Congress has made $51 billion available for the relief and reconstruction of Iraq.[59] For a detailed timeline of appropriations by account and program, see Table 2.2, and for the status of these funds, see Figure 2.3.

FIGURE 2.3

STATUS OF U.S. RECONSTRUCTION FUNDING

$ Billions



Note: Numbers affected by rounding.

Sources: IRRF 1: USAID, response to SIGIR data call, 4/8/2009; Treasury, response to SIGIR data call, 4/2/2009; USTDA, response to SIGIR data call, 4/2/2009; DoS, response to SIGIR data call, 4/5/2007; DFAS, response to SIGIR data call, 4/10/2009. IRRF 2: Embassy, response to SIGIR data call, 4/13/2009. ISFF: OSD, response to SIGIR data call, 4/14/2009; ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; Embassy, response to SIGIR data call, 4/15/2009. CERP: OSD, response to SIGIR data call, 4/10/2009. Other Funding: INL, response to SIGIR data call, 4/14/2009. SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/2009.

Appropriations to the Major Reconstruction Accounts

As of March 31, 2009, more than $46 billion (91%) of all U.S. reconstruction appropriations had been funded through four major accounts:[60]

- **Iraq Relief and Reconstruction Fund (IRRF): $20.86 billion**—the largest appropriation for Iraq reconstruction. Funds were allocated to 10 project sectors, covering activities ranging from security and law enforcement to infrastructure and health care.[61] The IRRF 2 expired on September 30, 2008, and only 44 IRRF projects remain ongoing.[62]
- **Iraq Security Forces Fund (ISFF): $18.04 billion**—largest ongoing reconstruction fund, representing the vast majority of unobligated and unexpended funds. Funds are allocated to sub-activity groups that address four key areas of development for Iraq's Ministry of Defense (MOD) and Ministry of Interior (MOI).[63]

TABLE 2.2

SUMMARY OF U.S. RECONSTRUCTION FUNDING ACCOUNTS

$ Billions

U.S. FUND	APPROPRIATED	UNOBLIGATED (APP-OBL)	OBLIGATED	UNEXPENDED (OBL-EXP)	EXPENDED
IRRF 1*	$2.48	$0.22	$2.26	$0.01	$2.25
IRRF 2*	18.39	0.36	18.03	0.59	17.44
IRRF Total	**$20.86**	**$0.57**	**$20.29**	**$0.60**	**$19.69**
ISFF FY 2005*	5.49	0.12	5.37	0.04	5.33
ISFF FY 2006*	3.01	0.18	2.83	0.08	2.74
ISFF FY 2007*	5.54	0.05	5.49	1.56	3.93
ISFF FY 2008	3.00	1.82	1.18	0.67	0.51
ISFF FY 2009 Bridge	1.00	1.00	-	-	-
ISFF Total	**$18.04**	**$3.17**	**$14.87**	**$2.35**	**$12.52**
ESF FY 2003*	0.05	-	0.05	-	0.05
ESF FY 2006*	1.55	0.17	1.38	0.11	1.26
ESF FY 2007*	1.60	0.17	1.43	0.35	1.07
ESF FY 2008	0.44	0.07	0.37	0.31	0.06
ESF FY 2009 Bridge	0.10	-	0.10	0.10	0.00
ESF Total	**$3.74**	**$0.42**	**$3.32**	**$0.87**	**$2.45**
CERP FY 2004*	0.14	-	0.14	-	0.13
CERP FY 2005*	0.72	0.03	0.69	0.02	0.67
CERP FY 2006*	0.70	0.03	0.67	0.03	0.64
CERP FY 2007*	0.75	0.01	0.74	0.03	0.71
CERP FY 2008*	1.00	0.01	0.99	0.11	0.88
CERP FY 2009 Bridge	0.29	0.12	0.16	0.10	0.07
CERP Total	**$3.58**	**$0.19**	**$3.39**	**$0.30**	**$3.09**
Other Funding	$4.77	$4.49	$0.28	$0.15	$0.13
Total	**$51.00**	**$8.84**	**$42.16**	**$4.27**	**$37.89**

* Obligation period ended.

Note: Numbers affected by rounding.
Sources: US Appropriations: OMB, response to SIGIR data call,1/16/2009; IRRF: USAID, response to SIGIR data call, 4/8/2009; Treasury, response to SIGIR data call, 4/2/2009; USTDA, response to SIGIR data call, 4/2/2009; DoS, response to SIGIR data call, 4/5/2007; DFAS, response to SIGIR data call, 4/10/2009; Embassy, response to SIGIR data call, 4/13/2009. ISFF: OSD, response to SIGIR data call, 4/14/2009; ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, Essential Indicators Report, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; Embassy, response to SIGIR data call, 4/15/2009. CERP: OSD, response to SIGIR data call, 4/10/2009. Other Funding: INL, response to SIGIR data call, 4/14/2009.

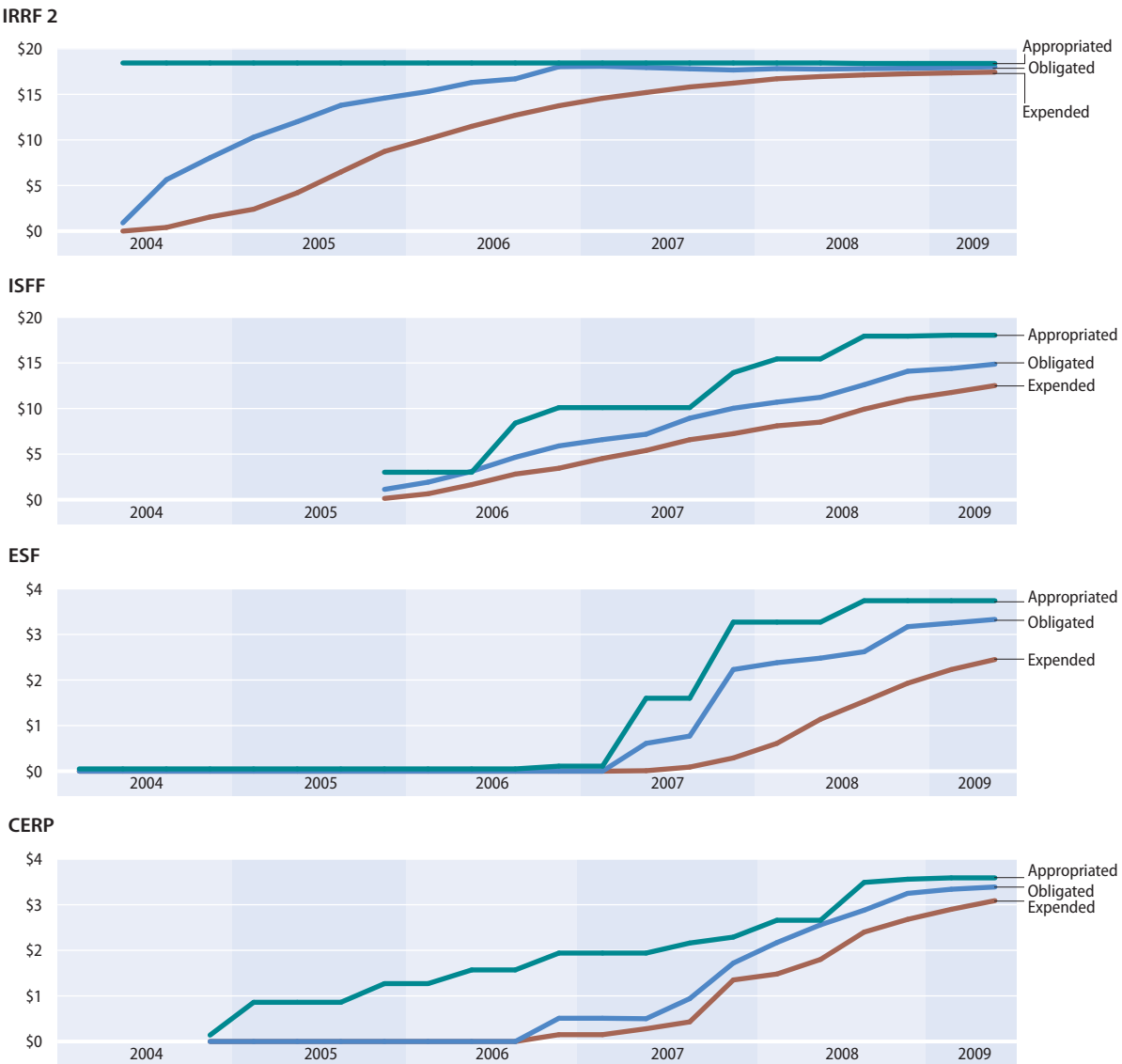
- **Economic Support Fund (ESF): $3.74 billion**—funds democracy and capacity-building programs, broken down by DoS into three program tracks: Security, Economic, and Political.[64]
- **Commander's Emergency Response Program (CERP): $3.58 billion**—used by U.S. military commanders across Iraq to address urgent relief and reconstruction needs in their areas of responsibility. Funds are executed within 19 permissible project categories that comprise a variety of activities, ranging from protective measures to education.[65]

For a detailed illustration of cumulative appropriations, obligations, and expenditures for each of the four major reconstruction accounts, see Figure 2.4. See Table 2.3 for a list of all U.S. appropriations.

FIGURE 2.4

CUMULATIVE APPROPRIATIONS, OBLIGATIONS, AND EXPENDITURES, BY MAJOR RECONSTRUCTION FUND, 2004–2009

$ Billions



Sources: SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–1/2009. U.S. Appropriations: OMB, response to SIGIR data call,1/16/2009; IRRF: USAID, response to SIGIR data call, 4/8/2009; Treasury, response to SIGIR data call, 4/2/2009; USTDA, response to SIGIR data call, 4/2/2009; DoS, response to SIGIR data call, 4/5/2007; DFAS, response to SIGIR data call, 4/10/2009; Embassy, response to SIGIR data call, 4/13/2009. ISFF: OSD, response to SIGIR data call, 4/14/2009; ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; Embassy, response to SIGIR data call, 4/15/2009. CERP: OSD, responses to SIGIR data call, 4/10/2009 and 4/17/2009.

Table 2.3

U.S. Appropriated Funds

$ Thousands

FUNDING MECHANISM	Consolidated Appropriations Resolution, 2003	Emergency Wartime Supplemental Appropriations Act, 2003	Emergency Appropriations Act for the Defense and for the Reconstruction of Iraq and Afghanistan, 2004	Department of Defense Appropriations Act, 2005	Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005	Appropriations for the Department of State, FY 2006	Appropriations for the Department of Defense, FY 2006	Emergency Supplemental Appropriations for FY 2006	Department of Defense Appropriations Act, FY 2007	U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007	2007 Foreign Assistance Continuing Resolutions	Consolidated Appropriations Act, 2008	Supplemental Appropriations Act, 2008 (Includes FY 2008)*	Supplemental Appropriations Act, 2008 (FY 2009 Bridge Funding Only)*	Total Appropriations
PUBLIC LAW #	P.L. 108-7	P.L. 108-11	P.L. 108-106	P.L. 108-287	P.L. 109-13	P.L. 109-102	P.L. 109-148	P.L. 109-234	P.L. 109-289	P.L. 110-28	P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149	P.L. 110-161	P.L. 110-252	P.L. 110-252	
DATE OF ENACTMENT	2/20/2003	4/16/2003	11/6/2003	8/5/2004	5/11/2005	11/14/2005	12/30/2005	6/15/2006	9/29/2006	5/25/2007	12/21/2007	12/26/2007	6/30/2008	6/30/2008	
Major Funding Streams															
Iraq Relief and Reconstruction Fund (IRRF 2)[a]			$18,439,000										($50,000)		$18,389,000
Iraq Security Forces Fund (ISFF)					$5,490,000			$3,007,000	$1,700,000	$3,842,301		$1,500,000	$1,500,000	$1,000,000	$18,039,301
Commander's Emergency Response Program (CERP)[b]				$140,000	$718,000		499,500	$198,000	$400,000	$348,400		$370,000	$625,909	$285,000	$3,584,809
Economic Support Fund (ESF)[c]	$40,000	$10,000				$60,390		$1,485,000		$1,478,000	$122,800	$14,879	$424,000	$102,500	$3,737,569
Iraq Relief and Reconstruction Fund (IRRF 1)		$2,475,000													$2,475,000
Major Funding Stream Totals	**$40,000**	**$2,485,000**	**$18,439,000**	**$140,000**	**$6,208,000**	**$60,390**	**$499,500**	**$4,690,000**	**$2,100,000**	**$5,668,701**	**$122,800**	**$1,884,879**	**$2,499,909**	**$1,387,500**	**$46,225,679**
Other Assistance Programs															
Natural Resources Risk Remediation Fund (NRRRF)		$489,300													$489,300
Department of State, International Narcotics Control and Law Enforcement (DoS/INL)		$20,000						$91,400		$150,000	$20,048		$85,000		$366,448
Democracy Fund (State)										$250,000			$75,000		$325,000
International Disaster Assistance (IDA)[d]		$143,800				$7,886						$50,000	$35,000	$10,000	$246,686
International Disaster and Famine Assistance[d]										$45,000	$5,000				$50,000
Migration and Refugee Assistance (MRA)[d]		$37,000								$45,000	$20,000	$149,400	$128,000	$141,000	$520,400
Iraq Freedom Fund (TF-BSO)										$50,000			$50,000		$100,000
Child Survival and Health Programs Fund		$90,000													$90,000
P.L. 480 Title II Food Aid	$68,000				$2,962							$22,895			$93,857
Voluntary Peacekeeping Operations		$50,000													$50,000
Alhurra-Iraq Broadcasting			$40,000												$40,000
Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)										$7,000	$12,350	$15,975		$4,500	$39,825
Overseas Humanitarian, Disaster and Civic Aid			$17,000												$17,000
International Affairs Technical Assistance (OTA)								$13,000		$2,750					$15,750
Education and Cultural Exchange Programs						$5,572					$5,173	$5,720			$16,465

FUNDING MECHANISM	Consolidated Appropriations Resolution, 2003	Emergency Wartime Supplemental Appropriations Act, 2003	Emergency Appropriations Act for the Defense and for the Reconstruction of Iraq and Afghanistan, 2004	Department of Defense Appropriations Act, 2005	Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005	Appropriations for the Department of State, FY 2006	Appropriations for the Department of Defense, FY 2006	Emergency Supplemental Appropriations for FY 2006	Department of Defense Appropriations Act, FY 2007	U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007	2007 Foreign Assistance Continuing Resolutions	Consolidated Appropriations Act, 2008	Supplemental Appropriations Act, 2008 (Includes FY 2008)*	Supplemental Appropriations Act, 2008 (FY 2009 Bridge Funding Only)*	Total Appropriations
PUBLIC LAW #	P.L. 108-7	P.L. 108-11	P.L. 108-106	P.L. 108-287	P.L. 109-13	P.L. 109-102	P.L. 109-148	P.L. 109-234	P.L. 109-289	P.L. 110-28	P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149	P.L. 110-161	P.L. 110-252	P.L. 110-252	
DATE OF ENACTMENT	2/20/2003	4/16/2003	11/6/2003	8/5/2004	5/11/2005	11/14/2005	12/30/2005	6/15/2006	9/29/2006	5/25/2007	12/21/2007	12/26/2007	6/30/2008	6/30/2008	
Combatant Commander Initiative Fund (CINC Initiative Fund)		$3,612													$3,612
U.S. Marshals Service (Litigation Support Services)								$1,000					$1,648		$2,648
International Military and Education Training (IMET)											$1,138	$242			$1,380
Department of Justice										$1,648					$1,648
Other Assistance Programs Totals	**$68,000**	**$833,712**	**$57,000**	**$0**	**$2,962**	**$13,458**	**$0**	**$105,400**	**$0**	**$551,398**	**$63,709**	**$244,232**	**$374,648**	**$155,500**	**$2,470,019**
Reconstruction-related Operational Costs															
U.S. Contributions to International Organizations													$38,000	$30,000	$68,000
Coalition Provisional Authority (CPA)[e]			$833,000												$833,000
Project and Contracting Office[f]								$200,000		$630,000					$830,000
Iraq Freedom Fund (PRT Administrative Costs)										$100,000					$100,000
USAID Administrative Expenses[g]		$21,000			$24,400			$79,000				$20,800	$25,000	$52,000	$222,200
Reconstruction Related Operational Cost Totals	**$0**	**$21,000**	**$833,000**	**$0**	**$24,400**	**$0**	**$0**	**$279,000**	**$0**	**$746,372**	**$0**	**$20,800**	**$63,000**	**$82,000**	**$2,053,200**
Reconstruction Oversight															
Defense Contract Audit Agency (DCAA)[h]										$16,372					$16,372
Special Inspector General for Iraq Reconstruction (SIGIR)			$75,000					$24,000		$35,000			$2,500	$36,500	$173,000
Department of State, Office of Inspector General								$1,000		$1,500	$1,300	$1,300	$2,500	$5,000	$12,600
DoD Office of the Inspector General								$5,000				$20,800			$25,800
United States Agency for International Development, Office of Inspector General (USAID OIG)		$3,500	$1,900		$2,500					$542	$2,756	$3,025	$3,500	$500	$18,223
Reconstruction Oversight Cost Totals	**$0**	**$3,500**	**$76,900**	**$0**	**$2,500**	**$0**	**$0**	**$30,000**	**$0**	**$37,042**	**$4,056**	**$25,125**	**$8,500**	**$42,000**	**$245,995**
Grand Total for All U.S. Appropriated Funding for Iraq Reconstruction	**$108,000**	**$3,343,212**	**$19,405,900**	**$140,000**	**$6,238,862**	**$73,848**	**$499,500**	**$5,104,400**	**$2,100,000**	**$7,003,512**	**$190,565**	**$2,175,036**	**$2,946,057**	**$1,667,000**	**$50,994,893**

a $18.439 billion represents the amount appropriated by the Congress for Iraq programs in IRRF 2 under P.L. 108-106, enacted in November 2003. The Congress had initially appropriated $18.649 billion to IRRF 2, but also earmarked that $210 million be transferred to other accounts for programs in Jordan, Liberia, and Sudan. Of the remaining $18.439 billion, the Administration transferred out of the IRRF to other accounts roughly $562 million for Iraq-related programs that could be implemented only in other accounts, such as a $352 million Iraq bilateral debt forgiveness program to the United States that required funding in a Treasury account. The Congress was notified of all transfers out of the IRRF. In addition, Congress earmarked that $9.95 million of FY 2006 appropriations be transferred into the IRRF from the DoS ESF. Also includes a $50 million rescission as identified in HR 2642.

b Funds appropriated to the CERP are for efforts in Iraq and Afghanistan. SIGIR reports DoD's allocation to CERP for Iraq.

c $40 million from FY 2003 ESF base account that was not reimbursed; $10 million from P.L .108-11. FY 2007 ESF Emergency Supplemental includes $76 million rescission.

d HR 2642 appropriated funding for International Disaster and Famine Assistance and Migration and Refugee Assistance is subject to change pending final worldwide allocation of these two funds.

e Excludes $75 million for Special Inspector General for Iraq Reconstruction under P.L. 108-106.

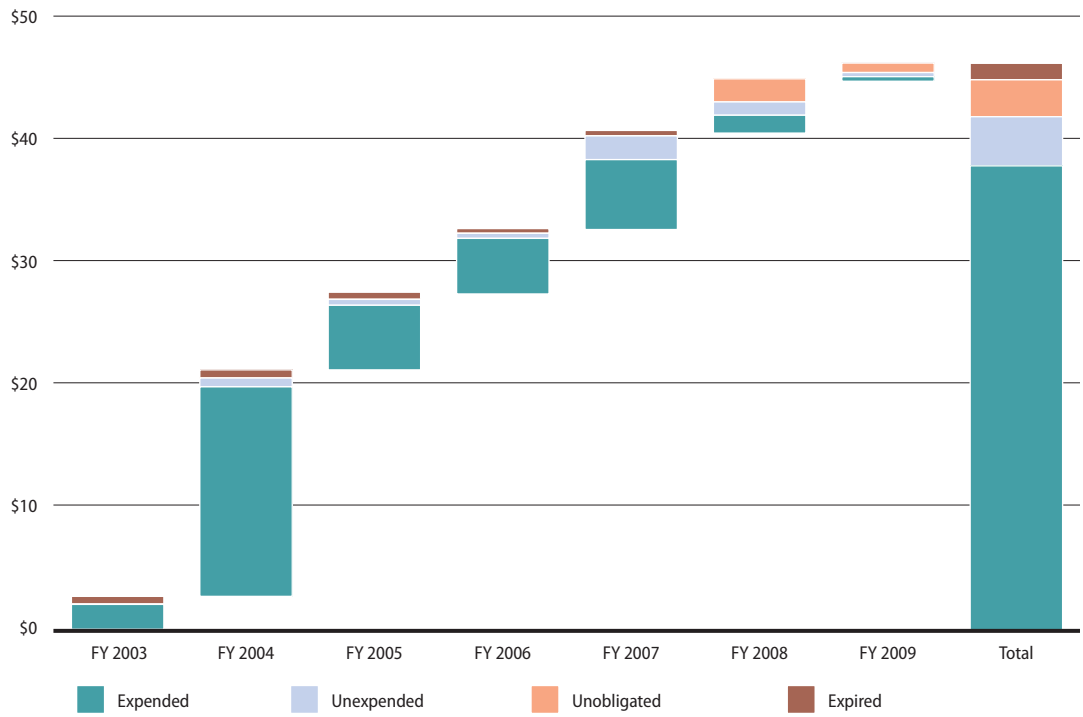
f Per conference reports for P.L. 109-234 and P.L. 110-28, reconstruction support funding is provided for Project and Contracting Office activities.

g Incomplete pending further investigation into administrative expenses for all fiscal years.

h As identified in the P.L. 110-28 conference report. Includes Iraq reconstruction efforts for civilian personnel, temporary/additional duty, and miscellaneous contracts.

* FY 2008 supplemental and FY 2009 bridge funding levels for MRA and IDA were significantly higher than requested levels. The Congress did not direct which countries are to receive funding, but Iraq funds may be significantly higher pending administrative decisions that set allocations.

FIGURE 2.5
STATUS OF MAJOR U.S. FUNDS BY FISCAL YEAR
$ Billions



Note: Numbers affected by rounding. "Unexpended" refers to obligated funds that have not been expended.

Sources: SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–1/2009. IRRF: USAID, response to SIGIR data call, 4/8/2009; Treasury, response to SIGIR data call, 4/2/2009; USTDA, response to SIGIR data call, 4/2/2009; DoS, response to SIGIR data call, 4/5/2007; DFAS, response to SIGIR data call, 4/10/2009; Embassy, response to SIGIR data call, 4/13/2009. ISFF: OSD, response to SIGIR data call, 4/14/2009; ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; Embassy, response to SIGIR data call, 4/15/2009. CERP: OSD, response to SIGIR data call, 4/10/2009.

Unobligated U.S. Funds

As of March 31, 2009, $3.01 billion remains for obligation in three major ongoing accounts:[66]

- **ISFF:** $2.82 billion
- **ESF:** $0.07 billion
- **CERP:** $0.12 billion

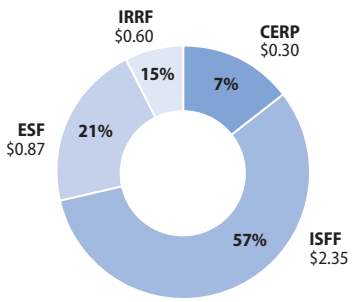
The ISFF accounts for the largest portion of the remaining obligations—more than 93%.[67] This includes $1 billion provided in the FY 2008 Supplemental for FY 2009 bridge funding.

For a summary of fiscal-year unobligated funds, including funds expired in major funding accounts, see Figure 2.5.

Figure 2.6

Unexpended Major U.S. Funds

$ Billions, Total Unexpended $4.12 Billion



Sources: IRRF: USAID, response to SIGIR data call, 4/8/2009; Treasury, response to SIGIR data call, 4/2/2009; USTDA, response to SIGIR data call, 4/2/2009; DoS, response to SIGIR data call, 4/5/2007; DFAS, response to SIGIR data call, 4/10/2009; Embassy, response to SIGIR data call, 4/13/2009. ISFF: OSD, response to SIGIR data call, 4/14/2009. ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009 and 4/13/2009. CERP: OSD, responses to SIGIR data call, 4/10/2009 and 4/17/2009.

Obligations of the Major Reconstruction Accounts

As of March 31, 2009, $41.88 billion (91%) of all appropriations to the major ongoing reconstruction accounts had been obligated—$720 million during this quarter.[68] The rate of new obligation has slowed markedly since late 2007. Total obligations increased just 1.9% over last quarter.[69]

As of March 31, 2009, $4.12 billion of funds already obligated in these major accounts remain unexpended.[70] For unexpended obligations funds by major ongoing reconstruction account, see Figure 2.6.

Expenditures in the Major Reconstruction Accounts

As of March 31, 2009, $37.76 billion has been expended from the four major U.S. funds, or 90% of the amount obligated. During this quarter, $1.26 billion was expended:[71]

- **ISFF:** $757 million
- **ESF:** $221 million
- **CERP:** $190 million
- **IRRF:** $90 million

As of March 31, 2009, expenditures for the ESF more than doubled in comparison to the same period in FY 2008.[72] But the total rate of expenditure for all funds has been slower in the first two quarters of FY 2009 than in previous quarters.[73] Historically, however, spending rates increase later in the fiscal year.

IRRF 2

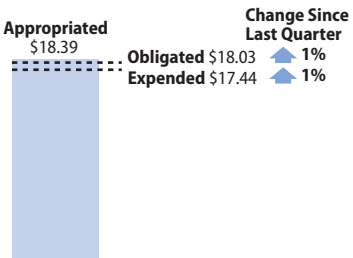
Iraq Relief and Reconstruction Fund Overview

On September 30, 2008, the IRRF 2 account expired for new obligations. However, obligated funds are still being used to complete remaining projects and for adjustments to existing contracts. Of the total $18.03 billion obligated under IRRF 2, $588 million remains unexpended.[74]

For the status of IRRF 2 funding, see Figure 2.7, and for funding by sector, see Table 2.4.

As of March 31, 2009, 44 IRRF projects remain ongoing.[75] These projects are primarily concentrated in the Security and Justice, Public Works and Water, Electrical, and Health sectors. For a listing of major ongoing projects see Table 2.5.

FIGURE 2.7
STATUS OF FUNDS
$ Billions



Note: Numbers affected by rounding.

Source: Embassy, response to SIGIR data call, 4/13/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 1/2009.

TABLE 2.4
IRRF 2 ALLOCATIONS
$ Millions

SECTOR/ CATEGORY	ALLOCATED	OBLIGATED	EXPENDED
Security and Law Enforcement	$4,960	$4,937	$4,891
Justice, Public Safety, Infrastructure, and Civil Society	2,299	2,309	2,177
Electric Sector	4,178	4,075	3,992
Oil Infrastructure	1,717	1,605	1,592
Water Resources and Sanitation	2,054	1,976	1,879
Transportation and Telecommunications Projects	462	449	434
Roads, Bridges, and Construction	320	281	261
Health Care	810	796	763
Private Sector Development	838	860	826
Education, Refugees, Human Rights, Democracy, and Governance	470	520	415
Administrative Expenses	220	219	210
Total	**$18,328**	**$18,028**	**$17,440**

Source: Embassy, response to SIGIR data call, 4/13/2009.

TABLE 2.5
MAJOR ONGOING IRRF RECONSTRUCTION PROJECTS
$ Millions

PROJECT	TOTAL BUDGETED COST	START DATE	PROJECTED COMPLETION DATE	PROVINCE
Construct Qudas Power Plant Expansion	$175.78	2/17/2007	3/30/2009	Baghdad
Farabi & Jamila 132 kV S/S - Construct New	$50.00	7/31/2006	9/30/2009	Baghdad
Wr-002 Construct Eastern Euphrates Drain (Zones 3b And 4)	$38.62	11/25/2006	3/1/2009	Muthanna
Basrah Children's Hospital	$35.25	10/18/2006	5/15/2009	Basrah
Ss-016 Construction Wastewater Treatment Plant Fallujah Ph 2	$31.10	12/9/2006	9/22/2009	Anbar
Ramadi 132 kV S/S Construct New	$30.17	1/30/2007	9/15/2009	Anbar
Diwaniyah 132 kV Ais Substation - Construct New	$28.08	6/17/2007	5/30/2009	Qadissiya
Pw-081 Grant Construct Meshkab Water Supply Project	$23.11	9/20/2007	4/7/2009	Najaf
Wr-015 Grant Construct Nassriyah Drainage Pump Station	$20.02	3/01/2007	12/31/2008	Thi-Qar
Fallujah 132 kV S/S – Rehab	$16.36	12/23/2006	9/30/2009	Anbar

Source: IRMS, *Global Benchmark*, 4/1/2009.

ISFF

Iraq Security Forces Fund Overview

Administered by the Department of Defense (DoD) through the Multi-National Security Transition Command-Iraq (MNSTC-I), the ISFF funds activities to support Iraq's MOD and MOI in developing the Iraqi Security Forces (ISF). For the status of the ISFF, see Figure 2.8. These funds fall primarily into four major budget sub-activity groups:

- Equipment and Transportation
- Sustainment
- Training and Operations
- Infrastructure

For the status of ISFF allocations to support the MOD and MOI, by sub-activity group, see Table 2.6.

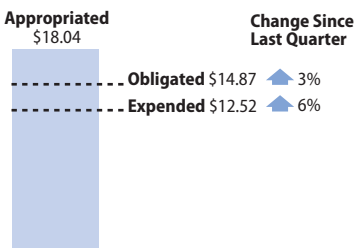
Reconstruction spending continues to wind down in the major funding accounts. DoD reports that there is no plan for future-year funding for the ISFF.[76] Moreover, the FY 2009 bridge funding of $1 billion has yet to be released, and a request to extend the availability of these funds has been sent to the Congress.[77] As of March 31, 2009, 82% of appropriations to the ISFF had been obligated, and 69% had been expended.[78] With $2.82 billion remaining for new obligations, the ISFF is the reconstruction account with the largest amount of available funds.[79]

For the trend in ISFF contracting actions over the past year, see Figure 2.9.

Figure 2.8

Status of Funds

$ Billions



Note: Numbers affected by rounding.

Sources: P.L. 108-287; P.L. 109-13; P.L. 109-148; P.L. 109-234; P.L. 109-289; P.L. 110-28; P.L. 110-161; P.L. 110-252; OSD, response to SIGIR data call, 4/14/2009; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/2009.

Status of Funding by Sub-activity Group

As in previous quarters, obligations and expenditures were chiefly for Equipment and

Table 2.6

Status of ISFF Allocations, as of 3/31/2009

$ Millions

	Sub-Activity	Allocations	Obligations	Expenditures
MOD	Equipment and Transportation	$4,410	$3,933	$3,165
	Infrastructure	3,257	2,923	2,512
	Sustainment	1,860	1,752	1,534
	Training and Operations	344	334	257
MOD Total		**$9,871**	**$8,943**	**$7,467**
MOI	Equipment and Transportation	1,739	1,417	1,062
	Infrastructure	1,442	1,292	974
	Sustainment	631	533	497
	Training and Operations	2,355	1,913	1,877
MOI Total		**$6,166**	**$5,155**	**$4,411**
Other Total		**$1,007**	**$775**	**$643**
Grand Total		**$17,044**	**$14,872**	**$12,521**

Source: OSD, response to SIGIR data call, 4/14/2009.

Transportation. As of March 31, 2009, $5.35 billion has been obligated, and $4.23 billion has been expended in this category.[80] Expenditures for this group rose by nearly $335 million—8.6% over last quarter.[81] The second largest sub-activity group is Infrastructure, with $4.22 billion obligated and $3.49 billion expended.[82]

Of ISFF 2007 fiscal-year funds obligated, 29% remain unexpended.[83] Within the Training and Operations category, 96% of obligated funds have been expended, but only 63% of funds has been expended for Infrastructure and Equipment and Transportation.[84]

Figure 2.10 details the percentage of funds expended in each sub-activity group by fiscal year.

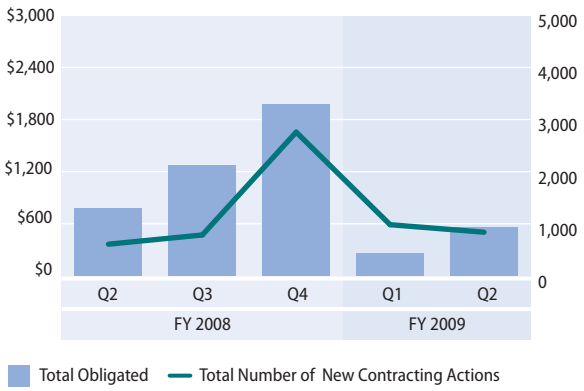
Quarterly Spending Trends by Ministry

U.S. program priorities for MOD and MOI are informed by the force-generation objectives of each ministry as well as the ability of each ministry to execute its budget.[85]

Figure 2.9

New ISFF Contracting Actions, by Quarter

$ Millions



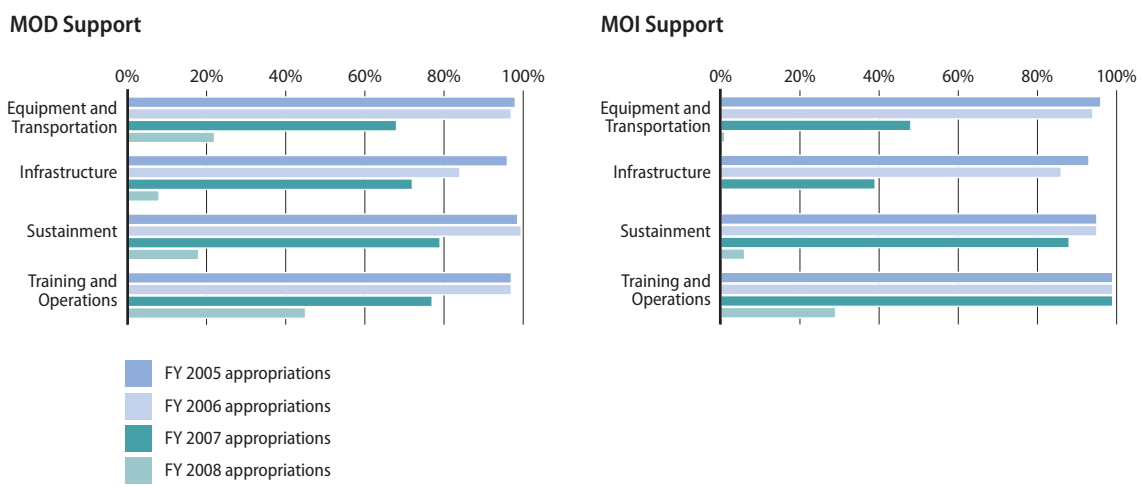
Note: Includes contract line items that had award numbers and with obligated amounts greater than zero. New contract line items are determined by award numbers that are present in the current quarter but not in the previous.

Sources: CEFMS, 1/4/2008, 4/4/2008, 6/30/2008, 9/30/2008, 1/7/2009, 4/3/2009; USAID, responses to SIGIR data call, 1/11/2008, 4/14/2008, 7/16/2008,10/10/2008, 1/8/2009, and 4/7/2009.

Figure 2.10

Expenditures of ISFF Appropriations, by Year Appropriated and Sub-activity Group

% Expended



Source: OSD, response to SIGIR data call, 4/14/2009.

In the period between January 1, 2009, and March 31, 2009, obligations for activities to support the MOD increased by $370 million, and expenditures rose by nearly $547 million.[86] Also in the second quarter of FY 2009, obligations for activities to support the MOI increased by just more than $88 million, and expenditures, by $110 million.[87]

Spend Plan Projections

ISF units have made progress in many areas, but they continue to rely on the United States for support.[88] Thus, ISFF funding remains essential in the short term, as MNSTC-I works with the GOI to develop detailed transition and sustainment spend plans.[89]

Increasing GOI investment for the ISF has prompted changes in its plans for future spending. For example, last year MNSTC-I reported that the GOI would assume greater responsibility of training activities.[90] But the MOI still struggles to improve training because of inadequate facilities and lack of qualified instructors.[91] The projected drop in 2009 oil revenue will also constrain both ministries.[92]

MNSTC-I's spend plan for 2009 focuses U.S. support on equipment and training needs. ISFF implementers had projected to spend $2.41 billion (80%) of 2008 fiscal-year funds by the second quarter of FY 2009 and $586 million (20%) in the last two quarters of FY 2009.[93] But, as of March 31, 2009, DoD reported that $1.18 (39%) billion of 2008 fiscal-year funds had been obligated.[94]

Project Trends

Planned obligations of ISFF 2008 fiscal-year funds have undergone significant allocation adjustments from their original anticipated uses.[95] These adjustments occurred primarily at the project category level, and there was little adjustment between sub-activity groups.[96] Table 2.7 highlights the largest increases in planned spending, and Table 2.8 highlights the greatest decreases in planned obligations. Recent changes occurring in FY 2009 align ISFF uses with the Coalition's focus areas[97] and reflect changes in Iraqi commitment to share in the cost of projects.[98]

The largest shifts within MOD project categories involve force generation and sustainment. For example, a $184.6 million increase in training battalions reflects Coalition emphasis on more force generation, while a $112.7 million increase for Regional Support Units and Motorized Transportation Regiment responds to the need to increase focus on logistics and sustainment.[99] Also, Fixed Wing Transport obligations were reprioritized from capital investment while training for this equipment increased.[100]

TABLE 2.7

LARGEST SPEND-PLAN INCREASES FOR ISFF 2008 FISCAL-YEAR FUNDS, AS OF 12/31/2008

$ Millions

CATEGORY	SUB-ACTIVITIES	ORIGINAL PLAN	CURRENT PLAN	% INCREASE
Expand from 2 to 6 Iraqi Training Battalions (MOD)	Equipment & Transportation, Infrastructure, Training	$27.5	$212.1	671.3%
Ministerial Capacity (MOD, MOI)	Equipment & Transportation, Training	$100.0	$160.5	60.5%
Regional Support Unit (MOD)	Infrastructure	$23.0	$82.8	260.0%
Mobile Maintenance Capability within MTR (MOD)	Equipment & Transportation	$49.3	$102.2	107.3%
Fixed Wing Transport-King Air 350 (MOD)	Training	$7.1	$44.5	526.8%

Source: MNSTC-I, responses to SIGIR data call, 4/7/2009 and 4/15/2009.

TABLE 2.8

LARGEST SPEND-PLAN DECREASES FOR ISFF 2008 FISCAL-YEAR FUNDS, AS OF 12/31/2008

$ Millions

CATEGORY	SUB-ACTIVITIES	ORIGINAL PLAN	CURRENT PLAN	% DECREASE
Engineering Improvised Explosive Device (IED) Defeat (MOD)	Equipment & Transportation, Sustainment, Infrastructure, Training	$428.9	$156.6	-63.5%
Iraqi Special Operations Forces Brigade & HQ (MOD)	Equipment & Transportation, Sustainment, Infrastructure, Training	$253.9	$93.5	-63.2%
COIN Special Helicopters (MOD)	Equipment & Transportation, Sustainment, Infrastructure	$138.3	$0.0	-100.0%
16 Additional Helicopters (MOD)	Equipment & Transportation, Sustainment, Infrastructure, Training	$115.5	$0.0	-100.0%
Fixed Wing Transport-King Air 350 (MOD)	Equipment & Transportation, Sustainment, Infrastructure, Training	$145.8	$77.7	-46.7%

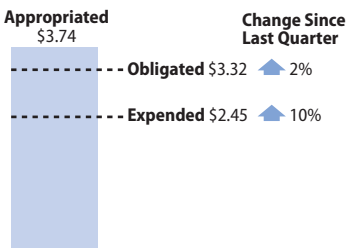
Sources: MNSTC-I, responses to SIGIR data call, 4/7/2009 and 4/15/2009.

ESF

Economic Support Fund Overview

Since 2003, the Congress has appropriated $3.74 billion[101] to the ESF for programs that support capacity and economic development and that promote peace in Iraq. For a status of these funds, see Figure 2.11. ESF programs are categorized into three tracks: security, political, and economic. For a breakdown of ESF funding status by track, see Figure 2.12.

FIGURE 2.11
STATUS OF FUNDS
$ Billions



Note: Numbers affected by rounding.

Sources: P.L. 108-7; P.L. 108-11; P.L. 109-102; P.L.109-234; P.L.110-28; P.L. 110-92; P.L.110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009 and 4/13/2009; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/2009.

Quarterly Spending Trends

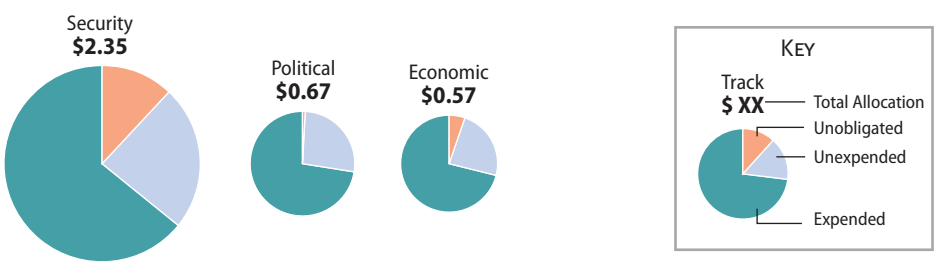
As of March 31, 2009, $2.45 billion of the ESF had been expended: security track—$1.51 billion, political track—$0.48 billion, and economic track—$0.41 billion.[102] For a summary of program status, by track, see Figure 2.13.

Security Track

Programs in this track seek to reduce the causes of violence, improve infrastructure security, and strengthen the link between the government and the community. Approximately $2.35 billion has been devoted to the ESF security track. The largest change in expenditures between January 1, 2009, and March 31, 2009, occurred in this track because of a $51.83 million increase in expenditures for Provincial Reconstruction Team/Provincial Reconstruction Development Council (PRT/PRDC) projects.[103] PRT projects account for 15.3% of all program expenditures as of March 31, 2009.[104]

Expenditures for the Community Stabilization Program (CSP) increased by $51.41 million. The CSP provides jobs, training, small grants, and small infrastructure projects throughout Iraq.[105] In Baghdad alone, an average of 18,000 short-term and 1,208 long-term jobs were created this

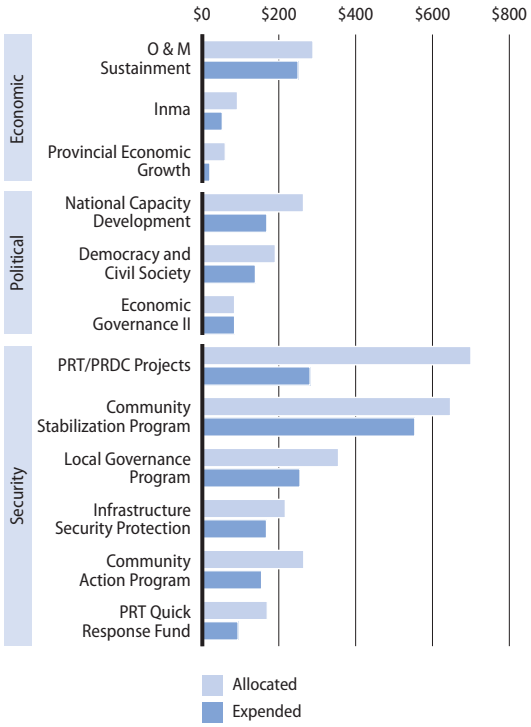
FIGURE 2.12
ESF FUNDING BY TRACK
$ Billions, $3.60 Billion Total Allocations



Note: Numbers affected by rounding. The total amount represented is approximately 93% of all appropriated ESF funds for Iraq, which totals $3.74 billion. Program and track-level details were not available for $50 million of FY 2003 funding.

Sources: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009.

FIGURE 2.13
ESF ALLOCATIONS AND EXPENDITURES BY MAJOR PROGRAMS, AS OF 3/31/2009
$ Millions



Note: Includes ESF programs with greater than $60 million allocated.

Sources: GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009.

quarter. CSP projects also bolstered efforts to upgrade the Abu Ghraib Hospital.[106] As of March 31, 2009, 86% of CSP funds had been expended.[107] The program is expected to be completed by October 31, 2009.[108]

Political Track

The political track focuses efforts on increasing the capacity of national and provincial governments. Consistent with policy directives to support GOI capacity development, the National Capacity Development (NCD) program accounted for 68.3% of expenditures in the political track this quarter (nearly $24 million).[109] Just more than $95 million (36%) of the program's funds remain for continuing activities.[110] This quarter, USAID reports that nearly 715 officials from Baghdad province were trained in several public administration and management areas.[111]

Economic Track

Economic track programs help sustain the U.S. investment in essential services and economic development by administering programs that increase the GOI's operation and maintenance capabilities and stimulate private-sector growth. The Targeted Development Program reported a 92% increase in expenditures since January 1, 2009 ($6.44 million).[112]

This quarter, total Provincial Economic Growth program expenditures increased by $6.14 million, bringing total expenditures to $20.61 million.[113] This represents a 42% increase in expenditures over last quarter.[114] The program continues to support Microfinance Institutions and Small Business Development Centers in several locations throughout Iraq.[115] For a listing of program allocations under these tracks, see Table 2.9.

ESF Spending by Fiscal Year

As of March 31, 2009, more than $60 million (17%) of FY 2008 ESF allocations had been expended (See Table 2.10). Of obligations across all three tracks, $876 million has yet to be expended.[116]

ESF funding has been expended at a slower rate in comparison to other major reconstruction funds. This quarter, however, funds to support ESF programs accelerated. Since last quarter, $221 million was expended—10% of all expenditures since 2003.[117] The change in expenditures over last quarter—$221 million—constituted the

TABLE 2.9

STATUS OF ESF BY PROGRAM FUNDING

$ Millions

PROGRAM	TRACK	ALLOCATED	OBLIGATED	EXPENDED	% CHANGE EXPENDED FROM PREVIOUS QUARTER
PRT/PRDC Projects	Security	$700	$452	$282	22.6%
Community Stabilization Program	Security	$647	$647	$554	10.2%
Local Governance Program	Security	$356	$356	$255	6.9%
Community Action Program	Security	$265	$265	$155	9.6%
Infrastructure Security Protection	Security	$217	$181	$168	14.1%
PRT Quick Response Fund	Security	$170	$170	$94	32.6%
Security Subtotal		**$2,354**	**$2,071**	**$1,508**	**13.3%**
National Capacity Development	Political	$264	$264	$169	16.3%
Democracy and Civil Society[a]	Political	$191	$187	$139	4.4%
Economic Governance II, Policy and Regulatory Reforms	Political	$85	$85	$85	5.4%
Iraqi Refugees (Jordan) - transferred to Migration and Refugee Assistance[b]	Political	$58	$58	$36	0.0%
Ministerial Capacity Development	Political	$38	$37	$28	1.7%
Regime Crimes Liaison Office	Political	$33	$31	$28	1.4%
Political Subtotal		**$669**	**$662**	**$485**	**7.7%**
O & M Sustainment	Economic	$289	$260	$250	2.5%
Inma	Economic	$93	$93	$53	11.1%
Provincial Economic Growth (PEG)	Economic	$61	$61	$21	42.4%
Targeted Development Program	Economic	$57	$57	$13	92.0%
Plant-Level Capacity Development and Technical Training	Economic	$51	$49	$48	13.1%
Izdihar	Economic	$24	$24	$22	0.0%
Economic Subtotal		**$574**	**$544**	**$408**	**6.8%**

Notes:

a Amounts in this category include programs reported as "Civil Society Development," "Civil Society-ADF and IFES," "Civil Society-IREX," "Democracy and Civil Society," "Democracy Funding for IRI NDI NED," and "USIP."

b Amounts in this category include programs reported as "Iraqi Refugees (Jordan)-Transferred to Migration and Refugee Assistance" and Iraqi Scholars Program, as per guidance given in an OMB response to SIGIR data call on 1/3/2008.

Sources: USAID, responses to SIGIR data call, 4/7/2009 and 4/16/2009; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; DoS, response to SIGIR data call, 10/14/2007; USAID, response to SIGIR data call, 1/8/2009; ITAO, responses to SIGIR data call, 10/2/2008, 10/14/2008, and 1/15/2009; GRD, response to SIGIR data call 1/5/2009.

TABLE 2.10

ESF DISTRIBUTION BY FISCAL YEAR

$ Millions

FISCAL YEAR	ALLOCATED	OBLIGATED	EXPENDED	% OBLIGATED	% EXPENDED
2003	$50.00	$50.00	$50.00	100%	100%
2006	$1,521.38	$1,378.25	$1,264.55	91%	83%
2007	$1,602.95	$1,425.35	$1,074.15	89%	67%
2008	$370.79	$370.79	$62.08	100%	17%
2009	$102.50	$102.50	$0.00	100%	0%

Sources: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009.

TABLE 2.11
MAJOR ONGOING ESF RECONSTRUCTION PROJECTS
$ Millions

PROJECT	TOTAL BUDGETED COST	START DATE	PROJECTED COMPLETION DATE	PROVINCE
ESF - PRDC - Erbil Emergency Hospital	$13.48	11/1/2008	4/4/2010	Erbil
Water Reverse Feeding Of Clean Water ESF PRDC 06	$10.28	1/24/2008	7/9/2009	Basrah
Provide & Install 132 kV Power Cable Feeder ESF (PRDC)	$8.97	3/22/2008	7/23/2009	Basrah
Repair Karkh Water Treatment Plant (ESF PRDC)	$8.67	10/25/2007	6/30/2009	Baghdad
Baqubah General Hospital Ehc (PRDC)	$8.13	3/15/2008	10/10/2009	Diyala
Maysan Surgical Hospital, Phase 2	$7.24	2/19/2008	7/2/2009	Missan
OIL Pipeline Exclusion Zone Bayji - Baghdad - 4	$6.95	5/22/2008	4/30/2009	Salah Al-Din
Construct 80 Bed Hospital--Phase 1 (36 Beds) ESF PRDC06	$6.36	11/29/2007	9/7/2009	Missan
Basrah Modern Slaughter House	$6.00	10/21/2008	8/22/2009	Basrah
Musayib Maternity (Ob/Ped) Hospital (PRDC - ESF06)	$5.71	7/4/2007	4/30/2009	Babylon

Source: IRMS, *Global Benchmark*, 4/1/2009.

greatest percentage of change among the major ongoing funds.[118]

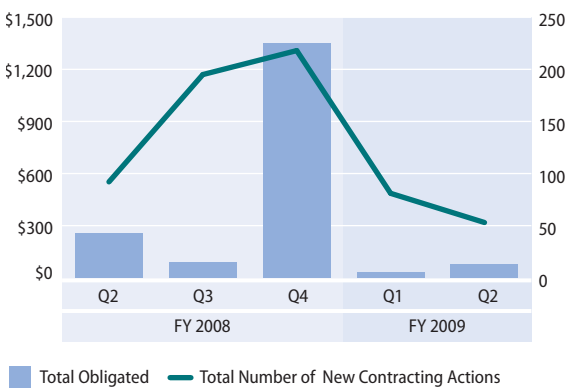
Project Trends

A significant portion of major ongoing ESF projects are devoted to the PRDC program.[119] This is consistent with both quarterly and historical funding trends for this program. It remains the largest allocation of ESF funds, at $700 million, which represents just more than 19% of all ESF allocations.[120] Of all programs funded by more than $100 million, however, the PRDC program has the lowest burn rate, with only 40% expended.[121]

Major Ongoing Efforts

The trend in new contracting actions reported shows an increase over last quarter.[122] Figure 2.14 shows the new contracting actions by quarter in the last year. Table 2.11 highlights major ongoing ESF projects.

FIGURE 2.14
NEW ESF CONTRACTING ACTIONS, BY QUARTER
$ Millions



Note: Includes contract line items that had award numbers and that had obligated amounts greater than zero. New contract line items are determined by award numbers that are present in the current quarter but not in the one previous.

Sources: CEFMS, 1/4/2008, 4/4/2008, 6/30/2008, 9/30/2008, 1/7/2009, 4/3/2009; USAID, responses to SIGIR data call, 1/11/2008, 4/14/2008, 7/16/2008,10/10/2008, 1/8/2009, and 4/7/2009.

CERP

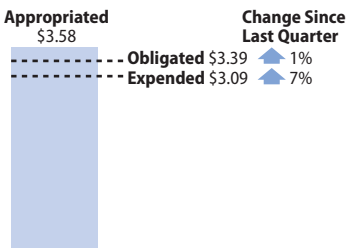
Commander's Emergency Response Program Overview

FY 2009 obligations to CERP project categories mirror the stated goals for this fiscal year. MNC-I reports that the programmatic priorities for these programs are to maintain security through the Sons of Iraq (SOI) program while transferring these personnel to the GOI, to continue the restoration of essential services, and to provide resources for urgent humanitarian requirements.[123] For a status of CERP funds, see Figure 2.15.

FIGURE 2.15

STATUS OF FUNDS

$ Billions



Note: Numbers affected by rounding.

Sources: P.L. 108-287; P.L. 109-13; P.L. 109-148; P.L. 109-234; P.L. 109-289; P.L. 110-28; P.L. 110-161; P.L. 110-252; OSD, response to SIGIR data call, 4/10/2009; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/2009.

Quarterly Spending Trends

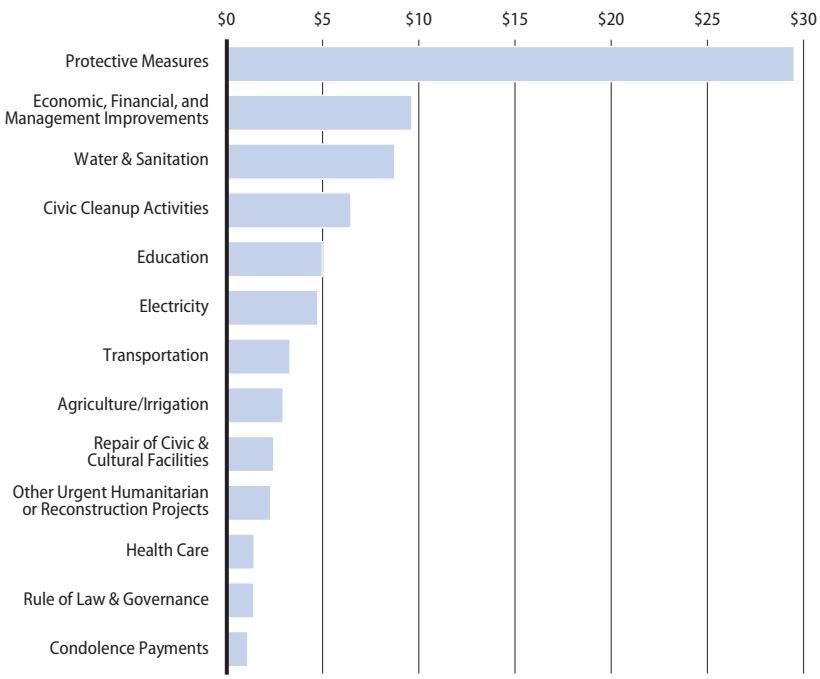
For the first quarter of FY 2009, the largest CERP obligations were for projects in the categories of Protective Measures; Economic, Financial, and Management Improvements; Water and Sanitation; Civic Cleanup Activities; and Education.[124]

Security-related projects have consistently led CERP obligations for several quarters. The SOI, begun under the CERP, transitioned to GOI control this quarter. The last U.S.-funded payment for the SOI program is planned for April 30, 2009.[125]

FIGURE 2.16

CERP FY 2009 OBLIGATIONS BY PROJECT TYPE, AS OF 12/31/2008

$ Millions



Note: Figure includes only CERP project types with obligations greater than $1 million.
Source: OSD, responses to SIGIR data call, 4/2/2009 and 4/17/2009.

Figure 2.16 illustrates the obligations of CERP funds by project type for the first quarter FY 2009.

Distribution of Projects

As previously reported, the majority of projects executed with CERP funds fall below the threshold of $10,000; however, several large-scale projects skewed the historical average of CERP projects. For example, projects started in 2008 valued at more than $500,000 consumed 16% of total CERP project costs but represented only 1% of the projects.[126] Figure 2.17 compares the distribution of ongoing CERP project activities across quarters since 2004.

As shown in the figure, the distribution of project activities in recent quarters shows an overall decrease in both median and mean values. The timing of this shift in project values coincides with changes in CERP regulations limiting the use of funds for large-scale projects. This quarter, the mean (or average) value for ongoing CERP project activities was $40,702, and the median of these project activities was $2,500; that is, half of the 1,330 project activities cost more than $2,500, and half cost less than that amount.[127]

Pursuant to legislative restrictions, the CERP is no longer used to fund large-scale reconstruction projects.[128] None of the projects started in the first quarter of FY 2009 were valued at more than $500,000.[129]

Notwithstanding the decrease in average project costs, several large projects remain ongoing. Table 2.12 provides information on selected major projects.

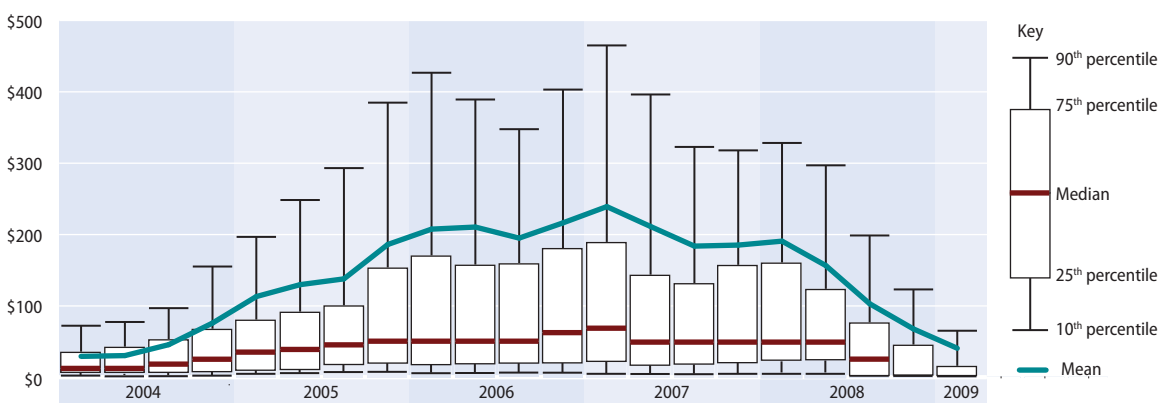
U.S. Funding by Reconstruction Sector

The remainder of this section of the Quarterly Report discusses reconstruction activities and progress in four main areas: security, infrastructure, governance, and economy. The largest change of assigned funding between sectors is the reclassification of $1.0 billion in IRRF 2 allocations for democracy-building activities to the democracy and civil society sector (from the now-defunct security and justice sector). This shift decreased the total for security spending and increased the total spent for governance. Total funding assigned to the infrastructure area decreased slightly with the reclassification of

Figure 2.17

Distribution of Total Costs for Ongoing CERP Project Activities, by Quarter, 2004–2009

$ Thousands



Source: IRMS, *Global Benchmark*, 4/1/2009.

Table 2.12

Major Ongoing CERP Reconstruction Project Activities

$ Millions

Project	Total Budgeted Cost	Start Date	Projected Completion Date	Province
Fallujah Sewer Pump Stations F1, F2	$7.22	9/22/2006	7/31/2009	Anbar
PIC sewage installation - Karmat Ali	$6.56	8/11/2007	1/1/2009	Basrah
Kirkuk City Clean-Up Supplies And Materials	$6.13	1/1/2007	2/15/2009	Tameem
Transformers For Baghdad Pc	$4.82	10/20/2006	6/30/2007	Baghdad
Contraction Of A New Ridwaniyah Municipal Water Treatment Facility	$4.29	12/9/2004	7/15/2005	Baghdad
Baghdad International Airport Caravan Hotel	$4.16	12/1/2007	4/14/2008	Babylon
To provide effective and efficient lighting in Baghdad city neighborhoods by the purchase of solar powered street lamps.	$3.50	11/6/2007	2/6/2008	Baghdad
Al Kawaz substation	$3.43	9/20/2007	12/15/2008	Basrah
Al Basra Talent School	$3.35	9/14/2008	4/1/2009	Basrah
AMAR Public Health PHCC Renovation and Construction – Baghdad	$2.94	1/1/2008	12/12/2008	Baghdad

Source: IRMS, *Global Benchmark,* 4/1/2009.

health-care funding to the new public services sector. The economy area also decreased slightly in total assigned funding with the reclassification of food aid as humanitarian relief, which is under the governance area.

For a listing of reconstruction areas and sectors, see Table 2.13. For cumulative sector allocations, obligations, and expenditures, as of March 31, 2009, see Figure 2.18. For a detailed cross-walk of SIGIR sectors against their funding sources, see Appendix D.

Table 2.13

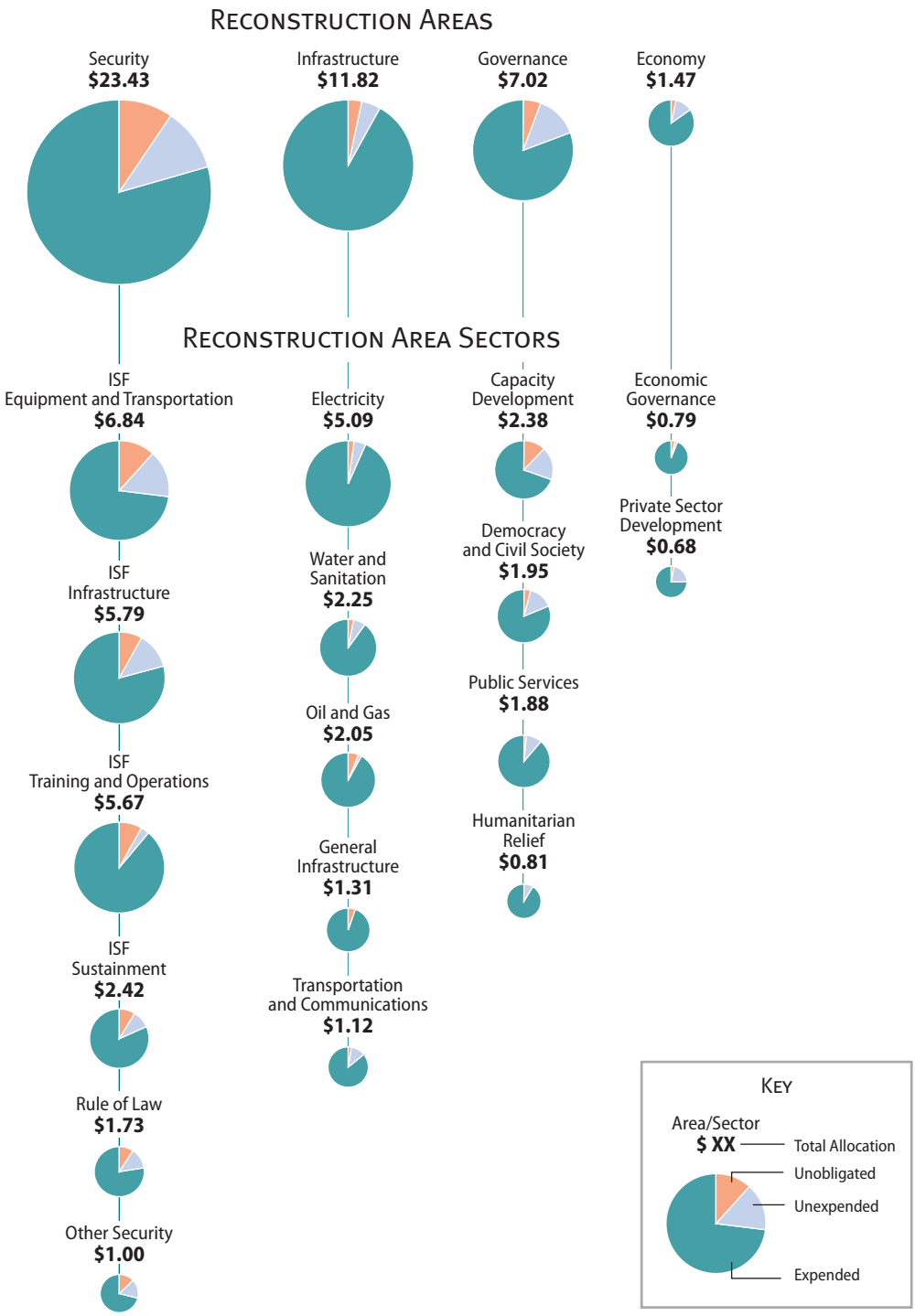
SIGIR Reconstruction Areas and Sectors

Economy	Economic Governance
	Private Sector Development
Governance	Capacity Development
	Democracy and Civil Society
	Humanitarian Relief
	Public Services
Infrastructure	Electricity
	General Infrastructure
	Oil and Gas
	Transportation and Communications
	Water and Sanitation
Security	ISF Equipment and Transportation
	ISF Infrastructure
	ISF Sustainment
	ISF Training and Operations
	Rule of Law
	Other Security

FIGURE 2.18

CUMULATIVE U.S. FUNDING BY RECONSTRUCTION AREA AND SECTOR

$ Billions



Note: Numbers affected by rounding.

Sources: CEFMS, *ISFF Funds Execution Report*, 4/3/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; DoS, *Section 2207 Report*, 10/2008; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; IRMS, *MNC-I Quarterly Report*, 4/1/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, response to SIGIR data call, 3/29/2009; OSD, response to SIGIR data call, 4/14/2009; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data call, 4/7/2009 and 4/13/2009; USTDA, response to SIGIR data call, 4/2/2009.

SECURITY

THE TIME AND CONDITIONS ARE RIGHT FOR COALITION FORCES TO REDUCE THE NUMBER OF TROOPS IN IRAQ. THE SUCCESSFUL PROVINCIAL ELECTIONS DEMONSTRATED THE INCREASED CAPABILITY OF THE IRAQI ARMY AND POLICE TO PROVIDE SECURITY. IN THE COMING MONTHS, IRAQIS WILL SEE THE NUMBER OF U.S. FORCES GO DOWN IN THE CITIES WHILE MORE AND MORE IRAQI FLAGS WILL GO UP AT FORMERLY SHARED SECURITY STATIONS.[130]

—GENERAL RAY ODIERNO, COMMANDER MNF-I, MARCH 8, 2009

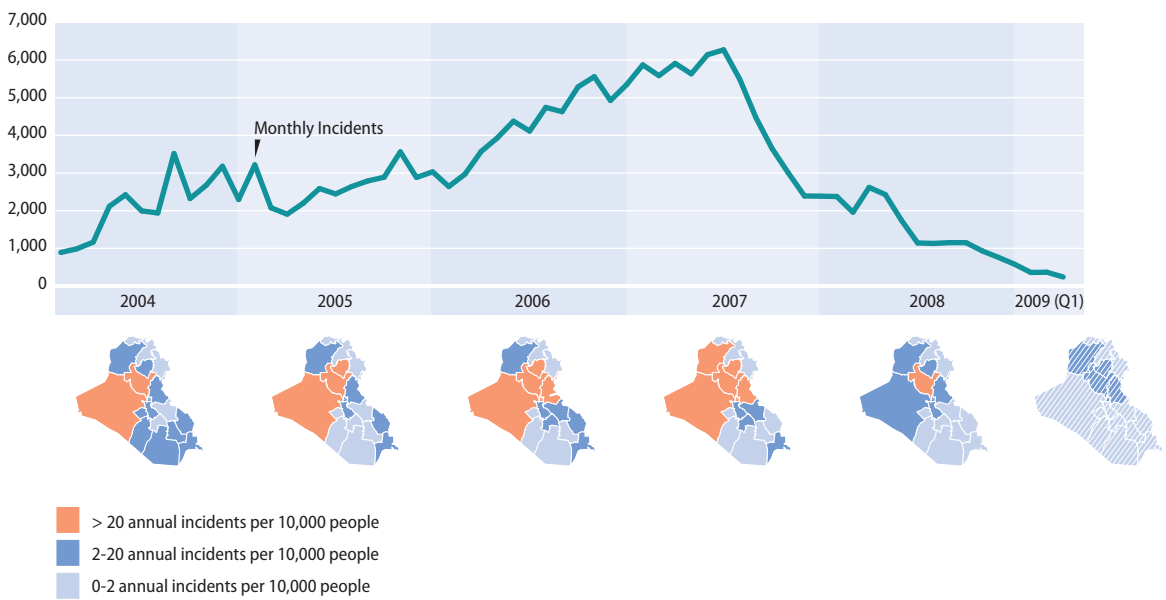
Iraq has taken the lead on security as the Strategic Framework Agreement (SFA) and Security Agreement (SA) have ushered in a new chapter in the relationship between the United States and Iraq. Overall, the security situation has become less kinetic, with the quarterly average of security incidents at its lowest level since the invasion.[131] As shown in Figure 2.19, attack levels are down 90% from the start of the U.S. troop surge and the Awakening movement in 2007.[132]

The comparatively lower level of societal violence has increased focus on the economy and delivery of essential services. Although DoD reports that the number of deaths continues to fall (from approximately 9 per day last quarter to 8 per day this quarter),[133] these gains remain fragile and uneven throughout the country.[134]

A recent rise in attacks underscores concerns about the security situation. This quarter saw several suicide attacks on U.S. forces in Mosul: four soldiers were killed in an attack in February, and five were killed in a bombing on April 10—the largest single loss of U.S. life in over a year.[135] Mass-casualty bombings of civilians have begun to recur as well.

Notwithstanding these events, the average number of attacks remained relatively low in all provinces this quarter. Approximately half of Iraq's population lives in Baghdad, Diyala, Ninewa, and Salah Al-Din, where 78% of all attacks previously occurred. Daily average attacks in Baghdad province decreased 37% this quarter, and in the northern provinces of Ninewa, Diyala, Tameem, and Salah Al-Din, they decreased 50%,

FIGURE 2.19
SECURITY INCIDENTS, 2004–2009



Sources: MNF-I, responses to SIGIR data calls, 10/6/2008 and 4/2/2009; CENTCOM, response to SIGIR data call, 1/10/2009.

largely because of operations led by the Iraqi Security Forces (ISF).[136]

Kurd-Arab tensions rose this quarter between the GOI and Kurdistan Regional Government (KRG). In northern and central Iraq, Kurdish pressure on the GOI to implement Article 140 of the Iraqi Constitution (which would define the area of the Kurdish region) appears to have hardened the differences between Kurds, Sunni Arabs, and regional minorities. The presence of Kurdish Peshmerga and Kurd-dominated Iraqi Army units beyond KRG boundaries—in areas where Kurdish minority populations reside—has fueled tensions.[137]

ISF units are now arriving in areas from which they were long absent, including areas in northern Diyala, northern Tameem, and eastern Ninewa provinces, where Peshmerga forces have been providing security since 2003. Coalition forces in the disputed areas continue to play a mediating role as the Peshmerga and GOI forces seek to establish functional working relationships.[138] Prime Minister al-Maliki remains concerned about the Kurdish sale of Kirkuk oil.[139]

Changing Force Strengths

ISF forces have increased 25% since 2007 and now total more than 618,000 personnel (police and military).[140] In addition to increased security personnel patrolling the countryside, ISF capabilities have increased, demonstrated by the effective election security in January.[141]

Improved security conditions have allowed Coalition forces to move out of cities in Anbar province and most southern Iraqi cities.[142] Table 2.14 shows the expected trends in security force strength and funding as the Coalition's footprint shrinks.

The rates of ISF force generation, development, and capability, however, are limited by continuing challenges to sustaining the security forces,

Coalition forces train ISF in use of night-vision equipment. (MNF-I photo)

and budgetary limitations. To make further progress, the ISF must address several challenges:

- overreliance on untrained personnel[143]
- legacy shortfall in junior officer and non-commissioned officer (NCO) leadership[144]
- lack of institutionalized training programs to reduce training backlogs[145]
- slow development of a self-sustaining logistics and sustainment program[146]

Pressures on the growth and planned operational requirements of the ISF have been heightened by fluctuating oil prices, which have forced budgetary revisions.[147] Even during times when the GOI budget benefited from high oil prices, both the Ministry of Defense (MOD) and the Ministry of Interior (MOI) received significantly less than requested to meet near-term and end-date objectives.[148] For example, the MOD's Force Generation and Modernization Plan exceeds spending authorizations,[149] and MOI's budget shortfalls will likely prevent the National Police from achieving its force-strength goals.[150]

TABLE 2.14

SECURITY FORCES PROTECTING IRAQ

SERVICE		ASSIGNED PERSONNEL	TREND	STATUS
Coalition Forces		147,000*	↓	SA implementation will get all Coalition forces out of the cities by June 30, 2009. Reduction of two U.S. combat brigades will take place by summer 2009.
Private Security Contractors		30,000*	↓	Under the SA, contractors have lost immunity.
Iraqi Security Forces				
Ministry of Defense[a]	Iraqi Army (IA)	196,236	↑	Budgetary constraints will present a major hurdle to recruiting members to support new units.
	Training and Support	23,452	↑	Joint Headquarters continues to work on improving priority analysis for future doctrine development.
	Air Force	2,006	↑	Minimal capabilities, but progress is being made.
	Navy	1,898	↑	Still in development stage of building a new fleet.
	Total MOD	**223,592**	↑	
Ministry of Interior[a]	Iraqi Police	300,156	↑	Emphasis remains on community policing (traffic, patrol, provincial).
	National Police	41,044	↑	Operational in all provinces; logistics and training facilities complete, with substantial maintenance and logistics capabilities.
	Border Enforcement	40,328	↑	Building a line-of-sight perimeter around Iraq; upgrading capabilities.
	Oil Police	29,411	—	Oil infrastructure security; replacement of IA guards to protect pipelines has been slowed by a hiring freeze.
	Facility Protection Service (FPS)	87,000[b]	—	Pending reform legislation to make FPS a formal department under the MOI.
	Total MOI	**497,939**	↑	
Counter-Terrorism	Special Operations	4,160	↑	Pending reform legislation to become a new Iraqi ministry.
Iraqi Security Forces Total		**725,691**	↑	
Grand Total		**902,691**		

Note: Numbers affected by rounding. PSC numbers shift continually based on changing contract activity and level of security services required.
[a] Assigned numbers illustrate payroll data; they do not reflect present-for-duty totals; approximately 112,000 MOI employees are not included in ISF numbers.
[b] FPS personnel are not counted in the official MOI rosters because they are contracted, and reform law has not been passed.

* SIGIR estimate.

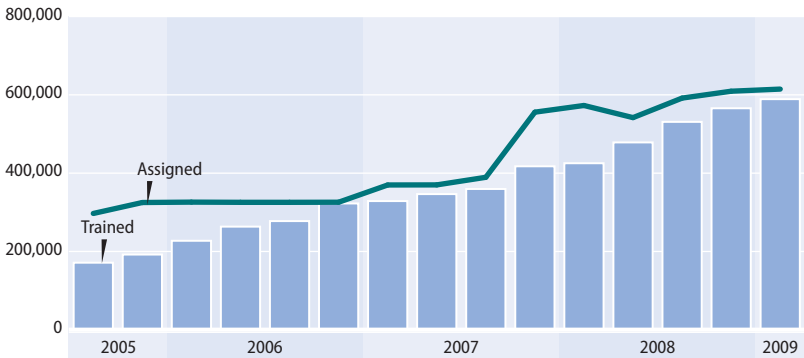
Sources: SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/ 2009; OSD, response to SIGIR data call, 4/2/2009; DoD, *Measuring Stability and Security in Iraq*, 12/31/2008.

Iraqi Security Forces

The ISF comprises more than 618,000 personnel in MOI, MOD, and the Iraqi National Counter-Terrorism Force.[151] More than 300,150 personnel currently serve in the Iraqi Police Service (IPS), and the MOI has set a goal for 400,000 by summer 2009.[152] The MOI struggles with poor training facilities, the lack of qualified instructors, and budget constraints. If budgetary pressures caused by fluctuating oil prices continue over the next three years, the long-term stability of the MOI and MOD may be at risk.[153]

For a timeline of ISF force growth, see Figure 2.20.

Figure 2.20
Troops Trained and Assigned, by Quarter, 2005–2009



Note: Cumulative number of Iraqi Army, Air Force, Navy, Iraqi Police, National Police, Border Enforcement, and Special Operations Personnel.

Sources: DoD, *Measuring Stability and Security in Iraq*, 7/2005, 10/2005, 2/2006, 5/2006, 8/2006, 11/2006, 3/2007, 6/2007, 9/2007, 12/2007, 3/2008, 6/2008, 9/2008, and 12/2008; DoS, *Iraq Status Report*, 3/18/2009.

Iraqi Control of the Provinces

Security in all provinces is now the responsibility of the ISF. On January 1, 2009, with the expiration of the United Nations Security Council Resolution (UNSCR) and effecting of the SA, the GOI assumed security responsibility for the remaining five Iraqi provinces (Diyala, Ninewa, Tameem, Salah Al-Din, and Baghdad). At the request of the GOI, U.S. forces continue to provide strategic over-watch.[154]

For a timeline of security transfer to the GOI, see Figure 2.21.

In March 2009, Multi-National Force-Iraq (MNF-I) announced its force reduction plan for the next six months. This drawdown of forces will reduce the total number of U.S. Brigade Combat Teams in Iraq from 14 to 12.[155]

Transition of SOI

The United States established the Sons of Iraq (SOI) program at the national level in June 2007 as a means to help quell violence and restore order by enhancing security in unstable locations throughout Iraq, eventually bringing about 99,000 personnel into the program. In September 2008, the GOI agreed to assume responsibility for nearly 94,000 SOI. This included the responsibility to pay the SOI salaries.[156] The first transfer of SOI responsibility occurred in October 2008.

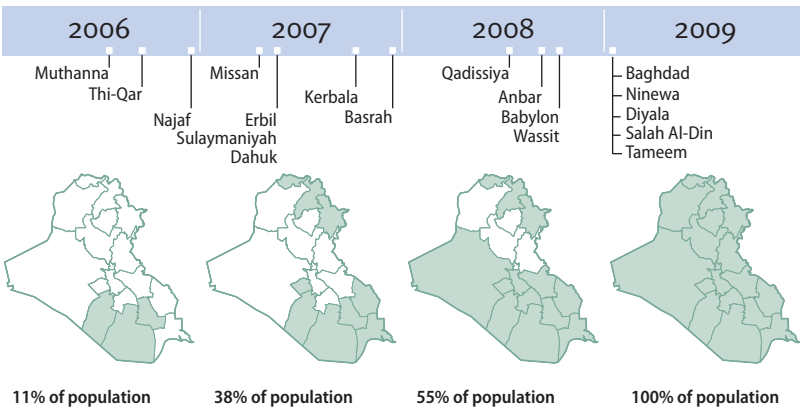
Effective April 1, 2009, the GOI assumed full responsibility for payments to SOI personnel. During March and April 2009, there was a delay in wage payments as a result of changes to Iraq's 2009 national budget that omitted SOI salaries. When Iraq's Council of Ministers identified the omission, appropriate measures were taken to restore the funds. The GOI approved their salaries and began disbursing payments before approving the 2009 budget.[157]

For information on the timing of SOI registration and transfer, see Table 2.15.

The GOI has pledged that 20% of the SOI would be given positions within the ISF,[158] while others would be screened for civil-service positions or provided training and support for transitioning into private-sector employment.

The process of successfully transitioning SOI to permanent employment is "an important step toward national reconciliation" and "critical for long-term stability in Iraq."[159] This process, however, appears to be an emerging challenge for the

FIGURE 2.21
TIMELINE OF PROVINCIAL SECURITY CONTROL BY GOI



Sources: OSD, response to SIGIR data call, 4/2/2009; DoD, *Measuring Stability and Security in Iraq*, 12/30/2008, p. 29.

TABLE 2.15
SOI REGISTRATION AND TRANSFER COMPLETE

PROVINCE	REGISTRATION STARTED	TRANSFER TO GOI
Baghdad	—	October 2008
Babylon	December 2008	January 2009
Diyala	December 2008	January 2009
Qadissiya	December 2008	January 2009
Wassit	December 2008	January 2009
Anbar	January 2009	February 2009
Ninewa	February 2009	March 2009
Tameem	February 2009	March 2009
Salah Al-Din	March 2009	April 2009

Note: All provinces due to transfer in January have completed the process.

Source: OSD, response to SIGIR data call, 4/2/2009.

GOI because the potential for sectarian discord may be exacerbated by budgetary constraints. In view of the possible national implications of mismanaging the transition, the U.S. government is "encouraging the GOI to carry out its commitments" to the SOI.[160] Some SOI members remain wary of the transition process and worry that the GOI will not adhere to its promise of integration.[161] Recent clashes between some SOI groups and the ISF underscore the complexity and potential risks of the integration process. In late March, a series of violent clashes marred Baghdad's fragile calm when some SOI units engaged in street battles with the ISF. During these clashes, several senior SOI members were detained by the Iraqi government.

Private Security Contractors

Since April 2003, private security contractors (PSCs) have provided physical security services to protect U.S. personnel, facilities, and property, as well as contractors, subcontractors, and other parties supporting the U.S. reconstruction mission.

The extensive use of PSCs to support U.S. government operations in Iraq is unprecedented. In a 2008 audit, SIGIR identified at least 77 companies that had provided PSC services to U.S. agencies in Iraq since 2003. The services included guarding sites, escorting individuals and equipment convoys, and providing security advice and planning.[162] According to a Congressional Research Service study, as many as 30,000 people may be providing these services.[163]

The use of these contractors has caused problems, including clashes between PSCs and Iraqis, as well as U.S. forces. In September 2007, 17 Iraqi civilians were killed in an incident in Baghdad involving DoS contractors. In the aftermath of this incident, DoD and DoS made organizational and procedural changes to strengthen their oversight, coordination, and control of PSC activities,

including PSC movements in areas of combat operations. After the GOI refused to grant an MOI operating license to the PSC formerly known as Blackwater, DoS decided not to renew task orders that had been awarded to the firm. DoS re-solicited and awarded a new task order to Triple Canopy.[164]

DoS uses 6,344 PSC personnel, including DoS prime contractors, PSCs subcontracted by grantees, and implementing partners with Chief of Mission (COM) affiliation, as well as grantees and implementing partners who perform security functions. An estimated 3,149 PSC personnel provide protection and security to DoS COM personnel and facilities, and an additional 3,176 personnel provide security to organizations supporting stabilization and reconstruction efforts throughout Iraq. The Embassy's maintenance and operations prime contractor also subcontracted to a PSC for security services, which are provided by 19 PSC personnel.[165]

DoD reported 9,318 total PSC personnel supporting its efforts through contracts/subcontracts.[166] Other agencies using PSCs did not provide totals for the number of personnel involved.

This quarter, two SIGIR audit products focused on the management of PSCs:

In one, SIGIR found that DoD and DoS have improved their information sharing on PSC operations and serious incident reporting. They have established policies for reporting serious incidents and have assigned responsibility to specific organizations for ensuring that serious incidents are reported and investigated. The audit identified a number of opportunities to improve the accuracy and consistency of the serious incident information, the analysis of that information, and the consistency of policies and procedures used in investigating and remediating incidents.[167]

In the second audit, SIGIR reviewed the DoD's Theater-Wide Internal Security Services contracts for labor, weapons, equipment, and other essentials to augment and/or replace military security guard operations at forward operating bases and camps throughout Iraq. SIGIR identified certain vulnerabilities in the government's oversight, including the limited experience and training of the contracting officer's representatives and insufficient oversight.[168]

U.S. Funding for Security and Justice

Since 2003, the United States has allocated $23.4 billion and obligated $21.2 billion for the security and justice sector. As of March 31, 2009, nearly $4.8 billion remains to be expended.[169] For details about U.S. spending in the sector, see Table 2.16.

For the status of all U.S. funds supporting Iraq's security, see Figure 2.22.

Update on U.S. Programs for the ISF

The Coalition has set these overarching priorities for developing the capacity of the MOD and MOI:[170]

- Support force generation and force replenishment.
- Improve the proficiency and professionalism of Iraqi forces.
- Build specific logistic, sustainment, and training capacities.
- Develop ministerial and institutional capacity.

The four near-term areas of emphasis through mid-2009 are:

- Ensure Iraqi forces continue to improve in logistics, maintenance, and life support.
- Ensure the size, capability, professionalism, and leadership of the ISF to enable it to increasingly assume additional security roles from Coalition forces.
- Enhance the capabilities of Iraqi Special Operations Forces (ISOF) and Counter-Terrorism Forces (CTF).
- Ensure that Iraqi Air Force and Navy growth stay on track.

Table 2.16

U.S. Support of Security and Justice

$ Millions

Fund Name	Programs	Obligations	Expenditures	% Change in Cumulative Expenditures from Last Quarter
ISFF	Equipment and Transportation	$5,350.19	$4,286.81	10%
	Infrastructure	$4,219.33	$3,491.80	6%
	Training and Operations	$2,246.64	$2,143.83	1%
	Sustainment	$2,209.69	$1,973.27	6%
	Quick Response Fund	$438.73	$381.46	4%
	Disarmament, Demobilization, and Reintegration	$148.89	$60.36	119%
	Detainee Ops	$103.75	$93.86	3%
	Lift and Sustain	$70.63	$57.99	4%
	Detainment Centers Iraqi Corrections Officers	$12.70	$1.37	56%
	Theater Internment Facilities Reintegration Center	$7.98	-	-
	Rule of Law Complexes	$7.06	$4.56	179%
CERP	Battle Damage	$38.68	$32.60	3%
	Condolence Payments	$47.41	$42.99	2%
	Protective Measures	$387.96	$275.70	7%
	Detainee Release Payments	$0.95	$0.55	1%
	Law & Governance	$96.64	$87.65	-
ESF	Regime Crimes Liaison Office	$30.70	$28.08	1%
IRRF 2	Security and Law Enforcement	$4,852.10	$4,787.00	-
	Justice, Public Safety Infrastructure, and Civil Society	$746.90	$679.00	-
	Human Rights, Property Claims Tribunal	$26.40	$24.70	-
IRRF 1	First Response Network/DIILS	$53.30	$52.98	-
	Law Enforcement	$24.60	$21.36	-
	Police/Prison Programs	$61.50	$56.21	-
Total		**$21,182.73**	**$18,584.13**	**4%**

Note: Numbers affected by rounding. For the methodology on how SIGIR grouped U.S. programs by category (Security, Infrastructure, Economy, and Governance), see Appendix D. Obligations and expenditures by SIGIR category may vary from top-line obligations and expenditures reported in the Summary of U.S. Funding. SIGIR did not receive current project- or sector-level reporting from all agencies, and some information was compiled from the IRMS.

Sources: CEFMS, *ISFF Funds Execution Report*, 4/3/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; DoS, *Section 2207 Report*, 10/2008; IRMS, *MNC-I Quarterly Report*, 4/1/2009; ITAO, response to SIGIR data call, 3/29/2009; OSD, response to SIGIR data call, 4/14/2009.

This quarter, $457.16 million of the ISFF was obligated to support ISF training, equipment, and sustainment requirements, and an additional $1.65 billion is slated for obligation over the balance of the 2009 fiscal year.[171]

DoD has focused U.S. programs to build ISF capabilities in four main areas, shown below.

Force Generation and Force Replenishment

As GOI force-generation plans exhaust budgetary provision, U.S. funding will fill important gaps.

ISFF funds obligated in this quarter totaled $514.1 million, chiefly for MOD equipment-expansion programs. Obligations included funds for training ($54.8 million), equipment and transportation ($328.3 million), sustainment ($60.4 million), infrastructure ($40.8 million), and associated activities ($29.8 million).[172]

Support for MOD expansion was also evidenced by an obligation of $136.3 million to add four new Iraqi Army training battalions.

Proficiency and Professionalism of Iraqi Forces

Significant efforts to enhance the proficiency of the ISF are evident in recent ISFF obligations, although the measurement of success is no longer the subject of an unclassified disclosure by DoD. DoD will no longer provide readiness assessments of the ISF.[173]

DoD previously reported on readiness posture of Iraqi Security Forces with accompanying charts. With the expiration of the mandate of UNSCR 1790, the data is now included in the classified annex.

The NATO Training Mission-Iraq (NTM-I) is working closely with the ISF to train officers and senior NCOs in leadership, branch-specific skills, staff procedures, and management. It also provides advice to Iraq's four military training academies and plans to expand mentoring to these academies in 2009. NTM-I has worked closely with Multi-National Security Transition Command-Iraq (MNSTC-I) to develop a new course for the education of senior enlisted leaders; generally, its programs focus on training Iraqis to assume responsibility for their own training as soon as possible. The transition from Coalition to Iraqi instruction is progressing, with 8 Coalition professors on staff to mentor 17 Iraqi instructors.[174] Coalition forces also continue to support:[175]

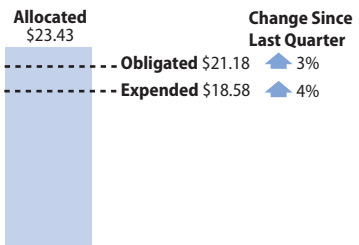
- development of ISF intelligence capabilities
- English language proficiency (to establish a standard training curriculum and facilitate the development of a larger pool of English-speaking professionals within the ISF)
- assessments of ISF capabilities

Special Weapons and Tactics students form a security cordon during their six-week elite police force training course in March 2009. (MNF-I photo)

Logistics, Sustainment, and Training Capacities

Logistical and sustainment capability remains a major ISF weakness. The ISF has become somewhat more competent and self-sufficient over time, but it continues to struggle to adapt its organizational structure to meet the challenges of increasing operational responsibilities. More effort is needed to bolster ISF's sustainment and

Figure 2.22
Status of Funds—Security and Justice
$ Billions



Note: Numbers affected by rounding.

Sources: CEFMS, *ISFF Funds Execution Report*, 4/3/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; DoS, *Section 2207 Report*, 10/2008; IRMS, *MNC-I Quarterly Report*, 4/1/2009; ITAO, response to SIGIR data call, 3/29/2009; OSD, response to SIGIR data call, 4/14/2009.

logistical support capability at the operational and strategic levels.[176]

The MOD continues to develop a national supply and distribution network, with one "Location Command" base directly supporting each Iraqi Army division. DoD reports that the MOD will co-locate regional life-support assets at these sites to enhance warehousing and distribution capacity. Eight of these commands are either complete or being refurbished. The remaining five bases are under construction or pending contract and are expected to be operational by mid-2009.[177]

The U.S.-funded **Taji National Depot Complex** remains the centerpiece for national supply and maintenance services to the ISF. DoD expects other organizations at the Taji Depot (such as engine and transmission repair workshops, repair parts warehouses, and maintenance facilities for wheeled and tracked vehicles) to begin operations when construction is completed, by the end of 2009.[178]

The depot complex's finished capacity should allow a large stock of inventory to keep the 13 location commands supplied—one assigned to each Iraqi Army Division. Ten of the location commands under the Global Maintenance and Supply Services (GMASS) contract are equipped, and eight of them transitioned to the Iraqi Army. Construction of the rest of the location commands appears to be developing more slowly than originally envisioned, and supply of essential equipment is not expected until late 2009.[179]

This quarter, SIGIR issued an audit on the contract awarded to AECOM Government Services to help the Iraqi Army develop a self-sufficient logistics capability (valued at $628.2 million). The audit found that the cost of the effort increased significantly because the scope of work was poorly defined, the task orders have been modified 161 times, and the Iraqi MOD has not accepted responsibility for maintenance and supply operations. This caused MNSTC-I to extend the period of performance at U.S. expense, and costs are expected to continue to increase. Regarding the outcome of the effort, SIGIR found that the contract provided significant logistics support to the Iraqi Army vehicles but fell short of the goal to train Iraqi Army personnel to perform certain maintenance functions and operate a supply system. This occurred largely because the Iraqi Army did not provide a sufficient number of soldiers for training.[180]

Ministerial and Institutional Capacity

U.S.-funded capacity-development programs include Coalition "mentorship" for MOD and MOI civilian management,[181] as well as "course instruction and on-the-job training" for MOD acquisitions staff.[182] To support these and other capacity-development programs within the ISF, ISFF obligations in this quarter provided $61.1 million.

The MOI is developing its 2009 Strategic Plan to better coordinate directorate-level tasks with the minister's vision and strategic goals. However, the planning cycle remains behind the budget cycle and is not yet directly linked to resource

allocation and program management. Notwithstanding these shortcomings, DoD has assessed the MOI's effort as a substantial improvement over past practices.[183]

MNSTC-I activities continue to focus on MOI capacity development. For a summary of FY 2009 budget line items, see Table 2.17.[184]

Table 2.17
2009 MNSTC-I Support for the MOI
$ Millions

Project Type	Budgeted Amount
Training	$1,020
Equipment and Training	$517
Life Support and Maintenance	$126
Rule-of-law Activities	$232
Construction	$110

Source: MNF-I, response to SIGIR data call, 4/2/2009.

More Iraqi Women Serving in the ISF

In January 2009, Baghdad Police College held a graduation ceremony for 490 women police inspectors who are blazing a trail for more women to join the Iraqi police and other ISF entities.[185] Since 2003, 88 female officers and 1,743 female shurta (NCO equivalent) have been trained. Roughly 1,000 females have registered and are being paid by Coalition forces under the Daughters of Iraq program. Multi-National Corps-Iraq (MNC-I) is working a plan to transition these women to the GOI as part of the National Reconciliation Program.[186]

Foreign Military Sales

The Iraqi Navy has given the U.S. Army Corps of Engineers (USACE) approval to initiate construction of the $53 million **Umm Qasr Pier and Seawall Project** in Basrah province.[187] This is the first Foreign Military Sales (FMS) project between USACE and Iraq under a program that allows the host nation to pay for U.S. government construction and supplies that support its military.[188]

The USACE project at Umm Qasr was not the first use of the FMS program in Iraq. As of April 9, 2009, the GOI has signed more than 120 cases valued at approximately $4.5 billion to buy military equipment, supplies, and training from the United States through FMS.[189] This quarter, GOI and U.S. representatives conducted a joint review of the FMS program, offering Iraqis an opportunity to voice concerns and recommend changes to the system. The GOI has received approximately $1.5 billion in services, vehicles, aircraft parts, small arms, uniforms, and training through the FMS program and awaits processing of an additional $3.5 billion for FMS purchases.

Execution of FMS in Iraq continues to be hindered by several factors. These include the lack of ministerial capacity to define requirements and process FMS letters of offer and acceptance, the lack of budget planning and execution, and unrealistic accounting expectations of total system ownership costs.[190]

U.S. Justice Programs for Iraq

Iraq's criminal justice system continues to face serious challenges. Intimidation of judges significantly hinders administration of the criminal justice system, has impeded the rule of law in Iraq, and has led to unfair criminal justice procedures and an overwhelming backlog of pretrial cases (three years in some districts) in many parts of Iraq. To reduce judicial intimidation and accelerate case reviews, the Higher Judicial Council (HJC) has hired additional guards to increase protection for each judge. For an overview of assassinations of judges and court staff members, see Figure 2.23.

The U.S. Marshals Service continues to provide judges and their security details with handguns and assists them in obtaining MOI weapons cards.[191]

Development of the Rule of Law

U.S.-funded rule-of-law projects continue to wind down, and witness protection facilities have been completed and transferred to the GOI.

The U.S. Embassy's Rule of Law division remains focused on programs that address judicial security, courts, prisons, and detainees. The opening of the **Hurricane Point Judicial Complex** in Ramadi, previously planned for March 15, 2009, has been delayed until June 1, 2009, because of ongoing security concerns.[192] U.S. funds were used for this project, which SIGIR inspected in November 2008. In addition, the Bureau of International Narcotics and Law Enforcement Affairs (INL) is funding courthouse security upgrades and security assessments, but not full construction.

Prison Overcrowding

The Ministry of Justice announced, on February 21, 2009, the opening of the Baghdad Central Prison (formerly Abu Ghraib). Renovations and repairs of this facility were carried out by the GOI, providing housing for an additional 2,600 prisoners.[193] On March 19, 2009, U.S. officials transferred title and ownership of the Chamchamal Prison to the Ministry of Justice, which has reported that it is currently assigning Iraqi corrections officers and staff and procuring equipment required to house prisoners. Chamchamal is expected to accommodate up to 3,000 prisoners.[194]

Judicial Protection Services

Judicial security remains a significant challenge for Iraq. This quarter, U.S. Embassy advisors traveled to Mosul with MOI and HJC officials to assess judicial security in Ninewa. They gathered feedback via questionnaires distributed to provincial judges. In addition, the U.S. Justice Attaché facilitated communication between the MOI and HJC to direct more action toward the goal of creating a judicial protection unit within the MOI, and larger and more competent judicial protection details are being formed. A plan brokered by the Justice Attaché allows HJC judges to have a say regarding the composition of their security detail, thus addressing a very sensitive and important matter for these judges.[195]

The Coalition assists Iraqis with courthouse security and the protection of judges and their families by locating them in secure complexes throughout Iraq. Judges living in the first **Rule of Law Complex (ROLC)** in Rusafa are enthusiastic about this arrangement, and Chief Justice Medhat supports the ROLC program.[196]

On January 6, 2009, SIGIR conducted an assessment of a second judicial complex—the Basrah Courthouse and Witness Protection Facility—that is nearly operational. On September 25, 2008, Gulf Region South inspected and accepted both facilities from the contractor. During the site visit, the complex was not yet in use. However, the GOI was installing furniture throughout the facility. The SIGIR team found minor construction issues, but concluded that the construction of the facilities was adequate and the furniture was of high quality.[197]

The **Traveling Judge Program** is also working to combat judicial intimidation. Chief Justice Medhat continues to support travel for judges from Baghdad to local areas with significant case backlog. Recently, Coalition forces assisted in transporting judges to Diyala to reduce the caseload and relieve severe overcrowding at the 5th Iraqi Army Division pre-trial detention facility. The Coalition has agreed to continue to provide such assistance when requested by the HJC.[198]

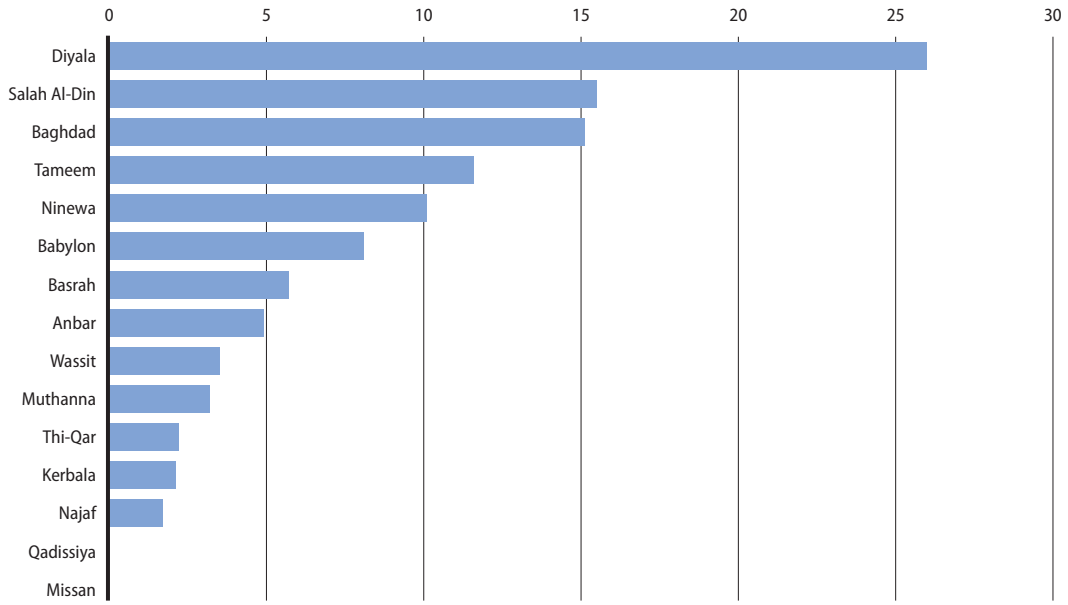
Transition Issues

In February 2009, MNF-I Task Force-134, responsible for Coalition detainee operations, in

FIGURE 2.23

ASSASSINATIONS OF IRAQI JUDGES AND COURT STAFF SINCE 2003, BY PROVINCE

Assassinations per Million People



Note: No data for Kurdistan.

Source: GOI, Iraqi Higher Judicial Council, www.ihec.iq/arabic, accessed 4/14/2009.

coordination with the Joint Sub-Committee on Detainee Affairs, began releasing or transferring 1,200 to 1,500 detainees per month, in accordance with the new bilateral Security Agreement with the GOI. The SA states that "all detainees shall be released in a safe and orderly fashion or transferred to GOI custody for trial." The February detainee releases represented the first group of case files reviewed by Iraqi authorities under the SA. As of April 14, 2009, the number of detainees in Coalition custody had dropped from more than 26,000 to around 12,500.[199]

Amnesty Law Cases

On February 26, 2008, the Council of Representatives (CoR) approved the Amnesty Law, providing general amnesty to certain categories of convicted Iraqis and those accused of crimes who are still under investigation or on trial. It will also apply to those detained for less than six months who have not appeared before an investigating judge, or those detained for more than a year who have not been referred to court.

As of January 2009, 23,500 Iraqis had been granted amnesty, and 6,300 of them had been released; many of those granted amnesty were on bail, parole, or had been facing warrants.[200] See Table 2.18 for the status of eligible amnesty law cases.

Update on Backlog and Detainees

The U.S. government has taken several steps toward goals to assist HJC in mitigating docket backlog. In the short term, the Embassy's Rule of Law advisors in many provinces provide

Chamchamal prison transferred to GOI in March 2009. (GRD photo)

Table 2.18

Quarterly Change in Eligible Amnesty Law Cases, 2/27/2008-1/15/2009

Amnesty Petitions	Granted	Denied
+11%	+12.3%	+18.2%

Source: GOI, Higher Judicial Council, response to SIGIR data call, 1/21/2009.

basic assistance, such as helping courts negotiate electrical service with the Ministry of Electricity and helping with simple file management. MNF-I also provides logistical assistance by transporting some detainees to court and by transporting judges to regions of Iraq that lack sufficient judicial personnel. In some parts of Iraq, this is particularly useful in processing the high volume of additional cases arising as a result of increased security operations.[201]

The Baghdad PRT and Law and Order Task Force (LAOTF) established the **Rusafa Legal Defense Center**, which makes the services of 25 Iraqi attorneys available to assist thousands of detainees to speed cases through the court system.[202] LAOTF has also provided technical support in establishing a basic system to assist court personnel in locating and transporting detainees to court for hearings.

U.S. personnel are also working with Iraqi courts, investigative judges (IJs) in particular, and the MOI to improve the operating relationships between IJs and police. This ongoing effort is focused on clearing the roadblocks to efficient transfer of investigative files between police and judges. DoS and INL are also supporting long-term capacity development through the **Iraq Higher Judicial Council Court Administration Project**, which aims to streamline administrative processes and improve case management. HJC currently lacks a centralized case management system, and often there is little case tracking. HJC plans to standardize a national case management system via manual entry as it phases in a computerized version. The planned **Judicial Education and Development Institute (JEDI)** has established criminal case management as a priority in its curriculum development.[203] Figure 2.24 shows the locations where Rule of Law advisors are supporting Iraq's judicial system.

Prison Update

For the status of U.S.-funded prison construction, see Table 2.19.

FIGURE 2.24
RULE OF LAW ASSISTANCE TO GOI'S JUDICIAL SYSTEM

Source: DoS, "INL Report on Courthouses," 10/2008.

Court Update

The Central Criminal Court of Iraq (CCC-I) has two locations in Baghdad, and each province is supported by one Major Criminal Court (MCC). The United States continues to provide significant logistical and technical support to the CCC-I in Baghdad (CCC-I Rusafa and CCC-I Karkh):

CCC-I Rusafa:

- *Security.* With the U.S. Marshals Service, LAOTF assisted the Chief Appellate Judge of the Rusafa district to obtain weapons for six courthouses. In January 2009, LAOTF organized an armored convoy to Abu

Table 2.19
INL-funded Prison Construction

Prison	Value ($ millions)	Location	% Complete (as of 3/15/2009)	Est. Date of Completion	Est. Capacity	Cause of Delay
Basrah Central	$8.2	Basrah	9%	11/06/2009	1,200 beds	
Chamchamal	$32.0	Sulaymaniyah	100 %	2/2009	3,000 beds	This project is complete. The facility has been turned over to the Iraqi Correctional Service (ICS), and the ICS has notified INL of its intention to begin activation in April 2009.
Fort Suse: Phase I	$5.3	Sulaymaniyah	77%	5/2009	689 beds	This project is 23% behind schedule because ICS denied the construction contractor access to areas within the site at Ft. Suse due to the presence of inmates in those areas.
Fort Suse: Phase III	$9.4	Sulaymaniyah	18%	8/18/2009	500 beds	This project is 7% behind schedule. On March 7, 2009, a decision was made to descope the prison's capacity from 1,000 beds to 500 beds.
Nassriya: Phase II	$7.4	Thi-Qar	67%	7/2/2009	400 beds	This project is 2% behind schedule. The original estimated completion date per the contract was November 2008.
Ramadi	$22.8	Anbar	Canceled	N/A	1,500 beds	Due to ongoing issues regarding land title, the Ministry of Justice concurs that this project should be canceled. On March 15, 2009, Gulf Region Central canceled the solicitation for the Ramadi prison with a notice published in the *Federal Register*.

Source: U.S. Justice Attaché, response to SIGIR data call, 4/2/2009.

Ghraib to take custody of 14 rifles and 66 pistols, which were distributed to Judicial Police at 6 district courthouses, including 1 in Sadr City. In addition, LAOTF provided training to court personnel on the use of video monitoring equipment.[204]

- *Automation.* LAOTF provided 20 computer desks, backup batteries, wireless routers, and a video projector to the Rusafa Judicial Palace. Data entry began on the initial case-tracking computer program approved by the HJC. The CCC-I Investigative Court at Rusafa was the beta test location for this program.[205]
- *Defense Bar Initiative.* The Baghdad Legal Defense Center is becoming less dependent on LAOTF mentoring, developing GOI relationships that could sustain the Center in the future and improving and expanding its reach to help move detainee cases through the system.
- *Rusafa Prison.* LAOTF established a full-time liaison officer (LNO) to the Rusafa Prison to improve coordination with the court.[206]
- *TF-134 LNO Embedded with LAOTF.* Based on the success of LAOTF's efforts at Rusafa Prison, MNF-I established an LNO between TF-134 and Rusafa Prison, who was embedded with LAOTF, to work on detainee release issues from the Karkh courts.
- *Joint Investigative Committee (JIC).* LAOTF's IJ team facilitated combined Iraqi-Coalition forces operations, obtaining more than 600 warrants and more than 100 detention orders.[207]

U.S.-funded Basrah Courthouse model for Rule of Law. (GRD photo)

- ***CCC-I Karkh:***

MNF-I's Task Force-134 maintains a liaison office with CCC-I Karkh to assist in the prosecution of cases involving Coalition forces as victims of criminal offense or where Coalition forces investigated serious crimes against Iraqi military or civilian victims. The Iraqi judiciary has also cooperated closely with the liaison office in the GOI transition to a warrant and detention order-based system. TF-134's mission is to transition from a detention operation to a moderated release operation in 2009.[208] The task force plans to assist the GOI in prosecuting serious offenders for which evidence is extant, but release in an orderly fashion those detainees who will not face criminal charges.[209] ◆

INFRASTRUCTURE

UNLESS OIL AND THE OTHER COMPONENTS OF THE ECONOMIC PROCESS ARE INTEGRATED TOGETHER, WE WILL NOT BE ABLE TO OVERCOME THE PROBLEM OF THE UNILATERAL DEPENDENCE ON OIL REVENUES WHICH HAS LONG BEEN A BIG PROBLEM.[210]
—PRIME MINISTER NOURI AL-MALIKI

The reconstruction of Iraq's infrastructure is vital to the continued development of its economy and to meeting the daily needs of Iraqi citizens. U.S.-funded projects to rehabilitate Iraq's infrastructure—which have been carried out mainly by the Gulf Region Division (GRD) of the U.S. Army Corps of Engineers—have been winding down throughout the past year, though many major projects remain to be completed.[211]

Work in the electricity, water, and transportation and communications sectors continues, but the United States has had no ongoing construction projects in the oil sector since the first quarter of 2008.[212] The electricity sector has the largest amount of unobligated funds among these sectors.

Since 2003, nearly $11.82 billion has been allocated for U.S. programs in the energy (oil and gas, electricity), water, and transportation and communications sectors. As of March 31, 2009, more than $11.41 billion had been obligated, and $10.86 billion expended.[213] For the status of U.S. infrastructure funding, see Figure 2.25.

This quarter, oil production averaged 2.28 million barrels per day (MBPD), a 4% decrease from the previous quarter, while exports increased by 1% to an average of 1.81 MBPD.[214]

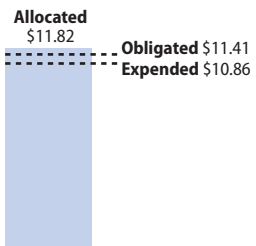
Total electricity supply increased to average 131,506 megawatt-hours (MWh) per day, a record high for the third straight quarter and a 34% increase from the first quarter of 2008.[215]

U.S. project results have been diminished by shortcomings in operations, maintenance, and sustainment, which are vital to ensuring that major infrastructure investments bring lasting benefits. With more than 4,400 projects completed and remaining construction concluding, GRD has shifted focus toward project sustainment to help mitigate this concern.[216]

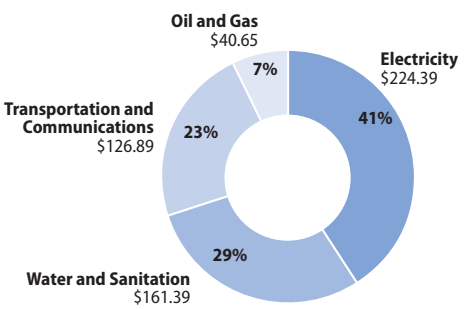
The GOI now has primary responsibility for rehabilitating and maintaining Iraq's infrastructure, but problems with budget execution continue to threaten its efforts. GAO reports that

FIGURE 2.25
U.S. INFRASTRUCTURE FUNDING

STATUS OF FUNDS
$ Billions



UNEXPENDED OBLIGATIONS
$ Billions, Total Unexpended $.553 Billion



Note: Numbers affected by rounding. For the methodology on how SIGIR grouped U.S. programs by category (Security, Infrastructure, Economy, and Governance), see Appendix D. Obligations and expenditures by SIGIR category may vary from top-line obligations and expenditures reported in Iraq Reconstruction Funding. SIGIR did not receive current project- or sector-level reporting from all agencies, and some information was compiled from the IRMS. Figure includes only IRRF 1, IRRF 2, ESF, and CERP funding.

Sources: DFAS, response to SIGIR data call, 4/10/2009; DoS, *Section 2207 Report*, 10/2008; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; IRMS, *MNC-I Quarterly Report*, 4/1/2009; USAID, response to SIGIR data call, 4/13/2009.

from 2005 to 2008 Iraq spent 12% of its investment budgets meant for construction in the oil, electricity, and water sectors. In contrast, the United States expended 87% of its allocation for these sectors, between 2003 and June 2008.[217]

The enormous resources required to rebuild Iraq necessitate foreign investment to continue the process of infrastructure rehabilitation. However, investors deem Iraq an unfriendly business environment, and this has deterred the flow of foreign capital into the country.[218] For more on GOI policies and foreign investment in Iraq, see the Economy section.

Transfer of U.S.-Funded Infrastructure Projects to the GOI

This quarter SIGIR issued its seventh report on problems in transferring U.S.-funded and constructed projects to the GOI for its control and sustainment. Once projects are completed, responsibility for them must be transferred to Iraq so that the projects may serve the purposes for which they were intended. An effective asset-transfer process is essential. First, it allows the GOI to recognize that a project is complete and that the U.S. government has provided all necessary documentation and training. Second, it validates that the GOI accepts responsibility for project operation and maintenance and capital replacement.

Despite the importance of developing a sound asset-transfer process, SIGIR found that the U.S. Embassy and the U.S. reconstruction agencies working in Iraq have still not developed a uniform process and procedure for transferring completed projects to the GOI. Each U.S. agency continues to have its own internal process for transferring assets to the Iraqis. Management oversight of the process lacks clear authority and accountability, a core problem that SIGIR has identified in previous asset-transfer reports.

Moreover, the U.S. Embassy and GOI have failed to finalize a November 2007 draft memorandum of understanding on their respective asset-transfer roles and responsibilities.[219] The U.S. Congress has called for transfer agreements and assurance that the GOI will maintain projects. In the FY 2008 Supplemental Appropriations Act,[220] the Congress made availability of certain infrastructure maintenance funds conditional on action by the Department of State (DoS) to secure and implement an agreement with the GOI on the transfer of completed projects. Also, the Omnibus Appropriations Act 2009 requires DoS to report on its plans to transition certain programs and activities to the GOI.[221]

Additionally, the U.S. government is unable to provide complete information on either what it has built or what it has turned over to the Iraqis. This condition prevents the Embassy from providing the Congress and the public a complete accounting of what has been accomplished and the status and current condition of the facilities that were constructed. The lack of reliable data also impedes U.S. efforts to monitor projects and make assessments about the type and extent of further assistance the United States may consider providing.

The lack of reliable data also prevents accurate tracking of the total number and cost of projects transferred to GOI control. In some cases, the GOI has not had information on hundreds of projects supposedly in its control. Part of this is the result of many projects being transferred at the local level, not to the ministries themselves. Of $13.5 billion in completed projects, 72% were turned over at the local level, and 13% turned over nationally.[222]

As a result of these conditions, a substantial portion of the billions of dollars invested in reconstruction is at risk of being wasted. These conditions provide key lessons learned for other contingency reconstruction operations, such as in Afghanistan.

Operations, Maintenance, and Sustainment

Operations, maintenance, and sustainment (OMS) is an important component of asset transfer and is vital to ensuring that the Iraqi people realize the intended benefits of U.S.-built facilities. The absence of experience and training in equipment use has led to ineffective or nonexistent services. Further, the decay of some facilities could be prevented with basic maintenance and operational knowledge. For example, SIGIR inspections of the Primary Healthcare Center program this quarter revealed that, at some facilities, dental chairs were not properly installed, and training in how to use x-ray machines did not occur; therefore, these services were not available.

Moreover, the absence of basic maintenance was leading to the decay of facility equipment, such as heating, ventilation, and air-conditioning (HVAC) units.[223]

GRD is implementing operation, maintenance, and technical development programs for GOI employees in the water, electricity, transportation, and communications sectors. Through February 2009, $47.1 million had been expended for this program, contributing to more efficient use of power, water, and wastewater treatment plants. Another OMS development program has obligated $272 million to provide spare parts and the technical expertise to perform manufacturer-recommended training on assets such as electrical turbines for electricity generation.[224]

Energy

With the world's third largest proved reserve of crude oil and tenth largest proved reserves of natural gas, Iraq has abundant domestic energy supplies.[225] But the country is still unable to meet its growing energy demand. Most Iraqis cannot count on reliable electric power from the national grid, and Iraq relies on imports for about one-fourth of the petroleum products used for transportation, heating, cooking, and other end uses.

As shown in Figure 2.26, oil dominates the energy picture in Iraq. About 90% of all the energy consumed by end users comes directly or indirectly (via electricity) from crude oil. And as more fully discussed in the Economy section, oil has been vital to the country's economic well-being, with oil exports providing 90% of the GOI's revenue in 2008. Oil revenue was $61.9 billion in 2008, $9.8 billion of which came in the fourth quarter. In the first quarter of 2009, oil exports yielded $5.8 billion in revenue, a nearly 41% decrease from last quarter.[226]

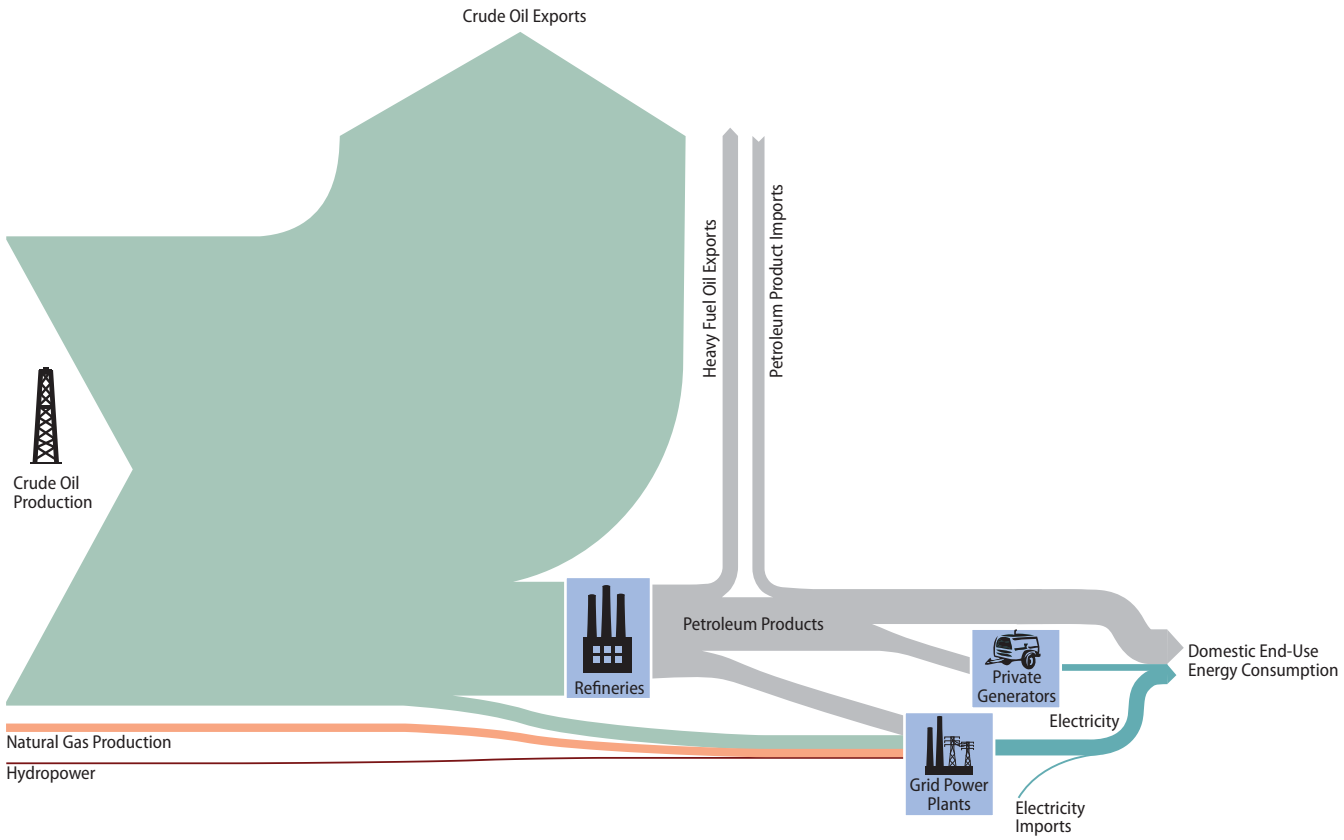
This dependence on a single resource has become a matter of increasing concern among Iraq's policy makers.

Oil and Gas

As of March 31, 2009, the United States had allocated $2.05 billion, obligated more than $1.93 billion, and expended more than $1.88 billion in the oil and gas sector[227] through projects to build, rehabilitate, and protect facilities and to provide technical training for Ministry of Oil employees.[228] The 2009 Iraqi budget allocated $3.2 billion to the Ministry of Oil, a 50% increase from the 2008 base budget, which is largely the result of a major increase in the operating budget.[229] In 2008, the Ministry of Oil spent 16% of its $2.6 billion allocation.[230] For information on GOI spending in the oil sector, see Table 2.20.

The United States does not have any ongoing construction projects in the oil and gas sector. All assets were transferred by the close of the first quarter of 2008.[231] According to GRD, all of its goals for this sector have been met. Those goals included developing Iraqi capacity to produce 3 MBPD of crude oil, 3,000 metric tons of liquefied petroleum gas (LPG), and 800 million cubic feet (MCF) of natural gas per day. In addition, the United States has helped build the capacity of

FIGURE 2.26
SOURCES AND FLOW OF ENERGY IN IRAQ



Note: This graphic is a simplified depiction of average daily energy flows in Iraq during the first three months of 2009. The width of each separate energy "stream" has been scaled to reflect its relative energy content (measured in British thermal units or joules). This graphic should not be viewed as a precise illustration because, among other factors, it is based on disparate data sources, it does not include energy supplies held in storage, it does not take into account relatively minor uses and unaccounted-for losses, estimates of electricity supplied by private generators vary significantly, and the average fuel efficiency of these generators is unknown (assumed to be 300 liters of diesel fuel per MWh). Petroleum products include gasoline, kerosene, diesel, LPG, and heavy fuel oil.

Sources: NEA-I, response to SIGIR data call, 4/2/2009; ITAO/EFC, *Electric Daily Performance Reports*, 1/1/2009–3/31/2009; EFC, *Weekly Oil Report*, 1/30/2009; EFC, unpublished *Weekly Oil Report* tables provided to SIGIR, 4/4/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 1/5/2009.

TABLE 2.20
GOI ALLOCATIONS TO THE MINISTRY OF OIL
$ Millions

BUDGET TYPE	2008	2009	% CHANGE
Operating	$103.7	$954.4	820%
Capital	$2,000.0	$2,206.4	<1%
Total	**$2,103.7**	**$3,160.8**	**50%**

Note: Numbers affected by rounding.
Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

Figure 2.27
Crude Oil Production and Exports, 4/2008–3/2009
Million Barrels per Day

Sources: DoS, *Iraq Status Reports*, 3/18/2009 and 4/1/2009.

the Ministry of Oil and secure Iraq's oil infrastructure.[232] Capacity development and technical assistance continue in this sector.[233]

Increasing oil production, which will require the aid of international oil companies, will be aided by the passage of the Hydrocarbons Law, which governs oil contracting and regulation. The law has been under review in the Council of Ministers (CoM) since October 26, 2008, with no progress having been made. According to the Deputy Prime Minister, the law is not expected to pass until 2010.[234]

Oil Production and Exports

Average quarterly crude oil production fell to 2.28 MBPD from the 2.37 MBPD average reached last quarter and the 2008 annual average of 2.42 MBPD.[235] Technical issues in the oil fields, combined with poor maintenance and reservoir management, suggest that production will continue to wane in 2009.[236]

Crude oil exports this quarter averaged 1.81 MBPD—a 1% increase from the fourth quarter of 2008. However, these exports were down marginally from the 2008 average of 1.83 MBPD.[237] Iraq plans to develop its southern oil port infrastructure to increase exports.[238] For production and export trends, see Figure 2.27.

Technical service agreements will help Iraq increase its production of crude oil in the coming years. To make these contracts more attractive to the oil companies, the GOI reportedly has proposed revising all contracts to allow for a declining baseline of oil that must be sold for the profit of the GOI; this accommodates the concern that older fields will decline and companies will be left with no method of recovering their costs. The GOI also proposed changing the required ownership structure to permit foreign companies to own up to 75% of a contract on an oil field, whereas contract terms previously required Iraqis to hold a majority share in all oil contracts.[239]

In January, the China National Petroleum Corporation (CNPC) agreed to begin fieldwork in Wassit under a contract with the Ministry of

Oil signed in November.[240] The GOI also began a joint venture with Mesopotamian Oil, a British company, to drill 60 new wells a year in the south of Iraq in order to increase production.[241] Among many other tenders and signed contracts, the South Oil Company signed a contract with an international oil company to oversee two surveys and engineering design to expand the export capability of Iraq.[242]

Pipelines

Improved pipeline security and repair procedures have contributed to stability in producing and exporting oil. Frequent insurgent attacks on Iraqi oil pipelines before July 2007 caused interruptions that threatened the GOI budget.

To address this problem, the United States initially created Infrastructure Security Forces to guard oil pipelines and other essential components of Iraq's infrastructure. After mixed results, the United States funded Pipeline Exclusion Zones (PEZs), a security measure around each oil pipeline that provides protective berms, fences, and concertina wire, as well as gates and guardhouses.[243] The PEZ program is a part of GRD's larger Infrastructure Security Protection (ISP) program, a $217 million ESF-funded initiative to improve the security of Iraq's infrastructure.[244]

This investment has yielded great success.[245] Since September 2007, when the Kirkuk-to-Baiji PEZ was completed, no PEZ-protected pipelines have been attacked. In contrast, from July 2007 to December 2008, nine pipelines outside of PEZ zones were attacked although these interdictions caused only minor disruptions in oil transport because teams were able to quickly repair the damage.[246]

Five of six segments of the Baiji-to-Baghdad PEZ are completed, and the remaining segment was 75% completed in March. Two of three segments of the Doura-to-Hilla PEZ have been finalized, with the third 98% complete.[247] The final phase of each project, in which the guard towers are assembled along the project route, is under the direction of the GOI. These towers and the barracks necessary to house guards are only 25% complete because of disagreements of the Ministries of Interior and Defense over contracts.[248]

More than 2,100 repairs have occurred on the Baiji-to-Baghdad pipeline, a central line in the country's overall network, and continued repairs are expected to increase the supply of crude oil to the Doura Refinery in Baghdad. Repairs to a product line supplying Mosul will aid the GOI in distributing refined fuel to areas in the north.[249]

Refineries and Petroleum Products

Iraq has made significant improvements in its oil infrastructure that have resulted in increased production of refined fuels. From the first quarter of 2006 to the first quarter of 2009, domestic production of LPG increased 118%, kerosene 93%, diesel 37%, and gasoline 3%. This quarter, Iraq produced more kerosene, diesel, and gasoline than it imported, but more than half of the LPG made available for consumption was imported.[250] Iraq's refineries produce more heavy fuel oil—the lowest grade of refined products—than can be consumed domestically. This is the one refined petroleum product that the country exports. For more information on the trends in refined fuel production, see Figure 2.28.

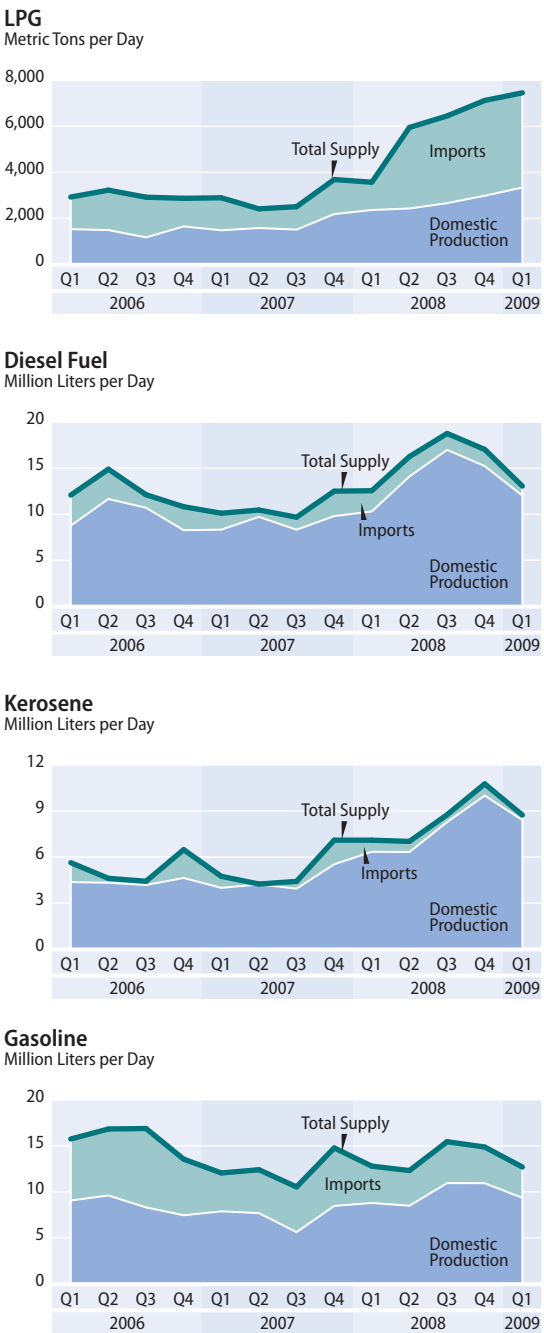
According to Iraqi oil sources, the Iraqi State Company for Oil Projects has signed a $65 million front-end engineering and design contract with a U.S. company to build a 300,000 BPD refinery in Nassriya. Three similar contracts have been signed for new refineries in Kerbala, Missan, and Kirkuk.[251]

Natural Gas

Virtually all the natural gas in Iraq's vast reserves is extracted together with oil. This

Figure 2.28

Refined Fuel Production and Imports, by Quarter, 2006–2009



Sources: NEA-I, responses to SIGIR data call, 1/5/2009 and 4/3/2009.

"associated" gas is then separated at oil-gas separation plants. About 253 MCF of natural gas is consumed each day for electricity generation,[252] but more than twice that amount, 611 MCF, is flared—burned for no productive use.[253] Unlike its neighbors, Iraq did not develop its gas infrastructure because of wars and sanctions. Today, Iraq's infrastructure, including pipelines and compressors, is not sufficient to handle the amount of gas produced.[254]

As discussed below, much of Iraq's newest electricity-generation capacity operates inefficiently because of the lack of natural gas. The Ministry of Electricity (MOE) has combustion turbines that are not co-located with the Ministry of Oil's gas infrastructure, forcing it to rely on fuels other than natural gas. U.S.-funded projects have provided some of these turbines but not addressed how to deliver the fuel they were designed to use. The U.S. government has spent $246.5 million of the Iraq Relief and Reconstruction Fund (IRRF) to rehabilitate Iraq's natural gas infrastructure and to train Iraqi personnel to operate the equipment.[255]

Electricity

For the third straight quarter, Iraq's daily average electricity supply reached a new post-invasion high. Daily average power plant production rose to 118,485 MWh this quarter, and imports averaged 13,021 MWh per day, for a total daily average supply of 131,506 MWh, or 5,479 megawatts (MW). This was an almost 10% increase from the previous quarter and a 34% increase from the same quarter in 2008.[256]

As new generation units have come on-line, existing power plants have increased output because of better operation and maintenance and fewer fuel delivery interruptions.[257] However, it is estimated that 100 MW of electricity capacity is lost daily due to fuel shortages and the need for rehabilitation of transmission lines.[258]

TABLE 2.21
GOI ALLOCATIONS TO THE MINISTRY OF ELECTRICITY
$ Millions

BUDGET TYPE	2008	2009	% CHANGE
Operating	$89.1	$2,310.3	2,492% ↑
Capital	$1,300.0	$1,080.1	17% ↓
Total	**$1,389.1**	**$3,391.1**	**144%** ↑

Note: Numbers affected by rounding.

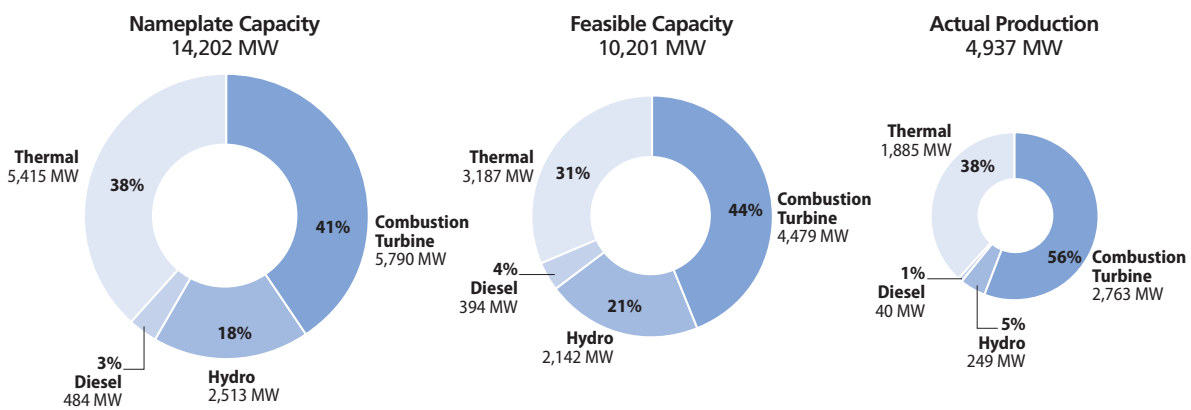
Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

To date, the United States has allocated $5.09 billion, obligated $4.98 billion, and expended $4.75 billion[259] to increase electricity production and availability in Iraq through the rehabilitation of power plants and transmission lines, the construction of new substations, as well as training and technical support.[260] In its 2009 capital budget, the GOI has allocated $1.1 billion to MOE, which was a 17% decrease from the previous year, when 12% of the total budget was expended.[261] For more on GOI allocations to the electricity sector, see Table 2.21.

The National Grid: Generation Capacity and Production

This quarter, Iraq's feasible electricity generation capacity averaged 10,201 MW per day, up nearly 2% from the previous quarter and up 4% from the first quarter of 2008.[262] Feasible capacity is the maximum output that can be expected from a power plant taking into account ambient conditions such as weather, the type of fuel used, and the physical condition of the plant;[263] it is less than the "nameplate" capacity designated by the manufacturer, which assumes

FIGURE 2.29
POWER PLANT CAPACITY AND PRODUCTION, BY PLANT TYPE
1/1/2009–3/31/2009 Averages



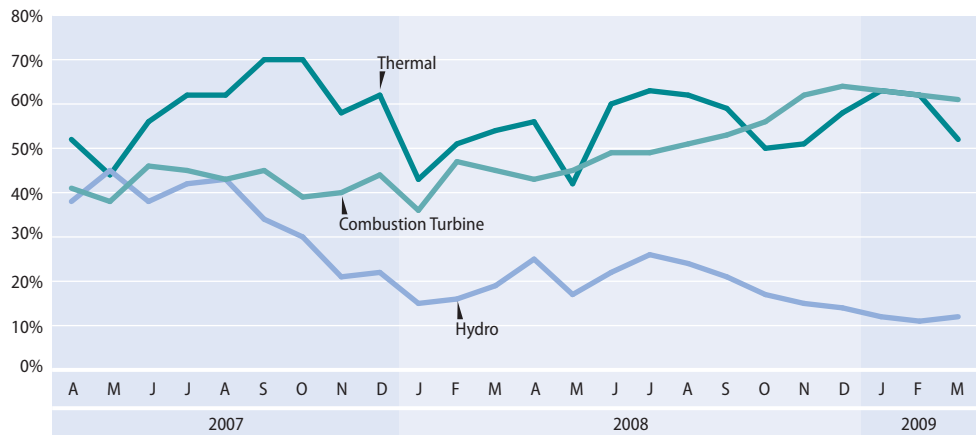
Note: Numbers affected by rounding.

Sources: ITAO/EFC, *Electric Daily Performance Reports*, 1/1/2009–3/31/2009.

Figure 2.30

Power Plant Capacity Utilization, by Plant Type, 4/2007–3/2009

Production as % of Feasible Capacity



Note: Imports not included.

Sources: ITAO/EFC, *Electric Daily Performance Reports*, 4/1/2007–3/31/2009.

optimal conditions. Although both generation capacity and actual production reached record levels, Iraq's power plants collectively operated at slightly less than half their feasible generating capacities during this quarter (see Figure 2.29).

Of the three main types of power plants in Iraq, oil-fired thermal plants have had the greatest output relative to their capacity over the past two years. On average, they operated at about 57% of feasible capacity, though with considerable fluctuations in productivity (see Figure 2.30).[264]

U.S. investments in generating capacity have focused on combustion-turbine facilities, which are more technologically advanced than the older thermal plants and quicker to construct.[265] Of the more than $14 million the United States invested this quarter in power plant rehabilitation, more than half went to combustion turbines.[266] These plants now provide the greatest share of Iraq's generating capacity and electricity supply.

Over the past two years, combustion-turbine plants operated on average at about half their feasible capacity, but their utilization has gradually increased and this quarter roughly equaled that of thermal plants. The potential of combustion-turbine plants is limited primarily by the unavailability of natural gas. These plants run best on natural gas, but more than half of their electricity output comes from burning crude oil and petroleum products, which reduces their capacity, increases the downtime required for maintenance, and hurts their long-term productivity.[267]

The most underutilized type of electricity generation capacity is hydro. The productivity of these plants has declined over the past two years because of the prolonged drought, and this quarter, production from hydroelectric plants averaged less than 12% of feasible capacity. The Ministry of Water Resources has notified CoM that any future releases from reservoirs will give first priority to meeting demands for potable water and irrigation. In response to Iraq's repeated requests to Turkey for increases in the flow of water coming from that country, Turkey has indicated that its reservoirs have started to recover, allowing

increase and flow on the Euphrates.[268] The loss in hydroelectric power due to the drought has been more than offset by the increase in average combustion-turbine generation since 2007.[269]

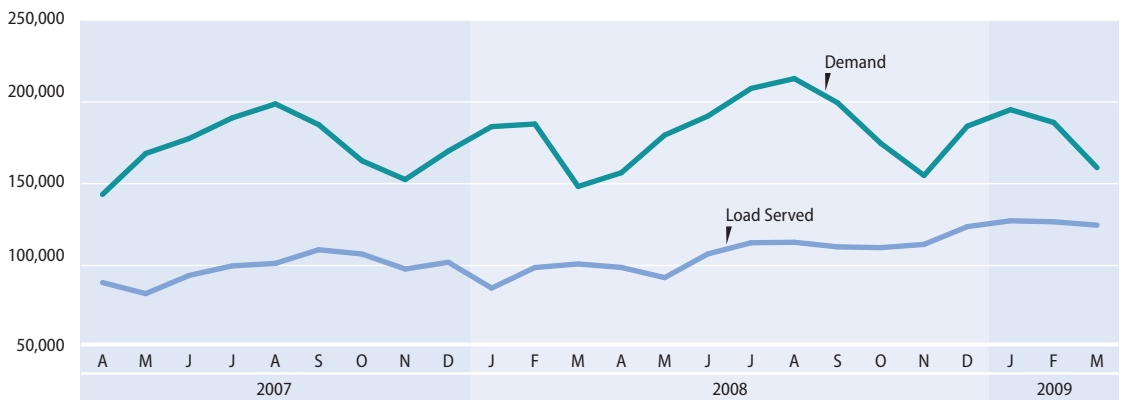
Efforts To Address Electricity Supply Gap

Although electricity production from central station power plants in Iraq achieved new post-invasion highs this quarter, the output from these plants is insufficient to meet the needs of Iraq's people and its growing economy.[270] The Iraq Transition Assistance Office (ITAO) reports that the supply on the grid, including electricity imports, met about 73% of estimated demand this quarter.[271] The exact extent of the shortage is difficult, and perhaps impossible, to

FIGURE 2.31

ESTIMATED ELECTRICITY DEMAND AND LOAD SERVED, 4/2007–3/2009

MWh

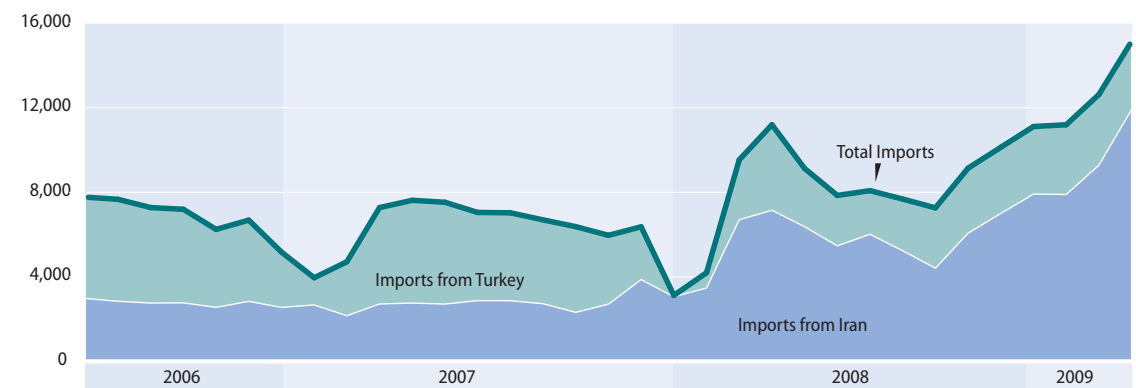


Sources: ITAO/EFC, *Electric Daily Performance Reports*, 4/1/2007–3/31/2009.

FIGURE 2.32

ELECTRICITY IMPORTS, 7/2006–3/2009

MWh



Sources: ITAO/EFC, *Electric Daily Performance Reports*, 7/1/2006–3/31/2009.

quantify. Because demand is not fully met, it cannot be directly measured but must be estimated by computer modeling or other methods. Surveys present a varied picture of electricity supply.[272] Oxfam International reports that 82% of the Iraqi women it surveyed in the second half of 2008 said access to electricity was more difficult or the same as it was in 2006.[273] In a separate survey taken in January 2009, 43% of respondents reported they felt they could get electricity less than half of the time, a 12% decrease from 2007.[274]

Figure 2.31 shows Iraq's estimated electricity demand and load served over the past two years.

Imports

This quarter, Iraq imported 13,021 MWh (543 MW) per day, or 11% of the total electricity supplied to the grid. Last quarter, Iraq imported 10,150 MWh (423 MW), which was 8% of the total grid supply. In the first quarter of 2007, imports on average were only 5% grid supply. From July 1, 2008, to March 31, 2009, electricity imports from Turkey have increased by one-third, and the amount supplied by Iran has more than doubled. Part of the increase in Iranian imports can be attributed to a new tie line that was put into service in February.[275] For more information on electricity imports, see Figure 2.32.

Domestic Capacity Expansion

The United States continues to support the expansion of generation capacity and enhancement of the national grid's infrastructure. GRD has several ongoing projects:[276]

- **Generation**: three projects valued at $223.5 million
- **Transmission:** seven projects costing $143.1 million; all projects at least 90% complete
- **Distribution:** three projects, totaling $10.4 million, scheduled for completion in March 2009

This quarter, ITAO finished the overhaul of four turbines at the **New Mullah Power Plant**, which added 148 MW to the national grid. In addition, four pumps were delivered to the **Mussayib Thermal Plant**, which is expected to increase both output and long-term reliability. Two combustion turbines were synchronized with the national grid at the $182 million IRRF-funded **Qudas Power Plant**, which added 180 MW of power to the country's total production. These turbines will run on crude oil, diesel, and heavy fuel oil, which will reduce their potential productivity and long-term durability. This major power-plant project will serve 180,000 homes and is scheduled to be complete by May of this year.[277] For information about ongoing U.S. substation projects, see Table 2.22.

The refurbishment of the **Mullah Generation Plant**, which cost $37 million, was completed this quarter. The facility has been transferred to the MOE. Additional parts necessary for the efficiency of the generator have been ordered and are scheduled to be installed by the GOI.[278]

Increases in electricity generation capacity and production have not always resulted in uniform increases in the power delivered to all Iraqis because of inadequate maintenance of the distribution system.[279] Recognizing the need to sustain U.S.-built facilities, GRD contractors held 88 technical and management training sessions during 2007 and 2008 for more than one thousand MOE employees. Further, at the seven 132-kV substations ready for transfer, on-site training has been conducted, and one month of oversight in operations and management is planned.[280]

The MOE has also purchased five new electrical turbines, which run on either fuel oil or natural gas; they are capable of producing a total of 180 MW and are expected to be installed starting in June. The contract includes the necessary training for MOE staff to operate and maintain the turbines as well as spare parts to aid their longevity.[281]

Table 2.22
Ongoing U.S. Substation Projects

Project Name	Estimated Date of Completion; Cost	Benefits	Sustainment Issues
Farabi and Jamila 132-kV substation	9/30/2009; $48 million	Substation will provide power directly to entire city of Ramadi.	None: Training and spare parts are provided for in the contract.
Ramadi 132-kV substation	9/15/2009; $29 million	Substation will provide power directly to entire city of Ramadi.	Connection of the station for distribution; contract difficulties resulting in lack of needed parts.
Fallujah 132-kV substation rehabilitation	5/15/2009; $14.8 million	Substation will provide power and electrical stability to large area in Anbar.	Nassriya Water Treatment Plant relies on substation for the 24 hours of power needed to operate at full capacity.

Sources: GRD, responses to SIGIR data call, 4/3/2009 and 4/15/2009; GRD, *Weekly Situation Report*, 3/19/2009, slide 19; SIGIR PA-07-116, "Nassriya Water Treatment Plant," 4/28/2009.

The MOE is concerned about its ability to increase production capacity because the ministry was allocated only $1 billion in the 2009 budget after requesting $7 billion.[282] Further, despite the recent turbine purchases, the MOE has not procured the corresponding plant equipment or contracted for the design of the facilities to allow the new equipment to add to overall electricity production.[283]

Off the Grid: Private Generators

The shortfall between the demand for electricity and its supply on the grid also has led Iraqis to seek alternative sources of supply. Many supplement the subsidized electricity they get from the grid with more costly electricity from private generators powered by refined petroleum products, such as diesel fuel.[284] Some of these generators are operated by entrepreneurs and serve whole communities, while others are portable, backyard generators that serve a single household. The exact extent of off-grid generation is unknown. By some estimates, the total generation of electricity from these private generators may be between 2,000 MW and 3,000 MW each day,[285] or 35% to 55% of the supply on the grid.[286] Three-fourths of the respondents in the Oxfam survey said they had access to a community or other type of private generator. Of those who do not use these generators, 45% said they could not afford the cost.[287]

SIGIR's inspection of the **Haditha Primary Healthcare Center** reported that the building received only five hours of power a day from the national grid. The hospital then received power from on-site electricity for the remainder of the day. The automatic switches are not always functional, and a break in the supply of power could harm patients undergoing procedures.[288]

Off the Grid: Small-Scale Solar Applications

Of Iraq's available renewable resources, hydropower makes by far the greatest contribution to electricity generation. But solar energy is starting to be harnessed to meet specific small-scale needs:

- In northwest Baghdad, 32 solar panels on the roof of the Ameriyah clinic enable the facility to treat patients and deliver babies 24 hours per day. The panels provide power to the clinic's labs, birthing section, and refrigeration units for vaccines and other medical supplies. The clinic held a ribbon-cutting ceremony on January 15, 2009.[289]
- In February 2009, Coalition forces installed a CERP-funded solar-powered water purifier in Lutifiyah, which will provide 150 to 200 people with potable water. Soldiers had previously installed six of these units at other locations and were planning additional installations.[290]
- USACE has installed solar-powered streetlights in Falluja, where there was no power at night, and MOE has installed about 5,000 solar-powered streetlights in Baghdad. Streetlights in Ramadi also are solar powered. USACE is also looking into solar-energy applications for homes in Baghdad.[291]

SIGIR inspectors observe the solar panels at the Ameriyah clinic in Baghdad.

Water

The United States has allocated $2.25 billion, obligated $2.17 billion, and expended $2.01 billion to help increase potable water and sewage treatment for the Iraqi people.[292] In its 2009 capital budget, the GOI allocated $732 million for the Ministry of Water Resources (MWR) and $948 million to the Ministry of Municipalities and Public Works (MMPW). In 2008, the MWR expended 48% of its budget, and MMPW expended 22%.[293] From 2008 to 2009, the MWR operating budget increased 54%, and the capital budget increased 50%; the MMPW operating budget increased 1,026%, and the capital budget increased 12%. For more on GOI allocations to the MWR, see Table 2.23, and for the MMPW, see Table 2.24.

A January 2009 nationwide U.S. government survey reports that two-thirds of Iraqis state that they can get clean drinking water, but only a third are satisfied with the availability of drinking water. Both responses are lower than in the November 2007 survey.[294] In its recent report, Oxfam said that the majority of the women it surveyed in 2008 saw no improvement in accessing clean drinking water compared with the previous two years.[295]

Table 2.23

GOI Allocations to the Ministry of Water Resources

$ Millions

Budget Type	2008	2009	% Change
Operating	$109.6	$168.6	54%
Capital	$375.0	$563.5	50%
Total	$484.6	$732.1	51%

Note: Numbers affected by rounding.

Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

Table 2.24

GOI Allocations to the Ministry of Municipalities and Public Works

$ Millions

Budget Type	2008	2009	% Change
Operating	$42.6	$479.6	1,026%
Capital	$416.7	$468.2	12%
Total	$459.3	$947.8	106%

Note: Numbers affected by rounding.

Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

Irrigation

Irrigation is vital to Iraq's agriculture sector, which is the largest private industry employer in Iraq.[296]

Iraq continues to recover from a severe drought, which has depleted storage in water reservoirs. These reservoirs are managed by the MWR, which prioritizes potable water supply over irrigation. Increasing depletion will force tighter management of future releases from the reservoirs. As mentioned earlier in the discussion of hydroelectric power, Turkey has responded to Iraqi requests to increase the flow of water from the north into the Euphrates, though the outcome is uncertain.[297] Syria and Iran also can control the amount of water flowing into Iraq, and Iran is reportedly limiting flow into Iraq's eastern borders.[298]

The recent shortages have prompted action to create a sustainable private-sector water system. A discussion of the policies and issues that need to be addressed to create this system was held at a February seminar. Iraqis are looking to a Participatory Irrigation Model to cultivate the investment necessary to develop a public-private water management partnership.[299]

The **Nassriya Drainage Pump Station** (NDPS) was completed this quarter by the MWR.[300] The NDPS is the largest of its kind in the Middle East; its 12 pumps have a capacity of 200 cubic meters per second, which will improve drainage across 220,000 hectares of farmland that reach as far north as Baghdad. The NDPS will transport agricultural runoff collected in the Main Outlet Drain under the Euphrates River for discharge in the Persian Gulf. The drainage system is expected to increase agricultural productivity, improve the management of drainage water, and improve the overall quality of the river water.[301]

Water Treatment

This quarter, U.S.-funded projects added the capacity to produce 2.4 million cubic meters of potable water per day, which can serve 8.3 million Iraqis. U.S. construction projects have also added 1.2 million cubic meters of sewage treatment capacity per day, enough to serve 5.1 million Iraqis.[302] For an overview of GRD work in the water sector, see Table 2.25.

Increasing water treatment capacity has been a challenge: only 46% of Iraqis report having a working sewage system, and about one-fourth report being satisfied with the sewage disposal services provided.[303]

The $2.6 million **Al Hussein Water Network** is now 92% complete and will provide water to 6,000 people in a highly populated area of Kerbala. This ESF-funded project includes developmental training in operations for MWR personnel.[304]

Table 2.25
GRD Projects in the Water Sector
$ Millions

Project Area	Completed Projects (Value)	Started Projects (Value)	Total Projects Programmed (Value)
Potable Water	362 ($723.1)	380 ($803.8)	383 ($806.1)
Sewage Treatment	14 ($87.6)	21 ($128.1)	24 ($131.4)
Irrigation	6 ($126.9)	11 ($191)	12 ($200.5)
Total	**382 ($937.6)**	**412 ($1,123)**	**419 ($1,138)**

Source: GRD, *Monthly Situation Report*, 2/2009, slide 6.

The Nassriya Drainage Pump Station, which is now complete, will help drainage in up to 220,000 hectares of farmland.

Phase II of the **Falluja Wastewater Treatment System**, a project designed to provide sewage treatment service to 240,000 people in the area, was 76% complete in March. This project is funded from the IRRF, CERP, and Development Fund for Iraq (DFI) and is being constructed by multiple local contractors under the direction of GRD.[305] An October 2008 SIGIR inspection found that this project had tripled in cost, was two years late, and required homeowners to connect their homes to the system on their own, which could damage the collection system.[306] Delays in payments to contractors have resulted in work stoppages and slowed the project's completion.[307]

GRD reports that meeting the May 31, 2009, target for an initial working system is unlikely. There is a tacit agreement with the local sewage directorate to install entry pipes next to each property line, and homeowners will ultimately be responsible for connecting to the system. The estimated date of completion is September 22, 2009.[308]

GRD is also providing sustainment assistance through a 3-month operations and maintenance support program to support 14 Iraqi workers at the **Sadr City R3 Water Treatment Plant**. They were given instruction in all areas of operations and maintenance at the recently completed plant, which will serve 192,000 people in Sadr City.[309]

Transportation and Communications

Since 2003, the United States has allocated $1.12 billion, obligated more than $1.09 billion, and expended more than $965 million to help rehabilitate Iraq's transportation and communications systems.[310]

In its 2009 budget, the GOI has allocated $534 million to the Ministry of Transportation (MOT) and $304 million to the Ministry of Communications (MOC). For 2008, through December, the ministries reported these allocations and expenditures:[311]

- MOT—$339.7 million allocated; 29% expended
- MOC—$316.2 million allocated; 30% expended

In 2008, MOC's capital budget was 94% of its total allocation, but in the 2009 budget, that share shrank to 71%, as the operating budget increased 500%.[312] For more on GOI allocations to the transportations and communications sectors, see Table 2.26 and Table 2.27.

To rehabilitate and improve the transportation and communications sectors in Iraq, the United States has built roads and bridges, rehabilitated railroad facilities, helped improve the **Port of Umm Qasr**, trained GOI officials in airport operation, and helped rebuild telephone exchange infrastructure. Much of this work has been done by GRD, which has shifted focus from major construction to OMS programs, as well as capacity development. Since 2003, GRD has invested $308.5 million in transportation OMS programs.[313]

The United States continues with significant assistance to the GOI in port and airport administration, as well as GRD's work in road and telecommunications construction.

Roads and Bridges

The **Al Shirkat Bridge**, funded from a $7.2 million grant, was started in 2005 and is now 70% complete. The 400-meter, two-lane bridge will span the Tigris River and allow for increased movement of goods and people, enhancing economic development.[314] The repair of the **Mujarrajah Canal Bridge**, which is also

Table 2.26

GOI Allocations to the Ministry of Transportation

$ Millions

Budget Type	2008	2009	% Change
Operating	$121.6	$209.7	72% ↑
Capital	$250.0	$324.2	30% ↑
Total	$371.6	$533.8	44% ↑

Note: Numbers affected by rounding.

Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

Table 2.27

GOI Allocations to the Ministry of Communications

$ Millions

Budget Type	2008	2009	% Change
Operating	$14.4	$88.2	513% ↑
Capital	$250.0	$216.1	14% ↓
Total	$264.4	$304.3	15% ↑

Note: Numbers affected by rounding.

Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

deemed essential to local commerce and transport, is now 85% complete, though it was scheduled to be completed at the end of this quarter.

The contract for both projects went to an Iraqi firm with work being slowed by quality assurance inspections, the suspension of construction due to unsafe work practices, and the absence of payment to the subcontractor.[315] SIGIR visited this site in February and plans to issue an inspection of the project in July 2009.

The **Al Hussainiyah Road Widening Project**, now in its early stages, involves the construction of a median, storm water drainage, and concrete sidewalks, as well as the rehabilitation of the road surface. Progress has been challenged by the pilgrimage of one million people to Kerbala in February and the need to install proper work safety procedures.[316] The **Al Tameem Road Project**, currently suspended but scheduled to be completed by June, aims to provide 36 asphalt-paved streets to improve the basic transportation infrastructure in the town.[317]

The Office of Transportation Attaché (OTA) is now updating Iraqi standards for construction specifications and drawings with the GOI State Commission for Roads and Bridges. U.S. officials have also aided the commission in improving its budget planning and execution, which led to the agency spending almost its entire allocation in 2008.[318] Further, the Embassy plans to help coordinate meetings between the U.S. Federal Highway Administration and the Commission.[319]

Railways

The reconstruction of the **Iraq Republic Railway (IRR)** is a success story. In 2003, neglect of rail bridges and the lack of a central communications system severely limited the number of trains that could operate in Iraq at any one time. The railroad's role in facilitating regional trade necessitated its rapid recovery.[320]

Newly opened rail line from Taji to Umm Qasr. (MNF-I photo)

This quarter, the United States has worked with the GOI through an Executive Steering Group (comprising an OTA representative, the Deputy Commanding General, Multi-National Force-Iraq (MNF-I), and OTA) to provide guidance for IRR, to re-open a railroad tie factory, and to create the **Digital Microwave Radio Communications Network (DMRCN)** for the IRR.[321]

On February 10, 2009, an Army Sustainment Brigade helped re-launch a rail line from the Taji desert camp to the **Port of Umm Qasr**. This line was used for the first time since 2004 and was coordinated with a shipping line facilitated by the Iraq Transportation Network (ITN), a consortium of Iraqi-owned trucking companies. MNF-I believes this rail line will greatly boost commerce across Iraq. A fully functioning IRR, in concert with ITN, creates the potential that Iraq could become a major transportation route for goods moving from the Persian Gulf through the Port of Umm Qasr to Jordan, Syria, and Turkey.[322]

Passenger service has also increased as line breaks have been repaired on the western line, which runs from Baghdad to Falluja. Other lines that now offer passenger service include the Baghdad-to-Samarra North Line and the Baghdad-to-Basrah South Line.

Recently, the IRR was contracted by the Ministry of Defense (MOD) to transport heavy fuel oil, kerosene, gasoline, and other products from factories to various MOD locations.[323]

Ports

The United States and the GOI continue to work together to rehabilitate Iraq's main access point to overseas trade, the **Port of Umm Qasr**. The United States has provided advice and has funded the repair of loading cranes, the removal of wreckage, and dredging to improve commercial operations.[324]

The Commanding General in Iraq has also assembled a Port Development Advisory Team, which has helped the GOI in the following areas:[325]

- port security and international shipping standards
- land use around the port
- coordination of communications and information sharing

The Japan International Cooperation Agency has committed $260 million to improve the port through civil works projects, such as wreck removal.[326] Private consultants briefed the MOT this quarter about how best to expand Umm Qasr through new piers and container ports and also how to encourage foreign investment to fund these efforts.[327] The GOI has also aided increased commerce in the port by leasing out the remaining berths under the condition that the selected tenants will upgrade the facilities during their period of management.[328]

Aviation

Since January 1, 2009, the Iraq Civil Aviation Authority (ICAA) has run the airport towers in Baghdad and Basrah from 7 am to 7 pm, with Coalition forces controlling the towers at night. ICAA will be extending its control of these towers by four hours before the end of June.[329] ICAA also controls the Baghdad Area Control Center (BACC), from which the Iraqis control all airspace in the country 24,000 feet and above, which is about 75% of the country's airspace. Remaining challenges for ICAA include reducing the dependence on contractors to aid in running BACC and the considerable progress necessary to gain compliance with International Civil Aviation Authority standards over the next two to three years.[330]

Over the last eight months, civilian air travel has tripled.[331] This quarter, the total number of aid flights was slightly higher than last quarter, with reconstruction flights increasing and humanitarian flights decreasing. Contracted military flights increased by 7% from last quarter, but have declined 23% since the beginning of 2008.[332]

Telecommunications

Since 2003, the United States has undertaken a number of initiatives to rehabilitate and improve Iraq's telecommunications systems. Currently, the IRRF-funded **Al Mamoon Telecommunications Center** is the only new facility being built to help upgrade Iraq's overall telecommunications infrastructure. The center contains four main elements:[333]

- a 7-story main office building (30% complete)
- a post office building (50% complete)
- a 250-vehicle parking garage (75% complete)
- a central plaza (65% complete)

However, the Al Mamoon Telephone Switch Building was terminated for default in November 2008. GRD plans to re-award and complete the project.[334]

Ministry of Communications Update

The MOC has moved forward with several telecommunications initiatives. It plans to create a national mobile telecommunications company, and it is urging agreement on the stalled telecommunications law, which would allow the ministry additional powers in contracting international companies to provide new telecommunications services.[335]

DoS believes that the creation of a national telecommunications company will be a disincentive for investment, improved services, and lower prices.[336] Further, in DoS's view, the MOC is supporting this telecommunication law in part because it would eventually phase out the Communications Media Commission (CMC), the independent regulator that provides transparency for the regulation of the sector.[337]

Phone and Internet Service

The supply of landline telephone service, a government-provided service, continues to stagnate, reporting around 1.25 million users for three consecutive quarters. In contrast, market-provided cellular telephone subscriptions have been rising steadily, reaching a new high of 17.7 million this quarter, a 32% increase since July 31, 2008. Internet subscription climbed slightly this quarter, now totaling 820,000 subscribers—a 20% increase from last quarter.[338]

Private investment has been taking an increasing role in driving improvement of Iraq's telecommunications sector. Two major private companies provide cellular service in Iraq—Kuwaiti-owned Zain and Qatar Telecom's Asia Cell. In 2008, Zain began work to expand service nationwide, and Qatar Telecom announced its investment of $1 billion over two years to improve service and expand customer base.[339] The Kurdistan Regional Government recently granted licenses to Mobitel, which plans to provide a 3G mobile network that features faster wireless connectivity, video phones, and international calling services.[340] ◆

GOVERNANCE

On January 31, 2009, Iraq held its first provincial elections since 2005—an important step on the road to political stability.[342] For a detailed analysis of the elections, by province, see Section 3. For a timeline of Iraqi elections, see Figure 2.33.

Despite the success of the 2009 provincial elections, Iraqis must still resolve ongoing disputes over power and resource distribution before national reconciliation can be achieved. Arabs and Kurds have thus far been unable to agree on these critical issues:

- internal boundaries, including the status of Tameem
- property rights and restitution
- Kurdistan Regional Government (KRG) autonomy
- hydrocarbon policy

Moreover, Sunnis remain suspicious of links between Iran and Iraqi-Shia political parties and doubtful of the Shia-led GOI's long-term commitment to transitioning members of the Sons of Iraq (SOI) and implementing the Amnesty Law and the Accountability and Justice Law.[343] Additionally, debate continues between those favoring a strong central government and those seeking increased decentralization. The GOI will also need to address more fully the humanitarian crisis facing refugees and internally displaced persons (IDPs) if that issue is to be resolved.[344]

Since 2003, the United States has allocated approximately $7 billion for Iraqi governance activities, including refugee assistance, programs to assist the democratic process, government capacity development, and support for public services, such as education and health care. As of March 31, 2009, more than $6.6 billion had been obligated, and $5.6 billion had been expended (see Figure 2.34).[345]

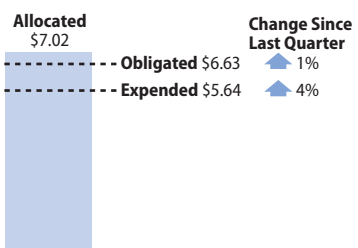
"NO" TO SECTARIANISM SHOULD BE COMBINED WITH SAYING "YES" TO THE LAW. WHEN WE SAY "NO" TO DIVISION, WE SAY "YES" TO UNITY. UNITY IS A BEAUTIFUL AND EASY WORD TO UTTER, BUT IT IS DIFFICULT TO BRING ABOUT.[341]

—PRIME MINISTER NOURI AL-MALIKI, FEBRUARY 1, 2009

FIGURE 2.34

STATUS OF FUNDS—GOVERNANCE

$ Billions

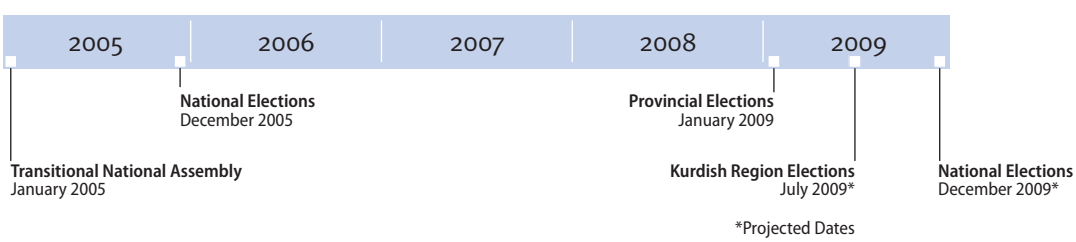


Note: Numbers affected by rounding.

Sources: CEFMS, *ISFF Funds Execution Report*, 4/3/2009; DoS, response to SIGIR data call, 4/5/2007; *DoS, Section 2207 Report*, 10/2008; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; IRMS, *MNC-I Quarterly Report*, 4/1/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 3/29/2009 and 4/7/2009; USAID, responses to SIGIR data call, 4/2/2009, 4/13/2009, 4/14/2009, and 4/16/2009.

FIGURE 2.33

TIMELINE OF IRAQI ELECTIONS



Source: OSD, response to SIGIR data call, 4/2/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 12/31/2008 and 4/15/2009.

Anticorruption

Three institutions conduct preventive and law enforcement anticorruption activities in Iraq: the Board of Supreme Audit (BSA), the Commission on Integrity (CoI), and the inspectors general (IGs). According to a 2009 report by the United Nations Office on Drugs and Crime (UNODC), the legislative framework supporting these agencies seems consistent with UN Convention Against Corruption (UNCAC) requirements. Iraq acceded to—in effect, ratified—the UNCAC in March 2008. However, issues involving provisions of Iraqi law that shield accused ministerial officials from prosecution (Article 136(b) of Iraq's criminal code), outdated and ineffective public-finance controls, and insufficient anticorruption training and resources remain unresolved.[347] For a detailed timeline of anticorruption related events, see Figure 2.35.

WE WILL HELP IRAQ'S INSTITUTIONS STRENGTHEN THEIR CAPACITY TO PROTECT THE RULE OF LAW [AND] CONFRONT CORRUPTION.[346]
—PRESIDENT BARACK OBAMA, FEBRUARY 27, 2009

Judicial review and prosecution of corruption cases appear to offer little in the way of systemic deterrence. Recently, a former GOI anticorruption official estimated that more than 3,000 cases had been dropped or closed by the CoI due to factors that include provisions of the Amnesty Law and Article 136(b).[348]

Although Iraq has instituted many of the UNCAC framework requirements to fight corruption—such as financial disclosure for public officials—it still lacks a comprehensive corruption-prevention strategy[349] and ranks 178 out of 180 countries profiled in Transparency International's 2008 Corruption Perception Index.[350] According to one Iraqi IG, "There is no real desire in Iraq to fight corruption."[351]

However, the GOI's 2008 creation of the Institutional Strategy for the Commission on Integrity could eventually serve as a basis for a national anticorruption strategy,[352] including these components:[353]

- promoting a national culture of integrity and transparency
- ensuring the full disclosure of the financial assets of designated public servants
- providing rules of conduct for all public servants
- providing inputs for the amendment of existing legislation or the creation of new legislation to minimize corruption

Despite pessimism after decades of institutional corruption, Iraq has demonstrated some desire to resolve ongoing UNCAC compliance issues. In January 2009, the GOI participated in a UN Development Programme (UNDP) workshop—including anticorruption and UNCAC compliance training—in Amman, Jordan, as part of a joint UNDP/UNODC program to support anticorruption efforts in Iraq.[354]

To further bolster Iraq's anticorruption capabilities, UNODC's 2008 UNCAC Self-Assessment Checklist recommends Iraq receive assistance and support in several areas, including:[355]

- adopting a national anticorruption strategy and amending legislation to fully comply with the provisions of the UNCAC
- strengthening the oversight activities of the IGs and BSA
- increasing public awareness and cooperation in the areas of anticorruption through media outreach, public awareness, and other activities by the CoI
- strengthening the law enforcement, forensic, anti-money-laundering, and information technology (IT) capacities of CoI; the investigative skills of the staff of the IGs; and the capacity of anticorruption investigative judges
- increasing coordination and cooperation between relevant Iraqi anticorruption institutions
- strengthening the GOI's capacity to cooperate effectively on criminal matters at the international level and participating in international anticorruption organizations

Iraq is in need of a more robust anticorruption strategy. To support this end, the U.S. government has granted the UNDP and UNODC $8 million. A draft of the revised strategy is expected in June 2009.[356]

The Ministry of Interior (MOI) Major Crimes Task Force (MCTF) is developing its capacity to investigate high-profile crimes related to corruption. The GOI assigned to the task force 12 experienced investigators from MOI's Internal Affairs and Office of the Inspector General, as well as the National Information and Investigations Agency. It also continues work to establish a dedicated tactical team—trained and advised by U.S. federal agents—to support the MCTF.[357] Additionally, since early 2008, the U.S. Agency for International Development (USAID) has funded an anticorruption activity that builds capacity of IGs in the essential-services ministries and national anticorruption institutions.[358]

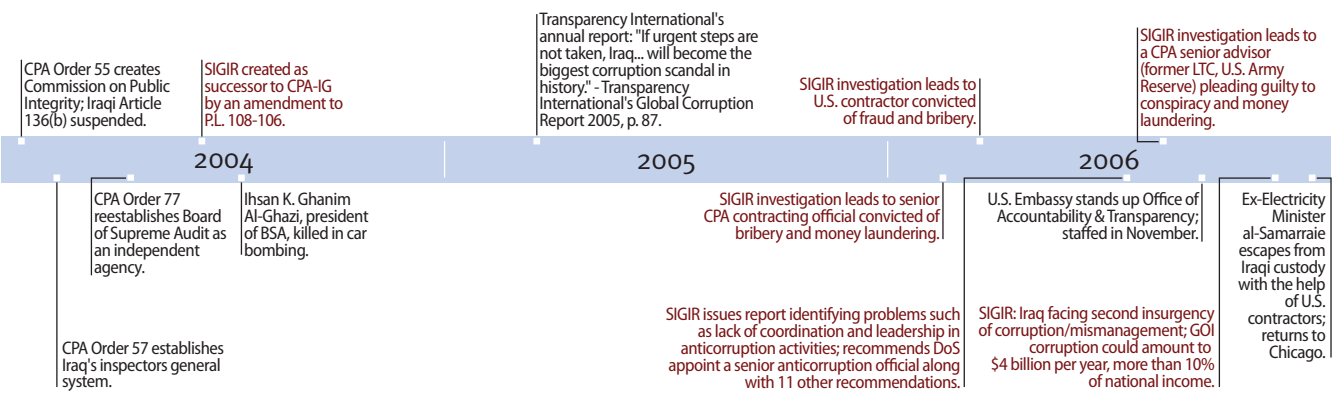
Legislation

The December 2008 resignation of Council of Representatives (CoR) Speaker Mahmoud al-Mashhadani noticeably hampered the CoR's ability to pass outstanding legislation, delaying the release of the annual GOI budget. However, on April 19, 2009, Ayad al-Samarraie, a Sunni from the Iraq Islamic Party, was elected CoR Speaker with 153 votes.[359] Current legislative priorities include setting a date for district and sub-district elections, passing a National Election Law to establish rules for upcoming CoR elections, and concluding the report on provincial elections in Tameem.[360]

Although some Iraqi officials are optimistic that the Hydrocarbons Law may be approved before summer 2009, Deputy Prime Minister al-Eissawi told SIGIR that he does not expect it to pass this year. Aware of the challenges that remain, al-Eissawi hopes that the law may pass in 2010.[361]

The GOI and KRG continue to negotiate provisions of the election and hydrocarbon laws. Until recently, progress on the Hydrocarbons Law has been impeded by disagreements between the KRG and GOI. Iraqi politicians are working through alternate channels in an

Figure 2.35
Anticorruption Timeline



Sources: SIGIR Audits; SIGIR Investigations; SIGIR Inspections; SIGIR, *Hard Lessons: The Iraq Reconstruction Experience*, 2/2009; SIGIR, *Quarterly Reports to the United States Congress*, 3/2004–1/2009; Transparency International, *Global Corruption Report*, 2005, p. 87.

attempt to prevent stagnation; however, efforts toward resolving portions of the Provincial Election Law that affect Kurdistan and Tameem province have postponed work on the hydrocarbon legislation. Agreement on these issues will require additional negotiations.[362]

Amending the Investment Law

According to the GOI's Council of Ministers (CoM), the current Investment Law does not meet several requirements necessary for facilitating foreign investment in Iraq. This quarter, Prime Minister al-Maliki's cabinet sent amended legislation to the CoR that would address these requirements.[363] If passed, the law is expected to increase foreign investment in Iraq and strengthen non-oil-based economic sectors.[364] In 2008, the Iraqi federal budget derived at least 90% of its revenue from crude oil exports.[365]

The Investment Law establishes basic investment rules and provides guarantees and protections; however, land issues remain unresolved, and foreign investors are prohibited from owning property in Iraq. Even if the GOI passes amendments to allow ownership of land by foreign investors, housing projects likely will continue to be exempt from these provisions.[366]

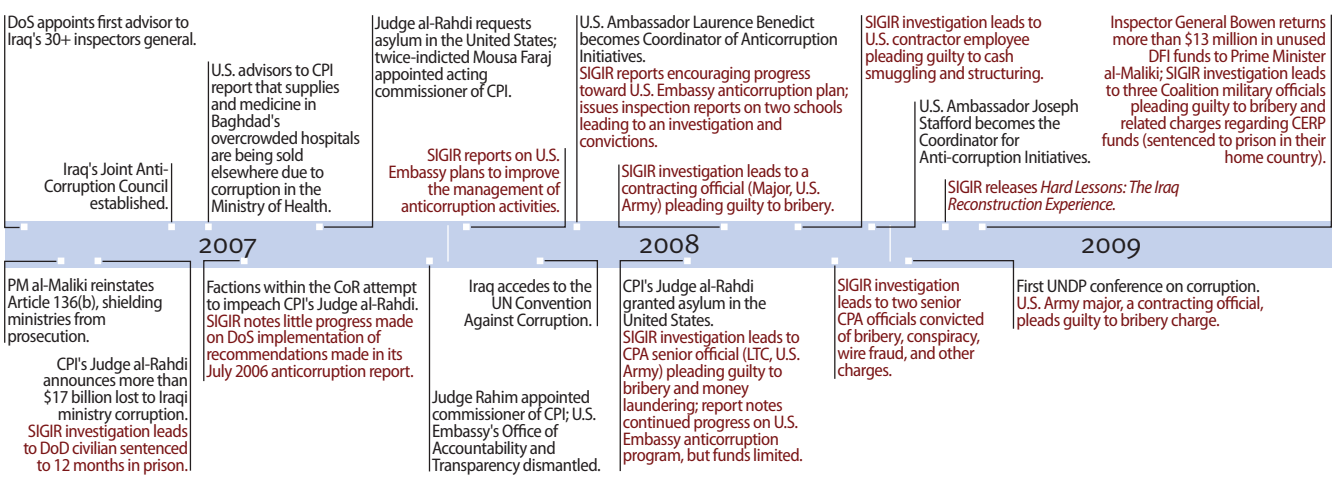
Accountability and Justice Law

Despite the January 2008 passage of the Accountability and Justice Law, which provides a framework for Iraq's ongoing de-Ba'athification effort, the GOI has not begun to implement it. The CoM has yet to nominate individuals to the new De-Ba'athification Commission, leaving the original Coalition Provisional Authority-appointed commission in place, but with no real authority.

Even with agreement that the law needs to be amended, neither the CoM nor the CoR has made efforts to introduce the necessary legislation.[367]

Provincial Powers Law

The Provincial Powers Law, approved by the CoR in February 2008, took effect with the seating of new Provincial Councils in March. The law transfers additional authority from the central government to the councils, which can approve



provincial budgets, nominate or dismiss senior provincial officials, and remove corrupt officials. It also grants Provincial Councils direct authority over non-federal security forces and provides for district and sub-district council authority to oversee administration, budget, and other governance issues within their jurisdictions.

Notwithstanding these legislative authorities, the Provincial Powers Law also mandates the creation of a Higher Board for the Provinces to coordinate administration. Chaired by the Prime Minister, this board would include provincial governors and heads of the Provincial Councils. In its assessment, the Department of Defense (DoD) believes that cooperation between the provinces and the central government, and their combined ability to govern, will indicate whether these power-sharing efforts are successful.[368]

U.S. Governance Programs

USAID and the Department of State (DoS) continue to support democracy-building activities in Iraq, funded primarily by the Economic Support Fund (ESF). For an overview of ongoing ESF-funded programs, see Table 2.28.

In preparation for the provincial elections of 2009, USAID provided assistance to the Independent High Electoral Commission (IHEC), through an agreement with the International Foundation for Electoral Systems (IFES), to help the GOI conduct credible and legitimate elections. The long-term pact between USAID and IFES is budgeted at $102 million. This assistance takes into account the evolving needs of an election operation that is now led and managed by Iraqis, with additional support from the UN, international donors, and others working with IHEC and civil society groups. The GOI has also provided funding to IHEC.[369]

Voter education was offered by civil-society and non-governmental organizations (NGOs) trained under USAID's Iraq Rapid Assistance Program (IRAP). More than 290,000 Iraqis attended NGO-led activities, and an estimated 4 million Iraqis received information from print and broadcast media. These efforts resulted in outreach to one-third of the 14 million eligible voters.[370]

Tatweer: New Dimension of Provincial Outreach

The **Tatweer Program** (Arabic for "development") has focused solely on capacity development within Iraq's civil service, providing training for ministerial staff at the local, provincial, and central government levels. Technical assistance through Tatweer aims to enhance civil-service standard operating procedures and internal systems—specifically, as they relate to project management and budgetary processes—and introduce best practices to promote better service delivery to the provinces. Recent projects have begun to focus on more practical and hands-on mentoring techniques, utilizing 2009-2010 capital budget projects as case studies in ongoing training.[371]

USAID has begun tailoring its Tatweer activities to cover more geographical territory and reach larger numbers of GOI civil servants. Plans include continued assistance for core public administration areas and, in particular, public management areas associated with budget execution, strategic budget planning and accountable fiscal management, transparent and efficient procurement, and effective project management.[372]

Tatweer's provincial rollout aims to provide assistance to key ministries with high public-service visibility—Health, Water Resources, Agriculture, Electricity, Municipalities, and Public Works—and oil operating companies in the north and south. These projects work to improve the ability of these ministries and companies to effectively provide their customers with needed resources and to increase transparency and efficiency of processes.[373]

Table 2.28

Ongoing ESF Governance Programs

$ Millions

Program	Total Obligations and Expenditures	Program Update
Community Action Program II and III (CAP)	Obligated **$264.96** Expended **$155.30**	Description: Program helps create and train community action groups, which are responsible for identifying and prioritizing community needs and mobilizing community resources to strengthen the capacity of local government. CAP also includes the Marla Ruzicka Fund, which aids victims of war. At least 350,000 people have been directly assisted since 2003, and 1.5 million have indirectly benefited from more than 630 individual and community projects. Status: • Direct beneficiaries: 19,430,550 • Short-term jobs created: 47,850 • Long-term jobs created: 16,644 • Number of projects completed since October 2007: 1,239
Local Governance Program II and III (LGP)	Obligated **$355.50** Expended **$255.28**	Description: Program works closely with provincial governments in 11 provinces. Builds the capacity of Provincial Councils, governors, and their staffs to carry out functions according to the new Provincial Powers Law. Includes training, mentoring, coaching, and orientations for the 11 newly seated Provincial Councils. Status: • Expanded training sessions to include the entire province of Diyala. • Concluded training initiative in Diyala focused on discussing new legislation with local leadership. • Currently offers local training on more than 100 topics.
Community Stabilization Program (CSP)	Obligated **$646.50** Expended **$554.00**	Description: Short-term projects in neighborhoods and districts, employing Iraqi youth in public works, generating employment, developing businesses, and providing job training. Out of the 18 original cities where CSP operated, only five remain open as of April 1, 2009: Baghdad (Sadr City), Ninewa (Mosul), Diyala, Salah Al-Din (Samarra, Tikrit, and Baiji), and Basrah; completion is expected by October 31, 2009. Status: • CSP has about 1,600 projects, including cleaning campaigns, small-scale water/sewerage services, renovation of health clinics, schools and parks, canal cleaning, and street repair. • Through March 2009, almost 316,000 youths had participated in CSP-sponsored activities, including sports, cultural events, the arts, life-skills training, and other efforts that promote reconciliation and conflict mitigation. • Through CSP vocational training and apprenticeship efforts, 40,300 Iraqis have graduated from Vocational Training workshops, 10,000 have been placed in ongoing apprenticeships to improve their employability, and almost 14,600 have successfully completed business skills training.
PRT Quick Response Fund	Obligated **$170.05** Expended **$94.06**	Description: Mechanisms for PRTs and ePRTs to support local neighborhood and government officials or members of community-based organizations, as well as small project needs for the provinces. Status: • As of March 31, 2009, new grants were still being forwarded to QRF/IRAP. • QRF has recommended that each PRT reprioritize all QRF proposals. In light of near-complete obligation of funds, QRF plans to release a package of information redefining the competition process for funding.

Note: Numbers affected by rounding.

Sources: USAID, responses to SIGIR data call, 4/7/2009, 4/14/2009, and 4/16/2009; ITAO, *Essential Indicators Report*, 4/3/2009.

Table 2.29
Current Tatweer Training Courses

Training Type	Description
Leadership and Communications	Tatweer's Leadership and Communication course comprises two 5-day modules: Leading Your Team and Leading Change; Making and Taking Decisions.
Budget Training Course	The second version of Tatweer's Budget Course was developed in conjunction with the GOI's National Center for Consultancy and Management Development; available in Baghdad and Erbil with plans for Ninewa.
Procurement	This course introduces participants to practical concepts in international and local procurement and basic international best practices and standards.
Advanced Procurement	A continuation of the original Procurement training course already available, this course more fully explores the scope of Coalition Provisional Authority (CPA) Order 87.

Source: USAID, www.tatweer-iraq.com/section/training/courses, accessed 4/8/2009.

The project's emphasis for provincial expansion is shifting from individual capacity development to institutional development. In addition to operations in Baghdad, Ninewa, Erbil, and Basrah, Tatweer is establishing regional offices in Babylon, Anbar, and Kirkuk to work with the ministerial directors general in the provinces on budgeting and procurement issues, project management, and human resource development. Emphasis is on the mapping of operating procedures, reducing process cycle time, and establishing customer-driven process performance measures.[374]

For information on current Tatweer training courses, see Table 2.29.

Disputed Boundaries, Refugees, and Human Rights

As the December 31, 2007, deadline approached for resolution of disputed internal boundaries, per Article 140 of the Constitution, Iraqi political leaders had not reached consensus on a way forward. The UN Assistance Mission for Iraq (UNAMI) offered to produce reports on each of the disputed territories, providing a factual baseline and potential starting point for political negotiations. In June 2008, UNAMI released to mixed reactions its first round of reports on the districts of Akre and Al-Hamdaniya, in Ninewa; Makhmur, in Tameem; and the Mandali sub-district of Baladrooz, in Diyala.[375]

UNAMI plans to release its entire collection of reports on Iraq's disputed boundaries, including new drafts of the first four reports, in April 2009. For the four disputed districts that make up Kirkuk province, UNAMI is preparing a list of potential outcomes to be considered by the parties involved. Regarding other geographical areas, reports are expected to produce findings but not suggest preferred outcomes. UNAMI officials are currently discussing how to use the reports' release to foster political dialogue on other areas of dispute between Arab and Kurdish leaders, and DoS is examining ways to best support UNAMI's efforts.[376]

Refugees and Internally Displaced Persons

The International Organization for Migration (IOM) estimates that more than 2.8 million Iraqis remain displaced inside Iraq.[377] In FY 2008, the U.S. government contributed $398.3 million for humanitarian assistance inside Iraq and the region:[378]

- USAID's Office of Foreign Disaster Assistance contributed $75 million, primarily for assistance to IDPs.

- USAID's Food for Peace Program contributed $36.4 million in food assistance in Iraq and for Iraqi refugees in Syria.
- DoS's Bureau of Population, Refugees, and Migration (PRM) contributed $287 million to the UN and other international organizations and NGOs to assist IDPs and Iraqi refugees.

Since the program's inception in FY 2007, 23,482 Iraqi refugees have been admitted for resettlement in the United States; and in FY 2009, the United States plans to admit at least 17,000 Iraqi refugees.[379] As of December 2008, the United States had issued 1,311 special immigration visas to Iraqis.[380]

As of March 31, 2009, the United States plans to contribute $150 million in FY 2009 funds to help Iraqis still displaced due to the war.[381] This year's funding supported the 2009 United Nations Consolidated Appeal for Iraq and the region, as well as key international NGOs.[382] In 2008, the Ministry of Displacement and Migration spent $182.2 million on payments made to IDPs and returnees.[383]

U.S. government contributions to support other IDP and refugee programs include:[384]

- United Nations High Commissioner for Refugees (UNHCR)—$90 million
- United Nations Children's Fund (UNICEF)—$15.5 million
- World Health Organization—$3.1 million
- World Food Programme—$8 million
- Other international organizations and NGOs—$34 million

U.S. funding has been planned to support a range of services for displaced Iraqis and conflict victims, including:[385]

- continued provision of emergency relief supplies to the most vulnerable Iraqis
- rehabilitation of water systems for IDPs and local communities in Iraq
- informal education activities for Iraqi students unable to attend public schools in Jordan and Syria
- school construction to support the influx of Iraqi students into Syrian public schools
- mental health services for displaced Iraqis
- repairs to clinics in Iraq, including donation of medical equipment
- mobile health units for Iraqi refugees in Jordan and Syria

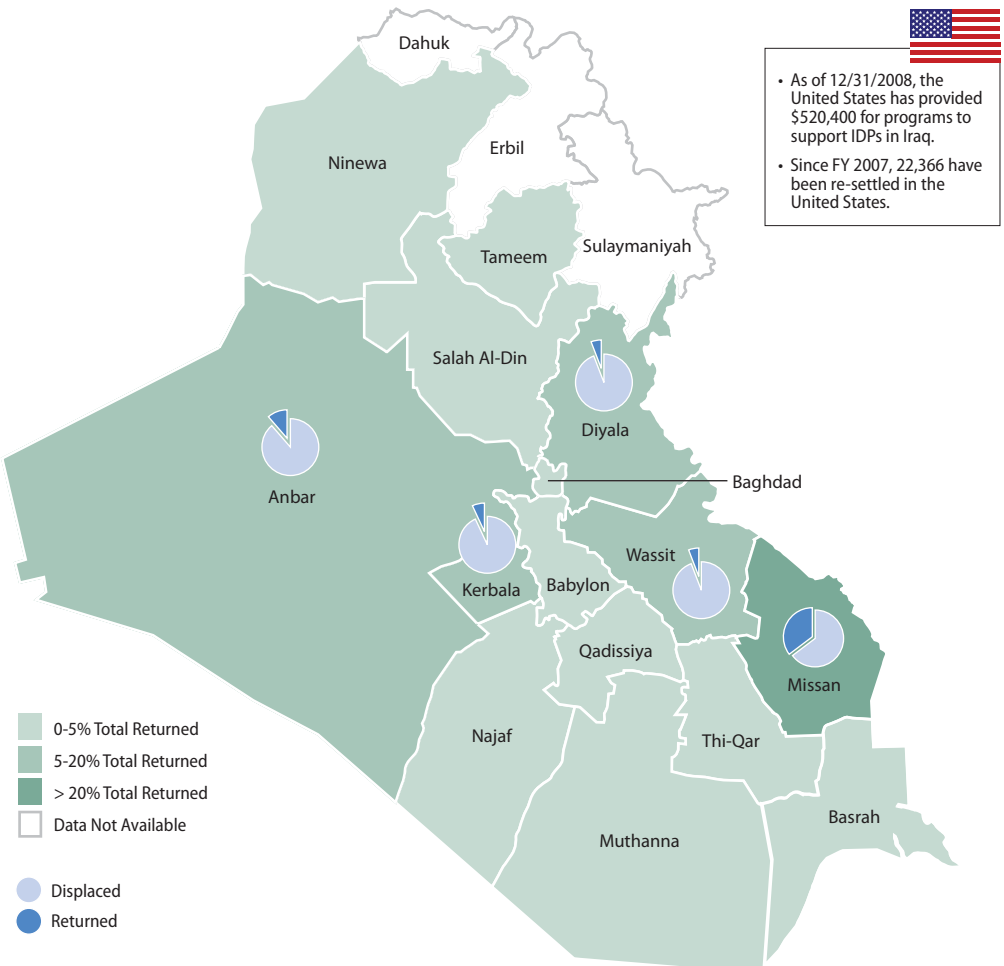
UNHCR is the lead agency coordinating international action to resolve IDP and refugee problems in Iraq. UNHCR monitors and assesses the needs of displaced Iraqis and provides IDPs and refugees with protection, non-food items, and shelter. The World Food Programme supports displaced Iraqi's with food assistance, mainly to those IDPs who cannot access benefits provided to them through Iraq's Public Distribution System. UNICEF delivers water, medical supplies, and hygiene support to Iraq's most vulnerable children and women, including many who are displaced. All of these agencies also work with the GOI to strengthen its capacity to provide for its people.[386]

For the rate of return of IDPs and refugees, see Figure 2.36.

Human Rights

Iraq's framework for the exercise of human rights was bolstered by the passage of the Provincial Election Law in September 2008—calling for provincial elections in 14 provinces on January 31, 2009, and elections later in the year in Kurdistan and Tameem. In addition, the November 2008 adoption of the law authorizing the establishment of the Independent High Commission for Human Rights marked a step toward protecting those rights.[387] But human rights problems—including issues stemming from violence, discrimination and intolerance,

FIGURE 2.36
RATE OF IDP AND REFUGEE RETURN



Note: As of December 2008, 4.4% of displaced persons have returned out of the total of 5,268,894.

Sources: UNHCR, 9/2008; IOM, September and 12/2008.

crime, and corruption—continue to exist in Iraq. Continuing constraints on activities and investigations by international organizations and NGOs prevent many human rights abuses from coming to light. [388]

Public Services

U.S. programs continue to support public services, including health care, education, fire services, civic cleanup, and maintenance activities. As of March 31, 2009, $1.88 billion had been allocated, $1.86 billion obligated, and $1.68 billion expended in the public services sector.[389]

Health Care

Since 2003, the United States has allocated $933 million, obligated $911 million, and expended $847 million[390] to construct specialty hospitals, clinics, and primary healthcare centers (PHCs) in Iraq and to provide vaccination programs, medical equipment, and technical training.[391] However, U.S. health-care projects in the public services sector are threatened by:[392]

- inconsistent asset transfer, resulting in poor service from U.S.-funded facilities
- poor maintenance, leading to the partial deterioration of projects
- the inability of Iraqis to operate U.S.-purchased equipment due to lack of technical knowledge

Delivery of health care in Iraq has improved, but the needs of the people require more funding, staffing, training, supplies, and access to essential services (water, electricity, and sewage).[393]

Polling indicates that only 26% of Iraqis are somewhat or very satisfied with health care in their country, which is unchanged from the previous quarter, but down 11% from the previous year. More than 40% of the women surveyed for the Oxfam report said their access to quality health care worsened from 2006 to 2008 due to insecurity, lack of facilities, and economic hardship.[394]

U.S. Health Care Projects

Most major U.S. health care projects are winding down,[395] and the Gulf Region Division (GRD) of the U.S. Army Corps of Engineers has shifted remaining resources to capacity development, sustainment, and operations. For example, a $16.5 million sustainment initiative aims to bolster the Ministry of Health's ability to maintain facilities and build on the long-term results achieved by U.S.-constructed facilities. The project also provides training on biomedical systems and x-ray equipment.[396]

The **Basrah Children's Hospital**, a modern pediatric oncology center, was 99% complete as of March 2009. The U.S. Ambassador participated in a signing ceremony, transitioning the project to the GOI, which has already taken measures to provide security as well as new projects to bring water, electricity, and sewerage to the site.[397] Funded from multiple sources, this $165.6 million hospital is expanding training for healthcare professionals and alleviating the shortage of health services in Iraq.[398]

For examples of ongoing U.S. projects in health care, see Table 2.30.

Primary Healthcare Center Program

This quarter, SIGIR published another audit addressing construction of PHCs. In March 2004, the U.S. Army issued a contract to Parsons Delaware, Inc., with subsequent task orders under the contract, providing for the design and construction of 150 PHCs. Two years later, the U.S. government terminated the PHC task orders when PHCs throughout Iraq were in various stages of construction. In an audit released in 2006, SIGIR reported on the need for a strong management team, in cooperation with the Ministry of Health (MOH), to complete the

Table 2.30
U.S. Projects in Health Care

Project	Status	Cost	Remaining Challenges/Benefits
Ba'quba General Hospital	35% complete (scheduled to be 65% complete; planned completion: 9/14/2009)	$7.4 million	Ensure that the contractor meets USACE requirements; improve documentation and quality-control process.
Renovation of Wards at Sulaymaniyah General Hospital	Complete	$3.2 million	Rehabilitation helps alleviate an acute shortage of in-patient care, with capacity to serve 100,000 area residents.
Humer Kwer Clinic	75% complete (scheduled completion: 5/7/2009)	$542,000	This 650-square-meter health-care clinic has capacity to provide service to 30,000 local residents.
Diwaniyah Primary Healthcare Center (PHC)	Complete	$500,000	The facility includes rooms for vaccinations, a pharmacy, medical and dental care, and an x-ray machine.

Sources: GRD, *Monthly SITREP*, 2/2009, slide 7; GRD, *Weekly SITREP*, 3/9/2009, slide 8; GRD, *Weekly SITREP*, 2/9/2009, slide 10; GRD *Essayons Forward*, Al Bahrani, A., "Umm Qasr residents get new medical facility," vol. 6, no. 2, 2/2009; Embrey, Alicia, "Diwaniyah Welcomes New Primary Healthcare Center," GRD news release, 3/12/2009.

partially constructed PHCs. GRD and the Iraq Transition Assistance Office (ITAO) managed the program to complete the PHCs.[399] The objectives of SIGIR's April 2009 audit were to determine the costs and outcomes of U.S.-funded efforts to complete the PHCs, the extent to which completed PHCs have been transferred to the MOH, and the operational status of the PHCs.

SIGIR found that GRD has completed construction of many of the PHCs despite poor security conditions that led to incidents such as bombing of some facilities. GRD awarded follow-on construction contracts to Iraqi contractors to complete PHCs partially constructed under the Parsons design-build contract and now reports that most construction is complete. Further, GRD estimates that the completed facilities will provide outpatient treatment for more than 4 million Iraqis annually. However, the program has cost substantially more than planned, taken much longer to complete, and produced fewer facilities:

- The program has cost about $345 million—$102 million more than the $243 million estimate when the Parsons contract was terminated.
- PHCs have been transferred to the MOH years later than planned.
- The original 150 PHCs were reduced to 142 during the Parsons contract, and 9 additional sites were removed, leaving 133.

Management problems significantly burdened the program. GRD did not draft its program management plan until about six months after most contracts to complete the partially constructed PHCs were awarded and failed to finalize it. The program had six different managers in three years. ITAO, which had key oversight and coordination responsibilities with MOH, did not have adequate resources to meet these responsibilities.

Although GRD now reports that 133 PHCs have been completed and transferred to the MOH, not all of these facilities are complete and open to the public. Further, GRD and ITAO experienced problems in transferring PHCs to the MOH, and they do not have accurate data on the number of PHCs actually open and operating. Both are aware of operational and sustainability issues at the PHCs, and MOH officials also stated that construction and equipment issues exist with the transferred PHCs.

In May 2008, a contract was awarded for the sustainment of health projects. The scope of work included assessments of equipment and systems at selected facilities. The contract amount is limited to the $16.5 million of available funds and will not provide for an assessment of all PHCs. GRD reports that 6 detailed assessments are under review and 28 preliminary assessments are complete. GRD and ITAO officials

state that there are no plans or funds for further actions to assess PHCs.

GRD and ITAO have not provided sufficient accountability and transparency on the status of the PHC program as it nears completion. Millions of dollars were spent on the program; however, available data indicates that the construction, the installation of equipment, and the needed training were not completed for a significant number of PHCs. Without sufficient accountability and transparency on the current PHC program status, the U.S. government does not have the information essential for a policy determination as to whether any further U.S. management attention is needed to prevent some or all of its PHC investments from being wasted.[400]

This quarter, SIGIR also conducted a sustainment assessment of the **Hai Tiseen PHC** to determine whether the facility was operating at the capacity called for in the original contract. Hai Tiseen—which cost $465,015—was turned over in July 2007 and currently serves about 200 patients daily, including 30 to 40 for dental services. SIGIR observed that the facility was relatively clean, and the pharmacist was dispensing medication. The facility was handed over without documentation that the required pre-final or final inspections had been performed. SIGIR inspectors observed that the x-ray room's exterior doors and darkroom door appeared to be standard wooden doors, not the lead-lined doors required by the design. Moreover, health technicians at the facility have not been trained on the use of the U.S.-funded x-ray equipment, so those services are not yet available to patients. SIGIR recommends that GRD direct that all installation of and training on the medical equipment currently at the Hai Tiseen PHC be performed.[401]

SIGIR also inspected the **Shiqaq Hai Musalla PHC** in Kirkuk. Completed at a cost of $304,540, the facility was turned over on July 19, 2007, and has the capacity to serve the same number of patients as the Hai Tiseen PHC. GRD did perform regular site inspections of the facility, but again, no documentation was available to confirm that a pre-final or final inspection had been made, and deficiencies left unresolved at handover remained outstanding. In addition, the contractor did not perform the three-phase quality-control program specified in the design plans. One of the two heating, ventilation, and air-conditioning units in the building was not operational at the time of inspection, and some electrical wiring did not comply with the International Electrical Code.[402]

The final PHC project, the $1.6 million **Diyala Primary Healthcare Center**, was completed in February and will serve about 100 patients per day. This project is typical of the program; MOH staff have occupied the building, and according

Table 2.31

GOI Allocations to the Ministry of Health

$ Millions

Budget Type	2008	2009	% Change
Operating	$1,872.8	$3,095.0	65%
Capital	$83.3	$408.1	390%
Total	**$1,956.1**	**$3,503.1**	**79%**

Note: Numbers affected by rounding.

Source: U.S. Treasury, response to SIGIR data call, 4/9/2009.

Table 2.32

Ongoing Projects in the Education Sector
$ Millions

Project Name	Total Cost	Fund Type	Province	Project Start	Forecasted Completion
Electrical Engineering College Building Project, Kufa University	$3.62	ESF	Najaf	11/12/2008	11/5/2009
PRDC—Design and Construct Abu Ghraib Secondary Boys School Campus	$1.88	ESF	Baghdad	7/30/2008	7/21/2009

Note: Numbers affected by rounding.

Source: IRMS, *Global Benchmark*, 1/6/2009; ITAO, response to SIGIR data call, 4/13/2009; GRD, response to SIGIR data call, 4/14/2009.

to GRD, the post-handover deficiencies have been corrected, but the paperwork of acceptance from the GOI remains outstanding.[403]

GOI Health Care Initiatives

The MOH was allocated $3.5 billion in Iraq's 2009 base budget, a 79% increase over 2008.[404] For more on GOI allocations to the health care sector, see Table 2.31.

Overall, the MOH has experienced success in both its health awareness initiatives and response to outbreaks. For example, cholera cases were reduced 80% since 2007.[405] Although immunization programs were occurring throughout Iraq, more than 6,000 cases of measles were reported in 9 provinces in 2008. The outbreak continued in 2009, spreading into 5 more provinces, putting 800,000 additional children at risk. The MOH plans to re-start the Expanded Program of Immunization to increase vaccinations against the disease.[406]

Shortage of Doctors

The shortage of doctors continues to strain health services in Iraq. In 2007, the MOH reported nearly 16,000 doctors working in Iraqi hospitals, which accounts for an approximate average of 5.3 physicians for every 10,000 people. This compares with 24.5 per 10,000 people in Jordan.[407] Iraqi doctors fled once conditions became too dangerous, but the GOI has been making attempts to bring them back. Approximately 1,000 doctors returned in 2008, and 325 returned in 2009.[408]

Education

Iraq's education system has been battered by more than two decades of war and underinvestment. Iraq's 2010 budget funds programs to address the development of skills critical for employment, democratic participation, and peaceful conflict resolution. These measures aim at preventing Iraqi schools from becoming institutions of sectarian extremism influenced by violent ideologies. Iraqi reconstruction planners have set goals around a long-term commitment to education that diminishes the underlying conditions terrorist groups seek to exploit.[409]

U.S. programs continue to support construction and rehabilitation of schools in Iraq. As of March 31, 2009, $389 million had been allocated, $388 million obligated, and $321 million expended in the education sector.[410] Table 2.32 updates major ongoing projects.

This quarter, SIGIR conducted three inspections of U.S.-funded school rehabilitation and expansion projects to determine whether the projects were operating at the capacity stated in the original contracts. In general, the schools were deemed to be adequately constructed and

operating at capacity; however, inspectors noted some deficiencies. ESF and the Commander's Emergency Response Program (CERP) funded these projects.

The inspection of the **Khandek Intermediate School** found the facility, once in a state of major disrepair, running at full capacity and providing educational services to approximately 300 students. However, SIGIR advised USACE of several problems, including a significant crack in a reinforced concrete beam and a problem stemming from inadequate power supply that affects the pumping of water to the restrooms.[411]

In Anbar province, the **Sagrah School** has been reconstructed (after damage from an insurgent attack) to provide a secure educational environment. SIGIR found that the new and rehabilitated portions of the structure were largely sound and capable of serving the needs of students without overcrowding. The only significant issues were likely the result of post-reconstruction abuse affecting lavatories.[412]

SIGIR's inspection of the **Suroor Elementary School** revealed an adequate renovation that largely satisfied the contract requirements. However, a backup generator for lights, ceiling fans, and air conditioning would provide a stable electricity supply, thus creating an environment more conducive to learning. Overcrowding, a lack of routine maintenance, and an inadequate septic system that overflows into neighboring areas continue to be problems.[413]

For more detailed information about these inspections, see Section 4. ◆

A plaque on a school in Dahuk pays tribute to the people of the United States for their help in the reconstruction process.

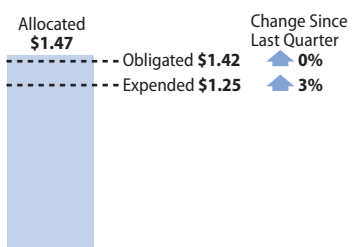
ECONOMY

Although the private sector has continued to grow, Iraq's economy remains highly statist. Government-owned companies run the oil sector,[415] which provided 90% of GOI revenue in 2008 and is expected to provide over 85% of revenue in 2009.[416] The largest banks in Iraq are also state owned.[417] Consequently, Iraq's economy is intertwined with the GOI's ability to obtain revenue and spend its budget. As of March 31, 2009, the United States had allocated $1.47 billion, obligated $1.42 billion, and expended $1.25 billion for economic development efforts in Iraq.[418]

Figure 2.37 shows the status of U.S. funds used to support Iraq's economy.

The sharp decline in oil prices at the end of 2008 has forced the GOI to become more fiscally conservative,[419] cutting the initial draft of the 2009 budget to $58.6 billion—a 25.8% reduction from the original budget plan of $79.8 billion.[420] The final 2009 budget is still an increase from the base 2008 budget of $49.9 billion, but the capital budget is down slightly (from $13.1 billion in the 2008 base budget to $12.7 billion in 2009).[421]

FIGURE 2.37
STATUS OF U.S. FUNDS—ECONOMY
$ Billions



Note: Numbers affected by rounding.

Sources: DoS, *Section 2207 Report*, 10/2008; GRD, response to SIGIR data call, 4/2/2009; IRMS, *MNC-I Quarterly Report*, 4/1/2009; ITAO, response to SIGIR data call, 3/29/2009; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data call, 4/7/2009 and 4/13/2009; USTDA, response to SIGIR data call, 4/2/2009.

The Economist Intelligence Unit (EIU) estimates that Iraq's real gross domestic product (GDP) growth strengthened from an estimated 6% growth in 2007[422] to 7.8% in 2008, in part due to the improved security situation, which also enhanced private-sector activity—especially in the oil industry. However, if the fluctuation in oil prices continues, EIU expects that the GDP growth rate will drop to 5.7% in 2009.[423]

Iraq's dependence on oil-export revenue is aggravated by the continuing challenges of security, corruption, and lack of regulatory laws to protect investors—all limitations to attracting foreign investment.[424] Although the United States continues to fund economic support programs for Iraq, reports indicate that the GOI has failed to establish the systems necessary to facilitate investment and encourage economic development.[425]

THE U.S.-IRAQI PARTNERSHIP TO STRENGTHEN THE BANKING SECTOR AND ENGAGE THE PRIVATE SECTOR WILL PROVIDE THE BUILDING BLOCKS FOR A BROADER ECONOMIC ROLE FOR IRAQ IN THE REGION AND THE WORLD.[414]

—AMBASSADOR MARC WALL, COORDINATOR FOR ECONOMIC TRANSITION IN IRAQ, JANUARY 28, 2009

Iraqi Budget

On April 2, 2009, the Presidency Council ratified Iraq's 2009 annual budget,[426] which totals $58.6 billion, including $45.9 billion for operating expenses and $12.7 billion for capital expenditure. While the capital budget dropped slightly from the 2008 base budget, the operating budget increased by almost 25%.[427]

The final 2009 budget is also well below the GOI's first submission of $79.8 billion in September 2008.[428] The Minister of Finance and the Iraqi Prime Minister both lobbied against the budget reduction, cautioning that the cuts could reduce Iraq's ability to bolster electricity and agricultural production.[429]

Because oil exports account for such a large portion of Iraq's revenue, any substantial downturn in oil prices will damage the GOI budget.[430] As of April 3, 2009, a barrel of Kirkuk crude oil

was selling for $48 per barrel;[431] the new 2009 budget assumes a fixed price of $50 per barrel,[432] and older versions of the budget had assumed prices as high as $80 per barrel.[433]

This quarter, total GOI oil revenue dropped substantially—to $5.8 billion from the $9.8 billion posted last quarter.[434]

Figure 2.38 tracks the changes in GOI oil revenue, by month, from 2008 to 2009.

Budget Execution

GOI budget execution increased significantly in 2008—overall spending rose from $2.2 billion per month in 2007 to $4.1 billion per month in 2008.[435] Out of the $21.1 billion capital budget in 2008 (including base and supplemental),[436] expenditures totaled $8.5 billion, with an additional $8.2 billion in committed funds. These commitments, also called "advances," usually represent open letters of credit that the GOI has yet to pay. The U.S. Treasury recognizes committed funds as a crucial step toward better budget execution, but also reports that letters of credit can stymie ministry capital budgets if they are not paid on time.[437]

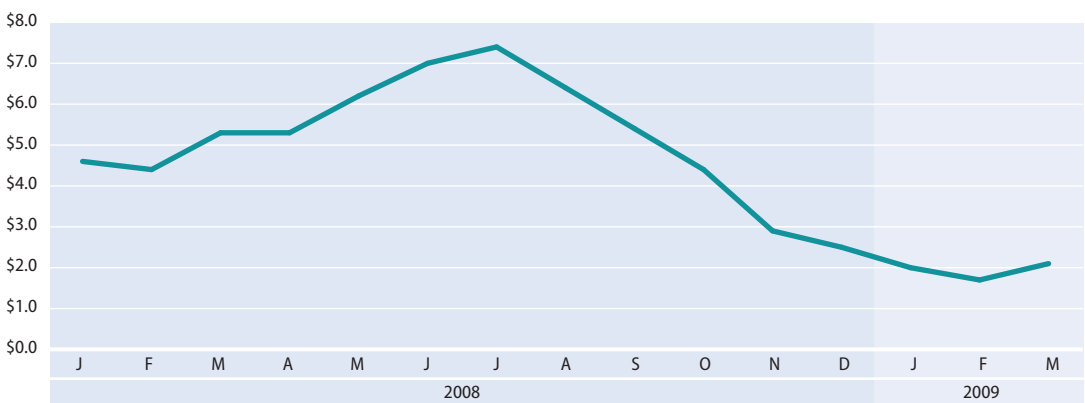
Provincial budget execution also improved in 2008. The 15 provinces outside of Kurdistan expended $2.2 billion and committed an additional $743 million in 2008 capital budget funds, compared with a combined $870 million (committed and expended) in 2007. Kurdistan spent $3.7 billion—almost 100% of its capital allocation.[438] For more information on provincial budget execution see Section 3 of this Report.

The United States has been providing support to improve national and provincial budget execution by transitioning the GOI to a financial management system and through the support of the Public Finance Management Action Group (PFMAG).[439]

Iraq Financial Management Information System

SIGIR has reported several times on the challenges associated with developing a fully functioning Iraq Financial Management Information System (IFMIS).[440] A functional, integrated financial-management program could increase the efficiency of GOI operations by centralizing and computerizing key budget execution and accounting procedures. The program began in

Figure 2.38
Monthly GOI Oil Revenue
$ Billions



Source: U.S. Treasury, response to SIGIR data call, 4/10/2009.

July 2003, but was suspended early after several large-scale problems, including the lack of coordination between U.S. government agencies and the reluctance of Iraqi ministries to work with the system.[441]

The IFMIS initiative was re-launched in January 2008, and the Ministry of Finance anticipates that all GOI spending units will be using the system by June 1, 2009. As an incentive to initiate system use across the government, the minister issued a directive mandating compliance, stating that ministries will not receive their monthly budgets until they have complied.[442]

As of March 27, 2009, only 52 of 250 GOI spending units had entered transactions into IFMIS.[443] Since the "restart," IFMIS project costs are estimated at almost $9.7 million. As of April 11, 2009, the United States had invested more than $31.8 million in the IFMIS project,[444] and Iraq has invested $168,000.[445]

Public Finance Management Action Group

PFMAG was established in June 2008 to assist the Iraqi government with its budget execution at both the national and provincial levels. As of March 2009, PFMAG is planning to expand its training programs to include workshops on letters of credit and budget training for newly elected and appointed provincial officers.[446]

Macroeconomic Trends

As of April 2, 2009, the Iraqi dinar (ID) exchange rate was 1,170 ID to one U.S. dollar (USD)—a 2.7% appreciation from April 2008, when the dinar was valued at 1,203 ID per USD. In addition, core inflation has stabilized to near 0%.[447] Dinar appreciation has strengthened purchasing power in Iraq and contributed to declining inflation, providing a more stable environment for private-sector growth.[448]

In the past, Iraq had considered rebasing the Iraqi dinar to bring its base value closer to that of one USD. However, recent data indicates that the venture would prove too costly to make rebasing worthwhile, and the U.S. Treasury reports that there are currently no specific plans to rebase the dinar.[449]

For Iraqi interest, exchange, and inflation rates between 2004 and 2009, see Figure 2.39.

An Iraqi dock worker ices his catch. (Navy Visual News Service photo by Eric Harris)

Employment

Population demographics indicate that the Iraqi labor pool is growing at a rate of more than 200,000 people per year. This rate of growth could greatly increase the number of Iraqis unemployed in the coming years, a continuing concern for the nation.[450]

The DoS Bureau of Near Eastern Affairs-Iraq (NEA-I) reports that the number of unemployed Iraqis is extremely difficult to quantify.[451] EIU has reported unemployment rates between 30% and 50%, the United Nations (UN) reports 18%, and the GOI reports 15%.[452] If the unemployment rate included "discouraged workers," the UN Assistance Mission for Iraq (UNAMI) estimates that the number would increase "significantly." Discouraged workers are employable

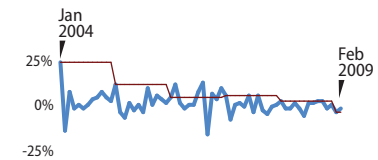
Figure 2.39

Interest, Exchange, and Inflation Rates in Iraq

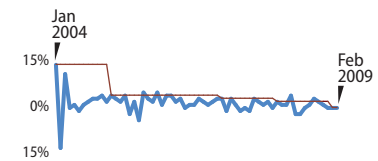
Lending Interest Rate (Policy Rate)
Interest rate paid by Central Bank of Iraq (CBI) for commercial bank deposits.

Exchange Rate
Average for the Iraqi dinar exchange rates against the U.S. dollar in the daily CBI auction.

Overall Price Inflation (% change)
Monthly (blue) and year-on-year (red) inflation rates for overall consumer price index.



Core Inflation (% change)
Monthly (blue) and year-on-year (red) inflation rates for core consumer price index that excludes the costs of fuel, electricity, transportation, and communications.



Note: Numbers affected by rounding. Inflation rate is calculated as the average consumer price index over the month, as compared to the previous month.

Source: CBI, *Key Financial Indicators,* 3/25/2009, www.cbi.iq, accessed 4/3/2009.

people who have given up trying to find a job because they found no suitable employment options or were unsuccessful when applying for positions.[453] Despite the challenges in quantifying the actual rate of unemployment, Iraqi survey data issued in April 2009 indicates that the unemployment rate is dropping.[454]

The UN estimates that young men aged 15–29 make up at least 57% of total unemployed Iraqis. The last two years saw an increase in hiring for men older than 46, leaving fewer jobs for younger men.[455] Iraqi women face employment challenges as well—more than half the women surveyed by Oxfam International in the second half of 2008 reported being unemployed. Of those who were unemployed, 17% indicated that they were not allowed to work, and 7% reported that they did not work because it was not safe.[456]

With approximately 2.9 million Iraqis (nearly 40% of the total workforce) working in the GOI, the public sector remains the largest employer.[457] However, the salaries of these employees are highly dependent on government revenue. Lower oil prices mean fewer opportunities for those looking for employment in the GOI.[458]

Foreign Investment

In 2008, Iraq signed contracts for approximately $2.3 billion in foreign direct investment, mostly in oil contracts. Iraq has also signed a $3 billion deal with the China National Petroleum Corporation to develop the Adhab oil field in central Iraq.[459]

Although the U.S. Embassy reports that Iraq has made some progress toward encouraging foreign investment in Iraq, the overall investment environment remains "unfriendly."[460] In 2009, Iraq fell 6 places in the World Bank's *Ease of Doing Business* report—it now ranks 152 out of 181 world economies.[461] Despite its success

with oil contracts, the GOI has consistently failed to pass laws that would protect investors, and it has yet to comply with international investment guidelines.[462]

Investors still cite security as the primary obstacle to investment in Iraq;[463] however, the U.S. Embassy recognizes several other challenges that have impeded foreign investment, including:[464]

- cumbersome requirements to register a new business
- prohibition of land ownership by foreigners
- unreliable dispute-resolution mechanisms
- poor enforcement of property ownership and collection laws
- insufficient access to water, electricity, and sewer services
- prevalence of corruption

The National Investment Law of 2006 included incentives for foreign investors; however, many of these have yet to be implemented or have had limited success, and the law does not apply to investments in oil, banking, and insurance.[465]

One of the main components of the National Investment Law was a planned "one-stop shop" for foreign investors. The law mandated the establishment of a National Investment Commission and Provincial Investment Commissions, designed to provide everything a foreign investor needed to work in Iraq. The commissions were expected to provide information, sign contracts, and facilitate registration for new companies. In practice, however, the commissions struggled with unclear leadership, budget restrictions, poor training, and inadequate standard operating procedures. Many of the investments announced by the commissions failed to break ground.[466]

The National Investment Commission website is accessible to both English and Arabic speakers, with data on private sectors in Iraq, including:[467]

Students attend a business startup course at the Small Business Development Center in Najaf. (OPA photo)

- agriculture and livestock
- construction materials
- financial services and banking
- logistics and transport
- oil and gas
- petrochemicals and plastics
- pharmaceuticals and medical equipment
- telecommunications
- tourism

The National Investment Commission website (www.investpromo.gov.iq) discusses history and development for each sector and includes links to related topics, as well as metrics. For example, the construction-materials page includes an overview of the government's investment in the sector, a discussion of the raw materials available for production in Iraq, labor supply, and links to UN, World Bank, and GOI reports on construction. The site also provides provincial profiles, identifies Iraqi laws that affect investment, and provides application forms for investment licenses.[468]

In April 2008, a World Trade Organization (WTO) working party assigned to assess Iraq's trade and economic policies supported the country's request for WTO membership. The working party stated that a speedy accession into WTO would bolster the country's integration with the

world economy.[469] However, in the last year, Iraq's plan to achieve WTO accession was delayed.[470]

WTO accession requires the nation in question to have laws that protect the public from unfair business practices (such as price-fixing and bid rigging). Iraq had planned to send laws banning both practices to the Council of Representatives in 2008; however, the U.S. Embassy reports that both have been delayed.[471]

Foreign Investment in Kurdistan

Investment regulation is not exclusively a federal power in Iraq. In keeping with regional independence, Kurdistan has its own investment legislation—Law 89, passed in 2004.[472] According to the U.S. Treasury, anecdotal evidence has shown that Kurdistan receives a higher per capita volume of investment than the rest of Iraq, attributable mainly to contracting in the oil sector.[473]

Banking

The Iraqi banking system includes 45 banks, with more than 800 banking branches throughout Iraq.[474] Although the majority of Iraqi banks (38 of 45) are privately owned,[475] state-owned banks are much larger.[476] In 2007, the U.S. Central Intelligence Agency estimated that the two largest state-owned banks (Rafidain and Rasheed) accounted for 86% (or $1.8 billion) of all the assets in the Iraqi banking system.[477] Rafidain and Rasheed are currently being restructured with support from the U.S. Treasury and the World Bank.[478] Assessments of the two banks found substantial operational problems, including no documented objectives, strategy, or business plan; no formally recognized risk management function; and inadequate or outdated information technology and infrastructure.[479]

As discussed below, private banks are receiving support from the Task Force to Improve Business and Stability Operations (TF-BSO).[480]

Table 2.33
Iraq's Remaining Estimated Debt
$ Billions

Creditor	Estimated Debt Owed
Gulf Cooperation Council (GCC)	$26.9 – $52.2
Non-Paris Club Countries without Bilateral Agreements	$13.6 – $16.3
Paris Club	$7.6
Non-Paris Club Countries with Signed Bilateral Agreements	$0.7

Note: Numbers affected by rounding. All numbers are estimates.

Source: U.S. Treasury, response to SIGIR data call, 4/15/2009.

Reports indicate that private banking is growing—many banks are expanding into new provinces. Although Baghdad still boasts the most banking branches by far (with a total of 326), each province has several banks with branches in their area. Muthanna has the fewest, with only seven branches.[481]

Debt Relief

As of April 15, 2009, approximately $74.1 billion in Iraqi debt has been forgiven. Paris Club creditors have forgiven $42.3 billion in debt, but Iraq still owes the Club approximately $7.6 billion.[482] Additional debt forgiveness to Iraq includes $20.9 billion from commercial creditors, $12 billion from Russia, and $7 billion from the United Arab Emirates.[483]

Iraq still owes its largest debts to Saudi Arabia ($15.7 billion–$39 billion), China (approximately $8.5 billion), and Kuwait ($8.2 billion).[484] Although Saudi Arabia has publicly committed to forgiving 80% of Iraq's debt, the amount of interest owed remains in contention.[485]

On March 6, 2009, Iraq signed a debt relief agreement with Tunisia for $187 million. Based on Paris Club terms, Iraq agreed to pay 10.25% of the debt up front in exchange for a cancellation of the rest of the amount owed.[486] Table 2.33 shows Iraq's estimated remaining debt.

Economic Development

The Iraqi Prime Minister recognizes that GOI dependence on oil revenue leaves Iraq vulnerable to the vicissitudes of the global market. In February 2009, he announced plans to use funds from oil revenue to invest domestically in existing industries to expand Iraq's revenue base. Diversifying Iraq's sources of revenue would leave the country less vulnerable to the fluctuation of oil prices.[487]

Agriculture

As the second-largest private industry in Iraq, representing between 5% and 10% of the national GDP, the agriculture industry has seen an influx of support from both the United States and the GOI. It is also a leading employer of Iraqis, employing approximately 25% of the Iraqi workforce.[488]

Approximately 30 million acres of Iraq's land (out of 108 million in the nation) is suitable for agricultural development—20 million acres of agriculturally viable land is irrigable; the other 10 million acres are rain-fed. Irrigation systems throughout Iraq have suffered from nearly two decades of neglect, which has limited agricultural water supply.[489] Iraqi agriculture is also still suffering from the after-effects of the 2008 drought, which has significantly limited agricultural production.[490]

Inma Agribusiness Program

The U.S.-funded Inma Agribusiness Program supports the development of Iraq's annual horticulture, perennial horticulture, fish and poultry, and beef and lamb agricultural markets.[491]

This quarter, Inma provided $4.1 million in agricultural production micro-credits to support rural entrepreneurship. The Izdiharona Micro-Finance Institution in Babylon will issue $1.1 million, and the Al-Thiqa Micro-Finance Institution in Ninewa will issue $3 million in micro-credits.[492] Other Inma initiatives this quarter included:

- Orchard Revitalization: Inma provided $800,000 to finance the importation of 61,000 grape vines and fruit tree stock.[493] The plants were nursery-grown in California and then distributed to Iraqi farming families.[494]
- Irrigation Forum: A conference in March titled "Reviving Irrigation Districts" provided Iraqi leaders in agricultural research, economics, and policy with an opportunity to discuss irrigation issues.[495]

Iraq Agricultural Extension Revitalization Project

The U.S.-funded **Iraq Agricultural Extension Revitalization (IAER) Project** aims to bolster rural economic development. The U.S. Department of Agriculture (USDA) manages the effort, and with help from five land-grant universities, IAER has been working to increase the capacity of the Iraqi Ministries of Agriculture and Higher Education[496] by providing training sessions on management, production, and marketing for Iraqi nationals.[497] The project focuses on five major agricultural extension areas:[498]

- horticulture production
- livestock and animal health
- agribusiness and post-harvest activities
- arid crop production
- water resource management

As of March 16, 2009, IAER had conducted 21 agricultural extension seminars to train nearly 500 Iraqi extension personnel. In addition, IAER has provided micro-grants and support to farmers who use the skills learned in their seminars.[499]

The U.S. Department of State (DoS) has provided $12.2 million to fund the project.[500] Since its inception in 2006, $11.8 million has been released to the USDA Cooperative State Research, Education, and Extension Service

(CSREES)[501] for use on this program; the remaining $400,000 is currently budgeted for CSREES overhead expenses.[502] The program is expected to be completed in 2010.[503]

Task Force to Improve Business and Stability Operations

Last quarter, the Iraqi Minister of Planning and Development Cooperation stated that privatization would be key to the success of state-owned enterprises;[504] however, NEA-I reports that privatization has been slow to take effect.[505]

TF-BSO initiatives focus on revitalizing state-owned enterprises to stimulate the Iraqi economy and create jobs. Although it had planned to complete at least seven joint ventures, only one "signed and functioning" joint venture existed between state-owned factories and multi-national private investment consortiums, as of April 2009.

MNC-I reports that, until recently, another venture was in process, but it was canceled after German-led investors were confronted with limited cooperation by the GOI, an unreliable power supply, and an uncooperative workforce. Since the termination of the venture, the GOI director of the project has been removed. Three more ventures currently await signature by investors, two are awaiting GOI approval, and two are under negotiation.[506]

TF-BSO has also supported the revitalization of 66 state-owned factories. Newer projects are focused in Basrah, Tameem, and Ninewa. As of March 2009, 30 factory revitalization efforts are ongoing.[507]

TF-BSO has been working with private banks to establish a retail payments consortium. The consortium allows banks to use debit cards both domestically and internationally. As of March 2009, nearly 200 private bank branches had been automated and linked to international financial systems. Approximately $4.2 million has been obligated to TF-BSO for this project.[508] Table 2.34 provides further information on project outcomes. ◆

Table 2.34

Task Force To Improve Business and Stability Operations Efforts with Private Banks

Electronic Funds Transfer	• Nearly $1 billion in cash has been removed from the battlefield since inception of the Joint Contracting Command-Iraq (JCC-I) mandatory electronic funds transfer (EFT) pay policy in October 2007. • Approximately 50% of these electronic payments have gone to Iraqi banks. • TF-BSO has staffed its EFT Assistance Center with Iraqis to facilitate payment to host-nation contractors as a means of supporting a policy of prompt electronic payment through Iraqi private banks.
Financial Consortium Creation and Point-of-Sale (POS) Devices	• The task force has supported the creation of AMWAL, a financial services consortium of private Iraqi banks. • AMWAL has deployed POS machines at major hotels, duty-free stores, carpet shops, specialty shops, and restaurants in Baghdad, Erbil, and Sulaymaniyah. • The POS devices acquire transactions from MasterCard and JCB debit and credit cards recently issued by Iraqi banks. • AMWAL member banks are now licensed to issue MasterCard debit and credit cards and connect their Automated Teller Machines to the Visa and MasterCard networks, enabling international travelers to withdraw money at Iraqi banks.

Source: TF-BSO, response to SIGIR data call, 4/6/2009.

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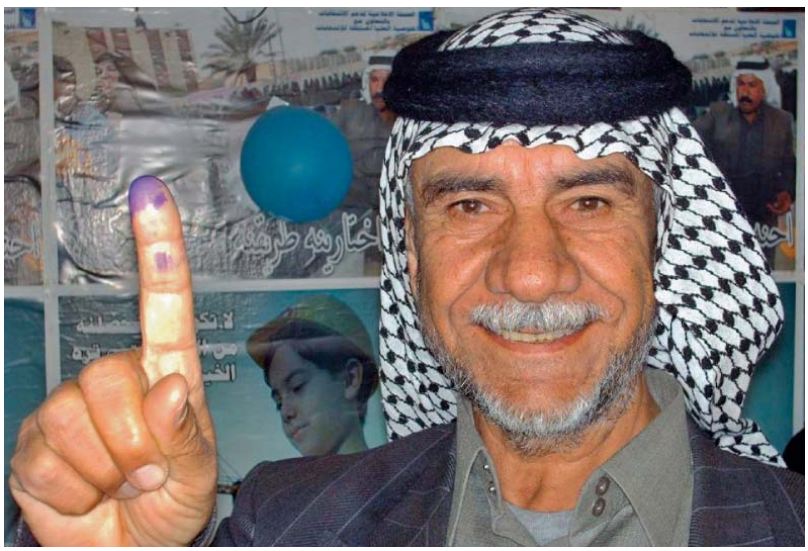
SECTION

3

PROVINCIAL ELECTIONS

On January 31, 2009, Iraqis took to the polls in their country's first provincial elections since 2005. Protected by Iraqi Security Forces in fortified polling areas, 51% of registered voters turned out to elect their representatives to the Provincial Councils.[509] Security measures—including road, border crossing, and airport closures—proved effective in curbing violence and preventing any significant disruptions to the voting process. Nationwide, no major attacks were reported,[510] and the elections demonstrated Iraq's increased ability to manage a large-scale electoral process, implement effective security measures, and combat electoral fraud. Among countries in the region that have recently held elections, Iraq had one of the lowest percentages of ballots that were declared invalid (Figure 3.1).

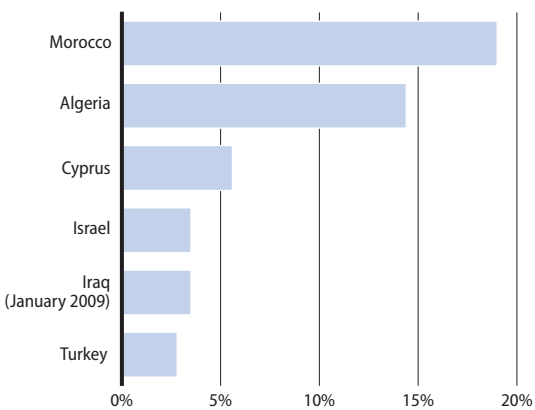
In reference to the iconic ink stains symbolizing Iraq's electoral debut as a democratic state, Prime Minister Nouri al-Maliki announced, "The purple fingers have returned to build Iraq."[511] In total, 14,431 candidates and 440 political parties competed for Provincial Council seats in 14 of Iraq's 18 provinces.[512] The provinces that make up Kurdistan (Dahuk, Erbil, and Sulaymaniyah) and the oil-rich province of Tameem—disputed among Kurds, Arabs, and Turkomen—have yet to hold provincial elections. For a breakdown of ethnoreligious demographics by province, see Figure 3.2.



Iraqi displays his purple finger. (OPA photo)

FIGURE 3.1

INVALID BALLOTS IN MIDDLE EAST AND POST-CONFLICT ELECTIONS

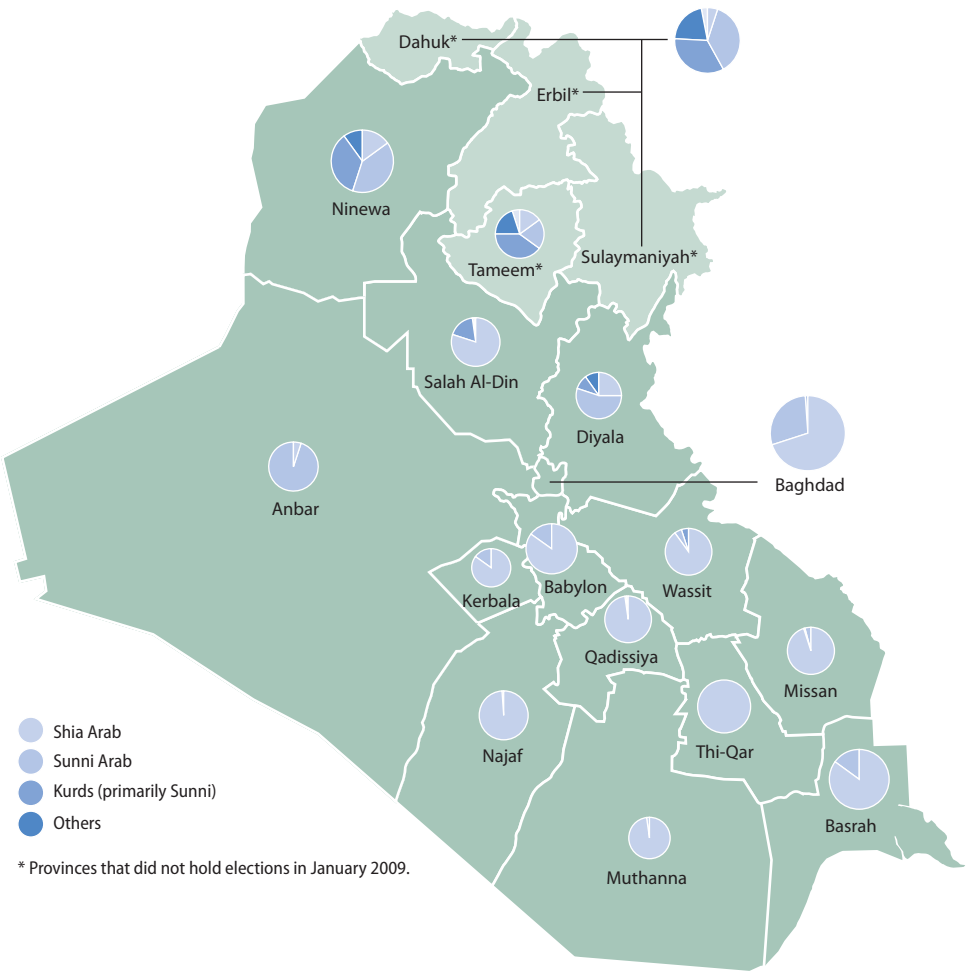


Sources: GOI, Independent High Electoral Commission, www.ihec.iq/arabic, SIGIR translation, accessed 4/14/2009; International Foundation for Electoral Systems, www.ifes.org, accessed 4/14/2009.

Provincial Council Election Process

Provincial Councils elect provincial leaders and the Provincial Council speaker by majority vote.[513] Under the Provincial Powers Law, the councils enact provincial laws and allocate funds for public projects. The council and provincial governor may appoint and dismiss local security officials,[514] and under the law, 14 council committees must be maintained to oversee public

FIGURE 3.2
ETHNORELIGIOUS DEMOGRAPHICS BY PROVINCE



Source: U.S. Embassy-Baghdad, response to SIGIR data call, 3/29/2009.

administration in a number of sectors, including water, sewage, energy, reconstruction, finance, budget, real estate, and logistics.[515] Provincial Council election results were certified at the end of March 2009, and councils began to convene in the second week of April.[516]

Iraq's Independent High Electoral Commission (IHEC) accepted 440 Iraqi political parties to run candidates for the 2009 provincial elections. Some of these parties are represented in the 36 political blocs that were also approved by the commission on November 14, 2008.[517]

TABLE 3.1

NUMBER OF SEATS AND CANDIDATES, BY PROVINCE

	Province	Number of Seats	Number of Candidates		
			Female	Male	Total
North	Ninewa	37	108	301	409
	Salah Al-Din	28	162	425	587
Central	Anbar	29	142	401	543
	Diyala	29	176	462	638
	Baghdad	57	690	1,765	2,455
	Wassit	28	325	905	1,230
	Babylon	30	386	1,063	1,449
	Qadissiya	28	235	653	888
	Kerbala	27	331	861	1,192
	Najaf	28	281	787	1,068
South	Muthanna	26	240	640	880
	Thi-Qar	31	290	779	1,069
	Missan	27	197	539	736
	Basrah	35	349	938	1,287
Total		**440**	**3,912**	**10,519**	**14,431**

Note: Kurdistan and Tameem did not hold elections in January 2009.

Source: GOI, Independent High Electoral Commission, www.ihec.iq/arabic, SIGIR translation, accessed 2/5/2009.

Before passage of the Provincial Powers Law, each province had 41 Provincial Council seats, except for Baghdad, which had 51. Now the number of seats on each Provincial Council is determined by population—25 seats plus one seat for every 200,000 residents over 500,000.[518] For more details, see Table 3.1.

Under the 2008 Provincial Election Law, minorities must be represented in three of Iraq's provinces.[519] In Baghdad, one seat is reserved for a Christian and one for a Mandaeen. Three seats—for a Christian, a Shabak, and a Yazidi—are required in Ninewa, and one seat is held for a Christian in Basrah. In addition, at least 25% of elected candidates must be women.[520]

Provincial Election Results

More than 200,000 domestic observers and 400 international monitors from the United States, European Union, and Turkey supported the electoral process. The Arab League, Japan, and other international missions in Iraq also deployed observers to 7,000 polling centers throughout Iraq.[521] The United Nations Assistance Mission for Iraq (UNAMI) established an Electoral Team of 19 that provided IHEC with recommendations on topics including logistics, operations for procurement and training, data entry, complaints, public outreach, coordination, and security.[522] USAID has also provided $100 million in training and guidance to IHEC and its 18 Governorate Election Offices.[523] Additional U.S. support for elections was provided by the U.S. Embassy-Baghdad, MNF-I, and non-governmental organizations, including the International Foundation for Electoral Systems, the International Research and Exchanges Board, the National Democratic Institute, and the International Republican Institute.[524]

Table 3.2
Percentage of Winning Candidates, by Ethnoreligious Group

	Province	Shia	Sunni	Secular / Moderate	Christian	Kurd	Shabak	Yazidi	Mandaeen
North	Ninewa		59.5		2.7	32.4	2.7	2.7	
North	Salah Al-Din	7.2	53.6	25		14.3			
North	Anbar	6.9	86.2	6.9					
North	Diyala	17.2	51.7	10.3		20.7			
Central	Baghdad	68.4	19.3	8.8	1.8				1.8
Central	Wassit	78.6	10.7	10.7					
Central	Babylon	63.3	23.3	9.7					
Central	Qadissiya	82.1	7.1	10.7					
Central	Kerbala	100							
Central	Najaf	78.6		21.4					
Central	Muthanna	57.7		42.3					
South	Thi-Qar	100							
South	Missan	100							
South	Basrah	85.7	5.7	5.7	2.9				

Note: Numbers affected by rounding; Kurdistan and Tameem did not hold elections in January 2009.

Source: GOI, Independent High Electoral Commission, www.ihec.iq/arabic, SIGIR translation, accessed 3/9/2009.

Women walking to polling site in Babylon. (MNF-I photo)

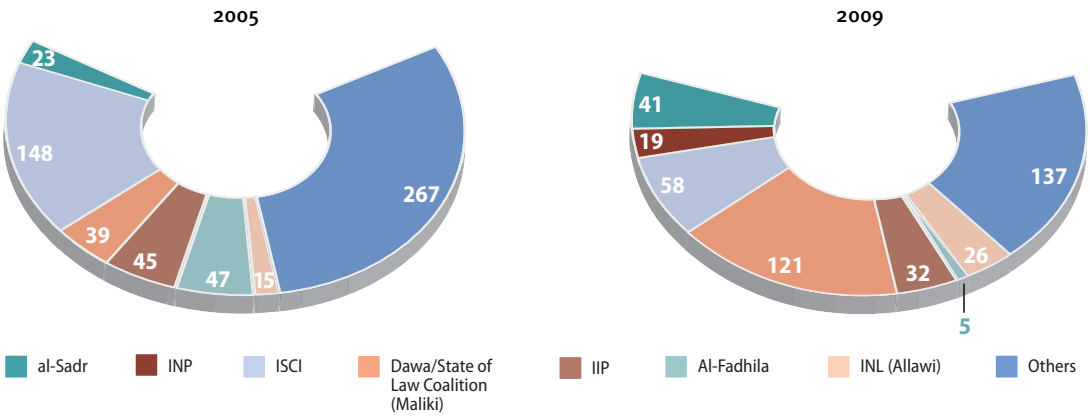
For the results of the election by ethnoreligious group, see Table 3.2.

2005 Election vs. 2009 Election

The results of the 2009 provincial elections mark a significant shift in Iraq's political climate since 2005. Prime Minister al-Maliki's more secular State of Law Coalition, a spinoff of the Dawa party, dominated the 2009 election, gaining a plurality of seats in 6 of 14 provinces (Babylon, Baghdad, Basrah, Thi-Qar, Qadissiya, and Wassit). In Missan, Muthanna, and Najaf, the State of Law Coalition finished in a deadlock with the Iranian-backed Islamic Supreme Council of Iraq (ISCI). Aside from these stalemates—and in stark contrast to its clear victories in 7 of these 14 provinces in 2005—ISCI failed to achieve lone majority status in any of the provinces in 2009.

Baghdad province, in particular, saw substantial political change in 2009. Prime Minister al-Maliki's State of Law Coalition took 28 of the

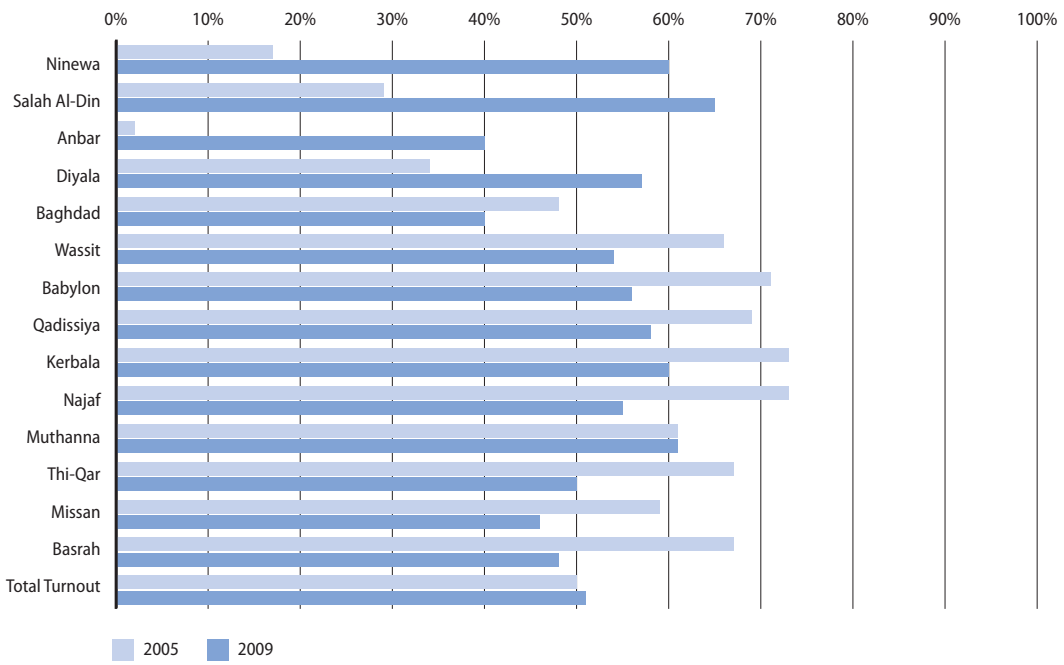
FIGURE 3.3
ELECTION RESULTS, BY PARTY, 2005 AND 2009



Note: Numbers affected by rounding. Kurdistan and Tameem did not hold elections in January 2009. 2005 provinces were all given 41 seats except Baghdad (51 seats). In 2005, al-Maliki was the leader of the Dawa Party, but in 2009 he became the leader of the State of Law Coalition Party. Legend to party acronyms: Sadrist–Independent Liberals Trend; INP–Iraqi National Project List; ISCI–Islamic Supreme Council of Iraq; IIP–Iraqi Islamic Party; al-Fadhila–al-Fadhila Islamic Party; INL–Iraqi National List.

Source: GOI, Independent High Electoral Commission, www.ihec.iq/arabic, SIGIR translation, accessed 3/9/2009.

FIGURE 3.4
ELECTION TURNOUT, 2005 VS. 2009



Note: Numbers affected by rounding. Although Kurdistan and Tameem held elections in 2005, they did not hold elections in 2009 and are not included in the list. Total Turnout includes only the 14 voting provinces.

Sources: GOI, Independent High Electoral Commission, www.ihec.iq, SIGIR translation, accessed 2/20/2009; DoS, *Iraq Status Report*, 2/4/2009, p. 6.

Rusafa Courthouse interior in Baghdad. (USACE photo)

57 seats on the Provincial Council, and the Sunni National Accordance Front (NAF) came in a distant second with 7 seats. ISCI maintained just 3 seats in this election, down sharply from 28 of 51 seats won in the 2005 election. Notably, followers of anti-U.S. cleric Muqtada al-Sadr achieved a modest gain in 2009. The Sadrist Movement—a long-time rival to the ISCI party—had secured only one seat in 2005. This number increased to 5 seats in the recent election, or nearly 9% of all seats.[525] For the results for both elections, see Figure 3.3.

IHEC Chairman Faraj al-Haidary observed that the 2009 provincial elections brought a larger and more diverse field of political parties, coalitions, and candidates because, in part, of a lack of political-sectarian boycotts that had affected previous elections. Additionally, a new hybrid list voting format allowed Iraqis to select their preferred candidate and that candidate's party list—as opposed to the closed-list system used in 2005, which allowed voters to choose only their preferred party. Winning parties would then choose individual representatives. The new system improved voter options, but also increased the complexity of the voting process, which led to confusion for some voters.[526]

To prevent voter fraud, separate voter lists were maintained at each polling station—similar to the system used in the United States—preventing individuals from voting at more than one polling location. During the 2005 elections, the voter registry was centralized (that is, several polling stations would receive the same list of names from a general area), allowing individuals to vote multiple times at different polling locations.[527]

Nationwide, fewer registered voters cast their ballots in 2009 than in 2005; however, four fewer provinces held elections this year (Dahuk, Erbil, Sulaymaniyah, and Tameem). The 2009 elections saw a voter turnout of 51%, or 7.5 million of 14.9 million registered voters, in 14 provinces. In 2005, 58% of Iraqis, or more than 8 million of nearly 14 million registered voters in 18 provinces, cast their ballots.[528] UNAMI reports that controls to prevent fraud and the population fluctuations attributable to displaced Iraqis may also have affected turnout.[529]

In a direct comparison of the 14 provinces that voted in both the 2005 and 2009 elections, actual voter turnout appears to have increased by more than 1%.[530] For turnout of registered voters, by province, see Figure 3.4. ◆

PROVINCIAL RECONSTRUCTION TEAMS

Provincial Reconstruction Teams (PRTs) were established in October 2005 to encourage local initiatives across Iraq.[531] The PRTs also assess provincial progress in five categories—governance, political development, reconciliation, economic development, and rule of law—using a Capability Maturity Model (CMM).[532] In general, the CMM uses specific indicators to evaluate organizational processes.[533] For Iraq, the CMM evaluates provincial progress toward self-reliance.[534]

Between 2008 and 2009, according to the PRTs' assessments, 10 provinces improved their economic and political development processes, with the most progress occurring in the political development category. Overall, six provinces have achieved a performing assessment in that category—only one step away from self-reliance. However, as of February 2009, only two provinces had reached self-reliant status in any category. More than a year ago, Muthanna province reached self-reliance in reconciliation, and Wassit province jumped from beginning to self-reliant in the same category in just one year.[535]

In the last year, Kerbala province improved across all five categories. Diyala and Missan provinces made the least progress; both lag all other provinces, achieving only one *sustaining* ranking each.[536]

Figure 3.5 shows provincial progress in each of these categories between February 2008 and February 2009.

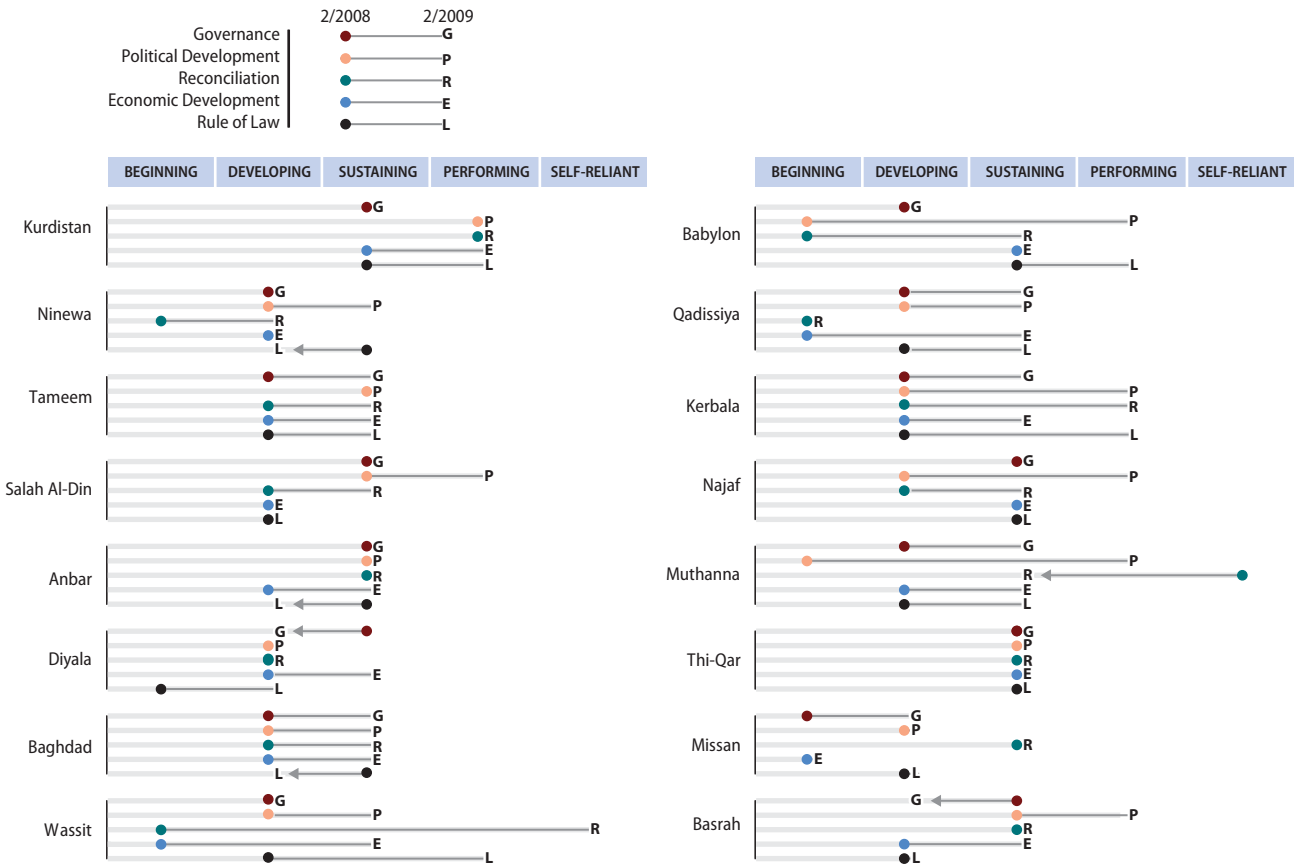
SIGIR has issued four audit reports on PRTs, identifying a lack of clearly defined objectives and performance measures.[537] In a report issued in January 2009, SIGIR highlighted measures taken by the Office of Provincial Affairs to improve objectives as well as performance measurements. In its audit of April 2009, SIGIR initially focused on the cost of operating individual PRTs and the overall program. SIGIR learned early on that agencies involved are not required to capture these costs at either the program or individual PRT level. Consequently, SIGIR modified its objectives for the report issued this quarter to identify the major program cost categories, estimate program costs using available cost information, and assess the feasibility and usefulness of tracking PRT costs.

SIGIR found that although not formally required to track PRT costs, the Departments of State and Defense were able to identify some of the major costs of their PRT operations in these categories: security, salaries, life support, and operations. SIGIR did not include the cost of programs managed by the PRTs. Using that information, SIGIR estimates that FY 2008 PRT costs in Iraq were at least $373 million. However, this estimate substantially understates total costs because DoD provided security services and personnel whose costs are not included in the estimate.

Complete data on PRT operating costs are not available because DoS and DoD—the two largest contributors—are not required to segregate their PRT costs from their other operating costs. As a result, neither department has a process to capture PRT costs. DoS and DoD officials said that with additional effort, their existing financial systems could be used to track and identify most PRT costs. They also agreed that PRT cost data would be useful to managers for budgeting and other decision-making processes related to the PRT program.

SIGIR concluded that the PRT program is a large civil-military interagency effort that may grow and continue to be used in other

FIGURE 3.5
PRT MATURITY ASSESSMENTS



Source: OPA, response to SIGIR data call, 4/17/2009.

contingency reconstruction operations. But U.S. agencies are not required to capture PRT costs, so they are not routinely tracked. As the U.S. Embassy in Iraq normalizes operations, application of U.S. government accounting standards to the PRT program is important to assist in budgeting and other decision-making processes. Furthermore, historical PRT cost data could be useful in planning and implementing other reconstruction operations using PRTs. The DoS financial systems already appear to have the capability to track major cost categories, and although other cost categories—such as DoS personnel, security movement, and some DoD costs—will be more difficult to track, they could be estimated at an aggregate level.[538] ◆

PROVINCIAL SNAPSHOTS

Each of Iraq's 18 provinces elects its own Provincial Council, and although most public services are provided through the central ministries, the provinces also receive a separate budget allocation. The United States funds projects to support individual provinces as well. Table 3.3 compares the provinces according to several population, funding, and security indicators. For snapshot references, please see the endnotes. ◆

TABLE 3.3
SELECTED COMPARISONS OF IRAQ'S PROVINCES

		Population Statistics				U.S. Funding per Capita			
	Province	Population[a]	Displaced Population[b]	Population Returned[c]	% Unemployed in 2008[d]	IRRF Project Costs[e]	ISFF Project Costs[e]	ESF Project Costs[e]	CERP Project Costs[e]
North	Kurdistan (Dahuk, Erbil, and Sulaymaniyah)	3,878,000	n/a	n/a	16.7%	$158.07	$17.65	$22.95	$25.70
	Ninewa	2,820,000	332,668	3,630	20.9%	$158.26	$129.03	$10.10	$68.98
	Tameem	1,129,000	94,296	990	15.7%	$573.98	$103.40	$110.45	$152.04
	Salah Al-Din	1,158,000	122,152	576	21.9%	$360.53	$98.10	$83.18	$190.04
Central	Anbar	1,427,000	146,907	18,606	17.4%	$364.83	$579.74	$72.21	$297.25
	Diyala	1,323,000	632,762	37,296	19.0%	$350.00	$185.81	$13.34	$160.73
	Baghdad	6,995,000	3,433,384	158,082	14.5%	$455.61	$227.19	$111.79	$156.65
	Wassit	1,056,000	11,926	720	13.6%	$288.53	$55.51	$23.66	$66.51
	Babylon	1,574,000	48,841	750	15.9%	$124.70	$12.08	$20.26	$119.56
	Qadissiya	1,033,000	5,580	114	15.9%	$137.71	$30.37	$11.22	$79.19
	Kerbala	902,000	24,204	1,782	19.1%	$105.00	$0.95	$18.54	$57.08
	Najaf	1,113,000	13,236	612	18.6%	$169.24	$23.43	$14.29	$38.16
South	Muthanna	650,000	10,684	156	30.5%	$396.03	$3.94	$19.36	$38.52
	Thi-Qar	1,687,000	19,008	516	36.5%	$436.90	$19.40	$14.95	$26.60
	Missan	944,000	6,902	3,756	17.3%	$174.25	$39.16	$28.65	$32.53
	Basrah	2,408,000	131,705	2,790	18.8%	$648.16	$66.35	$40.02	$109.15

[a] U.S. Embassy, response to SIGIR data call, 3 29/2009.
[b] Number of Iraqis displaced including IDPs and refugees as of December 2008. U.S. Embassy, response to SIGIR data call, 3/27/2009.
[c] Number of Iraqis displaced from their homes who have returned to that province between September and December 2008. U.S. Embassy, response to SIGIR data call, 3/27/2009.
[d] Kurdistan unemployment numbers were calculated using U.S. Embassy population numbers and NEA-I unemployment percentages. U.S. Embassy, response to SIGIR data call, 3/29/2009; NEA-I, response to SIGIR data call, 4/2/2009.
[e] Includes only ongoing and completed projects. Total project costs for the various funds are as reported in IRMS; they do not represent actual obligations or expenditures. Numbers affected by rounding. IRMS, *Global Benchmark*, 4/1/2009.

An Iraqi fisherman pushes his boat off-shore to depart on his daily fishing trip. (Joint Combat Camera Center Iraq photo by Senior Airman Eric Harris)

Storekeepers sell vegetables in a Baghdad marketplace. (MNF-I photo)

Iraqi Funding			International Funding			Security	
2008 Amended Allocations ($ millions)[f]	2008 Provincial Capital Budget Expenditures and Advances ($ millions)[f]	% of Allocations Expended and Advanced	Project Costs ($ millions)[g]	Committed ($ millions)[h]	Disbursed ($ millions)[i]	Total Attacks 10/1/2008–12/31/2008[j]	Total Attacks 1/1/2009–3/20/2009[k]
$3,701.49	$3,702.10	100%	$1,989.83	$1,042.07	$731.81	3	1
$538.43	$197.11	36.6%	$699.44	$557.90	$517.41	511	219
$285.52	$108.19	37.9%	$890.67	$739.97	$503.45	184	73
$243.47	$112.25	46.1%	$766.04	$648.95	$557.76	308	138
$367.15	$199.68	54.4%	$661.64	$540.28	$417.37	162	53
$443.11	$124.81	28.2%	$745.18	$634.28	$549.92	251	123
$1,433.52	$670.66	46.8%	$4,091.55	$3,782.30	$2,818.16	713	293
$217.59	$117.16	53.8%	$400.64	$269.94	$264.25	9	8
$409.09	$259.83	63.5%	$512.37	$272.46	$200.81	62	17
$240.45	$75.67	31.5%	$500.44	$189.97	$132.08	9	2
$164.03	$139.86	85.3%	$336.42	$140.81	$122.97	0	1
$328.18	$248.41	75.7%	$446.46	$215.62	$168.26	2	1
$226.94	$60.77	26.8%	$899.97	$492.57	$463.56	1	1
$377.09	$124.84	33.1%	$1,433.57	$981.55	$536.78	7	4
$194.59	$168.09	86.4%	$502.97	$244.59	$208.70	39	24
$660.04	$287.37	43.5%	$2,821.43	$2,510.46	$1,930.32	11	11

[f] As of 12/31/2008. U.S. Treasury, response to SIGIR data call, 4/14/2009.
[g] An additional $1.85 billion was distributed nationwide with $67 million unallocated and $199 million unspecified. Ministry of Planning and Development Cooperation, Iraqi Strategic Review Board, "Report on Donors' Contributions to Reconstruction Efforts Up to September 30, 2008," 9/30/2008, p. 24.
[h] An additional $1.58 billion was distributed nationwide with $2.1 million unallocated and $194 million unspecified. Ministry of Planning and Development Cooperation, Iraqi Strategic Review Board, "Report on Donors' Contributions to Reconstruction Efforts Up to September 30, 2008," 9/30/2008, p. 24.
[i] An additional $1.25 billion was distributed nationwide with $9.2 million unallocated and $154 million unspecified. Ministry of Planning and Development Cooperation, Iraqi Strategic Review Board, "Report on Donors' Contributions to Reconstruction Efforts Up to September 30, 2008," 9/30/2008, p. 24.
[j] Total number of attacks occurring within the province 10/1/2008–12/31/2008. CENTCOM, response to SIGIR data call, 1/10/2009.
[k] Total number of attacks occurring within the province 1/1/2009–3/20/2009. OSD, response to SIGIR data call, 4/2/2009.

KURDISTAN

Population:[a] 3.9 million

U.S. Infrastructure
Projects:[b] 545
Project Costs:[b] $468.40 M

2008 GOI Budget Allocation:[c] $3,701.49 M

Construction of an Emergency Hospital in Erbil City[e]

- Obligated: $12,656,629 (ESF)
- Expended: $2,766,454
- Projected Cost to Complete: $9,890,174
- Anticipated Completion Date: 12/4/2009

The **Construction of an Emergency Hospital in Erbil City** will provide approximately 100 additional beds to the emergency facilities of the city. The project costs include $1.7 million to buy medical equipment and a 90-day training plan covering operation and maintenance of the facility and equipment.

Construction of Emergency Hospital in Erbil City. (OPA photo)

U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	78	$213.02	1	$0.10
General Infrastructure	197	$11.15	–	–
Oil and Gas	2	$0.08	–	–
Transportation and Communications	44	$6.23	3	$0.67
Water and Sanitation	218	$231.93	2	$5.23
Total	**539**	**$462.41**	**6**	**$5.99**

Construction of an Emergency Hospital in Zakho City[e]

- Obligated: $2,621,687 (ESF)
- Expended: $1,423,103
- Projected Cost to Complete: $1,977,653
- Anticipated Completion Date: 6/14/2009

The **Construction of an Emergency Hospital in Zakho City** will provide Zakho City (with a population of approximately 100,000) with its only emergency hospital. Currently, all emergency cases must be referred to the Dahuk City Emergency Hospital, which is 56 kilometers from Zakho. In addition to building the hospital, the project will provide technical training for a facility manager and long-term maintenance workers to sustain the facility and equipment.

Construction of Emergency Hospital in Zakho City. (OPA photo)

Integrated Operations and Maintenance Program for the Dokan-Sulaymaniyah City Water Supply Network[e]

- Obligated: $5,102,700
- Expended: $0
- Initial Cost-to-Complete Estimate: $5,102,700
- Anticipated Completion Date: 12/17/2009

The **Integrated Operations and Maintenance Program** will provide a critical sustainment program for the Dokan-Sulaymaniyah City water network, which draws its water from Lake Dokan. The current water system is only operating at 40% capacity, providing a few hours of water delivery each day. The operations and maintenance program will provide technical training for long-term management and support staff working in the Dokan-Sulaymaniyah network's three main pump stations and support facilities.

Disassembling a vertical turbine pump in Sulaymaniyah. (OPA photo)

NINEWA

Population:[a] 2.8 million

U.S. Infrastructure
Projects:[b] 1,088
Project Costs:[b] $301.43 M

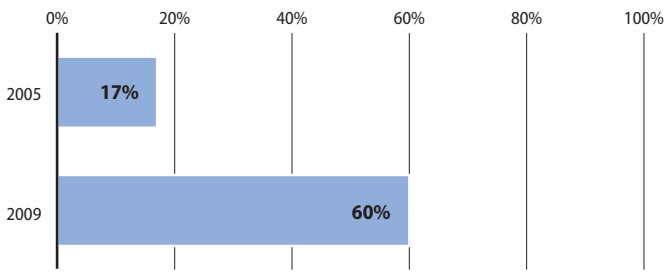
2008 GOI Budget Allocation:[c] $538.43 M

15%	40%	35%	10%
Shia	Sunni	Kurd	Christian

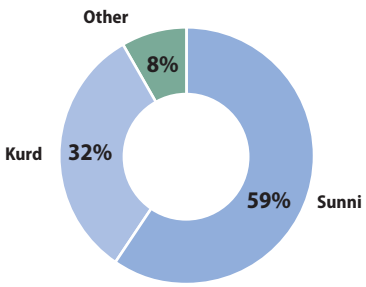
Ninewa Election Results[d]

Party	Seats
Al-Hadbaa National List	19
Fraternal Ninewa List	12
Iraqi Islamic Party	3
Independent Shabaki	1
Ishtar National List	1
Yazidi Movement for Reform & Progress	1
Total	**37**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



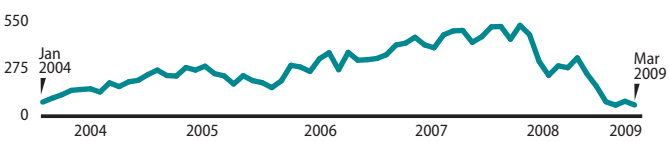
Artesian Water Wells[e]

- Obligated: $288,112 (QRF)
- Expended: $96,000
- Initial Cost-to-Complete Estimate: $218,000
- Anticipated Completion Date: 5/2009

Construction of artesian water wells. (OPA photo)

In response to a shortage of drinking and irrigation water, PRT Ninewa is supporting the construction of two wells in the district of Al-Qosh. As of March 31, 2009, the sites for both wells have been chosen, based on a study of the area's geology. The quality of the water has been tested to verify its potability. Members of PRT Ninewa visited one well site to inspect the work and speak with the lead engineer for the project. The PRT plans to conduct health-awareness training before the wells are completed. The anticipated completion date for the well project is mid-May 2009.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	110	$114.73	2	$2.05
General Infrastructure	123	$6.97	–	–
Oil and Gas	2	$0.08	–	–
Transportation and Communications	327	$63.85	3	$0.45
Water and Sanitation	513	$91.01	8	$22.29
Total	**1,075**	**$276.64**	**13**	**$24.79**

TAMEEM

Population:[a] 1.1 million

U.S. Infrastructure Projects:[b] 645

Project Costs:[b] $619.76 M

2008 GOI Budget Allocation:[c] $285.52 M

15%	20%	40%		20%
Shia	Sunni	Kurd	Christian 5%	Other

Al-Wasiti 11-kV Underground Feeders[e]

- Obligated: $858,000
- Expended: Not Available
- Project Completed: 2/2009
- Final Project Cost: $957,560

Kirkuk substation. (OPA Photo)

The goal of this project was to increase system reliability by installing and testing four new underground feeders to the electricity network of the city of Kirkuk. The new lines can hold 50% of the burden carried by the older lines and provide the system with the opportunity for further growth in the coming years. More than 200,000 people live in the area serviced by these new lines.

U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	117	$324.96	3	$37.32
General Infrastructure	149	$8.47	–	–
Oil and Gas	58	$186.96	–	–
Transportation and Communications	95	$19.18	5	$1.18
Water and Sanitation	202	$40.36	16	$1.32
Total	**621**	**$579.93**	**24**	**$39.83**

Primary Healthcare Centers[e]

Exterior and entrance to the Shiqaq Hai Musalla Primary Healthcare Center.

SIGIR performed inspections in Tameem this quarter at the Shiqaq Hai Musalla and Hai Tiseen Primary Healthcare Centers (PHCs), which received IRRF funding. Both PHCs were operational during the inspections, which revealed minor structural issues and equipment that was not in service because either it was not placed into operation or the staff was not trained to operate it.

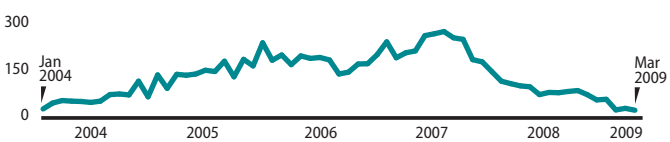
Kirkuk Community Reconciliation Initiative #1[e]

- Projected Cost to Complete: $1,900,000
- Award Date: 8/27/2008
- Anticipated Completion Date: 9/18/2009

Community park in Kirkuk. (USACE photo)

The **Kirkuk Community Reconciliation Initiative** aims to create entertainment and relaxation spots for the more than 400,000 residents of Kirkuk city. The ESF/PRDC-funded project plans to provide the materials, labor, and equipment to build 13 parks in the city. Each park will include a soccer field, a playground, and a picnic area. As of March 27, 2009, the project is 20% complete: the contractor is building exterior fences in 3 of the parks.

Total Security Incidents, by Month[f]



SALAH AL-DIN

Population:[a] 1.2 million

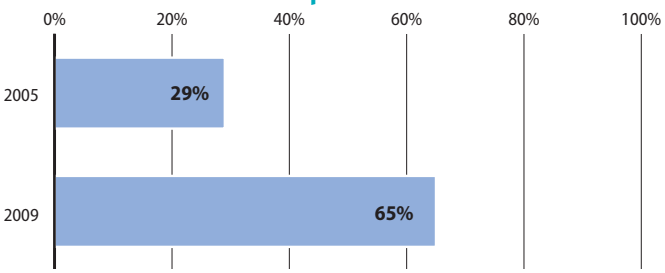
U.S. Infrastructure
Projects:[b] 970
Project Costs:[b] $510.69 M

2008 GOI Budget Allocation:[c] $243.47 M

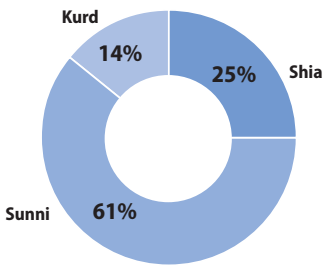
Salah Al-Din Election Results[d]

Party	Seats
National Accordance Front	5
Iraqi National List	5
Iraqi National Project List	3
National Iraqi Project Fronts	3
Scholars and Intellectuals of Iraq Group	2
Iraqi Turkoman Front	2
Liberation and Construction Front	2
National Salah Al-Din List	2
Fraternity and Peaceful Coexistence List	2
State of Law Coalition	2
Total	**28**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



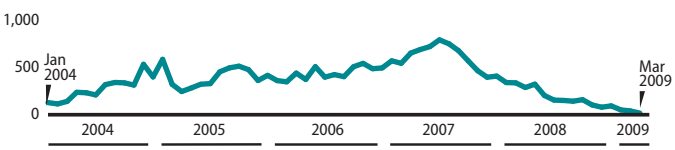
Technical Training Center and Program[e]

- Obligated & Expended: Center: $2,518,809; Program: $4,681,230
- Initial Cost-to-Complete Estimate: Center: $2,518,809; Program: $4,681,230
- Anticipated Completion Date: 10/2009

Inaugural Technical Training Program class. (OPA photo)

The Salah Al-Din PRT is working with USACE to develop a **Technical Training Center (TTC)** and **Technical Training Program (TTP)** for the provincial government. The program will offer advanced training to technical professionals on operating, maintaining, and managing provincial public works infrastructure. The first TTC structure is being constructed with assistance from the Iraq Transition Assistance Office and USACE, and all subsequent construction will be funded by the GOI. When completed, the TTC will include a two-story building to house classrooms and administrative offices, a dormitory, and a cafeteria.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

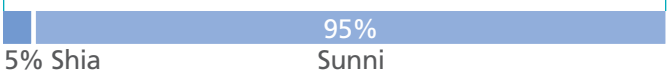
	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	221	$305.09	1	$0.24
General Infrastructure	86	$7.37	–	–
Oil and Gas	28	$64.77	2	$7.10
Transportation and Communications	257	$42.00	9	$29.38
Water and Sanitation	351	$52.39	15	$2.35
Total	**943**	**$471.62**	**27**	**$39.06**

ANBAR

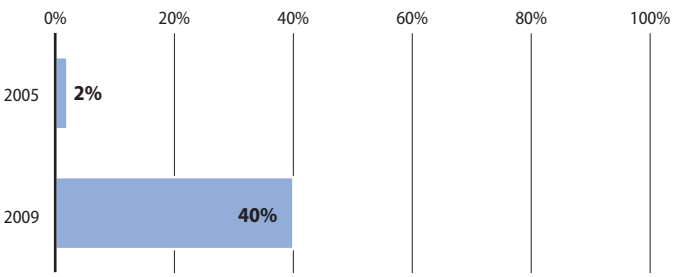
Population:[a] 1.4 million

U.S. Infrastructure
Projects:[b] 1,742
Project Costs:[b] $525.08 M

2008 GOI Budget Allocation:[c] $367.15 M



Election Turnout Comparison[d]



Dairy Collection Facility[e]

- Obligated: $280,000 (CERP)
- Initial Cost-to-Complete Estimate: $280,000
- Anticipated Completion Date: 10/2009

A dairy industry training session for Iraqi women. (OPA photo)

The CERP-supported program, Land O' Lakes Dairy Development for Iraqi Women, is constructing a **Modular Milk Collection Center/ Plant** in Amariyah, Anbar. In addition to providing a source of sustainable income for these farmers, the plant's training program aims to extend industry knowledge to the surrounding communities as part of a wider effort to build the capacity of the dairy system across Iraq.

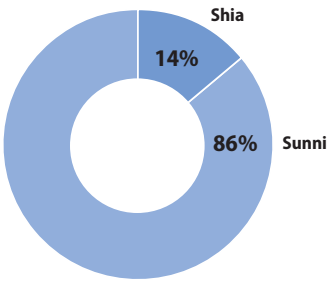
SIGIR Inspections

SIGIR inspected the Sagrah School project in Anbar this quarter. The school was reconstructed using CERP funds. SIGIR inspectors found that new and existing construction at the site appeared sound.

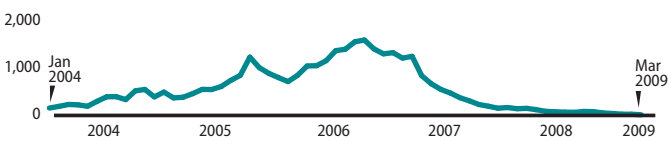
Anbar Election Results[d]

Party	Seats
Awakening of Iraq and Independents	8
Iraqi National Project List	6
Alliance of Intellectuals and Tribes	6
National Movement for Reform and Development	3
Iraqi National List	2
Iraqi Tribes List	2
Iraqi National Unity	2
Total	**29**

Percentage of Winning Candidates, by Sect[d]



Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	435	$201.04	23	$52.34
General Infrastructure	55	$3.92	–	–
Transportation and Communications	474	$61.31	27	$9.20
Water and Sanitation	673	$128.45	55	$68.82
Total	**1,637**	**$394.73**	**105**	**$130.35**

DIYALA

Population:[a] 1.3 million

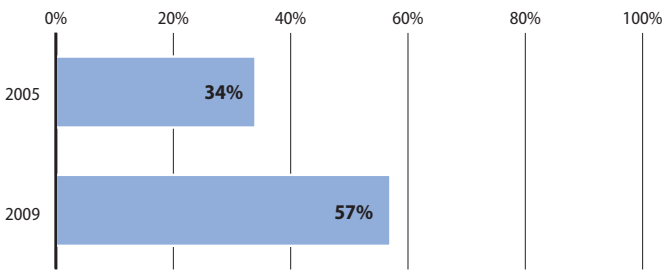
U.S. Infrastructure
Projects:[b] 767
Project Costs:[b] $263.18 M

2008 GOI Budget Allocation:[c] $443.11 M

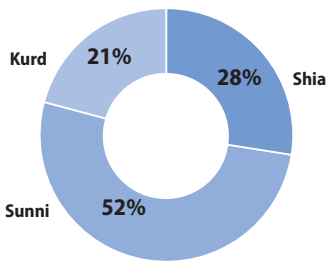
Diyala Election Results[d]

Party	Seats
National Accordance Front	9
Iraqi National Project List	6
Kurdistan Alliance	6
Iraqi National List	3
State of Law Coalition	2
Diyala National Coalition	2
National Reform Trend	1
Total	**29**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



Total Security Incidents, by Month[f]

Al Atheem Primary Healthcare Center[e]

- Contract Award Date: 8/29/2006
- Projected Cost to Complete: $1,600,000 (IRRF)
- Planned Completion Date: 2/28/2009

Supplies for Al Atheem PHC. (USACE photo)

The **Al Atheem PHC** is in the final stage as it awaits signatures and closeout documentation. This project will improve the Iraqi health care system in Diyala, providing health care services to an estimated 100 people per day. The Ministry of Health has already started occupying the building.

U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	133	$77.15	6	$2.55
General Infrastructure	42	$6.24	–	–
Oil and Gas	1	$2.89	–	–
Transportation and Communications	212	$22.61	12	$0.99
Water and Sanitation	345	$147.59	16	$3.16
Total	**733**	**$256.48**	**34**	**$6.69**

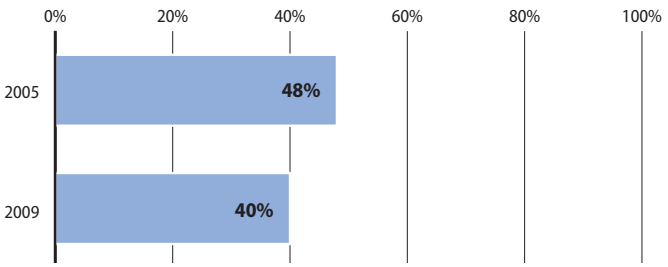
BAGHDAD

Population:[a] 7.0 million

U.S. Infrastructure
Projects:[b] 2,979
Project Costs:[b] $2,911.40 M

2008 GOI Budget Allocation:[c] $1,433.52 M

Election Turnout Comparison[d]



Karkh Water Treatment Plant[e]

- Projected Cost to Complete: $8,140,000 (ESF)
- Award Date: 7/21/2007
- Anticipated Completion Date: 6/2009

The rehabilitation of the **Karkh Water Treatment Plant** in Baghdad is expected to allow the plant to generate its own power to sustain water production. Upon completion, the plant is expected to process an estimated 48% of Baghdad's total water supply.

Karkh Water Treatment Plant. (USACE photo)

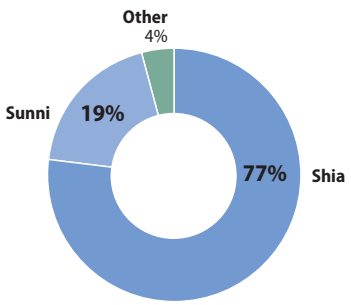
SIGIR Inspections

SIGIR inspected the Khandek Intermediate School project this quarter, which used Economic Support Fund (ESF) funding to rehabilitate and expand the school. SIGIR determined that the school was working at full capacity, but identified some structural deficiencies. SIGIR also performed an inspection of the Suroor Elementary School project and found that construction was adequate.

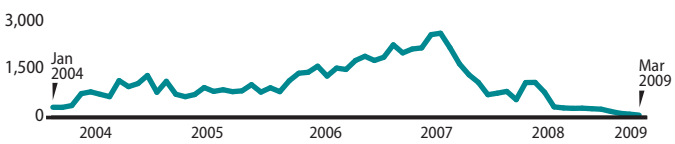
Baghdad Election Results[d]

Party	Seats
State of Law Coalition	28
National Accordance Front	7
Independent Liberals Trend	5
Iraqi National List	5
Iraqi National Project List	4
Islamic Supreme Council of Iraq	3
National Reform Trend	3
Al-Rafedein List	1
Ali Hussein Zahroun al-Saberi	1
Total	**57**

Percentage of Winning Candidates, by Sect[d]



Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	718	$1,209.89	67	$290.44
General Infrastructure	90	$333.18	1	$0.11
Oil and Gas	26	$46.25	1	$2.13
Transportation and Communications	575	$270.24	50	$14.73
Water and Sanitation	1,336	$679.87	115	$64.57
Total	**2,745**	**$2,539.42**	**234**	**$371.98**

WASSIT

Population:[a] 1.1 million

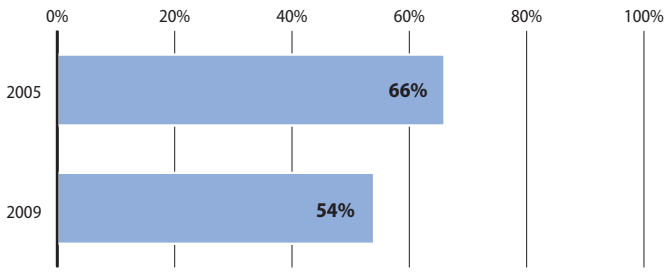
U.S. Infrastructure
Projects:[b] 607
Project Costs:[b] $104.19 M

2008 GOI Budget Allocation:[c] $217.59 M

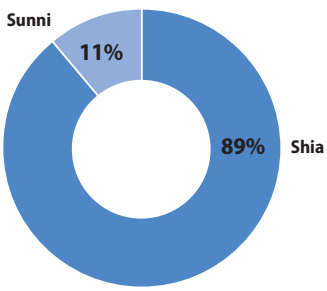
Wassit Election Results[d]

Party	Seats
State of Law Coalition	13
Islamic Supreme Council of Iraq	6
Independent Liberals Trend	3
Iraqi National List	3
Iraqi Constitutional Party	3
Total	**28**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



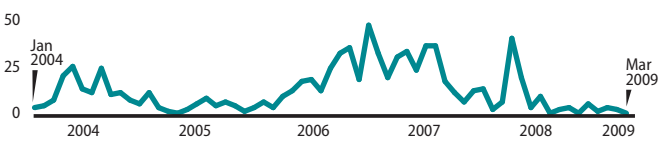
As Shuahmiyah Pump Station[e]

- Obligated: $910,000
- Expended: $781,825
- Initial Cost-to-Complete Estimate: Phase One: $910,000; Overall: $3,000,000
- Anticipated Completion Date: Phase One–6/2009

As Shuahmiyah Pump Station. (OPA photo)

The U.S. Agency for International Development is working with Participatory Irrigation Management (PIM) and the As Shuahmiyah Agricultural and Water Users Association to provide sustainable technical assistance for the **As Shuahmiyah Pump Station** in Wassit. The pump station is expected to service approximately 40,000 Iraqis. As of March 31, 2009, two large generators in the pump station had been replaced, and some additional equipment had been provided to the Agricultural and Water Users Association.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

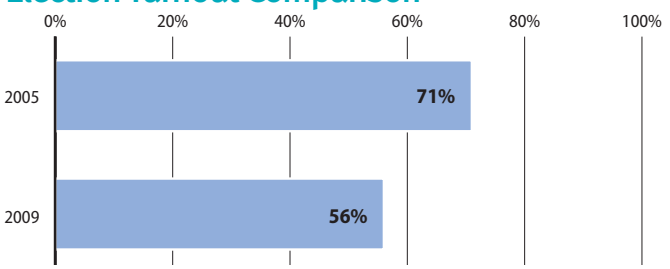
$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	120	$44.62	2	$0.14
General Infrastructure	142	$10.23	–	–
Transportation and Communications	103	$18.82	2	$0.38
Water and Sanitation	229	$28.36	9	$1.64
Total	**594**	**$102.03**	**13**	**$2.17**

BABYLON

Population:[a] 1.6 million
U.S. Infrastructure
Projects:[b] 666
Project Costs:[b] $220.29 M
2008 GOI Budget Allocation:[c] $409.09 M

Election Turnout Comparison[d]



Babylon Hospital Equipment Project[e]

- Obligated: $50 million (Globus Relief); $5 million (GOI); $197,550 (QRF)
- Initial Cost-to-Complete Estimate: Not provided
- Anticipated Completion Date: 9/30/2009

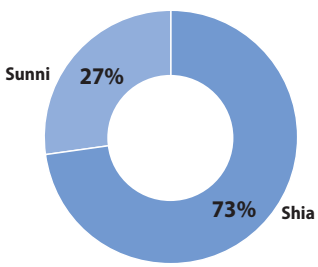
The **Babylon Hospital Equipment Project** will provide more than $50 million in medical equipment and supplies to 12 hospitals and 1 rehabilitation center in Babylon. Facilities will be furnished with hospital room furniture, operating tables, anesthesia machines, portable EKG machines, cardiac monitors, and defibrillators. The equipment will be provided by Globus Relief, a humanitarian non-profit organization that supplies reusable medical equipment to developing countries. To participate in this program, the GOI was required to provide a $5 million letter of credit. The United States provided a small Quick Response Fund (QRF) grant.

Al Qassem Hospital, one of the recipients of equipment through the Babylon Hospital Equipment Project. (OPA photo)

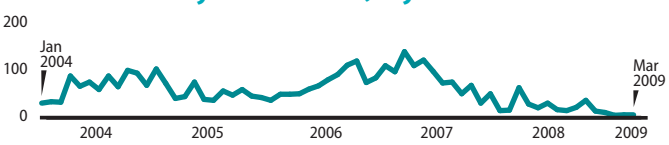
Babylon Election Results[d]

Party	Seats
State of Law Coalition	8
Islamic Supreme Council of Iraq	5
Independent Liberals Trend	3
National Reform Trend	3
Iraqi Commission for Independent Civil Society Organizations	3
Iraqi National List	3
Independent Justice Association	3
Independent Ansar Bloc	2
Total	**30**

Percentage of Winning Candidates, by Sect[d]



Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

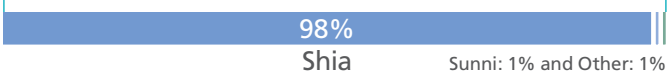
	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	145	$121.76	3	$0.30
General Infrastructure	75	$7.94	–	–
Transportation and Communications	181	$25.50	8	$10.46
Water and Sanitation	237	$45.57	17	$8.78
Total	**638**	**$200.77**	**28**	**$19.53**

QADISSIYA

Population:[a] 1.03 million

U.S. Infrastructure
Projects:[b] 447
Project Costs:[b] $141.63 M

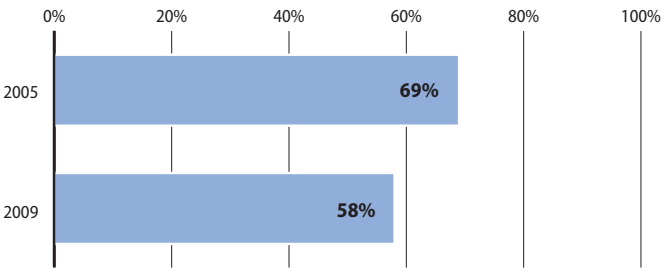
2008 GOI Budget Allocation:[c] $240.45 M



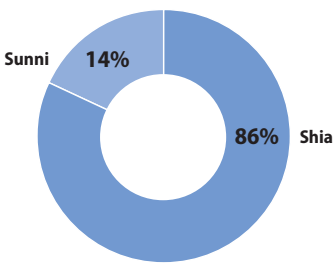
Qadissiya Election Results[d]

Party	Seats
State of Law Coalition	11
Islamic Supreme Council of Iraq	5
Iraqi National List	3
National Reform Trend	3
Independent Liberals Trend	2
Islamic Loyalty Party	2
Al-Fadhila Islamic Party	2
Total	**28**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



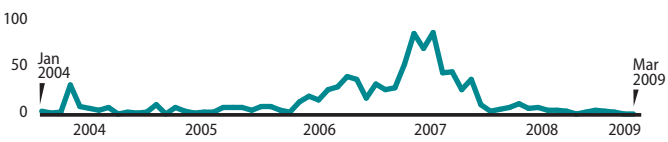
Al-Noor Primary Healthcare Center[e]

- Obligated: $413,426 (ESF)
- Expended: $206,318
- Projected Cost to Complete: $207,108
- Anticipated Completion Date: 5/6/2009

Al-Noor Primary Healthcare Center under construction. (OPA photo)

The **Al-Noor Primary Healthcare Center (PHC)** will serve approximately 10,000 local citizens. This 300-square-meter facility will offer examination rooms and physicians' offices, as well as a vaccination room, mother-child care treatment room, health education department, and pharmacy.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	110	$60.45	2	$26.33
General Infrastructure	62	$2.65	–	–
Transportation and Communications	74	$20.76	2	$0.99
Water and Sanitation	184	$27.50	13	$2.96
Total	**430**	**$111.36**	**17**	**$30.28**

KERBALA

Population:[a] 902,000

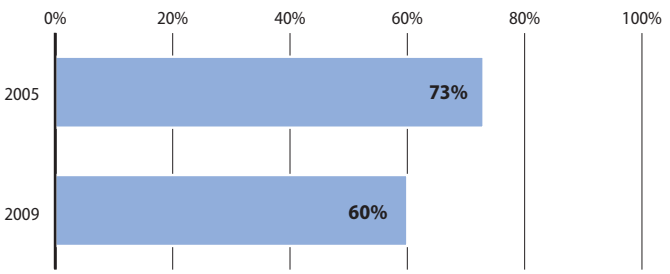
U.S. Infrastructure
Projects:[b] 196
Project Costs:[b] $96.09 M

2008 GOI Budget Allocation:[c] $164.03 M

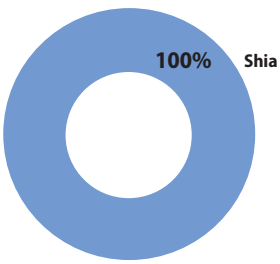
Kerbala Election Results[d]

Party	Seats
Yousef Majid al-Habboubi	1
Hope of al-Rafedein	9
State of Law Coalition	9
Islamic Supreme Council of Iraq	4
Independent Liberals Trend	4
Total	**27**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



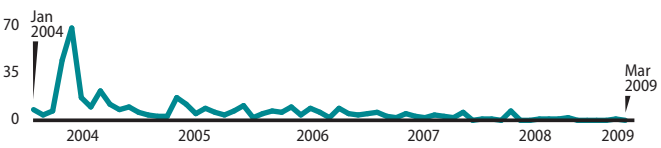
Al Hussainiyah Road Widening[e]

- Projected Cost to Complete: $554,000
- Award Date: 8/28/2008
- Planned Completion Date: 3/9/2009

Al Hussainiyah Road. (USACE photo)

The **Al Hussainiyah Road** widening project will help to lessen congested traffic flow in the Hussainiyah District of Kerbala. The paved road width will be increased from 9 meters to 13 meters with a median strip. The scope of the project also includes a storm water drainage system and concrete sidewalks. All roads into the city of Kerbala were closed during the February 2009 religious pilgrimage, causing delays in construction.

Total Security Incidents, by Month[f]

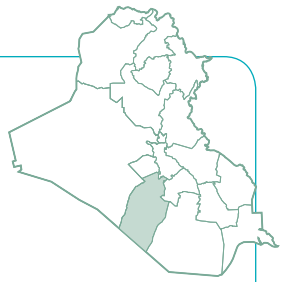


U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	39	$46.59	6	$0.40
General Infrastructure	36	$1.58	–	–
Transportation and Communications	35	$4.59	2	$0.29
Water and Sanitation	75	$39.61	3	$3.04
Total	**185**	**$92.37**	**11**	**$3.72**

NAJAF



Population:[a] 1.1 million

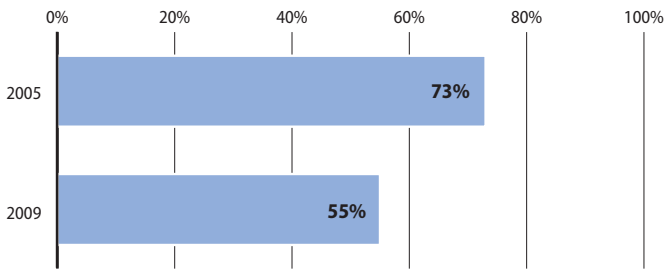
U.S. Infrastructure
Projects:[b] 292
Project Costs:[b] $152.27 M

2008 GOI Budget Allocation:[c] $328.18 M

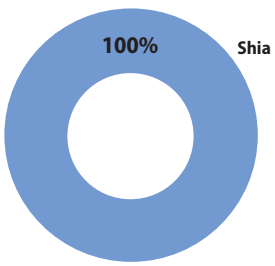
Najaf Election Results[d]

Party	Seats
State of Law Coalition	7
Islamic Supreme Council of Iraq	7
Independent Liberals Trend	6
Al-Wafa'a for Najaf	4
National Reform Trend	2
Independent Najaf Union	2
Total	**28**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



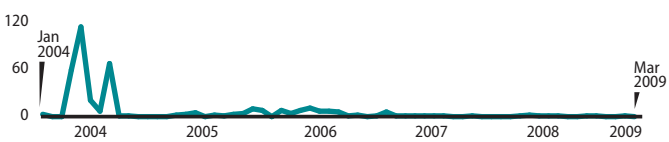
Kufa University[e]

- Obligated and Expended: $2,687,212 (ESF)
- Initial Cost-to-Complete Estimate: $2,795,884
- Completion Date: 3/21/2009
- Final Cost: $2,911,938

New Kufa University building. (OPA photo)

Although **Kufa University** has been the primary center for higher education in Najaf province, the limited space provided was hindering learning for Kufa students. PRT Najaf instituted a project to construct four new buildings for the university. In addition, the university headquarters building was annexed, and the street with teacher housing was rehabilitated. Although the project was declared complete in March 2009, the contractor is still working to fix issues identified by USACE in its inspection of final construction.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

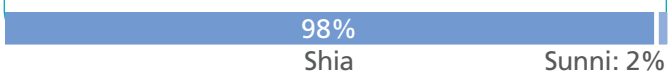
	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	34	$58.05	1	$14.74
General Infrastructure	71	$4.43	–	–
Oil and Gas	1	$0.00	–	–
Transportation and Communications	69	$13.55	2	$0.70
Water and Sanitation	101	$35.93	13	$24.87
Total	**276**	**$111.97**	**16**	**$40.31**

MUTHANNA

Population:[a] 650,000

U.S. Infrastructure
Projects:[b] 265
Project Costs:[b] $227.94 M

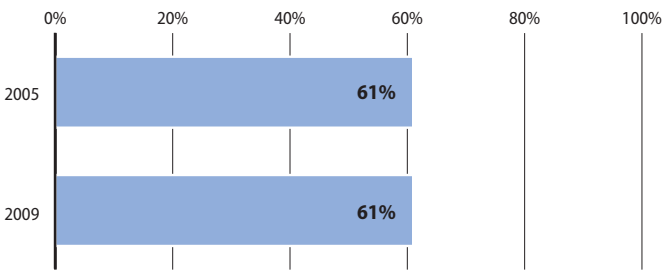
2008 GOI Budget Allocation:[c] $226.94 M



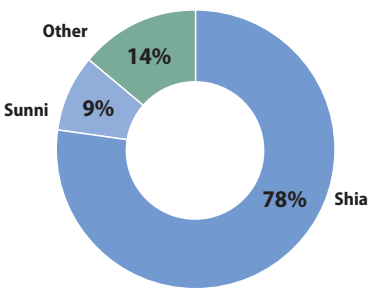
Muthanna Election Results[d]

Party	Seats
State of Law Coalition	5
Islamic Supreme Council of Iraq	5
Al-Jumhour, the People's List	3
National Reform Trend	3
Independent Liberals Trend	2
Gathering for Muthanna	2
Independent National List	2
Independent Iraqi Professionals Gathering	2
Middle Euphrates Gathering	2
Total	**26**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



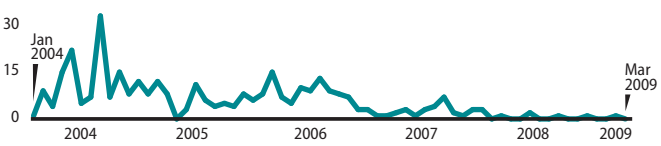
Al-Khidhir Slaughterhouse Project[e]

- Obligated: $194,755 (QRF)
- Expended: $97,378
- Projected Cost to Complete: $97,377
- Anticipated Completion Date: 5/30/2009

Laying groundwork for the Al-Khidhir slaughterhouse. (OPA photo)

PRT Muthanna is supporting construction of a slaughterhouse in the district of Al-Khidhir. The mayor has declared this facility a critical health necessity. Many local residents must slaughter animals in the streets or in their homes, often under less-than-sanitary conditions. The municipality has stated that it cannot enforce the law prohibiting these practices because it cannot provide a suitable alternative. The project is expected to provide new jobs for local residents.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	53	$15.02	–	–
General Infrastructure	46	$3.85	–	–
Oil and Gas	2	$0.07	–	–
Transportation and Communications	71	$17.43	1	$1.78
Water and Sanitation	90	$151.17	2	$38.62
Total	**262**	**$187.54**	**3**	**$40.40**

THI-QAR

Population:[a] 1.7 million

U.S. Infrastructure
Projects:[b] 589
Project Costs:[b] $539.90 M

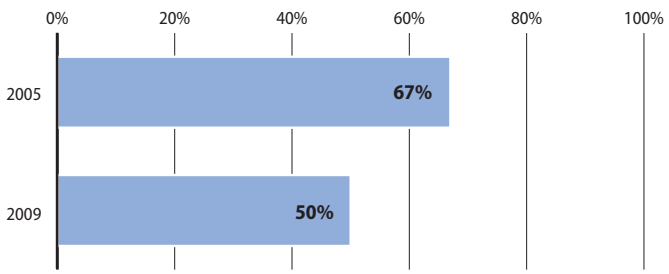
2008 GOI Budget Allocation:[c] $377.09 M

100%
Shia

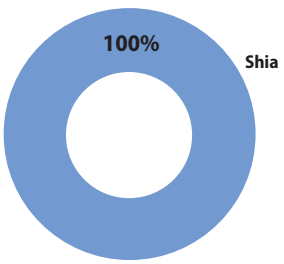
Thi-Qar Election Results[d]

Party	Seats
State of Law Coalition	13
Independent Liberals Trend	7
Islamic Supreme Council of Iraq	5
National Reform Trend	4
Al-Fadhila Islamic Party	2
Total	**31**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]

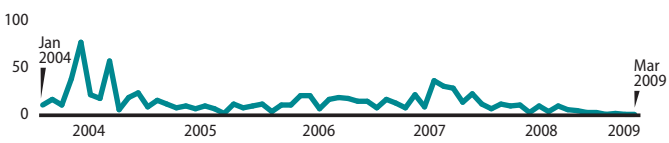


Training Program for Women[e]

Learning new trades in Thi-Qar. (OPA photo)

PRT Thi-Qar is working in association with the Peace and Love Society, a local non-governmental organization, to promote a training program for women. The program will include English and computer classes for 40 career women in Thi-Qar. A literacy component of the program will teach 30 women to read and write.

Total Security Incidents, by Month[f]

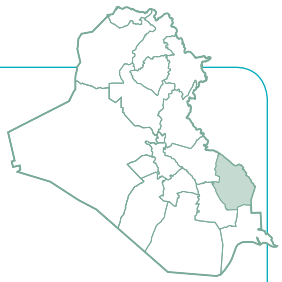


U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	59	$94.87	3	$11.80
General Infrastructure	202	$13.06	–	–
Oil and Gas	3	$0.43	–	–
Transportation and Communications	137	$20.59	6	$1.33
Water and Sanitation	173	$376.70	6	$21.13
Total	**574**	**$505.64**	**15**	**$34.26**

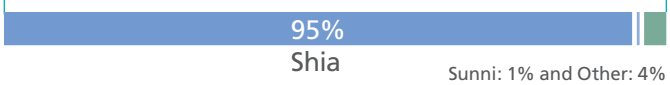
MISSAN



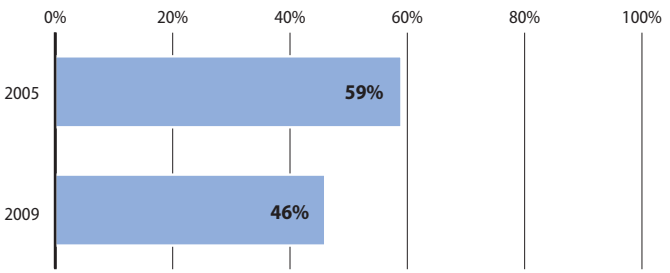
Population:[a] 944,000

U.S. Infrastructure
Projects:[b] 221
Project Costs:[b] $111.92 M

2008 GOI Budget Allocation:[c] $194.59 M



Election Turnout Comparison[d]



Missan Surgical Hospital[e]

- Obligated: $12,700,000 (ESF)
- Expended: $3,123,632
- Projected Cost to Complete: $9,576,367
- Anticipated Completion Date: 9/2009

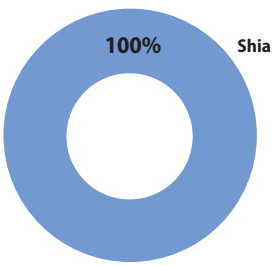
Construction on the **Missan Surgical Hospital** is 26% complete. Upon completion, the hospital is expected to provide 80 new beds in the provincial capital city of Amara. SIGIR has performed an inspection on the Surgical Hospital, and plans to issue a report on its findings in the coming quarter.

Joint structures for main building of Missan Surgical Hospital. (OPA photo)

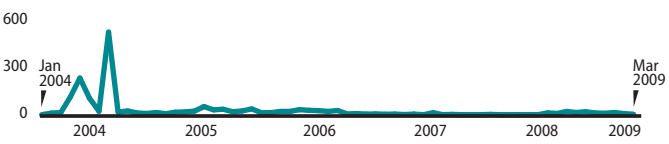
Missan Election Results[d]

Party	Seats
State of Law Coalition	8
Islamic Supreme Council of Iraq	8
Independent Liberals Trend	7
National Reform Trend	4
Total	**27**

Percentage of Winning Candidates, by Sect[d]



Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	27	$75.81	1	$0.50
General Infrastructure	64	$6.32	–	–
Oil and Gas	2	$0.06	–	–
Transportation and Communications	23	$7.43	2	$0.68
Water and Sanitation	102	$21.13	–	–
Total	**218**	**$110.74**	**3**	**$1.18**

BASRAH

Population:[a] 2.4 million

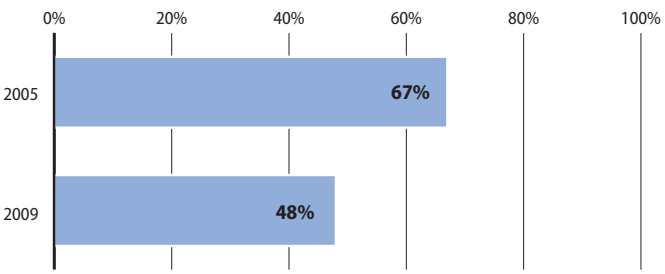
U.S. Infrastructure
Projects:[b] 1,418
Project Costs:[b] $1,522.65 M

2008 GOI Budget Allocation:[c] $660.04 M

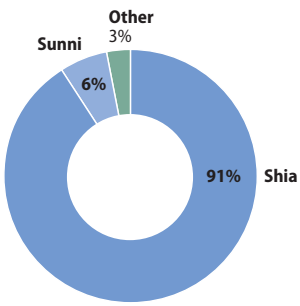
Basrah Election Results[d]

Party	Seats
State of Law Coalition	20
Islamic Supreme Council of Iraq	5
Justice and Unity Gathering	2
Independent Liberals Trend	2
Iraqi National List	2
Iraqi Islamic Party	2
Al-Fadhila Islamic Party	1
Chaldean Democratic Union Party	1
Total	**35**

Election Turnout Comparison[d]



Percentage of Winning Candidates, by Sect[d]



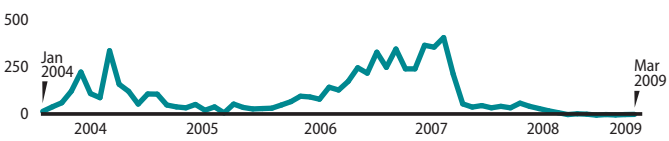
Basrah Courthouse and Witness Protection Facility[e]

- Initial Cost-to-Complete Estimate: $10,000,001
- Expended: $10,976,677
- Completion Date: 9/25/2008

Sidewalk leading to the Basrah Courthouse and Witness Protection Facility.

This quarter, SIGIR completed an inspection of the **Basrah Courthouse and Witness Protection Facility**, which will provide the Iraqi people with a two-story courthouse building and a single-story witness facility to assist in the judicial process. On September 25, 2008, USACE accepted the project from the contractor; however, as of January 6, 2009, the courthouse was not occupied and not hearing cases. GOI has recently provided furniture and equipment to the facility and it is currently being installed.

Total Security Incidents, by Month[f]



U.S.-funded Infrastructure Projects[b]

$ Millions

	Completed Project Count	Completed Project Cost	Ongoing Project Count	Ongoing Project Cost
Electricity	474	$529.48	4	$8.75
General Infrastructure	228	$8.39	–	–
Oil and Gas	146	$531.15	4	$27.64
Transportation and Communications	266	$169.16	4	$1.82
Water and Sanitation	288	$233.87	4	$12.39
Total	**1,402**	**$1,472.05**	**16**	**$50.60**

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SECTION

4

SIGIR AUDITS

From January 31, 2009, to April 30, 2009, SIGIR completed seven new audit products. Since March 2004, SIGIR has issued 142 audit reports. This quarter, SIGIR audits addressed a diverse range of issues:

- a report on a large contract funded by the Iraq Security Forces Fund to provide interim equipment maintenance services and develop a maintenance and maintenance supply capability within the Iraqi Army
- a report on the costs and outcomes of U.S.-funded efforts to complete Primary Healthcare Centers throughout Iraq
- a report on the process for transferring completed U.S. reconstruction projects to the Government of Iraq
- a report on the Theater-Wide Internal Security Services (TWISS) contracts with the Department of Defense for labor, weapons, equipment, and other essentials to augment and/or replace military security guards at forward operating bases and camps throughout Iraq
- a report on the Government of Iraq's contributions to reconstruction costs
- a report on the processes used for reporting, investigating, and remediating serious incidents involving private security contractors in Iraq
- a report on the costs of operating provincial reconstruction teams in Iraq

For a list of these audit products, see Table 4.1.

SIGIR currently has eight ongoing audits, and others are expected to start this quarter. SIGIR performs audit work under generally accepted government auditing standards.

SIGIR's reports have produced scores of recommendations designed to achieve management improvements and corrective actions needed in reconstruction and relief activities. The implementation of audit recommendations is crucial. SIGIR auditors regularly follow up on open recommendations, seeking to achieve their full implementation to the extent practical. Appendix H shows the total number of SIGIR's recommendations by fiscal year and the recommendations that remain open:

- For information on all SIGIR audit products issued as of April 30, 2009, see Appendix H, Table H-1, and the SIGIR website: www.sigir.mil.
- For more detailed information on the status of implementation of SIGIR recommendations from its audit products and recommendations that remain open, see Appendix H, Table H-2.

SIGIR's work is well coordinated with other audit entities engaged in Iraq-related work. SIGIR hosts a quarterly meeting of the Iraq Inspectors General Council (IIGC) to discuss audit activities, prevent duplication of effort, and share information and experiences.

On February 25, 2009, the IIGC met at SIGIR headquarters in Arlington, Virginia. Some members participated by phone from Baghdad and U.S. locations. The meeting was attended by representatives from SIGIR, Department of Defense Office of the Inspector General (DoD OIG), Department of State Office of the Inspector General, U.S. Agency for International Development Office of the Inspector General, Defense Contract Audit Agency, U.S. Army Audit Agency, Air Force Audit Agency, Naval Audit Service, U.S. Central Command Inspector General, and the Government Accountability Office.

Table 4.1
SIGIR Audit Products since 1/30/2009

Report Number	Report Title	Date Issued
09-014	Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems	4/2009
09-015	Construction of Primary Healthcare Centers Reported Essentially Complete, but Operational Issues Remain	4/2009
09-016	Asset-transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability	4/2009
09-017	Need To Enhance Oversight of Theater-Wide Internal Security Services Contracts	4/2009
09-018	Information on Government of Iraq Contributions to Reconstruction Costs	4/2009
09-019	Opportunities To Improve Processes for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq	4/2009
09-020	Provincial Reconstruction Teams: Developing a Cost-tracking System Will Enhance Decision-making	4/2009

SIGIR audit representatives also attend meetings at DoD OIG to further coordinate ongoing and planned audit activities. Additionally, SIGIR has recently reinstated a similar coordination meeting among representatives of audit organizations based in Iraq.

Final SIGIR Audit Products for This Quarter

Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems

(SIGIR 09-014, 4/2009)

Introduction

This report examines a Department of Defense (DoD) contract funded by the Iraq Security Forces Fund. DoD awarded the contract to AECOM Government Services (AECOM) for Global Maintenance and Supply Services (GMASS) in Iraq. The Army Field Support Command's Rock Island Contracting Center awarded the GMASS contract (W52P1J-05-D-0004) to AECOM. (This contracting center is now part of the Army Contracting Command.) The contract has six task orders to provide logistics support to the U.S. Army, Iraqi Army, and Afghan Army.

This report focuses only on the three task orders that support the Iraqi Army—Task Orders 3, 5, and 6—which are valued at $628.2 million. The task orders address program requirements of the Multi-National Security Transition Command-Iraq (MNSTC-I) and directly support MNSTC-I's efforts to provide interim equipment maintenance services and develop a logistics maintenance capability within the Iraqi Army.

These are the overall objectives of Task Orders 3 and 5:

- improve existing maintenance facilities
- provide day-to-day and complex maintenance on the Iraqi Army's equipment (short of full equipment overhauls)
- develop the Iraqi Army's capability to maintain its equipment
- develop a repair parts supply system

Task Order 5 also requires AECOM to transfer the facilities and maintenance responsibilities to the Iraqi Army by the end of May 2009. The objective of Task Order 6 is to support MNSTC-I's program to refurbish and transfer up to 8,500 used U.S.-armored High Mobility Multipurpose Wheeled Vehicles (HMMWVs) to the Iraqi Army, National Police, and Special Forces by July 6, 2009, and to teach the Iraqi Army how to maintain the vehicles.

The objectives of this report are to determine the costs and outcome of the three task orders, and whether the oversight was adequate.

Results

The cost to develop a maintenance capability within the Iraqi Army has been substantial. As of January 31, 2009, the value of the three task orders issued under the AECOM contract for this purpose was $628.2 million, of which $572.0 million had been disbursed. Task order costs were affected by a number of issues, including:

- The task order scopes of work were poorly defined, and the task orders were modified 161 times, adding $420.5 million to their cost ceiling.
- The Iraqi Ministry of Defense has not accepted responsibility for maintenance and supply operations; as a result, MNSTC-I is in the process of extending Task Order 5's period of performance at U.S. expense.

SIGIR could not find support in contract documents and other records for all of the costs that AECOM charged. SIGIR received financial data from the Army and AECOM but could not reconcile the data. SIGIR will continue to analyze repair part costs to ensure that they are supported and will report separately on them.

The outcome of the task orders provided significant logistics support to the Iraqi Army vehicles; nevertheless, the effort fell well short of achieving the important goal of training Iraqi Army personnel to perform certain maintenance functions and operate a supply system. This shortfall occurred largely because the Iraqi Army did not provide a sufficient number of soldiers for training. The Iraqi Army currently has some maintenance capability, but it is unclear whether it has sufficient capacity to assume all maintenance activities without AECOM support. Additionally, it is unclear if the Iraqi Army is capable of operating its supply system. To address these problems, MNSTC-I is developing plans to continue the existing task orders for maintenance and supply system support.

Management and oversight of the task orders began poorly but improved over time. Task Orders 3 and 5 had weaknesses, such as a lack of realistic performance metrics, which made it difficult to successfully manage the contract. MNSTC-I also did not initially assign sufficient numbers of experienced personnel to provide contract oversight. As a result, task order costs and the risk of fraud and waste increased.

MNSTC-I's management of Task Order 6, however, greatly improved. Oversight was enhanced by placing more of the contract administration and oversight function closer to where service is being provided. For Task Order 6, the Defense Contract Management Agency also provided an on-site administrative contracting officer, and additional oversight was provided by full-time, on-site, technically proficient subject matter experts from the U.S. Army Materiel Command. These individuals provided a quality assurance and quality control element that was not available under Task Orders 3 and 5. Much of this improved oversight was facilitated by the improved security situation in Iraq.

Recommendation

SIGIR recommends that the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army. This agreement should identify each party's role and responsibilities and should identify a time line for achieving the goal.

Lesson Learned

Working closely with host-country government officials is essential in developing reconstruction projects and programs that will be accepted

and maintained. When agreements cannot be reached, assessing the risk of increased costs and the failure to achieve objectives should be an integral part of the program management decision-making process in any similar force development initiatives, such as Afghanistan.

Management Comments and Audit Response

MNSTC-I concurred with SIGIR's recommendation that it should negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army and that the agreement should identify each party's role and responsibilities and also identify a time line for achieving the goal. In the draft report, SIGIR recommended that future U.S. investment should be predicated on finalizing such an agreement. However, MNSTC-I noted that "unilateral termination of current projects in execution, or denial of future critical assistance, until receipt of a binding legal agreement is secured would potentially be a strategic error over time." SIGIR agrees with the concerns raised by MNSTC-I, and the report's recommendation now addresses only the need to negotiate an agreement. However, SIGIR notes that the absence of an agreement continues the reliance on U.S. funds for maintenance of Iraqi Army equipment and urges that a high priority be placed on completing an agreement.

Construction of Primary Healthcare Centers Reported Essentially Complete, but Operational Issues Remain

(SIGIR 09-015, 4/2009)

Introduction

In March 2004, the U.S. Army issued a design-build contract to Parsons Delaware, Inc. Subsequent task orders under the contract provided for the design and construction of 150 primary healthcare centers (PHCs) in Iraq. The task orders also provided for the delivery and installation of medical and dental equipment at the PHCs. Two years later, the U.S. government terminated the task orders; the 142 PHCs remaining in the program were in various phases of construction. In April 2006, SIGIR reported on the need for a strong management team, in cooperation with the Ministry of Health (MOH), to complete the partially constructed PHCs. The objectives of this report are to show the costs and outcomes of U.S.-funded efforts to complete the PHCs, the extent to which completed PHCs have been transferred to the MOH, and the operational status of the PHCs.

Results

The Gulf Region Division (GRD) of the U.S. Army Corps of Engineers completed construction of the PHCs despite very poor security, which included the bombing of PHC facilities. After the termination of the Parsons task orders in March 2006, GRD awarded direct construction contracts to Iraqi contractors to complete the partially constructed PHCs. GRD reports that most construction is now complete and estimates that the facilities will provide outpatient treatment for more than four million Iraqis annually. However, the program has cost substantially more than planned, taken much longer to complete, and produced fewer facilities than originally planned. Specifically:

- The program has cost approximately $345 million—about $102 million more than the $243 million estimate of the Parsons contract. The increase came from $57 million for follow-on construction contracts and $56 million for delivering and installing medical equipment and providing training.
- Many PHCs have been transferred to the MOH years later than planned. Under the Parsons contract, all of the PHCs were originally to be completed by December 2005. Under a

September 2006 GRD plan, most PHCs were to be completed by early 2007. However, most were reported completed in the last quarter of 2007 and 2008. GRD even awarded contracts to complete construction of the six PHCs considered complete when the Parsons contract was terminated in March 2006.

- During the Parsons contract, the originally slated 150 PHCs were reduced to 142, and 9 additional sites have since been removed, leaving 133. Security issues, which were major factors in the cost increases and schedule delays, caused the removal of the nine PHCs. Six of the nine PHCs were not completed because explosives destroyed part or all of the facilities. Approximately $5.18 million was spent on the construction of these nine PHCs.

Management problems have long burdened the program. GRD, which had program management responsibilities, did not draft its program management plan for the follow-on contracts until about six months after most contracts to complete the partially constructed PHCs were awarded and never finalized it. GRD also had six different program managers in three years. Moreover, GRD's award of firm-fixed-price contracts to Iraqi contractors for completing construction required an assessment of the partially constructed facilities and the development of independent government estimates before award of the contracts. However, because GRD could not locate the requested project assessments, SIGIR is unable to verify the extent of any site assessments that were made. Also, the data from the Iraq Reconstruction Management System that GRD used for program management was inaccurate and incomplete. ITAO, which had key responsibilities for oversight and coordination with the MOH, did not have resources to meet its responsibilities.

GRD reports that 133 of the PHCs have been constructed and transferred to the GOI, but not all of these PHCs are complete and open to the public. In addition, GRD and ITAO experienced problems transferring PHCs to the MOH. Officials said that, in some cases, they were ready to transfer a facility, but MOH officials were not yet ready to accept the facility because of limited availability of facility protection service personnel and insufficient number of trained and available staff. In 14 cases, GRD transferred facilities to the MOH that were incomplete, with plans for continued construction work at just two. The 14 incomplete PHCs that were transferred included the 9 sites removed from the program after the Parsons termination, and the other incomplete PHCs had no completion plans. In addition to the transfer of incomplete facilities, GRD transferred five PHCs unilaterally, without MoH acceptance. GRD reports that 115 PHCs are open and operational, but the MOH reports just 101.

Even more significant than the discrepancies in the number of open PHCs is the operational and sustainability status of the PHCs that are open. GRD, ITAO, and the MOH all expressed concerns about operation and maintenance issues at PHCs. The issues include whether the PHCs have basic services—such as electricity, water, and sewage—and whether medical equipment has been provided and installed and is operating. Health Attaché officials stated that neither the construction nor the materials met the expected standards, and the facilities did not make a good presentation of a U.S.-funded and managed construction project. MOH officials stated that the PHCs had construction, electrical, mechanical, and equipment deficiencies that will require reconstruction and rehabilitation. SIGIR's inspections have identified operation and maintenance issues at four open PHCs.

Although all parties have concern over PHC operation and maintenance issues, the U.S. government does not have accurate visibility into the overall status of the PHCs. In May 2008, GRD and ITAO contracted with Stanley Baker Hill for the sustainment of health projects funded by the U.S. government. The scope of work included assessing equipment and systems at selected facilities. The contract amount is limited to the $16.5 million of available funds and will not provide assessment of all PHCs. GRD reports 6 detailed assessments under review and 28 preliminary assessments completed; however, the number of assessments to be completed is unknown. Also, because GRD failed to provide the requested assessments, SIGIR has not reviewed these documents. Finally, based on discussions with GRD and ITAO officials, the U.S. government does not plan for future U.S. government roles/responsibilities with regard to the PHCs. Neither organization has any plans or funds for a further effort.

Conclusions

U.S. funds and GRD's and ITAO's management have furnished the MOH with PHCs that are expected to provide medical care to more than four million Iraqis throughout the country. This has been accomplished despite serious security conditions, such as the bombing of facilities. However, GRD and ITAO have not provided sufficient accountability and transparency on the current status of the PHC program. Reports showing that 133 PHCs have been completed and transferred are not complete and accurate. Questions about the completeness of the PHCs relate to far more than those few transferred "as is."

Millions of dollars were spent to finish construction, deliver and install medical and office equipment and consumables, and train Iraqis on PHC equipment. However, some or all of these actions were not completed for a significant number of PHCs. ITAO's and GRD's limited contract effort to assess PHC status is based on funds available, not the amount needed. Further, neither has identified plans and/or funds for additional assessments and/or completion work for PHCs.

The U.S. government's future role regarding the PHCs in Iraq requires a policy decision; however, the U.S. government has not developed the information essential for making that decision. A lack of further management attention by the U.S. government and the Government of Iraq to address the PHCs' operation, maintenance, and sustainability issues places a substantial portion of the U.S. investment in the program at risk of being wasted.

Recommendations

SIGIR recommends that the U.S. Ambassador and the Commanding General, Multi-National Force-Iraq, jointly direct a U.S. government study obtaining the Government of Iraq's participation and/or input into the above actions to the extent possible to:

1. Provide transparency on the current status of PHCs and assess the cost and benefits of potential actions to address identified PHC operational and sustainability problems.
2. Identify actions the U.S. government could undertake to help ensure that the benefits expected from the PHC program are realized and the investment will not be wasted.

Management Comments and Audit Response

In preparing this report, SIGIR considered written comments from ITAO and GRD. On April 17, 2009, the Director of ITAO commented that the Embassy concurs with the recommendations and is working to implement them.

The Commanding General sent GRD's comments on April 20, 2009. GRD's comments did not address the recommendations but stated a disagreement with the "basic assumption

that GRD and ITAO failed." In addition, GRD stated that the draft report did not fully highlight the difference in responsibilities between GRD, ITAO, and the Health Attaché. GRD also disagreed with other statements in the report and provided 31 specific comments on the draft report. A number of these comments related to a clarification of GRD's responsibilities with regard to the PHC program. GRD emphasized that it is responsible only for tracking the construction management of the projects through physical completion, local turnover to the MOH, and financial and contractual closeout.

GRD's comments regarding its responsibilities highlight the lack of an integrated management structure for contingency reconstruction programs, such as the PHCs, and serve to reinforce SIGIR's overall conclusion regarding the need for additional program integration and overall accountability.

SIGIR believes that the information in the draft report is accurate. However, to improve the accuracy of the final report, SIGIR has revised or deleted some statements based on GRD's comments. Regarding GRD's overall comment, SIGIR did not conclude that GRD and ITAO failed. The first sentence of the Results in the Executive Summary states that "GRD completed construction of PHCs despite very poor security, which included bombing of facilities" and notes that the facilities will provide outpatient treatments to more than four million Iraqis annually. Further, the draft report addressed the responsibilities of GRD, ITAO, and the Health Attaché in the Introduction and in various subsequent sections when relevant to the subject discussed. For example, in the section on MOH transfers, SIGIR noted that the GRD management plan stated that the opening and operation of the facilities, as well as sustainability, were outside the scope of the GRD program. However, SIGIR added GRD's language as appropriate to clarify its stated responsibilities.

Asset-transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability

(SIGIR 09-016, 4/2009)

Introduction

Since reconstruction began, tens of thousands of reconstruction projects have been completed in all sectors of Iraqi governance, including electricity, water, health care, and transportation. Nevertheless, the U.S. Embassy, and the primary reconstruction agencies—including the Multi-National Security Transition Command-Iraq (MNSTC-I), U.S. Agency for International Development (USAID), and Gulf Region Division of the U.S. Army Corps of Engineers (GRD)—have yet to finalize an agreement on a process for transferring responsibility for the projects to the Government of Iraq (GOI).

U.S. agencies have used their own procedures to deliver completed projects to the Iraqi citizens they were meant to benefit. Projects have been turned over at various governmental levels, from local governments to Iraqi ministries, using a variety of procedures, including unilateral transfers. Projects have been transferred even though there is no complete or accurate database or list of what has been turned over, and no assurance that the Iraqis have received all necessary documentation and training.

Because of the importance of this issue to the success of the overall U.S. reconstruction program, SIGIR has issued six reports on the transfer of completed U.S.-funded projects to the GOI since January 2006. In each report, SIGIR recommended that U.S. reconstruction agencies work together to develop a common policy and process to transfer completed projects to the GOI. The most recent report, issued in April 2008, noted that although U.S. agencies had made efforts to improve plans, policies, and procedures for the transfer of assets, they had been

unable to agree on a uniform set of procedures. In the Fiscal Year 2008 Supplemental Appropriations Act, the Congress directed the Department of State (DoS) to secure and implement an agreement with GOI on the transfer of U.S.-funded assets. However, when SIGIR issued the report in April 2008, DoS had still been unable to finalize an agreement with GOI for a formal asset-transfer agreement. The Omnibus Appropriations Act, 2009, also requires DoS to develop a plan to transition programs and activities to the GOI.

These are the objectives of this review:

- Determine the extent to which U.S. reconstruction agencies working in Iraq have made progress since April 2008 in establishing a uniform policy and procedure for transferring projects to the GOI.
- Determine whether the Embassy has made progress in obtaining GOI support for a formal asset-transfer agreement.

Results

SIGIR's review found little progress on creating uniform policies and procedures or reaching agreement with the GOI on an asset-transfer process. Since SIGIR's April 2008 report, the U.S. agencies involved in Iraq reconstruction still have not developed a uniform process and procedure for transferring completed projects to the GOI. Each U.S. agency continues to follow its own internal process for transferring projects to the GOI. The management of the process continues to lack clear authority and accountability, a core problem that SIGIR has identified in previous reports. And because most transfers occur at the local level, the GOI and the ministries responsible for planning the sustainment and integration of assets generally have incomplete information on what the United States has provided.

The inability of the Embassy and the GOI to finalize a memorandum of understanding with the GOI on their respective asset-transfer roles and responsibilities continues to contribute to the problem. Such an agreement could help U.S. reconstruction agencies standardize their asset-transfer processes. A draft memorandum was prepared in November 2007, but the memorandum has not yet been finalized. Iraq Transition Assistance Office (ITAO) officials told SIGIR that the GOI Council of Ministers (CoM) met on December 16, 2008, and issued a decision establishing rules and procedures on how the GOI would accept completed projects. Essentially, the decision states that U.S. projects will be accepted as a gift, with no financial obligation between the two countries. The CoM decision reiterated the recommendation that the two governments should negotiate a memorandum of understanding on asset transfer. A final agreed-to version of the memorandum has not been completed or signed.

The unreliability of data in the Iraq Reconstruction Management System (IRMS) continues to make it difficult for planners to track the status of reconstruction projects. IRMS was intended to be the central repository for Iraq reconstruction project information; however, as SIGIR has reported, IRMS does not contain complete or accurate data. For example, information on billions of dollars in projects is missing from the system, which SIGIR reported in July 2008. As a result, IRMS cannot provide a complete or consistent picture of reconstruction activities because the executing agencies did not regularly enter their data into IRMS. Nevertheless, ITAO uses this data to prepare a monthly report to the GOI on transferable assets. According to the October 2008 report, of $13.5 billion in completed projects, 72% has been transferred locally, and 13% has been transferred nationally. However, because the IRMS data is unreliable, the data provided to the GOI is also undependable.

In addition to erroneous reporting to the GOI, the lack of reliable data also prevents DoS from providing the Congress and the public with a complete accounting of the current status and condition of the facilities that were constructed. The IRMS problem also impedes U.S. efforts to monitor projects to ensure that they are being maintained and used effectively.

Recommendation

SIGIR has previously recommended that the Ambassador and the Commanding General, Multi-National Force-Iraq (MNF-I), direct that a single set of policies, processes, and procedures for transferring assets to the GOI be developed for use by all involved agencies and for all U.S. projects regardless of funding source. This recommendation has not been implemented and will remain open.

SIGIR also recommended that the Ambassador and the Commanding General, MNF-I, immediately enter into high-level discussions with the GOI to develop a memorandum of understanding for the transfer of assets. In December 2008, SIGIR closed this recommendation based on talks that were ongoing at that time between the Embassy and the GOI. However, the talks were not successful.

Even though the GOI has established rules and procedures for accepting assets, SIGIR continues to believe that a formal agreement is needed. The Embassy questioned SIGIR's reopening the recommendation because it is conducting discussions on asset transfer with the GOI. However, SIGIR's intent was that the discussions result in a memorandum of understanding. Consequently, SIGIR is modifying the recommendation to clarify that the discussion should result in a memorandum of understanding and is reopening this recommendation. SIGIR recommends that the Ambassador and the Commanding General, MNF-I, develop a memorandum of understanding with the GOI for the transfer of assets.

Matter for Consideration of the Congress

To enhance the accounting for the status of U.S.-funded reconstruction projects, the Congress should consider directing the implementing agencies to gather and provide a uniform set of data that clearly identifies all projects initiated and completed, their cost, and whether they have been transferred and are being sustained.

Lessons Learned

The Iraq asset-transfer process yields several key lessons learned for other contingency reconstruction operations, such as Afghanistan, that should be applied as early in the operation as possible:

- A management structure must be established that provides unity of command among the involved agencies to achieve uniform asset-transfer processes and procedures.
- An accurate and comprehensive project management information system must be established and maintained throughout the reconstruction program.
- U.S. officials must engage host-country officials to establish formal agreements on asset transfer and project sustainment.

Management Comments and Audit Response

The U.S. Embassy-Iraq and GRD provided written comments on this report. The Embassy did not concur with the recommendations. GRD generally agreed with the facts as presented in the draft report. SIGIR continues to believe that its recommendations have merit, and the report details the basis for SIGIR's position.

Need To Enhance Oversight of Theater-wide Internal Security Services Contracts

(SIGIR 09-017, 4/2009)

Introduction

This report discusses the Department of Defense (DoD) Theater-Wide Internal Security

Services (TWISS) contracts for labor, weapons, equipment, and other essentials to augment and/or replace military security guard operations at forward operating bases and camps throughout Iraq. In September 2007, DoD awarded TWISS contracts to five companies—Aegis Defence Services, Limited; EOD Technology, Inc.; Sabre International Security; Special Operations Consulting-Security Management Group; and Triple Canopy, Inc. These companies are among the seven largest providers of private security services in Iraq.

The TWISS contracts had a combined not-to-exceed value of $450 million. The five contractors each received a $250,000 task order to meet the guaranteed minimum and initiate the contract; the contractors then competed to provide security services at various locations in Iraq. Between February 2008 and March 2009, 50 task orders had been issued to the companies. The TWISS contracts and subsequent task orders were awarded by the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) on behalf of Multi-National Force-Iraq (MNF-I).

To provide oversight of the contracts, JCC-I/A delegated contract administration and oversight to the Defense Contract Management Agency (DCMA). The task orders set forth the specific security services that were required. DCMA uses Contracting Officer's Representatives (CORs) to conduct day-to-day oversight of the contractors' performance and compliance with contract requirements. CORs are selected by the installation command and report to DCMA and the contracting officer. Each task order has a COR, who is a military member located where the guard services are provided. DCMA also uses its own quality assurance representatives to periodically inspect the CORs' and contractors' performance and compliance with requirements.

The objectives for this report are to identify:

- the costs of the contracts
- the requirements for the static security forces
- the government's process for awarding the contracts, task orders, and modifications
- the oversight provided by the CORs

SIGIR plans to review government oversight of the contractors' bills, performance, operations, and processes for screening, selecting, and training its personnel in future reports.

Results

Between February 2008 and March 2009, DoD had expended $154.6 million on the TWISS contracts. The contracts are funded from the Operation and Maintenance, Army, account. More than three quarters of the costs to date are for personnel. In most cases, life-support costs for contractor personnel—such as food, water, and shelter—are not included in contract costs and are paid by DoD. SIGIR estimates these costs at more than $250 million per year. SIGIR reviewed selected personnel pay rates and found that on average, competing the task orders had driven down the costs of these services significantly.

The TWISS contract was created to streamline the contracting process for static security in anticipation of an increased need for these services in Iraq. SIGIR found that the requirements for the task orders were based on the need to replace troops performing static security with private security contractors (PSCs) to make more troops available for combat operations. For example, at Camp Bucca, a task order for 417 personnel freed up approximately 350 soldiers for combat operations.

SIGIR found that most contract and task order awards were conducted under full and open competition, and the decision-making process was well supported. The 5 contracts and 49 of the 50 task orders were competitively awarded.

SIGIR identified certain vulnerabilities in the government's oversight. Generally, the CORs' experience and training was limited, and they had insufficient time available to devote to their oversight responsibilities. This hampered their ability to perform their oversight responsibilities. For example, of 27 CORs responding to SIGIR questions, only 3 said that they had previous contracting experience, 11 said that their training was insufficient to meet their job requirements, and 6 said that other duties prevented them from conducting adequate oversight. Although DCMA Quality Assurance Representative inspections help provide oversight periodically, they are not a substitute for the day-to-day oversight provided by CORs who oversee task orders ranging from $179,000 to $22.2 million.

Although SIGIR's review did not identify specific problems that have resulted from these limitations, many SIGIR reports have identified poor oversight as a cause of fraud and waste. Given DoD's planned increase in the use of security contractors, this vulnerability could increase unless the problem is addressed.

Recommendations

To improve contract administration and oversight, SIGIR recommends that the Commanding General, Multi-National Corps-Iraq; the Director, Defense Contract Management Agency; and the Commander, Joint Contracting Command-Iraq/Afghanistan, direct that the following actions be taken as they relate to their respective responsibilities under the contract:

1. Provide additional training to CORs on their private security contractor oversight responsibilities with regard to the TWISS contracts.
2. Assess the workload for TWISS CORs to identify actions that can be taken to balance workload demands so that sufficient time can be given to contract oversight responsibilities.

Management Comments and Audit Response

Multi-National Force-Iraq (MNF-I) and the Defense Contract Management Agency (DCMA) generally agreed with the report recommendations. Specifically, both agencies agreed on the need for additional training and workload assessments for Contracting Officer Representatives (CORs) and to take actions to address SIGIR's recommendations.

Concerning recommendation 1, MNF-I stated that Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), in conjunction with DCMA, will reach out to CORs to provide targeted training in areas that CORs perceive to be their individual weaknesses. DCMA stated that some aspects of training are the responsibility of the COR's unit, and DCMA's responsibility is training related to contract administration oversight and specific contract familiarity. DCMA stated that as a result of a review it performed in March 2009, DCMA plans to improve future COR training sessions by more directly involving the DCMA Administrative Contracting Officer and Quality Assurance staff in the instruction.

With regard to recommendation 2, MNF-I stated that although the requiring activity is responsible for nominating CORs based on individual qualifications and abilities, JCC-I/A will work with the requiring activities to ensure that they understand the responsibilities demanded of CORs. MNF-I also stated that JCC-I/A will work with requiring activities to recommend CORs who have prior experience with contract oversight and/or are familiar with the function. DCMA concurred with the need to assess COR workload. DCMA has recognized a gap in the number of assigned CORs in the Iraq and Afghanistan areas of operation. It stated that this gap includes CORs with specialized skills that are not core competencies within DCMA. It further stated that DCMA is working with the DoD Joint Staff to address this issue.

MNF-I also provided technical comments, which SIGIR incorporated as appropriate. SIGIR believes that the actions identified by management, if properly implemented, are responsive to the report's recommendations.

Information on Government of Iraq Contributions to Reconstruction Costs
(SIGIR 09-018, 4/2009)

Introduction

The United States and other international donors have identified the need for host-country participation as a central factor in effective developmental programs. Such participation takes many forms, including host-country financial and/or in-kind contributions. The UN's Paris Declaration on Aid Effectiveness, endorsed by the United States and other donor and recipient nations, identifies the need and the necessary steps to make aid more effective. It notes the requirement for donors and recipient nations to work together more collaboratively, including the requirement for host countries to exercise leadership over their development policies and strategies. The U.S. Agency for International Development's (USAID) Global Development Alliance encourages partnering with entities, such as host-country governments and indigenous non-governmental organizations, to mobilize the strengths and participation of the host country and enhance the developmental impact of the assistance. When such relationships are forged, USAID expects the partner to make financial and/or in-kind contributions to increase the impact and sustainability of development efforts.

The Congress has appropriated more than $50 billion for Iraq reconstruction and has authorized and funded a variety of programs, including the Iraq Relief and Reconstruction Fund, Economic Support Fund, Commander's Emergency Response Program, and Iraq Security Forces Fund to support Iraq reconstruction. The Congress has increased requests for the GOI to assume a greater share of reconstruction costs.

This review was conducted under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. The objectives of this report are to provide:

- information on executive branch guidance on soliciting GOI contributions for U.S. development programs
- examples of GOI contributions to the U.S. reconstruction program

Results

Host-country participation takes many forms, including host-country financial and/or in-kind contributions. DoD, DoS, and USAID officials identified a number of examples of the GOI's contributions to the cost of reconstruction activities since 2003, including:

- DoS reported that the GOI had budgeted $12 billion for reconstruction, which more than matches U.S. assistance programs, as required by legislation.
- DoD noted that the GOI has spent more than $8 billion to support its security and police forces, and more than $4 billion to purchase U.S. military equipment and supplies. The GOI also provided financial or in-kind support for individual U.S.-funded projects, such as the Sons of Iraq and the Iraqi Commander's Emergency Response Program.
- USAID noted that Iraq plans to fund and manage a program comparable to the Community Stabilization Program.

The Congress has recently urged the GOI to assume greater responsibility for Iraq's reconstruction. To that end, the Congress has directed U.S. agencies to obtain from GOI increased

contributions for specific programs, such as the Sons of Iraq and the Commander's Emergency Response Program.

Until recently, DoD, DoS, and USAID did not have policies or procedures governing cost-sharing for Iraq. USAID officials indicate that congressional guidance is unclear. To address this concern, USAID provided SIGIR a DoS and USAID set of recently developed guidelines on how they plan to implement various congressional cost-sharing mandates. USAID noted that it had included this document with their budget submission. Their goal is to reach consensus on what the Congress wants and what DoS and USAID are expected to do.

Management Comments and Audit Response

No management comments were required because SIGIR did not provide recommendations. Nevertheless, USAID provided technical comments, which SIGIR incorporated as appropriate. Additionally, USAID provided a copy of guidelines for GOI financial participation in civilian foreign assistance programs funded by the U.S. government.

Opportunities To Improve Processes for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq

(SIGIR 09-019, 4/2009)

Introduction

This report primarily focuses on DoD oversight of serious incidents—such as attacks, deaths, injuries, and property damage—involving private security contractors (PSCs) in Iraq. It examines:

- DoD's policies, procedures, and practices for reporting, investigating, and remediating serious incidents
- DoD's efforts to identify trends and lessons learned

Because some DoS PSCs report their serious incidents through DoD channels as well as DoS channels, SIGIR also reviewed pertinent DoS policies and procedures related to that reporting.

The U.S. government has relied extensively on PSCs in Iraq to protect personnel, supplies, and facilities. Although issues have surfaced over the years concerning the oversight, control, cost, and legal status of PSCs, the Blackwater incident in September 2007, in which 17 Iraqi civilians were killed, brought to the forefront concerns about the U.S. government's oversight and control of the PSCs. In December 2007, DoD and DoS signed a memorandum agreeing that they would jointly develop, implement, and follow core standards, policies, and procedures for the accountability, oversight, and discipline of PSCs in Iraq. Their objective was to reduce the number and impact of serious incidents. DoS assigned responsibility for implementing its part of the agreement to the U.S. Embassy, which in turn delegated responsibility to its Regional Security Office (RSO). DoD assigned its responsibility to the Multi-National Force-Iraq (MNF-I). MNF-I established Contractor Operations Cells (CONOCs) to coordinate PSC missions and to gather, assemble, and distribute information on serious incidents involving PSCs. MNF-I also established the Armed Contractor Oversight Division (ACOD) to ensure that all serious incidents are reported, tracked, and investigated.

The RSO is responsible for coordinating DoS Tier 1 missions, which are defined as missions that directly support the Chief of Mission. For example, Tier 1 missions involve transporting DoS personnel, ambassadors, other diplomats, and congressional delegations. Missions that do not directly support the Chief of Mission, such as transporting contractor personnel supporting DoS contracts, are categorized as Tier 2

missions. PSCs on Tier 1 and Tier 2 missions are to report serious incidents to the RSO. In addition, DoS PSCs on Tier 2 missions and DoD PSCs are to report serious incidents through the CONOC to ACOD.

Results

The U.S. military and the U.S. Embassy have improved their information sharing on PSC operations and serious incident reporting. They have established policies for reporting serious incidents and have assigned responsibility to specific organizations for ensuring that serious incidents are reported and investigated. These improvements are significant; nevertheless, SIGIR identified a number of opportunities to improve the accuracy and consistency of the serious incident information, the analysis of that information, and the consistency of policies and procedures pertaining to investigating and remediating incidents. These specific improvements should help DoD and DoS achieve their overall program goals and objectives:

- The CONOC and RSO databases do not capture all reported serious incidents and do not present a complete picture of the serious incidents they are tasked to track. This could be caused by database management problems or the failure of the PSCs to follow reporting requirements.
- ACOD judgmentally decides which incidents to track even though it is responsible for ensuring that all serious incidents received by CONOC are reported, tracked, and investigated. ACOD is applying a more limited definition of a serious incident than that contained in MNF-I guidance.
- MNF-I guidance has a more expansive definition of a serious incident than Embassy guidance.
- ACOD and CONOC have established their own databases even though they are supposed to be tracking the same incidents, although for different purposes. As a result, information for the same incidents is inconsistent, which raises questions about information accuracy.
- ACOD has performed analyses but has not developed formal lessons learned even though it is responsible for lessons learned. The limited incidents that ACOD tracks do not represent a complete picture of what PSCs are reporting, and its limited analyses may be impacting its ability to develop lessons learned.
- No organization appears to have visibility of subcontractor PSCs, which is a potential gap in PSC incident reporting processes.
- DoS PSCs that perform Tier 1 missions (those that directly support the Chief of Mission) should have video recording systems in government-provided vehicles. These systems have helped to resolve conflicting information on incidents and to improve incident investigations.
- DoD and DoS have different approaches and policies for condolence payments to Iraqis for the same types of incidents. Consequently, the United States is not presenting a uniform approach to the Iraqi people and government.

Recommendations

To improve the accuracy and consistency of the serious incident information, the analysis of that information, and the consistency of policies and procedures pertaining to investigating and remediating incidents, SIGIR recommends that the Commanding General, MNF-I, and the U.S. Ambassador to Iraq take the following actions as they relate to their respective responsibilities:

1. Require CONOC and RSO to institute a process to periodically compare serious incident data on Tier 2 missions to identify PSCs that may be unaware of, confused about, or not complying with the dual reporting requirements.

2. Require ACOD and RSO to jointly establish a standard definition of serious incidents and incorporate that definition in guidance for their PSCs.
3. Require ACOD and RSO to jointly establish or use an existing contractor working group to share information with PSCs and to solicit their views and concerns.
4. Require CONOC and ACOD to establish a joint database for serious incidents that both can use to capture the information they need to fulfill their responsibilities.
5. Require ACOD to track all serious incidents, include data on all incidents in its analyses, perform more extensive analyses of serious incidents, and develop lessons learned from those analyses.
6. Task supporting organizations, such as the Defense Contract Management Agency, to identify all PSC subcontractors that support DoD and DoS contracts.
7. Task contract audit organizations to periodically review the prime contractors' oversight of subcontractor PSCs' compliance with incident reporting requirements.

Lessons Learned

Over time, DoD and DoS have learned important lessons in Iraq pertaining to PSCs. Those lessons have been applied incrementally to improve oversight of PSCs and coordination between MNF-I and the U.S. Mission. In other contingency operations where extensive use is made of private security contractors, such as Afghanistan, the overarching lesson learned is that DoD and DoS need to establish core standards, policies, and procedures early in the contingency. Specific lessons related to that action include the need to develop:

- a memorandum of agreement to jointly develop, implement, and follow core standards, policies, and procedures regarding PSCs
- a common definition and common reporting requirements for serious incidents
- mechanisms to share information on incidents between the U.S. Embassy and the military command
- a common approach to condolence payments
- audit mechanisms to ensure that PSCs at all levels understand and comply with incident reporting requirements

Management Comments and Audit Response

SIGIR received management comments on its draft report from MNF-I. MNF-I concurred with 6 recommendations and partially concurred with recommendation 5. With regards to MNF-I's comments on recommendation 5, the report recognizes ACOD's position that it used lessons learned to produce fragmentary orders. SIGIR continues to believe that ACOD needs to track all serious incidents, include data on all incidents in its analyses, perform more extensive analyses of serious incidents, and develop lessons learned from those analyses.

For U.S. Embassy and Bureau of Diplomatic Security management comments, see www.sigir.mil, SIGIR 09-008, April 2009.

Provincial Reconstruction Teams: Developing a Cost-tracking Process Will Enhance Decision-making

(SIGIR 09-020, 4/2009)

Introduction

In October 2005, the U.S. government established the Provincial Reconstruction Team (PRT) program in Iraq. This program is a civil-military, interagency effort that serves as the primary government interface between the United States, Coalition partners, and provincial and local governments. However, agencies do not formally track PRT operating costs.

SIGIR's initial work focused on the cost of operating individual PRTs and the overall program. SIGIR learned that the agencies involved are not required to capture these costs at the program or individual level. Consequently, these are SIGIR's reporting objectives for the PRT program:

- Identify the major program cost categories.
- Estimate program costs using available cost information.
- Assess the feasibility and usefulness of tracking PRT costs.

Results

Although they are not required to track PRT costs, DoS and DoD provided some major costs associated with PRTs. Using that information, SIGIR estimated that FY 2008 PRT costs in Iraq were at least $373 million. This estimate substantially understates the cost because military-provided movements and personnel are not included. The major cost categories identified include security, salaries, life-support, and operations costs. However, because DoS and DoD—the two largest contributors—are not required to segregate PRT costs from other costs, neither department has a process to capture PRT costs, according to DoS and DoD officials. DoS and DoD officials noted that with additional effort, existing financial systems could track most PRT costs. They also agreed that PRT cost data would be useful for budgeting and other decision making processes related to the PRT program.

Recommendations

SIGIR recommends that:

1. The U.S. Ambassador to Iraq establish a policy requiring all participating agencies to compile PRT cost data and report the data to the Chief of Mission in Iraq on a quarterly basis.
2. The Commanding General, Multi-National Force-Iraq, establish processes to track the costs of U.S. military support to the PRTs and report those costs to the Chief of Mission on a quarterly basis.
3. The Secretaries of DoD and DoS form a joint study group to assess the cost and benefit of modifying their respective financial systems to capture, on a routine basis, the major cost categories associated with PRT operations to support their processes for budgeting and other management decision making.

Lesson Learned

Without tracking Iraq PRT costs, the U.S. government will lose the opportunity to capture relevant historical data for decision making and planning in Afghanistan and other future reconstruction efforts.

Management Comments and Audit Response

The Department of State (DoS) Bureau of Near Eastern Affairs-Iraq, the DoS Resource Management Office, and DoD provided comments, but the comments were not fully responsive to SIGIR's recommendations. The Bureau stated that DoS already has a process that captures PRT costs at a level sufficient for reporting, budgeting, and policy decision-making purposes. SIGIR continues to believe that its recommendations have merit, and the report details the basis for SIGIR's position.

Ongoing and Planned Audits

SIGIR primarily conducts performance audits that assess the economy, efficiency, effectiveness, and results of Iraq reconstruction programs, often with a focus on the adequacy of internal controls and the potential for fraud, waste, and abuse. This includes a series of focused contract audits of major Iraq reconstruction contracts, which will allow SIGIR to respond to congressional direction for a "forensic audit" of U.S. spending associated with Iraq reconstruction.

Ongoing Audits

SIGIR is currently working on these audits:

- SIGIR 8019: Joint Review with State Department IG of Blackwater Contract and Associated Task Orders for Worldwide Personal Protective Services
- SIGIR 8031: Review of Military Commanders Experiences Working with and Managing Private Security Contractors in the Iraq Theater of Operations
- SIGIR 9002: Review of Iraq Security Forces Fund Contracts with Environmental Chemical Corporation (ECC) for Iraq Reconstruction Projects
- SIGIR 9007: Review of the Cost, Outcome, and Oversight of Contracts with Wamar International, Inc., for Program Activities in Iraq
- SIGIR 9011: Review of Transaction Data for the Development Fund for Iraq
- SIGIR 9014: Review of the Taji National Maintenance Depot-Integrator Contract
- SIGIR 9015: Review of the Commander's Emergency Response Program Project for Electrical Distribution in Muhalla 312
- SIGIR 9016: Review of the Commander's Emergency Response Program Project for the Baghdad International Airport Caravan Hotel

Ongoing Forensic Audits

- SIGIR 9005: Examination of DoD Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction for Fiscal Years 2003-2008
- SIGIR 9012: Examination of DoS Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction
- SIGIR 9013: Examination of USAID Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction

Planned Audits

SIGIR's audit planning is aligned with two key goals contained in its strategic audit plan:

- improving business practices and accountability in managing contracts and grants associated with Iraq reconstruction
- assessing and strengthening the economy, efficiency, and effectiveness of programs and operations designed to facilitate Iraq reconstruction

SIGIR's strategic plan recognizes two specific legislative mandates affecting SIGIR audits. The first is the mandate for SIGIR to complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction before SIGIR goes out of existence. As part of that effort, SIGIR has completed 10 focused contract audits dealing with outcome, cost, and oversight associated with major reconstruction contracts in Iraq, as well as vulnerabilities to fraud, waste, and abuse. Additional contract audits are ongoing, as noted above, and others are planned. These audits will increasingly focus on contracts funded by the Iraq Security Forces Fund and the Economic Support Fund.

Next quarter, SIGIR is initiating a joint effort with the Iraqi Board of Supreme Audit looking at the I-CERP. The I-CERP program is modeled after the Commander's Emergency Response Program (CERP), but uses Iraqi money to initiate projects. As with CERP projects, Coalition commanders work with local leaders to support a provincial development strategy, identifying projects that benefit communities as a whole; however, I-CERP projects come with greater Iraqi involvement at all stages of development.

SIGIR is also turning more of its resources to its forensic auditing initiatives. Last quarter,

SIGIR broadened its forensic audit efforts through a review of DoD's automated data on appropriations, obligations, and expenditures for Iraq relief and reconstruction activities for fiscal years 2003-2008. That project is well under way, and SIGIR has since started similar reviews at DoS and USAID. A forensic audit is a systematic evaluation of the effectiveness of internal controls over a program, process, and/or policies and procedures. Each of the three projects seeks to identify ineffective internal controls that leave the government vulnerable to fraud, waste, and abuse. They combine data-mining and investigative techniques to expose these weaknesses to highlight the consequences of inadequate controls and to develop the necessary evidentiary information to make determinations regarding the feasibility for civil or criminal prosecutions.

The combined scope of the three projects will enable SIGIR to comprehensively examine total U.S. government expenditures associated with the $51 billion appropriated for Iraq relief and reconstruction. This body of work, along with SIGIR's other audit activities, will also ensure that SIGIR meets its congressional mandate to "prepare a final forensic audit report on all funds deemed to be amounts appropriated or otherwise made available to the Iraq Relief and Reconstruction Fund." ◆

SIGIR INSPECTIONS

This quarter, SIGIR Inspections conducted seven project assessments, issued in six reports. SIGIR teams assessed relief and reconstruction projects funded from a number of sources:

- four funded by the Iraq Relief and Reconstruction Fund (IRRF)
- two funded by the Economic Support Fund (ESF)
- one funded by the Commander's Emergency Response Program (CERP)

SIGIR's sustainment assessments focus on whether the projects delivered to the Iraqis were operating at the capacity planned in the original contract or task order objective. To accomplish this, SIGIR determined whether the projects were at planned capacity when accepted by the U.S. government, when transferred to Iraqi operators, and during the assessment. In addition, SIGIR determined whether sustainability was adequately planned for and whether it is likely to continue.

Since the Inspections program began in summer 2005, SIGIR has completed 147 project assessment reports, 96 limited on-site inspections, and 746 aerial assessments.

Although security has improved in Iraq, the risk of violence continues to impede SIGIR's ability to conduct on-site assessments of reconstruction projects. This quarter, SIGIR assessment teams again had limited time on site to conduct inspections.

All of the assessments that SIGIR conducted this quarter were sustainment assessments. SIGIR found results that were similar to past sustainment assessments:

- Long-term operations and maintenance practices were not always being accomplished.
- In some instances, only minimal routine maintenance was being performed.

SIGIR also observed equipment that was not installed or operational and identified a lack of operator training, which resulted in equipment not being used. These shortcomings have reduced the effectiveness of the projects and have put projects in jeopardy of failure or in need of repair far sooner than is standard.

This quarter's project assessment of the Basrah Courthouse and Witness Protection Facility (PA-08-159 and PA-09-169) shows the continuing problems that SIGIR assessments reveal, yet is an example of delivering an adequate product to the Iraqis. Inspected and accepted by Gulf Region South from the contractor on September 25, 2008, the Basrah Courthouse project was neither occupied nor hearing cases at the time of SIGIR's site visit. In addition to the project sitting idle, SIGIR found several design errors with the staircase, laundry facility equipment, and plumbing, which were caused by a combination of design error and small changes in construction. SIGIR identified minor construction deficiencies, such as poorly constructed expansion joints in the courthouse building and hallway connecting to the witness protection facility, and electrical wiring not in conduit. At the time of the site visit, the Government of Iraq (GOI) was installing furniture throughout the facility. Aside from the minor construction issues, SIGIR concluded that the construction of the courthouse and witness protection facility was adequate for the GOI to sustain the buildings for their intended use.

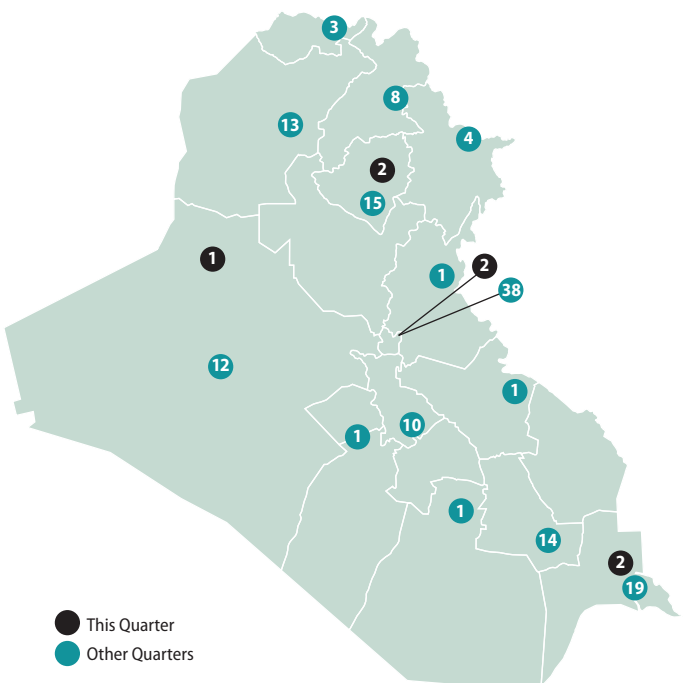
For a list of the project assessments that SIGIR completed this quarter, see Table 4.2. For a complete list of project assessments from previous quarters, see Appendix I.

Figure 4.1 shows the approximate location of each project assessed this quarter and in previous quarters.

TABLE 4.2
SEVEN PROJECTS ASSESSED THIS QUARTER
$ Thousands

PROJECT NAME	ASSESSMENT TYPE	PROVINCE	BUDGETED COST	EXECUTING AGENCY	FUNDING SOURCE	CONTRACTOR	GRD REGION
Suroor Elementary School	Sustainment	Baghdad	$246	GRC	ESF	Local	Central
Khandek School	Sustainment	Baghdad	$296	GRC	ESF	Local	Central
Sagrah School	Sustainment	Anbar	$399	MNF-West	CERP	Local	Central
Shiqaq Hai Musalla PHC	Sustainment	Tameem	$305	GRN	IRRF	Parsons/Local	North
Hai Tiseen PHC	Sustainment	Tameem	$465	GRN	IRRF	Parsons/Local	North
Basrah Courthouse	Sustainment	Basrah	$8,781	GRS	IRRF	Local	South
Basrah Witness Protection Facility	Sustainment	Basrah	$2,195	GRS	IRRF	Local	South

FIGURE 4.1
Project Assessments



Approximate locations of projects assessed this quarter and location by province of previous quarters' assessments.

SIGIR Project Assessments

This section provides summaries of SIGIR project assessment reports completed this quarter. For the full reports, see the SIGIR website, www.sigir.mil.

Rehabilitation of the Suroor Elementary School, Husseiniya, Iraq

SIGIR PA-08-135

The overall objective of the project was to rehabilitate the Suroor Elementary School, which was in a state of disrepair. This renovation project was designed to benefit the students and teachers at the school and included the design and construction of all necessary electrical, plumbing, and architectural work necessary to fully restore the school. The successful completion of this project would provide students in the neighborhood with a safe and suitable classroom environment.

Conclusions

On January 21, 2008, the Suroor Elementary School was accepted by the U.S. government and transferred to the GOI. On that same day, the U.S. Army Corps of Engineers (USACE) conducted a final inspection of the facility by commenting "Y" (yes) or "N" (no) in a column on the contract's bill of quantities and taking four photographs of the contractor's

work. According to the final inspection report, USACE found no deficiencies with the contractor's work. The school was open and operating on that day, which USACE documented in a final inspection photograph.

According to the school's headmaster, this school educates approximately 1,500 students each day, which requires operating the school facility for 3 shifts of 500 different students for 3 hours per day. During the site visit, SIGIR observed the school during the second of 3 daily shifts of approximately 500 students.

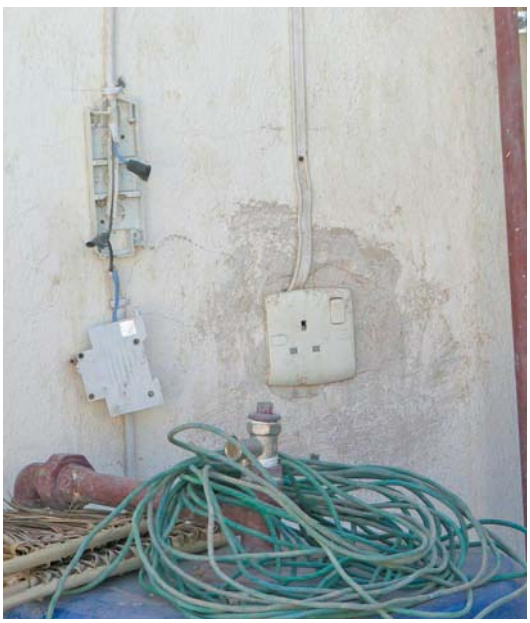
The construction appeared to be adequate and to satisfy the contract requirements. The SIGIR site visit identified potential issues with the delivery and installation of evaporative coolers and blackboards; specifically, SIGIR observed none of the four contract-required evaporative coolers, and the contractor-provided blackboards were of such poor quality that chalk does not adhere to them and the school refuses to use them. After advising the USACE Gulf Region Division (GRD) of these issues, GRD representatives visited the school to determine the status of the evaporative coolers and blackboards. GRD subsequently provided SIGIR a photograph of the four evaporative coolers delivered to the Suroor Elementary School. In addition, GRD stated that "in October 2008, at the request of a government official, the school principal released three coolers on loan to other schools." This still leaves one evaporative cooler unit unaccounted for; however, at the time of the site visit, SIGIR was unable to inspect several rooms because they were locked, and access to the roof was denied. Therefore, SIGIR cannot definitively state whether or not a single evaporative cooler unit was still at the school.

Further, according to GRD, the school recently received 12 new whiteboards. The school maintenance staff plans to "put all blackboards in storage and install the new whiteboards in the classrooms because most Iraqi schools are now using whiteboards."

Suroor Elementary School exterior and new tile walkway.

SIGIR also identified unsafe electrical wiring and outlets; however, the electrical wiring and outlets appeared to have been tampered with subsequent to the work performed by the contractor.

During this project, the Statement of Work was revised due to a school site visit by USACE Gulf Region Central (GRC) to verify existing conditions. One significant revision was the deletion of plumbing work. School officials informed GRC that the GOI awarded a separate contract for plumbing work to a local contractor that was already performing plumbing repairs. Therefore, GRC deleted the plumbing requirements from the contract. The Statement of Work appeared to be adequately developed and detailed to address the needs of the facility with one exception—permanent power. The school is completely dependent on permanent power from the national grid to operate the lights, ceiling fans, and air conditioner. Because the power from the national grid is unreliable and susceptible to surges, the need for generator power should be



Unsafe electrical wiring and breaker.

Makeshift levee allows students to avoid standing water and sewage.

addressed to allow for an environment conducive to education.

Although the contractor's work appeared to be adequate, SIGIR's site visit revealed significant problems caused by overcrowding, a lack of routine maintenance, and poor plumbing repair work. According to the headmaster, approximately 500 students per shift are being taught in 10 classrooms (averaging 50 students per classroom). The contract did not address furniture for the classrooms; therefore, some children had to sit on the floor. The lack of routine maintenance, especially in the bathrooms, was evident during the site visit. In addition, according to the headmaster, no one was responsible for emptying the septic tank; therefore, once it filled to capacity, no additional waste could enter. The capacity of the sanitary sewer septic system is not large enough for the size of the school. A trench was dug to allow discharge out of the full septic tank. Although this provided relief for the full septic tank, the discharge released large quantities of untreated sewage into areas bordering the school. As a result, the properties adjacent to the school grounds are unsafe and unsanitary. SIGIR observed standing water, sewage, and trash surrounding the school. Standing water and sewage can lead to diseases, such as cholera. A makeshift levee was constructed to help school children walk through areas with standing water and sewage.

SIGIR's assessment identified no significant deficiencies with the contractor's work under the revised Statement of Work. The significant problems associated with classroom overcrowding, a lack of routine maintenance, and poor plumbing repair work were not part of the scope of SIGIR's assessment. However, SIGIR would be remiss by not including these critical issues in this assessment. These problems need to be addressed in order to sustain full-capacity operations of this facility over the long term.

Recommendations

The draft report originally contained recommendations to determine the status of the evaporative

coolers and the quality of the blackboards provided and installed by the contractor. After the draft report was issued, GRD provided additional clarifying documentation, which addressed the previous recommendations; therefore, the final report does not contain any further recommendations for corrective actions.

Management Comments

SIGIR received comments on the draft of this report from the Commanding General, GRD, concurring with its two recommendations. GRD representatives visited the school to determine the status of the missing evaporative coolers and the quality of the blackboards provided and installed by the contractor. GRD confirmed that a GOI representative loaned three evaporative coolers to other schools in October 2008. In addition, 12 new whiteboards were recently delivered to the school to replace the previously installed low-quality blackboards.

Evaluation of Management Comments

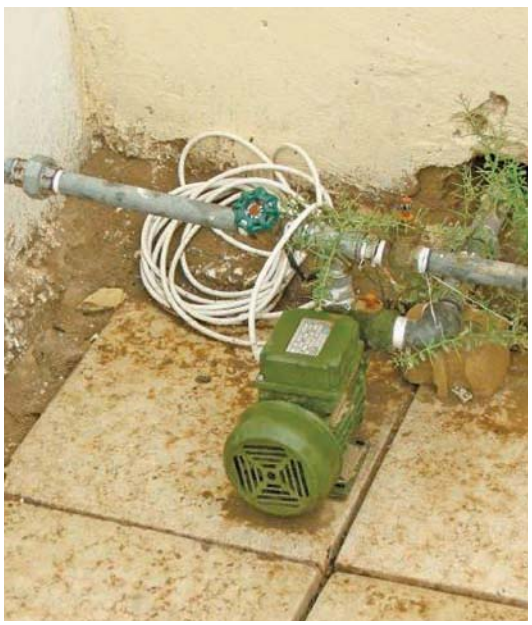
SIGIR concurred with the actions taken to resolve the issues of missing evaporative coolers and poor-quality blackboards. Consequently, SIGIR eliminated the two previous recommendations.

SIGIR modified the draft report as appropriate to include additional information and clarifying comments received from GRD.

Renovation of the Khandek Intermediate School, Yousefiya, Iraq

SIGIR PA-08-136

The objective of the project was to rehabilitate and expand the Khandek Intermediate School, located in Yousefiya, a rural area southwest of Baghdad, Iraq, to benefit approximately 300 students and provide office space for teachers and administrators.



Exposed electrical wiring to the supply pump at the Khandek Intermediate School.

Conclusions

The original intent of the Khandek Intermediate School project was to rehabilitate and expand the school, which was in a state of major disrepair from years of neglect and failure to maintain adequate upkeep. This school project was accepted by the U.S. government on March 1, 2008, after a final inspection performed by the U.S. Army Corps of Engineers (USACE) Gulf Region Central (GRC). Although the project was accepted, the final inspection identified three deficiencies for the contractor to correct prior to final payment. On March 2, 2008, the U.S. government transferred this project to the Iraqi Ministry of Education. The project file lacked documentation to determine whether the deficiencies had been corrected prior to final payment.

During the site visit, SIGIR observed the school in session: the school was operating at full capacity, providing educational services to approximately 300 students. The renovation

New latrine building with significant shear crack.

Contractor's "fix" for the reinforcement beam crack: stuff the crack with gypsum and paint over it. (GRC photo)

and construction work appeared to be adequate and to satisfy the work required by the Statement of Work, except for these deficiencies that SIGIR observed:

- The reinforced concrete beam along the front of the new restroom facility exhibits significant cracking and deflection.
- One of the septic holding tanks was not equipped with an access hatch.
- The water-supply pump was not anchored to a support, and wiring to the potable water-supply pump was not in a conduit.
- Window screens were not provided.

SIGIR advised USACE GRC of the construction deficiencies identified during the site visit. The next day, GRC representatives visited the school to determine the status of the deficiencies.

Regarding the reinforced concrete beam crack in the latrine building, GRC representatives stated that they had "reviewed the contract and the BOQ [bill of quantities] in the contract. There is no mention of a new restroom." The GRC believes that the schoolmaster told the contractor to build the latrine building. However, this statement is contradicted by the contractor's design submittals, which clearly indicated on the school's site plan "New W.C. [water closet]." The design, which the contractor submitted to GRC for review and approval prior to construction, refutes the statement that this water closet/latrine building was the schoolmaster's idea and not part of the contract.

During its site visit, GRC representatives stated that the crack in the concrete beam was "currently being worked" by the contractor. GRC representatives took a photograph of the contractor's corrections, which appeared to be stuffing the crack with gypsum and then painting over it. GRC representatives did not ascertain the depth of the crack. SIGIR does not believe the contractor's "fix" is adequate. To identify the most appropriate correction, the depth of the crack needs to be determined.

Regarding the lack of an access hatch for the new sewage tank, the contractor agreed to install

an access hatch for the new sewage tank. GRC representatives verified that the contractor did install an access hatch. This access hatch will allow school personnel to periodically empty the tank so that residue will not accumulate at the tank's bottom.

SIGIR's site visit revealed significant problems caused by a lack of a consistent and reliable power source. This area of Baghdad receives approximately 1-2 hours of electricity per day from the national grid. A reliable power source is required to pump water to the school's restrooms for flushing and cleaning purposes. SIGIR's site visit documented unsanitary conditions in the school's bathrooms because of a lack of water: there was no power to pump the water to the rooftop reservoirs. Even without water, children continued to use the bathrooms, and the urine and fecal matter remained stagnant in the eastern-style toilets. This unsanitary condition presents a potential health hazard.

The significant problems associated with a lack of a reliable power source were not part of the scope of SIGIR's assessment; however, SIGIR included these critical issues in this assessment. To sustain full-capacity operations of this facility over the long term, the GOI must address these problems.

Recommendations

SIGIR recommends that the Commanding General, Gulf Region Division, require the contractor to take these actions:

1. Ensure that the cracking and deflection of the reinforced concrete beam along the front of the new restroom facility does not present a safety hazard.
2. Anchor the water-supply pump to a support and enclose the wiring to the potable water-supply pump in conduit.
3. Provide the window screens required in the contract.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring with its three recommendations and noting that GRD will require the contractor to take the actions outlined in the recommendations.

Evaluation of Management Comments

GRD's planned actions are responsive and addressed the issues SIGIR identified.

Rebuilding of the Sagrah School, Sagrah, Iraq

SIGIR PA-08-140

The overall objective of the project was to reconstruct the Sagrah School in Anbar province, Iraq, to benefit children from the surrounding area. The school had been previously destroyed by insurgent activity. The reconstruction of the school will provide a safe and secure educational environment for the children of Sagrah.

Students engaged in physical education at the Sagrah School.

Conclusions

According to the limited available project file documentation, the contractor completed the project on February 7, 2008. The project file lacked any documentation that the U.S. government inspected the facility before determining that the project was complete. In addition, no documentation was available to indicate if or when the U.S. government accepted the project from the contractor or completed the transfer to the Iraqi Ministry of Education.

The Statement of Work was defined in a handwritten note below the signature line of the contract. A detailed Bill of Quantities of 56 items further outlined the items to be incorporated into the project. Because the contract did not require detailed design information, this information was not provided with the project documentation. Consequently, SIGIR could not determine some details, including the shape, size, and location of the wiring and air-conditioning units. SIGIR could determine only the number of classrooms constructed and the general quality of construction.

According to the school's headmaster, the contractor salvaged a section of the school during construction. During the site visit, SIGIR observed that the new and existing construction appeared sound. The reinforced concrete frame of the new construction was exposed and appeared to be adequate, with no apparent or noticeable defects. Several sections of the new construction had exposed concrete masonry units, which appeared to be of above-average quality. The classrooms appeared to be well maintained and relatively clean. There appeared to be enough room for the students without overcrowding.

The electrical components were installed and functioning; most of the wiring was installed in conduits and appeared adequate. However, SIGIR noticed several inadequate wiring connections, which have the potential

Sagrah School courtyard and split air-conditioning unit.

Damaged lavatories.

to short-circuit and create a hazard of electrocution and fire.

Individual lavatories had been installed in the restrooms; however, there were obvious signs of abuse and most did not function. Although most lavatories appeared to be connected to the septic holding tanks, SIGIR observed one lavatory discharging directly into the ground.

Recommendations and Management Comments

SIGIR's report does not contain any recommendations for corrective action. Although management comments were not required, Multi-National Force-West (MNF-W) provided written comments to the draft report. MNF-W dispatched a civil affairs team to the Sagrah School to determine the status of the deficiencies identified in SIGIR's draft report. According to MNF-W's response, the civil affair's visit to the school "confirmed the finding" in SIGIR's draft report.

MNF-W issued a letter to the Deputy Governor, Office for Technical Affairs, Anbar province, referencing an existing operation and maintenance agreement requiring the Government of Iraq to provide preventive maintenance to facilities rehabilitated or constructed by the U.S. government. MNF-W requested the Deputy Governor's assistance to "correct the deficiencies in the [electrical] wiring and lavatories to protect the students and faculty from harm."

Evaluation of Management Comments

SIGIR appreciates the concurrence by MNF-W to the construction deficiencies identified in the draft report. SIGIR agrees the Government of Iraq needs to address the electrical wiring and lavatories in order for this facility to function safely and at optimal capacity.

Shiqaq Hai Musalla Primary Healthcare Center, Kirkuk, Iraq

SIGIR PA-08-157

The overall objective of the project was to complete the partially constructed Type A Shiqaq Hai Musalla Primary Healthcare Center (PHC). This facility, when completed, should accommodate approximately 100 patients daily. The facility was partially completed by Parsons Delaware, Inc. (Parsons), prior to its termination in March 2006.

Conclusions

After the U.S. government terminated Parsons in March 2006, an IRRF-funded contract to complete the Shiqaq Hai Musalla PHC was awarded to a local contractor.

During construction, Gulf Region North (GRN) Kirkuk Area Office performed routine site inspections of the facility to determine the status and quality of work. GRN Kirkuk Area Office personnel documented construction progress via quality assurance reports and photographs taken during visits to the site.

The contract required a pre-final inspection to develop a "punch list" of all deficiencies noted. These deficiencies were to be formally documented, along with the estimated dates of correction; the final inspection was to be completed after the punch list deficiencies were corrected. The project file lacked pre-final or final inspection documentation of the PHC. However, the project file did contain the acceptance letter of the PHC signed on July 19, 2007, by the Iraqi Ministry of Health Director General and the U.S. government. In the "notes" to the final acceptance, the letter stated that "x-ray leaded glass and heaters will be installed later." The acceptance document did not identify estimated dates of correction for these two items.

SIGIR's site visit confirmed that the contractor had not corrected these two outstanding deficiencies. In addition, SIGIR noticed that the

Dental chair and tools and dental chair connections.

x-ray room's exterior doors and darkroom door appeared to be standard wooden doors—not the lead-lined doors required by the design. The contractor had delivered and connected the x-ray equipment; however, according to the PHC administrator, the contractor did not verify that the equipment was operational. Also, the facility's staff does not have the capability to operate the technical x-ray equipment; consequently, the facility cannot offer any x-ray services to its patients.

SIGIR noticed that the heating, ventilation, and air-conditioning (HVAC) units were installed and operational; however, the PHC administrator stated that the heat in the HVAC units did not work. The HVAC units appeared to be equipped with the ability to provide heat; however, due to time limitations on site, SIGIR could not identify the cause of the heating system failure. SIGIR observed "modifications" made to the HVAC system by PHC maintenance personnel. For example, splices made to the electrical cables for the HVAC units on the roof did not conform to the International Electrical Code. In addition, when PHC personnel removed a ceiling panel, SIGIR noted that the duct appeared to have been cut into by a hand tool.

The contractor installed the U.S. government-provided reverse osmosis (RO) unit and the dental chairs. SIGIR noticed that the RO unit was disconnected from the water system. The PHC administrator could not explain who disconnected the RO unit or why. The dental chairs were being used at the time of the site visit.

SIGIR did not observe any noticeable signs of structural failure or distress. The primary reinforced concrete structural members that were visible did not show any indicators of failure. The floors appeared even and level, and there were no apparent signs of settlement or displacement. With the exception of the walls' tributary to the cantilever (support) beams at the front of the building, interior partition walls did not exhibit cracking typical of structural movement or settlement. The walls above the cantilever beams over the portico to the building had vertical cracks

that aligned with the beam supports below. The GRN Area Office engineer was aware of this issue and explained the resulting solution—the construction of two reinforced concrete columns beneath the free ends of the cantilever beams.

During the site visit, SIGIR observed doctors attending to patients and pharmacists dispensing medication. According to the administrator, the PHC has been operating for 15 months and serves approximately 200 patients daily: 30 to 40 of those receive dental services. The staff includes three doctors, one dentist, and various support personnel. Overall, the facility was moderately clean and well organized, and the personnel were performing minor maintenance functions, such as cleaning and repairing minor items.

GRD's Corrective Actions for the Sustainment of Health Projects. The Gulf Region Division (GRD) recognized that, in many cases, the contractors awarded the contracts to complete the PHCs nationwide did not properly install the medical equipment or train the available personnel on the use of the equipment. In addition, throughout the history of the IRRF program, once the U.S. government turned over facilities to the Iraqi ministries, little preventive maintenance was performed for items such as generators. Consequently, the facilities and equipment were failing much more quickly than would be expected if normal preventive maintenance was being performed. Considering the importance of PHCs to the local Iraqi population and the specialized equipment provided to each PHC, preventive maintenance and training are imperative for the overall operation and long-term sustainment of each PHC.

As a result, the U.S. Army Corps of Engineers Transatlantic Center initiated a $16.5 million contract on behalf of the Iraq Transition Assistance Office for the sustainment of health care projects funded by the U.S. government. For designated PHCs, a facility assessment survey is completed, which identifies the actual physical condition of the facility and the equipment. This survey is turned into preventive maintenance works or into repair/trouble shooting dockets for the re-commissioning of individual pieces of equipment. The preventive maintenance program will then be loaded into a computerized system, which will identify the need for a contractor to perform recurring maintenance on facilities and biomedical equipment. The repair work orders will be addressed on a case-by-case basis and prioritized according to the system criticality to the operation of each PHC.

GRD will contract with multiple Iraqi companies throughout the country to perform the preventive maintenance and training. In addition, this contract provides for coaching and mentoring Iraqi companies in operations and maintenance, which the GRD believes will slowly improve the Iraqis' ability to ultimately sustain their own facilities and equipment.

GRD representatives stated that this PHC is on the list for prioritization for future installation of and training on medical equipment.

Recommendation

SIGIR recommends that the Commanding General, Gulf Region Division, direct that all installation of and training on the equipment currently at the Shiqaq Hai Musalla Primary Healthcare Center be performed according to the prioritization listing.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring with the installation of and training on the equipment currently at the Shiqaq Hai Musalla Primary Healthcare Center that will be performed according to the prioritization listing.

Exterior and entrance to the Hai Tiseen PHC.

Evaluation of Management Comments

SIGIR appreciates the GRD's comments to the draft report indicating it agreed with the facts presented in the report. SIGIR concurred with the GRD actions that will be performed on the installation of and the training on the equipment at the Shiqaq Hai Musalla Primary Healthcare Center.

SIGIR modified the draft report as appropriate to include additional information and clarifying comments received from GRD.

Hai Tiseen Primary Healthcare Center, Tameem Province, Iraq

SIGIR PA-08-158

The overall objective of the project was to complete the partially constructed Type B Hai Tiseen Primary Healthcare Center (PHC). When completed, this facility should accommodate approximately 100 patients daily. The facility was partially completed by Parsons Delaware, Inc. (Parsons), prior to the termination of Parsons in March 2006.

Conclusions

After the U.S. government terminated Parsons in March 2006, an IRRF-funded contract to complete the partially constructed Hai Tiseen PHC was awarded to a local contractor.

During construction, the Gulf Region North (GRN) Kirkuk Area Office performed routine site inspections of the facility to determine the status and quality of the contractor's work. GRN Kirkuk Area Office personnel documented construction progress via quality assurance reports and photographs taken during visits to the site.

The contract required a pre-final inspection to develop a "punch list" of all deficiencies noted. These deficiencies were to be formally documented, along with the estimated dates of correction; the final inspection was to be completed after the punch list deficiencies were corrected. The project file lacked documentation of a pre-final or final inspection of the PHC. However, the project file did contain the acceptance letter of the PHC, which was signed on July 18, 2007 by the Iraqi Ministry of Health Director General and the U.S. government. In the "notes" to the final acceptance, the letter stated that the "x-ray machine will be installed later." The acceptance document did not identify the estimated correction date for the item.

SIGIR's site visit confirmed that the contractor corrected the outstanding deficiency. However, SIGIR noticed that the x-ray room's exterior doors and darkroom door appeared to be standard wooden doors, not the lead-lined doors required by the design. Further, the contractor delivered and connected the x-ray equipment; however, according to the PHC administrator, the contractor did not verify that the equipment was operational. Also, the facility's staff does not have the technical capability to operate the x-ray equipment; consequently, the facility cannot offer any x-ray services to its patients.

SIGIR noticed that the heating, ventilation, and air-conditioning (HVAC) units were installed and operational; however, the PHC administrator stated that the air conditioning in the HVAC units did not work. The HVAC units appeared to be equipped with the ability to provide air conditioning; however, because of time limitations on site, SIGIR could not identify the cause of the failure of the air-conditioning system.

The contractor installed the reverse osmosis (RO) unit and the dental chairs provided by the U.S. government. According to the administrator, the contractor-installed RO unit malfunctioned, but the PHC maintenance staff repaired it and it is now operational. SIGIR observed that one of the dental chairs was being used; however, the second dental chair appeared to have a plugged drain and was not operational.

SIGIR did not observe any noticeable signs of structural failure or distress. The primary reinforced concrete structural members that were visible did not show any indicators of failure. The floors appeared even and level and no signs of settlement or displacement were apparent. With the exception of the cracking in the walls above the failed portico beams at the front of the building, interior partition walls did not exhibit the cracking that is typical of structural movement or settlement. The walls above the cantilever (support) beams over the portico to the building had vertical cracks that aligned with the beam supports below. The GRN Kirkuk Area Office engineer was aware of this issue and explained the resulting solution—the construction of two reinforced concrete columns beneath the free ends of the cantilever beams.

During the site visit, SIGIR observed doctors attending to patients and pharmacists dispensing medication. According to the administrator, the PHC facility has been operating for 15 months and serves approximately 200 patients daily; 30 to 40 of those patients receive dental services. The staff includes three doctors, two dentists, and various support personnel. Overall, the facility was moderately clean and well organized, and the personnel were performing minor maintenance functions, such as cleaning and repairing minor items.

GRD's Corrective Actions for the Sustainment of Health Projects. The Gulf Region Division (GRD) recognized that, in many cases, the contractors that were awarded the contracts to complete the PHCs nationwide did not properly install the medical equipment or train the available personnel on the use of the equipment. In addition, throughout the history of the IRRF program, once the U.S. government turned over facilities to the Iraqi ministries, little preventive maintenance was performed for items such as generators. Consequently, the facilities and equipment were failing much more quickly than what would be expected if normal preventive maintenance were being performed. Considering the

Two generators providing primary and emergency backup power for the Hai Tiseen PHC.

importance of PHCs to the local Iraqi population and the specialized equipment provided to each PHC, preventive maintenance and training are imperative for the overall operation and long-term sustainment of each PHC.

As a result, the U.S. Army Corps of Engineers Transatlantic Center initiated a $16.5 million contract on behalf of the Iraq Transition Assistance Office for the sustainment of health care projects funded by the U.S. government. For designated PHCs, a facility assessment survey is completed, which identifies the actual physical condition of the facility and the equipment. This survey is turned into preventive maintenance works or repair/troubleshooting dockets for the re-commissioning of individual pieces of equipment. The preventive maintenance program will then be loaded into a computerized system, which will identify the need for a contractor to perform recurring maintenance on facilities and biomedical equipment. The repair work orders will be addressed on a case-by-case basis and prioritized according to the system criticality of each PHC.

GRD will contract with multiple Iraqi companies throughout the country to perform the preventive maintenance and training. In addition, this contract provides for coaching and mentoring Iraqi companies in operation and maintenance, which GRD believes will slowly improve the Iraqis' ability to ultimately sustain their own facilities and equipment.

Recommendation

SIGIR recommends that the Commanding General, GRD, direct that all installation of and training on the medical equipment currently at the Hai Tiseen PHC be performed according to the prioritization listing.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring in part with the recommendation. GRD concurred that the Hai Tiseen PHC could be evaluated and that deficiencies noted and training required could be planned and executed based on Ministry of Health (MOH) prioritization when proper funding is available. The Commanding General, GRD, would not have to direct such an action.

However, GRD also informed SIGIR that the Hai Tiseen PHC is not on the current list of priority PHCs prepared by the MOH. The currently funded appraisal and rehabilitation program should continue using the recently approved MOH prioritization list. Until such time that the MOH changes its priority listing or additional funds are available, this PHC will not be evaluated, and its personnel will not receive training.

Specific comments were also provided to clarify or correct technical aspects of the report.

Evaluation of Management Comments

SIGIR appreciates the clarifying information GRD provided in response to the draft report and considers the comments responsive in view of the transfer of this PHC to the MOH on July 18, 2007, and available funding. As a result, comments to the final report are not required.

SIGIR modified the draft report as appropriate to include additional information and clarifying comments received from GRD.

Basrah Courthouse and Witness Protection Facility, Basrah, Iraq

SIGIR PA-08-159 and PA-09-169

In an effort to support security, unity, and prosperity in Iraq, the overall objective of the project was to design and construct a regional courthouse and witness protection building, and to perform incidentally related work. This project will provide the Iraqi people with a complete courthouse and witness protection facility to assist in the judicial process. Regional courthouses

Spiral staircase and SIGIR inspector ducking to avoid the false ceiling.

will handle serious crimes. The Basrah regional courthouse will be one of five throughout Iraq—another courthouse in Babil, two in Baghdad, and one in Mosul.

The purpose of the $11 million project was to provide the Iraqi Ministry of Justice with a two-story courthouse building and single-story witness protection facility. The courthouse would provide approximately 10,200 square meters of office space, and the witness protection facility would provide 1,200 square meters of living space.

Conclusions

On September 25, 2008, the Gulf Region South (GRS) Basrah Resident Office inspected and accepted the Basrah Courthouse and Witness Protection Facility project from the contractor. The inspection resulted in an eight-page punch list; each previously identified deficiency was marked as "done." However, the GRS Basrah Resident Office did not write a final inspection report or take any photographs to document the condition of the project when accepted from the contractor.

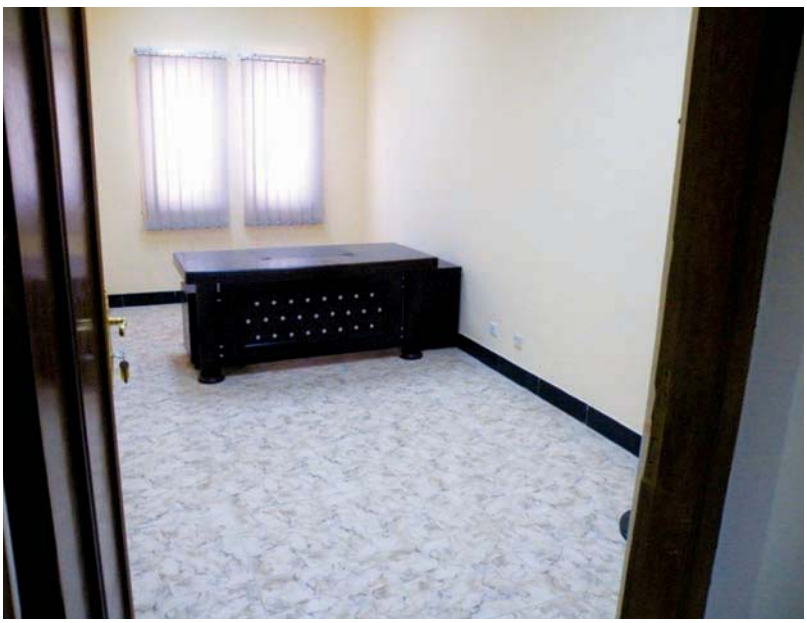
According to project file documentation, GRS closeout documentation concluded the following:

> All work required by this contract has been accomplished in a satisfactory manner and is accepted without any noted deficiencies…The Contractor…has completed all assigned work. All parties acknowledge that the work performed under the contractor meets the standards set forth in the contract scope of work.

The GRS Basrah Resident Office construction representative signed this document, certifying that all work was completed and met the standards of the contract's Statement of Work.

On September 25, 2008, the GRS Basrah Resident Office officially turned over the courthouse project to the Iraqi Ministry of Justice. The contractor, GRS Basrah Resident Office, and Chief Judge of the Iraqi Higher Judicial Council signed a Memorandum for Record that stated the following:

> This document certifies that all work has been inspected, and is accepted as being in accordance with the contract requirements. Construction at this facility is complete and no other work is to be performed as part of this contract unless noted below.



A typical judge's office, with furniture from the GOI.

On January 6, 2009, SIGIR conducted an on-site assessment of the project. When SIGIR visited, the courthouse was not occupied and was not hearing cases. The U.S. government was responsible for the construction of the courthouse and witness protection facility; however, the GOI was responsible for providing the furniture and equipment needed to operate the facility, such as desks, chairs, and judges' benches. According to GRS representatives, the GOI was slow to purchase and deliver the furniture and equipment.

Before the site visit, SIGIR reviewed the design submittals for this project. The U.S. government provided the contractor with a preliminary design (65%) modeled after the Al Karkh Courthouse Facility in Baghdad. The Statement of Work required the contractor to incorporate the necessary site-specific changes to the government-furnished drawings (GFD) and edit the drawings for the final design-review submittal (95%) and the cleared-for-construction design-review submittal (100%). SIGIR requested these submittals, but GRS could not produce them. SIGIR does not know whether the contractor provided the submittals or whether GRS reviewed them prior to construction.

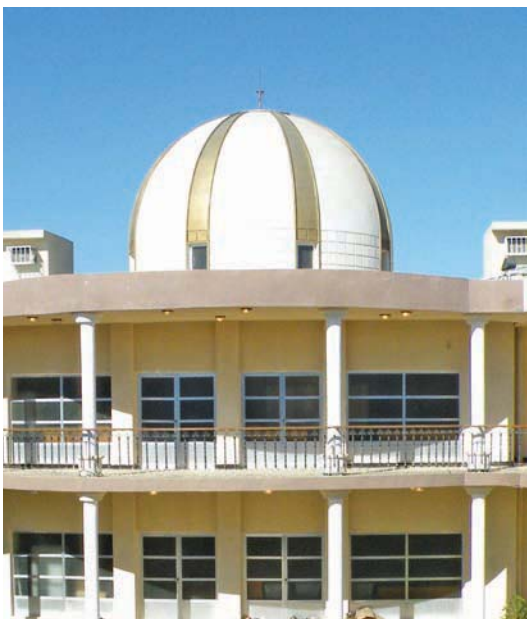
In addition, SIGIR determined that the GFD for the spiral staircase contained an error: the overhead clearance between the steps and the ceiling is not sufficient. Based on SIGIR's review of the architectural drawings, the GFDs apparently did not take into account the loss in headroom that resulted from the installation of the false ceiling. This problem was most likely caused by a combination of designer oversight and small changes in construction. SIGIR determined that this error is a hazard to people using the stairs and should be addressed.

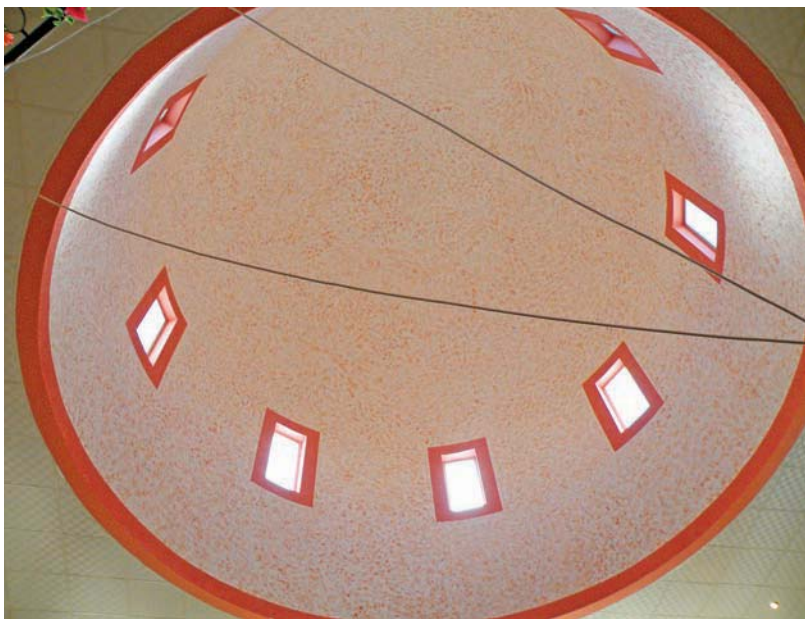
During the site visit, SIGIR confirmed that the furniture and equipment furnished by the GOI had recently arrived on site and was being installed throughout the courthouse and witness protection facility.

Due to security concerns at the site, SIGIR performed only an expedited 90-minute assessment. SIGIR could not inspect each room in the courthouse and witness protection facility; instead, SIGIR inspected a representative sample of at least one of each type of room, including:

- large courtrooms
- small courtrooms
- judge's offices
- holding cells
- hallways
- stairways
- bathrooms
- the café
- the garden
- balconies
- single hotel-style room
- the laundry room

SIGIR's site visit identified minor construction deficiencies, such as electrical wiring not in conduit and poorly constructed expansion joints





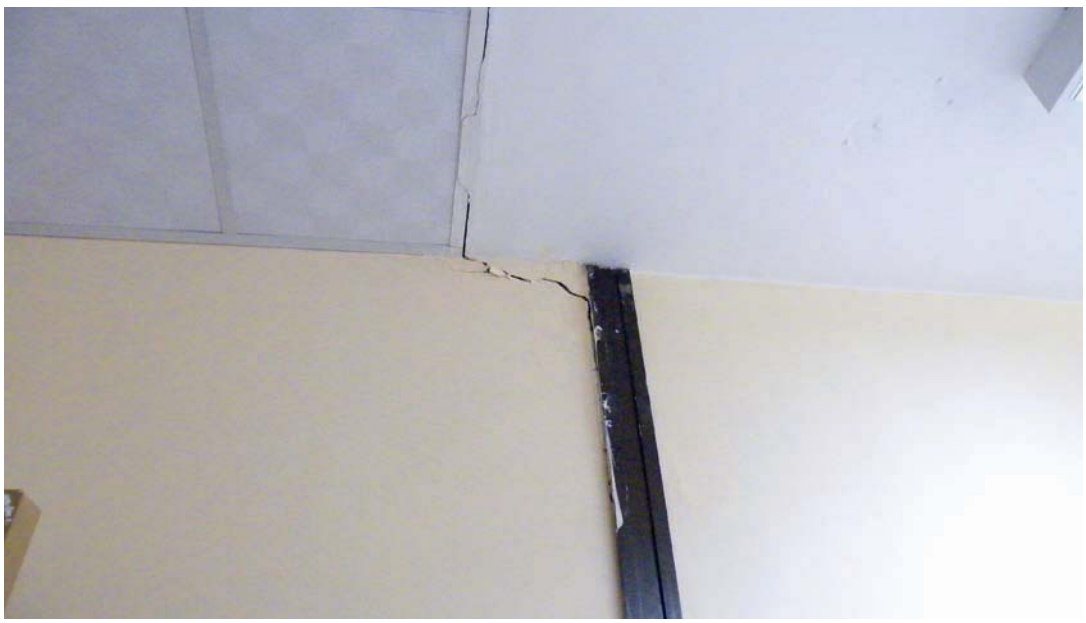
Exterior and interior views of the courthouse dome.

in the courthouse building and hallway connecting to the witness protection facility. The exterior plaster finish of the expansion joints displayed cracking and crumbling.

In the laundry room, the intent was to have two washers and two dryers side by side along one wall. At the time of the site visit, no washers or dryers had been delivered or installed; therefore, SIGIR could not validate the water supply or electrical outlet connections. However, SIGIR identified only one cold water line leading into the laundry facility. Because two washers were designed to be in this room, two water lines are needed, and one should lead directly into each washing machine. In addition, the constructed water line is not on the correct wall; consequently, an extension line will have to be run to one of the washers. Further, SIGIR identified errors with the as-built drawings. For example, the as-built drawing shows the water line directly connected to one of the two dryers. Also, the sewer system as-built drawing shows a grating drain system for the washers; nevertheless, SIGIR noticed what appeared to be four individual drains for the washers and one main drain for the room. Finally, SIGIR noticed that there was no vent system for the dryer to remove the hot air from the room. Without a dryer-vent system, this room will become extremely hot and humid, especially during the summer months. A split-unit air conditioner was provided under this contract; however, due to the lack of a dryer-vent system, this air conditioner must operate continuously.

Aside from these minor construction issues, SIGIR concluded that the construction of the courthouse and witness protection facility was adequate. At the time of the site visit, the GOI was installing furniture throughout the facility. The process of installing the furniture contributed to some cleanliness issues, but most of the buildings were clean and sanitary. SIGIR determined that this project was constructed adequately for the GOI to sustain the buildings for their intended use.

The recent drastic decline in worldwide crude oil prices has significantly affected the GOI's budget for operating and maintaining project sites



Interior expansion cracks in the witness protection facility.

constructed and transferred by the U.S. government. During the site visit, SIGIR learned the plan that the GOI will employ to sustain this facility. The courthouse facility design specifically called for the construction of outside kiosks, which the Ministry of Justice will use as offices for clerks providing (for a fee) photocopies of official court transcripts and documents and will also rent as small shops or concession stands to supply food and drinks to court participants, visitors, and staff, according to GRS personnel. The income generated will be used to fund routine maintenance for the courthouse and annex buildings.

Recommendations

SIGIR recommends that the Gulf Region Division of the U.S. Army Corps of Engineers take these actions:

1. Determine the extent of damage to the walls caused by poorly constructed expansion joints, and take corrective actions as appropriate.
2. Place all exposed electrical wiring into conduit.
3. Determine the appropriate manner in which to provide two water-supply hookups to the washers and exhaust vents for the two dryers.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring with all three recommendations. Specifically, the GRS Basrah Resident Office will do the following:

- Identify all poorly constructed expansion joints and damage to the walls and devise a solution with the contractor.
- Direct the contractor to enclose all exposed wiring inside an appropriate conduit.
- Determine the needs of the Ministry of Justice in terms of laundry facilities and act accordingly to ensure the realization of those functions and features.

Evaluation of Management Comments

SIGIR concurs with the action plan outlined by GRD to resolve the issues of poorly constructed expansion joints, exposed electrical wiring, and

the laundry room without the required number of water-supply hookups for the washers and exhaust vents for the dryers.

Aerial Project Survey Program

The SIGIR Satellite Imagery Group, based in Arlington, Virginia, performs aerial assessments of U.S.-funded reconstruction project sites throughout Iraq. The SIGIR satellite imagery analyst provides current imagery, imagery-based intelligence, and map products to the SIGIR directorates—Inspections, Audit, and Investigations. This program has enabled SIGIR to provide current information on remote site locations and to track construction progress at project sites throughout Iraq.

This quarter, SIGIR conducted imagery analysis of 56 images and created 51 imagery products, using satellite imagery and limited contract information. The imagery provides visual assessment of progress at reconstruction site locations throughout Iraq. This quarter, the SIGIR imagery analyst assessed and reviewed projects funded by IRRF, ESF, and CERP. For an overview of the imagery products produced this quarter, see Table 4.3.

Imagery support products—including site overviews, project site break-outs, and site assessments—are used to prepare for inspection site visits and to identify possible problems. This quarter, 51 imagery products were produced to assist inspectors with their assessments of the 7 projects assessed this quarter and to provide analyses of potential future sites, as well as assisting the Audit directorate on a future audit report.

In partnership with the National Geospatial-Intelligence Agency and the National Ground Intelligence Center, SIGIR imagery analysis has resulted in 746 cumulative satellite imagery assessments and products. For an overview of the approximate locations of these assessments, see Figure 4.2. ◆

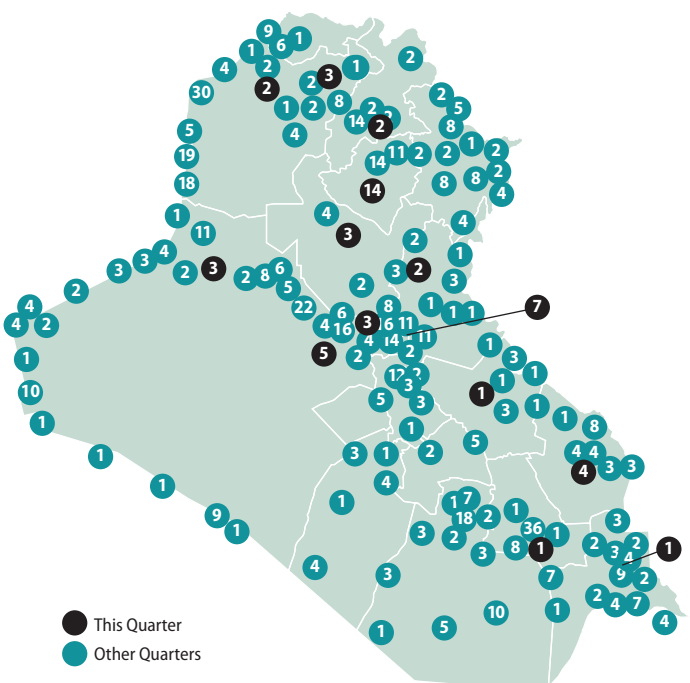
Table 4.3

Imagery Assessed Supporting Project Assessments

Project Type	Number of Products
Mujarrah Canal Bridge	5
Missan Surgical Hospital	4
Secure Document Storage Facility	4
Sagrah School	3
Abu Ghraib Dairy Facility	3
Ammana Market Renovation	2
Additional Products	
Hai Alhajjaj PHC	5
Hai Al Wasity PHC	4
Hai Alasra Wa PHC	4
Hai Nablus PHC	2
Bnaslawa PHC	2
Bani Saad PHC	2
Bahdeenan PHC	2
Beji PHC	2
Hai Mansoor PHC	1
Hai Alasra Wa Al Mafqoodeen PHC	1
Al Razi-Tikrit PHC	1
Al Kut PHC	1
Al Hadhar PHC	1
Janeena PHC	1
Somer PHC	1

Figure 4.2

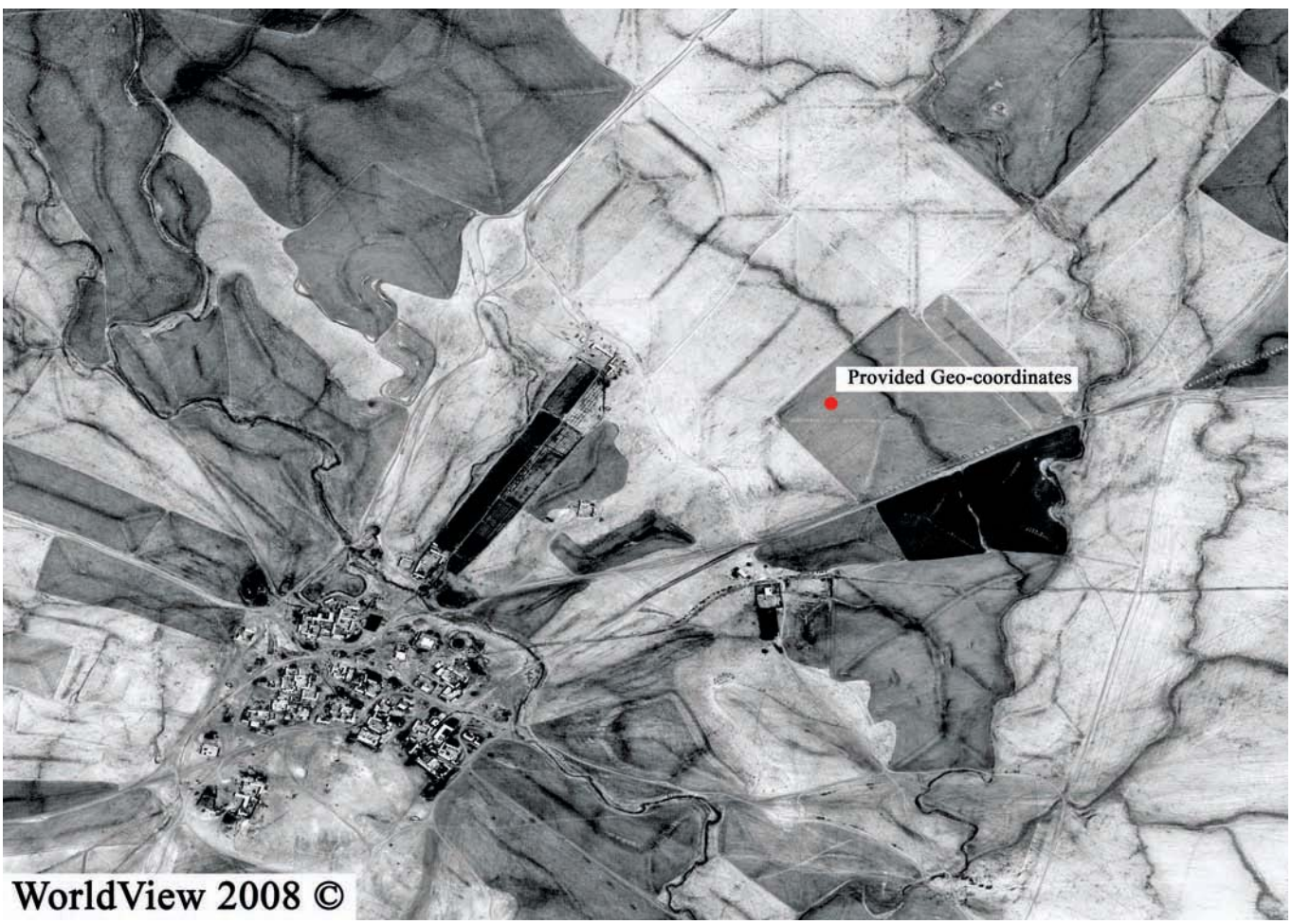
Aerial Imagery Assessments



Aerial imagery of the Sagrah School complex (PA-08-140), taken on July 29, 2008.

Aerial imagery of the Basrah Courthouse and Witness Protection Facility (PA-08-159 and PA-09-169), taken on October 27, 2008.

Aerial imagery of the Abu Ghraib Dairy Facility to be assessed in a future project assessment, taken on February 6, 2008.



Aerial imagery for use in a SIGIR audit report verifying the locations of PHCs throughout Iraq. Imagery of the Hai Mansoor PHC coordinates was taken on June 16, 2008.

Aerial imagery for use in a SIGIR audit report verifying the locations of PHCs throughout Iraq. Imagery of the Al Razi-Tikrit PHC coordinates was taken on July 21, 2008.

SIGIR INVESTIGATIONS

SIGIR Investigations continues to pursue allegations of fraud, waste, and abuse in Iraq reconstruction, with 80 open investigations. SIGIR has 6 investigative personnel assigned to Baghdad; 13 at SIGIR headquarters in Arlington, Virginia; and 13 in offices in Pennsylvania, Maryland, North Carolina, Florida, Texas, Ohio, and Michigan to support investigations in those areas. To date, the work of SIGIR investigators has resulted in 20 arrests, 24 indictments, 18 convictions, and more than $35 million in fines, forfeitures, recoveries, and restitution.

During this quarter, SIGIR notes these investigative activities:

- More than $507,000 was seized, and one defendant pled guilty in a $3 million money-laundering scheme related to bribes involving contracts in Iraq and Kuwait.
- Under the Uniform Code of Military Justice (UCMJ), a Marine Master Sergeant was charged with bribery involving contracts in Iraq.
- Two defendants who had been convicted after a two-month jury trial were denied an appeal of their convictions and are awaiting sentencing for their roles in the theft of millions of dollars from the Coalition Provisional Authority. One additional individual who pled guilty is also awaiting sentencing in this investigation.
- As a result of a SIGIR investigation, three military personnel from a Coalition partner pled guilty to bribery charges and were sentenced. The investigation also led to the recovery of more than $1.1 million.
- More than $13 million in Iraqi funds were recovered and returned to the Iraq Ministry of Finance as a result of a SIGIR investigation.
- A probation revocation hearing resulted in more jail time for a retired Army colonel. SIGIR investigators discovered that although the colonel had been convicted of bulk cash smuggling and debarred from DoD contracting, he was representing an Iraqi contractor on DoD reconstruction contracts valued at $67 million.
- As a result of SIGIR investigations, four defendants are awaiting trial, and an additional nine defendants are awaiting sentencing in a number of cases.

For a comprehensive list of convictions, see Table 4.5 at the end of this sub-section.

Legal Actions this Quarter

This quarter, SIGIR continued to conduct a number of significant criminal investigations related to Iraq reconstruction and to work closely with prosecutors, U.S. partner investigative agencies, and Coalition partner investigators.

Cockerham Update: Defendant Pleads Guilty in $3 Million Money-laundering Scheme

On March 18, 2009, Carolyn Blake pleaded guilty to one count of money laundering conspiracy after accepting more than $3 million in bribe proceeds on behalf of her brother, Major John Cockerham. Blake admitted that she expected to keep 10% of the money she collected. At sentencing, Blake faces up to 20 years in prison and a fine of up to $500,000—double the value of the laundered funds.

So far, this task force investigation has led to six convictions, and two defendants are currently awaiting trial. Also, in January 2009, more than $507,000 was seized. SIGIR plans to

One of the RIE-funded projects to restore Iraq's infrastructure.

provide details of this seizure and additional investigative and judicial results in the July 30, 2009, *Quarterly Report and Semiannual Report to the Congress.* For a complete account of the Cockerham case, see the July 30, 2007, *Quarterly Report and Semiannual Report to the Congress* and subsequent Reports.

This investigation is being conducted jointly by SIGIR, the U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit (CID-MPFU), Defense Criminal Investigative Service (DCIS), Internal Revenue Service (IRS), Immigration and Customs Enforcement (ICE), and Federal Bureau of Investigation (FBI).

Probation Revoked for Convicted Felon Terminated from Working for an Iraqi Contractor

On March 26, 2009, a revocation hearing was held for Robert Grove, a retired U.S. Army colonel. Grove was sentenced to serve 60 days in jail, 100 hours of community service, and 22 months of supervised release. On March 26, 2007, Grove, an employee for a private contractor, was arrested when he returned to the United States from Iraq for concealing approximately $50,000 in U.S. currency that he failed to report on his U.S. Customs declaration. On May 9, 2007, Grove pled guilty to a three-count indictment charging bulk cash smuggling, failure to file a report regarding monetary instrument, and making false statements. On September 17, 2007, he was sentenced to five months in prison, five months house arrest, and two years probation; he was also ordered to pay a fine of $30,000 and an assessment fee of $300. On October 30, 2007, Grove was debarred from U.S. government contracting until March 26, 2011.

On November 5, 2008, the court that had convicted and sentenced him authorized his return to Iraq. He went back to Iraq as a consultant for an Iraqi contractor, representing the contractor in meetings with the U. S. Army Corps of

Engineers (USACE) on DoD reconstruction contracts valued at $67 million. During one of the meetings, Grove denied that he was a convicted felon and that he had been debarred. SIGIR and DCIS agents were informed of his statements at this meeting and quickly developed information that resulted in Grove being terminated by the Iraqi contractor.

This investigation was conducted jointly by SIGIR and DCIS.

Investigators Recover and Return More Than $13 Million in Iraqi Funds

In March 2009, a joint SIGIR-DoD investigation led to the return of more than $13 million in Iraqi funds to the Iraqi people. This money was part of the Development Fund for Iraq (DFI), which consisted of Iraqi oil proceeds used for development projects in 2003 and 2004. The unused funds discovered by SIGIR were to have been returned to the Iraqi government by the end of 2007.

Tipped off by a complaint to the SIGIR Hotline, SIGIR determined that these funds were being improperly held in various accounts belonging to the U.S. government and some U.S. contractors. SIGIR's Audit directorate is currently reviewing U.S. government agency accounts that hold DFI monies to determine whether other funds are being similarly held.

In March 2009—following coordination with USACE, the Federal Reserve Bank of New York, and the GOI—USACE returned $13.1 million to the Central Bank of Iraq. An additional $300,290 was returned in April 2009, and more funds may be returned in the near future. This investigation was conducted jointly by SIGIR, CID-MPFU, and DCIS, with audit assistance from DCAA.

U.S. Marine Charged in Falluja Bribery Scheme

On March 26, 2009, the first individual was charged in a large-scale investigation of bribery involving Marines and private contractors in Iraq. The U.S. Marine Corps filed four charges of bribery and graft against Master Sgt. Terence O. Walton for wrongfully accepting money and other gifts from contractors in Iraq. Walton served in a contracting office in Falluja, Iraq, from February 2005 to January 2006; he is currently stationed at Camp Lejeune, N.C. Walton also was charged with violating orders not to accept gifts from contractors and with filing a false official statement with the Naval Criminal Investigative Service (NCIS). Walton is not in custody, but is on a "legal hold" pending adjudication of the charges he faces. Under the military justice system, a hearing will be conducted to determine if the charges are sufficient to warrant prosecution.

This task force investigation is looking at Marines who "may have unlawfully accepted monies in the form of bribery or graft, or inappropriate gifts of significant monetary value, such as jewelry and other items from contractors in Iraq," according to public affairs guidance from the USMC on March 25, 2009. The Marine Corps has had primary responsibility for the Anbar region of western Iraq.

This investigation is being conducted jointly by NCIS, SIGIR, and DCIS.

Three Coalition Military Personnel Convicted and Sentenced for Corruption Involving U.S.-funded Iraq Contracts

An ongoing joint investigation by SIGIR, military criminal investigative personnel of a Coalition partner, and CID-MPFU has led to the conviction and sentencing of three military personnel from a Coalition partner country and the recovery of more than $1.1 million. SIGIR initiated this investigation based on information gathered during a SIGIR inspection of projects funded by the Commander's Emergency Response Program (CERP) and allegations

subsequently received from sources developed during the inspection. The Coalition partner had initiated and administered these projects, and SIGIR investigators developed substantive evidence of bribery by the Coalition partner military personnel.

Because of the language barrier, SIGIR obtained assistance from military investigative personnel from the Coalition country and CID-MPFU. SIGIR agents, CID-MPFU agents, and a highly professional team of investigative personnel sent by the Coalition partner then conducted an in-depth investigation in Iraq. The investigation substantiated the bribery allegations and disclosed a loss to the U.S. government of more than $4 million. Over $2.9 million of this amount was the result of the bribery scheme. The Coalition contract personnel demanded bribes from the contractors in return for providing accommodations and conveniences to the contractors. However, the investigative team recovered and returned an additional $1.119 million in funds lost because of malpractice in construction (failure to levy late fees, excessive design, illegal construction, and fraudulent work).

On March 20, 2009, the three individuals pled guilty to bribery charges in the Coalition partner's military court. One officer was sentenced to five years in a military prison for demanding and accepting bribes; another officer and an enlisted individual were each sentenced to two years in a military prison for demanding bribes. One other officer was charged and subsequently acquitted of all charges in a military court. Legitimate grounds for disciplinary action were developed against another officer; however, the individual was discharged from the Army before legal action was initiated.

The investigation also identified six other officers who had full knowledge of the flaws uncovered in this investigation, but failed to remedy the errors, which resulted in a loss of $1.119 million. These six individuals have been referred for disciplinary action in accordance with the Coalition partner's military regulations. SIGIR will provide further results of this investigation in a subsequent Quarterly Report. Because of the sensitivity and the continuing nature of the investigation, SIGIR will not identify the Coalition partner involved until the investigation is closed.

U.S. Army Colonel and Lieutenant Colonel Denied Appeal for Conviction in Fraud Scheme

On March 18, 2009, a federal judge in Trenton, New Jersey, denied an appeal to set aside the convictions of U.S. Army Col. Curtis G. Whiteford and U.S. Army Lt. Col. Michael B. Wheeler. Both are scheduled to be sentenced on June 18, 2009. The appeal was based on the November 7, 2008 conviction of Whiteford and Wheeler by a federal jury in Trenton, New Jersey, which found them guilty of conspiracy to commit bribery and interstate transportation of stolen property. The convictions stemmed from Whiteford's and Wheeler's roles in a scheme involving the theft of millions of dollars from the Coalition Provisional Authority (CPA) in Iraq. Lt. Col. Debra Harrison, another co-conspirator in this investigation, is scheduled to be sentenced on May 4, 2009, in Trenton, New Jersey, and another co-conspirator in this investigation is awaiting trial.

For a complete account of this investigation see the January 2009 *Quarterly Report and Semiannual Report to the Congress*.

Case Development

SIGIR Audit-Investigation Practice Initiative

SIGIR Audit-Investigation Proactive Initiative

In December 2008, SIGIR announced a new audit initiative to review DoD Appropriation, Obligation, and Expenditure Transaction Data Related to Iraq Relief and Reconstruction

(Project No. 9005). This special forensic project is designed to review data related to the Iraq Relief and Reconstruction Fund for FY 2003 through FY 2008. In March 2009, that initiative was expanded to include expenditures by DoS (Project No. 9012) and USAID (Project No. 9013). The objective of the project is to examine options for combining automated transaction data and data-mining techniques to review the appropriateness of expenditures for Iraq relief and reconstruction. The forensic audit project is expected to lead to further SIGIR efforts, including investigations when criminal activity is indicated.

Working in concert with SIGIR's Audit directorate, SIGIR Investigations opened a proactive investigation. SIGIR special agents and auditors have coordinated this effort and are working with various contract administration, financial management, audit, and investigative components in DoD, DoS, USAID, and the Department of the Treasury. So far, SIGIR has identified four avenues of specific investigative interest and inquiry.

Defense Finance and Accounting Service—Rome, New York

This quarter, SIGIR continued to support the ongoing invoice review project of the Defense Finance and Accounting Service (DFAS) in Rome, New York. DCIS is conducting this proactive project to analyze several billion dollars in payments related to U.S. Army purchases that have supported the war effort in Iraq. To aid in the efficient processing and retrieval of contingency vouchers, DFAS deployed scanners to Iraq and Kuwait to scan new vouchers into a DFAS database.

In addition to the daily scanning of new contingency vouchers and supporting documents, DFAS has begun to scan into the same database all of the historical vouchers related to contingency payments stored at DFAS-Rome.

Construction work by Coalition partner.

The historical contingency documents comprise about 800,000 vouchers, with a value of approximately $13 billion to $14 billion. The scanning of these documents was delayed; it is not expected to be completed until at least the end of December 2009.

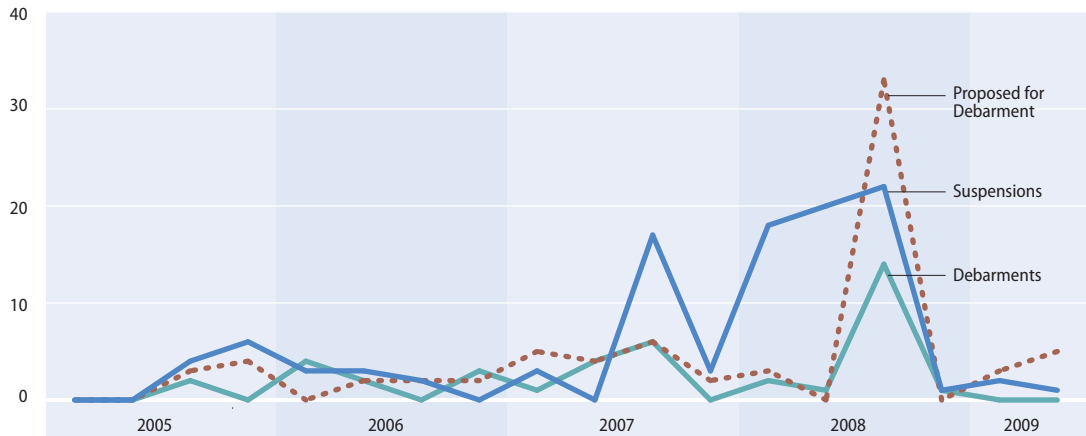
DFAS has provided SIGIR and its partner investigative agencies full access to its electronic databases. Data-mining techniques are being used to analyze the documents in the DFAS database. The DFAS Rome Project is actively providing support to ongoing investigations and has forwarded several investigative leads to SIGIR and its partner investigative agencies for further action.

Suspension and Debarment

Since December 2005, SIGIR has worked closely with the Department of Justice, CID-MPFU, DCIS, and the Army Legal Service Agency's Procurement Fraud Branch to suspend and debar contractors and government personnel for fraud or corruption within the Army, including those involving Iraq reconstruction or Army

Figure 4.3

Debarments and Suspensions, by Quarter 2005–2009



support contracts in Iraq and Afghanistan. These cases arise as the result of criminal indictments filed in federal district courts and allegations of contractor irresponsibility that require fact-based examination by the Army, Air Force, or Navy. For the first time, SIGIR includes suspension and debarment information from the Air Force and Navy in this Quarterly Report.

Since SIGIR's January 2009 Quarterly Report, the Procurement Fraud Branch has suspended 2 individuals based on allegations of fraud and misconduct connected to reconstruction and contractor fraud in Iraq, Kuwait, and Afghanistan, bringing the total suspensions to date to 105. In addition the Army has proposed 7 contractors for debarment, resulting in a total of 76 proposed debarments. Of these 76 proposed debarments, the Army has finalized 41 debarments to date, resulting in the debarment of contractors for periods ranging from 12 months to 10 years.

- For a list of debarments, see Table 4.4.
- For an overview of all suspensions and debarments, see Figure 4.3.
- For a comprehensive list of suspensions and debarments, see Appendix J. ◆

Table 4.4
Debarment List

Name	Debarred
Mohammad Shabbir Kahn	10/10/2008
Kevin Andre Smoot	9/30/2008
Green Valley Company	9/17/2008, 5/18/2007
Triad United Technologies, L.L.C.	9/17/2008
Dewa Europe	9/17/2008
Dewa Trading Establishment	9/17/2008
Al Ghannom and Nair General Trading Company	9/17/2008
Dewa Projects (Private) Ltd.	9/17/2008
Future AIM United	9/17/2008
First AIM Trading and Contracting	9/17/2008
Vasantha Nair	9/17/2008
K. V. Gopal	9/17/2008
Falah Al-Ajmi	9/17/2008
Trans Orient General Trading	9/17/2008
Zenith Enterprises Ltd.	9/17/2008
Peleti "Pete" Peleti, CWO, USA	6/15/2008
Al Sawari General Trading and Contracting Company	3/13/2008
John Allen Rivard, MAJ, USAR	1/14/2008
Samir Mahmoud	11/29/2007
Robert Grove	10/30/2007
Steven Merkes	9/27/2007
Bruce D. Hopfengardner, LTC, USAR	9/20/2007
Robert J. Stein, Jr.	8/16/2007
Philip H. Bloom	8/8/2007
Global Business Group S.R.L.	8/8/2007
Stephen Lowell Seamans	7/27/2007
Gheevarghese Pappen	6/28/2007
Faheem Mousa Salam	6/28/2007
QAH Mechanical and Electrical Works	6/27/2007
Abdullah Hady Qussay	6/27/2007
Al Riyadh Laboratories and Electricity Co.	1/26/2007
Thomas Nelson Barnes	1/24/2007
Danube Engineering and General Contracting	12/28/2006
Alwan Faiq	12/28/2006
Christopher Joseph Cahill	11/9/2006
Diaa Ahmen Abdul Latif Salem	6/2/2006
Jasmine International Trading and Service Company	6/2/2006
Custer Battles	3/17/2006
Robert Wiesemann, CW2, USA	3/6/2006
Glenn Allen Powell	2/16/2006
Amro Al Khadra	1/12/2006
Dan Trading and Contracting	1/12/2006
Steven Ludwig	9/29/2005
DXB International	9/29/2005

TABLE 4.5
CONVICTIONS

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Jeff Alex Mazon, Contractor, KBR	Major fraud against the United States and wire fraud	3/24/2009	Pending
Carolyn Blake, Sister of Maj. John Cockerham	Conspiracy and money laundering	3/19/2009	Pending
Harith Al-Jabari, Contractor	Conspiracy, bribery, and false statements	1/22/2009	Pending
Maj. Christopher Murray, USA Contracting Officer	Bribery and false statements	1/8/2009	Pending
Maj. Theresa Baker, USAR Contracting Officer	Conspiracy and bribery	12/22/2008	Pending
Col. Curtis Whiteford, USAR Senior Official, CPA-South Central Region	Conspiracy, bribery, and wire fraud	11/7/2008	Pending
Lt. Col. Michael Wheeler, USAR CPA Reconstruction Advisor	Conspiracy, bribery, wire fraud, interstate transportation of stolen property, and bulk cash smuggling	11/7/2008	Pending
David Ramirez, Contractor, Readiness Support Management, Inc.	Bulk currency smuggling and structuring transactions	10/9/2008	Pending
Lee Dubois Contractor, Future Services General Trading and Contracting Company	Theft of government property	10/7/2008	Pending
Robert Bennett Contractor, KBR	Violating the Anti-Kickback Act	8/28/2008	Pending
Maj. James Momon, Jr., USA Contracting Officer	Conspiracy and bribery	8/13/2008	Pending
Lt. Col. Debra M. Harrison, USA Acting Comptroller for CPA-South Central Region	Conspiracy, bribery, money laundering, wire fraud, interstate transportation of stolen property, smuggling cash, and preparing false tax returns	7/28/2008	Pending
Capt. Cedar Lanmon, USA	Accepting illegal gratuities	7/23/2008	1 year in prison; 1 year supervised release
Maj. John Lee Cockerham, Jr., USA Contracting Officer	Bribery, conspiracy, and money laundering	6/24/2008	Pending
Melissa Cockerham, Wife of Maj. John Cockerham	Conspiracy and money laundering	6/24/2008	Pending
Lt. Col. Levonda Selph, USAR Contracting Officer	Conspiracy and bribery	6/10/2008	Pending
Raman International Corp.	Conspiracy and bribery	6/3/2008	$500,000 fine and $327,192 restitution
Michael Carter Project Engineer, Force Protection Industries	Violating the Anti-Kickback Act	1/25/2008	Pending
Capt. Austin Key, USA Contracting Officer	Bribery	12/19/2007	Pending
Maj. John Rivard, USAR Contracting Officer	Bribery, conspiracy, and money laundering	7/23/2007	10 years in prison; 3 years supervised release; $5,000 fine; and $1 million forfeiture order
Kevin Smoot, Managing Director, Eagle Global Logistics, Inc.	Violating the Anti-Kickback Act and making false statements	7/20/2007	14 months in prison; 2 years supervised release; $6,000 fine; and $17,964 restitution

Continued on the next page

Convictions

Name	Charges	Date of Conviction	Sentence
Anthony Martin, Subcontractor Administrator, KBR	Violating the Anti-Kickback Act	7/13/2007	1 year and 1 day in prison; 2 years supervised release; and $200,504 restitution
Jesse Lane, USAR 223rd Finance Detachment	Conspiracy and honest services wire fraud	6/5/2007	30 months in prison and $323,228 restitution
Steven Merkes, DoD Civilian, Operational Support Planner	Accepting illegal gratuities	2/16/2007	12 months and 1 day in prison and $24,000 restitution
Chief Warrant Officer Peleti, Jr., USA Army's Food Service Advisor for Kuwait, Iraq, and Afghanistan	Bribery and smuggling cash	2/9/2007	28 months in prison and $57,500 fine and forfeiture
Jennifer Anjakos, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $86,557 restitution; and $100 assessment
Sgt. Lomeli Chavez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $28,107 restitution; and $100 assessment
Sgt. Derryl Hollier, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $83,657.47 restitution; and $100 assessment
Sgt. Luis Lopez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $66,865 restitution; and $100 assessment
Bonnie Murphy, Contracting Officer	Accepting unlawful gratuities	11/7/2006	1 year supervised release and $1,500 fine
Samir Mahmoud, Employee of U.S. construction firm	Making false statements	11/3/2006	1 day credit for time served; and 2 years supervised release
Gheevarghese Pappen, USACE Civilian	Soliciting and accepting illegal gratuities	10/12/2006	2 years in prison; 1 year supervised release; and $28,900 restitution
Lt. Col. Bruce Hopfengardner, USAR Special Advisor to CPA-South Central Region	Conspiracy, conspiring to commit wire fraud and money laundering, and smuggling currency	8/25/2006	21 months in prison; 3 years supervised release; $200 fine; and $144,500 forfeiture
Faheem Mousa Salam, Interpreter, Titan Corp.	Violating the Foreign Corrupt Practices Act's Anti-Bribery Provisions	8/4/2006	3 years in prison; 2 years supervised release; 250 hours community service; and $100 special assessment
Mohammad Shabbir Khan, Director of Operations for Kuwait and Iraq, Tamimi Global Co. Ltd.	Violating the Anti-Kickback Act	6/23/2006	51 months in prison; 2 years supervised release; $10,000 fine; $133,860 restitution; and $1,400 assessment
Philip Bloom, Owner - Global Business Group, GBG Holdings, and GBG-Logistics Division	Conspiracy, bribery, and money laundering	3/10/2006	46 months in prison; 2 years supervised release; $3.6 million forfeiture; $3.6 million restitution; and $300 special assessment
Stephen Seamans, Subcontracts Manager, KBR	Wire fraud, money laundering, and conspiracy	3/1/2006	12 months and 1 day in prison; 3 years supervised release; $380,130 in restitution; $200 assessment
Christopher Cahill, Regional Vice President, Middle East and India, Eagle Global Logistics, Inc.	Major fraud against the United States	2/16/2006	30 months in prison; 2 years supervised release; $10,000 fine; and $100 assessment (a civil settlement with EGL arising from the same facts resulted in a settlement of $4 million)
Robert Stein, CPA-South Central Comptroller and Funding Officer	Felon in possession of a firearm, possession of machine guns, bribery, money laundering, and conspiracy	2/2/2006	9 years in prison; 3 years of supervised release; $3.6 million forfeiture; $3.5 million restitution; and $500 special assessment
Glenn Powell, Subcontracts Manager, KBR	Major fraud and violating the Anti-Kickback Act	8/1/2005	15 months in prison; 3 years supervised release; $90,973.99 restitution; and $200 assessment

SIGIR HOTLINE

The SIGIR Hotline facilitates the reporting of fraud, waste, abuse, mismanagement, and reprisal in all programs associated with Iraq reconstruction efforts funded by the U.S. taxpayer. Cases received by the SIGIR Hotline that are not related to programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq are transferred to the appropriate entity. The SIGIR Hotline receives walk-in, telephone, mail, fax, and online contacts from people in Iraq, the United States, and throughout the world.

First Quarter Reporting

As of March 31, 2009, the SIGIR Hotline had initiated 716 cases. Of these cases, 626 have been closed, and 90 remain open. For a summary of these cases, see Table 4.6.

Table 4.6

Summary of SIGIR Hotline Cases, as of 3/31/2009

Open Cases		
Investigations		82
Audit		7
Inspections		1
Total Open		**90**
Closed Cases	**1st Qtr 2009**	**Cumulative***
FOIA	0	4
OSC Review	0	2
Assists	0	46
Dismissed	3	126
Referred	10	280
Inspections	0	79
Investigations	1	76
Audit	4	13
Total Closed	**18**	**626**
Cumulative* Open & Closed		**716**

*Cumulative totals cover the period since the SIGIR Hotline began operations—from 3/24/2004 to 3/31/2009.

New Cases

During this reporting period, the SIGIR Hotline received 17 new complaints, bringing the cumulative total to 716 Hotline cases. The new complaints were classified in these categories:

- 7 involved contract fraud.
- 8 involved miscellaneous issues.
- 2 involved personnel issues.

The SIGIR Hotline receives most reports of perceived instances of fraud, waste, abuse, mismanagement, and reprisal through its website and by electronic mail. SIGIR's 17 new Hotline complaints were received by these means:

- 9 by SIGIR website
- 8 by electronic mail

Closed Cases

During this quarter, SIGIR closed 18 Hotline cases:

- 10 were referred to other inspector general agencies.
- 3 were dismissed for being outside of SIGIR's investigative purview.
- 4 were closed by SIGIR Audit.
- 1 was closed by SIGIR Investigations.

Referred Complaints

Following a thorough review, SIGIR referred 10 complaints to outside agencies for proper resolution:

- 5 were sent to the Multi-National Force-Iraq Office of Inspector General.
- 2 were sent to the Department of Defense Office of Inspector General.
- 2 were sent to the Joint Contracting Command-Iraq/Afghanistan.
- 1 was sent to the Department of State Office of Inspector General. ◆

SIGIR WEBSITE

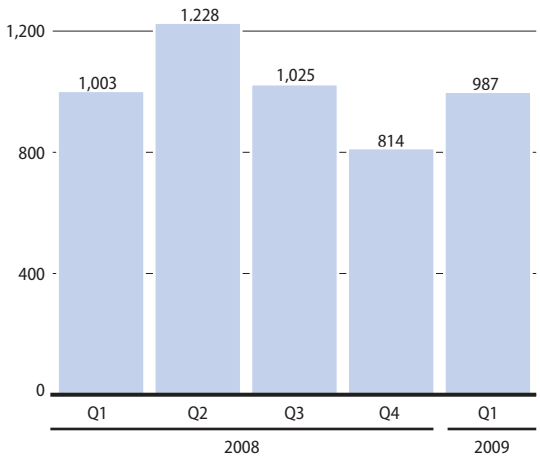
During this reporting period, the SIGIR website (www.sigir.mil) recorded these activities:

- This quarter, more than 88,000 users visited the SIGIR website—approximately 1,000 users per day.
- This quarter, the Arabic language section of the site received 1,119 visits.
- The most frequently downloaded documents were SIGIR's most recent Quarterly Reports.

For an overview of daily visits to the SIGIR website, see Figure 4.4.

FIGURE 4.4

AVERAGE NUMBER OF VISITORS PER DAY TO SIGIR WEBSITE



Source: Web Analytics, as of 4/20/2009.

LEGISLATIVE UPDATE

On March 11, 2009, the President signed Public Law 111-8, the Omnibus Appropriations Act, 2009 (P.L. 111-8); this law included provisions related to Iraq reconstruction. Another law was signed confirming SIGIR's membership in the recently established Council of the Inspectors General on Integrity and Efficiency. In addition, during the reporting period, the Inspector General testified before one congressional committee and one legislative branch panel.

Omnibus Appropriations Act, 2009

The act includes one section, section 7042, relating to the reconstruction of Iraq. In general, the act, which is a "regular" appropriation, does not provide significant funds for the reconstruction of Iraq: such funds have been appropriated in supplemental appropriations. It continues without substantial change earlier-enacted legislation carried in a prior appropriations act intended to prevent funds in a "regular" appropriations bill from being used for most purposes for the reconstruction of Iraq. It contains an exception to that general policy, however, so that appropriations for the "Nonproliferation, Anti-terrorism, Demining and Related Programs" account may be used for the removal and disposal of landmines and other unexploded ordnance, small arms, and light weapons in Iraq.

The act also makes applicable to assistance for Iraq for FY 2009 the conditions previously applicable under section 1402(e) of P.L. 110-252, the Supplemental Appropriations Act, 2008, for assistance to Iraq. The conditions are referred to as a "matching requirement." Generally, funds will be made available only if they are matched on a dollar-for-dollar basis. Before the United States makes an initial obligation of funds, the Secretary of State is required to certify that the GOI is committed to spend matching funds and to report twice yearly on the amounts of funds obligated and expended by the GOI for this purpose. Excepted from these requirements are obligations for assistance for democracy and human rights programs; the Community Action Program and other civil society programs; "humanitarian demining" (mine clearance for the benefit of civilians); and aid to refugees, internally displaced persons, and civilian victims of military operations. The section also requires a report 45 days after the date of enactment of the act, detailing the amounts provided by the GOI since June 30, 2004, to assist Iraqi refugees in Syria, Jordan, and elsewhere, and the amount of such assistance the GOI plans to provide in the current fiscal year.

The act repeats a prior-year provision that "none of the funds made available in this Act may be used by the Government of the United States to enter into a permanent basing rights agreement between the United States and Iraq."

Finally, the act contains a new requirement that within 180 days of the date of enactment, "the Secretary of State, in consultation with relevant United States Government agencies, shall submit to the Committees on Appropriations a report, in classified form if necessary, that details the plans, costs and timelines associated with the transition of [certain] programs and activities" to the GOI. The report shall relate to programs and activities funded under provisions ("titles") relating to bilateral economic assistance, international security assistance, multilateral assistance, and export and investment assistance within the act, or prior acts, "making appropriations for the Department of State, foreign operations, and related programs."

Legislation Relating to SIGIR's Role on the Council of the Inspectors General on Integrity and Efficiency

As this Quarterly Report went to press, the President was expected to sign S.383, the Special Inspector General for the Troubled Asset Relief Program Act of 2009. That law, which mainly deals with another agency, contains a free-standing provision (section 7) providing that SIGIR and the Special Inspector General for Afghanistan Reconstruction shall be members of the Council of the Inspectors General on Integrity and Efficiency established under section 11 of the Inspector General Act of 1978, as amended. That Council was established by the Inspector General Reform Act of 2008, P.L. 110-409 (section 7), to replace two bodies—the former President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, which had operated under the authority of Executive Orders.

Congressional Appearances

Since the last SIGIR Quarterly Report, the Inspector General appeared before one legislative branch commission and one congressional committee:

- February 2, 2009—Commission on Wartime Contracting in Iraq and Afghanistan—Hearing on "Lessons from the Inspectors General: Improving Wartime Contracting." The Inspector General testified before this legislative branch commission on SIGIR's latest lessons-learned report. The research for *Hard Lessons: The Iraq Reconstruction Experience* comprised hundreds of interviews with key participants in the reconstruction effort and the review of thousands of documents.
- March 25, 2009—House Committee on Armed Services—Hearing on "Effective Counterinsurgency: How the Use and Misuse of Reconstruction Funding Affects the War Effort in Iraq and Afghanistan." Supporting his testimony with findings from SIGIR's 350-page *Hard Lessons* report, the Inspector General provided key recommendations that can be considered for current and future contingency reconstruction and stabilization operations. ◆

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SECTION

5

INTRODUCTION

In March 2004, SIGIR formed the Iraq Inspectors General Council (IIGC) to provide a forum for discussion of oversight in Iraq and to enhance collaboration and cooperation among the inspectors general (IGs) of the agencies that oversee Iraq reconstruction funds. Representatives of member organizations meet quarterly to exchange details about current and planned audits, identify opportunities for collaboration, and minimize redundancies.

The most recent meeting was held on February 25, 2009, at the SIGIR office in Arlington, Virginia. The following organizations attended the meeting:

- U.S. Central Command Inspector General (CENTCOM IG)
- Defense Contract Audit Agency (DCAA)
- Department of the Army Inspector General
- Department of Defense Office of Inspector General (DoD OIG)
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- Marine Corps Inspector General
- Naval Audit Service (NAVAUDSVC)
- SIGIR
- U.S. Agency for International Development Office of Inspector General (USAID OIG)
- U.S. Army Audit Agency (USAAA)
- Wartime Contracting Commission

Each quarter, SIGIR requests updates from member organizations on their completed, ongoing, and planned oversight activities. This section summarizes the audits and investigations reported to SIGIR this quarter by DoD OIG, DoS OIG, GAO, USAID OIG, and USAAA. For DCAA updates, see Appendix K.

Although in previous quarters SIGIR has provided updates on the U.S. Department of the Treasury and the U.S. Department of Commerce, neither agency has any current Iraq reconstruction oversight activities ongoing or planned for FY 2009. SIGIR will no longer be reporting on them in this section.

Section 842 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 101-181) requires that SIGIR, in consultation with other IGs, develop "a comprehensive plan for a series of audits" of "federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq."

Following the enactment of section 842, SIGIR has worked closely with the DoD OIG Joint Planning Group—Southwest Asia, which has facilitated the production of the Comprehensive Audit Plan for Southwest Asia. That document, compiled by the relevant IGs (including SIGIR), summarizes ongoing and near-term planned audits for Iraq and the region.

In November 2008, several DoD and federal oversight agencies—including SIGIR, DoD OIG, DoS OIG, USAID OIG, NAVAUDSVC, AFAA, and DCAA—presented the FY 2009 update to the Comprehensive Audit Plan for Southwest Asia. The plan provides a comprehensive accounting of the ongoing and planned audits for Southwest Asia, including Iraq, for all IG offices having audit jurisdiction. Participating oversight agencies will continue to coordinate audit plans through existing working groups and councils.

OTHER AGENCY AUDITS

This section updates the audits that IIGC member agencies reported to SIGIR:

- For recently completed oversight report activity, see Table 5.1.
- For ongoing oversight report activity of other U.S. agencies during this reporting period, see Table 5.2.
- For more information on other agency audits, including audit summaries, see Appendix K.
- For a complete historical list of audits and reviews on Iraq reconstruction by all entities, see Appendix L.

TABLE 5.1
RECENTLY COMPLETED OVERSIGHT REPORTS OF OTHER U.S. AGENCIES, AS OF 3/31/2009

AGENCY	REPORT NUMBER	REPORT DATE	REPORT TITLE
DoD	D-2009-063	3/24/2009	Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Trust Fund
DoD	SPO-2009-003	3/17/2009	Assessment of the Accountability of Night Vision Devices Provided to the Security Forces of Iraq
DoD	D-2009-061	3/12/2009	Controls Over the Reporting of Transportation Costs in Support of the Global War on Terror
DoD	D-2009-058	2/27/2009	DoD Cost of War Reporting of Supplemental Funds Provided for Procurement and Research, Development, Test, and Evaluation
DoD	D-2009-054	2/17/2009	Identification of Classified Information in Unclassified DoD Systems During the Audit of Internal Controls and Data Reliability in the Deployable Disbursing System
DoD	D-2009-052	2/13/2009	Controls Over Excess Defense Articles Provided to Foreign Governments
DoD	09-INTEL-03	2/13/2009	Review of Intelligence Resources at the Joint Intelligence Task Force Combating Terrorism and Special Operations Command in Support of Operation Enduring Freedom and Operation Iraqi Freedom
DoD	D-2009-047	1/29/2009	DoD Testing Requirements for Body Armor
DoD	D-2009-046	1/29/2009	Procurement and Delivery of Joint Service Armor Protected Vehicles
DoD	D-2009-042	1/16/2009	Hiring Practices Used To Staff the Iraqi Provisional Authorities
DoD	D-2009-041	1/14/2009	Expeditionary Fire Support System and Internally Transportable Vehicle Programs
DoS	09-ISP-3014	3/30/2009	Review of U.S. Policy Regarding Oil Contracts in Iraq (Program Evaluation)
DoS	08MERO3003	1/7/2009	Review on the Role, Staffing, and Effectiveness of Diplomatic Security in the Management of Personal Protective Services (PPS) in Iraq
GAO	GAO-09-449R	3/30/2009	Global War on Terrorism: Reported Obligations for the Department of Defense
GAO	GAO-09-476T	3/25/2009	Iraq and Afghanistan: Security, Economic, and Governance Challenges to Rebuilding Efforts Should Be Addressed in U.S. Strategies
GAO	GAO-09-294SP	3/24/2009	Iraq: Key Issues for Congressional Oversight
GAO	GAO-09-302	3/17/2009	Global War on Terrorism: DoD Needs to More Accurately Capture and Report the Costs of Operation Iraqi Freedom and Operation Enduring Freedom
GAO	GAO-09-280	3/9/2009	Afghanistan Security: U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation
GAO	GAO-09-388T	3/3/2009	Defense Management: Increased Attention on Fuel Demand Management at DoD's Forward-Deployed Locations Could Reduce Operational Risks and Costs
GAO	GAO-09-300	2/20/2009	Defense Management: DoD Needs To Increase Attention on Fuel Demand Management at Forward-Deployed Locations
GAO	GAO-09-380T	2/12/2009	Iraq and Afghanistan: Availability of Forces, Equipment, and Infrastructure Should Be Considered in Developing U.S. Strategy Plans
GAO	GAO-09-366T	2/12/2009	Afghanistan Security: Corrective Actions Are Needed to Address Serious Accountability Concerns about Weapons Provided to Afghan National Security Forces
GAO	GAO-09-267	1/30/2009	Afghanistan Security: Lack of Systematic Tracking Raises Significant Accountability Concerns about Weapons Provided to Afghan National Security Forces
USAAA	A-2009-0082-ALM	3/31/2009	Field Level Reset Requirements – Army National Guard
USAAA	A-2009-0080-ALL	3/31/2009	Retrograde Operations in Southwest Asia Multi-class Retrograde – Iraq, Camp Victory, Iraq
USAAA	A-2009-0076-ALM	3/31/2009	Reset Fly Away Team – Inter-depot Transfer Request Process
USAAA	A-2009-0086-ALA	3/30/2009	Body Armor Testing, Program Executive Office, Soldier
USAAA	A-2009-0066-ALR	3/30/2009	Property Book Unit Supply Enhanced System – Property Accountability and Management, 10th Mountain Division
USAAA	A-2009-0085-ALL	3/26/2009	Retrograde Operations in Southwest Asia, Class VII Theater Provided Equipment, Camp Victory, Iraq
USAAA	A-2009-0073-ALA	3/26/2009	Assessing Future Base Budget Requirements, Equipping Program Evaluation Group
USAAA	A-2009-0035-ALR	3/25/2009	Customer Billing Rates – Liner Business Shipments, United States Transportation Command
USAAA	A-2009-0077-ALM	3/23/2009	Time-Sensitive Issue: M88A1 Recovery Vehicle FY09 Reset Maintenance Requirements

Continued on the next page

Recently Completed Oversight Reports of Other U.S. Agencies, as of 3/31/2009

Agency	Report Number	Report Date	Report Title
USAAA	A-2009-0074-ALM	3/23/2009	Time-Sensitive Issue: Automatic Reset Induction Transportation from Southwest Asia
USAAA	A-2009-0071-ALM	3/23/2009	Time-Sensitive Issue: Automatic Reset Induction Criteria
USAAA	A-2009-0069-ALL	3/19/2009	Management of Shipping Containers in Southwest Asia — Kuwait, Iraq, Afghanistan, and CONUS—Summary Report
USAAA	A-2009-0062-FFM	3/3/2009	Assessing Future Base Budget Requirements, Manning Program Evaluation Group
USAAA	A-2009-0049-FFS	2/20/2009	U.S. Army Reserve Pre-Mobilization Training Requirements
USAAA	A-2009-0057-FFS	2/19/2009	Army National Guard Pre-Mobilization Training Requirements
USAAA	A-2009-0042-ALM	1/27/2009	Contracts for Field Level Reset, U.S. Army Sustainment Command
USAAA	A-2009-0033-ALL	1/22/2009	Management of Shipping Containers in Southwest Asia - Afghanistan
USAAA	A-2009-0026-ALR	1/15/2009	Container Detention Billing for the Global War on Terrorism, Military Surface Deployment and Distribution Command
USAID	E-267-09-002-P	3/4/2009	Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq

Table 5.2

Ongoing Oversight Activities of Other U.S. Agencies, as of 3/31/2009

Agency	Project Number	Date Initiated	Project Description
DoD	D2009-D000FC-0176.000	3/19/2009	Controls Over Unliquidated Obligations for Department of the Army Contracts Supporting the Global War on Terror
DoD	D2009-D000FC-0165.000	3/4/2009	Controls Over Department of the Navy Military Payroll Processed in Support of the Global War on Terror at San Diego-Area Disbursing Centers
DoD	D2009-D000AS-0163.000	3/2/2009	Army and Navy Small Boats Maintenance Contracts
DoD	D2009-D000FI-0150.000	2/13/2009	Material Purchases Made Through Partnership Agreements at Corpus Christi Army Depot
DoD	D2009-D000JA-0108.001	2/11/2009	Summary of Information Operations Contracts in Iraq
DoD	D2009-D00-SPO-0148.000	2/3/2009	Assessment of the Accountability and Control of Arms, Ammunition, and Explosives (AA&E) Provided to the Security Forces of Afghanistan
DoD	D2009-D00-SPO-0113.000	2/3/2009	Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Afghan National Security Forces
DoD	D2009-D000FC-0121.000	1/30/2009	Controls Over Air Combat Command and Pacific Air Forces Unliquidated Obligations on Department of the Air Force Contracts Supporting the Global War on Terror
DoD	D2009-D000JA-0136.000	1/30/2009	Controls Over the Common Access Card in Non-Department of Defense Agencies
DoD	D2009-DIPOAI-0141	1/29/2009	Review of Army Decision Not to Withhold Funds on the Logistics Civil Augmentation Program (LOGCAP) III Contract
DoD	D2009-D000JA-0106.000	1/13/2009	Body Armor Acquisition Life Cycle Management
DoD	D2009-D000FB-0112.000	1/5/2009	Deployment of the Standard Procurement System in the Joint Contracting Command Iraq/ Afghanistan
DoD	D2009-D000JA-0108.000	12/23/2008	Information Operations Contracts in Iraq
DoD	D2009-D00-SPO-0115.000	12/17/2008	Assessment of U.S. and Coalition Efforts to Develop the Medical Sustainment Capability of the Afghan National Security Forces.
DoD	D2009-D000AE-0102.000	12/9/2008	DoD Countermine and Improvised Explosive Device Defeat Systems Contracts
DoD	D2009-D000CK-0100.000	12/9/2008	Maintenance and Support of the Mine Resistant Ambush Protected Vehicle
DoD	D2009-D000CF-0095.000	12/1/2008	DoD's Use of Time and Materials Contracts
DoD	D2009-D000AS-0092.000	12/1/2008	Counter Radio-Controlled Improvised Explosive Device Electronic Warfare Program
DoD	D2009-D000FN-0075.000	11/25/2008	Internal Controls Over Naval Special Warfare Command Comptroller Operations in Support of Global War on Terror
DoD	D2009-D000CD-0071.000	11/12/2008	Implementation of Predator/Sky Warrior Acquisition Decision Memorandum Dated May 19, 2008
DoD	D2007-D000FD-0198.001	10/10/2008	Reannouncement of the Audit of Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund
DoD	D2009-D0000AE-0007.000	9/29/2008	Army Acquisition Actions in Response to the Threat to Light Tactical Wheeled Vehicles
DoD	D2008-D000AE-0287.000	9/23/2008	Using System Threat Assessments in the Acquisition of Tactical Wheeled Vehicles
DoD	D2008-D000AB-0266.000	9/18/2008	Defense Contract Management Agency Acquisition Workforce for Southwest Asia
DoD	D2008-D000LF-0267.000	9/12/2008	Medical/Surgical Prime Vendor Contracts Supporting Coalition Forces in Iraq and Afghanistan
DoD	D2008-D000FL-0253.000	9/3/2008	Department of the Army Deferred Maintenance on the Bradley Fighting Vehicle as a Result of the Global War on Terror
DoD	D2008-D000JC-0274.000	8/28/2008	Update—Summary Report on Challenges Impacting Operations Iraqi Freedom and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2008
DoD	D2008-D000FN-0230.000	8/28/2008	Information Assurance Controls Over the Outside the Continental United States Navy Enterprise Network as related to the Global War on Terror
DoD	D2008-D000LD-0245.000	8/27/2008	Central Issue Facilities
DoD	D2008-D000AS-0270.000	8/25/2008	Transition Planning for the Logistics Civil Augmentation Program IV Contract
DoD	D2008-D00SPO-0268.000	8/12/2008	Assessment Research on Wounded Warrior Management Processes

Continued on the next page

Ongoing Oversight Activities of Other U.S. Agencies, as of 3/31/2009

Agency	Project Number	Date Initiated	Project Description
DoD	D2008-D000CD-0256.000	8/7/2008	DoD Body Armor Contracts
DoD	D2008-D000FP-0252.000	8/1/2008	Department of the Air Force Military Pay in Support of the Global War on Terror
DoD	D2008-D000AS-0255.000	7/31/2008	Contracts Supporting the DoD Counter Narcoterrorism Program
DoD	D2008-D000AE-0251.000	7/21/2008	Army's Use of Award Fees on Contracts That Support the Global War on Terror
DoD	D2008-D000AE-0247.000	7/18/2008	Rapid Acquisition and Fielding of Materiel Solutions Within the Navy
DoD	D2008-D000AS-0248.000	7/17/2008	Logistics Support for the United States Special Operations Command
DoD	D2008-D000LH-0249.000	7/14/2008	Equipment Repair and Maintenance Contracts for Aircraft and Aircraft Components Supporting Coalition Forces in Iraq and Afghanistan
DoD	D2008-D000LF-0241.000	7/14/2008	Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia
DoD	D2008-D000LH-0250.000	7/14/2008	Selection of Modes for Transporting Materiel in Support of Operations in Iraq and Afghanistan
DoD	D2008-D000LH-0235.000	6/26/2008	Contracting for Purchased and Leased Nontactical Vehicles in Support of Operation Iraqi Freedom and Operation Enduring Freedom
DoD	D2008-D000FH-0225.000	6/20/2008	The U.S. Air Force Deferred Maintenance on the C-130 Aircraft as a Result of the Global War on Terror
DoD	D2008-D000CH-0236.000	6/19/2008	The Army Procurements for the High Mobility Multi-Purpose Wheeled Vehicles
DoD	D2008-D000CE-0221.000	6/9/2008	DoD and DoD Contractor Efforts to Prevent Sexual Assault/Harassment Involving Contractor Employees Within Operations Enduring Freedom and Iraqi Freedom Areas of Operation
DoD	D2008-D000FC-0208.000	6/9/2008	Controls Over Unliquidated Obligations on Department of the Air Force Contracts Supporting the Global War on Terror
DoD	D2008-D000FJ-0210.000	5/30/2008	Department of the Army Deferred Maintenance on the Abrams Tank Fleet as a Result of the Global War on Terror
DoD	D2008-D000FD-0214.000	5/20/2008	Contracts for Spare Parts for Vehicle-Mounted Small Arms in Support of the Global War on Terror
DoD	D2008-D000FC-0189.000	5/13/2008	Controls Over the Department of the Navy Military Payroll Disbursed in Support of the Global War on Terror
DoD	D2008-D000JC-0203.000	5/12/2008	Assignment and Training of Contracting Officer's Representatives at Joint Contracting Command-Iraq/Afghanistan
DoD	D2008-D000JC-0202.000	5/12/2008	Air Force Contract Augmentation Program in Southwest Asia
DoD	D2008-DIPOE2-0196.000	5/12/2008	Review of Contracting Actions Relating to the Electrocution Death of a U.S Army Soldier
DoD	D2008-D000AB-0193.000	4/24/2008	Organic Ship Utilization in Support of the Global War on Terror
DoD	D2008-D000CE-0187.000	4/23/2008	Acquisition of Ballistic Glass for the High-Mobility Multipurpose Wheeled Vehicle
DoD	D2008-D000JC-0186.000	4/23/2008	Class III Fuel Procurement and Distribution in Southwest Asia
DoD	D2008-D000CK-0161.000	2/25/2008	War Reserve Materiel Contract
DoD	D2008-D000FP-0132.000	2/25/2008	Internal Controls over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia
DoD	2008C003	2/7/2008	Evaluation of DoD Sexual Assault Response in Operations Enduring Freedom and Iraqi Freedom Areas of Operation
DoD	D2008-D000CG-0123.000	2/7/2008	Price Reasonableness for Contracts at U.S. Special Operations Command
DoD	D2007-D000LA-0199.002	1/24/2008	Controls Over the Contractor Common Access Card Life Cycle in Southwest Asia
DoD	D2008-D000FI-0083.000	12/27/2007	Controls over the Reporting of Transportation Costs in Support of the Global War on Terror
DoD	D2008-D000FE-0106.000	12/19/2007	Defense Emergency Response Fund for the Global War on Terror
DoD	D2008-D000LF-0093.000	11/28/2007	Medical Equipment Used To Support Operations in Southwest Asia
DoD	D2008-DIP0AI-0086.000	11/8/2007	Contract Audit Follow-Up Review Related to Iraq Reconstruction Activities
DoD	D2007-DINT01-0092.003	8/31/2007	Audit of the Management of Signals Intelligence Counterterrorism Analysts
DoD	D2007-D000FL-0252.000	8/31/2007	Internal Controls and Data Reliability in the Deployable Disbursing System

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Ongoing Oversight Activities of Other U.S. Agencies, as of 3/31/2009

Agency	Project Number	Date Initiated	Project Description
DoD	D2007-D000CK-0201.000	6/18/2007	Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts
DoD	D2007-D000LD-0129.000	4/13/2007	Marine Corps' Management of the Recovery and Reset Programs
DoD	D2006-D000AE-0241.000	8/4/2006	DoD Use of GWOT Supplemental Funding Provided for Procurement and Research, Development, Test and Evaluation
DoS	09MERO3002	11/21/2008	Embassy Baghdad Transition Plan (DoD Downsizing)
DoS	09MERO3003	11/21/2008	Role, Staffing, and Effectiveness of the Regional Embassy Offices (REO) in Iraq
DoS	08AUD3023	7/1/2008	Audit of Contract Administration, Commissioning and Accreditation of the NEC Baghdad
DoS	08MER03005	6/1/2008	Review of the Activities of DynCorp International under the State Department's Worldwide Personal Protective Service Contracts (WPPS) in Iraq
DoS	08MERO3006	6/1/2008	Review of the Activities of Triple Canopy under the State Department's Worldwide Personal Protective Service Contracts (WPPS) in Iraq
DoS	08AUD3016	3/1/2008	Joint Review of the Blackwater Contract for Worldwide Personal Protective Services
GAO	351321	3/3/2009	Review of DoD's Plans for Drawdown of U.S. Forces From Iraq
GAO	120812	2/1/2009	Iraq/Afghanistan Contractor Oversight
GAO	351282	1/1/2009	Army First Article Testing of Body Armor
GAO	Not reported	12/1/2008	U.S. and International Assistance to Internally Displaced Persons (IDPs) in Iraq
GAO	120790	11/20/2008	Contracting in Iraq and Afghanistan
GAO	Not reported	11/1/2008	Iraq Transition Policy Paper
GAO	Not reported	10/1/2008	Foreign Military Sales and Other U.S.-Iraq Cost Sharing Arrangements
GAO	351237	9/1/2008	Readiness of the Army Active/Reserve Component Forces
GAO	351239	9/1/2008	Readiness of the Active and Reserve Components of the Navy and Marine Corps
GAO	320565	7/8/2008	U.S. and International Assistance to Iraqi Refugees
GAO	351231	6/1/2008	DoD Integration of Improvised Explosive Device (IED) Defeat Efforts
GAO	351230	6/1/2008	Joint IED Defeat Organization (JIEDDO) Strategic Management
GAO	351236	6/1/2008	Urgent Wartime Requirements
GAO	320587	3/1/2008	Status of Economic Support Funds for Iraq
GAO	351166	2/1/2008	Incentives, Compensation, and Medical Care for Deployed Federal Civilians
GAO	320557	12/1/2007	Iraqi Security Forces and the Transfer of Security Responsibilities
GAO	351083	8/1/2007	Use of Private Security Contractors in Iraq
USAAA	A-2009-FFS-0075.000	3/31/2009	Reserve Component Post Mobilization Training
USAAA	A-2009-ALL-0133.000	3/26/2009	Force Protection – Security Badging (Kuwait)
USAAA	A-2009-ALL-0118.000	2/10/2009	Controls over Vendor Payments – Southwest Asia (Phase II)
USAAA	A-2008-ALL-0624.003	2/9/2009	Commander's Emergency Response Program (CERP), Multi-National Division – Center (Iraq)
USAAA	A-2009-ALL-0341.000	2/5/2009	U.S. Army Customs Operations – Kuwait
USAAA	A-2009-ALL-0110.000	2/2/2009	Multi-National Security Transition Command-Iraq (MNSTC-I), Iraqi Security Forces Fund (ISFF)
USAAA	A-2009-ALL-0106.000	2/2/2009	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan – Kabul and Jalalabad (Afghanistan)
USAAA	A-2009-ALM-0059.000	1/27/2009	Non-Standard Equipment Sustainment
USAAA	A-2009-ALL-0354.000	1/20/2009	Forward Operating Base (FOB) Closures
USAAA	A-2008-ALA-0588.000	1/20/2009	Foreign Military Sales (FMS)
USAAA	A-2009-FFP-0197.000	12/1/2008	Managing Reset, U.S. Army Pacific

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Ongoing Oversight Activities of Other U.S. Agencies, as of 3/31/2009

Agency	Project Number	Date Initiated	Project Description
USAAA	A-2009-ALL-0109.000	11/1/2008	Sensitive Items Accountability and Control, Abu Ghraib (Iraq)
USAAA	A-2008-ALL-0624.002	10/23/2008	Commander's Emergency Response Program (CERP), Multi-National Division - West
USAAA	A-2009-ALC-0093.000	10/20/2008	Logistics Civil Augmentation Program (LOGCAP) III, Contract Close-out
USAAA	A-2008-ALL-0624.001	9/22/2008	Commander's Emergency Response Program (CERP), Multi-National Division - North
USAAA	A-2008-FFF-0081.000	9/10/2008	Unit Training on Defeat Improvised Explosive Devices (IEDs)
USAAA	A-2008-ALM-0690.000	9/4/2008	Assessing Future Base Budget Requirements - Sustaining Program Evaluation Group (PEG)
USAAA	A-2008-ALL-0401.000	9/1/2008	Contracting Operations at the Joint Contracting Command - Iraq/Afghanistan - Salerno & Kabul
USAAA	A-2008-ALO-0741.000	9/1/2008	Assessing Future Base Budget Requirements - Installation Program Evaluation Group (PEG)
USAAA	A-2008-FFS-0669.000	9/1/2008	Assessing Future Base Budget Requirements - Organizing Program Evaluation Group (PEG)
USAAA	A-2008-ALL-0398.000	7/21/2008	Controls over Logistics Civil Augmentation Program (LOGCAP) - White Property
USAAA	A-2008-FFF-0647.000	7/21/2008	Assessing Future Base Budget Requirements - Training Program Evaluation Group (PEG)
USAAA	A-2008-ALL-0403.000	7/7/2008	Housing Contracts - Area Support Group (ASG) - Kuwait
USAAA	A-2008-FFM-0630.000	6/24/2008	Assessing Future Base Budget Requirements (Audit Control Point)
USAAA	A-2008-ALL-0633.000	6/18/2008	U.S. Army Corps of Engineers (USACE) Pilot Defense Base Act (DBA) Insurance Program
USAAA	A-2008-FFS-0443.000	6/18/2008	Requirements Validation for CONUS Based Mobilized Soldiers
USAAA	A-2008-ALL-0624.000	6/16/2008	Commander's Emergency Response Program (CERP), Baghdad - Iraq
USAAA	A-2008-ALL-0625.000	6/9/2008	Follow-up Audit of Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase I)
USAAA	A-2008-ALM-0247.000	6/2/2008	Sustainment of Left Behind Equipment
USAAA	A-2008-ALM-0313.000	5/19/2008	Automatic Reset Items-Depot
USAAA	A-2008-FFD-0098.000	3/26/2008	Advanced Training for Explosive Ordnance Disposal Soldiers
USAAA	A-2008-ALL-0501.000	3/17/2008	Controls Over Vendor Payments - U.S. Army Contracting Command (USACC), SWA -Kuwait - Phase I
USAAA	A-2008-ALL-0204.000	3/4/2008	Government Property Provided to Contractors - Kuwait Base Operations
USAAA	A-2008-ALL-0466.000	3/3/2008	Follow Up of Offline Purchases
USAAA	A-2008-ALA-0468.000	2/27/2008	Army Authorized Acquisition Objective (AAO) Process
USAAA	A-2008-ALM-0311.000	2/18/2008	Directorate of Logistics (DOL) Workload Supporting Reset
USAAA	A-2008-FFF-0044.000	2/12/2008	Management of the Prepositioned Fleet at Combat Training Centers
USAAA	A-2008-ALL-0318.000	2/4/2008	U.S. Army Corps of Engineer Contract Functions in Iraq, Gulf Region Division (GRD) - Phase I
USAAA	A-2008-ALL-0319.000	1/29/2008	Contracting Operations at the Joint Contracting Command - Iraq/Afghanistan - Balad
USAAA	A-2008-ALL-0320.000	1/28/2008	Contracting Operations at the Joint Contracting Command - Iraq/Afghanistan - Bagram
USAAA	A-2008-ALR-0307.000	1/14/2008	Property Book Unit Supply Enhanced, 3 Infantry Division (ID)
USAAA	A-2008-ALR-0357.000	1/7/2008	Property Book Unit Supply Enhanced, I Corps
USAAA	A-2008-FFF-0148.000	12/10/2007	Use of Role Players Army-wide (less Combat Training Centers (CTCs))
USAAA	A-2008-ALR-0039.000	12/3/2007	Property Book Unit Supply Enhanced (Audit Control Point)
USAAA	A-2007-ZBI-0344.003	11/5/2007	Army Foreign Language Program - Contracting
USAAA	A-2007-ALL-0887.002	7/26/2007	Contracting Operations at the Joint Contracting Command - Iraq/Afghanistan - Victory
USAAA	A-2007-ALL-0887.001	7/24/2007	Contracting Operations at the Joint Contracting Command - Iraq/Afghanistan - Baghdad
USAAA	A-2007-ALL-0858.001	7/11/2007	Retrograde Operations in Southwest Asia - Kuwait (Rear Support)
USAAA	A-2007-ALA-0978.000	7/2/2007	Impact of Mine Resistant Ambush Protected Vehicle (MRAP) Acquisitions on Other Systems

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Ongoing Oversight Activities of Other U.S. Agencies, as of 3/31/2009

Agency	Project Number	Date Initiated	Project Description
USAAA	A-2007-ALL-0859.000	6/18/2007	Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase II)
USAAA	A-2007-ALL-0858.000	6/9/2007	Retrograde Operations in Southwest Asia - Kuwait
USAAA	A-2007-FFD-0067.000	1/8/2007	Body Armor Requirements
USAAA	A-2007-ALL-0329.000	10/26/2006	Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase I)
USAAA	A-2007-ALL-0212.001	10/1/2006	Management and Use of Contractor Acquired Property Under the Logistics Civil Augmentation Program (LOGCAP) Contract - Power Generators
USAID	Not reported	1QR/FY 2009	Audit of USAID/Iraq's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2009
USAID	Not reported	1QR/FY 2009	Audit of the Office of Foreign Disaster Assistance Program in Iraq
USAID	Not reported	1QR/FY 2009	Audit of USAID/Iraq's Iraq Rapid Assistance Program
USAID	Not reported	4QR/FY 2008	Audit of USAID/Iraq's Local Governance Program II Activities
USAID	Not reported	4QR/FY 2008	Audit of USAID/Iraq's Economic Governance Program II

OTHER AGENCY INVESTIGATIONS

SIGIR regularly coordinates with other government agencies conducting investigations in Iraq. For statistics of investigative activities from other agencies, see Table 5.3.

TABLE 5.3

INVESTIGATIVE ACTIVITIES - OTHER AGENCY INVESTIGATIONS

AGENCY	INVESTIGATORS IN IRAQ	INVESTIGATORS IN KUWAIT	OPEN/ONGOING CASES*
U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit	9	4	132
Defense Criminal Investigative Service	7	2	169
DoS OIG	1	0	10
FBI	5	2	100
NCIS	2	1	16
OSI	1	0	5
USAID	2	0	5
Total	**27**	**9**	**437**

*Numbers include pending cases worked with other agencies within the Joint Operations Center.

ENDNOTES

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59. This figure is based on appropriations made available for Iraq reconstruction under the following public laws: P.L. 108-7, P.L. 108-11, P.L. 108-106, P.L. 108-287, P.L. 109-13, P.L. 109-102, P.L. 109-148, P.L. 109-234, P.L. 110-28, P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149, P.L. 110-161, and P.L. 110-252.
60. This figure is based on appropriations made available for Iraq reconstruction under the following public laws: P.L. 108-7, P.L. 108-11, P.L. 108-106, P.L. 108-287, P.L. 109-13, P.L. 109-102, P.L. 109-148, P.L. 109-234, P.L. 110-28, P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149, P.L. 110-161, and P.L. 110-252.
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64. DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; U.S. Embassy, response to SIGIR data call, 4/15/2009.
65. OSD, responses to SIGIR data call, 4/10/2009 and 4/17/2009.
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73. IRRF 1: USAID, response to SIGIR data call, 1/12/2009; Treasury, response to SIGIR data call, 1/12/2009; USTDA, response to SIGIR data call, 12/31/2008; DoS, response to SIGIR data call, 4/5/2007; DFAS, response to SIGIR data call, 1/9/2008. IRRF 2: ITAO, response to SIGIR data call, 1/12/2009. ISFF: OSD, response to SIGIR data call, 1/12/2009; ESF: DoS, response to SIGIR data call, 10/14/2007; USAID, response to SIGIR data call, 1/8/2009; ITAO, responses to SIGIR data call, 10/2/2008, 10/14/2008, and 1/15/2009; GRD, response to SIGIR data call, 1/5/2009; ITAO, *Essential Indicators Report*, 1/1/2009. CERP: OSD, response to SIGIR data call, 1/12/2009.
74. U.S. Embassy, response to SIGIR data call, 4/13/2009.
75. U.S. Embassy, response to SIGIR data call, 4/2/2009.
76. OSD, response to SIGIR data call, 4/7/2009.
77. OSD, response to SIGIR data call, 4/7/2009.
78. OSD, response to SIGIR data call, 4/14/2009.
79. OSD, response to SIGIR data call, 4/14/2009.
80. OSD, response to SIGIR data call, 4/14/2009.
81. OSD, response to SIGIR data call, 4/14/2009.
82. OSD, response to SIGIR data call, 4/14/2009.
83. OSD, response to SIGIR data call, 4/14/2009.
84. OSD, response to SIGIR data call, 4/14/2009.
85. OSD, response to SIGIR data call, 4/7/2009.
86. OSD, response to SIGIR data call, 4/14/2009.
87. OSD, response to SIGIR data call, 4/14/2009.
88. DoD, *Measuring Stability and Security in Iraq,* 3/2009, pp. v, 36.
89. DoD, *Measuring Stability and Security in Iraq*, 3/2009, pp. 32, 36.
90. DOD, *Measuring Stability and Security in Iraq*, 3/2008, p. 31.
91. DoD, *Measuring Stability and Security in Iraq,* 3/2009, p. 32.
92. OUSD-P, response to SIGIR data call, 4/15/2009.
93. MNSTC-I, Iraq Security Forces Fund (ISFF) FY 2008 Spend Plan (Revised), 9/2008.
94. OSD, response to SIGIR data call, 4/14/2009.
95. OSD, response to SIGIR data call, 4/7/2009.
96. OSD, response to SIGIR data call, 4/2/2009.
97. DoD, *Measuring Stability and Security in Iraq*, 3/2009, p. 33.
98. OSD, response to SIGIR data call, 4/7/2009.
99. OSD, response to SIGIR data call, 4/7/2009.
100. OSD, response to SIGIR data call, 4/7/2009.
101. This figure is based on appropriations made available for Iraq reconstruction under the following public laws: P.L. 108-7, P.L. 108-11, 109-102, P.L. 109-234, P.L. 110-28, P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149, P.L. 110-161, and P.L. 110-252.
102. ISFF: OSD, response to SIGIR data call, 4/14/2009. ESF: DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2009 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, 4/16/2009; U.S. Embassy, response to SIGIR data call, 4/16/2009. CERP: OSD, responses to SIGIR data call, 4/10/2009 and 4/17/2009. $50 million of FY 2003 funds were not allocated by track.
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104. USAID, response to SIGIR data call, 4/7/2009.
105. USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009.
106. USAID, response to SIGIR data call, 4/3/2009.
107. USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009.
108. USAID, response to SIGIR data call, 4/14/2009.

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112. ITAO, response to SIGIR data call, 3/29/2009.
113. USAID, response to SIGIR data call, 4/7/2009.
114. USAID, response to SIGIR data call, 1/8/2009.
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116. DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; U.S. Embassy, response to SIGIR data call, 4/16/2009.
117. DoS, response to SIGIR data call, 10/14/2007; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; ITAO, *Essential Indicators Report*, 4/3/2009; ITAO, responses to SIGIR data call, 10/2/2008 and 3/29/2009; USAID, responses to SIGIR data call, 4/7/2009, 4/13/2009, and 4/16/2009; U.S. Embassy, response to SIGIR data call, 4/16/2009.
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122. CEFMS, 4/3/2009, 1/7/2009, 9/30/2008, 6/30/2008, 4/4/2008, 1/4/2008; USAID, responses to SIGIR data call, 4/7/2009, 1/8/2009, 10/10/2008, 7/16/2008, 4/14/2008, 1/11/2008.
123. OSD, responses to SIGIR data call, 4/10/2009 and 4/17/2009.
124. OSD, response to SIGIR data call, 4/2/2009.
125. MNF-I, response to SIGIR data call, 4/16/2009.
126. IRMS, CERP Excel Workbook, 10/3/2008.
127. IRMS, *Global Benchmark*, 4/1/2009.
128. OSD, response to SIGIR data call, 4/2/2009.
129. OSD, response to SIGIR data call, 4/2/2009.
130. MNF-I, "MNF-I Announces Force Reduction," 3/12/2009.
131. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. iv.
132. DoS, *Iraq Status Report*, 2/25/2009, p. 22.
133. MNF-I, response to SIGIR data call, 4/16/2009.
134. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. vii.
135. OSD, response to SIGIR data call, 4/14/2009.
136. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 22.
137. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, pp. iv, 26.
138. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, pp. 26-27.
139. GOI Prime Minister, SIGIR interview, 3/4/2009.
140. DoS, *Iraq Status Report*, 2/25/2009, p. 22.
141. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. v.
142. U.S. Forces, however, have set up a command post in Basrah, filling in behind the recently departed UK troops who had served as the Coalition's representatives in the city since the end of the war.
143. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, pp. 32-33.
144. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 42. DoD notes that this longstanding issue "must be reviewed and a detailed plan developed in conjunction with the MOI."
145. The latest of these temporary programs is directed at addressing the basic training shortfall for Iraqi *Shurta*. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 39. In earlier periods backlogs were created by a rapid expansion of approved positions, and the (re)training of members of the pre-war Iraqi Army who were permitted to join the New Iraqi Army.
146. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, pp. 35–36. DoD notes that "much effort must be directed to the sustainment and logistical support capability within the ISF at the operational and strategic levels" (p. 35) and "the ISF continue to rely on the Coalition for logistics, fire support, close air support, communications, planning assistance, and intelligence, surveillance, and reconnaissance capabilities" (p. v). Also see SIGIR Audit 09-014, "Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems," 4/2009.
147. DoD, *Measuring Stability and Security*, 3/31/2009, p. 32.
148. DoD, *Measuring Stability and Security in Iraq*, 9/31/2008, pp. 40 and 48.
149. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 37.
150. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 41.
151. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 32.

152. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 32.
153. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 32.
154. OSD, response to SIGIR data call, 4/2/2009.
155. MNF-I, "MNF-I Announces Force Reductions," 3/10/2009.
156. NDAA FY 2009, Section 1615(d) called for the U.S. government to take actions "to ensure that Iraq funds are used to pay…the costs associated with the Sons of Iraq."
157. MNF-I, response to SIGIR data call, 4/14/2009.
158. Since October 2008 approximately 20% of the pledged security positions have been filled. (DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. vi notes that only 5,000 of the approximately 100,000 SOI have been slotted into ISF position).
159. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, pp. vi, 29.
160. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 21.
161. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 20.
162. SIGIR Audit 09-005, "Agencies Need Improved Financial Data Reporting for Private Security Contractors," 10/30/2008.
163. CRS, "Private Security Contractors in Iraq," 8/25/2008, p. 3.
164. U.S. Embassy-Baghdad, response to SIGIR data call, 4/13/2009.
165. U.S. Embassy-Baghdad, response to SIGIR data call, 3/27/2009.
166. OSD, response to SIGIR data call, 4/2/2009.
167. SIGIR Audit 09-014, "Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems," 4/2009.
168. SIGIR Audit 09-017, "Need to Enhance Oversight of Theater-Wide Internal Security Services Contracts,"4/2009.
169. CEFMS, *ISFF Funds Execution Report*, 4/3/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; DoS, *Section 2207 Report*, 10/2008; IRMS, *MNC-I Quarterly Report*, 4/1/2009; ITAO, response to SIGIR data call, 3/29/2009; OSD, response to SIGIR data call, 4/14/2009.
170. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 33.
171. MNSTC-I, response to SIGIR data call, 4/7/2009.
172. OSD, response to SIGIR data call, 4/14/2009.
173. DoD, *Measuring Stability and Security in Iraq*, 12/31/2008, footnote 31.
174. DoD, *Measuring Stability and Security in Iraq*, 12/31/2008, p. 47.
175. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 39.
176. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 35.
177. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 35.
178. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 36.
179. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 46. Earlier the five remaining Location Commands were slated to be on-line by the end of 2008 (DoD, *Measuring Stability and Security in Iraq*, 6/13/2008, p. 39).
180. SIGIR Audit 09-014, "Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems," 4/2009.
181. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 43.
182. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 44.
183. DoD, *Measuring Stability and Security in Iraq*, 12/31/2008, p.26.
184. MNF-I, response to SIGIR data call, 4/2/2009.
185. MNF-I, "490 Police Women Graduate from Baghdad Police College," 1/27/09.
186. OSD, response to SIGIR data call, 4/2/2009.
187. This includes approximately $7.7 million in ISFF funds.
188. MNF-I, "This Week In Iraq," 2/14/2009.
189. MNF-I, "U.S. Iraqi Bond Strengthened through FMS," 2/15/2009.
190. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 37.
191. GRD, response to SIGIR data call, 4/14/2009.
192. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
193. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
194. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
195. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
196. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
197. SIGIR PA-09-169, "Basrah Courthouse Witness Protection Facility," 4/2009.
198. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 5.
199. MNF-I, Theater Detainee Reporting Center, 4/14/2009.
200. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 3.
201. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
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204. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
205. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
206. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
207. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
208. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.
209. U.S. Justice Attaché, response to SIGIR data call, 3/31/2009.

210. Statement of Nouri al-Maliki Prime Minister of the Republic of Iraq before Energy Conference, 2/24/2009.
211. Dalrymple, Nicole, *Essayons Forward,* Vol. 6, Is. 2, "Reconstruction progress continues in Iraq," 2/2009, p. 4–5; Dalrymple, Nicole, "Army Corps of Engineers in Iraq Focuses on Future: Operations, Maintenance, Sustainment," USACE-GRD Press Release; 3/15/2009.
212. U.S. Embassy-Baghdad, response to SIGIR data call, 3/31/2009; GRD, *Monthly Situation Report*, 2/2009, slides 18 and 19.
213. DFAS, response to SIGIR data call, 4/10/2009; DoS, *Section 2207 Report*, 10/2008; GRD, responses to SIGIR data call, 4/2/2009 and 4/3/2009; IRMS, *MNC-I Quarterly Report*, 4/1/2009; USAID, response to SIGIR data call, 4/13/2009. Health care, which in previous SIGIR Quarterly Reports was included under Infrastructure, is now included under the Governance reconstruction area. For a detailed cross-walk of SIGIR sectors against their funding sources, see Appendix D.
214. NEA-I, response to SIGIR data call, 4/2/2009.
215. ITAO/EFC, *Electric Daily Performance Reports*, 1/1/2008-3/31/2009.
216. Dalrymple, Nicole; "Army Corps of Engineers in Iraq Focuses on Future: Operations, Maintenance, Sustainment," USACE-GRD Press Release; 3/15/2009.
217. GAO-09-476T, "Iraq and Afghanistan: Security, Economic, and Governance Challenges to Rebuilding Efforts Should Be Addressed in U.S. Strategies," 3/25/2009, p. 8.
218. DoS, "2009 Investment Climate-Iraq," 2/2009.
219. SIGIR Audit 09-016, "Asset Transfer Process for Iraq Reconstruction Lacks Unity and Accountability," 4/2009.
220. Public Law 110-252, Section 1402 (a)(1).
221. Omnibus Appropriations Act 2009, P.L. 111-8, § 7042(c), 3/11/2009.
222. SIGIR Audit 09-016, "Asset Transfer Process for Iraq Reconstruction Lacks Unity and Accountability," 4/2009.
223. SIGIR Audit 09-016, "Asset Transfer Process for Iraq Reconstruction Lacks Unity and Accountability," 4/2009; SIGIR PA 08-014, "Haditha Primary Healthcare Center, Haditha, Iraq," 1/2009, p. iii.
224. GRD, *Monthly Situation Report*, 2/2009, slide 14.
225. EIA, "World Proved Reserves of Oil and Natural Gas, Most Recent Estimates," http://www.eia.doe.gov/emeu/international/reserves.html, accessed 3/10/2009. EIA does not develop estimates for oil and gas reserves; instead, it reports data published in other sources. World Oil and the BP Statistical Review rank Iraq as having the world's third largest proved reserves of crude oil, while the Oil & Gas Journal places Iraq in the fourth position, after Saudi Arabia, Canada, and Iran. Regarding natural gas, the Oil & Gas Journal, the BP Statistical Review, and CEDIGAZ rank Iraq as having the world's tenth largest proved reserves, while *World Oil* places Iraq in the twelfth position.
226. U.S. Treasury, response to SIGIR data call, 4/9/2009.
227. DFAS, response to SIGIR data, 4/10/2009; DoS, *Section 2207 Report*, 10/2008; GRD, response to SIGIR data call, 4/2/2009.
228. GRD, "Oil Sector Historical Narrative," 3/2006.
229. U.S. Treasury, responses to SIGIR data call, 4/2/2009 and 4/14/2009.
230. U.S. Treasury, response to SIGIR data call, 4/14/2009.
231. U.S. Embassy-Baghdad, response to SIGIR data call, 3/31/2009; NEA-I, response to SIGIR data call, 4/14/2009.
232. GRD, *Monthly Situation Report*, 2/2009, slide 12.
233. NEA-I, response to SIGIR data call, 4/14/2009.
234. SIGIR interview with Deputy Prime Minister Rafie al-Eissawi, 3/4/2009.
235. NEA-I, responses to SIGIR data call, 1/5/2009 and 4/2/2009.
236. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 12; NEA-I, response to SIGIR data call, 4/14/2009.
237. NEA-I, response to SIGIR data call, 4/2/2009.
238. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 14.
239. DoS, *Iraq Status Report*, 2/18/2009, slide 11.
240. DoS, *Iraq Status Report*, 1/9/2009, slide 15; NEA-I, response to SIGIR data call, 4/14/2009.
241. DoS, *Iraq Status Report*, 3/4/2009, slide 10.
242. U.S. Embassy-Baghdad, response to SIGIR data call, 4/2/2009; MNF-I, response to SIGIR data call, 4/16/2009.
243. SIGIR PA-06-063, PA 05-013, PA 05-014, "Kirkuk to Baiji Pipeline Exclusion Zone," 1/31/2006, p. 4–5.
244. GRD, *Monthly Situation Report*, 2/2009, slide 12.
245. SIGIR, PA 08-137, "Report on the Construction of the Kirkuk to Baiji Pipeline Exclusion Zone," 7/24/2008, p. 5.
246. U.S. Embassy-Baghdad, response to SIGIR data call, 4/2/2009; NEA-I, response to SIGIR data call, 4/14/2009.
247. GRD, *Monthly Situation Report*, 2/2009, slide 12.
248. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 13.
249. DoD, *Measuring Stability and Security in Iraq*, 3/31/2009, p. 13; MNF-I, response to SIGIR data call, 4/16/2009.
250. NEA-I, response to SIGIR data call, 4/2/2009.
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252. ITAO/EFC, *Electric Daily Performance Reports*, 7/1/2008–3/31/2009.
253. NEA-I, response to SIGIR data call, 4/2/2009.
254. NEA-I, response to SIGIR data call, 4/2/2009; MNF-I, response to SIGIR data call, 4/16/2009.
255. NEA-I, response to SIGIR data call, 4/2/2009.
256. ITAO/EFC, *Electric Daily Performance Reports*, 7/1/2008–3/31/2009.
257. U.S. Embassy-Baghdad, response to SIGIR data call, 3/31/2009.

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ACRONYMS AND DEFINITIONS

This section contains all of the abbreviations and acronyms found in the SIGIR Quarterly Report to the Congress.

Acronym	Definition
ACOD	Armed Contractor Oversight Division
BACC	Baghdad Area Control Center
BSA	Board of Supreme Audit
CBI	Central Bank of Iraq
CCC-I	Central Criminal Court of Iraq
CEFMS	Corps of Engineers Financial Management System
CENTCOM	U.S. Central Command
CERP	Commander's Emergency Response Program
CMC	Communications Media Commission
CMM	Capability Maturity Model
CNPC	China National Petroleum Corporation
CoI	Commission on Integrity (previously known as Commission on Public Integrity)
CoM	Council of Ministers
COM	Chief of Mission
CONOC	Contractor Operations Cells
CoR	Council of Representatives
COR	Contracting Officer Representative
CSC	Civil Service Corps
CSP	Community Stabilization Program
CSREES	Cooperative State Research, Education, and Extension Service (USDA)
CTF	Counter-Terrorism Forces
DBE	Directorate of Border Enforcement
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DDR	Disarmament, Demobilization, and Reintegration
DFAS	Defense Finance and Accounting Service
DFI	Development Fund for Iraq
DoD	Department of Defense
DoD OIG	Department of Defense Office of Inspector General
DoS	Department of State
DoS OIG	Department of State Office of Inspector General
DMRCN	Digital Microwave Radio Communications Network
EIU	Economist Intelligence Unit
ESF	Economic Support Fund
FMS	Foreign Military Sales
FPS	Facility Protection Service
FY	Fiscal Year
GAO	Government Accountability Office

Acronym	Definition
GDP	Gross Domestic Product
GFD	Government-Furnished Drawings
GMASS	Global Maintenance and Supply Services
GOI	Government of Iraq
GRC	Gulf Region Central
GRD	Gulf Region Division
GRN	Gulf Region North
GRS	Gulf Region South
HJC	Higher Judicial Council
HMMWV	High Mobility Multipurpose Wheeled Vehicle
HVAC	Heating, Ventilation, and Air Conditioning
IAER	Iraq Agricultural Extension Revitalization
ICAA	Iraq Civil Aviation Authority
I-CERP	Iraq-Commander's Emergency Response Program
ICS	Iraqi Correctional Service
ID	Iraqi Dinar
IDP	Internally Displaced Person
IFES	International Foundation for Electoral Systems
IFMIS	Iraq Financial Management Information System
IG	Inspector General
IHEC	Independent High Electoral Commission
IIGC	Iraq Inspectors General Council
IIP	Iraqi Islamic Party
IJ	Investigative Judge
IMF	International Monetary Fund
INCTF	Iraqi National Counter-Terrorism Force
INL	Bureau of International Narcotics and Law Enforcement Affairs (DoS)
IOM	International Organization for Migration
IPS	Iraqi Police Service
IRAP	Iraq Rapid Assistance Program
IRMS	Iraq Reconstruction Management System
IRR	Iraq Republic Railway
IRRF	Iraq Relief and Reconstruction Fund
IRRF 1	Iraq Relief and Reconstruction Fund
IRRF 2	Iraq Relief and Reconstruction Fund
ISCI	Islamic Supreme Council of Iraq
ISF	Iraqi Security Forces
ISFF	Iraq Security Forces Fund
ISOF	Iraqi Special Operations Forces
ISP	Infrastructure Security Protection
IT	Information Technology
ITAO	Iraq Transition Assistance Office
ITN	Iraq Transportation Network
JASG	Joint Area Support Group
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
JEDI	Judicial Education and Development Institute

Acronym	Definition
JHQ	Joint Headquarters
JIC	Joint Investigative Committee
JICA	Japan International Cooperation Agency
KRG	Kurdistan Regional Government
kV	Kilovolt
LAOTF	Law and Order Task Force
LGP	Local Governance Program
LNO	Liaison Officer
LPG	Liquefied Petroleum Gas
MBPD	Million Barrels Per Day
MCC	Major Criminal Court
MCF	Million Cubic Feet
MCTF	Major Crimes Task Force
MMPW	Ministry of Municipalities and Public Works
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNF-W	Multi-National Force-West
MNSTC-I	Multi-National Security Transition Command-Iraq
MOC	Ministry of Communications
MOD	Ministry of Defense
MOE	Ministry of Electricity
MOH	Ministry of Health
MOI	Ministry of Interior
MOT	Ministry of Transportation
MTR	Motorized Transportation Regiment
MW	Megawatt
MWh	Megawatt-hour
MWR	Ministry of Water Resources
NAF	National Accordance Front
NAVAUDSVC	Naval Audit Service
NCD	National Capacity Development
NCO	Non-commissioned Officer
NDAA	National Defense Authorization Act
NDPS	Nassriya Drainage Pump Station
NEA-I	Bureau of Near Eastern Affairs-Iraq (DoS)
NGO	Non-governmental Organization
NIC	National Investment Commission
NP	National Police
NTM-I	NATO Training Mission-Iraq
NVD	Night-vision Device
OCO	Overseas Contingency Operations
OMS	Operations, Maintenance, and Sustainment
OTA	Office of Transportation Attaché
PDS	Public Distribution System
PEG	Provincial Economic Growth
PEZ	Pipeline Exclusion Zone

Acronym	Definition
PFMAG	Public Finance Management Action Group
PHC	Primary Healthcare Center
P.L.	Public Law
PRDC	Provincial Reconstruction Development Council
PRM	Bureau of Population, Refugees, and Migration
PRT	Provincial Reconstruction Team
PSC	Private Security Contractor
QRF	Quick Response Fund
RO	Reverse Osmosis
ROLC	Rule of Law Complex
RSO	Regional Security Office
SA	Security Agreement
SERP	South Export Redundancy Project
SFA	Strategic Framework Agreement
SIGIR	Special Inspector General for Iraq Reconstruction
SOI	Sons of Iraq
TF-BSO	Task Force to Improve Business and Stability Operation
Treasury	U.S. Department of Treasury
TWISS	Theater-wide Internal Security Services
UN	United Nations
UNAMI	UN Assistance Mission for Iraq
UNCAC	United Nations Convention Against Corruption
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	U.S. Agency for International Development Office of Inspector General
USD	U.S. Dollar
USDA	U.S. Department of Agriculture
WFP	World Food Programme
WTO	World Trade Organization