Special Inspector General for Iraq Reconstruction

Quarterly Report to the United States Congress

[October 30, 2009]

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

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SIGIR Mission Statement

Regarding U.S. relief and reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- oversight and review through comprehensive audits, inspections, and investigations
- advice and recommendations on policies to promote economy, efficiency, and effectiveness
- prevention, detection, and deterrence of fraud, waste, and abuse
- information and analysis to the Congress, the Secretary of State, the Secretary of Defense, and the American people

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The jurisdiction of the Office extends to amounts appropriated or otherwise made available for any fiscal year to the Iraq Relief and Reconstruction Fund, the Iraq Security Forces Fund, the Commander's Emergency Response Program; or for assistance for the reconstruction of Iraq under the Economic Support Fund, the International Narcotics Control and Law Enforcement account, or any other provision of law.

(Section 3001 of Public Law 108-106, as amended)

Chamchamal Correctional Facility: Completed in March 2009, this $29 million, U.S.-funded prison renovation and expansion project added 3,000 beds to the Iraqi prison system. SIGIR inspected the facility in June 2009, before the first prisoners were transferred there from overcrowded Baghdad prisons, and found construction to be adequate. By mid-October, the facility reportedly housed 2,637 inmates.

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MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

The next six months will see a substantial reduction in the size of the U.S. military presence in Iraq, a continuing reorganization of the U.S. Embassy's reconstruction management, and the election of a new Iraqi parliament. Among other things, this Quarterly Report—SIGIR's 23rd—analyzes three key issues that will shape the continuing U.S. effort in Iraq:

- the transfer of police training from the Department of Defense to the Department of State
- the management and oversight of the billions in remaining U.S. reconstruction funds
- the changing U.S. presence in the provinces

A new SIGIR audit also explores policy issues related to the management of Iraqi funds by the U.S. government. To date, SIGIR has identified $27.5 million in Iraqi funds for return or potential return to the Government of Iraq: $13 million was returned in March 2009 to Prime Minister al-Maliki, and this quarter we identified $14.4 million more that may further be available for return. We plan to soon initiate further work to examine expired U.S. appropriated funds.

Another SIGIR audit issued this quarter uncovered $4.1 million in potential overbillings by a U.S. contractor charged with improving the Iraqi Army's logistical infrastructure. The overbillings included charging $196.50 for a package of 10 washers; under the terms of the contract, the package should have cost $1.22. SIGIR also issued an initial report on its ongoing, statutorily mandated forensic review of all U.S. taxpayer funds appropriated for the reconstruction of Iraq. The forensic audit initiative already has identified hundreds of suspicious transactions, leading to the opening of six investigations involving 15 subjects.

SIGIR regularly collaborates with Government of Iraq oversight agencies, especially the Board of Supreme Audit (BSA). This quarter, in a groundbreaking initiative, SIGIR auditors worked with BSA auditors to evaluate the Iraq-Commander's Emergency Response Program. SIGIR issued a review finding that incomplete records inhibited oversight of the program. I will soon depart on my 25th trip to Iraq, during which I will review the findings with the BSA's president in Baghdad and ascertain next steps.

SIGIR investigators achieved progress in several ongoing cases this quarter. In one, investigators seized more than $1.7 million from a safe deposit box leased to a participant in a wide-ranging conspiracy to defraud the U.S. government of millions of dollars. In another case, two U.S. Marine Corps lieutenant colonels were found guilty under the Uniform Code of Military Justice of wrongfully disposing of U.S. military property. A third Marine was found guilty of accepting $67,000 in bribes from contracting companies doing business in Iraq. To date, SIGIR's investigations have produced 24 convictions, 31 indictments, and more than $49 million in court-ordered fines, forfeitures, and recoveries. With 96 active cases, more indictments or convictions are sure to occur before the end of the year.

I am pleased to report that, on October 20, 2009, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) recognized SIGIR's Investigations and Inspections directorates for their superlative work. SIGIR's inspectors received the *Sentner Award for Dedication and Courage* for their commitment to traveling throughout Iraq to evaluate U.S.-funded reconstruction projects. CIGIE also presented its *Award for Excellence* to SIGIR's investigators for success in fighting fraud in Iraq.

Over the past year, SIGIR provided more than 6,700 hours of administrative, technical, and professional support to the Special Inspector General for Afghanistan Reconstruction (SIGAR) to help this organization stand up its operations. SIGIR's assistance to SIGAR wrapped up this quarter, and we wish SIGAR well as it confronts the challenge of overseeing U.S. reconstruction and stabilization initiatives in Afghanistan.

Although most of the Iraq reconstruction money is now spent, billions remain to be obligated and expended. Thus, our oversight mandate is still quite significant, and we continue to be vigilant in executing it. Moreover, SIGIR's forensic audit initiative will bear investigative fruit for several years to come. But, in light of the diminishing reconstruction program in Iraq, SIGIR has begun to implement a transition program, and we have realized internal efficiencies that resulted in $7 million being returned to the U.S. Treasury. In fiscal year 2010, the organization will drop in size by one-third, with plans to reduce by another third in FY 2011 as the mission is transitioned to our permanent oversight partners.

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

SIGIR Summary of Performance
As of October 30, 2009

Audits

Reports Issued	155
Recommendations Issued	393
Dollars Saved and Recovered ($ millions)	$82
Dollars Put to Better Use ($ millions)	$225
Challenged Payments ($ millions)	$19

Inspections

Project Assessments Issued	159
Limited On-site Assessments Issued	96
Aerial Assessments	819

Investigations

Investigations Initiated	448
Investigations Closed or Referred	353
Open Investigations	96
Arrests	24
Indictments	31
Convictions	24
Court-ordered Restitution/Forfeiture	$49,163,996

Hotline Contacts, as of September 30, 2009

Fax	18
Telephone	77
Walk-in	111
E-mail	357
Referrals	26
Mail	28
SIGIR Website	133
Total Hotline Contacts	**750**

Non-Audit Products

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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.

Appendix B 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 C cross-references projects and programs of various U.S. government agencies within SIGIR-defined sectors.

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

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

Appendix F contains a comprehensive list of suspensions and debarments related to Iraq reconstruction contracts or Army support contracts in Iraq and Kuwait.

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

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

SIGIR OBSERVATIONS

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SECTION

1

Iraq Reconstruction October 2009: Transition and Change

In less than three months, Iraq's citizens will choose a new Council of Representatives (CoR) in the country's first parliamentary elections since 2005. When the new CoR convenes next year, its first order of business will be to select a prime minister—either the incumbent or someone new—to form the government. The CoR then will have to address an array of significant challenges in security, governance, and the economy:

- **Security.** Under the terms of the U.S.-Iraq Security Agreement (SA), all U.S. military forces must leave Iraq by December 31, 2011. Troop drawdowns will begin in earnest after the January 2010 elections. Their phased departures will place the responsibility for Iraq's internal and external security exclusively on the shoulders of the Iraqi Security Forces (ISF), which currently rely on substantial U.S. logistical and intelligence support. Moreover, the Government of Iraq (GOI) must assume full funding responsibility for its Army, police, and other security institutions.
- **Governance.** National reconciliation remains a fragile, ongoing process. The new CoR will need to resolve disputes over the control of Kirkuk and continue the process of integrating former Sunni insurgents into the GOI. It will also be called on to pass a comprehensive package of hydrocarbon laws, addressing the contentious issue of revenue sharing between the national government in Baghdad and the Kurdistan Regional Government (KRG).
- **Economy.** Iraq's economy remains almost entirely dependent on the state-owned oil industry. Thus, price shocks in the world's oil market ripple through every sector of the economy. One of the GOI's main challenges in 2010 will be to reform its legal infrastructure so as to make it more transparent and more capable of fighting public corruption.

To prepare for the new realities in Iraq, the Department of State (DoS) appointed a Deputy Chief of Mission (DCM) for Transition Assistance earlier this year to manage the next phase of the U.S. reconstruction program, while the Department of Defense (DoD) progressed with plans to consolidate command structures and reduce its footprint.

Transition Concerns

Transitional periods create vulnerabilities. In an August 18, 2009, letter to Ambassador Christopher Hill and Multi-National Force-Iraq (MNF-I) Commander General Raymond Odierno, SIGIR called attention to three potential areas of concern that could affect the U.S. reconstruction effort as it evolves over the next several months:

- **Transferring police training from DoD to DoS.** Since 2005, MNSTC-I has trained Iraq's police. On December 31, 2009, MNSTC-I will shut down, and USF-I's ITAM will formally assume police-training duties until 2011, when U.S. Embassy-Baghdad and DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) will assume complete control. Planning is underway for redesign of the police support mission.
- **Managing reconstruction as the Embassy and military downsize.** Since the establishment of the Coalition Provisional Authority in 2003, U.S.-funded reconstruction projects have been managed by a series of temporary agencies, most recently the DoS Iraq Transition Assistance Office (ITAO). DoS reports that ITAO's responsibilities will be assigned to the Office of Provincial Affairs (OPA) as early as January 2010. The U.S. Army Corps of Engineers (USACE) presence in Iraq is also downsizing; the Gulf Region Division (GRD) is deactivating, with its division-level responsibilities transferring to the Stateside Transatlantic Division and construction management responsibilities staying with the smaller district command. With $6.31 billion unexpended from

the four major funds, management of these continuing reconstruction efforts will need to be carefully considered.

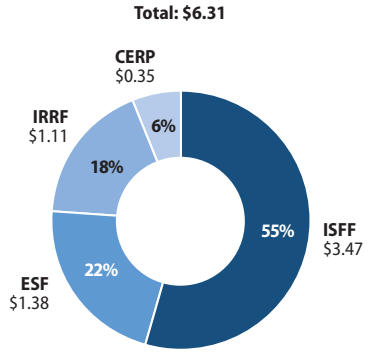
- **Operating in the provinces.** Currently, there are 23 Provincial Reconstruction Teams (PRTs) in Iraq managed by OPA. Consistent with the President's plan to reduce U.S. presence, DoS will cut the number of PRTs to 16 by August 2010. This reduction will occur against the backdrop of continual U.S. troop withdrawals. With fewer U.S. troops, the remaining PRTs will face greater security challenges, forcing them either to operate at a reduced tempo or to accept more risk when traveling.

New Initiatives

This quarter, the Administration began two new studies that may further affect the nature of the transitions in Iraq. Although the scope of these reviews encompasses much more than Iraq policy, their respective findings will affect the future of the U.S. effort.

- **Quadrennial Diplomacy and Development Review (QDDR).** On July 10, 2009, the Secretary of State initiated the first-ever QDDR to assess DoS's diplomatic and development strategies, stressing the need for more effective interagency coordination.
- **Presidential Study Directive (PSD) on Global Development Policy.** In August 2009, the President signed a Presidential Study Directive authorizing the National Security Advisor and the Chairman of the National Economic Council to lead a government-wide review of U.S. global development policy.

FIGURE 1.1
UNEXPENDED FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS for project category analysis, and therefore top-line totals here may not match values found in the Funding Uses subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors; values for these sectors are carried over from the previous quarter.

Sources: NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data call, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, responses to SIGIR data call, 10/13/2009 and 10/14/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009.

U.S. Reconstruction Funding and Management

This quarter, U.S. reconstruction efforts continued to focus on increasing the capacity of GOI ministries. Since 2003, the United States has committed $52.80 billion to the Iraq reconstruction program.[1] Most of this money has been appropriated to four major funds: the Iraq Relief and Reconstruction Fund (IRRF), the Iraq Security Forces Fund (ISFF), the Economic Support Fund (ESF), and the Commander's Emergency Response Program (CERP). Figure 1.1 details the unexpended U.S. reconstruction funds dedicated to Iraq.

Concerns about the Commander's Emergency Response Program

The Congress authorized CERP to allow local commanders to support small-scale projects that address urgent relief and reconstruction projects in their areas of responsibility. Since 2004, the Congress has appropriated $3.65 billion to the CERP

for projects in Iraq; DoD requested an additional $300 million for FY 2010.

Interagency coordination on CERP improved this quarter, with MNC-I asking DoS and the U.S. Agency for International Development (USAID) for input as it considers which provincial projects to fund. Closer coordination between DoD and DoS could address some of the questions that SIGIR has identified regarding the appropriate use of CERP. For example, CERP has financed:

- a *Financial Times*-affiliated magazine supplement naming Anbar province's governor as a "Global Personality of 2009"
- a sports complex in Baghdad costing several hundred thousand dollars
- a $2.7 million hotel at Baghdad International Airport

SIGIR has an ongoing audit examining the $34 million-plus Baghdad Airport Economic Zone.

Aftermath of the August 19, 2009, bombings of the Ministries of Finance and Foreign Affairs. (ATF photo)

A concrete blast barrier, known as a "t-wall," being emplaced in Baghdad. (MNF-I photo)

Security Concerns Persist

The security situation remains mixed. This August, at least 456 people were killed in Iraq—the highest number of deaths from violence in 13 months. But in September, violent deaths dropped by more than half. October brought mass-casualty bombings to two provinces that had been relatively peaceful during 2008 and 2009: Kerbala and Anbar.

Bombing of Ministries of Finance and Foreign Affairs

On August 19, 2009—the sixth anniversary of the bombing that destroyed United Nations (UN) headquarters in Baghdad—a series of coordinated attacks severely damaged the Ministries of Finance and Foreign Affairs. These bombings killed at least 75 Iraqis and injured more than 750, including highly skilled professionals from both ministries.

In the wake of these attacks, Iraq and Syria recalled their ambassadors, and Iraq's Prime Minister publicly blamed Syria for harboring the perpetrators of these bombings. These attacks also led the GOI to backpedal from previously announced plans to remove the ubiquitous concrete security barriers ("t-walls") that have become a defining feature of Baghdad street life.

Violence Trending Down Overall

Notwithstanding the recent bombings, overall attacks have decreased 85% during the past 2 years,

FIGURE 1.2
SIGNIFICANT SECURITY INCIDENTS, 7/1/2009–10/20/2009

July 2009

			4	35	11	3
25	15	3	40	52	0	6
35	11	1	55	21	0	5
0	10	115	42	0	0	38
9	8	209	2	10	92	

Tuesday, July 8: At least 31 Iraqis killed or wounded in two bombings in Mosul.

Wednesday, July 9: Approximately 52 Iraqis killed or wounded in a series of terrorist attacks in Tel Afar, Mosul, Baghdad, and Kirkuk.

Tuesday, July 21: At least 15 Iraqis killed and approximately 100 wounded in a series of attacks in Baghdad.

Friday, July 31: 92 Iraqis were killed and at least 60 were wounded in a series of bombings in Baghdad.

August 2009

						3
26	6	0	7	5	138	2
7	32	31	13	55	4	0
3	11	3	325	79	22	3
2	36	5	9	23	0	52
0	0					

Friday, August 7: 48 Iraqis killed and 90 wounded in a series of attacks in Mosul and Baghdad.

Thursday, August 13: 20 Iraqis killed and 35 wounded in a series of suicide bombings in Sinjar.

Wednesday, August 19: Multiple bombings partially destroy Iraq's Ministries of Finance and Foreign Affairs, killing over 100 people and injuring hundreds more.

Thursday, August 20: 6 Iraqis killed and 73 wounded in bombings in Babylon and Baghdad.

September 2009

		0	1	14	73	8
12	37	4	6	26+	46	18
8	33	4	22	18	28	1
5	0	3	12	3	15	3
4	9	1	19			

Friday, September 4: 8 Iraqis killed and 65 wounded during a series of bombings near a shrine in Babylon.

Monday, September 7: 8 Iraqis killed and 18 wounded in suicide bombings in Ramadi, Baghdad, and Mosul.

Friday, September 11: 1 prisoner was killed and 40 were wounded during a riot at Abu Ghraib prison in Baghdad.

Tuesday, September 22: Attacks during the Eid were down this year, with one attack in Babylon resulting in 3 Iraqis killed.

October 2009

			5	0	0	
13	32	0	41	0	0	0
16	0	22	65	0	94	7
2	0	31				

Wednesday, October 7: 9 Iraqis were killed and 30 wounded during a suicide attack in Falluja.

Wednesday, October 14: 9 Iraqis killed and 56 wounded during armed attacks in Baghdad and bombings in Kerbala.

Friday, October 16: 14 Iraqis killed and 80 wounded during an attack on a mosque in Tal Afar.

Tuesday, October 20: 13 Iraqis killed and 18 wounded during a series of attacks throughout Iraq.

> 60 Casualties | 40-60 Casualties | 20-40 Casualties | 0-20 Casualties

Note: The numbers represented in the calendar graphic are comprehensive estimates of total Iraqi casualties throughout the entire country on that particular day. The text to the right briefly describes significant attacks on select days and does not purport to comprehensively detail all security incidents that occurred on the specified day.

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.

from 4,064 in August 2007 to 594 in August 2009.[2] Further, there were only 19 ethnosectarian attacks this Ramadan, down a remarkable 98% from Ramadan 2006.[3] Figure 1.2 charts the approximate number of Iraqi casualties by day from July 1, 2009, to October 20, 2009, noting some of the most significant security incidents that occurred over this 112-day span.

Internal Divisions Persist

In recent congressional testimony, MNF-I Commanding General Raymond Odierno noted that violent groups continue to try to exploit Iraq's internal political tensions, especially in the northern regions. In an effort to ameliorate these tensions, MNF-I announced that it is discussing with the GOI and KRG the possibility of temporarily deploying U.S. forces to northern Iraq. These troops would operate alongside the ISF and the Kurdish Peshmerga in the disputed territories along the internal Iraq-KRG boundary.[4] According to MNF-I, joint patrols would begin in Ninewa province and then expand to areas around the city of Kirkuk.

Along with Baghdad, the greater Mosul area in Ninewa province remains the primary site of continuing violence in Iraq. On October 16, 2009, a suicide bomber detonated himself inside a Sunni mosque northwest of Mosul, killing at least 14 and injuring more than 80. Figure 1.3 displays the approximate location of this quarter's most serious security incidents in Baghdad and Mosul.

Evolution of U.S. Military Presence

This quarter, U.S. troop redeployments continued pursuant to the schedule articulated by the President in February 2009. However, the Secretary of Defense stated that this schedule could be accelerated if conditions on the ground remain relatively stable. As of late September 2009, the United States had 11 Brigade Combat Teams (BCTs) in Iraq (about 124,000 troops)—down from 14 BCTs (more than 143,500 troops) in January 2009.

By August 31, 2010, approximately 50,000 U.S. forces will remain in Iraq—a nearly 60% decrease from current force levels. This transition force will be centered on six Advise and Assist Brigades (AABs) and three division headquarters. AABs are structured specifically for training the ISF, working closely with the PRTs to provide an added element of security for civilian reconstruction personnel operating in Iraq. The 50,000-person training and

advisory contingent is scheduled to withdraw by the end of 2011.

ISF Manages Security

Iraqi forces are responsible for security operations across the country. As of October 1, 2009, the ISF numbers approximately 663,000 personnel, including 245,000 soldiers and more than 400,000 police.[5] In July and August, the ISF successfully managed security for two mass Shia pilgrimages. However, Iraq's Army and police forces continue to rely on U.S. forces for support in training, logistics, air operations, and intelligence.

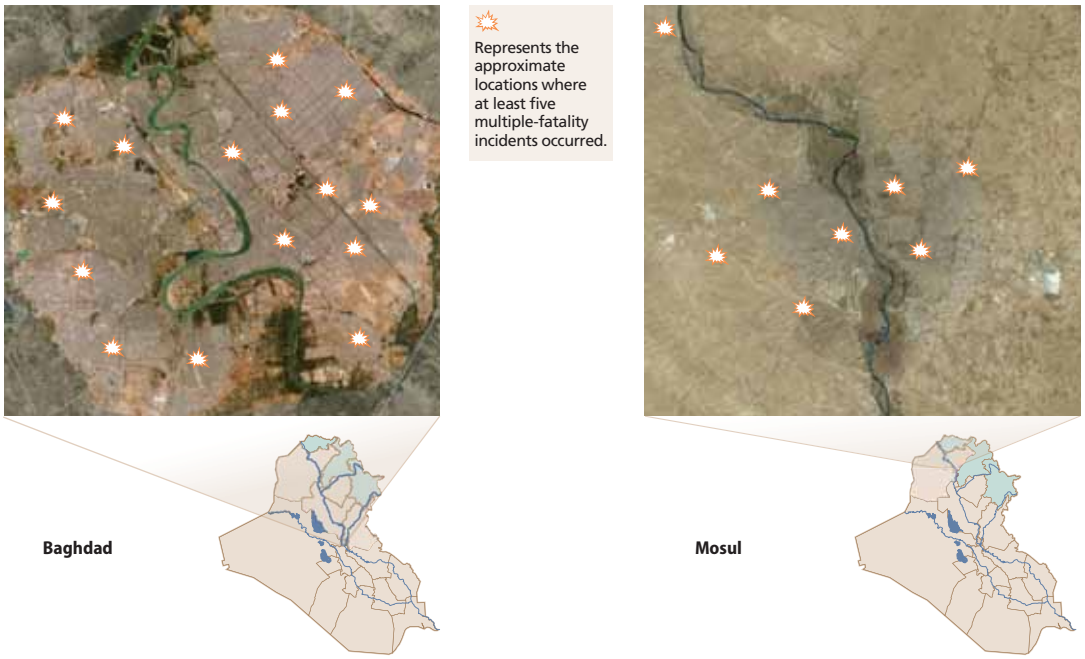
Update on the Sons of Iraq

The Sons of Iraq (SOI) program began in 2007 as a U.S.-funded initiative to employ former Sunni insurgents as security guards. The GOI has repeatedly declared its intention to help integrate SOI members, including hiring approximately 19,000 into the ISF, with the remainder being pensioned off, hired by other government ministries, or placed in positions in the private sector.

In May 2009, the GOI assumed full responsibility for the payment and management of all 95,000 SOI. Despite some delays, the GOI reported to MNF-I that all SOI personnel are being paid.[6] MNF-I reports, however, that the ISF has absorbed into its ranks only about half of the planned 19,000, while an additional 15,600 have found other employment, leaving more than 70,000 Sunnis uncertain about their future employment in a country where the overall unemployment rate is estimated to be at least 30%.[7]

To address this potential problem, U.S. forces stationed near the restive city of Kirkuk initiated a

Figure 1.3
Baghdad and Greater Mosul: Selected Security Incidents, 7/1/2009–10/15/2009



Sources: Information presented herein is based on SIGIR's analysis of open source and official English and Arabic documents, studies, maps, and satellite imagery.

new program this summer aimed at hiring former SOI leaders as "employment assistance managers" (EAMs). These EAMs will be charged with assisting ex-SOI members in obtaining full-time employment with either the GOI or with local businesses.

NATO Extends Its Training Mission

On July 26, 2009, Iraq's Minister of Defense and the Deputy Secretary General of the North Atlantic Treaty Organization signed an agreement that will provide the legal basis for NATO to continue training and mentoring the ISF. NATO Training Mission-Iraq (NTM-I) was established in November 2004 and has maintained a continuous presence in Iraq. NTM-I's training programs emphasize police tactics, border security, and institutional reform. Currently, NTM-I comprises about 210 personnel from 12 NATO countries.

GOI and NATO officials agree to extend NATO's training mission in Iraq. (NATO photo)

Governance: Elections in the Kurdistan Region

On July 25, 2009, voters in the semi-autonomous Kurdistan Region (Erbil, Dahuk, and Sulaymaniyah provinces) elected a new president and parliament. The elections were the second ever held in the Kurdistan Region. Turnout was high: about 78% of the 2.5 million eligible voters cast ballots at more than 5,400 polling stations.[8] All 111 seats in the Iraqi Kurdistan Parliament were at stake. Approximately 350 foreign election monitors and more than 7,000 local observers oversaw the elections.

Presidential and Parliamentary Results

In the presidential elections, the status quo prevailed as voters elected incumbent president Masoud Barzani of the Kurdistan Democratic Party (KDP) to another term in office. Barzani garnered about 70% of the vote against four other candidates.

Opposition parties fared better in the parliamentary elections, dramatically reducing the size of the ruling KDP-Patriotic Union of Kurdistan (PUK) coalition's majority. The Kurdistani List—the formal name for the KDP-PUK alliance—captured 57% of the vote and 59 seats, down from 100 seats. The Change List party, led by a former high-ranking PUK official, won 24% of the vote and 25 parliamentary seats. Another opposition grouping, the Reform and Services List, won 12% of the vote and 13 seats. Under the Kurdistan Region's constitution, the remaining 11 seats were allocated among ethnic and religious minorities—6 for Christians and 5 for Turkomen. Figure 1.4 compares the 2005 KRG parliamentary election results to the 2009 outcomes.[9]

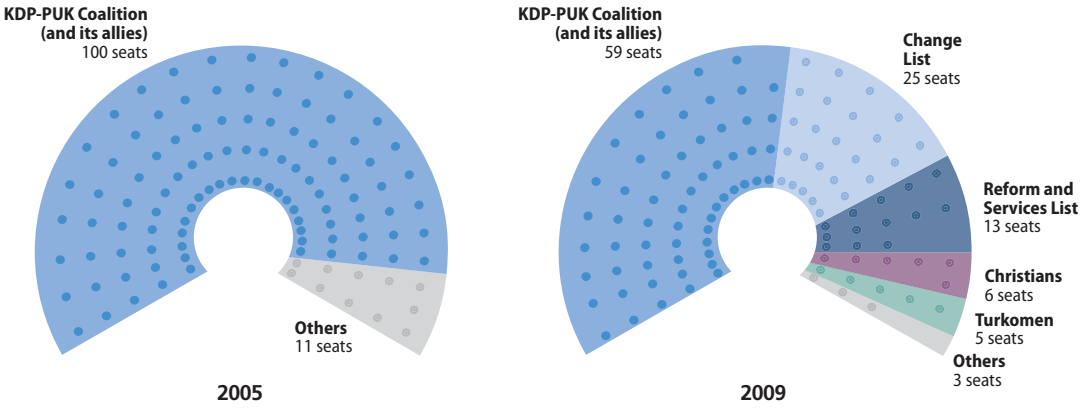
The Kurdistan Regional Government Selects a New Prime Minister

On September 16, 2009, the Kurdistan Parliament chose the PUK's Barham Saleh as the KRG's new prime minister. Saleh, the former GOI Deputy Prime Minister, won the support of 73 parliamentarians. In early October, Saleh began forming a new Kurdish government.

Referendum on New Constitution for the Kurdistan Region

In June 2009, the Kurdistan Parliament approved for referendum a new constitution that would claim Kirkuk as a geographic part

FIGURE 1.4
KRG/IRAQI KURDISTAN PARLIAMENT ELECTION RESULTS, 2005 VS. 2009



Source: GOI, www.ihec.iq, "KRG FInal Election Results 2005," "KRG FInal Election Results 2009," accessed 10/14/2009.

of the Kurdistan Region. The draft constitution would also augment the powers of the Kurdistan Region's president.

In July 2009, Iraq's Independent High Electoral Commission (IHEC) postponed a referendum on this constitution it may be conducted in January 2010.

Iraqi Kurdistan Parliament building. (KRG photo)

Governance: Parliamentary Elections

Since the Coalition deposed the former regime in spring 2003, Iraq has had two national elections (both in 2005) and two provincial elections (in 2005 and 2009). These elections have widely been regarded as some of the freest and best managed in the Middle East.

CoR Considers Changes to Elections Law

As of October 24, 2009, the CoR had not finalized the law that would govern the national parliamentary elections scheduled for January 16, 2010. The CoR is considering whether to use the 2005 closed-list procedures, wherein voters selected a party and not an individual, or switch to a more transparent open-list system. The Grand Ayatollah Ali al-Sistani has advocated the adoption of an open-list system.[10]

The parliamentary elections will see candidates from 296 political entities vying for all 275 seats in the CoR.[11] Figure 1.5 shows the distribution of seats in the CoR after the December 2005 parliamentary election—a distribution that may be profoundly altered after the next elections.

Governing Coalition Fractures in Run-up to National Elections

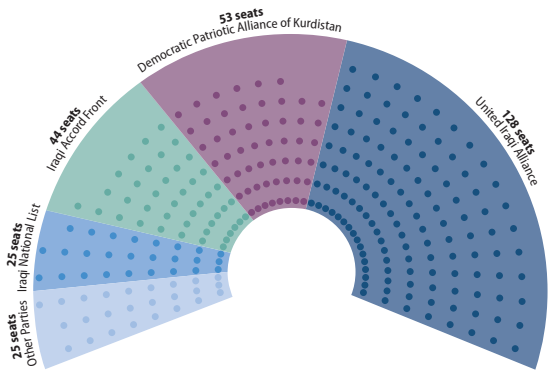
The Shia-led coalition formerly known as United Iraqi Alliance (UIA) currently controls the CoR. In April 2006, the UIA selected Nouri al-Maliki as Prime Minister. This quarter, however, the current governing coalition declined to promise al-Maliki reappointment as Prime Minister if it wins control of the CoR next January. Instead, Prime Minister al-Maliki's former UIA allies formed the Iraqi National Alliance (INA) without him.

As currently structured, the INA includes many of the leading Shia parties, including the Supreme Islamic Iraqi Council (SIIC), the Sadrist Trend, and some allies of former Prime Minister Ibrahim al-Ja'afari. SIIC, the largest member of this bloc, is itself in transition after the death of its longtime leader Abd al-Aziz al-Hakim on August 26, 2009. Shortly after Hakim's death, his 38-year-old son became the leader of the SIIC.

The State of Law Coalition Reorganizes

In the January 2009 provincial elections, the Prime Minister's State of Law Coalition won majorities or pluralities on the provincial councils in 6 of the 14 contested provinces. The State of Law Coalition was a largely Shia movement, although its rhetoric was decidedly nationalistic in tone.

FIGURE 1.5
COUNCIL OF REPRESENTATIVES: 2005 ELECTIONS



Source: GOI, www.ihec.iq, "Final Report of the December 15, 2005, Iraq Council of Representatives Elections," accessed 10/14/2009.

On October 1, 2009, the Prime Minister transformed the State of Law Coalition into a trans-sectarian alliance comprising elements of his Da'awa party, other Shia factions, several Sunni parties, some independents, and the Shia Felyi Kurds, among others. Notably, the Prime Minister has been unable to entice two influential Sunnis into running with him: Sheik Abu Risha (one of the leaders of the Anbar Awakening) and former CoR Speaker Mahmoud al-Mashhadani.

Kurdish Parties Will Participate

The KDP-PUK alliance will run a slate of candidates in the parliamentary elections. In an attempt to build on its strong performance in July's regional elections, the Change List also has announced that it intends to field candidates for national office next year.

Formation of Iraq's Unity Alliance

On October 21, Minister of the Interior Jawad al-Bolani joined forces with Sheik Abu Risha to form Iraq's Unity Alliance, a new political coalition that will contest January's scheduled parliamentary elections. Al-Bolani was formerly affiliated with the United Iraqi Alliance.

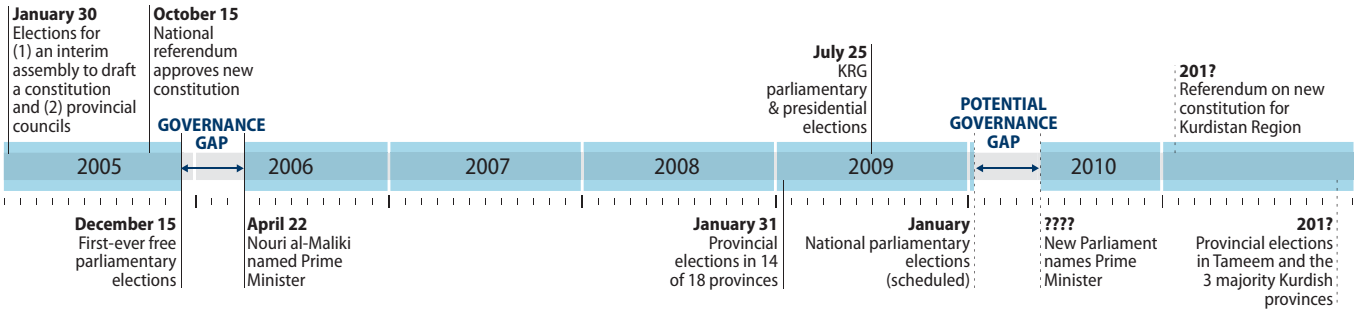
Governance Gap Redux?

Iraq's upcoming parliamentary elections will change the current distribution of power in the CoR. But January's elections will not produce instantaneous changes: a government must be formed thereafter. A prolonged interregnum could occur.

Precedent for such delay exists. On December 15, 2005, Iraq held its first-ever free parliamentary elections, but Nouri al-Maliki was not named Prime Minister until April 22, 2006. Moreover, another month passed until the new Prime Minister named his cabinet ministers in May 2006, effectively paralyzing the upper echelons of the Iraqi government during the peak of the insurgency. Figure 1.6 charts the course of Iraq's democratic evolution.

FIGURE 1.6

IRAQI ELECTIONS, 2005–2010



Note: All events scheduled to occur after October 31, 2009, are subject to postponement. Their placement on the timeline is only an estimate of when they may take place.

Source: SIGIR, *Quarterly Reports to the United States Congress*, 1/2006, 7/2006, and 4/2009.

Referendum on Security Agreement

In the delicate negotiations leading up to the CoR's endorsement of the SA, its backers agreed to conduct a national referendum submitting the SA to the Iraqi electorate for approval. The vote was originally scheduled to be held by mid-2009, but the date was pushed back to January 2010 and may be postponed again.

The referendum's potential consequences are profound. If Iraq's voters decline to endorse the SA, U.S. forces could be compelled to significantly accelerate their withdrawal. This quarter, the U.S. general in charge of redeploying U.S. forces from Iraq cautioned that an accelerated withdrawal would require a focus on the logistical challenges of such a mission at the expense of other tasks, such as training the ISF.

Council of Representatives Activity

The CoR's Ramadan break limited the number of sessions it could hold this quarter. It did not pass any significant new laws, but there were some legislative developments:[12]

- The chairman of the CoR's Hydrocarbons Committee announced that the Parliament will not consider the long-delayed package of hydrocarbon laws before next year's elections.
- The Council of Ministers (CoM) submitted to the CoR a draft law re-establishing the Iraq National Oil Company (INOC), which was disbanded in 1987. Under the provisions of this bill, INOC would report to the CoM—not to the Ministry of Oil. No action is expected on this proposal until the new CoR is seated in 2010.[13]
- According to DoS, the CoM approved draft legislation prohibiting senior GOI officials from holding dual citizenship. If approved, the bill would affect more than half of Iraq's cabinet ministers. Here again, no action is expected on this proposal until next year at the earliest.

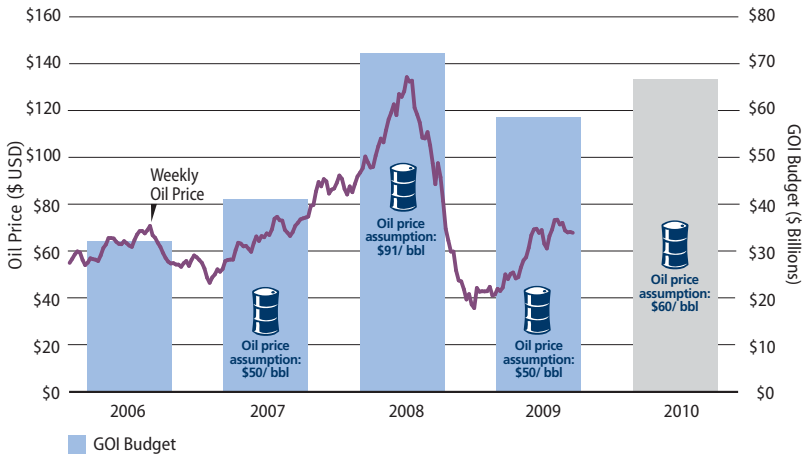
Economy

Oil exports provide the vast majority of the GOI's revenue, making the size of Iraq's assets—and, hence, its ability to deliver services—largely dependent on the global oil market.

The Government of Iraq's 2009 Proposed Supplemental Budget

This quarter, the CoR debated a supplemental budget bill of about $5 billion that would increase the overall size of the GOI's 2009 budget to $63.6 billion.[14] This proposal was submitted because oil prices had risen and remained above the $50 price per barrel on which the 2009 budget was initially based. In mid-October, prices hovered around $75 per barrel.

FIGURE 1.7
WEEKLY OIL PRICE, GOI BUDGET, AND OIL PRICE ASSUMPTIONS, 2006–2010



Note: Oil prices reflect the average weekly price of Kirkuk crude oil. The Iraqi Council of Ministers approved the 2010 budget on 10/13/2009, and it must now be reviewed and approved by the Council of Representatives.

Sources: U.S. Energy Information Administration, "World Crude Oil Prices: OPEC Average," 9/30/2009, http://www.eia.doe.gov, accessed 10/5/2009; "GOI Budget" (as approved by TNA and written into last December 2005); U.S. Treasury, responses to SIGIR data call, 1/4/2008 and 4/9/2009; GOI, Cabinet of Ministers, http://www.cabinet.iq, accessed 10/14/2009.

First Draft of Iraq's 2010 Budget

On October 13, 2009, the CoM submitted its draft budget for 2010 to the CoR. This $66.7 billion proposal is 14% more than the 2009 budget of $58.6 billion.[15] Two crucial assumptions underlie the financial projections made in this draft:

- **Price.** The draft 2010 budget is based on the assumption that oil prices will average $60 per barrel next year.[16] This is 20% higher than the export price of $50 per barrel assumed for 2009. This quarter, the average price per barrel of Kirkuk crude oil on the global market was $68.54.[17]
- **Export levels.** The draft budget also assumes export levels of 2.15 million barrels per day (MBPD) for 2010. This is an increase of 7.5% over the 2009 target of 2 MBPD. Iraq, however, averaged exports of 1.85 MBPD between October 1, 2008, and October 1, 2009—or 8% less than its desired target for 2009 and 16.2% under the 2010 goal.[18]

Figure 1.7 shows the relationship between the price of oil and the size of the GOI's budget between 2006 and 2010.

If a budget for 2010 is not approved by January 1, 2010—as was the case in 2009—the Ministry of Finance is authorized to approve one-twelfth of the funds from the previous year to fund government operations for the month of January.[19]

Energy Developments

Oil: Output Up

This quarter, crude oil production averaged 2.49 MBPD, up 3% from last quarter's average and slightly above the previous post-invasion high.[20] However, production has yet to reach the 2009 target of 2.01 MBPD. From July to September, exports averaged 1.97 MBPD, up 7% from last quarter.[21]

Legal uncertainty caused by the failure of the GOI and KRG to reach an accord on revenue sharing deterred many of the more risk-averse multinationals from investing in Iraq's oil industries. One consequence of the ongoing dispute between the KRG and the GOI is that the three international companies operating in the Tawke and Taq Taq oil fields have yet to be paid for their services.[22]

On October 9, 2009, the KRG's Minister of Natural Resources announced that oil exports from the Kurdistan Region would be halted until Baghdad honors the contracts signed between the KRG and the international oil companies operating there.[23] Baghdad regards the pacts as illegal and the KRG contends that it cannot afford to pay the firms for their services.

Oil: Auctioning Production Rights To Entice Foreign Investment

On June 30, 2009, Iraq auctioned production rights for 6 oil and gas fields in a bidding process open to foreign companies for the first time in more than 30 years. More than 20 international firms participated in the June round of bidding, but the only

development agreement awarded went to a joint venture between British Petroleum (BP) and the China National Petroleum Corporation (CNPC) for the Rumaila oil field in southern Iraq. In mid-October, the CoM reportedly approved final contract terms with the BP-CNPC consortium.[24]

In late 2009 or early 2010, Iraq intends to conduct a second round of bidding covering ten additional fields, which are largely undeveloped. As of September 30, 2009, more than 40 foreign oil companies had pre-qualified to participate in the second round of bidding, including at least 7 firms from the United States, 5 from Japan, 4 from Russia, and 4 from the People's Republic of China.[25]

Oil: Transparency in Managing Revenue

Since 2003, Iraq's oil revenues have been deposited into the Development Fund for Iraq, which is overseen by the UN-appointed International Advisory and Monitoring Board (IAMB). However, the IAMB's mandate—along with protections against the seizure of Iraqi oil from creditors—expires at the end of 2009, at which time it must be renewed, or it will lapse.

In July 2009, the UN Secretary General released a report cautioning that "much remains to be done before a fully operational control and measurement system over oil production, distribution, and export sales can be comprehensively implemented" in Iraq. It estimated that the earliest such measures could be put in place would be 2011.[26]

Electricity: Record Set

For the first time since 2003, Iraq's average electricity output has surpassed the 6,000 megawatt (MW) goal set in August 2003. The daily electricity supply—including domestic production and imports—averaged 6,439 MW this quarter.[27] This constitutes almost a 10% increase over last quarter's supply figures; however, many Iraqis report that the national grid remains inadequate, forcing them to rely on costly private generators.

On August 1, 2009, Prime Minister al-Maliki announced that the GOI would be unable to pay General Electric for $2.4 billion in electrical infrastructure equipment because the CoR declined to approve the bond sale that would have financed the deal. Subsequently, the Central Bank of Iraq allowed the Ministry of Finance to borrow funds from Iraq's banks to fund the purchase of this equipment, which is scheduled to be installed between 2010 and 2012.

The Water Crisis

Another year of below-average rainfall and reduced water flows into the Tigris, Euphrates, and other rivers have caused sustained drought conditions in Iraq. The consequences of this include:

- a drop in hydroelectric power generation
- the precipitous decline of Iraq's once-robust date industry
- increased desertification

Iraq does not control the headwaters of the Tigris and Euphrates rivers, making regional cooperation on water issues a matter of great importance for the GOI. Iraqi officials regularly express concern over Turkey's refusal to release more water for use by its downstream neighbors. On September 3, 2009, GOI representatives met with Turkish and Syrian officials to discuss water issues.[28] Later

U.S. forces attached to an Advise and Assist Brigade patrol the Euphrates River with the Iraqi police. (MNF-I photo)

in September, Turkey agreed to release more water from the Euphrates River to Iraq, but only on a short-term basis.

Anticorruption

Board of Supreme Audit

The Board of Supreme Audit (BSA) is Iraq's largest and oldest anticorruption institution. It is charged with oversight of the GOI's public expenditures. Although the BSA continues to face myriad obstacles to fulfilling its mandate of preventing, detecting, and deterring corruption, it is generally regarded as Iraq's most competent oversight body.

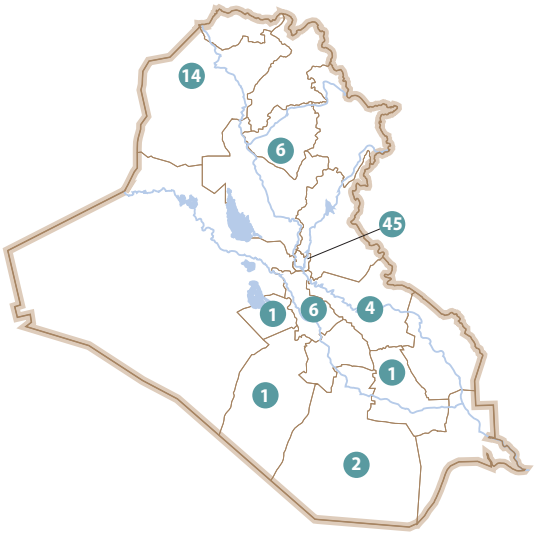
Earlier this year, SIGIR and the BSA agreed to conduct a joint review of the Iraq-Commander's Emergency Response Program (I-CERP), under which MNF-I manages reconstruction projects funded by the GOI. In July 2009, the BSA issued its own I-CERP report. It concluded that U.S. data on the I-CERP is incomplete, thereby hindering GOI's oversight of the U.S.-managed program. SIGIR's review of I-CERP found that MNF-I has generally managed the I-CERP program in accordance with the terms of its agreement with the GOI. Nevertheless, SIGIR determined that MNF-I could improve the thoroughness of the quarterly reports it is providing to the GOI. For more details on this report, see SIGIR Audits in Section 4.

Commission on Integrity

Iraq's Commission on Integrity (COI) has three primary missions: increasing governmental transparency, investigating allegations of corruption against GOI officials, and educating the Iraqi public about the dangers of public corruption. But the GOI's anticorruption institutions and judiciary continue to face difficulties in establishing robust enforcement capacities, especially outside of Baghdad. Figure 1.8 summarizes the number of persons convicted on corruption charges in 9 of Iraq's 18 provinces from January to early August 2009.

FIGURE 1.8

CONVICTIONS FOR CORRUPTION, BY PROVINCE, 1/1/2009–8/3/2009



Note: Numbers refer to individuals convicted in that province's courts from January 1 to August 3, 2009. The COI did not provide data on the provinces without a number. This should not be construed as implying that no corruption convictions occurred in those provinces during the specified timeframe.

Source: GOI, Commison on Integrity, "Statistical Report for Baghdad and the Provinces," 8/3/2009.

In August, the Inspector General met with the COI Commissioner to work on better collaboration. After this meeting, the COI provided SIGIR with information about recent enforcement activities. According to COI records on individuals convicted for corruption-related offenses between January 1, 2009, and August 3, 2009:[29]

- 5% of those convicted were found guilty of receiving bribes.
- 12% of the convictions were for embezzlement.
- The amount of the corruption could not be valued in 79% of the cases.
- In the 14 cases where COI could estimate it, the value of the corruption was about $136,000.
- 42% of those convicted were absent from their sentencing hearing.
- 12 worked for the Ministry of Defense, 9 for the Ministry of Finance, 7 for the Ministry of the

Interior, and 1 each from the Ministries of Oil, Transportation, Labor, Justice, Electricity, and Displacement and Migration.
- Of the convictions, 42% were for crimes involving the use of fake documents or credentials (usually diplomas).

Corruption within the Government of Iraq

This quarter, the GOI made some progress in investigating allegations of corruption at the highest levels of the Iraqi government.

- In September, a COI operation led to the arrest of Iraq's Deputy Minister of Transportation for corruption. He was allegedly videotaped accepting a bribe of about $100,000 from a company seeking to do business with the GOI.[30]
- Trial preparations continued in the corruption case of the former Minister of Trade who was arrested last quarter as he tried to fly to Dubai. The former Minister is accused of stealing state funds and mismanaging Iraq's food-distribution system.[31]
- The CoR resumed questioning GOI ministers on matters involving corruption and ineffective management of their departments. Most recently, the CoR questioned the Minister of Electricity about Iraq's persistent power shortages.

Rule of Law

Thirty-eight judges have been killed in Iraq since 2003. Although no judges were killed this quarter, in September an improvised explosive device went off in front of the house of a criminal court judge in Ninewa province, underscoring the dangers faced daily by Iraq's jurists.

Detainees

Under the terms of the Security Agreement, all Iraqi detainees held by the U.S. military must be released if the GOI has not issued an arrest warrant or detention order for them. To comply with this mandate, MNF-I has been regularly transferring detainees to Iraqi custody or releasing them. Since January, more than 5,200 detainees have been released, and more than 1,100 others have been transferred to the GOI. As of late September, the number of Iraqi citizens in U.S. custody numbered 8,305.[32]

On September 17, 2009, MNF-I closed Camp Bucca, the isolated desert prison that once housed more than 23,000 detainees. All remaining prisoners were transferred to either Camp Cropper or Camp Taji, the only two remaining U.S.-administered detention facilities. Camps Cropper and Taji are scheduled to close down in 2010.

The imminent closure of all U.S.-administered prisons highlights the importance of the GOI's ongoing efforts to develop corrections facilities and trained personnel capable of running modern penal institutions. This quarter, SIGIR issued an inspections report assessing the $29 million, U.S.-funded Chamchamal Correctional Facility in the Kurdistan Region finding that it was well constructed. As of October 14, 2009, DoS reports that Chamchamal houses more than 2,600 inmates, but is still not linked to the national electricity grid.

International Developments

This quarter, the newly appointed Special Representative of the UN Secretary-General Ad Melkert arrived in Baghdad, and the mandate of the UN Assistance Mission in Iraq was renewed for another year.

International Monetary Fund

According to DoS, the International Monetary Fund (IMF) agreed to provide Iraq with $1.8 billion in assistance funds in late September. A spokesman for the Central Bank of Iraq stated that these funds would be used to finance infrastructure projects.[33]

Iraq also continued to negotiate with the IMF for a $5.4 billion stand-by arrangement. In early October 2009, the GOI and IMF held inconclusive negotiations on the terms of this loan agreement.

SIGIR Oversight

Audits

SIGIR's Audit Directorate issued six reports this quarter. Since 2004, SIGIR has issued 155 audit reports. SIGIR's audits this quarter reviewed the following:

- **USACE accounting for the DFI funds it received.** SIGIR identified a number of policy issues related to the management of DFI funds that require DoD attention and $14.4 million that may potentially be available for return to the GOI. Issues that need to be addressed include the use and disposition of DFI funds that USACE and one of its contractors is holding, whether GOI funds should have been used to pay reimbursable work order expenses associated with DFI contracts, and how interest that might have been earned by several contractors on disallowed payments should be used.
- **DoD's management of the Iraq-Commander's Emergency Response Program (I-CERP).** MNF-I has generally managed the I-CERP program in accordance with the terms in an agreement with the GOI. But although MNF-I is accounting for how the funds are used and disbursed, it can improve the thoroughness of the reports it is providing to the GOI, particularly for those projects valued at $50,000 or more. In these cases, MNF-I provided files on only 206 of the 344 projects, and some of these lacked detailed project information. Moreover, sustainment letters, which MNF-I and the GOI sign at the start of a project, were missing in 13 files. When sustainment letters were included, more than 20 lacked a GOI signature, and over 30 lacked a U.S. military signature.

A SIGIR audit identified more than $4 million in potential overbillings by a government contractor. For example, the contractor charged $196.50 for a package of washers; the price should have been $1.22.

- **More than $1.1 billion spent under two contracts to the Environmental Chemical Corporation, primarily for the construction of Iraq security facilities.** SIGIR determined that numerous facilities were constructed with these funds, but that security concerns and changes in the nature of the work led to increased costs from $655 million to about $1.12 billion.
- **DoD's oversight of invoices for the Global Maintenance and Supply Services (GMASS) contract, which was meant to assist the Iraqi Army in improving its logistics capability.** As of September 2009, $683 million had been obligated from the ISFF on three task orders issued under this contract. However, weak invoice-review processes and a dearth of experienced personnel left the U.S. government vulnerable to undetected overcharges. SIGIR's analysis of selected GMASS contract invoices showed the contractor, AECOM, potentially overbilled or cannot support about $4.4 million in costs. Specifically, SIGIR analyzed purchases of vehicle parts on four invoices totaling $29.9 million and identified about $4.1 million in potential overbillings. For example, although the price agreed to in the contract for a package of 10 washers was $1.22, the contractor charged $196.50 for each package. SIGIR also found that the contractor did not provide cost support for 31 transactions, resulting in an additional $340,000 in questioned costs.

SIGIR's enabling legislation requires a forensic audit of all U.S. funding provided for the reconstruction of Iraq, which to date totals about $50 billion in program funding. This quarter, SIGIR published the first in a series of reports describing the methodology and preliminary results of SIGIR's forensic auditing efforts. The report discusses that SIGIR's 17 audits of major construction contracts involving about $6.4 billion in Iraq reconstruction funds identified a number of internal weaknesses, such as inadequate oversight of contractors and their invoices, and excessive changes in numbers of task and change orders. Additionally, the report discusses that SIGIR plans to forensically examine $35.2 billion in DoD financial transactions under IRRF, ISFF, ESF, and CERP appropriations, and that SIGIR is in the process of auditing about 22,000 DoD expenditure transactions involving about $10.7 billion. To date, SIGIR has identified a number of anomalous transactions, such as payments that appear to be duplicative and payments that appear to be to fictitious addresses and to contractors that were possibly suspended or debarred. SIGIR will continue to provide reports on its forensic work as appropriate.

Finally, SIGIR issued a letter in response to concerns raised by the BSA about potential duplicate payments paid by the U.S. government to contracting companies. SIGIR analyzed reconstruction data provided to the BSA and determined that, although no duplicate projects or payments were identified, the information provided to the GOI was unclear and gave the appearance of duplicate projects and payments. This reinforces the need to maintain accurate records on U.S.-funded reconstruction initiatives. For more information on these reports, see Section 4.

Investigations

On October 20, 2009, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) presented its annual Award for Excellence to three members of SIGIR's Investigations Directorate and seven of their colleagues from the federal law-enforcement community. The award recognized their work to unravel the Bloom-Stein conspiracy to defraud the Coalition Provisional Authority of several million dollars, which resulted in seven convictions or guilty pleas.

To date, SIGIR's investigative work has resulted in 24 arrests, 31 indictments, and 24 convictions, as well as more than $49.1 million in fines, forfeitures, and recoveries. Highlights from this quarter's investigative activities included:

- On July 28, 2009, Nyree Pettaway pled guilty to conspiring with her uncle, U.S. Army Major John C. Cockerham, and others to obstructing the money-laundering investigation relating to Cockerham's receipt of more than $9 million in bribes while he served as a contracting officer in Kuwait. Moreover, on September 17, authorities searched a safe deposit box leased by Melissa Cockerham, John's wife, and seized $1.5 million and more than $54,000 in foreign currency.
- On August 5, 2009, William Driver, a New Jersey accountant, pled guilty to laundering funds stolen from the CPA by his wife, Debra Harrison, a former U.S. Army lieutenant colonel who served in Hilla.
- On September 3, 2009, Marine Corps master gunnery sergeant Luis A. Lopez pled guilty during a court-martial proceeding to taking $67,000 from three contractors while he was stationed in Iraq in 2005. Lopez was sentenced to total forfeiture of all pay and allowances, a $10,000 fine, and 89 days of confinement. He was also required to return all of the money he had received and still possessed.

Currently, SIGIR has 96 open investigations. For additional details concerning these investigations, see Section 4.

Inspections

In October, SIGIR Inspections received CIGIE's *Sentner Award for Dedication and Courage*. The award recognized team members who regularly endure significant personal risk traveling throughout Iraq to provide information on relief and reconstruction.

SIGIR published five inspection reports this quarter, including assessments of a prison, an orphanage, a slaughterhouse, an ISF command facility, and a secure document-storage complex for holding court records of war crimes trials. To date, SIGIR has produced 159 project assessments. This quarter's reports included:

- **Chamchamal Correctional Facility (Kurdistan Region).** The objective of this $29 million INL-funded project was to convert an existing fort into a modern correctional facility that could hold 2,000 medium-security and 1,000 high-security inmates. SIGIR inspectors identified some minor construction deficiencies, but the construction work was satisfactory. The project was transferred to the Iraqi Correctional Service (part of the Ministry of Justice) in March 2009. However, when SIGIR visited the site in June 2009, the facility had no guards and housed no prisoners because the KRG had not dedicated adequate budgetary resources to supplying the prison both with a steady supply of electricity and a full complement of correctional officers. The prison opened this quarter, and U.S. Embassy-Baghdad reports that it currently holds more than 2,600 inmates, but is still not connected to the national power grid.
- **Al Kasik Location Command (Ninewa Province).** The purpose of this ongoing $6.3 million ISFF project is to design and construct a Location Command complex in Al Kasik for the Iraqi Army. SIGIR inspected the site in May 2009 and found it to be about 56% complete. While on site, SIGIR observed several construction issues, including problems with the sewage system and the foundation. SIGIR raised these issues with GRD representatives who stated that corrective actions would be taken. Overall, SIGIR determined the results to be consistent with the original objectives.
- **Orphanage and Senior Citizen Assisted Living Center (Kurdistan Region).** The goal of this $3.7 million ESF-funded orphanage and senior assisted living center was to house 345 children and 60 senior citizens. A showcase project for the KRG, SIGIR found it to be well constructed despite some minor "childproofing" issues that were rectified. At the time of SIGIR's inspection in July 2009, the center had been operational for about five months.
- **Abattoir (Slaughterhouse) in Qaladze (Kurdistan Region).** The aim of this ongoing ESF-funded $1.1 million project was to build a multi-building slaughterhouse complex that would provide approximately 120,000 local residents with regular access to meat prepared in the most hygienic manner practicable. SIGIR inspectors identified two construction issues, which the contractor quickly remedied. Moreover, SIGIR found the contractor's three-phase quality-control management program and the U.S. government's quality assurance program to be effective.
- **Secure Document Storage Facility (Baghdad Province).** The objective of this $1.9 million IRRF-funded project was to provide a secure storage facility for sensitive documents that have been, or will be, used by the Iraqi High Tribunal (IHT) to prosecute alleged war crimes. SIGIR inspected the site on three separate occasions (February, March, and September 2009). On SIGIR's first visits, inspectors noted several construction deficiencies, including problems with the roof and the ventilation system. By the time of SIGIR's third visit, however, the contractor had fixed these problems. The IHT reports that it is pleased with the facility and has stated that it will help them carry out their mission.

For more on these inspections, see Section 4.

The Human Toll

In the first full quarter since U.S. forces stopped patrolling Baghdad's streets on a regular basis, the International Zone remained largely quiet despite the occurrence of several mass-casualty attacks just outside its perimeter.

GOI Issues First Report on War's Consequences

On October 13, 2009, the GOI released its first comprehensive study of the war's human costs. The report, issued by Iraq's Ministry of Human Rights, studied casualty data from 2004–2008, estimating that 85,694 Iraqi citizens were killed during this time period and another 147,195 injured. Included in the report's death toll were 269 journalists and 263 university professors. The report's conclusions were based on the number death certificates issued by the Ministry of Health and did not include data from 2003 because of the difficulty in obtaining accurate information about violent deaths that occurred those initial chaotic months after the Coalition deposed the former regime.[34]

U.S. Civilians

The Department of State reported that six U.S. civilians died in Iraq between July 1 and September 30, 2009. This tally includes one civilian contractor who was shot and killed on September 13, allegedly by a U.S. soldier on a military base in northern Iraq. At least 294 U.S. civilians have died in Iraq since March 2003.[35]

Contractors

This quarter, the Department of Labor (DoL) received reports of 47 new deaths for civilian contractors working on U.S.-funded projects in Iraq. DoL also received reports of 519 injuries this quarter that caused the injured contractors to miss at least four days of work. Since 2003, 1,442 death cases have been reported to DoL."[36]

Until the U.S.-Iraq Security Agreement entered into effect on January 1, 2009, CPA Order No. 17 afforded blanket immunity from Iraqi law to contractors working in Iraq. The SA lifted this immunity in most instances, but no foreign contractor has been tried in an Iraqi court for a capital crime. This soon may change. A British security contractor may be charged under the Iraqi Penal Code with the August 2009 shooting deaths of two other expatriate security contractors. If convicted, he could face the death penalty or life in prison.

Journalists

On October 21, a journalist was killed in Iraq, bringing the total killed this year to four. From 2003 through 2008, Iraq was the deadliest country in the world for practicing journalists. But, as of September 30, 2009, Somalia appears on course to claim this dubious distinction: six journalists were confirmed killed there over the first nine months of 2009.[37]

Internally Displaced Persons

The International Organization for Migration in Iraq (IOM) issued a series of reports this quarter attempting to measure the scope and nature of the problem of internally displaced persons (IDPs) in Iraq. IOM's findings included:[38]

- 45% of IOM-assessed post-February 2006 IDPs currently reside in Baghdad.
- 58% of IDP families in Diyala are without a source of income.
- Nearly 5,600 families displaced from their homes in Anbar after 2006 have returned to the province.
- More than two-thirds of Ninewa's IDP families are members of Iraq's religious and ethnic minority communities, including Christians, Turkomen, and Kurds.

Regardless of their place of origin or current domicile, common problems confront all IDPs, including the need for employment and permanent housing. Although accurate and consistent estimates of returned IDPs are difficult to obtain, the most recent statistics from the UN High Commissioner for Refugees showed that of the approximately 2.65 million IDPs protected or assisted by the UN, only 195,890 had returned home.[39] ◆

IRAQ RECONSTRUCTION FUNDING SOURCES AND USES

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SECTION

2

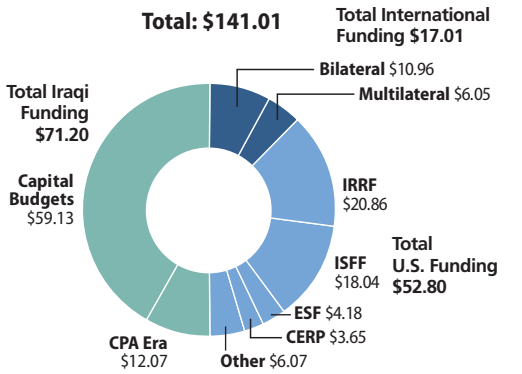
IRAQ RECONSTRUCTION FUNDING SOURCES

As of September 30, 2009, nearly $141.01 billion had been made available for the relief and reconstruction of Iraq. These funds have come from three main sources:[40]

- Iraqi capital budgets and Iraqi funds that were overseen by the Coalition Provisional Authority (CPA)—$71.20 billion
- International pledges of assistance from non-U.S. sources—$17.01 billion
- U.S. appropriations—$52.80 billion

See Figure 2.1 for an overview of these funding sources.

FIGURE 2.1
FUNDING SOURCES
$ Billions



Note: Data not audited. Numbers affected by rounding. CPA-Era Iraq funds include $1.72 billion in vested funds, $0.93 billion in seized funds, $9.33 billion in DFI, and $0.09 billion in CERP funds provided by the Central Bank of Iraq. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS for project category analysis, and therefore top-line totals here may not match values found in the Funding Uses subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors; values for these sectors are carried over from the previous quarter.

Sources: DFAS, response to SIGIR data call, 4/10/2009; GOI, "Republic of Iraq: Budget Revenues and Expenses 2003, July–December," 2003; GOI, "GOI Budget" (as approved by TNA and written into law December 2005), 2005; GOI, "Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005," 2005; SIGIR, *Quarterly Report to the United States Congress*, 4/2009, p. 26; Treasury, responses to SIGIR data call, 1/4/2008, 4/9/2009, and 10/2/2009; 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. 111–32.

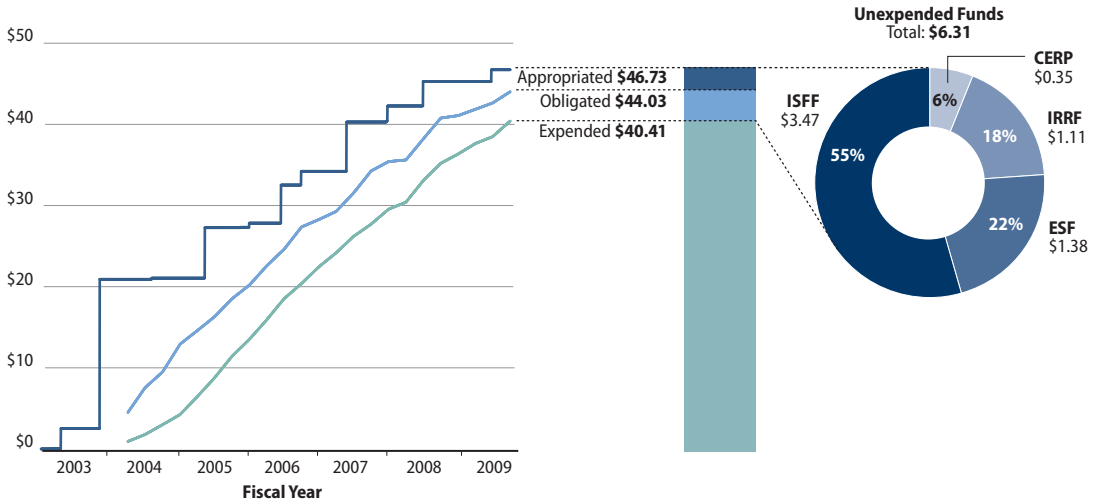
Iraqi and International Funding

As of September 30, 2009, Iraq had provided more than $71.20 billion for relief and reconstruction, including annual capital budgets and Iraqi funding from the CPA era.[41] In 2009, the Government of Iraq (GOI) budgeted $58.6 billion for capital and operating expenses. A proposed supplemental budget of approximately $5 billion is pending before the Council of Representatives (CoR). Iraqi expenditures of the 2009 budget totaled $16.4 billion through June 2009, of which $1.6 billion was expended on capital projects.[42]

A SIGIR audit released this quarter identified a number of policy issues related to the management of DFI funds that require DoD attention. Although the GOI requested that all DFI funds be returned to it, the U.S. Army Corps of Engineers (USACE) is holding $3.0 million of DFI funds pending final close-out of some contracts, and a USACE contractor is holding $2.2 million. Also, USACE used $9.2 million of GOI funds to cover unpaid expenses from earlier reimbursable work orders it believes were the responsibility of the GOI. SIGIR has asked DoD to provide guidance to USACE on these issues.[43] For more information, see Section 4.

As of September 30, 2009, international donors had pledged $17.01 billion—$5.26 billion in grants and $11.75 billion in loans—most of it pledged in 2003. These donors have committed $10.64 billion. The biggest change during the quarter was Japan's commitment of an additional $780 million in soft loans to projects in Iraq's western region.[44]

FIGURE 2.2
STATUS OF MAJOR U.S. FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS for project category analysis, and therefore top-line totals here may not match values found in the Funding Uses subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors; values for these sectors are carried over from the previous quarter.

Sources: NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data call, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, responses to SIGIR data call, 10/13/2009 and 10/14/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009.

U.S. Funding

Since 2003, the U.S. Congress has appropriated or otherwise made available $52.80 billion for reconstruction efforts in Iraq, including the building of physical infrastructure, the establishment of political and societal institutions, reconstitution of security forces, and the purchase of products and services for the benefit of the people of Iraq.

As of September 30, 2009, $46.73 billion had been made available through four major funds:

- Iraq Relief and Reconstruction Fund (IRRF)—$20.86 billion
- Iraq Security Forces Fund (ISFF)—$18.04 billion
- Economic Support Fund (ESF)—$4.18 billion
- Commander's Emergency Response Program (CERP)—$3.65 billion

As of September 30, 2009, $44.03 billion (94%) had been obligated, and $40.41 billion (86%) had been expended from the four major funds. Nearly $720 million had expired from the IRRF.

The Congress also made $6.07 billion available through several smaller funding streams.[45]

For a complete accounting of appropriations, obligations, and expenditures as of September 30, 2009, see Figure 2.2 and Table 2.1.

As of September 30, 2009, $6.31 billion in U.S. appropriations from the four major funds remain unexpended, including an unknown amount of expired funds. The ISFF has the largest amount of unexpended appropriations, at $3.47 billion.[46] An accurate accounting of unexpended funds from the smaller funding streams is not possible, because of incomplete data.

P.L. 108-106, as amended, requires that SIGIR prepare a final forensic audit report on all amounts appropriated or otherwise made available for the reconstruction of Iraq. This quarter, SIGIR issued the first in a new series of reports to meet this

TABLE 2.1

U.S. APPROPRIATED FUNDS

$ Millions

	Prior Fiscal Year Appropriations				
	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
	2003	2004	2005	2006	2007
Major Funds					
Iraq Relief and Reconstruction Fund (IRRF 2)[a]		18,389			
Iraq Security Forces Fund (ISFF)			5,490	3,007	5,542
Economic Support Fund (ESF)[b]	50			1,545	1,478
Commander's Emergency Response Program (CERP)[c]		140	718	708	747
Iraq Relief and Reconstruction Fund (IRRF 1)	2,475				
Subtotal	**2,525**	**18,529**	**6,208**	**5,260**	**7,768**
Other Assistance Programs					
Natural Resources Risk Remediation Fund (NRRRF)[d]	801				
Iraq Freedom Fund (Other Reconstruction Activities)[e]	700				
Migration and Refugee Assistance (MRA)	37				45
International Narcotics Control and Law Enforcement (INCLE)	20			91	150
P.L. 480 Title II Food Aid	311		3		
Democracy Fund (Democracy)					250
International Disaster Assistance (IDA)	144			8	
Iraq Freedom Fund (TF-BSO)					50
Child Survival and Health Programs Fund (CSH)	90				
Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)[f]					7
International Disaster and Famine Assistance (IDFA)					45
Voluntary Peacekeeping Operations (PKO)	50				
Alhurra-Iraq Broadcasting		40			
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)		17			
Education and Cultural Exchange Programs (ECA)				6	
International Affairs Technical Assistance (OTA)				13	3
International Military Education and Training (IMET)			1		1
U.S. Marshals Service (Litigation Support Services)				1	
Department of Justice (DoJ)					2
Subtotal	**2,153**	**57**	**4**	**119**	**553**
Reconstruction-related Operating Expenses					
Coalition Provisional Authority (CPA)[g]		833			
Project and Contracting Office (PCO)[h]				200	630
USAID Operating Expenses (USAID OE)	21		24	79	
Iraq Freedom Fund (PRT Administrative Costs)					100
U.S. Contributions to International Organizations (IO Contributions)					
Subtotal	**21**	**833**	**24**	**279**	**730**
Reconstruction Oversight					
Special Inspector General for Iraq Reconstruction (SIGIR)		75		24	35
DoD Office of the Inspector General (DoD OIG)				5	
USAID Office of the Inspector General (USAID OIG)	4	2	3		1
Defense Contract Audit Agency (DCAA)					16
DoS Office of the Inspector General (DoS OIG)				1	2
Subtotal	**4**	**77**	**3**	**30**	**53**
Total	**4,702**	**19,496**	**6,239**	**5,688**	**9,104**

a $18.389 billion represents the amount appropriated by the Congress for Iraq programs in IRRF 2 under P.L. 108-106, in November 2003. The Congress had initially appropriated $18.649 billion to IRRF 2, but also earmarked $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 $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. This total also reflects a $50 recission in P.L. 110-252.

b FY 2003 reflects $40 million from the ESF base account that was not reimbursed and $10 million from P.L. 108-11.

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

d Includes funds transferred from the Iraq Freedom Fund (IFF).

e Includes funds appropriated to the Iraq Freedom Fund by P.L. 108-11, Title I, and transferred to reconstruction activities, with the exception of funds transferred to NRRRF, which are recorded under that fund.

	FY 2008			FY 2009				
	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. 111-32		Status of Funds		
	12/21/2007	12/26/2007	06/30/2008	06/24/2009	Total Appropriated	Obligated	Expended	Expired
Major Funds								
IRRF 2					18,389	18,013	17,507	506
ISFF		1,500	1,500	1,000	18,039	16,672	14,569	
ESF	123	15	527	439	4,177	3,602	2,796	
CERP		339	994		3,646	3,478	3,292	
IRRF 1					2,475	2,261	2,249	214
Subtotal	**123**	**1,854**	**3,020**	**1,439**	**46,726**	**44,026**	**40,413**	**720**
Other Assistance								
NRRRF					801	801	801	
IFF (Other)					700	680	654	
MRA	20	149	269		520	455	372	
INCLE	20		85	20	386	346	144	
P.L. 480 Title II		24			338			
Democracy			75		325	315	124	
IDA		50	45		247	82	35	
IFF (TF-BSO)			53		100			
CSH					90			
NADR	12	16	5	20	60	32	27	
IDFA	5				50			
PKO					50			
Alhurra					40			
OHDACA					17			
ECA	5	6			16			
OTA					16	16	14	
IMET	1	2		2	8	4	3	
U.S. Marshals			2		3			
DoJ					2			
Subtotal	**64**	**247**	**533**	**42**	**3,771**	**2,731**	**2,174**	
Operating Expenses								
CPA					833	832	799	
PCO					830			
USAID OE		21	77		222			
IFF (PRT)					100			
IO Contributions			68		68			
Subtotal		**21**	**145**		**2,053**	**832**	**799**	
Oversight								
SIGIR			39	7	180	164	148	
DoD OIG		21			26			
USAID OIG	3	3	4		18			
DCAA					16			
DoS OIG	1	1	8		13			
Subtotal	**4**	**25**	**51**	**7**	**253**	**164**	**148**	
Total	**191**	**2,147**	**3,749**	**1,488**	**52,803**	**47,753**	**43,534**	**732**

f The $20 million reported for FY 2009 was appropriated by P.L. 111-8.
g Excludes $75 million for SIGIR under P.L. 108-106.
h Per conference reports for P.L. 109-234 and P.L. 110-28, reconstruction support funding is provided for Project and Contracting Office (PCO) activites.

mandate. The report notes that SIGIR has reviewed 17 major reconstruction contracts to identify internal control weaknesses related to the use of $6.4 billion. These weaknesses in contract management make programs vulnerable to fraud, waste, and abuse.

SIGIR is currently forensically examining $35.2 billion in financial transactions related to DoD expenditures under the IRRF, ISFF, ESF, and CERP. SIGIR is using data-mining techniques to examine tens of thousands of financial transactions to identify unusual or suspect transactions that may indicate fraud, waste, or abuse in the award or administration of contracts. Detailed investigations and examinations of relevant contract files will be prioritized based on risk factors such as the amount of the transaction, the likelihood of fraud, and a prior history of questionable behavior.

The forensic audit project is expected to lead to administrative action to recover costs and civil or criminal fraud prosecutions. Moreover, the project has helped to provide additional information for ongoing investigations.[47]

U.S. Appropriations Remaining for Iraq Reconstruction

The provision of U.S. reconstruction funding to Iraq has appropriately declined from its high point in FY 2004, when $19.50 billion was appropriated.[48] In FY 2009, $1.44 billion in new reconstruction funding was appropriated.[49] Funds available for expenditure are lower than at any point since the passage of IRRF 2 in November 2003.[50]

For FY 2010, the Administration requested $800 million through the regular budget process. Iraq's $500 million allocation in the Foreign Operations request represents 2% of the bilateral assistance total,[51] and the $300 million requested for CERP in Iraq represents less than 1% of the request for Operation Iraqi Freedom (OIF).[52] For details on FY 2010 funding for Iraq reconstruction, see Table 2.2.

SIGIR estimates that the major U.S. reconstruction funds will be depleted at some point during FY 2012–FY 2014, given the current rate of obligation and expenditure. Figure 2.3 shows three projections, based on the following scenarios:[53]

- passage of the Senate Appropriations Committee's recommendation of $200 million for CERP and $375 for ESF in the regular FY 2010 appropriation
- passage of the regular FY 2010 appropriation and an additional $1.0 billion in supplemental funds for FY 2010
- passage of the regular FY 2010 appropriation, the supplemental, and an additional $1.5 billion in appropriations through FY 2012

The projections depend on factors that are difficult to estimate, including the timing and amount of future appropriations. It should be noted that Figure 2.3 does not include the smaller funding streams, which may become more significant as the Iraq reconstruction effort transitions to a more normal economic and security assistance mission.

Table 2.2
FY 2010 Appropriations Request and Recommendations
$ Millions

	Fund	Request	House Report/Bill	Senate Report/Bill
Defense	ISFF	0	0	0
	CERP[a]	300.0	*	200.0
Foreign Operations	ESF	415.7	400.0	375.0
	INCLE	52.0	52.0	52.0
	NADR[b]	30.3	*	30.3
	IMET	2.0	2.0	2.0
Total		**800.0**	*	**659.3**

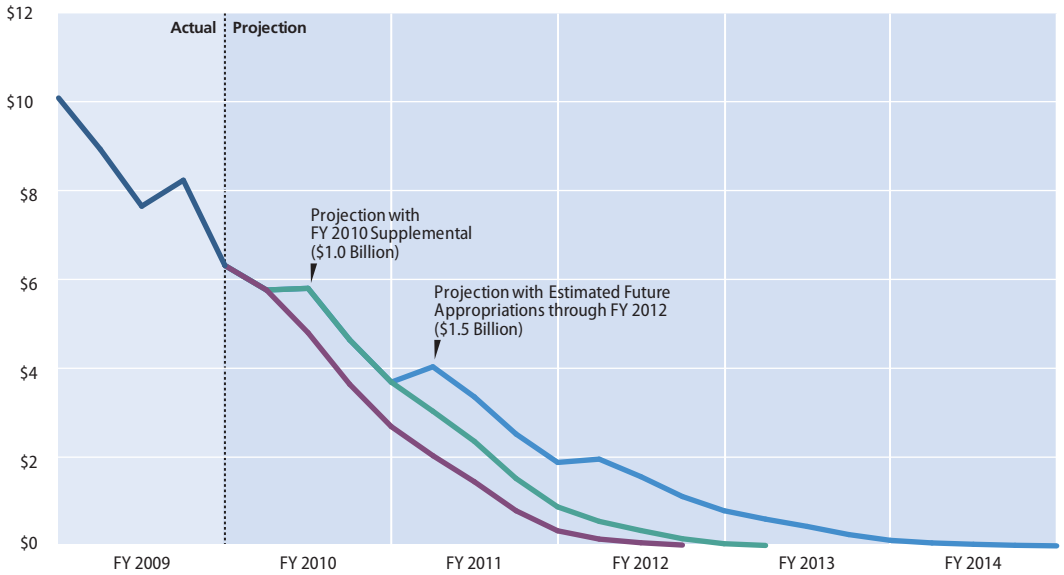
Note: Data not audited. Numbers affected by rounding.
a The House Appropriations Committee recommended $1.3 billion total for the CERP—$200 million below the request—but did not recommend specific allocations for Iraq and Afghanistan.
b The House Appropriations Committee did not recommend a specific allocation for Iraq from the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) fund.

Sources: DoD, "Fiscal Year 2010 Budget Request: Summary Justification," 5/2009, p. 5-19; House Appropriations Committee Report 111-230, "Department of Defense Appropriations Bill, 2010," 7/24/2009, pp. 6, 349; Senate Appropriations Committee Report 111-74, "Department of Defense Appropriations Bill, 2010," 9/10/2009, p. 244; DoS, "Congressional Budget Justification for Fiscal Year 2010," 5/2009, p. 20; House Appropriations Committee Report 111-187, "State, Foreign Operations, and Related Programs Appropriations Bill, 2010," 6/26/2009, pp. 59, 75, 94; Senate Appropriations Committee Report 111-44, "Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2010," 7/9/2009, pp. 9, 48, 57.

FIGURE 2.3

PROJECTION OF U.S. FUNDS AVAILABLE FOR IRAQ RECONSTRUCTION

Appropriations Less Expenditures, $ Billions



Note: Data not audited. Numbers affected by rounding. Projections include CERP, ESF, IRRF, and ISFF and assume that all appropriated funds not yet expired will be obligated and that all obligated funds will be expended. Projected rates of obligation and expenditure by quarter are based on historical obligation and expenditure rates in that respective quarter. The projected rate of obligation per quarter is equal to quarterly obligations divided by available appropriations (appropriations less obligations) as of the beginning of the respective quarter, averaged over the previous four years. The projected rate of expenditure is equal to quarterly expenditures divided by available obligations (obligations less expenditures) as of the beginning of the respective quarter, averaged over the previous four years. All three projections assume that the Congress will appropriate the entire $575 million recommended by the Senate Appropriations Committee for FY 2010. The middle projection assumes that an additional $1.0 billion in supplemental funds will be appropriated in FY 2010. The final projection assumes $1.0 billion in FY 2010 supplemental funds, $1.0 billion in appropriations for FY 2011, and $500 million in appropriations for FY 2012.

Sources: NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data calls, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, responses to SIGIR data call, 10/13/2009 and 10/14/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–7/2009.

Iraq Relief and Reconstruction Fund

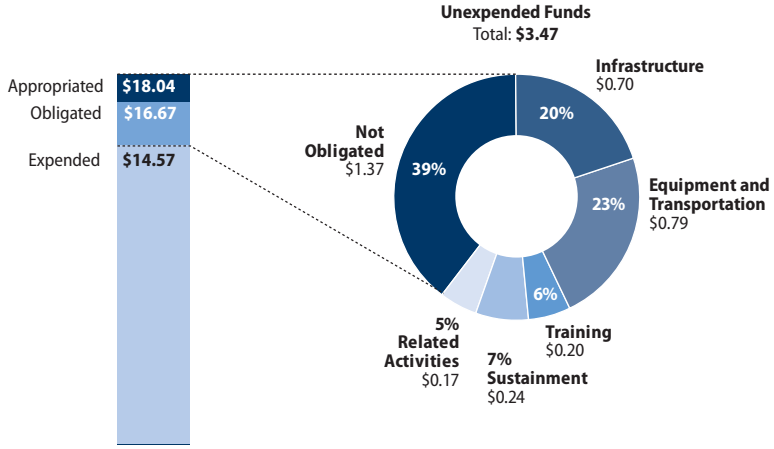
The IRRF was the largest U.S. reconstruction fund, comprising $20.86 billion made available through two appropriations: IRRF 1 ($2.48 billion) and IRRF 2 ($18.39 billion).[54] As of September 30, 2009, $20.27 billion (97%) of the IRRF had been obligated, and $19.76 billion (95%) had been expended.[55] IRRF 2 expired for new obligations on September 30, 2008.[56]

Iraq Security Forces Fund

The Congress has appropriated $18.04 billion to the ISFF to support Iraq's Ministry of Defense (MOD) and Ministry of Interior (MOI) in developing the Iraqi Security Forces (ISF).[57] The Multi-National Security Transition Command-Iraq (MNSTC-I) plans to hand control of these programs to the Iraq Training and Advisory Mission (ITAM) and Iraq Security Assistance Mission (ISAM) by January 2010.[58]

As of September 30, 2009, $16.67 billion (92%) of the ISFF had been obligated, and $14.57 billion (81%) had been expended. Nearly $3.47 billion remains unexpended.[59] For the status of these funds, see Figure 2.4.

FIGURE 2.4
ISFF: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009.

Sources: OSD, response to SIGIR data call, 10/13/2009.

ISFF Quarterly Obligations and Expenditures by Sub-Activity Group

Of the $18.04 billion appropriated to the ISFF, $17.06 billion (95%) has been allocated to four major sub-activity groups:[60]

- Equipment—equipment and transportation for security forces and police, force protection, vehicles, and communications equipment
- Infrastructure—training academies and areas, military bases, and police stations, and headquarters expenses
- Sustainment—maintenance, weapons, ammunition, and logistics support for existing investments
- Training—military and police training, ministerial capacity development, instructor support, medical and office equipment, and information technology and services

The remainder of the ISFF is allocated to smaller sub-activity groups. Collectively termed "Related Activities," these smaller sub-activity groups include the ISFF Quick Response Fund; disarmament, demobilization, and reintegration; detainee operations; and rule-of-law complexes.[61]

Equipment procurement accounted for 59% of new expenditures this quarter: $795 million for the MOD and $147 million for the MOI. Nearly $381 million was expended on MOI training, accounting for 24% of new expenditures. The greatest share of unexpended funds are allocated to Equipment—$655 million for the MOD and $597 million for the MOI—although a large amount of unexpended funds are also allocated to MOD Infrastructure ($576 million).[62] For the status of the ISFF by ministry and sub-activity group, see Table 2.3.

Future Funding Sources for the Iraqi Security Forces

The Administration did not request, nor did the House and Senate appropriations committees recommend, additional appropriations to the ISFF for FY 2010.[63] However, the $1.0 billion appropriated for FY 2009 by P.L. 111-32 was released for use in July 2009 and will be available through September 30, 2010.[64] As of September 30, 2009, only $58 million had been obligated and $300,000 expended from that $1.0 billion appropriation.[65]

TABLE 2.3
ISFF: STATUS OF FUNDS BY MINISTRY AND SUB-ACTIVITY GROUP
$ Millions

		Status of Funds			Quarterly Change	
Ministry	**Sub-Activity Group**	**Allocated**	**Obligated**	**Expended**	**Obligated**	**Expended**
MOD	Equipment	4,694.9	4,393.4	4,040.3	326.7 (8%)	795.4 (25%)
	Infrastructure	3,272.1	3,088.0	2,695.7	65.0 (2%)	84.7 (3%)
	Sustainment	1,940.2	1,833.1	1,649.1	52.0 (3%)	47.6 (3%)
	Training	612.8	401.5	326.0	68.0 (20%)	41.1 (14%)
	Subtotal	**10,520.0**	**9,716.0**	**8,711.0**	**511.7 (6%)**	**968.7 (13%)**
MOI	Training	2,585.9	2,398.7	2,272.0	247.3 (11%)	381.0 (20%)
	Equipment	1,898.6	1,735.1	1,301.4	243.5 (16%)	146.5 (13%)
	Infrastructure	1,447.8	1,379.6	1,067.3	12.5 (1%)	46.9 (5%)
	Sustainment	610.5	577.8	519.5	45.0 (8%)	15.2 (3%)
	Subtotal	**6,542.9**	**6,091.2**	**5,160.1**	**548.2 (10%)**	**589.5 (13%)**
Other	**Related Activities**	**976.4**	**865.2**	**698.0**	**39.3 (5%)**	**32.2 (5%)**
Total		**18,039.3**	**16,672.5**	**14,569.2**	**1,099.3 (7%)**	**1,590.5 (12%)**

Note: Data not audited. Numbers affected by rounding. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009.

Sources: OSD, response to SIGIR data call, 10/13/2009; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 7/2009.

The future of funding to support the ISF remains uncertain. The National Security Council is now leading an interagency process to determine requirements.[66] The Senate Appropriations Committee anticipates requests for additional funding for the International Narcotics Control and Law Enforcement Fund (INCLE) as DoS assumes programmatic responsibility for the mission to "advise and assist" the Iraqi police.[67] Additionally, according to SIGIR analysis, many of the Foreign Military Sales (FMS) purchases currently financed by the ISFF could otherwise be supported through the Foreign Military Financing (FMF) program.[68] According to DoD, the Office of Management and Budget (OMB) and DoS are currently considering an FMF request for FY 2011.[69] The International Military Education and Training (IMET) fund (and the FMF) could be used to fund professional training. As of September 30, 2009, only $6.5 million had been appropriated for IMET in Iraq.[70] Supporting the ISF through DoS funds—INCLE, FMF, and IMET—would put DoS in charge of policy and DoD in charge of implementation, which is consonant with historical practice.[71]

The MNSTC-I commander's spending guidance reflects the dwindling ISFF account balance, funding only "must haves," while increasing GOI cost sharing and prioritizing requirements that the GOI can sustain.[72]

Economic Support Fund

Since 2003, the Congress has appropriated $4.18 billion to the ESF to improve infrastructure and community security, promote democracy and civil society, and support capacity building and economic development.[73]

As of September 30, 2009, $3.60 billion (86%) had been obligated, and $2.80 billion (67%) had been expended. Nearly $1.38 billion remained unexpended.[74] For the status of these funds, see Figure 2.5.

ESF Quarterly Obligations and Expenditures by Program

The ESF is allocated to programs in three tracks:[75]

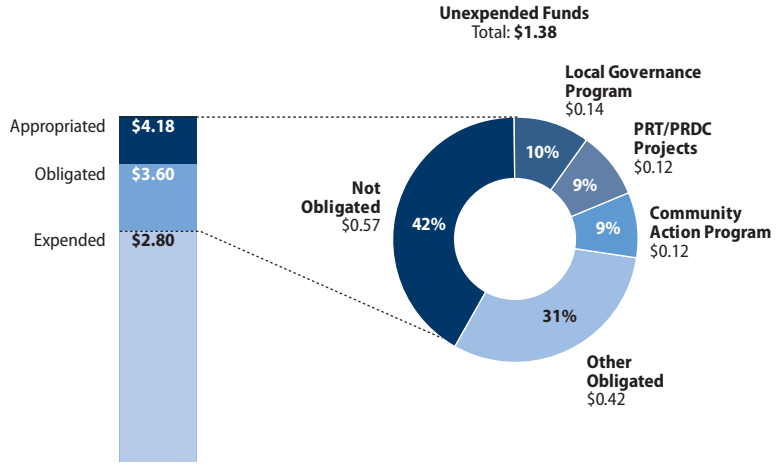
- Security—programs focused on reducing violence, improving infrastructure security, and strengthening the link between the government and the community
- Political—activities designed to increase the capacity of national and provincial governments
- Economic—programs aimed at increasing the GOI's operations and maintenance capabilities and stimulating private-sector growth

New obligations of the ESF totaled $275 million this quarter. Quarterly obligations were greatest for the Local Governance Program, Ministerial Capacity Development, the Community Action Program, and National Capacity Development. Quarterly expenditures followed a similar pattern.[76] For the status of ESF by track and program, see Table 2.4.

ESF after Transition

During the course of the Iraq reconstruction program, appropriations to the ESF have roughly equaled appropriations to the CERP. However, if CERP requirements decrease commensurate with the drawdown of U.S. forces,[77] and no further funds are appropriated to the ISFF, the ESF will become the main source of bilateral assistance to Iraq. For FY 2009, the ESF request was nearly 40% higher than the request for CERP;[78] the Senate Appropriation Committee's recommendation was nearly 90% higher.[79] For a historical comparison of ESF to CERP appropriations, see Figure 2.6.

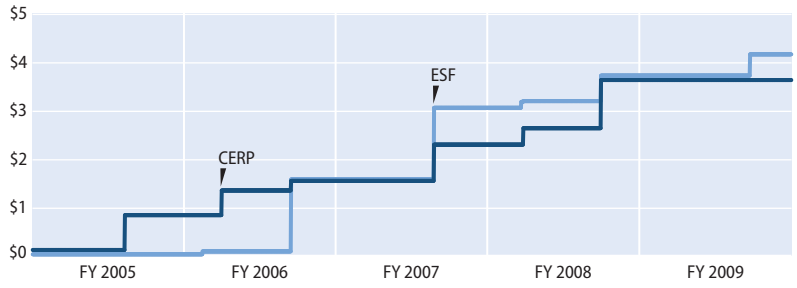
FIGURE 2.5
ESF: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors. Values for these sectors are carried over from the previous quarter.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, response to SIGIR data call, 7/4/2009; ITAO, *Essential Indicators Report*, 5/14/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 7/2008–4/2009.

FIGURE 2.6
COMPARISON OF ESF AND CERP APPROPRIATIONS
$ Billions



Note: Data not audited.

Sources: P.L. 108–7; P.L. 108–11; 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. 111–32.

TABLE 2.4

ESF: STATUS OF FUNDS BY TRACK AND PROGRAM

$ Millions

		Status of Funds			Quarterly Change	
Track	**Program**	**Allocated**	**Obligated**	**Expended**	**Obligated**	**Expended**
Security	PRT/PRDC Projects	683.0	477.4	353.0	8.7 (2%)	29.3 (9%)
	Community Stabilization Program	646.5	646.3	615.4	0.1 (0%)	18.6 (3%)
	Local Governance Program	410.5	410.5	271.4	55.0 (15%)	13.4 (5%)
	Community Action Program	325.0	311.0	192.9	46.0 (17%)	32.1 (20%)
	Infrastructure Security Protection	214.8	179.8	177.6	0.4 (0%)	3.3 (2%)
	PRT Quick Response Fund	212.0	200.5	132.0	5.1 (3%)	25.0 (23%)
	Subtotal	**2,491.8**	**2,225.5**	**1,742.3**	**115.3 (5%)**	**121.6 (8%)**
Political	National Capacity Development	309.4	309.4	223.3	45.1 (17%)	32.9 (17%)
	Democracy and Civil Society	188.9	185.2	144.5	-	-
	Economic Governance II, Policy and Regulatory Reforms	127.4	85.0	85.0	-	-
	Ministerial Capacity Development	103.5	86.3	57.9	49.1 (132%)	30.1 (108%)
	Iraqi Refugees (Jordan)	58.0	58.0	36.0	-	-
	Regime Crimes Liaison Office	33.0	30.1	28.4	-	-
	Subtotal	**820.2**	**754.0**	**575.1**	**94.2 (14%)**	**62.9 (12%)**
Economic	O&M Sustainment	291.6	270.0	266.1	-3.3 (-1%)	-5.3 (-2%)
	Inma Agribusiness Development	124.0	124.0	72.4	31.5 (34%)	10.5 (17%)
	Provincial Economic Growth	85.8	85.8	35.8	25.0 (41%)	6.9 (24%)
	Targeted Development Program	57.4	57.8	21.3	0.4 (1%)	2.9 (16%)
	Plant-Level Capacity Development & Technical Training	48.7	47.8	47.1	0.2 (0%)	0.6 (1%)
	Izdihar	23.8	23.8	22.4	-	-0.1 (0%)
	Planning and Design	19.3	13.7	13.7	11.9 (675%)	11.9 (675%)
	Subtotal	**650.6**	**623.0**	**478.7**	**65.7 (12%)**	**27.6 (6%)**
Total		**3,962.5**	**3,602.4**	**2,796.1**	**275.2 (8%)**	**212.1 (8%)**

Note: Data not audited. Numbers affected by rounding. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors. Values for these sectors are carried over from the previous quarter.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 10/14/2009.

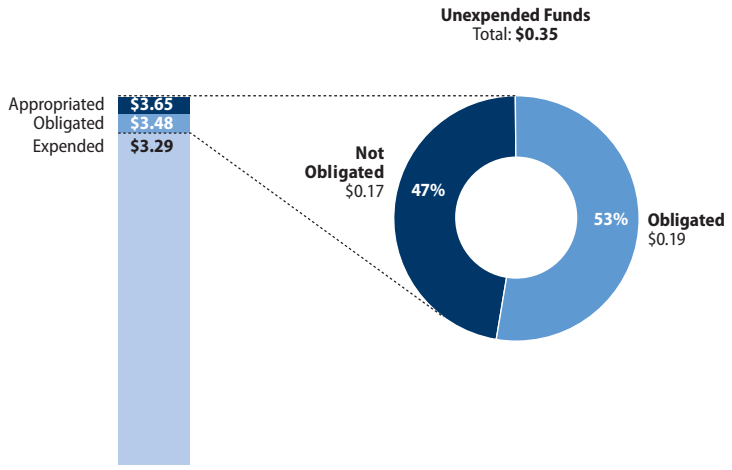
Commander's Emergency Response Program

Since 2004, the Congress has appropriated $3.65 billion to the CERP to enable U.S. military commanders to provide targeted local relief and reconstruction throughout Iraq.[80]

As of September 30, 2009, $3.48 billion (95%) had been obligated, and $3.29 billion (90%) had been expended. MNC-I returned $247 million of CERP allocations to the Army Operations and Maintenance (O&M) account in June.[81] Nearly $354 million remains unexpended.[82] For the status of these funds, see Figure 2.7.

FIGURE 2.7

CERP: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. OSD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. As a consequence, an accurate account of unexpended CERP obligations by project category is not available.

Sources: OSD, response to SIGIR data call, 10/14/2009; IRMS, *MNC-I Quarterly Report*, 10/12/2009.

CERP Quarterly Obligations and Expenditures by Sector

DoD obligates the CERP to 20 project categories,[83] among which the Water & Sanitation category accounts for $631 million (18%) of known obligations and Protective Measures accounts for $429 million (12%).[84]

DoD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. As a consequence, it is not possible to provide a full account of quarterly obligations and expenditures by project category. DoD reported that as of June 30, 2009, $224 million in CERP had been expended from the FY 2009 appropriation since the beginning of the fiscal year. The largest expenditures of the FY 2009 appropriation were for Temporary Contract Guards for Critical Infrastructure ($41 million) and Civic Cleanup Activities ($30 million).[85]

For the status of the CERP by project category, according to the *MNC-I Quarterly Report* available from the Iraq Reconstruction Management System (IRMS),[86] see Table 2.5.

Programming and Implementation during the Drawdown

The Congress continues to be concerned about the use and management of the CERP. The House of Representatives has proposed a hold on $500 million, pending a "thorough review of CERP, its purpose, use and scope."[87] Moreover, it has requested a timeline for reducing and eventually phasing out its use in Iraq.[88] DoD forecasted $300 million in CERP requirements for FY 2010 and expects that CERP requirements will reduce commensurate to the drawdown of forces through FY 2012. The CERP program in Iraq will end with the withdrawal of U.S. forces on December 31, 2011.[89]

This year, for the first time, the great majority of funds requested for the CERP are allocated for Afghanistan rather than Iraq.[90] However, with at least $354 million remaining for expenditure in Iraq, SIGIR has raised concerns about whether transition plans provide for adequate staffing to administer the CERP.[91] MNC-I reported that the withdrawal of U.S.

5 years ago this quarter

First CERP Appropriation

On August 8, 2004, P.L. 108-287 appropriated $140 million to the CERP to "enable military commanders in Iraq to respond to urgent humanitarian relief and reconstruction requirements." Previously, the CERP had been funded by seized Iraqi funds.

TABLE 2.5
CERP: STATUS OF FUNDS, BY PROJECT CATEGORY
$ Millions

	Status of Funds		Quarterly Change	
Project Category	**Obligated**	**Expended**	**Obligated**	**Expended**
Water & Sanitation	631.2	631.2	8.5 (1%)	1.0 (0%)
Protective Measures	428.9	428.9	0.9 (0%)	-
Electricity	350.1	350.1	3.5 (1%)	0.3 (0%)
Transportation	330.0	330.0	2.4 (1%)	-
Education	312.3	312.3	4.4 (1%)	0.0 (0%)
Civic Cleanup Activities	186.9	186.9	4.0 (2%)	0.2 (0%)
Other Humanitarian and Reconstruction Projects	138.8	138.8	3.6 (3%)	-
Healthcare	102.6	102.6	0.9 (1%)	0.6 (1%)
Rule of Law & Governance	99.1	99.1	0.9 (1%)	-
Agriculture	96.6	96.6	1.5 (2%)	0.1 (0%)
Repair of Civic & Cultural Facilities	88.5	88.5	0.9 (1%)	-
Economic, Financial, and Management Improvements	98.3	98.3	6.4 (7%)	0.2 (0%)
Condolence Payments	48.3	48.3	0.2 (0%)	-
Battle Damage Repair	40.2	40.2	0.3 (1%)	-
Telecommunications	28.7	28.7	-	-
Civic Support Vehicles	23.9	23.9	0.7 (3%)	0.1 (1%)
Food Production & Distribution	13.6	13.6	0.0 (0%)	-
Former Detainee Payments	1.0	1.0	-	-
Hero Payments	No Data	No Data		
Temporary Contract Guards for Critical Infrastructure	No Data	No Data		
Subtotal	**3,019.1**	**3,019.1**	**39.2 (1%)**	**2.6 (0%)**
Unaccounted-for CERP Allocations	458.9	458.9	-23.4 (-5%)	90.1 (12%)
Total	**3,478.0**	**3,478.0**	**15.9 (0%)**	**92.6 (3%)**

Note: Data not audited. Numbers affected by rounding. OSD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. The "Unaccounted-for CERP Allocations" row is the difference between the top-line allocation, obligation, and expenditure data provided by OSD and the categorical data available from IRMS.

Sources: OSD, response to SIGIR data call, 10/14/2009; IRMS, *MNC-I Quarterly Report*, 10/12/2009.

forces from Iraqi cities will have minimal impact on the movement of Project Purchasing Officers (PPOs), who partner with ISF officials to ensure quality control for ongoing projects within urban areas. They also stated that movement of PPOs outside urban areas will not be affected.[92]

The U.S. Army Audit Agency (USAAA) recently performed an audit to assess whether the CERP in Iraq had adequate controls in place to ensure that commanders implemented the program properly.[93] Audit results showed that the vast majority of projects reviewed were valid. However, USAAA identified numerous challenges related to the application of CERP guidance provided in the *Money as a Weapons System* (MAAWS) manual.

Some of the common challenges identified by the USAAA were missing or insufficiently detailed documents, such as statements of work,

memorandums of agreement, financial forms, and letters of justification, which made it difficult to monitor contract performance.[94] In other cases, PPOs from MND-N split large projects into several smaller projects to keep costs below review thresholds. This enabled the PPOs to rush projects through at year end, but circumvented the additional scrutiny required for larger projects.[95]

USAAA's audit also identified lapses in oversight. Paying Agents (PAs) sometimes delegated their duties, risking a loss of control over funds. In other cases, PPOs did not accompany PAs when making payments, or were not co-located with them, creating opportunities for questionable activity that can occur in the absence of dual controls over payments.[96]

The challenges USAAA identified occurred primarily because of shortfalls in training and the experience level of personnel performing the fund's management, oversight, and execution. Generally, commanders agreed with the audit results and took prompt corrective actions.[97] MNC-I issued prohibitions on project splitting and specified that thresholds are per requirement, not per item or project.[98] In a July 10, 2009, memorandum to the CENTCOM Commander, MNC-I noted that it had expanded PPO and PA training from the previous "one hour presentation to an 8–16 hour course that features hands-on training and practical exercises."[99] Subsequently, MNC-I reported that it also audits forward elements, holds monthly program review boards, and periodically reviews the MAAWS manual.[100]

Smaller Funding Streams

The Congress has appropriated, or otherwise made available, at least $6.07 billion in smaller funding streams for Iraq reconstruction. As of September 30, 2009, at least $3.73 billion had been obligated, and at least $3.12 billion had been expended. Most of these funding streams are managed by the DoS, although other departments and temporary agencies play important roles. Given the diversity of management and the often complicated way funds have been transferred, exact amounts are difficult to determine. SIGIR continues to analyze this issue.

The $6.07 billion made available in the smaller funding streams is significant, especially for funding niche or specialty programs and for funding the management and oversight of the reconstruction effort. SIGIR has classified these funding streams into three categories:

- Other Assistance Programs—$3.77 billion
- Reconstruction-related Operating Expenses—$2.10 billion
- Reconstruction Oversight—$253 million

Descriptions of these categories follow. For details on the status of funds, see Table 2.1.

Other Assistance Programs

Approximately $3.77 billion in funding for Iraq reconstruction has been provided through smaller assistance programs—including appropriations made directly to DoS, Treasury, and the Department of Justice for operations in Iraq—and through transfers from larger funds, such as the Iraq Freedom Fund (IFF). As of September 30, 2009, at least $2.73 billion had been obligated, and at least $2.17 billion had been expended. For details on the status of funds, see Table 2.1.

Reconstruction-related Operating Expenses

Approximately $2.10 billion has been appropriated directly for reconstruction-related operating expenses. As of September 30, 2009, at least $0.83 billion had been obligated, and at least $0.80 billion had been expended. For details on the status of funds, see Table 2.1.

Operating expenses for some DoS agencies, notably OPA and ITAO, are part of the supplemental budgets and are not included in the total above. Life support, for example, is paid for through the Logistics Civil Augmentation Program (LOGCAP).

Table 2.6
U.S. Mission Operating Expenses, FY 2007–FY 2011
$ Millions

	FY 2007 (Actual)	FY 2008 (Actual)	FY 2009 (Estimate)	FY 2010 (Estimate)	FY 2011 (Estimate)	Total	Change, FY 2009-FY 2011
Security	577.3	319.3	603.5	674.7	712.8	2,887.6	109.2 (18%)
Provincial Reconstruction Teams	336.9	218.0	484.2	636.3	611.8	2,287.2	127.6 (26%)
Logistics Support	194.7	256.7	258.6	244.0	322.2	1,276.2	63.6 (25%)
U.S. Mission Operations	113.3	175.1	184.0	294.7	213.2	980.4	29.2 (16%)
Information Technology	23.8	17.5	21.0	15.3	15.3	92.9	-5.7 (-27%)
Total	**1,246.0**	**986.6**	**1,551.4**	**1,865.0**	**1,875.3**	**7,524.3**	**323.9 (21%)**

Note: Data not audited. Numbers affected by rounding.

Source: DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq," 8/2009, pp. 31–32.

Based on International Cooperative Administrative Support Services (ICASS) data and a headcount of personnel in Iraq, the DoS Bureau of Near Eastern Affairs-Iraq (NEA-I) estimates that $1.88 billion will be spent on operating expenses in FY 2009[101] (DoS OIG estimates $1.55 billion).[102] According to DoS OIG data, total operating expenses for the U.S. Mission for FY 2007 through FY 2011 dwarfs appropriations made directly to the temporary U.S. reconstruction agencies for that purpose, and overall operating expenses are expected to increase by $323.9 million (21%) between FY 2009 and FY 2011 as the military draws down.[103] For details, see Table 2.6.

Reconstruction Oversight

Approximately $253 million has been appropriated directly for reconstruction oversight. As of September 30, 2009, at least $164 billion had been obligated, and at least $148 million had been expended. These funds support SIGIR and the Iraq-related work of other oversight agencies. For details on the status of funds, see Table 2.1. For details on the oversight of Iraq reconstruction, see Sections 4 and 5 of this Report. ◆

RECONSTRUCTION MANAGEMENT IN TRANSITION

Although the United States is transitioning to a more traditional diplomatic and development mission in Iraq, a substantial portfolio of reconstruction work remains for completion, closeout, and transfer to the GOI.

While a general framework appears to be emerging, many key decisions related to organizational responsibilities, resource needs, program plans, and coordination mechanisms remain to be made. This quarter, SIGIR received preliminary reports from agencies about imminent transitions, but final decisions have not been announced. Under the direction of the Deputy Chief of Mission for Transition Assistance, U.S. Embassy-Baghdad is assessing the status of ongoing U.S. projects, as well as plans for those not yet started, with the stated goal of ensuring the best allocation of the $6.31 billion in U.S. funds that remain unexpended, including more than $2.70 billion yet to be obligated.[104] DoS reports that it "may decide to re-obligate monies from infrastructure projects (handled by GRD) to capacity-building projects (perhaps monitored by USAID) or return the money."[105]

The ongoing transition includes a realignment of organizational responsibilities. DoS and DoD managers have announced that some entities that have played a part in the reconstruction effort will phase out, while others will adjust their roles.

Lessons learned from SIGIR's oversight of reconstruction efforts over the past six years demonstrate that, to be successful, transition plans must provide clear management responsibilities and accountability structures. In August, SIGIR communicated to Ambassador Hill and General Odierno the potential effects of three major changes in responsibility for reconstruction management:[106]

- adjusting the responsibilities of the U.S. Army Corps of Engineers Gulf Region District (GRD) and U.S. Embassy-Baghdad's Iraq Transition Assistance Office (ITAO) as the capacities of both organizations are simultaneously diminished
- downsizing the U.S. presence in the provinces and the capacity for administering more than $650 million in new reconstruction aid planned for the coming year
- shifting responsibility for training Iraq's police forces from DoD to DoS, under the Bureau of International Narcotics and Law Enforcement Affairs (INL)

To support these shifts among U.S. agencies, DoS and DoD must coordinate closely to ensure that the GOI is willing and able to assume responsibility for completed projects.

This is the start of a 12-month period at the end of which all U.S. combat forces will be withdrawn from Iraq... Over time, as our programs make progress on these economic and political goals, we will significantly reduce our civilian presence both in the provinces and at the embassy in Baghdad.[108]

—Ambassador Christopher Hill, U.S. Ambassador to Iraq, September 10, 2009

Shrinking U.S. Capacity, Shifting Responsibilities

DoD has already begun transitioning its responsibility for construction, sustainment, and security to DoS, which faces its own major reductions in capacity.

To carry out these additional responsibilities, U.S. Mission-Iraq aims to establish a fully independent embassy operation through the "aggressive use of competitive sourcing and regionalization/off-shoring."[107] After adjusting its operations, U.S. Embassy-Baghdad expects that less U.S. military security, communications, and logistical support will be needed.

Numerous staffing changes are planned as part of this "rightsizing" action over the next three years. Overall, the Embassy expects to reduce in size, and operational

5 years ago this quarter

IRMO and PCO Take the Lead

The newly established U.S. Embassy-Baghdad and its Iraq Reconstruction Management Office had begun working closely with the fledgling Iraqi Interim Government to help the new ministries find direction. A presidential directive had established the new Project and Contracting Office as a temporary Army organization to provide acquisition and management support services for Iraq's reconstruction.

management, information management, and security staffs will decrease. Temporary organizations, such as ITAO, will be phased out as reconstruction programs are consolidated into permanent structures under DoS and USAID. Other elements of the U.S. Mission will expand, including the consular section (to meet increased demand for visa services) and Foreign Commercial Service programs (to continue support for Iraq's economic growth).[109]

Throughout the transition, the Chief of Mission will retain ultimate responsibility for the direction and oversight of the U.S. reconstruction program. For an overview of the transition plans announced for DoD and DoS reconstruction agencies, changes to their current and future responsibilities, and permanent staff cuts, see Figure 2.8.

Phasing Out Infrastructure Reconstruction

GRD has completed 4,658 infrastructure projects in Iraq. As of the end of this quarter, it reported 457 projects ongoing or awarded, at a construction cost of $1.5 billion. GRD is now deactivating and transitioning management of ongoing construction work to two districts operating under the USACE Transatlantic Division. Program management responsibilities, including responsibility for sustainment of completed projects, now fall to DoS.[110]

Reductions in personnel and resources may limit capacities for sufficient oversight, leaving the last tranche of reconstruction programs vulnerable to fraud, waste, or abuse. SIGIR remains concerned about whether these programs can be executed in an orderly fashion and with sufficient controls to ensure that they will be sustained by the GOI. A DoS OIG audit released in August concluded that staff shortages have affected DoS's ability to carry out projects; 216 ITAO projects remain ongoing, valued at almost $700 million. Moreover, the audit found that DoS may need additional funding to purchase private-sector design, contract preparation, and contract oversight services to replace USACE support services.[111]

Also in question is the future of the Iraq Reconstruction Management System (IRMS)—a central portal for data on reconstruction projects. In the past, GRD personnel maintained this system at the headquarters of the Multi-National Corps-Iraq (MNC-I) in Iraq.[112] DoD reported that USACE will fund the IRMS system management through FY 2010.[113] It is unclear who will maintain and update this system in the future.

Downsizing Presence in the Provinces

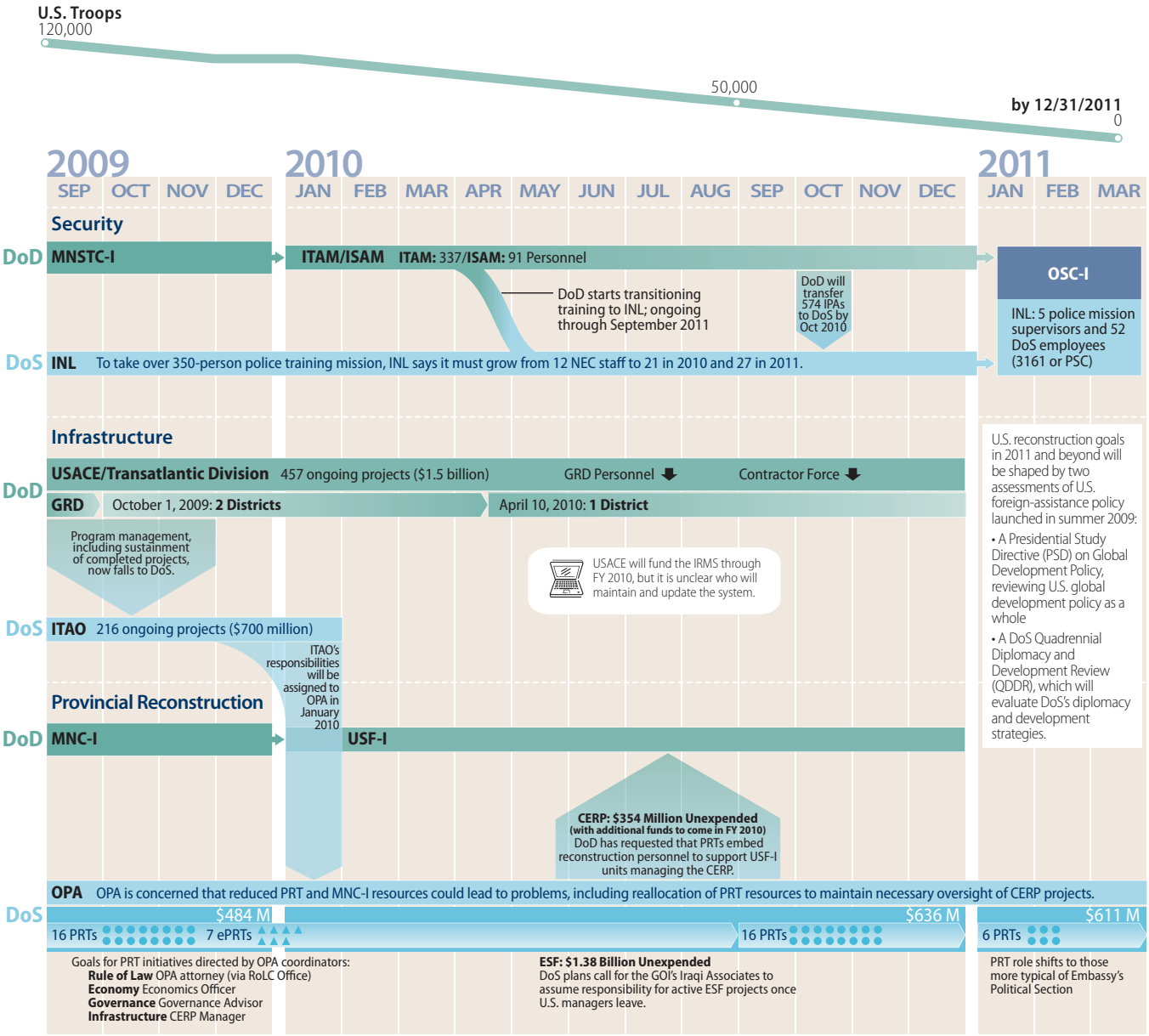
The Office of Provincial Affairs (OPA) has been working closely with the GOI and Multi-National Force-Iraq (MNF-I) to coordinate the programs of the 23 PRTs and one Regional Embassy Office (REO) in conducting reconstruction priorities in the local communities of Iraq's 18 provinces. OPA is headed by a senior Foreign Service Officer, who currently manages 517 DoS personnel.[114]

The Commander's Emergency Response Program (CERP) provides additional support for communities in the areas where U.S. military units conduct operations. An additional $300 million CERP allocation has been requested for FY 2010.[115] However, the U.S. military's reduced troop presence in 2010 means that the capability to manage CERP funds will also be reduced.

OPA reported that its personnel have been integral to directing CERP priorities in the provinces, and it has appointed a CERP manager to support planning and oversight of these activities.[116] DoD has requested additional support from the PRTs, asking that reconstruction personnel embed with military units managing the CERP program as MNC-I consolidates its activities under the new U.S. Forces-Iraq (USF-I) command structure. The PRT program, however, is shrinking in overall size and scope, and its teams are shifting to capacity-building roles that fall more within the purview of the U.S. Embassy's Political Section—an office slated to have eight positions cut this year.[117]

FIGURE 2.8

U.S. RECONSTRUCTION MANAGEMENT IN TRANSITION: AN EMERGING PICTURE



Note: Estimated operating costs shown above the PRT footprint were reported by DoS OIG in Audit MERO-A-09–10, released in 8/2009. The audit reported $484 million for FY 2009, $636 million for FY 2010, and $611 million for FY 2011. The nature of these transitions are still in the planning stages, and final decisions have not been made.

Sources: OSD, response to SIGIR data call, 9/30/2009; DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced Military in Iraq," 8/2009, pp. 1–22; House Appropriations Committee Report 111-230, "Department of Defense Appropriations Bill, 2010," 7/24/2009, pp. 6–7, 349–350; Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009; U.S. Embassy-Baghdad, cable 2694, 10/7/2009; GRD, "Cumulative Reconstruction Fact Sheet," www.grd.usace.army.mil, data as of 9/1/2009; Inspector General Stuart Bowen, letter to U.S. Chief of Mission, U.S. Embassy-Iraq, and Commanding General, MNF-I, 8/18/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 10/4/2009 and 10/6/2009; GRD, response to SIGIR data call, 10/15/2009.

As U.S. forces in Iraq withdraw, DoD reconstruction managers have begun to transition projects and programs. By 2010, remaining MNF-I units will become part of the USF-I command structure. Commanding general for the 2nd Marine Logistics Group Forward (MLG-F) salutes the 2nd MLG-F staff during a transfer of authority ceremony held in west Baghdad, Iraq, on September 1, 2009. (2nd Marine Logistic Group Public Affairs photo)

Transitioning Reconstruction in the Security Sector

In accordance with presidential directives and the bilateral Security Agreement (SA), U.S. forces in Iraq must draw down from 120,000 troops to 50,000 by August 31, 2010, and to zero by December 31, 2011, unless the U.S. and the GOI mutually agree to extend the U.S. military presence. The current planning schedules maintain the majority of forces through the January elections and seating of the new Iraqi government, followed by a rapid redeployment to reach the September 2010 deadline.

On January 1, 2010, remaining MNF-I units will become part of the USF-I command structure, but the missions of these units will change little in the coming year. Two new entities will perform training, advisory, and assistance missions in support of the Iraqi Security Forces (ISF); this support will include the current duties of the Multi-National Security Command-Iraq (MNSTC-I) when it shuts down on December 31, 2009.[118]

The **Iraq Security Assistance Mission (ISAM)**—an enabling agency that facilitates procurement of equipment, services, and training (formerly the Security Assistance Office)—will be ramping to 91 personnel, performing those roles:

- **Enhancing Force Capability.** Facilitate procurement to equip police forces and assist the equipping of a self-defense capability.
- **Force Professionalization and Specialization.** Expand training programs and ensure adequate resources; translate Foreign Military Sales (FMS) Letters of Request and Letters of Acceptance; facilitate the development, processing, and preparation of candidates for the International Military Education and Training Program and for training and service abroad.
- **Enhancing Ministerial Capacity.** Improve strategic planning and policy development, improve GOI resource management, and expand regional exercises and engagement programs in support of a future security cooperation relationship with the GOI.

The **Iraq Training and Advisory Mission (ITAM)**—comprises 337 personnel assigned to support the MOD and MOI, along with 574 International Police Advisors (IPAs) to train the Iraqi police forces. DoD defined these roles for ITAM:

- **Enhancing Force Capability**. Develop a competent and professional police force; enhance screening to control Iraq's borders; improve command and control throughout Iraq; develop a credible self-defense capability; and enhance ISF medical, logistics, and maintenance programs.
- **Enhancing Ministerial Capacity.** Improve strategic planning and policy development; synchronize planning and programming decisions; improve GOI resource management; develop

life-cycle management programs; improve recruiting, training, manning, and equipping; and expand engagement and strategic communications programs.

- **Force Professionalization and Specialization.** Expose Iraqis to Western values and culture to promote tolerance, expand training programs and ensure adequate resources, increase interoperability with U.S. or Coalition forces, and improve medical training and equipment.
- **Rule of Law Primacy.** Strengthen anticorruption programs, improve leader accountability, enhance judicial security, and improve inspection programs.

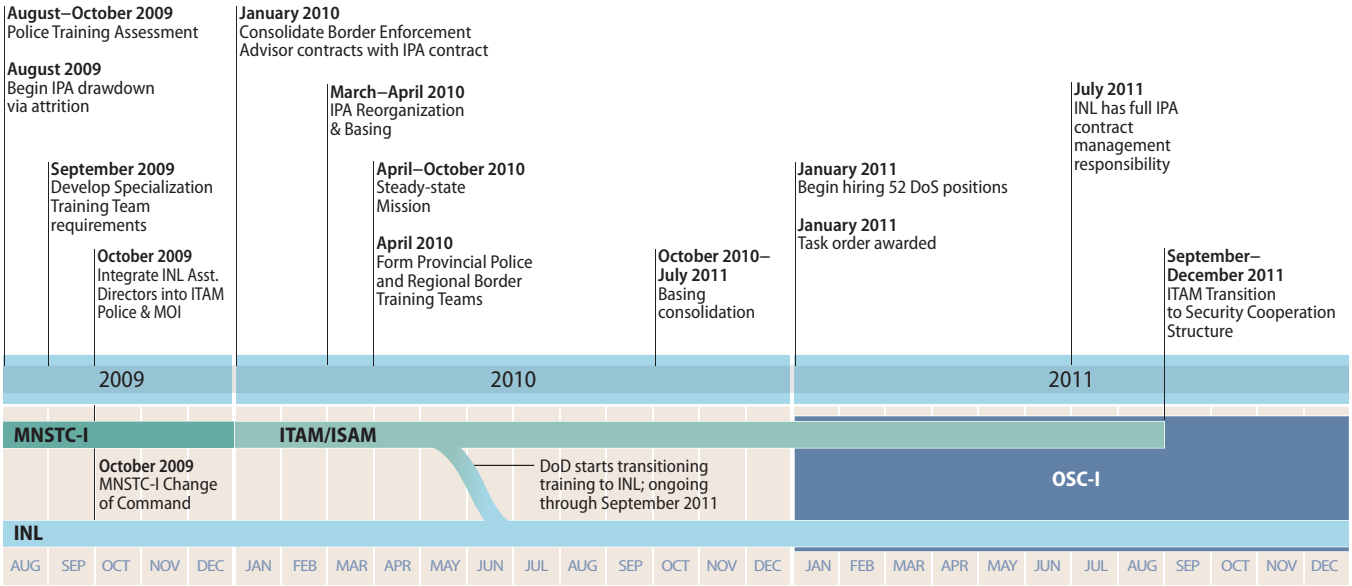
Potential Challenges to Success

DoD states that the 2010 Joint Manning Document (JMD) represents adequate personnel strength required for ITAM and ISAM to achieve their strategic objectives. At this time, further force reduction of ITAM and ISAM is not scheduled to occur until USF-I transitions its missions for enhancing ministerial capacity, force capability, and police primacy to U.S. Embassy-Baghdad control, under the Office of Security Cooperation-Iraq (OSC-I) in 2011.[119]

However, even at a 20% reduction of the 2010 JMD strength, DoD cautions that ITAM "would lose nearly all capability and capacity" to meet its objectives. Moreover, cuts to ISAM would risk failure to adequately equip the ISF and would likely delay or halt procurement for logistics infrastructure and would force ITAM to "rely more heavily on stateside security assistance agencies, which have inherently more deliberate processes and fewer dedicated resources."[120]

Already, ITAM has begun transitioning responsibility for training all ISF troops below the division level to the Advise and Assist Brigades (AABs), and it plans to cut efforts in the ministries from "advise and assist" to "advise only." DoD has emphasized that any reduction of ITAM or ISAM capabilities before transfer to the OSC-I, now two years away,

FIGURE 2.9
TRANSITION OF IRAQI POLICE TRAINING, 8/2009–12/2011



Note: The nature of this transition is still in the planning stages, and final decisions have not been made.

would pose a high risk to the strategic objective of a "sovereign, stable, secure, and self-reliant Iraq."[121]

Police Training Continues in Coordination with INL

As the police training mission evolves, U.S. forces partnering with Iraqi police forces will change to meet SA provisions that require that the military's operations be conducted with the agreement of the GOI and fully coordinated with Iraqi authorities.[122] The plan for providing necessary life support, transportation, and force protection for these teams must then be fully integrated with MNF-I's drawdown planning.

MNSTC-I/ITAM has been working in conjunction with the INL Police Training Program Director to plan for a gradual transition of programs to support the Ministry of Interior and Iraqi police forces. SIGIR has observed that the core capabilities necessary for successful police training require sustained coordination between ITAM/ISAM and INL to ensure that the latter's role remains consistent with its capacities.

INL believes that the basic components of training the Iraqi police services have been largely accomplished, and it reports that it will focus on executive development, managerial training, and other specialized programs such as forensics.[123] According to current plans, by 2011 the police training mission will have decreased its presence from 38 primary training centers to just 3 hubs: Baghdad, Erbil, and Basrah.[124] For a timeline of the planning milestones driving the transition, see Figure 2.9. ◆

USE OF CONTRACT PERSONNEL

Contractors continue to play a substantial role in supporting U.S. military and diplomatic operations and sustainment, as well as reconstruction programs, in Iraq. DoD reports that as of August 2009, almost 174,000 contractor personnel were working in Iraq. For a breakdown by agency, see Table 2.7. These numbers reflect a 10% reduction in the contractor footprint in Iraq since last quarter.[125]

DoD has expanded the use of contractors in its acquisition process to aid in program management functions and has relied heavily on contractors to carry out operations in Iraq.[126] U.S. policymakers continue to express concern over the oversight of Iraq contracts for several reasons, including the expense and difficulty of managing logistical support contracts as well as allegations of contract waste, fraud, abuse, and financial mismanagement.[127]

This quarter, MNF-I reports that its contractor force has been reduced by about 5%; as it draws down over the next 11 months, it expects to maintain a ratio of about one contractor for each of its personnel in Iraq. But some categories of contractors may increase temporarily to provide sufficient numbers of logisticians, engineers, and transportation specialists. DoD reports that it will be emphasizing limiting contractors in all areas, transitioning from hiring non-Iraqi contractors to hiring Iraqi contractors and "reducing costs in every way possible."[128]

For a breakdown of DoD contractors by national origin and type of service they provide, see Figure 2.10.

Contractor Tracking

DoD is working with the U.S. Central Command (CENTCOM) to continue the transition from manual accounting of contractor personnel to a web-based data tool—the Synchronized Predeployment and Operational Tracker (SPOT)—which allows real-time tracking capability for managers in theater.[129]

DoD has mandated that contingency contractors, as well as their personnel, be registered in SPOT if their work is contracted for longer than 30 days or if the value of the contract exceeds $25,000. In addition, CENTCOM has mandated that contractors must have SPOT-generated

DoD, State, and USAID continue to face challenges in tracking contractor personnel and contracts in Iraq.[130]

—U.S. Government Accountability Office, October 2009

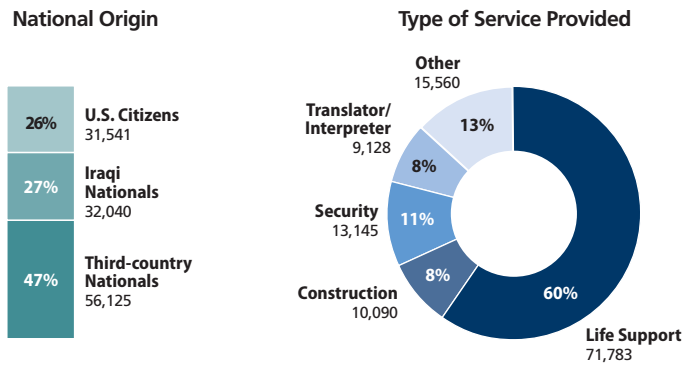
TABLE 2.7
CONTRACTOR SUPPORT FOR IRAQ

AGENCY	U.S. CITIZENS	THIRD-COUNTRY NATIONALS	IRAQI NATIONALS	TOTAL CONTRACTORS
DoS	4,079	–	–	**4,079**
DoD	31,541	56,125	32,040	**119,706**
Others	9,381	35,053	5,627	**50,061**
Total	**45,001**	**91,178**	**37,667**	**173,846**

Note: Information on third-country and Iraqi nationals contracting under DoS was not available.

Source: Assistant Deputy Under Secretary of Defense for Program Support, "Contract Support in Contingency Operations," 8/2009, p. 4.

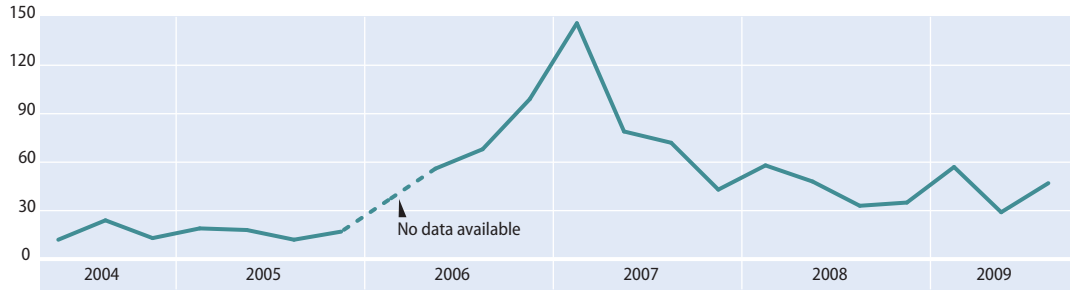
FIGURE 2.10
DOD CONTRACTORS IN IRAQ, AS OF 6/30/2009
119,706 Total Contractors



Note: Numbers affected by rounding. These numbers reflect DoD contractors only. Totals for reconstruction contractors working in other agencies are not available.

Source: DoD, Assistant Deputy Under Secretary of Defense for Program Support, "Contractor Support of U.S. Operations in USCENTCOM AOR, Iraq, and Afghanistan," 8/2009.

FIGURE 2.11
CONTRACTOR DEATHS IN IRAQ, BY QUARTER, 1/1/2004–9/30/2009



Sources: DoL, responses to SIGIR data call, 7/1/2009 and 10/2/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 7/2004–4/2009.

Letters of Authorization (LOAs) to be deployed to Iraq and be authorized users of Government Furnished Services (GFS). As a result, DoD reports having a high confidence level that most contractors are in SPOT. For contractor personnel who do not receive GFS but have a need to access an installation, OSD has developed a bridge between SPOT and the Biometric Identification System for Access used in Iraq.[131]

A Government Accountability Office (GAO) audit released in October 2009 found that not all contractor personnel were being entered into SPOT as required under a memorandum of agreement signed by DoD, DoS, and USAID; their department regulations; and the NDAA for FY 2008. In addition, currently not all contractor personnel need LOAs—particularly most local nationals. Agency officials informed GAO that many of those personnel were not yet being entered into SPOT.[132]

DoS officials informed GAO auditors that prior to FY 2009, DoS did not systematically track contractor personnel in the SPOT. Instead, DoS bureaus conducted periodic surveys of their contractors; however, each bureau's survey covered different time periods. Even relying on a combination of periodic surveys and SPOT, it appears that DoS underreported its contractor personnel numbers.[133] USAID relied entirely on periodic surveys of its contractors.[134]

Contractor Deaths

Since 2003, more than 1,442 contractor employees—Americans, Iraqis, and third-country nationals—have died in Iraq.[135]

According to GAO's audit, SPOT currently does not have the capability to track all of the required contract information or readily generate historical reports on the total number of killed or wounded contractor personnel. Moreover, the audit found that not all deaths and injuries reported under the Defense Base Act would be regarded as contractors killed or wounded within the context of the NDAA for FY 2008. In addition, some contractor deaths and injuries may not be reported to the Department of Labor, as required. In particular, the deaths and injuries to local and third-country contractors may be underreported.[136]

As part of an effort to address such gaps, DoD reports that the January 2009 release of SPOT provides better functionality. Specifically, the system now has a more visible killed-in-action/wounded-in-action status under a drop-down menu, which must be updated by contractors upon change of personnel status.[137] Notwithstanding this recent change to SPOT, SIGIR has reported historically on contractor deaths from information provided by DoL (See Figure 2.11). ◆

IRAQ RECONSTRUCTION FUNDING USES

SIGIR classifies the major U.S. reconstruction funds by their use into 4 reconstruction areas, comprising 17 sectors. Developments in the Security, Infrastructure, Governance, and Economy areas will be discussed in the following pages of this Report. For the status of U.S. reconstruction funding by use, see Table 2.8. For an overview of U.S. reconstruction funding sources and uses, see Figure 2.12.

Table 2.8
Status of Major U.S. Reconstruction Funds by Use
$ Billions

		Status of Funds			Quarterly Change	
Area	**Sector**	**Allocated**	**Obligated**	**Expended**	**Obligated**	**Expended**
Security	Equipment	7.29	6.82	6.03	0.57 (9%)	0.94 (19%)
	Training	6.11	5.68	5.45	0.31 (6%)	0.42 (8%)
	Infrastructure	5.81	5.55	4.84	0.08 (1%)	0.13 (3%)
	Sustainment	2.55	2.41	2.17	0.10 (4%)	0.06 (3%)
	Rule of Law	1.50	1.48	1.27	-	-
	Related Activities	1.27	1.15	0.97	0.04 (4%)	0.03 (3%)
	Subtotal	**24.52**	**23.09**	**20.72**	**1.10 (5%)**	**1.59 (8%)**
Infrastructure	Electricity	5.16	4.99	4.86	-	0.01 (0%)
	Water and Sanitation	2.74	2.63	2.47	0.01 (0%)	0.01 (0%)
	Oil and Gas	2.06	1.92	1.91	-	-
	General Infrastructure	1.25	1.24	1.24	-	-
	Transportation and Communications	1.15	1.09	0.99	-	-
	Subtotal	**12.35**	**11.88**	**11.47**	**0.01 (0%)**	**0.02 (0%)**
Governance	Capacity Development	2.50	2.29	1.91	0.12 (6%)	0.15 (8%)
	Democracy and Civil Society	2.03	2.04	1.66	0.10 (5%)	0.05 (3%)
	Public Services	1.93	1.91	1.73	0.01 (1%)	0.01 (0%)
	Humanitarian Relief	0.82	0.82	0.75	-	-
	Subtotal	**7.28**	**7.06**	**6.04**	**0.24 (3%)**	**0.20 (3%)**
Economy	Economic Governance	0.82	0.80	0.74	0.01 (1%)	-
	Private Sector Development	0.74	0.74	0.57	0.06 (9%)	0.02 (4%)
	Subtotal	**1.56**	**1.54**	**1.32**	**0.06 (4%)**	**0.02 (2%)**
Total		**45.72**	**43.57**	**39.54**	**1.41 (3%)**	**1.83 (5%)**

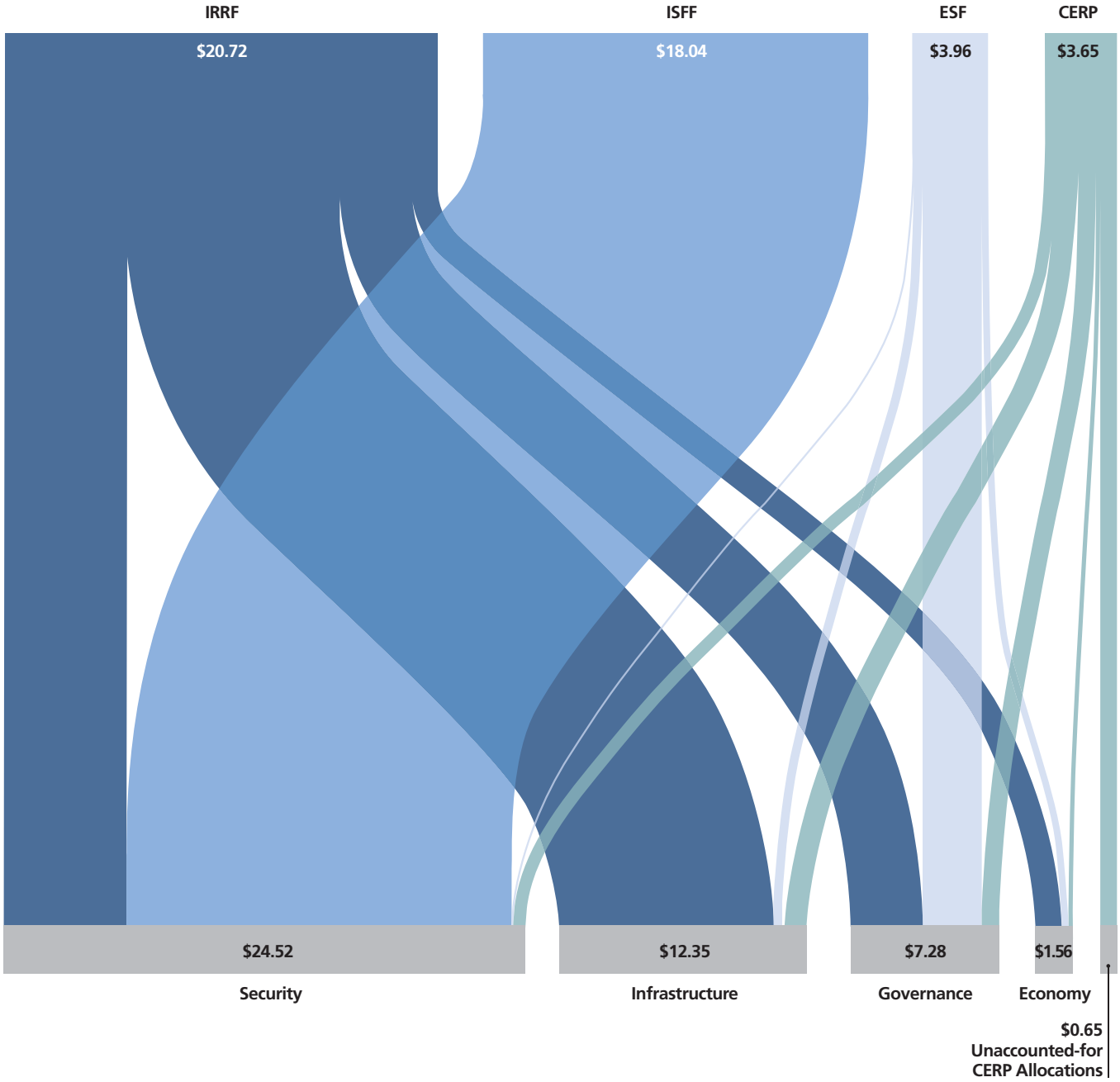
Note: ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. The "Unaccounted for CERP Allocations" total is the difference between the top-line allocation, obligation, and expenditure data provided by OSD and the categorical data available from IRMS. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors. Values for these sectors are carried over from the previous quarter.

Sources: NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 10/12/2009; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data call, 4/13/2009 and 4/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, responses to SIGIR data call, 10/13/2009 and 10/14/2009; U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; SIGIR, *Quarterly and Semiannual Report to the United States Congress*, 7/2009.

FIGURE 2.12

ALLOCATIONS OF MAJOR U.S. RECONSTRUCTION FUNDS, AS OF 9/30/2009

$ Billions



Note: ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. The "Unaccounted for CERP Allocations" total is the difference between the top-line allocation, obligation, and expenditure data provided by OSD and the categorical data available from IRMS. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors. Values for these sectors are carried over from the previous quarter.

Sources: NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 10/12/2009; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data calls, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, response to SIGIR data call, 10/13/2009; U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009.

SECURITY

Despite positive developments, Iraq continues to have a dangerous security environment. National reconciliation and accommodation continue to be hindered by ethnosectarian divides over the distribution of power and resources. A tenuous peace is challenged by the Arab and Kurd split over key issues: disputed internal boundaries, property rights and restitution, the status of the Kurdistan Regional Government's (KRG's) Peshmerga militia, the status of Tameem province, and the framework for a hydrocarbons law. Tension between the Iraqi Army and the Peshmerga in and around disputed territories remains a flashpoint for potential violence, and the long-standing Sunni-Shia discord remains.[138]

On June 30, 2009, under the requirements of the bilateral Security Agreement (SA), the United States turned over all domestic security responsibilities to the Iraqi Security Forces (ISF). As part of that transition, U.S. military forces left urban centers, with the exception of small contingents that remains in the cities to train, advise, and coordinate with the ISF.[139]

Although there has not been a significant increase in insurgent activity overall this quarter, al-Qaeda and other extremist groups conducted a series of high-profile mass-casualty attacks in several parts of the country.[140] On August 19, 2009, car bomb attacks in Baghdad killed over 100 people and injured hundreds more. Similar attacks that same week around Kirkuk and Mosul killed more than 20 people and left many more injured.[141] In general, incident levels remained high in the disputed territories of northern Iraq as armed opposition groups continued exploiting tensions. For more information on deaths associated with multiple-fatality bombings, see Figure 2.13.

Overall attacks have decreased 85% over the past two years—from 4,064 in August 2007 to

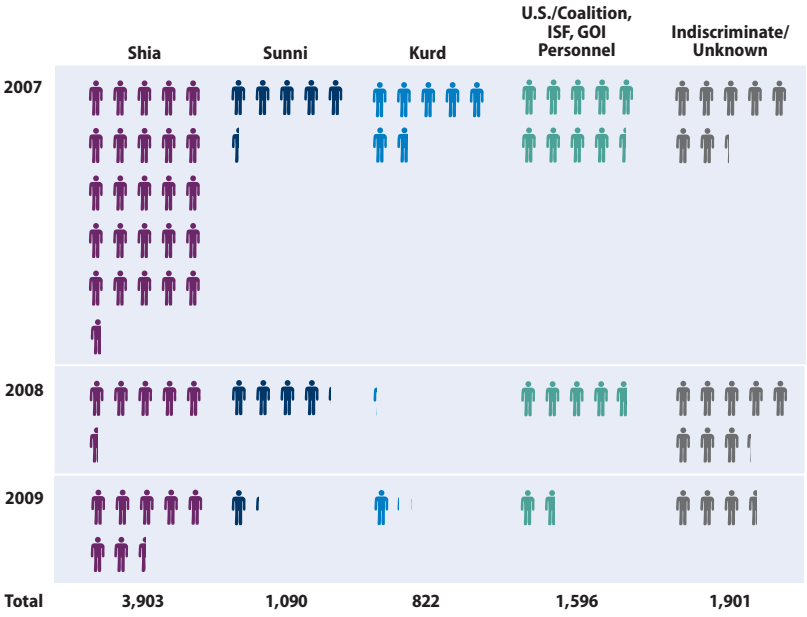
On August 27, 2009, U.S. soldiers arrive to help the Iraqi Army provide humanitarian assistance in Basrah. (MNF-I photo)

Although security is improving, it is not yet enduring. There still remain underlying, unresolved sources of potential conflict. I call these drivers of instability.[142]

—General Raymond Odierno, Commander MNF-I, September 30, 2009

FIGURE 2.13

DEATHS ASSOCIATED WITH MULTIPLE-FATALITY BOMBINGS IN IRAQ, BY GROUP TARGETED, 1/1/2007–9/20/2009



Note: Totals correspond with attacks that targeted a particular group or occurred in an area in which the group was in the majority. "Indiscriminate" bombings occurred in areas with mixed sectarian populations. "Unknown" corresponds with attacks where no sectarian information or location was reported.

Source: Brookings Institution, *Iraq Index*, 9/22/2009, pp. 9–10.

6 years ago this quarter

Bombing of UN Mission

On August 19, 2003, a bomb attack on the Canal Hotel in Baghdad claimed the lives of 22 UN staff members, including the world body's top envoy in Iraq, Sergio Vieira de Mello, and wounded more than 150 people. Six years later, the UN General Assembly commemorated the event by designating August 19 World Humanitarian Day.

594 in August 2009. In September 2009, there were 565 attacks during the same time period, U.S. military deaths have decreased by 93%, ISF deaths have decreased 79%, and ethnosectarian killings have decreased 88%.[143] However, the GOI declared that August 2009 was the highest month for civilian casualties in more than a year.[144] For information about daily and annual security incidents since January 2004, see Figure 2.14.

Status of U.S. Funding for Security Programs

U.S. efforts to build the capabilities and capacities of the Iraqi military and police forces have been funded primarily through the ISFF in recent years. FY 2009 appropriations decreased by two-thirds from the previous year, and no new appropriations for ISFF have been requested for FY 2010.[145] $1.37 billion remains unobligated, and $3.47 billion remains unexpended from the ISFF.[146] The management of U.S. programs is also in transition. MNSTC-I will hand over responsibility for Iraqi military training to the new Iraq Training and Advisory Mission, facilitated by the Iraq Security Assistance Mission, and Iraqi police training will continue under DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL).[147]

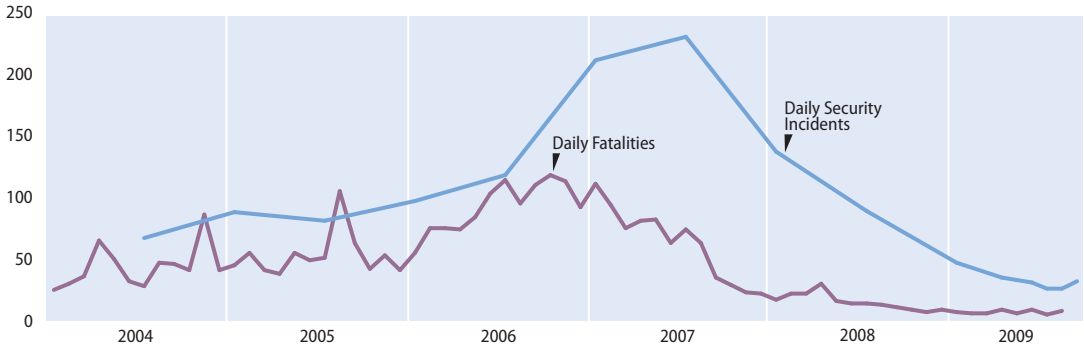
As of September 30, 2009, the United States had allocated $24.52 billion, obligated $23.09 billion, and expended $20.72 billion for programs and projects to develop the ISF, construct related infrastructure, and support increased capacity for the rule of law in Iraq.[148] For a summary of obligations and expenditures, see Figure 2.15.

Overview of Security Forces

Current plans call for MNF-I to draw down its presence in Iraq to 50,000 troops by August 31, 2010. Under the command structure of the new U.S. Forces-Iraq (USF-I), three Division Headquarters and six "Advise and Assist" Brigades (AABs) will continue to support the Ministry of Defense (MOD) and Ministry of Interior (MOI) programs

FIGURE 2.14

AVERAGE DAILY INCIDENTS AND ESTIMATED AVERAGE DAILY FATALITIES, 1/2004–9/2009



Note: Incidents include attacks against Iraqi infrastructure and government organizations; bombs that are found and cleared (including IEDs and mines); detonated bombs; sniper, ambush, grenade, and other small arms attacks; and mortar, rocket, and surface-to-air attacks. After June 30, 2009, the GOI began providing information on security incidents as part of the bilateral Security Agreement. MNF-I now includes this data as part of its reporting.

Sources: MNF-I, response to SIGIR data call, 9/30/2009; Brookings Institution, *Iraq Index*, 9/22/2009; Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009, p. 2.

to develop the ISF. Since January 2009, U.S. force strength has been reduced by nearly 14% (consolidating from 14 Brigade Combat Teams to 11), and 100 bases were closed. DoD reported that in reducing its contractor force from 149,000 in January to just more than 115,000 (as of September 30, 2009), it now spends $441 million less.[149]

After U.S. military forces left the cities this summer, DoD began implementing phase two of its transition plan, which calls for withdrawing 80,000 troops and their equipment and reducing the civilian contracting force to 75,000 by August 2010.[150] Over the next year, roughly 200 U.S. bases are slated for consolidation and closure. By September 2010, DoD expects to have only 6 large supply support bases and approximately 20 smaller bases, called spokes.[151]

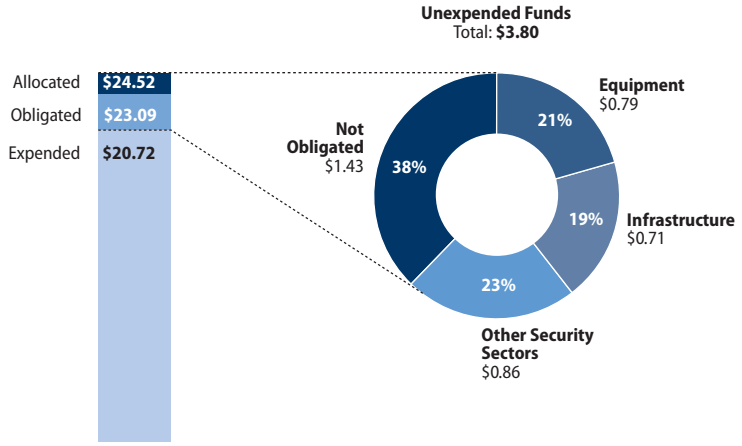
Since the beginning of Operation Iraqi Freedom through September 2009, 4,345 U.S. military personnel have been killed, and more than 32,000 have been wounded in action. For a timeline of casualties sustained by Coalition forces, see Figure 2.16.

MNF-I has entered a period of transition as its forces adjust to redeployment and take on security operations ahead of Iraq's national elections in January. Commanders report that despite changes to the operating environment, their mission remains the same, and they continue to conduct a wide range of operations with their Iraqi partners.[152] For the status of security personnel operating in Iraq, see Table 2.9.

Private Security Contractors

Although lethal attacks in Iraq are down significantly since they peaked in 2006 and 2007, the security situation remains difficult. Personnel under Chief of Mission authority benefit considerably from the security umbrella provided by the U.S. military forces in Baghdad and other major cities in Iraq. Thus far, the protection mission and planning function of the U.S. Embassy Regional Security Office (RSO) has not been noticeably

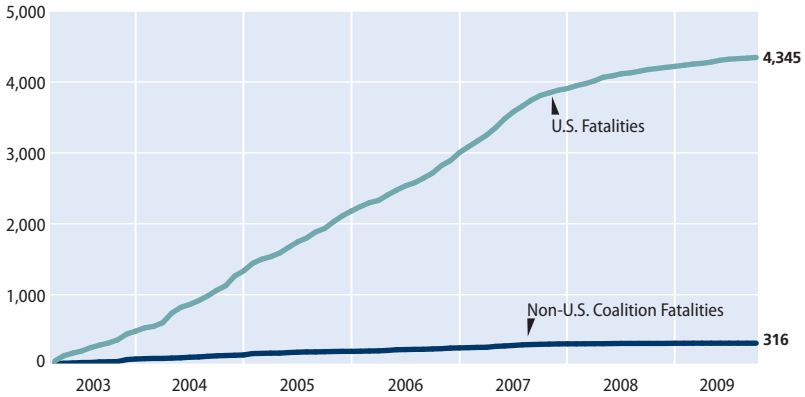
FIGURE 2.15
SECURITY: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS; therefore, totals may not match top-line values found in the Funding Sources subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Regime Crimes Liaison Office; values are carried over from the previous quarter.

Sources: DFAS, response to SIGIR data call, 4/10/2009; DoS, responses to SIGIR data call, 4/5/2007 and 9/17/2009; IRMS, *MNC-I Quarterly Report*, 10/12/2009; NEA-I, response to SIGIR data call, 10/7/2009; OSD, response to SIGIR data call, 10/13/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/16/2009.

FIGURE 2.16
MILITARY FATALITIES IN OPERATION IRAQI FREEDOM, 3/2003–9/2009
Cumulative Fatalities



Note: Excludes Iraqi Security Forces fatalities.

Source: Brookings Institution, *Iraq Index*, 9/22/2009, pp. 15, 17.

TABLE 2.9
SECURITY FORCES PROTECTING IRAQ, AS OF 9/30/2009

SERVICE		ASSIGNED PERSONNEL	TREND	STATUS
U.S. Forces		**120,000**	↓	Drawdown continues—100,000 by end of 2009
Private Security Contractors[a]		**25,500**	↓	DoD continues to reduce the number of contracted security personnel
Iraqi Security Forces				
Ministry of Defense[b]	Iraqi Army (IA)	218,300	↑	All combat operations now conducted with the IA
	Training and Support	23,452	—	Implementing a training assessment program and generating a new Training Assessment Manual
	Air Force	2,100	↑	Developing Airmen cadre; foundational capability expected by 12/2010
	Navy	1,900	—	Initiatives underway to counter 2009 budgetary constraints
	Total MOD	**245,752**	↑	
Ministry of Interior[b]	Iraqi Police	292,400	↑	Continues to work toward independent force management
	Iraqi Federal Police	53,200	↑	Renamed this quarter from National Police
	Border Enforcement	42,431	—	Preparing for the drawdown of U.S. forces
	Oil Police	29,411	—	Budgetary constraints keep hiring freeze in place
	Facility Protection Service (FPS)[c]	90,000	↑	Pending reform legislation to make FPS a formal department under MOI
	Total MOI	**507,442**	↑	
Counter-Terrorism	Special Operations	4,160	—	Pending CoR reform legislation to become a new Iraqi ministry
ISF Total		**757,354**	↑	
Grand Total		**902,854**	↑	

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

Sources: SIGIR, *Quarterly and Semiannual Reports to the United States Congress,* 1/2009, 4/2009, and 7/2009; OSD, response to SIGIR data call, 4/2/2009; DoD, *Measuring Stability and Security in Iraq,* 12/31/2008; OSD, responses to SIGIR data calls, 7/1/2009 and 9/30/2009.

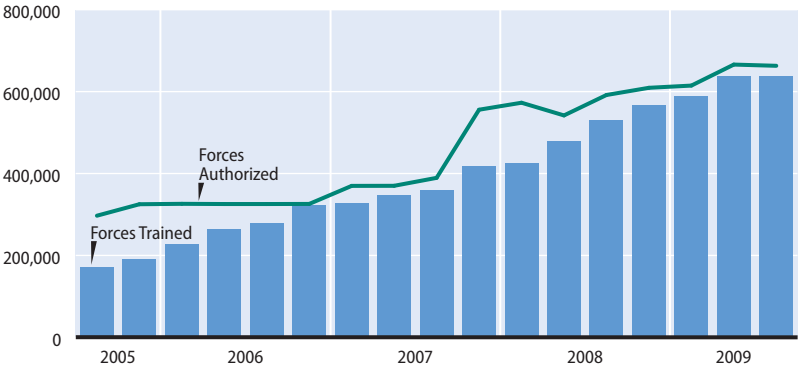
affected by the military drawdown. In addition to the 1,900 guards who make up the Embassy's security force, RSO relies on approximately 1,300 personal security specialists contracted under the second Worldwide Personal Protective Services contract, worth nearly $2 billion.[153]

Thousands of private security contractor (PSC) personnel in Iraq, many of whom are foreign nationals, continue to support DoD and DoS. Congressional concerns about the selection, training, equipping, and conduct of PSC personnel in Iraq are reflected in a provision in the FY 2008 National Defense Authorization Act that directs DoD to develop guidance on PSCs. The Department of Homeland Security has directed U.S. government agencies to establish minimum background screening requirements before issuing access credentials. And although a recent audit by GAO found that DoS and DoD have developed policies and procedures to conduct background screenings of U.S. citizens working in Iraq as PSCs, only DoS has done so for foreign nationals.[154] According to DoD, MNF-I has developed all department-wide procedures for conducting background screenings of its foreign national PSC personnel.[155]

DoD reported that as of August 31, 2009, 12,250 personnel performed security-related services in Iraq.[156]

New Muthanna Air Base: On September 29, 2009, the Iraqi Air Force began fully independent C-130 air operations, coincident with the deactivation of the U.S. Air Force's 321st Air Expeditionary Advisory Squadron. (MNF-I photo)

FIGURE 2.17
ESTIMATED ISF FORCE STRENGTH, CUMULATIVE, BY QUARTER



Note: Cumulative number of Iraqi Army, Air Force, Navy, Iraqi Police, National Police, Border Enforcement, and Special Operations Personnel. June–September 2009 data are SIGIR estimates.

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, 12/2008; DoS, *Iraq Status Report*, 3/18/2009; OSD, responses to SIGIR data call, 7/14/2009 and 9/30/2009; Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009.

Iraqi Security Forces

As of September 30, 2009, more than 663,000 personnel were serving the ISF in the MOD, MOI, and Iraqi National Counter-Terrorism Force (INCTF).[157] For a timeline of ISF force strength, see Figure 2.17.

Since adoption of the SA, the ISF has assumed more responsibility for providing security. All U.S. combat operations are now conducted with the Iraqi Army; and in areas of Iraq that are generally secure and have a low threat of violence, the ISF is almost fully in the lead. Where the threat requires major operations, MNF-I takes a larger role in partnering with the ISF to conduct "clear-hold-build" operations.[158]

According to MNF-I Commanding General Raymond Odierno, the Iraqi Army and Federal Police continue to improve their implementation, planning, and execution of counter-insurgency efforts. In some cases, police primacy has been established in the cities, but this is still a work in

2 years ago this quarter

Halfway to Force Strength

As of September 3, 2007, approximately 359,600 Iraqi personnel had received U.S.-funded training and equipment out of a train-and-equip authorization of 390,000. Given the persistence of violence by insurgents, terrorists, and militias, the Iraqi forces would require additional force structure, continued training, seasoning, and equipment over the next two years to assume control for security operations.

progress. Modest improvements continue in logistics and the sharing and integration of intelligence and operations through regional Operations Centers and Provincial Joint Coordination Centers.[159]

Sons and Daughters of Iraq

The GOI plans to transition 20% of the 95,000 Sons of Iraq (SOI) members into the ISF and reintegrate the remaining 80% into public or private employment, a goal unchanged since the initiative began a year ago. As of September 30, 2009, however, only about half of the 19,000 members slated to enter the ISF have transitioned, about 6,800 have gone to the GOI, and about 8,800 members have transitioned into jobs outside of the security sector.[160] The GOI assumed responsibility for paying the SOI in May 2009, reporting that payments continue in all provinces where the SOI have been operating.[161] DoD reports that the slow pace of integration has the potential to undermine Sunni confidence in the GOI, and if not corrected, could undermine security progress.[162]

In response to the increased use of female suicide bombers in Iraq, the Multi-National Corps-Iraq (MNC-I) and community leaders began calling for women to join the Daughters of Iraq (DOI), a female counterpart to the SOI community policing program. Although the DOI force remains at 800, this progressive initiative has attracted much attention.[163]

Members of the Daughters of Iraq wait in line to be paid. (MNF-I photo)

Foreign Military Sales

As of September 2009, the Foreign Military Sales (FMS) program reported that 130 Iraqi-signed cases, valued at $5.5 billion in GOI funds, were being executed. The total value delivered to the GOI since 2005 exceeds $4.5 billion.[164] The U.S. government continues to explore options to assist the GOI with force generation and equipment through the FMS program.[165]

Logistics and Sustainment Capabilities

DoD reported that ISF units have become more competent and self-sufficient over time and have made appropriate organizational adjustments during recent operations. But it emphasizes that the ISF will not be fully self-sufficient until it attains greater sustainment and logistical support capability at the operational and strategic levels.[166] The MOD continues to develop a national supply and distribution network, with a Location Command in support of each IA division. The MOD plans to co-locate regional life-support assets at these sites to enhance warehousing and distribution capacity. Eight of these Location Commands are nearing completion of construction or refurbishment. The remaining three bases are under construction and expected to be operational by the end of 2009.[167]

On May 16, 2009, SIGIR performed an on-site assessment of the Al Kasik Location Command project. The overall objective of this $6.3 million project was to design and construct a new Iraqi Army Location Command in Ninewa province. The project includes construction of several storage facilities and installation of power lines and water and sewer hookups for new buildings, as well as perimeter fencing. The project also requires the demolition of some existing buildings and repair and refurbishment.[168]

At the time of the site visit, the project was approximately 56% complete. SIGIR observed ongoing construction work, such as concrete

formwork and preparation for concrete placement. SIGIR observed a number of construction issues, which are described in Section 4 of this Report.[169] However, the results to date are consistent with the original project objective.

U.S. Advise and Assist Mission

The United States is reconfiguring Brigade Combat Teams to focus on advising, assisting, and developing ISF units. MNF-I Commanding General Odierno has said that this path is "the right way to go as we move from counterinsurgency and full-spectrum ops to our strategy of being done with combat operations for U.S. forces in August 2010." The first four AABs will deploy this fall in support of Provincial Reconstruction Teams (PRTs) and ISF training, undertaking these roles:[170]

- Advise and assist in fielding enablers (medical, engineering, aviation, intelligence, and other assets) in 2009.
- Advise and assist in developing Iraqi budgeting and programming capability to support ISF force-management objectives.
- Support and assist in identifying equipment requirements for purchase to support 2010–2011 ISF force requirement objectives.
- Advise and assist in fielding and developing training for the M1A1 tank program.
- Establish a management office to serve as a foundation for other systems.

Spend Plan To Support the ISF

This quarter, DoD reported no change for the ISFF spend plan. Capacity development for force generation at the MOI continues as U.S. funding shifted from sustainment and training to provision of more equipment and transportation support. MNSTC-I continues to support the development of MOI and MOD professional training capacities.[171] For a summary of FY 2009 revised budget line items, see Table 2.10.

Iraqi Army Commander briefs commandos on the first day of a four-week War Fighter exercise in Thi-Qar province on October 3, 2009. (U.S. Army photo)

U.S. Rule of Law Programs

Although judicial security is improving, a lack of resources and continuing threats of violence impede Iraq's implementation of a comprehensive judicial security plan. Insurgent-linked elements and others often intimidate judges and their families. Moreover, limited judicial capacity has resulted in an overwhelming backlog of pre-trial cases, which has led to abuses, including detainees being held for unlawfully long periods of time.

To reduce the intimidation of judges and accelerate case reviews, the Higher Judicial Council (HJC) has hired additional guards for some jurists, and notwithstanding delays in obtaining ministerial approval and funding for judicial security plans, the GOI continues with interim implementation efforts. INL continues to work with the HJC to improve its security capacity, supporting the assessment of 22 courthouses by judicial security professionals. With the information collected during these security evaluations, INL is collaborating with the HJC Judicial Security Project Board to develop security-related curricula for the Iraqi Judicial Educational Development Institute (JEDI).[172]

Table 2.10
Iraq Security Forces Fund Spend Plans
$ Millions

	Sub-Activity Group	FY 2008/FY 2009 Previously Approved (9/2008)	FY 2008/FY 2009 Revised Spend Plan	FY 2009/FY 2010 FY 2009 Bridge Request	FY 2009/FY 2010 Spend Plan
MoD	Sustainment	154.7	173.9	91.8	91.8
	Equipment	917.9	925.0	1,030.1	260.1
	Training	116.1	192.4	234.0	196.5
	Infrastructure	298.5	298.5	—	—
	Subtotal	**1,487.2**	**1,589.8**	**1,355.9**	**548.4**
MoI	Sustainment	106.0	66.0	20.0	20.0
	Equipment	392.0	432.0	125.6	125.6
	Training	650.0	650.0	417.2	231.0
	Infrastructure	110.0	110.0	—	—
	Subtotal	**1,258.0**	**1,258.0**	**562.8**	**376.6**
Other	Related Activities	254.8	152.2	96.2	75.0
Total		**3,000.0**	**3,000.0**	**2,014.9**	**1,000.0**

Note: Data not audited. Numbers affected by rounding.

Source: OSD, responses to SIGIR data calls, 7/2/2009 and 9/30/2009.

SIGIR inspects Chamchamal Correctional Facility in Sulaymaniyah province.

U.S. Embassy-Baghdad's Rule of Law (RoL) section focuses primarily on operational matters to assist U.S. investigations and cases pertaining to Iraq, including cases involving fraud, corruption, violent crimes, and terrorism. It works in conjunction with these entities:

- Ministry of Interior
- Central Criminal Court of Iraq (CCC-I)
- U.S. Attorneys Office
- Department of Justice (DoJ) National Security Division and Criminal Division
- Federal Bureau of Investigation (FBI) Terrorism Unit in Washington D.C.
- FBI in Iraq

The Justice Attaché's office also works with the MOI and HJC to assist with judicial security and to encourage the adoption of a judicial security plan for Iraq. The United States continues to assist in securing courthouses and protecting judges and their families by locating judges in secure complexes throughout Iraq, but several challenges remain:[173]

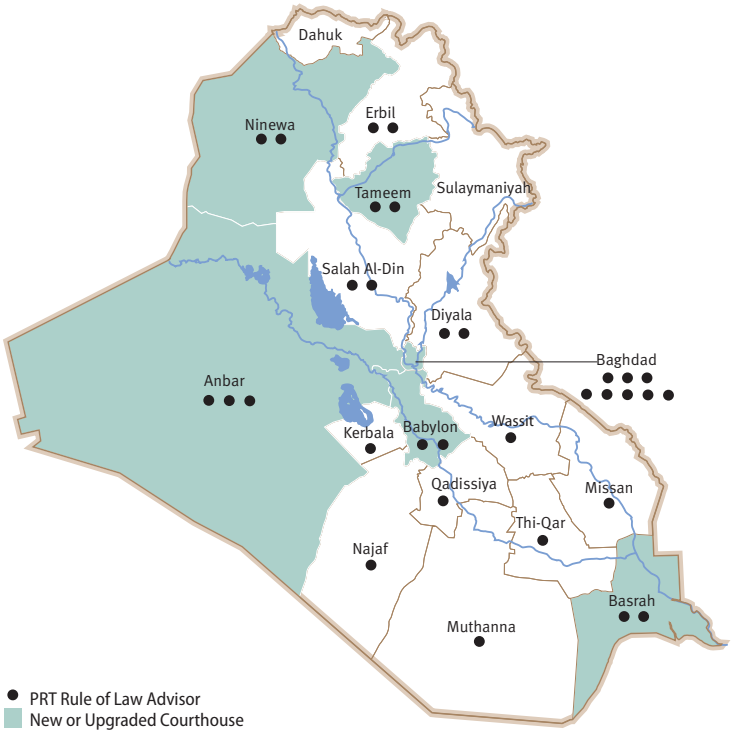
- **The Rule of Law Coordinator (RoLC) reports that the Embassy's RoL section lacks dedicated funding to support its efforts.** RoLC is slated to receive some direct funds in FY 2010 from DoJ, but they will not be available for use until January 2010.
- **The challenge of endemic corruption remains.** The Embassy's RoL section reports working closely with the Anti-Corruption Coordination Office (ACCO) to build the capacity of Iraqi legal institutions and to promote stronger anticorruption safeguards.
- **Iraqi infrastructure has yet to fully recover from deterioration permitted by the prior regime and war damage.** This quarter, the Chamchamal Correctional Facility began operating in Sulaymaniyah province. Able to house up to 3,000 prisoners, this facility was constructed as part of the INL prison construction program. On September 19, 2009, the first inmates arrived—a group of 360 prisoners from Camp Bucca prison—along with 10 Iraqi Correctional Officers (ICOs). As of October 12, 2009, there are 2,637 inmates and 240 ICOs at Chamchamal Correctional Facility.

On June 20, 2009, SIGIR conducted an on-site assessment of the Chamchamal Correctional Facility renovation project in Chamchamal, Iraq. The project was funded by INL. To protect the U.S. government's investment of approximately $29 million,

SIGIR recommended that the INL Director continue to coordinate with the KRG to provide the power, staffing, and operating budget to open and run the facility.[174] This recommendation has been met, and the prison opened in September.

For the locations of U.S. RoL offices, see Figure 2.18.

FIGURE 2.18
RULE OF LAW ASSISTANCE TO GOI'S JUDICIAL SYSTEM



Source: DoS, "INL Report on Courthouses," 10/2008; U.S. Justice Attaché, response to SIGIR data call, 10/15/2009.

Court Reconstruction Update

Central Criminal Court of Iraq

The CCC-I operates two facilities in Baghdad, one in Rusafa and one in Karkh. In addition, there are Major Criminal Courts (MCCs) located in all of the provinces. The U.S. government has provided significant logistical and technical support to both CCC-I Karkh and the Rusafa Investigative Court.[175]

Rusafa Investigative Court

Chief Judge Medhat commissioned the Justice and Law Enforcement Assistance (JALEA) program to develop a model court plan based on its analysis of the Rusafa court. Initial analysis has been completed in three areas, including judicial education, case management, and judicial security. The judicial education component is designed to facilitate the training of all the investigative judges, judicial investigators, and prosecutors who work in the Investigative Judge (IJ) court. The second area pertains to a case records and management system, including a record management system for the court that is independent of the MOI. Finally, JALEA is working on a judicial security program, designed to provide training for the security staff at Rusafa and acquisition of security equipment, such as mirrors and wands. JALEA is continuing its work with the HJC and hopes to receive approval to fully implement the proposed programs at Rusafa.

The **Baghdad Legal Defense Center** continues to provide legal defense services to Rusafa detainees. Defense Center attorneys interview detainees and review their investigative files to help the courts expedite criminal proceedings. During this quarter, attorneys interviewed approximately 850 detainees and reached the milestone of 10,000 interviews conducted since the inception of the Defense Center. The center also provides reintegration assistance to detainees who have been released from custody. The Legal Defense Center program was intended to be a pilot program and is currently being used as a model for similar programs throughout the country.

The HJC has developed an Oracle-based case tracking system that is compatible with the Iraqi Justice Integration Project's data dictionary. INL is assisting the MOI and MOJ to develop, implement, and manage similar databases, with rollout in October 2009.[176]

CCC-I Karkh

MNF-I's Task Force-134 (TF-134) assists the GOI to prosecute serious offenders when there is evidence to support the charges and also to speed the release of those who are being held on insufficient evidence. It maintains a liaison office with CCC-I Karkh to assist in the prosecution of cases where Coalition forces are victims of criminal offenses or where Coalition forces investigate serious crimes against Iraqi military or civilian victims. The office coordinates the appearance of detainees and witnesses and assists the Iraqi investigative officers in the collection and presentation of evidence, as well as participating to resolve juvenile justice issues.

The Justice Attaché's office within the RoL section continued to support CCC-I Karkh in a number of ways, including providing advice to the judges on the investigations of officials in Diyala province and other high-priority cases.[177]

4 years ago this quarter

Saddam Hussein Trial

On July 17, 2005, formal charges were filed against Saddam Hussein and other co-defendants in connection with government atrocities committed against the people of al-Dujail. The former leader's trial began on October 19, 2005; he was convicted on November 5, 2006; and he was executed on December 30, 2006.

Court Docket Backlog

Courts hearing the most serious insurgent crimes, particularly in Baghdad, report being overwhelmed. Although approximately 5,500 Rusafa detainee cases have been processed in the past 12 months, approximately 9,000 pre-trial detainees remain in Baghdad detention facilities awaiting trial. The courts' ability to process cases fairly and quickly is hampered by the sheer number of criminal cases, the lack of timely and complete investigations, insufficient detainee files, poor court administration, and judicial intimidation. According to DoD, the CCC-I offices located at Karkh and Rusafa have shown some improvement in case-processing time, but more must be accomplished.[178]

The U.S. government has taken multiple steps to assist the HJC in mitigating docket backlog. In the short term, RoL advisors in many provinces assist by providing basic logistical assistance. MNF-I also transports detainees to court and judges to regions of Iraq that lack sufficient judicial personnel to adequately process the high volume of cases resulting from security operations.[179]

U.S. government personnel are also working with the MOI and the Iraqi courts—IJs in particular—to improve the operating relationships between IJs and police. One goal of this ongoing effort is to mitigate the delay caused when investigative files are transferred between police and judges for further investigation. To this end, Rule of Law Advisors (RoLAs) working in the Provincial Reconstruction Teams (PRTs) have established **Criminal Justice Coordination Councils** to encourage Iraqi police, judges, and military to work together and share information.

In the long term, INL is developing the **Iraq Higher Judicial Council Court Administration Project**, which will allow the HJC to increase its capacity in all aspects of judicial administration, including standardizing a national case management system (initially, via a manual system, and thereafter, through a phased-in computer system).[180] The HJC currently lacks a central system for case management, and often there is little case tracking.[181]

SIGIR produced an inspection report this quarter on the Secure Document Storage Facility for the Iraqi High Tribunal (IHT), in Baghdad, Iraq. Half of the $1.9 million IRRF-funded project was supposed to provide secure rooms to store sensitive documentation that has been or will be used for prosecution of former regime members for crimes against humanity; the other half was supposed to provide open office and administrative space for IHT staff.

SIGIR found that the contractor did not provide the contractually required "pre-engineered building." After a structural failure occurred during construction, an evaluation indicated that the structure would collapse under its own weight. A pre-engineered building would have included the appropriately sized steel frame members. Moreover, the design did not provide for a sustainable facility because required insulation was not installed. However, on a follow-up site inspection, SIGIR

determined that the contractor had remedied the previously identified warranty deficiencies.[182]

Major Crimes Task Force

The joint GOI-U.S. Major Crimes Task Force (MCTF) develops capacity to investigate high-profile crimes, including corruption. The GOI assigns experienced investigators to the task force from MOI Internal Affairs, MOI Office of the Inspector General, National Information and Investigations Agency, and Criminal Investigation Division, as well as an investigative judge from the CCC-I. The U.S. government provides federal agents from these agencies to train and mentor the Iraqi participants:

- FBI
- Drug Enforcement Administration
- Bureau of Alcohol, Tobacco, Firearms, and Explosives
- U.S. Marshals
- Defense Criminal Investigative Service
- Army Criminal Investigation Command

At the request of GOI's National Investigations and Intelligence Agency, MCTF is working to establish a full-time, eight-person evidence response team as a component of the task force.[183]

Detention Facilities and Detainee Releases

The DoJ's International Criminal Investigative Training Assistance Program (ICITAP) has gradually been re-focusing its mission to parallel the U.S. military withdrawal from three major detainee camps in Iraq—Camp Bucca, Camp Cropper, and the Taji Theatre Internment Facility Reintegration Center. Camp Bucca was the first to close on September 17, 2009, after opening six years ago.[184] The U.S. military withdrawal and subsequent transfer of detainees will ultimately affect five areas where ICITAP advisors provide assistance to the Iraqi Correctional Service (ICS). So will reduced funding for the ICITAP corrections mission, which has resulted in a 51% reduction of advisors, and the further reductions scheduled through 2010.[185]

The number of Iraqi detainees in U.S. custody dropped to 8,974 after the transfer of 107 detainees to the GOI on August 27, 2009. This is the lowest number of Iraqi detainees in U.S. custody since March 2005. The SA mandates that detainees must be released if they do not have arrest warrants or detention orders issued by the GOI. MNF-I and the GOI review every detainee's file to determine if a warrant should be issued. Since January 2009, 5,236 detainees have been released, and 1,179 others have been transferred into GOI custody.[186]

For an update on U.S. prison projects, see Table 2.11.

Amnesty Releases

As of September 30, 2009, amnesty review committees had approved approximately 132,000 amnesty petitions and denied 33,000. Despite the high number of approved petitions, only 7,946 detainees have been confirmed as having been released from detention facilities since January 2009 under amnesty release orders. The total number of petitions is much higher than the number of individuals in detention because some individuals have multiple convictions or investigations initiated against them, and each one receives a separate amnesty consideration. Thousands of amnesty applications are for those who have been charged for crimes but have not been detained or brought to trial.[187] ◆

Table 2.11

Ongoing INL-funded Prison Construction

Prison	Cost ($ millions)	Location	% Complete (as of 9/30/2009)	Est. Date of Completion	Est. Capacity	Cause of Delay
Basrah Central	9.7	Basrah	45%	12/2009	1,200	Delayed after contractor failed to submit detailed design for approval by USACE.
Chamchamal	28.7	Sulaymaniyah	100%	Completed	3,000	See SIGIR's inspection in Section 4 of this Report.
Fort Suse: Phase I	6.0	Sulaymaniyah	93%	9/2009	689	Delayed awaiting the ICS sign-off on renovated areas.
Fort Suse: Phase III	11.1	Sulaymaniyah	60%	12/2009	500	USACE has descoped portions of the project at the direction of INL because engineers revealed structural deficiencies in the lower levels of the existing fort.
Nassriya: Phase II	8.7	Thi-Qar	90%	—	400	Delays caused by work stoppages.

Note: The total project cost for the Chamchamal Correctional Facility was reported in SIGIR's project assessment, PA-09-177, "Renovate and Expand Chamchamal Correctional Facility, Chamchamal, Iraq," released in October 2009.

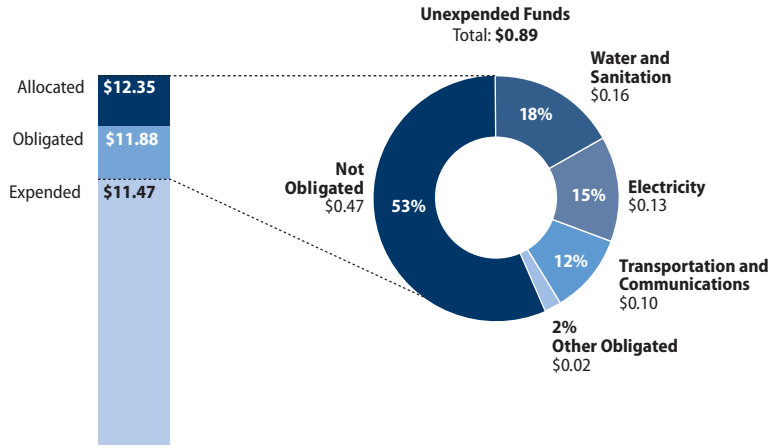
Source: U.S. Embassy-Baghdad, INL, response to SIGIR data call, 10/2/2009.

INFRASTRUCTURE

As of September 30, 2009, the U.S. government had allocated $12.35 billion to rehabilitate Iraq's infrastructure, including projects in the energy, water, transportation, and communications sectors. More than $11.88 billion has been obligated, and $11.47 billion has been expended.[188] For the status of U.S. infrastructure funds, see Figure 2.19.

As U.S. reconstruction projects wind down, GOI efforts to fund Iraq's infrastructure development and attract foreign investment remain central to progress—particularly in the energy sector. Increased oil and electricity production in the Kurdistan Region and the growing use of natural gas to fuel electricity generation were prominent developments this quarter. But the progress achieved thus far in rebuilding Iraq's infrastructure and providing essential services has not always matched Iraqi's expectations—a theme that surfaces with greater intensity as the country approaches national elections in January 2010. Moreover, the prolonged drought, together with reduced inflows of water from neighboring countries, has had a negative effect on supplies of drinking water, irrigation for crop production, and power generation at hydroelectric plants.

FIGURE 2.19
INFRASTRUCTURE: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. CERP allocation, obligation, and expenditure data is pulled from IRMS; therefore, totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: DFAS, response to SIGIR data call, 4/10/2009; IRMS, *MNC-I Quarterly Report,* 10/12/2009; NEA-I, response to SIGIR data call, 10/7/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 4/13/2009.

Energy

Oil and Gas

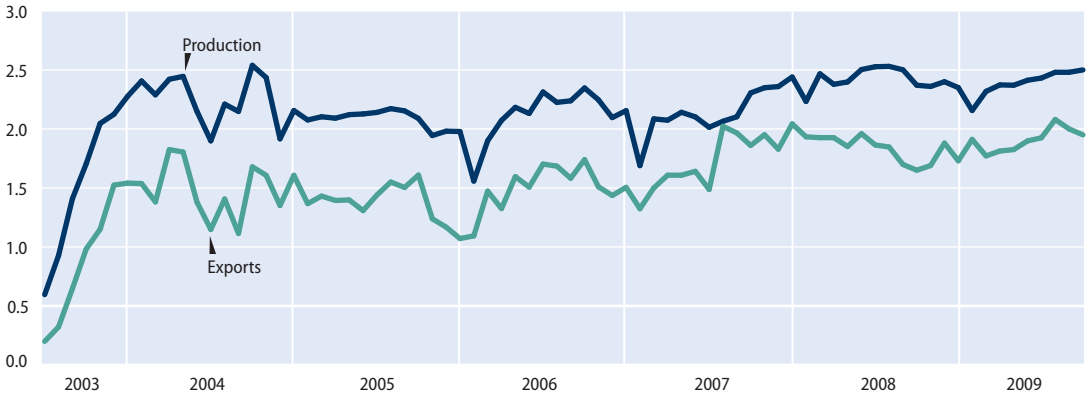
As of September 30, 2009, the U.S. government had allocated $2.06 billion, obligated $1.92 billion, and expended $1.91 billion to rehabilitate the oil and gas sector in Iraq.[189]

This quarter the second round of bidding on service contracts for 10 additional groups of Iraqi oil fields was rescheduled,[190] while a proposal to reconstitute the Iraq National Oil Company (part of the pending hydrocarbon laws) apparently is on hold until after next year's national elections.[191] In addition, the Ministry of Oil named the third Director General of the South Oil Company in 18 months,[192] and the KRG suspended oil exports until an agreement could be reached with the GOI over paying international oil companies operating in the Kurdistan Region.[193]

Crude Oil Production and Exports

Iraqi crude oil production this quarter averaged 2.49 million barrels per day (MBPD), slightly exceeding the previous post-invasion record in the April–June quarter of 2008.[194] This was a 3% increase over last quarter,[195] but just below the GOI's 2009 production goal of 2.5 MBPD.[196] By comparison, crude oil production averaged 2.16 MBPD in

Figure 2.20
Crude Oil Production and Exports, by Month, 6/2003–9/2009
Million Barrels per Day



Note: This data does not include crude oil production in, or exports from, the Kurdistan Region. Neither the KRG nor the MOI release official statistics on oil production and exports from the Kurdistan Region. According to the KRG Minister of Natural Resources, the KRG has demonstrated the capacity to produce 100,000 barrels per day for export. Actual production, however, is not known.

Sources: ITAO, *Monthly Import, Production, and Export Spreadsheet*, 1/2008; U.S. Embassy-Baghdad, response to SIGIR data call, 10/2/2008; DoS, *Iraq Status Report*, 5/27/2009 and 10/14/2009; NEA-I, response to SIGIR data call, 7/2/2009.

the same quarter of 2007 and 2.47 MBPD in the same quarter of 2008.[197]

Crude oil exports this quarter averaged 2.01 MBPD,[198] almost 7% above last quarter's export level and just above the GOI's 2009 target of 2.0 MBPD.[199] By comparison, crude oil exports averaged 1.95 MBPD in the same quarter of 2007 and 1.73 MBPD in the same quarter of 2008.[200]

For crude oil production and export levels from 2003 to 2009, see Figure 2.20.

Bidding for Service Contracts

The GOI has set a goal of increasing national oil production to 6 MBPD by 2017.[201] To accomplish this, Iraq launched two rounds of bidding on oil service contracts.[202] The service contracts offer foreign companies a fee for each barrel of oil produced in excess of an agreed-upon goal,[203] rather than a production stake in the Iraqi oil fields.

In the first round, held this past June, 22 international oil companies formed 14 consortia to share the risk and submit bids.[204] Chinese companies were the most active: 4 Chinese companies participated in 8 consortia.[205] Round one produced only one accepted bid—offered for the Rumaila oil fields by a consortium led by British Petroleum (38% stake) and China National Petroleum Corporation (CNPC) (37% stake).[206] The British-led consortium will partner with an Iraqi oil company, which will have a 25% stake.[207]

Round-two bidding for 10 additional groups of oil fields has been rescheduled several times and will reportedly take place in either late 2009 or early 2010.[208] The Ministry of Oil held meetings in Istanbul to generate interest and announce several key changes to its contract terms, including:[209]

- reducing the amount of signing bonuses paid to the GOI by winning bidders
- changing some production plateau terms, including the length of time operators would have to maintain a target production rate

Also notable is the number of state-owned oil companies pre-qualified for bidding. For a list of companies pre-qualified to bid in the second round, see Table 2.12. In addition, press reports indicate

TABLE 2.12
COMPANIES APPROVED TO BID IN THE SECOND ROUND

STATE-OWNED COMPANIES

Country	Company
Angola	Sonangol (partially state-owned)
China*	CNOOC Ltd (66% state-owned)
	China National Petroleum Corp.
	Sinochem Corp.
India	Oil and Natural Gas Corp. (74% state-owned)
	Oil India
Indonesia	PT Pertamina
Italy	Eni SpA (30% state-owned)
Japan	Inpex Corp. (29% state-owned)
	Japan Oil, Gas, Metals Corp. (established by the government of Japan in 2004)
Kazakhstan	JSC KazMunaiGas Exploration Production
Malaysia	Petronas
Norway	StatoilHydro ASA (63% state-owned)
Pakistan	Pakistan Petroleum Limited (partially state-owned)
Russia	OJSC Rosneft Oil Co. (75% state-owned)
	OAO Gazprom (50% state-owned)
Turkey	Turkiye Petrolleri AO
Vietnam	PetroVietnam

PRIVATELY OWNED COMPANIES

Country	Company
Australia	BHP Billiton Ltd.
	Woodside Petroleum Ltd.
Canada	Nexen Inc.
Denmark	Maersk
France	Total SA
Germany	Wintershall BASF
Italy	Edison SpA
Japan	Japan Petroleum Exploration Co Ltd.
	Mitsubishi Corp.
	Mitsui Oil Exploration Co.
	Nippon Oil Corp.
Korea	Korea Gas Corp.
Russia	OAO Lukoil Holdings
	OAO Tatneft
Spain/Argentina	Repsol YPF
UK	BG Group Plc
	BP Plc
	Carin Energy
UK/Netherlands	Royal Dutch Shell Plc
USA	Anadarko Petroleum Corp.
	Chevron Corp.
	ConocoPhillips
	ExxonMobil Corp.
	Hess Corp.
	Marathon Oil Corp.
	Occidental Petroleum Corp.

Note: Percentage ownership stakes of national oil companies from *Petroleum Intelligence Weekly*, 12/1/2008.
*SINOPEC, a Chinese oil company heavily backed by the Chinese government, has reportedly been banned from the second round.

Source: Petroleum Contracts and Licensing Directorate of the Iraqi Ministry of Oil, 9/15/2009.

that the Ministry of Oil is pursuing separate negotiations with the highest bidders for fields not awarded in the first round.[210] Italian-based Eni SpA announced on October 13, 2009, that its consortium had been awarded the license for the Zubair field that was initially offered in the first round.[211] The Eni SpA consortium includes Occidental Petroleum and Korea Gas Corporation; its Iraqi partner will be the Southern Oil Company.[212]

Efforts To Increase Oil Production and Refining in Kurdistan

Neither the KRG nor the GOI releases official statistics on oil production and exports from the

On July 18, 2009, the Erbil Refinery, owned by KAR Oil Refining Ltd., received its first oil from the Khurmala Dome oil field. (KRG photo)

Kurdistan Region.[213] The KRG Minister of Natural Resources, however, noted in a letter dated October 5, 2009, that the KRG has demonstrated the capacity to produce 100,000 BPD for export over the past several months, and that this amount could easily be doubled.[214] This claim cannot be substantiated at this time.[215]

An informal arrangement between the GOI and KRG allowed Iraq's State Oil Marketing Organization (SOMO) to sell the crude oil produced by the Tawke and Taq Taq fields for export.[216] No agreement was reached, however, between the KRG and the GOI about who should pay the international oil companies operating the fields.[217] The GOI contends that the KRG is responsible for paying the international firms out of its share of the proceeds because the KRG does not submit its oil contracts to the GOI for approval. The KRG's position is that the GOI should pay the international oil companies because the oil produced is Iraqi oil exported through Iraqi pipelines. Underscoring the contentiousness of this issue, the KRG's Minister of Natural Resources said on October 9, 2009, that no more oil will be pumped for export from the Kurdistan Region until an agreement with the GOI over payment is reached.[218] The failure to pass the package of national hydrocarbon laws means that this disagreement remains unresolved; a senior member of the Iraqi Parliament recently announced that the CoR would not take up the package of hydrocarbon laws until 2010.[219]

Because of this, the three international companies operating the Taq Taq and Tawke fields—Addax Petroleum Corp., DNO International, and Genel Enerji—have not been paid for the oil they have produced.[220] On October 2, 2009, Addax Petroleum was acquired by China's SINOPEC.[221] Although SINOPEC (which is heavily backed by the Chinese government) claimed it had permission to participate in the second round, officials from the Iraqi Ministry of Oil indicated that SINOPEC will be barred unless it divests itself of the KRG contracts.[222] According to U.S. Embassy-Baghdad, SINOPEC has been banned from the second round.[223]

Notwithstanding current disputes over oil revenue sharing, the KRG continues to push oil development contracts in its territories. The KRG offers companies a production stake in the fields they develop and, in some cases, the KRG received shares in the companies awarded oil exploration and development contracts.[224] The KRG Minister of Natural Resources stated on October 9, 2009, that "over 30 companies have been awarded oil contracts" in the KRG region.[225] For a timeline of recent oil activity in the Kurdistan Region, see Figure 2.21.

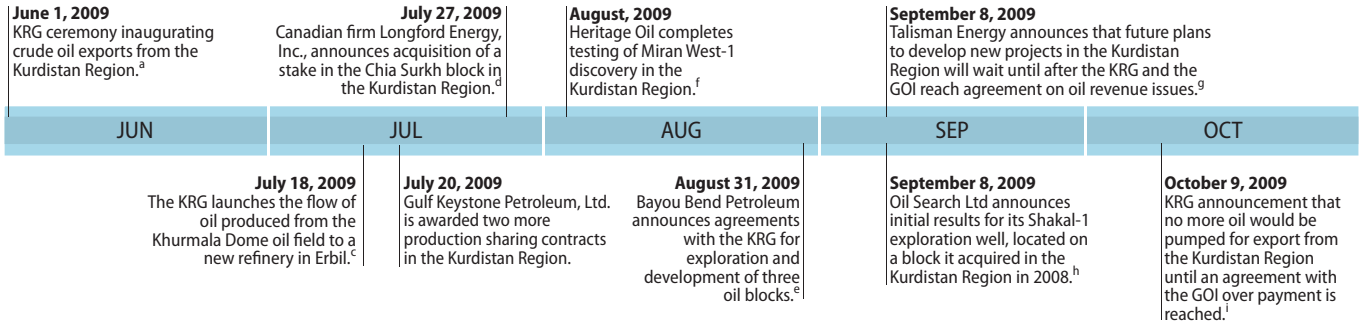
On July 18, 2009, the KRG launched the flow of oil produced from the Khurmala Dome, part of the Kirkuk oil field, to a new refinery in Erbil via a 40-kilometer pipeline.[226] During the inaugural ceremony, the Prime Minister of the KRG said that, "the facility is the first private-sector refinery in the Kurdistan Region and throughout Iraq that operates at a serious capacity."[227] The refinery was originally a Ministry of Oil project that the ministry could not complete. The project was handed over to the KRG, which established a public-private

3 years ago this quarter

Ambitious Hydrocarbon Goal

On July 27, 2006, Iraq and the United Nations jointly launched the 5-year International Compact with Iraq, which set the goal of approving the Hydrocarbon Law by the end of 2007.

FIGURE 2.21
TIMELINE OF RECENT 2009 OIL ACTIVITY IN THE KURDISTAN REGION



Sources:
[a] Kurdistan Regional Government, press release, http://www.krg.org/articles/detail.asp?lngnr=12&smap=02010100&rnr=223&anr=29807, accessed 10/26/2009.
[b] Gulf Keystone Petroleum, Ltd., Kurdistan Update, 7/20/2009, www.gulfkeystone.com, accessed 10/21/2009.
[c] Remarks of the KRG Prime Minister at the opening of the Khurmala Dome oil project, 7/18/2009, http://www.krg.org/articles/detail.asp?lngnr=12&smap=02010100&rnr=223&anr=30604, accessed 10/16/2009.
[d] Longford Energy Inc., press release, 7/27/2009.
[e] Middle East Economic Survey, *Weekly Report*, Vol LII, No. 36, 9/7/2009, p. 2.
[f] Heritage Oil Plc, press release, 8/17/2009.
[g] Talisman Energy, Inc., investor open house presentation, 5/2009; "Talisman Energy plans new projects in Iraq and Papua, New Guinea," *Energy Business Review*, 9/8/2009. http://oilgasexploration.energy-business-review.com/News/talisman energy plans new projects in iraq and papua new guinea 090908/, accessed 10/18/2009.
[h] Oil Search Ltd., Drilling Report, 9/7/2009.
[i] Remarks by the KRG Minister of Natural Resources, 10/9/2009, http://www.krg.org/articles/detail.asp?lngnr=12&smap=02010100&rnr=223&anr=31849, accessed 10/19/2009.

partnership to complete it.[228] The refinery is expected to provide the Kurdistan Region with diesel and kerosene for domestic consumption.[229]

Oil Infrastructure Security and the Iraqi Oil Police

The GOI has full responsibility for funding and maintaining pipeline security.[230] This includes training and equipping the Oil Police, who provide security for Iraq's oil infrastructure. This quarter, 1,342 Iraqis attended training and graduated from the North Oil Police Training Center.[231]

Thus far in 2009, there have been eight attacks on Iraq's oil infrastructure, only one of which DoD assessed as effective,[232] and there have been no such attacks this quarter.[233] Since September 2007, there have been no attacks against any pipeline in a Pipeline Exclusion Zone (PEZ).[234] As SIGIR has previously noted, PEZ projects have been among the most successful of all U.S.-funded infrastructure projects.[235]

Iraq National Oil Company

On July 29, 2009, Iraq's Council of Ministers (CoM) approved a draft bill (part of the hydrocarbon laws) to reestablish the state-run Iraq National Oil Company (INOC).[236] The INOC reportedly would be governed by a Board of Directors,[237] and the Board's CEO would hold cabinet rank and report directly to the CoM—not the Ministry of Oil.[238] Action on the bill is not expected until after the January 2010 elections.[239]

Natural Gas Update

In September 2008, the Ministry of Oil and Royal Dutch Shell reached a heads of agreement to create a joint venture to capture, process, and utilize natural gas produced in Basrah province.[240] Large volumes of natural gas associated with crude oil production are currently flared because Iraq lacks the infrastructure to harness it.[241] The agreement would form the Basrah Gas Company (BGC), with the South Gas Company taking a 51% stake,

Shell taking a 44% stake, and Mitsubishi taking a 5% stake.[242] Although a one-year time limit was set to complete negotiations, no contract had been finalized or approved by the September 21, 2009, deadline.[243] No action is reportedly expected until after the January 2010 elections.[244]

Electricity

Since 2003, the United States has allocated $5.16 billion, obligated $4.99 billion, and expended $4.86 billion to help Iraq improve its generation, transmission, and distribution of electricity.[245] Table 2.13 provides a breakdown of U.S.-funded projects by project type. These expenditures—together with contributions by the international community, efforts by the Iraqis, and a decline in attacks on the electricity infrastructure—have resulted in increased electricity supplies throughout most of the country.

For the fifth straight quarter, average electricity supply on Iraq's national grid achieved a new post-invasion high. Supply now exceeds Ambassador Bremer's goal, announced in August 2003, of providing 6,000 megawatts (MW) of power at system-wide peak—a milestone reached five years after its target date.

Because demand for electricity also has grown since 2003, the gap between supply and demand is roughly twice what it was six years ago; and though the situation has been improving over the past two years, Iraqis cannot yet count on the national grid to meet all their energy needs. During a visit this quarter, Deputy Prime Minister for Services Rafe al-Eissawi told the Inspector General that access to electricity remains a serious problem in Iraq. The people of energy-rich Iraq continue to endure power outages, and those who can afford to do so supplement the public supply with power from "backyard" or neighborhood generators.

Electricity Supply

This quarter, electricity supply to the national grid, which includes both domestic production and imports, averaged about 6,439 MW, or 154,500 megawatt-hours (MWh) per day. This is an almost 10% increase from the previous quarter and a 43% increase from the same quarter in 2007.[246] For domestic production and imports, relative to estimated demand, since January 2004, see Figure 2.22.

6 years ago this quarter

The 6,000-Megawatt Goal

In an address to the Iraqi people on August 29, 2003, Ambassador L. Paul Bremer III announced, "About one year from now, for the first time in history, every Iraqi in every city, town, and village will have as much electricity as he or she can use; and he will have it 24 hours a day, every single day." This translated to a goal of adding some 1,600 MW of power to the national grid by the summer of 2004 to achieve a total peak electricity supply of 6,000 MW. It was not achieved until five years later.

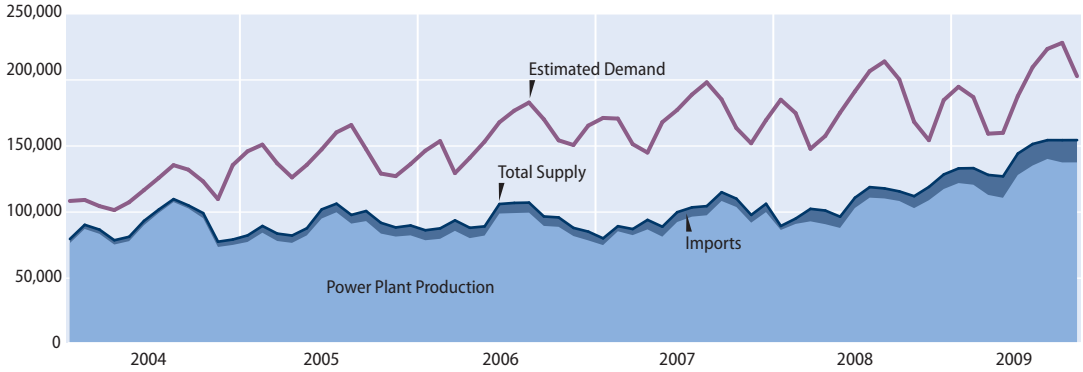
Table 2.13
Value of U.S. Electricity Projects, by Project Type
$ Millions

Project Category	Completed	Ongoing	Not Started	Total
Generation	2,032.47	21.54	9.89	**2,063.90**
Distribution	1,228.04	9.47	25.24	**1,262.75**
Transmission	919.65	106.10	67.46	**1,093.22**
Sustainment and Spare Parts	300.87	2.84	0.70	**304.41**
General Infrastructure	278.58	11.37	3.94	**293.90**
Monitoring and Control	131.13	—	11.59	**142.71**
Other	20.76	8.90	3.72	**33.38**
Total	**4,911.50**	**160.23**	**122.54**	**5,194.27**

Note: Numbers affected by rounding. This list of reconstruction projects is based on IRMS data, which is not fully accurate or complete. Project totals therefore do not reconcile with top-line obligations and expenditures provided by the agencies.

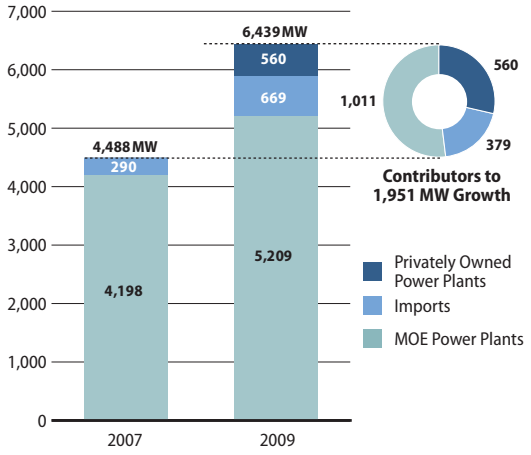
Source: IRMS, *Global Benchmark*, 10/9/2009.

FIGURE 2.22
AVERAGE IRAQI ELECTRICITY SUPPLY AND ESTIMATED DEMAND, BY MONTH, 1/2004–9/2009
MWh per Day



Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–9/30/2009; DoS, *Iraq Status Report*, 10/25/2006, p. 11, and 5/9/2007, p. 11.

FIGURE 2.23
SOURCES OF ELECTRICITY SUPPLY, 2007 VS. 2009
Average for Quarter Ending September 30, MW



Note: Numbers affected by rounding.
Sources: ITAO/ESD, *Electric Daily Performance Reports*, 7/1/2007–9/30/2009.

Iraq's nameplate generating capacity averaged 15,300 MW this quarter, and feasible generating capacity averaged about 11,150 MW. Both were 4% above last quarter's levels. Specified by the manufacturer, nameplate capacity is a generating unit's maximum output when it is operating under optimal conditions. Feasible capacity is the maximum output taking into account the condition of the plant, type of fuel used, and other ambient conditions. This quarter, Iraq's power plants operated at 38% of their nameplate capacity and 52% of their feasible capacity, modest increases from the same quarter in 2007.[247]

Of the 1,951 MW of supply added to the grid over the past two years, slightly more than half can be attributed to the refurbishment or expansion of GOI-owned power plants,[248] on which the U.S. government has spent more than $2 billion.[249] About 29% of the increase came from two new power plants built by private investors in the Kurdistan Region, and 19% came from electricity imported from neighboring countries.[250] For an overview of the sources of increased electricity supply over the past two years, see Figure 2.23.

Privately Owned Power Plants

The first of the two privately built and operated power plants, the Erbil Gas plant, began supplying electricity to the grid in 2008. The Sulaymaniyah plant came on line next, in spring 2009, and its output is expected to increase later this year when the third and fourth generating units are brought on line. Both of these combustion turbine plants are owned by Mass Global

The Erbil Gas power plant, privately built and operated, had an average output this quarter of 368 MW, which is 75% of its nameplate capacity. (KRG Ministry of Electricity photo)

The Qudas power plant, an MOE-run plant on which the United States has spent more than $250 million, had an average output this quarter of 429 MW, which is 47% of its nameplate capacity. (USACE photo)

Company and are fueled primarily by natural gas piped from the Khor Mor gas field in Sulaymaniyah.[251] These two plants currently have a combined nameplate capacity of 738 MW (excluding the two generating units that are not yet completed) and produced, on average, about 560 MW (76% of capacity) this quarter.[252] By comparison, the recently expanded Qudas plant in Baghdad, on which the United States has spent more than $250 million,[253] has a nameplate capacity of 910 MW and had an average output of 429 MW (47% of capacity) this quarter.[254]

According to press reports, Mass Global Company recently entered into a "build-own-operate" contract with the KRG for construction of another plant, this one in Dahuk.[255] Once this plant is completed, each of the Kurdistan Region's three provinces will have a privately owned power plant connected to the grid, compared with none in the rest of Iraq.[256]

Electricity Imports

Electricity imports into Iraq averaged 669 MW this quarter, about 2% lower than last quarter but 131% more than the amount imported during the same quarter in 2007. This electricity was generated at power plants in Turkey and Iran. Two years ago, almost 60% of the imported electric power came from Turkey. Since then, imports from Turkey have decreased by almost one-fourth, and imports from Iran have more than quadrupled, averaging about 537 MW (80% of total electricity imports) this quarter.[257] For changes in electricity imports since 2004, see Figure 2.24.

Supply-Demand Gap

With the growth rate of electricity supplies outpacing the rate of increased demand over the past two years, Iraq has been able to reduce the gap between supply and demand. Electricity supplies can be measured, but because of the supply shortfall, electricity demand in Iraq can only be estimated using computer models or other methods. Based on ITAO's estimates, load served was about 69% of the country's estimated demand this quarter, up from 54% in the same quarter two years ago (Figure 2.25).[258]

Four out of five Iraqis live in provinces where the gap between available electricity supply and estimated demand has been narrowed, to some extent, over the past two years. However, as discussed in Section 3 of this Report, disparities still exist among the provinces.[259]

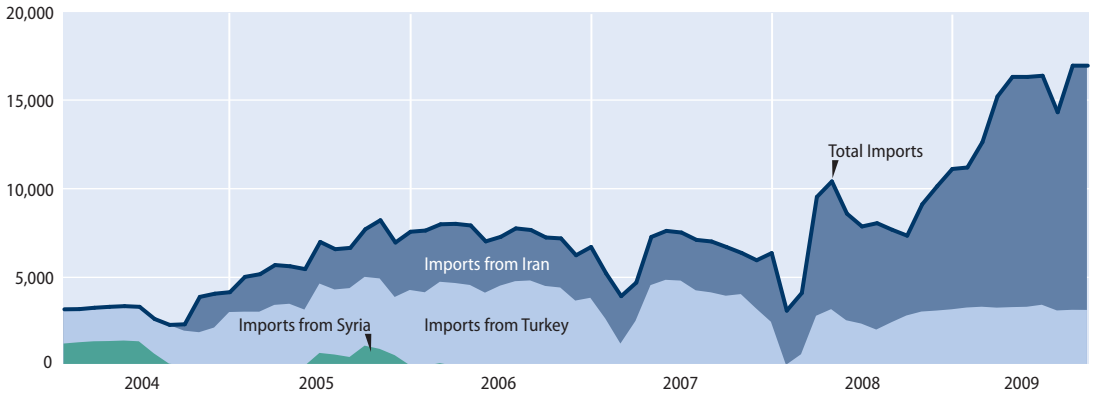
The supply-demand gap may have been generally reduced, but it still affects Iraqis in many ways:

- In a March 2009 poll, Iraqi residents said they received an average of eight hours of electricity per day.[260]

FIGURE 2.24

ELECTRICITY IMPORTS, BY MONTH, 1/2004–9/2009

MWh per Day



Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–9/30/2009; NEA-I, *Iraq Weekly Status Report*, 10/25/2006, page 11.

- Of the 284 Iraqi Army bases, only one is connected to the national grid, and all rely on expensive on-site generator-produced power.[261]
- The team leader of the PRT in Babylon reports that every meeting he has attended in government offices has been interrupted by power outages.[262]

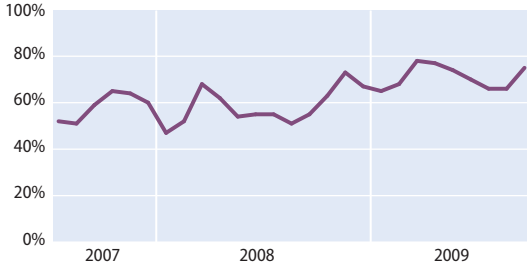
Small-scale Private Generators

Because power from the national grid is unable to meet demand, many Iraqis buy their own portable generators or purchase power from private generation units that serve neighborhoods. To get a more accurate picture of the extent to which Iraqi households are relying on non-grid electricity, U.S. Embassy-Baghdad and the Ministry of Electricity (MOE) sponsored a study of private generation in Baghdad Central. About 5 million people, or 75% of Baghdad's population, live in this area. The survey found that approximately 4,900 private generation units serve about 466,000 households in Baghdad Central,[263] or roughly 3 million residents.[264] Most of these generators run on diesel fuel purchased at subsidized prices from the Ministry of Oil. Together, they supply about 4,000 MWh of electricity each day—roughly 10% of the energy supplied to Baghdad Central by the grid. On average, however, the amperage is too low to power air conditioners or other heavy appliances. In theory, if these generators were able to supply their maximum output during any given hour, and if they integrated with power from the grid, the supply-demand gap in Baghdad Central would completely close—with power to spare.

Despite the benefits of these neighborhood generation units, they present environmental and safety hazards. The survey found that most private generators are located in open areas without

FIGURE 2.25

ESTIMATED DEMAND FOR ELECTRICITY MET BY POWER FROM NATIONAL GRID, BY MONTH, 7/2007–9/2009



Note: Load served is measured at the substation level and is the amount of electricity that enters the local distribution systems; because of transmission losses that occur between power plants and substations, load served is less than total electricity supply.

Sources: ITAO/ESD, *Electric Daily Performance Reports*, 7/1/2007–9/30/2009.

A tangle of consumer-installed electric wires carries power from private generators to at least half the households in Central Baghdad. (Parsons Brinckerhoff photo)

protective containers. Many sites are covered with fuel that has spilled or has leaked from inadequate storage tanks. Minimal effort is made by operators to control fumes, smoke, and noise. And because consumers are responsible for running wires from generating units to their homes, the connections are generally disorganized and unsafe.[265]

GOI Efforts To Expand Generating Capacity and Production

The financing impasse that had delayed the MOE's plan to significantly expand Iraq's generating capacity apparently was resolved this quarter. In December 2008, the MOE entered into agreements with GE and Siemens under which these two companies would provide 72 combustion turbines, as well as related equipment and services, that would add more than 10,000 MW of nameplate generating capacity to the national grid.[266]

In its spring 2009 legislative session, however, the CoR did not approve the sale of treasury bonds to pay for this expansion. In August, after Prime Minister al-Maliki called attention to the delay, the Central Bank of Iraq agreed to allow banks to lend to the Ministry of Finance from their reserve requirements to finance the expansion.[267] According to U.S. Embassy-Baghdad, the Treasury Attaché's office monitored the situation and encouraged the GOI to fund the most recent payment to GE, and payments are current as of September 30, 2009.[268]

According to the MOE, these new turbines will be installed at 20 locations in Iraq (Figure 2.26). Every province, except for those in the Kurdistan Region, will get at least one new power plant.[269] Construction is expected to begin in late 2010 or early 2011, with the new capacity coming on line two to six years later.[270] To move this project forward, the MOE held a conference in Erbil on October 1, 2009, with interested engineering and construction firms.[271]

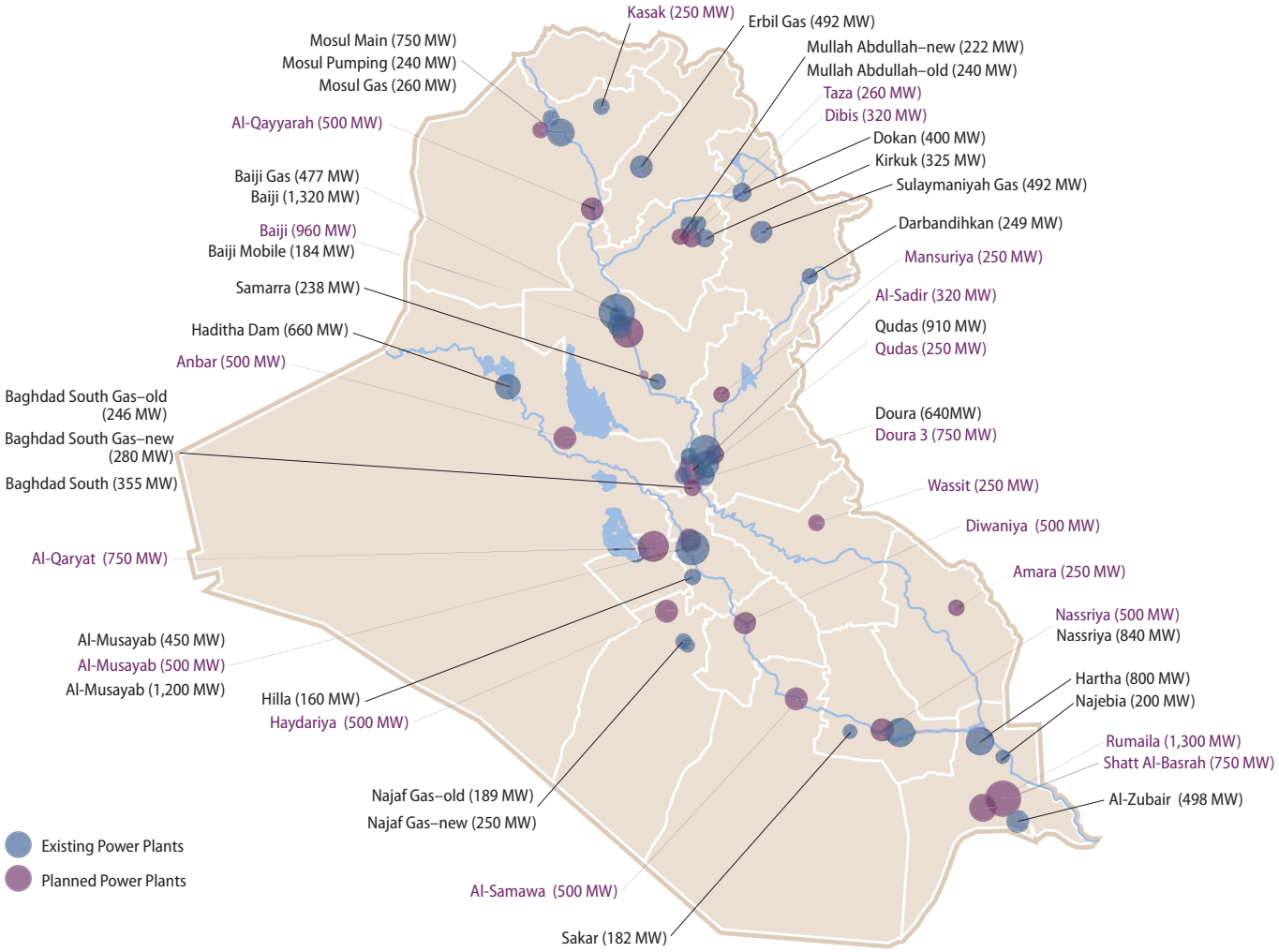
The 10,000 MW of planned new capacity is almost five times the amount added over the past two years and would increase the country's current nameplate generation capacity by about two-thirds.[272] As SIGIR has previously reported, substantial increases in generation capacity will need to be accompanied by upgrades to Iraq's transmission and distribution systems; otherwise, these systems will not be able to handle the increased loads.[273] The Embassy is not aware of any contracts in place to facilitate the installation of the equipment or for the upgrades necessary to the national grid.[274] Furthermore, the availability of adequate and optimal fuel supplies will determine how well these new plants can perform. New combustion turbine plants fueled by natural gas, such as the plants in Erbil and Sulaymaniyah, have been operating twice as productively as the average power plant in Iraq—76% of nameplate capacity versus 38%.[275]

As the MOE prepares to launch its ambitious capacity-expansion project, it continues to make incremental additions to electricity supplies with other, smaller-scale projects. For example, production from two floating power plants—one located in Khor al-Zubair, the other near the port of Umm Qasr—may come on line by the end of 2009. These power ships are being provided by Kartet, a Turkish company. They will have a combined capacity of 250 MW and will burn heavy fuel oil to generate electricity.[276]

FIGURE 2.26

EXISTING AND PLANNED POWER PLANTS IN IRAQ

Current Nameplate Capacity: 15,300 MW
Projected (2016 or later) Nameplate Capacity: 25,300 MW



Note: Map includes only plants with nameplate capacity greater than 150 MW. Planned power plants include only those that are part of the MOE's integrated plan to build new combustion-turbine generating units.

Sources: ITAO/ESD, *Electric Daily Performance Reports*, 7/1/2009–9/30/2009; MOE, General Directorate for Gas Power Plants Projects, http://www.gppproject.com, accessed 9/14/2009.

Renewable Energy Resources

Hydropower remains the only significant renewable resource used for electricity generation in Iraq, though its contribution is still suppressed by the effects of the drought and decreased water flows in the Tigris and Euphrates rivers. Hydroelectric production this quarter was 9% below what it was last quarter and 43% below what it was in the same quarter two years ago.[277]

Solar energy continues to be used in niche applications:

- This summer, the Ministry of Industry and Minerals signed a contract with a European firm to supply solar panels, each capable of generating 250 watts of electricity.[278]
- Working with MNSTC-I, GRD is overseeing construction of a system designed to use both solar and wind energy to supply drinking water and electricity to a remote border security checkpoint southeast of Baghdad.[279]
- This quarter in the Ghazaliyah district of Baghdad, the 2nd Heavy Brigade Combat Team completed installation of a system that enables the New Iraqi Clinic to operate solely on solar power. When it was dependent on the national grid for electricity, the clinic reportedly received only about two hours of power each day. The brigade also is working on a solar-powered courthouse in Abu Ghraib.[280]
- In July, GRD completed the second phase (valued at $2 million) of a CERP project to install solar-powered streetlights in Falluja, and it expects to complete the third phase (valued at $3 million) in June 2010. [281]

Ongoing U.S. Projects

As of September 30, 2009, GRD had 19 ongoing electricity projects with a total value of almost $180 million. More than three-fourths of those expenditures are for transmission and distribution projects. The largest project, construction of the Farabi and Jamila 132-kV substations in Sadr City, is expected to be completed in November 2009 at a total cost of almost $50 million. GRD also reports that it is close to completing construction of the Ramadi 132-kV substation ($30 million) and rehabilitation of the 132-kV substation in Falluja ($17 million). Only one large generation project remains: the $28 million project to provide parts for the Qudas power plant and hot gas path inspections at the Baghdad South power plant.[282]

Water

The availability of potable water in Iraq is a pressing humanitarian need as the recent drought has created problems in all areas of water use. This quarter, the UN Educational, Scientific, and Cultural Organization (UNESCO) reported that, since 2005, more than 100,000 people in northern Iraq have fled their homes as a result of a major decline of water flow in karez (underground aqueduct) systems. These systems have supplied Iraqis with water for hundreds of years, but 70% of them are now dried up due to drought and the overexploitation of groundwater. By August 2009, 116 of 683 karez systems were still supplying water.[283]

As of September 30, 2009, the United States had allocated approximately $2.74 billion, obligated $2.63 billion, and expended $2.47 billion for water projects in Iraq.[284] GRD reported the completion of 697 water supply, water treatment, and irrigation projects (37 projects remain ongoing) in addition to 188 wastewater treatment, sewage collection, and solid-waste projects (13 projects remain ongoing).[285] According to ITAO, the current design capacity of U.S.-funded water treatment and distribution facilities is 2.4 million cubic meters, serving 8.3 million people, and the current design capacity of U.S.-funded wastewater treatment and collection facilities is 1.2 million cubic meters, serving 5.3 million people.[286] For a list of U.S.-funded water projects completed this quarter and major, ongoing U.S.-funded water projects, see Table 2.14 and Table 2.15.

In response to the water shortage, the GOI has taken an increasingly aggressive posture

TABLE 2.14
GRD WATER PROJECTS COMPLETED THIS QUARTER

PROJECT NAME	PROVINCE	DATE COMPLETED	PROGRAM	COST ($ Millions)
Wassit Compact Water Treatment Unit	Wassit	8/24/2009	ESF	1.00
Fadhilyah Water Compact Unit	Thi-Qar	8/2/2009	IRRF	0.80
Rania Water Project	Sulaymaniyah	7/30/2009	ESF	2.41
Al Mussayib Water Treatment Plant	Babylon	9/19/2009	CERP	1.32
Abu Newas Water Treatment Plant	Baghdad	8/25/2009	IRRF	0.40
PRDC Athreban Water Project	Tameem	8/8/2009	ESF	1.00
Water Project - Sadr City 7 Sectors	Baghdad	7/7/2009	IRRF	3.02
Al Jehad 200m3/hr Water Compact Unit	Basrah	8/24/2009	ESF	1.15
CD-ITAO – Task 9 – World Bank Logistical Support	Baghdad	9/30/2009	ESF	0.15

Note: Numbers affected by rounding.

Source: GRD, responses to SIGIR data call, 10/2/2009 and 10/15/2009; GRD, www.grd.usace.army.mil/news/releases/NR09-09-03.pdf, accessed 10/15/2009.

TABLE 2.15
MAJOR ONGOING GRD WATER PROJECTS

PROJECT NAME	PROVINCE	FORECAST DATE OF COMPLETION	PROGRAM	COST ($ Millions)	% COMPLETE AS OF 10/2/2009
GRANT Eastern Euphrates Drain	Muthanna	11/1/2009	IRRF	38.62	73%
Fallujah Sewer System	Anbar	12/31/2009	IRRF	31.10	89%
GRANT Meshkab Water Supply Project	Najaf	3/31/2010	IRRF	23.48	65%
Al Kibla Sewer and Storm Network	Basrah	9/23/2010	ESF	12.40	0%
Establish Sanitation Network – Alabbas	Basrah	7/1/2010	ESF	12.04	9%
Fallujah Sewer Pump Station F1 and F2	Anbar	12/31/2009	CERP	11.13	87%
Garma Water Reverse Feeding	Basrah	1/28/2010	ESF	10.87	92%

Note: Numbers affected by rounding.

Source: GRD, responses to SIGIR data call, 10/2/2009 and 10/15/2009.

to secure access to riparian sources beyond its borders. On September 3, 2009, the Minister of Water Resources (MoWR) led an Iraqi delegation that met with the governments of Syria and Turkey. Participants focused on the issues of shared water and water conditions, the recent drought, and the fluctuations of the Euphrates River at a time when below-average flows in both the Tigris and Euphrates rivers and 40% below-average rainfall have caused shortages.[287] The GOI delegation expressed frustration over a Turkish refusal to increase water flows to address Iraq's need. Turkey's Energy Minister countered Iraqi pressure by maintaining that Turkey is also dealing with a drought and that, as a humanitarian gesture, it has been releasing more water than is customary.[288]

Among other actions to address the effects of the drought, the MoWR has undertaken a campaign to plant 60,000 shrub and tree seedlings near dams and lakes throughout Iraq to conserve soil moisture.[289]

Construction continues on the Meshkab Water Supply Project. (GRD photo)

Water Treatment

As of October 1, 2009, GRD reported that, through projects funded by the IRRF, it has increased Iraq's water treatment capacity by one million cubic meters per day, serving more than five million people. Efforts to provide an additional 100,000 cubic meters of water treatment capacity are still ongoing.[290] For example, GRD reported that work on the $10.1 million, ESF-funded **Garma Water Reverse Feeding Facility** in Basrah, due for completion on January 28, 2010, is currently 92% complete and is expected to provide potable water for up to 220,000 people.[291]

On August 24, 2009, a $1 million, ESF-funded water treatment plant was officially opened in Wassit province. The plant was the result of a joint effort undertaken by GRD and the local government; GRD expects it will serve 35,000 residents.[292] This quarter, GRD also reported that, in partnership with the GOI, work is ongoing on the **Karkh Water Treatment Plant**—an $8.3 million project to rebuild the plant's electrical backup-generator system, which was damaged in a 2005 insurgent attack. Repairs to the twin Rolls-Royce jet turbines are complete, but testing remains ongoing. According to GRD, the project is expected to allow the plant to continue to produce water for 40% of Baghdad residents during outages of the main electrical service. It is expected to be completed on November 30, 2009.[293]

In Madain, a remote region on the outskirts of eastern Baghdad, the U.S. Army set up a solar-powered system for filtering water and taught local residents how to operate it. These small filtration systems can purify about 6,000 gallons of water per day,[294] and the U.S. Army intends to provide more of these systems to residents in the greater Baghdad area.[295]

Wastewater Treatment

GRD reported that the $23.5 million, IRRF-funded **Meshkab Water Supply Project** in Najaf province, which began on January 24, 2007, is 65% complete and is expected to enhance the ability to collect grey and sewage water from the surrounding area for treatment and subsequent return to the river.[296] This grant project with the GOI's Ministry of Municipalities and Public Works is expected to be completed by the end of March 2010.[297]

Transportation and Communications

As of September 30, 2009, the United States has allocated $1.15 billion, obligated $1.09 billion, and expended $0.99 billion to improve Iraq's transportation and communications systems.[298]

Ports

As of October 1, 2009, GRD had completed eight port projects in Iraq, including work on the GOI-funded **Umm Qasr Pier and Seawall Project**.[299] The United States also continues to support Iraqi port operations by providing security at key terminals. The U.S. Navy and Coast Guard are still charged with the protection of the **Al Basrah Oil Terminal (ABOT)**. Although not a traditional port (ABOT is located about 30 miles off Iraq's coast in the Persian Gulf), it serves as Iraq's main terminal for shipping oil exports.[300]

In addition to U.S. efforts, this quarter the Ministry of Transportation (MOT) opened the first

stage of berth construction at Abu-Floos Port as part of the MOT's **Investment Plan Projects**.[301]

Roads and Bridges

As of October 1, 2009, GRD had completed 274 expressway and village road projects, and 33 remain ongoing.[302] GRD reported highlights of three projects completed in mid-August:

- Funded by $360,000 from the ESF, the **Al Khdir Pedestrian Bridge** provides a crossing over the Euphrates River for the 50,000 habitants of the city of al-Khdir, in Muthanna province.[303]
- A $3.4 million ESF project to construct four new lanes of highway was completed in Baghdad's Hilla business district.[304]
- A $1.1 million ESF project to widen the **al-Hindia Jadawal al-Gharby Road** was completed in Babylon province.[305]

Railroads

There are 2,400 km (approximately 1,500 miles) of open rail lines in Iraq. This quarter, U.S. Embassy-Baghdad's Office of the Transportation Attaché (OTA) reported improvements to the Umm Qasr to Mosul line and the al-Kashat to Tikrit line. In addition, approximately 2,500 passengers currently travel on the Baghdad to Basrah line each week.[306] As of October 1, 2009, GRD had completed 112 railroad renovation projects.[307]

Aviation

A major milestone in Iraq's aviation sector occurred this quarter when the Iraqi Civil Aviation Authority (ICAA) took control of some civil aviation operations on August 25, 2009. Prior to the turnover, DoD's Regional Air Movement Control Center (RAMCC) had been coordinating the movements of all civilian aircraft in the Baghdad region—more than 400 daily flights—as well as assisting the ICAA in developing and normalizing its civilian aviation capacity.[308] After the turnover, the ICAA's eight certified air traffic controllers, with the assistance of U.S.-based Washington Consulting Group (WCG), began controlling the airspace above 24,000 feet. According to MNF-I, the ICAA is not yet ready to take full control of civil aviation operations.[309]

OTA reports that Iraq has not provided sufficient funding to maintain and upgrade its air traffic control (ATC) infrastructure. The hiring of an additional 75 controllers is in progress, but is still more than a year behind schedule. The ICAA received $17 million in special Iraqi funding for several critical contracts. The $9 million WCG contract extension covers ATC training and provides the number of trained controllers required to control airspace above 24,000 feet over the next year. DoS agreed to continue funding life support for this contract, and the GOI agreed to cover salaries and transportation. The remaining $8 million is for five separate contracts, all currently in final negotiations, to support various aspects of the aviation system. MNF-I reported that the ICAA was expected to sign three contracts with Boeing-owned Jeppesen on October 15, 2009, and that bids for the remaining contracts are under review. The ICAA is not currently compliant with International Civil Aviation Organization standards. MNF-I reports that compliance will require a commitment to significant increases in funding and the hiring of new employees over several years.[310]

OTA is working with the ICAA to develop a national traffic-counting requirement for all towers and radar-control facilities, thus allowing Iraqi aviation officials to better understand the current state of aviation in Iraq.[311] Currently, air carriers desiring to operate in or over Iraq are required to inform and gain the approval of the ICAA.[312]

Following a bilateral agreement between Iraq and the UK, British airline BMI expressed interest in commencing flights to Iraq, though the UK government currently does not permit British air carriers to fly to Iraq—a situation that is unlikely to soon change. However, Iraqi Airways may commence flights to the UK in the near future.

5 years ago this quarter

Iraqi Airways Resumes Flights after 14 Years

On August 23, 2004, Iraqi Airways made its first test flight from Amman, Jordan, to Baghdad since UN sanctions had grounded the air carrier in 1990. Today, Iraqi Airways operates several aircraft with flights to destinations in the Middle East and Europe.

An engineless Iraqi Airways jet parked at Baghdad International Airport in 2003. (DoD photo)

Iraqi Airways jet taxis at Baghdad International Airport in 2008. (DoD photo)

For security reasons, direct flights from Baghdad will not be permitted, and maintenance issues will likely require Iraqi Airways to lease other aircraft. For example, passengers en route to the UK might deplane in Istanbul, be rescreened for security, and continue on to the UK via Turkish Airlines. This is a costly option, but it demonstrates progress in rebuilding Iraqi Airways' services.[313]

As of October 1, 2009, GRD had completed 27 aviation projects aimed at improving the overall function of 5 airports in Iraq.[314] The ICAA website lists 23 airports currently operating in Iraq.[315]

Telecommunications

The chair of the CoR's Services Committee has indicated that a draft telecommunications law would support the Communications Media Commission (CMC) that Prime Minister al-Maliki recently staffed with the appointment of commissioners. The CMC, an independent regulatory body, has recently been given a draft of the telecommunications law for review. In light of upcoming national elections, however, it is unlikely that any progress will be made on telecommunications-related legislation until after the January 2010 elections. Iraq's Ministry of Communication (MOC) is also continuing efforts to create a new state-owned mobile company that would compete with privately owned providers already in the market—a plan opposed by the U.S. government. Nevertheless, the U.S. Embassy-Baghdad reports that the MOC continues to actively participate in the Strategic Framework Agreement process, which provides U.S. and GOI officials opportunities to collaborate on a wide range of economic, social and political issues.[316]

The contract for the $18.3 million, IRRF-funded al-Mamoon Exchange and Telecommunications Center in Baghdad was re-awarded on July 31, 2009. Originally started in 2006, the initial contract was terminated for lack of progress. This project, which GRD estimates at 50% complete, is expected to provide the MOC with a state-of-the-art business center to meet MOC's vision for a national communications complex. The planned completion date for this project is August 15, 2010.[317]

Phone and Internet Service

Mobile phones remain the primary vehicle for Iraqi access to telecommunications. The U.S. Embassy

reports that there are nearly 19.5 million mobile telephone subscribers, approximately 1.25 million landline users, and approximately 1.5 million Internet subscribers.[318] For a breakdown of the main mobile phone service providers in Iraq, see Table 2.16. ◆

Table 2.16
Main Mobile Phone Service Providers in Iraq

Company Name	Number of Subscribers (millions)
Zain (formerly Iraqna)	10.2
Asia Cell	7.1
Korek	2.0

Note: Numbers affected by rounding.

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 10/4/2009.

GOVERNANCE

The United States fully understands—recognizes, and supports—the notion that there's a sovereign Iraqi government. But we stand ready to use our good offices to support Iraqi national unity. Above all, the United States remains committed to a long-term, bilateral relationship with a united Iraq.[319]

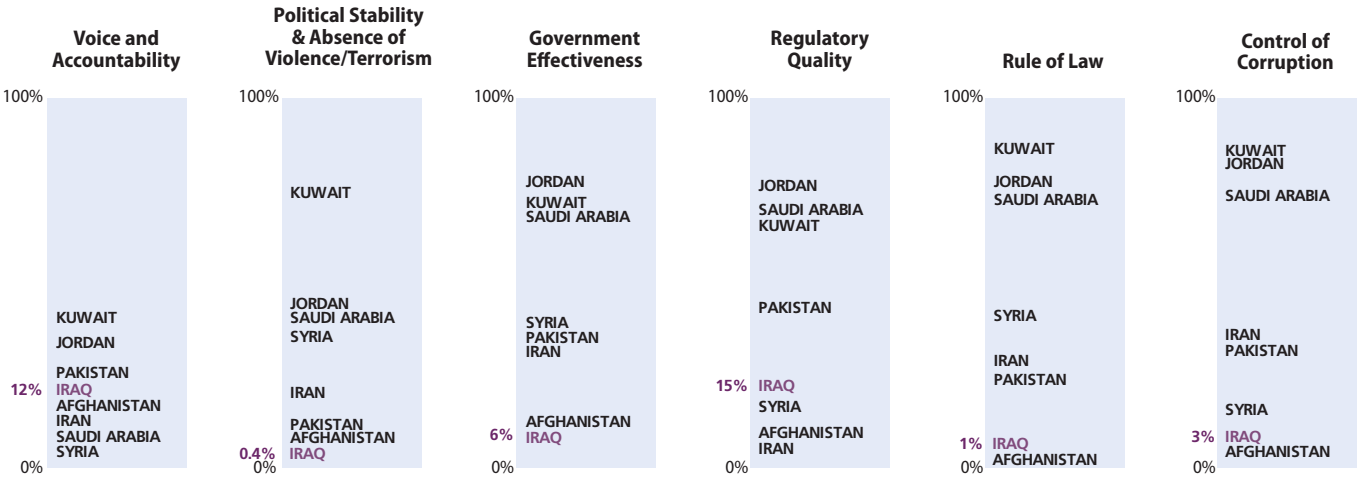
—Vice President Joseph Biden, Erbil, Iraq, September 17, 2009

Iraq continues to rank toward the bottom of World Bank and Brookings Institution compilations of governance indicators (see Figure 2.27). According to these indicators, Iraq faces significant challenges in addressing the issues of political stability, rule of law, and control of corruption.

U.S. assistance in the area of governance encompasses elections, anticorruption, human rights, health care, education, capacity development, legislation, and programs to support refugees and internally displaced persons (IDPs). Since 2003, the United States has allocated approximately $7.28 billion, obligated $7.06 billion, and expended $6.04 billion for governance activities in Iraq.[320] For the status of these funds, see Figure 2.28.

This quarter, the governance programs that saw the most activity were funded by the ESF. The National Capacity Development program, which seeks to build capacity of key Iraqi ministries, develop management skills, and institutionalize training activities,[321] had $45 million in new obligations and $33 million in new expenditures.[322] The Community Action Program, which fosters citizen involvement at the grassroots level,[323] had $46 million in new obligations and $32 million in new expenditures.[324] Other programs with significant quarterly obligations and expenditures include Ministerial Capacity Development, PRT/PRDC Projects, and the PRT Quick Response Fund.[325] For an overview of quarterly obligations and

FIGURE 2.27
GOVERNANCE INDICATORS
Percentile of Countries



Voice and Accountability—the extent to which citizens are able to participate in selecting their government, freedom of expression and association, and free media
Political Stability and Absence of Violence/Terrorism—the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means
Government Effectiveness—the quality of public services, quality of the civil service and its independence from political pressures, and quality of policy formulation and implementation
Regulatory Quality—the ability of the government to formulate and implement sound policies and regulations that permit and promote private-sector development
Rule of Law—the extent to which agents have confidence in and abide by the rules of society, and in particular, the quality of contract enforcement, property rights, the police, and the courts
Control of Corruption—the extent to which public power is exercised for private gain, including both petty and grand forms of corruption

Note: The aggregate governance indicators reflect a statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen, and expert survey respondents. Countries are ranked relative to each other, but relative positions are subject to margins of error.

Sources: Worldwide Governance Indicators Project, "Aggregate Governance Indicators 1996–2008," 6/2009, http://info.worldbank.org/governance/wgi/pdf/wgidataset.xls, accessed 10/19/2009; Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, "Governance Matters VIII: Governance Indicators for 1996–2008," World Bank Policy Research, 6/2009, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1424591, accessed 10/19/2009; CIA, *World Factbook*, www.cia.gov, accessed 10/14/2009; World Health Organization, *Country Profiles*, www.emro.who.int, accessed 10/13/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009.

expenditures for governance sectors and selected programs, see Table 2.17.

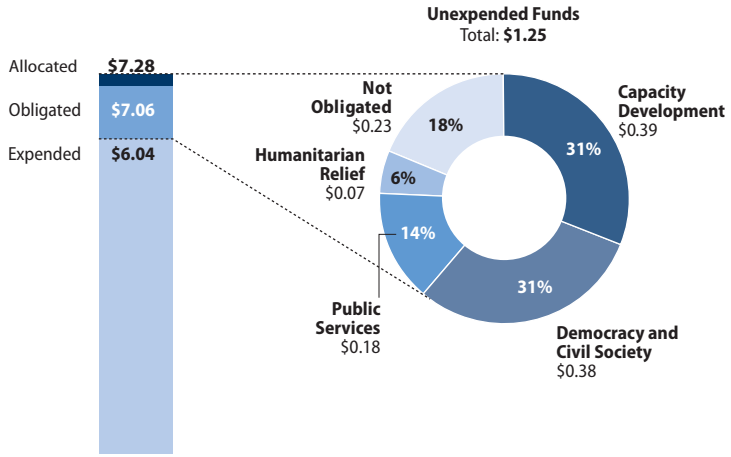
Anticorruption

Corruption remains a very serious problem in Iraq, and GOI efforts to address corruption issues are ongoing, but are not yet sufficiently effective. Draft legislation to strengthen Iraq's anticorruption institutions and a proposed comprehensive anticorruption law are still awaiting CoR approval. A GOI campaign that began in June 2009 is starting to address the critical issue of bribery in government.[326]

Recent efforts to hold senior GOI officials accountable for corruption may indicate a growing GOI commitment to the issue. In September 2009, Iraq's Higher Judicial Council (HJC) announced that it had received 445 corruption-related cases to date in 2009. On September 2, 2009, the Commission on Integrity (COI) announced the arrest of Deputy Transportation Minister Adnan al-Ubaidi on bribery charges. Al-Ubaidi was arrested and is awaiting trial after receiving part of a $500,000 bribe that he had demanded for extending a private security contract for services at the Baghdad International Airport. COI officials indicated that capacity-building assistance provided by the United States made the arrest possible. Also awaiting trial is former Trade Minister Abdul Falah al-Sudani, who was arrested in May 2009 after resigning amid allegations of corruption. Judicial authorities indicate that he will be tried in Baghdad, while other senior Trade Ministry officials arrested on corruption charges will be tried separately in Muthanna province, where the case originated.[327]

There are growing reports of anticorruption activities being carried out by provincial authorities, including the September 2009 conviction and imprisonment of four officials in Kerbala province for embezzlement of provincial funds. In July 2009, the KRG unveiled a strategy for good governance and transparency based on an assessment commissioned from U.S. accounting and consulting firm PricewaterhouseCoopers.[328]

FIGURE 2.28
GOVERNANCE: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. Unexpended funds include expired appropriations. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS; therefore, totals may not match top-line values found in the Funding Sources subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society and Iraqi Refugees (Jordan) sectors; values for these sectors are carried over from the previous quarter.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 10/12/2009; NEA-I, response to SIGIR data call, 10/7/2009; U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 4/13/2009.

UNCAC Compliance

The U.S. Embassy's Anti-Corruption Coordination Office (ACCO) continues to support anticorruption initiatives aimed at improving Iraqi capacity and transparency at both national and sub-national levels. In September 2009, senior anticorruption officials, assisted by UN experts under a U.S.-funded project, met to finalize the GOI's new anticorruption strategy for achieving compliance with the United Nations Convention Against Corruption (UNCAC). The new strategy, which replaces the 18-point plan issued by the GOI in January 2008, is expected to be released in October and

2 years ago this quarter

Judge Radhi Leaves Iraq

On August 23, 2007, Judge Radhi al-Radhi, head of one of Iraq's main anticorruption agencies, the Commission on Public Integrity, left Iraq because of increasing threats on his and his family's lives. He was granted asylum in the United States.

TABLE 2.17

QUARTERLY OBLIGATIONS AND EXPENDITURES FOR GOVERNANCE SECTORS, WITH SELECTED PROGRAMS

$ Millions

Governance Sector	Program	Status of Funds		Quarterly Changes
Capacity Development	National Capacity Development (ESF)	Obligated	309	45
		Expended	223	33
	Ministerial Capacity Development (ESF)	Obligated	86	49
		Expended	58	30
	PRT/PRDC Projects (ESF)	Obligated	477	9
		Expended	353	29
	PRT Quick Response Fund (ESF)	Obligated	201	5
		Expended	132	25
	Community Stabilization Program (ESF)	Obligated	646	0
		Expended	615	19
	Planning and Design – PRDC (ESF)	Obligated	12	12
		Expended	12	12
	Other Capacity Development	Obligated	559	1
		Expended	512	1
Democracy and Civil Society	Community Action Program (ESF)	Obligated	311	46
		Expended	193	32
	Local Governance Program (ESF)	Obligated	411	55
		Expended	271	13
	Other Democracy and Civil Society	Obligated	1,320	0
		Expended	1,194	0
Humanitarian Relief		Obligated	819	4
		Expended	747	0
Public Services		Obligated	1,906	11
		Expended	1,728	5

Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS; therefore, totals may not match top-line values found in the Funding Sources subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society and Iraqi Refugees (Jordan) sectors; values for these sectors are carried over from the previous quarter.

Sources: DoS, response to SIGIR data call, 4/5/2007; IRMS, *MNC-I Quarterly Report*, 10/12/2009; NEA-I, response to SIGIR data call, 10/7/2009; U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 4/13/2009; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 7/2009.

to mark a step forward in anticorruption efforts.[329] The GOI plan had not, however, been released by the time this report was published.

Other U.S. Anticorruption Initiatives

ACCO coordinates with USAID, DoD, and U.S. Embassy offices on anticorruption projects and activities and is monitoring approximately 30 activities, including USAID/Tatweer programs to train OIGs, DoJ training programs at the COI, and DoD mentoring of inspectors general at the Ministries of Defense and Interior.[330] For the status of ongoing U.S.-funded anticorruption programs, see Table 2.18.

TABLE 2.18
ONGOING U.S.-FUNDED ANTICORRUPTION PROGRAMS

PROGRAM	PROJECT COST ($ MILLIONS)	U.S. AGENCIES	DESCRIPTION
Provincial Accountability and Governance Program	2.36	ACCO	Program to strengthen local governments' anticorruption capacity and instill a culture of transparency, accountability, and good governance.
UNDP/UNODC Anticorruption Work Plan	8.00	ACCO	Promotes achieving compliance with UNCAC requirements.
University of Utah Anticorruption Program	2.00	Embassy/ACCO	Assists COI and CoR in reforming Iraq's existing legal framework.
Commission on Integrity Program	15.17	DOJ/ICITAP/ACCO	Promotes capacity building of AC bodies.
Anticorruption Outreach	0.65	Embassy/ACCO	Conduct a multi-pronged public diplomacy effort and assist the GOI in developing public outreach programs.

Source: U.S. Embassy-Baghdad, ACCO, response to SIGIR data call, 10/7/2009.

Elections Overview

Iraq's Independent High Electoral Commission (IHEC) is currently preparing for the CoR elections expected in early 2010, ramping up voter-awareness efforts and deploying mobile registration units to reach remote areas and IDPs.[331] However, on October 11, 2009, the Special Representative of the UN Secretary-General for Iraq (SRSG) expressed concern that, with elections fast approaching, the CoR has yet to clarify the elections' legal framework in an Election Law.[332] As of September 20, 2009, the UN reports that 296 political entities had been certified by the IHEC to run in the upcoming election, including 250 groups and 46 individuals; 166 are new and 130 were recertified.[333]

DoS Bureau of Democracy, Human Rights, and Labor Support for Elections

As of September 30, 2009, the DoS Bureau of Democracy, Human Rights, and Labor (DRL) has obligated approximately $59.4 million for provincial, KRG, and national election assistance in Iraq. DRL expects to obligate an additional $11.8 million from the FY 2009 Supplemental in support of the January 2010 elections. Recent and ongoing DRL-funded initiatives conducted by its partners include the following:[334]

- **The National Democratic Institute** (NDI) partnered with an Iraqi organization to conduct vote tabulation assistance for the KRG's July 2009 presidential and parliamentary elections. NDI is currently training members of political entities on negotiation strategies for entering a coalition in advance of the January 2010 elections.
- **The International Republican Institute** (IRI) provided pre-election training for both major parties and emerging entities committed to democratic development in competing for seats at the municipal, district, and national levels, while also working with civil society organizations to conduct grassroots and broadcast media voter education, including for the voter registration update.
- **The International Research and Exchanges Board (IREX)** conducted workshops throughout the provinces on election reporting, verifying campaign promises, examining party statements, learning the rules and procedures of the IHEC, and supporting broadcast elections programming on the television and radio on the KRG elections.
- **The Institute for War and Peace Reporting (IWPR)** trained 75 reporters on elections coverage in preparation for the KRG elections and continued to provide on-the-job training for 40 reporters, editors, and photojournalists.

- **American University (AU)** continued to provide basic voter education in Ninewa, Salah Al-Din, and Anbar provinces, with a specific focus on women, IDPs, and illiterate voters.

USAID Support for Elections

USAID has obligated approximately $103 million for its existing electoral support program, which is implemented by the International Foundation for Electoral Systems (IFES). Of this amount, USAID estimates that approximately $42 million will be expended in 2010. IFES is developing information and communication systems for tallying election results and updating voter registration records.[335] USAID's Elections Support Program has assisted the IHEC in administering four major electoral events since 2004.[336]

In preparation for the January 2010 elections, USAID and IFES have been working to respond to training, supply, and equipment needs outlined in a needs assessment of the IHEC's provincial level offices, referred to as Governorate Electoral Offices (GEOs). USAID's electoral support program will be conducting electoral administration training for IHEC and GEO staff, supporting the continued development of the public outreach office, IT department, and Data Entry Center. In the post-election period, USAID will continue to provide institutional and capacity-building support to the IHEC.[337]

UN Support for Elections

On August 7, 2009, the UN Security Council adopted Resolution 1883 to extend for another year the mandate of the UN Assistance Mission for Iraq (UNAMI).[338] UNAMI continues to provide the IHEC with electoral experts who help manage the electoral process. According to the SRSG, more than 250,000 Iraqis had visited the 1,082 voter registration centers in Iraq as of September 5, 2009. This year, on average, around 4,750 forms for additions, deletions, and changes to the Voter List are being issued per day, compared with 2,500 forms last year. The IHEC is continuing to distribute 18 million voter information cards to registered Iraqis.[339]

KRG Presidential and Parliamentary Election

The KRG is the governing body of the autonomous Kurdistan Region in northern Iraq. Encompassing an area larger than 15,000 square miles, the Kurdistan Region has a president, prime minister, and an elected parliament—the Iraqi Kurdistan Parliament (IKP). On July 25, 2009, more than 1.8 million voters (about 80% of the eligible voters) cast their ballots in the Kurdistan Region's presidential and parliamentary election.[340] Voters in Kurdistan also take part in Iraq's national elections.

Human Rights

The human rights environment in Iraq continues to be an area of concern. Although Iraq's legal framework provides for broad protection of human rights, extrajudicial harassment and violence are rampant. A new USAID initiative for 2010 is currently being designed to improve Iraqi citizens' access to the justice system, especially for vulnerable groups, through widened civil society advocacy, legal assistance activities, and improved legal education. Funding for this initiative currently stands at $24 million from FY 2009 supplemental funds, and further obligations are expected to bring the total obligated amount to $60 million.[341] In addition, following the January 2010 elections, the focus of many DRL-funded programs is expected to shift toward addressing the issues of sectarian reconciliation, providing mediation training, advising political parties on consensus-building issues, and strengthening the capabilities of the Ministry of Human Rights, CoR, judicial system, and media.[342]

GOI Efforts To Address Human Rights Issues

On October 6, 2009, Iraq's Minister of Defense hosted a human rights conference in Baghdad to address human rights and the fair treatment of prisoners. Iraqis, including officials from the Ministry of Human Rights and Ministry of the

Interior, reiterated the GOI's commitment to detainee rights. Iraq's Interior Minister stated that 490 investigations into missing or dead detainees had been initiated.[343]

Persecution and Violence against Homosexuals

In August 2009, the non-profit human rights advocacy group Human Rights Watch (HRW) released a report on the situation facing members of the gay community in Iraq. In the report, HRW describes roving gangs of "death squads" that target men suspected of engaging in homosexual behavior. These groups are suspected of being tied to militias operating in Iraq, notably Muqtada al-Sadr's Mahdi Army. Furthermore, HRW reported that Iraqi authorities have done little to stem violence against homosexuals.[344]

Health Care

The GOI still struggles to meet the health care needs of its people and lacks a widely accepted vision and strategy for implementing a public health care system.[345] According to the World Health Organization (WHO), in 2008 Iraq had 6.1 physicians and 12.6 hospital beds per 10,000 persons.[346] By comparison, in 2007 Saudi Arabia had 21 physicians and 22.1 hospital beds,[347] and Jordan had 26.7 physicians and 18 hospital beds per 10,000 persons.[348]

GRD reported that as of October 1, 2009, 133 Primary Healthcare Centers (PHCs) funded by the IRRF had been turned over to the GOI Ministry of Health (MOH). GRD estimates that these PHCs treat approximately 4.6 million outpatients annually. GRD also reported that it completed 47 hospital renovations, and 6 projects remain ongoing. GRD estimates that these hospitals serve 6.6 million patients each year.[349]

Recently, the U.S. Embassy's Office of the Health Attaché (OHA) has been working with the GOI to determine its level of commitment to the ESF-funded **Missan Surgical Hospital**.[350] Last quarter, SIGIR reported that the hospital project was behind schedule and had construction deficiencies.[351] As of August 2009, OHA, in coordination with GRD and ITAO, reported that progress is being made to resolve construction challenges and medical support and operational issues by Iraq's MOH.[352]

Maternity and Obstetrics Care

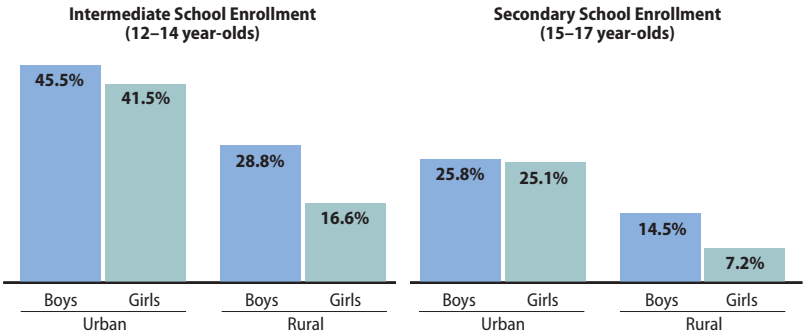
This quarter, GRD completed construction of the ESF-funded **Mussayib Maternity Hospital**. However, the MOH asked to delay the opening ceremony until the hospital has been adequately equipped and staffed. PRT Babylon is working with the MOH on the procurement of equipment.[353] This hospital will be coming online at a critical time. Babylon province is in a baby boom, with the Director General of Health reporting a 300% increase in births since 2003. The facility may be needed to serve as many as 5,000 births and at least 25,000 child well-care visits per year.[354]

In August 2009, the UN Population Fund turned over to the GOI 31 maternity wards as part of the Emergency Obstetric Care Project. The wards will enable 24 hospitals and 7 PHCs to provide services to an estimated 4 million Iraqi women.[355]

H1N1 Influenza

OHA, in collaboration with the MOH, continues to monitor and report disease outbreaks. Current efforts include the pandemic H1N1 influenza. In coordination with Centers for Disease Control and Prevention and Naval Medical Research, training continues to be offered to Iraqi public health technicians from the Ministries of Health and Agriculture. In August 2009, a coordinated training activity was held in Amman, Jordan, for 42 Iraqi public health and veterinarian professionals.[356] Additionally, USAID is currently providing technical assistance to the MOH to increase its capacity to design and implement an effective H1N1 influenza awareness programs. This program is also expected to strengthen the overall capacity of the MOH to respond to any infectious diseases affecting Iraq.[357]

Figure 2.29
Intermediate and Secondary School Enrollment Rates



Source: USAID, response to SIGIR data call,10/3/2009.

In August 2009, UNAMI's Health Sector Outcome Team, working through WHO and Iraq's MOH, responded to the spread of the H1N1 virus by ramping up disease monitoring and health education activities. In the Kurdistan Region, the MOH, supported by UNICEF, has been preparing to air a series of television and radio spots on H1N1 and seasonal influenza preventive measures.[358]

Education

Iraq's population is young and growing rapidly. More than 40% of the population is currently under 15 years of age; and over the next two decades, the youth population in Iraq is expected to grow by almost 3 million, from 5.8 million in 2005 to a projected 8.6 million in 2025. On average, Iraqi women tend to marry and begin childbearing at a young age, giving birth to between four and five children.[359]

Currently, the largest numbers of illiterate young people in the Middle East are found in Iraq, Yemen, and Egypt; girls represent more than two-thirds of that group. Iraq's education system, once regarded as the best in the Middle East, has been in gradual decline since the mid-1980s. Thus, the current older population in Iraq has had more education than the younger generation. According to 2007–2008 data from Iraq's Central Organization for Statistics and Information Technology, primary school enrollment for 6- to 11-year-olds was 84.8%, with the lowest rate for rural girls at 70.1%; however, enrollment rates markedly decline at the intermediate and secondary school levels (See Figure 2.29). [360]

The DoS Bureau of Educational and Cultural Affairs (ECA) supports education, democracy, civil society, and cultural heritage activities in Iraq through educational and cultural exchanges. Approximately $12.47 million was allocated for ECA programs in Iraq in FY 2009. The majority of funds supported cultural grants, including high school and undergraduate leadership programs ($3.0 million) and educational advising ($1.25 million). More than $3.39 million supports English language teaching. Since 2003, approximately 170 Iraqis have been awarded Fulbright Student scholarships, including 29 in FY 2009, to allow for completion of a Masters Degree in the United States. Students are expected to return to Iraq to share new knowledge and expertise with colleagues; however, ECA is concerned that participants may try to avoid returning to Iraq following program completion. Other educational exchange programs support mid-career professional training, and leadership development.[361]

GRD reported that as of October 1, 2009, it has completed 1,130 U.S.-funded school projects throughout Iraq, and 41 remain ongoing. These projects provide new construction as well as renovation of existing facilities.[362] For a list of U.S.-funded school-construction projects completed this quarter, see Table 2.19.

Legislation

The CoR reconvened on September 8, 2009, for its fall session and is currently considering draft legislation for the January 2010 election cycle. In addition to an Elections Law, the CoR faces a legislative agenda that includes the 2009 supplemental

budget, the CY 2010 budget, investment and hydrocarbon framework laws, and approval of a security agreement with the United Kingdom.[363]

Refugees and IDPs

As of September 23, 2009, 33,565 Iraqis had been resettled in the United States, including 18,135 in FY 2009, surpassing the goal of 17,000 set for the year. The majority of resettled Iraqi refugees have been processed from third countries—mainly Jordan and Syria—with 1,488 having been resettled from the in-country refugee processing program in Baghdad.[364]

The use of different methodologies to track the movement of IDPs and refugees can yield varying and occasionally inconsistent findings. UN High Commission on Refugees (UNHCR) reports that approximately 2.65 million Iraqis remain displaced inside Iraq, and approximately 1.90 million Iraqis are refugees residing outside Iraq, as of January 2009.[365] For the location and number of Iraqi refugees and IDPs, see Figure 2.30.

The plight of Iraqi refugees and IDPs has received increased attention in 2009. On July 23, 2009, American film actress and UNHCR Goodwill Ambassador Angelina Jolie made her third trip to Iraq to highlight the needs of Iraq's IDPs and to appeal for more aid.[366] UNHCR reports that only 48% of its goal of $299 million for Iraq and the region has been funded by donors—a shortfall that may affect future programs.[367]

This quarter, the DoS Bureau of Population, Refuges and Migration (PRM) contributed $73 million to UNHCR's revised appeal for Iraq and the region surrounding Iraq. Of this, $13 million was earmarked for returns and reintegration programming inside Iraq, bringing the total for IDP-related initiatives to $33 million. The remaining $60 million brought PRM's total un-earmarked contribution to $165 million to support refugees in the region and IDPs inside Iraq. PRM also contributed $2 million to the International Organization for Migration (IOM) to assist female-headed

Table 2.19
GRD School-construction Projects Completed this Quarter

Project Name	Location	Date Completed	Fund	Project Cost ($ millions)
Amer Bin Yasir Elementary School	Baghdad	7/13/2009	ESF	1.33
Zaryland Secondary School	Dahuk	7/30/2009	ESF	1.11
Abu Ghraib Kindergarten	Baghdad	7/28/2009	ESF	0.94
Al-Thawab School	Anbar	7/8/2009	ESF	0.63

Source: GRD, response to SIGIR data call, 10/2/2009.

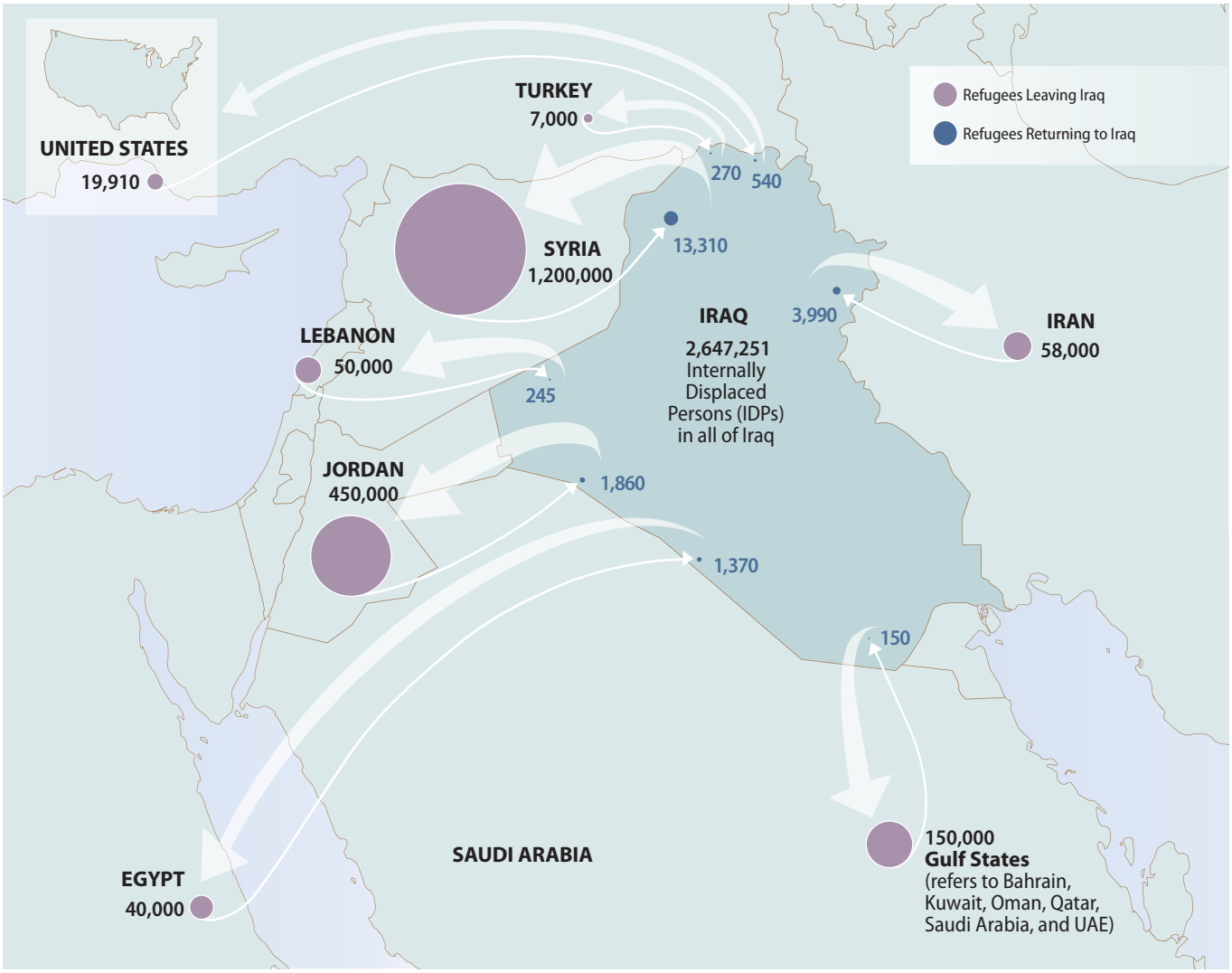
UNHCR Goodwill Ambassador Angelina Jolie at an IDP camp outside of Baghdad in August 2009. (UNHCR photo)

household returnees, building on a previous $10 million contribution for a related program targeting returnees more broadly.[368]

This quarter, UNHCR initiated partnerships for home reconstruction or rehabilitation for 2,000 returnee families in Baghdad, Salah Al-Din, and Diyala provinces, as well as rehabilitation of 100 IDP and refugee shelters in Ninewa's capital of Mosul. UNHCR continued to assist returnees through its six Returns, Integration and Community Centers (RICCs) in Baghdad and is working with partners to open additional RICCs in Mosul and in southern Iraq. UNHCR also collaborated with Iraq's Ministry of Migration and Displacement to provide emergency supplies to 200 families affected by the August 19, 2009, bombings as well as 200 families affected by early August bombings in Ninewa.[369]

On August 14, 2009, President Obama announced the appointment of a new Senior Director for Multilateral Affairs and Human Rights

Figure 2.30
Iraqi Refugees and Internally Displaced Persons in 2009



Note: Excludes refugee statistics for Europe and Australia.

Sources: UNHCR, "Country Operations Profile," www.unhcr.org/pages/49e486426.html, accessed 10/8/2009; USCIS, "Iraqi Refugee Processing Fact Sheet," http://www.uscis.gov/files/article/iraqi_refugee_fs_11feb09.pdf, accessed 10/8/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009.

at the National Security Council to coordinate U.S. efforts to assist Iraqi refugees and IDPs. The new White House official is working with U.S. Embassy-Baghdad to make IDP and refugee issues a more urgent policy matter for the GOI and to provide greater resources for their aid.

U.S.-funded partners, including UNHCR, the International Committee of the Red Cross, IOM, Mercy Corps, the International Medical Corps, the International Rescue Committee, and others provide a wide range of humanitarian, legal, and livelihood assistance to refugees and IDPs.[370] ◆

ECONOMY

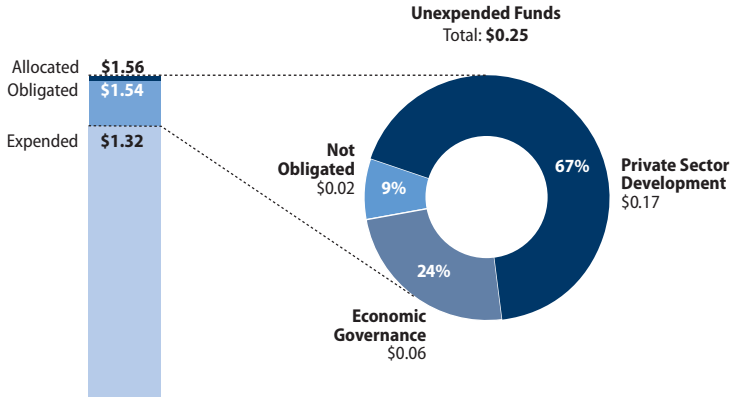
Iraq continues to rely on its oil resources as the country's predominant source of economic growth and government revenue. This quarter, the UN Security Council endorsed a recommendation that Iraq assume greater responsibility for oversight of its oil revenues, which are currently deposited in the Development Fund for Iraq (DFI).[371] This is a step in the direction of eventually transferring oversight of the DFI from the International Advisory and Monitoring Board (IAMB) for Iraq to the GOI's Committee of Financial Experts (COFE)—an economic milestone that would give Iraq full control of its oil revenues for the first time since 2003.[372] Other developments affecting Iraq's economy this quarter included a moderate rise in oil prices, an upturn in food prices, and the reported rescheduling of the second round of bidding on oil service contracts.

As of September 30, 2009, the United States had allocated $1.56 billion, obligated $1.54 billion, and expended $1.32 billion to support Iraq's economic development.[373] The following are among recent examples of U.S. government efforts:

- Employment of Iraqi nationals on U.S.-funded projects (excluding CERP-funded projects) increased slightly this quarter—from 85,960 reported in the week of July 3, 2009, to 86,136 reported for the week of September 26, 2009.[374]
- The United States has made a special effort to support economic empowerment for Iraqi women across a wide spectrum of fields and social classes in every province.[375] For examples, see Section 3 of this Report.

For the status of U.S. funds supporting economic governance and private-sector development, see Figure 2.31.

FIGURE 2.31
ECONOMY: STATUS OF FUNDS
$ Billions



Note: Data not audited. Numbers affected by rounding. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS, and therefore totals may not match top-line values found in the Funding Sources subsection of this Report.

Sources: IRMS, *MNC-I Quarterly Report*, 10/12/2009; NEA, response to SIGIR data call, 10/7/2009; Treasury, response to SIGIR data call, 4/2/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009; USAID, responses to SIGIR data call, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009.

Key Economic Indicators

During the quarter ending September 30, 2009, the Iraqi economy benefited from rising oil prices and a modest increase in oil production and exports. Prices for Kirkuk crude oil reached a high of $73.35 and averaged $68.54 per barrel this quarter.[376] Revenue from Iraqi oil exports totaled $12.01 billion this quarter, up from $8.45 billion posted last quarter.[377] According to the Central Bank of Iraq (CBI), year-to-date oil revenue through September 30, 2009, was $26.3 billion.[378]

The International Monetary Fund (IMF) revised its real gross domestic product (GDP) growth forecast for Iraq from 6.9% to 4.3% in 2009.[379] Overall inflation remained low, but volatile.

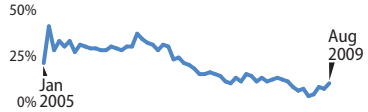
Table 2.20

GDP Inflation and Exchange Rates in Iraq

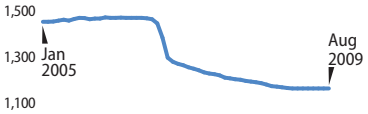
GDP (annual percent change)
The Iraqi economy continued to grow in 2009, but at a slower pace than 2008, when record oil prices spurred growth to an estimated 9.5%. The International Monetary Fund (IMF) revised its real GDP growth forecast for Iraq from 6.9% to 4.3% in 2009.

Overall Inflation
Year-on-year comparison of monthly averages for the overall consumer price index. Through prudent fiscal policies, the Central Bank of Iraq (CBI) has helped drive inflation downward from record high averages of 53% in 2006.

Core Inflation
Year-on-year comparison of monthly averages for the core consumer price index that excludes fuel, electricity, transportation, and communications. Core inflation has fallen for most of the first three quarters of this year, with the exception of volatile food prices.



Exchange Rates
This year, the CBI has held Iraq's exchange rate at approximately 1,170 dinar per dollar. The dinar has appreciated against the U.S. dollar by more than 24% since November 2006, when the CBI began targeting interest rates to control rising inflation.



Sources: IMF, "World Economic Outlook: Sustaining the Recovery," October 2009, Statistical Appendix, p. 175.
Central Bank of Iraq, Key Financial Indicators 9/16/2009, www.cbi.iq, accessed 10/6/2009.

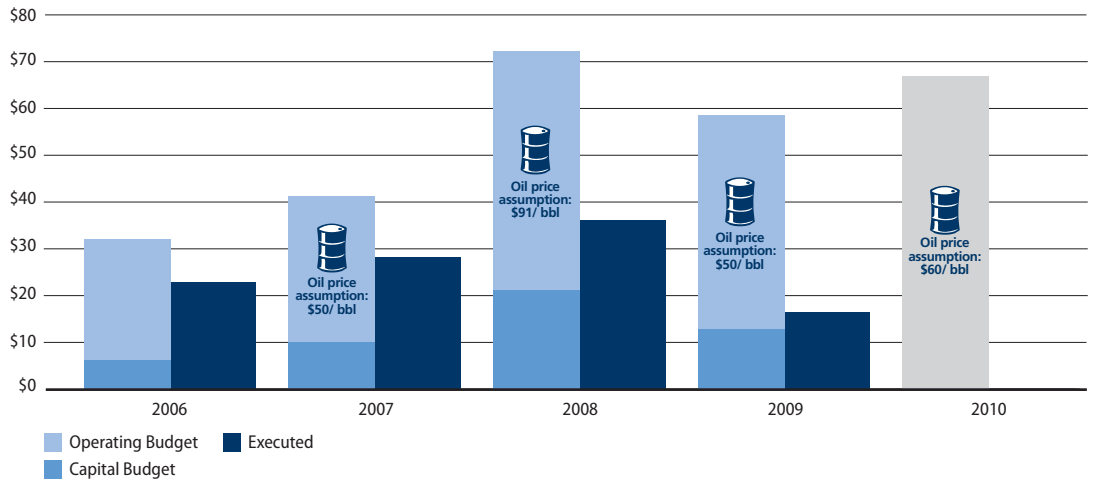
The year-on-year core inflation rate rose from 8.8% in June 2009 to 10.8% in August 2009,[380] driven largely by rising food prices.[381] As core inflation (which excludes volatile food and energy prices) fell during most of the first three quarters of this year, CBI cut interest rates from 14% in January 2009 to 7% in June 2009.[382] The CBI continued to hold Iraq's exchange rate at 1,170 dinar per dollar, after it spurred a large appreciation in the dinar last year.[383] For more on recent trends for key economic indicators in Iraq, see Table 2.20.

Oversight of Iraqi Oil Revenues

On August 24, 2009, the UN Secretary-General issued a report on the DFI, noting IAMB's assessment that COFE is ready to assume oversight of the DFI when IAMB's mandate expires in December 2009.[384] COFE has established a website (www.cofe-iq.net) that includes financial reports and meeting minutes. The UN report, however, detailed ongoing concerns about the lack of transparency and accountability in Iraq's reporting and management of its oil revenues.[385] The UN Security Council must act before the end of this year to continue the IAMB's oversight of the DFI.[386] The immunity of DFI assets from attachment enacted by the UN also expires on December 31, 2009.[387] There is a U.S. Executive Order, however, that extends immunity for Iraqi assets held in the United States until May 2010.[388]

The Secretary-General's report noted that in 2004 the IAMB recommended that the GOI strengthen internal financial controls by installing metering systems in all oil fields, oil terminals,

FIGURE 2.32
GOI BUDGET AND BUDGET EXECUTION, 2006–2010
$ Billions



Note: Budget execution for 2009 includes expenditures through 6/30/2009. The Iraqi Council of Ministers approved the 2010 budget on 10/13/2009, and it must now be reviewed and approved by the Council of Representatives. Oil price is in $USD.

Sources: "GOI Budget" (as approved by TNA and written into law December 2005); U.S. Treasury, responses to SIGIR data call, 1/4/2008, 12/31/2008, 1/6/2009, 1/16/2009, 4/9/2009, and 10/3/2009; IMF, "Country Report No. 03/383," 12/2008, pp. 19, 21; GOI, Cabinet of Ministers, www.cabinet.iq, accessed 10/14/2009.

and oil refineries.[389] Yet, as of December 31, 2008, IAMB external auditors placed the level of oil-metering installations in Iraq at only 33% of total capacity.[390] At a July 2009 IAMB meeting, Iraq's Board of Supreme Audit (BSA) reported on the status of the metering program:[391]

- Only 2 of the 34 meters installed on 21 North Oil Company oil sites were functional and calibrated. A letter from the company dated August 1, 2009, claimed that metering systems will be installed in a majority of sites and tanks recalibrated in the last quarter of 2009.
- The Missan Oil Company had no meters installed on pipelines pumping to export terminals, but the company reported that the process to solicit bids and award contracts for this equipment had been initiated.
- The South Refinery Company did not have meters to measure outputs and inputs between depots, production departments, and beneficiaries, relying instead on radar-metering systems or other mechanisms. The Thi-Qar refinery measures oil quantities using a depth bar, and the Missan refinery, which does not have any meters, has established a committee to determine measurements. The BSA report noted that 59 meters are required for southern refineries, but until recently, there were no letters of credit on record to purchase meters, and only 4 orders were reportedly in progress.

The Iraqi Budget for 2009–2010

The GOI's 2009 budget is $58.6 billion, based on an oil price of $50 per barrel.[392] During the third quarter of 2009, a supplemental to increase the budget by approximately $5 billion was introduced in the CoR.[393] The CoR has had only one reading of the supplemental budget and has not yet approved it.[394] The 2009 GOI budget shortfall is estimated to be as high as $16 billion, which could be offset with

USAID's Inma program purchased six million fingerlings, under a $3 million agreement for the Euphrates fish farm. The growing interest in aquaculture underscores the importance of adequate water resources for Iraqi agriculture. (USAID photo)

accumulated fiscal reserves estimated to be approximately $21 billion as of the end of 2008.[395] According to U.S. Embassy-Baghdad, the GOI had released 50% of total provincial budgets by the end of June 2009, and the provinces had spent approximately 30% of their capital investment budgets.[396] GOI budget expenditures for this quarter are not available, partly because of the August 19, 2009, attacks that severely damaged the Ministry of Finance.[397] Highly skilled professionals from the ministry were injured or killed, and a significant number of paper and electronic files were lost.[398]

On October 13, 2009, Iraq's Council of Ministers (CoM) approved a 2010 budget of approximately $67 billion, based on an oil price of $60 per barrel and exports of 2.15 MBPD, and a deficit of approximately $15.3 billion.[399] The budget now goes to CoR for review, amendment, and approval.

Figure 2.32 provides details on GOI budgets and budget execution from 2006–2010.

Key Economic Sectors

Agriculture

Agriculture, the second largest sector of Iraq's economy, is suffering from the effects of a two-year drought and declines in water flowing into Iraq's rivers from neighboring countries.[400] This year, the situation worsened as Iran continued to divert the paths of the Karun and Karkha rivers for local projects and completely cut the flow from the Karun into Iraq's Shatt al-Arab River.[401] The lower water levels have led to increased salinity that is damaging agriculture and poisoning fish and animals.[402]

Addressing Iraq's use of surface irrigation water could mitigate reduced river flows. Conservative estimates are that much of the land devoted to agriculture is over-irrigated by as much as 25%–50% and that 25% percent of surface water supply is lost in the delivery system.[403]

To address the need for better management of Iraq's water resources, the U.S. Department of Agriculture, the Iraqi Ministry of Agriculture, and several other GOI ministries hosted a National Soil Salinity Conference on July 15–17, 2009. During the conference, senior GOI officials agreed to an outline of GOI actions to address the issue, which the Iraqi Ministry of Agriculture has agreed to as well.[404]

USAID continues to support the four most profitable agricultural sectors in Iraq—perennial fruits, annual vegetables, aquaculture and poultry, and beef and lamb. This support is provided through a $92.5 million Inma agribusiness program that began in May 2007 and ends in August 2010. This quarter, Inma signed 6 feedlot and 3 packing shed grants, trained nearly 100 Iraqi fish farmers in advanced aquaculture techniques, made possible $1.5 million in agricultural micro-finance loans, and held several national agricultural conferences on finance, livestock, and poultry.[405]

Foreign Investment and Privatization

Many challenges remain to foreign investment and privatization in Iraq. As noted in the World Bank's

"Doing Business 2010: Reforming Through Difficult Times," Iraq ranks 153 out of 183 countries in terms of enacting reforms that promote private-sector growth and investment.[406] An example of the unfavorable business climate in Iraq is that while more than 85 firms have filed for investment licenses in Iraq, few have moved to the investment execution phase.[407] Table 2.21 shows Iraq's ranking compared with its neighbors, which places it at the bottom of the region.[408]

In August 2009, the Center for International Private Enterprise released a survey of 120 Iraqi business leaders. It sampled opinions on six groups of Iraqi business laws, identifying some of the major challenges:[409]

- lack of effective legal and regulatory systems
- poor enforcement of private property rights
- administrative corruption that adds 20%–30% to the cost of doing business
- bureaucratic red tape
- difficulty in obtaining basic business necessities, such as international letters of credit

Respondents particularly singled out the Import/Export Law as encouraging corruption because it is ineffective in setting up a framework for fair and competitive trade dealings.[410] To publicize investment opportunities in Iraq, the U.S. Departments of State and Commerce, in collaboration with the U.S. Chamber of Commerce, held a major Iraq-American business conference in Washington, D.C., on October 20–21, 2009.[411] A key accomplishment of the joint U.S.-GOI Trade and Investment Working Group this quarter was securing the participation of hundreds of U.S. and Iraqi government and private-sector leaders to participate in the conference.[412]

Table 2.21

Doing Business 2010: Reforming through Difficult Times

Country	Ranking
Saudi Arabia	13
Kuwait	61
Turkey	73
Jordan	100
Iran	137
Syria	143
Iraq	153

Source: World Bank, "Doing Business 2010: Reforming Through Difficult Times," http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22301788~pagePK:64257043~piPK:437376~theSitePK:4607,00.html, accessed 10/14/2009.

The KRG has taken steps to make the investment climate more attractive, such as passing an investment law that allows 100% foreign ownership of land (except for land containing oil, gas or mineral resources).[413] The KRG also contributes to the cost of basic infrastructure (water, electric, sewerage, public road, telecommunications, etc.) related to foreign investment projects.[414] In contrast, the GOI restricts foreign ownership of land in most of Iraq and requires foreign companies to bear the cost of basic infrastructure when investing in Iraq.[415] U.S. Embassy-Baghdad reports that land-use issues are the most commonly cited reason inhibiting project execution.[416] While the KRG has been more active in addressing the legal obstacles to foreign investment, corruption remains an obstacle to private-sector development in the Kurdistan Region, just as it is in the rest of Iraq.[417] ◆

1 year ago this quarter

Encouraging Private-Sector Development

On July 1–2, 2008, key GOI Ministries, UN agencies, and other economic institutions met for the first time to coordinate economic reform based on diversification and private-sector development.

RECONSTRUCTION BY PROVINCE

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SECTION

3

OVERVIEW OF PROVINCIAL DEVELOPMENT

As Iraqis sought to build on the success of provincial elections last January and regional elections this quarter, U.S.-funded projects in many provinces continued to migrate toward government capacity building and away from large brick-and-mortar construction. On the security front, Provincial Reconstruction Teams (PRTs) coordinated their movements with Iraqi Security Forces (ISF) amid sporadic violence. Several PRTs expressed concern that their movements have become more restricted because of the June 30 redeployment of U.S. troops.

This quarter, the PRTs released a new assessment of the progress that each provincial government is making toward self-reliance, including rankings of progress in five categories—governance, rule of law, political development, economic development, and national unity (formerly called reconciliation)—using a tool called a Capability Maturity Model (CMM). Some metrics and targets are incorporated into the CMM, but the main input is subjective evaluation by the PRTs.[418] The most recent assessment covers the period from March 1 to May 31, 2009. The results of this latest assessment, including a comparison with the previous assessment, are shown in Figure 3.1.

The only province to achieve self-reliant status in any category was Wassit, which went from low developing to high developing in the governance category after firing an underperforming provincial director-general of electricity. Babylon scored well in governance because of increased transparency in decision-making, but scored poorly in political development because the new Provincial Council (PC) chairman did not effectively communicate with the PC. Missan began hiring based on technical competence rather than tribal or party affiliation, earning the province higher scores in political development and governance. The situation improved in Qadissiya in the national unity category after the new governor resolved differences with tribal leaders through peaceful dialogue. Ninewa regressed in the national unity category because of an ongoing boycott of the PC by Kurds. The PRT downgraded Baghdad's rating for individual freedoms, a subcategory of political development in the CMM, because of a "chilling effect on individual expression and behavior" caused by the reappearance of "extremist militia elements."[419]

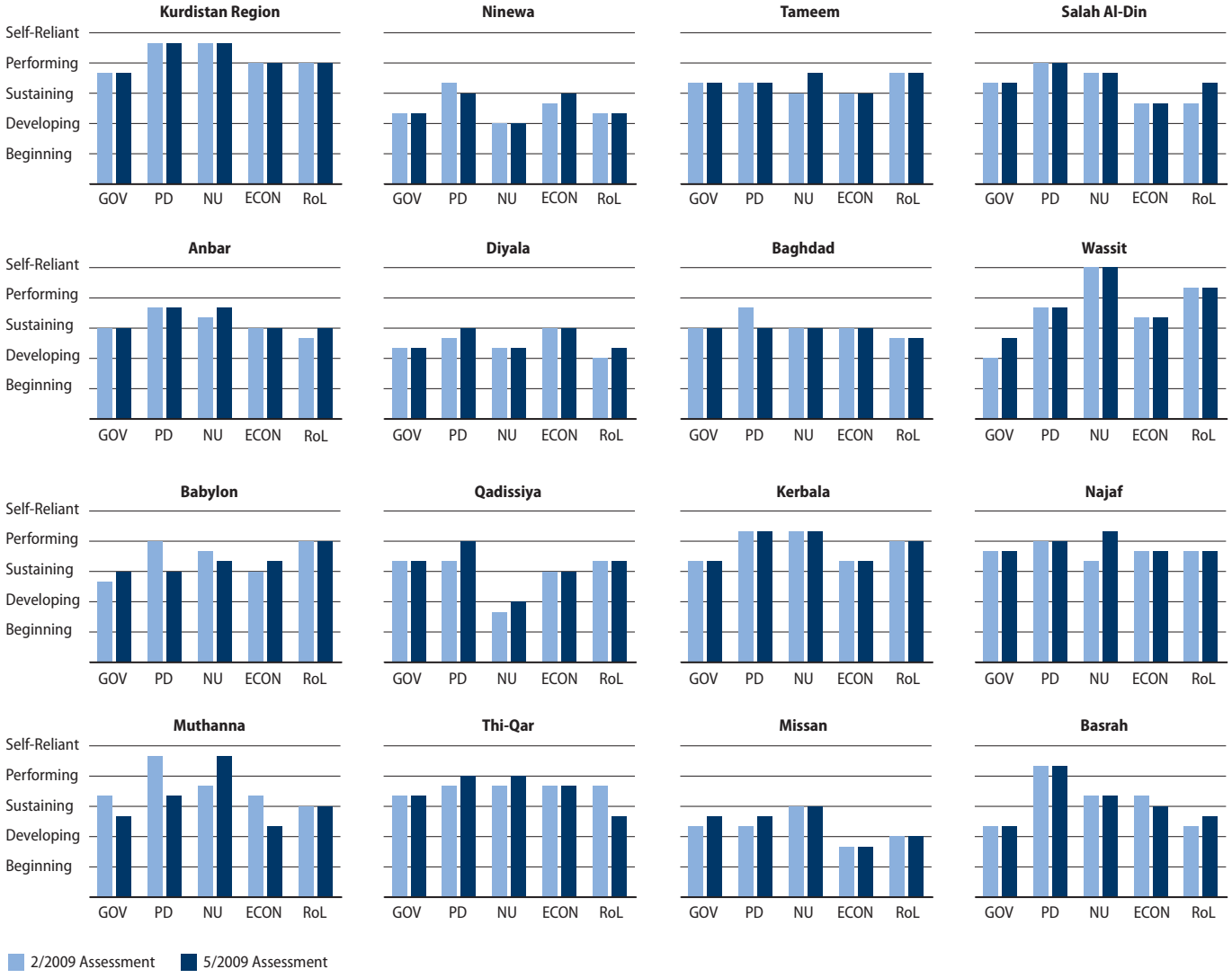
Governance

Preparations for the 2010 national elections, including reconfiguration of political alliances, continued to occur throughout Iraq's provinces this quarter. Registration proceeded smoothly in most provinces; in Tameem the PRT reported resistance to register to vote from Turkomen and Arab representatives.[420] In Diyala, there was concern that registration may be hampered by ethnosectarian divisions. The issue of Tameem and the disagreement over internal boundaries affected politics in the northern-most provinces, including Tameem, Ninewa, Diyala, and Salah Al-Din, as well as Erbil, Sulaymaniyah, and Dahuk in the Kurdistan Region.

On July 25, 2009, Iraqis in the Kurdistan Region elected Kurdistan Democratic Party (KDP) candidate Masoud Barzani as president of the

The INL Judicial Security Team in Anbar province with the Marines from MNF-West performing a courthouse security assessment in Karmah. (US Embassy-Baghdad photo)

FIGURE 3.1
PRT MATURITY ASSESSMENTS, 2/2009 VS. 5/2009



GOV= Governance; PD= Political Development; NU= National Unity; ECON= Economic Development; RoL= Rule of Law

Source: OPA, responses to SIGIR data call, 4/17/2009 and 10/1/2009.

Kurdistan Regional Government (KRG) in the first direct elections for that office.[421] Seventy-eight percent of the electorate turned out to vote.[422] Simultaneous elections for the Iraqi Kurdistan Parliament (IKP) yielded a victory for the ruling KDP in alliance with the Patriotic Union of Kurdistan (PUK). But the new Change List party, a splinter of the PUK headed by a former PUK deputy secretary general, won a large enough slice of the vote potentially to redefine politics in a region that has been dominated for decades by Masoud Barzani's KDP and the PUK, headed by Jalal Talabani.[423]

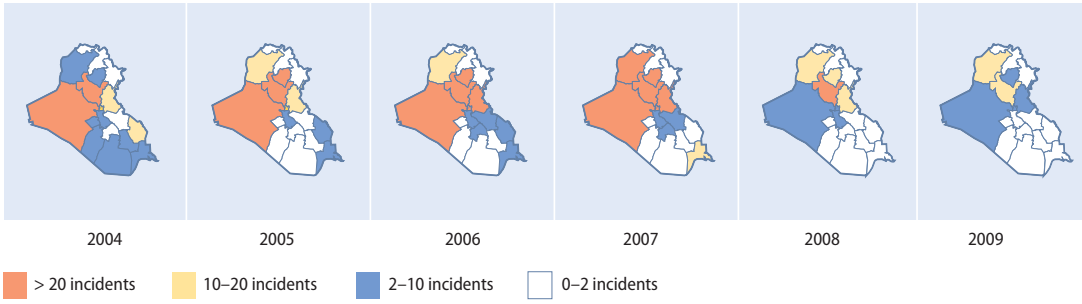
A simultaneous vote on a referendum to adopt a new constitution for the Kurdistan Region was initially set for election day. However, on July 6, the Independent High Electoral Commission (IHEC) announced that the referendum question would not be included on the ballot. [424] A separate nationwide referendum on the disputed province of Tameem remains on hold, and a date has not been set for district and sub-district elections in the provinces.

PRTs continued to work with most provincial governments to help them develop transparent and efficient methods of governing. USAID oversaw several programs designed to improve governance and economic development at the central, provincial, and district levels, including helping to create human resources departments, mapping the life-cycle of strategic projects, and establishing rules on ethics and transparency. USAID's Tatweer program worked with ministerial directors general in 10 Iraqi ministries to improve management and administrative skills, as well as the delivery of government services. To date, USAID reported that Tatweer had completed 3,566 courses for 58,391 government workers. This quarter, Tatweer completed the work necessary to open satellite offices in four provinces. USAID's Iraqi Community-based Conflict Mitigation project (ICCM) supports peace-building efforts.[425]

Security and Rule of Law

DoD reported in early July that Iraq had the lowest level of violence in six years including decreases in U.S. military deaths, Iraqi Security Forces deaths, and ethnosectarian deaths.[426] Several major bombings occurred this quarter in Ninewa, Anbar, Diyala, Tameem, and Babylon. In Baghdad, the Ministries of Interior and Finance were bombed.[427] In July, the chief of the Baghdad Operations Command Advisory Team noted that the Arab-Kurd dispute over Iraq's internal boundaries continued

FIGURE 3.2
ANNUAL SECURITY INCIDENTS PER 10,000 PEOPLE, BY PROVINCE



Note: Incidents include attacks against Iraqi infrastructure and government organizations; bombs that are found and cleared (including IEDs and mines); detonated bombs; sniper, ambush, grenade, and other small arms attacks; and mortar, rocket, and surface-to-air attacks.

Sources: MNF-I, responses to SIGIR data call, 10/6/2008, 7/2/2009, and 9/30/2009; CENTCOM, response to SIGIR data call, 1/10/2009.

to create security challenges.[428] Security for judges and lawyers remained a challenge in several provinces, particularly in Ninewa and Diyala.[429] For trends in security incidents in the provinces since 2004, see Figure 3.2.

Infrastructure

Of the large infrastructure projects ongoing in the provinces, most were in the electricity, sewer, and water categories. Much of the effort has shifted to helping Iraqis sustain completed projects. Anbar, for instance, has no active brick-and-mortar projects supported with funding from the Quick Response Fund (QRF) or Iraq Rapid Assistance Program (IRAP) and has a limited number funded by CERP. Some PRTs reported their Iraqi interlocutors had asked for large-scale "legacy" projects such as dams or medical centers.[430] For a breakdown of infrastructure project costs by province and sector, see Table 3.1.

The provision of essential services—particularly the continuing inability of the government to meet demand for electric power—has become a leading campaign issue as Iraqis prepare for January 2010 elections. Although 80% of Iraqis live in provinces where the electricity supply-demand gap has narrowed over the past two years, the gap nation-wide remains greater than it was in 2003, and some provinces are better off than others. In 2007, the greatest disparity was between Baghdad

Table 3.1
Infrastructure Project Costs, by Province and Sector
$ Millions

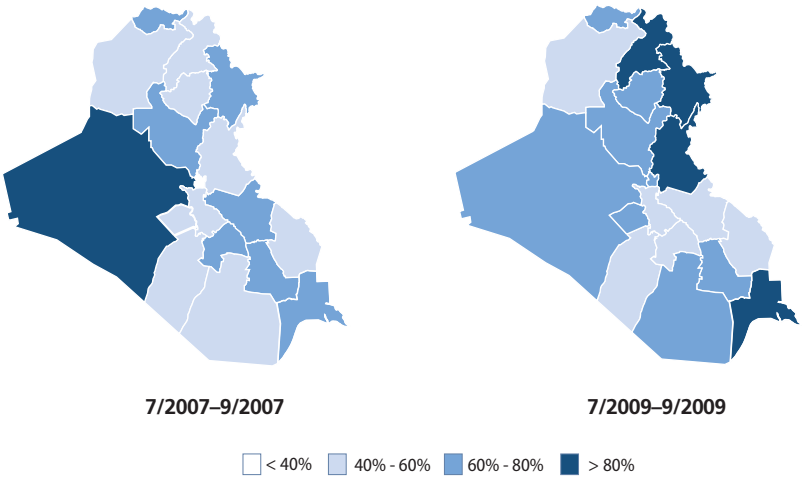
Province	Electricity	Water and Sanitation	Oil and Gas	Transportation and Communications	General Infrastructure	Total
Dahuk	61.40	8.34	-	0.93	7.63	**78.30**
Erbil	102.54	201.67	0.08	5.07	2.46	**311.82**
Sulaymaniyah	49.03	15.28	-	2.98	1.06	**68.35**
Ninewa	118.74	126.87	0.08	66.06	6.97	**318.71**
Tameem	362.23	42.87	187.39	21.09	8.47	**622.05**
Salah Al-Din	311.19	59.51	71.52	65.75	7.37	**515.35**
Anbar	251.58	188.88	-	70.15	3.92	**514.53**
Diyala	80.66	143.47	2.89	23.79	6.24	**257.05**
Baghdad	1,504.22	755.31	40.60	282.17	341.68	**2,923.97**
Wassit	45.38	30.21	-	19.18	10.23	**105.01**
Babylon	121.65	47.63	-	36.01	3.49	**208.78**
Qadissiya	86.78	30.46	-	21.75	2.65	**141.63**
Kerbala	46.99	39.00	-	4.88	1.58	**92.45**
Najaf	72.79	60.84	-	14.26	4.43	**152.31**
Muthanna	15.02	189.79	0.07	19.12	3.87	**227.87**
Thi-Qar	106.67	399.69	0.43	21.42	13.06	**541.26**
Missan	76.31	20.26	0.06	14.06	6.32	**117.01**
Basrah	543.46	238.32	558.55	171.80	8.39	**1,520.52**
Nationwide & Regional	1,115.10	487.18	916.14	418.14	28.16	**2,964.71**
Total	**5,071.73**	**3,085.58**	**1,777.81**	**1,278.60**	**467.97**	**11,681.69**

Note: Data not audited. Numbers affected by rounding. This list of reconstruction projects is based on IRMS data, which is not fully accurate or complete. Project totals therefore do not reconcile with top-line obligations and expenditures provided by the agencies.

Source: IRMS, *Global Benchmark*, 10/9/2009.

and Anbar. In Baghdad, load served met 37% of estimated demand, compared with 89% in Anbar. That gap has narrowed, and this quarter both provinces were slightly below the national average of 68%. Only four provinces—Sulaymaniyah, Erbil, Basrah, and Diyala—received more than 80% of estimated demand, with Sulaymaniyah now ranking highest in its ability to meet demand, at 99%. Wassit ranked lowest at 51%.[431] For a comparison of electricity load served versus estimated demand in 2007 and 2009, see Figure 3.3.

Figure 3.3
Load Served as Percentage of Estimated Demand for Electricity, by Province, 2007 vs. 2009



Note: Load served is measured at the substation level and is the amount of electricity that enters the local distribution systems. Because of transmission losses that occur between power plants and substations, load served is less than total electricity supply.

Source: ITAO/ESD, *Electric Daily Performance Reports*, 7/1/2007–9/30/2009.

Economy

Provincial Investment Commissions (PICs), Iraqi governmental bodies associated with the National Investment Commission, have worked on tailoring development of local private enterprise or investment in state-owned enterprise to the specific economic circumstances and natural resources of their provinces. Anbar and Muthanna sought to develop oil initiatives, and several provinces sought to develop tourism. Most PRTs focused their efforts in two areas:[432]

- improving business environments by developing business centers and roundtables to attract local and foreign investors, as well as helping to create bank lending to small- and medium-sized businesses
- developing or implementing agricultural-improvements projects in such areas as animal husbandry and vaccination, and water-saving techniques for growing crops

Iraqis in the Kurdistan Region line up to vote in presidential and parliamentary elections on July 25, 2009. (U.S. Embassy-Baghdad photo)

USAID continued its efforts to stimulate provincial private sectors through its Tijara program, which provides grants to banks that loan to small- and medium-sized businesses, and assists with micro financing, among other projects. Inma programs concentrated on agribusiness development, including training, improving market systems, and introducing new technologies to farmers. USAID reported that its Inma projects will generate 7,100 permanent jobs and more than $120 million in gross revenue in 2009 and 2010.[433] ◆

PROVINCIAL RECONSTRUCTION TEAMS

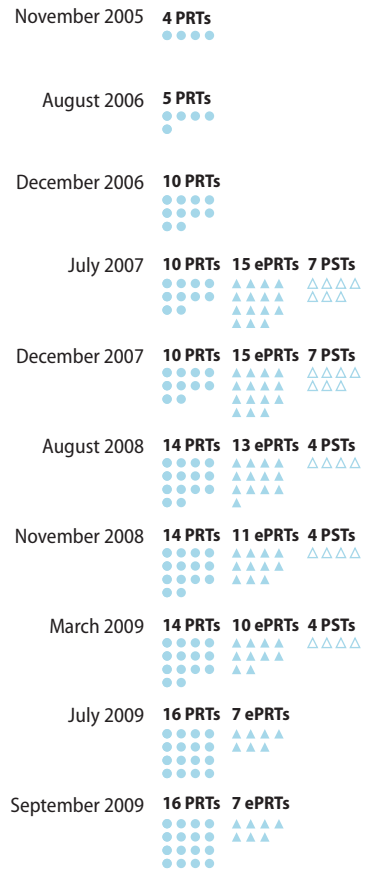
PRTs in Transition

The evolving U.S.-Iraqi relationship is affecting the security situation, as well as the roles of the 23 PRTs, ePRTs, and the Regional Reconstruction Team (RRT) conducting reconstruction activities in the provinces. RRT Erbil is the only regional team; each of the PRTs operates in a single province, and some used to operate out of Regional Embassy Offices (REOs), but all of the REOs have closed except Hilla in Babylon province. The Office of Provincial Affairs (OPA) has described the PRT work as critical to U.S. efforts to achieve a "stable, peaceful, united, and secure Iraq with a developing economy, participatory governance under the rule of law, and civil order."[434]

This quarter, U.S. Embassy-Baghdad discussed plans to continue PRT teams in Iraq's provinces for at least two more years. At some point in 2010–2011, some PRTs may relocate from provincial capitals to accomplish most of their work from regional hubs. PRT leadership will still be responsible for directing the implementation of policy and programs in their provinces.[435] Under current planning, the number of PRTs will be reduced to 16 by August 2011 and to 6 by December 2011.[436] This quarter OPA reported it was working with MNC-I and the U.S. Embassy-Baghdad to develop plans for PRT and ePRT drawdown and closures, including closing ePRTs or converting them to satellite offices of the partnered PRT not later than August 2010, reducing staff, and creating a timeline for the drawdown and closure of supporting FOBs and the related PRTs.[437]

OPA is focusing PRT resources in support of prioritized U.S. strategic interests in each province, and discretionary activities are being reduced. Although CERP is a DoD program, OPA noted that the PRTs were heavily involved in MNC-I's CERP process, including the identification, coordination,

FIGURE 3.4
PROVINCIAL RECONSTRUCTION TEAMS, 11/2005–9/2009



Sources: GAO Report 09-86R, "Provincial Reconstruction Teams in Afghanistan and Iraq," 10/1/2008, pp. 4–5; DoS, *Iraq Status Report*, 8/9/2006, slide 29; SIGIR Audit 07-014, "Status of the Provincial Reconstruction Team Program Expansion in Iraq," 7/28/2007, p. 2; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 1/30/2008, p. 81; SIGIR Audit 09-013, "Provincial Reconstruction Teams' Performance Measurement Has Improved," 1/28/2009, p. 2; SIGIR Audit 09-020, "Provincial Reconstruction Teams: Developing a Cost-tracking System Will Enhance Decision-making," 4/28/2009, p. 2; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; OPA, response to SIGIR data call, 10/1/2009.

and oversight of CERP projects. OPA reported its concern that reduced PRT and Multi-National Corps-Iraq resources in provinces could lead to problems in the administration of CERP-funded projects or could require reallocation of PRT support resources to maintain oversight of CERP projects. OPA reported it was taking a number of steps to reduce the potential problem, including adding a CERP control officer and coordinating with MNC-I to reduce CERP projects in advance of a PRT drawdown.[438]

For information about the PRT footprint over time, see Figure 3.4, and for current locations, see Figure 3.5.

As the transition of reconstruction management accelerates, U.S. Embassy-Baghdad has redefined the roles of the PRTs:[439]

- Support elections and act as a platform for the UN and other international organizations.
- Serve as "honest brokers" to mediate and manage communal tensions.
- Assist Iraqi civil society and governmental institutions in strengthening their ability to protect the rule of law, confront corruption, and deliver basic services.
- Support displaced persons.
- Encourage foreign investment and economic diversification.

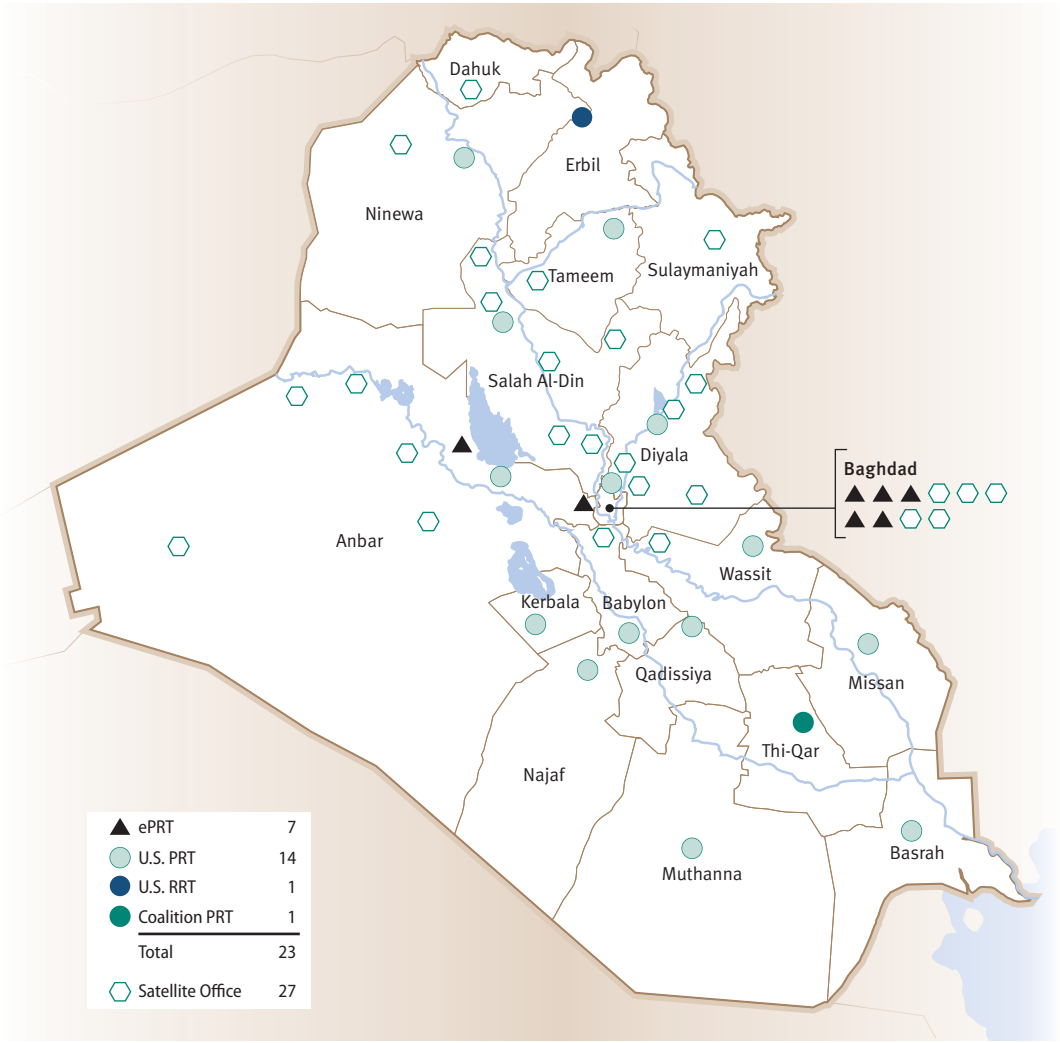
PRT expenses are currently included in U.S. Embassy-Baghdad's expenses. A process is underway to track expenses specifically earmarked for the PRTs. DoS reimburses DoD for additional support costs. Estimated 4th quarter reimbursements made by DoS were $5 million, including personnel costs through July 1, 2009.[440]

PRT-related Audits

In an audit released in August, DoS Office of the Inspector General raised several concerns about the costs and security risks of operating the PRTs and REOs. The report noted that there were roughly 4 support contractors for every staff member in 3 offices—or 1,027 support personnel for 265 staff. Moreover, RRT Erbil is housed in inadequate and unsafe offices in a suburb of Erbil City that DoS fire inspectors found lacking in proper electrical wiring and escape routes. The offices and living quarters are dispersed among local residences and businesses, which complicates security. DoS is reluctant to relocate the facilities or approve repairs until a decision is made as to whether the RRT will continue in the Kurdistan Region.[441]

On August 16, 2009, USAID's Office of the Inspector General (USAID OIG) released a separate audit of USAID's IRAP. Funded by the ESF and USAID's Civil Society and Conflict Mitigation Program, IRAP is designed to provide PRTs in Iraq with a flexible mechanism for funding the initiatives of community-based leaders and local Iraqi institutions to improve access to public services, education, and economic opportunities. USAID OIG found that IRAP is achieving its goal for at least 75% of grants it reviewed. However, the audit determined that some grants had not fully achieved their intended results and identified financial irregularities, such as fictitious invoices and indications of improper billing practices. As of March 31, 2009, approximately $165 million had been obligated through the program, and $64 million had been expended. The USAID OIG recommended improvements for monitoring procedures and controls that would ensure grants were executed properly through its implementing partner, Development Alternatives, Inc. It concluded that USAID had addressed these concerns.[442] ◆

FIGURE 3.5
PROVINCIAL RECONSTRUCTION TEAM (PRT) FOOTPRINT, SEPTEMBER 2009



Source: U.S. Embassy-Baghdad, response to SIGIR data call, 10/2/2009.

PROVINCIAL PORTRAITS

The following pages provide snapshots of activities in each of Iraq's 18 provinces, beginning with the Kurdistan Region and its three provinces. Much of the information was provided to SIGIR by PRT leaders, but these snapshots also draw from information provided by U.S. brigade commanders, GRD, USAID, and others.

For a province-level comparison of key indicators, see Table 3.2. For details of U.S. reconstruction, governance, and rule-of-law projects in each province, as well as PRT observations, see the provincial portraits that follow.

Table 3.2
Selected Comparisons of Iraq's Provinces

				Ethnoreligious Composition					Electricity Data (7/1/2009–9/30/2009)			
Province	Population	Area (sq km)	Pop. Density (people/sq km)	Shia	Sunni	Kurd	Other	IDPs Returned (from January to August, 2009)	Average Daily Electricity Load Served (MW)	Average Daily Estimated Electricity Demand (MW)	Average Daily Demand Met	Load Served (MW per 1,000,000 People)
Dahuk	895,000	6,553	137	0%	0%	90%	10%	-	132	203	65%	147
Erbil	1,409,000	15,074	93	0%	0%	95%	5%	30	356	411	86%	252
Sulaymaniyah	1,574,000	17,023	92	0%	0%	95%	5%	10	352	357	99%	224
Ninewa	2,820,000	37,323	76	5%	55%	15%	25%	3,160	491	851	58%	174
Tameem	1,129,000	9,679	117	15%	20%	40%	25%	60	222	324	68%	196
Salah Al-Din	1,158,000	24,075	48	3%	96%	1%	0%	60	275	385	71%	238
Anbar	1,427,000	138,228	10	5%	95%	0%	0%	670	219	329	67%	154
Diyala	1,323,000	17,685	75	25%	55%	10%	10%	39,170	196	236	83%	148
Baghdad	6,995,000	4,555	1,536	70%	29%	0%	1%	69,210	1,718	2,571	67%	246
Wassit	1,056,000	17,153	62	90%	5%	5%	0%	720	155	304	51%	147
Babylon	1,574,000	5,119	307	85%	15%	0%	0%	800	240	425	56%	152
Qadissiya	1,033,000	8,153	127	98%	1%	0%	1%	-	150	253	59%	146
Kerbala	902,000	5,034	179	85%	15%	0%	0%	30	164	273	60%	182
Najaf	1,113,000	28,824	39	99%	1%	0%	0%	-	216	375	58%	194
Muthanna	650,000	51,740	13	98%	2%	0%	0%	-	137	202	68%	210
Thi-Qar	1,687,000	24,075	70	100%	0%	0%	0%	10	289	405	71%	171
Missan	944,000	16,072	59	95%	1%	0%	4%	80	145	273	53%	154
Basrah	2,408,000	19,070	126	85%	15%	0%	0%	600	806	929	87%	335

Note: Data not audited. Numbers affected by rounding. U.S. ongoing and completed project costs include "Nationwide" projects, not identified by province; IRMS *Global Benchmark* project cost totals do not equal total expenditures found in the Funding section because not all projects are reported in IRMS.

Farmer in Tameem province suits up to look at the beehives he received through a USAID grant. (2nd Brigade Combat Team, 1st Cavalry Division Public Affairs photo)

A woman carries harvested winter wheat near Tarmiyah. (MNF-I photo)

2009 Iraqi Provincial Capital Budget				U.S. Ongoing and Completed Project Costs ($ Millions)						Security Incidents		
Budget Allocation ($ Millions)	Budget Allocation per Capita ($)	Actual Expenditures ($ Millions)	% Expended	CERP	ESF	IRRF	ISFF	Total	Total Project Costs (per Capita)	Average Number of Attacks per Week (Previous Quarter)	Average Number of Attacks per Week (Current Quarter)	% Change from Prior Quarter
N/A	N/A	N/A	N/A	12.2	21.1	95.7	7.9	136.9	152.9	0.5	0.2	-68%
N/A	N/A	N/A	N/A	80.9	36.1	338.7	42.6	498.3	353.6	0.2	0.4	90%
N/A	N/A	N/A	N/A	12.3	30.1	163.5	16.0	221.9	141.0	0.3	0.0	-100%
236	84	0	0%	212.9	19.9	454.2	363.5	1,050.5	372.5	65.5	53.1	-19%
99	88	54	55%	183.6	110.4	648.6	142.9	1,085.5	961.5	20.9	19.8	-5%
97	84	17	18%	263.2	93.8	407.3	106.9	871.2	752.4	25.2	25.8	3%
112	78	78	70%	428.6	81.4	512.4	840.3	1,862.7	1,305.3	14.5	9.2	-37%
104	79	24	23%	217.6	13.4	455.3	246.3	932.7	705.0	24.7	17.8	-28%
551	79	182	33%	1,165.9	779.0	3,202.0	1,612.7	6,759.6	966.3	74.8	63.1	-16%
91	86	36	40%	56.0	26.5	300.9	64.7	448.1	424.4	1.5	1.1	-32%
134	85	55	41%	178.2	32.6	194.9	20.5	426.3	270.8	3.9	5.1	29%
86	83	47	54%	76.1	15.8	140.5	27.4	259.7	251.4	0.4	0.9	128%
78	86	23	29%	55.0	16.2	86.6	1.0	158.9	176.1	0.3	0.4	14%
93	84	29	32%	42.2	17.4	182.2	29.6	271.4	243.8	1.2	0.4	-70%
56	86	16	28%	28.1	13.5	256.8	2.6	301.0	463.0	0.2	0.3	71%
143	85	69	48%	46.5	34.1	734.7	62.4	877.8	520.3	1.6	1.6	-3%
80	85	30	37%	27.0	26.0	169.5	38.2	260.8	276.2	3.4	2.4	-30%
201	83	50	25%	256.3	108.8	1,557.8	152.9	2,075.8	862.1	5.2	4.1	-21%

Sources:
Population—U.S. Embassy-Baghdad, response to SIGIR data call, 3/29/2009.
Area—OCHA, Governorate Profiles, 3/2009–7/2009.
Sect—U.S. Embassy-Baghdad, responses to SIGIR data call, 3/29/2009, 7/6/2009, and 7/16/2009.
IDPs—U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009.
Security Incidents—MNF-I, response to SIGIR data call, 9/30/2009.
2009 Provincial Budgets—MNF-I, response to SIGIR data call, 6/30/2009; MNC-I, response to SIGIR data call, 10/13/2009.
U.S. Project Costs—IRMS, *Global Benchmark*, 10/9/2009.
Electricity Data—ITAO/EFC, *Electric Daily Performance Reports*, 7/1/2009–9/30/2009.

The Kurdistan Region

The Kurdistan Region comprises Iraq's three northernmost provinces—Erbil, Dahuk, and Sulaymaniyah. The population of the region, an estimated 3.9 million (12.9% of Iraq's population), is dominated by ethnic Kurds. The three provinces are relatively stable and secure and offer oil, agriculture, and tourism as economic drivers that support the region internally and serve as an export base.[443] The host province of RRT Erbil receives some of the highest CMM ratings in Iraq for governance, political development, national unity, economic development, and rule of law.[444]

The KRG governs the three provinces, and 35 representatives from the Kurdistan Region are members of the GOI's Council of Representatives (CoR). The region also elects its own president and parliament, called the Iraqi Kurdistan Parliament (IKP), formerly known as the Kurdistan National Assembly. Elections in the Kurdistan Region were held this quarter on July 25, 2009.

The KRG's relationship with the GOI has been strained by disagreements over the status of internally disputed boundaries (IDB) in provinces, including Tameem, that lie outside the boundaries of the Kurdistan Region. The relationship was further affected this quarter by Prime Minister Nouri al-Maliki's call for amending Iraq's constitution to strengthen the central government and statements by KRG President Masoud Barzani favoring a census and referendum, as provided by Iraq's constitution, prior to resolving IDBs.[445]

Iraqis in the Kurdistan Region line up to vote in presidential and parliamentary elections on July 25, 2009. (OPA photo)

Governance

The Kurdistan Region, like the rest of Iraq, is preparing for national elections set for January 2010. By September 2009, 15 parties in the region had registered to run in the CoR elections. The Region's two main parties, the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK), recently united as the Kurdistani List. They are expected to present a united front in the 2010 elections, minimizing their differences and attempting to draw the newly formed PUK breakaway party—the Change List—into some kind of alliance as a strategy to strengthen Kurdish positions in disagreements with the GOI.[446]

This quarter, KRG elections dominated U.S. support activities. Throughout the region, RRT staff members acted as election monitors and supported training sessions organized by the Independent High Electoral Commission (IHEC) and the National Democratic Institute (NDI).[447] Iraqis in the Kurdistan Region engaged in self-funded capacity-building initiatives as well. Before the July elections, outgoing KRG Prime Minister Nechirvan Barzani launched an initiative to review government capabilities and create an action plan to combat corruption and inefficiency.[448] PricewaterhouseCoopers partnered with the KRG on this "good governance and transparency initiative."[449]

KRG Election Results

On July 25, 2009, longtime KDP leader Masoud Barzani was elected president of the KRG with about 70% of the vote. GOI President Jalal Talabani's brother-in-law, Halo Ibrahim Ahmed, came in third with 3.5% of the vote—far behind the newly formed Change List presidential candidate Kamal

PRT voter education mobile teams reach out to Iraqi farmers ahead of the July 25, 2009, elections in the Kurdistan Region. (OPA photos)

Mirawdeli, who received about 25% of the vote.[450] For presidential election results, see Table 3.3.

In simultaneous parliamentary elections, the united KDP-PUK Kurdistani List captured 53% of the seats, while the Change List received about 25% of the votes cast.[451] The KDP's strong showing in both presidential and parliamentary elections solidified its power in the Kurdistan Region. To a lesser extent, the influence of the PUK was also preserved by its alliance with the KDP following the split within its ranks that resulted in the creation of the Change List.

Following the elections, the new parliament elected PUK member Barham Saleh (recently Deputy Prime Minister of the GOI) as prime minister—an indication of the PUK's power in the alliance despite its reduced numbers. Saleh replaced Nechirvan Barzani (a nephew of Masoud Barzani), who had served as prime minister since 2006. It remains to be seen what influence the Change List—whose power base is principally in Sulaymaniyah—will have on the two established Kurdistan parties.

For parliamentary election results, including open seats and seats reserved for minority parties, see Table 3.4.

The Change List and the PUK Split

The Change List was created by Nawshirwan Mustafa following his resignation as deputy secretary-general of the PUK in 2006, but the seeds of dissent began much earlier, as the Kurdistan Region gained a greater degree of independence following the U.S. invasion of Iraq. Mustafa took on an active role

TABLE 3.3
JULY 2009 KRG PRESIDENTIAL ELECTION RESULTS

NAME	AFFILIATION	PERCENTAGE OF VOTES WON
Masoud Barzani	KDP Alliance	70%
Kamal Mirawdeli	Change List	25%
Halo Ibrahim Ahmed	Progress List	3.5%
Safeen Sheikh Mohammed	Independent	1.4%
Hussein Karmiani	Independent	<0%

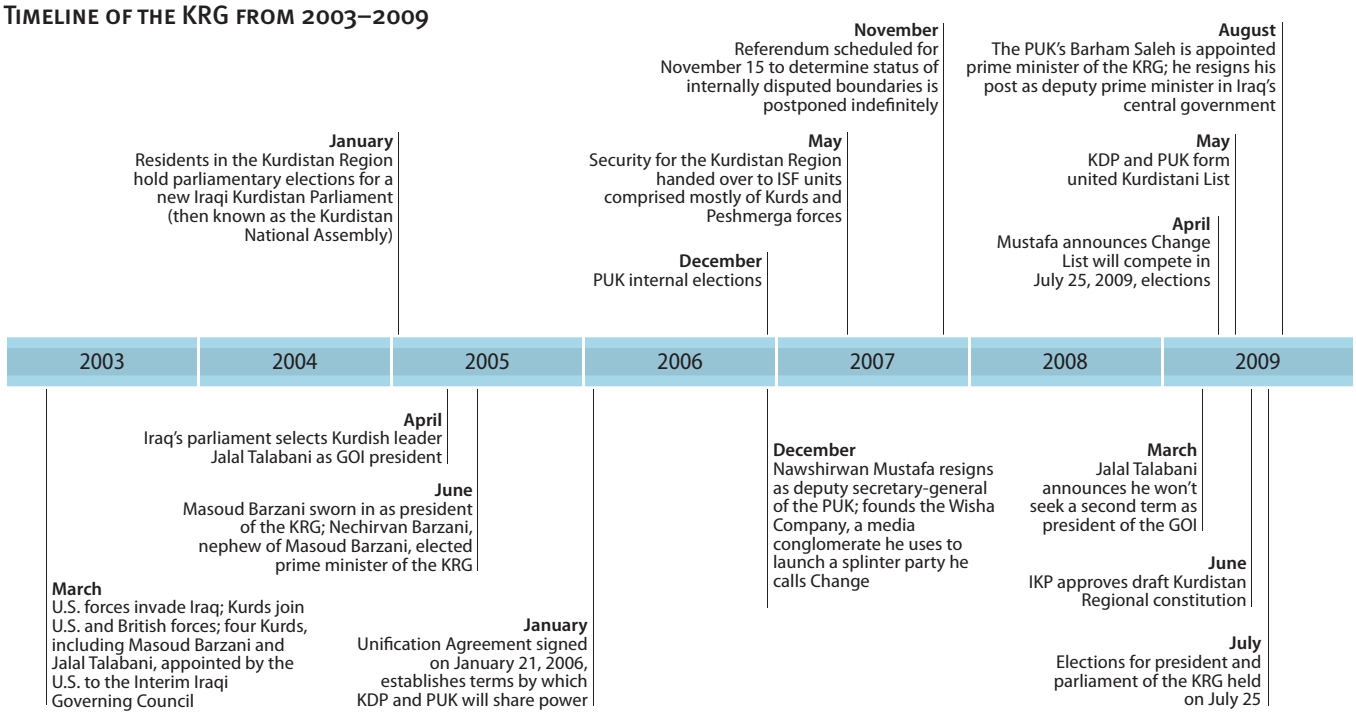
Source: KRG, "Electoral Commission Announces Final Results of Kurdistan Region elections," www.krg.org, 9/15/2009.

TABLE 3.4
JULY 2009 KRG PARLIAMENTARY ELECTION RESULTS

	Party	Affiliation	Percentage of Votes Won	Seats in Parliament
Open Seats	Kurdistani List	KDP-PUK Alliance	57%	59
	Change List	PUK Splinter Group	24%	25
	Services and Reform List	Islamic Coalition	12%	13
	Islamic Movement	Moderate Islamic party	>2%	2
	Social Justice and Freedom	Secular, progressive party	>1%	1
	Total Open Seats			**100**
Seats Reserved for Minority Groups	Turkoman Democratic Movement	Turkoman	>2%	3
	Turkoman Reform List	Turkoman	>1%	1
	Turkoman Erbil List	Turkoman	>1%	1
	Chaldean Assyrian Syriac Council	Inter-Christian Coalition	>2%	3
	Al-Rafidain List	Assyrian Christian Coalition	>2%	2
	Aram Shahin Dawood Bakovian	Armenian Christian	>1%	1
	Total Seats Reserved for Minority Groups			**11**
Total Seats in Parliament				**111**

Source: KRG, "Electoral Commission Announces Final Results of Kurdistan Region elections", www.krg.org, 9/15/2009.

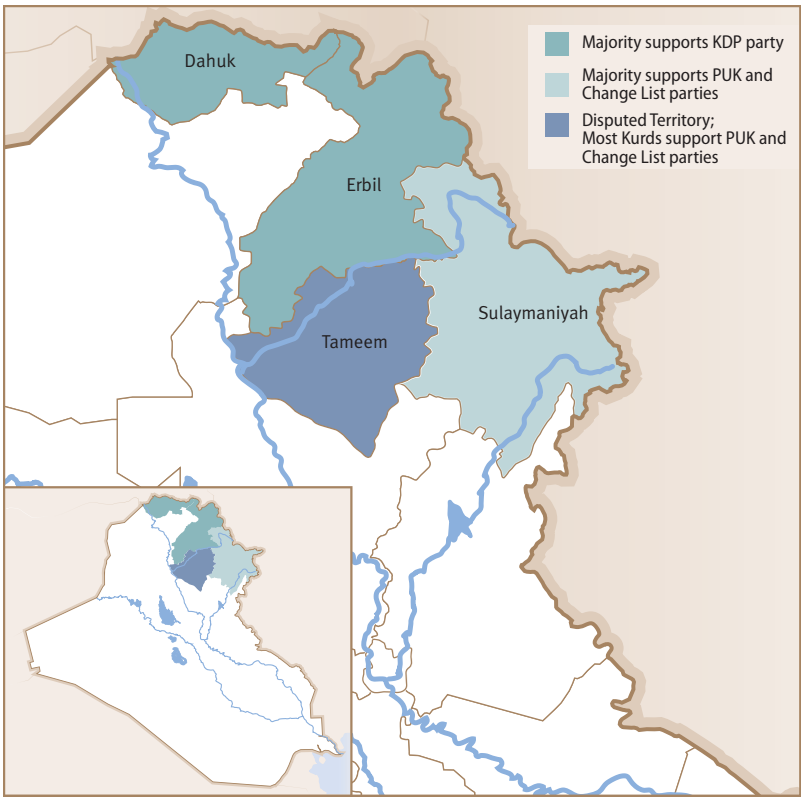
FIGURE 3.6
TIMELINE OF THE KRG FROM 2003–2009



Sources: CRS, "The Kurds in Post-Saddam Iraq," 2/5/2008, pp. 2–4; SIGIR, *Quarterly Report and Semiannual Report to the United States Congress*, 7/2009.

FIGURE 3.7

DOMINANT POLITICAL PARTY INFLUENCE IN THE KURDISTAN REGION AND TAMEEM PROVINCE



Source: SIGIR analysis, KRG, "Change in the Air," www.investorsiraq.com, accessed 10/16/2009; KRG, "Electoral Commision announces final results of Kurdistan Region elections," www.krg.org, accessed 9/15/2009.

representing the KRG's position in discussions with the GOI. Dissension in the PUK ranks grew further after the 2005 elections in the Kurdistan Region and again in 2006 during the PUK's internal elections. In 2006 Mustafa founded the Wisha Company, a media conglomerate, which he used as a platform to spread his campaign message of change.[452]

In April 2009, Mustafa announced that his PUK splinter movement would run as an independent party, called Change. Most of his support comes from Sulaymaniyah province, the traditional stronghold of the PUK. The PUK is also heavily supported in Tameem, located south of the Kurdistan Region. For a breakdown of party influence by province, see Figure 3.7, and for a historical timeline of KRG leaders since 2003, see Figure 3.6.

Constitutional Impasse in the Kurdistan Region

The KRG may come under pressure to change the most recent draft of the constitution governing the Kurdistan Region, a controversial document that lays claim to disputed territories outside the boundaries of the Kurdistan Region, as a result of the elections. On June 24, seven members walked out of a (pre-election) parliamentary vote on the draft; 96 of 111 members of the IKP favored it.[453] Five days later, 50 members of the CoR signed a petition criticizing the draft constitution, saying it was not compatible with Iraq's federal constitution. One Kurdish member of the CoR urged leaders of the GOI and the KRG to open a national dialogue on the sensitive subject.[454] The nature of the long-simmering dispute suggests the two sides are unlikely to reach an agreement anytime soon on recommendations for a resolution to disputed territories, including Tameem.[455]

Governance Capacity Building

The United States funded several other projects in the Kurdistan Region this quarter:

- A $20,000 Quick Response Fund (QRF) grant to the "Kids' House," a non-religious school and activity center for internally displaced children whose families fled violence in Baghdad and Ninewa provinces.[456]
- The Sabean Mandean Cultural Center received a $25,000 QRF grant for educational materials and musical instruments. Many members of the Sabean Mandean community in Erbil are IDPs from southern Iraq.[457]
- In September, the PRT opened the 12-classroom Zaryland School in Dahuk City. Funded by $1.1 million of the ESF, this school will host classes in English and serve as a magnet school for more than 1,000 exceptional students.[458]

Security and Rule of Law

Security in the Kurdistan Region was stable this quarter with only sporadic outbreaks of violence reported mostly in the lead-up to regional elections. There were four incidents in which two

Security Incidents in the Kurdistan Region
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

Exodus from the village of Qaladze (left) during the al-Anfal Campaign in 1988; Qaladze (right) as it looks today. (old photo, courtesy of the KRG; recent photo, SIGIR)

Qaladze: A Story of Perseverance On June 26, 1989, Saddam Hussein's troops destroyed the city of Qaladze as part of the notorious al-Anfal campaign to punish Iraqi Kurds for their support of Iran. The Iraqi Army dynamited and bulldozed the town's houses, stores, schools, and hospitals. The original 70,000 residents either fled to Turkey or Iran, or were forcibly moved to settlements where they could be closely monitored. During this period, some residents simply disappeared. Twenty years later, SIGIR found the city of Qaladze fully rebuilt and thriving with multiple-story buildings and paved roads.

or more people died. In neighboring disputed territories, however, the situation remains tense—particularly in Ninewa province, where a plan was put forth to invite Kurdish Peshmerga forces to patrol joint checkpoints with Iraqi Security Forces (ISF). RRT Erbil reported that KRG government officials had urged the establishment of the joint checkpoints. This proposal prompted an outcry from Arab provincial officials in Ninewa who opposed allowing the Peshmerga to operate these checkpoints with the ISF.[459]

According to the Internation Organization for Migration (IOM), the Kurdistan Region hosts 39% of IDP families belonging to ethnoreligious minorities, including Kurds. Almost half of IOM-assessed IDPs in Dahuk are Christian. Most hail from Ninewa and Baghdad, and more than half reported that they would prefer to resettle permanently in the province.[460] Arab Sunnis and Kurds who fled their homes after being targeted for ethnosectarian reasons also constitute some of the IDP population in the region. Many IDP families are living in tent camps, and 10% are female-headed households.[461]

Kurds receive crutches and wheelchairs from a QRF-funded program to aid victims of war and torture. (OPA photo)

The RRT's Rule-of-Law (RoL) section helped to establish a Justice Training Institute that aims to provide training and continuing legal education for judges and lawyers in the region. Elsewhere, RoL continued in its efforts to create a legal curriculum at the region's law schools, but plans to develop a 10-year road map for legal reforms including linkages between the KRG and GOI judiciary, were on hold awaiting QRF funding.[462]

USAID developed a gender-based violence tracking and documentation system to identify

how victims are negatively impacted by laws and practices that discriminate against women, as well as laws that are protective but widely ignored.[463]

Infrastructure

According to the KRG, the Kurdistan Region's first privately owned oil refinery began operating in Erbil this quarter.[464] On July 18, the prime minister's office also announced that the central processing station and refinery had opened at the Khurmala fields.[465] Among the notable ongoing U.S.-supported brick-and-mortar projects were:

- Erbil Emergency Hospital (completion expected in April 2010)—the project is designed to add 100 beds, more than doubling capacity for emergency treatment.[466]
- Zakho Emergency Hospital in Dahuk—targeted for completion in October 2009, the hospital will provide 30 beds and become the primary access point for emergency cases in the province.[467]
- Phase I of Fort Suse Prison in Sulaymaniyah—targeted for completion in October, 2009, the prison will relieve an acute shortage of prison space in the province.[468]

SIGIR published three inspections of projects in the Kurdistan Region this quarter (for details, see Section 4 of this Report):

SIGIR issued an inspection report on the Chamchamal Correctional Facility, a $29 million U.S.-funded prison located in Sulaymaniyah province that was turned over to the Iraqis last March. In September, the prison was opened, and 360 inmates were transferred to the facility from a Baghdad prison following a prisoner riot. SIGIR found that the Iraqi Ministry of Finance had allocated $11.1 million per month to run the facility and that its operations were being overseen by the KRG. SIGIR's report contained no recommendations for corrective action.[469]

A SIGIR inspection of the Orphanage and Senior Assisted Living Center in Erbil found adequate construction with some minor safety issues noted that were corrected. SIGIR's report did not contain any recommendations for additional corrective action. The $3.7 million ESF-funded center will provide a modern, safe, and comfortable living space for orphans and senior citizens, including 345 children and 60 senior citizens.[470]

A SIGIR inspection of the partially completed Qaladze Abattoir (slaughterhouse) this quarter found that the contractor had already taken corrective action to the construction deficiencies previously found, and the completed project met the construction standards of the contract.[471]

U.S. Infrastructure Spending in the Kurdistan Region

$ Millions

Sector	Total
Electricity	212.97
Water and Sanitation	225.29
Oil and Gas	0.08
Transportation and Communications	8.98
General Infrastructure	11.15
Total	**458.47**

Economy

The region is rich in oil, but the absence of a hydrocarbon agreement with the GOI has tempered efforts to exploit oil resources. This quarter, disputes over revenue rights with Iraq's central government affected extraction agreements with foreign companies as the central government threatened to blacklist firms doing business with the KRG. The dispute has also held up payments to international firms exporting oil from the Kurdistan Region.[472]

The KRG has marketed itself as a secure and business-friendly location within Iraq.[473] This quarter, President Barzani met with Egypt's investment minister and sent an economic delegation to Britain.[474] Deals were struck with several small- and medium-sized oil firms in Canada, Australia, Britain, and Turkey, with the KRG reportedly seeking equity shares in some of the ventures rather than operational involvement for local oil firms.[475]

Although the new oil deals could increase production and boost the local economy, the *Economist* Intelligence Unit (EIU) has forecast that disputes with the central government over oil contracts and royalties are likely to continue to delay exports.[476]

Among the U.S.-funded activities supporting economic development this quarter, USAID's Inma program reported these activities:[477]

- small business development courses for about 40 women in Erbil province working in the dairy industry (courses for 120 total are planned)
- funding a beef and lamb feedlot in Dahuk province to speed the growth of calves and lambs to more efficiently supply the Iraqi market with more red meat
- training for farmers in drip irrigation methods

Ninewa

Governance

Ninewa's boundaries are in dispute with Dahuk and Erbil provinces of the Kurdistan Region.[478] The province's ethnoreligious demographic mix has led to tensions between Arabs and Kurds with a significant influence on provincial politics and security.[479] Despite these obstacles, the PRT organized a successful first dialogue between Arab and boycotting Kurdish members of the Provincial Council (PC).[480]

Members of the Kurdish-backed Ninewa Fraternal List (NFL) continued their boycott of the PC in response to the lack of a power-sharing agreement with the majority al-Hadbaa Gathering after the provincial election.[481] During the quarter, the PRT worked with both sides in an effort to get the NFL to end its boycott. In addition, the PRT coordinated with U.S. forces to garner political support for a proposal to include the Kurdish Peshmerga, the ISF, and U.S. forces in joint patrols of disputed areas of the province. In August, Peshmerga forces, which operate in the Kurdistan Region, were poised to man joint patrols with the ISF but the central government raised concerns about command and control, delaying implementation of the initiative.[482]

PRT Ninewa joins a Ramadan "Iftar" dinner with members of several groups in the province. (OPA photo)

Soldiers and police who were legal residents of the Kurdistan Region but who are stationed in Ninewa cast absentee ballots in the July 25, 2009, presidential and parliamentary elections in the Kurdistan Region. The PRT monitored the elections. The PRT also talked regularly to Kurdish leadership in the province to address other cross-provincial issues. In September, the PRT sponsored a Ramadan feast that brought opposing factions together, including dozens of political, military, and business leaders from different ethnoreligious groups.[483]

Security and the Rule of Law

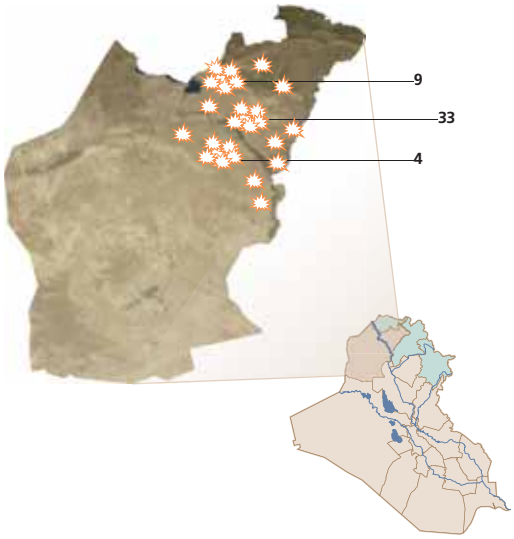
PRT Ninewa reported that the security situation remained "kinetic and unpredictable." Most security incidents took place in the northeastern section of the province, in territory claimed by both Kurds and Arabs. The PRT reported that the unstable political environment had created an insecure band of territory that insurgents were able to exploit, carrying out a series of high-profile bombings this quarter.[484]

Armed groups targeted political opponents. In August, gunmen reportedly killed a member of the Al-Hadbaa Party.[485] Much of the violence was directed toward minorities: On August 10, 2 truck bombs detonated in an ethnic Shabak Shia area

under de facto control of the KRG, killing 41. Three days later, 2 suicide bombers blew up a café in an ethnic Yazidi enclave, also under KRG control, killing 21.[486] Minority Shabaks were targeted as were other Shia neighborhoods and mosques. An August bombing killed 38 people as they left a Shia mosque near Mosul. At least 20 Kurds were killed in a suicide bombing in Wardek, south of Mosul. Tal Afar's mayor and a judge survived separate assassination attempts. The PRT reported U.S. military training with the ISF had increased security, but the province remained vulnerable in the absence of a durable political solution.[487]

The PRT's RoL section indicated progress this quarter, reporting that legal institutions that had limited impact or public trust were now "semi-effective" and operating with "sufficient" public support. Judges permanently located in Ninewa began to hear cases this quarter, and traveling judges from Baghdad were no longer required. The PRT considers the Ninewa Bar Association to be strong, with a contingent of well-educated lawyers. Courthouses were usually open to the public on regular working days.[488]

Security Incidents in Ninewa
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009



The Iraqi Police began to address corruption issues and maintain law and order, but the PRT reported that crime scene investigations were poorly conducted and evidence was frequently tainted, altered, destroyed, or lost. The severe shortage of police in the province results in the Iraqi Army being first responders to crime scenes, the PRT reported. The IA lacks sufficient training in crime scene methods, resulting in loss of evidence. The Mosul Crime Lab is not sufficiently staffed or equipped to have a meaningful effect on criminal prosecutions, and judicial security continues to be a significant concern.[489]

Infrastructure

USAID worked with Iraqis to develop water, sewer, school, and road programs and assisted the local government in Tal Afar to create a Farmers' Business Training Program. USAID also trained the PC's legal committee to develop bylaws and charters.[490] According to the MND-N brigade commander, improvements to basic infrastructure were in the works in Mosul this quarter:[491]

- Electricity—70% of homes in Mosul have electricity service. Two CERP projects were under construction to expand the distribution network.
- Water—50% of the people receive water through pipes, 33% by truck, and the remainder by other sources. This quarter, 8 water pump stations and water main projects were completed, providing water by pipe to 42,000 people.
- Sewage—3 sewage projects were completed in August, providing sewage disposal to 20,000 Iraqis.

Economy

Ninewa's economic base is dependent on agriculture, oil, asphalt, textiles, and sugar. The Provincial Investment Commission hopes to capitalize on the area's potential for development in the petrochemical and sulfur industries. State-owned enterprises include factories for cotton, sugar, dairy, and handmade carpets.[492]

U.S. Infrastructure Spending in Ninewa

$ Millions

Sector	Total
Electricity	118.74
Water and Sanitation	126.87
Oil and Gas	0.08
Transportation and Communications	66.06
General Infrastructure	6.97
Total	**318.71**

Among the U.S.-funded activities supporting economic development this quarter were:

- a retail market at a Forward Operating Base, including opportunities for women and minorities[493]
- a training course for 30 women belonging to the first all-woman agricultural association[494]
- micro-grants and micro-purchases awarded to internally displaced communities living in disputed areas of the province[495]
- small QRF grants to help young people start farms and to provide farm equipment to agricultural associations[496]

Members of the Ard Al-Barka farmers association receive QRF grants. (OPA photo)

Tameem

Governance

Tameem's administrative status remains in dispute because the territory is claimed by both the GOI and KRG. Iraqi and international efforts to find a solution have thus far been unsuccessful. Article 140 of the Iraqi Constitution provides a path for a resolution beginning with a national census and a nationwide referendum, but to date, no census is scheduled. Because of the dispute, Tameem residents did not vote in either the provincial elections held last January or in the Kurdistan Region's elections held this quarter.[497] The Special Envoy of the U.S. Ambassador for Northern Regions relocated to Tameem this quarter to focus on finding a resolution to the territorial dispute.[498] PRT Tameem reported that the province's unresolved issues hindered progress in governance and the investment climate.[499]

Though they did not participate in the elections, Kurdish groups in Tameem keenly observed them, and PRT Tameem reported that the vote is likely to have a lasting effect on the distribution of power in the province. Although the final impact remains to be seen, there appeared to be a reduction in the influence of the KDP-PUK monopoly on politics as some residents openly supported the Kurdistan Region's new Change List party.[500] The party plans to open two offices in Tameem under the supervision of the former PUK provincial chairman.[501]

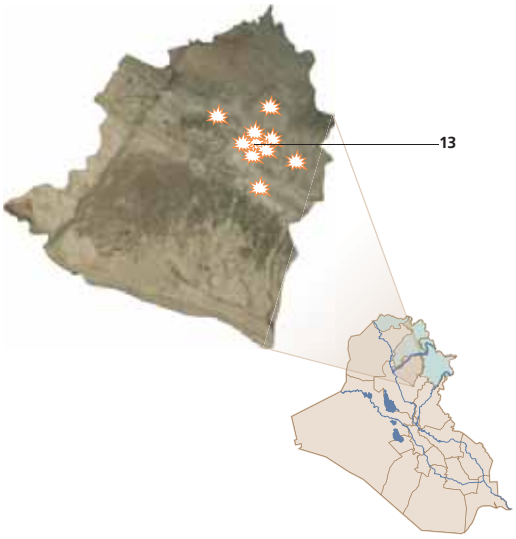
On the national front, the PRT helped organize voter registration for upcoming January 2010 elections—another difficult topic of discussion with local Tameem leaders. The PRT expressed concern that potential voter apathy among Arab and Turkoman communities might produce disproportional results that favor Kurds, whom the PRT described as more politically organized than other ethnoreligious groups.[502]

Security and Rule of Law

The security environment remained poor in Tameem province, with continued bombings and murders concentrated around the provincial capital, Kirkuk. At least 17 incidents resulted in the

A tractor deposits trash at the Kirkuk Solid Waste Transfer Station #1 in Tameem province. (GRD photo)

Security Incidents in Tameem
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009



deaths of two or more people. Police were gunned down by assailants in Kirkuk and a roadside bomb killed a police chief in the neighboring town of Amirli. Gunmen kidnapped a former hospital administrator. The PRT also reported a growing sense of fatigue among PC members to address the province's political situation.[503]

The PRT's RoL section held a joint meeting of judges and police officials this quarter to improve communication on law-enforcement issues.[504] The section worked on a project to open a women's legal clinic and initiated a review of courthouse security that will be conducted by USACE.[505] The RoL section also met with the provincial Commission on Integrity (COI) to discuss strategies for the use of confidential informants during investigations.[506] In an attempt to decrease the level of provincial corruption, the section has drawn up a CERP-funded proposal to strengthen the COI office. The section also won CERP approval for a campaign against honor killings and an extension on a women's legal aid clinic.[507]

Infrastructure

Construction continued this quarter on the al-Rasheed Wastewater Treatment Plant.[508] According to the MNC-N brigade commander, a second water treatment plant in Hawijah was completed this quarter and has increased Kirkuk City's water output by 30%. The new plant will also redistribute water to rural areas via canals. The brigade commander noted that there were still no operating sewage treatment facilities in the province, but there was reported progress this quarter toward completing a sewage facility in south Kirkuk City that will service 50,000 people.[509]

Work was 25% complete this quarter on a major road leading to a provincial airfield. The contractor, however, was issued a stop work order due to inefficiencies in the plans submitted and a lack of contract understanding.[510]

USAID worked this quarter on a solid waste management plan in Hawijah, trained

U.S. Infrastructure Spending in Tameem
$ Millions

Sector	Total
Electricity	362.23
Water and Sanitation	42.87
Oil and Gas	187.39
Transportation and Communications	21.09
General Infrastructure	8.47
Total	**622.05**

supervisors on waste management practices, and helped the municipality of Kirkuk create waste collection zones. USAID also helped the municipality design and initiate construction on a $1.5 million solid waste transfer station.[511]

Economy

Tameem's economic growth relies heavily on oil production. Aside from oil, Tameem relies on agriculture, plastics manufacturing, woven carpets, and livestock.[512]

To support the agricultural sector, CERP funds were allocated to complete the Mesopotamia Strategic Silo in Taza, considered a key node in the agricultural infrastructure of Tameem. In turn, facility managers have committed to renovating and expanding a corn-seed processing plant.[513]

This year, continuing drought has prevented a rise in grain production, and the PRT Economic Development team worked this quarter to bring drip irrigation to farmers.[514] USAID, through its Inma program, facilitated a grant to a beef feedlot that will use farming methods that help calves grow faster and gain weight quicker. The program also issued eight agricultural loans totaling more than $25,000.[515]

Salah Al-Din

Governance

PRT Salah Al-Din reported that its relationship with provincial leaders changed this quarter with the redeployment of U.S. forces outside major urban centers. The PC Chairman indicated he was ready to engage his province in a more "normal" bilateral relationship—particularly as it relates to foreign investment, jobs, critical infrastructure, and civil capacity building.[516] Provincial leaders often referred to the PRT as "U.S. Embassy officials"[517] USAID noted that the citizens had elected 40 new PC members, and reelected only one candidate, which they attributed to a high level of understanding of the democratic process.[518]

PRT Salah Al-Din meets with the provincial governor and members of the Provincial Council. (OPA photo)

PRT projects focused more on government capacity building this quarter, though political divides between the two main parties, and the possible removal of the governor, distracted the PC from its governance goals.[519] The PRT interacted regularly with the PC, reporting a greater willingness among local leaders to visit U.S.-funded project sites. The PRT reported improvement in effectiveness and transparency of the provincial government. In early September, the PC voted the governor out of office, and an appeal is underway.[520]

At the district level, however, the PRT noted that governments were often not viewed as legitimate or as representative of the will of the people. District governments still exhibited poor planning and budgeting practices, and provincial and local officials reportedly do not communicate well.[521]

Security and Rule of Law

As the home province of former President Saddam Hussein, Salah Al-Din has been one of Iraq's least secure places, but this quarter the level of violence was low. The province has suffered from waves of sectarian violence since the Golden Mosque was bombed in 2006 and again in 2007. Though the mosque's dome and minarets are once again

Security Incidents in Salah Al-Din
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

The Golden Mosque in Samarra after the February 2006 bombing. (GOI photo)

On March 6, 2009, pilgrims visit the Golden Mosque in Samarra, under construction following bombings in 2006 and 2007. (GOI photo)

standing, positively transforming a once painful symbol of nationwide sectarian violence, roadside bombings occurred throughout the province this quarter, particularly in the eastern half of the territory. In August and September, the PRT reported a spike in insurgent activities in Tooz and that the residents of the district traded in illegal weapons.[522]

However, the PRT reported that Samarra, the provincial capital, enjoyed relative peace and stability this quarter due to reconciliation efforts between local officials, Sons of Iraq leaders, and the Samarra Operations Center established in the wake of the 2006 and 2007 Golden Mosque bombings. With appropriate security protection, PRT members were generally free to travel anywhere in the province, but unreliable IP escorts and the inaccessibility of certain venues for tactical vehicles remained obstacles to movement.[523]

The PRT's RoL team leader traveled to Erbil this quarter to attend a judicial conference involving 40 judges from the seven northern-most Iraqi provinces.[524] Subjects included security arrangements following the redeployment of U.S. forces, jail segregation, and judicial security.[525] The PRT also continued to discuss the transfer of Iraqi detainees from U.S. to Iraqi control.[526]

Infrastructure

PRT Salah Al-Din described the province's transition from heavy construction projects to government capacity building as in its "infancy."[527] The MNC-N brigade commander reported that most sewage systems were in disrepair and that two new water treatment facilities were providing water for 6,000 Iraqis per day.[528] USAID worked with municipalities in Tikrit and Tooz to improve management of water and solid waste infrastructure facilities.[529]

Economy

Salah Al-Din's largest industries are animal husbandry and oil refining. This quarter, the province

U.S. Infrastructure Spending in Salah Al-Din
$ Millions

Sector	Total
Electricity	311.19
Water and Sanitation	59.51
Oil and Gas	71.52
Transportation and Communications	65.75
General Infrastructure	7.37
Total	**515.35**

sought to expand into the tourism industry through the preservation and promotion of ancient archeological sites, including the Assyrian city of Ashur and several Islamic shrines.[530]

The Provincial Investment Commission hoped to boost the economy by restoring a power plant and supporting petrochemical businesses. The council is in negotiations with a UK investor to develop an airport at a former air base outside of Tikrit.[531] The governor and PC leaders also visited Turkey seeking new investment for other projects.[532] Final preparations are now in place to award CERP-funded micro-grants to merchants near the Golden Mosque.[533]

USAID and the PRT focused this quarter on agriculture, including:

- a grant program to provide a $6,000 "hoop house" to 30 farmers willing to invest some of their own money[534]
- the rehabilitation of the Balad Canning Factory, which employs more than 160 workers[535]

Despite these efforts, the PRT reported economic challenges throughout the province, including minimal access to business credit, ongoing drought conditions, and a lack of familiarity with free markets and investment planning. Agricultural successes varied from region to region with some parts of the province experiencing surplus harvests for which markets are inadequate and others reporting low levels of output.[536]

Anbar

Governance

Anbar's politics began realigning this quarter with the appearance of several new political blocks. A Shia alliance was formed in July and an "anti-sectarian, nationalist" coalition was founded by a Sunni tribal sheik in August. Both new parties plan to compete in the January 2010 national elections. In another shift, the Iraq Awakening Council announced its affiliation with Prime Minister al-Maliki's State of Law Coalition.[537] Despite this activity, the PRT reported a low level of citizen response to voter registration drives ahead of the national elections.[538]

The PRT reported that Anbar's Provincial Council, meanwhile, focused on corruption this quarter, scrutinizing projects authorized by the previous government and highlighting contracts awarded without a competitive bidding process.[539]

PRT Anbar's governance section met with the chairmen of two city councils in western Anbar, who complained that they were frustrated with the lack of services and budgetary support from the central government.[540] USAID projects in the province focused on helping the PC complete its bylaws, and assisting the council and governor's offices with budget planning.[541]

Security and Rule of Law

Anbar remained one of Iraq's least secure provinces this quarter with security incidents concentrated in the far eastern corner of the territory. Suicide bombers targeted policemen and people waiting at checkpoints. At least 26 incidents left two or more people dead. PRT Anbar limited its movements in the provincial capital, Ramadi, following the June 30, 2009, redeployment of U.S. forces. All PRT movements this quarter required IP escort, which sometimes caused delays, though movements in rural areas were unaffected.[542] PRT Anbar reported its monthly movements were about one-fifth what they were last winter.[543]

Provincial leaders, meanwhile, moved to crack down on imams, or prayer leaders, who sought to use the pulpit to foment political dissent. The PRT reported that the provincial governor is now requiring imams to obtain approval from government religious authorities before they can give sermons. In September, government authorities prevented seven prayer leaders from conducting Friday prayers because they did not have government permission.[544]

The PRT's RoL section reduced its contact with the province's judicial leadership to twice-montly meetings, reporting that Anbar's judiciary was operating independently and did not seek mentoring or close association with the PRT. The RoL team continued to use USAID/IRAP grants to establish a legal aid clinic in Ramadi and other projects, such as purchasing law books for courthouses.[545] The PRT reported a substantial backlog of cases in Anbar's judicial system due to the session closing of the criminal court in Falluja.[546]

Infrastructure

Several CERP projects identified this quarter, including eight "biological lagoon" wastewater treatment systems.[547]

Additionally, the provincial director general of railroads agreed to a cost-share arrangement for the reconstruction of a Ramadi passenger train service. The agreement provides for the Iraq Republic Railroad to rebuild the tracks and the U.S. government to construct the train station and platform. A proposal using CERP funds for this project were approved in August.[548]

USAID worked to resolve infrastructure problems related to water, electricity, solid waste, and roads in Rutbah District, and conducted repair assessments of 18 water treatment plants. USAID also provided advice to more than 25 potato farmers.[549]

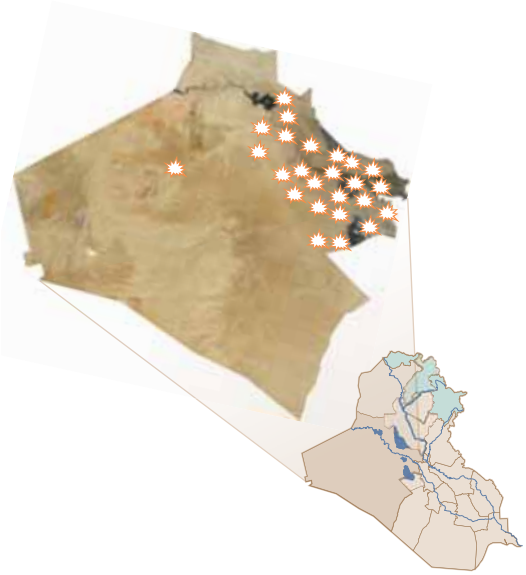
Economy

Impoverished and drought-prone, Anbar sought international investment this quarter on oil, housing, petrochemical, and electricity projects touted by the province's business-minded governor. Although many of the ideas were still in the planning stages, the governor won recognition from *fDi Magazine*, a publication of the F*inancial Times*, which declared him Global Personality of the Year 2009.[550] The cost of the *Financial Times* supplement was funded by an MNF-W CERP initiative.[551]

The Provincial Investment Commission, meanwhile, issued eight business licenses to companies interested in operating in Anbar, including two housing projects, a hotel in Ramadi, various manufacturing concerns, and an oil refining plant.[552]

Security Incidents in Anbar

(Resulting in Two or More Deaths)
7/1/2009–10/15/2009



U.S. Infrastructure Spending in Anbar

$ Millions

Sector	Total
Electricity	251.58
Water and Sanitation	188.88
Oil and Gas	–
Transportation and Communications	70.15
General Infrastructure	3.92
Total	**514.53**

Engineers from GRD inspect the progress of work at the Muhammadi Police Station in Anbar province. (GRD photo)

PRT Anbar focused this quarter on agriculture projects, ordering diagnostic kits that can detect disease in poultry and concluding a wheat project aimed at increasing crop yields.[553]

A $1 million USAID/Inma grant was awarded this quarter to the Iraqi Company for Small- and Micro-Enterprise Finance so that it can make bank loans to small- and medium-sized agricultural enterprises. With CERP funding, the Zozik Company, in coordination with provincial leaders, trained 65 local agronomists in modern wheat farming techniques, including fertilization, use of machinery, and safe application of pesticides.[554]

Diyala

Governance

PRT Diyala reported that mass arrests of Sunni politicians continued this quarter, including the arrests of a deputy governor and two members of the PC, despite assurances by the central government that candidates running in last January's provincial election had been cleared of wrongdoing. In addition to the arrests, a power play within the PC pitted opposition groups, including Prime Minister Nouri al-Maliki's State of Law Coalition, against a ruling coalition of Kurds and Sunni Arabs. Despite this, and despite CMM scores that fall largely below sustainability levels, the PRT reported that the PC was slowly increasing its ability to govern.[555]

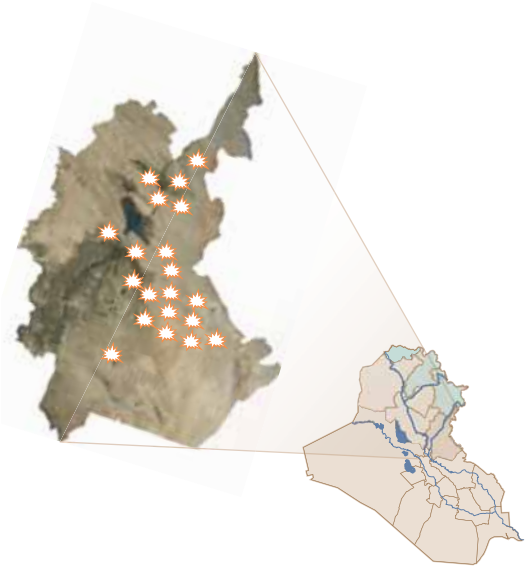
The PRT reported that the upcoming January 2010 elections could become a flashpoint for ethnosectarian tensions in Diyala. The PRT noted with concern allegations that voter registration of Sunnis was slow in areas where an IHEC official was Shia. Similarly there was concern that Sunni sheiks responsible for distributing voter registration packets might not distribute them adequately in Shia and Turkoman areas.[556] In PRT Diyala's view, the long-term political stability of the province may depend on the degree to which the public views the results of the 2010 elections as credible and legitimate.[557]

The continued arrests of Sunni provincial officials have undercut efforts by Diyala's government to institute anticorruption reforms and modernize government management and oversight, the PRT reported. Last quarter there were so many arrest warrants outstanding that the PC elected a professor who was not identified with any party as governor because he had no arrest warrant outstanding.[558] PRT Diyala described the wave of arrests as "depriving Diyala of moderates whose participation in the political process is essential for the establishment of a sustainable democracy."[559]

Of particular concern was the attempt of a local Iraqi commander to take over civilian government

A U.S. Army soldier hands candy to Iraqi children in Diyala province. (MNF-I photo)

Security Incidents in Diyala
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009



functions, effectively creating a structure within the Iraqi Army that paralleled the elected civilian government, despite the PRT's efforts to highlight the predominance of the PC over security services on matters of governance.[560] Despite these difficulties, the PRT reported the provincial government had made a "good start" instituting modern management practices.[561]

Security and Rule of Law

Diyala's security situation remained volatile this quarter with at least 20 bombings, including the mid-July bombing of the office of a Sunni political party, killing five.[562] Continued arrests and violence against Sunni leaders cast a shadow over provincial politics. The deputy governor returned to his duties in September after several weeks in hiding due to threat of arrest; a defense lawyer was gunned down outside a courthouse; a PC member's son was kidnapped and killed; and another member survived an apparent assassination attempt.[563] Diyala's diverse ethnic composition of Kurds, Turkoman, and Arabs has led to widespread security problems and internal displacement. Approximately 80% of IDPs living in Diyala are originally from Diyala, having fled to other parts of the province to avoid being targeted for their ethnoreligious or political allegiances. Disputed boundaries with the Kurdistan Region also contribute to tensions, and although security has improved, the situation remains more tenuous than in most other areas of Iraq.[564]

PRT Diyala reduced its engagements with local officials following the June 30, 2009, withdrawal of U.S. forces from Iraqi cities, often because of a lack of IP escorts. The PRT reported that it was unclear whether ISF would be able to adequately secure the province.[565]

The PRT reported that the creation of the Diyala Defense Clinic was a key step toward developing a more functional judicial system. According to the PRT, many members of the Sunni majority in Diyala view the courts and prisons as badly biased against them, and many prisoners often either do not receive defense lawyers or do not trust them.[566] Although court cases appeared to be moving forward—the PRT's RoL section found fewer prisoners at Ba'quba Prison than two months ago—there were still complaints of torture and abuse.[567]

Infrastructure

The PRT reported that poor security has caused Diyala to lag behind many provinces in reconstruction of its infrastructure. Bombings, kidnappings,

U.S. Infrastructure Spending in Diyala
$ Millions

Sector	Total
Electricity	80.66
Water and Sanitation	143.47
Oil and Gas	2.89
Transportation and Communications	23.79
General Infrastructure	6.24
Total	**257.05**

and attempts on the lives of GOI officials has left Diyala without an opportunity to develop brick-and-mortar projects to the degree the safer security situation has offered other PRT teams. Portions of the 2006, 2007, and 2008 capital budgets remained unexecuted in late 2008 largely because of the security situation.[568]

Some projects have moved forward, however. Provincial officials this quarter accepted a PRT solid-waste proposal that includes six landfills and a wastewater system. The project is designed to increase the province's severely limited sewerage. Currently, sewage drains from many homes into the streets, creating impassable, trash-filled swamps.[569] The majority of ongoing CERP and I-CERP infrastructure projects this quarter addressed issues in the water sector.[570]

Economy

Diyala's economic base is mainly agricultural, with citrus trees, dates, pomegranates, and fishing among its primary industries. The province's capital, Ba'quba, is powered by electricity from Iran. State-owned companies employ factory workers making bricks and electrical products.[571]

USAID worked with provincial officials on drought-mitigation activities and assisted in obtaining funding for 146 wells.[572] PRT Diyala has built on the province's agriculture base. CERP and Inma funds were earmarked for projects such as feed mills and poultry production:

- One Inma project continuing this quarter aided a family-owned company in its quest to once again provide bird stock to poultry farmers. The grant will fund a modern feed mill and subsidize the price of feed for one year.[573]
- The PRT also aided the Provincial Investment Commission, whose offices were taken over by the Iraqi Police, and assisted the Chamber of Commerce in efforts to organize a series of business development workshops in September.[574]
- The Aruba Market, Diyala's major commercial center, opened this quarter and is projected to create 1,000 new jobs.[575] Several QRF grant initiatives continued or were launched this quarter to develop economic opportunities for women, including training on agriculture and livestock breeding for 500 women through a $150,000 grant to the Iraqi Women's Gender Equality organization.[576]

Baghdad

Governance

PRT Baghdad reported the peaceful transfer of power to a new PC had continued this quarter with the resumption of what the PRT described as "traditional frictions" between provincial institutions and national ministries over authority, money, and organization. The PRT leader noted that government inexperience among most PC members, budget challenges, security concerns, a reduced U.S. military presence, and political positioning for the January 2010 parliamentary elections shaped the political atmosphere this quarter.[577]

The PRT reported these specific concerns:[578]

- Iraqi NGOs remained fragile, facing the challenges of limited capacity as they shifted funding to Iraqi and non-U.S. multinational sources.
- There remained a slow chain of action between national ministries and provincial governments in developing and approving infrastructure projects and land transfers.
- The rural districts remained low on most ministry priority lists.

Amid these concerns, PRT Baghdad helped to develop a $2.5 million program for the Amanat Training Academy to upgrade the skills of 14,000 municipal employees. QRF proposals emphasized sustainability and the planned transfer of projects to Iraqi funding. The PRT executed a shift in focus away from municipal areas and toward the agricultural periphery.[579] USAID worked closely with the provincial government to monitor the delivery of government services and facilitated meetings between local sheiks and international donors to implement a literacy program. USAID also distributed children's books, trained 27 officials to track infrastructure projects, and provided consultation to NGOs active in women's issues.[580]

PRT Baghdad's perception was that Iraqi expectations of U.S. assistance were shifting away from brick-and-mortar projects, and that dependence on U.S. funding support for fuel, salaries, and maintenance had eased. On the other hand, the bureaucratic difficulties of executing QRF and CERP projects—both from the U.S. and Iraqi sides—appeared to have grown, delaying projects intended to meet emergency needs.[581]

Security and Rule of Law

Roadside bombs, targeted killings, and kidnappings continued in Baghdad province this quarter, including two large coordinated bombings of the Foreign and Finance Ministries on August 19, 2009. Several Baghdad churches were bombed on July 11, 2009.[582] The violence was concentrated in Baghdad City, with few incidents occurring in rural areas. At least 20 people were killed when a car bomb exploded outside a Shia mosque. A member of former Prime Minister Iyad Allawi's Iraqi National List was shot dead. Four people were killed in a bombing in a popular market.

The PRT and ePRTs reduced movements in Baghdad City this quarter and facilitated travel through informal, local understandings. The ISF has mostly cooperated to provide PRT and ePRT movement to government facilities and project sites

Security Incidents in Baghdad
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in the city, with the exception of Baghdad's Sadr City neighborhood, where U.S. forces are not able to visit.[583] The PRT expressed concern about the reappearance of extremist militias and their effect on social behavior.[584]

This quarter, the PRT's RoL team continued to train law school faculty and judicial officials and to support and fund brick-and-mortar projects in outlying areas of Baghdad. PRT-Baghdad executed QRF micro-purchases to fund books for public law libraries in the two largest courthouses, and was developing CERP-funded projects for the Rusafa Courthouse.[585] The RoL team noted two projects of concern:[586]

- The Women's Legal and Social Clinic (funded by the Targeted Development Program) reported expenditures not in accordance with its grant agreement, and PRT-Baghdad remains concerned that the levels of service provided do not meet those expected under the grant terms. These concerns have been reported to the ITAO grant managers.
- The Coupon-Funded Legal Assistance Program (funded by USAID's Community Stabilization

Program/Conflict Mitigation) appears to have overwhelmed the managerial abilities of the grantee, the Iraqi Jurist Union (IJU). DAI, the USAID-contractor charged with oversight and implementation of the CSCM program, has been working with the IJU to address its management deficiencies.

The RoL team suggested the implementation of management training for NGO-focused programs to reduce future accounting and management issues.

Infrastructure

The PRT reported that its efforts had increasingly shifted to sustainable government capacity building in the province. CERP obligations by MND-B declined to $128 million, and further reductions were expected in 2010. Remaining CERP projects included a $600,000 plan to restore a failed sewer main and a plan to repair a highway span that has been delayed by ethnic violence and contractor default.[587]

MND-B's Brigade Commander reported that CERP funding faces so many administrative hurdles that the program is no longer flexible and responsive. The commander said that burdensome paperwork hampered the allocation of available funds and imposed so many limitations on Iraqis that there was a reluctance, and sometimes refusal, to accept CERP money.[588] MNC-I, however, noted that mechanisms were in place to prevent execution of unnecessary projects, and that projects required GOI commitment to sustaintment prior to completion.[589]

The PRT reported that some infrastructure projects had moved ahead this quarter. The PRT worked to link the Qa Qa Water Treatment Facility to the Shi Shi Bar pumping station to improve the delivery of potable water in the province. In all, PRT Baghdad reported it had managed the memorandums of agreement with Baghdad's municipal authorities governing $40 million in CERP projects in the last year.[590]

Also in the water sector, PRT Baghdad worked with the Embassy's Joint Reconstruction Operations Cell and Economic Section to try to obtain international financing for a $500 million expansion of the Karkh Wastewater Treatment Plant, which was last operational in 2005. Currently raw sewage bypasses the facility and is dumped into the Tigris River.[591]

U.S. Infrastructure Spending in Baghdad

$ Millions

Sector	Total
Electricity	1,504.22
Water and Sanitation	755.31
Oil and Gas	40.60
Transportation and Communications	282.17
General Infrastructure	341.68
Total	**2,923.97**

Economy

Baghdad province's main industries include oil refining, financial services, processed food, tobacco, and construction, among other light manufacturing. The Provincial Investment Commission sees potential growth in tourism, retail, health care, and information technology.[592] Agriculture is also a main economic component for about a million inhabitants in the province's outlying areas. PRT Baghdad focused its attention this quarter on rural areas, working to complete a poultry-to-market project and a drip-irrigation project. The PRT has also supported a small business association and five women's centers that provide a range of services.[593]

The PRT reported that economic challenges remained, including a commercial lending structure that often relied on political and personal contacts, unrealistic privatization plans for state-owned enterprises, and poor irrigation. Small manufacturers reportedly complained of unregulated imports and unfair competition from subsidized state-owned enterprises.[594]

Wassit

Governance

The PRT reported that Iraqi officials continued this quarter to press for large-scale "milestone" and "legacy" projects such as dams, major research hospitals, and industrial installations. The PRT clarified that a new phase in the provision of assistance had shifted priorities toward government capacity-building efforts. The news of the PRT's transition was met with mixed reactions: Many Iraqi government institutions welcomed the governance focus of the initiatives, while others noted the unfinished job of infrastructure and capital project reconstruction.[595]

The PRT also reported a meeting with key supporters of Muqtada al-Sadr who expressed willingness to engage with the PRT, a development the PRT described as an "unusual dynamic in Iraq." The PRT saw this as an opportunity for outreach to al-Sadr's followers in ways that could potentially reduce political tensions, bolster security, and increase support for political reconciliation in the province.[596]

Regarding budgeting, the PRT reported that the provincial coffers had received a substantial infusion of cash this quarter from a government-run truck-staging area in the province, though how much cash had been collected remained unclear.

PRT Wassit shared a Ramadan "Iftar" dinner with residents of a farming village as part of an outreach and reconciliation effort in the province. (OPA photo)

Security Incidents in Wassit
(Resulting in Two or More Deaths)
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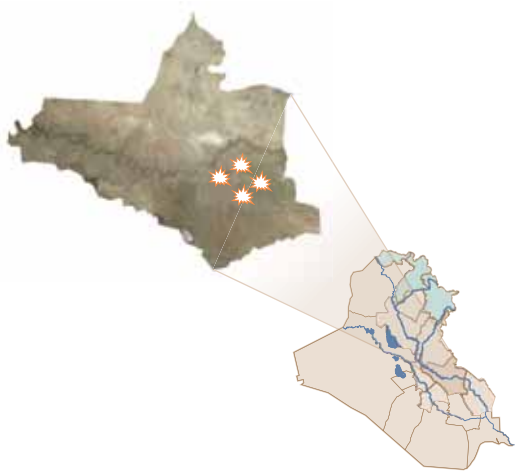

The PRT reported that as both a significant revenue source and a potential point of controversy about transparency and corruption, the trucking operation invited continued scrutiny.[597]

USAID's Tatweer program trained nearly 400 provincial officials in public administration and management, and worked with district officials and citizens to identify community needs and effective ways to respond to those needs at the lowest levels of government.[598]

Security and Rule of Law

PRT Wassit reported that the security situation in the province was generally stable this quarter despite an increase in security incidents directed against FOB Delta and convoys traveling in the province after June 30. Two separate bombings reportedly killed 15 Iraqi civilians in August—the first such attacks in some time. There were few security-related restrictions on movement this quarter, though certain communities presented greater relative danger to the PRT than others. The PRT predicted that as U.S. troops begin to withdraw further, its ability to travel throughout Wassit will decrease, and reconstruction efforts will need to be redirected to the most vital areas.[599]

The PRT's RoL section continued this quarter to engage judges and prosecutors on a regular basis at six courthouses under renovation. During one visit, a judge brought up the issue of detainee treatment at the jail, including a case of prisoner abuse. RoL reported that judges appeared increasingly aware of due-process issues. Iraqi police continued training in the mechanics of crime scene investigation and the issuance of arrest warrants. The PRT sponsored symposia this quarter to educate Iraqi attorneys.[600]

Infrastructure

The PRT reported that only 2 of 10 "CERP surge" projects submitted for approval by the end of the quarter had been granted. Obtaining approval for the remainder was among the PRT's most important remaining priorities.[601] The MND-S brigade commander reported 35 ongoing projects this quarter and another 29 in the planning phase. The focus was on improving the water supply for drinking and irrigation, building courthouses and schools, and border security, including:[602]

- an ISFF grant to provide solar and wind power at a border outpost, which could be duplicated at other outposts
- an ISFF project designed to reduce smuggling by creating a customs point of entry
- a water pumping station along the Hahwar canal that will provide water for agriculture, cooking, and bathing

Al-Jihad Water Compact Unit produces 200 cubic meters of water per hour in Wassit province. (OPA photo)

U.S. Infrastructure Spending in Wassit

$ Millions

Sector	Total
Electricity	45.38
Water and Sanitation	30.21
Oil and Gas	–
Transportation and Communications	19.18
General Infrastructure	10.23
Total	**105.01**

Additionally, a CERP-funded project to rehabilitate the al-Muntanabi Primary School was in its final stages.[603] Some $4.8 million in I-CERP funds were earmarked for rehabilitation of the Jassan-Dabuni canal pump station, which will aid communities in western and northern Wassit.[604] USAID provided technical assistance and maintenance to the al-Shuahmiyah water pump station that will provide uninterrupted water flow to about 40,000 people.[605]

The GRD reported that the Wassit Engineering College Laboratory was 98% complete this quarter. Scheduled for completion on October 15, 2009, the project will install new laboratory equipment and supply faculty training for modern computer labs, soil and asphalt testing labs, and a surveying lab at Wassit University Engineering College.[606]

Economy

The PRT reported that Wassit's agricultural sector was beset with serious problems, such as declining water resources, increasing soil salinity, poor irrigation methods, a lack of modern equipment, and demographic shortfalls that have forced farmers to abandon land and head to urban areas.[607] The PC this quarter asked PRT Wassit to focus on agricultural projects.[608] The PRT's economics section conducted a lengthy brainstorming meeting with the Chamber of Commerce's board of directors to identify companies to approach about possible investment in the province.[609] PRT Wassit inspected a CERP-funded market and refined the management of a QRF-funded tractor rental

program.[610] USAID's Tijara program provided technical assistance to two small-business development centers.[611]

Wassit's Provincial Investment Commission considers agriculture among the province's most important industries, employing 38% of the work force, growing wheat, barley, fruit, and dates. Tomato paste and fisheries are also important areas of production.[612] To aid in this sector, PRT Wassit organized an agricultural conference, facilitated agriculture training this quarter, and sponsored a workshop on greenhouse technology.[613]

A modern auto dealership opened in Wassit this quarter as a result of an earlier PRT-sponsored Opportunities Fair that attracted a Lebanese company. The dealership uses auto financing and has plans to open a parts and services department—two firsts for the province.[614]

Babylon

Governance

The PRT reported that attendance by the PC was so poor last quarter that the chairman threatened in July to start fining members who missed sessions.[615] The government staff, meanwhile, recommended creating a provincial secretary position, which PRT Babylon and USAID viewed favorably as a way to improve transparency, reduce corruption, and increase public participation in PC activities.[616]

Despite budgetary problems, the PRT reported that the PC had allocated funds to purchase a new SUV for each PC member shortly before firing a municipal director to save public funds from being wasted. In a separate issue, the provincial minister in charge of civil-society organizations claimed that 300 of the 400 registered NGOs in the province were "fictitious."[617]

Security and Rule of Law

PRT Babylon reported that public reaction in Babylon to the June 30 redeployment of U.S. forces was muted, and the popular mood was a mix of "indifference" and "apprehension" over security.[618] The PRT characterized provincial security as "good" and the province as "stable," but also reported a slight uptick in roadside bombs in July.[619] Also in July, unknown gunmen attacked police in two different incidents, and an SOI checkpoint came under fire.[620] In August, 8 car bombs exploded (killing 3 and wounding 39), a grenade exploded at the office of the Iraqi National Stream party, gunmen killed the brother of a ministry director, and the PRT reported potential for an increase in tribal disputes.[621] One local politician warned that late payments to SOI members could jeopardize security.[622]

The PRT reported that the rise in violence represented a change from previous quarters. Babylon had been relatively safe—safe enough that less than half of the IDPs residing in the province told pollsters that they wanted to return home, though a portion hoped to resettle in a third location. Despite the deteriorating security situation, the Shia holiday of Shabaniya was celebrated without a significant security incident.[623]

Security Incidents in Babylon
(Resulting in Two or More Deaths)
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A survey conducted by the PRT-supported al-Meezan Legal Newspaper revealed a widespread perception that the centralized Administrative Court is "overwhelmed and inefficient."[624] In mid-September, a Center for the Defense of Arbitrary Detainees opened with support from the European Union, the United Nations, and an Italian organization.[625]

Infrastructure

PRT Babylon reported that the transition from brick-and-mortar projects was underway this quarter, and there were no plans for additional large structures. Still under construction were two primary schools, two secondary schools, and one regional courthouse. The Mussayib Civic Center, the last large structure to be built with U.S. funds, is scheduled for completion in August 2010. The new Hillah Courthouse project was nearing completion this quarter and is scheduled to open in 2010.[626]

In the areas of electricity, water, and sewage, the PRT and USAID worked this quarter on:

- sustaining the finished Jebalah substation and the al-Karya al-Asryah water project by training Iraqi officials and testing equipment[627]
- preventing a cholera epidemic due to drought conditions and poor water quality[628]
- bringing water tanks to rural areas that have contaminated or poor quality water and helping to construct solar-powered water filtration units to purify contaminated irrigation water[629]

U.S. Infrastructure Spending in Babylon

$ Millions

Sector	Total
Electricity	121.65
Water and Sanitation	47.63
Oil and Gas	–
Transportation and Communications	36.01
General Infrastructure	3.49
Total	**208.78**

PRT Babylon hands over the keys to seven new water tanker trucks to Babylon's governor. (OPA photo)

According to the MND-S brigade commander, there were 29 projects in progress and 31 more in development this quarter, including a $1 million ESF project to improve security of the local police force in the northern town of al-Khidr.[630]

The GRD reported that the al-Eskan Water Compact Unit was 70% complete this quarter with a scheduled completion date of April 5, 2010. Once complete, the unit will treat water, provide storage tanks, and sludge lagoons. The project is expected to provide potable water for up to 10,000 people.[631]

Economy

As the cradle of Iraq's ancient civilization, Babylon is rich in historic ruins that could form the basis of a tourist industry. To that end, the State Ministry of Tourism and Antiquities allocated $500,000 this quarter to renovate archeological sites with the goal of opening them to the public soon. Disagreement remained on how to preserve the archeological heritage while making the site available to tourists.[632] Other than archeology, Babylon is known for its dates, and agriculture employs roughly 25% of the population.[633]

This quarter, the PRT and USAID assisted in economic development through these projects:

- the Abu Ghurak Market—third in a series of six neighborhood markets being provided through

a collaborative effort between the PRT and the provincial government[634]
- a private business-development initiative to provide credit to small- and medium-sized enterprises[635]
- restructuring of the Babylon Velvet and Sewing Factory that will provide 450 jobs and potential annual revenue of $20 million[636]

The PRT noted that potential investors face the challenges of obtaining credit, as well as tourism monopolies and red tape at the provincial and national levels. The PRT predicted difficulty changing a provincial attitude that assumed the central government could solve business problems.[637]

Qadissiya

Governance

PRT Qadissiya reported that it had conducted urban planning and community management training at the district levels this quarter. Mayors of four districts participated in the program,[638] which teaches government officials how to envision and plan for community development by targeting available financial resources. The PRT reported that the new governor and PC were more open to working with the PRT than the previous provincial administration. In this environment, the PRT has been able to offer new ideas for best practices, including a strategy for changing government and public attitudes toward NGOs, which had been viewed with suspicion. The PRT also reported that the provincial Commission on Integrity had begun anticorruption efforts.[639]

USAID reported that about 310 provincial officials participated in its Tatweer program, which sought to improve governance capabilities through courses on leadership, human resources, project and fiscal management, procurement, and anticorruption.[640]

Security and Rule of Law

The PRT reported that Qadissiya enjoyed a relatively stable security environment, though this quarter there was an apparent assassination attempt on the director general for agriculture.[641] The province is secure enough that almost half of the province's IDP population reported that they hoped to stay in Qadissiya despite poor infrastructure and limited job opportunities.[642] PRT Qadissiya's movements around the province were sometimes hampered by the absence of an IP escort on missions within the provincial capital. Occasionally, the problem prevented the PRT from visiting project sites and meeting with Iraqi officials in their offices.[643]

PRT Qadissiya reported that it has not had a full-time RoL advisor for several months. Nonetheless, the PRT worked on a number of RoL activities this quarter, including visits to the province's chief judge and to several courthouses. The PRT is currently working with CERP funds to rehabilitate the offices of the provincial COI.[644]

Security Incidents in Qadissiya
(Resulting in Two or More Deaths)
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Water tank installed at Al-Zahour, Qadissiya province. (OPA photo)

Infrastructure

The PRT reported that the provincial government focused this quarter on improving its water and electricity delivery systems. To that end, the PRT obtained CERP funding for the mechanical refitting and filter replacement of the Diwaniya Water Treatment Plant, as well as four electrical feeder line projects.[645] When complete, the plant should provide drinking water to the provincial capital, Diwaniya. In all, there were 10 projects being executed and 16 others in planning stages this quarter, according to the MND-S Brigade Commander.[646] In addition to the water plant, there were three planned sewer improvement projects and four IP stations under construction.[647]

In July, the project to refurbish and expand the al-Akhlaas Primary School was completed, including 6 new classrooms that will accommodate nearly 500 students attending this school, new bathrooms, and a courtyard.[648] Two other schools received new QRF-funded bathrooms, desks, chairs, and air conditioners.[649]

U.S. Infrastructure Spending in Qadissiya

$ Millions

Sector	Total
Electricity	86.78
Water and Sanitation	30.46
Oil and Gas	–
Transportation and Communications	21.75
General Infrastructure	2.65
Total	**141.63**

Economy

Agriculture is at the core of Qadissiya's economic activity, and the PRT sought to strengthen this sector by training farmers to use advanced technology to map the province's limited water resources. Funding was approved for a soil-testing laboratory, and the PRT reported improvement in the province's agricultural capabilities to ensure better water allocation and grow crops that are less dependent on water.[650]

In August, the PC chairman announced a deal with Hyundai to buy 10,000 cars for unemployed residents and recent college graduates for use as taxis or as transport while seeking employment.[651]

The Iraqi National Investment Council reported that the provincial government also sought this quarter to build a sports arena and an international airport.[652] Officials consulted private investors interested in transforming the historic Niffar archeological site into a tourist attraction, although the PRT reported that the idea could have disastrous effects on the site, which has yet to be fully excavated and preserved.[653]

Kerbala

Governance

PRT Kerbala reported that preparations for the January 2010 national elections were underway this quarter. Election officials reported that 85% of Kerbala voters had received updated voter registration cards by mid-August.[654]

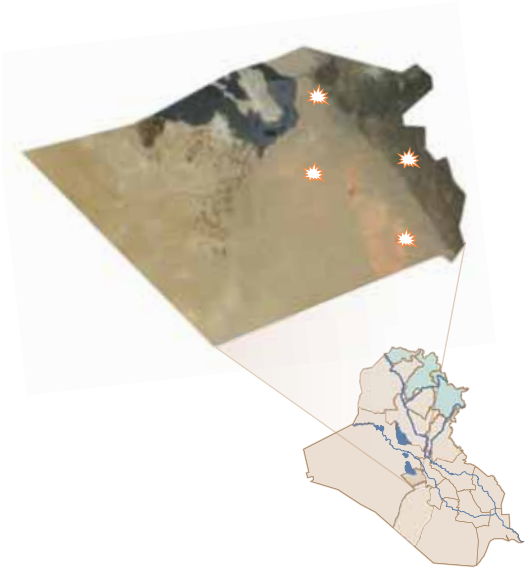
The PRT also reported it had worked with provincial officials this quarter to implement advanced technology systems designed to aid in government planning and agriculture, and that the PC was supporting these efforts. However,

Iraqis in Kerbala province celebrate the Shia holiday called Shabaniya. (OPA photo)

the provincial finance director refused to pay for data entry personnel for the systems, forcing the PRT to underwrite a short-term project to pay for the extra workers.[655] Generally, the PRT reported improved PC governance, including activity to form a committee to ensure that decisions are carried out and completed, as well as new anticorruption efforts undertaken in conjunction with the governor's office.[656]

In July, the PC reported that it had received $23 million from the central government to cover an estimated 2009 budget of $77 million.[657] By August, the PC had received 60% of its budget. To plug budget shortfalls, provincial officials were considering establishing a tax on religious tourism to the province.[658] Some 420 officials attended USAID training sessions on public administration and management, including fiscal management, procurement, and anticorruption.[659]

Security Incidents in Kerbala
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009



Security and Rule of Law

PRT Kerbala reported that security concerns remained low this quarter. There were two roadside bombs, but neither caused damage or injury. Similarly, no security problems were reported during the Shia holy day of Shabaniya, which drew an estimated six million to seven million pilgrims to the province's main shrine. The ISF implemented a successful security plan that included an additional 20,000 security personnel, emergency medical support, and air surveillance. PRT movements were restricted over the holiday, but not at other times.[660] Kerbala's relatively calm security situation and predominantly Shia population have led many Shia fleeing the violence in Baghdad and Diyala to seek refuge in the province.[661]

The RoL section reported several women's initiatives, including:[662]

- A proposal from Women for Women International to establish a program for women in war and post-conflict zones. Under funding review for an IRAP grant this quarter, the proposed year-long

course is designed to help women learn to cope with the effects of war, to teach basic human rights principles, and to offer vocational training.

- A project to develop job skills, literacy, and human rights awareness among women in western Kerbala.
- Expansion of a project to provide free legal service to women through funding of the NGO, "Women for Justice." The PRT reported that the NGO was meeting a request from the Family Courts to provide a secure environment for parental visits with children in custody and divorce cases.[663]

Additionally, the PRT visited Baghdad Police College's Forensics Training Lab to arrange a future tour of the facility for members of Kerbala's legal community.[664] PRT members visited the main jail and found adequate, though crowded, housing and generally good conditions. The PRT was awaiting approval of CERP and I-CERP funding for projects to build the Hindiyah Courthouse and the Ayn Tamr Courthouse.[665] USAID hosted 20 conflict resolution workshops for 575 people, including local sheiks, human rights activists, and law professors.[666]

Infrastructure

PRT Kerbala reported that it had been instructed to maintain a high level of CERP activity through August 2010.[667] Progress continued this quarter on seven I-CERP projects (five schools, a clinic, and a courthouse), three CERP projects (school bathrooms), and seven "CERP-surge" projects

U.S. Infrastructure Spending in Kerbala

$ Millions

Sector	Total
Electricity	46.99
Water and Sanitation	39.00
Oil and Gas	–
Transportation and Communications	4.88
General Infrastructure	1.58
Total	**92.45**

Iraqis in Kerbala province attend a ceremony to inaugurate a new road. (OPA photo)

(transformers, a courthouse, a laboratory, a materials testing facility, a youth sports complex, a school renovation, and cold storage facilities).[668]

MND-S Brigade Commander reported that there were 14 projects underway and another 16 in the planning stages this quarter, including school and courthouse construction. Four schools were entering the "groundbreaking" phase, while two courthouses were being planned.[669]

USAID selected an alfalfa forage demonstration site, registered five Kerbala fish farmers for training in neighboring Babylon province, and made two agricultural micro-finance loans totaling $8,000.[670]

Economy

Home to a major Shia shrine, Kerbala is one of Iraq's foremost tourist destinations. The PIC boasted of a thriving hotel industry, including 62 resorts. Additionally, the province produces large quantities of wheat, barley, and dates.[671] In July the PIC announced an $18 billion residential and commercial development on a lake funded by a UAE developer. The plan still requires approvals from the NIC and an allocation of land.[672]

The PRT reported efforts this quarter to help Iraqis develop bank lending programs for small- and medium-sized businesses in the province. A business roundtable conducted this quarter recommended improving the process for new business registrations. A second roundtable is planned for early December.[673] PRT Kerbala

participated with USAID on two initiatives this quarter:

- technical assistance on three horticultural projects designed to import seedlings and vines, establish greenhouses, and improve post-harvest handling of fruits and vegetables
- a project to educate local farmers on forage management and to introduce salt-tolerant Bermuda grass into Iraq[674]

The PRT also met with German investors interested in establishing car dealerships in Kerbala. These investors were staying in local hotels, traveling in unarmored cars, and without a security detail, which PRT Kerbala interpreted as welcome signs of investor comfort with local security and the provincial investment environment.[675]

Najaf

Governance

Najaf's provincial government continued to receive relatively high marks this quarter in the CMM compiled by the PRT. Though the PRT did not rank Najaf self-reliant, it gave relatively high marks to the PC for national unity and political development.[676] USAID trained more than 500 government officials in administration and management, including human resources and anticorruption.[677]

The PRT reported that the PC regularly asked for assistance in building infrastructure projects, particularly in the areas of water and electricity. Though the PRT is no longer seeking large-scale brick-and-mortar projects, the team oversaw I-CERP projects this quarter and provided advice on technical issues.[678]

Security and Rule of Law

The PRT reported that security incidents were rare in Najaf this quarter, but noted that its movements were limited in some areas, such as the old city of Najaf and nearby Kufa, due to the influence of Iran and the presence of the Mahdi Army, the armed wing of Shia cleric Muqtada al-Sadr's party.[679]

In RoL, lawyers working for the Women's Assistance Project opened 30 new cases. Since May 2009, the project has accepted representation on behalf of 483 widows and completed 47 cases.[680] PRT Najaf reported it had made progress with access to counsel for detainees and legal services for orphans through PRT-supported NGOs.[681]

The MND-S Brigade Commander reported that there were 6 projects being executed in Najaf and another 56 projects in the planning phase this quarter. One project underway will purchase eight generators with CERP funds to provide more electricity to commercial buildings. Four health clinics were under construction this quarter, and 27 vehicle and pedestrian bridges were in the planning stage.[682]

Infrastructure

The PRT reported that the Najaf Reconstruction Council, an Iraqi engineering organization, agreed to provide professional engineers at their own cost

Security Incidents in Najaf
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

Female lawyers at the Iraqi Women's Assistance Project work with clients in Najaf province. (OPA photo)

at all Najaf I-CERP sites.[683] Also this quarter, the PRT reported that work on four district health clinics continued on schedule and on budget, with more than 50% of work completed. Clinics are expected to be handed over to the Ministry of Health next quarter.[684]

The PRT confirmed that $62 million worth of electric generators had been installed at the Gasak Power Plant. With the installation of the new generators, the Gasak plant will generate an additional 250 MW of electricity.[685]

The PC asked the PRT to help oversee I-CERP projects for schools and health centers this quarter. The PRT reported that most of the current QRF and USAID funding (IRAP) is now targeted toward government capacity building or small projects and away from brick-and-mortar projects.[686]

Economy

Najaf hosts a major Shia shrine and a cemetery that attract millions of pilgrims each year, and it produces large quantities of wheat, barley, rice, and dates. A state company producing tires and rubber employs about 2,400 people. The PIC hopes to expand the province's potential for foreign investment, noting interest from Arab companies in commercial complexes and hotels.[687]

PRT Najaf this quarter facilitated a visit by several agricultural specialists who toured a feedlot forage site where alfalfa is being grown. The site was supplied with deep wells providing clean water. The next step is to introduce beehives to pollinate the alfalfa flowers. The site is projected to provide 10 harvests per year and approximately 2,000 metric tons of alfalfa.[688]

In other areas of agriculture, PRT Najaf reported it had worked with the Najaf Agricultural Committee to obtain plastic greenhouses, promote drip irrigation systems, and diversify crops.[689]

U.S. Infrastructure Spending in Najaf
$ Millions

Sector	Total
Electricity	72.79
Water and Sanitation	60.84
Oil and Gas	—
Transportation and Communications	14.26
General Infrastructure	4.43
Total	**152.31**

Muthanna

Governance

The PRT reported that the PC functioned "reasonably well" and "without the use of violence," though there were incidents of tribal conflict this quarter, including the brief kidnapping of a tribal sheik, who was released unharmed.[690] The provincial government agreed to a five-year plan prioritizing capital investment, which the PRT plans to use as a mechanism to better identify possible CERP projects in closer cooperation with provincial officials. The PRT's subject matter experts began taking more of a supporting role, advising government officials only when invited.[691]

PRT Muthanna met this quarter with provincial leaders, including the Iraqi Governorate Election Office director, to assess how the PRT could support the January 2010 parliamentary elections, including using QRF/CERP funds to support voter education.[692]

Security and Rule of Law

PRT Muthanna reported that the security situation in the province remained calm this quarter. The PRT's RoL section assisted with literacy training for prisoners and advised provincial officials on ways to alleviate overcrowding in the prison.[693]

Infrastructure

The PRT noted that Muthanna suffered in particular from a lack of water. Water-borne disease is a problem because of low water levels in the Euphrates River. This quarter, there was at least one outbreak of typhoid, which the PRT said was probably due to degraded water quality. The PRT assessed inoperative water plants and discussed emergency distribution of water, development of wells, and repair of water plants.[694]

This quarter, the PRT reported progress on the following projects:[695]

- distribution of water purification units to hospitals, youth centers, and orphanages
- construction of the Rumaytha Slaughterhouse and the Warka Slaughterhouse
- funding for seven projects, including water distribution, roads, and a four-classroom school

In addition, the GRD reported that a fuel station was 88% complete this quarter that would allow for refueling and resupplying of vehicles and equipment used by the Department of Border Enforcement in remote areas of the province.[696]

USAID worked with local officials to vaccinate more than 110,000 sheep and cattle, provided training to 45 veterinarians and 100 others in the agriculture industry, and promoted an artificial insemination program that has increased the province's cattle herd.[697]

U.S. Infrastructure Spending in Muthanna

$ Millions

Sector	Total
Electricity	15.02
Water and Sanitation	189.79
Oil and Gas	0.07
Transportation and Communications	19.12
General Infrastructure	3.87
Total	**227.87**

Security Incidents in Muthanna

(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

Economy

Sparsely populated, Muthanna's vast desert contains oil and salt, and the province is Iraq's main producer of cement. Provincial farmers breed poultry and produce large quantities of dates. This quarter, the governor announced plans to develop new oil wells with private investment funds, while

Iraqi children attend the grand opening of the Women's Training and Rug Display in Muthanna province. (OPA photo)

the Ministry of Oil expanded its oil refinery in the provincial capital, Samawa, that is projected to produce 10,000 barrels per day.[698]

The PRT reported that Muthanna's PIC was successful this quarter in licensing well over $1 billion in investment deals. The PRT also reported that if heavy industrial projects to produce cement, plastics, salts, cleaning products, and medical oxygen come to fruition in the next few years, the province has the potential to substantially change its economic landscape.[699] One impediment to investment noted by the PRT has been the PIC's lack of access to public land.[700]

Security Incidents in Thi-Qar
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

Thi-Qar

Governance

PRT Thi-Qar reported that the province enjoys a relatively well-developed political climate where the PC is able to mediate competing political goals in a relatively peaceful manner.[701] The PRT also reported success in anticorruption efforts after an influential tribal sheik and three others were jailed for extortion in an alleged reconstruction contracting scheme. The PRT leader characterized the case as proof of the effectiveness of Iraq's legal system.[702] USAID trained 280 local government officials to deal with the effects of political and tribal affiliations on governance.[703]

The PRT and USAID reported aiding the PC in its preparation of the provincial budget and training in governance issues, including the use of technology, and the formulation of a provincial development strategy.[704]

Security and Rule of Law

Thi-Qar had few security incidents this quarter, though local police found caches of weapons and defused bombs. Despite the success touted in the arrest of the sheik on corruption charges, the PRT reported that the province's chief judge complained that provincial police and judges did not know how to use technology to build cases and did not cooperate with one another.[705] Training continued in this area, however, with ISF members from seven provinces attending a one-day seminar on the collection, preservation, and exploitation of forensic evidence found at bombing sites.[706]

Infrastructure

PRT Thi-Qar sought CERP funds for water and veterinary care, among other sectors this quarter, including:

- a proposal to construct a surgical unit at the Thi-Qar Veterinary Hospital [707]
- a proposal for a reverse osmosis system to upgrade existing water networks[708]

PRT Thi-Qar reported working with the provincial government to draw up proposals for CERP-funded brick-and-mortar projects.[709]

Economy

The PRT funded several agricultural training programs this quarter:

U.S. Infrastructure Spending in Thi-Qar
$ Millions

Sector	Total
Electricity	106.67
Water and Sanitation	399.69
Oil and Gas	0.43
Transportation and Communications	21.42
General Infrastructure	13.06
Total	**541.26**

- Ten farmers from Suk al-Shuyukh and Chubaish were trained at Camp Mittica in the production of dairy product. The Farmers Union will distribute the milk and cheese during Ramadan.[710]
- Students from the Akad Palm Station were trained in procedures for safer date harvesting, including mechanized harvest techniques.[711]
- The Farmers Union received 6,000 newly hatched chickens this quarter, and all chicks at the Nassriya rearing site were vaccinated.[712]
- A CERP funding request was pending for the construction and outfitting of a fish hatchery, which is designed to have an output of 10 million carp fingerlings to supply juvenile stocks for all the fish farms in Thi-Qar.[713]

The PRT reported that in an absence of national policies that would create a more propitious environment for a market-led, entrepreneurial business environment, economic development remains a challenge. [714]

Missan

Governance

PRT Missan reported that access to provincial government officials continued to improve this quarter, and that the governor had encouraged provincial leaders to work with the PRT. It also reported that this was due in part to significant cuts in the 2009 provincial capital budget and to what the PRT called the "profligate spending" of the previous PC.[715] One PC member asked specifically for assistance for reconciliation workshops intended to help tribal leaders resolve disputes peacefully.[716]

The PRT worked with provincial leaders regarding voter registration in the January 2010 elections and met with representatives from the NGO "Towards Democracy" to discuss voter education program proposals.[717] As the elections draw near, the PRT plans also to focus on increasing contacts with political parties and journalists to facilitate political reporting.[718]

USAID completed training on bylaws for PC members, setting up committees and assisting them in creating budgets. USAID also trained about 680 provincial officials in public administration and management, including fiscal management, procurement, and anticorruption.[719]

Security and Rule of Law

The PRT reported an "improved yet irregular" security situation that included more willingness by Iraqi Police escorts to assist in movements around the province. However it reported continuing small-arms fire directed against the U.S. military's FOB.[720]

Despite the lack of an RoL advisor for some of the quarter, the PRT reported it had developed an excellent working relationship with provincial judges and was able to arrange for two investigative judges to participate for the first time in two days of training on evidence collection methods conducted by the U.S. military.[721]

Infrastructure

The PRT reported that provincial leaders were relying this quarter on the successful completion of several large building projects, including the 70-bed Missan Surgical Hospital and the 23-kilometer Amarah-Maimouna Carriageway—but the status of both projects has been in question:

- Missan Surgical Hospital: Health Attaché staffers worked with the GOI this quarter to determine the Iraqi government's level of commitment to

Security Incidents in Missan
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

U.S. Infrastructure Spending in Missan
$ Millions

Sector	Total
Electricity	76.31
Water and Sanitation	20.26
Oil and Gas	0.06
Transportation and Communications	14.06
General Infrastructure	6.32
Total	**117.01**

the ESF-funded hospital. Last quarter, SIGIR reported that the hospital project was behind schedule and had construction deficiencies, and there was concern that further work on the hospital might be cancelled.[722] But the Health Attaché reported that construction was under way and progress was being made to resolve outstanding issues.[723]

- Amarah-Maimouna Carriageway: GRD announced this quarter that the Maimouna Carriageway project would not be reactivated after a GRD-selected contractor defaulted in early 2009 at approximately 80% completion. Citing lack of funds to correct deficiencies and complete the project, as well as the challenges of operating in Missan, GRD proposed terminating the project or turning it over to some other U.S. government entity if additional funding can be identified. The PRT reported that the provincial government considers the carriageway project its #2 priority and is eager to assist the U.S. government in completing the project.[724]

Elsewhere in the province, responsibility for operating two water compact unit rehabilitation projects was turned over to provincial leaders this quarter. These $300,000 projects are intended to improve the public health and quality of life of more than 22,000 residents in the area. The units had been operating at 50% of capacity before the renovation and are now functioning at 100%.[725]

Economy

Missan has suffered from a crumbling infrastructure and poor access to resources.[726] But its eastern side has large oil fields and the province produces large quantities of wool, fish, sugar, and paper. The PIC hopes to exploit natural gas as well as oil.[727]

The PRT reported that its economic advisor met with members of the Mobile Agricultural Training

Soldiers from the 7th Engineering Battalion inspect a bridge in Missan province. (MNF-I photo)

Team who provide training, information, and assistance to women and girls in rural agricultural communities. The team has asked the PRT for assistance in delivering their programs to women and girls residing in the rural areas.[728]

A consortium of Iraqi and American companies discuss the Basrah Sports City Project prior to the groundbreaking ceremony on July 15, 2009. (OPA photo)

Basrah

Governance

PRT Basrah reported this quarter that the province lagged behind many others in governance, economic development, and the RoL, which the PRT attributed to years of war and repression. The PRT reported that overcoming these governance and economic problems was critical because roughly 50% of Iraq's GDP originates in Basrah, primarily in the oil industry, but also in other areas. The majority of Iraq's trade transits Basrah's pipelines, ports, and roads.[729]

PRT Basrah reported it was working this quarter to steer Iraqi stakeholders away from reliance on U.S. government funding to improve essential services. In anticipation of Basrah obtaining budget resources from the national government in 2010 to fund operations and the most urgent capital investment needs, PRT Basrah has begun transitioning to a strictly government capacity-building role.[730] The PRT also reported that the stable security situation had allowed the PRT and USAID to focus on improving the ability of local officials to govern.[731]

Security Incidents in Basrah
(Resulting in Two or More Deaths)
7/1/2009–10/15/2009

Security and Rule of Law

There were few security incidents in Basrah this quarter, with only three incidents occurring in which more than two people were killed, including the murder of two minority Mandaeans. The PRT reported that COB Basrah continued this quarter to receive indirect fire and that one such attack had killed three soldiers in July. Military movements also came under attack. The PRT noted a need for additional troops to secure movements and allow the PRT to move during the January 2010 elections.[732]

The PRT reported that RoL efforts in Basrah have a brick-and-mortar component, including the U.S.-funded construction of a $10 million provincial courthouse, two other major courthouse construction projects, and the construction of a prison. The PRT reported that these projects had led to significant goodwill among local judges, corrections officials, and police. It

also reported what it called a "strategic need to inoculate against malevolent Iranian influence" by showing the populace that essential services are improving under the new Iraq.[733]

The PRT also reported that judicial intimidation and corruption remained concerns. The PRT noted a lack of identified and trustworthy civil society RoL partners. The relationship with the local Iraq Bar Association and Iraqi Jurist Union was poor because of recalcitrant and obstructive leadership, despite a $300,000 project to renovate the IJU's building in 2008. The PRT sought this quarter to change these relationships.[734]

Infrastructure

PRT Basrah continued this quarter to oversee the implementation of more than $100 million in brick-and-mortar projects.[735] The Garma Water Reverse Feeding project was 92% complete this quarter. Once completed, the facility will be capable of providing potable water for up to 220,000 people in Basrah.[736]

U.S. Infrastructure Spending in Basrah

$ Millions

Sector	Total
Electricity	543.46
Water and Sanitation	238.32
Oil and Gas	558.55
Transportation and Communications	171.80
General Infrastructure	8.39
Total	**1,520.52**

Economy

The PRT reported two important events this quarter that were likely to affect Basrah's economic development and business environment: [737]

- construction of a $485 million sports center
- refurbishment of the Rumaila oil field under the contract awarded in the first round of bidding for oil service contracts

The PRT worked with the PIC to leverage these events to bring foreign investment to the province.◆

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SECTION

4

SIGIR AUDITS

From August 1, 2009, to October 30, 2009, SIGIR completed six new audit products; since March 2004, SIGIR has issued 155 audit reports. This quarter, three reports directly respond to a legislative mandate that SIGIR complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction, and three reports address management of reconstruction activities:

- a report on the costs, outcomes, and oversight of $1.12 billion in task orders awarded to the Environmental Chemical Corporation to construct facilities for the Iraqi Security Forces
- a non-audit service analysis of management information systems, responding to concerns raised by the President of the Iraq Board of Supreme Audit that duplicate project and payment data is being reported in U.S. government management information systems
- a report on the extent to which Multi-National Force-Iraq met the terms of the Memorandum of Understanding with the Government of Iraq and the extent to which Multi-National Corps-Iraq has maintained I-CERP project records in accordance with requirements
- the first in a series of interim reports describing the methodology and results of SIGIR's forensic auditing efforts
- a report examining expenditures on the Global Maintenance and Supply Services (GMASS) contract to determine if potential overcharges may have occurred
- a report to determine if USACE properly accounted for DFI funds it received

For a list of these audit products, see Table 4.1.

SIGIR currently has 14 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.

TABLE 4.1
SIGIR AUDIT PRODUCTS SINCE 7/30/2009

REPORT NUMBER	REPORT TITLE	DATE ISSUED
10-001	Iraqi Security Forces Facilities: Environmental Chemical Corporation Projects Achieved Results, but with Significant Cost and Schedule Increases	10/2009
10-002	Data Provided to the Government of Iraq on U.S. Reconstruction Projects Lacked Clarity	10/2009
10-003	Iraq-Commander's Emergency Response Program Generally Managed Well, but Project Documentation and Oversight Can Be Improved	10/2009
10-004	Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, and Abuse Interim Report #1	10/2009
10-005	Iraq Security Forces Fund: Weak Contract Oversight Allowed Potential Overcharges by AECOM To Go Undetected	10/2009
10-006	Development Fund for Iraq: Policy Guidance Needed To Enhance Accountability of USACE-managed Funds	10/2009

For information on all SIGIR audit products issued as of October 30, 2009, see the SIGIR website: www.sigir.mil.

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. The most recent meeting was held on August 19, 2009, via teleconference. Inspector General Bowen opened the meeting from Iraq. The following organizations attended the meeting:

- CENTCOM Inspector General
- Defense Contract Audit Agency
- Department of the Army Office of Inspector General
- Department of Defense Office of Inspector General
- Department of State Office of Inspector General
- Government Accountability Office
- SIGIR
- U.S. Agency for International Development Office of Inspector General (USAID OIG)
- U.S. Army Audit Agency (USAAA)
- Commission on Wartime Contracting

Final SIGIR Audit Products for this Quarter

Iraqi Security Forces Facilities: Environmental Chemical Corporation Projects Achieved Results, but with Significant Cost and Schedule Increases

(SIGIR 10-001, 10/2009)

Introduction

SIGIR has a legislative requirement to prepare a final forensic audit report on amounts made available for Iraq reconstruction. To help fulfill this requirement, SIGIR has undertaken audits examining major Iraq reconstruction contracts to determine contract costs, outcomes, and oversight, emphasizing issues related to vulnerabilities to fraud, waste, and abuse.

This audit focuses on the use of $1.12 billion spent for task orders issued from April 2004 to March 2008, primarily for constructing numerous facilities for the Iraqi Security Forces throughout Iraq. Issued under two contracts to the Environmental Chemical Corporation (ECC), the task orders were funded with $350.87 million from the Iraq Relief and Reconstruction Fund and $768.82 million from the Iraq Security Forces Fund. They were managed and overseen by the Multi-National Security Transition Command-Iraq (MNSTC-I) and the Air Force Center for Engineering and the Environment (AFCEE).

Results

SIGIR noted that numerous facilities were constructed under the ECC task orders, but costs increased, schedules were delayed, and some funds were wasted. The major causes were work changes and security issues—inherent consequences of constructing facilities in a contingency environment. SIGIR further noted that management and oversight were generally sound, identifying just a few concerns.

Under 38 task orders, ECC constructed headquarters buildings, barracks, dining halls, clinics, and police buildings. However, costs for these task orders increased from about $655 million to about $1.12 billion (about 71%). The costs for three task orders increased more than 400%, a total increase of more than $150 million. Also, schedule delays were significant: 14 task orders were delayed by 18 months or more.

By analyzing the costs and outcomes of the work, SIGIR identified these key causes of cost and schedule changes:

- After award, task orders were significantly modified to change the scope of work and, in some cases, the locations of facilities. This increased costs and resulted in wasted funds; SIGIR identified three examples totaling about $1.71 million. MNSTC-I and AFCEE officials stated that the

wartime environment, the undeveloped Iraqi Army, and the fluid situation resulted in task orders being awarded before plans were finalized and then modified as needs changed.

- The need for security resulted in paying more than $150 million to private security subcontractors—about 14% of total costs. In addition, security issues delayed performance and increased contractors' payrolls and subcontractors' costs. The total effect of security conditions on costs and schedules could not be quantified.

AFCEE and MNSTC-I shared management and oversight of the task orders and contracts. AFCEE awarded 26 of the 38 task orders to ECC using a competitive process and provided justifications when competition was not used. Further, contract and project files provided extensive evidence of the management and oversight of ECC's performance. However, a MNSTC-I investigation of procurement irregularity by one of its officials identified inappropriate relationships and other integrity issues, but the recommended follow-up was not conducted. Also, the Defense Contract Audit Agency has extensively audited ECC and identified about $5.71 million in questioned costs; nevertheless, some critical audits of ECC systems were not performed.

SIGIR found that some fees—profits—paid to ECC appear excessive. Fees were paid on modification cost increases that were not for added work, the specified basis for increased fees. ECC received $80.36 million in fees as profit, including $40.55 million in fees for modification cost increases. AFCEE officials believed that the fees were justified because changing work requirements and security issues caused cost increases.

Recommendations

Previous SIGIR reports have included recommendations and/or lessons learned to address issues related to cost increases and schedule delays on Iraq reconstruction projects. The major issues identified in this report—the changes in work scope after award and unstable security conditions—have been addressed. Accordingly, SIGIR includes no recommendations or lessons learned in this report.

The procurement integrity issues that MNSTC-I identified but did not pursue have been provided to SIGIR Investigations for consideration.

Management Comments and Audit Response

For management comments, see this audit report at www.sigir.mil.

Data Provided to the Government of Iraq on U.S. Reconstruction Projects Lacked Clarity

(SIGIR 10-002, 10/2009)

Introduction

This report responds to concerns raised by the President of the Iraq Board of Supreme Audit (BSA) that duplicate project and payment data is being reported in U.S. government management information systems. The SIGIR analysis of the system's data did not identify duplicate projects or payments; nevertheless, the data provided to the Government of Iraq (GOI) was unclear and gave the appearance of duplicate projects and payments. SIGIR's analysis reinforces the need to maintain clear and accurate data on U.S. Iraq reconstruction projects and illustrates the issues that can arise when unclear data is provided to GOI representatives or other users of reconstruction project data. SIGIR conducted this review during September 2009 as a nonaudit service.

Results

The Iraq Reconstruction Management System (IRMS) data provided to the Board of Supreme Audit lacked clarity and appeared to show duplicate project and payment information regarding U.S. reconstruction projects. Although SIGIR found no multiple payments, the appearance of duplication illustrates the need to provide better quality control of reconstruction data provided to the GOI and other database users. The Board's concerns and the

results of SIGIR's analysis reinforce our previous report findings and recommendations.

Recommendations

SIGIR did not provide any recommendations in this report.

Management Comments and Audit Response

For management comments, see this audit report at www.sigir.mil.

Iraq-Commander's Emergency Response Program Generally Managed Well, but Project Documentation and Oversight Can Be Improved

(SIGIR 10-003, 10/2009)

Introduction

In April 2008, Multi-National Force-Iraq (MNF-I) and the Government of Iraq (GOI) signed a memorandum of understanding (MOU) establishing the Iraq-Commander's Emergency Response Program (I-CERP). Since then, more than 800 projects have been completed, and approximately $229 million of the initial $270 million allocated for I-CERP has been obligated. Under I-CERP, MNF-I executes GOI funds for reconstruction and other projects for the benefit of Iraqi citizens.

The objectives of this report are to examine the extent to which MNF-I met the terms of the MOU with GOI and the extent to which Multi-National Corps-Iraq (MNC-I) has maintained I-CERP project records in accordance with requirements. SIGIR and Iraq's Board of Supreme Audit (BSA) agreed to conduct a joint review of I-CERP; however, in July 2009, BSA issued a separate I-CERP report.

Results

MNF-I has generally managed the I-CERP program in accordance with the terms in the MOU by allocating projects to provinces as required and building the type of infrastructure stipulated in the MOU. Moreover, MNC-I data indicates that MNF-I is accounting for how the funds are used and disbursed. Nevertheless, MNF-I can improve the thoroughness of the quarterly reports it is providing the GOI, particularly for projects valued at $50,000 or more. In these cases, MNF-I provided detailed project information, called storyboards, on only 206 of the 347 projects; however, some of these lacked detailed project information, such as funds obligated and expended, project number to help identify the activity, and U.S. and GOI contact officials. Moreover, sustainment letters—which MNF-I and the GOI sign at project initiation and document GOI support for a project—were missing in 13 storyboards. When sustainment letters were included, more than 20 lacked a GOI signature, and more than 30 lacked a U.S. military signature. MNF-I has not, however, met the MOU requirement to train GOI officials to manage the program and transfer I-CERP management to them. Officials cite the lack of additional GOI funding to maintain the program in the long term as a possible reason that this training has not and may not need to take place.

Despite efforts to improve accountability and documentation of the I-CERP program, numerous MNC-I project files lack critical internal control documentation because of insufficient MNC-I oversight and unclear and incomplete guidance on document requirements. In some cases, project files lacked essential internal control documents, such as receipts for cash payments and electronic funds transfers. To illustrate, of the 103 files sampled, 87 lacked receipts for cash payments. Moreover, MNC-I has not provided the oversight necessary to ensure that U.S. military units are documenting these critical management actions and decisions and including them in project files. These inconsistencies are caused by unclear guidance. As a result, these projects are vulnerable to fraud, waste, and abuse.

Iraq's Board of Supreme Audit also reported that U.S. data was incomplete, thereby hindering the GOI's oversight of U.S.-managed programs

like I-CERP. SIGIR did not review the BSA report for accuracy.

Recommendations

SIGIR recommends that the Commanding General, MNF-I, improve I-CERP program management by 1) requiring major subordinate commands to provide comprehensive information on all completed I-CERP projects with a value of at least $50,000, and 2) determining if there is a continuing need to train ISF and provincial government personnel to manage the I-CERP program, as required in the MOU.

SIGIR also recommends that the Commanding General, MNC-I, improve I-CERP accountability and oversight by 1) clarifying the 2010 guidance revision and specifying which documents must be included in I-CERP project files; and 2) requiring MNC-I to review I-CERP project files for compliance with existing guidance.

Management Comments and Audit Response

MNF-I deferred comments to MNC-I. MNC-I concurred with four of the report recommendations but did not concur with a draft recommendation that it establish a system for tracking I-CERP project file location. MNC-I stated that such guidance was in its budget execution guidance. SIGIR's final report does not include this draft recommendation.

Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, and Abuse, Interim Report #1

(SIGIR 10-004, 10/2009)

Introduction

Public Law 108-106, as amended, requires that SIGIR prepare a final forensic audit report on all funding provided for the reconstruction of Iraq, which to date totals about $50 billion. To keep the Congress apprised, this first in a series of interim reports describes the methodology and results of SIGIR's forensic auditing efforts. The results will be reported cumulatively, and a final report will encompass total reconstruction funds.

Over the past 2 years, SIGIR has conducted a series of 17 audits of major reconstruction contracts. These audits were intended, in part, to identify internal control weaknesses that could provide opportunities for fraud, waste, and abuse. SIGIR used the results of these audits to develop targeted forensic auditing approaches to identify potential instances of wrongdoing.

SIGIR recently initiated forensic audits of all Iraq relief and reconstruction expenditure transactions made by the Department of Defense, Department of State, and U.S. Agency for International Development. These audits are systematic examinations of Iraq reconstruction program expenditures to identify anomalies in transactional data that may indicate fraud, waste, or abuse. SIGIR's approach combines automated datamining with standard audit and investigative techniques to detect questionable transactions and develop relevant evidence for use in administrative actions or civil or criminal fraud prosecutions.

SIGIR has also initiated a review of Iraq relief and reconstruction program areas known to have weaknesses in internal controls. This proactive effort, the SIGIR Audit/Investigative Initiative, focuses on programs that afford easy access to cash with weak controls over expenditures. The SIGIR forensics team is now managing several proactive projects and has identified a number of instances of questionable activity.

SIGIR's Methodology and Preliminary Results

SIGIR's 17 audits of major reconstruction contracts involving about $6.4 billion in Iraq reconstruction funds have identified a number of common or crosscutting internal control weaknesses, including:

- high turnover of contracting officials and inadequate staffing for oversight of contracts
- inadequate oversight of contractors and subcontractors
- inadequate review of contractors' invoices

- missing invoices and other documents
- excessive numbers of task and change orders
- inadequate accounting for property or inventory

These types of control weaknesses make programs vulnerable to fraud, waste, and abuse. SIGIR's initial work indicates that such activities may have occurred.

SIGIR plans to forensically examine $35.2 billion in DoD financial transactions related to expenditures under the Iraq Relief and Reconstruction Fund, Iraq Security Forces Fund, Economic Support Fund, and Commander's Emergency Response Program appropriations. To initiate this effort, SIGIR is in the process of auditing about 22,000 DoD expenditure transactions involving approximately $10.7 billion and has identified a number of anomalous transactions, including:

- payments that appear to be duplicates
- payments to fictitious or generic vendors
- notable variances in payment activity
- payments occurring prior to or on the date of invoice
- sequentially numbered contractor invoices
- payments to firms with what appear to be fictitious addresses
- payments to contractors that were possibly suspended or debarred

SIGIR is in the process of determining whether any of these transactions are actually fraudulent or improper. To do this, SIGIR is conducting a detailed examination of transactions, including reviews of relevant contract files. Examinations of transactions will be prioritized based on risk factors such as the type and amount of the transaction, and a prior history of questionable activity.

In addition, SIGIR's proactive review of programs known to have internal control weaknesses has identified a number of instances of questionable activity. A team of investigators, analysts, and auditors is reviewing pertinent information to determine whether further action is warranted.

The results of SIGIR's forensic audit efforts will generally be reported in the aggregate; specific findings will be included where appropriate and useful. SIGIR will also provide lessons learned that can be applied to the use of other contingency funding, such as in Afghanistan. These reports will not present detailed information regarding ongoing criminal investigations or activities of a potentially criminal nature.

Recommendations

SIGIR makes no recommendations; this is an informational report only.

Management Comments and Audit Response

For management comments, see this audit report at www.sigir.mil.

Iraq Security Forces Fund: Weak Contract Oversight Allowed Potential Overcharges by AECOM To Go Undetected

(SIGIR 10-005, 10/2009)

Introduction

SIGIR conducted this study as part of its efforts to meet a congressional mandate to forensically audit U.S. funds spent on Iraq reconstruction activities. This report examines expenditures on the Global Maintenance and Supply Services (GMASS) contract, which supports a program of the Multi-National Security Transition Command-Iraq to assist the Iraqi Army in developing a self-sufficient logistics capability. This is one of the largest contracts funded by the Iraq Security Forces Fund.

As of September 2009, the U.S. government had obligated more than $683 million and disbursed more than $567 million on the GMASS contract. In a prior audit of this contract, SIGIR could not find support in contract documents or other records for all costs charged by the contractor, AECOM Government Services (AECOM). In particular, SIGIR could not reconcile Army and AECOM financial data on repair parts purchases.

SIGIR's reporting objective was to determine whether potential overcharges may have occurred for selected GMASS contract invoices.

Results

The U.S. Army Contracting Command had a process for reviewing invoices for the GMASS contract, and that process improved over time. Nonetheless the Contracting Office did not have enough experienced personnel to review invoices thoroughly, leaving the U.S. government vulnerable to undetected overcharges. In particular, invoices reviewed earlier in the contract received less scrutiny than those reviewed later. Once the invoice process was improved, the Contracting Office denied payment of as much as 33% from invoices, compared to only 0.1% from invoices prior to that time.

SIGIR's analysis of selected GMASS contract invoices showed that AECOM potentially overbilled or cannot support about $4.4 million in costs. AECOM's invoices for the GMASS contract contained numerous errors, according to documentation from the contracting office and SIGIR's analysis. From July 2005 to September 2009, AECOM submitted 139 invoices for payment totaling $567 million. SIGIR examined purchases of vehicle parts totaling $29.9 million on four of these invoices and identified about $4.1 million in potential overbillings, including:

- about $2.1 million for prices above the contractor's cost plus allowable markup
- more than $0.3 million for prices above contractually agreed amounts
- about $1.5 million for prices above market value
- about $0.2 million in duplicate and triplicate work orders

For example, although the agreed-to price for a package of 10 washers was $1.22, the contractor charged $196.50 for each package. AECOM officials stated that billing errors occurred early in the contract and that a cumulative adjustment was made; however, SIGIR questions the adequacy of this adjustment. Further, Contracting Office officials stated that they did not review AECOM's invoices for these types of potential overbillings, either before or after they improved their review process.

In addition, AECOM provided cost support for 239 transactions, but did not provide support documentation for 31 transactions that SIGIR requested. Some of these transactions are included in other SIGIR calculations of questionable costs. However, about $0.3 million is not counted elsewhere, and SIGIR questions those costs. At the conclusion of SIGIR's field work, AECOM was still trying to locate the missing documentation.

Given the billing problems identified during SIGIR's limited review, weaknesses in invoice review procedures, and the GMASS contract costs, the U.S. government was highly vulnerable to having paid other questionable costs.

Recommendations

SIGIR recommends that the Executive Director, U.S. Army Contracting Command, direct the GMASS Contracting Officer to:

1. Determine whether about $4.4 million in billings and costs questioned by SIGIR should be disallowed and recovered.
2. Initiate an audit of the costs billed under the contract to determine whether additional amounts should be recovered from AECOM for overbillings and unsupported costs on the GMASS contract.

Management Comments and Audit Response

For management comments, see this audit report at www.sigir.mil.

Development Fund for Iraq: Policy Guidance Needed To Enhance Accountability of USACE-managed Funds

(SIGIR 10-006, 10/2009)

Introduction

The Development Fund for Iraq (DFI) was created by UN Security Council Resolution 1483 for:

(1) economic reconstruction of Iraq, (2) continued disarmament of Iraq, (3) costs of Iraqi civilian administration, and (4) other purposes benefiting the Iraqi people. The funds were to be used in a transparent manner. During the Coalition Provisional Authority's (CPA) administration of Iraq, the CPA Comptroller managed DFI funds. CPA Regulation 2, "Development Fund for Iraq," describes the responsibilities for the administration, use, accounting, and auditing of the DFI. When the CPA was disestablished in June 2004, responsibility for administering DFI funds shifted to the U.S. Army's Joint Area Support Group-Central. The U.S. government's stewardship of the DFI ended on December 31, 2007, and all remaining funds were to be returned to the Government of Iraq (GOI) per a GOI request.

Several Department of Defense (DoD) components received DFI funds, including the U.S. Army Corps of Engineers (USACE). The purpose of this audit is to determine if USACE properly accounted for DFI funds it received.

Results

SIGIR has identified a number of issues related to the management of DFI funds that require DoD attention. To date, SIGIR has identified $27.5 million in DFI funds for return or potential return to the GOI—$13.1 million was returned in March 2009 based on earlier SIGIR work. This report identifies $14.4 million that may potentially be available for return.

After some delays, USACE provided a listing of DFI-funded contracts totaling $2.4 billion and is working on providing a listing of its expenditures. However, SIGIR did not confirm this data at the time the audit work was completed. USACE assumed responsibility for many DFI activities initiated by earlier reconstruction organizations, and a transaction-based accounting system was not used early in the U.S.-reconstruction program. Instead, data was recorded on spreadsheets, and cash was disbursed but not entered into USACE's database. In addition, separate accounting codes were not established to segment DFI from other funding sources.

Although all DFI funds were to be returned to the GOI by December 31, 2007, USACE continues to hold about $3.0 million of DFI funds pending final close-out of some DFI contracts. This situation occurred because USACE entered into contracts that made the U.S. government responsible for all costs through the close-out of the contract. SIGIR understands that USACE may require funds associated with the DFI contracts. However, DoD policy guidance is lacking on whether it is appropriate to hold or use DFI funds to meet these obligations.

SIGIR notes a USACE contractor is holding $2.2 million in DFI funds. Specifically, in November 2006, USACE issued contract modifications that led to three contractors—Perini Management Services, Washington Group International, and Fluor Intercontinental—receiving about $11.2 million for costs that had not been incurred prior to the time they submitted vouchers. The Defense Contract Audit Agency (DCAA) subsequently disallowed the payments, and Perini and Fluor returned their funds, which were returned to the GOI. However, Washington Group returned only about $3.0 million of the $5.2 million it received and continues to hold about $2.2 million for work it said was completed but not yet approved for payment. DCAA is currently auditing the contractor's vouchers. DoD may have an opportunity to collect interest earned on funds provided by USACE to several contractors but later disallowed by DCAA.

USACE stated it has used $9.2 million of GOI funds to cover unpaid expenses from earlier contracts that it believes were the responsibility of the GOI: $8.9 million for actual contract costs, and $0.3 million for labor and overhead. This payment may be inconsistent with guidance from the Under Secretary of Defense (Comptroller)/Chief Financial Officer stating that residual advanced seized funds should not be used for this purpose. During the review SIGIR has been unable to separately account for DFI funds and seized asset funds because the funds have been commingled. SIGIR

also has not been able to verify whether GOI funds should have been used to pay these expenses.

Recommendations

The Special Inspector General for Iraq Reconstruction (SIGIR) recommends that the Under Secretary of Defense (Comptroller)/Chief Financial Officer provide guidance to USACE on the following:

1. the use and ultimate disposition of DFI funds that it and one of its contractors are currently holding
2. whether GOI funds should have been used to pay reimbursable work order expenses
3. how interest that might have been earned by several contractors on disallowed payments should be used.

Management Comments and Audit Response

SIGIR received comments from the Office of the Undersecretary of Defense (Comptroller) and USACE on a draft of this report. The comptroller concurred with the report recommendations. USACE provided detailed comments, which SIGIR included as appropriate.

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:

- Project 1001: Audit of the Iraq Reconstruction Management System
- Project 9007A: Audit of Outcome, Cost, and Oversight of Contracts with Wamar International, Inc., for Inspections of Power Stations in Iraq
- Project 9007B: Audit of Outcome, Cost, and Oversight of Contracts with Wamar International, Inc., for Delivery of Armored Vehicles to Iraq
- Project 9011B: Audit of Transaction Data for the Development Fund for Iraq
- Project 9019: Audit of Efforts under a Stanley Baker Hill Contract To Address Deficiencies in U.S.-funded Health Projects
- Project 9020: Audit of Department of Defense Obligations Supporting U.S. Efforts in Iraq
- Project 9023: Audit of the Use of U.S. Iraq Security Forces Fund (ISFF) to Train, Equip, and Develop Iraqi Air Force, Navy, and Special Operations Forces
- Project 9024: Audit of DoS Management Practices Related to International Republican Institute and National Democratic Institute Grants for Democracy Building Projects in Iraq
- Project 9025: Audit of the DynCorp International Task Orders for the Iraqi Police Training Program
- Project 9026: Audit of the Commander's Emergency Response Program Projects within the Baghdad International Airport Economic Zone
- Project 9027: Audit of the U.S. Army Corps of Engineers Gulf Region Division and Joint Contracting Command-Iraq/Afghanistan Plans for Collection and Turnover of Government Furnished Equipment
- Project 9028: Audit of the Management Practices for the Iraqi Police Training Program
- Project 9029: Audit of Refurbishment and Construction Contracts for the Taji National Maintenance Depot
- Project 9030: Audit of Plans to Transition and Maintain Iraq Reconstruction Contract Files to Permanent Storage Facilities

Ongoing Forensic Audits

- Project 9012: Examination of DoS Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction
- Project 9013: Examination of USAID Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction

Planned Audits

SIGIR's audit planning is aligned with three 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
- providing independent, objective leadership and recommendations or policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq

SIGIR's strategic plan recognizes the legislative mandate, discussed earlier in this section, to complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction. As part of that effort, SIGIR has completed 15 focused contract audits dealing with outcomes, costs, and the 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.

SIGIR also is turning more of its resources to its forensic auditing initiatives and has published the first report on its efforts. Moreover, to continue to provide leadership and recommendations or policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq, SIGIR will address issues related to the downsizing of the DoD presence in Iraq and the transition of reconstruction activities to DoS.◆

SIGIR INSPECTIONS

This quarter, the Special Inspector General for Iraq Reconstruction (SIGIR) completed five project assessment reports:

- Secure Document Storage Facility, Baghdad
- Renovate and Expand Chamchamal Correctional Facility
- Orphanage and Senior Citizen Assisted Living Center, Erbil
- Abattoir (Slaughterhouse) in Qaladze
- Al Kasik Location Command

To date, SIGIR has completed 159 project assessments covering 147 project sites. This quarter, SIGIR teams assessed relief and reconstruction projects funded by the Iraq Relief and Reconstruction Fund (IRRF), the Economic Support Fund (ESF), the Iraq Security Forces Fund (ISFF), and the Bureau of International Narcotics and Law Enforcement Affairs (INL).

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.

SIGIR's in-progress construction assessments addressed these general questions:

1. Were the project components adequately designed before construction or installation?
2. Did the construction or rehabilitation meet the standards of the design?
3. Were the contractor's quality control and the U.S. government's quality assurance programs adequate?
4. Were project sustainability and operational effectiveness adequately addressed?
5. Were the project results consistent with the original objectives?

Since the Inspections program began four years ago, SIGIR has also completed 96 limited on-site inspections and 819 aerial assessments.

Security has significantly improved in Iraq, but the risk of violence persists. SIGIR's ability to conduct on-site assessments of reconstruction projects continues to be facilitated by the transportation, security escort, and life support provided by the Multi-National Force-Iraq, Multi-National Corps-Iraq, Multi-National Division-North, and the local offices of the Gulf Region Division of the

Table 4.2
Five Projects Assessed this Quarter
$ Thousands

Project Name	Assessment Type	Province	Budgeted Cost	Executing Agency	Funding Source	Contractor	GRD Region
Secure Document Storage Facility	Sustainment	Baghdad	$1,916	GRC	IRRF	SIMA International	Central
Renovate and Expand Chamchamal Correctional Facility	Sustainment	Sulaymaniyah	$28,691	GRN	INL	Local	North
Orphanage and Senior Citizen Assisted Living Center in Erbil	Sustainment	Erbil	$3,725	GRN	ESF	Local	North
Abattoir (Slaughterhouse) in Qaladze	Construction	Sulaymaniyah	$1,100	GRN	ESF	Local	North
Al Kasik Location Command	Construction	Ninewa	$6,311	GRN	ISFF	Local	North

U.S. Army Corps of Engineers (USACE). Although it has not been possible for SIGIR inspection teams to spend as much time on site at some of the project locations as would be possible for locations in the United States, every effort has been made to enable and assist SIGIR inspections.

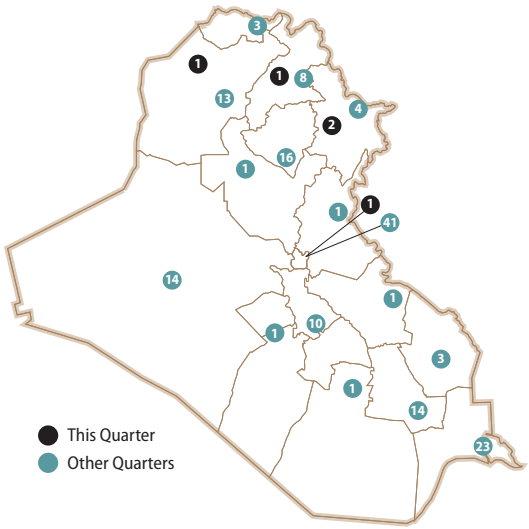
This quarter, SIGIR conducted three sustainment assessments and two in-progress construction assessments. The results were similar to SIGIR's findings in previous sustainment and construction assessments:

- Long-term operations and maintenance practices were not always being accomplished.
- Proper budgeting by the Iraqi ministries has not been carried out.
- Routine maintenance was not always performed.

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 E.

Figure 4.1 shows the approximate location of each project assessed this quarter and in previous quarters.

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.

Secure Document Storage Facility, Baghdad, Iraq

SIGIR PA-08-166

Project Objective

The overall objective of this $1.9 million IRRF-funded project was to provide a Secure Document Storage Facility (SDSF) for the Iraqi High Tribunal (IHT).[738] Half of the facility will provide secure rooms to store sensitive war crime documentation that has been or will be used for prosecution of former regime members for crimes against humanity; the other half will provide open office and administrative space for IHT staff.

Conclusions

On February 9, 2008, USACE Gulf Region Central (GRC) transferred ownership of the SDSF to the Regime Crimes Liaison Office (RCLO), which is responsible for providing technical and logistical assistance to the IHT. The Transfer and Acceptance Letter, signed by GRC and RCLO representatives, stated:

> The asset(s) or services listed herein have been completed in accordance with the contract documents except as noted in the attached documents, if any. This contract was awarded and completed under contingency circumstances and that all available project deliverables have been turned over to the appropriate facility representative(s).
>
> Beneficial occupancy of this asset was achieved on 9 February 2008 and was turned over to the appropriate asset/facility managers. The Government/Facility Representatives retain all rights under the "Warranties Clause" of the Contract.

Settling crack.

Poorly installed door at the Secure Document Storage Facility.

Project file documentation did not include either the final inspection performed by the GRC International Zone (IZ) Resident Office or an attached document with any noted deficiencies and punch list items outstanding. In addition, the project file lacked any photographs of the facility on the day of the final inspection to document either the correction of previous/outstanding deficiencies or the condition of the facility at turnover.

According to GRC IZ turnover documentation, the warranty period for this project expired on February 9, 2009.

During the construction of this project, the contractor experienced two work stoppages resulting from a structural failure and the contractor's failure to construct the facility in accordance with the structural improvement plan developed after the structural failure. SIGIR reviewed the contractor's initial design submittal and identified two significant omissions that contributed to the initial failure of the structure and the subsequent need for reinforcing:

- The original design calculations indicate that the center of the frame was to be supported with a column, but the contractor's original drawings omit any support at the center of the frame.
- The design calculations for the steel frame make the assumption that there is no moment transfer[739] between the steel column base and the reinforced-concrete pedestal. This configuration is typical for moment frame[740] construction; however, restraint of the column bases must be provided. The foundation details do not provide any method for lateral restraint.

Further, SIGIR identified an issue with the load criteria for the project. In a review of the contractor's engineering design calculations, GRC identified issues with the original design loads for the building. The original design live load[741] for the building was set at five pounds per square foot (psf). The design engineer justified this design load by incorrectly categorizing the structure as "fabric construction supported by a light weight rigid skeleton structure." The correct design load for this type of structure, as identified by GRC, is 20 psf. The increase in live load by a factor of four would significantly affect the design of the structure.

On July 26, 2007, a GRC structural engineer performed an inspection of the construction to date. An observation report identified several construction deficiencies, and all structural work again stopped

Exterior support damage at the Secure Document Storage Facility.

while the contractor performed another structural evaluation. In September 2007, the contractor presented GRC with structural improvements, including a structural analysis indicating that the proposed improvements would provide a stable structure under eight different loading conditions. The proposal included a row of columns to be constructed along the centerline of the facility, as well as other strengthening improvements, such as corner bracing, cross bracing, and a strongback[742] wall.

On February 3, 2009, SIGIR conducted an on-site assessment of the project. At the time of the site assessment, IHT had occupied the facility for almost a year. SIGIR observed IHT personnel conducting daily business, including researching and preparing for future criminal trials. The SDSF manager stated that due to the number of upcoming criminal trials, the size of the IHT workforce increased from approximately 100 to 200 personnel; however, the SDSF provided enough working space for the increased personnel. At the time of the site visit, only one storage vault was being utilized to store evidence. According to the SDSF manager, most of the evidence to be used at current or future trials was still being kept at another location. In order to carefully process and log the voluminous amount of important evidence, it was being transferred incrementally to the SDSF. IHT converted the remaining storage vault rooms into additional office space and a museum.

SIGIR's first site visit identified construction deficiencies, such as cracks in the interior and exterior walls; tile buckling in the bathrooms; loose heating, ventilation, and air-conditioning (HVAC) duct insulation; roof leaks; and fire alarm system malfunctions. In addition, the SDSF manager reported other construction deficiencies, such as non-operational HVAC units and interior/exterior door-frame damage. The SDSF manager stated that the contractor provided used HVAC units and poorly installed door frames; this resulted in the door and frame falling off. The SDSF manager stated that two HVAC units became non-operational shortly after IHT took occupancy. IHT made numerous telephone calls to the contractor to correct the units, but the contractor never responded, according to the SDSF manager. As the stifling summer heat approached, IHT maintenance personnel attempted to repair the units.

SIGIR's site visit occurred only days before the contractor's warranties expired; therefore, SIGIR notified GRC about these construction deficiencies. GRC representatives visited the SDSF, and on March 7, 2009, directed the contractor to remedy these warranty items:

1. Repair the floor in all four bathrooms.
2. Repair the HVAC duct insulation and reconnect the flex duct to the registers.
3. Repair the metal seam by caulking and replace one fastener to correct the small roof leak.
4. Reset and trouble-shoot the facility fire alarm.

GRC gave the contractor a deadline of March 17, 2009, to remedy the warranty issues.

Regarding the HVAC and door frame issues, GRC concluded that the air-conditioning issue was not covered under the contractor's warranty because of the "tampering, poor maintenance and unskilled personnel working on this equipment";

and the door frames reattached by IHT maintenance personnel were a "user modification and not a warranty item." SIGIR could not determine the causes for the non-operational HVAC units or door frame damage for two reasons:

- There was no final inspection report documenting the complete testing of the HVAC system (including the operation of each zone for a specified period of time).
- The contractor-installed door frames were covered with plaster.

Because the SDSF manager acknowledged that IHT maintenance personnel performed repairs of the HVAC units and door frames rather than having them done by contractor representatives, the warranty for each item is no longer valid.

On September 27, 2009, SIGIR performed a followup site inspection and determined that the contractor had remedied the previously identified warranty deficiencies. The SDSF manager stated that the GRC IZ Resident Office did an excellent job of requiring the contractor to return to the facility three times to ensure that each warranty issue was adequately addressed. IHT used its own funding to correct some of the other issues not covered by the warranty, such as the HVAC units and the interior/exterior doors.

The SDSF manager told SIGIR that IHT was very happy with this facility, which will continue to play a vital role in providing a secure place to store critical documents to be used at upcoming trials of former regime members.

Recommendations

Because GRC required the contractor to correct the construction deficiencies SIGIR identified, the draft report did not contain any recommendations for further action, and comments on the draft report were not required.

Management Comments

Though not required, SIGIR received comments from the Gulf Region Division of the U.S. Army Corps of Engineers and the Multi-National Force-Iraq concurring with the draft report. SIGIR appreciates the concurrence with the draft report by the Gulf Region Division of the U.S. Army Corps of Engineers and Multi-National Force-Iraq.

Museum interior at the Secure Document Storage Facility.

Renovate and Expand Chamchamal Correctional Facility, Chamchamal, Iraq

SIGIR PA-09-177

Project Objective

The overall objective of this $28.7 million INL-funded project was to increase the bed count of the Iraqi Correctional Service (ICS) for the Ministry of Justice by renovating, expanding, and converting an existing fort at Chamchamal into a safe, secure, and humane correctional facility. Specifically, the Chamchamal Correctional Facility will provide approximately 2,000 medium-security, dormitory-style adult-male prison beds, and 1,000 high-security, cell-style adult prison beds to help alleviate overcrowding in the Iraqi prison system. The Kurdistan Regional Government (KRG) requested assistance in undertaking this project.

Ongoing construction at Chamchamal.

According to project file documentation, the improved security situation throughout Iraq has resulted in the capture of a large number of terrorists and criminals. But the Iraqi penal system does not have a sufficient number of correctional facilities to adequately house the growing number of captured terrorists and criminals. In addition, Iraqi prisons do not meet the human rights standards prescribed by the United Nations.

Conclusions

On March 18, 2009, the U.S. Army Corps of Engineers (USACE) Gulf Region North (GRN) Kirkuk Area Office (KAO) officially turned over the Chamchamal Correctional Facility project to ICS. The contractor, the Commanding General of USACE Gulf Region Division, and an ICS representative signed a Memorandum for Record, which stated:

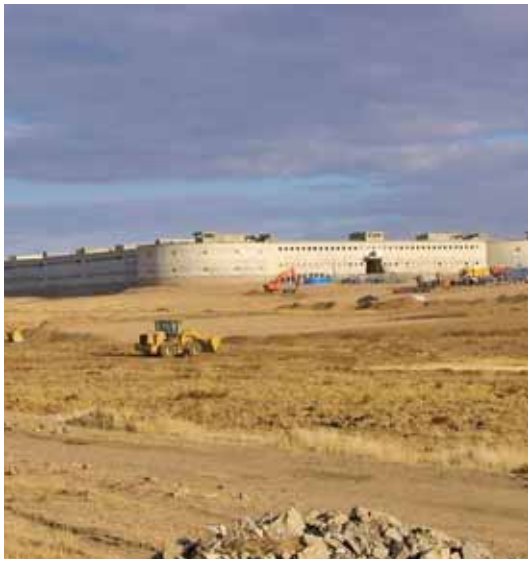
> All work has been inspected, certified and accepted by the US Army Corps of Engineers. Construction of the facilities is complete. No other work is to be performed under this contract unless noted in paragraph 5 below.

Paragraph 5 identified deficiencies found during the final inspection of the facility by the GRN KAO. The turnover document required the contractor to correct all outstanding deficiencies by March 31, 2009. According to project file documentation, the contractor corrected all previously identified deficiencies.

Before the site visit, SIGIR reviewed the contractor's design submittals for this project. Overall, the design submittals appeared to contain adequate detail to construct the various buildings and systems for the Chamchamal Correctional Facility. The designs included drawings used for correctional facility construction—civil and site utilities, architectural, electrical, mechanical, plumbing, and structural drawings. The overall site layout showed the general layout of the project site, including the locations of the buildings and parking areas, security fence, and site utilities. The architectural plans identified the location, dimensions, and proposed uses of various spaces within the facility. The architectural plans appeared complete, with detailed information for the individual cells, visitor areas, guard barracks, and ancillary support buildings—including electricity, plumbing, and mechanical. In addition, the contractor gave special consideration to issues such as toilets, showers, and sinks because correctional facility controls require that these items be durable and impossible to disassemble.

Although the contractor's design submittals adequately met the requirements of the contract's Statement of Work (SOW), SIGIR noticed that the SOW did not address the original facility's external expansion joints. Considering that the external walls are exposed to extreme climatic conditions (excessive heat in the summer and snow in the winter), SIGIR's opinion is that external expansion joints should have been part of the SOW.

On June 20, 2009, SIGIR conducted an on-site assessment of the project. Because of the size of the site, the complexity of the project, and time limitations (approximately two hours on site), SIGIR performed only an expedited assessment of the project. The inspection included a representative sample of the completed buildings and systems at the correctional facility. Specifically, SIGIR inspected several medium-security dormitory-style cells



Ongoing construction at Chamchamal site.

Metal cage protects the HVAC, light, and electrical wiring at Chamchamal.

(50 or fewer prisoners per cell) and high-security cells (1-4 prisoners per cell). However, a complete review of all work completed was not possible.

The U.S. government completed construction and officially transferred this project to ICS in March 2009; nevertheless, at the time of SIGIR's site visit, the Chamchamal Correctional Facility did not house any prisoners or guards and was not operational. The U.S. government was responsible for the construction of the correctional facility; however, the KRG was responsible for an operational budget to provide for a staff and electrical power to run the facility.

Since the Chamchamal Correctional Facility was not operational at the time of the assessment, SIGIR could conduct only a limited assessment—or no assessment at all—of the building's systems, including:

- potable water distribution
- wastewater conveyance/disposal
- electrical power production and distribution
- voice and data communication
- external security lighting system

SIGIR's site visit identified minor construction deficiencies, such as an incomplete building expansion joint system and a tripping hazard outside the kitchen building. In addition, in the refrigeration room, the contractor designed and constructed the room without any electrical outlets. The provisional warden expressed concern that the absence of electrical outlets will nullify the intent of the refrigeration room. The warden stated that perishable food would have to be stored somewhere else or long extension cords would need to be run from another room into the refrigeration room. The warden is concerned that high foot-traffic in this area could increase the potential for the extension cords to be unplugged or cut, which could lead to spoiled food or a fire.

Aside from these minor construction issues, SIGIR concluded that the construction of the Chamchamal Correctional Facility was adequate.

At the time of SIGIR's assessment, U.S. government representatives were concerned about the KRG's inability to provide power, staffing, and an operating budget for this project. Approximately half of the contractor's one-year warranty for any construction defects had expired without a single prisoner or guard using the facilities—sinks, toilets, showers, electric lights and outlets, etc.—to identify latent defects. Representatives of INL stated that

Pre-existing external expansion joints.

the KRG has committed to identify additional guards and provide electrical power and an operating budget to run the facility.

Actions that Made the Chamchamal Correctional Facility Operational

In September 2009, a prisoner riot at the Baghdad Central Prison[743] resulted in the death of one prisoner, various injuries to as many as 40 prisoners, and fire damage that left the prison facility "uninhabitable." The Ministry of Justice decided to temporarily transfer the inmates to other Baghdad correctional facilities, such as Rusafa and Khadamiya.

On September 19, 2009, the Ministry of Justice (MOJ) relocated 360 inmates and 10 Iraqi Correctional Officers (ICOs) from the Baghdad Central Prison to the Chamchamal Correctional Facility. Over the next week, the MOJ continued to transfer additional inmates to the Chamchamal Correctional Facility to alleviate overcrowding in Baghdad prisons. According to the Chamchamal Correctional Facility provisional warden, as of October 12, 2009, there were 2,637 inmates and 240 ICOs at the Chamchamal Correctional Facility.

According to U.S. government representatives, the U.S. military provided the aircraft to fly the inmates from Baghdad to Sulaymaniyah, and the ICS handled all ground logistical movement to the correctional facility site. The MOJ transferred 240 ICOs on a temporary basis; ICS is vetting and training a group of guards from the Chamchamal town to replace the temporary guards. According to the Chamchamal Correctional Facility provisional warden, 620 guards have been hired for the facility, of which 460 are currently in training. The Iraqi Ministry of Finance has allocated 13 billion Iraqi dinars ($11.1 million) per month to the ICS for operation and sustainment of the Chamchamal Correctional Facility; these funds are currently being used to provide power and logistical support for the inmates and ICOs at the site.

Recommendation

In the draft report, SIGIR recommended that INL take action to make the $29 million U.S.-funded Chamchamal Correctional Facility operational. Because the facility is now operational, SIGIR has eliminated this recommendation from the final report.

Management Comments

During the SIGIR review, INL representatives stated that they were in constant contact with the

Orphanage and Senior Citizen Assisted Living Center administration building.

Central rotunda primary stairwell.

KRG regarding the operation and sustainment of the Chamchamal Correctional Facility. Once it became operational, INL representatives provided SIGIR the actual dates and number of inmates and correctional officers transferred to the Chamchamal Correctional Facility.

In addition, SIGIR received comments on the draft report from USACE GRD, indicating that it concurred with the draft report. SIGIR lauds the prompt actions taken by INL to encourage the Government of Iraq to begin using the Chamchamal Correctional Facility. SIGIR also appreciates the concurrence with the draft report by the USACE GRD.

Orphanage and Senior Citizen Assisted Living Center, Erbil, Iraq

SIGIR PA-09-178

Project Objective

The objective of the project was to provide a modern, safe, and comfortable facility for the most vulnerable citizens of Erbil, Iraq. Valued at approximately $3.7 million, this ESF-funded project will result in a first-of-its-kind facility—combining an orphanage and senior center. The project showcases the government's ability to address the basic needs of the population and will provide a safe home for 345 children (165 boys and 180 girls) and 60 senior citizens. The project will result in a living center benefiting destitute orphans and senior citizens by providing a safe and clean living environment.

The project comprised an administrative building, a multipurpose hall, a girls' residential house, a boys' residential house, a senior citizens' residential house, play areas, a pool, a guard house, a water tank, a garden, a fence, driveways and walkways, a parking area, and other support buildings.

Conclusions

On February 7, 2009, the Gulf Region North (GRN) Erbil Resident Office officially turned over the Orphanage and Senior Citizen Assisted Living Center project to the Director of the Ministry of Social Affairs, Erbil province. The Certificate of Deliverables noted that the director received the operation and maintenance manuals, as-built drawings, and the warranty documents.

According to GRN documentation, authorized GRN Erbil Resident Office personnel conducted pre-final inspections on December 27, 2008, and

Exterior view of residential house for boys.

Primary circuit breaker panel with no barrier, Orphanage and Senior Citizen Assisted Living Center.

January 15, 2009. The pre-final inspections noted minor problems for the contractor to correct in the buildings. The final inspections for the buildings commenced on December 28, 2008, and were finalized on January 23, 2009. The final inspections showed that the work required by the contract was accomplished without any noted deficiencies.

On July 9, 2009, SIGIR conducted an on-site assessment of the project, accompanied by the Project Engineer of the GRN Erbil Resident Office, personnel of the Kurdish Regional Ministry, and staff of the Orphanage and Senior Citizen Assisted Living Center. During the site visit, the Orphanage and Senior Citizen Assisted Living Center was occupied and functioning.

Based on the detailed Statement of Work and the inclusion by reference of other applicable codes and standards, adequate information was provided in the specifications for the contractor to complete the final design and construct the facility. In addition, the contractor provided detailed final design drawings and plans with specific information for the construction of the Orphanage and Senior Citizen Assisted Living Center.

Although the contract did not require a geotechnical report, the contractor supplied a geotechnical report, which was prepared by a local construction laboratory. The report contained information on the borings, physical and chemical properties of the soil, and the allowable soil-bearing capacity.

SIGIR's review of the design documentation determined that the initial design and construction of the project appeared adequate. SIGIR identified a number of potential safety concerns during the site inspection, but they were rectified prior to the preparation of the final report.

SIGIR concluded that the construction of the facility was adequate; aside from the minor safety concerns noted, the project was operating at the capacity provided for in the contract. At the time of the site visit, the Orphanage and Senior Citizen Assisted Living Center had been operational for approximately five months.

Recommendations

SIGIR's report contains no recommendations for corrective action; therefore, management comments were not required.

Management Comments

Although management comments were not required, SIGIR received comments from the

Gulf Region Division of the U.S. Army Corps of Engineers concurring with the draft report. SIGIR appreciates the concurrence of the Gulf Region Division with the report.

Abattoir (Slaughterhouse) in Qaladze, Sulaymaniyah, Iraq

SIGIR PA-09-179

Project Objective

The overall objective of this $1.1 million ESF-funded project was to design and construct an abattoir (slaughterhouse) in the Qaladze area in the province of Sulaymaniyah. The project included the construction of a slaughter hall, winter and summer halls, two guard houses, a leather store, a disembowelment hall, a meat store, an administration facility, a laboratory, a general store, a refrigeration room, and a crematory.

Conclusions

The assessment determined that:

1. The U.S. Army Corps of Engineers Gulf Region North (GRN) Kirkuk Resident Office (KRO) provided SIGIR with the project designs for the abattoir project, including site utilities. The general site design showed the general layout of the site, including the location of the buildings and parking areas, security fence, site utilities, site lighting, and landscaping. The architectural plans identified the location, dimensions, and proposed uses of various spaces within the facility. The architectural plans appeared complete and contained detailed information for the buildings and individual rooms. In addition, the overall design demonstrated a high level of planning between the contractor and the KRO. For example, the contractor designed the project to have separate waste disposals—one for small amounts of human waste (from the bathroom) and another for the animal product wastes, such as blood and excreta. Because the animal waste poses significant health hazards, it must be separated from the smaller amount of human waste. The animal waste will be collected in tanks and sent away for proper handling and disposal.

   Overall, the design submittals appeared to contain adequate detail to construct the facility and the various systems within the facility.

2. At the time of the site visit, the project was approximately 35-40% complete; consequently, construction work on the abattoir was still ongoing. In general, the observed construction work appeared to meet the standards of the Statement of Work. SIGIR identified two construction deficiencies—an incomplete expansion joint system for the facility's exterior and interior floor and parapet[744] and an improperly constructed riser for a concrete stair unit that caused a tripping hazard. As a result of the persistence of the KRO, the contractor has already taken corrective actions to remedy these deficiencies.

   Aside from these two construction issues, SIGIR concluded that the construction work exhibited good-quality material and above-average workmanship and attention to detail.

Ongoing contruction at the abattoir.

3. The contractor's quality control (QC) management program was effective. The contractor instituted a three-phase QC control system (preparatory, initial, and follow-up phases) to ensure that construction complies with the requirements of the contract. The contractor submitted QC reports on a daily basis, which were reviewed by the KRO project manager. The QC representatives supplemented the daily QC reports with photographs that reinforced the information provided in the daily reports. Further, the QC representatives were also present for all significant pours and testing and followed up on the test results.

   The government quality assurance (QA) program was effective in monitoring the contractor's QC program. The KRO QA representative maintained daily QA reports that documented any deficiencies noted at the site. For example, the QA representative also identified and documented the contractor's construction deficiency with the concrete stair unit riser that SIGIR found. Based on SIGIR's review, the QA representative's reports were sufficiently complete, accurate, and timely. In addition to containing project-specific information to document construction and highlight deficiencies, the QA representative also supplemented the QA reports with detailed photographs that reinforced the narrative information.

   In addition, when construction deficiencies were identified, the KRO quickly contacted the contractor to determine corrective actions to remedy the issues. The KRO's QA program is ensuring the successful completion of the abattoir project.

4. Sustainability was addressed in the contract requirements. The Statement of Work included sustainability elements to assist the Iraqi ministry ultimately responsible for operating this project after turnover. The contract requires the contractor to provide a warranty for construction work for one year after the date of final acceptance of the work. In addition, the contract specifications require the contractor to provide and certify warranties in the name of the appropriate ministry for all materials and equipment. Upon completion of each facility, the contractor must prepare and furnish as-built drawings, which will be a record of the construction as installed and completed.

Interior view of the slaughterhouse room.

Partially completed security fence surrounding the abattoir.

5. To date, the abattoir project results are consistent with the original contract objectives. An abattoir presents significant health and environmental hazards to local communities because of the discharge of waste and highly polluted effluents. Before this project, the city of Qaladze did not have an abattoir to kill and process meat in a safe and sanitary environment. When construction is completed, this facility will benefit the 120,000 local city residents by providing them with access to fresh and processed meat produced in the most hygienic manner possible.

Recommendations

Since the KRO has already required the contractor to take corrective actions to the construction deficiencies SIGIR identified during the site visit, the draft report did not contain any recommendations for further action, and comments on the draft report were not required.

Management Comments

Though not required, SIGIR received comments from the U.S. Army Corps of Engineers, Gulf Region Division, concurring with the draft report. SIGIR appreciates the concurrence with the draft report by the U.S. Army Corps of Engineers.

Al Kasik Location Command, Al Kasik, Iraq

SIGIR PA-09-182

Project Objective

The overall objective of this $6.3 million ISFF-funded project was to design and construct a new Iraqi Army Location Command in the Al Kasik area Ninewa province. The project includes the construction of:

- a reclamation platoon facility
- a warehousing platoon facility
- a bulk storage facility
- a petroleum, oil, and lubricants (POL) distribution point

Aerial overview of the abattoir project.

- a bulk lubricant storage facility
- a power line to new buildings
- water and sewer hookups to new buildings
- perimeter fencing

The project also requires the demolition of existing buildings. Because this project called for new construction within an existing facility, repair and refurbishment were also required.

Conclusions

The assessment determined that:

1. The U.S. government provided the preliminary design to the contractor. The Statement of Work (SOW) required the contractor to develop the preliminary package into a complete design package. Specifically, the SOW required the contractor to review the preliminary designs and "correct any conflict or deficiency, also provide any missing or required details or drawings."

   SIGIR reviewed the contractor-generated drawings, which contained specific information on the proposed buildings, fuel storage facilities, site utilities, site drainage, sewage collection system, and other project features.

Maintenance garage prior to completion of exterior panel installation at Al Kasik.

Bond beam increased depth in lieu of lintel in latrine building at Al Kasik.

SIGIR determined that there was adequate information to complete the final design and construct the facility.

2. During the site assessment on May 16, 2009, SIGIR observed ongoing construction work, such as concrete formwork and preparation for concrete placement. SIGIR observed a number of construction issues, including:
   - The bracing for the pallet racks[745] was not completely installed.
   - The water and sewer piping were placed in the same trench.
   - The raft foundation[746] contained no provisions to continue the reinforcing steel through the construction joint.

   SIGIR discussed the following issues with personnel from the Gulf Region North (GRN) Mosul Area Office of the Gulf Region Division (GRD), U.S. Army Corps of Engineers (USACE):
   - The contractor should perform a final check of the rack system after construction is complete to verify that all bracing is installed and that all legs are securely fastened to the floor slab.
   - The water and sewer piping create a conflict with the installation of the sanitary manhole and could potentially contaminate the water supply.
   - The raft foundation contained no provisions to continue the reinforcing steel through the construction joint or provide fuel proofing to prevent leaks.

   The GRN Mosul Area Office personnel stated that the contractor would perform a final check of the rack system after construction is complete to verify that all bracing is installed and that all legs are securely fastened to the floor slab. The other issues would be addressed throughout the project, and corrective action would be taken as necessary.

3. The contractor's quality control (QC) plan was sufficiently detailed to effectively guide the contractor's quality management program. The contractor submitted a QC plan, which GRN accepted as meeting the standards addressed in Engineering Regulation 1180-1-6

Column base plate prior to placement of non-shrink grout at Al Kasik.

Raft foundation for benzene storage at Al Kasik.

(Construction Quality Management). The QC representatives monitored field activities and completed daily QC reports that presented a brief background on the number of workers on site, work activities performed, and major equipment on site.

The U.S. government quality assurance (QA) program was effective in monitoring the contractor's QC program. GRN Mosul Area Office employed local Iraqi QA representatives to monitor field activities and complete daily QA reports. The daily reports documented the number of workers on site and the daily work performed. SIGIR reviewed the QA reports and found that the QA representatives did an effective job identifying and correcting construction deficiencies at the project site.

4. Sustainability was addressed in the contract requirements. The contract included sustainability elements to assist the Iraqi ministry ultimately responsible for operating this project after turnover. The contract specifications require the contractor to provide and certify warranties in the name of the appropriate ministry for all materials and equipment. In addition, the contractor is required to perform operations and maintenance training appropriate to the facilities and equipment installed, constructed, or rehabilitated in the scope of this project, along with providing operations and maintenance manuals. Further, upon completion of each facility, the contractor must prepare and furnish as-built drawings, which will be a record of the construction as installed and completed.

5. As of SIGIR's site assessment, the Al Kasik Location Command project was approximately 56% complete. The results are consistent with the original project objective to construct a new Iraqi Army Location Command in the Al Kasik area in Ninewa province.

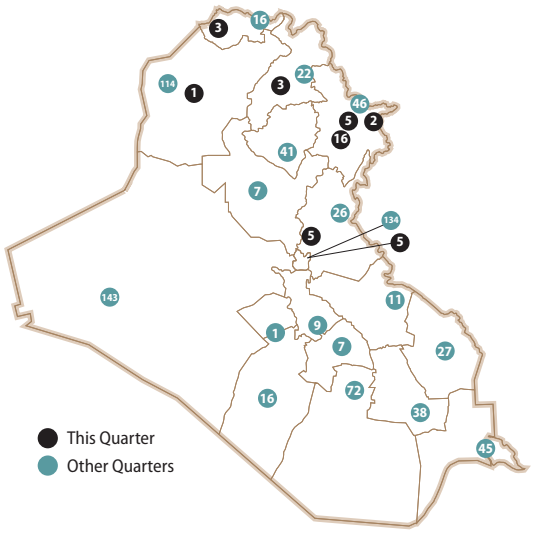
Recommendations

The report did not contain any recommendations for corrective action; therefore, management comments were not required.

Management Comments

Although management comments were not required, SIGIR received comments from the Gulf

Figure 4.2
Aerial Imagery Assessments



Approximate locations of SIGIR's aerial imagery assessments conducted this quarter and the locations by province of assessments from previous quarters.

Table 4.3
Imagery Assessed Supporting SIGIR Project Assessments and Other Directorates

Project Type	Number of Products
Abattoir in Qaladze	16
Restoration of the Tomb of the Unknown Soldier	4
Emergency Hospital in Zahko	3
Humer Kwer Health Center	3
Orphanage and Senior Citizen Assisted Living Center in Erbil	2
Penjween 18 Classroom School	2
Additional Products	
Diyala Province—Ba'quba	3
Diyala Province—Sa'adiyah	2
Center of City of Sulaymaniyah	2
KRG Government Offices in Erbil	1
Baghdad Province	1
Ninewa Province	1

Region Division of the U.S. Army Corps of Engineers and the Multi-National Force-Iraq concurring with the draft report. SIGIR appreciates the concurrences with the draft report. No additional comments are necessary.

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, Audits, 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 57 images and created 40 imagery products, using satellite imagery and limited contract information. The imagery provides visual assessment of progress at reconstruction site locations throughout Iraq. For an overview of the imagery products produced this quarter, see Table 4.3.

In partnership with the National Geospatial-Intelligence Agency and the National Ground Intelligence Center, SIGIR imagery analysis has resulted in 819 cumulative satellite imagery assessments and products. For an overview of the approximate locations of these assessments, see Figure 4.2. ◆

Aerial imagery time lapse from September 10, 2008 (right) to March 21, 2009 (left) of the Emergency Hospital in Zahko, a project to be assessed later this year.

Aerial imagery of the Tomb of the Unknown Soldier, to be assessed in a future quarter, taken August 30, 2009.

Aerial imagery taken June 10, 2009, of the Orphanage and Senior Citizen Assisted Living Center in Erbil assessed this quarter.

SIGIR INVESTIGATIONS

This quarter, SIGIR Investigations continued actively pursuing a wide array of allegations of fraud, waste, and abuse in Iraq, with 96 open investigations. SIGIR has 8 investigative personnel assigned to Baghdad, 13 at SIGIR headquarters in Arlington, Virginia, and 14 in offices in Pennsylvania, Maryland, North Carolina, Florida, Texas, Ohio, Michigan, and California. To date, the work of SIGIR investigators has resulted in 24 arrests, 31 indictments, 24 convictions, and nearly $50 million in fines, forfeitures, recoveries, and restitution.

This quarter, SIGIR continued to conduct a number of significant criminal investigations related to Iraq reconstruction, working closely with prosecutors, U.S. partner investigative agencies, and Coalition-partner investigators. As a result of SIGIR investigations, 5 defendants are awaiting trial, and 12 defendants are awaiting sentencing. For a comprehensive list of convictions compiled by the Department of Justice, see Table 4.4 at the end of this subsection.

SIGIR notes these significant investigative outcomes this quarter:

- Two lieutenant colonels in the U.S. Marine Corps accepted non-judicial punishment as a result of a task force bribery investigation.
- A U.S. Marine was charged, convicted, and sentenced for taking funds from contractors in Falluja, Iraq; $60,000 in stolen cash was recovered.
- Investigators seized more than $1.7 million in illegal proceeds from a safe deposit box.
- Money judgments were ordered for $14.1 million as the result of a massive bribery investigation.
- The niece of a contracting officer pled guilty to obstructing an investigation into money laundering.
- A contractor was indicted for bribery, conspiracy, and failure to appear in court.
- The husband of a former Army officer pled guilty to laundering money stolen from Iraq.
- A Department of State employee was arrested for soliciting and receiving illegal payments from Iraqi contractors.
- The U.S. Army Procurement Fraud Branch suspended 4 individuals, proposed 14 individuals and companies for debarment, and debarred 16 companies and individuals for fraud and corruption in Iraq reconstruction. The U.S. Air Force and U.S. Navy each suspended one individual.

Two Marine Officers Accept Non-judicial Punishment in Bribery Investigation

As a result of a SIGIR task force investigation, on August 18, 2009, two U.S. Marine Corps lieutenant colonels underwent non-judicial punishment under Article 15 of the Uniform Code of Military Justice (UCMJ). They were found guilty of dereliction of duty, wrongful disposal of U.S. military property, issuance of orders to commit unlawful conduct, failure to report fraud, and wrongfully influencing testimony of subordinate personnel while stationed in Iraq. A U.S. Marine lieutenant general presided at the Article 15 hearing.

This case is a part of a task force investigation being conducted jointly by Naval Criminal Investigative Service (NCIS), SIGIR, and Defense Criminal Investigative Service (DCIS).

U.S. Marine Pleads Guilty and Is Sentenced for Taking Funds from Contractors

As a result of a SIGIR task force investigation, on September 3, 2009, Master Gunnery Sergeant Luis A. Lopez, USMC, pled guilty to three specifications

of Article 134 (graft) under the Uniform Code of Military Justice (UCMJ) during court-martial proceedings at Marine Corps Base, Camp Lejeune, North Carolina. Lopez was charged with taking money from three contractors while deployed to Iraq in 2005. The UCMJ defines graft as compensation for services performed in an official matter when no compensation is due.

Lopez pled guilty to taking $67,000 from three contracting companies that provided supplies and services in Iraq. Lopez was sentenced to reprimand, total forfeitures of all pay and allowances, a $10,000 fine, reduction to pay grade E-6, and 89 days of confinement. Investigators recovered $60,000 from Lopez.

This case is part of a task force investigation being conducted jointly by NCIS, SIGIR, and DCIS.

More than $1.7 million in currency seized in Cockerham case.

More than $1.7 Million from Cockerham Conspiracy Seized

On September 17, 2009, investigators searched a bank safety deposit box leased by Melissa Cockerham and seized $1,776,966.37—$1,508,900 in U.S. currency and $268,066.37 in foreign currency. The investigation determined that Melissa Cockerham's spouse, Major John Cockerham, had received the money from contractors in return for awarding U.S. government contracts to the companies. The seized U.S. and foreign currency was retained in the custody of U.S. officials for processing and forfeiture proceedings.

This investigation is being conducted jointly by SIGIR, the Major Fraud Procurement Unit of the U.S. Army Criminal Investigation Command (CID-MPFU), DCIS, the Internal Revenue Service (IRS), Immigration and Customs Enforcement (ICE), and the Federal Bureau of Investigation (FBI).

For a complete account of this investigation, see SIGIR's July 2007 *Quarterly Report and Semiannual Report to Congress* and subsequent Quarterly Reports.

U.S. District Court Orders $14.1 Million in Money Judgments

On September 22, 2009, the U.S. District Court in San Antonio, Texas, ordered three separate money judgments totaling $14.1 million, arising from the Cockerham case.

The court ordered that $9.6 million be forfeited to the United States, representing the proceeds of the conspiracy and money-laundering charges in John Cockerham's indictment.

The court also ordered that the United States was entitled to the forfeiture of any other assets owned by Cockerham up to the amount of the judgment, and that at the time of sentencing, the money judgment be included in the judgment of his criminal case.

The court issued similar judgments for Carolyn Blake (for not less than $3.1 million) and for Melissa Cockerham (for not less than $1.4 million).

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, IRS, ICE, and FBI.

Contracting Officer's Niece Pleads Guilty to Obstructing Investigation into Money Laundering

On July 28, 2009, Nyree Pettaway pled guilty to one count of conspiring with U.S. Army Major John C. Cockerham (her uncle), Carolyn Blake (her aunt and Cockerham's sister), and others to obstruct the investigation of money laundering related to Cockerham's receipt of more than $9 million in bribes as a contracting officer in Kuwait.

Pettaway admitted that in late 2006, when Cockerham learned he was under investigation, he solicited her assistance to create cover stories for the millions of dollars he had received and to return $3 million in cash to co-conspirators for safekeeping. Pettaway admitted she traveled to Kuwait, received the cash from Blake, and gave it to others to hold for Cockerham. She also admitted that she delivered fraudulent documents to contractors in Kuwait in an attempt to make the bribe payments appear to investigators to be legitimate loans.

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, IRS, ICE, and FBI.

Contractor Indicted for Bribery, Conspiracy, and Failing To Appear in Court

On October 7, 2009, a federal grand jury in Oklahoma City, Oklahoma, indicted Elie Samir Chidiac in a superseding indictment charging him with bribery, conspiracy to commit bribery, and failing to appear in court. In 2006 and 2007, Chidiac was an Iraq site manager for Raman Corporation, a Lebanese company with a Texas affiliate, Raman International Inc (Raman). According to the indictment, Chidiac participated in two conspiracies in which he bribed Army Major Theresa Jeanne Baker in connection with contracts awarded at Camp Victory, Iraq. This indictment supersedes an indictment returned on January 22, 2008, which charged Chidiac with two counts of conspiracy to commit bribery.

According to the indictment, from approximately July 2006 to March 2007, Raman and Chidiac gave money and other items to Baker in return for the award of DoD contracts at Camp Victory. In a second conspiracy, which took place from approximately November 2006 to March 2007, Baker canceled contracts awarded to third-party contractors and fraudulently re-awarded them to Chidiac. Baker then authorized Chidiac to receive cash payments for those contracts, even though Chidiac had not delivered any goods and had not performed any services. In return, Chidiac gave some of the money back to Baker.

Baker was sentenced on September 30, 2009, to 70 months in prison and ordered to pay $825,000 in restitution. Raman was sentenced on January 30, 2009, to a $500,000 fine.

This investigation is being conducted jointly by DCIS, CID-MPFU, ICE, U.S. Postal Inspection Service, and SIGIR.

Husband of Former Army Officer Pleads Guilty to Laundering Money Stolen from Iraq

On August 5, 2009, William Driver, a New Jersey accountant, pled guilty in U.S. District Court for the District of New Jersey, Trenton, New Jersey, to laundering portions of more than $300,000 acquired as part of his role in the Bloom-Stein conspiracy. The funds were stolen from the Coalition Provisional Authority (CPA) in Iraq and brought back to the United States by his wife, Debra Harrison, a former U.S. Army lieutenant colonel. From April through June 2004, Harrison was the deputy comptroller and acting comptroller of CPA-South Central Region (CPA-SC).

At the plea hearing, Driver admitted that Harrison stole money from the CPA-SC and transported it to their home in Trenton. Driver then contracted a home improvement company to build a deck

on their home; from October through December 2004, he and Harrison used the stolen cash to make four payments of $9,000 each to the contractor. Driver also admitted that he and his wife made cash payments to evade transaction-reporting requirements when the contractor deposited the funds at a bank. Driver is scheduled to be sentenced on December 3, 2009, in U.S. District Court, Trenton, New Jersey.

This investigation is being conducted jointly by SIGIR, IRS, and ICE; the case is being prosecuted by the Public Integrity Section of the Department of Justice. This quarter, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) presented the Bloom-Stein investigation the CIGIE award for investigative excellence.

Department of State Employee Arrested for Illegal Payments

On October 16, 2009, SIGIR agents arrested a Department of State (DoS) employee based on a complaint filed with the U.S. District Court alleging conspiracy, illegal receipt of kickbacks, illegal receipt of bribes, and wire fraud. The complaint alleged that as a contractor and later as a DoS employee this individual solicited and received illegal kickbacks and bribes from Iraqi contractors in return for facilitating their receipt of U.S. government contracts.

This investigation is being conducted jointly by SIGIR, DCIS, ICE, and the DoS Office of Inspector General.

SIGIR Continues Forensic Audit

This quarter, SIGIR Audits and Investigations continued a joint initiative, begun in December 2008, to review DoD Appropriation, Obligation, and Expenditure Transaction Data Related to Iraq Relief and Reconstruction (Project No. 9005). This special forensic audit project is designed to review data related to the Iraq Relief and Reconstruction Fund for fiscal years 2003-2008. In March 2009, SIGIR expanded that initiative to include expenditures by the Department of State (Project No. 9012) and the U.S. Agency for International Development (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 SIGIR follow-on efforts, products, and investigations.

Working in concert with SIGIR Audits, 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, U.S. Postal Service, and the Department of the Treasury (IRS and Financial Crimes Enforcement Network). SIGIR has expanded that effort, identifying five major avenues of specific investigative interest and inquiry.

In partnership with the other agencies, SIGIR auditors and investigators are examining tens of thousands of documents to identify unusual or suspect financial transactions that may indicate fraud or corruption in the award and administration of contracts and grants. So far, SIGIR has identified a number of instances of suspect transactions that warrant more in-depth analysis. The project has also been helpful in providing additional information for investigations already underway.

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 initiated 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 began to scan into the same database all of the historical vouchers related to contingency payments stored at DFAS-Rome. The historical contingency documents comprise about 800,000 vouchers, with a value of approximately $13 billion to $14 billion. The scanning of these documents has begun and is expected to continue until at least December 2010.

SIGIR has assigned one senior criminal investigator to DFAS-Rome to coordinate the review of the historical contingency documents in support of ongoing investigations, as well as to develop new criminal investigations. 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 developing cases and providing support to ongoing investigations to SIGIR and its partner investigative agencies. This is an integral part of the SIGIR forensic audit.

Suspension and Debarment

Since December 2005, SIGIR has worked closely with the Department of Justice, CID-MPFU, DCIS, and the Army Legal Services Agency's Procurement Fraud Branch (PFB) to suspend and debar contractors and government personnel for fraud or corruption within the Army, including those involving Iraq reconstruction or Army support contracts in Iraq. 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's Suspension and Debarment Official.

Since SIGIR's July 2009 Quarterly and Semiannual Report to Congress, the PFB has taken these actions:

- suspended four individuals based on allegations of fraud in Iraq and Kuwait
- proposed 14 individuals and companies for debarment based on allegations of bribery, wire fraud, theft and money laundering found in materials provided to PFB by criminal investigators and the Department of Justice
- debarred 16 companies and individuals based on criminal convictions and fact-based inquiries provided by PFB to the Army Suspension and Debarment Official

In addition, a review of records kept by PFB showed that five proposals for debarment—which resulted in five debarments during January 2009—were not previously included in the totals provided as part of PFB's quarterly submissions to SIGIR.

To date, the Army has suspended 88 individuals and companies involved in sustainment and reconstruction contracts supporting the Army in Iraq and Kuwait. A total of 96 individuals and companies have been proposed for debarment, resulting in 78 finalized debarments, ranging in duration from nine months to ten years. PFB is aggressively pursuing additional companies and individuals associated with fraud associated with Army contracts in Iraq, Kuwait, and other locations in Southwest Asia, with additional suspension and debarment actions projected during 2009.

Suspension and debarment actions related to reconstruction and Army support contract fraud in Afghanistan are reported to the Special Inspector General for Afghanistan Reconstruction (SIGAR). Cases originating in Afghanistan—previously listed with cases originating in Iraq, Kuwait and other locations in Southwest Asia—were removed from PFB's submissions to the SIGIR in the third quarter of 2009 and are now included in the quarterly report produced by SIGAR.

For a list of debarments, see Table 4.5. For a complete list of suspensions and debarments, see Appendix F. ◆

TABLE 4.4
CONVICTIONS (AS COMPILED BY THE DEPARTMENT OF JUSTICE)

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Robert Jeffery	Conspiracy and theft	8/11/2009	Pending
William Driver	Money Laundering	8/5/2009	Pending
Nyree Pettaway	Conspiracy to Obstruct Justice	7/28/2009	Pending
Robert Young	Conspiracy and theft of Government Property	7/24/2009	Pending
Tijani Saani	Filing false tax returns	6/25/2009	Pending
Diane Demilta	Wire fraud	5/27/2009	6 months in prison; 12-month house arrest; 2 years supervised release; $20,000 fine; and $70,000 restitution
Benjamin R. Kafka	Misprision of a felony	5/18/2009	Pending
Elbert George	Theft of government property; conspiracy	5/18/2009	Pending
Roy Greene Jr.	Theft of government property; conspiracy	5/18/2009	Pending
Stephen Day	Conspiracy to defraud the United States by misrepresentation	4/13/2009	Pending
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
Michael Carter, Project Engineer, Force Protection Industries	Violating the Anti-Kickback Act	1/25/2009	Pending
Harith al-Jabawi, 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	70 months in prison; $825,000 restitution
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	50 months in prison; 3 years supervised release; $200 special assessment
Lee Dubois, Contractor, Future Services General Trading and Contracting Company	Theft of government property	10/7/2008	Pending
Jacqueline Fankhauser	Receipt of stolen property	8/28/2008	1 year probation; 180 days home confinement; 104 hours community service; $10,000 fine; and $100 special assessment
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	30 months in prison; 2 years supervised release; and $366,640 restitution

Continued on the next page

Name	Charges	Date of Conviction	Sentence
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
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
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

Continued on the next page

Name	Charges	Date of Conviction	Sentence
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

TABLE 4.5
DEBARMENT LIST

NAME	DEBARRED
Ali N. Jabak	9/30/2009
Liberty A. Jabak	9/30/2009
Liberty's Construction Company	9/30/2009
Tharwat Taresh	9/30/2009
Babwat Dourat Al-Arab	9/30/2009
Dourat Al-Arab	9/30/2009
Hussein Ali Yehia	9/30/2009
Amina Ali Issa	9/30/2009
Adel Ali Yehia	9/30/2009
Mohamed Abdel Latif Zahed	9/10/2009
Gerald Thomas Krage	9/4/2009
Andrew John Castro	9/4/2009
Airafidane, LLC	9/4/2009
Kevin Arthis Davis	8/20/2009
Jacqueline Fankhauser	8/7/2009
Debra M. Harrison, LTC, USAR	8/7/2009
Nazar Abd Alama	7/1/2009
San Juan Company	7/1/2009
Mississippi Company for the General Contract	7/1/2009
Lee Dynamics International	6/17/2009
Lee Defense Services Corporation	6/17/2009
George H. Lee	6/17/2009
Justin W. Lee	6/17/2009
Oai Lee	6/17/2009
Mark J. Anthony	6/17/2009
Levonda J. Selph	6/17/2009
Starcon Ltd. LLC	6/17/2009
Cedar J. Lanmon, CPT, USA	6/3/2009
D+J Trading Company	5/14/2009
Jesse D. Lane Jr.	1/30/2009
Jennifer Anjakos	1/30/2009
Carlos L. Chavez	1/30/2009
Darryl Hollier	1/30/2009
Luis A. Lopez	1/30/2009
Mohammed 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

Continued next column

NAME	DEBARRED
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
Ahmed Hassan Dayekh	09/26/2006
Diaa Ahmen Abdul Latif Salem	5/14/2009, 6/2/2006
Jasmine International Trading and Service Company	5/14/2009, 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

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.

Third Quarter Reporting

As of September 30, 2009, the SIGIR Hotline had initiated 750 cases. Of these cases, 693 have been closed, and 57 remain open. For a summary of these cases, see Table 4.6.

New Cases

During this reporting period, the SIGIR Hotline received 21 new complaints, bringing the cumulative total to 750 Hotline cases. The new complaints were classified in these categories:

- 10 involved contract fraud.
- 5 involved personnel issues.
- 2 involved miscellaneous issues.
- 2 involved abuse.
- 1 involved waste.
- 1 involved mismanagement.

The SIGIR Hotline receives most reports of perceived instances of fraud, waste, abuse, mismanagement, and reprisal through the website and electronic mail. Of SIGIR's 21 new Hotline complaints, 11 were received through electronic mail; 10, by the SIGIR website.

Closed Cases

During this quarter, SIGIR closed 55 Hotline cases:

- 37 were closed by SIGIR Investigations.
- 13 were referred to other inspector general agencies.
- 3 were closed by SIGIR Audits.
- 2 were dismissed for lack of information.

Referred Complaints

After a thorough review, SIGIR referred 13 complaints to outside agencies for proper resolution:

- 4 were sent to the U.S. Army Office of Inspector General.
- 4 were sent to the Joint Contracting Command-Iraq/Afghanistan.
- 2 were sent to the Department of Defense Office of Inspector General.
- 1 was sent to the Office of Government Ethics.
- 1 was sent to the Multi-National Force-Iraq Office of Inspector General.
- 1 was sent to the U.S. Agency for International Development Office of Inspector General.

Table 4.6
Summary of SIGIR Hotline Cases, as of 9/30/2009

OPEN CASES	
Investigations	50
Audits	6
Inspections	1
Total Open	**57**

CLOSED CASES	1st Qtr 2009	2nd Qtr 2009	3rd Qtr 2009	Cumulative*
FOIA	0	0	0	4
OSC Review	0	0	0	2
Assists	0	0	0	46
Dismissed	2	1	2	128
Referred	11	8	13	302
Inspections	0	0	0	79
Investigations	1	3	37	116
Audits	4	0	3	16
Total Closed	**18**	**12**	**55**	**693**
Cumulative* Open & Closed				**750**

*Cumulative totals cover the period since the SIGIR Hotline began operations—from 3/24/2004 to 9/30/2009.

SIGIR WEBSITE

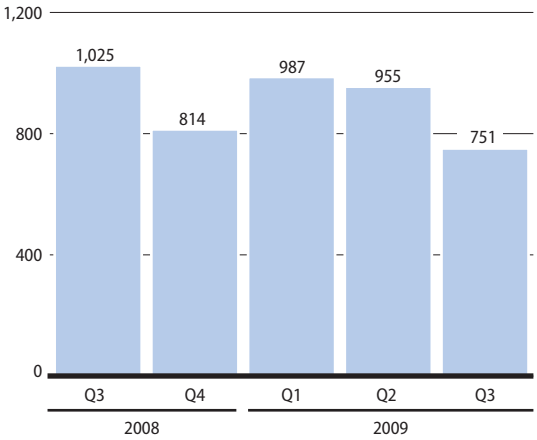
During this reporting period, the SIGIR website (www.sigir.mil) recorded these activities:

- More than 69,000 users visited the SIGIR website—about 750 users per day.
- The Arabic language section of the site received 964 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 4.3.

FIGURE 4.3

AVERAGE NUMBER OF VISITORS PER DAY TO SIGIR WEBSITE, AS OF 9/30/2009



Source: DoD, IMCEN, response to SIGIR data call, 10/13/2009.

LEGISLATIVE UPDATE

As of October 22, 2009, the Congress had not yet concluded its work on fiscal year 2010 appropriations for the Department of Defense (DoD) or the Department of the State (DoS), Foreign Operations, and Related Programs. On October 22, 2009, the Senate agreed to the conference report on H.R. 2647, the National Defense Authorization Act (NDAA) for Fiscal Year 2010. The House had agreed to the conference report on October 8, 2009. The NDAA, also referred to below as "the act," includes several provisions related to the reconstruction of Iraq. The President is expected to sign it into law.

NDAA Title XII—Matters Relating to Foreign Nations

Section 1201 of the NDAA extends the authority for so-called "Section 1207," or "security and stabilization" assistance, through FY 2010 at the current authorization amount of $100 million. The conference report states:

> While…the increased coordination between the Department of Defense and Department of State resulting from the joint formulation and implementation of security and stabilization projects under the section 1207 authority has value, the conferees reaffirm that Congress has always intended for this transfer authority to be temporary and are disappointed that the Department of State has not yet achieved the capacity to fulfill its statutory requirements. The conferees urge the administration to work toward this goal as rapidly as possible. They further recommend that the administration examine ways to maintain this coordination in the absence of this authority.

Section 1204 of the act requires the President to report on, among other things, the relationship between the authorities of DoD to "conduct security cooperation programs to train and equip, or otherwise build the capacity of, foreign military forces," and the "security assistance authorities" of DoS and other foreign assistance agencies. The report should also cover the "strengths and weaknesses" of various provisions of law concerning these activities, the "organizational and procedural changes, if any, that should be made" in DoD and DoS and other foreign assistance agencies to improve their ability to "conduct programs to build the capacity of foreign military forces, including . . . to participate in or support military and stability operations in which the United States Armed Forces are a participant," and the forces and funding mechanisms required to ensure adequate funding for such programs.

Section 1209 of the act requires a report by "the Secretary of Defense, with the concurrence of the Secretary of State," on "the role of Foreign Military Sales in meeting the requirements of the military and security forces of Iraq." The report shall include a "description of the minimum requirements of the military and security forces of Iraq to achieve and sustain internal security," a "description of how Foreign Military Sales may be leveraged to ensure the timely delivery of training, equipment, and supplies beyond the December 2011 drawdown deadline and any recommendations for improving the Foreign Military Sales process with respect to Iraq," and an "assessment of the feasibility and desirability of treating an undertaking by the Government of Iraq… as a dependable undertaking described in… the Arms Export Control Act … for the purpose of entering into contracts for the procurement of defense articles and defense services as provided for in that section."

Section 1221 of the act re-enacts an existing provision that no funds appropriated under an authorization of appropriations in the act may be used to "establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Iraq" or "to exercise United States control of the oil resources of Iraq."

Section 1222 of the act contains a one-year extension of the authorization of appropriations for the Commander's Emergency Response Program (CERP) through FY 2010. The authorization level is reduced from $1.5 billion for FY 2009 to $1.3 billion for FY 2010. The act requires that the Secretary of Defense, within 180 days of enactment, conduct a thorough review of the CERP and submit that review to congressional committees.

According to the conference report:

> The conferees direct the Secretary of Defense to include as part of this review an assessment of the following: the process for generating and justifying the CERP budget; the existing management and oversight of CERP funds and contracts; personnel requirements specifically in support of CERP and the number of personnel deployed to meet those requirements in Afghanistan, including with the Joint Contracting Command and U.S. Forces-Afghanistan; the extent and effectiveness of coordination of projects with other U.S. Government agencies, international organizations, and Non-Governmental Organizations carrying out projects in Iraq and Afghanistan; and coordination with the host government on CERP projects, including procedures for ensuring the sustainment of those projects by the host government over the long run.

The same section provides for the use of $50 million of the fund by the Secretary of State for the "Afghanistan National Solidarity Program" and, with the concurrence of the Secretary of State, such funds as are necessary for the reintegration into Afghan society of individuals who have renounced violence against the Afghan government.

Section 1226 of the act requires the Comptroller General to submit reports on the Iraq campaign plan's adherence to military doctrine as established in the DoD publication "Joint Operation Planning."

Section 1227 of the act requires a quarterly report from the Secretary of Defense "concerning the responsible redeployment of United States Armed Forces from Iraq in accordance with the policy announced" by President Obama on February 27, 2009, and the United States-Iraq Security Agreement.

Section 1228 of the act requires the Secretary of Defense to submit to Congress "a report on the feasibility and desirability of establishing general uniform procedures and guidelines for the provision of monetary assistance to civilian foreign nationals for losses, injuries, or death … incident to combat activities of the United States Armed Forces."

Section 1234 of the act provides the Secretary of Defense, with the concurrence of the Secretary of State, the authority to transfer to the Government of Iraq, without reimbursement, defense articles and associated defense services for its military and security forces during FY 2010. Such transfers, combined with similar transfers to the Government of Afghanistan, are limited to a value of $750 million and must have been, at some point, in use in Iraq. Thirty days prior to making any such transfers, the Secretary must provide a plan to Congress, and in the case of specific transfers must provide 15 days notice to certain congressional committees.

NDAA Title VIII—Procurement Matters

Section 811 of the act requires a written justification and approval for contracts in excess of $20.0 million that are awarded on a sole-source basis, including certain contracts now exempt from generally applicable justification and approval. The conferees noted that sole-source contracts may be awarded on a sole-source basis only when those awards have been determined to be in the best interest of the agency concerned.

Section 812 of the act requires the Secretary of Defense to revise the DoD Supplement to the Federal Acquisition Regulation to ensure that regulatory limitations applicable to undefinitized contract actions apply to all categories of such contract actions, including undefinitized task orders and delivery orders, and undefinitized modifications to contracts, task orders, and delivery orders.

Section 813 of the act modifies requirements related to contracting actions in Iraq and Afghanistan—passed as part of Title VIII and Title XII of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181)—to cover grants and cooperative agreements and to lower a reporting threshold related to reports on the employment of Iraqis.

Section 815 of the act clarifies that a decision to suspend or debar a contractor applies to subcontracts at any tier, other than (1) subcontracts for commercially available off-the-shelf items and (2) subcontracts (other than first-tier subcontracts) under contracts for commercial items. The conferees stated their expectation that

> Department of Defense and other affected agencies to review these procedures to ensure that: (1) federal agencies coordinate with other affected federal agencies on suspension or debarment decisions, as appropriate; and (2) contractors are notified of the basis for suspension or debarment decisions and provided an opportunity to respond as early as practicable, consistent with the fundamental purpose of protecting the Federal Government and the taxpayers from unscrupulous contractors.

Section 822 of the act extends the life of the Commission on Wartime Contracting in Iraq and Afghanistan for one year (for a total of three years) and provides for the Commission to be assisted by federal agencies.

Section 823 of the act provides that the Secretary of Defense shall ensure that certain contracts entered into in the future using award fees shall provide for the consideration of certain "covered incidents" in evaluations of contractor performance for an award fee period and authorize the Secretary to reduce or deny award fees or recover award fees previously paid on the basis of the negative impact of certain incidents on contractor performance. "Covered incidents" include those that have been determined through certain criminal, civil, or administrative proceedings to have caused serious bodily injury or death to any civilian or military personnel of the government through gross negligence or with reckless disregard for the safety of those personnel. "Covered incidents" also are incidents in which a contractor is liable for similar actions of a subcontractor. ◆

OTHER AGENCY OVERSIGHT

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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 August 19, 2009, at the SIGIR office in Arlington, Virginia, with Special Inspector General Bowen chairing the meeting from Baghdad. These organizations attended the meeting:

- CENTCOM 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)
- SIGIR
- U.S. Agency for International Development Office of Inspector General (USAID OIG)
- U.S. Army Audit Agency (USAAA)
- Commission on Wartime Contracting

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 Defense Contract Audit Agency (DCAA) updates, see Appendix G.

In previous quarters, SIGIR has provided updates on the U.S. Department of the Treasury and the U.S. Department of Commerce, but these agencies have no current Iraq reconstruction oversight activities ongoing or planned for FY 2009. SIGIR will no longer report on these agencies in this section.

Section 842 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) 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 Oversight Plan for Southwest Asia. That document, compiled by the relevant IGs (including SIGIR), summarizes ongoing and near-term planned oversight for Iraq and the region. In April 2009, several DoD and federal oversight agencies—including SIGIR, DoD OIG, DoS OIG, USAID OIG, USAAA, Naval Audit Service (NAVAUDSVC), Air Force Audit Agency (AFAA), and DCAA—presented the FY 2009 update to the Comprehensive Oversight Plan for Southwest Asia. The plan provides a comprehensive accounting of the ongoing and planned oversight for Southwest Asia, including Iraq, for all IG offices with audit jurisdiction. Participating oversight agencies will continue to coordinate oversight plans through 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 G.
- For a complete historical list of audits and reviews on Iraq reconstruction by all entities, see Appendix H.

TABLE 5.1
RECENTLY COMPLETED OVERSIGHT REPORTS OF OTHER U.S. AGENCIES, AS OF 9/30/2009

AGENCY	REPORT NUMBER	REPORT DATE	REPORT TITLE
DoD	D-2009-113	9/30/2009	Medical Equipment Used to Support Operations in Southwest Asia
DoD	D-2009-118	9/29/2009	Internal Controls Over Naval Special Warfare Command Comptroller Operations in Support of Contingency Operations
DoD	D-2009-117	9/29/2009	Controls Over Air Combat Command and Pacific Air Forces Unliquidated Obligations from Department of the Air Force Contracts Supporting Contingency Operations
DoD	D-2009-115	9/29/2009	Summary of Information Operations Contracts in Iraq
DoD	D-2009-114	9/25/2009	Transition Planning for the Logistics Civil Augmentation Program IV Contract
DoD	D-2009-112	9/25/2009	Deferred Maintenance on the Air Force C-130 Aircraft
DoD	D-2009-109	9/25/2009	Contracts Supporting the DoD Counter Narcoterrorism Technology Program Office
DoD	D-2009-108	9/23/2009	U.S. Air Forces Central War Reserve Materiel Contract
DoD	09-INTEL-13	9/23/2009	Investigation of Allegations of the Use of Mind-Altering Drugs to Facilitate Interrogations of Detainees
DoD	D-2009-102	9/18/2009	Price Reasonableness Determinations for Contracts Awarded by the U.S. Special Operations Command
DoD	D-2009-091	7/31/2009	Information Operations Contracts in Iraq
DoD	D-2009-098	7/30/2009	Status of the Defense Emergency Response Fund in Support of the Global War on Terror
DoD	D-2009-095	7/29/2009	Contracting for Transportation Services for U.S. Army Corps of Engineers, Gulf Region Division
DoD	D-2009-096	7/28/2009	Contracts for the U.S. Army's Heavy-Lift VI Program in Kuwait
DoD	IPO-2009-E001	7/27/2009	Review of Electrocution Deaths in Iraq: Part II - Seventeen Incidents Apart from Staff Sergeant Ryan D. Maseth, U.S. Army
DoD	IE-2009-006	7/24/2009	Review of Electrocution Deaths in Iraq: Part I - Electrocution of Staff Sergeant Ryan D. Maseth, U.S. Army
DoD	D-2009-093	7/15/2009	Ship Utilization in Support of the Global War on Terror
DoS	MERO-IQO-09-09	8/25/2009	Review of the Roles, Staffing, and Effectiveness of Regional Embassy Offices in Iraq
DoS	MERO-A-09-10	8/25/2009	Performance Audit of Embassy Baghdad's Transition Planning for a Reduced United States Military Presence in Iraq
DoS	09-ISP-3020	7/1/2009	Inspection of Embassy Baghdad
GAO	GAO-09-1022R	9/25/2009	Overseas Contingency Operations: Reported Obligations for the Department of Defense
GAO	GAO-09-874	9/17/2009	Department of State: Additional Steps Needed to Address Continuing Staffing and Experience Gaps at Hardship Posts
GAO	GAO-09-1019T	9/16/2009	Human Capital: Improved Tracking and Additional Actions Needed to Ensure the Timely and Accurate Delivery of Compensation and Medical Benefits to Deployed Civilians
GAO	GAO-09-351	7/31/2009	Contingency Contract Management: DoD Needs to Develop and Finalize Background Screening and Other Standards for Private Security Contractors
GAO	GAO-09-791R	7/10/2009	Overseas Contingency Operations: Reported Obligations for the Department of Defense
USAAA	A-2009-0245-ALL	9/30/2009	Logistics Civil Augmentation Program (LOGCAP) Operations in Support of Operation Iraqi Freedom - Power Generators
USAAA	A-2009-0244-ALL	9/30/2009	U.S. Army Corps of Engineers Contract Functions in Iraq, Gulf Region Division, Baghdad, Iraq
USAAA	A-2009-0242-ALR	9/30/2009	Property Book Unit Supply Enhanced, I Corps and Fort Lewis
USAAA	A-2009-0228-ALL	9/30/2009	Retrograde Operations in Southwest Asia - Management of Automatic Return and Critical Items
USAAA	A-2009-0132-ALL	9/29/2009	Contracting Operations, U.S. Army Contracting Command Southwest Asia - Kuwait
USAAA	A-2009-0235-ALL	9/28/2009	Commander's Emergency Response Program - Iraq
USAAA	A-2009-0233-ALA	9/25/2009	Army Acquisition Objective Process

Continued on next page

Recently Completed Oversight Reports of Other U.S. Agencies, as of 9/30/2009

Agency	Report Number	Report Date	Report Title
USAAA	A-2009-0221-ALA	9/21/2009	Effect of Mine Resistant Ambush Protected Vehicle (MRAP) Upon Tactical Vehicle System Requirements, Office of the Deputy Chief of Staff, G-3/5/7
USAAA	A-2009-0219-ALL	9/21/2009	Sensitive Items Accountability and Control, Abu Ghraib Warehouse, Iraq
USAAA	A-2009-0212-FFS	9/17/2009	Requirements for Mobilized Soldiers
USAAA	A-2009-0188-FFM	9/1/2009	Assessing Future Base Budget Requirements
USAAA	A-2009-0164-FFS	9/1/2009	Assessing Future Base Budget Requirements
USAAA	A-2009-0202-FFF	8/28/2009	Use of Role-players for Training - Exclusive of Combat Training Centers
USAAA	A-2009-0196-ALO	8/27/2009	Assessing Future Base Budget Requirements
USAAA	A-2009-0192-FFF	8/25/2009	Assessing Future Base Budget Requirements
USAAA	A-2009-0182-ALL	8/18/2009	Commander's Emergency Response Program - Iraq
USAAA	A-2009-0181-ALR	8/18/2009	Property Accountability, 3rd Infantry Division, Rear Detachment, Fort Stewart, Georgia
USAAA	A-2009-0173-ALL	7/29/2009	Controls Over Vender Payments - Kuwait (Phase I - U.S. Army Contracting Command, Southwest Asia, Camp Arifjan, Kuwait)
USAAA	A-2009-0169-ALL	7/28/2009	Commander's Emergency Response Program - Iraq
USAAA	A-2009-0159-ALM	7/27/2009	Assessing Future Base Budget Requirements
USAAA	A-2009-0144-ZBI	7/23/2009	Army Foreign Language Contracting
USAAA	A-2009-0165-ALL	7/16/2009	Follow-up Audit of Management Controls Over Offline Purchases
USAAA	A-2009-0156-ALM	7/9/2009	Field Level Maintenance Operations, U.S. Army Sustainment Command and U.S. Army Garrison, Fort Hood, Texas
USAID	E-267-09-005-P	8/16/2009	Audit of USAID/Iraq's Iraq Rapid Assistance Program

TABLE 5.2
ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF 9/30/2009

AGENCY	PROJECT NUMBER	DATE INITIATED	PROJECT TITLE
DoD	Not reported	Not reported	Ministerial Capacity Development of the Iraqi Ministries of Defense and Interior Inspectors General
DoD	D2009-D000FH-0292.000	9/23/2009	Commercial Vendor Services Compliance With Federal Tax Reporting Requirements for Contractors Supporting Operations in Southwest Asia
DoD	D2009-D000JB-0307.000	9/16/2009	Controls Over the Accountability and Disposition of Government Furnished Property in Iraq
DoD	D2009-D000LC-240.002	9/10/2009	Review of Inter-Theater Transportation Planning, Capabilities, and Execution for the Drawdown from Iraq
DoD	D2009-D00SPO-0310.000	9/10/2009	Assessment of Intra-Theater Transportation Planning, Capabilities, and Execution for the Drawdown from Iraq
DoD	D2009-DIPOAI-0305	9/1/2009	Contract Audit Follow-Up Review on Incurred Cost Audits Related to Iraq Reconstruction
DoD	D2009-D00SPO-0286.000	8/11/2009	Assessment of U.S. Government Efforts to Develop the Logistics Sustainment Capability of the Iraq Security Forces
DoD	D2009-D000JB-0280.000	8/10/2009	DoD's Plans for the Drawdown and Reset of Property in Iraq
DoD	D2009-D000AS-0266.000	7/31/2009	Contracts Supporting Base Operation in Kuwait
DoD	D2009-D000AS-0264.000	7/20/2009	Air Forces Central War Reserve Materiel Contract
DoD	D2009-D000JB-0254.000	7/13/2009	Contracting for Organizational and Direct Support Maintenance at Joint Base Balad, Iraq
DoD	D2009-D000AS-0247.000	7/10/2009	Contracts Supporting the Broad Area Maritime Surveillance Program
DoD	D2009-D000CH-0244.000	7/7/2009	International Oil Trading Company Contracts to Supply Fuel to U.S. Troops in Iraq
DoD	D2009-D000LC-0240.001	6/18/2009	Transportation for DoD Personnel and Cargo Relocation from Iraq Drawdown
DoD	D2009-D000LC-0237.000	6/11/2009	Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom
DoD	D2009-D00SPO-0242.00	6/11/2009	Assessment of the Defense Hotline Allegations Concerning Traumatic Brain Injury Research Integrity in Iraq
DoD	D2009-DINT01-0203.000	6/10/2009	Review of the Joint Task Force Guantanamo Inclusion of Detainee Mental Health Information in Intelligence Information Reports
DoD	D2009-D000IG-D00SPO.0225.000	5/15/2009	Assessment Research on the Case Management Processes for Combat Amputees
DoD	D2009-D000IG-D00SPO.0226.000	5/15/2009	Assessment Research on Enlisted Administrative Separations
DoD	D2009-D000AE-0210.000	4/28/2009	Marine Corps Fulfillment of Urgent Universal Need Statements for Laser Dazzlers
DoD	D2009-D000FC-0199.000	4/17/2009	Allowances and Differentials Paid to DoD Civilian Employees Supporting the Global War on Terror
DoD	D2009-D000FG-0183.000	4/7/2009	FY 2008 Marine Corps Global War on Terror-Related Costs Processed Through the Standard Accounting, Budgeting, and Reporting System
DoD	D2009-D000JB-0181.000	4/3/2009	Multi-National Force-Iraq/Multi-National Corps-Iraq Fire Services Inspection and Training Program
DoD	D2009-D000JA-0108.002	4/2/2009	Information Operations in Iraq
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-0136.000	1/30/2009	Controls Over the Common Access Card in Non-Department of Defense Agencies
DoD	D2009-D000LD-0110.000	1/30/2009	Air Force Depot Maintenance Public-Private Partnerships

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Ongoing Oversight Activities of Other U.S. Agencies, as of 9/30/2009

Agency	Project Number	Date Initiated	Project Title
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-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-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-D000AE-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-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 Issues Facilities
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-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-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-D000LH-0235.000	6/26/2008	Contracting for Purchased and Leased Nontactical Vehicles in Support of Operation Iraq Freedom and Operation Enduring Freedom
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-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-D000JC-0203.000	5/12/2008	Assignment and Training of Contracting Officer's Representatives at Joint Contracting Command-Iraq/Afghanistan
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-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

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Ongoing Oversight Activities of Other U.S. Agencies, as of 9/30/2009

Agency	Project Number	Date Initiated	Project Title
DoD	D2007-D000LA-0199.002	1/24/2008	Controls Over the Contractor Common Access Card Life Cycle in Southwest Asia
DoD	D2007-D000FL-0252.000	8/31/2007	Internal Controls and Data Reliability in the Deployable Disbursing System
DoD	D2007-D000CK-0201.000	6/18/2007	Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts
DoS	10-ISP-3013	9/1/2009	De-mining Programs in Iraq
DoS	09MERO3021	8/1/2009	Baghdad Embassy Security Force (BESF)
DoS	09MERO3017	6/1/2009	Property Inventory and Accountability at Embassy Baghdad
DoS	09MERO3016	6/1/2009	LOGCAP Task Order for Embassy Baghdad
DoS	09MERO3013	4/1/2009	Personal Security Detail (WPPS) Contract—DynCorp (Iraq) (Procurement and Financial Related)
DoS	09MERO3012	4/1/2009	Personal Security Detail (WPPS) Contract—Triple Canopy (Iraq) (Procurement and Financial Related)
DoS	08MERO3023	7/1/2008	Audit of Contract Administration, Commissioning, and Accreditation of the NEC Baghdad
GAO	351376	9/1/2009	Readiness of Air Force Combat and Expeditionary Combat Forces
GAO	351385	9/1/2009	Review of Combat Skills Training for Support Forces
GAO	351387	9/1/2009	Review of Army and Marine Corps Training Capacity
GAO	351388	9/1/2009	Review of Availability of Trained and Ready Forces for Iraq and Afghanistan
GAO	351393	8/1/2009	DoD Health Care Requirements for Contingency Operations
GAO	361123	8/1/2009	U.S. Military Burns of Solid Waste in Open Pits in Iraq and Afghanistan
GAO	320691	7/1/2009	U.S. Civilian Agency Planning for the Drawdown of U.S. Troops in Iraq
GAO	320694	7/1/2009	Iraq Refugee and SIV Employment in the United States
GAO	320645	3/9/2009	U.S., Iraqi, and International Efforts to Address Challenges in Reintegrating Displaced Iraqis
GAO	351271	3/1/2009	DoD's Basis for Unmanned Aircraft Systems Program levels and Plans to Support Those Levels
GAO	351321	2/1/2009	DoD's Planning for the Withdrawal of U.S. Forces from Iraq
GAO	120812	2/1/2009	Iraq/Afghanistan Contractor Oversight
GAO	320638	10/1/2008	Iraq Cost Sharing Arrangements
GAO	351247	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	351242	8/7/2008	Intelligence, Surveillance, and Reconnaissance (ISR) Processing Capabilities
GAO	351231	6/1/2008	DoD Integration of IED Defeat Capabilities
GAO	351230	6/1/2008	Joint IED Defeat Organization (JIEDDO) Strategic Management
GAO	351236	6/1/2008	Urgent Wartime Requirements
GAO	351282	8/1/2007	Body Armor Programs and Testing
USAAA	A-2009-ALL-0571.000	4Q/FY 2009	Contract for Recycling and Disposing of Waste Material at Camp Steeler, Iraq
USAAA	A-2009-ALL-0590.000	4Q/FY 2009	Camp Buehring Fuel Farm Operations - Kuwait
USAAA	A-2009-ALL-0531.000	4Q/FY 2009	Commander's Emergency Response Program - Afghanistan
USAAA	A-2009-ALL-0593.000	4Q/FY 2009	Controls over Shipping Container Accountability and Visibility - Iraq
USAAA	A-2009-ALC-0535.000	5/21/2009	Award Fee Determinations on Logistics Civil Augmentation Program (LOGCAP) III Contract, Task Order 0139
USAAA	A-2009-FFS-0075.000	3/31/2009	Reserve Component Post Mobilization Training

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Ongoing Oversight Activities of Other U.S. Agencies, as of 9/30/2009

Agency	Project Number	Date Initiated	Project Title
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-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-ALC-0093.000	10/20/2008	Logistics Civil Augmentation Program (LOGCAP) III, Contract Close-out
USAAA	A-2008-FFF-0081.000	9/10/2008	Unit Training on Defeat Improvised Explosive Devices (IEDs)
USAAA	A-2008-ALL-0401.000	9/1/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan – Kandahar and Salerno (Afghanistan)
USAAA	A-2008-ALL-0398.000	7/21/2008	Controls over Logistics Civil Augmentation Program (LOGCAP) – White Property
USAAA	A-2008-ALL-0403.000	7/7/2008	Housing Contracts – Area Support Group (ASG) - Kuwait
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-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-0313.000	5/19/2008	Automatic Reset Items—Depot
USAAA	A-2008-ALL-0204.000	3/4/2008	Audit of Government Property Provided to Contractors – Kuwait Base Operations
USAAA	A-2008-ALM-0311.000	2/18/2008	Directorate of Logistics 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-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-0039.000	12/3/2007	Property Book Unit Supply Enhanced (Audit Control Point)
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-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
USAID	Not reported	4Q/FY 2009	Audit of the Implementation of USAID/Iraq's Iraqi Financial Management Information System
USAID	Not reported	4Q/FY 2009	Survey of Incidents Reported by Private Security Contractors of USAID/Iraq's Contractors and Grantees
USAID	Not reported	1Q/FY 2009	Audit of the Office of Foreign Disaster Assistance Program in Iraq

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
STATUS OF INVESTIGATIVE ACTIVITIES OF OTHER U.S. AGENCIES, AS OF 9/30/2009

AGENCY	INVESTIGATORS IN IRAQ	INVESTIGATORS IN KUWAIT	OPEN/ONGOING CASES*
U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit	7	2	104
Defense Criminal Investigative Service	7	2	201
DoS OIG	1	0	20
FBI	4	2	124
Naval Criminal Investigative Service	3	1	21
U.S. Air Force Office of Special Investigations	1	0	3
USAID	2	0	10
Total	**25**	**7**	**483**

* Numbers include pending cases worked with other agencies within the Joint Operations Center.

ENDNOTES

1. 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. 111-32.
2. Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009.
3. Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009.
4. Commander, MNF-I, news briefing, http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=28143&Itemid=131, accessed 10/1/2009.
5. Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009.
6. DoD, News Briefing from Iraq, MNC-I Commanding General Charles Jacoby, 9/10/2009.
7. OSD, response to SIGIR data call, 9/30/2009.
8. *Economist* Intelligence Unit, *Country Report: Iraq*, 8/2009.
9. KRG, "Electoral Commission Announces Final Results of Kurdistan Region Elections," www.krg.org, accessed 8/8/2009.
10. DoS, *Iraq Status Report*, 10/14/2009, slide 4.
11. USAID, response to SIGIR data call, 10/14/2009.
12. DoS, *Iraq Status Report*, 8/19/2009, slide 5.
13. DoS, *Iraq Status Report*, 7/29/2009, slide 13.
14. DoS, NEA-I, response to SIGIR data call, 10/15/2009.
15. DoS, NEA-I, response to SIGIR data call, 10/15/2009.
16. DoS, NEA-I, response to SIGIR data call, 10/15/2009.
17. DoE, Energy Information Administration, "Weekly Iraq Kirkuk Netback Price at U.S. Gulf in dollars per barrel," http://tonto.eia.doe.gov/dnav/pet/hist/wepckirkw.htm, accessed 10/1/2009.
18. DoS, NEA-I, response to SIGIR data call, 10/15/2009.
19. Department of the Treasury and MNF-I, "GOI Budget Update," 8/13/2009, slide 10.
20. NEA-I, *Iraq Status Report*, 9/30/2009, slide 13; U.S. Embassy-Baghdad, Economics Section, response to SIGIR data call, 10/15/2009. The third-quarter crude oil production average for Iraq does not include oil production from the Kurdistan Region.
21. DoS, *Iraq Status Report*, 9/30/2009, slide 13.
22. U.S. Embassy-Baghdad, Economics Section, response to SIGIR data call, 10/15/2009.
23. Remarks by the KRG Minister of Natural Resources, 10/9/2009, http://www.krg.org/articles/detail.asp?lngnr=12&smap=02010100&rnr=223&anr=31849, accessed 10/15/2009.
24. It is unclear whether the CoR needs to approve the CoM's decision.
25. Petroleum Contracts and Licensing Directorate of the Ministry of Oil, 9/15/2009.
26. UN Security Council Report, #S/2009/430.
27. ITAO/ESD, *Electric Daily Performance Reports*, 7/1/2007–9/30/2009.
28. DoS, *Iraq Status Report*, 9/23/2009, slide 5.
29. SIGIR analysis of CoI-generated, compiled, and reported data. SIGIR does not represent that this information presents a complete picture of all corruption-related legal proceedings that occurred in Iraq between 1/1/2009 and 8/3/2009. Relevant events could have occurred that are not reflected herein. Moreover, note that some Iraqi legal terms do not have a precise U.S. equivalent, so an effort was made to convey the CoI data in a manner comprehensible to U.S. readers.
30. U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009.
31. U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009.
32. DoS, *Iraq Status Report*, 9/23/2009, slide 19.
33. DoS, *Iraq Status Report*, 9/30/2009, slide 15.
34. GOI, Ministry of Human Rights, www.khrp.org, accessed 10/13/2009; www.cabinet.iq, accessed 10/13/2009.
35. DoS, response to SIGIR data call, 10/15/2009.
36. DoL, response to SIGIR data call, 10/16/2009.
37. Committee to Protect Journalists, "Journalists Killed in 2009," http://www.cpj.org/deadly/2009.php, accessed 10/10/2009.
38. International Organization for Migration, "IDP 2009 IOM Iraq Governorate Profiles," http://www.iom-iraq.net/library.html#IDP_09_reports, accessed 10/10/2009.
39. UNHCR, Statistical Snapshot, http://www.unhcr.org/cgi-bin/texis/vtx/page?page=49e486426, accessed 10/16/2009. UNHCR data is accurate as of January 2009.
40. DFAS, response to SIGIR data call, 4/10/2009; GOI, "Republic of Iraq: Budget Revenues and Expenses 2003, July–December," 2003; GOI, "GOI Budget" (as approved by TNA and written into law December 2005), 2005; GOI, "Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005," 2005; SIGIR, *Quarterly Report to the United States Congress*, 4/2009, p. 26; Treasury, responses to SIGIR data call, 1/4/2008; 4/9/2009, and 10/2/2009; 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. 111-32.
41. DFAS, response to SIGIR data call, 4/10/2009; GOI, "Republic of Iraq: Budget Revenues and Expenses 2003, July–December," 2003; GOI, "GOI Budget" (as approved by TNA and written into law December 2005), 2005; GOI, "Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005," 2005; SIGIR, *Quarterly Report to the United States Congress*, 4/2009, p. 26; Treasury, responses to SIGIR data call, 1/4/2008 and 4/9/2009.
42. Treasury, response to SIGIR data call, 10/2/2009.
43. SIGIR Audit 10-006, "Development Fund for Iraq: Policy Guidance Needed To Enhance Accountability of USACE-managed Funds," 10/2009.
44. NEA-I, response to SIGIR data call, 10/5/2009.
45. 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. 111-32.
46. NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data call, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, responses to SIGIR data call, 10/13/2009 and 10/14/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 4/2003-7/2009. Unexpended funds include expired appropriations. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS for project category analysis; therefore top-line totals here may not match values found in the Funding Uses subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors; values for these sectors are carried over from the previous quarter.
47. SIGIR Audit 10-004, "Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, and Abuse, Interim Report #1," 10/2009.

48. P.L. 108-106; P.L. 108-287. This figure accounts for later rescissions of the IRRF.
49. P.L. 111-32, "Supplemental Appropriations Act, 2009," 6/24/2009; Senate Report 111-20, "Making Supplemental Appropriations for the Fiscal year Ending September 20, 2009, and for Other Purposes," 5/14/2009. See Table 2.1 [U.S. Appropriated Funds] for details of appropriations by fiscal year. $453 million was appropriated to the CERP by P.L. 111-32, but it has not yet been allocated between Afghanistan and Iraq. When it is allocated, total FY 2009 appropriations for Iraq reconstruction will increase.
50. SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–7/2009.
51. DoS, "Foreign Operations Congressional Budget Justification, Fiscal Year 2010," 5/2009, Summary Tables, pp. 1, 20.
52. DoD, "Fiscal Year 2010 Budget Request: Summary Justification," 5/2009, pp. 5-17, 5-19.
53. Projections include CERP, ESF, IRRF, and ISFF. Projections assume that all appropriated funds not yet expired will be obligated and that all obligated funds will be expended. Projected rates of obligation and expenditure by quarter are based on historical obligation and expenditure rates in that respective quarter. The projected rate of obligation per quarter is equal to quarterly obligations divided by available appropriations (appropriations less obligations) as of the beginning of the respective quarter, averaged over the previous four years. The projected rate of expenditure is equal to quarterly expenditures divided by available obligations (obligations less expenditures) as of the beginning of the respective quarter, averaged over the previous four years.
54. P.L. 108-11; P.L. 108-106.
55. NEA-I, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; Treasury, response to SIGIR data call, 4/2/2009; USAID, response to SIGIR data call, 4/13/2009; USTDA, response to SIGIR data call, 4/2/2009.
56. DoS, *Iraq Status Report*, 10/1/2008.
57. P.L. 109-13; P.L. 109-234; P.L. 109-289; P.L. 110-28; P.L. 110-161; P.L. 110-252; P.L. 111-32.
58. OSD, response to SIGIR data call, 9/30/2009.
59. OSD, response to SIGIR data call, 10/13/2009. Unexpended funds include expired appropriations.
60. OSD, responses to SIGIR data call, 10/2/2009 and 10/13/2009.
61. OSD, response to SIGIR data call, 10/13/2009; CEFMS, *ISFF Execution Report*, 10/2/2009.
62. OSD, response to SIGIR data call, 10/13/2009.
63. DoD, Fiscal Year 2010 Budget, "Military Personnel (M-1) Operation and Maintenance Programs (O-1)," 7/2009, p. 85; DoD, "National Defense Budget Estimates for FY 2010," 6/2009, p. 19. House Appropriations Committee Report 111-230, "Department of Defense Appropriations Bill, 2010," 7/24/2009; Senate Appropriations Committee Report 111-74, "Department of Defense Appropriations Bill, 2010," 9/10/2009.
64. OSD, response to SIGIR data call, 10/2/2009.
65. OSD, response to SIGIR data call, 10/13/2009.
66. OSD, response to SIGIR data call, 10/2/2009.
67. Senate Appropriations Committee Report 111-44, "Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2010," 7/9/2009, pp. 9–10, 59. The Senate appropriations committee also made allowances for Jordan and other countries in the Middle East to receive more Foreign Military Financing assistance for border security, "should the situation in Iraq deteriorate significantly."
68. MNSTC-I, "ITAM Defense Forces ISFF Program Review: Investing in Regional Stability," 8/2009.
69. OSD, response to SIGIR data call, 10/19/2009.
70. DoS, response to SIGIR data call, 9/17/2009.
71. Curt Tarnoff, CRS Report RL31833, "Iraq: Reconstruction Assistance," 8/7/2009, p. 2.
72. MNSTC-I, "ITAM Defense Forces ISFF Program Review: Investing in Regional Stability," 8/2009, p. 3.
73. P.L. 108-7; 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; P.L. 111-32.
74. U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 10/14/2009. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors. Values for these sectors are carried over from the previous quarter. Unexpended funds include expired appropriations.
75. U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 10/14/2009.
76. U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009; USAID, response to SIGIR data call, 10/14/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 7/2009.
77. Letter from Chairman, Joint Chiefs of Staff, to Chairman, Committee on Armed Services, United States Senate, 9/14/2009.
78. DoD, "Fiscal Year 2010 Budget Request: Summary Justification," 5/2009, p. 5-19; DoS, "Congressional Budget Justification for Fiscal Year 2010," 5/2009, Summary Tables, p. 20.
79. Senate Appropriations Committee Report 111-74, "Department of Defense Appropriations Bill, 2010," 9/10/2009, p. 244; Senate Appropriations Committee Report 111-44, "Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2010," 7/9/2009, p. 48.
80. OSD, response to SIGIR data call, 10/14/2009.
81. OSD, responses to SIGIR data call, 10/2/2009 and 10/14/2009.
82. OSD, response to SIGIR data call, 10/14/2009.
83. DoD, "DoD Financial Management Regulation," Vol. 12, Ch. 27, Annex A.
84. IRMS, *MNC-I Quarterly Report*, 10/12/2009. IRMS does not have data for the "Hero Payments" or "Temporary Contract Guards for Critical Infrastructure" project categories.
85. OSD, response to SIGIR data call, 10/2/2009.
86. DoD OIG, response to SIGIR data call, 1/12/2009. Obligation and expenditure data from IRMS does not match the OSD quarterly expenditure report. IRMS has been identified by DoD OIG and SIGIR as unreliable, but it is the only source available for historical obligation and expenditure data by project category. OSD, response to SIGIR data call, 10/2/2009. OSD is only able to provide data from the current fiscal year appropriation.
87. House Appropriations Committee Report 111-230, "Department of Defense Appropriations Bill, 2010," 7/24/2009, pp. 6-7, 349-350. The "thorough review of CERP, its purpose, use and scope," should include "a review and explanation of the process by which CERP budget requests are generated and justified; a review of the practice of obligating a significant amount of CERP funding in the last quarter of the fiscal year; a review of existing management and oversight of CERP funds by the Department of the Army and CENTCOM that includes an assessment of whether there are sufficient, appropriately trained personnel to oversee this program at both the department level and in the area of operations," as well as other requirements.

88. House Appropriations Committee Report 111-105, "Making Supplemental Appropriations for the Fiscal Year Ending September 30, 2009, and for Other Purposes," 5/12/2009.
89. Letter from Chairman, Joint Chiefs of Staff, to Chairman, Committee on Armed Services, United States Senate, 9/14/2009.
90. DoD, "Fiscal Year 2010 Budget Request: Summary Justification," 5/2009, p. 5-19.
91. In addition to the $354 million in unexpended CERP, as of September 30, 2009, a portion of the $453 million appropriated to the CERP by P.L. 111-32 will be allocated to Iraq.
92. OSD, response to SIGIR data call, 10/2/2009.
93. USAAA Audit Report A-2009-0119-ALL, 6/8/2009; USAAA Audit Report A-2009-0169-ALL, 7/28/2009; USAAA Audit Report A-2009-0182-ALL, 8/18/2009; USAAA Audit Report A-2009-0235-ALL, 9/28/ 2009. USAAA performed work at four locations throughout Iraq and issued separate reports (one in the third quarter and the other three in the fourth quarter of FY 2009) on the results of each site review. USAAA will incorporate its overall audit results in a summary report that will be issued in FY 2010. The summary report will include the Army's official position on the overall audit results, conclusions, and recommendations. None of the four site reports USAAA issued included an official Army position.
94. USAAA, response to SIGIR data call, 10/6/2009.
95. USAAA Audit A-2009-0169-ALL, "Audit of Commander's Emergency Response Program Multi-National Division-North, 7/28/2009.
96. USAAA, response to SIGIR data call, 10/6/2009; USAAA Audit A-2009-0169-ALL, "Audit of Commander's Emergency Response Program Multi-National Division-North," 7/28/2009.
97. USAAA, response to SIGIR data call, 10/6/2009.
98. USAAA Audit A-2009-0169-ALL, "Audit of Commander's Emergency Response Program Multi-National Division-North," 7/28/2009.
99. OSD, response to SIGIR data call, 10/2/2009.
100. MNC-I, response to SIGIR data call, 10/12/2009.
101. NEA-I, response to SIGIR data call, 10/2/2009.
102. DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq," 8/2009, pp. 31-32.
103. DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq," 8/2009, pp. 31-32.
104. NEA, response to SIGIR data call, 10/7/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; Treasury, response to SIGIR data call, 4/2/2009; USAID, responses to SIGIR data calls, 4/13/2009 and 10/14/2009; USTDA, response to SIGIR data call, 4/2/2009; OSD, responses to SIGIR data call, 10/13/2009 and 10/14/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009, 7/16/2009, and 10/3/2009; USACE, GRD, response to SIGIR data call, 10/2/2009. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS for project category analysis, and therefore top-line totals here may not match values found in the Funding Uses subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Democracy and Civil Society, Iraqi Refugees (Jordan), and Regime Crimes Liaison Office sectors; values for these sectors are carried over from the previous quarter.
105. Management comments provided by U.S. Embassy-Baghdad on DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq," 8/2009, p. 11.
106. Inspector General Stuart Bowen, letter to Ambassador Hill and General Odierno, 8/18/2009.
107. DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq," 8/2009, p. 11.
108. Christopher Hill, House Committee on Foreign Affairs Holds a Hearing on Iraq and U.S. Policy, 9/10/2009.
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110. OSD, response to SIGIR data call, 9/30/2009.
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113. U.S. Embassy-Baghdad, response to SIGIR data call, 10/4/2009.
114. DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq, 8/2009, p. 12.
115. DoD, "News Briefing with Robert Hale (Under Secretary of Defense Comptroller and Director, Force Structure and Resources) and VADM Steve Stanley (Joint Staff)," 5/7/2009.
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117. DoS OIG Audit MERO-A-09-10, "Embassy Baghdad's Transition Planning for Reduced U.S. Military in Iraq, 8/2009, p. 6.
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119. OSD, response to SIGIR data call, 9/30/2009.
120. OSD, response to SIGIR data call, 9/30/2009.
121. OSD, response to SIGIR data call, 9/30/2009.
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123. INL, response to SIGIR data call, 10/2/2009.
124. OSD, response to SIGIR data call, 9/30/2009.
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126. GAO Audit GAO-09-351, "Contingency Contract Management: DoD Needs to Develop and Finalize Background Screening and Other Standards for Private Security Contractors," 7/2009, p. 6.
127. CRS, "Defense Logistical Support Contracts in Iraq and Afghanistan: Issues for Congress," 6/24/2009, p. 5.
128. JCC-I/A, response to SIGIR data call, 10/15/2009.
129. DoD, "Contractor Support of U.S. Operations in USCENTCOM AOR, Iraq, and Afghanistan," 8/2009.
130. GAO Audit GAO-10-1, "DoD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan," 10/2009, p. 1.
131. OSD-ADUSD, response to SIGIR data call, 10/13/2009.
132. GAO Audit GAO-10-1, "DoD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan," 10/2009, pp. 4, 6.
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142. Commander, MNF-I, testimony before the House Armed Services Committee, "The Status of Ongoing Efforts in Iraq," 9/30/2009, p. 6.
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148. DFAS, response to SIGIR data call, 4/10/2009; DoS, responses to SIGIR data call, 4/5/2007 and 9/17/2009; IRMS, *MNC-I Quarterly Report*, 10/12/2009; NEA-I, response to SIGIR data call, 10/7/2009; OSD, response to SIGIR data call, 10/13/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/16/2009. ISFF data provided by OSD is preliminary for the quarter ending September 30, 2009. OSD does not report CERP allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations; CERP allocation, obligation, and expenditure data is pulled from IRMS; therefore, totals may not match top-line values found in the Funding Sources subsection of this Report. U.S. Embassy-Baghdad did not provide updated allocation, obligation, and expenditure data for the Regime Crimes Liaison Office; values are carried over from the previous quarter.
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152. MNF-I, "Guidelines for Achieving Sustainable Stability," 5/3/2009.
153. DoS OIG, Performance Audit of Embassy Baghdad's Transition Planning for a Reduced United States Military Presence in Iraq, 8/2009, p. 17.
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161. DoD, News Briefing from Iraq, MNC-I Commanding General Charles Jacoby, 9/10/2009.
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166. DoD, *Measuring Stability and Security in Iraq*, 7/2009, p. 42.
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169. SIGIR PA-09-182, "Al Kasik Location Command, Al Kasik, Iraq," 10/2009.
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172. U.S. Embassy-Baghdad, INL, response to SIGIR data call, 10/13/2009.
173. U.S. Justice Attaché, response to SIGIR data call, 10/3/2009.
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190. U.S. Embassy-Baghdad, Economics Section, response to SIGIR data call, 10/15/2009.
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192. DoS, *Iraq Status Report*, 8/12/2009, slide 9.
193. Remarks by the KRG Minister of Natural Resources, October 9, 2009, http://www.krg.org/articles/detail.asp?lngnr=12&smap=02010100&rnr=223&anr=31849, accessed 10/15/2009.
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197. ITAO, *Monthly Import, Production and Export Spreadsheet*, 1/2008. U.S. Embassy-Baghdad, response to SIGIR data call, 10/2/2008. NEA-I, *Iraq Status Report*, 5/27/2009.
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737. OCHA, Inter-Agency Information and Analysis Unit, Basrah Governorate Profile, 7/2009; OPA, *PRT Weekly Summary*, 050709–110709, p. 14.
738. The IHT, initially referred to as the "Iraqi Special Tribunal," was established by order of the Coalition Provisional Authority in December 2003. Because the tribunal's creation involved the introduction of international crimes into Iraqi law, many legal experts questioned the validity of the tribunal's establishment. The tribunal was re-established under Iraqi law and renamed in October 2005. The tribunal has jurisdiction over Iraqis and Iraqi residents alleged to have committed genocide, crimes against humanity, war crimes, and violations of certain Iraqi laws between July 17, 1968, and May 1, 2003.
739. The word "moment" in the term "moment frame" refers to the moment of inertia placed on a building by wind or earthquake conditions. A building faces two primary types of inertia. One is outer inertia caused by wind pressure—the same pressure applied to a person standing in a strong wind. Inner inertia, like that from an earthquake, comes from the ground up. A person would feel similar inertia when standing on a train that takes off quickly—shaken from the feet up. And, importantly in Iraq, moment would also occur in a lateral explosion against a structure.
740. A moment frame is a box-shaped frame with special moment connections or joints that help in the resistance of wind and earthquake damage. The frame helps a building to flex as necessary to remain the building's integrity.
741. The weight of everything superimposed on, or temporarily attached to, a structure (people, machinery and equipment, furniture, appliances, etc.) but not that of the material utilized in its construction or of anything permanently attached to it.
742. A fastener system for securing a reinforcing beam or the like to a poured concrete structural member includes an anchor to be set in poured concrete with an exposed handle portion free of said concrete and also includes a shaft with a slotted end for receiving the handle portion.
743. Formerly known as the Abu Ghraib Prison.
744. A parapet is a wall-like barrier at the edge of a roof, terrace, balcony, or other structure.
745. Pallet racking is a material-handling storage system designed to store materials on pallets.
746. A raft foundation is a foundation consisting of an extended layer of reinforced concrete.

Sources for Provincial Portrait Graphics

Security Maps: The security maps were creating using SIGIR's analysis of open sources as well as official English and Arabic documents, studies, maps, and satellite imagery.

Infrastructure Tables: Information used for infrastructure spending tables is based on IRMS data, which is not fully accurate, complete, or audited. Project totals therefore do not reconcile with top-line obligations and expenditures provided by the agencies. Individual sector totals may not reconcile with totals due to rounding errors.

Sources for Information Provided on the Insert to This Report

Note: Details of all events scheduled to occur after October 2009 are subject to change. Fund allocations for the FY 2010 appropriation are taken from House and Senate conference reports.

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ACRONYMS AND DEFINITIONS

This section contains all of the abbreviations and acronyms found in this Report.

Acronym	Definition
AAB	Advise and Assist Brigade
AAO	Adder Area Office
ABOT	Al Basrah Oil Terminal
ACCO	Anti-Corruption Coordination Office
ACOB	Armed Contractor Oversight Branch
AFCEE	Air Force Center for Engineering and the Environment
AIG	Association of Inspectors General (also Assistant Inspector General)
BAO	Basrah Area Office
BCH	Basrah Children's Hospital
BCT	Brigade Combat Team
BDOP	Business Development and Outreach Program
BPA	Blanket Purchase Agreement
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
CID	Criminal Investigation Division
CID-MPFU	U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit
CMC	Communications Media Commission
CMM	Capability Maturity Model
COFE	Committee of Financial Experts
COI	Commission on Integrity (previously known as Commission on Public Integrity)
CoM	Council of Ministers
CoMSec	Council of Ministers Secretariat
CONOC	Contractor Operations Cells
CoR	Council of Representatives
COSIT	Central Organization for Statistics and Information Technology
CPA	Coalition Provisional Authority
CPA-SC	CPA South Central Region
CPJ	Committee to Protect Journalists
DCAA	Defense Contract Audit Agency
DCIS	Defense Criminal Investigative Service
DCM	Deputy Chief of Mission
DCMA	Defense Contract Management Agency

Acronym	Definition
DFAS	Defense Finance and Accounting Service
DFI	Development Fund for Iraq
DoD	Department of Defense
DoD OIG	Department of Defense Office of Inspector General
DOI	Daughters of Iraq
DoS	Department of State
DoS OIG	Department of State Office of Inspector General
DRL	Bureau of Democracy, Human Rights and Labor
EDMS	Electronic Document Management System
EG II	Economic Governance II
EGP	EGP Business Solutions Inc.
ePRT	Embedded Provincial Reconstruction Team
ESF	Economic Support Fund
FBI	Federal Bureau of Investigation
FCC	Freedom Consulting and Catering Co.
FMS	Foreign Military Sales
FPS	Facilities Protection Service
FY	Fiscal Year
GAO	Government Accountability Office
GDP	Gross Domestic Product
GEO	Governorate Electoral Office
GMASS	Global Maintenance and Supply Services
GOI	Government of Iraq
GRC	Gulf Region Division-Central District
GRD	Gulf Region Division
GRN	Gulf Region-North District
GRS	Gulf Region South
HHS	U.S. Department of Health and Human Services
HJC	Higher Judicial Council
IA	Iraqi Army
IAMB	International Advisory and Monitoring Board
IBC	International Building Code
ICAA	Iraqi Civil Aviation Authority
ICBG	Iraq Company for Bank Guarantees
ICCM	Iraq Community-Based Conflict Mitigation
ICE	Immigration and Customs Enforcement
I-CERP	Iraq-Commander's Emergency Response Program
ICF-SME	Iraqi Company for SME Finance Ltd.
ICI	International Compact with Iraq
ICITAP	International Criminal Investigative Training Assistance Program
ICS	Iraqi Correctional Service

Continued on next page

Acronym	Definition
IDP	Internally Displaced Person
IEAT	International Electoral Assistance Team
IED	Improvised Explosive Device
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
IJ	Investigative Judge
IJU	Iraqi Jurist Union
IMF	International Monetary Fund
INCLE	International Narcotics Control and Law Enforcement Fund
INL	Bureau of International Narcotics and Law Enforcement Affairs (DoS)
IOM	International Organization for Migration
IRAP	Iraq Rapid Assistance Program
IRFFI	International Reconstruction Fund Facility for Iraq
IRI	International Republican Institute
IRMS	Iraq Reconstruction Management System
IRRF	Iraq Relief and Reconstruction Fund
IRRF 1	Iraq Relief and Reconstruction Fund
IRRF 2	Iraq Relief and Reconstruction Fund
IRS	Internal Revenue Service
ISAM	Iraq Security Assistance Mission
ISCI	Islamic Supreme Council of Iraq
ISF	Iraqi Security Forces
ISFF	Iraq Security Forces Fund
IT	Information Technology
ITAM	Iraq Training and Advisory Mission
ITAO	Iraq Transition Assistance Office
ITPC	Iraqi Telecommunications and Postal Company
IWPR	Institute for War and Peace Reporting
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
JCCS	Joint Contingency Contracting System
JEDI	Judicial Education and Development Institute
JIC	Joint Investigative Committee
KDP	Kurdistan Democratic Party
km	Kilometer
KRG	Kurdistan Regional Government
LAOTF	Law and Order Task Force
LC	Location Command
LCCP	Legislative Coordination Committee Program

Acronym	Definition
LGP	Local Governance Program
LNO	Line of Operation
LOGCAP	Logistics Civil Augmentation Program
LPG	Liquefied Petroleum Gas
MBPD	Million Barrels Per Day
MCD	Ministerial Capacity Development
MCTF	Major Crimes Task Force
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MOC	Ministry of Communications
MOD	Ministry of Defense
MODM	Ministry of Displacement and Migration
MOE	Ministry of Electricity
MOF	Ministry of Finance
MOH	Ministry of Health
MOI	Ministry of Interior
MOJ	Ministry of Justice
MOT	Ministry of Transportation
MOU	Memorandum of Understanding
MoWR	Ministry of Water Resources
MSH	Missan Surgical Hospital
MW	Megawatt
MWh	Megawatt-hour
NACB	National Anticorruption Board
NCD	National Capacity Development
NEA-I	Bureau of Near Eastern Affairs-Iraq (DoS)
NGO	Non-governmental Organization
OCO	Overseas Contingency Operations
OPA	Office of Provincial Affairs
P.L.	Public Law
PC	Provincial Council
PDS	Public Distribution System
PEZ	Pipeline Exclusion Zone
PFB	Procurement Fraud Branch
PHC	Primary Healthcare Center
PRDC	Provincial Reconstruction Development Council
PRT	Provincial Reconstruction Team
PSC	Private Security Contractor
PSD	Personal Security Detail
PUK	Patriotic Union of Kurdistan

Continued on next page

Acronym	Definition
QA	Quality Assurance
QC	Quality Control
QRF	Quick Response Fund
R&S	Reconstruction and Stabilization
RoL	Rule of Law
RoLC	Rule of Law Coordinator
RoLSAP	Rule of Law Strategic Action Plan
RORO	Roll-On/Roll-Off
RRT	Regional Reconstruction Team
RTI	Research Triangle Institute International
SET	Security Escort Team
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
SIV	Special Immigrant Visa
SME	Small- and Medium-Sized Enterprise
SOI	Sons of Iraq
SOW	Statement of Work
SPOT	Synchronized Predeployment and Operational Tracker
SRSG	Specific Representative of the UN Secretary-General for Iraq
TGA	Total Government Allegiance
TNMD	Taji National Maintenance Depot
Treasury	U.S. Department of Treasury
UCMJ	Uniform Code of Military Justice
UN	United Nations
UNAMI	UN Assistance Mission for Iraq
UNCAC	United Nations Convention Against Corruption
UNCC	United Nations Compensation Commission
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNODC	United Nations Office on Drugs and Crime
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
USF-I	U.S. Forces-Iraq
WOB	Women-Owned Businesses

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