



Highlights of [GAO-06-179T](#), a testimony before the Committee on Government Reform; Subcommittee on National Security, Emerging Threats, and International Relations; House of Representatives

## Why GAO Did This Study

The United States, along with coalition partners and various international organizations, has undertaken a challenging and costly effort to stabilize and rebuild Iraq following multiple wars and decades of neglect by the former regime. This enormous effort is taking place in an unstable security environment, concurrent with Iraqi efforts to complete a constitutional framework for establishing a permanent government. The United States' goal is to help the Iraqi government develop a democratic, stable, and prosperous country, at peace with itself and its neighbors, a partner in the war against terrorism, enjoying the benefits of a free society and a market economy.

In this testimony, GAO discusses (1) the funding used to rebuild and stabilize Iraq and (2) the challenges that the United States faces in its rebuilding and stabilization efforts.

This statement is based on several reports GAO has issued to the Congress over the past three months. In July, we issued two reports on (1) the status of funding and reconstruction efforts in Iraq and (2) the use of private security providers in Iraq. We issued two additional reports in September on (1) U.S. reconstruction efforts in the water and sanitation sector and (2) U.S. assistance for the January 2005 Iraqi elections. Finally, we expect to issue shortly a report on U.S. efforts to stabilize the security situation in Iraq (a classified report). This statement includes unclassified information only.

[www.gao.gov/cgi-bin/getrpt?GAO-06-179T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-179T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph Christoff at (202) 512-8979 or [christoffj@gao.gov](mailto:christoffj@gao.gov).

## REBUILDING IRAQ

# Enhancing Security, Measuring Program Results, and Maintaining Infrastructure Are Necessary to Make Significant and Sustainable Progress

## What GAO Found

The United States is the primary contributor to efforts to stabilize and rebuild Iraq. Since 2003, the United States has made available about \$30 billion for activities that include the construction and repair of infrastructure, procurement of equipment, and training and equipping of Iraqi security forces. International donors have pledged \$13.6 billion in reconstruction funds (from 2004 through 2007), of which about \$2.7 billion was provided in multilateral and bilateral grants through August 2005. However, most of the pledged amount—about \$10 billion—is in the form of loans on which the Iraqi government largely has not yet drawn. Iraqi funds have primarily supported the country's operating budget, with some focus on capital improvement projects. For 2005, Iraq planned for about \$28 billion in expenditures—largely supported by oil proceeds—to fund salaries, pensions, ministry operations, and subsidies. It is likely that Iraq may need more funds than currently available due to the severely degraded infrastructure, post conflict looting and sabotage, and additional security costs.

The United States faces three key challenges in stabilizing and rebuilding Iraq. First, the security environment and the continuing strength of the insurgency have made it difficult for the United States to transfer security responsibilities to Iraqi forces and to engage in rebuilding efforts. The security situation in Iraq has deteriorated since June 2003, with significant increases in attacks against the coalition and the coalition's partners. Second, inadequate performance data and measures make it difficult to determine the overall progress and impact of U.S. reconstruction efforts. The United States has set broad goals for providing essential services in Iraq, but limited performance measures present challenges in determining the overall progress and impact of U.S. projects. Third, the U.S. reconstruction program has encountered difficulties with Iraq's ability to maintain new and rehabilitated infrastructure projects and to address maintenance needs in the water, sanitation, and electricity sectors. For example, as of June 2005, U.S.-funded water and sanitation projects representing about \$52 million of approximately \$200 million spent on completed projects were inoperable or were operating at lower than normal capacity.

The United States has made a significant investment in the rebuilding and stabilization of Iraq. To preserve that investment, the United States must address these critical challenges.