



Highlights of [GAO-07-637T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Armed Services, House of Representatives

Why GAO Did This Study

In November 2005, the President issued the National Strategy for Victory in Iraq. According to the strategy, victory will be achieved when Iraq is peaceful, united, stable, secure, well integrated into the international community, and a full partner in the global war on terror.

To help Iraq achieve this, the U.S. is, among other efforts, helping strengthen the capabilities of the Iraq Ministries of Defense and Interior (police forces) so they can assume greater responsibility for the country's security. The United States has provided about \$15.4 billion to develop Iraqi security forces and institutions.

In this testimony, GAO discusses preliminary observations on (1) U.S. and Iraqi funding to develop and sustain the Iraqi security forces, and (2) key challenges the United States and Iraq face in improving the security ministries' operations and management.

This statement is based on prior GAO reports, recent fieldwork in Iraq and Department of Defense, U.S. Treasury and Embassy budget documents. GAO added information to this statement in response to comments from Multinational Security Transition Command-Iraq. We completed the work in accordance with generally accepted government auditing standards.

www.gao.gov/cgi-bin/getrpt?GAO-07-637T.

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

STABILIZING IRAQ

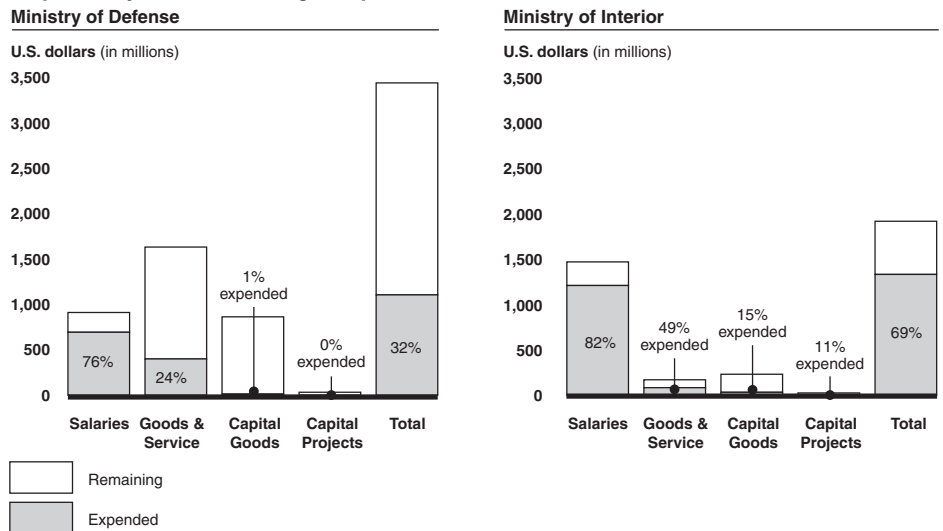
Preliminary Observations on Budget and Management Challenges of Iraq's Security Ministries

What GAO Found

In March 2007, DOD reported that Iraq will increase its 2007 security budget from \$5.4 billion to \$7.3 billion (a 37-percent increase). DOD states this increase provides evidence of the country's growing self-sufficiency and commitment to security. However, our analysis shows that some of this increase is due to the appreciation of the Iraqi dinar against the dollar. Using a constant exchange rate, Iraq's 2007 security budget grows by 15 percent. Also, Iraq faced problems spending its 2006 security budget. As of November 2006, the Iraq Ministry of Defense had spent only about 1 percent of its capital goods budget for weapons, ammunition, and vehicles (see figure). DOD has requested \$5.8 billion in additional U.S. funds to help purchase these items for Iraq and provide assistance to its security ministries.

The United States and Iraq face personnel and logistical challenges in developing ministries that can sustain Iraq's growing security forces. For example, the ministries have inadequate systems to account for personnel and inexperienced staff with limited budgeting and technology skills. Also, both security ministries have difficulties acquiring, distributing, and maintaining weapons, vehicles, and equipment. The U.S.-led coalition has provided significant resources to develop Iraq's security forces and has 215 military and civilian advisors at the ministries. The United States signed a foreign military sales agreement with Iraq that, according to U.S. officials, allows Iraq to bypass its ineffective procurement systems to purchase equipment directly from the United States. Iraq has deposited \$1.9 billion into its account for foreign military sales. However, it is unclear whether this program will help improve the ministries' procurement and contracting capacity.

Iraq Security Ministries' Budget Expenditures Jan.-Nov. 2006



Source: GAO analysis of Iraq's 2006 budget expenditures as of November 2006, provided by U.S. Treasury.