

# FUNDING FOR IRAQ RECONSTRUCTION

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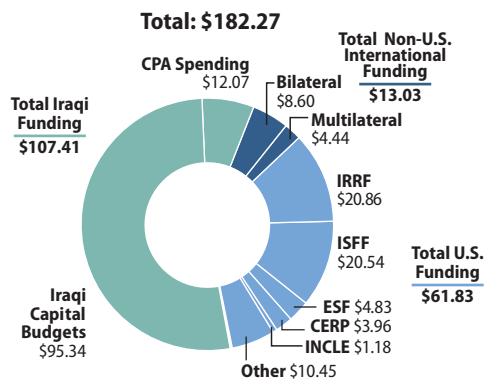
## FUNDING OVERVIEW

As of September 30, 2011, \$182.27 billion had been made available for the relief and reconstruction of Iraq through three main sources:<sup>41</sup>

- U.S. appropriations—\$61.83 billion
- Iraqi funds overseen by the Coalition Provisional Authority (CPA) and the Iraqi capital budget—\$107.41 billion
- International commitments of assistance and loans from non-U.S. sources—\$13.03 billion

For an overview of these funding sources, see Figure 2.1. For a historical comparison of U.S., Iraqi, and international support for Iraq reconstruction, see Figure 2.2.

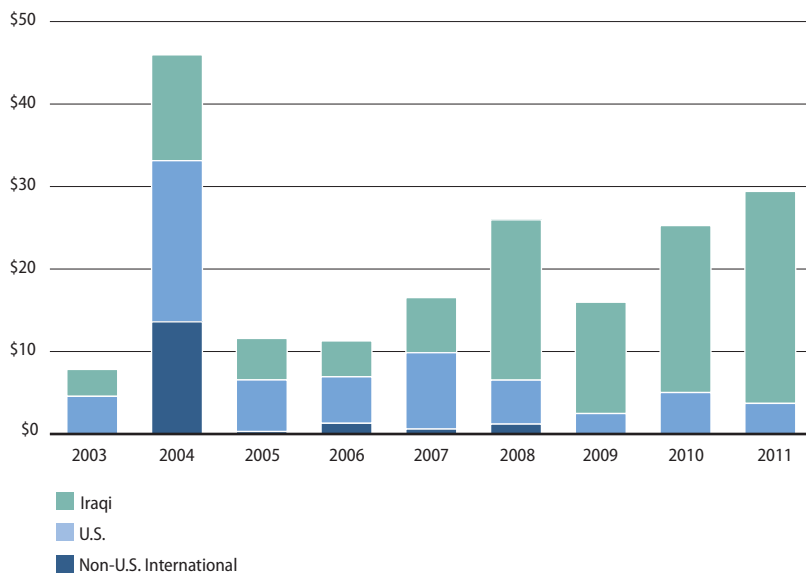
**FIGURE 2.1**  
**FUNDING SOURCES, 2003–2011**  
\$ Billions



Note: Data not audited. Numbers affected by rounding.

Sources: See Figure 2.2.

**FIGURE 2.2**  
**U.S., IRAQI, AND NON-U.S. INTERNATIONAL SUPPORT FOR RECONSTRUCTION, 2003–2011**  
\$ Billions



Note: Data not audited. Numbers affected by rounding. U.S. contributions are represented by U.S. fiscal year. Iraqi and non-U.S. international contributions are represented by calendar year. Iraqi funding reflects capital budgets for 2003–2005 and 2011 and actual capital expenditures for 2006–2010. The earliest available data for non-U.S. international contributions dates from 2004; therefore, all 2003–2004 non-U.S. international contributions are represented as having been made in 2004.

Sources: 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. 109-34; 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; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10; ABO, response to SIGIR data call, 10/18/2011; BBG, response to SIGIR data call, 3/7/2011; DCAA, response to SIGIR data call, 10/4/2011; DRL, response to SIGIR data call, 4/12/2011; ECA, response to SIGIR data call, 4/14/2010; INL, response to SIGIR data call, 10/14/2011; Justice Management Division, response to SIGIR data call, 10/4/2011; NEA-I, responses to SIGIR data call, 10/4/2010, 10/6/2010, 4/15/2011, 9/30/2011, 9/28/2011, 9/30/2011, and 10/6/2011; OMB, response to SIGIR data call, 6/21/2010; OTA, "Office of Technical Assistance Overview," 12/30/2005, [ustreas.gov/offices/international-affairs/assistance/](http://ustreas.gov/offices/international-affairs/assistance/), accessed 10/16/2009; OUSD(C), responses to SIGIR data call, 10/4/2010 and 10/14/2011; PM, response to SIGIR data call, 7/6/2011; TFBDO, response to SIGIR data call, 1/4/2011; USACE, response to SIGIR data calls, 10/6/2008 and 10/4/2011; USAID, responses to SIGIR data calls, 1/12/2009, 4/8/2009, 10/11/2011, and 10/12/2011; USAID, "Congressional Budget Justification: Foreign Assistance Summary Tables, FY 2009–2011," U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009; GOI, CoR, "Federal Public Budget Law for the Fiscal Year 2011," 2/23/2011, Article 2; GOI, MOF, information provided to SIGIR, 6/27/2011; U.S. Treasury, responses to SIGIR data calls, 1/4/2008 and 4/9/2009; "GOI Budget" (as approved by TNA and written into law December 2005); GOI, Presidency of the Iraqi Interim National Assembly, "The State General Budget for 2005," 2005; GOI, "Budget Revenues and Expenses 2003, July–December," 2003; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–7/2011.

## U.S. FUNDING

Budget authority for the FY 2011 CERP expired on September 30, 2011, and CERP funding is not available for obligation to new projects in Iraq.

Since 2003, the United States has appropriated or otherwise made available \$61.83 billion for reconstruction efforts in Iraq, including the building of physical infrastructure, 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.<sup>42</sup>

Of that total, \$51.38 billion has been made available through five major funds:<sup>43</sup>

### Active Funds

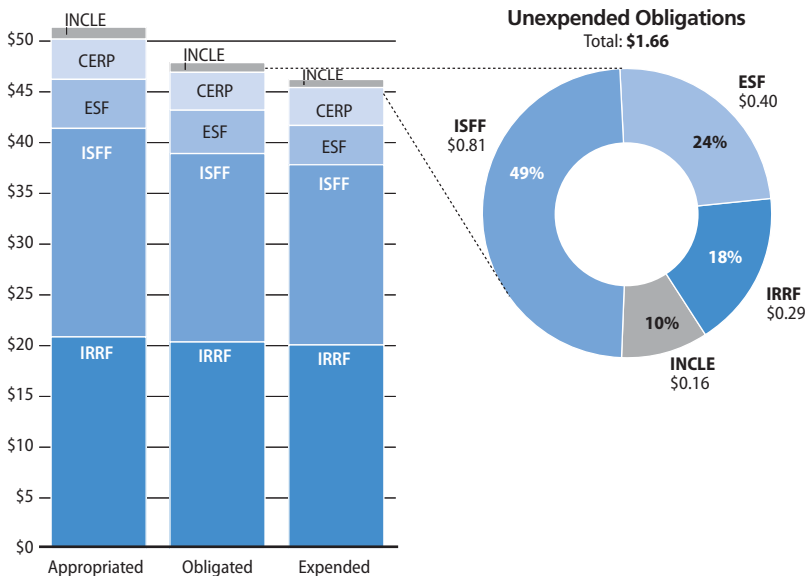
These funds are available for obligation to new projects.<sup>44</sup>

- Iraq Security Forces Fund (ISFF)—\$20.54 billion appropriated, with \$1.39 billion available for obligation to new projects
- Economic Support Fund (ESF)—\$4.83 billion allocated, with \$301 million available for obligation to new projects
- International Narcotics Control and Law Enforcement (INCLE)—\$1.18 billion appropriated, with \$220 million available for obligation to new projects

### Inactive Funds

- Iraq Relief and Reconstruction Fund (IRRF)—\$20.86 billion appropriated, none of which is available for obligation to new projects
- Commander’s Emergency Response Program (CERP)—\$3.96 billion allocated, none of which is available for obligation to new projects

FIGURE 2.3  
STATUS OF MAJOR U.S. FUNDS, AS OF 9/30/2011  
\$ Billions



Note: Data not audited. Numbers affected by rounding.

Sources: 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. 109-34; 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; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10; ABO, responses to SIGIR data call, 7/14/2011 and 7/15/2011; DoS, response to SIGIR data call, 4/5/2007; INL, response to SIGIR data call, 7/15/2011; NEA-I, responses to SIGIR data calls, 4/12/2011, 4/15/2011, 6/20/2011, 6/24/2011, and 6/27/2011; OUSD(C), responses to SIGIR data calls, 4/10/2009 and 7/15/2011; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009; USACE, response to SIGIR data call, 7/5/2011; USAID, responses to SIGIR data calls, 7/8/2010 and 7/7/2011; USTDA, response to SIGIR data call, 4/2/2009.

As of September 30, 2011, \$5.16 billion remained unexpended from the five major funds.<sup>45</sup> As discussed later in this section, budget authority for the FY 2011 CERP expired on September 30, 2011, and CERP funding is not available for obligation to new projects in Iraq. The IRRF previously expired for new obligations, and SIGIR no longer discusses the IRRF in detail in this section of the Quarterly Report. In FY 2011, \$58 million was expended from the IRRF, including \$20 million in the quarter ending September 30. For a discussion of the status of the IRRF, see SIGIR’s April 2011 Quarterly Report.

The Congress also made \$10.45 billion available through several smaller funding streams.<sup>46</sup>

For an overview of U.S. appropriations, obligations, and expenditures from the five major funds, see Figure 2.3. For details on appropriations and the status of all funds, see Table 2.1.

# FUNDING FOR IRAQ RECONSTRUCTION

TABLE 2.1

## U.S. APPROPRIATED FUNDS

\$ Millions

APPROPRIATIONS BY FISCAL YEAR, FY 2003–FY 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. 110-5, P.L. 110-28	P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149, P.L. 110-161, P.L. 110-252	P.L. 110-252, P.L. 111-32
	2003	2004	2005	2006	2007	2008	2009
<b>MAJOR FUNDS</b>							
Iraq Relief and Reconstruction Fund (IRRF 1 and IRRF 2) <sup>a</sup>	2,475	18,389					
Iraq Security Forces Fund (ISFF)			5,490	3,007	5,542	3,000	1,000
Economic Support Fund (ESF) <sup>b</sup>				1,469	1,554	562	542
Commander's Emergency Response Program (CERP) <sup>c</sup>		140	718	708	750	996	339
International Narcotics Control and Law Enforcement (INCLE)				91	170	85	20
<b>Subtotal</b>	<b>2,475</b>	<b>18,529</b>	<b>6,208</b>	<b>5,275</b>	<b>8,017</b>	<b>4,643</b>	<b>1,901</b>
<b>OTHER ASSISTANCE PROGRAMS</b>							
Migration and Refugee Assistance (MRA) and Emergency Refugee & Migration Assistance (ERMA)	40				78	278	260
Natural Resources Risk Remediation Fund (NRRRF) <sup>d</sup>	801						
Iraq Freedom Fund (Other Reconstruction Activities) <sup>e</sup>	700						
P.L. 480 Food Aid (Title II and Non-Title II)	368		3			24	
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA)	24		7		45	85	51
Democracy Fund (Democracy)					190	75	
Iraq Freedom Fund (TFBSO)					50	50	74
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) <sup>f</sup>					19	16	36
Department of Justice (DoJ)	37		6	11	23	25	7
Child Survival and Health Programs Fund (CSH)	90						
Education and Cultural Exchange Programs (ECA)				7	5	7	7
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)	9	15	3				
International Affairs Technical Assistance				13	3		
U.S. Marshals Service <sup>g</sup>			1	3	2	2	1
International Military Education and Training (IMET)					1	2	2
Alhurra-Iraq Broadcasting		5					
<b>Subtotal</b>	<b>2,069</b>	<b>21</b>	<b>20</b>	<b>33</b>	<b>416</b>	<b>563</b>	<b>437</b>
<b>RECONSTRUCTION-RELATED OPERATING EXPENSES</b>							
Diplomatic and Consular Programs <sup>h</sup>							
Coalition Provisional Authority (CPA) <sup>i</sup>		908					
Project and Contracting Office (PCO) <sup>j</sup>				200	630		
USAID Operating Expenses (USAID OE)	21		24	79	37	41	48
U.S. Contributions to International Organizations (CIO)						38	30
DoD OSC-I Support							
Iraq Freedom Fund (PRT Administrative Costs)					100		
<b>Subtotal</b>	<b>21</b>	<b>908</b>	<b>24</b>	<b>279</b>	<b>767</b>	<b>79</b>	<b>78</b>
<b>RECONSTRUCTION OVERSIGHT</b>							
Special Inspector General for Iraq Reconstruction (SIGIR)		75		24	35	3	44
Defense Contract Audit Agency (DCAA) <sup>k</sup>				16	14	14	13
USAID Office of the Inspector General (USAID OIG)	4	2	3		3	7	4
DoS Office of the Inspector General (DoS OIG)				1	3	4	6
DoD Office of the Inspector General (DoD OIG)				5		21	
<b>Subtotal</b>	<b>4</b>	<b>77</b>	<b>3</b>	<b>46</b>	<b>55</b>	<b>48</b>	<b>67</b>
<b>Total</b>	<b>4,569</b>	<b>19,535</b>	<b>6,255</b>	<b>5,634</b>	<b>9,255</b>	<b>5,333</b>	<b>2,483</b>

<sup>a</sup> The Congress initially appropriated \$18,649 million to IRRF 2, but earmarked \$210 million to be transferred to other accounts for programs in Jordan, Liberia, and Sudan. In FY 2006, the Congress transferred approximately \$10 million into the IRRF from the ESF. In FY 2008, P.L. 110-252 rescinded \$50 million.

<sup>b</sup> P.L. 108-11 provided \$10 million for war crimes investigations and \$40 million to reimburse the ESF account for resources advanced to fund supplies, commodities, and services prior to the conflict in Iraq.

<sup>c</sup> Generally, the Congress does not appropriate the CERP to a specific country, but rather to a fund for both Iraq and Afghanistan. SIGIR reports DoD's allocation to the CERP for Iraq as an appropriation.

<sup>d</sup> Includes funds transferred from the Iraq Freedom Fund (IFF).

<sup>e</sup> Includes funds appropriated to the IFF 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.

<sup>f</sup> The \$20 million reported for FY 2009 was appropriated by P.L. 111-8.

<sup>g</sup> DoJ reported that \$1.98 million was made available in FY 2006 under P.L. 109-108.

<sup>h</sup> Diplomatic and Consular Programs includes FY 2010 supplemental funding to support U.S. Embassy-Baghdad in establishing an enduring provincial presence.

<sup>i</sup> Excludes \$75 million for the Special Inspector General for Iraq Reconstruction under P.L. 108-106.

<sup>j</sup> Reconstruction support funding is provided for Project and Contracting Office (PCO) activities per the P.L. 109-234 and P.L. 110-28 conference reports.

<sup>k</sup> DCAA reported that \$24 million was made available under P.L. 111-118 and P.L. 111-212.

	FY 2010			FY 2011		STATUS OF FUNDS		
	P.L. 111-117	P.L. 111-118	P.L. 111-212	P.L. 112-10	TOTAL APPROPRIATED	OBLIGATED	EXPENDED	EXPIRED
	12/16/09	12/19/09	7/29/10	4/15/11				
<b>MAJOR FUNDS</b>								
Iraq Relief and Reconstruction Fund (IRRF 1 and IRRF 2)					20,864	20,360	20,068	504
Iraq Security Forces Fund (ISFF)			1,000	1,500	20,539	18,559	17,752	586
Economic Support Fund (ESF)	383			326	4,835	4,266	3,867	268
Commander's Emergency Response Program (CERP)		263		44	3,958	3,728	3,728	230
International Narcotics Control and Law Enforcement (INCLE)	52		650	115	1,183	963	802	0
<b>Subtotal</b>	<b>435</b>	<b>263</b>	<b>1,650</b>	<b>1,984</b>	<b>51,379</b>	<b>47,875</b>	<b>46,216</b>	<b>1,589</b>
<b>OTHER ASSISTANCE PROGRAMS</b>								
Migration and Refugee Assistance (MRA) and Emergency Refugee & Migration Assistance (ERMA)	300		16	280	1,252	1,243	1,151	
Natural Resources Risk Remediation Fund (NRRRF)					801	801	801	
Iraq Freedom Fund (Other Reconstruction Activities)					700	680	654	
P.L. 480 Food Aid (Title II and Non-Title II)					395	395	395	
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA)	33		9	17	272	255	232	
Democracy Fund (Democracy)					265	265	245	
Iraq Freedom Fund (TFBSO)					174	86	65	
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)	30			30	131	62	62	
Department of Justice (DoJ)	9			9	127	116	112	
Child Survival and Health Programs Fund (CSH)					90	90	90	
Education and Cultural Exchange Programs (ECA)	7			7	40			
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)					27	27	10	
International Affairs Technical Assistance					16	16	14	
U.S. Marshals Service					9	9	9	
International Military Education and Training (IMET)	2			2	9	9	6	
Alhurra-Iraq Broadcasting					5	5	5	
<b>Subtotal</b>	<b>382</b>		<b>25</b>	<b>345</b>	<b>4,313</b>	<b>4,058</b>	<b>3,852</b>	
<b>RECONSTRUCTION-RELATED OPERATING EXPENSES</b>								
Diplomatic and Consular Programs	1,122		1,030	1,119	3,271			
Coalition Provisional Authority (CPA)					908	832	799	
Project and Contracting Office (PCO)					830			
USAID Operating Expenses (USAID OE)	52			46	349			
U.S. Contributions to International Organizations (CIO)	33			31	132			
DoD OSC-I Support				129	129			
Iraq Freedom Fund (PRT Administrative Costs)					100			
<b>Subtotal</b>	<b>1,207</b>		<b>1,030</b>	<b>1,326</b>	<b>5,720</b>	<b>832</b>	<b>799</b>	
<b>RECONSTRUCTION OVERSIGHT</b>								
Special Inspector General for Iraq Reconstruction (SIGIR)	23			22	225	213	203	
Defense Contract Audit Agency (DCAA)		24		30	111	111	111	
USAID Office of the Inspector General (USAID OIG)	7				29			
DoS Office of the Inspector General (DoS OIG)	7			5	26			
DoD Office of the Inspector General (DoD OIG)					26			
<b>Subtotal</b>	<b>37</b>			<b>57</b>	<b>416</b>	<b>324</b>	<b>314</b>	
<b>Total</b>	<b>2,060</b>	<b>263</b>	<b>2,705</b>	<b>3,712</b>	<b>61,828</b>	<b>53,090</b>	<b>51,181</b>	<b>1,589</b>

Sources: 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. 109-34; 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; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10; ABO, response to SIGIR data call, 10/18/2011; INL, response to SIGIR data call, 10/14/2011; USAID, responses to SIGIR data call, 10/11/2011 and 10/12/2011; USACE, response to SIGIR data call, 10/4/2011; NEA-I, responses to SIGIR data call, 9/28/2011 and 9/30/2011; OUSD(C), response to SIGIR data call, 10/4/2011; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; USACE, response to SIGIR data call, 10/6/2008; USAID, responses to SIGIR data calls, 1/12/2009 and 4/8/2009; DRL, response to SIGIR data call, 4/12/2011; TFBSO, response to SIGIR data call, 1/4/2011; USAID, "U.S. Overseas Loans and Grants [Greenbook]," 2008, [gbk.eads.usaidallnet.gov/query.do?\\_program=eads/gbk/countryReport&unit=N](http://gbk.eads.usaidallnet.gov/query.do?_program=eads/gbk/countryReport&unit=N), accessed 4/15/2010; OMB, response to SIGIR data call, 6/21/2010; NEA-I, responses to SIGIR data calls, 10/4/2010, 10/6/2010, 4/15/2011, and 9/30/2011; ECA, response to SIGIR data call, 4/14/2010; OUSD(C), response to SIGIR data call, 10/14/2010; U.S. Treasury, OTA, "Office of Technical Assistance Overview," 12/30/2005, [ustreas.gov/offices/international-affairs/assistance/](http://ustreas.gov/offices/international-affairs/assistance/), accessed 10/16/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009; Justice Management Division, response to SIGIR data call, 10/4/2011; PM, response to SIGIR data call, 7/6/2011; BBG, response to SIGIR data call, 3/7/2011; USAID, "Congressional Budget Justification: Foreign Assistance Summary Tables, FY 2009-2011"; DCAA, response to SIGIR data call, 10/4/2011.

## Recent Congressional Action

In its budget request for FY 2012, the Administration requested nearly \$6.83 billion for foreign assistance and operating expenses for Iraq—nearly twice as much as was appropriated for FY 2011.<sup>47</sup> As of October 21, that request was still being considered by the Congress.

This quarter, the Congress passed two FY 2012 continuing appropriations acts that provided short-term funding for government operations in Iraq. The first (P.L. 112-33) provided budget authority for four days, through October 4, 2011.<sup>48</sup> The second (P.L. 112-36) provided budget authority for an additional 45 days, through November 18, 2011 (or sooner if superseded by another appropriations act).<sup>49</sup>

The FY 2012 continuing appropriations acts generally fund activities at FY 2011 rates, with several exceptions. In particular, pursuant to P.L. 112-36, Section 117, Department of Defense (DoD) contingency operations in Iraq are funded at rates no greater than those permitted for such purposes in the House-passed version of the FY 2012 DoD appropriations act.<sup>50</sup> Section 9005 of that act provides CERP funding for Afghanistan only,<sup>51</sup> despite an Administration request for \$25 million in FY 2012 CERP appropriations for Iraq. The committee report clarified that the intent of the Committee was to specifically deny funding for the CERP in Iraq. According to the report, “funds to deliver CERP projects in Iraq in the first fiscal quarter of fiscal year 2012 were not justified to the Committee.”<sup>52</sup>

Budget authority provided by these continuing appropriations is not included in the appropriations totals in this Report.

## Iraq Security Forces Fund

Since 2005, the Congress has appropriated \$20.54 billion to the ISFF to enable the U.S. Forces-Iraq (USF-I) and its predecessor, the Multi-National Force-Iraq, to support Iraq’s Ministry of Defense

TABLE 2.2

**ISFF: STATUS OF FUNDS, BY MINISTRY AND SUB-ACTIVITY GROUP AS OF 9/30/2011**

\$ Millions

MINISTRY	SUB-ACTIVITY GROUP	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Defense	Equipment	4,904.6	4,786.6	37.7	33.3
	Infrastructure	3,074.7	2,971.9		
	Sustainment	2,441.3	2,264.5	94.1	87.2
	Training	660.4	617.0	50.4	89.7
	<b>Subtotal</b>	<b>11,081.0</b>	<b>10,639.9</b>	<b>182.2</b>	<b>210.3</b>
Interior	Training	2,660.7	2,581.0	1.7	16.6
	Equipment	1,978.4	1,866.7	26.6	31.7
	Infrastructure	1,346.9	1,259.9		
	Sustainment	633.3	581.6	4.3	13.4
	<b>Subtotal</b>	<b>6,619.3</b>	<b>6,289.2</b>	<b>32.6</b>	<b>61.7</b>
<b>Varies</b>	Related Activities	858.5	823.1	1.9	1.6
<b>Total</b>		<b>18,558.9</b>	<b>17,752.2</b>	<b>216.7</b>	<b>273.5</b>

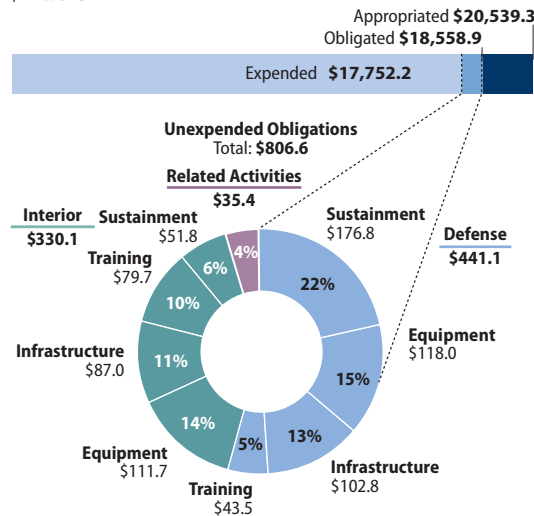
Note: Data not audited. Numbers affected by rounding.

Sources: OUSD(C), responses to SIGIR data calls, 7/15/2011 and 10/4/2011.

FIGURE 2.4

**ISFF: STATUS OF FUNDS, AS OF 9/30/2011**

\$ Millions



The intent of the Committee was to specifically deny funding for the CERP in Iraq.

Note: Data not audited. Numbers affected by rounding.

Sources: P.L. 109-13; 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; P.L. 111-212; P.L. 112-10; OUSD(C), response to SIGIR data call, 10/4/2011.

(MOD) and Ministry of Interior (MOI) in developing the Iraqi Security Forces (ISF) and increasing ministerial capacity. This includes \$1.50 billion

TABLE 2.3  
**ESF: STATUS OF FUNDS, BY TRACK AND PROGRAM, AS OF 9/30/2011**  
 \$ Millions

TRACK	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
<b>Security</b>	Community Stabilization Program	619.0	617.7	-0.3	9.1
	PRT/PRDC Projects	596.1	567.7	1.4	8.7
	Local Governance Program	455.8	431.1	15.3	8.9
	Community Action Program	397.4	359.9	3.1	20.8
	PRT Quick Response Fund	285.3	260.3	9.1	10.3
	Infrastructure Security Protection	194.2	193.6		
	<b>Subtotal</b>		<b>2,547.7</b>	<b>2,430.4</b>	<b>28.5</b>
<b>Political</b>	Tatweer National Capacity Development	309.4	308.4		4.4
	Democracy and Civil Society	264.3	206.7	3.7	7.4
	Iraqi Refugees	95.0	94.8		0.4
	Economic Gov. II, Policy and Reg. Reforms	83.9	83.9	-1.1	
	Administrative Reform	52.3	1.9	52.3	1.9
	Ministerial Capacity Development	44.8	36.6	7.1	1.0
	Regime Crimes Liaison Office	33.0	28.3		
	Elections Support	23.9	13.8	10.0	
	Monitoring and Eval.	13.4	7.2		0.9
<b>Subtotal</b>		<b>920.1</b>	<b>781.8</b>	<b>72.0</b>	<b>16.0</b>
<b>Economic</b>	O&M Sustainment	275.2	274.5		0.5
	Inma Agribusiness Development	169.8	139.6	20.0	5.7
	Tijara Provincial Economic Growth	136.1	93.0	18.3	7.4
	Targeted Development Program	60.4	50.8		0.5
	Plant-Level Capacity Dev. & Tech. Training	50.4	50.3		
	Primary Health Care Program	41.7	2.8	2.5	2.3
	Izdihar Private Sector Development	32.8	32.2		
	Financial Sector Development	31.6	11.3		5.1
<b>Subtotal</b>		<b>798.0</b>	<b>654.4</b>	<b>40.8</b>	<b>21.5</b>
<b>Total</b>		<b>4,265.8</b>	<b>3,866.6</b>	<b>141.4</b>	<b>95.2</b>

Note: Data not audited. Numbers affected by rounding.

Sources: NEA-I, responses to SIGIR data calls, 4/12/2011, 6/24/2011, 6/27/2011, 9/28/2011, and 9/30/2011; USACE, responses to SIGIR data calls, 7/5/2011 and 10/4/2011; USAID, responses to SIGIR data calls, 7/7/2011, 10/11/2011, and 10/12/2011.

provided by P.L. 112-10, which will remain available for obligation until September 30, 2012.<sup>53</sup>

As of September 30, 2011, \$807 million of obligated ISFF funds had not been expended. An additional \$1.98 billion had not been obligated, but \$586 million of this amount has expired, leaving \$1.39 billion available for obligation to new projects from P.L. 112-10.<sup>54</sup>

Budget authority for the \$1.00 billion FY 2010 ISFF appropriation, which was provided by P.L. 111-212, expired on September 30, 2011. USF-I obligated \$922 million (92%) from that appropriation; \$78 million (8%) expired for new obligations.<sup>55</sup>

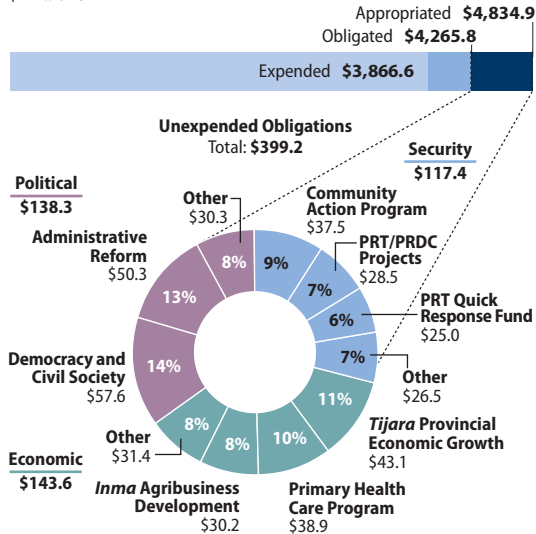
For the status and quarterly change of ISFF obligations and expenditures, by ministry and sub-activity group, see Table 2.2. For the status of the ISFF, including a breakdown of unexpended obligations, see Figure 2.4.

## Economic Support Fund

Since 2003, the Congress has appropriated more than \$4.83 billion to the ESF to improve infrastructure and community security, promote democracy and civil society, and support capacity building and economic development.<sup>56</sup> This

Budget authority for the \$1.00 billion FY 2010 ISFF appropriation expired on September 30, 2011.

**FIGURE 2.5**  
**ESF: STATUS OF FUNDS, AS OF 9/30/2011**  
\$ Millions



Note: Data not audited. Numbers affected by rounding.

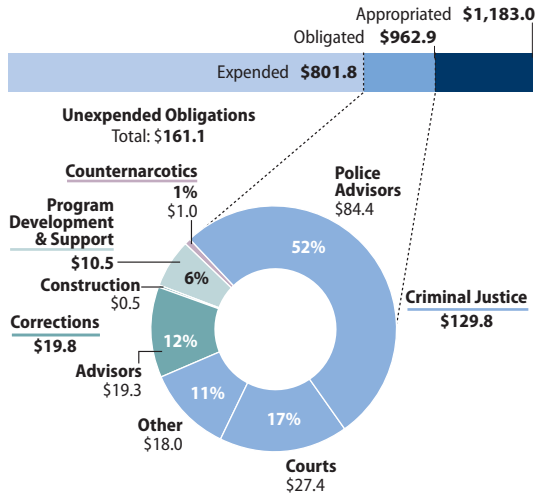
Sources: P.L. 109-102; P.L. 109-234; P.L. 110-28; P.L. 110-92; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-117; P.L. 112-10; USAID, responses to SIGIR data call, 10/11/2011 and 10/12/2011; USACE, response to SIGIR data call, 10/4/2011; NEA-I, responses to SIGIR data call, 9/28/2011 and 9/30/2011.

includes nearly \$326 million provided by P.L. 112-10, which will remain available for obligation until September 30, 2012.<sup>57</sup> The Congress is currently considering the Administration's FY 2012 ESF request of \$326 million.<sup>58</sup>

As of September 30, 2011, \$399 million of obligated ESF funds had not been expended. An additional \$569 million had not been obligated, but \$268 million of this amount has expired, leaving \$301 million available for obligation to new projects.<sup>59</sup>

For the status of the ESF, including a breakdown of unexpended obligations, see Figure 2.5. For the status and quarterly change of the ESF, by "track" and program, see Table 2.3. This quarter, DoS did not provide requested data on GOI cost-sharing for ESF-funded projects.

**FIGURE 2.6**  
**INCLE: STATUS OF FUNDS, AS OF 9/30/2011**  
\$ Millions



Note: Data not audited. Numbers affected by rounding.

Sources: P.L. 109-234; P.L. 110-5; P.L. 110-28; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-117; P.L. 111-212; P.L. 112-10; INL, response to SIGIR data call, 10/14/2011.

## International Narcotics Control and Law Enforcement

Since 2006, the Congress has appropriated \$1.18 billion to the INCLE in Iraq to support rule-of-law activities.<sup>60</sup> This includes approximately \$115 million provided by P.L. 112-10, which expires on September 30, 2012, and \$650 million that was "forward-funded" by P.L. 111-212 (the FY 2010 supplemental appropriation), which also expires on September 30, 2012.<sup>61</sup>

As of September 30, 2011, \$161 million of obligated INCLE funds had not been expended. An additional \$220 million had not been obligated, nearly all of which is available for new projects. In total, \$381 million in available budget authority remained unexpended for the INCLE.<sup>62</sup>

For the status and quarterly change of the INCLE, by sector and program, see Table 2.4. For the status of the INCLE, including a breakdown of unexpended obligations, see Figure 2.6.

### FY 2010–FY 2011 INCLE Spend Plans

In the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10), the

In total, \$381 million in available budget authority remained unexpended for the INCLE.



TABLE 2.4  
**INCLE: STATUS OF FUNDS, BY SECTOR AND PROGRAM, AS OF 9/30/2011**  
 \$ Millions

SECTOR	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Criminal Justice	Police Advisors	555.2	470.8	97.6	65.2
	Courts	109.3	82.0	4.9	5.1
	Public Integrity	31.7	23.9	2.0	0.1
	Rule of Law Advisors	26.1	18.2	0.1	0.8
	Major Crimes Task Force	13.5	11.8	0.4	1.4
	Justice Integration	6.8	6.2	0.0	0.1
	Legal Framework	2.5	2.5	0.0	0.0
	<b>Subtotal</b>	<b>745.1</b>	<b>615.3</b>	<b>104.9</b>	<b>72.8</b>
Corrections	Advisors	97.3	77.9	6.7	6.2
	Construction	83.7	83.2	0.0	1.0
	<b>Subtotal</b>	<b>181.0</b>	<b>161.1</b>	<b>6.7</b>	<b>7.2</b>
<b>Program Development and Support</b>		<b>35.8</b>	<b>25.4</b>	<b>1.3</b>	<b>3.5</b>
<b>Counter narcotics</b>		<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>		<b>962.9</b>	<b>801.8</b>	<b>112.9</b>	<b>83.4</b>

Note: Data not audited. Numbers affected by rounding.

Sources: INL, responses to SIGIR data calls, 7/15/2011 and 10/14/2011.

TABLE 2.5  
**FY 2011 INCLE SPEND PLAN**  
 \$ Millions

ACTIVITY	ALLOCATION
Stabilization Operations and Security Sector Reform	106.1
Rule of Law and Human Rights	6.0
Counter narcotics	2.5
<b>Total</b>	<b>114.6</b>

Note: Date not audited. Numbers affected by rounding.

Source: INL, response to SIGIR data call, 10/7/2011.

DoS has not updated its original spend plans for FY 2010 INCLE funding despite significant changes in the planned scope of the Police Development Program over the last year.

Congress required the Department of State (DoS) to provide a spend plan to the Appropriations Committees before FY 2011 funds were obligated. The INCLE portion, in its entirety, reads: “International Narcotics [Control] and Law Enforcement (INCLE) funding will enable the Department of State to assume responsibility from the Department of Defense for the Police Development Program in Iraq, with an increased focus on solidifying the Iraqi civilian leadership’s management and technical skills needed for police development.

Complementary initiatives undertaken by the Department of Justice strengthen other components of Iraq’s judicial sector.”<sup>63</sup> For available allocation details, see Table 2.5.

DoS has not updated its original spend plans for FY 2010 INCLE funding despite significant changes in the planned scope of the Police Development Program (PDP) over the last year.<sup>64</sup> This quarter, SIGIR released audits of the PDP and the status of INCLE funds. For details, see Section 5 of this Report. Additional information on the PDP is also provided in Section 1.

## Commander’s Emergency Response Program

From 2004 to 2011, the Congress provided \$3.96 billion to the CERP in Iraq for the purpose of enabling military commanders to respond to urgent humanitarian relief and urgent reconstruction requirements within their areas of responsibility.<sup>65</sup>

In total, as of September 30, 2011, USF-I and its predecessors obligated \$3.73 billion and expended \$3.73 billion of CERP funds. As of that date, nearly \$230 million had expired.<sup>66</sup>

For the status and quarterly change of the CERP, by project category, as of September 30, 2011, see Table 2.6.

The latest continuing appropriation (P.L. 112-36) specifically denied the Administration’s request for \$25 million in FY 2012 CERP appropriations for Iraq.<sup>67</sup> Consequently, as of September 30, 2011, when FY 2011 budget authority expired, no CERP funding was available for obligation to new projects.<sup>68</sup>

According to USF-I, the CERP program (as well as the Iraq Commander’s Emergency Response Program, or I-CERP) has been officially closed out, and USF-I has requested the U.S. Army Audit Agency to conduct a thorough audit of the CERP. USF-I also reports that, in accordance with USF-I Fragmentary Order 1679, it is no longer the “owner” of CERP records that predate Operation New Dawn, which

# FUNDING FOR IRAQ RECONSTRUCTION

TABLE 2.6

## CERP: STATUS OF FUNDS, BY PROJECT CATEGORY, AS OF 9/30/2011

\$ Millions

	PROJECT CATEGORY/FISCAL YEAR	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Status of Funds, by Project Category, According to the USF-I CERP Project Tracker	Water & Sanitation	673.8	227.8	-0.1	3.3
	Protective Measures	490.6	268.1	0.2	0.2
	Electricity	444.7	134.4	0.1	1.7
	Education	428.9	180.2	-0.3	1.2
	Transportation	386.1	150.0	-0.1	0.7
	Civic Cleanup Activities	241.0	117.7	0.1	0.9
	Other Urgent Humanitarian or Reconstruction Projects	224.4	84.8	0.3	0.7
	Agriculture	208.4	76.0		1.1
	Economic, Financial, and Management Improvements	183.4	77.6	-1.0	
	Health Care	152.5	61.7	0.1	1.0
	Rule of Law & Governance	113.4	46.2	-0.1	1.5
	Civic Infrastructure Repair	67.5	23.9		
	Repair of Civic & Cultural Facilities	62.9	27.4	-0.2	
	Civic Support Vehicles	58.5	33.7		1.4
	Condolence Payments	50.8	35.5	0.1	0.1
	Telecommunications	39.6	10.2		
	Temporary Contract Guards for Critical Infrastructure	35.6	35.3		
	Battle Damage Repair	23.8	18.0		
	Food Production & Distribution	21.2	8.2	-0.1	
	Non-FMR	5.8			
	Detainee Payments	1.0	0.6		
Iraqi Hero Payments	0.7	0.7			
<b>Subtotal</b>		<b>3,914.4</b>	<b>1,618.1</b>	<b>-0.8</b>	<b>14.0</b>
Difference between ABO Financial Data and USF-I CERP Project Tracker, by Fiscal Year	FY 2004	-5.8	133.6		
	FY 2005	-49.2	404.4		
	FY 2006	136.7	499.8		
	FY 2007	-181.5	324.2		
	FY 2008	-91.6	513.5	0.3	0.3
	FY 2009	-9.5	116.2	-0.2	-0.2
	FY 2010	14.2	118.0	-0.2	2.7
	FY 2011			2.4	-6.8
	<b>Subtotal</b>		<b>-186.6</b>	<b>2,109.7</b>	<b>2.4</b>
<b>Total, According to ABO Financial Data</b>		<b>3,727.9</b>	<b>3,727.8</b>	<b>1.6</b>	<b>10.1</b>

Note: Data not audited. Numbers affected by rounding. Table compares project category totals from the USF-I CERP Project Tracker with financial data from ABO, by fiscal year. Project Categories reported in the USF-I CERP Project Tracker were inconsistent across fiscal years, but most aberrations could be matched with a Project Category provided for in the DoD Financial Management Regulation (FMR). Project Categories reported by USF-I that could not be matched to a Project Category provided for in the DoD FMR were classified as "Non-FMR" in this table.

Sources: ABO, responses to SIGIR data calls, 10/4/2010, 10/8/2010, 12/6/2010, 12/22/2010, 4/5/2011, 4/18/2011, 7/5/2011, 7/14/2011, and 10/18/2011; USF-I, response to SIGIR data call, 10/17/2011.

began on September 1, 2010, and that those records have been “transferred to higher headquarters.”<sup>69</sup> SIGIR has requested records of projects that were funded with FY 2010 CERP and still ongoing after the start of Operation New Dawn, but has been unable to obtain those records.

The “Commander’s Emergency Response Program Narrative” for the quarter ending September 30, 2011, reports that “USF-I focused its efforts on the completion of hundreds of CERP projects from current and prior year appropriations to successfully close the CERP in Iraq.” Although USF-I did not initiate projects valued at more than \$500,000 in FY 2011, it reported that it did complete 28 such projects during FY 2011 that were funded with prior-year CERP appropriations.<sup>70</sup>

As detailed in previous Quarterly Reports, USF-I does not report on CERP projects during the five-year reporting and outlay phase that follows each appropriation’s period of obligation. USF-I’s CERP Project Tracker—the only systemic source of CERP project descriptions and categories—is updated only through the end of the fiscal year in which the funds are appropriated, creating a substantial data gap that is evidenced in the difference between ABO financial data and USF-I CERP Project Tracker data, shown in Table 2.6.

According to CMC, ABO provides monthly CERP-Iraq closeout reports to the CERP Steering Committee (CSC). These reports detail the total

number of outstanding projects and the sum of unliquidated obligations, by fiscal year, but they do not track projects on an individual basis.<sup>71</sup>

USF-I leadership is briefed weekly on the status of all CERP projects, including those funded by prior-year appropriations. However, USF-I reported that it has not updated the FY 2004–FY 2009 CERP-Iraq project trackers to reflect project completions, modifications, or cancellations—nor does it intend to do so.<sup>72</sup>

## Smaller Funds

The Congress has appropriated or otherwise made available \$10.45 billion in smaller funding streams for Iraq reconstruction. SIGIR has classified them into three categories:<sup>73</sup>

- Other Assistance Programs—\$4.31 billion
- Reconstruction-related Operating Expenses—\$5.72 billion
- Reconstruction Oversight—\$416 million

As of September 30, 2011, at least \$5.21 billion (50%) of these funds had been obligated, and \$4.97 billion (48%) had been expended.<sup>74</sup> However, agency reporting is incomplete for the smaller funds, so these values understate actual obligations and expenditures. For details on the status of funds, see Table 2.1. ♦

Although USF-I did not initiate projects valued at more than \$500,000 in FY 2011, it reported that it did complete 28 such projects during FY 2011 that were funded with prior-year CERP appropriations.

## IRAQI FUNDING

As of September 30, 2011, Iraq had provided \$107.41 billion for relief and reconstruction through CPA spending of Iraqi funds in 2003–2004 (\$12.07 billion) and annual GOI capital budgets in 2003–2011 (\$95.34 billion).<sup>75</sup> This total includes \$25.70 billion for Iraq’s fiscal year 2011 capital budget, which runs concurrently with the calendar year.<sup>76</sup>

### GOI Budget and Revenue

As of September 30, 2011, the GOI had received \$56.07 billion in oil receipts for the year, exceeding the amount received in all of 2010. Annual oil receipts to date are 57% more than the \$35.60 billion received during the first nine months of last year and 22% more than the \$45.95 billion projected through September 30, 2011, in the GOI budget.<sup>77</sup>

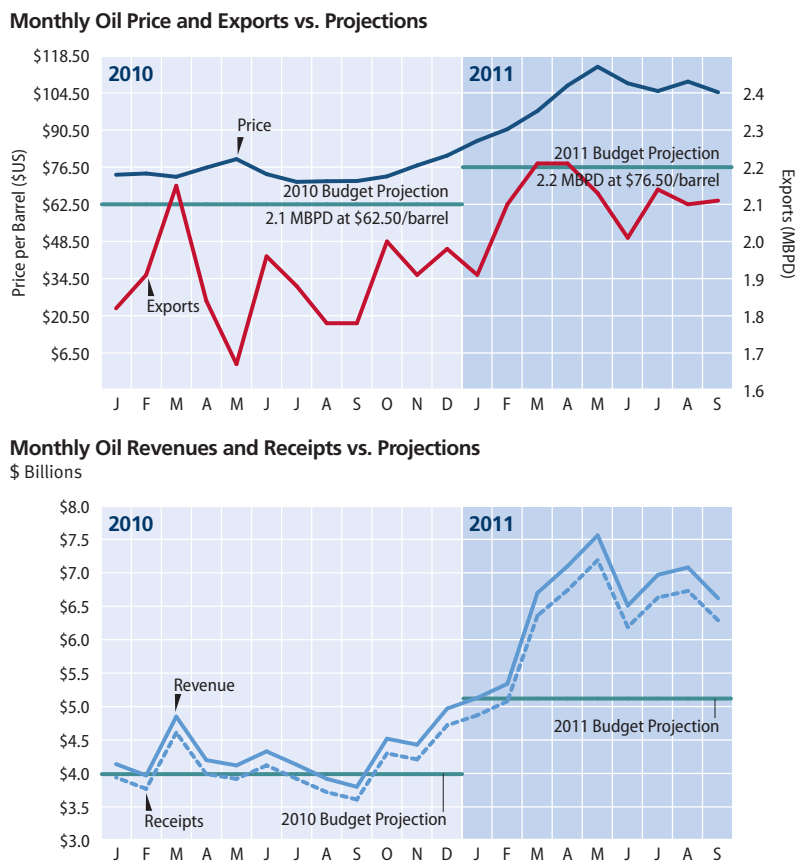
Overall, the 2011 GOI budget estimated that 89% of annual revenue would come from oil exports.<sup>78</sup> So far this year, price levels and export volumes are both higher than what they were in 2010. As of September 30, 2011, Iraq had received an average of \$102.83 per barrel of oil exported—well above the price of \$76.50 used to project Iraqi oil revenues for 2011 and the average of \$74.56 per barrel received in 2010. The country’s oil export volume averaged 2.1 million barrels per day (MBPD) during the first nine months of the year—4% less than the projected rate of 2.2 MBPD, but more than last year’s average of 1.9 MBPD. Iraq had record-high annual oil receipts of \$58.79 billion in 2008; at the current pace, the GOI will surpass that amount by mid-October.<sup>79</sup>

For details on monthly oil prices, exports, and revenues received versus GOI budget projections, see Figure 2.7.

### GOI 2010 Budget Execution

In 2010, the GOI expended approximately \$55.0 billion, or 76% of its approved budget. Ministerial budget execution ranged from the Ministries of Displacement and Migration (91%) and Commerce (88%) at the high end to Communications (34%), Industry and Minerals (32%), and Agriculture (31%) at the low

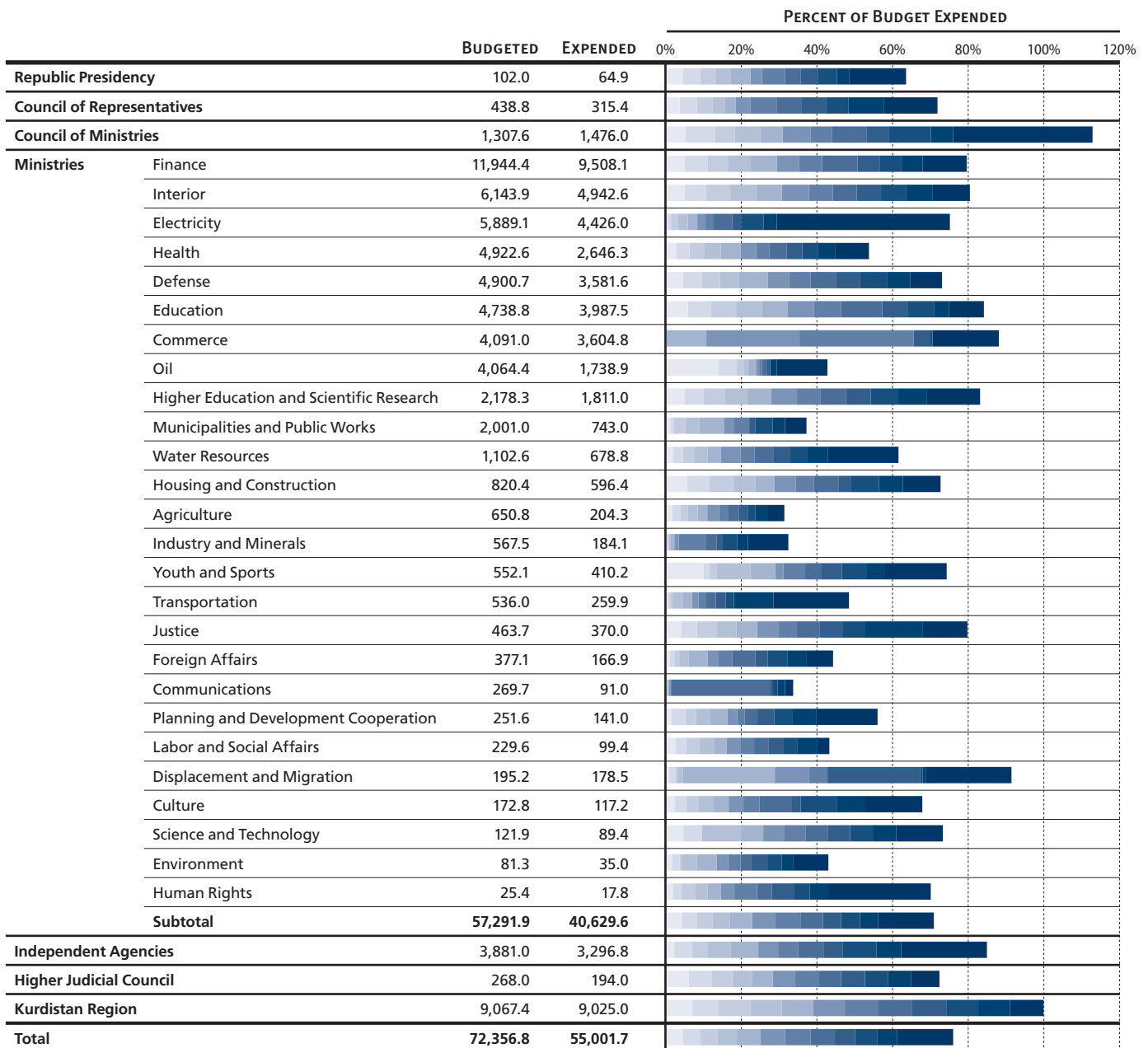
FIGURE 2.7  
MONTHLY OIL PRICE, EXPORTS, AND REVENUE VS. GOI BUDGET PROJECTIONS



**Note:** Data not audited. Numbers affected by rounding. Not all oil export revenue accrues to the GOI; 5% is paid in war reparations to Kuwait, which accounts for the difference between the Receipts and Revenue lines in this chart. Monthly price per barrel is derived by dividing the monthly revenue by monthly exports.

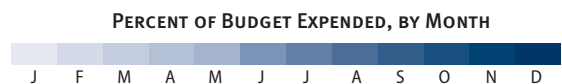
**Sources:** U.S. Treasury, response to SIGIR data call, 10/11/2011; GOI, CoR, “Federal Public Budget Law for the Fiscal Year 2010,” 1/27/2010; GOI, CoR, “Federal Public Budget Law for the Fiscal Year 2011,” 2/23/2011.

TABLE 2.7  
**GOI 2010 PUBLIC BUDGET EXECUTION**  
 \$ Millions



Note: Data not audited. Numbers affected by rounding.

Sources: GOI, Presidential Council, "Federal Public Budget Law for the Fiscal Year 2010," 2/10/2010; GOI, CBI, Statistics & Research Department, "Annual Bulletin, 2010," 2011, pp. 64–65, [www.cbi.iq/documents/Annual\\_2010f.pdf](http://www.cbi.iq/documents/Annual_2010f.pdf), accessed 10/8/2011.



end. The Kurdistan Regional Government expended 100% of its allocation.<sup>80</sup> For details, see Table 2.7.

## Development Fund for Iraq

A SIGIR audit of the Development Fund for Iraq (DFI) published this quarter concluded that most of the \$6.6 billion in previously unaccounted-for funds was transferred to the Central Bank of Iraq (CBI) by the CPA when the CPA was dissolved in June 2004. Those funds can now be accounted for, including \$4.7 billion that was held at the Federal Reserve Bank of New York (FRBNY) and another \$1.7 billion located in the CBI's DFI Baghdad account. DoD took control of the remaining \$217.7 million, which was stored in the presidential palace vault in central Baghdad at the

time the CPA was dissolved. SIGIR is uncertain under what authority DoD assumed control of the \$217.7 million and plans to report on DoD's accounting for these and other follow-on DFI funds in January 2012.<sup>81</sup>

An earlier SIGIR audit of DFI funds published in July 2010 had been unable to locate either paper or electronic records to determine what had happened to the \$6.6 billion after the CPA was dissolved.<sup>82</sup>

As part of the latest audit, SIGIR reviewed procedures for all 21 cash shipments from the FRBNY to Baghdad between April 2003 and June 2004 and found three instances in which large amounts of U.S. currency flown to Baghdad were not properly deposited into the CBI's DFI Baghdad account as required by the CPA Policies and Procedures Manual.<sup>83</sup> For additional details on the most recent audit, see Sections 1 and 5 of this Quarterly Report. ♦

Most of the \$6.6 billion in previously unaccounted-for funds can now be accounted for.

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## INTERNATIONAL SUPPORT

According to the DoS Bureau of Near Eastern Affairs-Iraq, there was no change this quarter in the status of non-U.S. international support. As of September 30, 2011, international donors had committed \$13.03 billion for the relief and

reconstruction of Iraq: \$6.51 billion in grant assistance and \$6.52 billion in loans. International donors had pledged \$18.02 billion: \$5.26 billion in grant assistance and \$12.77 billion in loans.<sup>84</sup> ♦