

# FUNDING FOR IRAQ RECONSTRUCTION

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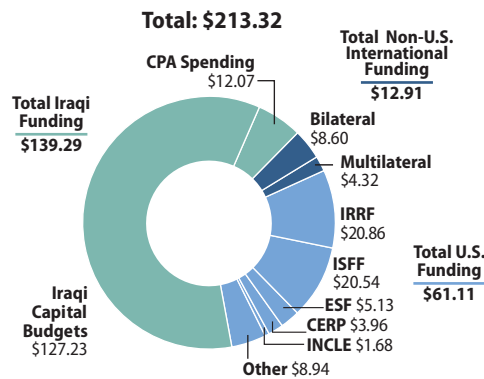
## FUNDING OVERVIEW

As of March 31, 2012, \$213.32 billion had been made available for the relief and reconstruction of Iraq through three main sources:<sup>33</sup>

- Iraqi funds overseen by the Coalition Provisional Authority (CPA) and the Iraqi capital budget—\$139.29 billion, including \$31.88 billion made available for capital expenditure in Iraq’s 2012 budget
- U.S. Appropriations—\$61.11 billion, including \$2.55 billion made available through FY 2012 appropriations
- International commitments of assistance and loans from non-U.S. sources—\$12.91 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. ♦

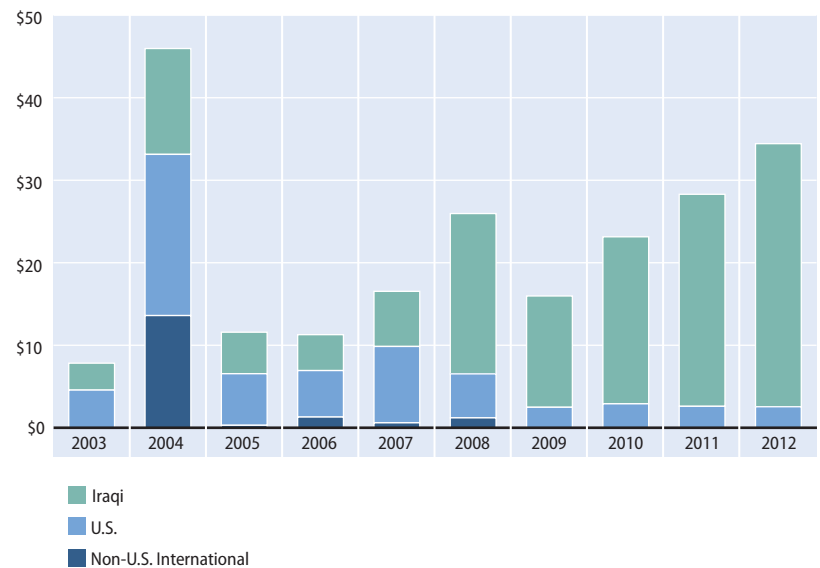
**FIGURE 2.1**  
**FUNDING SOURCES, 2003–2012**  
\$ Billions



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, 2003–2012**  
\$ 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 2011–2012, as well as 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; P.L. 112-74; ABO, response to SIGIR data call, 1/18/2012; BBG, response to SIGIR data call, 3/7/2011; Congressional Budget Justification, Foreign Assistance Summary Tables, FY 2009–2011; DCAA, response to SIGIR data call, 10/4/2011; ECA, response to SIGIR data call, 4/14/2010; OMB, response to SIGIR data call, 6/21/2010; PM, response to SIGIR data call, 7/6/2011; DoS, “Congressional Budget Justification, Volume 1: Department of State Operations, Fiscal Year 2013,” p. 812, and “Executive Budget Summary Function 150 & Other International Programs, Fiscal Year 2013,” p. 173; INL, response to SIGIR data call, 4/9/2012; DoJ, response to SIGIR data call, 4/3/2012; NEA-I, responses to SIGIR data calls, 10/4/2010, 10/6/2010, 9/28/2011, 4/5/2011, 4/7/2011, 4/15/2011, 7/12/2011, 3/27/2012, and 3/28/2012; 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, 4/3/2012; USAID, response to SIGIR data call, 4/2/2012; OUSD(C), responses to SIGIR data calls, 10/14/2010 and 4/2/2012, and “United States Department of Defense, Fiscal Year 2012 Budget Request Overview,” 2/2012, p. 6; TFBFO, response to SIGIR data call, 1/4/2011; U.S. Treasury, responses to SIGIR data calls, 1/4/2008 and 4/9/2009, and 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; USACE, response to SIGIR data call, 10/6/2008; USAID, responses to SIGIR data calls, 1/12/2009 and 4/8/2009, and “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; GOI, CoR, “General Budget Law for the Federal Republic of Iraq for the Financial Year 2012,” 2/23/2012, [www.parliament.iq/](http://www.parliament.iq/), accessed 2/23/2012, and “Federal Public Budget Law for the Fiscal Year 2011,” 2/23/2011, Article 2; GOI, MOF, information provided to SIGIR, 6/27/2011; “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.

## U.S. FUNDING

Since 2003, the United States has appropriated or otherwise made available \$61.11 billion for relief and reconstruction efforts in Iraq,<sup>34</sup> including \$2.55 billion made available in the Consolidated Appropriations Act, 2012 (P.L. 112-74).

Even with the addition of \$2.55 billion in FY 2012 funding, the total appropriations presented in this Quarterly Report are less than what was presented in the January 2012 Report. This decrease has resulted from the removal of Diplomatic and Consular Programs (D&CP) funds from the calculation of cumulative appropriations for Iraq reconstruction. From October 2010 through January 2012, SIGIR included the Overseas Contingency

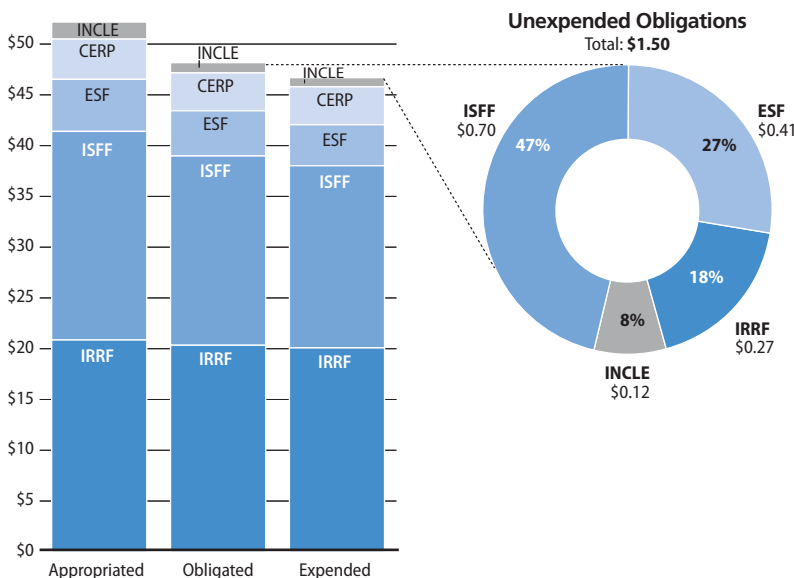
Operations (OCO) portion of the D&CP account in those calculations because at least some of those funds supported reconstruction activities.

This quarter, however, because of the difficulty in separating reconstruction from non-reconstruction uses of the D&CP account, SIGIR has removed \$3.27 billion in FY 2009, FY 2010, and FY 2011 D&CP funds from its reporting. While the figures reported in January may have overstated the appropriations for reconstruction, SIGIR believes that the revised figures understate them.

For an overview of all U.S. appropriations supporting Iraq reconstruction, see Table 2.1.

Nearly \$52.18 billion has been provided through five major funds.

FIGURE 2.3  
STATUS OF MAJOR U.S. FUNDS, AS OF 3/31/2012  
\$ 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; P.L. 112-74; NEA-I, responses to SIGIR data calls, 9/28/2011, 3/27/2012, and 3/28/2012; USACE, response to SIGIR data call, 4/3/2012; USAID, response to SIGIR data call, 4/2/2012; ABO, response to SIGIR data call, 1/18/2012; INL, response to SIGIR data call, 4/9/2012; OUSD(C), response to SIGIR data call, 4/2/2012; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Appropriations, Expenditures, and Cancelled Funds," 12/28/2010.

## Status of Major Funds

Of the \$61.11 billion made available as of March 31, 2012, nearly \$52.18 billion has been provided through five major funds, three of which remain available for obligation to new activities:<sup>35</sup>

- **Iraq Security Forces Fund (ISFF)**—\$20.54 billion appropriated, \$18.64 billion obligated, and \$1.28 billion available for obligation to new activities<sup>36</sup>
- **Economic Support Fund (ESF)**—\$5.13 billion appropriated, \$4.45 billion obligated, and \$4.04 billion available for obligation to new activities<sup>37</sup>
- **International Narcotics Control and Law Enforcement (INCLE)**—\$1.68 billion appropriated, \$1.01 billion obligated, \$0.90 billion expended, and \$669 million available for obligation to new activities<sup>38</sup>

Two of the major funds are no longer available for obligation to new activities:

- **Iraq Relief and Reconstruction Fund (IRRF)**—\$20.86 billion appropriated, \$20.34 billion obligated, and \$20.08 billion expended<sup>39</sup>

# FUNDING FOR IRAQ RECONSTRUCTION

TABLE 2.1  
U.S. APPROPRIATED FUNDS  
\$ Millions

	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
	FY 2003	FY 2004	FY 2005	FY 2006
<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
Economic Support Fund (ESF) <sup>b</sup>				1,469
Commander's Emergency Response Program (CERP) <sup>c</sup>		140	718	708
International Narcotics Control and Law Enforcement (INCLE)				91
<b>Subtotal</b>	<b>2,475</b>	<b>18,529</b>	<b>6,208</b>	<b>5,275</b>
<b>OTHER ASSISTANCE PROGRAMS</b>				
Migration and Refugee Assistance (MRA) and Emergency Refugee & Migration Assistance (ERMA)	40			
Foreign Military Financing (FMF)				
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	
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA)	24		7	
Democracy Fund (Democracy)				
U.S. Contributions to International Organizations (CIO)				
Iraq Freedom Fund (TFBSO)				
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) <sup>f</sup>				
Department of Justice (DoJ)	37		2	11
Child Survival and Health Programs Fund (CSH)	90			
Education and Cultural Exchange Programs				7
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)	9	15	3	
International Affairs Technical Assistance				13
International Military Education and Training (IMET)				
U.S. Marshals Service <sup>g</sup>			1	3
Alhurra-Iraq Broadcasting		5		
<b>Subtotal</b>	<b>2,069</b>	<b>21</b>	<b>16</b>	<b>34</b>
<b>RECONSTRUCTION-RELATED OPERATING EXPENSES</b>				
Coalition Provisional Authority (CPA) <sup>h</sup>		908		
Project and Contracting Office (PCO) <sup>i</sup>				200
Office of Security Cooperation-Iraq (OSC-I)				
USAID Operating Expenses (USAID OE)	21		24	79
DoD OSC-I Support				
Iraq Freedom Fund (PRT Administrative Costs)				
<b>Subtotal</b>	<b>21</b>	<b>908</b>	<b>24</b>	<b>279</b>
<b>RECONSTRUCTION OVERSIGHT</b>				
Special Inspector General for Iraq Reconstruction (SIGIR)		75		24
Defense Contract Audit Agency (DCAA) <sup>j</sup>				16
DoS Office of the Inspector General (DoS OIG)				1
USAID Office of the Inspector General (USAID OIG)	4	2	3	
DoD Office of the Inspector General (DoD OIG)				5
<b>Subtotal</b>	<b>4</b>	<b>77</b>	<b>3</b>	<b>46</b>
<b>Total</b>	<b>4,569</b>	<b>19,535</b>	<b>6,251</b>	<b>5,634</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 \$24 million was made available under P.L. 111-118 and P.L. 111-212.

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

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

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	P.L. 111-117, P.L. 111-118, P.L. 111-212	P.L. 112-10	P.L. 112-74	TOTAL APPROPRIATED	OBLIGATED	EXPENDED	EXPIRED
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012				
						20,864	20,344	20,075	504
5,542	3,000	1,000	1,000	1,500		20,539	18,640	17,937	616
1,554	562	542	383	326	299	5,134	4,445	4,039	260
750	996	339	263	44		3,958	3,728	3,728	230
170	85	20	702	115	500	1,683	1,014	895	
<b>8,017</b>	<b>4,643</b>	<b>1,901</b>	<b>2,347</b>	<b>1,984</b>	<b>799</b>	<b>52,178</b>	<b>48,170</b>	<b>46,675</b>	<b>1,611</b>
78	278	260	316	280	203	1,455	1,296	1,231	
					850	850			
						801	801	801	
						700	680	654	
	24					395	395	395	
45	85	51	42	17		272	255	232	
190	75					265	265	260	
	38	30	33	33	44	179			
50	50	74				174	86	65	
19	16	36	30	30	32	163	62	62	
23	26	8	13	10	4	133	120	117	
						90	90	90	
5	7	7	7	8	7	48			
						27	27	10	
3						16	16	14	
1	2	2	2	2	2	11	9	6	
2	2	1				9	9	9	
						5	5	5	
<b>416</b>	<b>602</b>	<b>468</b>	<b>444</b>	<b>380</b>	<b>1,142</b>	<b>5,592</b>	<b>4,117</b>	<b>3,950</b>	
						908	832	799	
630						830			
					524	524			
37	41	48	52	51	54	408			
				129		129			
100						100			
<b>767</b>	<b>41</b>	<b>48</b>	<b>52</b>	<b>180</b>	<b>578</b>	<b>2,899</b>	<b>832</b>	<b>799</b>	
35	3	44	23	22	20	245	222	214	
14	14	13	24	30		111	111	111	
3	4	6	7	5	9	35			
3	7	4	7			29			
	21					26			
<b>55</b>	<b>48</b>	<b>67</b>	<b>61</b>	<b>57</b>	<b>29</b>	<b>445</b>	<b>333</b>	<b>325</b>	
<b>9,256</b>	<b>5,333</b>	<b>2,484</b>	<b>2,904</b>	<b>2,601</b>	<b>2,548</b>	<b>61,114</b>	<b>53,451</b>	<b>51,749</b>	<b>1,611</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, P.L. 112-74; ABO, response to SIGIR data call, 1/18/2012; BBG, response to SIGIR data call, 3/7/2011; DCAA, response to SIGIR data call, 10/4/2011; ECA, response to SIGIR data call, 4/14/2010; OMB, response to SIGIR data call, 6/21/2010; PM, response to SIGIR data call, 7/6/2011; DoS, "Congressional Budget Justification, Volume 1: Department of State Operations, Fiscal Year 2013," p. 81, and "Executive Budget Summary Function 150 & Other International Programs, Fiscal Year 2013," p. 173; INL, response to SIGIR data call, 4/9/2012; DoJ, response to SIGIR data call, 4/3/2012; NEA-I, responses to SIGIR data calls, 10/4/2010, 10/6/2010, 9/28/2011, 4/15/2011, 3/27/2012, and 3/28/2012; 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, 4/3/2012; USAID, response to SIGIR data call; OUSD(C), responses to SIGIR data calls, 10/14/2010 and 4/2/2012, and "United States Department of Defense, Fiscal Year 2013 Budget Request, Overview," 2/2012, p. 6-5; TFBSO, response to SIGIR data call, 1/4/2011; 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; USACE, response to SIGIR data call, 10/6/2008; 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 4/15/2011, "Congressional Budget Justification, Foreign Assistance Summary Tables," FY 2009–2011, and responses to SIGIR data calls, 1/12/2009, 4/8/2009, and 4/2/2012.

- **Commander's Emergency Response Program (CERP)**—\$3.96 billion appropriated, \$3.73 billion obligated, and \$3.73 billion expended<sup>40</sup>

As of March 31, 2012, \$1.50 billion of the total obligated from the five major funds remained unexpended. For the status of the five major funds, see Figure 2.3. For additional details on the five major funds, see Appendix C.

The Congress also made \$8.94 billion available through several smaller funding streams.<sup>41</sup> These smaller funds are included in Table 2.1.

## Recent Obligations and Expenditures

This quarter, U.S. agencies obligated \$60 million and expended \$190 million from the three active major U.S. reconstruction funds. More than half of new obligations from these funds were made from the INCLE, including \$27 million (45% of total quarterly obligations) for the Police Development Program (PDP). The PDP also expended the largest amount this quarter—almost \$69 million, or 36% of total expenditures from the three active major funds. Other large expenditures were made for the ESF-funded Community Action Program (\$24 million) and *Tijara* Provincial Economic Growth program (\$16 million), and for ISFF-funded sustainment projects that support the Iraq's Ministry of Defense forces (\$21 million).<sup>42</sup> For details by fund and category, see Table 2.2. For complete details by fund, category, and program, see Appendix C.

## FY 2012 Funding and FY 2013 Budget Request

Although the Consolidated Appropriations Act, 2012 (P.L. 112-74) appropriated specific amounts for certain Iraq funds, it appropriated some funding to programs on a worldwide basis and left it

to the agencies to determine how that funding would be allocated among different countries. Since President Barack Obama signed P.L. 112-74 into law on December 23, 2011, the agencies have reported their estimated allocations for most of the funds. The \$2.55 billion in FY 2012 funding made available for Iraq relief and reconstruction programs is \$0.52 billion less than the Administration's \$3.06 billion request for FY 2012, but it is almost the same as the \$2.56 billion made available in FY 2011. The \$2.55 billion in FY 2012 funding does not include a combined \$3.49 billion for the D&CP and the Embassy Security, Construction, and Maintenance accounts—or additional funds for military operating expenses—some of which support reconstruction activities.<sup>43</sup>

On February 13, 2012, the Administration released its congressional budget request for FY 2013,<sup>44</sup> which requests \$2.69 billion for Iraq reconstruction.<sup>45</sup> For a comparison of the Administration's FY 2012 and FY 2013 budget requests and the amounts made available for Iraq relief and reconstruction programs in FY 2011 and FY 2012, see Table 2.3.

According to DoS, in FY 2011—before the U.S. military's withdrawal from Iraq—the U.S. government as a whole spent approximately \$48 billion on Iraq. For FY 2013, the Administration's proposed government-wide request for Iraq is less than \$8 billion, including operating expenses, which is a reduction of more than 80% in two years.<sup>46</sup>

## International Narcotics Control and Law Enforcement

On October 1, 2011, the Department of Defense (DoD) transferred to DoS responsibility for managing the PDP, envisioned as a successor to the U.S. military police training program, with an emphasis on increasing the capability of the Ministry of Interior and Iraqi police services.<sup>47</sup> For FY 2012, the Administration requested \$1.00 billion in OCO funding for the INCLE to support a full year of operations of the PDP and the Criminal Justice Program in Iraq.<sup>48</sup> However, P.L. 112-74 appropriated \$984 million worldwide under the OCO title,

The Police Development Program expended the largest amount this quarter—almost \$69 million, or 36% of total expenditures from the three active major funds.

TABLE 2.2  
**OBLIGATIONS AND EXPENDITURES FROM MAJOR FUNDS, AS OF 3/31/2012**  
 \$ Millions

FUND	CATEGORY	SUB-ACTIVITY GROUP/PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE		
			OBLIGATED	EXPENDED	OBLIGATED	EXPENDED	
ISFF	Defense	Sustainment	2,528.3	2,380.5	22.3	20.7	
		Other	8,631.4	8,405.9	0.5	3.1	
		<b>Subtotal</b>	<b>11,159.7</b>	<b>10,786.5</b>	<b>22.8</b>	<b>23.8</b>	
	Interior	<b>Subtotal</b>	<b>6,617.1</b>	<b>6,326.7</b>		<b>1.7</b>	
		Related Activities Total	863.0	823.8			
	<b>ISFF Total</b>			<b>18,639.8</b>	<b>17,937.0</b>	<b>22.8</b>	<b>25.5</b>
ESF	Security	Community Action	450.4	402.7		24.0	
		PRT/PRDC Projects	604.2	580.2	2.7	8.0	
		Other	1,593.8	1,530.5	-0.7	4.0	
		<b>Subtotal</b>	<b>2,648.3</b>	<b>2,513.4</b>	<b>2.0</b>	<b>36.0</b>	
	Political	Democracy and Civil Society	263.6	232.1	0.7	11.0	
		Tarabot Administrative Reform	82.3	12.5		8.0	
		Other	620.3	578.6		2.0	
		<b>Subtotal</b>	<b>966.2</b>	<b>823.2</b>	<b>0.7</b>	<b>20.0</b>	
	Economic	Tijara Provincial Economic Growth	156.1	115.6		16.0	
		Inma Agribusiness Development	169.8	149.3		5.0	
		Other	495.8	431.9		6.0	
		<b>Subtotal</b>	<b>821.7</b>	<b>696.8</b>		<b>27.0</b>	
		Personnel Support	8.8	5.9		1.0	
	<b>ESF Total</b>			<b>4,445.0</b>	<b>4,039.3</b>	<b>2.8</b>	<b>84.0</b>
	INCLE	Criminal Justice	Police Advisors	587.2	544.7	27.0	68.6
Other			199.1	155.3	0.1	5.5	
<b>Subtotal</b>			<b>786.3</b>	<b>700.0</b>	<b>27.1</b>	<b>74.1</b>	
Corrections		<b>Subtotal</b>	<b>181.0</b>	<b>165.9</b>		<b>2.5</b>	
Other		Program Development and Support	45.7	29.2	7.7	3.3	
Counternarcotics		Counternarcotics	1.0				
<b>INCLE Total</b>				<b>1,014.0</b>	<b>895.1</b>	<b>34.7</b>	<b>79.9</b>
<b>Total</b>			<b>24,098.8</b>	<b>22,871.5</b>	<b>60.3</b>	<b>189.8</b>	

Note: Data not audited. Numbers affected by rounding. Categories include ministry (ISFF), track (ESF), and sector (INCLE).

Sources: OUSD(C), responses to SIGIR data calls, 1/18/2012 and 4/2/2012; USAID, responses to SIGIR data calls, 12/29/2011, 1/16/2012, and 4/2/2012; NEA-I, response to SIGIR data calls, 9/28/2011, 12/29/2011, 12/30/2011, 1/3/2012, and 3/27/2012; USACE, response to SIGIR data call, 4/3/2012; INL, responses to SIGIR data calls, 1/10/2012 and 4/9/2012.

and DoS subsequently allocated approximately \$500 million of this amount for the PDP in Iraq.<sup>49</sup>

DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) could designate additional funds from its FY 2012 base budget for the PDP and other programs currently underway in Iraq.

The Administration requested \$850 million in FY 2013 INCLE funding to support the PDP and other INL programs that support the rule of law and work to build capacity within the justice sector.<sup>50</sup> For more information on these programs, see Section 3 of this Report.

# FUNDING FOR IRAQ RECONSTRUCTION

TABLE 2.3  
**APPROPRIATIONS AND REQUESTS FOR IRAQ, FY 2011–FY 2013**  
 \$ Millions

FUND	FY 2011		FY 2012			FY 2013		
	APPROPRIATION	REQUEST			APPROPRIATION	REQUEST		
		BASE	OCO	TOTAL		BASE	OCO	TOTAL
<b>Defense</b>								
OSC-I Operating Expenses	129.1		524.0	524.0	524.0		508.0	508.0
Iraq Security Forces Fund	1,500.0							
Commander's Emergency Response Program	44.0		25.0	25.0				
<b>Subtotal</b>	<b>1,673.1</b>		<b>549.0</b>	<b>549.0</b>	<b>524.0</b>		<b>508.0</b>	<b>508.0</b>
<b>Civilian</b>								
Foreign Military Financing			1,000.0	1,000.0	850.0		911.0	911.0
International Narcotics Control and Law Enforcement	114.6		1,000.0	1,000.0	500.0		850.0	850.0
Economic Support Fund	325.7	325.7		325.7	299.4	262.9		262.9
USAID Operating Expenses	51.3	75.4		75.4	53.9	66.2		66.2
Contributions to International Organizations	33.3	44.3		44.3	44.3	44.3		44.3
Nonproliferation, Anti-terrorism, Demining and Related Programs	29.8	32.4		32.4	31.9	30.3		30.3
Education and Cultural Exchange Programs	7.5	7.0		7.0	7.0	7.0		7.0
DoS Office of Inspector General	4.9	9.2		9.2	9.2	6.1		6.1
International Military Education and Training	1.7	2.0		2.0	2.0	2.0		2.0
International Disaster Assistance	17.3							
SIGIR	22.0		18.5	18.5	19.5			
Migration & Refugee Assistance	280.0				202.6			
<b>Subtotal</b>	<b>888.2</b>	<b>496.0</b>	<b>2,018.5</b>	<b>2,514.5</b>	<b>2,019.8</b>	<b>418.9</b>	<b>1,761.0</b>	<b>2,179.9</b>
<b>Total</b>	<b>2,561.3</b>	<b>496.0</b>	<b>2,567.5</b>	<b>3,063.5</b>	<b>2,543.8</b>	<b>418.9</b>	<b>2,269.0</b>	<b>2,687.9</b>

Note: In cases where the Congress did not appropriate a specified amount for Iraq, the "appropriation" figure shown in this table is the amount that the agency allocated to Iraq from the total amount in the fund. SIGIR's FY 2012 budget request sought \$18.5 million in two-year funding to cover all SIGIR budget requirements through its anticipated closure of December 2012. Of this amount, SIGIR requested \$16.3 million to fund FY 2012 operating expenses and \$2.2 million for first quarter FY 2013 operating expenses. According to DoS, MRA funds are neither requested nor appropriated by country or population. The appropriated amounts are allocated once funds have been appropriated and may be revised as needs change throughout the year. Table does not include operating expenses for the Department of Justice, U.S. Marshals Service, or Defense Contracting Audit Agency.

Sources: OUSD(C), "United States, Department of Defense, Fiscal Year 2013 Budget Request Overview," 2/2012, p. 6-5; DoS, "Executive Budget Summary Function 150 & Other International Programs, Fiscal Year 2013," pp. 147, 148, 158, 173; DoS, "Congressional Budget Justification, Foreign Assistance, Summary Tables, Fiscal Year 2013," pp. 10, 17, 24, 101; DoS, "Congressional Budget Justification, Volume 1: Department of State Operations, Fiscal Year 2013," p. 812; OUSD(C), "Fiscal Year 2012 Budget Request Overview," 2/2012, p. 6; U.S. House of Representatives, "Department of Defense Appropriations Bill, 2012," Report 112-110, p. 298; DoS, "Congressional Budget Justification, Volume 2: Foreign Operations, Fiscal Year 2012," pp. 99, 101, 188, 190; DoS, "Congressional Budget Justification, Foreign Assistance, Summary Tables, Fiscal Year 2012," pp. 25, 101; DoS, "Congressional Budget Justification, Volume 1: Department of State Operations, Fiscal Year 2012," p. 779; SIGIR, "FY 2012 Budget," p. 1; NEA-I, responses to SIGIR data calls, 7/7/2011 and 3/27/2012; ABO, response to SIGIR data call, 1/18/2012; P.L. 111-383; P.L. 112-10; P.L. 112-74.

## Program Funding Administered by OSC-I

The Office of Security Cooperation-Iraq (OSC-I) administers two security-assistance funds in Iraq: the ISFF and the new Foreign Military Financing (FMF) program. OSC-I also administers the Foreign Military Sales (FMS) program, through which Iraq can acquire U.S. defense equipment, training, and services using ISFF, FMF, or GOI funds. OSC-I acts as the agent of the Defense

Security Cooperation Agency in administering both the FMF and FMS.<sup>51</sup>

The Administration requested \$524 million in FY 2012 OCO funding for anticipated start-up and operational costs for the OSC-I, and P.L. 112-74 provided this amount under the "Operation and Maintenance, Air Force" heading.<sup>52</sup> The Administration's FY 2013 budget request includes \$508 million in OCO funding for the operation of OSC-I.<sup>53</sup>



### Iraq Security Forces Fund

The Department of Defense and Full-Year Continuing Appropriations Act, 2011, (P.L. 112-10) appropriated \$1.5 billion for the ISFF with the deadline to obligate the funding by September 30, 2012.<sup>54</sup> At that time, any remaining unobligated funds expire and can no longer be used for new obligations. No ISFF was requested for either FY 2012 or FY 2013.<sup>55</sup>

The Ike Skelton National Defense Authorization Act of FY 2011 (P.L. 111-383) limited the amount of FY 2011 ISFF available for obligations to \$1 billion until the Secretary of Defense certified to the Congress that the Government of Iraq (GOI) had shown commitments to build the logistics and maintenance capacity of Iraqi Security Forces (ISF), developed institutional capacity to manage such forces independently, and developed a culture of sustainment of equipment provided by the United States or acquired with U.S. assistance. The certification must include a description of the actions taken by the GOI, which, in the Secretary's judgment, support the certification.<sup>56</sup>

This quarter, SIGIR released an interim report on the status of the FY 2011 ISFF that discusses the DoD recommendation to reprogram a portion of the ISFF appropriated under P.L. 112-10 for other DoD programs.<sup>57</sup> OSC-I had not expected the GOI to meet the certification requirements necessary to obligate the final \$500 million of the appropriated amount. However, OSC-I reported this quarter that "recent positive conversations indicate the GOI may be heading toward a renewed commitment to logistics, maintenance, and sustainment."<sup>58</sup> The Under Secretary of Defense (Comptroller) notified the Congress of DoD's intent to reprogram a portion of the ISFF. On March 6, 2012, DoD received authority to reprogram about \$345 million of the ISFF to fund other priorities. A revised spend plan is currently being prepared.<sup>59</sup> For a summary of SIGIR's audit, see Section 5 of this Report.

For a discussion of ISFF obligations and expenditures through programs administered by OSC-I, see Section 3 of this Report.

### Foreign Military Financing

Responsibility for military assistance programs has transitioned from DoD to DoS.<sup>60</sup> Although no ISFF was requested for FY 2012 or FY 2013,<sup>61</sup> the Administration requested \$1.00 billion in FY 2012 FMF grants for Iraq.<sup>62</sup> The FMF program, which operates worldwide, provides grants and loans to help countries purchase U.S.-produced weapons, defense equipment, defense services, and military training.<sup>63</sup> P.L. 112-74 appropriated \$1.1 billion under the OCO title for FY 2012 FMF worldwide, and DoS allocated \$850 million of this amount for Iraq.<sup>64</sup> The program is administered by OSC-I under DoS policy guidance.<sup>65</sup>

The Administration requested \$911 million in FY 2013 FMF for Iraq.<sup>66</sup> According to DoS, the funding for Iraq will be used to close gaps in the minimum essential capabilities of the ISF, support the development of enduring logistics capabilities and institutions to sustain U.S. and Iraqi post-war investments, and strengthen the long-term strategic partnership between the United States and Iraq.<sup>67</sup> Of the \$911 million requested for FY 2013, \$11 million will be used to pay the administrative costs of OSC-I personnel who support the FMF program.<sup>68</sup>

### Economic Support Fund

The Administration requested \$326 million in FY 2012 ESF for Iraq.<sup>69</sup> P.L. 112-74 appropriated \$5.76 billion for FY 2012 ESF programs worldwide,<sup>70</sup> and DoS allocated \$299 million of that amount for Iraq.<sup>71</sup>

For FY 2013, the Administration requested \$263 million of the ESF to support capacity-building efforts in Iraq's central and provincial governments, fund anticorruption programs, and promote broad-based economic growth and diversification, including the development of Iraq's agricultural sector and strengthening of Iraq's private-sector economy.<sup>72</sup> ♦

On March 6, 2012, DoD received authority to reprogram about \$345 million of the ISFF to fund other priorities.

## IRAQI FUNDING

As of March 31, 2012, Iraq had provided \$139.29 billion for relief and reconstruction through CPA spending of Iraqi funds in 2003–2004 (\$12.07 billion) and annual government of Iraq (GOI) capital budgets in 2003–2012 (\$127.23 billion).<sup>73</sup> This total includes \$31.88 billion provided in the GOI capital budget for Iraq’s 2012 fiscal year, which runs concurrently with the calendar year.<sup>74</sup>

### GOI Budget and Revenue

The Council of Representatives (CoR) this quarter passed a 2012 national budget of \$100.45 billion, with a projected deficit of \$12.69 billion. The budget assumes that 2012 revenues, including both oil and non-oil sources, will total \$87.76 billion. These revenue projections, in turn, are based on an anticipated price of \$85 per barrel of crude oil and an average export volume of 2.6 million barrels per day—about 450,000 barrels per day more than the daily export averages during the second half of 2011. The 2012 GOI budget thus assumes \$80.67 billion in oil revenue for the entire year.<sup>75</sup> During the first three months of 2012, the GOI received \$19.27 billion in oil receipts. This is an 18% increase from the same quarter in 2011, when oil receipts totaled \$16.31 billion.<sup>76</sup>

The CoR approved \$31.88 billion for capital investment projects and \$68.56 billion in operational spending. The change in capital investment represents a 24% increase over the 2011 budget. Between 2005 and 2012, the capital investment portion of the Iraqi budget has increased from 14% to 32%. The \$11.18 billion (20%) increase in operational spending, when compared with the 2011 budget, is driven mainly by a \$4.86 billion (40%) increase in the amount allocated to the Ministry of Finance as well as a \$1.87 billion (30%) increase in the amount allocated to the Ministry of Interior.<sup>77</sup>

### GOI Matching Funds for U.S. Projects

Early U.S.-funded reconstruction projects in Iraq often failed at handover, or shortly thereafter, because of limited Iraqi acceptance at the local level and a lack of resources or skills to sustain the operations of complex reconstruction projects.<sup>78</sup> From 2005 through 2007, the GOI amassed an estimated cumulative budget surplus of \$29 billion, in part because it did not fully spend its investment budgets.<sup>79</sup> In FY 2008, the Congress first required that, with some exceptions, all U.S. appropriated civilian foreign assistance funding for reconstruction in Iraq be matched by financial contributions from the GOI.<sup>80</sup> A similar requirement has applied to all subsequent appropriations for civilian reconstruction.<sup>81</sup> In the National Defense Authorization Act for FY 2011, the Congress added a cost-sharing requirement for ISFF-funded projects.<sup>82</sup>

### GOI Matching of DoS Programs

In the Supplemental Appropriations Act, 2008 (P.L. 110-252), the Congress required that funds provided in the act for assistance to Iraq, such as the ESF and INCLE, be matched by the GOI “on a dollar-for-dollar basis,” subject to some exceptions.<sup>83</sup> In April 2009, the Department of State (DoS) issued policy guidelines for GOI financial participation in these U.S.-funded activities,<sup>84</sup> specifying that it may be either direct monetary (that is, cash) or in-kind (such as “land contributed to attainment of the project”). The type of financial participation must be established prior to the obligation of U.S. assistance funds, and matching commitments of at least 50% of total costs are required for programs or projects that directly benefit or involve the Iraqi central government.<sup>85</sup>

P.L. 110-252 identified four program types that were exempt from the matching requirement, such

During the first three months of 2012, the GOI received \$19.27 billion in oil receipts. This is an 18% increase from the same quarter in 2011.

USAID identified 10 projects, valued at \$1.10 billion, as exempt from the matching requirements specified in the DoS guidelines.

as assistance to refugees and the promotion of democracy. DoS guidelines included three additional types of programs for exemption—support to the private sector, conflict prevention, and assessing the effectiveness of U.S. government programs. DoS also was granted additional authority to exempt specific programs or projects from the requirement when the Chief of Mission determines that doing so is in the national interest of the United States.<sup>86</sup>

DoS guidance acknowledged that a significant portion of U.S.-funded projects included security and other special operating costs, such as life support; consequently, DoS excluded these costs from the basis for calculating the GOI's matching contribution. The guidance further required that the GOI's financial contribution be made during the life of the program or project.<sup>87</sup>

The Supplemental Appropriations Act, 2009, (P.L. 111-32) addressed the GOI matching requirement by writing DoS's April 2009 policy guidelines into statute by reference with respect to FY 2009 funding. Subsequent appropriations required that the terms and conditions of P.L. 111-32's GOI matching requirement continue.<sup>88</sup>

### ESF-funded Programs

Since the matching requirement went into effect, at least \$1.55 billion has been made available for the ESF program.<sup>89</sup> The U.S. Agency for International Development (USAID) has received the vast majority of this amount in support of its efforts to promote democracy and governance, improve public health, and increase economic growth. The remainder of the ESF funding went to various DoS programs to provide economic assistance to Iraq.

As of March 31, 2012, USAID was managing 14 ESF projects, with 4 additional projects in the pre-award stage, for a combined ceiling cost of \$1.67 billion that requires matching by the GOI. USAID's list includes projects originally awarded prior to the matching requirement; however, since the projects were implemented over multiple years, USAID requested GOI matching for any project still active subsequent to the April 2009 DoS guideline.<sup>90</sup>

Of the \$1.67 billion, USAID identified 10 projects, valued at \$1.10 billion (66%), as exempt from the matching requirements specified in the DoS guidelines. For the remaining eight projects, valued at \$576.3 million, USAID subtracted security costs of \$144.1 million and \$25.1 million from one project that only partially benefitted the GOI. Consequently, USAID determined that the GOI should match \$407.2 million (24%) of total project costs (see Figure 2.4).<sup>91</sup>

USAID reported that it will seek cost-sharing agreements with the GOI for exempted programs in the amount of \$248 million.<sup>92</sup> For the \$117 million Governance Strengthening Project, for example, USAID is currently negotiating a cost-share agreement with the local provincial governments benefiting from this project. USAID estimated the GOI's contribution would be \$88 million and expected the contribution to be largely in-kind.<sup>93</sup>

DoS guidance requires written documentation describing the types of financial participation the GOI will provide to a program or project prior to the obligation of U.S. assistance funds.<sup>94</sup> However, USAID is still negotiating with the GOI on cost-sharing memorandums of agreement for projects already awarded. For example, USAID awarded the \$157 million National and Provincial Administrative Reform Project (*Tarabot*) project in June 2011, but as of March 28, 2012, no cost-sharing agreement had been finalized. USAID reported that the GOI is actively working to establish the mechanisms of a large cost-sharing fund for this program. USAID determined the GOI financial contribution for the *Tarabot* project will be approximately \$113.3 million and is negotiating a memorandum of understanding with the GOI regarding its financial contribution to this program.<sup>95</sup> Previously, USAID indicated that the GOI's contribution would be largely in-kind rather than cash.<sup>96</sup>

USAID reported that, as of March 31, 2012, it had secured the GOI's commitment to provide financial contributions for two ESF-funded projects—the \$53.3 million Financial Development and the \$74.9 million Primary Health Care Project in Iraq.

USAID estimated the GOI's financial contribution for the two projects combined to be \$71 million. USAID expects the GOI's financial participation to take the form of in-kind contributions.<sup>97</sup>

The Quick Response Fund (QRF), managed by DoS and USAID, was established with ESF funding to accelerate economic, social, and civil society developments within the Iraqi provinces.<sup>98</sup> For FY 2010, FY 2011, and FY 2012, DoS reported a total of 1,048 QRF funded projects valued at \$43.5 million. According to DoS, only 125 (12%) of these QRF projects, worth \$7.8 million (18%), required GOI financial contributions. DoS reported that the GOI provided a total of \$5.2 million in matching contributions (67% of the cumulative total project costs), including in-kind value of \$4.1 million and \$1.1 million in cash.<sup>99</sup> This quarter, SIGIR released an interim report addressing the extent to which DoS has implemented SIGIR recommendations to improve its internal controls of the QRF program; for more details, see Section 5 of this Report.

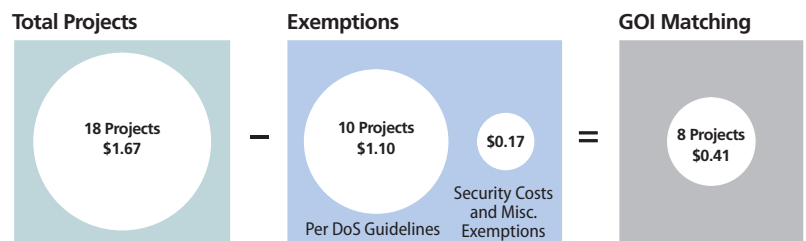
### INCLE-funded Programs

One of the largest remaining U.S. reconstruction efforts is the INCLE-funded PDP. By October 2011, the PDP had already received approximately \$745 million, and DoS planned to allocate an additional \$500 million in FY 2012 INCLE funds to the program. Further, DoS requested \$850 million in FY 2013 funds in support of the program. INL reported that recent GOI actions, such as the waiver of aviation service charges and the signing of no-cost leases for PDP facilities, meets the 50% GOI financial participation requirement. SIGIR's upcoming audit of the PDP will address the cost-sharing issue in detail.<sup>100</sup>

### GOI Matching of DoD Programs

The Duncan Hunter National Defense Authorization Act for FY 2009 (P.L. 110-417) required the U.S. government to "take actions to ensure" that Iraqi funds are used to pay the costs of the salaries, training, equipping, and sustainment of the ISF.<sup>101</sup>

FIGURE 2.4  
ESTIMATED GOI COST SHARING FOR USAID PROGRAMS  
\$ Billions



Note: Numbers affected by rounding.

Sources: USAID, responses to SIGIR data call, 4/13/2012 and 4/18/2012.

However, prior to FY 2011, the GOI was not required to match any ISFF funding. The Ike Skelton National Defense Authorization Act of FY 2011 (P.L. 111-383) required, with the exception of items listed on the U.S. Munitions List, at least a 20% GOI cost-share for the purchase of any item or service for the Iraqi Security Forces (ISF) out of the \$1.5 billion FY 2011 ISFF. The Congress also stated that not more than \$1 billion of the funds for the ISF could be obligated until the Secretary of Defense certified that the GOI had demonstrated a commitment to adequately build the logistics and maintenance capacity of its security forces, to develop the institutional capacity to manage such forces independently, and to develop a culture of sustainment for equipment provided by the U.S. government or acquired with U.S. assistance.<sup>102</sup>

According to SIGIR's April 2012 audit, as of March 20, 2012, OSC-I has obligated approximately \$243.1 million of the FY 2011 ISFF on 30 purchases, 24 of which were exempt from the GOI cost-sharing contribution because the items were listed on the U.S. Munitions List. The GOI's contribution for the six remaining purchases was approximately \$124.7 million. For the six purchases, the GOI's cost share ranged from 48% to 62%.<sup>103</sup> OSC-I requires the GOI's cost share to be cash deposits into U.S. bank accounts prior to obligating or expending ISFF funding for a project.<sup>104</sup> This quarter, SIGIR completed an audit of the status of the FY 2011 ISFF, including the GOI's financial contributions; for a summary, see Section 5 of this Report. ♦

OSC-I requires the GOI's cost share to be cash deposits into U.S. bank accounts prior to obligating or expending ISFF funding for a project.

## INTERNATIONAL SUPPORT

International support for Iraq reconstruction includes bilateral and multilateral development assistance in the form of loans and grants. As of the end of this quarter, DoS reported \$18.02 billion in total donor pledges—\$5.26 billion in grants and \$12.77 billion in loans. Donor commitments totaled \$12.91 billion—\$6.51 billion in grants and \$6.40 billion in loans.<sup>105</sup>

As of the end of this quarter, \$8.60 billion of total non-U.S. funds committed had been provided through bilateral assistance. Japan, the largest non-U.S. international donor, has committed grants and loans totaling more than half that amount, or about \$4.50 billion.<sup>106</sup> New Japanese loans totaling nearly \$800 million for four projects are set to be finalized by the end of May 2012.<sup>107</sup>

- \$500 million for a project to upgrade the refinery in Basrah
- \$135 million for a project to enhance Internet infrastructure for several major cities, including Baghdad, Basrah, and Mosul
- \$120 million for a project to build several health-care centers

- \$30 million for a project to refurbish the Baiji refinery

The European Union (EU) has committed \$840 million through grant assistance.<sup>108</sup>

Multilateral development assistance, in the form of loan and grant commitments from the World

TABLE 2.4  
IRFFI DONOR COMMITMENTS, AS OF 9/30/2010  
\$ Millions

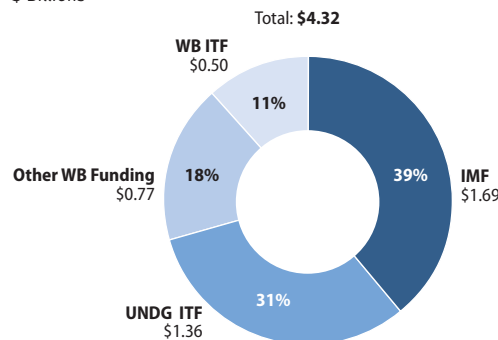
	WB ITF	UNDG ITF	TOTAL
European Union	179.74	594.21	773.96
Japan	130.63	360.95	491.58
United Kingdom	71.38	55.54	126.93
Spain	20.00	93.17	113.17
Canada	26.67	63.79	90.45
Australia	16.14	31.67	47.81
Italy		39.23	39.23
Korea	9.00	21.00	30.00
Sweden	5.81	13.66	19.46
Norway	6.72	7.01	13.73
Netherlands	6.19	6.70	12.88
Denmark		12.41	12.41
Finland	2.58	7.70	10.28
Germany		10.00	10.00
India	5.00	5.00	10.00
Kuwait	5.00	5.00	10.00
Qatar	5.00	5.00	10.00
Turkey	1.00	9.00	10.00
United States	5.00	5.00	10.00
Greece		3.63	3.63
New Zealand		3.37	3.37
Luxembourg		2.32	2.32
Iceland	1.00	0.50	1.50
Belgium		1.32	1.32
Ireland		1.23	1.23
<b>Total</b>	<b>496.87</b>	<b>1,358.39</b>	<b>1,855.26</b>

Note: Numbers affected by rounding.

Source: IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Trust Fund," 9/30/2010.

Japan, the largest non-U.S. international donor, has committed grants and loans totaling about \$4.50 billion.

FIGURE 2.5  
MULTILATERAL FUNDING FOR IRAQ,  
AS OF 3/31/2012  
\$ Billions



Sources: NEA-I, responses to SIGIR data calls, 4/5/2011, 4/7/2011, and 7/12/2011; IRFFI, World Bank, "World Bank Operations in Iraq," 12/31/2011, [siteresources.worldbank.org/IRFFI/Resources/DatasheetDecember2011.pdf](http://siteresources.worldbank.org/IRFFI/Resources/DatasheetDecember2011.pdf), accessed 3/19/2012; IRFFI, "Donor Commitments to the World Bank Iraq Trust Fund and United Nations Development Group Trust Fund," 9/30/2010.



Bank, United Nations, and the International Monetary Fund (IMF), totaled \$4.32 billion as of March 31, 2012.<sup>109</sup> For a summary of these multilateral funding sources, see Figure 2.5.

## International Reconstruction Fund Facility for Iraq

The International Reconstruction Fund Facility for Iraq (IRFFI) was launched in 2004 to help donor nations channel their resources and coordinate support for reconstruction and development in Iraq through two trust funds: the United Nations Development Group Iraq Trust Fund (UNDG ITF) and the World Bank Iraq Trust Fund (WB ITF). No new IRFFI projects were started after 2010, and all ongoing projects are to be completed and funds disbursed by the time the IRFFI terminates on December 31, 2013. As of the end of this quarter, 25 IRFFI donors, including the United States, had committed \$1.86 billion for Iraq reconstruction.<sup>110</sup> For a summary of IRRF deposits by country, including a breakdown by World Bank and United Nations funding vehicles, see Table 2.4.

## United Nations

UNDG ITF donor commitments to the IRFFI total \$1.36 billion, and all of those funds have been used by 16 UN implementing agencies for various projects and joint programs. Approximately 58% (\$786 million) of total funds were allocated to the work of three UN agencies that oversaw 116 of the 274 total projects administered under the IRFFI:<sup>111</sup>

- United Nations Development Programme (UNDP)—\$374 million
- United Nations Office for Project Services (UNOPS)—\$229 million
- United Nations Children’s Fund (UNICEF)—\$182 million

For a breakdown of expenditures by participating UN organization and sector, see Figure 2.6.

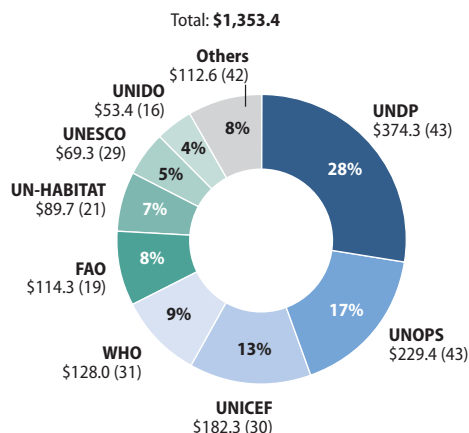
## World Bank

WB ITF commitments to the IRFFI total \$497 million. As of December 31, 2011, these funds had financed 26 projects—6 of which had been completed. The largest share of these funds (41%) were committed to water and sanitation projects.<sup>112</sup> For a full breakdown of the distribution of WB ITF assistance, by sector, see Figure 2.7.

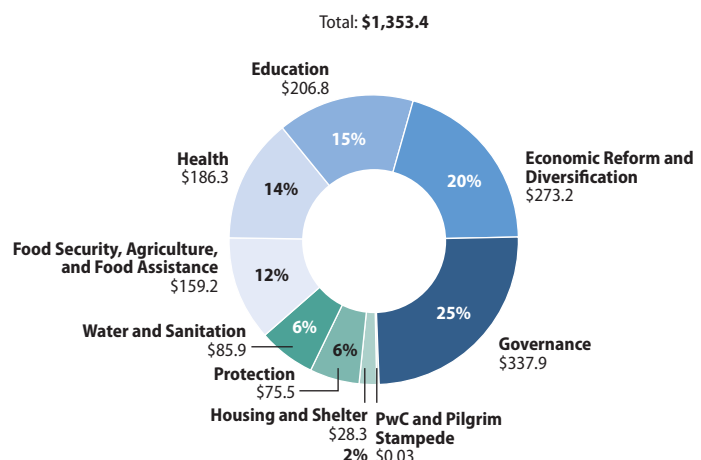
The largest share of these funds (41%) were committed to water and sanitation projects.

FIGURE 2.6  
UNDG IRAQ TRUST FUND EXPENDITURES, 2004–2012

**By UN Organization**  
\$ Millions (Number of Projects)

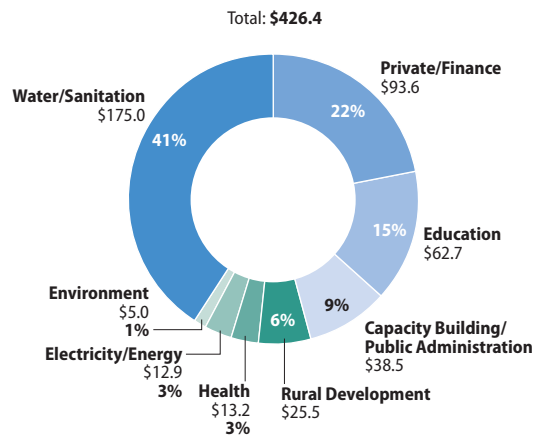


**By Sector**  
\$ Millions



Source: UNDG ITF, “Final Quarterly Newsletter,” 1/2012, p. 13.

FIGURE 2.7  
ONGOING WB ITF-FUNDED PROJECTS, BY SECTOR  
\$ Millions



Source: IRFFI, "World Bank Iraq Trust Fund Progress Report," 1/2012, p. 2.

The scope of active WB ITF-funded projects varies from a \$1.2 million initiative to increase the access to and quality of health services for vulnerable groups to a \$110 million project that would upgrade and rehabilitate the basic water supply

in several cities. Of the completed ITF-funded projects, the largest was a \$38.8 million effort to provide textbooks and improve learning conditions in both primary and secondary schools.<sup>113</sup> For a listing of ongoing ITF-funded projects, see Table 2.5.

## Other World Bank Assistance

The World Bank has also committed \$508.5 million through six International Development Association (IDA) credits. IDA credits offer more favorable terms for developing countries, including lower interest rates, longer terms, and 5-year to 10-year grace periods.<sup>114</sup> The first credit was approved in November 2005, but none of the IDA projects have been completed. About 53% of the funds from the largest credit—a \$135 million emergency road-rehabilitation project—have been disbursed. Only 2% of funds from the next largest credit—a \$124 million emergency electricity project—have been disbursed.<sup>115</sup> ♦

# FUNDING FOR IRAQ RECONSTRUCTION

TABLE 2.5  
ONGOING WORLD BANK IRAQ TRUST FUND PROJECTS  
\$ Millions

PROJECT NAME	AMOUNT	CLOSING DATE	OBJECTIVES
Water Supply, Sanitation, and Urban Development Project	110.0	6/2013	Upgrade and rehabilitate the water supply and sanitation in seven cities; provide technical assistance and institutional support
Private Sector Development Project	65.0	3/2012	Address key priorities in institutional capacity building to foster development of private and financial sectors and generate jobs through private-sector development
Baghdad Water Supply and Sanitation Project	65.0	6/2013	Restore water supply and sanitation services for Baghdad through the rehabilitation of existing facilities; provide technical assistance and institutional support
School Construction & Rehabilitation Project	60.0	6/2012	Improve condition of the primary and secondary school systems through the construction of new schools and expansion and rehabilitation of existing schools
Community Infrastructure Rehabilitation (Additional Financing)	25.5	12/2012	Restore the rural water infrastructure through civil works; create employment, enhance community participation, and increase institutional capacity
Public Finance Management Project	18.0	6/2013	Support the Ministry of Finance to develop effective, accountable, and transparent public financial management
Regional Health Emergency Response	13.2	6/2012	Assist the KRG in establishing effective response services to health emergencies
Household Survey & Policies Project	12.1	9/2012	Strengthen GOI's ability to make and implement policies on poverty reduction, job creation, and safety-net improvement
Banking Sector Reform Project	10.0	6/2013	Support implementation of Iraq's Banking Reform Strategy and Action Plan, focusing on the institutional, operational, and financial restructuring of state-owned banks as well as the strengthening of regulatory and supervisory roles of the Central Bank of Iraq
Second Capacity Building Project	9.4	12/2012	Focus on economic and public sector management and social safety nets (follow-on to the First Capacity Building Project)
Social Protection Project	8.0	6/2012	Strengthen capacity in the Ministry of Labor and Social Affairs and Ministry of Finance to develop, manage, and monitor pension and social safety-net reform programs
Integrated National Energy Strategy Technical Assistance Project	6.9	6/2012	Improve GOI's ability to develop an energy strategy that increases the contribution of the sector to sustainable development
Electricity Reconstruction Project	6.0	6/2013	Upgrade the Ministry of Electricity's technical skills in the operations and maintenance of power utilities in conjunction with a \$124 million IDA credit that aims to restore the baseload generation capacity of the Hartha power station.
Pension Reform Technical Assistance	5.8	4/2013	Support GOI in implementing the new Pensions Law, unification of public and private pension schemes, and development of a long-term old-age income strategy for Iraq
Environmental Management Project	5.0	6/2012	Strengthen the Ministry of Electricity's ability to perform policy analysis, formulate laws and regulations, conduct technical studies, monitor environmental quality, and promote environmental awareness
Education Sector Technical Assistance	2.7	9/2012	Support the GOI's efforts to develop a sector strategy for education in Iraq
Public Distribution System Technical Assistance	2.6	6/2013	Strengthen the Ministry of Planning and Development Cooperation's capacity to implement the rationalization of the universal public distribution system
Second Emergency Assistance Program for Primary Health Care	1.2	5/2013	Increase the access and quality of basic health services for vulnerable groups through improved partnerships between public healthcare centers and community-based health services

**Note:** The Household Survey & Policies Project includes a \$7.0 million grant and \$5.1 million in technical assistance. The Public Finance Management Project includes a \$16.0 million grant and \$2.0 million in technical assistance.

**Source:** IRFFI, World Bank, "World Bank Operations in Iraq," 12/31/2011, [siteresources.worldbank.org/IRFFI/Resources/DatashetDecember2011.pdf](http://siteresources.worldbank.org/IRFFI/Resources/DatashetDecember2011.pdf), accessed 3/19/2012.