

U.S.-FUNDED PROGRAMS IN IRAQ

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U.S.-IRAQ STRATEGIC FRAMEWORK AGREEMENT

The Strategic Framework Agreement (SFA) serves as the primary document governing political, economic, and security relations between the United States and the Government of Iraq (GOI). Signed by both countries in November 2008, the broadly phrased eight-page agreement commits the United States and Iraq to “a long-term relationship of cooperation and friendship, based on the principle of equality in sovereignty.”

The SFA calls for the details of these relationships to be managed by bilateral Joint Coordination Committees (JCCs) in accordance with the strategic guidance set forth by the Higher Coordinating Committee (HCC), which monitors the overall implementation of the SFA. The HCC met in July 2009 and November 2011. No date has been set for the next meeting of the HCC.¹¹⁶

Recent JCC Activities

The eight existing JCCs currently manage U.S.-Iraq relations in the areas of diplomacy, defense, energy, trade and investment, science, communications and information technology, law enforcement, and culture and education. However, for the second consecutive quarter, the Department of State (DoS) gave SIGIR limited information on JCC activities, providing press releases that only covered the activities of two JCCs.¹¹⁷

Cultural, Educational, and Scientific Cooperation

In February 2012, the Cultural, Educational, and Scientific JCC met in Washington—the first meeting of this body in almost a year. The session was co-chaired by GOI Minister of Higher Education and Scientific Research Ali al-Adeib and U.S. Assistant Secretary of State for Educational and Cultural Affairs Ann Stock. In a joint statement issued after

the meeting, the delegations reported that the two sides had agreed to:¹¹⁸

- continue to build academic linkages and exchanges, noting that Fulbright fellowships and other initiatives bring hundreds of Iraqi scholars, students, youths, and professionals to the United States each year
- strengthen the academic collaboration of seven extant university-to-university linkages
- expand the Iraqi chapter of Teachers of English to Speakers of Other Languages, which was founded in November 2011
- work to preserve the ancient site of Babylon (an initiative that is being partially financed by a U.S. grant to the World Monuments Fund)
- support educational programs at the Iraqi Institute for the Conservation of Antiquities and Heritage

At this meeting, the United States also agreed to augment its student-advising activities, including college-fair activities that have been modeled on the event held in Erbil in October 2011. These fairs support the GOI’s stated goal of having at least 25% of Iraqis studying abroad matriculating at U.S. colleges and universities.¹¹⁹

Law Enforcement and Judicial Cooperation

On March 3, the Law Enforcement and Judicial Cooperation JCC met in Baghdad, its first meeting since April 3, 2011. Assistant Chief of Mission Michele Sison and GOI Chief Justice Medhat al-Mahmoud chaired the session. The delegations said they reviewed progress on several key cooperative endeavors, including the Police Development Program (PDP), the Judicial Development Institute, and Department of Justice (DoJ) efforts to build the capacity of Iraq’s judiciary and corrections service. No further details were provided.¹²⁰ ♦

These fairs support the GOI’s stated goal of having at least 25% of Iraqis studying abroad matriculating at U.S. colleges and universities.

U.S. EMBASSY-BAGHDAD

Nomination of Next Ambassador

On March 27, President Barack Obama nominated Brett McGurk to be the next Ambassador to Iraq. Previously, McGurk served on the National Security Council staffs of Presidents George W. Bush and Barack Obama. He has also worked as a senior advisor to Ambassadors Ryan Crocker and Christopher Hill in Baghdad. In 2007 and 2008, McGurk was one of the lead U.S. negotiators in the talks that resulted in the U.S.-Iraq Security Agreement (SA) and the SFA. McGurk also represented the United States in the recent unsuccessful talks concerning the possibility of stationing a residual U.S. military force in Iraq after the expiration of the SA on December 31, 2011.¹²¹

Staffing and Other Changes

The number of personnel supporting the U.S. Mission in Iraq declined this quarter from almost 14,000 to 12,755—89% of whom are contractors. As of April 3, DoS reported that there were 1,369 U.S. government civilian employees under Chief of Mission authority, down 8% from last quarter (1,490). DoS estimated that approximately 11,386 contractors (U.S., local national, and third-country national) were supporting Mission Iraq as of early April, down more than 7% from last quarter (12,300). Of these contractors, DoS estimated that about 2,950 provided security-related services for DoS sites, down more than 22% from last quarter (3,800).¹²²

The Department of Defense (DoD) Synchronized Predeployment and Operational Tracker (SPOT) database, however, showed that, as of April 1, 2012, 16,973 employees of U.S.-funded contractors and grantees supported DoD, DoS, the U.S. Agency for International Development (USAID),

and other U.S. agencies in Iraq;¹²³ and the Office of Security Cooperation-Iraq (OSC-I) reported that 3,577 private security contractors were operating in Iraq supporting both DoS and OSC-I sites, as of April 17.¹²⁴

According to U.S. Embassy-Baghdad, only 6 U.S. government employees—those serving in the Iraq Strategic Partnership Office (ISPO)—work on reconstruction programs, as well as 48 contractors (down from 56 reported last quarter). These totals do not include U.S. government employees and contractors of all nationalities who support the Police Development Program (PDP), which is staffed by at least 86 U.S. advisors and several hundred contract workers. Nor does it count any employees or contractors supporting USAID, the U.S. Army Corps of Engineers (USACE), or other federal agencies in Iraq. The PDP and other U.S. programs are discussed in detail later in this section.¹²⁵

In response to media reports about plans to reduce significantly the size of the U.S. diplomatic presence in Iraq, Deputy Secretary of State for Management and Resources Thomas Nides stated in early February that DoS would be attempting to “right size” Mission Iraq over the next few months by cutting the number of contractors. He added that DoS is studying the possibility of hiring more Iraqi staff and possibly purchasing foodstuffs and other life-support supplies from local vendors. Deputy Secretary Nides cautioned, however, that such a transition would not “happen overnight” and that any such changes would need to be evaluated in light of their potential effects on the security of U.S. personnel.¹²⁶

Earlier in the quarter, senior Embassy officials spent a significant amount of time working with the GOI to expedite the entry of U.S. food convoys from the Safwan border crossing, which lies just north of Kuwait. Reportedly, the number of trucks that entered Iraq through that crossing dropped

The number of personnel supporting the U.S. Mission in Iraq declined this quarter from almost 14,000 to 12,755—89% of whom are contractors.

for a time from 400–600 per day down to about 60 because of regulatory impediments imposed by the Ministry of Transportation.¹²⁷

Engaging the GOI

According to a March 16 statement by Deputy Assistant to the President and National Security Advisor to the Vice President Antony Blinken, engagements between U.S. officials and their GOI counterparts “have increased—not decreased” since the withdrawal of U.S. military forces in December 2011.¹²⁸

- U.S. Ambassador James Jeffrey met with Prime Minister al-Maliki nine times between January 1 and mid-March 2012, and with the Prime Minister’s top aides “dozens of times.”
- In January 2012, U.S. personnel conducted approximately 40 “movements” per day (aggregate total of movements from U.S. Embassy-Baghdad and the consulates in Erbil, Basrah, and Kirkuk).

Iraq Strategic Partnership Office

U.S. Embassy-Baghdad reported that ISPO had 23 open projects at the end of the quarter. Nine of the open projects were in the pre-award stage and had not yet been started, and two were started this quarter. Among the projects being implemented, the largest were for construction of the Missan Surgical

Hospital (two projects with a combined total of \$16.1 million) and the Wazeriya National Training Center (\$8.9 million) and for the connection of houses to Falluja’s sewer system (\$7.6 million). The \$7 million project to procure and install MRI and CT scanners at Basrah Children’s hospital, as well as a separate \$3 million project related to medical equipment at that hospital, is not expected to be awarded until June.¹²⁹

As shown in Table 3.1, \$60.8 million has been budgeted for the 23 open projects, \$48.2 million has been obligated toward them, and \$33.3 million (55%) of the budgeted amount has yet to be expended. All 23 projects were being funded by the Economic Support Fund (ESF) and implemented by USACE.¹³⁰

According to the Embassy, the ISPO staff oversees USACE’s efforts on these ESF-funded projects and provides liaison with the relevant GOI agencies for projects. ISPO’s oversight includes “robust communication with USACE in assessing project progress and addressing the wide array of challenges that affect project completion, monitoring USACE regularly provided reports, reviewing financial management, and occasional site visits.”¹³¹ USACE, in turn, has awarded a contract to Versar, which has hired Iraqis to provide construction management support.¹³²

The Embassy reported that no ISPO projects were completed, transferred to the GOI, reduced in scope, or canceled during the quarter.¹³³ ♦

Among the projects being implemented, the largest were for construction of the Missan Surgical Hospital and the Wazeriya National Training Center and for the connection of houses to Falluja’s sewer system.

TABLE 3.1
OPEN ISPO-MANAGED PROJECTS, AS OF 3/31/2012
 \$ U.S.

PROGRAM	PROJECT	ACTUAL OR ESTIMATED AWARD DATE	SCHEDULED COMPLETION DATE	BUDGETED OR ESTIMATED COST	OBLIGATED	EXPENDED	UNEXPENDED BUDGETED AMOUNT	
Provincial Reconstruction Development Council (PRDC)	Wazeriya National Training Center	11/2010	6/2012	8,882,254	8,882,254	5,305,532	3,576,722	
	Missan Hospital Phase 1	9/2007	6/2012	8,561,802	8,561,802	7,831,585	730,217	
	Missan Hospital Phase 2	1/2008	6/2012	7,530,252	7,530,252	6,719,336	810,916	
	Basrah Children's Hospital (BCH) Install MRI and CT Scanners	6/2012	12/2012	7,000,000	50,000	10,066	6,989,934	
	BCH Linear Accelerator O&M and Training	6/2012	6/2013	3,000,000	60,000	26,035	2,973,965	
	Install Equipment for BCH	6/2011	5/2012	2,088,646	2,088,646	1,109,287	979,359	
	Facility Mgmt at Basrah Children's Hospital	11/2011	12/2012	1,408,630	1,373,780	51,293	1,357,337	
	Primary Healthcare Center Repairs, Central Iraq	5/2012	9/2012	550,000			550,000	
	Primary Healthcare Center Repairs, Southern Iraq	4/2012	7/2012	450,000			450,000	
	Buildings, Health, & Education Subtotal				39,471,584	28,546,734	21,053,133	18,418,451
		Rusafa Courthouse Repairs	4/2012	4/2013	1,684,500	1,684,500		1,684,500
		Upgrade Rusafa Courthouse, Assessment	2/2012	12/2012	809,875	809,875	765,653	44,222
		Rusafa Courthouse Claim for Latent Defects	4/2012	9/2012	30,000	30,000	959	29,041
	Security & Justice Subtotal				2,524,375	2,524,375	766,612	1,757,763
	Al-Musayab Combustion Turbine Commission Units 9 & 10	6/2010	6/2012	4,758,150	4,758,150	158,150	4,600,000	
	Electrical Transmission Study & Master Plan	4/2012	1/2013	1,859,713	1,859,713	26,213	1,833,500	
	Procure Electrical Coil Winding Machines	5/2012	11/2012	450,000	12,000		450,000	
Electricity Subtotal				7,067,863	6,629,863	184,363	6,883,500	
	Fallujah Sewer System House Connections	3/2010	5/2013	7,617,456	7,617,456	4,586,456	3,031,000	
	Mosul Dam Early Warning System	7/2010	9/2012	1,180,000	1,180,000	178,452	1,001,548	
	Review of Ministry of Water Master Plan	6/2011	9/2012	400,000	400,000	57,467	342,533	
	Iraq Watershed Predictive Model	8/2011	7/2012	220,000	220,000	104,678	115,322	
	Fallujah Waste Water Treatment Plant O&M	1/2012	7/2012	266,009	266,009	78,275	187,734	
Water Subtotal				9,683,465	9,683,465	5,005,328	4,678,137	
PRDC Projects Total				58,747,287	47,384,437	27,009,435	31,737,852	
Capacity Development/ Operations, Maintenance, and Sustainment (CD/OMS)	Mosul Dam Subject Matter Expert Advisory Group Support	3/2010	9/2012	514,987	514,987	176,436	338,551	
	Rivers and Lakes Study	7/2010	6/2012	344,601	344,601	277,406	67,195	
	OMS Procurement Additional Spare Parts	4/2012	10/2012	1,170,504	5,202	5,202	1,165,302	
	CD/OMS Projects Total				2,030,092	864,790	459,044	1,571,049
All ISPO Projects Total				60,777,379	48,249,227	27,468,478	33,308,901	

Note: Data not audited. Numbers affected by rounding.

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 4/3/2012.

OTHER DEPARTMENT OF STATE PROGRAMS

Bureau of International Narcotics and Law Enforcement Affairs

DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) supports several rule-of-law programs whose stated purpose is to assist the GOI's law-enforcement, anticorruption, and judicial institutions. As of March 31, 2012, \$1.01 billion from the International Narcotics Control and Law Enforcement (INCLE) account had been obligated in Iraq, including approximately \$118.8 million that has not yet been expended. Of the \$984 million in FY 2012 funding that the Congress appropriated for INCLE programs worldwide, DoS originally planned to allocate approximately \$500 million for the PDP in Iraq. However, this amount is subject to change.¹³⁴

As of March 31, 2012, INL reported that it had 193 personnel in Iraq:¹³⁵

- 86 U.S. government employees on temporary direct-hire contracts
- 55 Iraqi staff
- 33 other U.S. government civilian employees, including 12 Department of Homeland Security (DHS) personnel implementing PDP initiatives
- 18 U.S. contractors
- 1 third-country national contractor

However, INL noted that this list is not all inclusive, because it does not include government employees or contractors implementing INL programs through interagency agreements with other federal agencies.¹³⁶

Monitoring and Evaluation

INL stated that the progress of its criminal-justice programs in Iraq—including the PDP, Justice, Drug Demand Reduction, and Pre-Trial Detention Assistance Programs—will be examined by

its Monitoring and Evaluation (M&E) team. As of April 3, the team had two staff members—the Chief M&E specialist, who is stationed at the Chancery Compound in Baghdad, and one M&E specialist, stationed in Erbil, who spends time at the INL program hubs in Erbil, Baghdad, and Basrah.

According to INL, the M&E team will operate independently from INL program staff and conduct its work “predominantly through an IT-based reporting mechanism,” which was still under development as of early April. The PDP will undergo a program review every six months. Other INL-funded programs will undergo evaluations according to their program plans, but not more than once per quarter.¹³⁷ Next quarter, SIGIR plans to issue its second audit of the PDP.

Police Development Program

The objective of the PDP is to enhance the management and operational capacities of senior Ministry of Interior (MOI) officers. Operating out of the three program hubs, INL holds classes and seminars for MOI personnel and works to develop relationships with key leaders. After more than two years of discussions and consultations, the PDP commenced operations on October 1, 2011.¹³⁸ Although no date has been set for the end of the program—in part because INL has never asked the MOI to sign any commitments about the PDP's duration—the MOI's Principal Deputy Minister, Adnan al-Asadi, told the Inspector General in November 2011 that the MOI intends to review the PDP's progress at the end of 2012 and decide then whether the program should continue into 2013 and beyond.¹³⁹

As part of SIGIR's ongoing audit of the PDP, INL provided documents purporting to represent the GOI's financial commitment to the PDP through its waiver of landing fees and aviation service charges and its signing of no-cost leases

The M&E team will operate independently from INL program staff and conduct its work “predominantly through an IT-based reporting mechanism.”

for facilities at the Baghdad Police College Annex (BPAX), formerly known as Joint Security Station Shield; the Erbil Diplomatic Support Center; and the Erbil Air Terminal. According to INL, the fair market value of these commitments meets the 50% GOI financial participation requirement. SIGIR's upcoming audit of the PDP will address the cost-sharing issue in more detail.¹⁴⁰

Upcoming Changes to the PDP

The PDP has confronted an array of challenges since its inception, including skepticism on the part of some senior GOI leaders as to its value and security concerns affecting the frequency with which PDP advisors can travel to MOI sites. This quarter, INL acknowledged that those challenges may lead to the further restructuring of the PDP in the near future.¹⁴¹

In early April, INL stated that it is conducting its first semiannual review of the PDP. INL added that this review may result in significant changes to the program, particularly when coupled with the Embassy's decision to cease operations at BPAX, the largest of the three PDP hubs, by the end of FY 2012. After BPAX's closure, Baghdad PDP operations will be consolidated onto the Chancery Compound in the International Zone.¹⁴²

The imminent closing of BPAX will alter the scope of the PDP. For more than a year, INL has been working with DoS's Bureau of Overseas Buildings Operations on extensive U.S.-funded improvements to BPAX's physical plant, including the construction of new buildings and the refurbishments of several existing facilities. Although it is difficult to calculate the value of all U.S.-funded infrastructure improvements to BPAX, the total funds devoted to improving and expanding hub sites and associated facilities totaled \$343 million.¹⁴³

BPAX Security

Because BPAX is a stand-alone facility lying outside of the International Zone, personnel working there are exposed to a unique set of security risks. To mitigate these vulnerabilities, INL relies on

a multitude of contractors who are overseen by the Embassy's Regional Security Office (RSO). At BPAX, Triple Canopy, Inc., contractors provide protective details and escort PDP convoys. Torres Advanced Enterprise Solutions, LLC, provides perimeter security, with Iraqi Security Forces guarding the outer perimeter. EOD Technology, Inc., operates the counter-mortar and counter-rocket system, and three U.S. military personnel are attached to the RSO explosive ordnance disposal unit. Another U.S. contractor provides a computer technician who manages the classified email system used by PDP personnel.¹⁴⁴

PDP Staffing and Collaboration with Other U.S. Agencies

INL reported that, as of the end of the quarter, 86 PDP advisors were in Iraq—down slightly from 91 advisors last quarter, and less than half the 190 called for by the original plan. Included in the total number of PDP advisors are 12 DHS personnel who are also advising the MOI under the auspices of the PDP.¹⁴⁵

The DHS personnel are drawn from Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and U.S. Coast Guard (USCG). ICE focuses on assisting the MOI and other ministries to develop expertise for coordinating complex international criminal investigations. CBP activities focus on providing an advanced level of mentoring to officials at the MOI's Department of Border Enforcement and its Port of Entry Directorate. The USCG focuses its efforts on improving the professionalism of the MOI's River Police and the Coastal Border Guard. The activities of these agencies are discussed later in Section 3.¹⁴⁶

INL also has an interagency agreement with the Federal Bureau of Investigation (FBI). Under the terms of this agreement, FBI personnel on temporary assignments provide specialized training to the Iraqi police. However, no permanently assigned FBI personnel in Iraq are funded by this agreement.¹⁴⁷

INL acknowledged that those challenges may lead to the further restructuring of the PDP in the near future.

Coordination with the GOI

U.S. Embassy-Baghdad and the MOI have established a committee to provide direction and support to the PDP and its implementation. It includes senior PDP officials and MOI major generals from its Training and Qualifications Institute, Federal Investigative and Information Agency, Iraqi Police Service, and MOI Department of Strategic Planning.¹⁴⁸

PDP Engagements with Iraqis

One means by which INL measures PDP activities is by tracking the number of “advisory engagements” that its advisors conduct with their MOI interlocutors. INL reports that the vast majority of these meetings occur at MOI sites located in Baghdad, Basrah, and Erbil in what INL refers to as “centralized training opportunities.” According to INL, of the 907 engagements that have occurred from October 1, 2011, to March 31, 2012, only 8 took place in other provinces—7 in the comparatively secure province of Sulaymaniyah and 1 in the southern province of Najaf, at the airport (supplemental information provided by INL in mid-April stated that an unspecified number of PDP seminars had also taken place in Dahuk and Tameem provinces).¹⁴⁹

This quarter, PDP advisors held:¹⁵⁰

- 399 engagements with Baghdad-based advisors—up 105% from last quarter’s 195
- 95 engagements with Erbil-based advisors—down 41% from last quarter’s 160
- 23 engagements with Basrah-based advisors—down 34% from last quarter’s 35

SIGIR’s upcoming PDP audit will provide additional details on these advisory engagements.

PDP Classes and Seminars

Because of security concerns and limited transportation assets, INL has placed greater emphasis on conducting classroom-based seminars and less on mentoring at MOI sites. INL provided SIGIR with information on 10 seminars held between December 21, 2011, and March 18, 2012—seven held in Baghdad, and three in the Kurdistan Region. In three of these seminars, PDP advisors, who are primarily retired U.S. state and local law-enforcement personnel, provided information to female MOI personnel on professional-conduct issues. The three seminars conducted in the Kurdistan Region focused on crowd control, while the remaining four covered profiling techniques

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TABLE 3.2

PDP SEMINARS, 12/21/2011–3/18/2012

SUBJECT	LOCATION	DATE	NUMBER OF ATTENDEES	RANGE OF RANKS IN ATTENDANCE
Women in Policing: Strategies for Professional Courage	Baghdad	12/21/2011	9	Lieutenants (LT)
Suicide Bomber Profile and Countermeasures	Baghdad	12/27–28/2011	16	Lieutenant Colonel (LTC)–Major General (MG)
Suicide Bomber Profile and Countermeasures	Baghdad	1/18/2012	15	LTC–Senior MG
Women in Policing: Strategies for Professional Courage	Baghdad	1/23/2012	12	LT
Human Resources	Baghdad	1/29/2012	2	Brigadier General (BG)–MG
Civil Disturbances	Erbil	2/7/2012	25	LT–BG
Women in Policing: Strategies for Professional Courage	Baghdad	2/21/2012	4	Trainers and administrative development personnel
Civil Disturbances	Dahuk	2/21/2012	26	Corporal–Major (MAJ)
Tactical Mgmt. of Critical Events	Baghdad	3/18/2012	22	LT–MAJ
Civil Disturbances	Sulamaniyah	3/15/2012	33	Policeman–Captain

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 4/3/2012.

used to identify possible suicide bombers (2), tactical management, and human resources. Table 3.2 provides additional information on these seminars.¹⁵¹

Of the 164 total MOI or Kurdistan Regional Government (KRG) police officials who attended these 10 seminars, 51% were from KRG police organizations, 12.5% held the rank of brigadier general or higher, and 13.6% were women.¹⁵²

INL Anticorruption Initiatives

INL's Anticorruption Coordination Office (INL/ACCO) oversees U.S. assistance to the GOI's main anticorruption agencies—the Commission of Integrity (COI), the inspectors general (IGs), and the Board of Supreme Audit. According to INL, INL/ACCO is currently staffed by an unspecified number of U.S. officials, one bilingual cultural advisor, and one translator.¹⁵⁴

Selected PDP Course Materials

INL provided SIGIR with outlines and syllabi for PDP “Executive Coaching Seminars” that have been conducted since December 2011 or will be conducted in the coming months, including¹⁵³

Human Rights and the Police Service. This four-hour seminar places substantial emphasis on the need for Iraqi police to understand the philosophical and legal underpinnings of international human rights law. Performance objectives include familiarizing attendees with the UN Declaration of Human Rights, categories of human rights, and sources of human rights. Course materials also stress the relationship between human rights and police work in a democratic society and draw upon historical examples—including Nazi Germany, the Soviet Union, and Ba’athist Iraq—to illustrate some of the societal consequences that can occur when police enforce the writ of dictatorial regimes.

Civil Disturbances. The 19-slide outline for this seminar presents an overview of basic crowd-management principles employed by U.S. police forces. In addition to highlighting the need to “enforce the law impartially” and “respect the rights of the people to

express their views,” the seminar participants discuss the types of incidents that may require police intervention as well as the advantages and disadvantages of certain crowd-management techniques.

Human Resources. On January 29, two PDP advisors delivered this three-hour workshop (one hour of which was dedicated to a lunchtime tour of BPAX) to the MOI’s Human Resources Manager and the MOI’s Director of Recruiting. Six other U.S. officials also attended. Topics covered included the PDP’s desired outcomes, online recruiting, and potential training venues in the United States.

Professionalization of Women in Policing. This five-part seminar series addresses four values deemed desirable for police officers: courage (two sessions), integrity, leadership, and cooperation. In the two-hour class on leadership, female Iraqi students are asked by U.S. advisors to describe “religious norms, values, and patriarchal attitudes” that present professional challenges. In addition, the seminar also covers “styles common to women that contribute to sound leadership,” which are said to include encouraging participation and leading through

inclusion. The first two-hour seminar on courage has five objectives for participants: defining courage, providing examples of courageous acts, providing examples of professional courage, discussing male-female cultural expectations, and identifying opportunities to exhibit courage in the workplace. In the discussion of differing gender expectations, instructors use two flip charts—one with the word “man” and one with the word “woman”—and ask attendees to come up with adjectives that describe each.

Communication and the Supervisor. This two-hour seminar discusses the “mediums of communication and how they are used to better communicate.” During the seminar, participants were asked to list seven barriers to communication, six false assumptions about listening, four common systems of organizational communication, and five common problems in communications systems. The seminar concludes with a classroom activity that involves attendees writing, on one-and-one-half lines, their biggest obstacles as communicators and, on two-and-one-half lines, proposing a means of overcoming these obstacles.

Among the anticorruption projects monitored by INL/ACCO are:¹⁵⁵

- **Financial Investigative and Legal Training at the COI.** In September 2010, INL pledged \$4 million to the United Nations Office on Drugs and Crime (UNODC) to implement two projects, one focused on building the COI's capacity to conduct financial investigations and the other aimed at assisting the COI in recovering assets and extraditing suspects from foreign countries. Neither project has yet been implemented, and INL has extended the period of performance to December 31, 2012, to allow UNODC to begin and complete its work.
- **English Language Program.** In September 2011, INL pledged \$1.5 million to the United Nations Development Programme (UNDP) to implement an English-language training program for staff of the COI and Higher Judicial Council (HJC). According to INL, UNDP planned to begin classes on April 23.
- **GoCase Management Software for COI.** The implementation of this \$1.1 million INL program (\$702,039 in U.S. funds and \$373,877 in pledged GOI funds) remains stalled because the lead COI programmer was killed in spring 2011, and the promised GOI financial commitment has not yet materialized. INL/ACCO reported that it is working with the COI regarding alternative implementation plans for the next phase of this initiative.
- **UN Convention Against Corruption Compliance.** This \$8 million project funded by the DoS Bureau of Near Eastern Affairs (NEA) is jointly implemented by UNDP and UNODC. Program activities this quarter included a six-module anticorruption workshop that was delivered to more than 30 GOI officials, including representatives from the COI and the HJC.
- **KRG Budget Execution Program.** This NEA-funded project, which began in 2009, supports the KRG's stated goals of developing more effective, accountable, and transparent public financial management systems.



GOI officials attending an INL-funded class on the UN Convention Against Corruption, 2011. (UN photo)

This quarter, the UNDP continued to work with three KRG pilot ministries—Agriculture, Health, and Education—to modernize their systems.

- **IG Training.** After significant delays, this quarter INL reported that this \$6 million, NEA-funded program recently began operations.

Advisory Support to the COI

INL also assists the COI through an interagency agreement with DoJ's International Criminal Investigative Training Assistance Program (ICITAP), which funds one advisor stationed in Baghdad. The INL-funded ICITAP advisor is helping the COI build its investigative and management capacities. Through a similar agreement with DoJ's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT), INL funds one anti-money-laundering (AML) advisor who works with GOI law-enforcement agencies, including the COI. This quarter, the ICITAP AML advisor worked with the Department of the Treasury's AML advisor (who is also supported by INL) to prepare the GOI for the upcoming Middle East and North Africa Financial Action Task Force Mutual Evaluation, which is scheduled to take place later this spring.¹⁵⁶

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INL Assistance to the Higher Judicial Council

Judicial Security

Using funds remaining on a previous interagency agreement with the U.S. Marshals Service, INL is providing vehicles, explosive detectors, vehicle barriers, and magnetometers equipment to the HJC. INL reported that it will close out the project once the two remaining shipments are delivered. Similarly, using funds remaining on an existing agreement with USACE, INL plans to deliver generators to the HJC later this year to provide increased electricity to courthouses.¹⁵⁷

Court Administration

This quarter, INL continued to oversee two grants and three UN efforts in the area of court administration.¹⁵⁸

- **Central Administration of Justice Sector.** Through a \$4.5 million grant, the National Center for State Courts (NCSC) is working with the Ministry of Justice (MOJ), Ministry of Labor and Social Affairs, COI, and HJC to establish strategic, operating, and budgeting processes. The NCSC is also working with these ministries to implement their strategic plans.
- **Physical and Digital Data Archiving.** Through a \$1.4 million grant, the Institute for International Law and Human Rights (IILHR) is working with the GOI to improve the physical and digital-data archiving of justice-sector institutions. According to information it provided to INL, IILHR is on schedule to complete this project by the end of April 2012.
- **Strengthening the Administration of Justice.** In September 2010, INL pledged \$3.2 million to UNDP to enhance the operational capacity of the HJC, assist Judicial Investigative Offices (JIOs), and establish a pilot court complex. This quarter, UNDP contracted for a needs assessment of priorities of the JIOs and was scheduled to meet with the judge responsible for the pilot court complex to discuss the project.

- **Justice Data Management Program.** In September 2011, INL pledged \$3.8 million to UNDP to strengthen the administrative and operational capacity of the HJC. UNDP is currently evaluating the HJC's capacity for data management.
- **HJC Media Outreach Project.** This \$1 million INL pledge to the United Nations Educational, Scientific, and Cultural Organization (UNESCO), remained on hold this quarter, awaiting a decision on whether it may be funded due to P.L. 103-236 (which prohibits U.S. contributions to UN-affiliated organizations that grant full membership status to organizations, such as the Palestinian Authority, that do not possess the internationally recognized indicia of statehood).

Judicial Infrastructure and Curricula

INL also supports the development of the HJC's Judicial Development Institute (JDI) in Baghdad. This quarter, INL reported that it provided funding for paving sidewalks, improving bathrooms, rehabilitating generators, and training maintenance personnel. In addition, INL funded the hiring of an Iraqi curriculum expert (an MOI major general) to teach forensics at JDI.¹⁵⁹

Judicial Outreach Initiatives

INL supports two ongoing judicial-outreach programs:¹⁶⁰

- **Resident Legal Advisor program.** Through an agreement with OPDAT, INL funded up to four Resident Legal Advisors (two in Baghdad, and one each in Basrah and Erbil). In April, INL reported that one of the Baghdad-based advisors had departed and that there is no plan to send a replacement. This quarter, the advisor in Erbil organized the future delivery of a Department of Commerce Commercial Law Development Program for KRG and GOI judges and began coordinating with international partners to deliver forensic training later in 2012.
- **Justice for Children.** In September 2011, INL contributed more than \$2.3 million in supplemental funding to the United Nations Children's

INL reported that it provided funding for paving sidewalks, improving bathrooms, rehabilitating generators, and training maintenance personnel.

Fund (UNICEF) for two objectives of a three-year Justice for Children project. In a meeting last quarter with INL, UNICEF staff reported difficulties in accessing juvenile facilities, but the Minister of Labor and Social Affairs assured UNICEF in February that it would have access going forward.

Pre-trial Detention Assistance Program for the MOI

This INL-funded program provides train-the-trainer instruction to MOI personnel in an effort to improve the treatment of pre-trial detainees. This quarter, one class of MOI personnel completed the course, and a second group is slated to begin classes later this spring.¹⁶¹

Iraq Drug Demand-Reduction Program

The joint INL-U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration (SAMHSA) program is funded with \$1 million FY 2010 INCLE appropriations and went into effect in May 2011. SAMHSA subsequently entered into a cooperative agreement with the University of California, Los Angeles, for program implementation. The goal is to help the Ministry of Health (MOH) develop substance-abuse initiatives.¹⁶²

Bureau of Population, Refugees and Migration

The DoS Bureau of Population, Refugees and Migration (PRM) provided almost \$290 million in FY 2011 to support Iraqi refugees and internally displaced persons (IDPs) and, as of March 31, 2012, had provided nearly \$51 million in FY 2012 funds. Although PRM plans to fund additional projects in the coming months, it anticipates that the level of funding will decline as the U.S. government shifts from relief to development activities and as the GOI assumes increasing “ownership” of programs to address the needs of displaced Iraqis.¹⁶³

PRM currently supports three refugee coordinators in Iraq to monitor PRM-allocated assistance and U.S. refugee admissions programs and to provide technical assistance to supporting partners and the GOI.¹⁶⁴ Programs inside Iraq have been administered by the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), the U.N. World Food Programme (WFP), and others. Outside Iraq, PRM supports UNHCR, WFP, UNICEF, the World Health Organization (WHO), the International Federation of the Red Cross/Red Crescent, and non-governmental organization (NGO) programs in Syria, Jordan, Lebanon, and Egypt. These organizations provide assistance to Iraqi refugees in the region. Other implementing partners of PRM and USAID’s Office of Foreign Disaster Assistance (OFDA) active in Iraq this quarter are listed in Table 3.3.¹⁶⁵ PRM reported that it issued its FY 2012 request for proposals to NGOs in March and should finish its review of these proposals by the end of April.¹⁶⁶

Other PRM activities this quarter focused on inter-agency coordination between DoS and OFDA to facilitate program transition and ensure long-term support for humanitarian activities. In March, PRM, with participation from OFDA’s Senior

PRM anticipates that the level of funding will decline as the U.S. government shifts from relief to development activities and as the GOI assumes increasing “ownership” of programs to address the needs of displaced Iraqis.

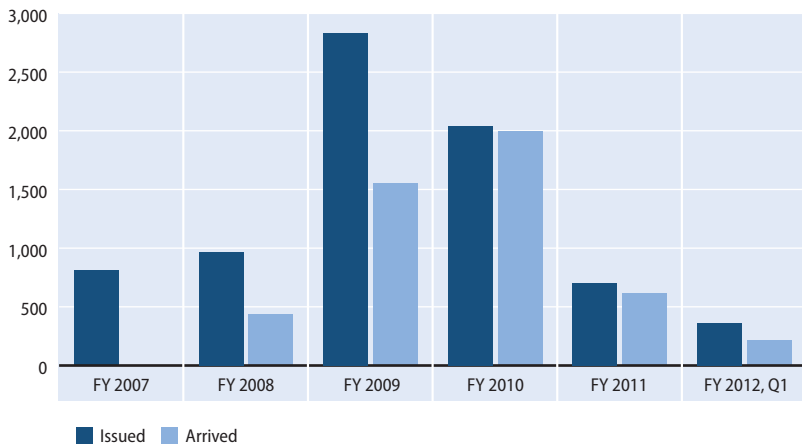
TABLE 3.3
PRM AND OFDA PARTNERS ACTIVE IN IRAQ THIS QUARTER

IMPLEMENTING PARTNER	ACTIVITY	PROVINCE
Agency for Technical Cooperation and Development (ACTED)	Agriculture and food security; economic recovery and market systems; water, sanitation, and hygiene	Muthanna, Thi-Qar, and Wasit
Danish Refugee Council	Humanitarian coordination and information management	Nationwide
International Medical Corps	Economic recovery and market systems; water, sanitation, and hygiene	Baghdad, Basrah, and Ninewa
International Relief and Development	Agriculture and food security; water, sanitation, and hygiene	Babylon, Baghdad, Ninewa, Salah Al-Din, and Tameem
Save the Children/U.S.	Protection; water, sanitation, and hygiene	Baghdad, Basrah, Dahuk, Diyala, Missan, Salah Al-Din, Sulaymaniyah, Tameem, and Thi-Qar
QED Group, LLC	Monitoring and evaluation	Nationwide

Note: All activities were funded in FY 2011.

Source: PRM, response to SIGIR data call, 3/27/2012.

FIGURE 3.1
SIV ISSUANCES VS. ARRIVAL OF SIV HOLDERS, FY 2007–FY 2012



Note: These numbers include both the Iraqis receiving SIVs on the Interpreters and Translators Program under Section 1059 and the Iraqi SIV Program under Section 1244. Arrivals include only those SIV holders who entered the United States and opted for refugee benefits.

Sources: PRM, responses to SIGIR data call, 4/13/2012 and 4/16/2012.

Humanitarian Advisor for Iraq, held a three-day regional workshop in Amman, Jordan, to discuss Iraqi IDP issues and programs focused on the transition from relief to development.¹⁶⁷

PRM also continued its program to resettle in the United States eligible Iraqi refugees and Iraqi Special Immigrant Visa (SIV) holders who opted for refugee benefits through PRM.

As of March 27, 2012, a total of 64,011 Iraqi refugees and 5,141 Iraqi SIV holders who elected refugee benefits had arrived in the United States since October 2007. (DoS only tracks the arrivals of SIV holders who seek benefits through PRM.) This quarter, 1,513 Iraqis resettled as refugees, and 301 Iraqi SIV holders who elected refugee benefits arrived in the United States. With 15,228 refugees, California has absorbed the highest number of Iraqis. Texas has the highest number of Iraqi SIV holders who elected refugee benefits (1,059).¹⁶⁸

According to Vice President Biden's national security advisor, the United States has issued "far fewer [SIVs] than we would have liked."¹⁶⁹ Section 1244 of the National Defense Authorization Act for FY 2008 authorizes up to 5,000 SIVs annually through FY 2012 to Iraqi nationals who have

worked for or on behalf of the U.S. government in Iraq and who meet certain requirements.¹⁷⁰ In late 2010, however, the DHS initiated an additional "pre-departure" check shortly before refugees are scheduled to travel to the United States in order "to prevent dangerous individuals from gaining access to the United States through the refugee program."¹⁷¹ SIV applicants were required to undergo these same checks at that time.¹⁷² As of March 2012, just 20% of the allotted SIVs had been issued. The national security advisor reiterated the need to preserve U.S. security while "making good on our obligation and our debt, especially to those who had worked for us." He anticipated seeing "a significant step forward in the issuance of visas and people coming to the United States under the program in the months ahead."¹⁷³

According to information provided by DoS, the U.S. government had issued 7,721 SIVs under Section 1059 of the Interpreters and Translators Program and Section 1244 of the Iraqi SIV Program as of December 31, 2011. For total SIV issuances and arrivals, by fiscal year, see Figure 3.1.

Bureau of Democracy, Human Rights and Labor

The DoS Bureau of Democracy, Human Rights and Labor (DRL) administers foreign assistance programs that are intended to support Iraqi governance, human rights, and civil society under the strategic goal of governing justly and democratically. DRL received \$30 million of FY 2011 Iraq ESF funds: \$25 million for democracy and human rights and \$5 million to assist war widows. The budget request for DRL for FY 2012 Iraq ESF is \$22.84 million, and DRL requested \$17.4 million of the ESF for FY 2013.¹⁷⁴

DRL reported that it currently supports 39 ongoing projects, valued at approximately \$134 million. Twenty-nine projects are funded by the ESF; others are funded by the Democracy Fund and the Human Rights and Democracy Fund (HRDF). As of

With 15,228 refugees, California has absorbed the highest number of Iraqis.

March 31, 2012, more than \$43 million had yet to be expended on these projects. The largest ongoing project this quarter was a \$15 million grant intended to improve governance capabilities. Other projects included a \$6.6 million grant to support public accountability and freedom of expression and a \$5.4 million project to promote civic educa-

tion. All projects are scheduled to be completed by the end of 2013.¹⁷⁵

A \$540,000 program supporting religious freedom was funded through DRL's FY 2009 HRDF from funds intended for global religious freedom programs, but no DRL FY 2011 HRDF funding went toward Iraq programs.¹⁷⁶ ♦

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID has begun to shift its approach to rely more on local nationals to monitor activities.

As of March 31, 2012, USAID reported that it had 87 personnel administering programs in Iraq, including 28 U.S. government employees and 59 contractors (8 U.S. citizens, 23 Iraqis, and 28 third-country nationals). As shown in Table 3.4, a significantly larger contractor workforce was implementing these programs. USAID reported that its implementing partners employed at least 1,340 program personnel—87% of whom were Iraqis—supported by an additional 514 security contractors.¹⁷⁷

This quarter, USAID’s implementing partners reported that, for the most part, the U.S. troop withdrawal had not significantly affected their ongoing activities. However, their travel now involves an increasing number of Iraqi-controlled checkpoints, where non-Iraqis are often stopped for extended periods of time for vehicle searches and checks of visa documentation. License renewals for security contractors have also affected USAID’s ability to move project personnel within and outside of Baghdad. And, according to USAID, the difficult and lengthy process for obtaining Iraqi visas

for their U.S. personnel has affected the deployment of contractor staff into the country.¹⁷⁸

USAID believes that, over time, the visa and license renewal issues will severely restrict the ability to perform oversight of some local activities; thus, it has begun to shift its approach to rely more on local nationals to monitor activities.¹⁷⁹ For its Community Action Program, for example, USAID has charged nine local-hire field monitors with overseeing how program activities are implemented at the ground level. According to USAID, issues raised through a layered monitoring approach are followed up by the contracting officer’s representative with the implementing partners (and their subcontractors). USAID reports this has proven to be an effective means of maintaining an oversight presence in provinces despite travel restrictions and other security-related limitations resulting from the withdrawal of U.S. troops.¹⁸⁰

USAID also reported that its Performance Evaluation and Reporting for Results Management (PERFORM) project continues to conduct project

TABLE 3.4
STAFFING LEVELS FOR USAID IMPLEMENTING PARTNERS, AS OF 3/31/2012

PROGRAM	U.S. NATIONALS	IRAQI NATIONALS	THIRD-COUNTRY NATIONALS	SECURITY CONTRACTORS	TOTAL
Community Action	7	588	7	218	820
Agribusiness Development (<i>Inma</i>)	7	87	7	202	303
Administrative Reform (<i>Tarabot</i>)	18	192	15		225
Provincial Economic Growth (<i>Tijara</i>)	16	125	29	17	187
Financial Development	21	22	6	25	74
Primary Health Care	4	62	3		69
Access to Justice	4	35	3	23	65
Governance Strengthening	4	38	13		55
Elections Support	3	7	3	21	34
Manpower	2	8	1	8	19
Iraq Education Surveys (<i>Maharat</i>)		3			3
Total	86	1,167	87	514	1,854

Note: Table does not include all ongoing USAID programs in Iraq.

Sources: USAID, responses to SIGIR data call, 4/3/2012, 4/13/2012, and 4/24/2012.

monitoring, evaluations, and assessments to help USAID fulfill its performance monitoring and evaluation requirements. The three-year, \$14.3 million PERFORM project, which is implemented by QED, is scheduled to end this August.¹⁸¹

ESF Programs

As of March 31, 2012, USAID had been allocated \$520 million from the FY 2010 and FY 2011 ESF for its programs in Iraq and had obligated \$399.0 million from these funds—both unchanged from last quarter. It had expended 54% of the FY 2010 funds (up from 31% last quarter) and 4% of the obligated FY 2011 funds (compared with no expenditures in previous quarters). In total, USAID expended \$68.1 million in ESF funds from all fiscal-year appropriations this quarter, leaving \$341.7 million in unexpended obligations within active USAID programs at the end of the quarter. For a program-by-program breakdown of unexpended funds, see Figure 3.2.¹⁸² USAID also reported that no FY 2012 ESF funds had been allocated for its Iraq programs.¹⁸³

USAID reported that it was continuing efforts to solicit GOI financial contributions for ESF-funded programs directly benefiting or involving the Iraqi central government, as required by DoS guidance.¹⁸⁴ For more on GOI cost matching, see Section 2 of this Report.

Administrative Reform

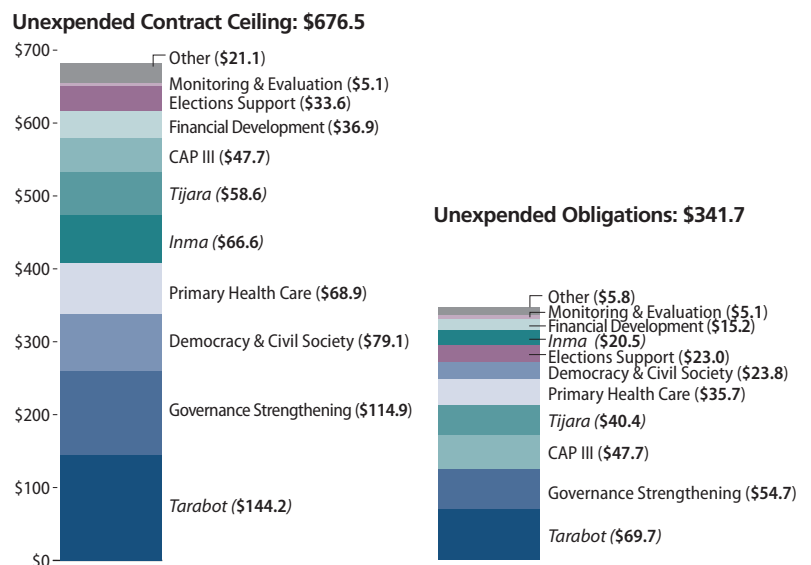
Now almost a year old, the four-year \$156.7 million Administrative Reform Project, called *Tarabot* (Arabic for “linkages”) is designed to be a “whole of government” approach, concerned with strengthening linkages among Iraqi government organizations rather than focusing solely on the capacities of individual ministries and offices. USAID reported that its implementing partners and subcontractors held 300 meetings, workshops, and joint assessments this quarter dealing with *Tarabot*’s three core components—civil-service reform, national-policy

management, and administrative decentralization. USAID also reported expanding its engagement into more than 20 ministries and all provinces outside of the Kurdistan Region.¹⁸⁵ Progress reported this quarter included:¹⁸⁶

- a formal approval letter regarding cooperation and coordination from the Ministry of Finance (MOF). (The MOF will be a partner in *Tarabot*’s initiatives to improve national and institutional-level fiscal management, financial monitoring, and procurement performance.)
- a formal letter announcing that the Ministry of Displacement and Migration (MoDM) had created a steering committee to formally coordinate and cooperate with the program
- the Prime Minister’s full endorsement of the regulatory reform initiative and endorsements from four key ministers, including the Minister of Justice
- offices established and staff embedded with Sadrist-led ministries, such as the Ministry of Planning and Development Cooperation, as well

USAID expended \$68.1 million in ESF funds this quarter, leaving \$341.7 million in unexpended obligations.

FIGURE 3.2
ACTIVE USAID ESF-FUNDED PROGRAMS, AS OF 3/31/2012
\$ Millions



Note: The Democracy and Civil Society program area includes the Access to Justice Program and the Legislative Strengthening Program.

Sources: USAID, responses to SIGIR data call, 4/2/2012 and 4/3/2012.

as ministries headed by officials allied with al-Iraqiya, such as the Ministry of Agriculture

Governance Strengthening

USAID reported that the five-year \$117 million Governance Strengthening Project (GSP) begun last quarter experienced turnover of senior staff and key personnel, delaying some of the project's initial activities. In addition, the GSP's contractor, Chemonics International, had difficulties in recruiting non-Iraqi staff. There have been no modifications to the project's scope of work or dollar value, but USAID reported that discussions are currently underway with its implementing partner, Chemonics, to refocus activities.¹⁸⁷

This quarter, the Ministry of Provincial Affairs sponsored a two-day decentralization conference for all non-KRG Provincial Councils and governors to clarify respective responsibilities and duties and examine best practices. GSP led the discussion on international decentralization experiences. GSP also met with various governors, Provincial Council members, and university professors to introduce GSP and discuss potential areas of support.¹⁸⁸

Primary Health Care

The four-year, \$74.8 million Primary Health Care Project in Iraq completed its first year this quarter.¹⁸⁹ On January 21–23, 2012, project staff attended a three-day national workshop hosted by the MOH on the development of Iraq's primary healthcare system. According to USAID, more than 400 participants attended the event, including representatives from WHO, UNICEF, the UN Population Fund, the International Committee of the Red Cross, medical supplier Kemadia, and the KRG.¹⁹⁰ In addition, in collaboration with the MOH, the Primary Health Care Project developed the first Iraqi Charter of Patient's Rights and held a two-day workshop to assist in the implementation of this new charter.¹⁹¹ Project staff also held a seven-day workshop to train nurses on the updated Integrated Management of Childhood Illness strategy.¹⁹²

Elections Support

In March, USAID's Office of Inspector General (OIG) released an audit of the agency's Electoral Technical Assistance Program, which ended in September 2011 and has been replaced by the Elections Support Project. The earlier program, which began in 2004, provided technical assistance to help strengthen the Iraqi electoral system.¹⁹³

The audit was unable to measure the impact of technical assistance that the program and the United Nations Assistance Mission in Iraq (UNAMI) provided the Independent High Electoral Commission (IHEC) for elections conducted in Iraq between January 2005 and September 2011. Moreover, the audit could not determine the extent to which the program played a role because the program had no performance management plan to define either the assistance to be provided or the results to be achieved. There was also no mechanism to measure what the program actually achieved. In addition, because UNAMI provided substantial support to IHEC in conducting elections and training, the audit found it difficult to determine which organization was responsible for program accomplishments without a formal performance management system to track activities and monitor results.¹⁹⁴

As for the goal of building capacity for a sustainable electoral system, the audit determined that the program's technical assistance built IHEC's capacity to conduct elections to some extent. The audit mentioned several achievements—notably that, with assistance from USAID, UNAMI, and international organizations, IHEC successfully administered six electoral events since 2005. However, the audit also noted that “all parties acknowledged that IHEC is not sustainable at this point and needs more assistance before it can stand on its own operationally, administratively, and financially.”¹⁹⁵

Iraq Education Sector Strengthening

In March 2012, USAID announced its intention to solicit proposals for the new Education Sector

The Governance Strengthening Project experienced turnover of senior staff and key personnel, delaying some of the project's initial activities.

Strengthening Project. The goal of the project is to support the GOI's capacity to deliver quality primary education, especially for vulnerable populations. The project will engage several institutional partners: Teacher Training Institutions, the Ministry of Education's provincial and central offices, and selected primary schools. USAID identified improved instructional practices at primary schools as the fundamental result that the project must achieve. USAID has allocated \$75 million–\$78 million in support of this project.¹⁹⁶

Provincial Economic Growth

The five-year, \$192.4 million Provincial Economic Growth Program, *Tijara* (Arabic for “trade”), has been conducting activities to promote private-sector growth and employment in Iraq—especially to fill gaps in traditional credit and bank-lending development resources. About \$16 million was expended on *Tijara* this quarter, second only to the Community Action Program (CAP III) in expenditures for USAID programs this quarter.¹⁹⁷

Tijara recently added two new activities—the National Economic Assessment and the Iraqi Vulnerable Group Support Initiative. According to USAID, the \$868,000 Economic Assessment will analyze the current state and probable evolution the Iraqi economy, as well as priorities for its restructuring to enable private enterprise diversification and development. The assessment will evaluate nine sectors: agriculture, tourism, health, education, housing and light construction, water resources, electricity, oil and gas, and transportation. The assessment aims to identify constraints in each sector and recommend reforms. This quarter, the contractor prepared a preliminary draft of the assessment and submitted it to USAID.¹⁹⁸

The Iraqi Vulnerable Group Support Initiative is an \$18.4 million activity designed to help up to 2,600 vulnerable Iraqi families whose livelihoods have been jeopardized from continuing threats and violence. This quarter, the IOM signed a memorandum of understanding with USAID agreeing to identify and select from among its beneficiaries

vulnerable people who want to expand their businesses through access to microfinance institutions and refer them to *Tijara*, which will help them access credit.¹⁹⁹ Small- and medium-enterprise loans offered under this program range between \$5,000 and \$25,000, with smaller loans also available through participating microfinance institutions. To date, 560 borrowers have received a total of more than \$1.8 million, with individual loans averaging \$3,300 in size.²⁰⁰

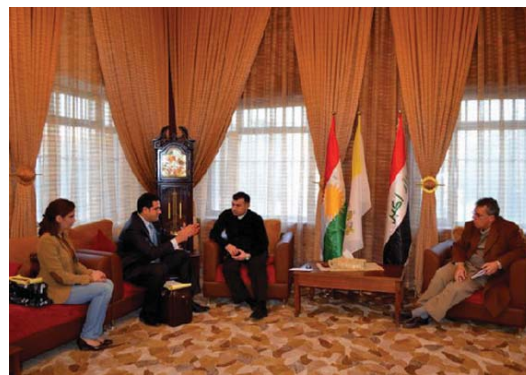
To date, 560 borrowers have received a total of more than \$1.8 million.

Financial Development

According to USAID, the five-year, \$53.3 million Financial Development Program is one of the primary elements of USAID's long-term strategy for financial sector reform, with a special focus on private banks. This quarter, USAID reported that the Federation of Iraqi Private Banks, which was established last year with the help of the Financial Development Program, has a capital base of unsolicited contributions by 13 private banks in the amount of \$1.1 million. According to USAID, more private banks have expressed interest in investing in the organization, and the Federation has been accepted and recognized by the Union of Arab Banks as the voice of Iraq's private banks.²⁰¹

Access to Justice

Started in October 2010, the \$62.9 million Access to Justice Program supports the growth of local and



The Archbishop of the Chaldean Diocese of Erbil discusses the needs of vulnerable minority groups during a meeting with representatives of USAID's *Tijara* program in Erbil. (USAID photo)

Microfinance through *Tijara*

In a lending environment where even entrepreneurs with good track records can struggle to get loans from the country's banks, a nascent microfinance industry has gained a foothold in Iraq, USAID reported. According to agency data, *Tijara's* 12 microfinance institutions (MFIs) dispense loans from \$500 to \$25,000 to groups that include some of Iraq's poorest, least-advantaged populations, enabling them to start or expand small businesses or meet other urgent needs.²⁰²

Iraq's MFIs offer access to affordable capital—especially to those who cannot meet requirements for a bank loan, but want to avoid the potential dangers of traditional street moneylenders. Between their launch in April 2008 and November 2011, *Tijara's* MFIs have disbursed nearly 350,000 microloans, totaling more than \$800 million. The loan volume represents more than six times the initial seed capital of \$120 million provided from USAID, DoS, and Commander's Emergency Response Program (CERP) funds. USAID stated the \$800 million figure reflected a recycling of the original seed capital into new loans, not additional capital.²⁰³

In 2009, the number of borrowers grew by 52%—the fastest microlending growth in the Middle East North Africa (MENA) region. In 2010, the increase was around 28%. As of February 2012, USAID counted over 88,000 microloan borrowers in Iraq.²⁰⁴ The agency

estimates the MFI program has affected the lives of more than 600,000—about 9% of Iraq's 7 million-plus poor—and added about 300,000 jobs to the economy either directly or indirectly.²⁰⁵

Data by MIX Market, presented in a USAID report, shows loan repayment rates are high. The percentage of loans in which borrowers are 30 days or more behind in their payment is 0.7%—one quarter of the MENA regional average (see Figure 3.3). Loan failure rate is also under 1%.²⁰⁶ Program administrators say several factors contribute to the low default rates, including:

- the cultural importance of debt repayment among conservative Muslim families
- co-signing of loans by respected local community figures, such as tribal sheikhs
- use of collective borrowing in small groups—so-called Solidarity Group

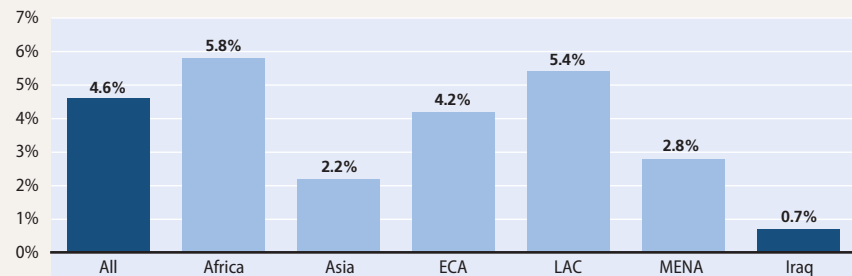


This Salah Al-Din resident took out a loan to buy a new sewing machine and then borrowed more to hire a tailor, invest in higher quality materials, and increase her income in the process. (USAID photo)

Lending—where members encourage one another to repay

- strong MFI staff training that focuses on building MFI capacity to ensure strong standards for loan processing, monitoring, and delinquency management.²⁰⁷

FIGURE 3.3
MICROLOAN DELINQUENCY RATES,
BY GEOGRAPHIC REGION OF WORLD, 2011
% of Loans More Than 30 Days Past Due



Source: MIX Market data provided in USAID, "Provincial Economic Growth Program: State of Iraq's Micro-finance Industry," 6/2011, p. 11, www.imfi.org/files/StateofIraqsMicrofinanceIndustry2011.pdf, accessed 3/9/2012.

national institutions that provide information and legal assistance to vulnerable populations, including women, widows, orphans, and persons with disabilities.²⁰⁸ According to USAID, workshops and training sessions this quarter focused on providing legal advocacy techniques, handling vulnerable populations with sensitivity, and managing legal services programs. Access to Justice also provided technical assistance in preparing a course for the Iraqi Bar Association on pro bono representation to assist vulnerable groups. In March 2012, USAID approved 11 grant proposals in the amount of \$1.05 million aimed to benefit women, the disabled, and children.²⁰⁹

Community Action

The \$323 million third and final phase of USAID's Community Action Program is scheduled to end in September 2012. Aside from INL's Police Development Program, CAP III had the highest expenditures (\$24 million) of any U.S. reconstruction program in Iraq this quarter. The program has worked at the grassroots level to increase the various local governments' ability to identify and address the needs of their respective constituencies.²¹⁰

This quarter, according to USAID, CAP III continued to expand the ability of both community action groups (CAGs) and local councils to jointly participate in community development. CAGs were encouraged to participate in open hearings by Provincial Council committees regarding planning, women's issues, and human rights. Also this quarter, CAP III implemented the Apprenticeship Program for Youth, which provided vocational training to 411 unemployed young Iraqis on technical, professional, and networking skills, and helped prepare them for job interviews. CAP III awarded 16 small-business kick-start grants and associated small-business development training to civilian victims of conflict through the Marla Ruzicka Iraqi War Victims Fund.²¹¹

Agribusiness Development

The Agribusiness Development Program, *Inma* (Arabic for "growth"), focuses on increasing the



A Diyala farmer displays an ear of hybrid corn during harvest. (USAID photo)

competitiveness of Iraqi agriculture by demonstrating the potential for profitable, commercial agribusiness enterprises.²¹² This five-year program began in May 2007 and had been scheduled to end in May 2012. However, USAID reported that it is in the process of modifying the contract to extend the program until November 2012, and it is apparently raising the contract ceiling from \$170 million to almost \$216 million.²¹³

According to USAID, the program is continuing to work with the Ministry of Agriculture on the Iraq Food Shed Assessment to determine the actions necessary for Iraq to become food secure and reestablish a sustainable agricultural sector. *Inma* staff also conducted a series of trainings for 60 of the ministry's senior and middle managers, including 20 women, on agriculture investment-promotion planning, writing, and publishing research papers, and developing investment plans for the country.²¹⁴

USAID reported a new allocation of \$10 million for a future Agribusiness program, but it was unable to provide additional information until its FY 2011 agribusiness funding was reprogrammed.²¹⁵

USAID-funded Information Technology Systems

In March, USAID OIG released an audit on the sustainability of 24 information technology systems

Aside from INL's Police Development Program, CAP III had the highest expenditures of any U.S. reconstruction program in Iraq this quarter.

that USAID funded in Iraq under various ESF programs between 2003 and 2011. Collectively, these systems cost \$73.2 million, with more than 83% of those costs expended under the Economic Governance Program, which ended in September 2009. The audit found only 3 of the 24 systems, worth \$1.5 million collectively, were being used as intended.²¹⁶

Ten of the systems, totaling \$62.1 million, were either not completed, not functional when delivered, or not used by the GOI as intended.

Ten of the systems, totaling \$62.1 million, were either not completed, not functional when delivered, or not used by the GOI as intended. The largest of the 24 systems, the \$37.4 million Iraq Financial Management Information System (IFMIS), fell into this category. Two systems valued at \$2.5 million were partially used. There was insufficient documentation available to evaluate the remaining nine systems, valued at \$7.1 million.²¹⁷

The audit contained seven recommendations, with the first of these advising USAID to obtain written commitment and buy-in from the GOI, including cost-sharing, before investing any funds in information technology systems. The same recommendation advised monitoring of GOI commitment throughout the implementation phase of a system.²¹⁸

Foreign Disaster Assistance

In FY 2011, USAID's Office of Foreign Disaster Assistance provided more than \$23.8 million in humanitarian assistance in Iraq through its implementing partners. OFDA planned to close out its staff presence at the USAID Mission in Iraq in March 2012, with its implementing partners completing all programs by the end of FY 2012. OFDA has not committed any of its FY 2012 funding for programs in Iraq. However, from October 2011 through March 2012, it continued to assist IDPs and other vulnerable populations in Iraq with FY 2011 funding.²¹⁹

By the end of 2012, USAID plans to shift OFDA's programs in Iraq from emergency relief to early recovery. OFDA has been working with PRM on the transition of programs that support vulnerable populations. For instance, OFDA has coordinated with PRM to transfer a returnee assistance program—previously supported with OFDA funding and implemented by International Medical Corps—to a PRM-supported UNHCR program. In addition, PRM plans to support NGOs in Iraq to fill any potential gaps resulting from OFDA's transition.²²⁰ ♦

OTHER CIVILIAN AGENCIES

Department of Justice

As of March 31, 2012, the Department of Justice had allocated \$133 million, including \$4 million in FY 2012 funding, to its operations in Iraq. Of that amount, \$120 million has been obligated and \$117 million has been expended. The U.S. Marshals Service, which has not received FY 2012 appropriations specifically for Iraq operations, has been allocated \$9 million since FY 2004. Nearly the full amount has been obligated and expended.²²¹

As of January 2012, DoJ had 33 total staff stationed in Iraq in four offices—the Office of the Attaché (8 personnel), which coordinates the overall DoJ effort; the FBI Legal Attaché (12), which focuses on working with the GOI on threats to U.S. national security; OPDAT (4, two assigned at U.S. Embassy-Baghdad, with one each at the consulates in Erbil and Basrah), which works with the Iraqi judges and prosecutors, and ICITAP (8 contractors and 1 DoJ employee), which focuses on building the capacity of the Iraqi corrections system. The ICITAP corrections program is funded by INL and is covered in the Department of State Programs subsection of this Report.²²²

Department of the Treasury

As of April 2, the Department of the Treasury's Office of Technical Assistance (OTA) had six full-time U.S. staff working at U.S. Embassy-Baghdad—five personal services contractors and one federal employee on detail to OTA. OTA also employs one third-country national. Its mission focuses on developing modern financial, budgetary, banking, and taxation policies. In addition, OTA provides limited assistance to Iraq's main anticorruption agency, the COI.²²³

The majority of OTA's work is performed by four teams:²²⁴

- **Economic Crimes Team.** In late 2011, security concerns led the Resident Economic Crimes Team Advisor to shift his primary focus from working with the Central Bank of Iraq (CBI) on anti-money-laundering initiatives to assisting the COI. Currently, the advisor works with COI personnel on modern financial-analysis, anti-money-laundering, and case-management methodologies and provides recommendations on improving internal controls at GOI agencies. This quarter, the advisor also began working with 35 GOI officials to prepare them for the upcoming Financial Action Task Force Mutual Evaluation, which is scheduled to commence later this year. The task force—an independent intergovernmental body that promotes policies to protect the global financial system against money laundering and terrorist financing—will assess the GOI's progress in implementing measures designed to prevent, detect, and deter financial crimes.
- **Revenue Team.** The team is supporting the GOI's General Commission of Taxes (GCT) series of reforms, which are designed to broaden the tax base and increase revenue generation. This quarter, the Resident Tax Advisor focused on obtaining consensus among senior GCT officials as to how to structure regulations for large taxpayers, including filing requirements, penalties for non-compliance, and an accounting system.
- **Banking Team.** The team met with the new Iraqi banking federation this quarter to discuss its role as advocate for private institutions and conferred with specific private banks about the challenges they face and their plans for the future. In the coming months, the team will

The task force will assess the GOI's progress in implementing measures designed to prevent, detect, and deter financial crimes.

concentrate on assisting the GOI with restructuring state-owned banks and automating data-management systems.

- **Budget Team.** This quarter, the team worked with the MOF and MoPDC on budget planning and execution. The team also supported the MOF's development of a budget-execution report, and continued to develop a report focusing on budget surpluses and deficits. In May 2012, the team will assess its mission to determine the focus of future support within the areas of improving budget formulation, budget execution, transparency, and ministry operations.

Department of Homeland Security

DHS has 18 staff assigned to Iraq—2 from the USCG, 2 from ICE, 6 from the U.S. Citizenship and Immigration Service (USCIS), and 8 CBP personnel. USCG, ICE, and CBP operations in Iraq support the Police Development Program and are funded by INL. USCIS is funded through the fees charged worldwide for immigration applications.²²⁵

Under the auspices of the INL-funded PDP, the USCG focuses its efforts on working with the GOI to improve port security. USCG personnel also work with the Department of Transportation (DoT) Attaché to assist the GOI in bringing the ports facilities at Umm Qasr into compliance with the International Ship and Port Facility Security (ISPS) Code developed by the International Maritime Organization. ICE officials advise and mentor primarily the Federal Information and Investigations Agency and Customs Police, focusing on investigative capacities in areas such as human trafficking, narcotics smuggling, and financial crimes. DHS also informed SIGIR that CBP had provided non-intrusive inspections equipment to GOI customs inspectors, but added that the Iraqi inspectors appeared to lack the knowledge or the commitment to perform the regular maintenance needed to keep this equipment in working order.²²⁶

It costs Commerce about \$1 million per year to maintain a single official in Iraq.

USCIS personnel interview Iraqi refugee applicants to determine whether they qualify for consideration for resettlement in the United States as part of the Priority 2 (P2) program. The P2 program covers Iraqis (and their family members) who have worked for the U.S. government, U.S. military, or a U.S.-affiliated media or non-governmental organization.²²⁷

Department of Transportation

U.S. Embassy-Baghdad's Office of Transportation Attaché focuses on working with the GOI—in particular, the Ministry of Transportation—on reforming and modernizing its transportation regulations and infrastructure to bring them more into line with international norms, thereby improving Iraqi access to global markets. As of April 3, DoT had three staff deployed to Iraq: the Transportation Attaché, Senior Aviation Advisor, and Maritime/Ports Advisor.²²⁸

DoT is currently working with the GOI to facilitate the final transfer of all portions of the U.S.-funded Computer Based Train Control System, but U.S. officials informed SIGIR that integrating this modern system with some of the more antiquated aspects of Iraqi rail infrastructure may prove challenging. DoT officials also consult with GOI representatives about modernizing Iraq's civil aviation rules, which have not been updated since the Ba'athist era. For more on transportation issues, see Section 4 of this Report.²²⁹

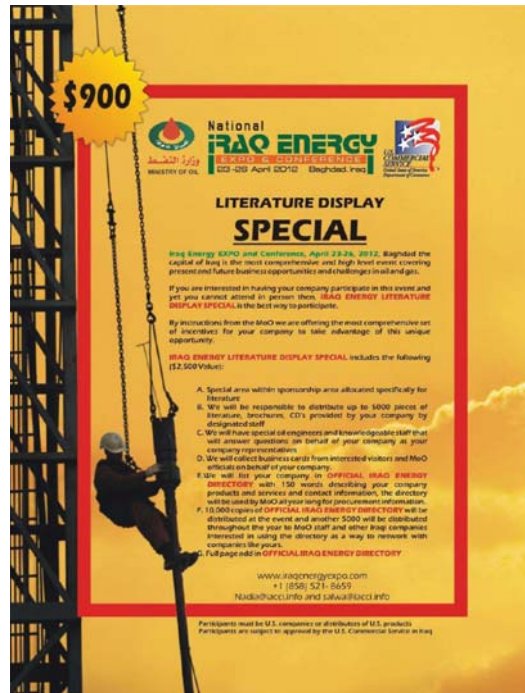
Department of Commerce

The Department of Commerce has two U.S. government employees stationed at U.S. Embassy-Baghdad and employs two Iraqi staff members. According to Commerce officials with whom SIGIR met in February, it costs Commerce about \$1 million per year to maintain a single official in Iraq. Commerce officials also reported that, several years

ago, their office in Baghdad had a total staff of six, but one was killed, and several of the Iraqi employees resigned because they were threatened.²³⁰

Commerce's mission is to assist U.S. businesses gain entry to and succeed in the Iraqi market. Key components of its work include:²³¹

- **Due diligence.** Commerce compiles due diligence reports for U.S. firms on potential Iraqi partners. During the last three months of 2011, it drafted 10 such reports. The work is performed by local Iraqi contractors who collect basic information on relevant Iraqi companies, including the names of senior managers and the companies' estimated financial health. U.S. firms working with Commerce are usually larger entities.
- **International Partner Searches.** Another aspect of the Commerce mission involves working with U.S.-based small and medium enterprises to help them assess whether they have the capacity and expertise to enter the Iraqi market. Colloquially referred to as the "Are you ready for Iraq?" test, this service first evaluates the capacities of U.S. firms and then, if Commerce deems them good candidates, assists them with obtaining the information needed to work in Iraq. This often includes providing the U.S. companies with names of qualified local security companies, basic guidance about the commercial environment, and information about possible Iraqi partners.
- **Gold Key Service.** A more comprehensive version of International Partner Searches, Gold Key Service provides U.S. firms with more in-depth information on doing business in Iraq.
- **Advocacy cases.** Commerce also helps U.S. firms obtain contracts with the GOI if it determines that such advocacy is in the U.S. national interest. As of April 3, Commerce was working on 14 advocacy cases in Iraq.
- **Trade shows.** Commerce facilitates the distribution of information about U.S. firms at Iraqi trade shows. Due to security concerns, this service is usually limited to ensuring that a company gets an advertisement in the trade-show brochure and that its literature is distributed.



The U.S. Commercial Service, part of the U.S. Department of Commerce's International Trade Administration, helps U.S. firms promote their products and services at trade shows, such as the Iraq Energy Expo and Conference scheduled for April 23–26, 2012.

As of March 9, 2012, Commerce reported that it had \$112,282 in FY 2012 funds available for programs in Iraq and had expended \$47,656 in FY 2012 (this does not include the staffing-related expenditures).²³²

Department of Agriculture

The Office of Agricultural Affairs (OAA) in the Embassy is staffed by the Agricultural Counselor, two Iraqi employees, one contract linguist, and three Agricultural Advisors on one-year assignments carrying out capacity-building activities. With the end of the Provincial Reconstruction Team program in 2011, OAA's mission transitioned from outreach to Iraqi farmers to engagement with senior officials at the Ministry of Agriculture (MOA). Currently, one advisor works with the MOA on strategic decision making and provides

The Office of Agricultural Affairs mission transitioned from outreach to Iraqi farmers to engagement with senior officials.

OPIC disbursed \$329,744 to the Iraq Middle Market Development Foundation, an organization founded in 2004 to support mid-sized Iraqi companies.



A fish farm in Babylon province. (USAID photo)

policy advice. OAA's original plan had called for three such advisors, but according to OAA officials, the MOA became reluctant to engage with that many U.S. personnel on a regular basis. Other USDA initiatives in Iraq include:²³³

- **Training.** USDA occasionally sponsors small numbers of MOA personnel for training programs in the United States under the Cochran and Borlaug Fellowship programs.
- **Imports.** OAA reports that it is currently assisting the MOA in resolving the myriad issues that have arisen from the implementation of the new import regulations instituted last July.

- **Veterinary medicine.** OAA works with the MOA on initiatives to reduce the high mortality rate found among the stock raised on commercial fish farms.

OPIC and Export-Import Bank

This quarter, the Overseas Private Investment Corporation (OPIC) disbursed \$329,744 to the Iraq Middle Market Development Foundation (IMMDF), an organization founded in 2004 to support mid-sized Iraqi companies too large to meet the requirements for available funding criteria of a small- or medium-sized enterprise. The funds provided the IMMDF capital to support two loans: one to an agribusiness to purchase feed-mill equipment, construction, and raw materials; the other to finance a new production line, expand inventory, and cover the cost of fees related to loan support for a manufacturer of electric cables.²³⁴

The Export-Import Bank issued a \$10 million letter of credit insurance policy this quarter to MEE Industries, a California-based producer of cooling and humidifying devices, to cover the shipment of heating, ventilating, and air-conditioning equipment to Iraq.²³⁵ ♦

DEFENSE PROGRAMS

Office of Security Cooperation-Iraq

Since its activation on October 1, 2011, OSC-I has focused on the delivery of equipment and services paid for by Iraq, through the Foreign Military Sales (FMS) program, and by the United States, using the remaining balance of the Iraq Security Forces Fund (ISFF). These funding streams are intended to provide targeted assistance to address gaps in security capabilities of the Iraqi Security Forces (ISF) and support Iraqi maintenance and logistics programs.²³⁶

OSC-I also has execution authority over Foreign Military Financing (FMF), which in FY 2012 was made available to Iraq for the first time. Of the \$1.1 billion that the Congress appropriated to the FMF in the Consolidated Appropriations Act, 2012 (P.L. 112-74), DoS allocated approximately \$850 million for operations in Iraq.²³⁷ The Administration requested an additional \$911 million in FMF for Iraq in FY 2013.²³⁸

OSC-I reported that it is currently staffed with 144 military personnel (56% of authorized strength), 9 DoD civilians (113% of authorized strength), and 4,912 contractors (97% of authorized strength). According to OSC-I, the current level of staffing is adequate to implement its mission in Iraq. This quarter, OSC-I also reported that U.S. military advisors provided liaison with several MOD officials:²³⁹

- Minister of Defense
- Special Advisor to the Prime Minister
- Ministry of Defense (MOD) Chief of Staff (COS) and Deputy COS for operations
- Director of Counterterrorism
- Commander of Air Defense
- Commander of Iraqi Ground Forces
- Air Force COS, Deputy COS for Training, and Deputy COS for Administration



An Iraqi tank crew from the 9th Iraqi Army drives a tank as part of the Maneuver Collective Training Course at the Besmaya Combat Training Center in September 2011. These tankers were the first to participate in a course that focuses on movement techniques at the platoon level to increase crew competency. (USF-I photo)

- Director General of MOD Policy and Requirements

However, a DoD Office of Inspector General (DoD OIG) audit released in March 2012 found that OSC-I had been managing crucial security cooperation activities with incomplete theater and country-level plans and without the required planning capability around the December 31, 2011, withdrawal of U.S. military forces from Iraq. DoD OIG found that outlying OSC-I sites had not received sufficient information on the specific procedures for operating within the new structure. Moreover, it was unclear whether OSC-I had effectively communicated its enduring role with key GOI security ministries. DoD OIG acknowledged the value of OSC-I's strategic engagements with senior-level leaders, but stated that similar types of meetings "had not successfully ensured that key MOD and MOI officials understood and were confident in the collective

A DoD Office of Inspector General audit found that OSC-I had been managing crucial security cooperation activities with incomplete plans and without the required planning capability.

U.S. security cooperation efforts.” The audit requested that more detailed management comments be provided to respond to its recommendations by April 16, 2012.²⁴⁰

OSC-I-managed Program Funding

Generally, the commitment of available funding to projects and programs in Iraq slowed considerably over the past year. Uncertainty over FY 2011 ISFF funding levels coincided with OSC-I’s assumption of responsibilities and led to a series of changing spend plans that have yet to be finalized.²⁴¹ The decrease in the U.S. footprint and Iraqi assumption of additional FMS planning and execution activities were issues cited by OSC-I in the audit released by DoD OIG. Generally, the audit found that new FMS policies and procedures, as well as Iraqi conditions-driven visa, life-support, and transportation procedures, will complicate program execution until they are resolved.²⁴² DoD reported to SIGIR this quarter that “anomalies” associated with the Iraq FMS program and other encumbrances leading to “short-term turbulence” continue to complicate program execution.²⁴³

Whatever the cause, two things are clear:

- **New FMS commitments have slowed.** Total funds committed for both GOI-funded FMS cases and U.S.-funded purchases through FMS cases during the six months from October 2011 through March 2012 increased by just \$240.0 million (2.3%). For the six months preceding that period (April–September 2011) total FMS commitments increased by more than \$1.6 billion (26.4%).²⁴⁴
- **ISFF program execution is behind schedule.** FY 2011 ISFF funds are set to expire on September 30, 2012. As of March 31, 2012, nearly 86%, or \$1.28 billion, of available funding had yet to be obligated.²⁴⁵

OSC-I is also responsible for implementing the \$850 million in FY 2012 FMF made available under P.L. 112-74. SIGIR requested information about the planning and implementation of these funds,

but neither DoS nor OSC-I provided such information. According to DoS’s request to the Congress for an additional \$911 million in FY 2013, FMF funds would be used to support advising, training, and equipping the Iraqi military, including professional military education and planning for joint military exercises. The program would focus on closing gaps in ISF capabilities, supporting the development of enduring logistics capabilities and institutions to sustain U.S. and Iraqi post-war investments, and strengthening the U.S. strategic partnership with Iraq.²⁴⁶

ISFF Spend Plan

Iraq’s minimum defense needs are unclear both as to the level of assistance required and the timeline to meet those needs. The priorities and execution of the FY 2011 ISFF spend plan have seen considerable volatility since the beginning of the budget cycle in 2010. According to OSC-I, the use of FY 2011 ISFF funds has been affected by both the delayed statutory approval and the effects of the transition of the security-assistance mission in Iraq from military to civilian authority.

Based on an initial budget request of \$2.0 billion, the U.S. Forces-Iraq (USF-I) submitted an FY 2011 “continuing resolution” spend plan in October 2010,²⁴⁷ with an updated version in February 2011 while the budget awaited formal approval.²⁴⁸ Eventually, military planners were forced to work within the confines of seven continuing resolutions.²⁴⁹

With the passage of P.L. 112-10 in April 2011, the FY 2011 ISFF had been reduced to \$1.5 billion, with some restrictions.²⁵⁰ As OSC-I assumed formal authority over the ISFF, it prepared a draft spend plan in February 2012. This draft considered reprogramming some of the FY 2011 ISFF to other DoD activities programs unrelated to Iraq.²⁵¹ As discussed in Section 2 of this Report, DoD received congressional approval on March 6 to reprogram approximately \$345 million. U.S. FY 2011 assistance originally requested to help the ISF reach minimum capability in FY 2011 was ultimately reduced by 42%.

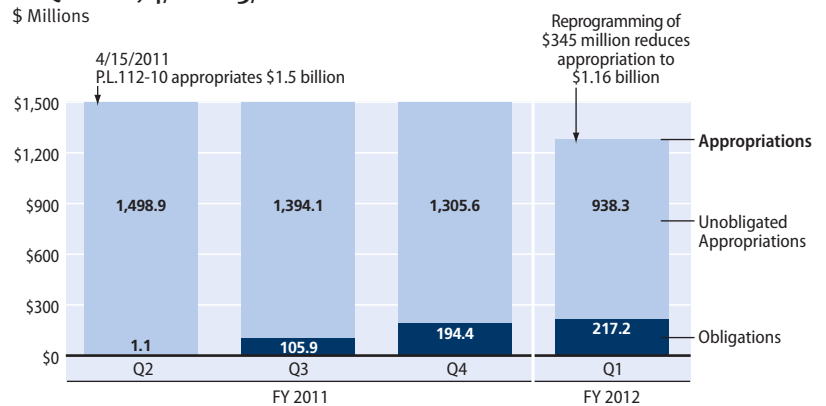
The use of FY 2011 ISFF funds has been affected by both the delayed statutory approval and the effects of the transition of the security-assistance mission in Iraq from military to civilian authority.

After subtracting the reprogrammed amount from the \$1.28 billion not yet obligated as of March 31, 2012, approximately \$938 million remains available for obligation from the FY 2011 ISFF. ²⁵² Figure 3.4 shows the slow pace at which the FY 2011 ISFF has been obligated.

SIGIR released an interim report on the status of the FY 2011 ISFF this quarter. Because a final spend plan for these monies was not available, SIGIR plans to release a follow-on report next quarter. For a summary of SIGIR's most recent audit, see Section 5 of this Report.

The February 2012 draft ISFF spend plan focuses on ensuring that ISF forces can sustain themselves by procuring repair parts and technical expertise

FIGURE 3.4
FY 2011 ISFF APPROPRIATIONS VS. OBLIGATIONS, BY QUARTER, 4/2011–3/2012



Sources: P.L. 112-10, OUSD(C), responses to SIGIR data calls, 4/18/2011, 7/15/2011, 10/4/2011, 1/18/2012, and 4/2/2012; SIGIR Audit 12-016, "Interim Report on Spend Plans for Fiscal Years 2011–2012 Iraq Security Forces Funds," 4/2012.

TABLE 3.5
FY 2011 ISFF SPEND PLAN (DRAFT), 2/2012
\$ Millions

	CATEGORY	AMOUNT	PLANNED PURCHASES
Ministry of Defense	Equipment and Transportation	440.44	Air-defense—the Avenger battery system and intelligence, surveillance and reconnaissance (ISR) rapid capability; small-arms protective insert plates; up-armored vehicles; an aircraft tracking system; tank refurbishment; machine guns; freight-forwarding support; fuel tankers; IA407 cabin panels (internal parts for helicopters); and night-vision goggles
	Sustainment	260.37	Maintenance of key weapon systems, including aircraft sustainment for the Iraqi Air Force training program and other fixed-wing and rotary platforms; ground-system sustainment for Iraqi Army armored vehicles and heavy equipment, trucks and trailers and maintenance, repair, and spare parts for tanks, personnel vehicles, artillery, and fleet equipment; combined-arms collective advising and training, including maintenance, supply, warehouse operations, inventory management, and security-assistance teams; contract logistics support activities for command, control, and intelligence and some basic support for fuel and other consumables
	Training	183.91	Training to support the personnel carriers and artillery, Scan Eagle (light drones), Offshore Service Vessels, IA 407s (training helicopters), and T-6s (fixed wing trainers); professional military education training for the Iraqi International Academy and the Iraqi Special Operations Forces, as well as aviation training on fixed-wing and rotary platforms; C4ISR (command and control) training and air-traffic-control training; ammunition for training activities
MOD Subtotal		884.72	
Ministry of Interior	Equipment and Transportation	93.15	Equipment for border surveillance for 688 km (428 miles) along the Iraq-Iran border; support for Iraq's Non-intrusive Inspection Equipment (NIIE) for personnel, vehicle, and cargo inspection systems using various forms of directed-energy technologies to rapidly scan for contraband; automated fingerprint identification system including an electronic biometric database containing fingerprint records and criminal history; M2 50-caliber machine guns
	Sustainment	14.40	Non-intrusive Inspection equipment for personnel, vehicle, and cargo inspection systems using various forms of contraband; major systems are Rapiscan (cargo scanners) and backscatter vans (mobile vehicle scanners)
	Training	2.73	Professional development and training in planning and operations, civil security, disaster response/recovery, management techniques, border and port security, and critical infrastructure protection; includes Federal Police Advanced Combined Training, SWAT instructor training, and mobile training teams from the USA Military Police School to teach civil disturbance operations.
MOI Subtotal		110.28	
Related Activities		5.00	Quick Response Fund
Not Planned		155.50	Logistics, maintenance, and sustainment

Source: OSC-I, "Iraq Security Forces Fund (ISFF), FY 2011 Financial Activity Plan P.L. 112-10," draft report, 2/2012.



Iraqi army soldiers from the 5th Iraqi Army Division familiarize themselves with the M113 Armored Personnel Carrier. Contractor BAE and Anniston Army Depot began refurbishing M113s for the Iraqi Army in February. (DoD photo)

- **Iraqi Army**—M1A1 tanks, M109A5 and M198 artillery pieces, M113 armored personnel carriers, heavy trucks, and air-defense assets
- **Iraqi Air Force**—Pilot training, Mi17/Mi171E helicopters, training helicopters, training aircraft and simulators, C-130J transport aircraft, air-traffic-control and command elements, King Air 350s (light turboprop aircraft), RC 208s (light transport aircraft)
- **Iraqi Navy**—35-meter patrol boats, 60-meter offshore support vessels, fleet maintenance, C4ISR and Scan Eagle (command, control, communications, and intelligence and surveillance equipment)
- **Internal Security**—police training, first responders network, communications equipment, armored security vehicles, small arms, border roads, and persistent ISR

for key weapon systems, including aircraft, maritime vessels, trucks, tanks, armored personnel carriers, artillery systems, and small arms. It also would provide funds for enhancing air defense and intelligence, surveillance, reconnaissance (ISR), as well as equipping of the Iraqi Special Operations Forces and Kurdish Regional Guard Brigades. Approximately 70% of the remaining ISFF is for the MOD.²⁵³ OSC-I notes that the current priorities of the draft spend plan are based on the Iraq Country Plan, OSC-I’s ISFF strategy, and the emerging commitment of the GOI to logistics, maintenance, and sustainment.²⁵⁴ For selected details of the February FY 2011 ISFF draft spend plan, see Table 3.5.

Foreign Military Sales Program

As of March 31, 2012, the FMS program in Iraq had provided 432 separate cases valued at \$10.46 billion—201 cases funded by the GOI for \$7.92 billion, and 231 funded by the United States for \$2.54 billion (see Table 3.6). Another 53 acquisitions, worth \$8.2 billion, are pending. Of the equipment or programs actually delivered, the GOI spent \$1.48 billion and the United States spent \$968.4 million.

Key purchases delivered or about to be delivered this quarter include:²⁵⁵

BAE Systems, in partnership with Anniston Army Depot (ANAD), began working in February 2012 under a \$31 million FMS contract to refurbish 440 M113A2 armored personnel carriers for the Iraqi Army. This contract was expected to be completed by April 2012. Under separate efforts, BAE will provide materials to ANAD to refurbish an additional group of 586 M113A2 carriers also bound for Iraq. Refurbishment of the vehicles is being conducted in Anniston, Alabama. Moreover, BAE Systems will provide field service support and equipment trainers to help with fielding the equipment to the Iraqi Army.²⁵⁶

U.S. Embassy-Baghdad announced that 131 M1A1 Abrams Tanks, or 90% of those purchased through the FMS program, have now been delivered. As of March 2012, the nine remaining tanks

TABLE 3.6
STATUS OF FMS CASES, AS OF 3/31/2012
\$ Millions (% Quarterly Change)

	DELIVERED	COMMITTED
GOI-funded	1,478.60 (1%)	7,917.22 (1%)
U.S.-funded	968.42 (-17%)	2,539.84 (1%)

Source: DSCA, response to SIGIR data call, 4/3/2012.

The FMS program in Iraq has provided 432 separate cases valued at \$10.46 billion.

were in Iraq, awaiting parts prior to their transfer to the Iraqi Army.²⁵⁷

FMS contracts awarded this quarter include:

- a contract awarded to Northrop Grumman Electronic Systems to provide 22 fine-control radar systems for the Iraqi Air Force's F-16 aircraft²⁵⁸
- a \$70 million firm-fixed-price letter contract awarded to U.S.-based RiverHawk Fast Sea Frames, LLC, for the detailed design and construction of two offshore support vessels and associated equipment and services for the Iraqi Navy²⁵⁹
- a \$51 million order for the Harris Corporation to provide tactical communications for land forces along with accessories and training²⁶⁰

U.S. Army Corps of Engineers

As of March 31, 2012, USACE's Iraq Area Office (IAO) was staffed by 11 U.S. government employees—2 military personnel and 9 Department of Army civilians. Although USACE previously had expected to close the IAO's project offices in Tikrit and Taji by the end of March, both remained open. USACE plans to close the Tikrit office, which now comprises one Army civilian and two local-national associates, after ongoing FMS and Operations and Maintenance, Army (OMA), projects are completed. The Taji office also continues to provide project oversight but will be forced to close in late May 2012 because the Ministry of Defense intends to use the land for its Air Defense Academy.²⁶¹

Construction management support is facilitated through a contract that USACE awarded to Versar, Inc. Although the contract was delayed by three months (until March 5) because of a protest by another bidder, USACE reported that it is being implemented as planned and is fully staffed. Under the contract, Iraqi engineers and technical support personnel provide construction management support for USACE's ongoing projects, which currently

include projects funded by the ESF, ISFF, OMA, and the FMS program.²⁶²

USACE reported it would monitor performance under this contract in accordance with the performance work statement (PWS). According to the PWS, USACE has developed a quality assurance surveillance plan to help ensure that contract performance meets specified standards. However, USACE declined to provide a copy of the plan to SIGIR for use in this Report.²⁶³

Completed and Ongoing Projects

USACE reported that it completed three projects in Iraq this quarter, was managing 31 ongoing projects at the end of the quarter, and had an additional 18 projects in the pre-award stage.²⁶⁴

The three projects completed this quarter had a combined contract value of \$2.4 million and were paid for out of U.S. reconstruction funds. Two were ISFF-funded projects for the construction of local police stations. The third was an ESF-funded project for the repair of x-ray shielding deficiencies at IRRF-funded primary healthcare facilities previously constructed under USACE management.²⁶⁵

The 31 projects ongoing at the end of the quarter were collectively valued at \$338.7 million, and \$142.4 million had been expended. USACE's largest ongoing effort, a \$55 million OMA-funded project awarded in February is for the installation of overhead covers at three U.S. facilities in Iraq. Overhead cover structures are designed to protect people gathered in dining, housing, and other support facilities from rocket and mortar attacks. According to USACE, it has managed the construction of these types of structures at more than 20 locations in Iraq since 2005.²⁶⁶

The largest ongoing U.S.-funded *reconstruction* project continued to be the \$48 million ISFF-funded Federal Police Sustainment Brigade complex in Baghdad. Originally scheduled for completion in October 2010, the project is now expected to conclude in April 2012. In all, 13 U.S. reconstruction projects were underway at the end of the quarter—4 ISFF projects valued at \$78.7 million

Although USACE previously had expected to close the IAO's project offices in Tikrit and Taji by the end of March, both remain open.



USACE has managed the construction of overhead protective covers at more than 20 locations in Iraq since 2005 and this quarter awarded a \$55 million contract for covers at three additional locations. (USACE photo)

GOI-funded projects now constitute more than 60% of USACE's workload.

and 9 ESF projects valued at \$38 million. About 85% of the total contract amount of those projects had already been expended.²⁶⁷

Seventeen of USACE's ongoing projects, collectively valued at \$167 million (almost half the value of all work in progress), were funded through the FMS program. Two were awarded during the quarter, the largest of which is a \$23.8 million project for construction of the second phase of a military training compound for the Ministry of Defense in Baghdad. USACE completed the first phase in 2009, and the contract for the follow-on project includes construction of housing complexes, offices, a dining facility, a medical clinic, interior roads, and utilities.²⁶⁸

USACE reported that no ongoing projects were terminated this quarter.²⁶⁹ In an audit report issued this quarter, SIGIR examined whether USACE had unliquidated obligations on 55 reconstruction contracts that it terminated from June 2008 through April 2011. SIGIR found no unliquidated obligations on these contracts. For additional details on this audit, see Section 5 of the Report.²⁷⁰

Changes in USACE Workload

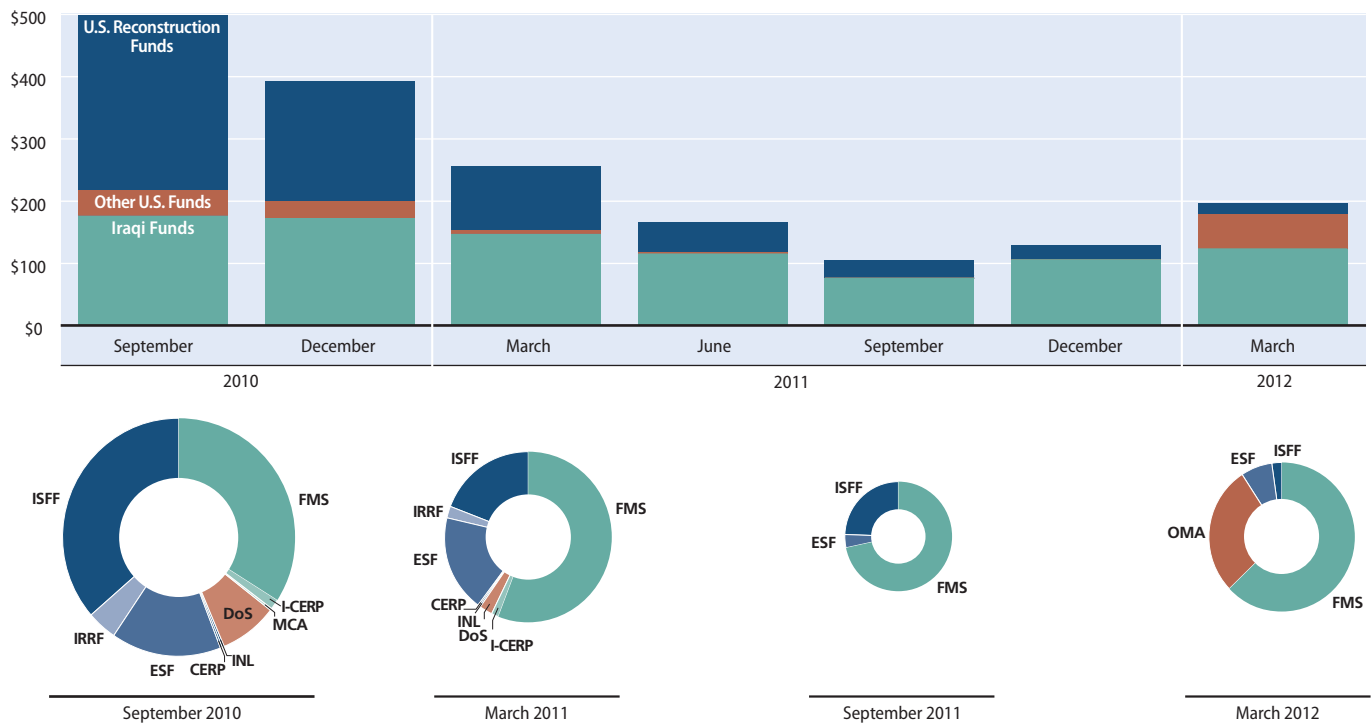
Figure 3.5 reflects the changes that have been occurring in USACE's workload in Iraq, including the types of projects it has been managing, as U.S.-funded reconstruction projects have wound down. At the end of September 2010, the unpaid contract value of its ongoing projects totaled almost \$500 million. By the end of this quarter, that total had decreased to \$196 million—a more than 60% drop over the 18-month period.²⁷¹

The portion of projects funded by the United States decreased by 77% during that same period—from \$323 million to \$73 million. And for U.S. reconstruction projects alone, it was a 94% drop—from \$281 million to \$18 million. At the end of September 2010, more than half the costs not yet incurred for work in progress were to be paid from the five major U.S. reconstruction funds. At the end of March 2012, that share was 9% of the total (\$4.0 million from the ISFF and \$13.9 million from the ESF). By contrast, the unexpended contract value of GOI-funded (predominantly FMS) projects declined by just 30% since September 2010, and those projects now constitute more than 60% of USACE's workload.²⁷²

Upcoming Projects

USACE reported that the 18 projects in the pre-award stage will together cost about \$333 million. More than 90% of these funds will come from the FMS program. One project, to provide infrastructure to support the operation and maintenance of the F-16 aircraft being purchased under the FMS program, has an estimated contract value of \$225 million. U.S.-funded reconstruction projects in the pre-award stage, most of which will receive funding from the ESF, have a collective value of \$21 million. USACE reported that four previously planned reconstruction projects—including a planned assessment to determine what would be required to bring the Khan Bani Sa'ad Correctional Facility to usable condition—were canceled this quarter at the request of either ISPO or OSC-I before the contracts were awarded.²⁷³ ♦

FIGURE 3.5
UNEXPENDED CONTRACT VALUE OF ONGOING USACE PROJECTS IN IRAQ AT END OF QUARTER,
BY FUNDING SOURCE, 9/30/2010–3/31/2012
 \$ Millions



Note: Data not audited. Figure does not include four projects for O&M and life support listed in USACE's 4/3/2012 report to SIGIR.

Sources: USACE, responses to SIGIR data calls, 10/6/2010, 1/4/2011, 4/5/2011, 7/18/2011, 10/5/2011, 1/12/2012, and 4/3/2012.

CONTRACTING

U.S.-funded Contractors and Grantees in Iraq

Contractors and grantees have played, and continue to play, a major role in U.S. relief and reconstruction activities in Iraq. Determining just how many contractors are working in Iraq, however, remains a challenge.

The Synchronized Predeployment and Operational Tracker (SPOT) database, which is administered by DoD, was developed to provide a central source of contingency contractor information. Contractor companies are required to enter employee information into SPOT, and government representatives use SPOT for oversight of the contractors they deploy.²⁷⁴ According to the SPOT database, 16,973 employees of U.S.-funded contractors and grantees supported DoD, DoS, USAID, and other U.S. agencies in Iraq as of April 1, 2012. This represents a 12% increase from the 15,154

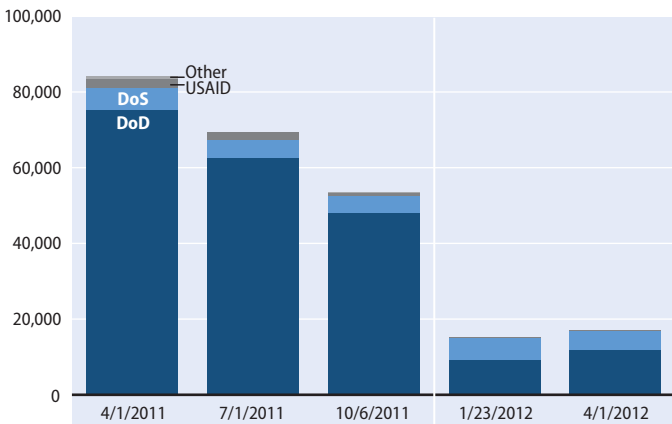
registered as of January 23, 2012, and marks the first quarterly increase in the number of contractor employees since SIGIR started compiling SPOT data in April 2011.²⁷⁵ For SPOT data on contractors and grantees, by agency and national origin since April 2011, see Figure 3.6.

While SPOT data provides SIGIR with a comprehensive view of contractor and grantee personnel in Iraq, significant apparent differences exist between agency-reported contractor numbers and SPOT data. For example, DoS reported to SIGIR that there were almost 11,400 contractors supporting Mission Iraq as of April 3, 2012, while SPOT data shows 5,172 working for DoS.²⁷⁶ In addition, USAID reported that 1,854 contractors are currently working on USAID projects in Iraq.²⁷⁷ However, SPOT data shows only 110 USAID contractor and grantee personnel in Iraq as of April 1, 2012. SIGIR intends to investigate these discrepancies and provide an update in the July 2012 Quarterly Report.

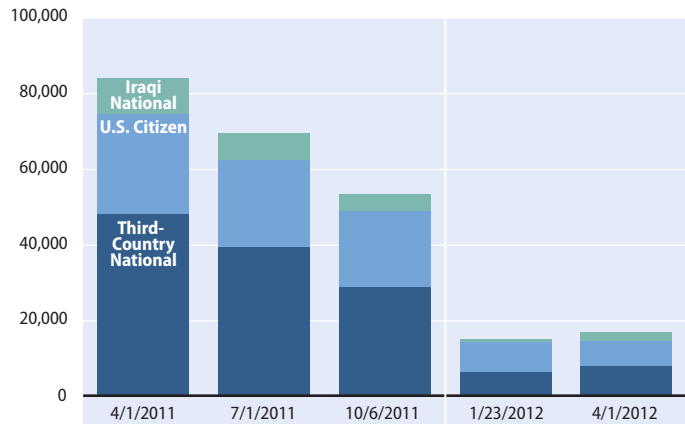
Significant apparent differences exist between agency-reported contractor numbers and SPOT data.

FIGURE 3.6
CONTRACTORS AND GRANTEES IN IRAQ, 4/2011–4/2012

By Agency



By National Origin



Sources: OUSD(AT&L), SPOT Program Support, responses to SIGIR data calls, 4/25/2011, 7/5/2011, 10/7/2011, 1/23/2012, and 4/5/2012.

Private Security Contractors in Iraq

Since April 2003, private-sector companies and individuals, commonly known as private security contractors (PSCs), have provided physical security services to protect the personnel, facilities, and property of the U.S. government and its contractors, subcontractors, and other parties supporting DoS, USAID, and DoD in Iraq.²⁷⁸ Generally, PSCs provide static security, personal security details, security escorts, convoy escorts, and security advice and planning.²⁷⁹

In 2006, more than 180 private security firms employed more than 48,000 security personnel in Iraq.²⁸⁰ By December 2010, the number of these firms had dropped to 100, including 72 Iraqi companies and 28 foreign companies registered and licensed with the MOI, employing more than 30,000 armed personnel working for a variety of government and private-sector clients. Between 2009 and 2010, the primary clients for these private security firms shifted from the U.S. government to international oil companies and other private industry, as well as NGOs.²⁸¹ As of March 31, 2012, approximately 3,600 private security personnel were supporting the U.S. Embassy and other DoS and OSC-I sites throughout Iraq.²⁸²

In February 2012, the GOI announced that 124 private security firms were registered to work for foreign government entities and private firms engaged in activities in Iraq, but the GOI has taken steps to minimize the presence and scope

of these firms. According to the GOI, the Security and Defense Committee of the CoR has drafted legislation to reduce the number of PSC firms working in Iraq from 124 to 63. Of the remaining firms, 15 to 20 would be foreign firms and the rest would be Iraqi.²⁸³

PSC operations in Iraq continue to raise concerns about the rules of engagement and legal immunity for contractors. From 2003 through 2008, all U.S. and third-country national contractors were immune from prosecution under CPA Order 17.²⁸⁴ But in September 2007, Blackwater, Inc., a private security firm under contract with DoS, was involved in an incident that resulted in the deaths of 17 Iraqi civilians, which resulted in Iraqi public outrage toward private security firms in general.²⁸⁵ In the days after the incident, the Iraqi cabinet drafted legislation to overturn Order 17.²⁸⁶ Article 12 of the Security Agreement removed the legal immunity of U.S. and third-country national contractors, providing the GOI with primary jurisdiction.²⁸⁷

Business leaders reported this quarter that the GOI has also imposed tougher administrative and operating restrictions on private security firms and their personnel. These firms have complained of opaque regulations for visa issuance and renewals, as well as for work and weapon licenses.²⁸⁸ Recent problems included non-issuance of new visas or visa renewals, non-issuance of weapon licenses or renewals, and inconsistent authorizations required for moving equipment, supplies, and personnel around the country.²⁸⁹ ♦

Business leaders reported that the GOI has imposed tougher administrative and operating restrictions on private security firms and their personnel.