Special Inspector General for Iraq Reconstruction

Quarterly Report to the

United States Congress

[April 30, 2012]

SIGIR Mission Statement

Regarding U.S. relief and reconstruction plans, programs, and operations in Iraq,
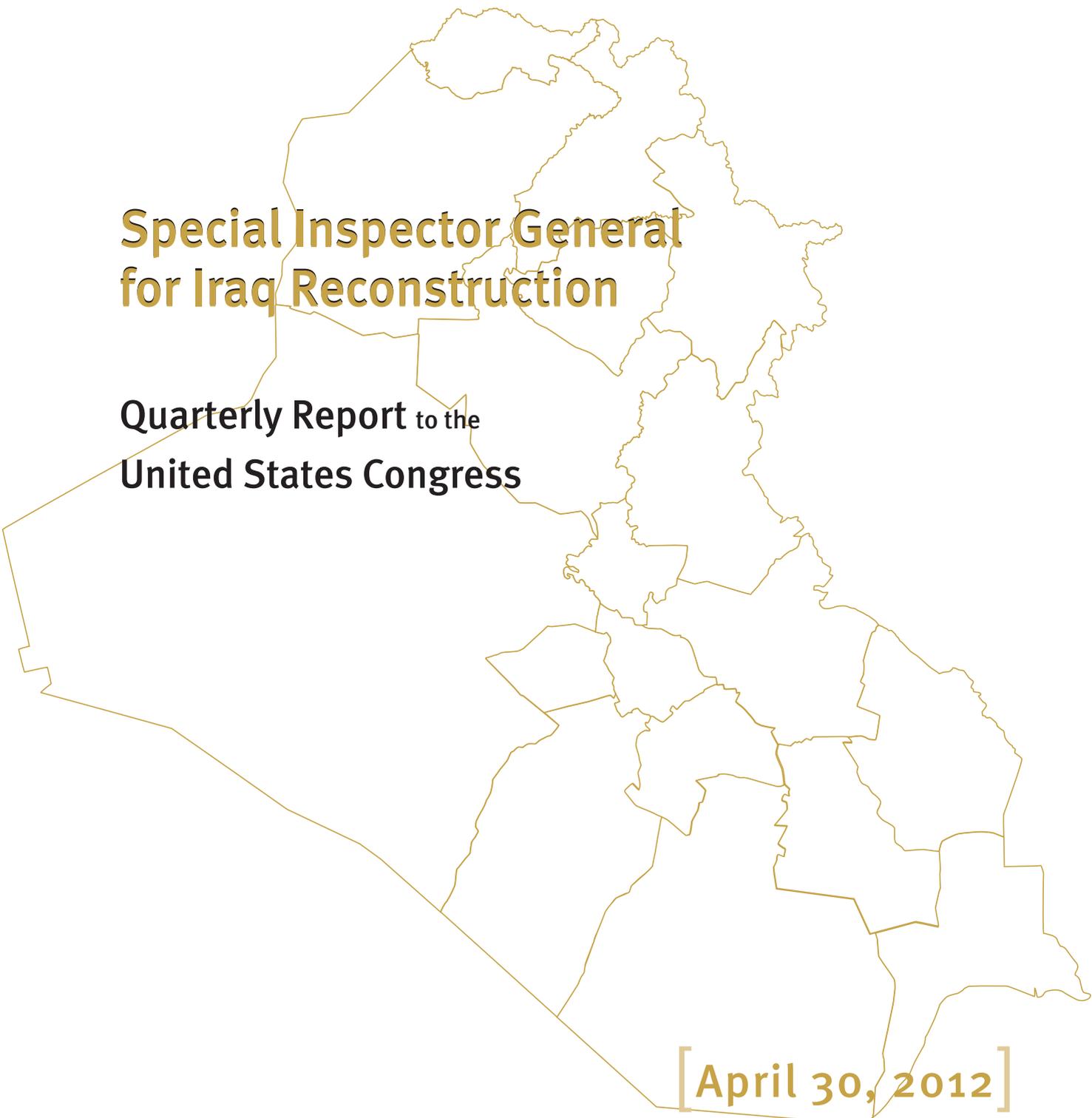the Special Inspector General for Iraq Reconstruction provides independent and objective:
· oversight and review through comprehensive audits, inspections, and investigations
· advice and recommendations on policies to promote economy, efficiency, and effectiveness
· prevention, detection, and deterrence of fraud, waste, and abuse
· information and analysis to the Congress, the Secretary of State, the Secretary of Defense,
  and the American people

_____

The jurisdiction of the Office extends to amounts appropriated or otherwise made available
for any fiscal year to the Iraq Relief and Reconstruction Fund, the Iraq Security Forces Fund,
the Commander's Emergency Response Program; or for assistance for the reconstruction
of Iraq under the Economic Support Fund, the International Narcotics Control
and Law Enforcement account, or any other provision of law.

(Section 3001 of Public Law 108-106, as amended)

Representatives from 21 countries attended the 33rd meeting of the League of Arab States, which convened in Baghdad at the end of March.
(GOI photo)

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(Public Laws 108-106 and 95-452, as amended)

MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

I am pleased to present this 33rd Quarterly Report to the U.S. Congress and the Secretaries of State and Defense.

There were signs of progress in Iraq this quarter, with events in March particularly noteworthy. After a sanguinary start to the year, March saw relatively few mass-casualty attacks. March also set a new post-2003 monthly record for oil exports: 2.32 million barrels per day. At month's end, the Government of Iraq (GOI) successfully hosted a summit of the League of Arab States, with the Iraqi Security Forces (ISF) effectively protecting thousands of foreign guests and keeping violence to a minimum.

In the shadows of this good news, familiar challenges continued. Tensions simmered between the GOI and the Kurdistan Regional Government, especially over oil rights. Fractious political rhetoric rent Prime Minister Nuri al-Maliki's coalition government, with the Prime Minister's Shia-led State of Law coalition at ever-worsening odds with the mostly Sunni al-Iraqiya bloc. Vice President Tariq al-Hashimi, a member of al-Iraqiya, was still the subject of a GOI arrest warrant and remained under the protective hand of Kurdish authorities for most of the quarter. Shortly before this Quarterly Report went to press, a series of bombings across northern Iraq (on April 19) killed more than 30.

SIGIR issued two notable new reports this quarter: our seventh lessons learned study, entitled *Iraq Reconstruction: Lessons Learned from Investigations, 2004–2012*; and our first special report, entitled *Reconstruction Leaders' Perceptions of the Commander's Emergency Response Program in Iraq*. The lessons learned report includes a series of best practices derived from eight years of investigating crimes arising out of the Iraq program. The special report is based on a wide-ranging survey conducted by SIGIR of senior military and civilian reconstruction leaders, which obtained their views on the reconstruction program, focusing on the Commander's Emergency Response Program. These reports are available at www.sigir.mil.

In addition to these reports, SIGIR issued four new audits:

- **Development Fund for Iraq (DFI) Electronic Fund Transfer (EFT) Payments**. This is SIGIR's fifth major review of the DFI; it found that the documents needed to support EFTs authorized by the Coalition Provisional Authority were often missing for transfers made in 2004.
- **DoS Progress in Implementing SIGIR Recommendations Addressing Quick Response Fund (QRF) Management Controls**. This follow-up to an April 2011 audit found that, while DoS claims to have taken action on SIGIR recommendations regarding improved internal controls, it could not document the implementation of those recommendations.
- **Iraq Security Forces Fund (ISFF) Spend Plans for Fiscal Years 2011 and 2012.** This report examined the status of the $1.5 billion appropriated to the ISFF, finding that the challenges faced by the Department of Defense (DoD) in obligating funds make it likely that some money will be left unobligated when the funds expire on September 30, 2012.
- **U.S. Army Corps of Engineers Contract Terminations**. SIGIR determined that no unliquidated obligations remained on the 55 terminated contracts reviewed in the audit.

On the investigative front, SIGIR and its investigative partners obtained significant results in several cases this quarter, including:

- the sentencing of the wife of a former U.S. Army major to six years in prison for her part in a bribery scheme that also involved her husband
- the charging of three former officers of a U.S. defense contractor, the wife of one of the officers, and four foreign nationals for their alleged roles in a fraud and money-laundering scheme
- the charging of a British subject and his company with allegedly paying almost $1 million in kickbacks in exchange for receiving more than $23 million in DoD contracts

To date, SIGIR's work has helped secure 86 indictments, 66 convictions, and the recovery of more than $175 million in court-ordered monetary penalties. As of mid-April, SIGIR and its partners at the Department of Justice and other U.S. and foreign law-enforcement agencies were working on 110 open cases.

I presently will depart on my 32nd trip to Iraq, where I will discuss SIGIR's ongoing oversight work with senior Embassy officials. I will also confer with GOI leadership on SIGIR's recent and continuing DFI work. I especially look forward to visiting with my staff in Baghdad, as they professionally and productively discharge the final months of their mission (SIGIR's Baghdad Office will close at the end of July).

Respectfully submitted,

Stuart W. Bowen, Jr.

SIGIR Summary of Performance
As of April 30, 2012

AUDITS	CUMULATIVE	LAST 12 MONTHS
Reports Issued	210	22
Recommendations Issued	478	24
Potential Savings if Agencies Implement SIGIR Recommendations to:		
Put Funds to Better Use ($ Millions)	$973.62	$387.00
Disallow Costs SIGIR Questioned ($ Millions)	$635.83	$0.00

INSPECTIONS[a]		
Project Assessments Issued	170	
Limited On-site Assessments Issued	96	
Aerial Assessments	916	25

INVESTIGATIONS, AS OF MARCH 31, 2012		
Investigations Initiated	598	58
Investigations Closed or Referred	488	62
Open Investigations	110	110
Arrests	38	7
Indictments	86	30
Convictions	66	12
Monetary Results ($ Millions)	$175.3	$31.1

HOTLINE CONTACTS, AS OF MARCH 31, 2012		
Email	413	9
Fax	18	0
Mail	30	1
Referrals	26	0
SIGIR Website	192	17
Telephone	83	2
Walk-in	112	0
Total Hotline Contacts	**874**	**29**

OTHER PRODUCTS		
Congressional Testimony	35	2
Lessons Learned Reports	7	2
Special Reports	1	1
Evaluation Reports	1	0
Quarterly Reports	33	4

[a] The Inspections Directorate ceased conducting project assessments on April 30, 2010.

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APPENDICES

The appendices for this Quarterly Report are not included in the print version of the publication.
They are published on the SIGIR website at www.sigir.mil.

Appendix A cross-references the pages of this Report with SIGIR's statutory reporting requirements under Section 3001 of P.L. 108-106, as amended.

Appendix B cross-references budget terms associated with the Commander's Emergency Response Program (CERP), Economic Support Fund (ESF), Iraq Relief and Reconstruction Fund (IRRF), Iraq Security Forces Fund (ISFF), International Narcotics Control and Law Enforcement (INCLE) account, and international support for Iraq reconstruction.

Appendix C contains detailed information on the major U.S. reconstruction funds.

Appendix D reports on international contributions to the Iraq reconstruction effort.

Appendix E contains a list of SIGIR's completed inspections of Iraq reconstruction activities.

Appendix F contains a comprehensive list of suspensions and debarments related to Iraq reconstruction contracts or Army support contracts in Iraq and Kuwait.

Appendix G provides summaries of completed and ongoing audits and reviews of Iraq reconstruction programs and activities released by other U.S. government agencies.

Appendix H contains a list of completed audits, reports, and testimonies on Iraq reconstruction activities released by SIGIR and other U.S. government audit agencies.

SIGIR
OBSERVATIONS

SECTION

1

AFTER THE NEW DAWN

This quarter marked the first time in more than nine years that the United States had no operational military presence in Iraq. Working chiefly out of the U.S. Embassy in Baghdad and consulates in Erbil, Basrah, and Kirkuk, the Department of State (DoS) now oversees the remaining—and still rather significant—U.S.-funded relief and reconstruction efforts.

As of April 3, 2012, DoS reported that 12,755 personnel supported the U.S. Mission in Iraq, down about 8% from the previous quarter. Current staffing comprises 1,369 civilian government employees and 11,386 contractors. In February, Deputy Secretary of State Thomas Nides said that DoS will continue to reduce the number of contractors over the coming months in an attempt to "right size" Embassy operations.[1]

As currently constituted, the U.S. reconstruction program devotes the preponderance of its financial resources to providing equipment, services, and advice to the Iraqi Security Forces (ISF). The Office of Security Cooperation-Iraq (OSC-I) manages U.S. security assistance to the Government of Iraq (GOI). OSC-I is staffed by 145 U.S. military personnel, 9 Department of Defense (DoD) civilians, and 4,912 contractors. DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) administers the Police Development Program (PDP), whose 86 advisors mentor senior police officials at the Ministry of Interior (MOI).[2]

While the ISF is currently capable of conducting most counterinsurgency missions, it still lacks the capability to mount an effective defense against possible hostile foreign incursions, and it is not able to police the entirety of Iraq's lengthy borders. This quarter, in the ISF's most significant test since the withdrawal of U.S. troops, more than 100,000 Iraqi soldiers and police blanketed Baghdad to secure the 33rd summit of the League of Arab States. But gaps in the ISF's domestic-security capacities persist, as a series of mass-casualty attacks this quarter in Baghdad, Kerbala, and Anbar made apparent.

Arab League summit attendees, March 2012. (GOI photo)

The Elusiveness of Reconciliation

Along with the serious threat still posed by terrorism, an array of interlocking governance and economic issues endanger the health of the Iraqi state. Foremost among them is the lack of reconciliation among the major political blocs, which stems from disputes over the March 2010 Council of Representatives (CoR) election and its unsettled aftermath. The so-called "Erbil Agreement," reached in December 2010, ostensibly crafted a road map for resolving these disputes, though that map has not been followed. Prime Minister Nuri al-Maliki thus sits atop a fractious coalition government wracked by internecine rivalries.

Last December's events, including the Prime Minister's attempt to oust Deputy Prime Minister Salih al-Mutlaq and the Higher Judicial Council's (HJC) issuance of a warrant for the arrest of Vice President Tariq al-Hashimi, continued to cause turmoil this quarter. Al-Mutlaq did not attend Council of Ministers (CoM) meetings (and called the Prime Minister a "dictator"), while al-Hashimi remained outside the effective jurisdiction of the HJC, primarily in the Kurdistan Region. Al-Mutlaq and al-Hashimi are both Sunni members of the al-Iraqiya political bloc, a heterogeneous union of political parties dominated by Sunni interests.[3] In

The U.S. reconstruction program devotes the preponderance of its financial support to providing equipment, services, and advice to the Iraqi Security Forces.

early April, efforts by Iraqi President Jalal Talabani and CoR Speaker Osama al-Nujaifi to convene a national reconciliation conference to address the issues dividing the government foundered, and the April 5 meeting was abruptly canceled. The disputing factions have yet to agree on a new date.

Vice President al-Hashimi's decision to seek refuge in the Kurdistan Region aggravated an increasingly troubled relationship between the GOI and the Kurdistan Regional Government (KRG). This dispute was also worsened by ExxonMobil's decision to pursue contracts with the KRG, despite GOI threats to exclude the company from further operations under its contract for work in southern provinces. The GOI appears to have sidestepped the issue for the moment, announcing that ExxonMobil had "frozen" its dealings with the KRG. But the relationship between the central government in Baghdad and the KRG remains tense, with the flames recently fanned by the KRG's April 1 shutdown of all oil exports leaving its territory in retaliation for the GOI allegedly withholding about $1.5 billion from the KRG.

Iraq's political strife continued in mid-April with the arrest on corruption charges of Faraj al-Haidari, the head of the Independent High Electoral Commission (IHEC). Al-Haidari, who previously clashed with the Prime Minister after the 2010 CoR elections, stands accused of improperly using state funds. Members of al-Iraqiya, the Kurdistani Alliance, and the Sadrist Trend immediately

> Iraq's political strife continued in mid-April with the arrest of the head of the Independent High Electoral Commission.

questioned the arrest. The IHEC is responsible for administering Iraqi elections, including the upcoming provincial elections in 2013 and CoR elections in 2014.[4]

U.S. RECONSTRUCTION PRESENCE, FUNDING, AND PROGRAMS

Reconstruction Funding and Personnel

From FY 2003 through FY 2012, the United States has appropriated or otherwise made available $61.11 billion for Iraq relief and reconstruction, primarily through five major funds: the Iraq Security Forces Fund (ISFF), the International Narcotics Control and Law Enforcement (INCLE) account, the Economic Support Fund (ESF), the Iraq Relief and Reconstruction Fund (IRRF), and the Commander's Emergency Response Program (CERP).[5]

For FY 2012, the Congress made available an estimated $2.55 billion for Iraq relief and reconstruction efforts. The new appropriation occurred despite the fact that almost 78% of FY 2011 funds appropriated to the ISFF, INCLE, and ESF remain unobligated.[6] Table 1.1 summarizes the status of the 2011 appropriations for these three funds, as of March 31, 2012. The IRRF and CERP are no longer available for new obligations.

In early April, DoS asserted that only 6 U.S. government employees and 48 contractors work on what it considers reconstruction programs.[7] This total does not include any of the several hundred personnel working under the auspices of the PDP, which remains the single-most expensive ongoing initiative financed by DoS for the benefit of Iraq. Nor does it include any of the hundreds of employees and contractors supporting the missions of OSC-I and the U.S. Agency for International Development (USAID), though both agencies oversee projects paid for with U.S. reconstruction funds.

TABLE 1.1

STATUS OF FY 2011 ISFF, ESF, AND INCLE, AS OF 3/31/2012
$ Millions

	APPROPRIATED	OBLIGATED	EXPENDED	UNOBLIGATED	UNEXPENDED OBLIGATIONS
ISFF	1,500	217	170	1,283	47
ESF	326	157	6	169	151
INCLE	115	61	52	54	9
Total	**1,940**	**435**	**228**	**1,505**	**207**

Note: Data not audited. Numbers affected by rounding.

Sources: P.L. 112-10; OUSD(C), response to SIGIR data call, 4/2/2012; NEA-I, responses to SIGIR data calls, 9/28/2011 and 3/27/2012; USACE, response to SIGIR data call, 4/3/2012; USAID, response to SIGIR data call, 4/2/2012; INL, response to SIGIR data call, 4/9/2012.

Police Development Program

This quarter, DoS reported that it had allocated approximately $500 million in FY 2012 INCLE funds for the PDP. Based at three main hubs in Baghdad, Basrah, and Erbil, the PDP is attempting to develop the management and operational capacities of the MOI's police forces. Of the more than 500 engagements with MOI officials that INL reported this quarter, about 77% were conducted by Baghdad-based personnel.

In April, INL reported that it will cease operations at its main Baghdad site—the Baghdad Police Academy Annex (BPAX)—by the end of the fiscal year, consolidating its Baghdad operations onto the Embassy compound in the International Zone (IZ). This decision comes after INL spent significant resources refurbishing and securing BPAX. The consequences of this retrenchment are uncertain. For example, logistical and security considerations may inhibit significant numbers of MOI personnel from traveling to the IZ on a regular basis. SIGIR is currently auditing the PDP and will issue its findings later this year. Section 3 of this Report provides more information on the PDP.

Office of Security Cooperation-Iraq

OSC-I manages the U.S. security assistance and cooperation mission, helping procure equipment and services for the ISF through the Foreign Military Sales (FMS) program and the ISFF. However, the departure of the U.S. military and the lack of a permanent GOI Minister of Defense have complicated the execution of these programs.

Information on FMS cases and ISFF execution rates this quarter provided evidence of some of the consequences of these complications:

- **FMS**. Total funds committed to both GOI-funded FMS cases and U.S.-funded "pseudo-FMS" cases increased by only $240 million from October 2011 through March 2012—down significantly from the $1.6 billion increase that occurred during the preceding six months.[8]

- **ISFF**. As of April 2, nearly 86% ($1.28 billion) of available FY 2011 ISFF funds had yet to be obligated. These funds are set to expire on September 30, 2012.[9]

OSC-I is also responsible for executing the $850 million in FY 2012 Foreign Military Financing (FMF) funds (U.S.-provided grants) allocated for equipping, training, and advising the ISF; neither OSC-I nor DoS responded to SIGIR requests for information about their FMF plans.[10]

GOVERNANCE

New Report on Public Services and Government Institutions

Polling results released by the Gallup organization in March show a high level of dissatisfaction among Iraqis with the state of public services and the effectiveness of GOI institutions. Based on face-to-face interviews with 1,000 Iraqi adults in September 2011, Gallup documented rising discontent among the Iraqi public:[11]

- 18% were satisfied with the state of the roads and highways, down from 46% in early 2009.
- 25% were satisfied with the availability of quality health care, down from 34% in early 2009.
- 34% were satisfied with the education system, down from 66% in early 2009.

When asked whether they were satisfied with their overall standard of living, 32% of residents outside the Kurdistan Region replied favorably (down from 46% in February 2010), while 64% expressed dissatisfaction (up from 49% in February 2010). Only 10% of all respondents expressed satisfaction with the availability of good job opportunities in their communities.[12]

The data indicated significant differences between how Shia and Sunni respondents viewed the government. Figure 1.1 shows the stark contrasts between Shias, the majority of whom express

INL reported that it will cease operations at its main Baghdad site—the Baghdad Police Academy Annex.

FIGURE 1.1

CONFIDENCE IN GOI INSTITUTIONS, BY RELIGIOUS AFFILIATION

Confidence in National Government

Confidence in Judiciary

Note: Survey excludes residents of the Kurdistan Region.

Source: Steve Crabtree, Gallup, "Opinion Briefing: Discontent and Division in Iraq," 3/6/2012, www.gallup.com/poll/153128/opinion-briefing-discontent-division-iraq.aspx, accessed 3/12/2012.

confidence in state institutions, and Sunnis, who overwhelmingly distrust both the national government and judicial system. These disparities are all the more striking given that the results are based on interviews conducted *before* the GOI's mass arrests of alleged Ba'athists in October 2011 and Prime Minister al-Maliki's public confrontations with leading Sunni officials in mid-December.[13]

Electricity

The total supply of electricity on the national grid set a new post-2003 high.

This quarter, the total supply of government-controlled electricity set a new post-2003 high, averaging about 7,918 megawatts (MW)—a 24% increase from the first quarter of 2011. Of the gains achieved over the last year, 60% resulted from increased production from power plants in the Kurdistan Region, which supply power only to the three KRG provinces and the city of Kirkuk, and 22% was attributable to increased imports from Iran. Power plants on the GOI Ministry of Electricity's grid accounted for about 18% of the year-on-year increase in supply.[14]

Cognizant of the need to increase power production in the non-KRG provinces, the Minister of Electricity publicly criticized Hyundai in late January for being behind schedule on electricity projects in Anbar and Baghdad. He also called this quarter for work to be completed more quickly on three "fast-track" projects that would add 660 MW of potential capacity to the GOI-administered grid.[15]

SECURITY AND THE RULE OF LAW

Record Low Casualty Figures for March

The GOI reported that 112 Iraqis—78 civilians and 34 ISF personnel—died as a result of violent attacks in March 2012, the lowest monthly death toll reported by the GOI since the U.S.-led invasion nine years ago. For the quarter, the GOI reported that 413 Iraqis died in violent incidents, with 151 deaths in January and 150 in February. However, according to data collected by the UN, 1,048 Iraqis died this quarter, more than twice the total provided by the GOI. Figure 1.2 compares recent monthly death statistics reported by the GOI, the UN, and data and information collected by the private group Iraq Body Count.[16]

Major Security Incidents

On February 23, in one of the worst days of violence this quarter, more than 20 separate attacks in 12 cities killed at least 42 Iraqis and injured almost 300 others. Less than one month later, coordinated attacks in Kerbala, Kirkuk, Baghdad, and elsewhere killed at least 40 and injured more than 200.[17] Figure 1.3 shows this quarter's significant security incidents.

FIGURE 1.2
VIOLENT DEATHS IN IRAQ, 3/2011–3/2012
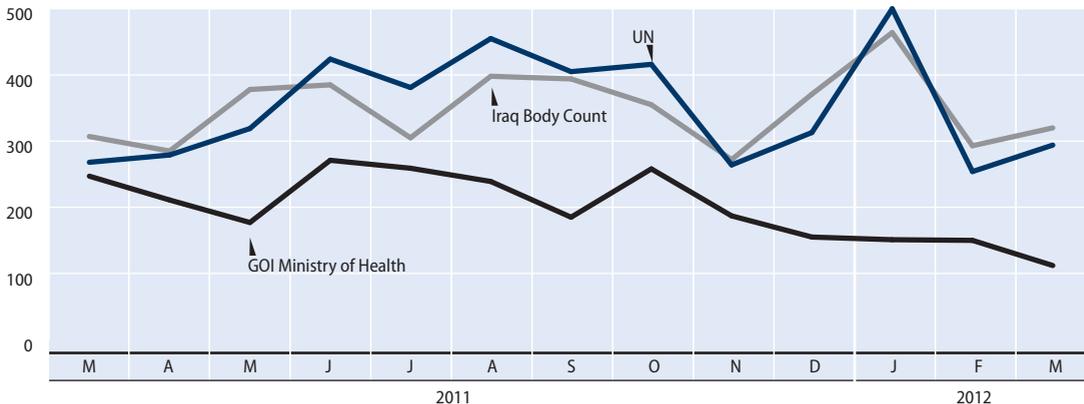
Note: The MOH collects data from the MOI and MOD on ISF casualties and adds it to its own tally of Iraqi civilian deaths. The IAU figures are "collated from various sources around the country." The UN does not guarantee the accuracy of the information. Iraq Body Count states that its data is drawn from media reports, official GOI reports, NGO data, and reviews of Iraqi hospital and morgue figures. As of April 17, Iraq Body Count was still finalizing its March death toll of 320.

Sources: GOI, MOH, information provided to SIGIR, 4/2012; UN, IAU, "Security in Iraq," http://incidents.iauiraq.org/, accessed 4/10/2012; Iraq Body Count, www.iraqbodycount.org/, accessed 4/10/2012.
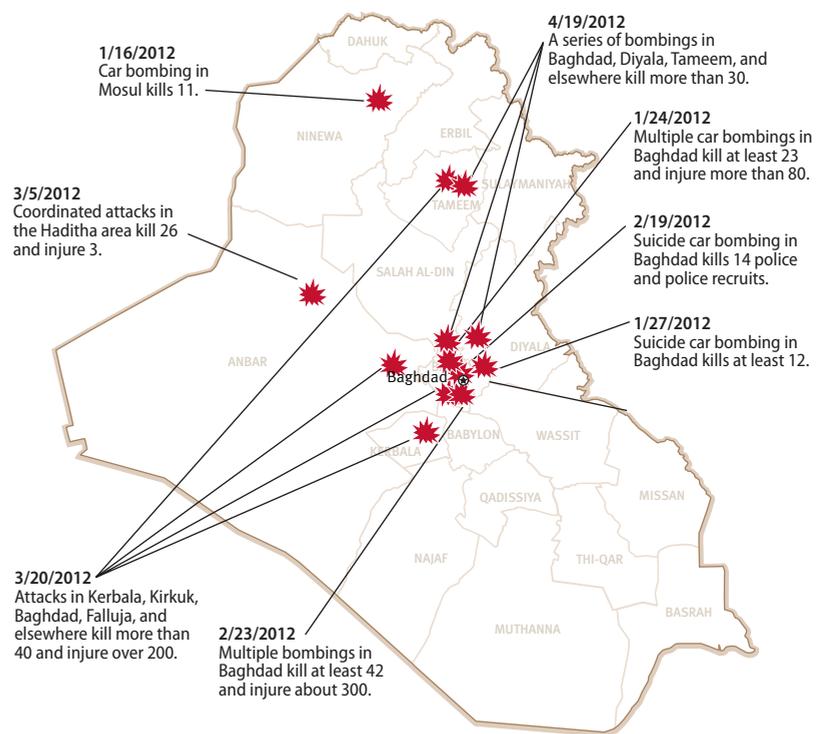
Assassinations

In a five-day span beginning on February 14, three Ministry of Defense (MOD) brigadier generals were targeted for assassination; one was killed. Assassins also targeted Iraqi judges this quarter, killing a criminal court judge in Anbar province, but failing to kill two other judges in Babylon province. Overall, according to data compiled by SIGIR, at least 73 GOI officials and prominent civilians were assassinated between January 11 and April 10, 2012. Of these, about 17 could be considered senior officials or community leaders, down slightly from the 23 such persons killed between mid-October 2011 and mid-January 2012 (the other victims were primarily low-to-mid-ranking ISF personnel). For more on this quarter's assassinations, as well as information on continued violence against Sons of Iraq, see the Security subsection of this Report.[18]

Challenges Facing the ISF

This quarter, the GOI announced that the oft-delayed transition of domestic-security responsibilities from the MOD to the MOI will be completed by July 2012. Forced by the ongoing insurgency to spend an inordinate amount of time policing Iraq's

FIGURE 1.3
SELECTED MAJOR SECURITY INCIDENTS, 1/16/2012–4/19/2012

1/16/2012
Car bombing in Mosul kills 11.

4/19/2012
A series of bombings in Baghdad, Diyala, Tameem, and elsewhere kill more than 30.

1/24/2012
Multiple car bombings in Baghdad kill at least 23 and injure more than 80.

3/5/2012
Coordinated attacks in the Haditha area kill 26 and injure 3.

2/19/2012
Suicide car bombing in Baghdad kills 14 police and police recruits.

1/27/2012
Suicide car bombing in Baghdad kills at least 12.

3/20/2012
Attacks in Kerbala, Kirkuk, Baghdad, Falluja, and elsewhere kill more than 40 and injure over 200.

2/23/2012
Multiple bombings in Baghdad kill at least 42 and injure about 300.

Note: All casualty figures are based on best available information.

Source: SIGIR analysis of GOI and U.S. government documents and open-source information in Arabic and English, 1/16/2012–4/19/2012.

ISF troops on parade, January 2012. (GOI photo)

cities and towns, the MOD only recently began to reorient itself toward external defense. As it does so, one of its main priorities will be securing Iraq's airspace. While the F-16s purchased by the GOI through the FMS program will eventually provide Iraq with modern interception capabilities, delivery of all 36 aircraft, and the training of a sufficient number of capable pilots, will not be completed for several years. In the interim, Iraq will be unable to defend its airspace.

Illustrating this manifest air-defense capability gap, U.S. Ambassador James Jeffrey held discussions with GOI officials this quarter over Iran's reported use of Iraqi airspace to fly arms to the embattled Syrian government. According to DoS, the GOI assured the Ambassador that Iraqi airspace would not be used for such purposes.[19] Absent an integrated air-defense network, though, the GOI is left with little recourse if foreign air forces elect to overfly Iraq on their way to conduct missions in a third country.

Anticorruption

The head of Iraq's chief anticorruption agency, the Commission of Integrity (COI), like two of his three predecessors, has not been confirmed by the CoR, possibly leaving him exposed to political pressure.

In February, the COI announced that 1,661 individuals had been convicted of corruption-related offenses in 2011. While the total number of persons convicted was up 21% from 2010, the COI has yet to release data on the types of offenses that resulted in these convictions. If recent trends held true, it is likely that the majority of these 2011 convictions involved the forgery of academic or professional credentials. This was the case in 2010, when approximately 77% of all persons convicted had committed a forgery-related offense.[20]

Executions

The GOI executed at least 65 individuals in the first two months of 2012, most of whom were convicted of committing terrorist acts in 2006–2008. This nearly matched the total number of executions in all of 2011, when the GOI executed approximately 68 persons.[21]

Perspectives on Doing Business in Iraq

In February 2012, SIGIR conducted a series of interviews with international business executives whose firms are operating in Iraq. While all the executives acknowledged the vast potential of the Iraqi market, most recognized that profound challenges remain. SIGIR also met with the Deputy Chairman of the GOI's National Investment Commission (NIC), whose optimism about Iraq's long-term economic development was tempered by a realistic assessment of the near-term challenges faced by both the GOI and international investors. Topics covered in these meetings included:[22]

Recent GOI reforms. The NIC Deputy Chairman stated that the GOI has instituted several reforms in recent years aimed at transforming Iraq into a more hospitable environment for international investors. In mid-2011, it reduced the amount of rent charged to firms with projects on GOI-owned land from 10% of the value of the parcel to 10% of the previous occupant's rent. Moreover, the GOI levies only a nominal rental fee for housing projects. In addition, the GOI is also focused on improving the capacities of the provincial investment commissions (PICs). According to the NIC Deputy Chairman, the GOI dedicated significant resources in recent years to training the PICs in basic business-development tasks, such as advertising and contracting. He stated that he is now "very optimistic about 2012" because "the PICs are making us proud—they are growing up."

Security. Security remains a top priority for foreign firms operating in Iraq. One executive noted that, with a consumer market of approximately 31 million people, Iraq would be fertile ground for big-box stores specializing in consumer products. But he added that, as long as the security situation remains uncertain, such companies will stay away, stating that while Iraq has several malls,

Cargo ship off Umm Qasr. (USF-I photo)

many people avoid them because of their perceived vulnerability to terrorist attacks. Several executives also expressed a concern that the GOI's push to reduce the number of foreign private-security contractor (PSC) firms working in Iraq could adversely affect their operations, stating that the GOI's efforts to foster the development of indigenous PSC firms that would primarily employ Iraqis may be premature. Further complicating the security environment for foreign firms is the lack of an established legal framework governing PSCs.

Visas. Most businessmen identified the complex and often inconsistent visa-issuance process as one of the main impediments faced by their firms. Part of the problem involves outdated visa laws dating from the 1970s, a time when most foreign businesses were banned from operating in the country. One executive stated that the lack of clear, consistent visa regulations—and the multiplicity of GOI agencies involved in the process—made it impossible for him to bring to Iraq the technicians needed to conduct demonstrations of his equipment for potential Iraq customers. Describing the visa process and its associated bureaucracy as "daunting, opaque, and unpredictable," he added that companies can "spend so much time getting into Iraq . . . [that] there's little time to do any business in Iraq." However, one executive remarked that, by working through the NIC, obtaining entry visas for their personnel has grown somewhat easier in recent months.

Standards. The GOI's lack of uniform, modern, and internationally recognized product standards interferes with companies' efforts to import goods into Iraq. The absence of such standards, especially in the area of consumer products, results in lengthy delays at ports and border crossings as customs officials attempt to discern what, if any, items can be permitted to enter Iraq.

Fiscal and legal environment. Businesses operating in Iraq must also adapt to a legal environment frequently dissimilar to more familiar Western models. For example, it is common practice to pay many taxes and fees in cash, forcing investors to transport substantial amounts of paper currency around the country. Additionally, some investors expressed a reluctance to commit substantial resources to Iraq until the rule of law—especially as it pertains to obtaining redress through the courts for nonpayment of contractual obligations—becomes more firmly established.

Corruption. The proliferation of new, U.S.-created anticorruption agencies since 2003—the COI and the ministry inspectors general (IGs)—has also affected the timeliness with which mid-level GOI managers make decisions. One executive stated that crucial decisions are often postponed because Iraqi officials fear that any negative outcome will result in an IG investigation. He added that "there's fear at all levels—a fear of losing your job [and] a fear of being accused of corruption."

FIGURE 1.4

GREATEST INCREASES AND DECREASES IN GOI 2012 BUDGET ALLOCATIONS COMPARED WITH 2011
$ Millions
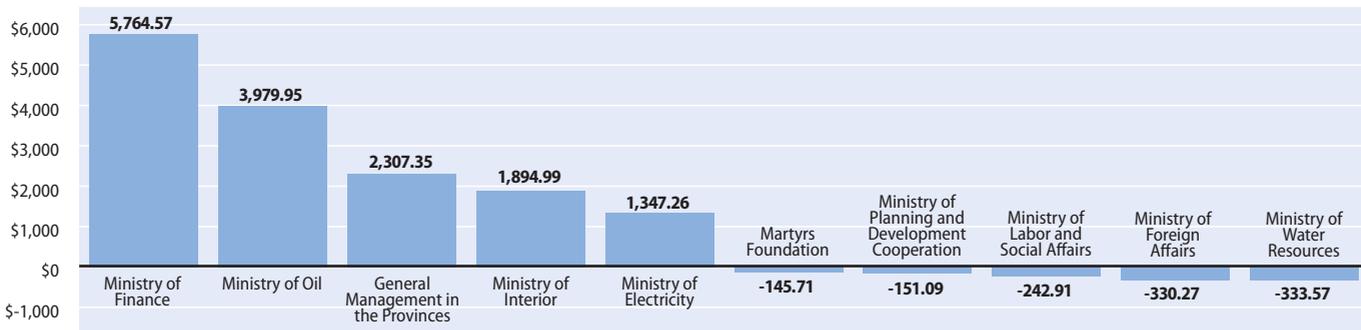
Source: GOI, CoR, "General Budget Law for the Federal Republic of Iraq for the Financial Year 2012," 2/23/2012, www.parliament.iq, accessed 2/23/2012.

ECONOMY

The hydrocarbon sector continues to dominate Iraq's economy, with the International Monetary Fund estimating that oil revenue will account for 98% of export earnings and more than 90% of GOI income in 2012.[23] Improved security, however, has led to a marked increase in international investment. According to one estimate, foreign firms reported $55.7 billion in investments, service contracts, and other commercial activities in Iraq during 2011—a 40% increase from 2010.[24]

GOI Budget for 2012

In early February, the CoR approved a $100.4 billion budget for 2012 with a projected deficit of about $12.7 billion. Financed almost entirely by oil revenue, the 2012 budget assumes an average price of $85 per barrel and average exports of 2.60 million barrels per day (MBPD). Government operating expenses, such as salaries and pensions, account for 68% of the budget ($68.6 billion)—20% higher than 2011—while capital investment accounts for about 32% ($31.88 billion) of the 2012 budget—24% higher than 2011. Figure 1.4 shows the GOI agencies receiving the largest annual increases and decreases in 2012 relative to what they were allocated in 2011.[25]

> Oil production averaged 2.59 MBPD for January and February—well below the 3.4 MBPD production target set for 2012.

Oil Exports, Production, and Infrastructure

The Ministry of Oil stated that March oil exports averaged 2.32 MBPD—a post-2003 monthly record, but 11% below the annual average (2.60 MBPD) assumed in the 2012 budget.[26] For the entire quarter, exports averaged about 2.15 MBPD.[27] The Ministry of Oil reported that oil production averaged 2.59 MBPD for January and February—well below the 3.4 MBPD production target it set for 2012.[28]

Iraq's inadequate infrastructure, especially portions of the pipeline system that transports crude oil to terminal facilities near Umm Qasr, has long hampered GOI efforts to increase oil exports. In February, after several false starts, the first of five planned single-point mooring (SPM) facilities started operating off the coast of al-Faw peninsula. When all SPMs are operational, Iraq's nominal export capacity would increase by approximately 4.25 MBPD.[29]

GOI-KRG Oil Dispute Intensifies

This quarter, tensions increased between the GOI and the KRG over control of oil fields in the Kurdistan Region and in the disputed territories to its south and west. The controversy centered on whether international oil companies doing business with the GOI can also enter into contracts with the KRG. Despite the uncertainty, companies

are nonetheless attracted to the Region because of its safer security environment and the more favorable contractual terms offered by the KRG. By the end of the quarter, no less than three major international oil companies had become enmeshed in GOI-KRG dispute to various degrees, with BP and Total joining ExxonMobil in having to navigate a potentially volatile political landscape.[30]

Until the CoR passes the long-stalled package of hydrocarbon laws, disputes over the control of certain northern oil fields and the distribution of oil revenue will continue to adversely affect relations between the GOI and the KRG. For a more complete analysis of oil-related issues, see Section 4 of this Report.

Foreign Commercial Activity

Firms from more than 45 countries invested in Iraq in 2011, with those from countries outside the region, including South Korea and the United States, apparently capturing a greater percentage of the deals than they did in 2010. Foreign investors committed the most money to the residential real estate sector ($14.5 billion), followed by the hydrocarbon ($12.8 billion), electricity ($11.2 billion), and water and sanitation ($4.3 billion) sectors.[31]

Oil-rich Basrah province attracted more than 27% of all foreign commercial activity in Iraq last year, followed by Baghdad (20%) and the Kurdistan Region (15%). Once again, 2011 saw little investment flow to strife-ridden Diyala province (2%) or the sparsely populated Sunni province of Anbar (1.2%). Table 1.2 lists the top countries whose firms invested in Iraq last year, and Table 1.3 provides information on the most significant commercial engagements, as measured by dollar value.[32]

Prime Minister al-Maliki meets with Najaf officials in April 2012 to review development plans. (GOI photo)

TABLE 1.2

GEOGRAPHIC ORIGIN OF FOREIGN COMMERCIAL ACTIVITY IN IRAQ, 2011

COUNTRY	VALUE ($ Billions)	% OF TOTAL
South Korea	12.0	21.5
United States	6.9	12.4
United Kingdom	4.1	7.4
Netherlands	3.8	6.9
Turkey	3.7	6.6
Germany	3.2	5.7
People's Republic of China	3.1	5.6
United Arab Emirates	3.0	5.3
Italy	2.8	5.1
Iran	2.2	3.9

Note: Other countries with approximately 1%–2% of reported deal volume: France, Cyprus, Japan, Russia, Sweden, Kuwait, Australia, India, and Ukraine. Numbers affected by rounding. Dollar values associated with this table do not necessarily reflect values of contracts or other binding engagements.

Source: Dunia Frontier Consultants, "Foreign Commercial Activity in Iraq: 2011 Year in Review," 3/2012, p. 12.

Until the CoR passes the long-stalled package of hydrocarbon laws, disputes over the control of certain northern oil fields and the distribution of oil revenue will continue to adversely affect relations between the GOI and the KRG.

TABLE 1.3
TOP 5 FOREIGN COMMERCIAL DEALS IN IRAQ FOR 2011
$ Billions

VALUE	COMPANY	COUNTRY	DESCRIPTION	SECTOR	PROVINCE
7.25	Hanwha	South Korea	100,000 housing units and related services in Besmaya	Real estate	Baghdad
6.98	Royal Dutch Shell/ Mitsubishi	Netherlands/ Japan	Gas-capture infrastructure in southern oil fields	Hydrocarbon	Basrah
2.60	Bauer	Germany	6-year rehabilitation of the Mosul Dam	Water	Ninewa
2.30	Lockheed Martin	United States	F-16 combat aircraft, and related equipment and services	Defense	N/A
2.00	Majid al Futtaim Holding	United Arab Emirates	Shopping centers	Real estate	Kurdistan Region

Note: Dollar values associated with this table do not necessarily reflect values of contracts or other binding engagements.

Source: Dunia Frontier Consultants, "Foreign Commercial Activity in Iraq: 2011 Year in Review," 3/2012, p. 27.

SIGIR OVERSIGHT

New Reports

In late April, SIGIR issued its seventh lessons learned report, *Iraq Reconstruction: Lessons Learned from Investigations, 2004–2012*. Drawing on more than eight years of criminal investigative experience in Iraq involving over 600 different cases, this report identifies a series of lessons learned and recommends a set of best practices for use in future stabilization and reconstruction operations (SROs) to ensure that law-enforcement agencies have appropriate plans and procedures in place before an SRO begins.

SIGIR also issued its first special report this quarter—*Reconstruction Leaders' Perceptions of the Commander's Emergency Response Program*

SIGIR could not determine whether some items paid for were actually received—including 10,000 hand-held weapons.

in Iraq. This report provides the results of a survey of U.S. Army and Marine Corps battalion commanders and civilian agency officials about their experiences using CERP funds in Iraq. Key findings include:

- Persistent structural issues impeded coordination among military and civilian reconstruction officials.
- CERP projects were generally less effective in developing the capacity of GOI institutions.
- A significant number of battalion commanders surveyed estimated that at least some of the CERP money their battalions spent was lost to fraud and corruption.

Survey results also indicated the need for reconstruction managers to involve local officials early in the planning process. In addition, many of the commanders surveyed stated that small-scale projects that can be finished expeditiously are more likely to be successful than elaborate, complex programs that take a much longer time to implement.

Both of these reports are available at www.sigir.mil.

Audits

SIGIR issued four audits this quarter. To date, SIGIR has published 210 audit reports. This quarter's audits assessed:

- **Development Fund for Iraq (DFI) Electronic Fund Transfer (EFT) Payments**. In 2003 and 2004, the Coalition Provisional Authority (CPA) Administrator directed the Federal Reserve Bank of New York to make about 1,100 EFT payments totaling about $5.9 billion for reconstruction activities funded by Iraqi money held in the main DFI account. SIGIR's analysis of the 25 EFT payments made in 2003 found that almost all contained the documents needed to support each transfer. But because the only three missing documents were important receiving and inspection reports, SIGIR could not determine whether some items paid for were actually received—including 10,000 hand-held weapons. SIGIR's examination of the 29 EFT

payments made in 2004 found far more missing documents, although the files for four of the largest—three payments to the World Food Program and one payment establishing a letter of credit—had all of the requisite documents. But 11 of the 75 documents (14.6%) were missing from the remaining 25 payments, causing SIGIR to expand the scope of its audit to cover 21 additional 2004 payments—12 for Hajj-related activities and 9 for fertilizer and pesticides. Of these, SIGIR found that 94.4% of the documents supporting the $40.4 million in Hajj payments were missing, and 37% of the documents supporting the $15.8 million for fertilizer and pesticide payments were missing. While SIGIR has not concluded that fraud, waste, or abuse occurred as a result of the missing documentation, the absence of these key financial documents raises serious questions of accountability.

- **DoS Progress in Implementing SIGIR Recommendations Addressing Quick Response Fund (QRF) Management Controls**. An April 2011 SIGIR audit of the QRF raised concerns that fraudulent activities may have taken place. Since the QRF involved cash payments for projects, the program was particularly susceptible to fraud, waste, and abuse, and needed strong internal controls over program management and fund expenditures. The letter report released this quarter examined the extent to which DoS has implemented recommendations made by SIGIR last year. In response to SIGIR requests for information on this issue, DoS officials stated that they had implemented the recommendations, but did not directly address SIGIR's concerns. Consequently, SIGIR will continue with this audit and examine DoS documentation of its use of the QRF in 2007 and 2008.

- **ISFF Spend Plans for FY 2011–FY 2012**. This report reviewed the status of the $1.5 billion appropriated to the ISFF through the Defense and Full-Year Continuation Appropriations Act, 2011 (P.L. 112-10). These funds cannot be used for new obligations after September 30, 2012. The audit found that DoD had obligated $243.1 million of the FY 2011 ISFF, as of March 20, 2012. In addition, OSC-I informed SIGIR that, after reviewing the ISF's requirements, it now expects that it will not need the entire $1.5 billion. The Under Secretary of Defense (Comptroller) requested and received congressional approval to reprogram approximately $345 million to meet DoD's other needs. Notwithstanding this reprogramming, SIGIR concluded that the challenges faced in obligating the ISFF make it likely that some funds will be left unobligated on September 30.

- **U.S. Army Corps of Engineers (USACE) Contract Terminations**. In this third report on USACE contract terminations, SIGIR determined that no unliquidated obligations remained on the 55 terminated contracts reviewed in the audit. For 46 of the 55 contracts, USACE financial reports showed the obligated funds were either used to pay contractors or deobligated. For the other 9 contracts, USACE officials stated that no financial transactions occurred after the funds were obligated, a conclusion confirmed by SIGIR's independent review of the contract files.

Investigations

As of March 31, 2012, work performed by SIGIR's Investigations Directorate, in collaboration with other U.S. law-enforcement agencies, has resulted in 86 indictments, 66 convictions, and 38 arrests, as well as court-ordered fines, forfeitures, and other monetary penalties of more than $175 million. This quarter, significant investigative accomplishments included:

- On February 6, Eric Hamilton, a former U.S. Marine Corps gunnery sergeant, was sentenced to 18 months in prison for conspiring to steal at least 55 electrical generators from U.S. military bases in Iraq while he was stationed

DoS officials stated that they had implemented the recommendations, but did not directly address SIGIR's concerns.

there in 2008. Hamilton was also sentenced to three years of supervised release and ordered to pay $124,944 in restitution.

- On February 14, Amasha King, a sergeant in the U.S. Army Reserves, pled guilty to one count of conspiracy to defraud the U.S. government. She admitted to receiving more than $20,000 from a defense contractor in return for preferentially processing the contractor's invoices outside of the proper procedures. This allowed the contractor to be paid much faster than usual, and ultimately enabled it to bid for more contracts than it otherwise could have financed.

- On February 21, John Hayes was sentenced to five months in prison followed by two years of supervised release and ordered to pay $12,000 in restitution for conspiring to steal U.S. government equipment (a truck and a generator) while working as an employee of a firm in Iraq under a DoS contract.

> A British citizen and his company were charged with conspiracy to defraud the United States and pay kickbacks in exchange for receiving more than $23 million in DoD subcontracts.

- On February 23, Eurica Pressley, wife of former U.S. Army Major Eddie Pressley, was sentenced to six years in prison and three years of supervised release for her participation in a bribery and money-laundering scheme involving the payment of bribes in exchange for the awarding of Iraq reconstruction contracts. She was also ordered to forfeit $21 million, several automobiles, and property. The Pressleys were found guilty in March 2011 of multiple offenses, including bribery, conspiracy to commit bribery, honest-services fraud, and money-laundering conspiracy. Earlier this year, Eddie Pressley was sentenced to 12 years in prison for his role in these crimes.

- On February 28, three former officers of a U.S. defense contractor, the wife of one of the officers, and four foreign nationals were indicted for their alleged roles in a fraud and money-laundering scheme involving contracts for reconstruction projects in Iraq. The defendants were also are charged with an aggregate of 74 wire-fraud offenses. One of the company

officers and one of the foreign nationals were also charged with offering and receiving illegal kickbacks from potential subcontractors. In addition, the company officers and the wife of one of the officers were charged with multiple money-laundering offenses.

- On March 2, U.S. Army Major Kevin Schrock was sentenced to three-years probation and ordered to pay $47,242 in restitution for stealing funds intended for humanitarian and reconstruction projects in Iraq in 2004 and 2005.

- On March 7, Michael Rutecki, a captain in the U.S. Army, pled guilty to accepting illegal gratuities from an Iraqi contractor. Among the items Rutecki accepted were $10,000 in cash, two silver rings, and 15 gold coins worth more than $10,000. He took these items with the understanding and belief that they were for assisting the contractor with obtaining a CERP-funded contract. Rutecki faces up to two years in prison and a fine of $250,000.

- On March 13, a British citizen and his company were charged with conspiracy to defraud the United States and pay kickbacks in exchange for receiving more than $23 million in DoD subcontracts from April 2006 to August 2008. The British contractor allegedly paid more than $947,500 in unlawful kickbacks to two employees of a prime contractor to the U.S. government in order to obtain these subcontracts for work performed in support of the Coalition Munitions Clearance Program (CMCP). In a related matter, the prime contractor's program manager and deputy program manager were charged on the same day with conspiring to solicit and accept kickbacks to award subcontracts under the CMCP program and to commit mail and wire fraud by devising a scheme to defraud the U.S. government.

- On March 20, Terry Hall, a former U.S. Army contractor, was sentenced to 39 months in prison for his participation in the same bribery and money-laundering scheme that resulted

in the convictions of Eurica Pressley and 18 others. He was ordered to serve one year of supervised release following his prison term. In addition, the court ordered Hall to forfeit $15,757,000 as well as a Harley-Davidson motorcycle and parcels of commercial real estate that he purchased with illicitly obtained funds.

- On March 23, Francisco Mungia, a former Marine, was sentenced to four months imprisonment, followed by three years supervised release, and ordered to pay $30,000 in restitution for laundering approximately $150,000 in bribes that his co-conspirator received from two Iraqi contractors.
- On April 2, David Welch, a former U.S. civilian contract employee, pled guilty to conspiring to steal 38 U.S. military generators and sell them on the Iraqi black market. He also agreed to pay $160,000 in restitution to the United States. At sentencing, he faces up to five years in prison and a $250,000 fine.
- On April 9, U.S. Army Major Christopher Bradley pled guilty to accepting $20,000 in illegal gratuities from a contractor performing construction work on a military base in Iraq in 2008. The allegations against Bradley included interceding on the part of the contractor concerning security changes at the base that ultimately imposed a much greater cost and inconvenience for all other contractors operating there.

As of April 10, SIGIR is continuing to work on 110 open investigations. ◆

> The court ordered Hall to forfeit $15,757,000 as well as a Harley-Davidson motorcycle and parcels of commercial real estate that he purchased with illicitly obtained funds.
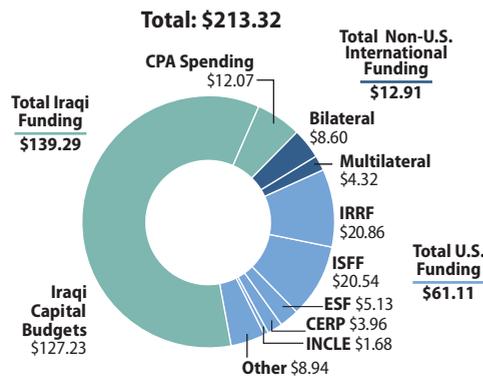
FUNDING FOR IRAQ RECONSTRUCTION

SECTION

2

FUNDING OVERVIEW

As of March 31, 2012, $213.32 billion had been made available for the relief and reconstruction of Iraq through three main sources:[33]

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

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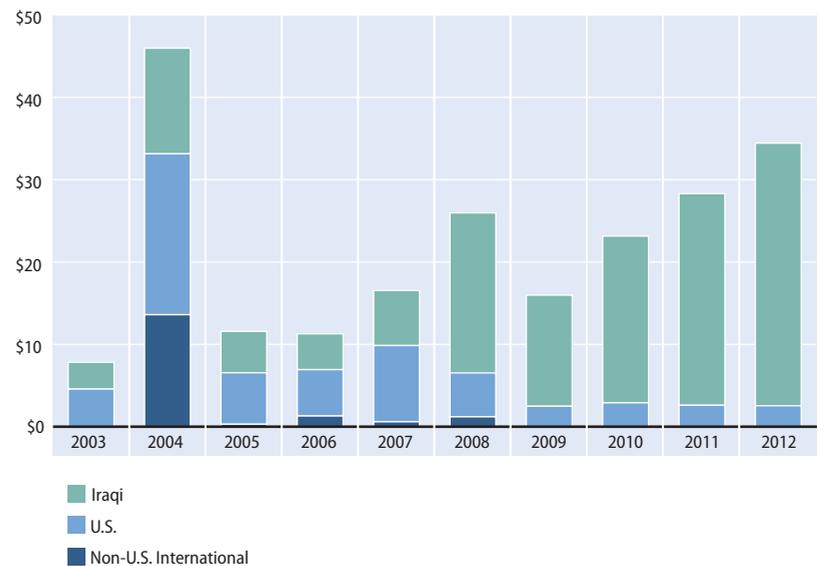
FIGURE 2.1

FUNDING SOURCES, 2003–2012
$ Billions

Note: Data not audited. Numbers affected by rounding.

Sources: See Figure 2.2.

FIGURE 2.2

U.S., IRAQI, AND NON-U.S. INTERNATIONAL SUPPORT FOR RECONSTRUCTION, 2003–2012
$ Billions

Note: Data not audited. Numbers affected by rounding. U.S. Contributions are represented by U.S. fiscal year. Iraqi and non-U.S. international contributions are represented by calendar year. Iraqi funding reflects capital budgets for 2003–2005 and 2011–2012, as well as actual capital expenditures for 2006–2010. The earliest available data for non-U.S. international contributions dates from 2004; therefore, all 2003–2004 non-U.S. international contributions are represented as having been made in 2004.

Sources: P.L. 108-7; P.L. 108-11; P.L. 108-106; P.L. 108-287; P.L. 109-13; P.L. 109-102; P.L. 109-148; P.L. 109-34; P.L. 109-289; P.L. 110-28; P.L. 110-92; P.L. 110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10, P.L. 112-74; ABO, response to SIGIR data call, 1/18/2012; BBG, response to SIGIR data call, 3/7/2011; Congressional Budget Justification, Foreign Assistance Summary Tables, FY 2009–2011; DCAA, response to SIGIR data call, 10/4/2011; ECA, response to SIGIR data call, 4/14/2010; OMB, response to SIGIR data call, 6/21/2010; PM, response to SIGIR data call, 7/6/2011; DoS, "Congressional Budget Justification, Volume 1: Department of State Operations, Fiscal Year 2013," p. 812, and "Executive Budget Summary Function 150 & Other International Programs, Fiscal Year 2013," p. 173; INL, response to SIGIR data call, 4/9/2012; DoJ, response to SIGIR data call, 4/3/2012; NEA-I, responses to SIGIR data calls, 10/4/2010, 10/6/2010, 9/28/2011, 4/5/2011, 4/7/2011, 4/15/2011, 7/12/2011, 3/27/2012, and 3/28/2012; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; USACE, response to SIGIR data call, 4/3/2012; USAID, response to SIGIR data call, 4/2/2012; OUSD(C), responses to SIGIR data calls, 10/14/2010 and 4/2/2012, and "United States Department of Defense, Fiscal Year 2012 Budget Request Overview," 2/2012, p. 6; TFBSO, response to SIGIR data call, 1/4/2011; U.S.Treasury, responses to SIGIR data calls, 1/4/2008 and 4/9/2009, and OTA, "Office of Technical Assistance Overview," 12/30/2005, ustreas.gov/offices/international-affairs/assistance/, accessed 10/16/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009; USACE, response to SIGIR data call, 10/6/2008; USAID, responses to SIGIR data calls, 1/12/2009 and 4/8/2009, and "U.S. Overseas Loans and Grants [Greenbook]," 2008, gbk.eads.usaidallnet.gov/query/do?_program=/eads/gbk/countryReport&unit=N, accessed 4/15/2010; GOI, CoR, "General Budget Law for the Federal Republic of Iraq for the Financial Year 2012," 2/23/2012, www.parliament.iq/, accessed 2/23/2012, and "Federal Public Budget Law for the Fiscal Year 2011," 2/23/2011, Article 2; GOI, MOF, information provided to SIGIR, 6/27/2011; "GOI Budget" (as approved by TNA and written into law December 2005); GOI, Presidency of the Iraqi Interim National Assembly, "The State General Budget for 2005," 2005.

U.S. FUNDING

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

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

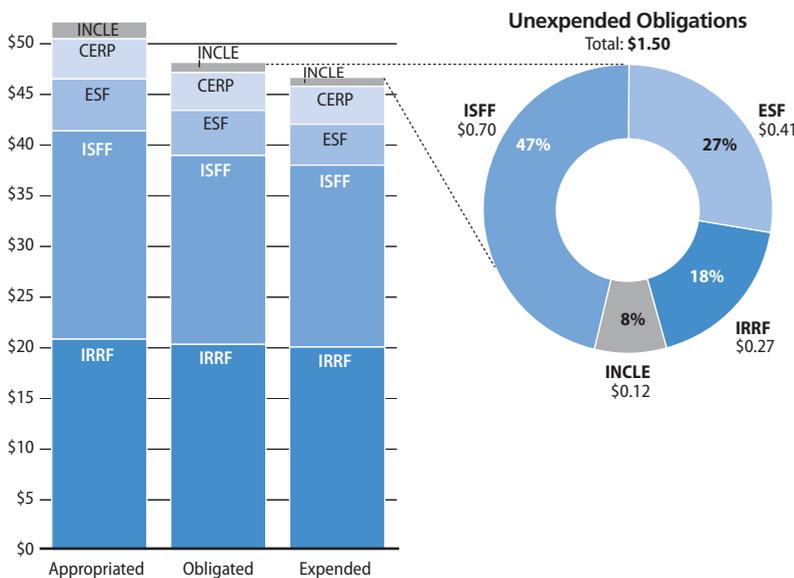Nearly $52.18 billion has been provided through five major funds.

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

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

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

Status of Major Funds

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

- **Iraq Security Forces Fund (ISFF)**—$20.54 billion appropriated, $18.64 billion obligated, $17.94 billion expended, and $1.28 billion available for obligation to new activities[36]
- **Economic Support Fund (ESF)**—$5.13 billion appropriated, $4.45 billion obligated, $4.04 billion expended, and $429 million available for obligation to new activities[37]
- **International Narcotics Control and Law Enforcement (INCLE)**—$1.68 billion appropriated, $1.01 billion obligated, $0.90 billion expended, and $669 million available for obligation to new activities[38]

Two of the major funds are no longer available for obligation to new activities:
- **Iraq Relief and Reconstruction Fund (IRRF)**—$20.86 billion appropriated, $20.34 billion obligated, and $20.08 billion expended[39]

FIGURE 2.3
STATUS OF MAJOR U.S. FUNDS, AS OF 3/31/2012
$ Billions

Note: Data not audited. Numbers affected by rounding.

Sources: P.L. 108-7; P.L. 108-11; P.L. 108-106; P.L. 108-287; P.L. 109-13; P.L. 109-102; P.L. 109-148; P.L. 109-34; P.L. 109-289; P.L. 110-28; P.L. 110-92; P.L. 110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10; P.L. 112-74; NEA-I, responses to SIGIR data calls, 9/28/2011, 3/27/2012, and 3/28/2012; USACE, response to SIGIR data call, 4/3/2012; USAID, response to SIGIR data call, 4/2/2012; ABO, response to SIGIR data call, 1/18/2012; INL, response to SIGIR data call, 4/9/2012; OUSD(C), response to SIGIR data call, 4/2/2012; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010.

TABLE 2.1

U.S. APPROPRIATED FUNDS
$ Millions

	P.L. 108-7, P.L. 108-11	P.L. 108-106, P.L. 108-287	P.L. 109-13	P.L. 109-102, P.L. 109-148, P.L. 109-234
	FY 2003	FY 2004	FY 2005	FY 2006
MAJOR FUNDS				
Iraq Relief and Reconstruction Fund (IRRF 1 and IRRF 2)[a]	2,475	18,389		
Iraq Security Forces Fund (ISFF)			5,490	3,007
Economic Support Fund (ESF)[b]				1,469
Commander's Emergency Response Program (CERP)[c]		140	718	708
International Narcotics Control and Law Enforcement (INCLE)				91
Subtotal	**2,475**	**18,529**	**6,208**	**5,275**
OTHER ASSISTANCE PROGRAMS				
Migration and Refugee Assistance (MRA) and Emergency Refugee & Migration Assistance (ERMA)	40			
Foreign Military Financing (FMF)				
Natural Resources Risk Remediation Fund (NRRRF)[d]	801			
Iraq Freedom Fund (Other Reconstruction Activities)[e]	700			
P.L. 480 Food Aid (Title II and Non-Title II)	368		3	
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA)	24		7	
Democracy Fund (Democracy)				
U.S. Contributions to International Organizations (CIO)				
Iraq Freedom Fund (TFBSO)				
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)[f]				
Department of Justice (DoJ)	37		2	11
Child Survival and Health Programs Fund (CSH)	90			
Education and Cultural Exchange Programs				7
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)	9	15	3	
International Affairs Technical Assistance				13
International Military Education and Training (IMET)				
U.S. Marshals Service[g]			1	3
Alhurra-Iraq Broadcasting		5		
Subtotal	**2,069**	**21**	**16**	**34**
RECONSTRUCTION-RELATED OPERATING EXPENSES				
Coalition Provisional Authority (CPA)[h]		908		
Project and Contracting Office (PCO)[i]				200
Office of Security Cooperation-Iraq (OSC-I)				
USAID Operating Expenses (USAID OE)	21		24	79
DoD OSC-I Support				
Iraq Freedom Fund (PRT Administrative Costs)				
Subtotal	**21**	**908**	**24**	**279**
RECONSTRUCTION OVERSIGHT				
Special Inspector General for Iraq Reconstruction (SIGIR)		75		24
Defense Contract Audit Agency (DCAA)[j]				16
DoS Office of the Inspector General (DoS OIG)				1
USAID Office of the Inspector General (USAID OIG)	4	2	3	
DoD Office of the Inspector General (DoD OIG)				5
Subtotal	**4**	**77**	**3**	**46**
Total	**4,569**	**19,535**	**6,251**	**5,634**

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

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

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

[d] Includes funds transferred from the Iraq Freedom Fund (IFF).

[e] Includes funds appropriated to the IFF by P.L. 108-11, Title I, and transferred to reconstruction activities, with the exception of funds transferred to NRRRF, which are recorded under that fund.

[f] The $20 million reported for FY 2009 was appropriated by P.L. 111-8.

[g] DoJ reported that $24 million was made available under P.L. 111-118 and P.L. 111-212.

[h] Excludes $75 million for the Special Inspector General for Iraq Reconstruction under P.L. 108-106.

[i] Reconstruction support funding is provided for Project and Contracting Office (PCO) activities per the P.L. 109-234 and P.L. 110-28 conference reports.

[j] DCAA reported that $1.98 million was made available in FY 2006 under P.L. 109-108.

P.L. 109-289, P.L. 110-5, P.L. 110-28	P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149, P.L. 110-161, P.L. 110-252	P.L. 110-252, P.L. 111-32	P.L. 111-117, P.L. 111-118, P.L. 111-212	P.L. 112-10	P.L. 112-74				
FY 2007	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**Total Appropriated**	**Obligated**	**Expended**	**Expired**
						20,864	20,344	20,075	504
5,542	3,000	1,000	1,000	1,500		20,539	18,640	17,937	616
1,554	562	542	383	326	299	5,134	4,445	4,039	260
750	996	339	263	44		3,958	3,728	3,728	230
170	85	20	702	115	500	1,683	1,014	895	
8,017	**4,643**	**1,901**	**2,347**	**1,984**	**799**	**52,178**	**48,170**	**46,675**	**1,611**
78	278	260	316	280	203	1,455	1,296	1,231	
					850	850			
						801	801	801	
						700	680	654	
	24					395	395	395	
45	85	51	42	17		272	255	232	
190	75					265	265	260	
	38	30	33	33	44	179			
50	50	74				174	86	65	
19	16	36	30	30	32	163	62	62	
23	26	8	13	10	4	133	120	117	
						90	90	90	
5	7	7	7	8	7	48			
						27	27	10	
3						16	16	14	
1	2	2	2	2	2	11	9	6	
2	2	1				9	9	9	
						5	5	5	
416	**602**	**468**	**444**	**380**	**1,142**	**5,592**	**4,117**	**3,950**	
						908	832	799	
630						830			
					524	524			
37	41	48	52	51	54	408			
				129		129			
100						100			
767	**41**	**48**	**52**	**180**	**578**	**2,899**	**832**	**799**	
35	3	44	23	22	20	245	222	214	
14	14	13	24	30		111	111	111	
3	4	6	7	5	9	35			
3	7	4	7			29			
	21					26			
55	**48**	**67**	**61**	**57**	**29**	**445**	**333**	**325**	
9,256	**5,333**	**2,484**	**2,904**	**2,601**	**2,548**	**61,114**	**53,451**	**51,749**	**1,611**

- **Commander's Emergency Response Program (CERP)**—$3.96 billion appropriated, $3.73 billion obligated, and $3.73 billion expended[40]

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

The Congress also made $8.94 billion available through several smaller funding streams.[41] These smaller funds are included in Table 2.1.

Recent Obligations and Expenditures

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

FY 2012 Funding and FY 2013 Budget Request

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

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

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

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

International Narcotics Control and Law Enforcement

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

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

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

FUND	CATEGORY	SUB-ACTIVITY GROUP/PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
			OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
ISFF	Defense	Sustainment	2,528.3	2,380.5	22 .3	20.7
		Other	8,631.4	8,405.9	0.5	3 .1
		Subtotal	11,159.7	10,786.5	22.8	23.8
	Interior	Subtotal	6,617.1	6,326.7		1.7
		Related Activities Total	863.0	823.8		
	ISFF Total		18,639.8	17,937.0	22.8	25.5
ESF	Security	Community Action	450.4	402.7		24 .0
		PRT/PRDC Projects	604.2	580.2	2.7	8.0
		Other	1,593.8	1,530.5	-0.7	4.0
		Subtotal	2,648.3	2,513.4	2 .0	36.0
	Political	Democracy and Civil Society	263.6	232.1	0.7	11.0
		Tarabot Administrative Reform	82.3	12.5		8.0
		Other	620.3	578.6		2.0
		Subtotal	966.2	823.2	0.7	20.0
	Economic	*Tijara* Provincial Economic Growth	156.1	115.6		16.0
		Inma Agribusiness Development	169.8	149.3		5.0
		Other	495.8	431.9		6.0
		Subtotal	821.7	696.8		27 .0
		Personnel Support	8.8	5.9		1.0
	ESF Total		4,445.0	4,039.3	2.8	84.0
INCLE	Criminal Justice	Police Advisors	587.2	544.7	27.0	68.6
		Other	199.1	155.3	0.1	5.5
		Subtotal	786.3	700.0	27.1	74.1
	Corrections	Subtotal	181.0	165.9		2.5
	Other	Program Development and Support	45.7	29.2	7.7	3.3
	Counternarcotics	Counternarcotics	1.0			
	INCLE Total		1,014.0	895.1	34.7	79.9
Total			24,098.8	22,871.5	60.3	189.8

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

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

and DoS subsequently allocated approximately $500 million of this amount for the PDP in Iraq.[49]

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

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

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

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

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

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

Program Funding Administered by OSC-I

The Office of Security Cooperation-Iraq (OSC-I) administers two security-assistance funds in Iraq: the ISFF and the new Foreign Military Financing (FMF) program. OSC-I also administers the Foreign Military Sales (FMS) program, through which Iraq can acquire U.S. defense equipment, training, and services using ISFF, FMF, or GOI funds. OSC-I acts as the agent of the Defense Security Cooperation Agency in administering both the FMF and FMS.[51]

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

Iraq Security Forces Fund

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

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

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

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

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

Foreign Military Financing

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

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

Economic Support Fund

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

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

IRAQI FUNDING

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

GOI Budget and Revenue

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

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

GOI Matching Funds for U.S. Projects

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

GOI Matching of DoS Programs

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

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

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

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

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

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

ESF-funded Programs

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

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

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

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

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

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

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

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

INCLE-funded Programs

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

GOI Matching of DoD Programs

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

FIGURE 2.4
ESTIMATED GOI COST SHARING FOR USAID PROGRAMS
$ Billions

Note: Numbers affected by rounding.

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

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

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

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

INTERNATIONAL SUPPORT

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

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

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

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

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

The European Union (EU) has committed $840 million through grant assistance.[108]

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

FIGURE 2.5
MULTILATERAL FUNDING FOR IRAQ, AS OF 3/31/2012
$ Billions
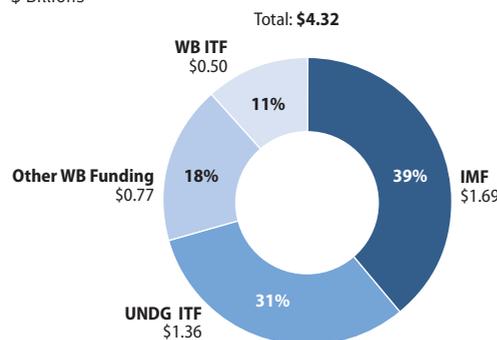
Total: **$4.32**

WB ITF $0.50 — 11%
Other WB Funding $0.77 — 18%
IMF $1.69 — 39%
UNDG ITF $1.36 — 31%

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

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

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

Note: Numbers affected by rounding.

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

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

International Reconstruction Fund Facility for Iraq

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

United Nations

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

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

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

World Bank

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

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

FIGURE 2.6

UNDG IRAQ TRUST FUND EXPENDITURES, 2004–2012

By UN Organization
$ Millions (Number of Projects)

Total: **$1,353.4**

Others $112.6 (42) — 8%
UNIDO $53.4 (16) — 4%
UNESCO $69.3 (29) — 5%
UN-HABITAT $89.7 (21) — 7%
FAO $114.3 (19) — 8%
WHO $128.0 (31) — 9%
UNICEF $182.3 (30) — 13%
UNOPS $229.4 (43) — 17%
UNDP $374.3 (43) — 28%

By Sector
$ Millions

Total: **$1,353.4**

Education $206.8 — 15%
Health $186.3 — 14%
Food Security, Agriculture, and Food Assistance $159.2 — 12%
Water and Sanitation $85.9 — 6%
Protection $75.5 — 6%
Housing and Shelter $28.3 — 2%
PwC and Pilgrim Stampede $0.03
Governance $337.9 — 25%
Economic Reform and Diversification $273.2 — 20%

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

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

Total: **$426.4**

Water/Sanitation
$175.0
41%

Private/Finance
$93.6
22%

Education
$62.7
15%

Capacity Building/
Public Administration
$38.5
9%

Rural Development
$25.5
6%

Health
$13.2
3%

Electricity/Energy
$12.9
3%

Environment
$5.0
1%
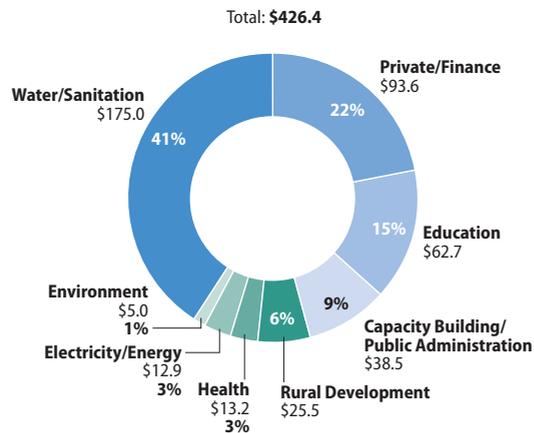
Source: IRFFI, "World Bank Iraq Trust Fund Progress Report," 1/2012, p. 2.

The scope of active WB ITF-funded projects varies from a $1.2 million initiative to increase the access to and quality of health services for vulnerable groups to a $110 million project that would upgrade and rehabilitate the basic water supply in several cities. Of the completed ITF-funded projects, the largest was a $38.8 million effort to provide textbooks and improve learning conditions in both primary and secondary schools.[113] For a listing of ongoing ITF-funded projects, see Table 2.5.

Other World Bank Assistance

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

TABLE 2.5

ONGOING WORLD BANK IRAQ TRUST FUND PROJECTS
$ Millions

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

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

Source: IRFFI, World Bank, "World Bank Operations in Iraq," 12/31/2011, siteresources.worldbank.org/IRFFI/Resources/DatasheetDecember2011.pdf, accessed 3/19/2012.

U.S.-FUNDED
PROGRAMS IN IRAQ

SECTION

3

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.

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 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

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

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.

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, including[153]

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]

Implementation of this $1.1 million INL program remains stalled because the lead COI programmer was killed in spring 2011, and the promised GOI financial commitment has not yet materialized.

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.

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

- **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

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 interagency 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 Wassit
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

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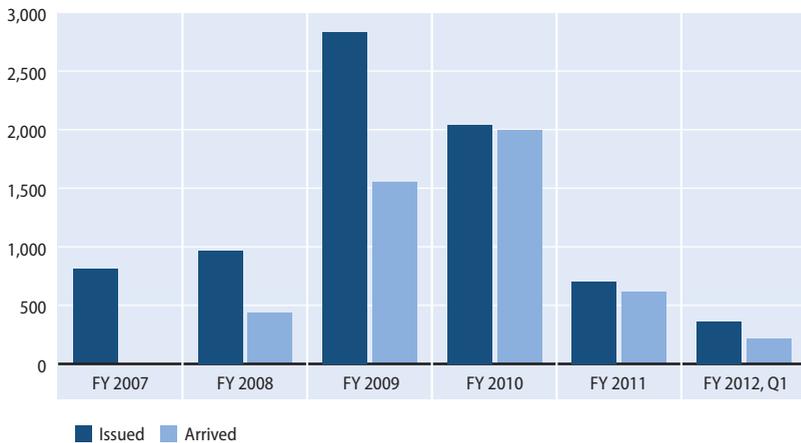
Note: These numbers include both the Iraqis receiving SIVs on the Interpreters and Translators Program under Section 1059 and the Iraqi SIV Program under Section 1244. Arrivals include only those SIV holders who entered the United States and opted for refugee benefits.

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

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

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

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

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

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

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 (*Inma*)	7	87	7	202	**303**
Administrative Reform (*Tarabot*)	18	192	15		**225**
Provincial Economic Growth (*Tijara*)	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 (*Maharat*)		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.
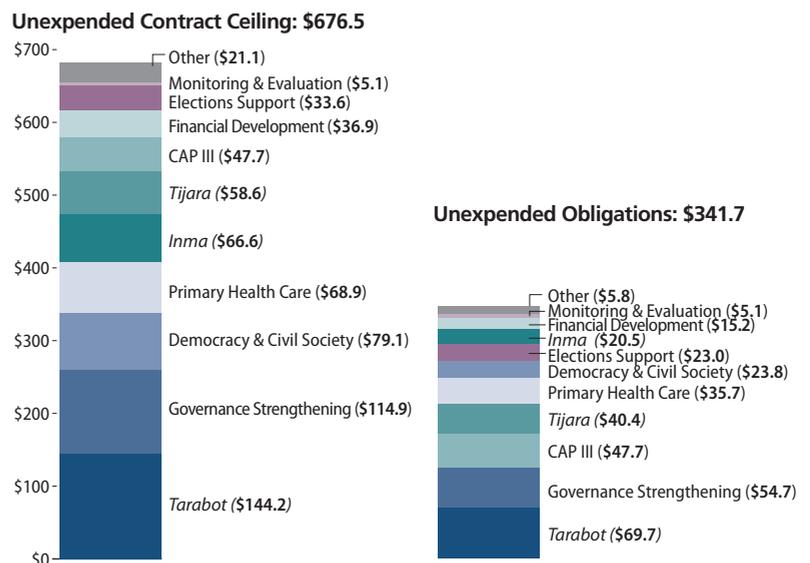
Administrative Reform
Now almost a year old, the four-year $156.7 million Administrative Reform Project, called *Tarabot* (Arabic for "linkages") is designed to be a "whole of government" approach, concerned with strengthening linkages among Iraqi government organizations rather than focusing solely 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

Unexpended Contract Ceiling: $676.5

- Other ($21.1)
- Monitoring & Evaluation ($5.1)
- Elections Support ($33.6)
- Financial Development ($36.9)
- CAP III ($47.7)
- *Tijara* ($58.6)
- *Inma* ($66.6)
- Primary Health Care ($68.9)
- Democracy & Civil Society ($79.1)
- Governance Strengthening ($114.9)
- *Tarabot* ($144.2)

Unexpended Obligations: $341.7

- Other ($5.8)
- Monitoring & Evaluation ($5.1)
- Financial Development ($15.2)
- *Inma* ($20.5)
- Elections Support ($23.0)
- Democracy & Civil Society ($23.8)
- Primary Health Care ($35.7)
- *Tijara* ($40.4)
- CAP III ($47.7)
- Governance Strengthening ($54.7)
- *Tarabot* ($69.7)

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]

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

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

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]

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

> To date, 560 borrowers have received a total of more than $1.8 million.
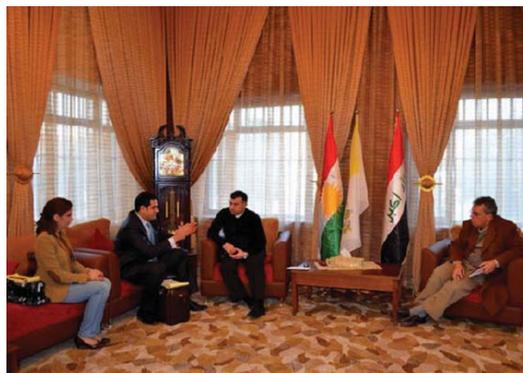
The Archbishop of the Chaldean Diocese of Erbil discusses the needs of vulnerable minority groups during a meeting with representatives of USAID's *Tijara* program in Erbil. (USAID photo)

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 sheiks
- 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

Region	%
All	4.6%
Africa	5.8%
Asia	2.2%
ECA	4.2%
LAC	5.4%
MENA	2.8%
Iraq	0.7%
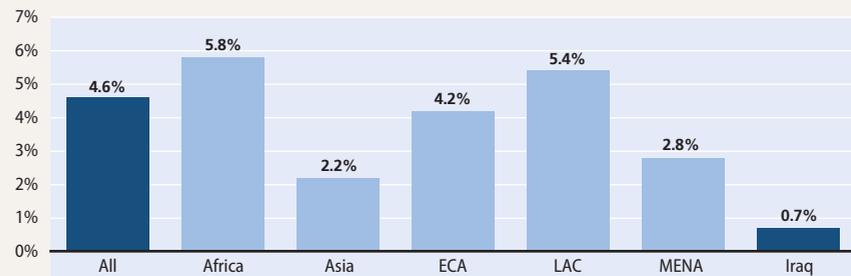
Source: MIX Market data provided in USAID, "Provincial Economic Growth Program: State of Iraq's Micro-finance Industry," 6/2011, p. 11, www.imfi.org/files/StateofIraqsMicrofinanceIndustry2011.pdf, accessed 3/9/2012.

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. 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]

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

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]
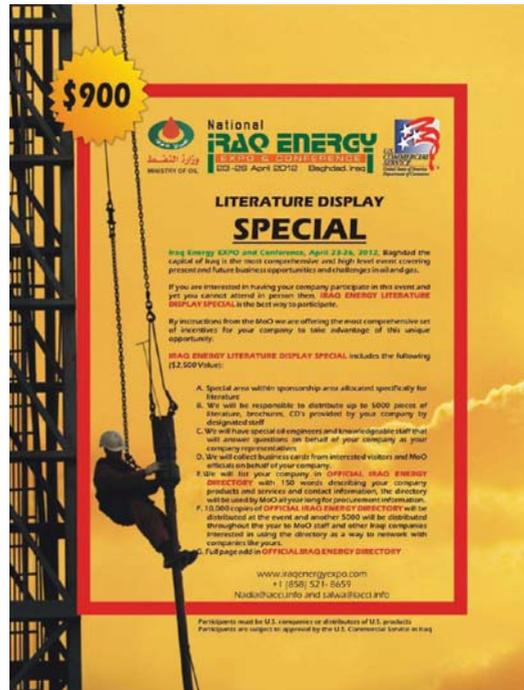
Department of Commerce

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.

A fish farm in Babylon province. (USAID photo)

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

- **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] ◆

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.

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 31, 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,

> 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.

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%.

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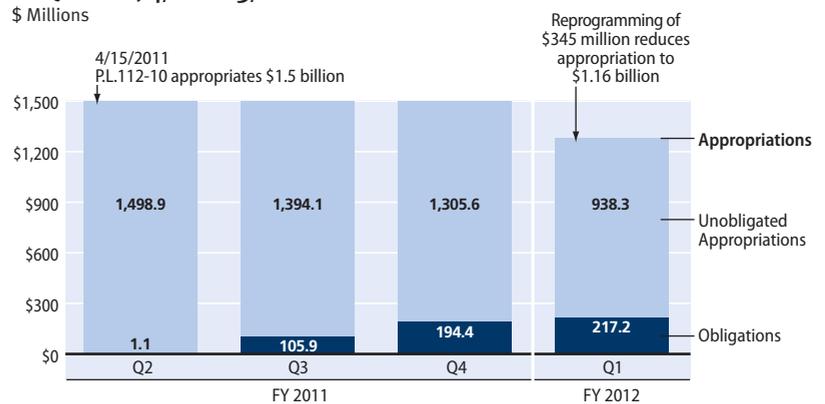
Sources: P.L.112-10, OUSD(C), responses to SIGIR data calls, 4/18/2011, 7/15/2011, 10/4/2011, 1/18/2012, and 4/2/2012; SIGIR Audit 12-016, "Interim Report on Spend Plans for Fiscal Years 2011–2012 Iraq Security Forces Funds," 4/2012.

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

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

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.

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 aircraft[258]
- 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 Navy[259]
- a $51 million order for the Harris Corporation to provide tactical communications for land forces along with accessories and training[260]

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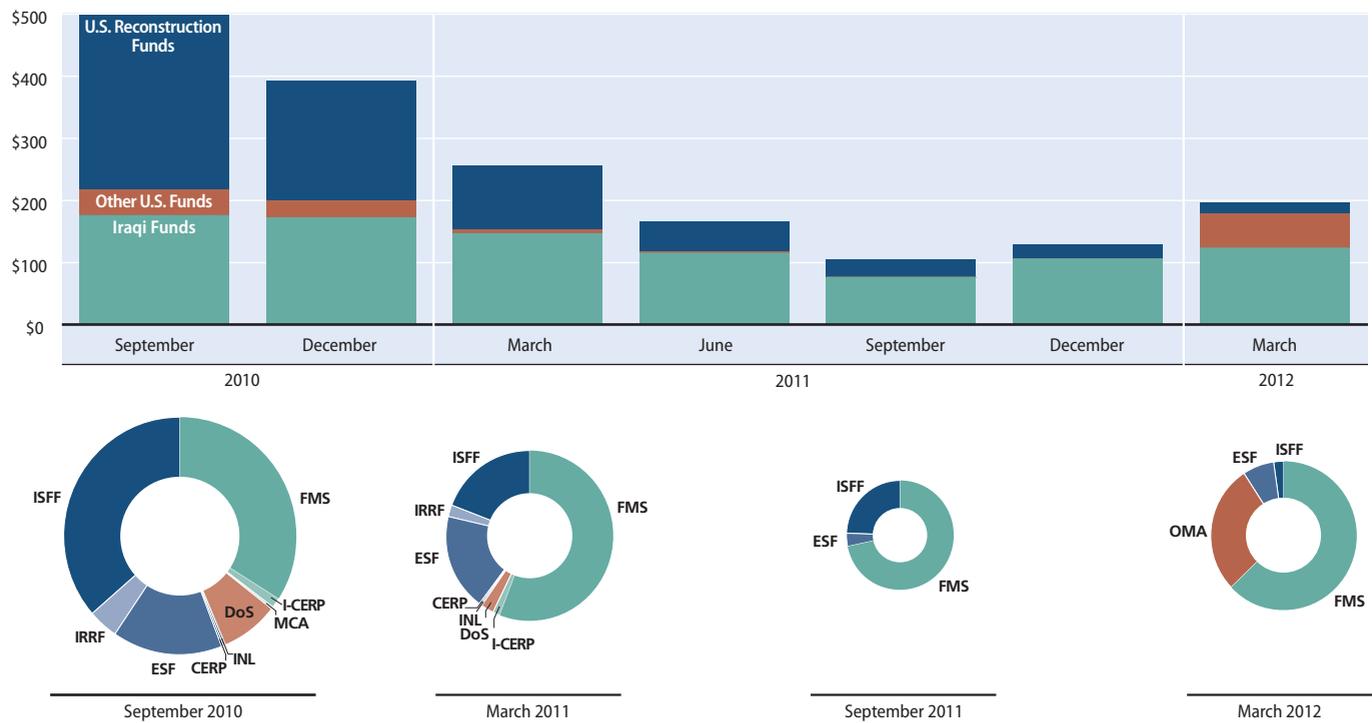
Note: Data not audited. Figure does not include four projects for O&M and life support listed in USACE's 4/3/2012 report to SIGIR.

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
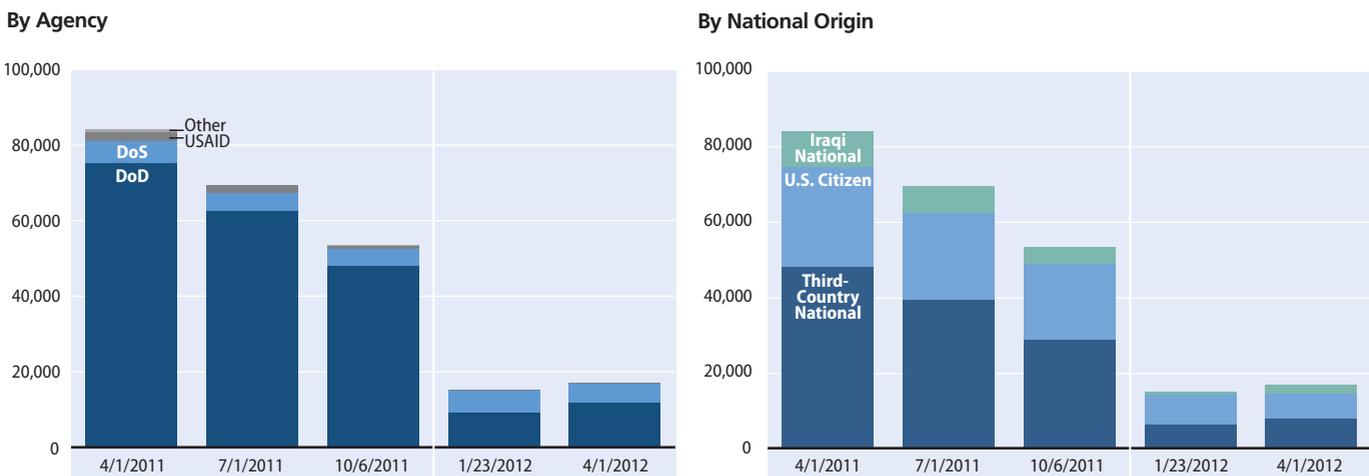
By Agency

By National Origin

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.

DEVELOPMENTS IN IRAQ

SECTION

4

GOVERNANCE

Although scattered protests occurred in Basrah, Baghdad, and Najaf this quarter, these gatherings—with the exception of the large Sadrist rally in Basrah in mid-March—were significantly smaller than the wave of protests that swept Iraq in February and March 2011. However, the main drivers of last winter's disturbances, inadequate public services, unemployment, and widespread governmental corruption, remain among the most pressing problems facing the Government of Iraq (GOI) today.

Iraqi Democracy

The representative political institutions that have evolved since 2003 distinguish Iraq from most of its neighbors. In a January 2012 survey of democratic governance, *The Economist* ranked Iraq fifth of 20 countries in the Middle East and North Africa region. Among 167 countries worldwide, Iraq ranked 112. The GOI received an overall score of 4.03 out of 10, slightly higher than its 2010 score of 4.0. Citing relatively free and fair parliamentary elections in 2005 and 2010, as well as similarly well-administered provincial elections in 2009, the report gave Iraq high marks in the "political participation" category (7.22 out of 10) and middling grades for the electoral process (4.33) and civil liberties (4.41). But in the "functioning of government" category, Iraq scored 0.43 out of 10—in the bottom five of all counties ranked. The GOI's poor performance in executing capital projects, providing essential services, and combating corruption were named as contributing factors in the grade. Figure 4.1 shows Iraq's ranking relative to major powers and key regional players.[290]

Political Developments

Unresolved Intrigue

In mid-December 2011, hours after the last U.S. troops left Iraq, Prime Minister Nuri al-Maliki asked the Council of Representatives (CoR) for a vote of no confidence in Deputy Prime Minister Salih al-Mutlaq, a Sunni member of former Prime Minister Ayad Allawi's al-Iraqiya bloc. Although the vote was never held, al-Mutlaq continues to absent himself from Council of Ministers (CoM) meetings.

Shortly after the Prime Minister moved against al-Mutlaq, the Higher Judicial Council issued an arrest warrant for Vice President Tariq al-Hashimi, who is also a Sunni member of al-Iraqiya, accusing him of involvement in a spate of assassinations allegedly committed by his bodyguards. According to al-Hashimi's office, the GOI has detained dozens of members of his office in connection with the allegations. Current plans call for their trials to be held in Baghdad in early May. Al-Hashimi, who spent most of this quarter in the Kurdistan Region before traveling to Qatar, Saudi Arabia, and Turkey, continues to maintain that he cannot receive a fair trial in Baghdad. Figure 4.2 shows some of the key political events that have occurred since mid-December.[291]

Postponement of National Reconciliation Conference

In late December, Iraqi President Jalal Talabani proposed a national conference that would bring all major Iraqi political groups together to discuss the challenges facing the GOI, including some issues that contributed to the December crisis. But despite at least two preparatory meetings, the conference has been repeatedly postponed because of the inability of all sides to agree on an agenda.[292]

FIGURE 4.1
DEMOCRATIC GOVERNANCE IN SELECTED COUNTRIES, 2011

Norway (1)	9.80
United States (19)	8.11
Israel (36)	7.53
Mexico (50)	6.93
Turkey (88)	5.73
Lebanon (94)	5.32
Pakistan (105)	4.55
Iraq (112)	4.03
Jordan (118)	3.89
Kuwait (122)	3.74
UAE (149)	2.58
Afghanistan (152)	2.48
Saudi Arabia (161)	1.77
North Korea (167)	1.08

Note: The higher the score, the better the performance.

Source: EIU, *Democracy Index 2011: Democracy under Stress*, 1/2012, pp. 3–8.

Security Ministries

This quarter also marked the second anniversary of Iraq's most recent national election. The March 2010 balloting resulted in Prime Minister al-Maliki retaining his office, despite his State of Law (SoL)

FIGURE 4.2

TIMELINE OF DISPUTE BETWEEN PRIME MINISTER AL-MALIKI AND MEMBERS OF AL-IRAQIYA, 12/15/2011–4/4/2012

12/16
Allies of Prime Minister al-Maliki threaten to hold vote of no confidence in Deputy Prime Minister Salih al-Mutlaq

12/17
Al-Iraqiya suspends participation in the CoR

12/19
Final U.S. military units depart Iraq; HJC issues arrest warrant for al-Hashimi

12/27
President Jalal Talabani and CoR Speaker Osama al-Nujaifi agree to prepare for a national conference

1/8
KRG Ministry of Interior refuses to hand over al-Hashimi to the MOI in Baghdad

1/15
President Talabani chairs inconclusive meeting on national conference proposal

1/24
KRG delegation visits detained al-Hashimi bodyguards

1/29
Al-Iraqiya declares an end to boycott of the CoR

2/2
U.S. Ambassador James Jeffrey visits Speaker Nujaifi to discuss national conference

2/15
All major factions meet to discuss position papers for national reconciliation conference

2/16
HJC spokesman announces that 9-judge committee has concluded al-Hashimi was complicit in 150 acts of terrorism allegedly committed by his bodyguards during 2005–2011

2/21
HJC announces that the al-Hashimi trial will occur in early May

2/23
CoR passes 2012 budget

3/12
Fifth inconclusive preparatory meeting held for proposed national conference

3/15
KRG President Massoud Barzani publicly declares that the KRG will not hand over al-Hashimi

3/20
GOI releases body of al-Hashimi bodyguard, stating he died of natural causes

3/27–29
Arab League Summit held in Baghdad

4/1
Al-Hashimi's office announces that he has left the Kurdistan Region for Qatar on an "official" visit

4/2
GOI demands that Qatar extradite al-Hashimi

4/4
Al-Hashimi departs Qatar for Saudi Arabia

4/4
National reconciliation conference postponed

Source: SIGIR analysis of open-source documents in English and Arabic, 12/2011–4/2012.

coalition finishing with two fewer CoR seats (89–91) than its leading rival, al-Iraqiya. The failure of either group to gain an outright majority in the 325-member CoR led to more than eight months of political negotiations, which culminated in a November 2010 power-sharing accord referred to as the Erbil Agreement. While the exact terms of this pact remain undisclosed, al-Iraqiya maintains that it was to have received control over appointment of a new Minister of Defense, with SoL exercising similar authority over the naming of a new Minister of Interior. However, al-Iraqiya and SoL have remained at loggerheads over these two posts, with neither side willing to accede to the other's selection. As of April 10, 2012, this situation persists, and both ministries are being managed on a temporary basis by officials handpicked by the Prime Minister: Saadoun al-Dulaimi at the Ministry of Defense and Adnan al-Asadi at the Ministry of Interior (MOI).[293]
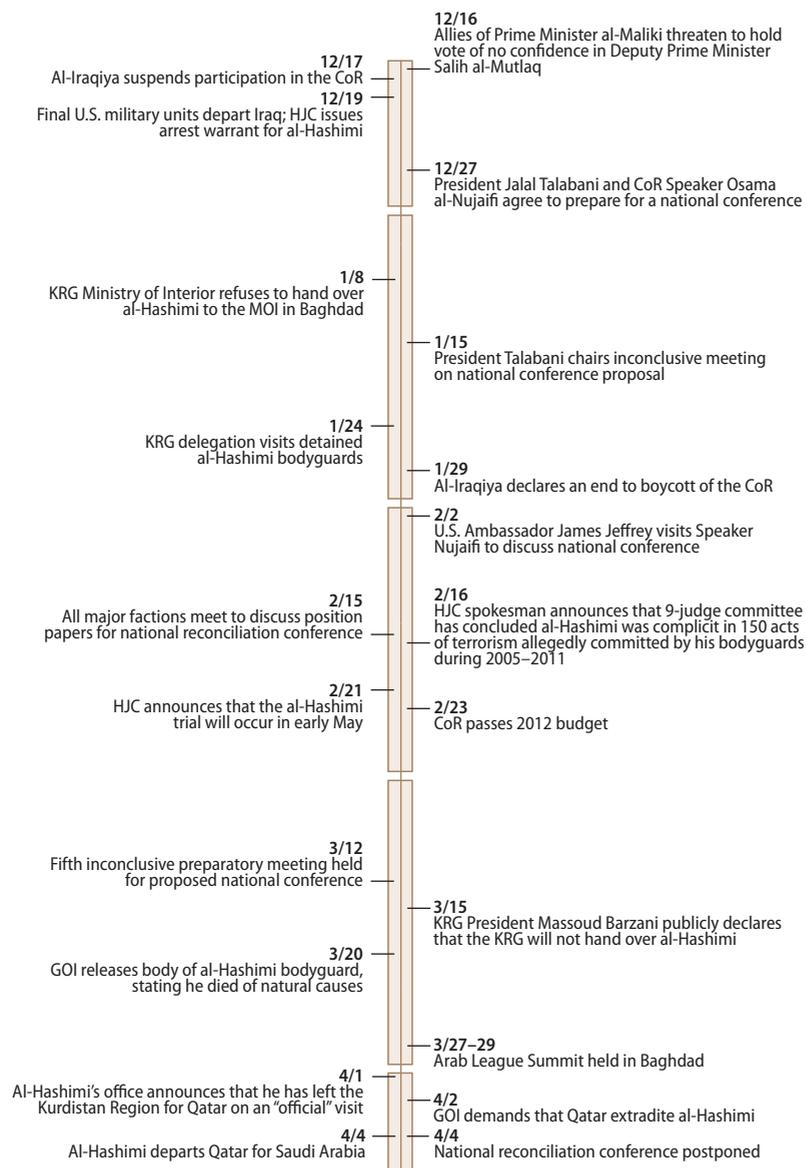
Council of Representatives

In late January, al-Iraqiya announced that it would be ending its boycott of the CoR's proceedings, allowing the parliament to conclude debate on its lead agenda item—the 2012 budget. About three weeks later, the CoR passed the Budget Law for 2012, authorizing a $100.4 billion national budget for this year. Among the ministries receiving larger budgets this year are Transportation, Oil, Finance, Interior, and Electricity. Other features of the law include:[294]

- specific set-asides for members of the largely Sunni Sons of Iraq militia in the restive provinces of Ninewa and Diyala
- slightly enhanced powers for the provincial governors to implement projects
- provincial quotas for foreign scholarships
- armored vehicles for CoR members and their associates—a line-item that resulted in followers of Muqtada al-Sadr leading a large protest in Baghdad at the end of February

In a change from an earlier draft budget, the final Budget Law does not include a provision for

sovereign financial guarantees to reassure lenders financing large projects in Iraq. Article 36 of the CoM draft law would have provided for such guarantees, but it was stricken by the CoR before the final vote approving the budget.[295]

With the passage of the budget, the CoR has returned to consideration of other long-standing issues, including:[296]

- revisions to the Amnesty Law
- the long-delayed package of hydrocarbon laws
- provincial elections (scheduled for 2013) and the next CoR elections (scheduled for 2014)
- disputed internal borders to the south and west of the Kurdistan Region

Regionalism

Last quarter, provincial officials in Diyala, Anbar, and Salah Al-Din pushed the dormant issue of regionalism to the front of the GOI's agenda, declaring their intentions to form semi-autonomous regions with powers analogous to those possessed by the Kurdistan Regional Government (KRG). This quarter, those efforts appeared to have lost momentum. In a March interview with a Saudi Arabian media outlet, Prime Minister al-Maliki reiterated his position that provincial government institutions, as currently constituted, did not possess the capacities to exercise the more substantial powers of regions and that, thus, the formation of additional regions at this time would be premature. He added that while he did not oppose the eventual formation of regions by constitutional means, the current security situation in Iraq militated against such a significant reduction of the central government's powers. As of mid-April, no additional significant steps toward forming regions have been taken by any province or group of provinces.[297]

Split of Islamic Supreme Council of Iraq and Badr Organization

On March 11, the Islamic Supreme Council of Iraq (ISCI) and the Badr Organization issued a statement announcing that they were formally splitting into two parties. ISCI, which was previously known

as the Supreme Council for the Islamic Revolution in Iraq, had once been a prominent Shia party in Iraq, but its political position had declined after poor showings in the 2009 provincial and 2010 parliamentary elections, as well as the August 2009 death of its leader, Abdul-Aziz al-Hakim. Relations between the two factions had also been adversely affected by the fact that the leader of the Badr Organization, Hadi al-Amiri, backed a second term for Prime Minister al-Maliki after the 2010 elections (and was subsequently rewarded with the Ministry of Transportation), while the head of ISCI, Ammar al-Hakim, appeared to prefer Adel Abdul al-Mahdi.[298]

The Kurdistan Regional Government

New Prime Minister

On February 17, 2012, the Iraqi Kurdistan Parliament (IKP) nominated Nechervan Barzani for the post of Prime Minister of the KRG. The President of the KRG, Massoud Barzani, confirmed the IKP's decision on March 7. Nechervan Barzani, a long-time member of the Kurdistan Democratic Party (KDP), previously served as the first Prime Minister of the unified Kurdistan Region from 2006 to 2009. He returns to office pursuant to a power-sharing agreement between the KDP and the Region's other major party, the Patriotic Union of

KRG President Massoud Barzani (second from right) greets new KRG Prime Minister Nechervan Barzani, March 2012. (KRG photo)

Prime Minister al-Maliki added that while he did not oppose the eventual formation of regions by constitutional means, the current security situation militated against such a significant reduction of the central government's powers.

Kurdistan (PUK), which Barham Salih represented as Prime Minister during 2009–2012. According to the terms of this agreement, several high-level KRG posts will alternate between the KDP and PUK every two years, thereby preserving, for now, their continuing control over the Region's key offices.[299]

President Barzani's Kurdish New Year's Address

On March 20, President Barzani delivered his annual Newroz (Kurdish New Year) address, in which he criticized the GOI for allegedly violating the terms of the Erbil Agreement and described the current state of GOI-KRG relations as "unacceptable." He added that:[300]

- power-sharing among Kurds, Sunni Arabs, and Shia Arabs is "non-existent and has become meaningless"
- the KRG's oil contracts are constitutional and the GOI opposes them because it does not want the KRG to "make progress and stride forward"
- the Kurds remain committed to alliances with some Shia groups, but do not support "this group of people who have monopolized power" in the current government

He closed his speech by urging all political leaders to find a solution to the current political crisis, stating that, otherwise, "we will return to our people and will decide on whatever course of action that our people deem appropriate."[301]

International Engagement

Arab League Summit

In late March, the 33rd summit of the League of Arab States convened—the largest international gathering in Baghdad since the Arab League last met there in 1990. The ongoing unrest in Syria topped the agenda, with several leading Sunni powers, including Saudi Arabia and Qatar, voicing their support for anti-regime insurgents combating the Alawite (a Shia offshoot) government in

Some sessions of the Arab League summit in late March were held in a ballroom at the old Republican Palace. (GOI photo)

Damascus. The GOI, on the other hand, called for the violence to end and elections to be held, but refrained from providing overt rhetorical support to the mostly Sunni rebels in Syria, who oppose the Iranian-backed government in Damascus. On March 29, the summit's final day, Prime Minister al-Maliki publicly rejected any foreign military intervention in Syria.[302]

Postponed in 2011 because of security concerns and regional unrest, portions of the summit were held at the newly refurbished Republican Palace (the former headquarters for the U.S. reconstruction effort). Representatives from 21 countries attended the summit, including the Emir of Kuwait and leaders from the new governments in Libya and Tunisia. However, many key Arab League members, such as Saudi Arabia, dispatched contingents led by more junior representatives. Table 4.1 lists the attendees and the ranks of their respective delegation heads.[303]

The GOI dedicated substantial resources toward securing the summit and beautifying Baghdad in preparation for the influx of foreign dignitaries and journalists. It reportedly deployed about 100,000 Iraqi Security Forces (ISF) personnel and spent several hundred million dollars. The GOI also closed Baghdad International Airport to civilian traffic, blocked off major thoroughfares for security reasons, and declared a five-day public holiday, leading one Iraqi employed by the U.S. Embassy to state

TABLE 4.1
ARAB LEAGUE SUMMIT ATTENDEES, 3/27–29/2012

COUNTRY	HEAD OF DELEGATION	COUNTRY	HEAD OF DELEGATION
Iraq	President and Prime Minister	Jordan	Prime Minister
Kuwait	Emir	Bahrain	Minister of Foreign Affairs
Lebanon	President	United Arab Emirates	Minister of Foreign Affairs
Sudan	President	Egypt	Minister of Foreign Affairs
Somalia	President	Yemen	Minister of Foreign Affairs
Djibouti	President	Morocco	Minister of Foreign Affairs
Comoros	President	Oman	Head of the State Council
Mauritania	President	Algeria	Parliament Speaker
Palestinian Authority	President	Saudi Arabia	Permanent Representative to the Arab League
Tunisia	Interim President	Qatar	Permanent Representative to the Arab League
Libya	President of the Transitional Council	Syria	Not invited

Sources: GOI, MoFA, information provided to SIGIR, 4/2012; SIGIR analysis of open-source documents in Arabic and English, 3/2012–4/2012.

that Baghdad "seemed like a ghost town." While minor security incidents took place away from the conference site, including near the Iranian embassy, the summit's proceedings unfolded without significant interruption.[304]

Day one focused on financial and trade issues, including regional economic-development plans, water-security concerns, natural-disaster preparations, and oil and gas issues. Discussions on day two concerned foreign affairs, with the consequences of the Arab Spring, the unrest in Somalia and Yemen, and the Israel-Palestine conflict among the main topics of discussion. The final session covered a wide array of political, social, and economic issues and summed up the discussions held earlier in the week. Other topics addressed during the course of the summit included:[305]

- the Arab League's endorsement of former UN Secretary General Kofi Annan's Syrian peace plan
- the potential formation of stronger Arab League institutions, including an Arab Court of Justice
- plans to work toward a region-wide zone free of weapons of mass destruction

Internal Iraqi issues, such as the lingering differences between the KRG and GOI, were not on the summit's agenda.

Regional Diplomacy

In the weeks leading up to the Arab League summit, the GOI deepened its engagement with neighboring Sunni Arab states:[306]

- **Saudi Arabia.** In February, Saudi Arabia named its first envoy to Iraq in more than two decades.

While minor security incidents took place away from the conference site, the summit proceedings unfolded without significant interruptions.

GOI and Kuwaiti government representatives signing an accord in March resolving the dispute between Iraq and Kuwait over aircraft and other equipment seized by the Ba'athist regime in 1990. (GOI photo)

> The GOI settled a long-standing dispute with Egypt by agreeing to send about $400 million as payment for debts owed to Egyptians.

The selection of Fahad Abdul Muhsin al-Zayd as the new ambassador to Baghdad marks restoration of formal diplomatic ties between the two countries—ties that were severed in the wake of Saddam Hussein's 1990 invasion of Kuwait. Al-Zayd is currently serving as the Saudi ambassador to Jordan and will manage relations with Iraq from his country's embassy in Amman. No timetable has been set for the reopening of a Saudi embassy in Baghdad.

- **Kuwait.** In mid-March, the GOI reached an agreement with Kuwait to settle a dispute involving Kuwaiti allegations that the Ba'athist regime stole 10 airplanes and a significant amount of aviation-related equipment during the 1990 invasion. Originally, Kuwait had sought more than $1.2 billion in reparations but, according to the terms of the settlement reached this quarter, agreed to accept $300 million from the GOI. The GOI also agreed to commit another $200 million to set up a joint airline operated by both countries. Left unresolved by this partial rapprochement are several other bilateral issues, including border demarcation, shared oil fields, and maritime boundaries.
- **Jordan.** In late February, the GOI Minister of Planning met with Jordanian government

officials to discuss extending an oil pipeline between Jordan and Iraq and linking the two countries by rail.

- **Egypt.** In March, the GOI reportedly settled a long-standing dispute with Egypt by agreeing to send about $400 million to Egypt as payment for debts relating to remittances owed to Egyptians who worked in Iraq during the 1980s and 1990s.

Displaced Persons

Ongoing Process of Relocating Camp Ashraf Residents

The December 25, 2011, memorandum of understanding between the GOI and United Nations Assistance Mission for Iraq calls for the relocation of approximately 3,400 members and associates of the Mujaheddin-e Khalq, an Iranian group, from Camp Ashraf to the former U.S military base once known as Camp Liberty, near Baghdad International Airport. On February 18, 2012, the first group of 400 Ashraf residents moved to the new location, which is now known as Camp Hurriya and guarded by the ISF. As of March 28, according to the UN High Commissioner for Refugees (UNHCR), at least two subsequent transfers were completed, each of approximately 400 persons. The UNHCR further stated that the process of interviewing the transferred persons began in mid-February and that decisions are currently being made on refugee status and referrals to potential resettlement countries.[307]

Iraqi Returnees

Based on data compiled by the GOI and the UNCHR, 2011 saw the second highest annual total of Iraqi returnees since 2003. For 2011, UNHCR reported that 193,610 internally displaced persons (IDPs) returned to their home provinces and 67,080 refugees returned to Iraq (260,690 total)—more than double 2010's total IDP and refugee returnees (118,890). For the first two months of

FIGURE 4.3

NUMBER OF RETURNING REFUGEES AND IDPS, BY MONTH, 7/2008–2/2012
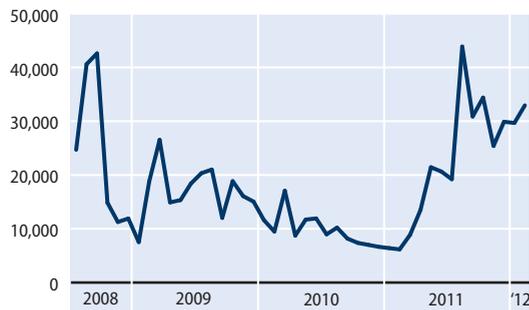
Source: UNHCR, *Monthly Statistical Update on Return—February 2012.*

2012, the UNHCR reported that returnee numbers remained high, with 47,280 IDPs returning to their home provinces and 15,350 refugees returning to Iraq during that time.[308]

The unrest in the Middle East, including the widespread violence in Syria, may have contributed to this increase, as may have the GOI's decision to quintuple the level of financial assistance provided to returnees. According to the UNHCR's February 2012 report, more than 37,000 Iraqis had registered as returnees from Syria since January 2011, almost as many as the 29,135 who returned in the two preceding years combined. Figure 4.3 shows the monthly level of all returnees from July 2008 to February 2012.[309]

In February, provincial officials in Anbar announced that they were preparing temporary housing facilities near the Syrian border in anticipation of a large influx of returning Iraqi refugees. According to a member of the Anbar Provincial Council, the GOI constructed the new camps in collaboration with international refugee organizations, including the Red Crescent. The GOI has stated that these facilities are only for persons able to demonstrate Iraqi citizenship; Syrian nationals are not permitted to take shelter there. For details of U.S.-funded efforts to assist the GOI in addressing the needs of refugees and IDPs, see Section 3 of this Report.[310]

On March 14, the KRG announced that it would be opening a second refugee camp in the province of Dahuk to provide additional accommodations for Syrian Kurds fleeing the violence across the border. The intention of opening a second camp would be to ameliorate the overcrowding at the only operational refugee center, located at Qamishli. Several hundred Syrian Kurds have reportedly sought shelter there.[311]

Displaced Christians

Before 2003, about 1.4 million Christians lived in Iraq. But sectarian violence and anti-Christian attacks caused many of them to flee the country, with 2011 estimates placing the total number of Christians still residing in Iraq at between 400,000 and 600,000.[312]

In its January 2012 update on the status of Christians displaced by violence in 2010 and 2011, the International Organization for Migration (IOM) reported that a total of 489 displaced Christian families were living in the Kurdistan Region (Dahuk, Sulyamaniyah, and Erbil provinces) and Ninewa province, as of January 31, 2012. This is down 64% from a year earlier, the when IOM reported 1,354 displaced Christian families in those four provinces. The IOM ascribed this decline to two factors—emigration and returns home.[313]

Violence against Christians, or the perceived threat of such violence, has also affected the real estate market in both Baghdad and northern

More than 37,000 Iraqis had registered as returnees from Syria since January 2011.

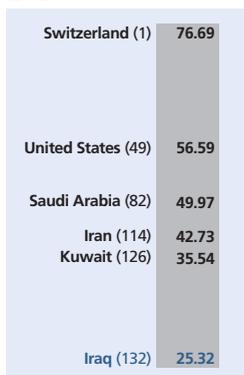Displaced Christians in northern Iraq, 2011. (IOM photo)

FIGURE 4.4
GOI's "IRAQ WOMAN INTEGRATED SOCIAL AND HEALTH SURVEY, SUMMARY REPORT," SELECTED FINDINGS, 3/2012

Percentage of total population under 15 years of age

41%

Men 18 and older

describe household relations as "woman follows man"

32%

agree with the statement that a husband can beat his wife if she goes out without his permission

22%

(9.9% in the Kurdistan Region)

Women 15–49	who married before the age of 18	22%
	who have been widowed	4%
	using "any" family-planning method	40%
	who delivered children at a heathcare facility	79%
Women 15–54	who support women's voting rights	85%
	who support the right of female candidates to run for office	68%
	who did not attain their desired level of education	70%
	reporting gender inequality in political participation	67%
	reporting gender inequality in access to property	60%
	reporting gender inequality in private-sector wages	49%
	reporting gender inequality in public-sector wages	32%
	reporting violence against wives if they go out without their husband's permission	48%
	reporting violence against wives if they disobey their husband's orders	44%
	reporting exposure to violence in the street within the past year	20%
	reporting husbands preventing wives from visiting her relatives	70%

Note: The findings are based on responses to a GOI survey of 10,523 households in all 18 provinces.

Source: GOI, COSIT, "Iraq Woman Integrated Social and Health Survey (I-WISH), Summary Report," 3/2012, www.iauiraq.org/documents/1666/I-WISH%20Report%20English.pdf, accessed 4/2/2012.

FIGURE 4.5

ENVIRONMENTAL PERFORMANCE OF SELECTED COUNTRIES, 2010

Switzerland (1)	76.69
United States (49)	56.59
Saudi Arabia (82)	49.97
Iran (114)	42.73
Kuwait (126)	35.54
Iraq (132)	25.32

Note: The Environmental Performance Index (EPI) score factors in multiple indicators. The higher the score, the better the performance.

Source: Yale University, "Table of Main Results," 2012 *Environmental Performance Index*, http://epi.yale.edu/dataexplorer/tableofmainresults, accessed 3/13/2012.

Iraq. Christians in Baghdad are largely unable to sell their homes for a fair price, with IOM monitors noting that some Iraqis spread rumors of impending violence against Christians to induce them to sell at depressed prices. The reverse is true in northern Iraq, where local landlords often can demand high rents from displaced Christian families. For example, in one town in Dahuk the cost of "modest" rental accommodations has risen 200%–300% since the influx of Christians began in late 2010.[314]

Quality of Life

GOI Survey on Family Life and Women's Issues

In March 2012, the Ministry of Planning and Development Cooperation (MoPDC) released the GOI's first comprehensive survey addressing women's issues. Produced with assistance from the UN Population Fund, the Iraq Woman Integrated Social and Health Survey collected a wide variety of statistical information from a random sample of 10,523 households located throughout Iraq (including the Kurdistan Region). The study found that the average household size was 6.1 persons, with about 11% of the households surveyed headed by females. The survey measured the female illiteracy rate at about 22% and found that about 11% of women between the ages of 15 and 54 were engaged in paid employment. Figure 4.4 summarizes some of the survey's other key findings.[315]

Environmental Quality

A Yale University study released this quarter indicated Iraq's performance in improving the country's natural environment was substandard. As shown in Figure 4.5, Iraq received the lowest score among the 132 countries measured in 10 areas of environmental health. The study also found the GOI's efforts to improve environmental quality were deteriorating, albeit not as sharply as some other countries.[316]

Public Services

Electricity

This quarter's total supply of government-controlled electric power set a new record for Iraq, reaching an average of 188,173 megawatt-hours (MWh) per day, or about 7,841 megawatts (MW). This was a 5% increase from last quarter and a 22% increase from the same quarter in 2011. Power plants in the Kurdistan Region (which only provide power to that region's three provinces and the city of Kirkuk) accounted for 65% of the 1,437 MW supply increase over the past year. Imports accounted for 20% of the growth in supply, and power plants on the Ministry of Electricity (MOE) grid contributed the remaining 15%.[317] Figure 4.6 shows the changes in Iraq's total government-controlled supply of electricity since 2004.

In February, the MOE claimed that it expected to add another 3,000 MW of generating capacity to the grid this summer, half of which would be new generating units entering service in May.[318] Nonetheless, a common theme in many of the ministry's statements this quarter was frustration over the slow pace of power-plant construction and rehabilitation. For example, the Minister of Electricity publicly chastised Hyundai for being behind schedule on its project to add 500 MW of new capacity to the Qudas plant in Baghdad, as well as for delays in completing work on diesel plants in Anbar. He also expressed displeasure at the slow progress in rehabilitating the Baiji thermal plant, which he said was operating at less than 30% of its 1,320 MW nameplate capacity, and called for faster construction work at all three GE "Fast Track" project sites (Taji, Hilla, and Kerbala), which together are expected to add 660 MW of capacity.[319]

Imported electric power from Iran averaged 912 MW this quarter—a 29% increase from last quarter, and a 52% increase from the same quarter in 2011. These imports accounted for 16% of this quarter's total electricity supply on the MOE-controlled grid.[320] For trends in electricity imports since 2003, see Figure 4.7.

Although some press reports this quarter stated that the MOE expects to stop importing electricity from neighboring countries by summer 2013,[321] recent MOE announcements suggest that Iraq's reliance on imports will continue to grow, at least in the near term. In February, Iran's Ministry of Energy agreed to increase the amount of electricity

> Recent MOE announcements suggest that Iraq's reliance on imports will continue to grow, at least in the near term.

FIGURE 4.6

AVERAGE IRAQI ELECTRICITY SUPPLY, BY QUARTER, 1/2004–3/2012

MW
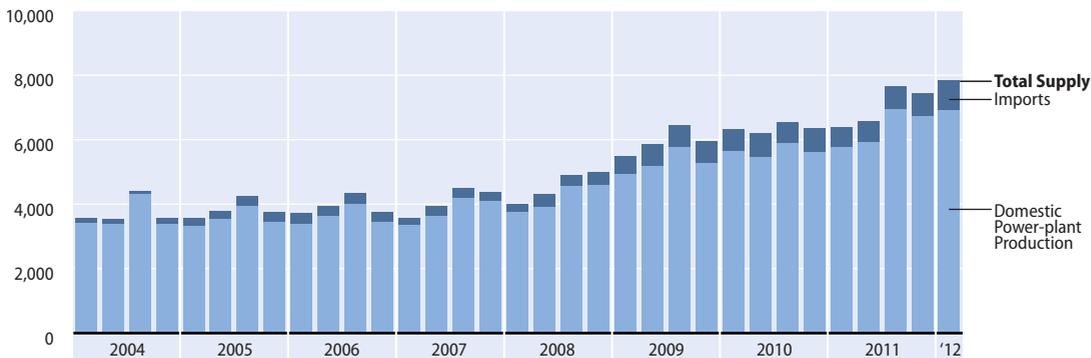
Note: Data for power-plant production this quarter is subject to revision. It includes full-quarter data for plants on the MOE-controlled grid but is missing 19 days of data for plants in the Kurdistan Region.

Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–6/30/2011; DoS, *Iraq Status Reports*, 10/25/2006, slide 11, and 5/9/2007, slide 11; U.S. Embassy-Baghdad, responses to SIGIR data calls, 1/22/2012 and 4/13/2012.

Figure 4.7

Electricity Imports, by Quarter, 2003–2012

MW
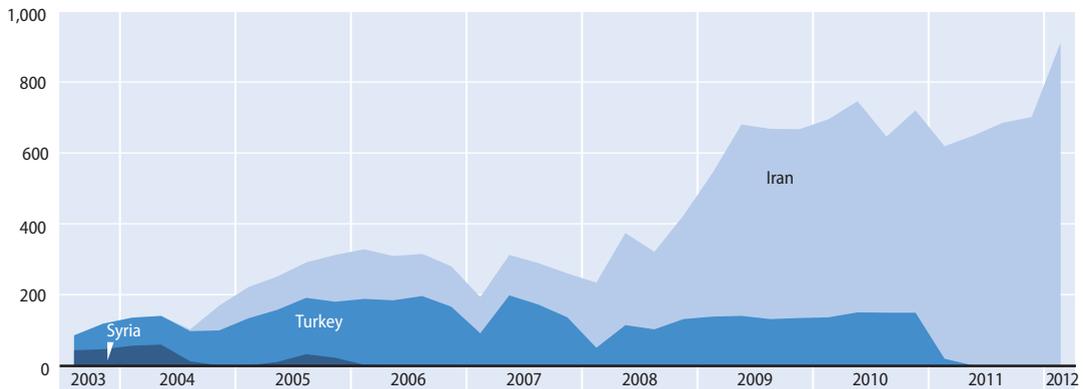
Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–6/30/2011; DoS, *Iraq Status Report*, 10/25/2006, slide 11; U.S. Embassy-Baghdad, responses to SIGIR data calls, 1/22/2012 and 4/13/2012.

it exports to Iraq by 150 MW before this summer, which could bring the total to about 1,150 MW.[322] That same month, the MOE reported that it had reached an agreement with Egypt to start importing 150–200 MW by this summer. Undersea transmission lines will carry the power to Jordan, from where it will be transmitted through Syria to Iraq.[323]

*Iraq's per capita water consumption is the highest in the Middle East.*

Health

The United Nations Development Programme (UNDP) and World Health Organization transferred control of Iraq's first specialized tuberculosis clinic, located in the city of Sulaymaniyah, to Iraqi officials this quarter. The GOI and the KRG have committed to equipping and staffing the 30-bed clinic, which is expected to be fully operational by mid-2012.[324]

The results of Iraq's first major analysis of healthcare expenditures revealed that, when measured both on a per capita basis and as a share of gross domestic product (GDP), Iraq spends less than countries with similar incomes. According to the analysis, healthcare costs were not a major burden on household budgets because Iraq's system of universal healthcare coverage places three-quarters of the cost on the state.[325]

Water

The Ministry of Water Resources is preparing to host the first Arab Water Conference in Baghdad at the end of May 2012. The conference is being organized in collaboration with the Arab League's Ministerial Council for Waters.[326] Water rights continue to be a significant regional political issue and a potential flashpoint. Iraq's per capita water consumption is the highest in the Middle East (see Figure 4.8), with agriculture taking more than 90% of that consumption. The Ministry of Agriculture is encouraging farmers to adopt more

Figure 4.8

Fresh Water Withdrawal in Selected Middle East Countries

Cubic Meters/Person/Year
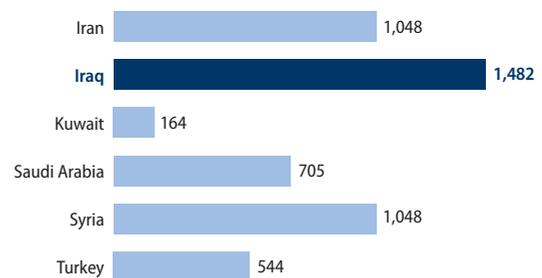
Source: MEES, *Energy and Geopolitical Risk*, Vol. 3 No. 3, 3/2012, p. 22.

water-efficient irrigation technologies. Iraq's fresh water comes mainly from the Euphrates and Tigris Rivers, but the GOI has no water-sharing agreements with upstream nations Turkey, Syria, and Iran—countries it claims take more than their fair share. A U.S. Intelligence Community Assessment on global water security released this quarter projected reduced water flows, as well as increased variability in water supply, in the Tigris-Euphrates basin for the near term.[327]

The European Union and the United Nations Educational, Scientific and Cultural Organization (UNESCO) are currently finalizing an agreement to finance Phase II of a hydrological survey of Iraq's existing water resources. UNESCO also worked with the UNDP and GOI on river-basin management issues, including regional strategies. Both initiatives are viewed as steps to prepare the GOI for regional negotiations on water-sharing. In addition, the two UN agencies worked with the GOI this quarter to develop a national framework for drought risk management.[328]

Education

As discussed in Section 3, the Department of State (DoS) hosted the second meeting of the U.S.-Iraq Joint Coordinating Committee on Education and Cultural Cooperation (JCC) this quarter. The purpose of the meeting was to outline areas for collaboration in education, cultural heritage, and exchange programs. In connection with that meeting, DoS and U.S. Embassy-Baghdad sponsored a two-day conference in Washington, D.C., that brought together representatives from 11 Iraqi and 42 U.S. universities to explore ways of expanding partnerships and student exchanges. The two governments are working to strengthen Iraq's higher-education system through long-term links to U.S. higher-learning institutions. To date, seven such linkages exist. An English Language Institute established through a $1 million grant to Ball State University in partnership with the GOI will provide English language instruction to hundreds of Iraqi scholarship students annually.[329]

Thirty-five Iraqi students and an equal number of faculty members are expected to be among the estimated 4,900 foreign students and scholars studying in the United States under the Fulbright Program during the 2012–2013 academic year. Representatives of U.S. universities attending the conference said scholars from Iraq tended to be more mature, with a high percentage of graduate students, many of whom had lectured at their own universities in Iraq.[330] ◆

Thirty-five Iraqi students and an equal number of faculty members are expected to study in the United States under the Fulbright Program during the 2012–2013 academic year.

SECURITY AND THE RULE OF LAW

In an interview published March 5, Prime Minister al-Maliki commented on the state of Iraq's ethnosectarian divide in the period since Saddam Hussein was deposed, saying that Iraq had "reached and entered into a civil war… the ugliest and most dangerous of wars to the stability of countries." But, in effect, he declared that war finished:[331]

> We have adopted the principle of national reconciliation… Today we do not fear civil war. Yes, we may have disagreements: the central government may disagree with the provinces or at times the central government with KRG, but naturally we refer to the Constitution.

The GOI reported that violence in March reached its lowest level since 2003.[332] To safeguard the Arab League summit, held at the end of the month, the GOI took extraordinary measures: nearly 100,000 Iraqi Army (IA) and police personnel were deployed to Baghdad to provide security,[333] and the MOI ordered government employees not to report to work during March 20–29.[334]

Yet mass-casualty events continue, as do assassination attempts directed at government security

Nearly 100,000 Iraqi Army and police personnel were deployed to Baghdad to provide security.

forces, state officials, and unsuspecting citizens whose ethnosectarian profile appears to motivate violence. At the same time, tensions arising in the course of governance have spilled over into arrest warrants being issued for senior government officials who, in turn, have fled the jurisdiction of the national courts. Large-scale arrests and recent increases in court-sanctioned executions have raised human rights concerns.

Notwithstanding the challenges that persist, the MOI announced that Iraq's armed forces would relinquish their role in internal security and shift to protecting the borders of the country by July 2012.[335]

Recent Violence

The GOI reported that 413 Iraqis were killed in terrorist attacks this quarter—a 15% decrease from the number of fatalities reported by United States Forces-Iraq for the same period in 2011. The casualty total in March 2012 reportedly fell to 112, the lowest monthly level since the 2003 Coalition invasion.[336]

According to data compiled by the UN, however, 1,048 Iraqis died this quarter, more than 150% higher than the total attributed to the MOH.[337] The Washington Institute for Near East Policy also has reported higher casualty numbers, emphasizing the "rapid and widespread deterioration of security in Iraq since the mid-December end of the U.S. military mission there."[338] Analysis by the International Institute for Strategic Studies notes that violence in specific areas is on the rise:[339]

> The latest bombings—in Kirkuk, Kerbala, Samarra, Baghdad and other cities—are part of an upsurge in violence following the withdrawal of U.S. troops…. In the first three months since troops left… there were 204 bombings—a 70% increase on the same period last year. With no more real U.S. military targets in the country, the spike necessarily means that Iraqi-on-Iraqi violence has increased, and illustrates the need for a strengthened local security force.

An MOI ceremony commemorating the 90th Anniversary of the formation of the Iraqi Police, January 9, 2012. (GOI photo)

Although violence around the Arab League summit was low, the ISF faced a wave of co-ordinated mass-casualty attacks earlier in the quarter. On January 19, a suicide car bombing at the Baghdad Police College killed 15 people. On February 23, more than 21 bombings around Iraq killed at least 42 Iraqis and wounded approximately 285.[340] Other mass-casualty and coordinated attacks this quarter included:[341]

- January 24—A car bomb killed 11 people in Sadr City; multiple vehicle-borne improvised explosive device (VBIED) and improvised explosive device (IED) attacks killed 12 and wounded 80 in predominately Shia areas of Baghdad.
- January 27—A suicide car bomb killed 12 in Baghdad.
- February 19—A suicide car bomb killed at least 14 police and recruits in Baghdad.
- February 29—A VBIED killed 3 and wounded 11 in Baghdad.
- March 5—Coordinated attacks targeting ISF members killed 26 officers and wounded 3 in and around Haditha.
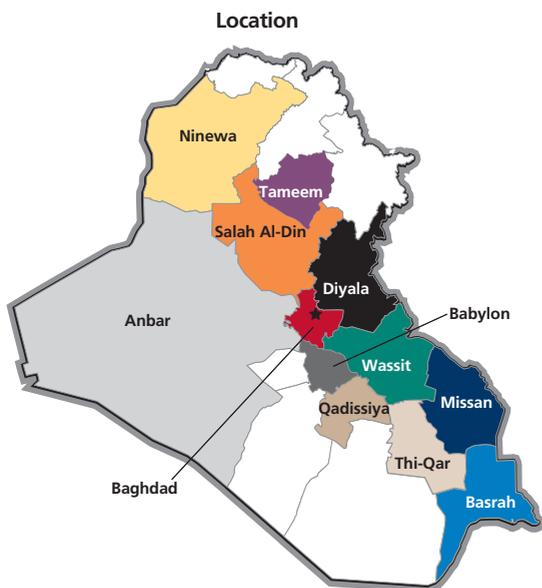
Location

TABLE 4.2

SELECTED ACTS OF APPARENT TARGETED VIOLENCE, 1/11/2012–4/10/2012
Non-security Officials and Other Prominent Civilians

TARGETS/VICTIMS	LOCATION	DATE	CIRCUMSTANCES	RESULT
MOF official	●	1/29	Gunman attack	Killed
Deputy of al-Bayda' party	●	1/31	IED and VBIED attack on home	Unharmed; many others injured
Correctional deputy	●	2/7	Gunman attack	Killed
Baghdad Investment Commission Chairman	●	2/11	Gunman attack (silencers used)	Unharmed; guard injured
Tribal sheik	●	2/11	Gunman attack on family	Killed; wife, child, and brother killed
Tribal sheik	●	2/18	Gunman attack on home	Killed; son wounded
Criminal judge	●	2/18	Gunman attack on home	Killed
College professor	●	2/25	Gunman attack on home	Unharmed; 2 sons injured
Criminal judge	●	2/25	IED attack on home	Unharmed
Deputies to Ayatollah al-Sistani	●	2/27	Hand grenade attack on home	3 unharmed
Tribal sheik	●	2/28	Gunman attack on convoy	Killed; wife and 2 children injured
Lawyer	●	3/2	Gunman attack	Killed
Deputy to Ayatollah al-Sistani	●	3/3	IED	Unharmed
Assistant director of Civilian Affairs	●	3/4	SVBIED attack on car	Unharmed; daughter unharmed
Investigative judge	●	3/6	IED attack on office	IED disarmed
Doctor	●	3/7	Gunman attack on home	Unharmed; 2 family members injured
Al-Iraqiya deputy/MP	●	3/11	IED attack on convoy	Unharmed

Security Officials

TARGETS/VICTIMS	LOCATION	DATE	CIRCUMSTANCES	RESULT
SOI commander	●	1/18	Gunman attack on home	Killed; 4 children killed
SOI member	●	1/19	Gunman attack on home	Killed; wife and mother killed
MOI intelligence officer	●	1/24	IED attack on home	Killed; 10 family members killed
Iraqi Police officer	●	1/24	Gunman attack on home	Killed; 4 family members wounded
Police officials	●	1/25	Gunman attack on home	2 killed
Iraqi Army officer	●	1/29	SVBIED attack	Injured; 2 students injured
Iraqi Army officer	●	1/31	SVBIED attack	Injured
SOI commander	●	1/31	IED attack on home	Injured
SOI member	●	2/1	Gunman attack	Killed
Iraqi Army officer	●	2/7	Gunman attack on home	Unharmed; wife killed; child injured
MOI official	●	2/11	Gunman attack on car	Killed

Targets/Victims	Location	Date	Circumstances	Result
Iraqi Army officer	●	2/13	Gunman attack	Killed; 2 assistants killed
Iraqi Police officers	●	2/13	Gunman/grenade attack on home	Killed; wife and sons killed
Iraqi Army brigadier general	●	2/14	Gunman attack (silencers used)	Killed
Iraqi Army brigadier general	●	2/18	Gunman attack on car	Injured
MOD brigadier general	●	2/18	Gunman attack on car (silencers used)	Several injured
Police officials	●	2/19	Gunman attack on SOI Checkpoint	2 SOI killed; 1 Iraqi Police officer killed
Police colonel	●	2/20	SVBIED attack	Killed
Iraqi Army officer	●	2/26	Gunman attack on checkpoint	Killed
SOI commander	●	2/26	IED attack on SOI convoy	Killed; 1 soldier injured
Witness protection official	●	2/27	Gunman attack on Criminal Court	Killed
Iraqi Army officers	●	2/27	IED attack on convoy	2 injured
Correctional security officer	●	2/29	Explosives attack on convoy	Killed; 3 others injured
MOI officer	●	3/1	Gunman attack on home/car	Killed
MOD officer	●	3/4	IED attack	Injured
Iraqi Police officers	●	3/5	Gunman attack on checkpoint	3 killed; 3 injured
Iraqi Police officers	●	3/6	Suicide bomb	4 injured
Iraqi Police officers	●	3/7	IED attack on convoy	1 killed; 2 injured
Iraqi Police investigator	●	3/8	SVBIED attack on car	Killed
Iraqi Police officer	●	3/10	IED attack on home	Unharmed; 1 other killed, 4 injured
SOI member	●	3/10	Gunman attack	Killed
Iraqi Police officers	●	3/12	Gunman attack	5 killed; 2 wounded
Iraqi Police officers	●	3/14	Gunman attack	2 killed; 3 wounded
SOI member	●	3/15	IED attack on home	Killed
SOI member	●	3/18	IED attack	3 killed
SOI member	●	3/19	Gunman attack on home	Killed; 4 family members killed
Iraqi Police officers	●	3/20	Explosives attack on convoy	1 killed; 2 wounded
Iraqi Army officer	●	3/27	IED attack on Army patrol	1 killed; 1 injured
Iraqi Army colonel	●	3/28	IED attack on home	Unharmed
SOI member	●	3/31	Gunman attack on home	Killed; wife and son killed

Note: This table provides examples of assassinations, attempted assassinations, and other small-scale acts of violence that appear to have been aimed at specific persons or groups this quarter. It does not purport to be all-inclusive, nor presume to imply the attackers' respective motives.

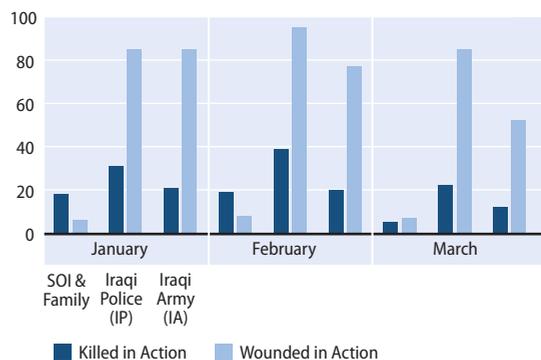**Source:** SIGIR analysis of open-source documents in Arabic and English, 1/2012–4/2012.

- March 20—Attacks across Iraq killed more than 40 and wounded over 200; the deadliest strike in Kerbala killed 13 and wounded 50.

Attacks continue against members of the Sons of Iraq (SOI) and their families, but reports indicate that they sustained lower total casualties this quarter than last. The largest MOI force, the Iraqi Police, and the largest Ministry of Defense (MOD) force, the IA, sustained higher wounded totals this quarter, but the number killed in action reportedly dropped.[342] See Figure 4.9 for the total killed and wounded in action, by month, from January through March 2012.

Apparent targeted political violence against civilian and military officials continued this quarter. During January 11–April 10, 2012, at least 73 government officials (including some SOI commanders and their families) were assassinated.[343] Table 4.2 summarizes these killings and other apparent targeted violence. As a result of assassinations and attempted assassinations over the past year, the CoR budgeted for the purchase of armored sedans and sport-utility vehicles for senior government officials, drawing sharp criticism from cleric Muqtada al-Sadr.[344]

FIGURE 4.9

SOI & FAMILY, IRAQI POLICE, AND IRAQI ARMY CASUALTIES, 1/2012–3/2012

Sources: *al-Ittihad*, "Victims of Violence during March the Lowest Since 2012," 4/3/2012, http://nmc.gov.iq/ArticlePrint.aspx?ID=3990, accessed 4/10/2012; *al-Quds*, "151 Victims of Violence in Iraq in January," 2/1/2012, http://nmc.gov.iq/ArticlePrint.aspx?ID=3559, accessed 4/10/2012; SIGIR analysis of open-source documents in Arabic and English, 1/1/2012–3/31/2012.

Iraqi Security Forces

In the aftermath of the March 2010 elections, the major political blocs were unable to agree on who should serve as Minister of Defense and Minister of the Interior, and it remains an open issue. Both the MOD and MOI are administered by officials selected by Prime Minister al-Maliki in 2011—Acting Minister of Defense Saadoun al-Dulaimi at MOD and Principal Deputy Minister Adnan al-Asadi at MOI.

As of March 31, 2012, approximately 930,000 ISF personnel were under the direct control of the Prime Minister.[345]

Ministry of Defense

According to DoD, the IA developed a well-functioning force for conducting counterterrorism and counterinsurgency operations, and the U.S. troop withdrawal was to coincide with the IA possessing "minimum foundational capabilities to defend against external threats."[346] The IA has played a significant role in domestic security, but it has begun transitioning to focus on building its capability to mount an external defense—its primary mission. The GOI announced this quarter that the transition of responsibility for internal security to the MOI would be complete by July 2012,[347] concomitant with the build-out of the ISF ground; aviation; and intelligence, surveillance, and reconnaissance capabilities supported in part by the U.S. Foreign Military Sales (FMS) Program.[348] Notwithstanding the planned transition, the timeline for completing such a build-out or for reaching the capability to mount an independent external defense remains unclear.

Ministry of Interior

As the MOI prepared to assume a greater share of the responsibility for Iraq's internal security, it continued this quarter to hire and train security personnel in violence-prone areas and to provide for the continued integration of various forces into the MOI through training programs:

- In northern Iraq, at the direction of the Prime Minister, the MOI hired 1,000 Ninewa police officers and 178 Facilities Protection Service contractors.[349] Of the total hired, 859 have graduated from a two-month training program in Mosul.[350]
- The MOI hired 230 police in Salah Al-Din province.
- In Tameem province, the MOI is training 97 contractors to fill permanent police positions in Kirkuk.
- In southern Iraq, 1,870 Federal Police graduated from an MOI facility in March,[351] and an additional 549 police were reportedly to begin training in April.[352]

Sons of Iraq

According to Iraqi officials, an estimated 70,000 former SOI members had been successfully integrated into positions within the GOI as of January 31, 2012. The status of the remaining SOI (approximately 30,000) is less certain, although budgetary support for their continued services is reportedly secure.[353]

During the last days of December 2011, 130 SOI members left their positions in Diyala province because of disagreements with the MOD. On February 5, however, the SOI commander in the province announced that all personnel had returned after receiving letters of guarantee from senior security officials declaring the need for SOI support.[354]
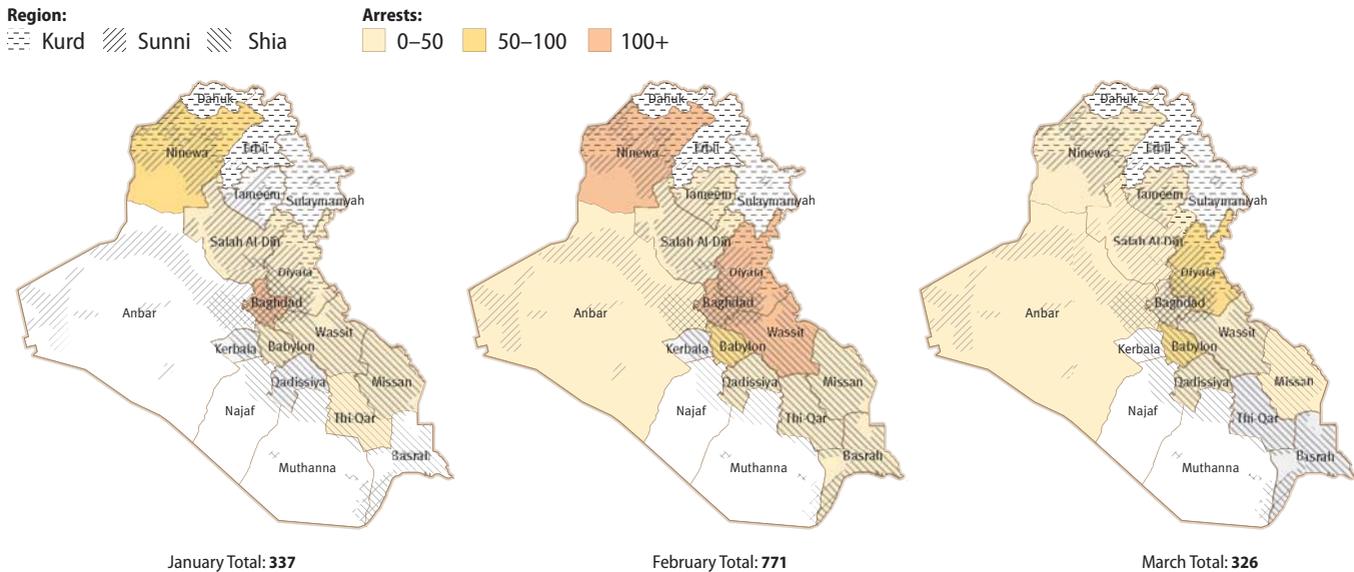
In early February, IA General Ali Ghidan announced a freeze in hiring SOI for security positions, saying that they would be employed in other positions. The commander of Iraq's ground troops said that the MOD was "coordinating to have SOI sustain their current positions and work alongside the Iraqi Army" until it could find new positions for them.[355]

Rule of Law

The rule of law remains a work in progress in Iraq, with corruption at all levels of government

> The IA has begun transitioning to focus on building its capability to mount an external defense—its primary mission.

FIGURE 4.10

SELECTED ARRESTS ON TERRORISM CHARGES, 1/14/2012–4/10/2012

Region: ⬚ Kurd   ▨ Sunni   ▧ Shia   Arrests: ▢ 0–50   ▨ 50–100   ▨ 100+

January Total: **337**

February Total: **771**

March Total: **326**

Note: This table provides examples of arrests this quarter. It does not purport to be all-inclusive, nor presume to imply the guilt or innocence of those arrested. Analysis of incidents based on best available information, as of 4/10/2012.

Source: SIGIR analysis of open-source documents in Arabic and English, 1/2012–4/2012.

continuing to be a significant hurdle. According to Transparency International's Corruption Perception Index for 2011, Iraq ranks 175 out of 183 countries and territories, tied with Haiti, as one of the most corrupt countries in the world.[356]

Anticorruption Developments

The Commission of Integrity (COI) announced that during 2011 it convicted 1,661 defendants on corruption charges.[357] That is up from 1,368 convicted in 2010[358] and more notable still because the COI imposed a three-month moratorium on investigations when the previous acting Commissioner resigned on September 9, 2011.[359]

On March 14, a special commission established by the KRG released the findings of its year-long assessment of corruption in the Kurdistan Region. The report acknowledges that there is widespread corruption and mismanagement in several ministries, singling out the health, contracting, housing, and energy sectors as the most

vulnerable to the theft and misuse of public funds. According to the commission, about 95 KRG officials had engaged in corrupt practices and were removed from their positions.[360]

The Justice System

Arrests for Terrorism

Prime Minister al-Maliki commented in October that arrests conducted by the ISF have been based on ample information and evidence.[361] Many of those arrested allegedly targeted the country's security and stability—accused al-Qaeda in Iraq members among them. Arrests appear to be centered in those areas where there is a historical pattern of insurgent or militia activity, either Shia and Sunni. However, there does not appear to be a direct correlation between recent terrorist attacks and numbers of people detained in a particular province.[362] Figure 4.10 shows selected arrests on terrorism charges this quarter, by province.

Executions

The notable rise in death sentences in Iraq has garnered international attention recently. Under Saddam Hussein, the death sentence was commonly applied, but on June 10, 2003, the Coalition Provisional Authority Administrator suspended its use. However, a week after the CPA terminated on June 28, 2004, the Iraqi government restored capital punishment, which is carried out by hanging.[363]

In all of 2011, at least 68 people were reported to have been executed as sentenced by a court[364]—most convicted of charges under Section 4 of the Counter Terrorism Law. During the first two months of 2012, at least 65 more people were executed. In January, there were 34 executions (32 men and 2 women) stemming from cases dating back to 2006, 2007, and 2008.[365] A ministry spokesperson commented, "Implementing just punishments and executions against terrorists and murderers is part of Iraqi law."[366] On February 1, executions were carried out against 17 people sentenced for terrorist acts. Three days later, Iraq's Office of the President ratified 23 more executions, including an order for 14 people to be put to death on February 7 for committing acts of terrorism, armed attacks, kidnappings, and murders.[367]

United Nations High Commissioner for Human Rights Navi Pillay expressed shock at the number of executions, criticizing the lack of transparency in court proceedings and calling for an immediate suspension of the death penalty in Iraq.[368] Iraq's Minister of Human Rights defended the death sentences, saying, "We consider the increase in the number of verdicts a normal matter, in accordance with the number of victims.… Actually, we ask the security apparatus to exert more efforts to defy terrorism."[369]

For a comparison of Iraq's execution rate for 2011 to those of other countries, see Table 4.3.◆

TABLE 4.3
COURT-ORDERED EXECUTIONS IN SELECTED COUNTRIES, 2011

COUNTRY		POPULATION	EXECUTIONS	EXECUTIONS PER 1M PEOPLE
	Iran	78,868,711	360*	4.56
	Saudi Arabia	26,534,504	82*	3.09
	Iraq	**31,129,225**	**68**	**2.18**
	United States	313,847,465	43	0.14
	Yemen	24,771,809	41*	1.66
	Egypt	83,688,164	1*	0.01
	United Arab Emirates	5,314,317	1	0.19
	Jordan	6,508,887	0	0.00
	Kuwait	2,646,314	0	0.00
	Bahrain	1,248,348	0	0.00

Note: *Indicates the minimum number of executions reported. Iran, Iraq, and Saudi Arabia accounted for 99% of all recorded executions in the Middle East and North Africa.

Sources: CIA, *The World Factbook*, www.cia.gov/library/publications/the-world-factbook/, accessed 4/3/2012; Amnesty International, "Death Sentences and Executions 2011," 3/27/2012, www.amnesty.org/sites/default/files/ai_global_dp_2011_stats_report_act5000/2012.en.pdf. accessed 3/28/2012.

A ministry spokesperson commented, "Implementing just punishments and executions against terrorists and murderers is part of Iraqi law."

ECONOMY

On the surface, Iraq's economy looks robust. The International Monetary Fund (IMF) and the Central Bank of Iraq (CBI) both project GDP to grow by more than 12% in 2012. In March, the Minister of Oil reported that crude oil production briefly topped 3 million barrels per day (MBPD) for the first time in more than two decades. In 2011, foreign commercial activity jumped 40% to nearly $56 billion, and the CoR recently approved the largest single-year budget in the country's history—$100.4 billion, with nearly $32 billion of that earmarked for infrastructure investment.[370]

But significant challenges persist. Political tensions cloud the investment climate and block agreement on legislation crucial for economic development, while bureaucratic delays continue to slow key oil-field projects. Despite the addition of new crude oil export capacity this quarter, infrastructure bottlenecks still constrain the shipment of Iraq's most vital resource to world markets. The rapid increase in foreign commercial activity of recent years is projected to plateau in 2012, and there are concerns that an overheating economy could spark inflation.[371]

Key Indicators

Oil Export Receipts

The GOI earned $19.27 billion in receipts from the sale of crude oil this quarter, $73.6 million below the previous quarter. However, the first quarter 2012 receipts were $2.96 billion (18%) above the same quarter of 2011.[372] For 2012, the IMF projects crude oil will account for about 98% of Iraq's export earnings and contribute more than 90% of government income. The figures reflect both Iraq's gradually increasing crude-oil export capacity and continued strong oil prices on global markets. They also represent the inability of other sectors of the economy to compete internationally.[373]

2011 GDP PER CAPITA, IRAQ AND SELECTED MIDDLE EAST COUNTRIES
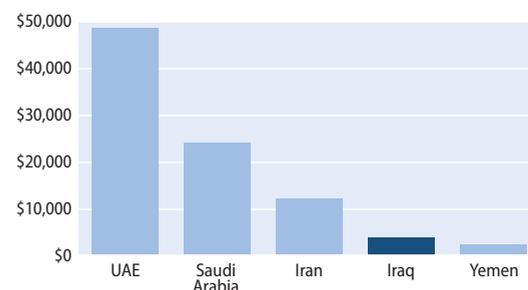
Note: Figures are estimates calculated using Purchasing Power Parity (PPP) to more accurately compare living standards between countries.

Source: IMF, World Economic Outlook Database, 9/2011, www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx, accessed 3/27/2012.

Gross Domestic Product

According to the IMF, Iraq's 2012 GDP growth is projected to be more than twice the average of other oil-exporting countries in the region, yet that growth stems from a low base. Iraq's GDP per capita is well below that of many countries in the Middle East (see Figure 4.11).[374]

Inflation

Year-on-year core inflation rose slightly in February to reach 6.30%, but still remained below both December's 6.97% and the IMF's most recent 2012 projection of 7.7% for oil-exporting nations in the Middle East and North Africa (MENA) region. However, the significant growth of Iraq's money supply, which in recent months reached an annual rate of around 20%—roughly twice GDP growth—has generated concerns about a potential spike in inflation. The high volume of petrodollars flowing into Iraq's economy could push up the price of goods and services, a dynamic exacerbated by continued growth in public-sector wages. The CBI's base policy rate held steady at 6% for the eighth consecutive quarter, and the

official exchange rate for Iraqi dinar strengthened marginally against the U.S. dollar, selling at 1,166 per dollar through much of the quarter. That rate is down slightly from 1,170—a level that had held constant for the past three years. However, a spike in demand for dollars generated by merchants from neighboring Iran and Syria—suddenly unable to procure sufficient amounts of the U.S. currency at home because of international sanctions—helped drive the unofficial street exchange rate above 1,320 dinar in mid-April.[375]

In April 2012, the CoM postponed indefinitely plans for a currency reform that would have removed three zeros from the Iraqi dinar in 2013 and required the issuance of new currency notes. The reform would have made the dinar's value slightly less than $1. It is currently worth less than one-tenth of a cent.[376]
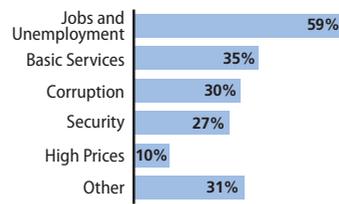
Unemployment

This quarter, the MoPDC reported an official unemployment rate of 12%, down from the previous official rate of 15.3% that dates from March 2008. More recent non-GOI estimates have ranged from 8% to 30%. The 2011 Iraq Knowledge Network survey placed the percentage of jobless youth at 30%.[377] At the same time, those emigrating from Iraq tend to be gainfully employed professionals seeking opportunities elsewhere.[378]

Results of a public attitudes survey released this quarter showed Iraqis believe unemployment is the most pressing single social issue facing the country. By a wide margin, those questioned put unemployment at the top of nine listed challenges facing the government—including security, corruption, and the supply of basic services, such as electricity and water. More than 8 in 10 questioned believed that the job situation is getting worse, and about half blamed either Prime Minister Nuri al-Maliki or "government ministers" for the problem.[379] Figure 4.12 provides more on the survey results.
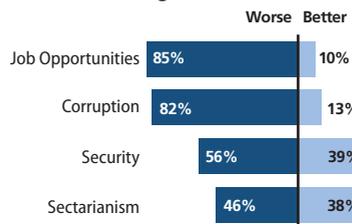
FIGURE 4.12

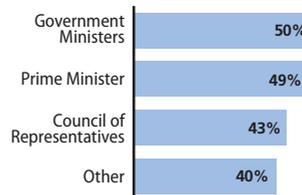**IRAQI PUBLIC ATTITUDES ABOUT UNEMPLOYMENT IN 2011**
Percentage of Respondents

Which Issues Are Most Important for the Government To Address?[a]

Jobs and Unemployment	59%
Basic Services	35%
Corruption	30%
Security	27%
High Prices	10%
Other	31%

Is the Issue Getting Worse or Better?

	Worse	Better
Job Opportunities	85%	10%
Corruption	82%	13%
Security	56%	39%
Sectarianism	46%	38%

Who Is To Blame for Current Unemployment Conditions?[a]

Government Ministers	50%
Prime Minister	49%
Council of Representatives	43%
Other	40%

[a] Respondents were asked to select two of the choices listed.

Source: Greenberg Quinlan Rosner Research for the National Democratic Institute, "Iraq Enters a Critical Period: Graphs for the Report on the October 2011 Survey," 11/2011, pp. 2–3, 24, www.ndi.org/files/Iraq-survey-presentation-Oct2011.pdf, accessed 3/1/2012.

Iraq Stock Exchange

Iraq's stock exchange (ISX) performed below that of a composite index of 11 other equity markets in the MENA region this quarter, although its growth over the past two years remains well above the regional average (see Figure 4.13). The ISX is small relative to other markets in the region, and its performance is seen more as an indicator of relative confidence in, and longer-term potential of, Iraq's economy than an actual comparison of equity market strength. Initial

By a wide margin, those questioned put unemployment at the top of nine listed challenges facing the government.

Figure 4.13

Iraq Stock Exchange vs. S&P Pan Arab Composite Index, 1/2010–3/2012

% Change

Note: The S&P Pan Arab indices include stocks from listed companies in the countries of Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, and the UAE.

Sources: Standard & Poor's, "S&P Pan Arab-Indices," 12/2010, www.standardandpoors.com, accessed 10/4/2011; Standard & Poor's Indices Client Services, information provided to SIGIR, 4/7/2011, 7/18/2011, 10/3/2011, 1/3/2012, and 4/3/2012; Iraq Stock Exchange, "Indices," www.isx-iq.net/isxportal/portal/sectorProfileContainer.html?sectorId=1, accessed 4/3/2012.
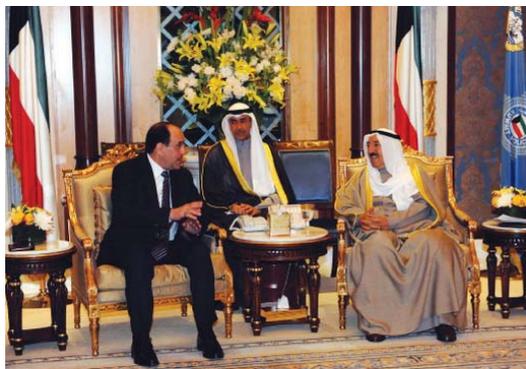
Prime Minister Nuri al-Maliki meeting in Kuwait with the Emir of Kuwait Sheik Sabah al-Ahmad al-Jaber al-Sabah. (GOI photo)

In January 2012, the GOI made a payment of $1.02 billion to Kuwait, reducing the balance still owed to just over $17 billion.

public offerings of shares in the country's major mobile telephone carriers would provide a significant boost to ISX volume if they take place as anticipated later this year.[380]

Debt

The CBI estimated Iraq's external debt at $87.7 billion in early April 2012. About $45 billion of this amount is eligible for a negotiated reduction of up to 80%, according to the terms of the 2004 Paris Club settlement. This quarter, the GOI approved payment of $408 million owed to Egyptian workers

who fled Iraq in the wake of Saddam Hussein's 1990 invasion of Kuwait and the Persian Gulf War.[381]

In addition, Iraq still owes war reparations, mainly to the Kuwaiti petroleum industry for damage caused during the invasion and subsequent Persian Gulf War. In January 2012, the GOI made a payment of $1.02 billion to Kuwait, reducing the balance still owed to just over $17 billion. Payment of the outstanding reparations constitutes one of several UN-mandated conditions stemming from the invasion and that remain binding on Iraq under Chapter VII of the UN Charter.[382]

Oil and Gas

Tensions intensified this quarter between the GOI and KRG over the issue of who controls oil exploration and extraction in and adjacent to the Kurdistan Region. Several international oil companies with interests in Iraq's oil-rich south have also pursued investments in the Kurdistan Region—a step welcomed by the KRG, but strongly opposed by the GOI pending GOI-KRG agreement over oil revenues. Although the Kurdistan Region has less proved oil

reserves than southern Iraq, favorable working conditions and contract terms make it attractive to oil companies. ExxonMobil, Total, and BP have all been affected by the GOI-KRG dispute.[383]

ExxonMobil, lead operator at the West Qurna-1 field north of Basrah, confirmed this quarter that it had signed production-sharing agreements with the KRG for the development of six fields. The confirmation came shortly after Deputy Prime Minister for Energy Affairs Hussein al-Shahristani declared any foreign oil company investing in the Kurdistan Region before the GOI-KRG impasse was resolved would be excluded from investing elsewhere in Iraq. That stance led the GOI to exclude ExxonMobil from participating in the Ministry of Oil's fourth round of bidding for oil and gas licensing, now planned for late May. The ministry also removed ExxonMobil from its leadership role in developing the multibillion-dollar Common Seawater Supply Project (CSSP), which is key to the water injection required to boost production levels in the southern fields. There was no known attempt to replace ExxonMobil at West Qurna-1, and the company ended a yearlong dispute with the GOI when the two sides reached a negotiated settlement over payment for its work at West Qurna.[384]

Despite al-Shahristani's warning, French oil company Total remained in discussions with the KRG about possible crude oil investments there. The GOI invited South Korea's SK Innovation to participate in the fourth oil and gas licensing round after the Korean company sold its stake in a Kurdistan Region oil field.[385]

BP's decision this quarter to negotiate with the GOI to help boost production at the large Kirkuk oil field in northern Iraq drew the British company into a different KRG-GOI dispute. After learning of the talks, the KRG declared that no GOI entity had the right to award contracts unilaterally "to develop currently producing fields in Kirkuk province or in other adjacent areas."[386]

The GOI publicly stepped back from its previously stated goal to raise crude oil production to 12 MBPD by 2017—a target long viewed skeptically by international oil experts. Al-Shahristani stated Iraq's revised goal would be to produce less than half that amount, between 5 and 6 MBPD in the next three to four years. He said Iraq hoped to expand its capacity to export crude oil at an even faster rate, having the capability to handle between 6 and 8 MBPD within the same time period.[387]

Crude Oil Development and Production

The Ministry of Oil reported that crude oil production for the first two months of the quarter averaged 2.59 MBPD, a decline of just under 2% from the 2.64 MBPD recorded for the same period of 2011 and 3% below the average of 2.66 MBPD for December 2011.[388] As of April 15, the ministry had not posted production data for March. On March 5, however, Minister of Oil Abdul Kareem al-Luaibi announced that crude oil production had exceeded 3 MBPD. He also set a target level of 3.4 MBPD for 2012. But there were indications that export bottlenecks and insufficient crude oil storage capacity were among the factors that kept production below 3 MBPD throughout most of the quarter. Al-Rumaila field, for example, reportedly operated far below previous peak output rates.[389] Figure 4.14 shows Iraq's crude oil production and export levels since 2003.

International oil companies claim bureaucratic holdups on visas for key personnel and customs clearance of important production equipment also slowed progress in developing the southern fields. Decision-making delays on large projects raised questions about Iraq's ability to meet future production targets. For example, the Ministry of Oil has yet to award initial design contracts for the CSSP, although they have been ready to let for several months.[390]

BP's talks with the GOI center on reversing a major output decline at the Kirkuk field in northern Iraq, where production has reportedly fallen from a peak output of 400,000 BPD five years ago to about 260,000 BPD in late February 2012. State-owned operator North Oil Company reportedly has developed a five-year plan to increase production to 700,000 BPD.[391]

Decision-making delays on large projects raised questions about Iraq's ability to meet future production targets.

FIGURE 4.14
CRUDE OIL PRODUCTION AND EXPORTS, BY MONTH, 10/2003–3/2012
Million Barrels per Day
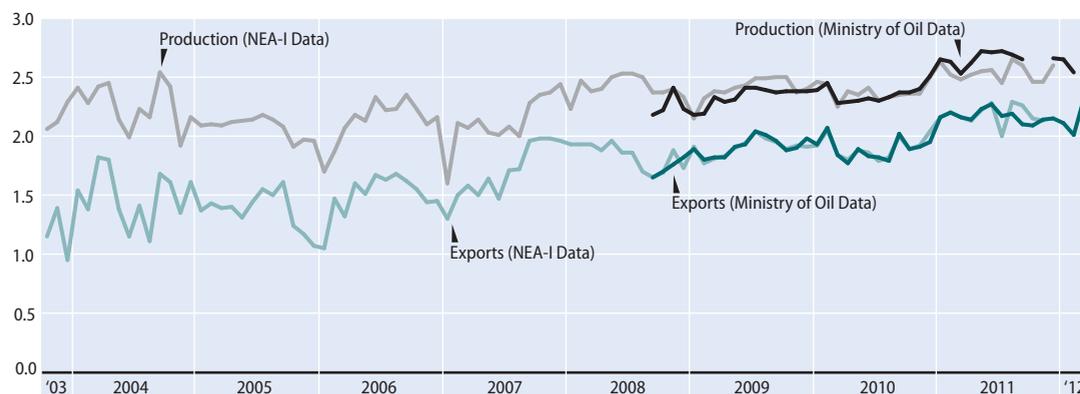
Note: In previous Quarterly Reports, the data that SIGIR reported on crude oil production and exports was obtained from NEA-I. Because NEA-I is no longer able to provide that data, SIGIR is now using data reported by the Ministry of Oil. Both sets of available data are shown in this figure. Exports include crude oil from the Kurdistan Region; production figures do not.

Sources: NEA-I, responses to SIGIR data calls, 6/4/2010, 7/6/2010, 1/11/2011, 4/5/2011, 7/7/2011, 10/17/2011, and 1/6/2012; GOI, Ministry of Oil, "Domestic Consumption" and "Crude Oil Exports," www.oil.gov.iq, accessed 4/23/2012.

The GOI this quarter approved the sale of Statoil's 18.75% stake in the West Qurna-2 field to the lead project operator Lukoil, which awarded South Korea's Samsung a $1 billion, 31-month contract to develop the central processing facility at this field.[392]

Fourth Licensing Round

This quarter, the Ministry of Oil announced it had altered the terms of the fourth licensing round, scheduled for late May, to make exploration contracts more attractive to international oil companies that have qualified for bidding. No details were made public, but the ministry apparently eased terms of a provision that allows the GOI to prevent development of any field on offer for up to seven years. With the addition of the Syrian General Oil Corporation in early April, the ministry had qualified 47 companies to participating in the bidding.[393] Figure 4.15 shows the locations of oil and gas fields awarded in the first three bidding rounds and exploration blocks offered in the upcoming fourth round.

> The Ministry of Oil announced it had altered the terms of the fourth licensing round to make exploration contracts more attractive to international oil companies.

Crude Oil Exports and Capacity Expansion

According to the Ministry of Oil, crude oil exports in March reached 2.32 MBPD—a post-2003 monthly record. The previous single-month high of 2.27 MBPD was set in June 2011. Exports in the first two months of 2012, however, averaged only 2.06 MBPD, resulting in a quarterly average of 2.15 MBPD—a 1% increase from the previous quarter, but less than all other quarterly averages in 2011. Both the March record and the quarterly average remained below the GOI budget projection of 2.60 MBPD for the year.[394]

Below-target export volume can be attributed to several factors, including bad weather in the southern ports, sabotage on the Kirkuk-Ceyhan pipeline in the north, and lower-than-expected exports from the Kurdistan Region. Crude oil exports from the Kurdistan Region were expected to average 175,000 BPD in 2012, but instead averaged less than half that—about 65,000 BPD—during the quarter, according to Minister Abdul Kareem al-Luaibi. In late March, the KRG declared it remained committed in principle to the 175,000 BPD export target, but in early April announced it had halted exports

completely because the GOI had withheld payment for oil produced in the Kurdistan Region over the preceding 10 months. The KRG statement claimed it was now owed close to $1.5 billion.[395]

The first of five planned single-point mooring (SPM) facilities off al-Faw Peninsula was inaugurated in mid-February, but technical delays and bad weather combined to reduce its contribution to export volume until March. Although the SPM has a potential capacity of about 850,000 BPD, upstream infrastructure shortfalls, including an inadequate pipeline system for transporting oil from the southern fields to the export facilities, are expected to reduce its effective capacity to about half that level for the duration of 2012. A second SPM is planned to be ready by mid-2012, with two more to come online in 2013 and a fifth after that. At that point, Iraq's theoretical export capacity would expand by about 4.25 MBPD.[396]
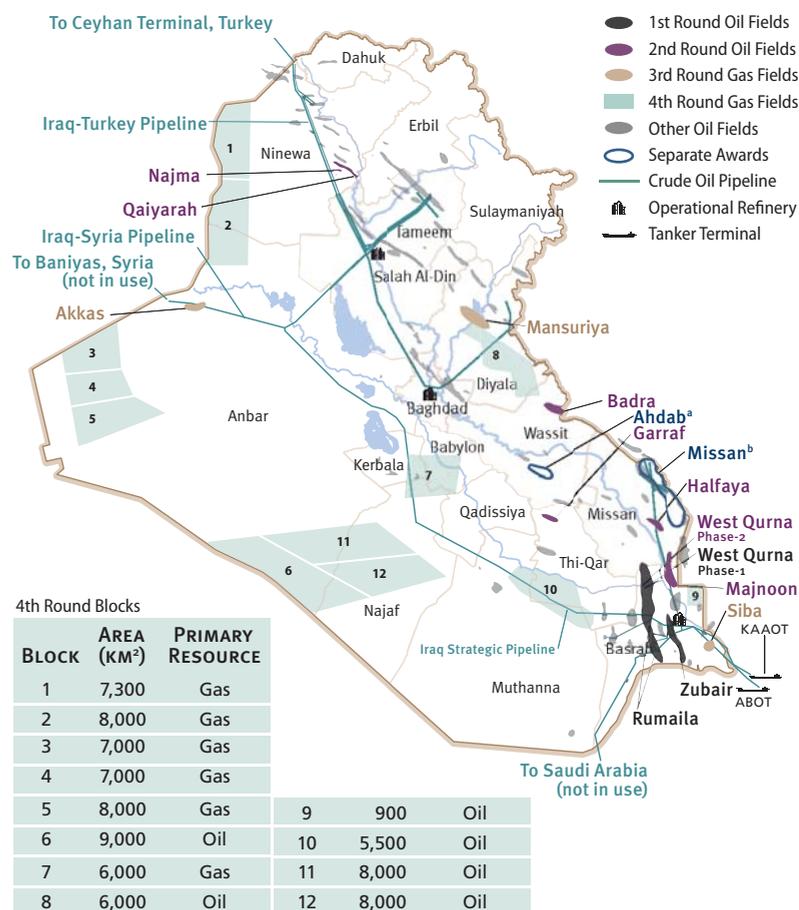
Australian police this quarter reported it had opened an investigation in connection with the SPM contracts on allegations that an Iraqi official was involved in taking a bribe from the Australian-based contractor Leighton Offshore.[397]

U.S. import of Iraqi crude oil rose sharply to 569,000 BPD during the final week of the quarter, although the amount accounted for only about 6% of total U.S. crude-oil imports.[398]

OPEC

In his role as President of the Organization of Petroleum Exporting Countries (OPEC), Minister of Oil al-Luaibi this quarter worked to ease regional tensions linked to Iran's refusal to open its nuclear program to international inspection. Tehran's threat to close the Straits of Hormuz as a retaliatory measure affects the primary oil export route for Iraq as well as other Persian Gulf oil-exporting countries. In March, the CoM approved the nomination of former Oil Minister Thamer Ghadban as a candidate for OPEC's next Secretary General.[399]

FIGURE 4.15

OIL AND GAS FIELDS AWARDED IN FIRST THREE BIDDING ROUNDS AND EXPLORATION BLOCKS OFFERED IN FOURTH ROUND

4th Round Blocks					
BLOCK	**AREA (KM²)**	**PRIMARY RESOURCE**			
1	7,300	Gas			
2	8,000	Gas			
3	7,000	Gas			
4	7,000	Gas			
5	8,000	Gas	9	900	Oil
6	9,000	Oil	10	5,500	Oil
7	6,000	Gas	11	8,000	Oil
8	6,000	Oil	12	8,000	Oil

Note: These second-round fields or projects received no bids: East Baghdad (north and central); Middle Furat (Kifl, West Kifl, Merjan); and Eastern Fields (Gilabat, Khashem al-Ahmar, Nau Doman, Qumar).
[a] The Ahdab field contract was first negotiated as a joint-venture in 1997 then reaffirmed and signed as a technical services contract in 2008.
[b] The Missan contract was signed in May 2010.

Sources: GOI, Ministry of Oil, www.pcld-iraq.com/, accessed 1/4/2010, and "CNOOC Reviews Its Plans To Develop Maysan Oil Fields," www.oil.gov.iq/moo/feeds.php?lang=en&page_name=news&id=29, accessed 4/4/2012; China National Petroleum Corporation, "CNPC in Iraq," www.cnpc.com.cn/en/cnpcworldwide/iraq/, accessed 4/4/2012; The Washington Institute for Near East Policy, "Gulf Energy Exports: Existing Alternative Pipeline Routes," www.washingtoninstitute.org/mapImages/48581abd0f6f8.pdf, accessed 4/4/2012; "Iraq: Oil Infrastructure," www.washingtoninstitute.org/mapImages/41f15dc3ed8cd.pdf, accessed 4/4/2012; "Fourth Time Lucky?" *Oil & Gas Middle East*, Iraq Supplement, 11/2011, www.arabianoilandgas.com/emagazines/oe_81php, accessed 4/4/2012.

Refineries and Petroleum Products

The GOI is considering steeper price discounts on crude oil to potential refinery operators as part of a renewed effort to attract foreign contractors to build four planned refineries in the country.

Although a major crude oil producer, Iraq is also a significant importer of refined products. In 2011, a group that included Italian companies ENI and Saipem was offered a $5-per-barrel discount as part of a bid on a $10 billion project to build a refinery and 2,000 housing units for workers in Kerbala, but was unable to attain the necessary financing. Discounts of at least $9 per barrel are currently among the options under consideration to make the project more attractive to potential investors. A refinery project at Missan is also stalled. In mid-April, Deputy Prime Minister al-Shahristani said if foreign investors could not be attracted, the GOI would build the refineries on its own.[400]

Iraq's North Refinery Company announced plans to add 95,000 BPD of new capacity to three existing refineries operating at Baiji, Siynia, and Kisik. It also reported that it would complete an initial design study this quarter for a new 150,000 BPD refinery at Kirkuk—one of the four planned across the country.[401]

Natural Gas

Iraq produced an average of 1,540 million cubic feet per day (MCFD) of associated natural gas during the first two months of 2012—1,103 MCFD in the south and 437 MCFD in the north. However, Iraq also flared an average of 962 MCFD of gas during the same period, 62% of the amount produced. The majority of this flared gas—806 MCFD—was from the southern oil fields. The production figures do not include gas produced in the Kurdistan Region.[402]

This quarter, a subsidiary of Royal Dutch Shell awarded a $60 million contract to Swiss engineering company ABB for construction of a power plant to supply electricity to one of Iraq's largest projects: the long-delayed $17 billion effort to capture associated natural gas currently flared from the southern oil fields. The contract award signaled that the project, first agreed in 2008 but not finalized until late 2011, was finally moving forward. Iraq has the world's tenth largest proved natural gas reserves, estimated at 112 trillion cubic feet.[403]

Pipelines

The two northern pipelines linking Kirkuk with the Turkish export terminal at Ceyhan have operated at no more than one-third of their combined 1.5 MBPD potential capacity since 2003 and require major upgrades. The GOI this quarter elevated the priority of a pipeline through Syria that would become its primary northern crude export route—one that would ease its reliance on Turkey. Iraqi politicians this quarter also issued calls to explore reopening a pipeline to Saudi Arabia that has been closed for more than two decades. There were reports this quarter that the KRG is contemplating new pipeline routes, including one option that would link the region's oil fields directly to export outlets in Turkey without passing through other parts of Iraq.[404]

> The two northern pipelines linking Kirkuk with the Turkish export terminal at Ceyhan have operated at no more than one-third of their combined potential capacity since 2003 and require major upgrades.

Tanker berthed at new SPM off al-Faw peninsula. (Leighton Offshore Photo.)

Communications

The Ministry of Communications signed a memorandum of understanding this quarter with other Arab countries to participate in a regional fiber-optic cable project that would link Arab Middle East countries and Turkey with Europe in a high-speed international telecommunications network.[405]

Transportation

Ports

Iraq's Minister of Transportation announced this quarter that the Italian firm Technital had completed the preliminary design for the major new port at al-Faw and would complete the final design "in the coming months."[406]
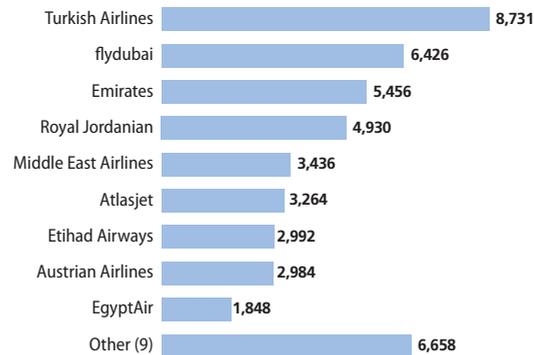
Aviation

Iraq's international commercial aviation links expanded this quarter with two UAE airlines, Etihad and flydubai, and Qatar Airways all announcing or inaugurating new routes. Iraq's Civil Aviation Authority also announced the resumption of commercial air service between Iraq and Kuwait for the first time since 1990, with Kuwait's Jazeera Airways requesting four flights per week to both Baghdad and Najaf. Etihad said it planned to begin flights to Basrah in mid-April, while flydubai began service in January to Baghdad and Najaf. Qatar Airways said it would begin service to Erbil and Baghdad in May and June. More than 20 airlines have added service to Iraq in the past three years, including seven in the past six months.[407] See Figure 4.16 for the number of weekly passenger seats offered, by company.

Railroads

Iraq's passenger rail network is expanding its passenger capacity, with the Baghdad-to-Basrah line one of the most popular.[408] This quarter, the Ministry of Transportation allocated $340 million for construction of a 600-kilometer (km), or 372-mile,

FIGURE 4.16

FOREIGN AIRLINES SERVING IRAQ
Weekly Number of Seats for Sale

Airline	Seats
Turkish Airlines	8,731
flydubai	6,426
Emirates	5,456
Royal Jordanian	4,930
Middle East Airlines	3,436
Atlasjet	3,264
Etihad Airways	2,992
Austrian Airlines	2,984
EgyptAir	1,848
Other (9)	6,658

Note: Figures are for the week commencing March 19, 2012.

Source: CAPA & Innovata, "Air Services Expansion to Iraq Accelerating this Summer," 3/21/2012, www.centreforaviation.com/analysis/air-services-expansion-to-iraq-accelerating-this-summer-70246, accessed 3/23/2012.

high-speed rail link between those two cities. The route will also pass through the cities of Kerbala, al-Musayab, Najaf, and al-Samawa. Speaking at a conference on Iraq's infrastructure needs, the Minister of Transportation said Iraq planned to build more than 2,000 km (1,240 miles) of a new high-speed rail line that will run through Syria, Iraq, and Jordan, to link Arab countries on the southern and eastern Mediterranean.[409]

Finance

Nearly nine months after a June 2011 CBI deadline, 4 of 22 private banks listed on the ISX were still unable to meet the central bank's minimum reserve requirement of 100 billion Iraqi dinar ($85.8 million). The CBI reportedly placed one of those banks, Warka, under closer control to supervise it through bankruptcy. The CBI's next reserve requirement deadline is June 2013, when all private banks are supposed to have minimum reserves of 250 billion dinar ($213.7 million).[410]

A 2011 World Bank review of Iraq's financial sector envisioned a greater role for privately owned banks; however, it was the state-owned banking

The Minister of Transportation said Iraq planned to build more than 1,240 miles of a new high-speed rail line that will run through Syria, Iraq, and Jordan.

sector that expanded this quarter. Rasheed and Rafidain banks (which together account for about 85% of all bank transactions in the country) added staff, and the CoR considered draft legislation that would expand the role of a third state-owned bank, the Trade Bank of Iraq. The CoM also approved the establishment of Iraq's first state-owned Islamic bank, known as al-Nhrein (Two Rivers). Ministry of Finance action to enable government ministries and other GOI entities to conduct business with private banks in addition to state-owned banks appeared to have had little impact.[411]

Bank loan-to-equity ratios for both public and private-sector banks remained low this quarter, in part because potential borrowers lacked the knowledge necessary to apply for loans and because no credit bureaus operate in Iraq to enable banks to assess risk.[412]

Although state-owned and private-sector banks are ill-prepared to offer the type of large loans contractors require to undertake multibillion-dollar projects, the CoR decided to cut off an alternative financing method this quarter when it removed a $15.43 billion provision in the 2012 budget prior to passage that would have offered sovereign finance guarantees to private-sector international contractors undertaking such work.[413]

In other developments, the few Iraqi banks that have cooperative agreements with international financial institutions continued to benefit from their exposure to state-of-the-art banking methods, and there was evidence that electronic deposit of government salaries is beginning to take hold. The Ministry of Higher Education and Scientific Research began distributing headquarters staff salaries onto smart cards that can be used at bank ATMs. The ministry announced that staff at all educational institutions in the country would eventually be paid in a similar manner.[414]

The GOI is in discussions with the Canadian company FreeBalance to build a successor to the earlier Iraq Financial Management Information System (IFMIS), a tool that was intended to provide the GOI with efficient, transparent management

The GOI is in discussions to build a successor to the earlier Iraq Financial Management Information System, a project terminated in 2009 following a series of technical and management difficulties.

In February, Dr. Sinan al-Shabibi, Governor of the Central Bank of Iraq (seated left) and architect Zaha Hadid (seated middle) signed an agreement for the design of a new CBI headquarters building. (CBI photo)

of its financial accounts. The IFMIS was financed by $37.4 million from the Economic Support Fund (as part of USAID's Economic Governance I and Economic Governance II programs) plus DoS funds. However, the project was terminated in 2009 following a series of technical and management difficulties. FreeBalance, a subcontractor on the original project, is working with the Ministry of Finance to finalize the terms of reference for a new prototype system that would use much of the data from the IFMIS.[415] For information on a recent audit of USAID information technology systems, including IFMIS, see Section 3 of this Report.

SOE Reform

This quarter, the World Bank presented the results of a six-month study setting out a path for reforming and reviving Iraq's non-oil industrial sector. The study, conducted by McKinsey & Company, focused on about 70 state-owned enterprises (SOEs) controlled by the Ministry of Industry and Minerals (MIM). The plan calls for the MIM to create a restructuring unit dedicated solely to the task of reform. The unit would develop annual restructuring plans that would be implemented by individual SOEs as pilot projects. In a related development, U.S. Embassy-Baghdad provided a $1 million grant to the Ministry of Finance to establish a unit to value SOE assets.[416]

The World Bank also initiated a major reform program for SOEs under control of the Ministry of Housing and Construction. The program calls for joint ventures with international investors, rather than equity stakes, because most of the SOEs under the ministry are unattractive to private-sector investors. Another World Bank project is focused on reform of SOEs that fall under the Ministry of Water Resources.[417]

A large industrial SOE established ties with a foreign company this quarter. United Brothers, a Turkish producer, agreed to invest $120 million in one of Iraq's largest steel mills—the State Company for Iron and Steel (SCIS), located in al-Zubair, south of Basrah. The accord is expected to increase SCIS production capacity to about 1.5 million tons per year and ensure jobs for the majority of the mill's 5,500 employees. Current ministry plans call for those laid off to undergo retraining.[418]

Agriculture

Iraq's 2012 wheat crop is projected to be lower than the 2011 harvest mainly due to below-average winter rains across much of northern Iraq. The Foreign Agricultural Service of U.S. Department of Agriculture (USDA) projects a harvest of 1.87 million metric tons (MMT), which would be 11% below the 2.1 MMT yield for 2011. If the projection holds, USDA estimates Iraq would need to import more than 3 MMT during the new marketing year, which runs from late spring 2012 through winter 2013. The Ministry of Trade lifted a ban that had briefly excluded the United States from offering wheat tenders earlier in 2012. In 2011, Iraq ranked as the 37th largest purchaser of U.S. agricultural products, with imports valued at approximately $700 million.[419]

The Ministry of Agriculture (MOA) reported that Iraq increased its consumption of home-grown food products over the past two years. Growth included moving from meeting 25% of demand for vegetables in 2010 to 50% in early 2012. Domestic producers have also met higher shares of demand for eggs, red meat, and fish as part of a medium-term GOI objective of 60%–70% food self-sufficiency. To support this goal, the GOI has provided interest-free loans to farmers for modernization projects, encouraged more efficient water usage by replacing age-old flood irrigation techniques with more modern drip and spray technologies, and offered higher quality seed and more fertilizers. There are also plans to extend irrigation to northern wheat-growing areas currently reliant solely on rainwater. In western areas of the country, the GOI is working to contain desertification and encourage international investors to engage in both food growing and food processing.[420]

As part of Iraq's goal to reclaim its earlier role as a major global supplier of dates, the MOA is introducing new breeds of date palm trees as it works to rebuild and strengthen the total population to around 30 million trees. That is about the level of the late 1970s, before the date palms were depleted by decades of war, sanctions, and neglect. The ministry reported in February that 150,000–200,000 tons of dates would likely be exported in 2012, a level not reached since the 1980s.[421]

Investment and Trade

Investment

The National Investment Commission (NIC) reported that foreign and domestic investment (including GOI funds) hit $50 billion in 2011, although it noted not all work linked to those investments was completed during the calendar year. About 50% of the investment licenses issued in 2011 were for residential housing projects 35% for industrial sector projects, 10% in the services sector, and 2%–3% in agriculture.[422]

Improved investment incentives and a shift of greater decision-making power to provincial investment commissions has led the NIC to predict a doubling of investment levels in 2012, if political and security conditions are calm. For the 2008–2011 period, these provincial investment commissions

The Ministry of Trade lifted a ban that had briefly excluded the United States from offering wheat tenders earlier in 2012.

issued 780 licenses, totaling more than $32 billion of investments, in non-oil sectors. Table 4.4 shows investment licenses by sector granted by Iraq's provincial investment commissions. Security conditions and political tensions led to several project delays in 2011, including a 60,000-unit housing development in Baghdad's Rusafa District and a 75,000-unit housing development in Kerbala. The NIC is currently working with the MoPDC and other ministries to review strategic investment planning in areas of oil, health, transportation, communications, and electricity.[423]

Iraq announced plans to spend about $400 million to build three large sports stadiums in the capital. The largest, seating 60,000, is planned for the Tajiyyat area of the city and will be built by the Iranian company Baland Baya. A second, planned for Sadr City, has been contracted to the Turkish company Nurol for $99.5 million. The third was awarded to the

Spanish contractor Tri Arena for $98 million. Total capacity of all three stadiums is 120,000.[424]

Using a definition of foreign commercial activity that extends beyond direct capital investment to include categories such as public works and private-sector service contracts, lease agreements, and other revenue-generating activities, international commercial involvement in Iraq rose by more than 40% in 2011 to top $55 billion, according to research conducted by Dunia Frontier Consultants. Since 2007, foreign commercial activity has increased by almost 2,000%:[425]
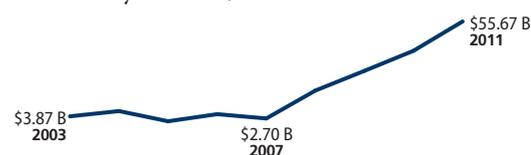
Activity was greatest in the residential housing, oil and gas, and electricity sectors, which collectively accounted for more than two-thirds of the total. Companies from South Korea (almost $12 billion) and the United States (almost $7 billion) made up the two largest investor blocs in terms of value. Turkish companies had the largest number of individual contracts with 37. In general, the number of total contracts involving foreign companies increased by more than 80%, while the average value of those contracts declined.[426] For a more detailed breakout of foreign commercial activity by sector, see Figure 4.17.

U.S. companies more than tripled their foreign commercial activity in Iraq in 2011, and the size of recently signed contracts indicate a strong U.S. commercial presence will continue in 2012. The volume of this activity grew from around $2 billion in 2010. The presence of prominent U.S. engineering, construction, and oil services companies—particularly in the oil and gas sector—has helped drive the increase. Honeywell subsidiary UOP, for example, is supplying technology for the design of a catalytic cracker—a system that converts crude oil into higher-value petroleum products such as gasoline—at a planned refinery in Nassiriya and upgrading electronic control systems at a refinery in Baiji.[427]

TABLE 4.4

PROVINCIAL INVESTMENT COMMISSION LICENSES GRANTED, BY SECTOR, 2008–2011

SECTOR	NUMBER OF LICENSES	VALUE OF LICENSES $ Millions
Housing	155	16,250
Industry	136	6,392
Tourism	192	4,416
Trade	146	1,596
Agriculture	62	1,053
Communication	9	951
Services	37	317
Transportation	2	298
Education	15	279
Health	19	263
Electricity	3	213
Media	4	136
Total	**780**	**32,164**

Note: Table does not include investment licenses for oil-related projects, which are handled by the Ministry of Oil.

Source: GOI, NIC, information provided to SIGIR, 4/13/2012.

U.S. companies more than tripled their foreign commercial activity in Iraq in 2011.

Although foreign commercial activity has risen by an average of $13.2 billion annually since 2008, Dunia expects this level of growth to ease in 2012 as investment volume in the electricity and the oil and gas sectors begins to taper.[428]

Trade

Companies exporting goods to Iraq, including those based in the United States, reported a worsening of bureaucratic delays this quarter related to customs clearance procedures, processing of visa applications, and cumbersome, often obsolete, trade regulations. Although delays have long been an accepted part of trading with Iraq, the political tensions that dominated the early part of the quarter and high trade volume combined to exacerbate conditions. Tensions between and within key government entities involved in trade—including the CoM, KRG, and the Ministries of Interior, Trade, and Oil—slowed visa processing.[429]

One businessman reported having to scrap plans to conduct a demonstration of his company's industrial equipment at a trade fair in Iraq after failing to get either his product through customs or visas for the technicians required to demonstrate it. A leading global producer of consumer products was unable to gain approval to import its latest offerings because Iraq had not yet updated 30-year-old standards to cover products developed during the intervening period.[430]

The United States, which expects to ship about $120 million–$130 million worth of poultry to Iraq in 2012, expressed concern about spoilage of imported food products delayed at Iraqi ports.[431]

The GOI's precertification system for imports continues to be problematic for U.S. food exporters to Iraq. Iraq also reportedly altered requirements for certificates of origin on imports, requiring the document to be issued prior to shipping rather than at the point of entry. The decision left uncertainty about the status of goods already shipped to Iraq but not yet through customs. New import rules also require certificates of origin for each of a manufactured product's component parts—a requirement likely to complicate the import of

FIGURE 4.17

FOREIGN COMMERCIAL ACTIVITY IN IRAQ, 2011
$ Billions
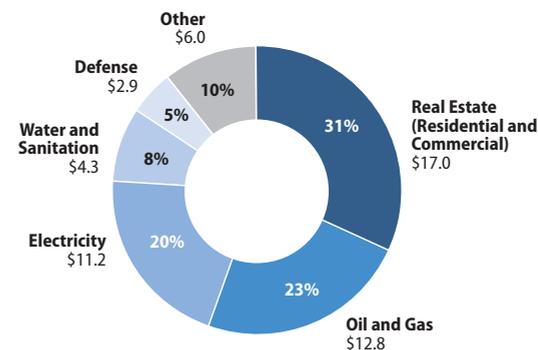
Note: Data not audited. Numbers affected by rounding.

Source: Dunia Frontier Consultants, "Foreign Commercial Activity in Iraq: 2011 Year in Review," 2/2012, p. 14.

sophisticated items, such as a modern turbine, which can have myriad components.[432]

The absence of a certificate verifying adherence to internationally agreed security standards—called an International Ship and Port Facility Security (ISPS) certification—greatly increases the costs of moving goods through the port of Umm Qasr. Without this seal of approval from the UN's International Maritime Organization certifying that a port is safe and secure, underwriters levy exorbitant fees on shipping companies doing business in non-compliant ports. U.S. officials estimate that it could cost Iraq up to $100 million to implement the needed upgrades.[433]

Among U.S. companies active in Iraq this quarter, the Harris Corporation was awarded a $51 million contract for tactical communications systems completed under the Foreign Military Sales program. U.S.-based companies were also active in other areas, including real estate, electricity, and hotel construction in the Kurdistan Region.[434]

A new U.S.-Kurdistan Business Council was founded in April 2012 to facilitate trade for U.S. companies doing business in the Kurdistan Region. The group becomes the third U.S. business group active in Iraq. The Iraq-based U.S. Business Council in Iraq was created in 2011, while the U.S. Chamber of Commerce supports a U.S.-Iraq Business Initiative in Washington, D.C.[435] ◆

> Companies exporting goods to Iraq reported a worsening of bureaucratic delays this quarter related to customs clearance procedures, processing of visa applications, and cumbersome, often obsolete, trade regulations.

SIGIR
OVERSIGHT

SECTION

5

SIGIR LESSONS LEARNED

Iraq Reconstruction: Lessons Learned from Investigations, 2004–2012

In April 2012, SIGIR published *Iraq Reconstruction: Lessons Learned from Investigations, 2004–2012*. This report focuses on fraud and other white-collar crimes that occurred in the course of the Iraq rebuilding endeavor. It elicits a series of lessons drawn from criminal investigations conducted by SIGIR, outlining illustrative examples of major cases, and suggests best practices for future stability and reconstruction operations (SRO) that could reduce criminal activity. The full report can be found on the SIGIR website: www.sigir.mil.

As of March 31, 2012, the work of SIGIR investigators had resulted in 86 indictments, 66 convictions, and more than $175 million in fines, forfeitures, recoveries, restitution, and other monetary results.

Top Ten Lessons

These are the ten most important lessons that SIGIR derived from its eight years of experience investigating crimes arising from the Iraq reconstruction program:

1. **Ensure that law-enforcement agencies have appropriate investigative plans and procedures in place before an SRO begins, with trained personnel who are well prepared to carry them out.** Upon inception, SIGIR adopted the rules and procedures of the Department of Defense Office of Inspector General (DoD OIG), but these proved ill-suited to operating within a contingency environment. Over time, SIGIR developed its own set of rules and procedures adapted to settings confronted in Iraq. On the personnel front, SIGIR recognized that SRO investigators should have white-collar fraud experience.

2. **Use non-law-enforcement forensic assets, such as auditors and inspectors, to generate leads for investigations.** A number of early cases uncovered by SIGIR had their foundations in audit or inspection findings. This led the Inspector General to form forensic teams that combined auditors and investigators. The melding of their skills opened doors to cases that otherwise might have remained closed.

3. **Pursue a holistic approach to case management that integrates the efforts of in-theater investigators with U.S.-based investigators and prosecutors.** SIGIR developed the regular use of video teleconferences to improve the flow of information between personnel based in the United States and those based in Iraq. In concert with the Department of Justice (DoJ), SIGIR created an unprecedented program called SIGPRO (SIGIR Prosecutorial Initiative), wherein the Inspector General hired his own prosecutors and paralegals, detailing them to DoJ to work on Iraq cases. The application of advanced communication tools and novel prosecutorial initiatives greatly strengthened production and improved outcomes.

4. **Maintain strong relations with host-country law-enforcement officials to bolster case development, evidence gathering, and the pursuit of potential suspects in country.** The Inspector General met regularly with the leaders of Iraq's law-enforcement agencies as well as its senior judicial officers. SIGIR investigators maintained regular contact with agents within the Iraqi law-enforcement community. These multilevel connections fostered case development, with the salutary effect of furthering U.S.-Iraq relations. Further, they permitted the opportunity for capacity-building training, which SIGIR provided to Iraqi inspector general personnel.

5. **Deploy a robust in-country presence of investigative personnel, widely publicize the Hotline, and regularly engage with U.S. government organizations in fraud-awareness activities.** SIGIR's success in Iraq was tied to a key principle: to make cases, you have to be there. Trying to develop leads on an "expeditionary" basis will not produce necessary results, nor will it deter crime. A forward-leaning presence is crucial to deter crime, develop leads, and catch criminals. Maintaining a widely disseminated Hotline number for the anonymous reporting of wrongdoing is key to case development.

6. **Avoid bureaucratic turf battles among law-enforcement agencies by building a task-force approach that brings all agencies together around the law-enforcement mission.** Investigative task forces strengthen case management. The inevitable chaos caused by SROs requires the improved integration of all U.S. agencies operating in theater, including law enforcement. SIGIR's successes generally resulted from effective teamwork realized through task-force investigations—the headquarters level working to coordinate and deconflict cases and the field level working to maximize the available investigative resources.

7. **Ensure flexibility in personnel requirements, staffing numbers, and deployment procedures.** SIGIR's enabling statute, which created the first Special Inspector General's office in U.S. history, provided employment flexibilities, permitting the dynamic management of investigative personnel. Standard U.S. government regulations are too unwieldy for use in highly demanding SRO environments. Legal flexibility ought to be the rule for administration and personnel practices governing law-enforcement efforts executed during contingency operations, whether achieved through the creation of a permanent Special Inspector General for Overseas Contingency Operations—a concept now pending before the Congress—or some future interim Special Inspector General.

8. **Prioritize using advanced criminal-intelligence techniques and developing informants in theater.** SIGIR enjoyed notable success making cases in Iraq via undercover stings, wiring informants, and employing a variety of technical capabilities. The use of task forces improved the success rate of these and other law-enforcement techniques. The watchword is, whenever possible, bring stateside investigative tools to bear during an SRO, notwithstanding the rigors presented by the environment.

9. **Engage with partner-nation law-enforcement agencies to prosecute non-U.S. criminals.** SROs commonly involve a coalition of countries, meaning that multinational personnel may be involved in rebuilding efforts. This was the case in Iraq. SIGIR developed relationships with law-enforcement agencies in Coalition-member countries, producing the prosecution and conviction of non-U.S. personnel in their home jurisdictions.

10. **Develop innovative investigative programs targeted to the specific needs of the SRO.** SIGIR's investigative leadership created a series of novel programs shaped to solve the problems that arose from the Iraq reconstruction enterprise. Some combined personnel within the agency, while others used an interagency approach. In addition, SIGIR emphasized the importance of using the suspension and debarment process in reining in abusive contractors. These innovative efforts were driven by an overarching purpose: the protection of taxpayer interests through the efficient and effective making of cases.

Best Practices

From extensive experience developed while pursuing more than 600 investigations arising from the Iraq reconstruction enterprise, SIGIR suggests seven best practices, the implementation of which could help mitigate the waste, fraud, and abuse of U.S. taxpayer funds in future SROs:

- **Begin oversight early.** As soon as the planning for a contingency begins, the relevant investigative entities must develop programs to integrate oversight operations in theater. Federal law-enforcement agencies should collaborate on an integrated contracting database that incorporates information about past contracting activities so as to better identify potential trouble spots well in advance.

- **Deploy agents forward.** A strong in-theater presence is crucial to deterring crime during an SRO. Trying to thwart bad conduct in a chaotic situation with a smattering of investigators who rotate in and out simply will not work. There must be a continuous, widely noticed law-enforcement presence to stop crime and catch those who commit it.

- **Intervene with education.** SROs occur in environments that offer manifest temptations to criminal minds. Fraud-awareness training is needed for all government and contractor personnel operating in the SRO. DoJ also should publicize convictions to leverage their deterrence value.

- **Integrate law-enforcement efforts.** Agencies with jurisdiction over SRO investigations may include inspector general offices, as well as DoD, DoS, DoJ, IRS, FBI, and ICE. Prior integrative planning must occur for this broad and diverse spectrum of law-enforcement agencies to function well together. The creation of a Special Inspector General for Overseas Contingency Operations would facilitate such integrative planning.

- **Use task forces.** Investigative task forces improve the likelihood of success in criminal cases because pooled resources strengthen the effort. Not every law-enforcement office has the resources to maintain a broad array of technical capacities. Integrative joint operations—from headquarters to the field levels—improve outcomes in the investigative world, just as they improve results in the military world.

- **Hire investigators with fraud experience.** Although the particular requirements may vary depending on the nature of the SRO, most investigators should have substantial knowledge of complex contracting procedures, financial transactions, asset tracing, and the like. This means that having white-collar crime experts in country produces more convictions. Investigative agencies operating in Iraq often deployed inexperienced agents or sent senior investigators whose career experience was inapposite.

- **Dedicate specific prosecutors.** The SIGPRO experience, which entailed SIGIR hiring its own prosecutors and deploying them to DoJ, demonstrably proved the wisdom of well-targeted prosecutorial capacities. After the formation of SIGPRO, SIGIR conviction rates rose. Events unfold rapidly in contingency operations; having a special team of prosecutors focused on the operation ensures better results. ◆

SIGIR AUDITS

Since March 2004, SIGIR has issued 210 audit reports. From February 1 to April 30, 2012, SIGIR issued four audits addressing the following reconstruction issues:

- Coalition Provisional Authority (CPA) accountability for Electronic Fund Transfer (EFT) payments made in 2003 and 2004 using Development Fund for Iraq (DFI) funds
- whether the U.S. Army Corps of Engineers (USACE) had unliquidated obligations on 55 terminated contracts and performed the required review of unliquidated obligations for contracts in Iraq for the period ending January 31, 2012
- the status of the $1.5 billion appropriated to the Iraq Security Forces Fund (ISFF) through the Defense and Full-Year Continuation Appropriations Act, 2011 (P.L. 112-10), available for use in FY 2011 and FY 2012
- the status of Department of State (DoS) progress in implementing SIGIR's recommendations for the $125.1 million Quick Response Fund (QRF) program it managed

For a list of these audit products, see Table 5.1.

SIGIR currently has nine announced or ongoing audits, and others are expected to start this quarter. SIGIR performs audit work under generally accepted government auditing standards.

SIGIR Audits Completed This Quarter

Development Fund for Iraq: The Coalition Provisional Authority's Financial Controls for Electronic Fund Transfer Payments Diminished over Time
(SIGIR 12-013, 4/2012)

Introduction

The CPA was established in May 2003 to provide for the temporary governance of Iraq. United Nations Security Council Resolution 1483 created the DFI and assigned the CPA full responsibility for managing it. The DFI comprised revenues from Iraqi oil and gas sales, certain remaining Oil for Food deposits, and repatriated national assets. It was used, in part, for Iraq relief and reconstruction efforts.

During its almost 14-month governance, the CPA had access to $20.7 billion in DFI funds and directed expenditures of about $14.1 billion. The CPA Administrator had the authority to direct the Federal Reserve Bank of New York (FRBNY) to make EFT payments for reconstruction activities out of the DFI main account. FRBNY records show that the Administrator directed about 1,100 EFT payments totaling $5.9 billion in DFI funds

TABLE 5.1

SIGIR Audit Products since 2/1/2012

Report Number	Report Title	Date Issued
12-013	Development Fund for Iraq: The Coalition Provisional Authority's Financial Controls for Electronic Fund Transfer Payments Diminished over Time	4/2012
12-014	USACE Used or Deobligated Residual Funds on Terminated Contracts	4/2012
12-015	Interim Report on Spend Plans for Fiscal Years 2011–2012 Iraq Security Forces Funds	4/2012
12-016	Interim Review of State Department's Progress in Implementing SIGIR Recommendations Addressing Quick Response Fund Management Controls	4/2012

from July 2003 through June 2004. EFT payments were made for a variety of items and services such as petroleum products, firearms and ammunition, trucks and other vehicles, firefighting equipment, and Hajj-related food, lodging, and transportation expenses.

SIGIR initiated this audit to determine whether the CPA properly accounted for its use of the $5.9 billion in EFT payments made with DFI funds.

Results

SIGIR accounted for most of the required financial documents supporting EFT payments made in 2003, but many of the required documents supporting payments reviewed for 2004 were missing. Overall, SIGIR reviewed 75 EFT payments totaling $1.3 billion—25 payments from 2003 and 50 from 2004—and found substantially more financial documents missing in 2004 than in 2003. For each payment file, SIGIR looked for three financial documents: public voucher, material inspection and receiving report, and vendor invoice. The material inspection and receiving report, key to ensuring that products or services paid for were received, was the most frequently missing document. The review of files for the 25 EFT payments made in 2003 found that almost all contained the three documents supporting each payment. Overall, only three of the 75 required documents (4%) were missing from the 25 payments reviewed. However, because all three missing documents were material inspection and receiving reports, SIGIR cannot be certain that the items paid for were received. These items included turbine oil, hydraulic oil, and 10,000 hand-held weapons and totaled $4.7 million, or about 19.6% of the total value for the 2003 sampled payments.

SIGIR initially reviewed 29 EFT payments made in 2004 and found many more documents missing than in the 2003 files. SIGIR reviewed 4 of the 10 largest DFI payments—3 payments to the World Food Program and 1 payment establishing a letter of credit—and all 4 had the documents necessary to support the payments. Overall, 11 of the

75 documents (14.6%) were missing from the remaining 25 payments that were reviewed: 9 EFT payments were missing material inspection and receiving reports, and 2 were missing the vendor invoice. Additionally, SIGIR found that 24 of the 25 public vouchers (96%) were not properly signed and certified. The missing documents supported payments for farm chemicals and equipment, electrical equipment, construction materials, propane gas, vehicles, fuel products, and Hajj-related lodging totaling $11.2 million, or about 19.5% of the total value for these 25 payments.

Because of the percentage of critical documents missing from the 2004 payments files, SIGIR expanded its review to cover an additional 21 payments—12 for Hajj-related activities and 9 for fertilizer and pesticides. SIGIR's expanded review found that 94.4% of the documents supporting 12 Hajj-related payments totaling $40.4 million were missing, and 37% of the documents supporting 9 fertilizer and pesticide payments totaling $15.8 million were missing. Altogether, 69.8% of the required documents were missing from this expanded sample. SIGIR has not concluded that fraud, waste, or abuse occurred as a result of the missing documents, but the absence of key financial documents supporting the payments raises serious accountability questions.

Recommendations

This report contains no recommendations.

Management Comments

Management comments are included in the final report, which can be found on the SIGIR website: www.sigir.mil.

USACE Used or Deobligated Residual Funds on Terminated Contracts
(SIGIR 12-014, 4/2012)

Introduction

This is the third SIGIR report on the outcomes of U.S. Department of Defense (DoD) Iraq reconstruction contract terminations. The two previous reports looked at DoD agencies' controls over terminated contracts and whether U.S. funds were wasted as a result of the termination of the contracts.[436] SIGIR's January 2012 report focused on the 55 reconstruction contracts USACE terminated from June 2008 through April 2011, but information on the status of unliquidated obligations for the contracts was not available in time. This report examines whether USACE had unliquidated obligations on the 55 terminated contracts.

Obligations are recorded when an authorized agent of the federal government enters into a legally binding agreement to purchase specific goods or services. As bills are received and payments made, the recorded obligation is reduced by the payment amounts, with the balance referred to as the unliquidated obligation. Funds no longer needed should be deobligated. Additionally, DoD Financial Management Regulation volume 3, chapter 8, paragraph 080401, requires fund holders, with assistance from supporting accounting offices, to perform triannual reviews of dormant commitments, unliquidated obligations, accounts payable, and accounts receivable transactions for timeliness, accuracy, and completeness. The reviews are to be completed each year for the four-month periods ending on January 31, May 31, and September 30.

Results

SIGIR found that USACE had no residual funds for the 55 terminated contracts. For 46 of the 55 contracts, reports from USACE's financial management system showed the obligated funds were either used to pay contractors or deobligated, thus leaving zero balances. For the remaining nine contracts, USACE officials stated that no financial transactions occurred after the funds were obligated and, therefore, USACE deobligated the funds. However, the financial management system cannot produce a status of obligations report that supports this information. Nevertheless, SIGIR's review of the nine contract files confirmed that no financial transactions occurred after the funds were obligated, supporting the USACE officials' statements.

Additionally, USACE performed the required review of unliquidated obligations for contracts in Iraq for the period ending January 31, 2012, in compliance with the DoD Financial Management Regulation. The USACE Middle East District Budget Officer signed the "triannual review" confirmation statement on February 7, 2012. The review covered 3,441 records with a total dollar value of more than $956 million.

Recommendations

This report contains no recommendations.

Management Comments

Because this report contains no recommendations, the responsible agency was not required to, and did not, submit comments.

Interim Report on Spend Plans for Fiscal Years 2011–2012 Iraq Security Forces Funds
(SIGIR 12-015, 4/2012)

Introduction

This letter addresses the status of the $1.5 billion appropriated to the ISFF for DoD activities to train, equip, and provide maintenance support for the Iraqi Security Forces (ISF)[437] in FY 2011 and 2012. Specifically, this interim report addresses the status of 2011/2012 ISFF obligations made as of March 20, 2012, and the Office of Security Cooperation-Iraq (OSC-I) plan to obligate the remaining appropriated funds before they expire on September 30, 2012, as well as Government of Iraq (GOI) matching contributions to these purchases. Because a significant amount of funding remains

available, and revised spending plans are not yet finalized, SIGIR is continuing its examinations of the 2011/2012 ISFF appropriations. Those results will be published later this year.

Results

As of March 20, 2012, OSC-I obligated more than $243.1 million, or 16% of the $1.5 billion appropriated for 2011/2012 ISFF, and expended about $206.13 million for 30 purchases of items such as ammunition; night-vision goggles; fire trucks; armored vehicles and accompanying spare parts, training, maintenance and sustainment packages; and travel.

The GOI contributed about $124.67 million on 6 of the 30 purchases,[438] of which about $118.05 million was for sustainment of Ministry of Defense equipment. Except for those items and services exempt from a cost-sharing requirement, the FY 2011 National Defense Authorization Act requires that the ISFF fund no more than 80% of the costs. Therefore, the GOI and other sources of funding would be expected to provide at least 20% of the costs. For these six purchases, the GOI cost-share contributions range from 48% to 62% of the total purchase amount. The other 24 purchases were paid entirely with 2011/2012 ISFF funds because they were exempt from the cost-share requirement.

DoD officials noted several challenges in obligating the 2011/2012 ISFF before it expires. They noted that OSC-I and the GOI take months to finalize what is to be purchased and to complete necessary paperwork, that the 2011/2012 ISFF was not apportioned until May 2011, and that OSC-I did not receive formal authority to obligate those funds until February 2012. Additionally, OSC-I officials stated they had been concentrating on closing out funding from prior years and that they are understaffed for the number of cases managed, but nevertheless are confident they will be able to obligate most of the remaining 2011/2012 ISFF by September 30, 2012.

In May 2011, the U.S. Forces-Iraq (USF-I) prepared a financial activity plan detailing how the $1.5 billion in 2011/2012 ISFF would be spent. In October 2011, however, the USF-I Commanding General informed the Secretary of Defense that $500 million would not be needed, and that the decrement would not significantly degrade the continued development of the ISF. This decision was based on a review of ISF requirements, consideration of the transition to Foreign Military Financing funding, and difficulties in obtaining the GOI's commitment to build logistics, maintenance, and institutional capacity and to sustain and maintain the equipment.

In February 2012, OSC-I, having taken over responsibilities for developing the ISF from USF-I, prepared a new financial activity plan to reflect the lower $1.00 billion level. Almost all of the reduction would be taken from items and services originally planned to be provided to Ministry of Defense forces, with only $3.4 million reduced from the planned support to Ministry of Interior forces. However, OSC-I officials stated that recent communications with the GOI indicate a renewed commitment to logistics, maintenance, and sustainment. As such, OSC-I officials now estimate they can obligate between $1.10 billion and $1.15 billion by September 30, 2012, but have not yet updated the spend plan.

As a result of the planned reduction in ISFF spending, the Under Secretary of Defense (Comptroller) requested and received congressional approval for reprogramming the ISFF to the Department's other needs in the amount of $345 million. SIGIR is currently reviewing the details of the reprogramming request and will include its observations in the follow-up report.

Recommendations

This report contains no recommendations.

Management Comments

Management comments are included in the final report, which can be found on the SIGIR website: www.sigir.mil.

Interim Review of State Department's Progress in Implementing SIGIR Recommendations Addressing Quick Response Fund Management Controls
(SIGIR 12-016, 4/2012)

Introduction

This letter addresses SIGIR's review of DoS's progress in implementing SIGIR's recommendations made in its April 27, 2011, audit report of the QRF program.[439] DoS established the QRF program in 2007 to provide Provincial Reconstruction Teams with a flexible means to fund local projects, often in cash and through microgrants or direct procurements that would promote economic and social development in Iraq. In that report, SIGIR found that recordkeeping for projects from 2007–2008 was poor and that many of the available files did not contain documentation on project outcomes and the use of funds. Without documentation and an analysis of those documents, SIGIR concluded that DoS cannot be assured that those projects were completed or that the funds were not lost or stolen. Most critical is that the review of available documents in the files raised serious questions about possible fraudulent activity. SIGIR made recommendations to address these deficiencies. The objective of this follow-up audit, therefore, was to determine the extent to which SIGIR's recommendations to address these serious problems have been implemented.

Results

Officials from the DoS Bureau of Near Eastern Affairs (NEA) stated that they found most of the documents SIGIR previously reported were missing and entered them into its QRF project tracking database. In particular, they said that they reviewed vouchers and concluded that the vouchers appeared to be complete and certified by a U.S. government officer. Furthermore, NEA officials stated that relevant control procedures existing at the time were followed, and that they did not see indications that would have led them to believe that the certified vouchers represented fraudulent transactions.

However, NEA officials did not directly address the specific instances of possible fraudulent activity that SIGIR noted in its April 2011 report. Because those projects were micropurchases that involved cash and, at that time, did not have supporting documentation showing how the cash was spent or how the projects were completed, SIGIR believes a detailed analysis of those projects is needed. As such, this is an interim report, and SIGIR will continue with this audit and examine the extent and thoroughness of the documentation of outcomes and use of funds for those and other QRF projects initiated between 2007 and 2008.

Recommendations

This report contains no recommendations.

Management Comments

Management comments are included in the final report, which can be found on the SIGIR website, www.sigir.mil, and will be discussed in the next Quarterly Report in July 2012.

Ongoing and Planned Audits

SIGIR primarily conducts performance audits that assess the economy, efficiency, effectiveness, and results of Iraq reconstruction programs, often with a focus on the adequacy of internal controls and the potential for fraud, waste, and abuse. This has included a series of focused contract audits of major Iraq reconstruction contracts, which supported SIGIR's response to congressional direction for a "forensic audit" of U.S. spending associated with Iraq reconstruction. Additionally, SIGIR has conducted in-depth assessments of the reasonableness, allowability, and allocability of costs charged to the United States. SIGIR has shifted its focus to DoS-led efforts in conjunction with the significant decline in DoD reconstruction activities. SIGIR will continue to

closely monitor and review DoS management and oversight of DoS assistance activities.

Announced or Ongoing Audits

SIGIR is currently working on these audits:

- Project 1205: Audit of the U.S. Government's Accounting of Projects Implemented in Iraq
- Project 1204: Audit of the Status of SIGIR Recommendations Made To Improve Oversight of Anham LLC's Contracts
- Project 1203b: Audit of State Department Progress in Implementing SIGIR Recommendations Addressing Quick Response Fund Management Controls
- Project 1201: Audit of the Department of State's Progress in Implementing the Police Development Program
- Project 1114b: Audit of Plans To Spend Remaining Funds from Iraq Security Forces Fund
- Project 1113: Audit of the Government's Reviews of Business Systems for Contractors Receiving U.S. Funds To Work in Iraq
- Project 1112d: Audit of the Department of Defense's Efforts To Account for Funds from the Development Fund for Iraq
- Project 1020: Audit of the Departments of Justice and State Management of Rule of Law Activities in Iraq
- Project 9005: Review summarizing the results of SIGIR's audit work in key areas of internal controls over U.S. government expenditures for Iraq reconstruction and meeting the requirement to issue a final forensic audit.

Planned Audits

SIGIR's audit planning is aligned with three key goals contained in its strategic audit plan:

- improving business practices and accountability in managing contracts and grants associated with Iraq reconstruction
- assessing and strengthening the economy, efficiency, and effectiveness of programs and operations designed to facilitate Iraq reconstruction

- providing independent, objective leadership and recommendations on policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq

SIGIR will continue to audit the management, costs, and outcomes of U.S. reconstruction efforts in Iraq. Additionally, SIGIR will maintain its oversight of issues related to DoD's withdrawal from Iraq and the transfer of reconstruction activities, such as police training, to DoS as well as issues related to the management of DFI funds.

SIGIR's Forensic Audit Approach

SIGIR's approach to performing forensic audits combined automated data mining with standard audit and investigative techniques to detect problematic payments and develop relevant evidence for use in administrative actions or civil or criminal fraud prosecutions. A "Forensics Group" was established and staffed with personnel from SIGIR's Audits and Investigations Directorates to perform those tasks. The group's initial working framework involved three primary efforts:

- SIGIR conducted in-depth audits of major DoD, DoS, and U.S. Agency for International Development (USAID) reconstruction awards. In these focused contract and grant audits, SIGIR examined costs, outcomes, and management oversight and identified whether internal controls were in place to ensure effective contract management and use of reconstruction funds.
- SIGIR established a joint audit and investigative initiative in January 2009. Known as the Forensic Evaluation, Research, Recovery, and Enforcement Team (FERRET), this multi-disciplinary initiative involved auditors, analysts, and investigators working together to examine programs where U.S. military and civilian personnel involved in the reconstruction of Iraq had easy access to cash and where controls over expenditures appeared to be weak.
- SIGIR auditors examined transaction data of payments made to vendors to identify irregular,

or anomalous, transactions that could indicate potential fraud. SIGIR selected nearly 180,000 payments totaling about $40 billion from DoD, DoS, and USAID financial systems for close review. These transactions came from four major reconstruction funds: the Iraq Relief and Reconstruction Fund (totaling $19.83 billion), ISFF ($14.1 billion), Economic Support Fund ($1.83 billion), and Commander's Emergency Response Program (about $4.0 billion).

More recently, SIGIR added an additional component to the forensic effort. SIGIR analyzed nearly 100 closed criminal investigations related to the Iraq reconstruction effort to identify internal control weaknesses that contributed to individuals' ability to commit criminal acts.

SIGIR is currently preparing a final report on the results of its forensic auditing which will summarize the major findings from all four forensic efforts. ◆

SIGIR SPECIAL REPORTS

In April, SIGIR published the first of three special reports it plans to release this year on reconstruction projects.

Reconstruction Leaders' Perceptions of the Commander's Emergency Response Program in Iraq
SIGIR Special Report No. 1

From 2004 to 2011, the Congress authorized almost $4.0 billion for Department of Defense (DoD) use through the Commander's Emergency Response Program (CERP) in Iraq. The purpose of this program was to enable commanders to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out projects that would immediately assist the Iraqi people. Over the years, commanders used CERP funds for construction projects such as the building of schools, roads, health clinics, and sewers, as well as non-construction projects such as condolence payments and microgrants for economic development.

DoD describes the CERP as an important counterinsurgency tool that contributes to maintaining stability, which is key to a successful counterinsurgency campaign. SIGIR, however, has raised questions about the CERP, including challenges in managing CERP projects and the susceptibility of the program to fraud. SIGIR has also raised questions about the growing use of the CERP to support conventional stabilization and reconstruction objectives, and whether the rules and procedures in place are adequate to support this new and expanding use.

Survey Objectives

To address these issues and gain a better understanding of how commanders view the utility of CERP, SIGIR surveyed Army battalion commanders who made crucial decisions about how the money would be spent, risked their own lives and the lives of the men and women under their command implementing those efforts, and also monitored project results. SIGIR also surveyed Marine Corps battalion commanders, Provincial Reconstruction Team members from the Department of State and U.S. Agency for International Development, and U.S. Army Corps of Engineers (USACE) officials to obtain additional perspectives on key issues, such as interagency coordination. Collectively, these individuals represent the first level of U.S. government leadership responsible for selecting, monitoring, and evaluating CERP projects, and they were in the best position to witness the impact that projects had on local communities and the bureaucratic, operational, and cultural challenges associated with project implementation.

Specifically, SIGIR developed and administered this survey to obtain information on:

- the extent to which commanders used the CERP and the time required to manage CERP projects
- anticipated outcomes by type of project
- metrics used to assess outcomes and extent to which outcomes have been assessed
- the effectiveness of coordination among commanders, their higher headquarters, and other U.S. government agencies
- the degree and impact of commander coordination with Government of Iraq (GOI) counterparts and Iraqi citizens
- the perceived level of fraud and corruption in CERP projects

The survey data was designed to augment available data from administrative records. To the best of SIGIR's knowledge, this is the first time a survey has attempted to capture first-line military and civilian leaders' perspectives on the CERP.

Results

The survey provides detailed data on military and civilian officials' responses to SIGIR's questions. This information is provided in SIGIR's final report, which can be found on the SIGIR website: www.sigir.mil. The following are the major themes that emerged from the survey.

1. Reducing violence is a useful and manageable tool for measuring CERP effectiveness.
2. Insufficient metrics and poor project selection complicates CERP's effect on capacity building.
3. CERP projects can strengthen relationships with the host country.
4. Limiting CERP's overall programmatic scope produces a more manageable program and better outcomes.
5. Involving national and local governments in project selection increases project success rates.
6. Insufficient interagency integration in planning and execution limits CERP effectiveness.
7. CERP projects should be executed in secure zones.
8. Fraud and corruption within the CERP limits program effectiveness.
9. Capping the financial size of a CERP project increases the likelihood of its success and reduces the likelihood of fraud.
10. Poorly monitored CERP projects can result in funds reaching the hands of insurgents. ◆

SIGIR INVESTIGATIONS

The SIGIR Investigations Directorate continues to actively pursue allegations of fraud, waste, and abuse in Iraq, with 106 active investigations. During this reporting period, SIGIR had 1 investigator assigned in Baghdad; 12 investigators in offices in Pennsylvania, Florida, Texas, Oklahoma, and California; and 6 investigative personnel at SIGIR headquarters in Arlington, Virginia. Investigative accomplishments this quarter included 16 indictments,

5 convictions, and 6 sentencings. As of March 31, 2012, the work of SIGIR investigators had resulted in 86 indictments, 66 convictions, and more than $175 million in fines, forfeitures, recoveries, restitution, and other monetary results. For SIGIR convictions, by affiliation of wrongdoer at the time of criminal activity, see Figure 5.1. For the monetary results of SIGIR investigations, by affiliation of wrongdoer, see Figure 5.2. Investigative accomplishments this quarter also included 19 suspensions, 20 proposals for debarment, and 11 debarments.

This quarter, SIGIR continued to conduct a number of significant criminal investigations related to Iraq reconstruction and to work closely with prosecutors, U.S. partner investigative agencies, coalition partner investigators, and law-enforcement personnel from other countries. As a result of SIGIR investigations, 18 defendants were awaiting trial and an additional 15 defendants were awaiting sentencing at the end of the quarter. Figure 5.3 shows the increases in the number of judicial actions and monetary results achieved in each of

FIGURE 5.1

SIGIR CONVICTIONS, BY AFFILIATION OF WRONGDOER, AS OF 3/31/2012

Total: 66
Contractor (DoD) 12 — 18%
Contractor (non-DoD) 5 — 8%
U.S. Military Dependent 4 — 6%
USG Civilian (DoD) 3 — 5%
Civilian 3 — 5%
Foreign Military 3 — 5%
USG Civilian (non-DoD) 2 (3%)
USG Civilian/Contractor 1 (2%)
U.S. Military 33 — 50%
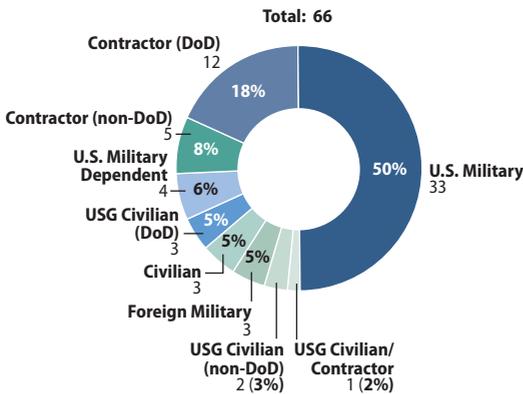
FIGURE 5.2

SIGIR INVESTIGATIONS MONETARY RESULTS, BY AFFILIATION OF WRONGDOER, AS OF 3/31/2012
$ Millions

Total: $175.3
Contractor (DoD) $37.3 — 21%
U.S. Military $37.0 — 21%
Civilian $8.4 — 5%
USG Civilian (non-DoD) $3.8 (2%)
USG Civilian (DoD) $2.5 (1%)
U.S. Military Dependent $1.4 — 1%
Foreign Military $1.1 (1%)
Contractor (non-DoD) $83.4 — 48%
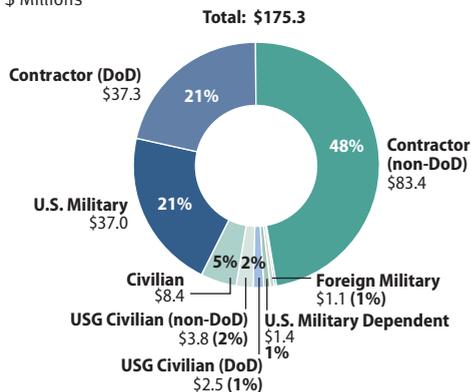
Note: Numbers affected by rounding.

FIGURE 5.3

SIGIR INVESTIGATIONS: CRIMINAL AND MONETARY RESULTS

Monetary Results

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Q1–Q2
Sentencings		8	13	12	12
Convictions	6	13	13	21	8
Indictments	6	11	17	21	18

Indictments   Convictions   Sentencings
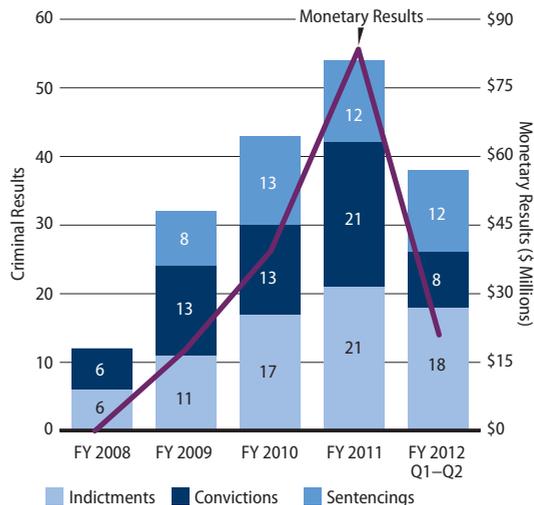
the last 5 years based on SIGIR's investigations. With prosecutors currently handling a substantial number of additional cases, this trend is expected to continue. For a comprehensive list of convictions compiled by the Department of Justice (DoJ), see Table 5.2 at the end of this subsection.

SIGIR notes these investigative activities this quarter:

- Former officers of a New Mexico-based defense contractor were charged for their alleged roles in fraud and money-laundering schemes related to rebuilding efforts in Iraq.
- A British citizen, his company, and two U.S. citizens were charged for allegedly conspiring to defraud U.S. government.
- The wife of a former U.S. Army major was sentenced to six years in prison for participating in a bribery and money-laundering scheme.
- A former U.S. Army contractor was sentenced to 39 months in prison for his role in a bribery and money-laundering scheme and was ordered to forfeit more than $15.7 million.
- A former U.S. Marine Corps gunnery sergeant was sentenced for his role in a scheme to steal military equipment worth $124,000 in Iraq.
- A U.S. Army Reserves sergeant was charged and pled guilty to conspiracy to defraud the Department of Defense (DoD).
- A retired U.S. Army sergeant was sentenced for theft of Department of State (DoS) equipment.
- A U.S. Army major was sentenced for stealing more than $47,000 in Commander's Emergency Response Program (CERP) funds.
- A U.S. Army captain was charged and pled guilty to accepting illegal gratuities involving CERP funds.
- A former civilian contractor pled guilty for his role in a scheme to steal military equipment in Iraq.
- A U.S. Army major was charged and pled guilty to accepting illegal gratuities from a U.S. Army Corps of Engineers (USACE) contractor.
- An associate of a U.S. Marine Corps contracting officer was sentenced in a money-laundering conspiracy.

Former Officers of New Mexico-based Defense Contractor Charged in Fraud and Money-laundering Schemes

On February 28, 2012, a federal grand jury returned a 91-count indictment in U.S. District Court in Albuquerque, New Mexico, charging three former officers of a New Mexico-based defense contractor, the wife of one of the officers, and four foreign nationals for their alleged roles in a fraud and money-laundering scheme involving defense contracts for reconstruction projects in Iraq.

The indictment charges the three former company officers with conspiracy to defraud the United States of more than $5 million through wire fraud. The four foreign nationals are charged with participating in the wire-fraud conspiracy. These seven defendants also are charged with an aggregate of 74 substantive wire-fraud offenses. In addition, one of the company officers and one of the foreign nationals are charged with offering and receiving illegal kickbacks. The indictment also charges the company officers and the wife of one of the officers with conspiracy to launder money and with 11 substantive money-laundering offenses, and it includes three counts of income tax evasion for one of the company officers.

The U.S. defendants will be summoned to U.S. District Court in Albuquerque for arraignment. The United States will seek to locate the foreign nationals and initiate extradition proceedings if they are located.

According to the indictment, Laguna Construction Company, Inc. (LCC) successfully bid and was awarded multiple contracts, including contracts administered by the United States Air Force Center for Engineering and the Environment (AFCEE), for wartime reconstruction projects in Iraq and Jordan. From 2003 through 2009, LCC administered more than $350 million of such contracts on a cost-plus basis pursuant to which LCC received a percentage of the total contract awarded as compensation.

LLC is wholly owned by the Pueblo of Laguna, a Native American Indian tribe located in New Mexico. At the time the contracts were awarded,

LLC was a minority disadvantaged business, and at the time of the events alleged in the indictment, the three company officers were employees of LCC but not members of the Pueblo of Laguna.

According to the indictment, LCC was required, to the greatest extent possible, to award subcontracts to foreign companies by generating requests for proposals and soliciting independent subcontract bids from qualified foreign companies. All subcontract bids were required to be independently prepared by the subcontractors without collusion from LCC, and LCC was required objectively to evaluate the bids and to award the subcontracts to the lowest qualified bidders. LCC and its personnel were prohibited from accepting anything of value—whether gifts, bribes, or kickbacks—from the bidders.

From January 2004 through February 2009, the company officers allegedly colluded with the foreign nationals to defraud the United States of more than $5 million through the following unlawful scheme:

- The foreign nationals allegedly offered kickbacks to two of the company officers for the award of LCC subcontracts.
- The two company officers allegedly fraudulently eliminated bids submitted by other foreign companies that were unwilling to pay kickbacks for the award of LCC subcontracts, and they awarded the subcontracts to companies controlled by the foreign nationals
- When preparing invoices, the foreign nationals allegedly overstated the actual costs incurred on LCC subcontracts in order to obtain excess funds to pay kickbacks.
- The two company officers allegedly approved payment on invoices submitted by the foreign nationals that falsely overcharged the United States for costs not incurred.
- The foreign nationals allegedly paid kickbacks in the form of wire transfers of funds and the delivery of property to the company officers in return for the award of LCC subcontracts in Iraq.

According to the indictment, the company officers and the wife of one of the officers conspired to conceal the nature of the illegal kickbacks by having funds wire-transferred into the bank accounts of relatives and companies controlled by the defendants; by using the kickbacks to acquire goods and remodel residential real property; and by accepting kickbacks in the form of personal property, including automobiles, and cash. In addition to receiving monetary kickbacks, one of the company officers allegedly received a 1967 Ford Shelby GT500D (valued at $290,000) in January 2008 from one of the foreign nationals for facilitating the award of LCC subcontracts to his companies.

The indictment seeks forfeiture of any proceeds and property involved in the unlawful conduct charged from the company officers and the wife, if convicted, and a monetary judgment in the amount of $5,257,067, which represents the loss allegedly incurred by the United States as a result of the criminal conduct charged in the indictment. During the course of the four-year investigation, the United States seized currency and assets valued at $1,586,634.84 pursuant to court-authorized seizure warrants. To date, the United States has obtained forfeiture of currency and assets valued at $1,473,849.60 through court proceedings.

The maximum penalty for the wire-fraud conspiracy and each wire-fraud charge is 20 years in prison and a fine of $250,000 or twice the gross loss sustained as a result of the offense. The maximum penalty for receiving a kickback is 10 years in prison and a $250,000 fine. The maximum penalty for money-laundering conspiracy and each money-laundering charge is 10 years in prison and a fine of $250,000 or twice the amount of the criminally derived property involved in the transaction. The maximum penalty for tax evasion is five years in prison and a $100,000 fine.

The case is being prosecuted by the U.S. Attorney's Office for the District of New Mexico and investigated by SIGIR, the Defense Criminal Investigative Service (DCIS), Federal Bureau of Investigation (FBI), Internal Revenue Service-Criminal Investigation (IRS-CI), and Defense Contract Audit Agency (DCAA).

British Citizen and Two Americans Charged for Allegedly Conspiring To Defraud U.S. Government

In an indictment unsealed on March 13, 2012, a British citizen and his company were charged in the Northern District of Alabama for their roles in a conspiracy to defraud the United States and pay kickbacks in exchange for receiving subcontracts for a DoD program in Iraq. They were charged with one count of conspiracy to defraud and commit offenses against the United States, six counts of unlawful kickbacks, one count of wire fraud, and three counts of mail fraud. The British citizen was arrested on February 14, 2012, in Los Angeles.

In addition, two informations filed in the Northern District of Alabama were unsealed on March 13, 2012, charging two employees of a prime contractor to the U.S. government with conspiring to commit the federal offenses of kickbacks, wire fraud, and mail fraud, and with filing false tax returns.

According to the indictment, the British citizen paid more than $947,500 in unlawful kickbacks to two employees of the prime contractor in order to obtain lucrative subcontracts for himself and his company in connection with the Coalition Munitions Clearance Program (CMCP). CMCP was operated in Iraq by USACE's Huntsville Engineering and Support Center (HESC), which is headquartered in the Northern District of Alabama. The CMCP worked to clear, store, and dispose of weapons that were seized or abandoned in Iraq from 2003 through November 2008. HESC awarded a prime contract to perform this work to an international engineering and construction firm headquartered in Pasadena, California.

The indictment alleges that beginning in or about March 2006, the British citizen entered into a kickback agreement with the prime contractor's program manager and deputy program manager, who arranged for the award of subcontracts to the British citizen's company to provide materials, heavy equipment, and equipment operators for the CMCP. The British citizen also allegedly obtained multiple funding increases to those subcontracts. From April 2006 through August 2008, the British citizen and his company received more than $23 million in U.S. funds for services under the CMCP.

According to the two informations that were unsealed, the prime contractor's program manager and deputy program manager are charged with conspiring to solicit and accept kickbacks to award subcontracts under the CMCP program and to commit mail and wire fraud by knowingly and intentionally devising a scheme to defraud the United States. In addition, both are charged with failing to report the kickback income on their federal tax returns. They are also facing criminal forfeiture proceedings.

The case is being prosecuted by a trial attorney on detail from SIGIR to the Fraud Section of DoJ's Criminal Division and the U.S. Attorney's Office for the Northern District of Alabama. The case is being investigated by SIGIR, DCIS, IRS-CI, the FBI, and the U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit (CID-MPFU).

Former U.S. Army Contractor Sentenced to 39 Months in Prison for Role in Bribery and Money-laundering Scheme

On March 20, 2012, Terry Hall, a former U.S. Army contractor, was sentenced in U.S. District Court in Birmingham, Alabama, to 39 months in prison for his participation in a bribery and money-laundering scheme. Hall was also ordered to serve one year of supervised release following the prison term. Hall has agreed to forfeit $15,757,000, as well as real estate and a Harley Davidson motorcycle.

Hall pled guilty on February 18, 2010, to bribery conspiracy and money laundering and agreed to testify against his co-defendants, former U.S. Army major Eddie Pressley and his wife, Eurica Pressley. The Pressleys were convicted on March 1, 2011, of bribery, conspiracy to commit bribery, honest-services fraud, money-laundering conspiracy, and engaging in monetary transactions with criminal proceeds.

The case against Hall and the Pressleys arose from a corruption probe focusing on Camp Arifjan, a U.S. military base in Kuwait. As a result of this investigation, 19 individuals, including Hall, have pled guilty or been found guilty at trial for their roles in the scheme.

According to evidence presented at the Pressleys' trial, from spring 2004 through fall 2007, Hall operated and had an interest in several companies, including Freedom Consulting and Catering Co. and Total Government Allegiance. The companies received more than $20 million from contracts and blanket purchase agreements (BPAs)—contracts that allow DoD to order supplies on an as-needed basis at a pre-negotiated price—to deliver bottled water and erect security fences for the U.S. military in Kuwait and Iraq.

Hall testified that, to obtain the contracting business and facilitate unlawful payments by other contractors, he made more than $3 million in unlawful payments and provided other valuable items and services to U.S. Army contracting officials stationed at Camp Arifjan, including Eddie Pressley and former U.S. Army majors John Cockerham, James Momon, Christopher Murray, and Derrick Shoemake.

According to Hall's testimony and other evidence presented at the Pressley trial, Eddie Pressley demanded a $50,000 bribe before he would issue bottled water orders, or "calls," to Hall. Hall testified that in April 2005 he and his associates arranged for Pressley to receive the money in a bank account established in the name of a shell company, EGP Business Solutions Inc., which was controlled by Eurica Pressley.

Hall testified that soon after the $50,000 bribe was paid, Pressley and Cockerham increased the bribe demand to $1.6 million—$800,000 for Pressley and $800,000 for Cockerham. After Hall and others agreed to pay the money, Pressley and Cockerham issued calls for bottled water and fencing, arranged for Hall to receive a fence contract, and modified Hall's agreement to remove the upper limit of the money that Hall could receive from DoD under the bottled-water BPA.

Evidence at the trial also showed that Eddie Pressley enlisted the help of Eurica Pressley to receive the bribes. Eurica Pressley traveled to Dubai with Hall in May 2005 and to the Cayman Islands in June 2005 to open bank accounts to receive the bribe money. Hall testified that he and the Pressleys attempted to conceal the true nature of their corrupt scheme by having Eurica Pressley execute bogus "consulting agreements." They also prepared false invoices that were designed to justify the bribe payments as payment for non-existent "consulting services."

Hall testified that, in total, he transferred approximately $2.9 million in bribe payments to the Pressleys, approximately $1.6 million of which consisted of payments from other contractors that Hall facilitated for Eddie Pressley. Bank statements, wire-transfer reports, and other records presented at trial showed that Hall and Eddie Pressley used approximately $2.9 million of the money to purchase commercial real estate in Muscle Shoals, Alabama.

In addition, Hall testified that, after Eddie Pressley and Cockerham left Kuwait, he paid Momon more than $300,000, approximately $100,000 of which consisted of unlawful payments from another corrupt military contractor, which Hall facilitated by routing the money through bank accounts in Kuwait controlled on Hall's behalf. In exchange, Momon issued calls under Hall's bottled water BPA worth more than $6.4 million. Hall also testified that he paid Murray approximately $30,000 in exchange for official acts that benefited Hall and his companies.

On January 5, 2012, Eddie Pressley was sentenced to 12 years in prison, and on February 23, 2012 (as discussed below), Eurica Pressley was sentenced to 6 years in prison.

This case is being investigated by SIGIR, Army CID-MPFU, DCIS, Immigration and Customs Enforcement (ICE), the FBI, and IRS-CI.

Wife of a Former U.S. Army Major Sentenced to 6 Years in Prison in Bribery and Money-laundering Scheme

On February 23, 2012, Eurica Pressley was sentenced in U.S. District Court in Birmingham, Alabama, for her participation in the bribery and money-laundering scheme described above. Pressley was sentenced to six years in prison and ordered to serve three years of supervised release following the prison term. She was also ordered to forfeit $21 million as well as real estate and several automobiles.

On January 5, 2012, her husband, Eddie Pressley, was sentenced to 12 years in prison. He was also ordered to serve three years of supervised release following the prison term and to forfeit the same money and property as Eurica Pressley.

The Pressleys were found guilty on March 1, 2011, of one count of bribery, one count of conspiracy to commit bribery, eight counts of honest services fraud, one count of money-laundering conspiracy, and 11 counts of engaging in monetary transactions with criminal proceeds.

The case is being investigated jointly by SIGIR, CID-MPFU, DCIS, ICE, IRS-CI, and the FBI.

Former U.S. Marine Corps Gunnery Sergeant Sentenced for His Role in Scheme To Steal Military Equipment

On February 6, 2012, Eric Hamilton, a former U.S. Marine Corps gunnery sergeant, was sentenced in U.S. District Court in Greenville, South Carolina, to 18 months in prison for conspiring to steal at least 55 electrical generators from Marine Corps bases in Iraq in 2008. Hamilton was also sentenced to three years of supervised release and ordered to pay $124,944 in restitution. Hamilton pled guilty on August 10, 2011, to a criminal information charging him with two counts of conspiracy to steal public property.

According to court documents and information presented at his plea hearing, Hamilton was stationed from May to September 2008 at Camp Fallujah, Iraq, where he was in charge of a military storage yard containing electrical generators and other equipment for use by Marine Corps units. Hamilton admitted that, while he was stationed at Camp Fallujah, he entered into a scheme with a Marine Corps officer to facilitate the theft of electrical generators from the base by private Iraqi contractors. Hamilton admitted that he identified the generators to be stolen, painted markings on them to designate them for theft by Iraqi contractors, and facilitated access to the storage yard by the contractors' trucks to load and remove the generators. Hamilton also entered into a separate scheme with a private Iraqi contractor to facilitate that contractor's theft of generators from the base. Both of these theft schemes continued after the Marine Corps closed Camp Fallujah and relocated personnel to Camp Ramadi, Iraq, where Hamilton was assigned to from October 2008 to December 2008.

In pleading guilty, Hamilton admitted that he received more than $124,000 in payments from the Marine Corps officer and the Iraqi contractor in return for facilitating the theft of the generators from Camps Fallujah and Ramadi. Hamilton received the funds through cash payments in Iraq, checks issued to his wife in the United States by the officer's wife, and wire-transfer payments to a bank account in the United States. Hamilton sent home approximately $43,000 of the cash he received from the thefts at Camp Fallujah by concealing it among American flags contained in foot lockers that he mailed from Iraq to his wife. The investigation into this case continues.

This case is being prosecuted by a SIGIR attorney on detail to the Fraud Section of DoJ's Criminal Division and the U.S. Attorney's Office for the District of South Carolina, and it is being investigated by SIGIR and DCIS.

U.S. Army Reserves Sergeant Charged and Pleads Guilty to Conspiracy To Defraud DoD

On February 14, 2012, Amasha M. King, a sergeant in the U.S. Army Reserves, pled guilty in U.S. District Court in Macon, Georgia, to a criminal

information charging her with one count of conspiracy to defraud DoD.

According to the court documents, Sergeant King served at Camp Arifjan, Kuwait, from November 2004 to February 2006, in support of Operation Iraqi Freedom as part of the 374th Finance Battalion. While in Kuwait, King was responsible for receiving and processing pay vouchers and invoices from military contractors for various contracts and BPAs, including BPAs for bottled potable water. With King's approval, the contractors were paid from the finance battalion. In some instances, King was responsible for the issuance of U.S. government checks to those contractors.

According to the court documents, King agreed to receive money from a military contractor in return for defrauding the United States by preferentially processing the contractor's invoices outside of the proper procedures and protocols for payment. This allowed the contractor to be paid much faster than usual and ultimately to bid for more contracts than it otherwise could have financed.

Sergeant King admitted that she received four wire transfers totaling approximately $20,500. She also admitted that she instructed the contractor to wire the money to designees in the United States and to keep the amounts under $10,000 in order to avoid bank reporting requirements.

King faces up to five years in prison and a fine of $250,000 or twice the amount of the criminally derived property she received. In addition, King has agreed to pay $20,500 in restitution to the United States. A sentencing date has been scheduled for May 16, 2012.

This case is being investigated by SIGIR, Army CID-MPFU, DCIS, IRS-CI, ICE, and the FBI.

Retired U.S. Army Sergeant Sentenced to Prison for Theft of DoS Equipment

On February 21, 2012, John Hayes, a retired U.S. Army sergeant, was sentenced in U.S. District Court in Montgomery, Alabama, to five months in prison followed by two years of supervised release, and he was ordered to pay $12,000 in restitution.

The sentencing is the result of his pleading guilty to conspiring to steal DoS equipment related to his work as an employee of a DoS contractor in Baghdad in 2009.

According to the court documents and information presented at his plea hearing, after retiring from the U.S. Army, Hayes became a civilian contractor and deployed to Iraq to manage air operations for a DoS contractor during reconstruction efforts. While working in Iraq, Hayes agreed with other co-conspirators to steal a truck and a generator. Once the truck and generator were stolen, a co-conspirator began to arrange for them to be sold in the black market in Iraq.

This case is being prosecuted by a SIGIR attorney on detail to the Fraud Section of DoJ's Criminal Division and the U.S. Attorney's Office for the Middle District of Alabama. The case was investigated by SIGIR, the FBI, and the Department of State Office of the Inspector General (DoS OIG).

U.S. Army Major Sentenced for Stealing More Than $47,000 in CERP Funds

On March 2, 2012, U.S. Army Major Kevin J. Schrock was sentenced in U.S. District Court in Tacoma, Washington, to three years of probation and ordered to pay restitution of $47,241.62 and a special assessment of $100. The sentencing is the result of Schrock's guilty plea on February 8, 2011, to a money-laundering charge.

According to court documents, Schrock admitted he stole money that was to be used for humanitarian or rebuilding purposes in Iraq and that he deposited it into his bank accounts in the Lacy, Washington, area. Schrock laundered more than $47,000 of the stolen funds by breaking the currency into a series of small deposits. Schrock was deployed to Mosul from September 2004 to September 2005 and had been appointed as a pay agent" for the CERP. The pay agent is responsible for requesting and obtaining the funds from the Army finance office and distributing the funds. During the second half of his tour, Schrock was

the contracting officer's representative, responsible for the day-to-day contact with contractors in Iraq on behalf of the U.S. government. When Schrock was at home on leave in April 2005, he deposited $18,900 into his bank accounts in two deposits. From September 2005 to December 2005, he made 18 more cash deposits, totaling more than $28,000. Schrock admitted that he stole $45,000 from funds he was to administer in Iraq and that he smuggled the cash home on his person.

This case was investigated by SIGIR, Army CID-MPFU, and DCIS.

U.S. Army Captain Pleads Guilty to Accepting Illegal Gratuities

On March 7, 2012, Michael Rutecki, a captain in the U.S. Army, pled guilty in U.S. District Court in Anchorage, Alaska, to one count of accepting illegal gratuities.

According to the court documents, Rutecki was deployed to Iraq as a civil affairs officer at a forward operating base in Rustimaya. As part of his assignment, he was a pay agent responsible for directing CERP funds to pay contractors to perform work in accordance with objectives set forth by U.S. Army commanders. It is a violation of federal law for pay agents to accept personal gifts or gratuities from contractors dependent upon pay agents for contracts.

According to court documents, during and after the solicitation of contracts, Rutecki accepted cash and other things of value from an Iraqi contractor, including $10,000 in cash, two silver rings with diamond stones, 15 gold coins worth more than $10,000, and other valuables from the contractor. Rutecki admitted that he took the valuables and money with the understanding and belief that they were for or because of his assistance to the contractor, who received the contract.

Rutecki faces up to two years in prison and a fine of $250,000. In addition, Rutecki agreed to forfeit all gratuities and pay $10,000 in restitution to the United States. A sentencing date has not yet been scheduled by the court.

This case is being prosecuted by a SIGIR attorney on detail to the Fraud Section of DoJ's Criminal Division and the U.S. Attorney's Office for the District of Alaska. The case is being investigated by Army CID-MPFU and DCIS.

Former Civilian Contractor Pleads Guilty for Role in Scheme To Steal Military Equipment

David John Welch, a former U.S. civilian contractor employee, pled guilty in U.S. District Court, Raleigh, North Carolina, on April 2, 2012, to conspiring to steal military generators in Iraq in 2011 and selling them on the black market.

In 2011, according to court documents, Welch was the operations and maintenance manager of a U.S. government contractor on Victory Base Complex in Baghdad. In this capacity, Welch had the ability to influence the distribution and movement of U.S. government equipment. In addition, Welch was in charge of overseeing the movement of generators from the compound to the Defense Reutilization & Marketing Office (DRMO). In October 2011, Welch and a co-conspirator entered into a scheme to steal and later sell approximately 38 generators on the black market in Iraq to unknown co-conspirators by diverting these generators from the DRMO to an undisclosed location in Iraq.

After the generators were stolen from the compound, Welch's co-conspirator provided him with four stacks of $100 bills, totaling approximately $38,600.

At sentencing, scheduled for July 9, 2012, Welch faces a maximum penalty of five years in prison, a $250,000 fine, and three years of supervised release following his prison term. As part of his guilty plea, Welch agreed to pay $160,000 in restitution to the United States.

This case is being prosecuted by a trial attorney on detail from SIGIR to the Fraud Section of DoJ's Criminal Division and the U.S. Attorney's Office for the Eastern District of North Carolina. The case is being investigated by SIGIR, the FBI, and Army CID-MPFU.

U.S. Army Major Charged with and Pleads Guilty to Accepting Illegal Gratuities from USACE Contractor

On April 9, 2012, U.S. Army Major Christopher G. Bradley pled guilty before the U.S. Magistrate, El Paso, Texas, to accepting illegal gratuities. The guilty plea was the result of a two-count criminal information charging Bradley with accepting $20,000 in illegal gratuities while deployed in Iraq in 2008.

According to court documents, Bradley was deployed to Forward Operating Base (FOB) Diamondback in Mosul from January to November 2008. During that time, Bradley served with the Ninewa Operation Command Military Transition Team, where he helped develop facilities at the base and train a companion Iraqi Army unit that was stationed on an adjacent Iraqi base.

Bradley admitted that he accepted $20,000 in cash from an Iraqi contractor at FOB Diamondback. Bradley escorted the contractor around the base when the contractor was unable to hire a properly credentialed employee. Further, Bradley assisted the contractor to circumvent security procedures requiring the off-loading and reloading of trucks prior to entering the base. He arranged for the contractor's trucks to be allowed onto the Iraqi portion of the base without previously being off-loaded and re-loaded, thus saving the contractor substantial costs and time. Bradley admitted that, on two separate occasions, he accepted an envelope filled with $10,000 cash from the Iraqi contractor and that the payments were given to him because of his assistance to the contractor.

Bradley faces between six months and one year in federal prison and has agreed to pay $20,000 in restitution. A sentencing date has yet to be scheduled.

This case is being investigated by SIGIR, Army CID-MPFU, and DCIS.

Associate of U.S. Marine Corps Contracting Officer Sentenced in Money-laundering Conspiracy

On March 23, 2012, Francisco Mungia III was sentenced in U.S. District Court in Honolulu, Hawaii, to four months of imprisonment, followed by three years of supervised release, and ordered to pay restitution of $30,000 and a special assessment of $100. The sentence was the result of Mungia's guilty plea on July 22, 2011, to a one-count criminal information charging him with conspiracy. Mungia was a former Marine and an associate of a Marine Corps contracting officer stationed at Camp Fallujah, and agreed to launder approximately $150,000 in bribes that the contracting officer had received from two contractors in Iraq.

The Marine Corps contracting officer received the money between 2005 and 2008 in return for awarding contracts to contractors in Iraq. The associate of the contracting officer established bank accounts to conceal and disguise the nature, location, source, ownership, and control of the funds. These funds were then transferred from the Iraqi contractors to the United States via cash and wire transfers. The associate deducted a 20% share and then transferred the funds back to the contracting officer or a designee. The investigation into this case continues.

The case is being investigated by SIGIR, DCIS, Army CID-MPFU, and the FBI.

SIGPRO Update

The SIGIR Prosecutorial Initiative (SIGPRO) continues to make a substantive impact. In late 2009, in an effort to further align resources with its expanding caseload, SIGIR developed a program wherein it hired three highly experienced and respected former DoJ prosecutors. They were detailed as a unit to the Fraud Section of DoJ's Criminal Division to prosecute SIGIR investigation cases, handling their own DoJ caseloads and working closely with SIGIR's General Counsel and

other DoJ prosecutors assigned to SIGIR cases. The SIGPRO attorneys are now firmly ensconced at DoJ with full dockets of criminal fraud matters emanating from the Iraq reconstruction effort. They are currently leading or significantly involved in a host of prosecutorial matters and continue to play integral roles in the development and prosecution of cases being worked by the SIGIR Investigations Directorate. In line with SIGIR reductions in staff, the SIGPRO unit now comprises two prosecutors and one legal analyst.

Suspensions and Debarment

Since December 2005, SIGIR has worked closely with DoJ, Army CID-MPFU, DCIS, and the Army Legal Services Agency's Procurement Fraud Branch (PFB) to suspend and debar contractors and government personnel for fraud or corruption within the Army, including those involved in Iraq reconstruction or Army support contracts in Iraq. These cases arise as the result of criminal indictments filed in federal district courts and allegations of contractor irresponsibility that require fact-based examination by the Army's Suspension and Debarment Official. This quarter, the Army suspended 19 contractors based on allegations of fraud in Iraq and Kuwait. In addition, the Army proposed 19 contractors for debarment and finalized 11 debarments of individuals and companies during that same period based on fraudulent activity in Iraq and Kuwait. The Army has suspended 135 individuals and companies involved in sustainment and reconstruction contracts supporting the Army in Iraq and Kuwait since 2003, and 191 individuals and companies have been proposed for debarment, resulting in 138 finalized debarments that range in duration from 9 months to 10 years. PFB is aggressively pursuing additional companies and individuals associated with fraud related to Army contracts in Iraq, Kuwait, and other locations in Southwest Asia, with additional suspension and debarment actions projected during 2012. Suspension and debarment actions related to reconstruction and Army support-contract fraud in Afghanistan are reported to the Special Inspector General for Afghanistan Reconstruction (SIGAR). For a list of debarments, see Table 5.3. For a complete list of suspensions and debarments, see Appendix F. ◆

TABLE 5.2
CONVICTIONS (AS COMPILED BY THE DEPARTMENT OF JUSTICE)

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Gaines Newell, former DoD contractor employee	Conspiracy and filing false tax returns	4/10/2012	Pending
Maj. Christopher G. Bradley, USA	Gratuities	4/9/2012	Pending
David J. Welch, former DoD contractor employee	Conspiracy to steal government property	4/2/2012	Pending
Capt. Michael G. Rutecki, USA	Gratuities	3/7/2012	Pending
Sgt. Amasha M. King, USAR	Conspiracy to defraud	2/14/2012	Pending
John F. Hayes	Conspiracy	11/10/2011	5 months in prison; 2 years supervised release; and $12,000 restitution
Brian D. Cornell	False statements	10/27/2011	3 months confinement; 2 years supervised release; $1,000 fine; and $100 special assessment
Robert A. Nelson, former USA sergeant	Conspiracy to steal public property	10/5/2011	4 years probation with the first 6 months in home confinement; $44,830 restitution; and $100 special assessment
Thomas A. Manok, former USACE employee	Conspiracy	9/19/2011	20 months in prison; 3 years supervised release; forfeiture of $73,500; and $100 special assessment
Tamimi Global Company LTD	Kickbacks	9/16/2011 (Deferred Prosecution Agreement (DPA))	$13 million to resolve criminal and civil allegations
Eric Scott Hamilton, USMC gunnery sergeant	Conspiracy	8/10/2011	18 months in prison; 3 years supervised release; and $124,944 restitution
Francisco Mungia III	Conspiracy	7/22/2011	4 months in prison; 3 years supervised release; and $30,000 restitution
Barry S. Szafran	Illegally receiving a gratuity	7/15/2011	1 year probation with the first 4 months in home confinement; $7,169 restitution; and $100 special assessment
Justin W. Lee, former DoD contractor	Conspiracy, bribery	7/15/2011	Pending
Derrick Shoemake, former USA major	Bribery	6/13/2011	Pending
David Pfluger, former USA Lt. Col.	Conspiracy, accepting gratuities, and converting the property of another to his own use	3/25/2011	18 months in prison; 3 years supervised release; and $24,000 restitution
Charles Bowie, retired USA major	Engaging in monetary transactions in property derived from specified unlawful activity	5/11/2011	2 years in prison; 3 years supervised release; $400,000 restitution; and $100 special assessment
Eddie Pressley, former USA major	Bribery, conspiracy to commit bribery, honest services fraud, money laundering conspiracy, engaging in monetary transactions with criminal proceeds	3/1//2011	12 years in prison; 3 years supervised release; and forfeiture of $21 million, real estate, and several automobiles
Eurica Pressley, former contractor and military spouse	Bribery, conspiracy to commit bribery, honest services fraud, money laundering conspiracy, engaging in monetary transactions with criminal proceeds	3/1/2011	6 years in prison; 3 years supervised release; and forfeiture of $21 million, real estate, and several automobiles
Richard Razo, former DoS contractor and DoS employee	Wire fraud, wire fraud conspiracy	2/28/2011	33 months in prison; 2 years supervised release; $106,820 restitution; and $200 special assessment
Maj. Kevin Schrock, USA	Money laundering	2/8/2011	3 years probation; and $47,241 restitution

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Name	Charges	Date of Conviction	Sentence
Osama Ayesh, former U.S. Embassy-Baghdad employee	Theft of public money, engaging in acts affecting a personal financial interest	2/2/2011	42 months in prison; 36 months supervised release; $243,416 restitution; and $5,000 fine
Capt. Bryant Williams, USA	Honest services fraud, accepting bribes	12/17/2010	3 years in prison; 3 years supervised release; forfeiture of $57,030; and $200 special assessment
Mark Carnes, USAF master sergeant	Bribery	12/16/2010	20 months in prison; 3 years supervised release; and $4,000 fine
Michelle Adams, former DoD contractor	Bribery	12/7/2010	15 months in prison followed by supervised release
Frankie Hand, Jr., retired USN lieutenant commander	Fraud, bribery, and receiving illegal gratuities	12/7/2010	3 years in prison and forfeiture of $757,525
Peter Dunn, former DoD contractor	Bribery	11/19/2010	14 months in prison and 2 years supervised release
Louis Berger Group	Major fraud statute	11/5/2010 (DPA)	$18.7 million in criminal penalties; civil settlement of $50.6 million; full restitution to USAID; adopt effective standards of conduct, internal control systems, and ethics training for employees; and employ an independent monitor to evaluate and oversee the companies compliance with the DPA for 2 years
Salvatore Pepe	Conspiracy to defraud	11/5/2010	Pending
Precy Pellettieri	Conspiracy to defraud	11/5/2010	Pending
Maj. Roderick Sanchez, USA	Bribery	10/27/2010	5 years in prison; 3 years supervised release; and $15,000 fine
Maj. Richard Harrington, USMC	Receiving illegal gratuities	10/18/2010	1 year and 1 day in prison; and restitution
Lt. Col. Bruce Gillette, USAR	Acts affecting a personal financial interest	10/6/2010	1 year probation; $2,000 fine; 160 hours community service; and inability to possess a firearm
Mariam Steinbuch, former USMC staff sergeant	Bribery	10/5/2010	5 years probation and $25,000 restitution
Ismael Salinas	Kickbacks	10/1/2010	Pending
Dorothy Ellis	Conspiracy	9/2/2010	37 months in prison; 3 years probation; and $360,000 restitution
Wajdi Birjas, former DoD contract employee	Bribery, money laundering	8/11/2010	Pending
Maj. Mark Fuller, USMC	Structuring financial transactions	8/4/2010	1 year and 1 day in prison; $198,510 fine; and $200 special assessment
Maj. Charles Sublett, USA	False statements	7/7/2010	21 months in prison; 2 years supervised release; and forfeiture of $107,900 and 17,120,000 in Iraqi dinar
Capt. Faustino Gonzales, USA	Receipt of a gratuity by a public official	6/24/2010	15 months in prison; 1 year supervised release; $10,000 fine; $25,500 restitution; and $100 special assessment
MSGT Terrance Walton, USMC	Bribery, graft, failure to obey a direct order	5/17/2010	Reprimand; reduction in rank from E-8 to E-3; $65,000 fine; and 62 days confinement
Capt. Eric Schmidt, USMC	Wire fraud, filing a false federal tax form	5/17/2010	72 months in prison; 3 years probation; and $2,150,613 restitution
William Collins, USA civilian	Bribery	4/21/2010	42 months in prison; 3 years supervised release; $1,725 fine; and forfeiture of $5,775
SFC Ryan Chase, USA	Illegal gratuities, money laundering, false statements	4/21/2010	1 year and 1 day in prison; 2 years probation; and $1.4 million restitution

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Name	Charges	Date of Conviction	Sentence
Marcus McClain	Acceptance of illegal gratuities	4/15/2010	Pending
Kevin A. Davis	Acceptance of illegal gratuities	4/13/2010	Pending
Janet Schmidt, contractor and military spouse	Filing a false tax return and fraud	3/18/2010	1 year home confinement; 3 years probation; and $2,150,613 restitution
Terry Hall, contractor	Conspiracy, bribery	2/17/2010	39 months in prison; 1 year supervised release; and forfeiture of $15,757,000
Theresa Russell, former USA staff sergeant	Money laundering	1/28/2010	5 years probation and $31,000 restitution
Capt. Michael D. Nguyen, USA	Theft and structuring financial transactions	12/7/2009	30 months in prison; 3 years supervised release; $200,000 restitution; and forfeit his interest in all personal property bought with the stolen money as well as the remaining funds seized by the government at the time of his arrest
Ronald Radcliffe	Bribery and money laundering	10/16/2009	40 months in prison and $30,000 fine
Joselito Domingo	Bribery	11/19/2009	39 months in prison; 2 years supervised release; and $70,000 fine
Gloria Martinez	Bribery and conspiracy	8/12/2009	5 years in prison
Robert Jeffery	Conspiracy and theft	8/11/2009	4 years in prison
William Driver	Money laundering	8/5/2009	3 years probation, to include 6 months home confinement, and $36,000 restitution
Nyree Pettaway	Conspiracy to obstruct justice	7/28/2009	1 year and 1 day in prison; 2 years supervised release; and $5 million restitution
Michel Jamil	Conspiracy	7/27/2009	40 months in prison
Robert Young	Conspiracy and theft of government property	7/24/2009	97 months in prison; 3 years supervised release; forfeiture of $1 million; and $26,276,472 restitution
Samir Itani	Conspiracy	7/21/2009	2 years in prison; 3 years supervised release; $100,000 fine; and $100 special assessment
Tijani Saani	Filing false tax returns	6/25/2009	110 months in prison; 1 year supervised release; $1.6 million fine; and $816,485 restitution to the IRS
Diane Demilta	Wire fraud	5/27/2009	6 months in prison; 12-month house arrest; 2 years supervised release; $20,000 fine; and $70,000 restitution
Benjamin R. Kafka	Misprision of a felony	5/18/2009	Pending
Elbert W. George III	Theft of government property; conspiracy	5/18/2009	60 days intermittent confinement; 2 years supervised release; forfeit $103,000; and pay jointly and severally with co-conspirator Roy Greene $52,286.60 restitution
Roy Greene, Jr.	Theft of government property; conspiracy	5/18/2009	3 years supervised release; forfeit $103,000; and pay jointly and severally with co-conspirator Elbert George $52,286.60 restitution
Frederick Kenvin	Conspiracy	4/30/2009	3 years probation and $2,072,967 restitution
Stephen Day	Conspiracy to defraud the United States by misrepresentation	4/13/2009	3 years probation; $41,522 restitution; and $2,000 fine
Jeff Alex Mazon, contractor, KBR	Major fraud against the United States and wire fraud	3/24/2009	1 year probation; 6 months home confinement; and $5,000 fine
Carolyn Blake, Sister of Maj. John Cockerham	Conspiracy and money laundering	3/19/2009	70 months in prison; 3 years of supervised release; and $3.1 million restitution

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Name	Charges	Date of Conviction	Sentence
Michael Carter, Project Engineer, Force Protection Industries	Violating the Anti-Kickback Act	1/25/2009	61 months in prison and 3 years supervised release
Harith al-Jabawi, contractor	Conspiracy, bribery, and false statements	1/22/2009	Pending
Maj. Christopher Murray, USA contracting officer	Bribery and false statements	1/8/2009	57 months in prison; 3 years supervised release; and $245,000 restitution
Maj. Theresa Baker, USAR contracting officer	Conspiracy and bribery	12/22/2008	70 months in prison and $825,000 restitution
Col. Curtis Whiteford, USAR Senior Official, CPA-South Central Region	Conspiracy, bribery, and wire fraud	11/7/2008	5 years in prison; 2 years supervised release; and $16,200 restitution
Lt. Col. Michael Wheeler, USAR CPA reconstruction advisor	Conspiracy, bribery, wire fraud, interstate transportation of stolen property, and bulk cash smuggling	11/7/2008	42 months in prison; 3 years supervised release; $1,200 restitution; and $100 special assessment
David Ramirez, contractor, Readiness Support Management, Inc.	Bulk currency smuggling and structuring transactions	10/9/2008	50 months in prison; 3 years supervised release; and $200 special assessment
Lee Dubois, contractor, Future Services General Trading and Contracting Company	Theft of government property	10/7/2008	3 years in prison and repayment of $450,000 that represented the illegal proceeds of the scheme
Robert Bennett, contractor, KBR	Violating the Anti-Kickback Act	8/28/2008	1 year probation and $6,000 restitution
Maj. James Momon, Jr., USA contracting officer	Conspiracy and bribery	8/13/2008	Pending
Lt. Col. Debra M. Harrison, USA Acting Comptroller for CPA-South Central Region	Conspiracy, bribery, money laundering, wire fraud, interstate transportation of stolen property, smuggling cash, and preparing false tax returns	7/28/2008	30 months in prison; 2 years supervised release; and $366,640 restitution
Capt. Cedar Lanmon, USA	Accepting illegal gratuities	7/23/2008	1 year in prison and 1 year supervised release
Jacqueline Fankhauser	Receipt of stolen property	6/30/2008	1 year probation; 180 days home confinement; 104 hours community service; $10,000 fine; and $100 special assessment
Maj. John Lee Cockerham, Jr., USA contracting officer	Bribery, conspiracy, and money laundering	6/24/2008	210 months in prison; 3 years of supervised release; and $9.6 million restitution
Melissa Cockerham, Wife of Maj. John Cockerham	Conspiracy and money laundering	6/24/2008	41 months in prison; 3 years of supervised release; and $1.4 million restitution
Lt. Col. Levonda Selph, USAR contracting officer	Conspiracy and bribery	6/10/2008	12 months in prison; 3 years supervised release; $5,000 fine; and $9,000 restitution
Raman International Corp.	Conspiracy and bribery	6/3/2008	$500,000 fine and $327,192 restitution
Capt. Austin Key, USA contracting officer	Bribery	12/19/2007	2 years confinement; 2 years supervised release; $600 assessment; and forfeit $108,000
Maj. John Rivard, USAR contracting officer	Bribery, conspiracy, and money laundering	7/23/2007	10 years in prison; 3 years supervised release; $5,000 fine; and $1 million forfeiture order
Kevin Smoot, Managing Director, Eagle Global Logistics, Inc.	Violating the Anti-Kickback Act and making false statements	7/20/2007	14 months in prison; 2 years supervised release; $6,000 fine; and $17,964 restitution
Anthony Martin, subcontractor administrator, KBR	Violating the Anti-Kickback Act	7/13/2007	1 year and 1 day in prison; 2 years supervised release; and $200,504 restitution
Jesse D. Lane, Jr., USAR 223rd Finance Detachment	Conspiracy and honest services wire fraud	6/5/2007	30 months in prison and $323,228 restitution

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Name	Charges	Date of Conviction	Sentence
Steven Merkes, DoD civilian, operational support planner	Accepting illegal gratuities	2/16/2007	12 months and 1 day in prison and $24,000 restitution
Chief Warrant Officer Peleti "Pete" Peleti, Jr., USA, Army's food service advisor for Kuwait, Iraq, and Afghanistan	Bribery and smuggling cash	2/9/2007	28 months in prison and $57,500 fine and forfeiture
Jennifer Anjakos, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $86,557 restitution; and $100 assessment
Sgt. Carlos Lomeli Chavez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $28,107 restitution; and $100 assessment
Sgt. Derryl Hollier, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $83,657.47 restitution; and $100 assessment
Sgt. Luis Lopez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; $66,865 restitution; and $100 assessment
Bonnie Murphy, contracting officer	Accepting unlawful gratuities	11/7/2006	1 year supervised release and $1,500 fine
Samir Mahmoud, employee of U.S. construction firm	Making false statements	11/3/2006	1 day credit for time served and 2 years supervised release
Gheevarghese Pappen, USACE civilian	Soliciting and accepting illegal gratuities	10/12/2006	2 years in prison; 1 year supervised release; and $28,900 restitution
Lt. Col. Bruce Hopfengardner, USAR special advisor to CPA-South Central Region	Conspiracy, conspiring to commit wire fraud and money laundering, and smuggling currency	8/25/2006	21 months in prison; 3 years supervised release; $200 fine; and $144,500 forfeiture
Faheem Mousa Salam, interpreter, Titan Corp.	Violating the Foreign Corrupt Practices Act's Anti-Bribery Provisions	8/4/2006	3 years in prison; 2 years supervised release; 250 hours community service; and $100 special assessment
Mohammad Shabbir Khan, director of operations for Kuwait and Iraq, Tamimi Global Co., Ltd.	Violating the Anti-Kickback Act	6/23/2006	51 months in prison; 2 years supervised release; $10,000 fine; $133,860 restitution; and $1,400 assessment
	Witness tampering	8/10/2009	15 months in prison; 2 years supervised release; $6,000 fine; and $200 special assessment
Philip Bloom, Owner: Global Business Group, GBG Holdings, and GBG-Logistics Division	Conspiracy, bribery, and money laundering	3/10/2006	46 months in prison; 2 years supervised release; $3.6 million forfeiture; $3.6 million restitution; and $300 special assessment
Stephen Seamans, subcontracts manager, KBR	Wire fraud, money laundering, and conspiracy	3/1/2006	12 months and 1 day in prison; 3 years supervised release; $380,130 restitution; and $200 assessment
Christopher Cahill, regional vice president, Middle East and India, Eagle Global Logistics, Inc.	Major fraud against the United States	2/16/2006	30 months in prison; 2 years supervised release; $10,000 fine; and $100 assessment (a civil settlement with EGL arising from the same facts resulted in a settlement of $4 million)
Robert Stein, CPA-South Central comptroller and funding officer	Felon in possession of a firearm, possession of machine guns, bribery, money laundering, and conspiracy	2/2/2006	9 years in prison; 3 years supervised release; $3.6 million forfeiture; $3.5 million restitution; and $500 special assessment
Glenn Powell, subcontracts manager, KBR	Major fraud and violating the Anti-Kickback Act	8/1/2005	15 months in prison; 3 years supervised release; $90,973.99 restitution; and $200 assessment

Note: Does not include non-U.S. court results from joint SIGIR/foreign law enforcement investigations or results from courts martial.

TABLE 5.3
DEBARMENT LIST

NAME	DEBARRED
Raman International, Inc.	2/25/2012
Mike Atallah	2/25/2012
Marta Atallah	2/25/2012
Theresa J. Baker, MAJ, USA	2/25/2012
Theodore Q. Williams	2/17/2012
Ozgen Kacar	2/17/2012
Mezin Kacar	2/17/2012
Ayfer Atilan	2/17/2012
Al Amal Al Mushrig Company	2/15/2012
Charles E. Sublett, MAJ, USA	1/19/2012
David Pfluger, LTC, USA (Ret.)	12/6/2011
Ehsan Hassan Al-Ameli	11/29/2011
Al AALI General Contracting Co.	11/28/2011
Mahmoud Shakier Mahmoud	10/14/2011
Ahmad Muhammed Hassan	10/13/2011
Al Ula Iraq	10/12/2011
Al Ula FZCO	10/12/2011
Al Ula Global Trading, LLC	10/12/2011
Chet M. Fazand	9/13/2011
Chad M. Fazand	9/13/2011
Fazand International Trading, LLC	9/13/2011
Al Dalla Co.	9/13/2011
Faustino L. Gonzales, CAPT, USA	9/7/2011
Chasib Khazal Mehadi Al Mosawi	9/7/2011
Quasay Shamran Mehdi Al-Mosawi	9/7/2011
The Economical Group	9/7/2011
Jenna International, Inc.	8/4/2011
Al-Methwad Company	7/21/2011
Tariq Zadan Dawood	7/21/2011
Tareq Zaidan Dawod	7/21/2011
Tariq Zaidan Dawod	7/21/2011
Tariq Zaidon Dawod	7/21/2011
Tarik Zaidon Dawood	7/21/2011
Abd Al Alim Abbod	7/21/2011
Frankie Joseph Hand	7/21/2011
Richard Joseph Harrington	7/21/2011

Continued on next column

NAME	DEBARRED
Janet L. Schmidt	6/22/2011
Mariam M. Steinbuch	6/6/2011
Mark Carnes	6/3/2011
Terence O. Walton	6/3/2011
Al Aali Future Mario Company	5/11/2011
Eric K. Schmidt	4/20/2011
Mark R. Fuller	4/1/2011
Ahmad Mustafa	1/25/2011
Mubarek Hamed	1/25/2011
Ali Mohammed Bagegni	1/25/2011
Abdel Azzim El-Saddig	1/25/2011
Mark Deli Siljander	1/25/2011
Precy Pellettieri	1/12/2011
Salvatore Pepe	1/12/2011
Ammar Tariq Al Jazrawi	1/10/2011
Ammar Tareq Al Jazrawi General Contracting Company	1/10/2011
Liberty Al-Ahlia General Trading and Contracting Company	12/13/2010
Bronze Al-Taqoos Al-Afjan	12/13/2010
International Quality Kitchens Ardiya	12/13/2010
John Napolian	12/13/2010
Joseph Sebastian	12/13/2010
N.K. Ismail	12/13/2010
Biju Thomas	12/13/2010
Combat General Trading Company	12/13/2010
Jank Singh	11/24/2010
Blue Marine Services	11/24/2010
Blue Marines General Trading, LLC	11/24/2010
Blue Marines	11/24/2010
Blue Marines Group	11/24/2010
BMS Logistics	11/24/2010
BMS Group	11/24/2010
BMS General Trading, LLC	11/24/2010
Christopher Murray	11/10/2010
Curtis Whiteford	10/22/2010
William Driver	10/22/2010
Allied Arms Company, Ltd.	9/28/2010
Allied Arms Company, W.L.L.	9/28/2010

Continued on next column

NAME	DEBARRED
Shahir Nabih Fawzi Audah	9/28/2010
Defense Consulting and Contracting Group, LLC	9/28/2010
Amwaj Al-Neel Company	9/22/2010
Baladi Company	9/22/2010
Desert Moon Company	9/22/2010
Ameer S. Fadheel	9/22/2010
Oday Abdul Kareem	9/22/2010
Maytham Jassim Mohammad	9/22/2010
Michael Dung Nguyen	8/19/2010
Michael Wheeler	7/28/2010
Austin Key	7/14/2010
Marko Rudi	5/26/2010
Ashraf Mohammad Gamal	4/16/2010
Triple A United General Trading and Contracting	4/16/2010
Jeff Thompson	3/29/2010
John Cockerham	3/17/2010
Melissa Cockerham	3/17/2010
Carolyn Blake	3/17/2010
Nyree Pettaway	3/17/2010
Robert Young	3/9/2010
Elbert Westley George III	1/21/2010
Roy Greene	1/21/2010
Ofelia Webb	1/21/2010
Patrick Faust	1/21/2010
Ali N. Jabak	9/30/2009
Liberty A. Jabak	9/30/2009
Liberty's Construction Company	9/30/2009
Tharwat Taresh	9/30/2009
Babwat Dourat Al-Arab	9/30/2009
Dourat Al-Arab	9/30/2009
Hussein Ali Yehia	9/30/2009
Amina Ali Issa	9/30/2009
Adel Ali Yehia	9/30/2009
Javid Yousef Dalvi	9/25/2009
Mohamed Abdel Latif Zahed	9/10/2009
Gerald Thomas Krage	9/4/2009
Andrew John Castro	9/4/2009
Airafidane, LLC	9/4/2009

Continued on next column

Name	Debarred
Kevin Arthis Davis	8/20/2009
Jacqueline Fankhauser	8/7/2009
Debra M. Harrison, LTC, USAR	8/7/2009
Nazar Abd Alama	7/1/2009
San Juan Company	7/1/2009
Mississippi Company for the General Contract	7/1/2009
Lee Dynamics International	6/17/2009
Lee Defense Services Corporation	6/17/2009
George H. Lee	6/17/2009
Justin W. Lee	6/17/2009
Oai Lee	6/17/2009
Mark J. Anthony	6/17/2009
Levonda J. Selph	6/17/2009
Starcon Ltd., LLC	6/17/2009
Cedar J. Lanmon, CPT, USA	6/3/2009
D+J Trading Company	5/14/2009
Jesse D. Lane, Jr.	1/30/2009
Jennifer Anjakos	1/30/2009
Carlos Lomeli Chavez	1/30/2009
Derryl Hollier	1/30/2009
Luis A. Lopez	1/30/2009
Mohammed Shabbir Kahn	10/10/2008
Kevin Andre Smoot	9/30/2008

Name	Debarred
Green Valley Company	9/17/2008, 5/18/2007
Triad United Technologies, LLC	9/17/2008
Dewa Europe	9/17/2008
Dewa Trading Establishment	9/17/2008
Al Ghannom and Nair General Trading Company	9/17/2008
Dewa Projects (Private), Ltd.	9/17/2008
Future AIM United	9/17/2008
First AIM Trading and Contracting	9/17/2008
Vasantha Nair	9/17/2008
K. V. Gopal	9/17/2008
Falah Al-Ajmi	9/17/2008
Trans Orient General Trading	9/17/2008
Zenith Enterprises, Ltd.	9/17/2008
Peleti "Pete" Peleti, CWO, USA	6/15/2008
Al Sawari General Trading and Contracting Company	3/13/2008
John Allen Rivard, MAJ, USAR	1/14/2008
Samir Mahmoud	11/29/2007
Robert Grove	10/30/2007
Steven Merkes	9/27/2007
Bruce D. Hopfengardner, LTC, USAR	9/20/2007
Robert J. Stein, Jr.	8/16/2007
Philip H. Bloom	8/8/2007

Name	Debarred
Global Business Group S.R.L.	8/8/2007
Stephen Lowell Seamans	7/27/2007
Gheevarghese Pappen	6/28/2007
Faheem Mousa Salam	6/28/2007
QAH Mechanical and Electrical Works	6/27/2007
Abdullah Hady Qussay	6/27/2007
Al Riyadh Laboratories and Electricity Co.	1/26/2007
Thomas Nelson Barnes	1/24/2007
Danube Engineering and General Contracting	12/28/2006
Alwan Faiq	12/28/2006
Christopher Joseph Cahill	11/9/2006
Ahmed Hassan Dayekh	9/26/2006
Diaa Ahmen Abdul Latif Salem	5/14/2009, 6/2/2006
Jasmine International Trading and Service Company	5/14/2009, 6/2/2006
Custer Battles	3/17/2006
Robert Wiesemann, CW2, USA	3/6/2006
Glenn Allen Powell	2/16/2006
Amro Al Khadra	1/12/2006
Dan Trading and Contracting	1/12/2006
Steven Ludwig	9/29/2005
DXB International	9/29/2005

SIGIR HOTLINE

The SIGIR Hotline facilitates the reporting of fraud, waste, abuse, mismanagement, and reprisal in all programs associated with Iraq reconstruction efforts funded by the U.S. taxpayer. Cases received by the SIGIR Hotline that are not related to programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq are transferred to the appropriate entity. The SIGIR Hotline receives walk-in, telephone, mail, fax, and online contacts from people in Iraq, the United States, and throughout the world.

Fourth Quarter Reporting

As of March 31, 2012, the SIGIR Hotline had initiated 874 cases. Of these cases, 856 have been closed, and 18 cases remain open. For a summary of these cases, see Table 5.4.

New Cases

During this reporting period, the SIGIR Hotline received 3 new complaints, bringing the cumulative total to 874 Hotline cases. The new complaints all involved contractual issues.

The SIGIR Hotline receives most reports of perceived instances of fraud, waste, abuse, mismanagement, and reprisal through the website and email. Of SIGIR's 3 new Hotline complaints, all were received through email.

Closed Cases

During this quarter, SIGIR closed 3 Hotline cases:
- 2 were referred to another inspector general agency.
- 1 was dismissed because it did not fall under SIGIR's purview.

Referred Complaints

After a thorough review, SIGIR referred 2 complaints to the Department of Defense Office of Inspector General for proper resolution. ◆

TABLE 5.4

SUMMARY OF SIGIR HOTLINE CASES, AS OF 3/31/2012

OPEN CASES

Investigations	17
Audits	1
Total Open	**18**

CLOSED CASES	3RD QTR 2011	4TH QTR 2011	1ST QTR 2012	CUMULATIVE*
FOIA	0	0	0	4
OSC Review	0	0	0	2
Assists	0	0	0	47
Dismissed	1	2	1	145
Referred	2	8	2	394
Inspections	0	0	0	80
Investigations	18	9	0	155
Audits	12	0	0	29
Total Closed	**33**	**19**	**3**	**856**
Cumulative* Open & Closed				**874**

*Cumulative total covers the period since the SIGIR Hotline began operations—from 3/24/2004 to 3/31/2012.

SIGIR WEBSITE

During this reporting period, the SIGIR website (www.sigir.mil) recorded these activities:

- Just over 100,000 users visited the SIGIR website—1,159 users per day.
- The Arabic-language section of the site received more than 3,000 visits.
- The most frequently downloaded documents were SIGIR's most recent Quarterly Reports.
- The SIGIR website fed more than 38,000 content subscriptions. Information is updated to the web feeds, which are automatically downloaded to subscribers' computers and can be viewed by feed-reader programs.

SIGIR's custom Google site search has returned more than 13,000 results since its inception in April 2010.

For an overview of daily visits to the SIGIR website, see Figure 5.4. ◆

FIGURE 5.4

AVERAGE NUMBER OF VISITORS PER DAY TO SIGIR WEBSITE, BY QUARTER, 1/1/2011–3/31/2012
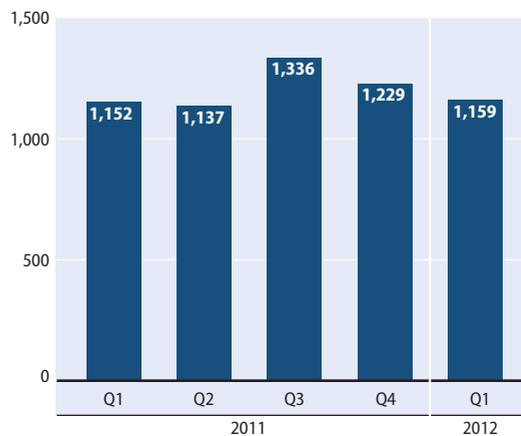
Source: DoD, IMCEN, response to SIGIR data call, 4/6/2012.

OTHER AGENCY OVERSIGHT

SECTION

6

INTRODUCTION

In March 2004, SIGIR formed the Iraq Inspectors General Council (IIGC) to provide a forum for discussion of oversight in Iraq and to enhance collaboration and cooperation among the inspectors general (IGs) of the agencies that oversee Iraq reconstruction funds. Representatives of member organizations have met quarterly to exchange details about current and planned audits, to identify opportunities for collaboration, and to minimize redundancies.

In light of the continuing scale-down of efforts in Iraq, the IIGC transitioned its work under the umbrella of the Department of Defense Office of Inspector General (DoD OIG) Southwest Asia Joint Planning Group. As such, the quarterly IIGC meetings no longer take place. SIGIR continues to actively participate in the Joint Planning Group. In February 2012, the Joint Planning Group held its 19th meeting.

Each quarter, SIGIR requests updates from member organizations on their completed, ongoing, and planned oversight activities. This section summarizes the audits and investigations reported to SIGIR this quarter by the following organizations:

- DoD OIG
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

For Defense Contract Audit Agency (DCAA) updates, see Appendix G.

In previous quarters, SIGIR had provided updates on the U.S. Department of the Treasury and the U.S. Department of Commerce, but these agencies have no current Iraq reconstruction oversight activities ongoing or planned for FY 2012. SIGIR no longer reports on these agencies in this section. ◆

OTHER AGENCY OVERSIGHT REPORTS

This quarter, other oversight agencies issued 13 reports related to Iraq reconstruction, bringing the cumulative total to 671 reports issued since 2003. This section updates the audits that former IIGC member agencies reported to SIGIR:

- For recently completed oversight report activity of other U.S. agencies, see Table 6.1.

- For ongoing oversight report activity of other U.S. agencies, see Table 6.2.
- For more information on other agency oversight reports, including report summaries, see Appendix G.
- For a complete historical list of oversight reports and reviews on Iraq reconstruction by all entities, see Appendix H.◆

TABLE 6.1
RECENTLY COMPLETED OVERSIGHT REPORTS OF OTHER U.S. AGENCIES, AS OF 3/31/2012

AGENCY	REPORT NUMBER	REPORT DATE	REPORT TITLE
DoD OIG	DODIG-2012-067	3/30/2012	Assessment of DoD Wounded Warrior Matters–Camp Lejeune
DoD OIG	DODIG-2012-063	3/16/2012	Assessment of the DoD Establishment of the Office of Security Cooperation-Iraq
DoS OIG	AUD/MERO-12-18	1/1/2012	Evaluation of Emergency Action Plans for Embassy Baghdad and Consulates General Basrah and Erbil
USAAA	A-2012-0083-MTE	4/2/2012	Commander's Emergency Response Program and I-CERP Closeout–Iraq
USAAA	A-2012-0085-MTE	3/30/2012	Micro-Purchases of Field Ordering Officers–Afghanistan
USAAA	A-2012-0081-MTE	3/30/2012	Bulk Fuel Operations in Afghanistan
USAAA	A-2012-0070-MTE	3/16/2012	U.S. Equipment Transfer to Iraq (USETTI) Program–Phase II
USAAA	A-2012-0072-MTE	3/16/2012	Commander's Emergency Response Program-Afghanistan
USAAA	A-2012-0077-MTE	3/13/2012	Property Accountability of Organizational and Theater-Provided Equipment in Iraq
USAAA	A-2012-0065-MTE	2/17/2012	Bulk Fuel Operations in Iraq
USAAA	A-2012-0049-MTE	2/16/2012	Controls over Vendor Payments–Southwest Asia (Phase II)
USAID OIG	E-267-12-003-P	3/22/2012	Audit of USAID/Iraq's Electoral Technical Assistance Program
USAID OIG	E-267-12-002-P	3/21/2012	Audit of the Sustainability of USAID/Iraq-Funded Information Technology Systems

TABLE 6.2
ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF 3/31/2012

AGENCY	PROJECT NUMBER	DATE INITIATED	PROJECT TITLE
DoD OIG	D2012-D000JA-0110.000	2/27/2012	Accountability Over Major End Items of Equipment (Class VII) Turned-In at Camp Virginia, Kuwait
DoD OIG	D2011-D000JA-0281.000	9/7/2011	DoD Management of the Redistribution Property Assistance Team Operations in Kuwait
DoD OIG	D2011-D000JA-0212.000	4/25/2011	Theater-Provided Equipment Refurbishment Program for Tactical Wheeled Vehicles
DoD OIG	D2011-D000JB-0098.000	12/8/2010	Contracting for Force Protection for U.S. Installations in Iraq
DoD OIG	D2011-D000LF-0041.000	11/2/2010	Follow-up of Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia
DoD OIG	D2011-D000CH-0032.000	10/19/2010	Contractor Logistics Support Contract for Stryker Vehicles with General Dynamics Land Systems
DoD OIG	D2010-D000LD-0264.000	8/30/2010	Controls and Processes Pertaining to the Defense Logistics Agency's Procurement Automated Contract Evaluation System

Agency	Project Number	Date Initiated	Project Title
DoD OIG	D2010-D00SPO-0209.000	4/16/2010	Assessment of DoD Wounded Warrior Matters
DoS OIG	Not reported	3Q/FY 2012	Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureau of Near Eastern Affairs
DoS OIG	MERO 3012	11/23/2010	Evaluation of PAE Operations and Maintenance Support of Embassy Baghdad
GAO	121049	Not reported	Assessment of Joint Report on Contracting in Iraq and Afghanistan
GAO	320852	6/20/2011	Religious Minorities in Iraq
GAO	320843	4/22/2011	Transition to a Predominantly Civilian Presence in Iraq
GAO	351603	3/31/2011	Intelligence, Surveillance, and Reconnaissance Collection and Tasking Management
GAO	120976	3/31/2011	State Contracting for Conflict Countries
GAO	351431	1/7/2010	Army's Equipping Strategies to Reset Equipment Returning from Iraq
USAAA	A-2012-MTE-0335.000	2Q/FY 2012	Foreign Excess Real Property Program
USAAA	A-2012-MTE-0079.000	2Q/FY 2012	Foreign Excess Personal Property Program
USAAA	A-2012-MTE-0262.000	2Q/FY 2012	Area Support Group Kuwait S6, Information Technology Contracts
USAAA	A-2012-MTE-0240.000	2Q/FY 2012	Found on Installation Property
USAAA	A-2012-MTE-0071.000	2Q/FY 2012	Contract Administration of the National Afghanistan Trucking Contract
USAAA	A-2012-MTE-0073.000	2Q/FY 2012	Materiel Management–Retrograde from Southwest Asia
USAAA	A-2012-MTE-0081.000	2Q/FY 2012	National Afghanistan Trucking Performance Metrics
USAAA	A-2011-ALL-0094.000	4Q/FY 2011	Army Prepositioned Stock (APS V) Requirements Determination Processes-Kuwait
USAAA	A-2012-MTE-0018.000	4Q/FY 2011	Followup Audit of Management and Visibility of Government Property Provided on the Base Operations Support Contract in Kuwait
USAAA	A-2011-ALL-0539.000	4Q/FY 2011	Contractor Payments in Afghanistan
USAAA	A-2011-ALL-0534.000	4Q/FY 2011	Financial Transparency in the Afghanistan Transportation Network Contract, Regional Command-South
USAAA	A-2011-ALL-0490.000	4Q/FY 2011	Contract Management–Atmospherics Program-Afghanistan
USAAA	A-2011-ALL-0330.000	4Q/FY 2011	Bulk Fuel Accountability in Afghanistan-Phase II
USAAA	A-2011-ALL-0346.000	2Q/FY 2011	Property Accountability–Over Unit Equipment Shipped to Afghanistan-CONUS
USAAA	A-2011-ALL-0344.000	2Q/FY 2011	Property Accountability–Over Unit Equipment Shipped to Afghanistan-Afghanistan
USAAA	A-2011-ALL-0092.000	2Q/FY 2011	Foreign Excess Personal Property (FEPP) Program–Phase II
USAAA	A-2011-ALL-0087.001	1Q/FY 2011	Management Controls Over Payments for Overseas Contingency Operations Transportation–ARCENT
USAAA	A-2011-ALL-0087.000	1Q/FY 2011	Management Controls over Department of Defense Activity Address Codes (DODAAC), U.S. Army Central Command
USAID OIG	Not reported	1Q/FY 2012	Audit of the QED Group's Monitoring and Evaluation of USAID Programs in Iraq
USAID OIG	Not reported	1Q/FY 2012	Audit of USAID/Iraq's Legislative Strengthening Program

OTHER AGENCY INVESTIGATIONS

SIGIR regularly coordinates with other government agencies conducting investigations in Iraq. For statistics of investigative activities from other agencies, see Table 6.3. ◆

TABLE 6.3
STATUS OF INVESTIGATIVE ACTIVITIES OF OTHER U.S. AGENCIES, AS OF 3/31/2012

AGENCY	INVESTIGATORS IN IRAQ	INVESTIGATORS IN KUWAIT	OPEN/ONGOING CASES*
U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit	0	2	92
Defense Criminal Investigative Service	0	2	161
DoS OIG	2	0	13
FBI	1	1	37
Naval Criminal Investigative Service	0	1	2
U.S. Air Force Office of Special Investigations	0	0	2
USAID	1	0	14
Total	**4**	**6**	**321**

* Numbers include pending cases worked with other agencies within the Joint Operations Center.

ENDNOTES AND
ACRONYMS AND
DEFINITIONS

1. U.S. Embassy-Baghdad, response to SIGIR data call, 4/3/2012.
2. U.S. Embassy-Baghdad response to SIGIR data call, 4/3/2012; CENTCOM, response to SIGIR data call, 4/2/2012; INL, response to SIGIR data call, 4/16/2012.
3. SIGIR analysis of open-source documents in English and Arabic, 12/2011–4/2012.
4. SIGIR analysis of open-source documents in English and Arabic, 4/2012.
5. P.L. 108-7; P.L. 108-11; P.L. 108-106; P.L. 108-287; P.L. 109-13; P.L. 109-102; P.L. 109-148; P.L. 109-34; P.L. 109-289; P.L. 110-28; P.L. 110-92; P.L. 110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10, P.L. 112-74; ABO, response to SIGIR data call, 1/18/2012; BBG, response to SIGIR data call, 3/7/2011; DCAA, response to SIGIR data call, 10/4/2011; ECA, response to SIGIR data call, 4/14/2010; OMB, response to SIGIR data call, 6/21/2010; PM, response to SIGIR data call, 7/6/2011; DoS, "Congressional Budget Justification, Volume 1: Department of State Operations, Fiscal Year 2013," p. 81, and "Executive Budget Summary Function 150 & Other International Programs, Fiscal Year 2013," p. 173; INL, response to SIGIR data call, 4/9/2012; DoJ, response to SIGIR data call, 4/3/2012; NEA-I, responses to SIGIR data calls, 10/4/2010, 10/6/2010, 9/28/2011, 4/15/2011, 3/27/2012, and 3/28/2012; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; USACE, response to SIGIR data call, 4/3/2012; USAID, response to SIGIR data call; OUSD(C), responses to SIGIR data calls, 10/14/2010 and 4/2/2012, and "United States Department of Defense, Fiscal Year 2013 Budget Request, Overview," 2/2012, p. 6-5; TFBSO, response to SIGIR data call, 1/4/2011; U.S. Treasury, OTA, "Office of Technical Assistance Overview," 12/30/2005, ustreas.gov/offices/international-affairs/assistance/, accessed 10/16/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 10/3/2009; USACE, response to SIGIR data call, 10/6/2008; USAID, "U.S. Overseas Loans and Grants [Greenbook]," 2008, gbk.eads.usaidallnet.gov/query/do?_program=/eads/gbk/countryReport&unit=N, accessed 4/15/201, "Congressional Budget Justification, Foreign Assistance Summary Tables," FY 2009–2011, and responses to SIGIR data calls, 1/12/2009, 4/8/2009, and 4/2/2012.
6. P.L. 112-74.
7. U.S. Embassy-Baghdad, response to SIGIR data call, 4/3/2012.
8. DSCA, responses to SIGIR data calls, 1/5/2012 and 4/3/2012.
9. OUSD(C), response to SIGIR data call, 4/2/2012.
10. DoS, "Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2013," p. 147 and DoS, "Congressional Budget Justification, Volume 2, Foreign Operations, Fiscal year 2012," p. 190.
11. Steve Crabtree, "Opinion Briefing: Discontent and Division in Iraq," Gallup, 3/6/2012, www.gallup.com/poll/153128/Opinion-Briefing-Discontent-Division-Iraq.aspx, accessed 3/19/2012.
12. Steve Crabtree, "Opinion Briefing: Discontent and Division in Iraq," Gallup, 3/6/2012, www.gallup.com/poll/153128/Opinion-Briefing-Discontent-Division-Iraq.aspx, accessed 3/19/2012.
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ACRONYMS AND DEFINITIONS

This section contains all of the abbreviations and acronyms found in this Report.

Acronym	Definition
ABO	U.S. Army Budget Office
ABOT	al-Basrah Oil Terminal
ACCO	Anti-Corruption Coordination Office (U.S. Embassy-Baghdad)
AFCEE	U.S. Air Force Center for Engineering and the Environment
AML	Anti-money-laundering (advisor)
BG	Brigadier General
BP	British Petroleum
BPA	blanket purchase agreement
BPAX	Baghdad Police Academy Annex
BPD	barrels per day
CAP	Community Action Program (ESF)
CBG	Coastal Border Guard (GOI)
CBI	Central Bank of Iraq
CBP	Customs and Border Protection
CEFMS	Corps of Engineers Financial Management System
CENTCOM	U.S. Central Command
CERP	Commander's Emergency Response Program
CID-MPFU	U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit
CIO	Contributions to International Organizations (United States)
CMCP	Coalition Munitions Clearance Program
COI	Commission of Integrity (previously known as Commission on Public Integrity)
COM	Chief of Mission
CoM	Council of Ministers
Commerce	U.S. Department of Commerce
CPA	Coalition Provisional Authority
CoR	Council of Representatives (GOI)
COSIT	Central Organization for Statistics and Information Technology (GOI)
CPA	Coalition Provisional Authority
CPI	Corruption Perception Index

Acronym	Definition
CSH	Child Survival and Health Programs Fund
CSSP	Common Seawater Supply Project
D&CP	Diplomatic and Consular Programs
DCAA	U.S. Defense Contract Audit Agency
DCIS	Defense Criminal Investigative Service
DCMA	Defense Contract Management Agency
DFI	Development Fund for Iraq
DHS	Department of Homeland Security
DoD	Department of Defense
DoD OIG	Department of Defense Office of Inspector General
DoJ	Department of Justice
DoS	Department of State
DoS OIG	Department of State Office of Inspector General
DoT	Department of Transportation
DPA	Deferred Prosecution Agreement
DRL	Bureau of Democracy, Human Rights, and Labor (DoS)
DRMO	Defense Reutilization and Marketing Office
DSCA	Defense Security Cooperation Agency
ECA	Bureau of Educational and Cultural Affairs (DoS)
EFT	Electronic Fund Transfer
EIA	Energy Information Administration (DoE)
EIU	Economist Intelligence Unit
ERMA	Emergency Refugee and Migration Assistance
ESD	Energy and Services Division (USF-I)
ESF	Economic Support Fund
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FBI	Federal Bureau of Investigation
FERRET	Forensic Evaluation, Research, Recovery and Enforcement Team
FMF	Foreign Military Financing
FMS	Foreign Military Sales
FOB	forward operating base
FOIA	Freedom of Information Act

Acronym	Definition
FRBNY	Federal Reserve Bank of New York
GAO	Government Accountability Office
GDP	gross domestic product
GE	General Electric
GOI	Government of Iraq
HCC	Higher Coordinating Committee
HESC	Huntsville Engineering and Support Center
HJC	Higher Judicial Council
H.R.	House Resolution
HRDF	Human Rights and Democracy Fund
I-WISH	Iraq Woman Integrated Social and Health Survey
IA	Iraqi Army
IAO	Iraq Area Office (USACE MED)
IAU	Inter-Agency Information and Analysis Unit (UN)
ICE	U.S. Immigration and Customs Enforcement
ICITAP	International Criminal Investigative Training Assistance Program (DoJ)
IDA	International Development Association
IDA	International Disaster Assistance
IDFA	International Disaster and Famine Assistance
IDP	internally displaced person
IED	improvised explosive device
IFMIS	Iraq Financial Management Information System
IG	inspector general
IHEC	Independent High Electoral Commission
IIGC	Iraq Inspectors General Council
IILHR	Institute for International Law and Human Rights
IKN	Iraq Knowledge Network
IMCEN	Information Management Center (U.S. Army)
IMET	International Military Education and Training Program
IMF	International Monetary Fund
INCLE	International Narcotics Control and Law Enforcement account (INL)
INL	Bureau of International Narcotics and Law Enforcement Affairs (DoS)
Inma	"Growth" in Arabic—Agribusiness Program (USAID)

ACRONYM	DEFINITION
IOM	International Organization for Migration
IP	Iraqi Police
IQD	Iraqi Dinar
IRFFI	International Reconstruction Fund Facility for Iraq
IRMO	Iraq Reconstruction Management Office
IRMS	Iraq Reconstruction Management System
IRRF	Iraq Relief and Reconstruction Fund
IRS-CI	Internal Revenue Service-Criminal Investigation
ISCI	Islamic Supreme Council of Iraq
ISF	Iraqi Security Forces
ISFF	Iraq Security Forces Fund
ISPO	Iraq Strategic Partnership Office (replaces ITAO)
ISPS	International Ship and Port Facility Security (Code)
ISX	Iraq Stock Exchange
IZ	International Zone
JCC	Joint Coordination Committee (GOI)
JDI	Judicial Development Institute
JIO	Judicial Investigative Offices
JICA	Japan International Cooperation Agency
KAAOT	Khawr al-Amaya Oil Terminal
km	kilometer
KRG	Kurdistan Regional Government
LGP	Local Governance Program (USAID)
LOGCAP	Logistics Civil Augmentation Program
LT	Lieutenant
LTC	Lieutenant Colonel
M1A1	140 M1 Abrams main battle tanks
M&E	Monitoring and Evaluation
MAAWS	*Money as a Weapon System* (DoD)
MAJ	Major
Maharat	Arabic word for "skills"
MBPD	million barrels per day
MCA	Military Construction Army (funding)
MCD	Ministerial Capacity Development Program (DoS or USAID)
MCF	million cubic feet
MCFD	million cubic feet per day

ACRONYM	DEFINITION
MCTF	Major Crimes Task Force
MED	Middle East District (USACE)
MEES	Middle East Economic Survey
MENA	Middle East, North Africa
MG	Major General
MIM	Ministry of Industry and Minerals
MMT	million metric tons
MNF-I	Multi-National Force-Iraq
MOA	Ministry of Agriculture
MOD	Ministry of Defense
MoDM	Ministry of Displacement and Migration
MOE	Ministry of Electricity
MOF	Ministry of Finance
MOH	Ministry of Health
MoHR	Ministry of Human Rights
MOI	Ministry of Interior
MOI IG	Ministry of Interior Inspector General
MOJ	Ministry of Justice
MoPDC	Ministry of Planning and Development Cooperation
MOU	memorandum of understanding
MRA	Migration and Refugee Assistance
MW	megawatt
MWh	megawatt-hour
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NCSC	National Center for State Courts
NDAA	National Defense Authorization Act
NEA	Bureau of Near Eastern Affairs (DoS)
NGO	non-governmental organization
NIC	National Investment Commmission (GOI)
NMC	National Media Center (GOI)
NRRRF	Natural Resources Risk Remediation Fund
O&M	operations and maintenance
OCO	Overseas Contingency Operations
OMA	Operations and Maintenance, Army (funds)
OFDA	Office of Foreign Disaster Assistance (USAID)
OHDACA	Overseas Humanitarian, Disaster and Civic Aid
OIG	Office of Inspector Genral

ACRONYM	DEFINITION
OMB	Office of Management and Budget
OPDAT	Office of Overseas Prosecutorial Development and Assistance Training (DoS)
OPEC	Organization of the Petroleum Exporting Countries
OPIC	Overseas Private Investment Corporation
OSC	Office of Special Counsel
OSC-I	Office of Security Cooperation-Iraq
OTA	Office of Technical Assistance (U.S. Department of the Treasury)
OUSD(AT&L)	Office of the Under Secretary of Defense (Acquisition, Technology and Logistics)
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)
PCO	Project and Contracting Office
PDP	Police Development Program (DoS INL)
PFB	Procurement Fraud Branch (Army Legal Services Agency)
P.L.	Public Law
PRDC	Provincial Reconstruction Development Council
PRM	Bureau of Population, Refugees and Migration (DoS)
PRT	Provincial Reconstruction Team
PSC	Private Security Contractor
PTD	Pretrial Diversion
QRF	Quick Response Fund
RSO	Regional Security Office
S&P	Standard & Poor's
SA	Security Agreement (U.S.-Iraq)
Sahwa	Arabic for "awakening"
SAMSA	Substance Abuse and Mental Health Administration
SCIS	State Company for Iron and Steel
SFA	Strategic Framework Agreement
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
SIGPRO	SIGIR Prosecutorial Initiative
SIV	Special Immigrant Visa
SOE	state-owned enterprise
SOI	Sons of Iraq
SoL	State of Law Coalition (headed by Nuri al-Maliki)

Acronym	Definition
SOMO	State Oil Marketing Organization
SPA	Senior Police Advisor (INL, PDP Advisor)
SPM	Single-point mooring
SPOT	Synchronized Predeployment and Operational Tracker
SRO	stability and reconstruction operations
SVBIED	Suicide vehicle-borne improvised explosive device
Tarabot	Administrative Reform Project (Arabic for "linkages") (USAID)
Tatweer	National Capacity Development Program (USAID)
TBD	to be determined
TFBSO	Task Force for Business and Stability Operations (DoD)
Tijara	Provincial Economic Growth Program (Arabic for "trade") (USAID)
Treasury	U.S. Department of the Treasury
UN	United Nations

Acronym	Definition
UN-HABITAT	United Nations Human Settlements Programme
UNAMI	United Nations Assistance Mission for Iraq
UNDG ITF	United Nations Development Group Iraq Trust Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office of Project Services
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development

Acronym	Definition
USAID OE	U.S. Agency for International Development Operating Expenses
USAID OIG	U.S. Agency for International Development Office of Inspector General
USCG	U.S. Coast Guard
USD	U.S. Dollar
USDA	U.S. Department of Agriculture
USF-I	U.S. Forces-Iraq
USMC	U.S. Marine Corps
USMS	U.S. Marshals Service (DoJ)
VBIED	vehicle-borne improvised explosive device
WB ITF	World Bank Iraq Trust Fund
WFP	World Food Programme (UN)
WHO	World Health Organization
WHS	Washington Headquarters Service (DoD)
WTO	World Trade Organization

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