Special Inspector General
for Iraq Reconstruction

Quarterly Report and
Semiannual Report to the
United States Congress

[July 30, 2009]

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

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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)

The $166 million project to construct the Basrah Children's Hospital is not expected to be fully functional until 2011, more than five years past the originally planned completion date. A SIGIR inspection of the ongoing project this year found that construction was generally adequate but that the end result would not be the "state of the art" hospital envisioned when the project started in 2004.
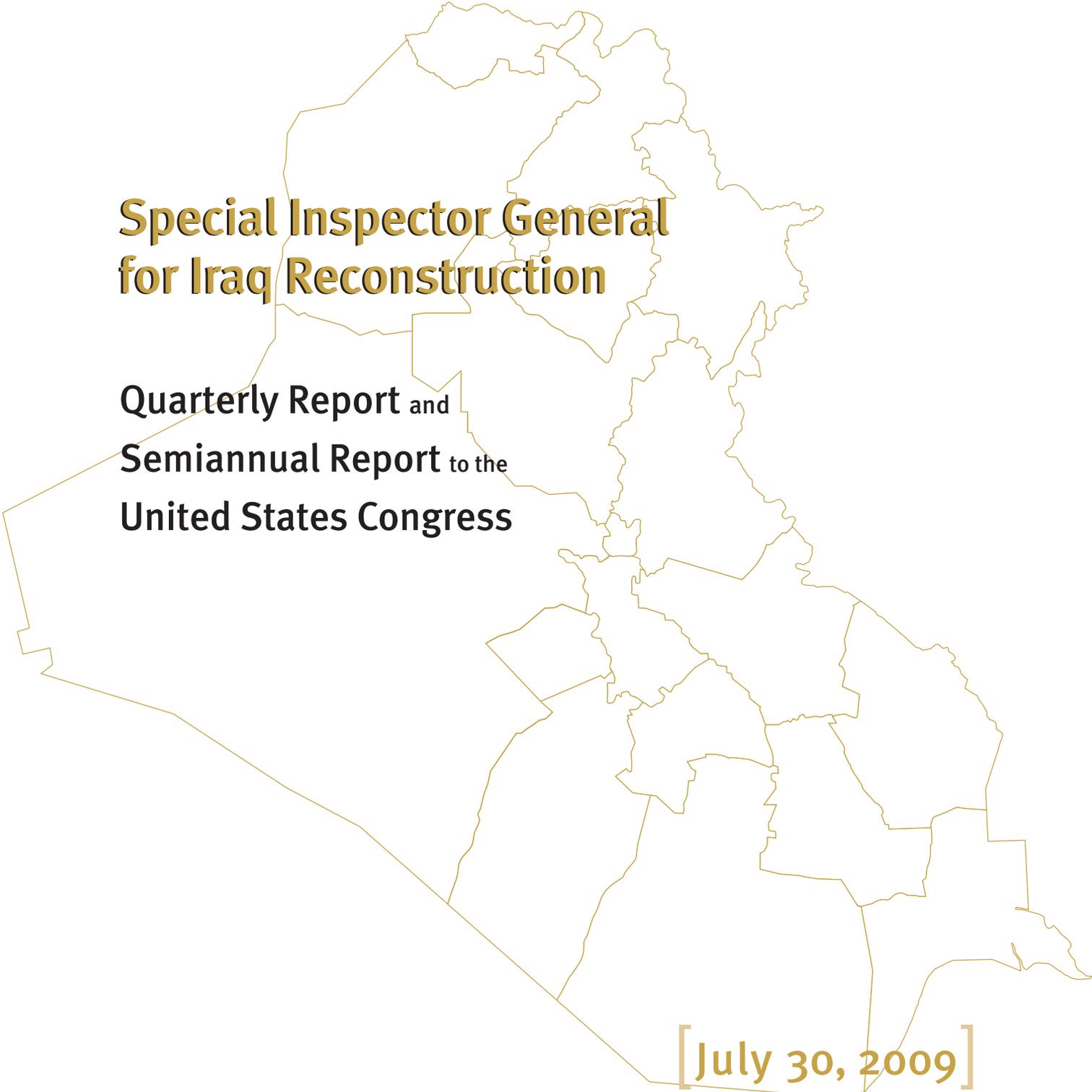
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[July 30, 2009]

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

MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

This 22nd Quarterly Report from the Special Inspector General for Iraq Reconstruction is aptly themed "From Surge to Sovereignty." Several notable events this quarter have shaped the new operational environment now pervading Iraq:

- the June 30 departure of U.S. combat forces from Iraqi cities, designated by Prime Minister al-Maliki as the "National Day of Sovereignty"
- new presidential and parliamentary elections in the Kurdistan Region
- the announcement by the Department of Defense of the imminent deployment of new U.S. Army "Advise and Assist Brigades," whose emphasis will be on capacity building rather than security
- the reorganization of the U.S. Embassy by Ambassador Christopher Hill, to include the creation of a second Deputy Chief of Mission who will focus on reconstruction transition

Notwithstanding these important evolutions, several threats and vulnerabilities continue to impede progress, including:

- the occurrence of several mass-casualty attacks, chiefly in northern provinces, which contributed to about 1,000 Iraqi deaths this quarter
- the loss of the Deputy Director of the U.S. Iraq Transition Assistance Office and two others in an IED attack near Falluja
- the rise in Kurdish-Arab tensions that could, as one senior Kurdish official observed, boil over into conflict
- the struggle against widespread corruption in the Iraqi government

Within these developing contexts, SIGIR continues to execute its robust oversight mission in Iraq, maintaining a staff of 35 auditors, investigators, and inspectors in country. For the past five years, SIGIR has averaged about 30 audits and 30 inspections per year, which collectively have helped the U.S. program improve its course and save tens of millions in taxpayer dollars along the way. This quarter, SIGIR's oversight work, among other things, uncovered the following:

- Records of weapons discharges by private security contractors were not complete, impairing the oversight of serious-incident reports.
- The Multi-National Security Transition Command-Iraq applied lessons learned from problems experienced on previous projects to achieve a good construction outcome at the Tikrit Location Command, an Iraqi Security Forces base.
- The Basrah Children's Hospital, years overdue and tens of millions over cost, was generally well-constructed but will not be fully operational until 2011.
- The Missan Surgical Hospital was far behind schedule, what was completed had severe deficiencies, and the Government of Iraq has not provided funds for training and equipment.

SIGIR's investigative team made progress this quarter on more than 80 active cases. Highlights include:

- the unsealing of a 23-count indictment alleging that a civilian contractor paid more than $2.8 million in bribes to a U.S. Army major working as a contracting official in Kuwait
- the guilty plea by a Massachusetts-based corporation to criminal charges related to an investigation involving an $8.5 million contract for security vehicles between a British company and the former Coalition Provisional Authority
- the guilty plea by a defense contractor to wire fraud and bribery in connection with security equipment contracts in Iraq (unsealed on May 27, 2009)
- the sentencing of a former lieutenant colonel in the U.S. Army Reserves to 30 months in prison for her participation in a fraud scheme

SIGIR's lessons-learned study, *Hard Lessons: The Iraq Reconstruction Experience*, is helping to shape the debate on reforming the U.S. approach to overseas contingency operations. The central point of discussion is not whether the system needs repair, but what structure should be developed to plan and execute future complex contingencies.

I will soon depart on my 24th trip to Iraq since SIGIR started work in Iraq in early 2004. I look forward to pushing forward our efforts to provide the Congress and the Secretaries of State and Defense with the most current and accurate oversight reporting possible on the rapidly evolving reconstruction situation in Iraq.

Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction

SIGIR SUMMARY OF PERFORMANCE
As of July 30, 2009

AUDITS

Reports Issued	149
Recommendations Issued	386
Dollars Saved and Recovered ($ millions)	$81.60
Dollars Put to Better Use ($ millions)	$224.72
Challenged Payments ($ millions)	$14.93

INSPECTIONS

Project Assessments Issued	154
Limited On-site Assessments Issued	96
Aerial Assessments	779

INVESTIGATIONS

Investigations Initiated	431
Investigations Closed or Referred	345
Open Investigations	86
Arrests	23
Indictments	29
Convictions	21
Court-ordered Restitution/Forfeiture	$35,501,801

HOTLINE CONTACTS AS OF JUNE 30, 2009

Fax	18
Telephone	77
Walk-in	111
E-mail	346
Referrals	26
Mail	28
SIGIR Website	123
Total Hotline Contacts	**729**

NON-AUDIT PRODUCTS

Congressional Testimony	27
Lessons Learned Reports Issued	4

*The complete version of this SIGIR Quarterly Report is available on the SIGIR website: www.SIGIR.mil. It is the official version of the Report, containing all appendices and corrections.

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 to SIGIR's statutory reporting requirements under Section 3001 of P.L. 108-106, as amended, and the Inspector General Act of 1978, as amended.

Appendix B summarizes the financial and non-financial impacts of SIGIR's work.

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

Appendix D provides a cross-reference of how SIGIR categorizes projects and programs of various U.S. government agencies within SIGIR-defined sectors.

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

Appendix F presents a listing of completed SIGIR audits, significant open recommendations from prior audits, and information on financial and non-financial impacts of SIGIR audits.

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

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

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

Appendix J 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

IRAQ RECONSTRUCTION 2009: FROM SURGE TO SOVEREIGNTY

On June 30, 2009, the Iraqi people celebrated what Prime Minister Nouri al-Maliki dubbed "National Sovereignty Day," marking the complete withdrawal of U.S. combat forces from Iraq's cities. Although incidents of violence marred the run-up to and immediate aftermath of this historic event, the June 30 transition underscored Iraq's strengthening sovereignty.

The Iraqi state showed mixed progress in three key areas this quarter:

- **Security.** Overall violence levels remained at record lows. But the success of Iraqi democracy depends on the capacity of the Iraqi Security Forces (ISF) to keep the peace. The United States committed nearly half of all its reconstruction dollars ($24.42 billion) to train, equip, and support the Iraqi military and police. Although the ISF continues to improve, a few significant weaknesses still must be remedied before it could be deemed ready to ensure Iraq's internal and external security. This quarter, SIGIR's audit and inspection teams examined several U.S. projects supporting the ISF, finding progress. But the continuing danger of operating in Iraq was tragically underscored on May 25, 2009, when the Deputy Director of the U.S. Embassy's Iraq Transition Assistance Office, Terrence Barnich, and two others were killed by an improvised explosive device near Falluja.

- **Governance.** Electoral factors will shape Government of Iraq (GOI) decision-making for the balance of 2009. The Kurdistan Region scheduled regional parliamentary and presidential elections for late July, 6 months after Iraqi provincial elections selected new provincial governments in 14 largely Arab provinces. National parliamentary elections, scheduled for January 2010, will be the first true plebiscite on the al-Maliki government.

- **Economy.** In the midst of international economic turmoil, Iraq has displayed a certain macroeconomic stability. Inflation remains low, and the Central Bank of Iraq still maintains significant reserves. But dependence on oil sales for almost all of its revenue means that the GOI's fortunes fluctuate with the price of oil, which hovered between $50 and $75 per barrel this quarter, about half of what it was a year ago. On July 19, 2009, the Iraqi cabinet approved a supplemental budget of around $3 billion, prompted by the expectation of higher revenues from increased oil exports and fees from communication firms. It now must be approved by the Council of Representatives (CoR). ◆

DRAWDOWN OF U.S. FORCES

Over the next 30 months, the United States will withdraw most of its troops and dismantle much of its military support infrastructure in Iraq. One of the paramount issues raised by the withdrawal is what to leave behind for the GOI's use and what to transport back to the United States. The Government Accountability Office has noted that at least 173,000 pieces of equipment worth about $16.5 billion are subject to return to the United States.[1]

The military withdrawal will occur against the backdrop of several other milestone events that will reshape the U.S.-Iraq bilateral relationship. Figure 1.1 highlights some of these significant events that will unfold from now until December 2011. ◆

FIGURE 1.1

TIMELINE OF KEY EVENTS

U.S. combat forces withdraw from Iraqi cities

MNSTC-I to end mission

2009   2010   2011

U.S.-Iraq Security Agreement enters into force

Kurdistan Region elections

Iraqi parliamentary elections

U.S. combat mission scheduled to end

United States plans to withdraw final troop contingent
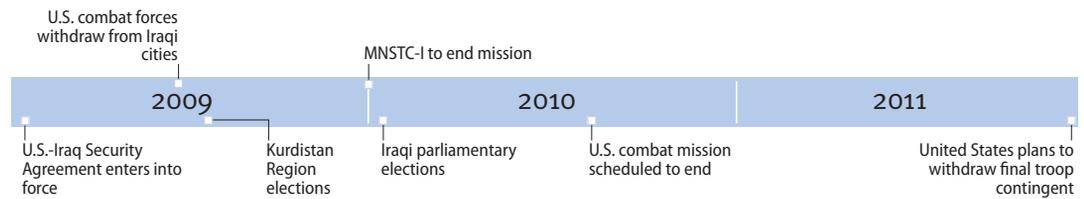
Source: SIGIR analysis of open source and official documents.

MNF-I partially dismantles a U.S. base. (MNF-I photo)

RESHAPING RECONSTRUCTION

The military drawdown will directly affect continuing U.S. reconstruction efforts. For example, by the end of July 2009, several of the major reconstruction support entities—including the Gulf Region Division of the U.S. Army Corps of Engineers (USACE) and the Joint Contracting Command-Iraq/Afghanistan—will move from the International Zone to Camp Victory on the outskirts of Baghdad. Additional USACE pullbacks will include the closure of its northern Iraq district office. For the rest of 2009, the Provincial Reconstruction Teams (PRTs) will maintain current levels—16 PRTs and 7 embedded PRTs (ePRTs)—but more program drawdowns will begin in 2010. Figure 1.2 displays the current command structure of Multi-National Force-Iraq (MNF-I).

The U.S. Embassy in Baghdad is reorganizing to meet the evolving mission in Iraq. Since 2004, the Embassy has operated the reconstruction program through a series of temporary offices. As the program has wound down, these offices have concomitantly been reduced in size and scope. Recently, the Embassy established a second Deputy Chief of Mission position for transition assistance specifically to manage continuing U.S. reconstruction initiatives and to improve the transfer process of projects and programs to the GOI. Figure 1.3 shows the U.S. Embassy's new management structure. ◆

FIGURE 1.2
MNF-I CHAIN OF COMMAND
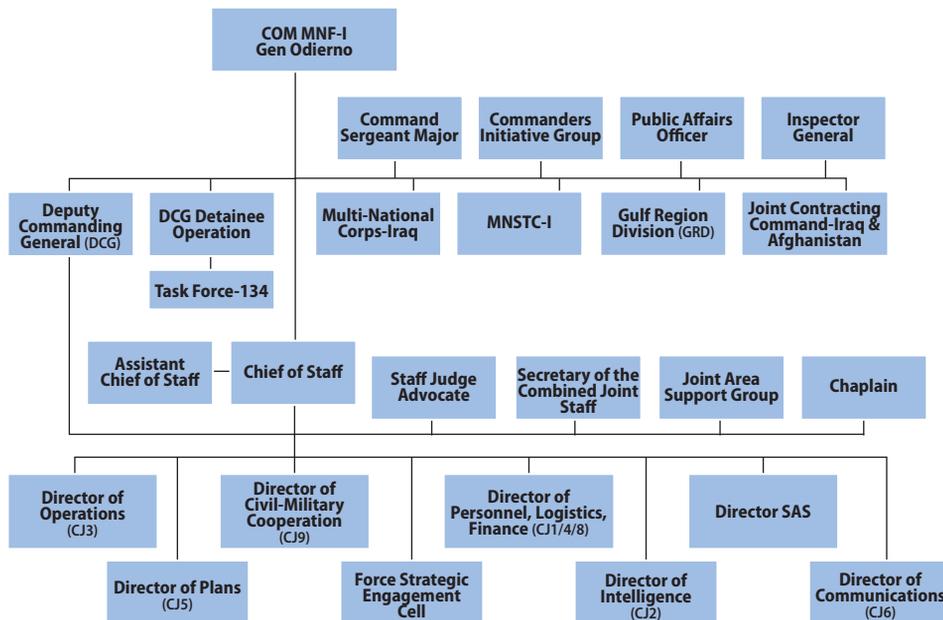
Source: MNF-I, response to SIGIR data call, 7/17/2009.

FIGURE 1.3

U.S. Embassy-Baghdad Organizational Chart, 7/2009

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MNF-I Commanding General ---------- Ambassador

Deputy Chief of Mission          Deputy Chief of Mission
(Transition Assistance)          (Primary)

    Provincial Affairs                          Rule of Law Coordinator

    Provincial          Regional        Senior Consultant
    Reconstruction      Embassy         to the               Justice
    Teams               Offices         Ministry of Interior
                                        (MOI)

    Political-Military                  Senior Consultant      Federal Bureau of
    Planning Coordinator                to the                 Investigation
                                        Ministry of Justice
    Security and        Hostage Affairs (MOJ)
    Operations
                                        Department of          Marshals
    Plans and           Regional        Homeland Security
    Agreements          Diplomacy
                                        Major Crimes           International Criminal
    Regional Security                                          Investigative Training
                                                               Assistance Program
    Protective Ops      Marines                                (ICITAP)
    Regional Ops        Security Guard
    Embassy Ops         Detachment                             Alcohol, Tobacco, Firearms,
    Investigations/                                            and Explosives Attaché
    Intel
                                                        Bureau of International
                                                        Narcotics and Law
                                                        Enforcement Affairs (INL)

    Anti-Corruption

    SIGIR                                                      Economic
                                                               Coordinator
    Middle East
    Regional Office     Chief of Staff/                        ECON
                        Special Advisor                        Counselor
    Political
                        Operations, Maintenance                Energy
    Provincial Affairs  Constitutional   and Sustainment
    Governance          & Legislation                          Foreign Agricultural
    Civil Society       ITAO (Vacant)                          Service (USDA)

    Refugees    Legal    National        USAID                 Acting Health
    and IDPs             Capabilities and
                         Resource Office                       Foreign Commercial
    Regional     Consular                                      Service (Commerce)
    Affairs
                                                               Transportation

                                                               Treasury
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FUNDING IRAQ'S RECONSTRUCTION

U.S. reconstruction efforts now focus on building the capacity of Iraq's governing institutions, completing remaining projects, and strengthening Iraq's security forces. Moreover, as the security situation has improved, the international community has gradually re-engaged and now supports a modest array of capacity-development programs aimed at improving Iraq's political, social, and economic infrastructure. Figure 1.4 illustrates the remaining unobligated U.S. reconstruction funds.

FIGURE 1.4

MAJOR U.S. FUNDS AVAILABLE FOR OBLIGATION
$ Billions, Total $3.54 Billion
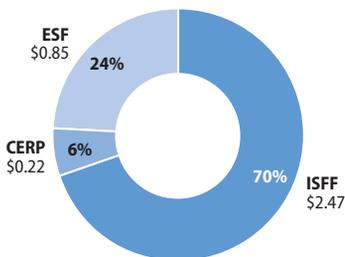
Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009; MNC-I, *Quarterly Report*, 4/7/2009 and 7/4/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009.

U.S. Funding

Since 2003, the United States has committed $52.27 billion for the reconstruction of Iraq. The Congress appropriated more than 89% of this money to four major funds: the Iraq Relief and Reconstruction Fund (IRRF)—$20.86 billion; the Iraq Security Forces Fund (ISFF)—$18.04 billion; the Economic Support Fund (ESF)—$4.18 billion; and the Commander's Emergency Response Program (CERP)—$3.63 billion.

As of June 30, 2009, more than $42.59 billion had been obligated from these four major funds, and $38.49 billion had been expended. Nearly $3.54 billion remains available to be obligated, and $8.22 billion is unexpended. The preponderance of unexpended U.S. funds is in the ISFF, which supports Iraq's military and police forces.[2]

Increased Funding for the ESF and CERP
The Supplemental Appropriations Act enacted this quarter made $439 million available for ESF programs, including $118 million specifically for democracy and civil society initiatives.[3] The act also provided an additional $453 million in CERP funds for Iraq and Afghanistan.[4]

This quarter, MNF-I stated that it will reduce the amount of CERP funds that it originally intended to spend in Iraq during FY 2009 by $247 million—from $747 million to $500 million.[5] One reason for the reduction was the termination this past spring of U.S. financial responsibility for the Sons of Iraq (SOI) program. The SOI units were paid with CERP funds until earlier this year, but the program has now fully transitioned to the GOI.

New GOI Reconstruction Spending Plan

In late April, the GOI's Council of Ministers approved a draft five-year $65.7 billion reconstruction spending initiative that would focus on housing, agriculture, transportation, water, electricity, and schools. About $25 billion would be dedicated to the housing sector, $17.8 billion for agriculture, $9.3 billion for improving Iraq's transportation network, and $5.5 billion for water- and sewage-related programs. The remaining funds would be allocated among other sectors. Whether this ambitious plan ultimately comes to fruition will depend on how the fluctuations in the global oil market affect the GOI's revenue stream.[6]

International Involvement in Iraq Reconstruction

Since 2003, international donors have pledged approximately $17 billion to assist with Iraq reconstruction efforts, including $5.26 billion in grants and $11.75 billion in loans. These donors have committed $9.86 billion (or 58%) of the funds initially pledged.[7]

The GOI continued negotiations this quarter with the International Monetary Fund to finalize the terms of a new $5.5 billion loan. Included in the loan's conditions may be a set of banking reforms aimed at modernizing Iraq's opaque financial sector.[8] ◆

U.S. Ambassador Christopher Hill (second from right) and GOI officials visit the Qudas Power Plant in Baghdad, where the largest U.S.-funded power plant expansion project was completed this quarter. (DoS photo)

SECURITY

Although the average number of monthly security incidents remained low this quarter, multiple mass-casualty attacks contributed to the deaths of about 1,000 Iraqis. In one four-day period (June 20–24), at least 136 Iraqis citizens were killed, and more than 300 were wounded in multiple bombings.[9] Figure 1.5 displays information about some of this quarter's major security incidents.

Implementing the U.S.-Iraq Security Agreement

The U.S.-Iraq Security Agreement and the Strategic Framework Agreement now govern the relationship between the United States and Iraq. Section 24 of the agreement mandates that all U.S. combat forces withdraw from Iraqi "cities, villages, and localities" no later than June 30, 2009.[10] In compliance with these terms, MNF-I moved its final combat units out of the cities in late June. However, U.S. advisory and training detachments remain in Iraq's cities and towns to mentor Iraqi army and police units. Further, U.S. combat forces, in partnership with the ISF, continue to conduct operations outside of Iraq's cities and towns.

As of July 2009, approximately 130,000 U.S. troops were serving in Iraq, but that number will be significantly reduced over the next year as the U.S. combat mission in Iraq is scheduled to conclude by August 2010. Thereafter, approximately 35,000 to 50,000 U.S. military advisors and trainers will remain to assist the ISF through December 2011, when almost all remaining U.S. troops are expected to leave Iraq.[11]

Figure 1.5
Significant Security Incidents, 4/1/2009–7/21/2009

April 2009

Wednesday, April 15: 11 Iraqis were killed in a bombing in Kirkuk.

Thursday, April 23: Suicide bombers killed 60 Iraqis in attacks in Baghdad and Diyala.

Friday, April 24: Two suicide bombers killed more than 60 Iraqis and religious pilgrims and wounded more than 125 outside a shrine in Baghdad.

Wednesday, April 29: 16 Iraqis were killed and 45 more were wounded in three car bombings in Baghadad.

May 2009
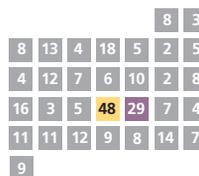
Wednesday, May 6: 11 Iraqis were killed and at least 44 more were wounded in two car bombings in Baghdad.

Monday, May 11: A car bombing killed 11 Iraqis in Kirkuk.

Wednesday, May 20: 35 Iraqis were killed and at least 72 more were wounded in a car bomb attack outside a restaurant in Baghdad.

Thursday, May 21: Suicide bombers in Baghdad and Kirkuk killed 20 Iraqis and wounded 33 more.
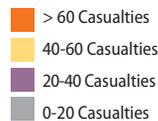
June 2009
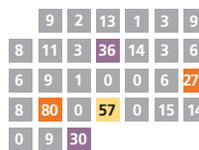
Wednesday, June 10: Terrorists killed 26 civilians in a car bomb attack in Nassriya.

Saturday, June 20: Approximately 70 Iraqis killed and more than 200 wounded in an attack on a mosque in Kirkuk.

Monday, June 22: 14 Iraqis killed and approximately 60 wounded in a series of attacks in Baghdad and Abu Ghraib.

Saturday, June 27: 13 Iraqis killed in a motorcycle bombing in Central Baghdad.

July 2009
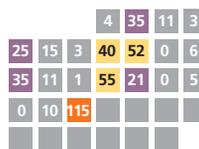
Wednesday, July 8: At least 31 Iraqis killed or wounded in two bombings in Mosul.

Thursday, July 9: Approximately 52 Iraqis killed or wounded in a series of terrorist attacks in Tel Afar, Mosul, Baghdad, and Kirkuk.

Monday, July 20: 10 Iraqis killed in a series of attacks, including 5 policemen in Mosul.

Tuesday, July 21: At least 15 Iraqis killed and approximately 100 wounded in a series of attackes in Baghdad.

- > 60 Casualties
- 40-60 Casualties
- 20-40 Casualties
- 0-20 Casualties

Note: The numbers represented in the calendar graphic are comprehensive estimates of total casualties throughout the entire country on that particular day. The text to the right briefly describes significant attacks on select days and does not purport to comprehensively detail all security incidents that occurred on the specified day.

Sources: Information presented herein is based on SIGIR's analysis of open source and official English and Arabic documents, studies, and analyses. All figures based on best available casualty information and represent the sum of killed and wounded for each incident.

MNF-I turns over a base to the Iraqi Army. (MNF-I photo)

Since January 1, 2009, the United States has closed or turned over to the GOI at least 142 military bases, reducing the total number of bases currently manned by U.S. forces to about 320.[12] Remaining facilities include larger Forward Operating Bases, such as Camp Victory, and smaller border forts. Most urban Combat Operations Bases occupied by U.S. forces during the height of the "surge" have been turned over to the ISF or restored to their former civilian uses.

Multi-National Security Transition Command-Iraq To End Mission in December 2009

The Multi-National Security Transition Command-Iraq (MNSTC-I) was established on June 28, 2004, to direct and support training and equipping the ISF. On December 31, 2009, MNSTC-I is scheduled to formally conclude its mission. As currently planned, the Iraq Security

Assistance Mission (ISAM) and the Iraq Training and Advisory Mission (ITAM) will assume MNSTC-I's duties by the end of the year. ISAM will be the operational center of the U.S. Embassy's Office of Security Cooperation. ITAM will eventually transfer the police-training mission to the Department of State (DoS)[13]; the DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) will assume full responsibility for training Iraqi police.

Advise and Assist Brigades

In May 2009, the Department of Defense (DoD) announced the formation of the first Advise and Assist Brigades (AABs), which will deploy to southern Iraq this year. The AAB is specifically designed to enhance interagency reconstruction and stability operations. Pre-deployment training for soldiers assigned to AABs emphasizes civil affairs, city management, and border security, in addition to traditional combat operations. The AAB slated for southern Iraq will have the primary mission of supporting the PRTs and helping to train the ISF. DoD reports that at least six AABs are in the pipeline.[14]

Challenges Facing the Iraqi Security Forces

The Ministry of Defense (MOD) budget for 2009 is down 21% from 2008, while the Ministry of Interior (MOI) budget for 2009 is up 2%. These budgetary constraints have forced the ISF to make difficult decisions about the composition of its forces, training emphasis, and spending plans for the future. MOI is operating under a hiring freeze and has not hired any new personnel since

December 2008. Moreover, MNSTC-I reports that MOI will not be able to hire the personnel necessary for a fifth national police division and will not be able to employ additional border guards.[15]

The Iraqi Army continues to grapple with integrating new, U.S.-built weapons and vehicles with Warsaw Pact equipment purchased under the previous regime. Interoperability remains an issue, as does maintenance. Some within the Iraqi Army's leadership have voiced doubt about whether the purchase of heavy conventional equipment—such as Abrams main battle tanks—is the best way for the ISF to spend its limited funds when training and intelligence remain more pressing needs.[16]

This quarter, SIGIR audited the latter phases of a $350 million ISFF contract to complete the Taji National Maintenance Depot. SIGIR found deficiencies in certain aspects of the facilities and a shortage of Iraqi trainees caused, in part, by the push to keep forces in the field fighting, rather than learning logistical skills. MNSTC-I estimates that the depot had just 62% of its assigned soldiers, only 46% of whom were present for duty on any given day.[17]

Iraq's Navy takes shape with the arrival of its flagship, the Italian-built *Fatah*. (MNF-I photo)

Integration of the Sons of Iraq into the GOI

In April 2009, MNF-I completed the process of transferring approximately 94,000 SOI to the administrative control of the GOI. Formerly paid with U.S. CERP funds, the GOI is now responsible for paying the largely Sunni SOI contingents. As of May 2009, the GOI had provided jobs or grants to only about 17,000 SOI; about 13,000 were placed in the ISF. Since April 2009, however, no SOI members have been hired by the GOI. This has led elements within the Sunni community to question the GOI's commitment to the SOI program. Compounding these difficulties have been the arrests of at least 41 SOI leaders since November 2008.[18] ◆
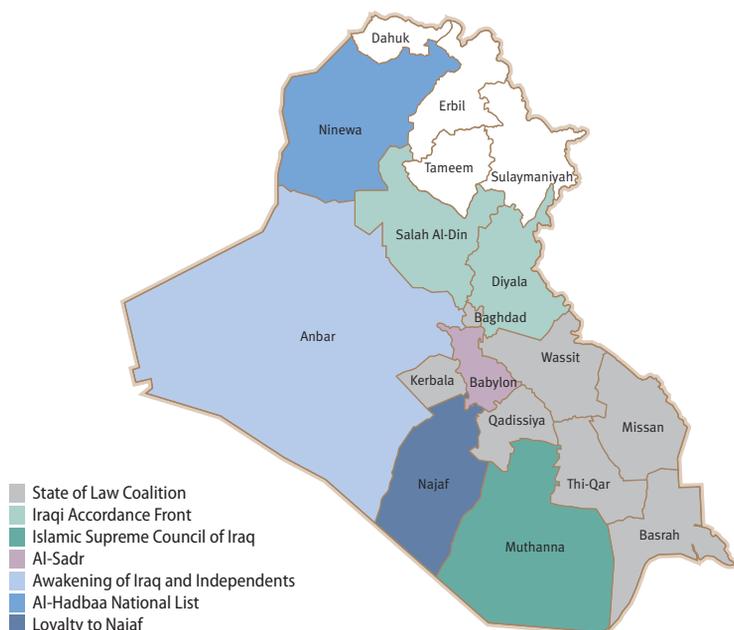
GOVERNANCE

New Provincial Councils

In accordance with Iraq's 2008 Provincial Powers Law, the 14 Provincial Councils elected on January 31, 2009, chose governors this quarter. Prime Minister al-Maliki's State of Law Coalition dominated the elections but failed to win outright majorities in all but Baghdad and Basrah provinces. Consequently, the Coalition was forced to enter into multiple, province-specific alliances to secure seven governorships. Figure 1.6 shows which parties control the provincial governor's office in the 14 provinces that conducted elections in January.

The precise scope of these provincial officials' power remains ambiguous, with much depending on the degree to which the national government delegates actual authority over spending and personnel. For example, their ability to execute budgets will soon be tested. In late June, the Ministry of Finance released 50% of the provinces' 2009 budgets and urged the provincial governments to use this money to finalize overdue projects and rehabilitate local infrastructure.[19] The GOI's provincial funding measures will be supplemented throughout the remainder of 2009 by CERP- and ESF-funded projects specifically aimed at empowering new provincial governments.

FIGURE 1.6

PROVINCIAL GOVERNORSHIPS BY PARTY

- State of Law Coalition
- Iraqi Accordance Front
- Islamic Supreme Council of Iraq
- Al-Sadr
- Awakening of Iraq and Independents
- Al-Hadbaa National List
- Loyalty to Najaf

Source: GOI, *Independent High Electoral Commission*, www.ihec.iq/arabic, accessed 7/4/2009.

Kurdish-Arab Tensions

On June 24, 2009, the Iraqi Kurdistan Parliament passed a draft constitution, which will be submitted to the region's electorate for approval in a referendum—most likely later this year. The draft constitution states that the city of Kirkuk is geographically part of the Kurdistan Region, but concedes that Article 140 of the Iraqi Constitution will determine the political border between the Kurdistan Regional Government (KRG) and Iraq.[20] Other salient provisions include:

- a guarantee of religious freedom for Christians and Yazidis
- quotas for women (30%) and ethnic and religious minorities (11 of 111 seats) in the regional parliament
- a provision stating that Turkomen, Arabs, Assyrians, and other groups have a right to

autonomy in the areas and communities where these groups form a majority[21]

 Five days after the Iraqi Kurdistan Parliament passed the draft constitution, 50 members of Iraq's national parliament (CoR) signed a petition criticizing it as incompatible with the Iraqi Constitution. This reflects a continuing rise in tensions between the Arab and Kurdish communities in Iraq. In mid-July, a Kurdish leader voiced concerns that these tensions could boil over into armed conflict.

Postponement of National Elections and Referendum on Security Agreement

In May, the GOI postponed parliamentary elections from December 2009 to January 2010. The GOI also pushed back the national referendum on the Security Agreement to January 2010. Next January's balloting will determine the

Iraqi Army parades near the Tomb of the Unknown Soldier in Baghdad. (MNF-I photo)

composition of Iraq's 275-seat CoR for the next 4 years and will provide Iraq's electorate with its first direct opportunity to judge Prime Minister al-Maliki's performance.

Legislative Developments

Although the package of hydrocarbon laws remains stalled, the CoR's new Speaker initiated a program to accelerate approval of other pending legislation, promote the CoR's oversight role, and prepare for parliamentary elections. Developments affecting the legislature included:

- the first reading of a law regulating the operations and funding of non-governmental organizations, which have proliferated throughout Iraq since 2003
- the Council of Ministers' approval of a bill legalizing foreign ownership of property
- continued work on a law to combat human trafficking after a 2008 DoS report highlighted the severity of this issue in Iraq
- the assassination outside a mosque in Baghdad of prominent Sunni parliamentarian Harith al-Obeidi, who was known as an advocate for detainees' rights and was chosen to lead the Iraqi Accordance Front after his predecessor in that role became Speaker of the CoR in April 2009 ◆

ECONOMY AND INFRASTRUCTURE

Oil

More than 85% of the GOI's revenue is derived from oil exports, rendering Iraq especially vulnerable to price fluctuations.[22] Figure 1.7 charts the price of Kirkuk crude oil over the past two years.

Iraq's oil production this quarter rose to an average of 2.40 million barrels per day (MBPD), up 5% from last quarter, but still slightly below the 2008 average of 2.42 MBPD.[23] Exports averaged 1.88 MBPD, also below Iraq's post-2003 highs. Iraq's aged and fragile oil infrastructure continues to limit the growth of exports.

On June 30, 2009, Iraq held an auction for production rights in six existing oil fields and two underdeveloped gas fields. British Petroleum and the China National Petroleum Corporation won the only development agreement awarded during the televised auction. The Ministry of Oil and the Anglo-Chinese joint venture agreed to a 20-year service contract for the Rumaila oil field, which contains 17 billion barrels of oil (15% of Iraq's current proved reserves). The ministry rejected terms offered by other international oil companies. Iraq plans to hold a second auction round for other oil and gas fields later this year.

This quarter, for the first time since 2007, the Kurdistan Region exported oil via the GOI-controlled pipeline that terminates in Ceyhan, Turkey. Initially, KRG officials reported that up to 100,000 barrels per day could be exported via this route, but exports from there could increase significantly with improved infrastructure and continued political stability.[24] Developing the capacity of all of Iraq's oil fields is crucial to the country's economic development because Iraq under-produces relative to other members of the Organization of the Petroleum Exporting Countries. With estimated proved reserves of 115 billion barrels of oil, Iraq produces 2.4 MBPD.

FIGURE 1.7

WEEKLY OIL PRICE, 7/2007–6/2009
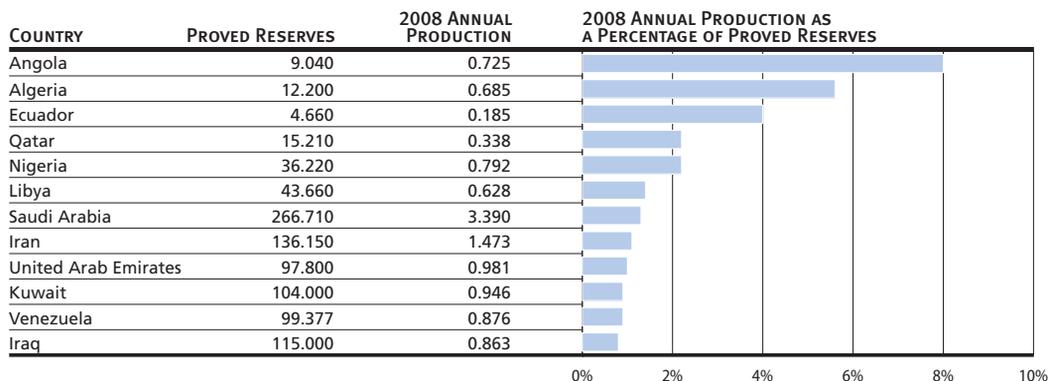Dollars per Barrel

Note: Values reflect the average weekly price of Kirkuk crude oil.

Source: U.S. Energy Information Administration, "World Crude Oil Prices: OPEC Average," 6/30/2209, www.eia.doe.gov, accessed 7/15/2009.

FIGURE 1.8

OPEC COUNTRY PROVED RESERVES VS. PRODUCTION
Billion Barrels

COUNTRY	PROVED RESERVES	2008 ANNUAL PRODUCTION	2008 ANNUAL PRODUCTION AS A PERCENTAGE OF PROVED RESERVES
Angola	9.040	0.725	
Algeria	12.200	0.685	
Ecuador	4.660	0.185	
Qatar	15.210	0.338	
Nigeria	36.220	0.792	
Libya	43.660	0.628	
Saudi Arabia	266.710	3.390	
Iran	136.150	1.473	
United Arab Emirates	97.800	0.981	
Kuwait	104.000	0.946	
Venezuela	99.377	0.876	
Iraq	115.000	0.863	

Note: Numbers affected by rounding. Proved reserves as of 1/1/2009.

Source: EIA, "World Proved Reserves of Oil and Natural Gas, Most Recent Estimates," http://www.eia.doe.gov/emeu/international/reserves.html, accessed 5/7/2009. EIA cites the source of this data as PennWell Corporation, Oil & Gas Journal, Vol. 106.48 (12/22/2008).

Yet Kuwait, with proven reserves of 104.0 billion barrels, produces about 3.0 MBPD.[25] Figure 1.8 places Iraq's relative under-production in a broader regional context.

Electricity

Iraq's total electricity production increased for the fifth straight quarter. Daily average production from April to June 2009 was 124,713 megawatt hours (MWh), a 44% increase from the second quarter of 2007.

This quarter, Iraq imported an average of 16,327 MWh of electricity per day, an 82% increase from the same quarter in 2008 and a 118% increase from the same quarter in 2007. From January 1, 2009, to June 30, 2009, the feasible capacity of Iraq's power plants increased by about 850 MW.[26]

Agriculture

Despite possessing ample arable land, Iraq is a net importer of food. This imbalance was aggravated by a severe drought in 2008, from which the country has yet to recover. Drought-driven water shortages, have caused a second consecutive year of reduced wheat harvests.[27] The U.S. Department of Agriculture estimates that 2009–2010 wheat production in Iraq will be 45% less than normal harvest levels.[28] ◆

ANTICORRUPTION

In July 2009, MNF-I Commanding General Raymond Odierno unveiled a new approach to MNF-I's anticorruption efforts that will focus on four key provinces: Baghdad, Anbar, Basrah, and Tameem. MNF-I will emphasize supplementing ongoing PRT-sponsored efforts, strengthening public outreach programs, and increasing legal and budgetary transparency. Close coordination between MNF-I's new initiative and extant programs overseen by the DoS Anticorruption Coordination Office is essential if U.S. anticorruption efforts in Iraq are to make progress.

U.S. Anticorruption Strategy: A Status Report

The U.S. Embassy's efforts to foster accountability and transparency within the GOI focus on bringing Iraq into compliance with the UN Convention Against Corruption (UNCAC), which the GOI ratified in 2008. The Embassy is working to build the capacity of Iraq's three main anticorruption agencies: the Commission on Integrity, the Board of Supreme Audit, and the ministerial inspectors general (IGs). To be in full compliance with the UNCAC, the GOI must improve the performance of these three entities and enact legislative reforms, including the revision or repeal of Article 136(b) of Iraq's Criminal Procedure Code of 1971. This law grants ministers the authority to shield their employees from prosecution for fraud. In late July, the Prime Minister declared that former GOI officials will no longer be afforded protection by Article 136(b).

This quarter, the CoR's Integrity Committee questioned several ministers about allegations of corruption within their ministries. The Minister of Trade resigned shortly after his appearance. He was later arrested on his way to Dubai on charges of stealing public money and mismanaging the ministry by importing spoiled foods. The Ministry of Trade is a particularly important institution because it manages the Public Distribution System—Iraq's national food ration program.

Iraq's National Anticorruption Board

In late 2008, the GOI created the National Anticorruption Board (NACB) to monitor the work of the IGs. The NACB is empowered to make recommendations to the Prime Minister's Office on whether to retain or replace individual IGs. Because many IGs are concluding their five-year terms this year, the NACB may play a prominent role in further developing the IG system in Iraq. ◆

RULE OF LAW

This quarter, the SIGIR met with Chief Judge Medhat, the head of Iraq's Higher Judicial Council (HJC). The centralized nature of Iraq's judiciary places significant power in the Office of the Chief Judge. For example, the Chief Judge influences the selection of judges at all levels of Iraq's judicial system. This quarter, when SIGIR asked the long-serving Chief Judge about whether the HJC had any formal leadership succession plans, Judge Medhat acknowledged that none exist.

Judicial Security

No judges have been assassinated since summer 2008, but the lack of judicial security still remains an obstacle to establishing the rule of law in Iraq. In mid-June, a judge on the Mosul branch of the Central Criminal Court of Iraq was wounded when an improvised explosive device damaged his vehicle. Moreover, many judges throughout Iraq still lack dedicated personal security details (PSDs) because the funds to pay and train these guards have not been made available by the Ministry of Finance. For judges who do not reside in secure judicial housing facilities, such as those funded by the United States in Baghdad, the lack of PSD support renders them vulnerable to threats, intimidation, and violence.

Detainee Issues

At the peak of the "surge," the United States held more than 25,000 detainees in a number of prison facilities, including Camp Cropper (near Baghdad airport), Camp Taji (just north of Baghdad), and Camp Bucca (near the Iraq-Kuwait border). This quarter, the number of detainees remaining in U.S. custody sank to about 10,000, the lowest level in four years. Since the Security Agreement entered into effect in January 2009, the United States has released about 3,700 detainees and transferred another 800 to the GOI. As a consequence of these reductions, Camp Bucca's detention facilities are scheduled to close in September 2009, after which detainees in U.S. custody will be held only at Camp Cropper and Camp Taji.[29]

As the United States reduces its detainee population, the GOI continues to try to increase the capacity of its prisons. This quarter, SIGIR inspected the Chamchamal Prison in northern Iraq. This U.S.-funded facility was designed to hold 1,000 high-security and 2,000 medium-security inmates. In February 2009, the United States turned over control of Chamchamal to the Ministry of Justice (MOJ). Currently, however, this prison sits empty because it does not receive enough electrical power from the national grid to be operational, and the MOJ does not have sufficient funds to hire the 1,200 guards necessary for the prison to conduct full-time operations. SIGIR's complete assessment of the Chamchamal Prison will be published next quarter. ◆

INTERNATIONAL ENGAGEMENT

Although Iraq continues its efforts to integrate more fully into the community of nations, security concerns still limit the level of international engagement on the ground in Iraq.

World Bank

Earlier this year, the World Bank issued a new Interim Strategy Note outlining its plan for assisting Iraq between now and the end of 2011.[30] The Bank estimates that Iraq's public sector employs about 2.8 million workers—about 1 in every 10 Iraqi citizens. It also notes the marked difference that exists between the *de jure* structure of government, as described in the Iraqi Constitution, and the *de facto* reality on the ground. For example, despite a stated national commitment to decentralization and local control, virtually all real power—outside of the Kurdistan Region—remains in the hands of the national government in Baghdad.

The World Bank is also involved with reforming the GOI's budget-planning processes. It cautioned that a lack of clear lines of responsibility among the various GOI institutions involved in budgeting has fostered confusion about revenue and expenditure management. The Bank further recommends the following reforms:
- prioritizing government expenditures
- strengthening the Central Bank of Iraq's regulatory and supervisory roles
- liberalizing fuel prices
- reforming tariff and taxation policies to provide additional revenue sources
- improving the delivery of services in the provinces

International Compact with Iraq

In May 2009, the GOI initiated planning for the next multilateral ministerial conference on the International Compact with Iraq (ICI), which is scheduled for later this year. Before the meeting, the GOI will have to prepare a substantive set of "deliverables" that it would commit to achieve at the meeting. The GOI has established an ICI working group to develop these deliverables in consultation with the UN. The deliverables will focus on good governance, economic growth, and national reconciliation.

United Nations Assistance Mission in Iraq

The United Nations Assistance Mission for Iraq (UNAMI) has been helping the GOI develop processes to resolve disputed internal boundaries in northern Iraq. On April 22, 2009, UNAMI presented senior GOI and KRG officials a substantial report on these issues, suggesting potential resolutions for the contested regions near Kirkuk. UNAMI's proposals for resolving the Kirkuk issue included joint governance by the KRG and Baghdad, transforming Kirkuk into a semi-autonomous micro-region of its own, and inter-communal power sharing similar to the arrangements reached in Northern Ireland.[31]

Iraq-Kuwait:
Chapter VII Sanctions

This quarter, the GOI continued its diplomatic push to have Iraq removed from international sanctions placed on it after Iraq's 1990 invasion of Kuwait. Pursuant to UN Security Council Resolution 1859, passed under Chapter VII of the UN Charter, Iraq is required to pay a portion of its oil proceeds into two funds; one of the funds pays reparations to Kuwait for Iraq's 1991 invasion of that emirate. Iraqi diplomats and parliamentarians visited the UN and Kuwait in July for high-level talks, the results of which were inconclusive. Iraqi funds held in the Development Fund for Iraq remain protected from attachment by creditors under Resolution 1859.[32] ◆

SIGNIFICANT LEGAL DEVELOPMENT

In the wake of Saddam Hussein's 1990 invasion of Kuwait, the United States declared Iraq to be a state sponsor of terrorism. Six years later, the U.S. Congress exempted state sponsors of terrorism from the Foreign Sovereign Immunities Act, effectively allowing such states to be sued in federal court.

In May 2003, the President, pursuant to an act of Congress, made inapplicable with respect to Iraq all laws that apply to state sponsors of terrorism on the grounds that the former regime had been deposed. Lower federal courts, however, refused to dismiss two suits against Iraq despite the President's action. Consequently, the U.S. Supreme Court had to resolve the issue.

On June 8, 2009, in *Republic of Iraq v. Beaty et al.*, the Supreme Court agreed with the GOI's argument—and that of the United States—and unanimously held that U.S. citizens imprisoned or abused by the Ba'athist regime during and after the 1991 Gulf War could no longer sue Iraq in federal court. The Court found that Iraq's sovereign immunity had been restored when the President exempted Iraq from "any provisions of law that applies to countries that have supported terrorism."[33] ◆

SIGIR OVERSIGHT

Audits

SIGIR published 7 audit reports this quarter, bringing to 149 the total number of audits issued since 2004. One of this quarter's audits was jointly conducted by SIGIR and the DoS Office of the Inspector General, which evaluated the performance of the private security contractor Blackwater. Other projects, facilities, and issues reviewed include progress on constructing an ISF logistics support base in Tikrit, incidents involving private security contractors firing their weapons, the Taji National Maintenance Depot, a CERP-funded hotel at the Baghdad International Airport, the movement of contractors through territory controlled by MNF-I, and a CERP-funded electrical distribution project in a Baghdad neighborhood:

- **Joint Audit of Blackwater Contract and Task Orders for Worldwide Personal Protective Services II Contract (WPPS II).** SIGIR and its audit partners addressed four objectives pertaining to the Blackwater task orders under a Department of State contract. The audit found that two of the three task orders were competitively awarded to Blackwater, the noncompetitively awarded order was justified, and the total cost for the task orders was more than $1 billion. The report criticized the fact that Blackwater was not assessed an estimated $55 million in penalties for failing to provide all contractually required personnel.

- **Tikrit Location Command Project.** This $37.8 million ISFF-funded contract is financing the construction of a new area support base for the Iraqi Army. The project should be completed by the end of September 2009, but

MNSTC-I already is working with the GOI to establish transfer and sustainment protocols. This is an example of a project that applied best practices, was well staffed and well managed, and benefited from lessons learned.

- **Records Concerning Incidents of Weapons Discharges by PSCs.** Incomplete record-keeping continues to impair the oversight of incidents involving private security contractors in Iraq. SIGIR's analysis of 106 weapons discharges shows that required investigative and disciplinary actions are not always tracked.

- **Taji National Maintenance Depot.** SIGIR auditors found that this ISFF project is struggling to achieve its goals. Poor performance by contractors, including the poor wiring of water heaters—which could have resulted in electrocutions—has negatively affected the functioning of the facility. Training classes have also been canceled or scaled back because of poor planning and lack of sufficient trainees. Although contract management has improved over earlier periods, it appears that the Iraqi Army may not have sufficient capability to repair its own equipment when the facility is turned over at the end of the year.

- **Baghdad International Airport Caravan Hotel.** This CERP project was initially estimated to cost $2.7 million. Ultimately, it cost $4.2 million. The hotel is operating as planned—providing rooms for investors and guests at $225 per night—but the project has not been transferred to the GOI for fear that the Ministry of Transportation may remove the equipment and close the facility. Furthermore, questions persist about the authority of the U.S. military to continue operating a hotel and conference

SIGIR Audits team inspects the Muhalla 312 electrical distribution grid.

facility in which the profits are split between the managing contractors and the GOI.

- **Field Commanders on Controlling and Coordinating Private Security Contractor Missions in Iraq.** SIGIR concluded that U.S. military commanders in the field generally believe that the coordination procedures set up in late 2007 following the Blackwater shooting incident in Nisoor Square have been effective in ensuring that PSC operations are not inconsistent with ongoing combat operations.

- **Muhalla 312 Electrical Distribution Project.** In the largest CERP-funded project to date, the U.S. government spent about $12 million to deliver power to about 12,000 people residing in one 10-square-block neighborhood in Baghdad. Although the project took longer to complete than anticipated, SIGIR found the contract was well-managed and that coordination with the GOI was excellent. The

project was transitioned to Iraq's Ministry of Electricity in January 2009.

SIGIR also continued to work with Iraq's Board of Supreme Audit on a joint review of select projects funded by the Iraq-Commander's Emergency Response Program (I-CERP). Through I-CERP, the United States assists the GOI in spending Iraqi funds on smaller reconstruction projects.

In March 2009, a joint SIGIR-DoD investigation led to the return of more than $13 million in Iraqi funds to the Central Bank of Iraq. This money was part of the DFI. This quarter, SIGIR announced an audit that will follow up on this investigation to ensure that other U.S. government agencies have properly accounted for the DFI funds they received or held.

For additional information on SIGIR's audit activities this quarter, see Section 4, SIGIR Audits.

Inspections

SIGIR published 6 inspection reports this quarter, including assessments of projects in the health, security, and transportation sectors. Overall, SIGIR has produced 154 project assessments. This quarter's reports included:

- **Mujarrah Canal Bridge.** This CERP-funded project's objective was to repair the Mujarrah Canal Bridge to increase traffic between the two main cities in Anbar province—Ramadi and Falluja. The bridge had been damaged by a vehicle-borne improvised explosive device. SIGIR concluded that the project results are or will be consistent with original objectives despite some minor construction defects and performance delays.
- **Roll-On/Roll-Off Berth at the Port of Umm Qasr.** The purpose of this IRRF project was to construct a second roll-on/roll-off berth at the North Port of Umm Qasr, which would allow additional vessels to dock there and thus increase the port's overall capacity. SIGIR found the berth operating as envisioned by the contract, aside from some minor wear and tear.
- **Iraqi Army Brigade Headquarters Barracks at Missan.** The goal of this $1.2 million project was to construct new buildings and renovate existing structures for the 4th Brigade of the Iraqi Army's 10th Infantry Division. SIGIR determined that the headquarters facilities were adequately constructed and that the Iraqi Army personnel in residence were taking the initiative to perform routine maintenance and cleaning chores.
- **Basrah Children's Hospital.** The objective of this public-private multi-funded project was to construct a "state-of-the-art" pediatric hospital in Basrah. SIGIR found that the ongoing construction appeared to meet the standards of the statement of work for the U.S.-funded main hospital building. To date, project results are partially consistent with the project objective; however, project results are not consistent with a "state-of-the-art" pediatric specialist hospital with respect to medical equipment and its operation. Current estimates are for the hospital to be fully functional in 2011.
- **Missan Surgical Hospital—Phases I and II.** The project was significantly behind schedule. Phase I was to be complete on March 24, 2009; Phase II, on September 7, 2009. SIGIR estimated that, as of January 2009, each phase was only approximately 10%–15% complete. SIGIR also observed construction deficiencies. The GOI was responsible for providing all equipment and staff to operate and maintain the hospital, but no funds are currently available to finance these requirements. Until these assets are in place, the hospital will serve no beneficial purpose.
- **Ammana Market Renovation.** The aim of this project was to construct and renovate the Ammana Market in Baghdad, creating a more efficient use of space and time for people buying and selling goods. Although SIGIR found several construction deficiencies, the market was open for business with merchants selling goods to the local populace.

For more information on these inspections, see Section 4.

Investigations

This quarter, SIGIR achieved results in a number of significant criminal investigations related to Iraq reconstruction. SIGIR also continued to work closely with federal prosecutors, other U.S. agencies, and Coalition partner investigators. Here are the highlights of this quarter's investigative activities:

- On May 6, 2009, a 23-count indictment was unsealed alleging that a civilian contractor paid more than $2.8 million in bribes to a U.S. Army major working as a contracting official in Kuwait and his wife.

- Also in May, the president of a Massachusetts-based corporation pled guilty to criminal information. This ongoing investigation involves an $8.5 million contract between a British company and the former Coalition Provisional Authority. The contract called for the production and delivery of 53 armored and unarmored vehicles to be built in Russia and used by the Iraqi police.

- Diana Demilta, a defense contractor, pled guilty to wire fraud and admitted to engaging in other bribery-related conduct in connection with contracts in Iraq, according to the plea agreement filed in the U.S. District Court for the District of Columbia in 2007 and unsealed on May 27, 2009. The court documents reveal that Demilta instructed a co-conspirator to submit sham bids for a contract to provide bullet-proof vests. These bids were submitted with intentionally increased prices so that one company would win the contract at a lower price. She was sentenced to 6 months detention and 12 months home arrest, followed by 24 months supervised probation. She was also ordered to pay $70,000 in restitution and a $25,000 fine. SIGIR con-

SIGIR meets with Vice-President Tariq al-Hashimi.

ducted this investigation in close cooperation with several other investigative agencies.

- On June 4, 2009, Deborah Harrison, a former lieutenant colonel in the U.S. Army Reserves, was sentenced to 30 months in prison for her participation in a scheme to defraud the U.S. government, the GOI, and CPA. Harrison was also ordered to serve two years of supervised release following her incarceration and pay more than $360,000 in restitution.

- Later in June, a former DoD civilian employee pled guilty to filing false tax returns. He had worked as a contracting officer in Kuwait from 1994 until his arrest in May 2008. He admitted that he maintained overseas bank accounts in the United States and the Jersey Channel Islands, which he failed to report properly on his income tax returns. He faces up to three years in prison and a fine of $100,000 for each of the five charged counts to which he pled guilty. His sentencing is scheduled for later this year.

- On July 2, 2009, a superseding indictment was returned by a federal grand jury in New Jersey charging the last defendant in the

Bloom-Stein investigation with four counts of money laundering.

- On July 17, 2009, David Ricardo Ramirez, a DoD contract employee, was sentenced in U.S. District Court, San Antonio, Texas, to 50 months in prison. The sentencing was based on Ramirez's 2008 guilty plea. As a result of the plea, Ramirez also agreed to forfeit a condominium, a motorcycle, and a Lamborghini.

SIGIR continues its support of the ongoing invoice review by the Defense Criminal Investigative Service (DCIS) of the Defense Finance and Accounting Service. DCIS is analyzing several billion dollars in payments related to U.S. Army purchases that have supported U.S. combat and reconstruction efforts in Iraq. For more on SIGIR Investigations, see Section 4.

Applying SIGIR's Hard Lessons in Afghanistan

In a memorandum to the Secretary of Defense and the Chairman of the Joint Chiefs of Staff on April 24, 2009, General David Petraeus stated that he believes DoD can apply in Afghanistan 9 of the 13 lessons learned cited by SIGIR in its recent report *Hard Lessons: The Iraq Reconstruction Experience*. General Petraeus noted that SIGIR identified the necessity for a "whole of government approach" to reconstruction and stabilization operations and that the application of SIGIR's recommendations in Afghanistan would enable the United States to have a better chance of success there.[34]

Contracting in Iraq

Section 2 of this Report expands SIGIR's coverage of contracting, analyzing how the U.S. government's use of contractors has changed since the Security Agreement became effective on January 1, 2009. This section also examines recent measures taken by DoD and DoS to strengthen oversight and enhance the contract-monitoring process. ◆

THE HUMAN TOLL

Over the past three months, intermittent mortar and rocket attacks caused several casualties in the area of Baghdad once known as "the Green Zone," which still houses thousands of U.S. citizens. On July 12, 2009, a roadside bomb exploded near a U.S. convoy transporting Ambassador Christopher Hill in Thi-Qar province; no injuries were reported. Meanwhile, some PRT members voiced concerns about restrictive security rules preventing them from effectively engaging with the local population.

U.S. Civilians

On May 25, 2009, the Deputy Director of the DoS Iraq Transition Assistance Office, a U.S. civilian working for DoD and an American sailor were killed by a roadside bomb near Falluja. In total, DoS reported that four U.S. civilians died in Iraq this quarter, one of whom was murdered in the Green Zone. U.S. and GOI law- enforcement agencies continue to investigate this case, in accordance with the guidelines set forth in the Security Agreement.

Contractors

This quarter, the Department of Labor reported 29 new death claims for civilian contractors working in Iraq. It also reported that 607 contractors suffered injuries requiring them to miss at least 4 days of work. Since March 2003, at least 1,395 contractor death claims have been filed with the Department of Labor.[35]

Journalists

On May 31, 2009, a sports reporter from Cairo's Al-Baghdadia television network died as a result of injuries sustained when an IED was planted on his car. At least three Al-Baghdadia journalists have been killed in Iraq this year. A local radio journalist accompanying him was also wounded in the attack.[36]

In late May 2009, the International Federation of Journalists conducted a two-day conference in Baghdad, addressing the issues of journalists' safety and freedom of the press. Prime Minister al-Maliki and the Special Representative of the UN Secretary-General for Iraq (SRSG) spoke to the crowd of more than 80 international journalists. The SRSG noted that approximately 70% of Iraqis have access to satellite television today, which allowed for a relatively open political dialogue during the recent provincial elections campaign.[37]

Christians

On July 12, 2009, multiple terrorist bombings hit Christian churches in Baghdad, killing at least four civilians. On his May 2009 trip to the Middle East, the Pope called for inter-communal amity among Christians and Muslims in Iraq.

Displaced Persons

Iraqi refugees and internally displaced persons slowly continued to trickle home this quarter, but more than 5 million Iraqis remain displaced.[38] Many of their homes are in communities that have been ethnically cleansed during years of sectarian strife. The odds are long that these people will ever be able to go home. ◆

IRAQ RECONSTRUCTION FUNDING SOURCES AND USES

SECTION

2

IRAQ RECONSTRUCTION FUNDING SOURCES

As of June 30, 2009, nearly $140.29 billion has been made available for the relief and reconstruction of Iraq. These funds have come from three main sources:[39]

- Iraqi capital budgets and the Development Fund for Iraq (DFI)—$71.01 billion
- International pledges of assistance from non-U.S. sources—$17.01 billion
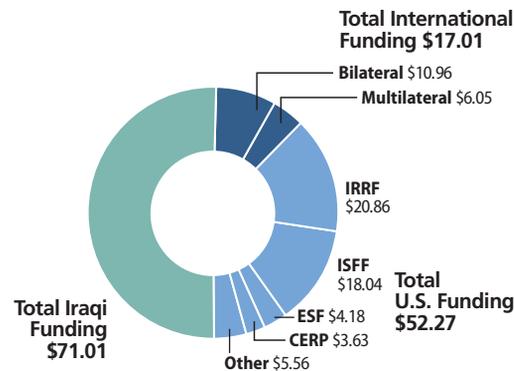- U.S. appropriations—$52.27 billion

See Figure 2.1 for an overview of these funding sources.

Iraqi Funding

Each year since the 2003 invasion, the Government of Iraq (GOI) has increased its contribution to reconstruction efforts, and it now provides more funding than the United States and all other international sources combined. Under the Coalition Provisional Authority (CPA), Iraqi reconstruction funding was supplied directly by the DFI. Currently, 95% of GOI oil revenues accrue to the DFI, which is used to fund Iraq's annual budget, including the reconstruction-oriented capital budget.[40] As of June 30, 2009, Iraqi reconstruction funding from the CPA-era DFI and its annual capital budgets totaled more than $71.01 billion.

Iraq's rate of expenditure continues to lag U.S. spending.[41] Unspent capital budget allocations contributed to the estimated $21.5 billion cumulative fiscal surplus amassed as of the end of 2008.[42] Now Iraq faces a projected budget deficit of $16 billion in 2009[43] as lower oil prices reduce GOI revenues and public-sector wage hikes and increased security responsibilities drive up GOI

operating expenses.[44] Only 22% of the revised 2009 budget is allocated to capital projects. Expenditures are even lower; $500 million (6%) of the $8.6 billion in 2009 GOI expenditures to date have gone to capital projects.[45]

International Development Assistance

As of June 30, 2009, international donors have pledged $17.01 billion—$5.26 billion in grants and $11.75 billion in loans—for Iraq reconstruction. These donors have committed $9.86 billion, or 58% of pledged funds.[46] For an overview of bilateral and multilateral development assistance to Iraq, see Figure 2.2.

Figure 2.1
FUNDING SOURCES
$ Billions, Total $140.29

Total International Funding $17.01
Bilateral $10.96
Multilateral $6.05
IRRF $20.86
ISFF $18.04
ESF $4.18
CERP $3.63
Total U.S. Funding $52.27
Other $5.56
Total Iraqi Funding $71.01

Note: Data not audited. Numbers affected by rounding.

Sources: Treasury, response to SIGIR data call, 7/2/2009; NEA-I, response to SIGIR data call, 7/2/2009; U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, response to SIGIR data call, 7/4/2009; ITAO, *Essential Indicators Report*, 5/14/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–4/2009.

FIGURE 2.2

INTERNATIONAL GRANTS AND LOANS, PLEDGED VS. COMMITTED, BY DONOR
$ Billions
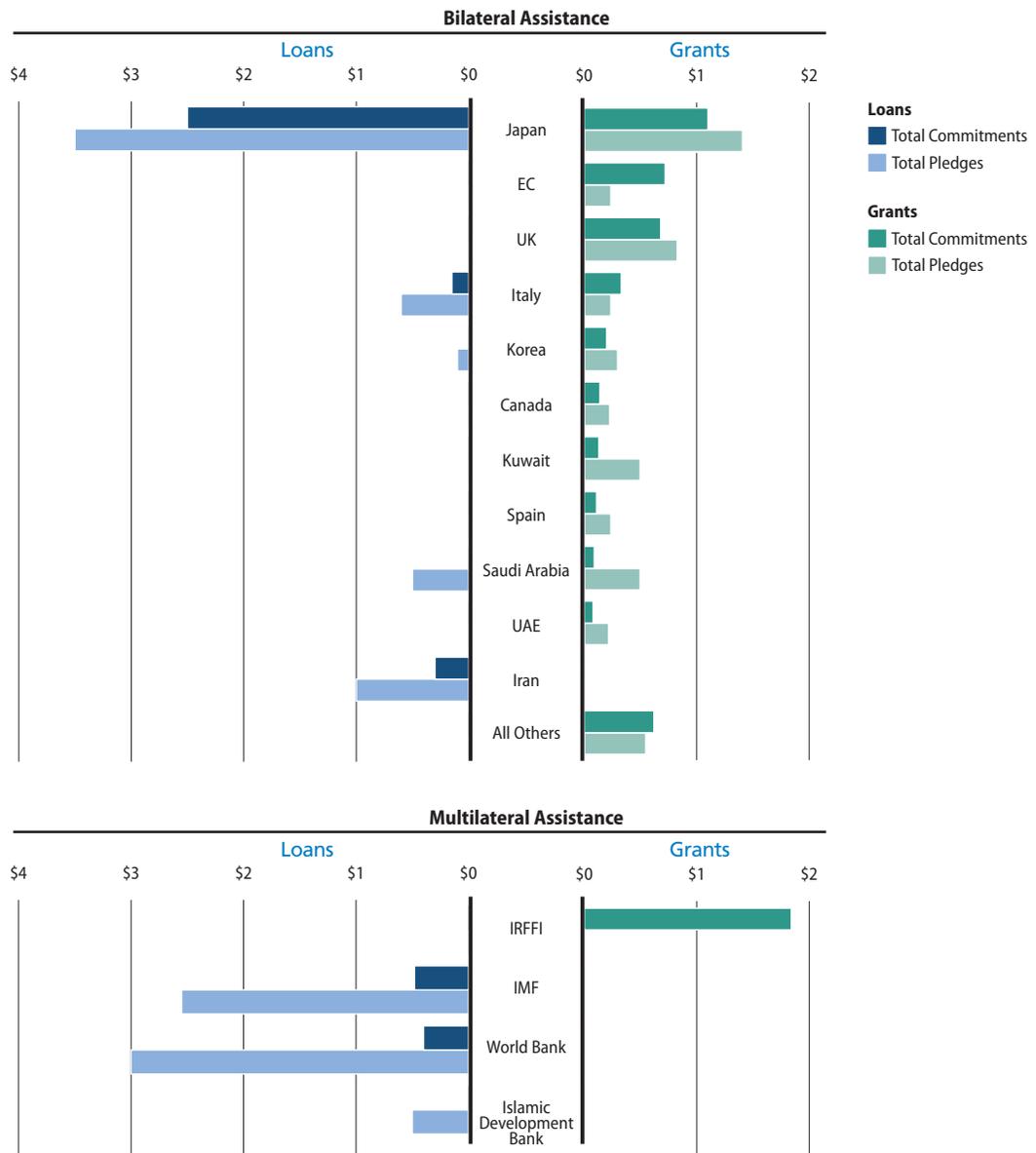
Note: Bilateral commitments exclude IRFFI deposits. The European Commission (EC) remains the largest IRFFI contributor, with deposits totaling $772 million, or 42% of total IRFFI deposits.

Source: NEA-I, response to SIGIR data call, 7/2/2009.

Bilateral Development Assistance

Bilateral development assistance includes grant and loan commitments and pledges from donor countries. As of June 30, 2009, $7.15 billion in bilateral assistance had been committed to Iraq. The largest international (non-U.S.) donors include Japan, with $3.60 billion committed through grants and loans, and the European Commission, with $0.72 billion committed through grants. The only change this quarter was a donation by Saudi Arabia of $3.5 million to the Office of the United

Nations High Commissioner for Refugees (UNHCR) for the benefit of Iraqi refugees.[47]

Multilateral Development Assistance

Multilateral development assistance includes loan commitments and pledges from the World Bank, International Monetary Fund (IMF), and the Islamic Development Bank, as well as International Reconstruction Fund Facility for Iraq (IRFFI) donor deposits.

The IRFFI was launched in 2004 to help donor nations channel their resources and coordinate support for reconstruction and development in Iraq. The facility comprises both the World Bank Iraq Trust Fund and the United Nations Development Group Iraq Trust Fund. New IRRFI projects must start by the end of 2010; project completions and disbursements are to take place no later than December 31, 2013.[48] As of June 30, 2009, donors had committed $1.84 billion for Iraq reconstruction through the IRFFI.[49]

U.S. Funding

The U.S. Congress has appropriated or otherwise made available $52.27 billion for reconstruction efforts in Iraq, including the building of physical infrastructure, the establishment of political and societal institutions, reconstitution of security forces, and the purchase of products and services for the benefit of the people of Iraq.[50]

As of June 30, 2009, $46.71 billion (89%) of all U.S. funding for Iraq had been appropriated to four major funds:[51]

- **Iraq Relief and Reconstruction Fund (IRRF).** At $20.86 billion, the IRRF is the largest U.S. reconstruction fund, but only $534 million remains available to be expended for ongoing projects.[52]

- **Iraq Security Forces Fund (ISFF).** $18.04 billion has been appropriated to the ISFF to support the infrastructure, equipment, training, and sustainment needs of the Iraqi Security Forces (ISF). The ISFF represents 60% of unobligated U.S. funding and 62% of funds remaining for expenditure.[53]

- **Economic Support Fund (ESF).** $4.18 billion has been appropriated to the ESF. Administered by the Department of State (DoS), the ESF supports projects in three program tracks: Security, Economic, and Political.

- **Commander's Emergency Response Program (CERP).** At $3.63 billion, the CERP is the smallest of the major reconstruction funds. The Congress intends CERP to be used by U.S. military commanders to address urgent relief and reconstruction needs in their areas of responsibility.[54]

As of June 30, 2009, more than $42.59 billion (91%) had been obligated from the four major funds, and $38.49 billion (82%) had been expended.[55]

In addition to these four major funds, $5.56 billion had been appropriated to several smaller funds.[56]

For a detailed account of appropriations, obligations, and expenditures, as of June 30, 2009, see Figure 2.3 and Table 2.1.

Supplemental Appropriations Act, 2009

On June 24, 2009, the President signed P.L. 111-32, the Supplemental Appropriations Act, 2009. Section 306(a) of the act rescinds $1.00 billion from the ISFF (which would have been unavailable for obligation after September 30, 2009) and appropriates $1.00 billion for the same purpose, to remain available until September 30,

FIGURE 2.3

STATUS OF MAJOR U.S. FUNDS
$ Billions
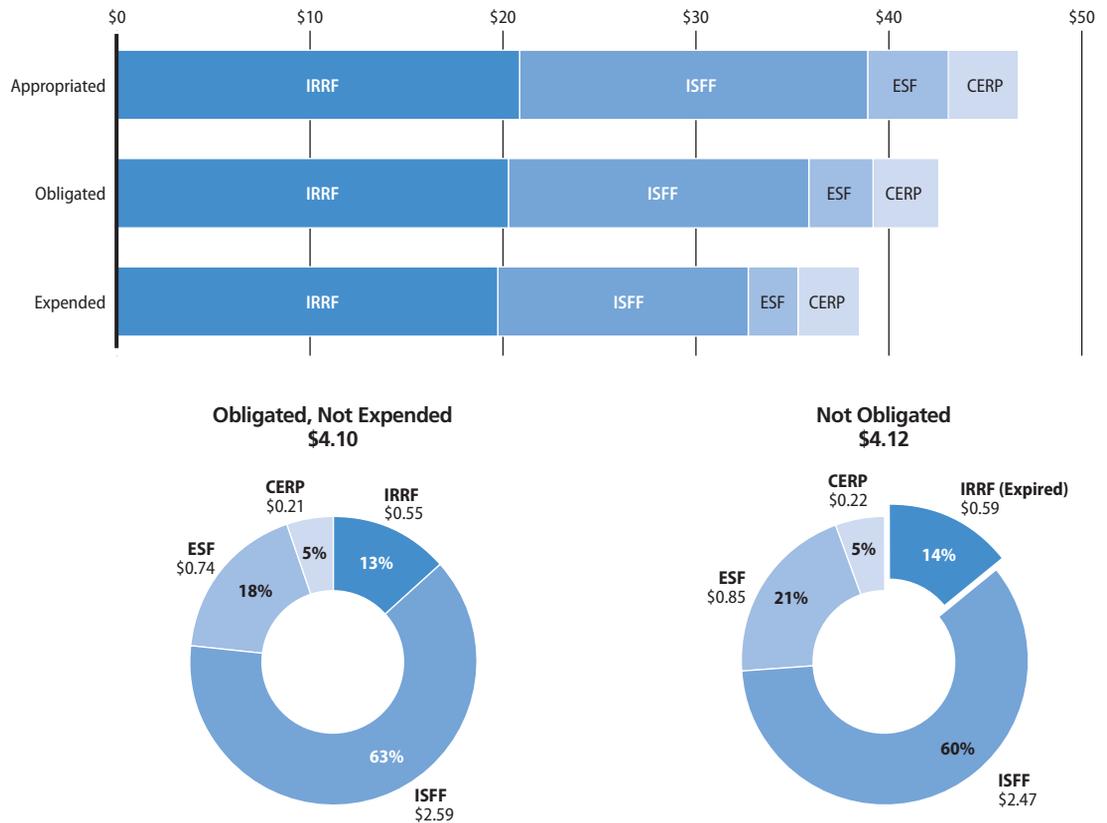
Obligated, Not Expended
$4.10

Not Obligated
$4.12

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009; MNC-I, *Quarterly Report*, 4/7/2009 and 7/4/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009.

2010. The total amount appropriated to the ISFF remains unchanged, but the time available for its obligation has been extended.[57]

P.L. 111-32 appropriates $2.97 billion to the ESF, of which $439 million (15%) is allocated for Iraq reconstruction. Iraq's allocation is divided among several programs, including $118 million for the Democracy and Civil Society program and $50 million for the Community Action Program. A total of $239 million of the ESF for Iraq is not allocated on a program level.[58]

The Congress also allocated $20 million for Iraq from the International Narcotics Control and Law Enforcement fund.[59] Title XI of the Act provides for the transfer of $7 million to SIGIR and appropriates $2 million for Iraq under the International Military Education and Training fund.[60] A total of $453 million has been

TABLE 2.1

U.S. APPROPRIATED FUNDS
$ Millions

| | APPROPRIATIONS BY FISCAL YEAR, FY 2003-FY 2007 | | | | |
| | P.L. 108-7, P.L. 108-11 | P.L. 108-106, P.L. 108-287 | P.L. 109-13 | P.L. 109-102, P.L. 109-148, P.L. 109-234 | P.L. 109-289, P.L. 110-28 |
	2003	2004	2005	2006	2007
MAJOR FUNDS					
Iraq Relief and Reconstruction Fund (IRRF 2)[a]		18,439			
Iraq Security Forces Fund (ISFF)			5,490	3,007	5,542
Economic Support Fund (ESF)[b]	50			1,545	1,478
Commander's Emergency Response Program (CERP)[c]		140	718	678	743
Iraq Relief and Reconstruction Fund (IRRF 1)	2,475				
Subtotal	**2,525**	**18,579**	**6,208**	**5,230**	**7,764**
OTHER ASSISTANCE PROGRAMS					
Iraq Freedom Fund (Other Reconstruction Activities)[d]	766				
Migration and Refugee Assistance (MRA)[e]	37				45
Natural Resources Risk Remediation Fund (NRRRF)	489				
International Narcotics Control and Law Enforcement (INCLE)	20			91	150
Democracy Fund (DoS/Democracy)					250
International Disaster Assistance (IDA)[e]	144			8	
Iraq Freedom Fund (TF-BSO)					50
P.L. 480 Title II Food Aid	68		3		
Child Survival and Health Programs Fund (CSH)	90				
International Disaster and Famine Assistance (IDFA)[e]					45
Voluntary Peacekeeping Operations (PKO)	50				
Alhurra-Iraq Broadcasting		40			
Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)					7
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)		17			
Education and Cultural Exchange Programs (DoS/Exchange)				6	
International Affairs Technical Assistance (OTA)				13	3
International Military and Education Training (IMET)					
U.S. Marshals Service (Litigation Support Services)				1	
Department of Justice (DoJ)					2
Subtotal	**1,664**	**57**	**3**	**119**	**551**
RECONSTRUCTION-RELATED OPERATING EXPENSES					
Coalition Provisional Authority (CPA)[f]		833			
Project and Contracting Office (PCO)[g]				200	630
USAID Operating Expenses (USAID OE)[h]	21		24	79	
Iraq Freedom Fund (PRT Administrative Costs)					100
U.S. Contributions to International Organizations (IO Contributions)					
Subtotal	**21**	**833**	**24**	**279**	**730**
RECONSTRUCTION OVERSIGHT					
Special Inspector General for Iraq Reconstruction (SIGIR)		75		24	35
DoD Office of the Inspector General (DoD OIG)				5	
USAID Office of the Inspector General (USAID OIG)	4	2	3		1
Defense Contract Audit Agency (DCAA)[i]					16
DoS Office of the Inspector General (DoS OIG)				1	2
Subtotal	**4**	**77**	**3**	**30**	**53**
Total	**4,214**	**19,546**	**6,238**	**5,658**	**9,099**

[a] $18.439 billion represents the amount appropriated by the Congress for Iraq programs in IRRF 2 under P.L. 108-106, enacted in November 2003. The Congress had initially appropriated $18.649 billion to IRRF 2, but also earmarked that $210 million be transferred to other accounts for programs in Jordan, Liberia, and Sudan. Of the remaining $18.439 billion, the Administration transferred out of the IRRF to other accounts roughly $562 million for Iraq-related programs that could be implemented only in other accounts, such as a $352 million Iraq bilateral debt forgiveness program to the United States that required funding in a Treasury account. The Congress was notified of all transfers out of the IRRF. In addition, Congress earmarked that $9.95 million of FY 2006 appropriations be transferred into the IRRF from the DoS ESF. Also includes a $50 million rescission as identified in HR 2642.
[b] $40 million from FY 2003 ESF base account that was not reimbursed; $10 million from P.L .108-11. FY 2007 ESF Emergency Supplemental includes $76 million rescission.
[c] Funds appropriated to the CERP are for efforts in Iraq and Afghanistan. SIGIR reports DoD's allocation to CERP for Iraq.

	Appropriations, FY 2008-FY 2009					Status of Funds		
	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				
	12/21/07	12/26/07	06/30/08	06/24/09	Total Appropriated	Allocated	Obligated	Expended
Major Funds								
IRRF 2			(50)		18,389	18,016	18,016	17,482
ISFF		1,500	1,500	1,000	18,039	18,039	15,573	12,979
ESF	123	15	527	439	4,177	3,632	3,327	2,584
CERP		365	986		3,630	3,630	3,409	3,195
IRRF 1					2,475	2,271	2,261	2,249
Subtotal	123	1,880	2,962	1,439	46,710	45,589	42,587	38,489
Other Assistance								
IFF (Other)					766	766	746	715
MRA	20	149	269		520	485	455	372
NRRRF					489	489	489	489
INCLE	20		85	20	386	346	322	144
DoS/Democracy			75		325	325	315	124
IDA		50	45		247	93	82	35
IFF (TF-BSO)			50		100			
P.L. 480 Title II		23			94			
CSH					90			
IDFA	5				50			
PKO					50			
Alhurra					40			
NADR	12	16	5		40	34	32	27
OHDACA					17			
DoS/Exchange	5	6			16			
OTA					16	16	16	14
IMET	1	0		2	3			
U.S. Marshals			2		3			
DoJ					2			
Subtotal	64	244	530	22	3,255	Data Incomplete		
Operating Expenses								
CPA					833	832	832	799
PCO					830			
USAID OE		21	77		222			
IFF (PRT)					100			
IO Contributions			68		68			
Subtotal		21	145		2,053	Data Incomplete		
Oversight								
SIGIR			39	7	180			
DoD OIG		21			26			
USAID OIG	3	3	4		18			
DCAA					16			
DoS OIG	1	1	8		13			
Subtotal	4	25	51	7	253	Data Incomplete		
Total	191	2,170	3,688	1,468	52,270			

[d] Includes funds appropriated to the Iraq Freedom Fund by P.L. 108-11, Title I, and transferred to reconstruction activities.
[e] HR 2642 appropriated funding for International Disaster and Famine Assistance and Migration and Refugee Assistance is subject to change pending final worldwide allocation of these two funds.
[f] Excludes $75 million for Special Inspector General for Iraq Reconstruction under P.L. 108-106.
[g] Per conference reports for P.L. 109-234 and P.L. 110-28, reconstruction support funding is provided for Project and Contracting Office activities.
[h] Incomplete pending further investigation into administrative expenses for all fiscal years.
[i] As identified in the P.L. 110-28 conference report. Includes Iraq reconstruction efforts for civilian personnel, temporary/additional duty, and miscellaneous contracts.

FIGURE 2.4

QUARTERLY OBLIGATION AND EXPENDITURE RATES OF MAJOR U.S. FUNDS
% of Available Funds Obligated and Expended

Note: Numbers affected by rounding. Obligation Rate is the ratio of funds obligated during the quarter to the total funds available (appropriations less expired funds) as of the start of the quarter. Expenditure Rate is the ratio of funds expended during the quarter to the total funds available as of the start of the quarter.

Source: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009; MNC-I, *Quarterly Reports*, 4/7/2009 and 7/4/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 3/2004–4/2009.

appropriated to the CERP, but it has not yet been allocated between Iraq and Afghanistan.[61]

Quarterly Obligations and Expenditures

This quarter, nearly $760 million was obligated and more than $853 million was expended from the four major funds.[62] See Table 2.2 for obligations and expenditures by major U.S. fund this quarter.

Quarterly obligation rates have assumed a more regular pattern since late 2006, spiking in the fourth quarter of each fiscal year. This quarter, however, had the lowest quarterly expenditure rate of available funds since January 2005.[63] See Figure 2.12 for an overview of obligation rates versus expenditure rates over time.

TABLE 2.2

QUARTERLY OBLIGATIONS AND EXPENDITURES, BY MAJOR U.S. FUND, 4/1/2009–6/30/2009
$ Millions

FUND	OBLIGATED	EXPENDED
ISFF	701	497
ESF	49	186
CERP	20	100
IRRF	-10	70
Total	**760**	**853**

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009.

IRRF

Iraq Relief and Reconstruction Fund

The IRRF is the largest source of U.S. reconstruction funding, comprising $20.86 billion made available through two appropriations: IRRF 1 ($2.48 billion) and IRRF 2 ($18.39 billion).[64] As of June 30, 2009, $20.28 billion (97%) of the IRRF had been obligated, and $19.73 billion (95%) had been expended.[65] About $534 million remains available for expenditure on open projects.[66]

The largest IRRF 2 sector allocations were made for Security and Law Enforcement ($4.94 billion) and the Electric Sector ($4.08 billion). This quarter, the largest expenditures occurred in the Electric Sector, totaling $22 million between April 1 and June 30, 2009.[67] For the status of IRRF 2 allocations, obligations, and expenditures by sector, see Table 2.3.

TABLE 2.3
STATUS OF IRRF BY APPROPRIATION AND SECTOR

APPROPRIATION	SECTOR	STATUS OF FUNDS ($ Millions)			QUARTERLY CHANGE	
		ALLOCATED	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
IRRF 1	**Subtotal**	**2,271.3**	**2,260.8**	**2,248.9**	**-**	**-**
IRRF 2	Security & Law Enforcement	4,936.5	4,936.5	4,892.4	-0.8 (0%)	1.8 (0%)
	Electric Sector	4,075.8	4,075.8	4,009.8	0.9 (0%)	22.4 (1%)
	Justice, Public Safety Infrastructure, & Civil Society	2,309.4	2,309.4	2,180.4	-0.2 (0%)	11.8 (1%)
	Water Resources & Sanitation	1,965.5	1,965.5	1,891.1	-8.0 (0%)	20.4 (1%)
	Oil Infrastructure	1,604.5	1,604.5	1,591.6	-0.2 (0%)	0.2 (0%)
	Health Care	795.9	795.9	765.9	-0.1 (0%)	4.0 (1%)
	Private Sector Development	860.0	860.0	826.1	-	0.1 (0%)
	Education, Refugees, Human Rights, Democracy, & Governance	519.6	519.6	417.0	-0.6 (0%)	5.1 (1%)
	Transportation & Telecommunications Projects	448.1	448.1	435.0	-0.9 (0%)	1.6 (0%)
	Roads, Bridges, & Construction	281.4	281.4	262.5	-0.5 (0%)	2.4 (1%)
	Administrative Expenses	219.3	219.3	210.3	-	-
	Subtotal	**18,016.0**	**18,016.0**	**17,482.2**	**-10.3 (0%)**	**69.6 (0%)**
Total		**20,287.3**	**20,276.8**	**19,731.0**	**-10.3 (0%)**	**69.6 (0%)**

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; SIGIR, *Quarterly Report to the United States Congress*, 4/2009.

ISFF

Iraq Security Forces Fund

Administered by the Department of Defense (DoD) through the Multi-National Security Transition Command-Iraq (MNSTC-I), the $18.04 billion appropriated to the ISFF supports Iraq's Ministry of Defense (MOD) and Ministry of Interior (MOI) in developing the ISF.

As of June 30, 2009, $15.57 billion (86%) of the ISFF had been obligated, and $12.98 billion (72%) had been expended.[68] For the status of these funds, see Figure 2.5.

ISFF Quarterly Obligations and Expenditures by Sub-Activity Group

Of the total $18.04 billion appropriated to the ISFF, $16.96 billion (94%) has been allocated to four major sub-activity groups:[69]

- Equipment—equipment procurement, including weapons, vehicles, and communications
- Sustainment—maintenance, equipment, and logistics support for existing investments
- Training—ministerial capacity development, unit training, and advise and assist
- Infrastructure—training facilities, military bases, and police stations

FIGURE 2.5
ISFF STATUS OF FUNDS
$ Billions
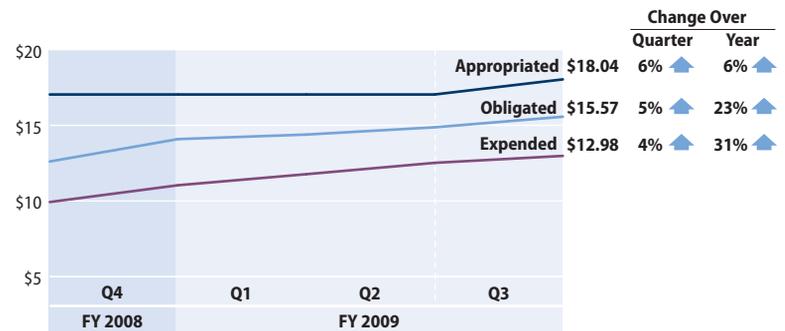
Note: Data not audited. Numbers affected by rounding.

Sources: OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 7/31/2008–4/30/2009.

TABLE 2.4
STATUS OF ISFF BY MINISTRY AND SUB-ACTIVITY GROUP

MINISTRY	SUB-ACTIVITY GROUP	STATUS OF FUNDS ($ Millions)			QUARTERLY CHANGE	
		ALLOCATED	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
MOD	Equipment	4,664.8	4,066.6	3,244.9	133.5 (3%)	79.5 (3%)
	Infrastructure	3,256.5	3,023.0	2,611.0	99.6 (3%)	99.5 (4%)
	Sustainment	1,951.8	1,781.1	1,601.5	28.7 (2%)	67.9 (4%)
	Training	540.8	333.5	284.9	-0.1 (0%)	28.1 (11%)
	Subtotal	**10,413.9**	**9,204.3**	**7,742.3**	**261.7 (3%)**	**275.0 (4%)**
MOI	Training	2,585.9	2,151.5	1,891.0	238.8 (12%)	13.6 (1%)
	Equipment	1,864.6	1,491.6	1,154.9	74.9 (5%)	93.1 (9%)
	Infrastructure	1,441.8	1,367.1	1,020.4	74.9 (6%)	46.0 (5%)
	Sustainment	650.5	532.8	504.4	0.0 (0%)	7.0 (1%)
	Subtotal	**6,542.9**	**5,543.0**	**4,570.6**	**388.5 (8%)**	**159.7 (4%)**
Other	**Related Activities**	**1,082.5**	**825.9**	**665.8**	**50.8 (7%)**	**62.4 (10%)**
Total		**18,039.3**	**15,573.2**	**12,978.7**	**700.9 (5%)**	**497.1 (4%)**

Note: Data not audited. Numbers affected by rounding.

Sources: OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009; SIGIR, *Quarterly Report to the United States Congress*, 4/2009.

The remainder of the ISFF is allocated to smaller sub-activity groups. Collectively termed "Related Activities," these smaller sub-activity groups include the ISFF Quick Response Fund; disarmament, demobilization, and reintegration; detainee operations; and rule-of-law complexes.[70]

Of the $701 million in new ISFF obligations this quarter, programs to support the MOD accounted for 37%, and programs to develop the MOI accounted for 55%. Of the $497 million in new expenditures this quarter, MOD programs accounted for 55%, and MOI programs accounted for 32%.[71] For the status of the ISFF by ministry and sub-activity group, see Table 2.4.

Obligation and expenditure figures do not include the FY 2009 ISFF bridge funding of $1.00 billion, which was rescinded and re-appropriated by P.L. 111-32. The Congress made these funds available until September 30, 2010.[72]

Allocation Trends

As shown in Figure 2.6, priorities for the ISFF have shifted considerably, with a decreased emphasis on Infrastructure and an increased emphasis on Training. Allocations to Infrastructure dropped from a high of 41% of the FY 2006 appropriation to 14% of FY 2008 appropriation.[73] No money has been allocated for Infrastructure in FY 2009/FY 2010, in line with the congressional prohibition against new ISFF obligations for Infrastructure in the latest appropriation.[74] Allocations to Training increased from a low of 8% of the FY 2006 appropriation to a high of 43% of the FY 2009/FY 2010 appropriation. Equipment procurement was consistently well funded from 2005 through 2008. Although Equipment accounts for nearly $386 million (39%) of the FY 2009/FY 2010 spend plan, allocations are far less than the $1.16 billion initially requested by DoD in FY 2009.[75]

FIGURE 2.6

ISFF ALLOCATIONS BY FISCAL YEAR OF APPROPRIATION
% of Total Allocations

Infrastructure
Training
Sustainment
Related Activities
Equipment
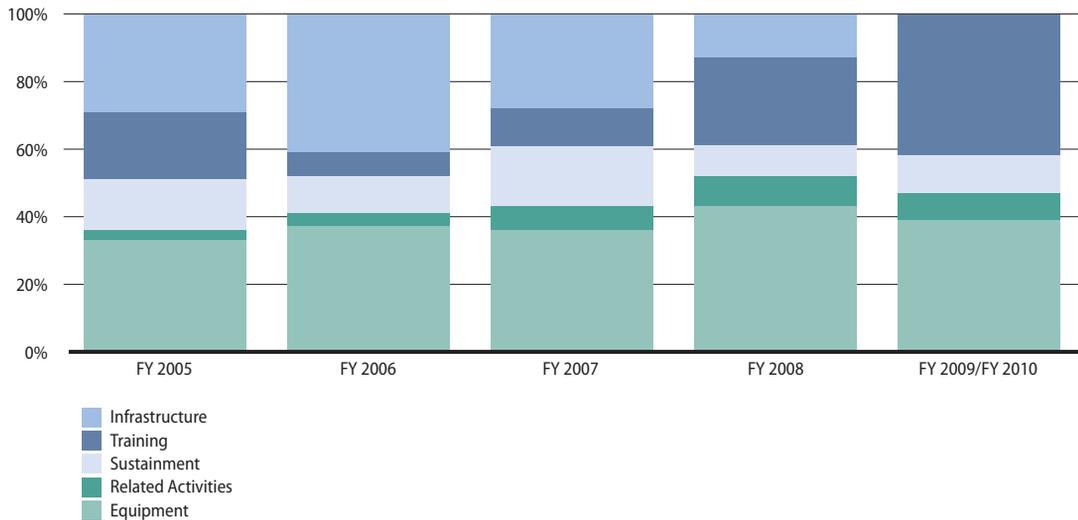
Note: Data not audited.

Source: OSD, response to SIGIR data call, 7/2/2009.

ESF

Economic Support Fund

Since 2003, the Congress has appropriated $4.18 billion to the ESF to improve infrastructure and community security, promote democracy and civil society, and support capacity building and economic development.[76]

As of June 30, 2009, $3.33 billion (80%) had been obligated, and $2.58 billion (62%) had been expended.[77] For the status of these funds, see Figure 2.7.

ESF Quarterly Obligations and Expenditures by Program

The nearly $4.18 billion appropriated to the ESF is allocated to programs in three tracks:

- Security—programs focused on reducing violence, improving infrastructure security, and strengthening the link between the government and the community
- Political—activities designed to increase the capacity of national and provincial governments
- Economic—programs aimed at increasing the GOI's operations and maintenance capabilities and stimulating private-sector growth

The largest programs are the Provincial Reconstruction Team/Provincial Reconstruction Development Council (PRT/PRDC) projects and the Community Stabilization Program, both of which are in the Security Track.[78]

The ESF had $49 million in new obligations this quarter, of which the PRT Quick Response Fund accounted for the largest portion at more than $25 million (51%). Quarterly expenditures were more dispersed; of the nearly $187 million in new expenditures this quarter, the Community Stabilization Program accounted for $43 million (23%), and PRT/PRDC projects accounted

FIGURE 2.7
ESF STATUS OF FUNDS
$ Billions
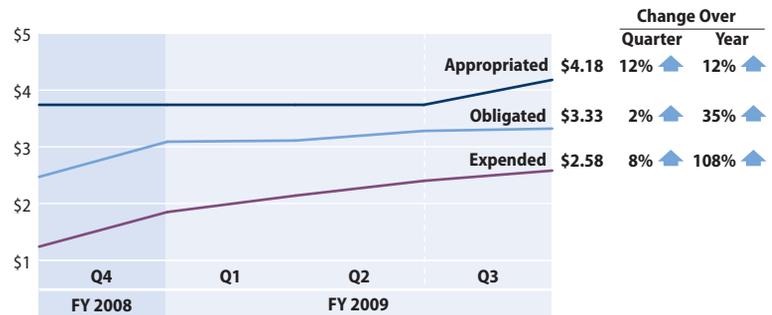
Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, response to SIGIR data call, 7/4/2009; ITAO, *Essential Indicators Report*, 5/14/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 7/2008–4/2009.

for $42 million (23%).[79] For the status of ESF by track and program, see Table 2.5.

ESF Historical Appropriations and Expenditures by Agency

Iraq receives ESF funding through standard U.S. appropriations for foreign operations in addition to the emergency wartime supplemental appropriations.[80] The ESF was established to provide assistance to countries that would not warrant traditional development assistance.[81] Historically, it has been used to support economic and political stability in countries where the United States has a national security or other strategic interest. Between 1976 and 2001, ESF allocations to Israel and Egypt accounted for more than half of the total ESF.[82]

The FY 2010 congressional budget justification for foreign operations requests $6.50 billion for the ESF (not counting supplemental funds that may be requested). Of that amount,

TABLE 2.5

STATUS OF ESF BY TRACK AND PROGRAM

TRACK	PROGRAM	STATUS OF FUNDS ($ Millions)			QUARTERLY CHANGE	
		ALLOCATED	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Security	PRT/PRDC Projects	700.0	468.7	323.7	16.6 (4%)	42.1 (15%)
	Community Stabilization Program	646.3	646.3	596.8	-0.2 (0%)	42.8 (8%)
	Local Governance Program	355.5	355.5	257.9	-	2.7 (1%)
	Community Action Program	265.0	265.0	160.8	-	5.5 (4%)
	Infrastructure Security Protection	217.0	181.1	176.0	1.3 (1%)	10.9 (7%)
	PRT Quick Response Fund	204.0	195.4	107.1	25.4 (13%)	13.0 (14%)
	Subtotal	**2,387.7**	**2,111.9**	**1,622.3**	**43.0 (2%)**	**117.0 (8%)**
Political	National Capacity Development	264.3	264.3	190.5	-	21.6 (13%)
	Democracy and Civil Society	188.9	185.2	144.5	-2.1 (-1%)	5.3 (4%)
	Economic Governance II, Policy and Regulatory Reforms	85.0	85.0	85.0	-	-
	Iraqi Refugees (Jordan)	58.0	58.0	36.0	-	-
	Ministerial Capacity Development	38.0	37.1	27.8	-0.1 (0%)	0.3 (1%)
	Regime Crimes Liaison Office	33.0	30.1	28.4	-0.6 (-2%)	0.3 (1%)
	Subtotal	**667.2**	**659.7**	**512.1**	**-2.8 (0%)**	**27.4 (6%)**
Economic	O&M Sustainment	294.2	273.4	271.5	10.8 (4%)	21.7 (9%)
	Inma Agribusiness Development	92.5	92.5	61.9	-	8.9 (17%)
	Provincial Economic Growth	60.8	60.8	28.8	-	8.2 (40%)
	Targeted Development Program	57.4	57.4	18.4	-	4.9 (37%)
	Plant-Level Capacity Development & Technical Training	48.7	47.6	46.5	-1.6 (-3%)	-1.8 (-4%)
	Izdihar	23.8	23.8	22.4	-	-
	Subtotal	**577.4**	**555.6**	**449.5**	**9.2 (2%)**	**42.0 (10%)**
Total		**3,632.3**	**3,327.2**	**2,584.0**	**49.5 (1%)**	**186.5 (8%)**

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, response to SIGIR data call, 7/4/2009; ITAO, *Essential Indicators Report*, 5/14/2009; SIGIR, *Quarterly Report to the United States Congress*, 4/2009.
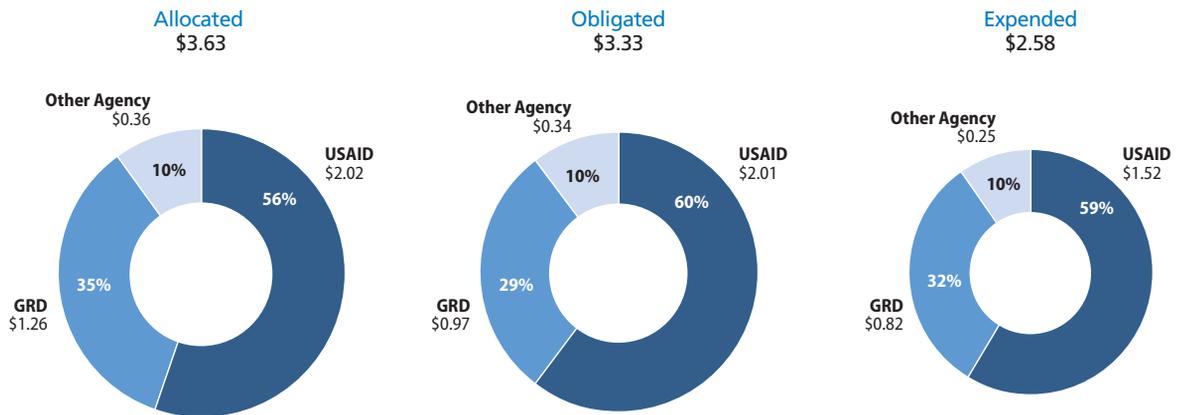
$416 million (6%) is requested for Iraq to support capacity building, assist reintegration of refugees and internally displaced persons (IDPs), fund anticorruption programs, and promote broad-based economic growth.[83]

Under policy guidance from DoS, USAID and the Gulf Region Division (GRD) of the U.S. Army Corps of Engineers implement most ESF programs in Iraq. These two executing agencies have received more than 90% of total ESF allocations over the course of the reconstruction.[84] For a comparison of ESF allocations, obligations, and expenditures, by agency, see Figure 2.8.

FIGURE 2.8
ESF ALLOCATIONS, OBLIGATIONS, AND EXPENDITURES, BY AGENCY
$ Billions

Allocated	Obligated	Expended
$3.63	$3.33	$2.58

Allocated $3.63
Other Agency $0.36 — 10%
USAID $2.02 — 56%
GRD $1.26 — 35%

Obligated $3.33
Other Agency $0.34 — 10%
USAID $2.01 — 60%
GRD $0.97 — 29%

Expended $2.58
Other Agency $0.25 — 10%
USAID $1.52 — 59%
GRD $0.82 — 32%

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009.

CERP

Commander's Emergency Response Program

Since 2004, the Congress has appropriated $3.63 billion to the CERP to enable MNC-I commanders to provide targeted local relief and reconstruction throughout Iraq.[85]
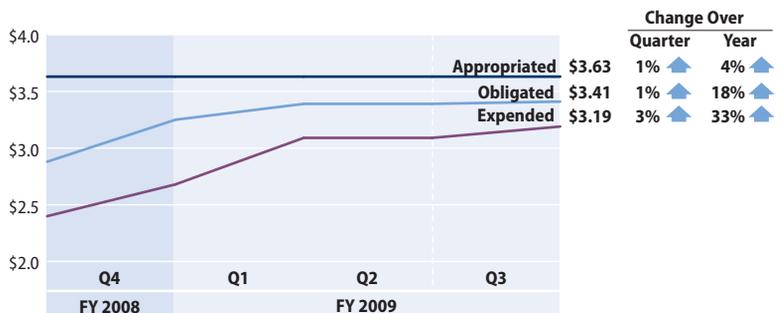
As of June 30, 2009, $3.41 billion (94%) had been obligated, and $3.19 billion (88%) had been expended.[86] For the status of these funds, see Figure 2.9.

CERP Quarterly Obligations and Expenditures

DoD obligates the CERP to 20 project categories, among which security-related project categories have received the majority of obligations in recent years.[87]

Almost all new obligations and expenditures this quarter were in the Water and Sanitation sector, which accounted for 97% of new obligations and 97% of new expenditures.

FIGURE 2.9
CERP STATUS OF FUNDS
$ Billions

		Change Over	
		Quarter	Year
Appropriated	$3.63	1% ▲	4% ▲
Obligated	$3.41	1% ▲	18% ▲
Expended	$3.19	3% ▲	33% ▲

Q4 — FY 2008
Q1   Q2   Q3 — FY 2009

Note: Data not audited. Numbers affected by rounding.

Sources: OSD, response to SIGIR data call, 7/13/2009; SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, 7/2008–4/2009.

Water and Sanitation now accounts for 21% of all CERP obligations.[88]

Protective Measures is the second largest category overall, accounting for more than $401 million (12%) of total obligations.[89] This

TABLE 2.6

STATUS OF CERP BY SECTOR

SECTOR	STATUS OF FUNDS ($ Millions)			QUARTERLY CHANGE	
	ALLOCATED	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Water & Sanitation	601.4	609.1	538.1	443.5 (268%)	396.9 (281%)
Protective Measures	404.5	401.3	298.2	13.3 (3%)	22.5 (8%)
Electricity	326.0	329.9	265.4	6.7 (2%)	3.1 (1%)
Transportation	313.8	317.4	268.3	0.8 (0%)	7.1 (3%)
Education	298.2	300.7	241.1	13.2 (5%)	8.8 (4%)
Civic Cleanup Activities	158.7	158.2	125.0	-0.4 (0%)	-7.9 (-6%)
Other Humanitarian and Reconstruction Projects	125.7	125.8	91.2	-3.2 (-3%)	-5.8 (-6%)
Health Care	99.6	99.3	84.6	0.9 (1%)	-0.1 (0%)
Law & Governance	99.6	98.9	88.7	2.3 (2%)	1.0 (1%)
Agriculture	92.0	91.1	65.0	2.1 (2%)	-1.3 (-2%)
Civic Infrastructure Repair	83.7	82.9	70.8	-9.1 (-10%)	-1.8 (-3%)
Economic, Financial, and Management Improvements	82.6	81.7	64.9	-1.6 (-2%)	-2.6 (-4%)
Condolence Payments	39.0	38.4	34.5	-9.0 (-19%)	-8.5 (-20%)
Battle Damage	37.7	37.4	30.8	-1.2 (-3%)	-1.8 (-6%)
Telecommunications	27.5	27.9	25.3	-0.7 (-2%)	2.5 (11%)
Civic Support Vehicles	19.9	19.8	16.7	-	-0.8 (-5%)
Food Production & Distribution	12.7	12.6	9.6	-0.5 (-4%)	-0.2 (-2%)
Detainee Release Payments	0.9	0.9	0.5	-0.1 (-6%)	-0.1 (-9%)
Subtotal	**2,823.5**	**2,833.3**	**2,318.8**	**457.1 (19%)**	**411.1 (22%)**
Unaccounted for CERP Allocations	806.3	576.2	876.2	-437.5 (-43%)	-311.0 (-26%)
Total	**3,629.8**	**3,409.5**	**3,195.0**	**19.5 (1%)**	**100.2 (3%)**

Note: OSD does not report allocation, obligation, and expenditure data for project categories on a quarterly basis for all fiscal year appropriations. The "Unaccounted for CERP Allocations" row is the difference between the top-line allocation, obligation, and expenditure data provided by OSD and the categorical data available from IRMS.

Sources: MNC-I, *Quarterly Report*, 4/7/2009 and 7/4/2009; OSD, response to SIGIR data call, 7/13/2009; SIGIR, *Quarterly Report to the United States Congress*, 4/2009.

category includes construction and repair of fencing, lights, barriers, guard towers, and other measures to enhance the durability and survivability of critical infrastructure sites.[90] For the status of CERP projects by sector, see Table 2.6.

Much of the CERP has been expended slowly during this fiscal year because MNF-I focused during the first two quarters on executing projects through the Iraq-Commander's Emergency Response Program (I-CERP), the GOI-funded analog of CERP. As of mid-June, the I-CERP was nearly 90% obligated.[91] The GOI has elected not to continue funding the program because of budget constraints caused by reduced oil revenues.[92] Consequently, the Multi-National Force-Iraq (MNF-I) expects to execute the entire

$500 million available in the CERP for FY 2009.[93] MNF-I also expects to execute an additional $500 million in FY 2010, focusing on Mosul, Diyala, Tameem, Baghdad, and Basrah.[94]

As in past years, if the entire CERP allocation is not used, funding will be returned to the Army Operations and Maintenance account, where it can be obligated for other purposes before expiration. MNF-I returned $243 million of the CERP funds appropriated in FY 2008, which were then obligated for other DoD priorities before the end of the fiscal year.[95]
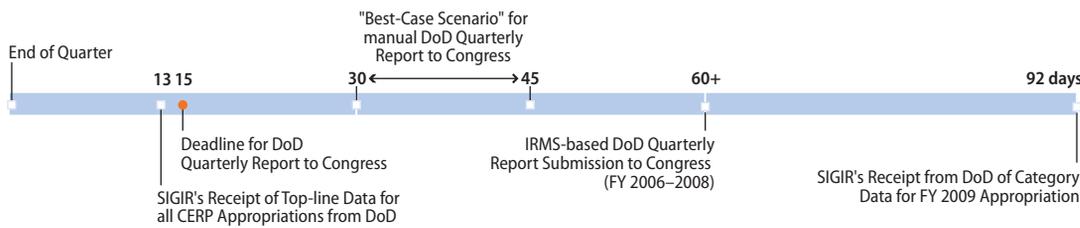
CERP Reporting Practices

The Congress requires SIGIR to submit a quarterly report detailing all obligations, expenditures,

FIGURE 2.10

CERP REPORTING PRACTICES
Days Since End of Quarter

Sources: DoD OIG, response to SIGIR data call, 1/12/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009; P.L. 109-163, National Defense Authorization Act for Fiscal Year 2006, 1/6/2006, Section 1202(b); P.L. 110-181, National Defense Authorization Act for Fiscal Year 2008, 1/28/2008, Section 1205(b).

and revenues associated with Iraq reconstruction and rehabilitation, including a project-by-project and program-by-program accounting of the costs incurred as of the end of the quarter, within 30 days of the end of the quarter.[96] In previous Quarterly Reports, SIGIR has pointed out DoD's difficulty in providing timely and complete information on CERP obligations and expenditures and on completed and ongoing projects.

The CERP authorizing legislation requires DoD to submit quarterly reports to the Congress within 15 days of the end of each quarter. The Congress further stipulates that these reports contain the source, allocation, and use of funds by CERP project category, and that they demonstrate how projects valued at more than $500,000 support CERP objectives.[97]

As the executive agent for the CERP, the Secretary of the Army is required to forward the quarterly CERP reports to the chairmen and ranking members of the four congressional defense committees as well as to the DoD Comptroller. Until mid-2008, CERP project details were available only through the Iraq Reconstruction Management System (IRMS), a Web-based system maintained by the Multi-National Corps-Iraq (MNC-I). However, the system was not compatible with the Army accounting system and proved an unreliable source for project-level details; delays of 60 days or more were common.[98]

To improve accuracy, the Army transitioned to manual reporting for CERP project details

in FY 2009. Data now is reported from the field to U.S. Army Central and passed to the Army Budget Office, where staff members review every project line to ensure compliance with the intent of the CERP as well as the accuracy of category reporting. Project details are then provided to the DoD Comptroller and elements of the Joint Staff and CENTCOM for concurrent review. When approved, the package is released to the Congress. The "best-case scenario" for accurate reporting using the manual system is 30 to 45 days.[99]

For a timeline of CERP reporting practices, see Figure 2.10.

Unlike the other major funds, CERP obligation and expenditure data for prior-year appropriations is not reported for project categories on a quarterly basis; the DoD Comptroller reports obligation and expenditure data by project category only for the current fiscal year appropriation. Historical obligation and expenditure data is only available from IRMS—the reporting system identified by the DoD Office of the Inspector General and SIGIR as unreliable.[100] For its mandated reporting, SIGIR recently agreed to accept CERP obligation and expenditure data by project category a full 90 days past the end of the fiscal quarter to accommodate the OSD's reporting practices. The FY 2009 CERP data by category for the quarter ending March 31, 2009, was not received until July 2, 2009, and it lacked expenditure data for prior-year appropriations.[101] ◆

CONTRACTING

Contractors continue to play a substantial role in supporting U.S. military and diplomatic operations, as well as reconstruction programs in Iraq. The services they provide range from brick-and-mortar construction projects (power generation, medical, and security facilities) to non-construction activities (building the GOI capacity) to activities supporting uniformed military and diplomatic personnel (life support and personal security). Although contractor support of military and diplomatic efforts can be seen as separate from contract work related to reconstruction, the lines are often blurred.

Early U.S. efforts in Iraq frequently engaged multiple agencies with overlapping jurisdictions—and without adequate resources—to oversee the contracting and resulting project-management processes.[103] But the contracting and procurement process generally improved over the course of the reconstruction effort. Agencies are addressing the lessons learned—such as management of private security contractors (PSCs)—which has improved operational processes.

U.S. Contracting Organizations

Six U.S. government organizations are primarily responsible for implementing Iraq reconstruction efforts, including managing the contractors who carry them out:[104]

- Joint Contracting Command-Iraq/Afghanistan (JCC-I/A)
- U.S. Army Corps of Engineers, Gulf Region Division (GRD)
- Multi-National Corps-Iraq (MNC-I)
- Air Force Center for Engineering and the Environment (AFCEE)
- U.S. Agency for International Development (USAID)
- Department of State (DoS)

JCC-I/A reports to the Multi-National Force-Iraq (MNF-I), providing centralized management and operational contracting support. The JCC-I/A Commander has the authority to approve statements of work to ensure that appropriate terms and conditions are included in contracts for the delivery of supplies and services.[105]

GRD plans to reorganize its operations in Iraq, moving from a division with three districts to a single district by March 2010. MNF-I is developing the framework around which U.S. personnel will reduce their footprint in Iraq between now and August 2010. This drawdown of military forces and DoD civilians will likely result in increased reliance on contractor personnel.[106]

USAID reports that, as the military draw down, it will rely more on GOI assets and subcontractors to continue key support programs at the national and provincial levels.[107]

Contractor Tracking System

The Joint Contingency Contracting System (JCCS) has been supporting U.S. expeditionary contingency contracting for two years, facilitating several functions critical to efficient and effective oversight, including:[108]

- providing a location for storing all reconstruction contracts in Iraq and Afghanistan

- tracking vendor past performance
- posting all Iraq and Afghanistan reconstruction solicitations
- providing a location for vendors to submit proposals
- tracking all historical reconstruction contract data
- allowing oversight of in-theater contracts to monitor cost, schedule, and performance, as well as vendor activities

More than 33,400 vendors are now tracked in the JCCS, and over 77,850 actions have been awarded to local Iraqi and Afghan vendors who have registered in the system.[109] Recent system milestones include:[110]

- 22 Regional Contract Commands throughout Iraq and Afghanistan have been automated and linked to a centralized database for electronic capture and reporting on reconstruction contracts.
- Transition of work for rotating Commanders and Contracting Officers has been improved.
- Headlines and notifications on the main website page provide a centralized communication area throughout the JCC-I/A.
- All contracting information on the Task Force to Improve Business and Stability Operation had been integrated into the JCCS as of January 1, 2009.

Reconstruction Contract Overview

Since 2003, U.S. agencies have awarded more than $42 billion for reconstruction contracts in Iraq, or more than 91% of all U.S. appropriations for reconstruction,[111] but Corps of Engineers Financial Management System (CEFMS) and

USAID contract data does not account for all obligations.

For a summary of the major contractors that have executed projects funded through the IRRF 2, ISFF, and ESF, as of June 30, 2009, see Table 2.7.

U.S. Initiative for Businesses Owned by Women

At least one million women, are heads of households in Iraq and Afghanistan.[112] As part of its effort to increase access to contracting opportunities for Iraqi-owned businesses, especially those owned by traditionally underserved groups,[113] JCC-I/A launched the Women Owned Businesses (WOB) program to help women support themselves and their families.[114]

In Iraq, the WOB program is a part of the woman-led Business Development and Outreach Program (BDOP), which provides business education, entrepreneurial skills training, and economic opportunities for Iraqi women.

NCD/Tatweer Capacity Development Training in Baghdad. (MNF-I photo)

TABLE 2.7
MAJOR IRRF 2, ISFF, AND ESF CONTRACTORS
$ Millions

FUND NAME	CONTRACTOR	OBLIGATED	EXPENDED
IRRF 2	FluorAMEC, LLC	944	942
	Parsons Global Services, Inc.	663	641
	Kellogg, Brown & Root Services, Inc.	630	620
	Parsons Iraq Joint Venture	628	625
	Washington Group International, Inc. (Power)	490	488
	Environmental Chemical Corporation	312	310
	Anham Joint Venture	259	259
	Uruk-Baghdad Joint Venture	169	169
	Washington International/ Black & Veatch	157	153
ISFF	AECOM Government Services, Inc.	859	710
	Environmental Chemical Corporation	709	691
	AMECO	497	386
	Navistar Defense, LLC	437	283
	ALMCO, Limited	313	250
	Innovative Technical Solutions, Inc.	284	273
	Tetra Tech EC, Inc.	278	274
	Toltest, Inc.	267	261
ESF	Wamar International, Inc.	71	68
	Parsons Brinckerhoff, Inc.	62	62
	Stanley Baker Hill, LLC	26	25
	Eastern Deffaf al-Nahraen	24	9
	Iraq Power Alliance Joint Venture	22	22
	Altayf al-Abiad Company, AAAE	21	10
	Sakar al-Fahal Company	17	17
	Al-Qaswaa United Co. for General Contracts	14	14
	Zana Group Company	13	13
	Al-Kahlaa Group Company	13	10

Note: Numbers affected by rounding. This list is produced by compiling contract-level obligation data provided by different agencies.

Source: CEFMS, 7/4/2009.

The BDOP employs 12 consultants—Arabic-speaking business owners who understand the local culture.[115]

JCC-I/A reports that from FY 2006 to FY 2009, women-owned businesses in Iraq have been awarded contracts valued at more than $450 million, an increase of more than 300% since 2005. As of June 2009, more than 2,000 women-owned businesses had registered to do business with the JCC-I/A.[116]

Update on Contractor Personnel

Currently, more than 167,000 contractor employees (72% non-U.S. nationals) are working in Iraq to support the operations and projects of the U.S. military, DoS, and other U.S. government agencies. Prime contractors and subcontractors are required to register to gain access to Iraq. However, the U.S. government cannot confirm whether the manual census of those contractors already operating in the theater includes all subcontractor entities.[117] For an estimated total number of contractors by agency, see Table 2.8.

The contractor force provides a broad range of skills and capabilities. For a breakdown of DoD contractors by national origin and type of service they provide as of May 30, 2009, see Figure 2.11.

Companies providing services for the U.S. government in Iraq enter into these contracts with certain expectations about the risks they may face in a hostile operating environment. Since 2003, more than 1,469 U.S. contractors have died in Iraq (See Figure 2.12).[118]

TABLE 2.8

CONTRACTOR SUPPORT FOR IRAQ

| AGENCY	U.S. CITIZENS	THIRD-COUNTRY NATIONALS	IRAQI NATIONALS	TOTAL CONTRACTORS
DoS	4,079	-	-	4,079
DoD	34,846	56,191	34,126	125,163
Others	8,948	26,973	5,929	41,850
Total	**47,873**	**83,164**	**40,055**	**171,092**

Note: Information on third-country and Iraqi nationals contracting under DoS was not available.

Sources: Assistant Deputy Under Secretary of Defense for Program Support, "Contract Support in Contingency Operations," 5/2009, p. 4; OSD, response to SIGIR data call, 7/14/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009.

FIGURE 2.11

DoD CONTRACTORS IN IRAQ
125,163 Total Contractors
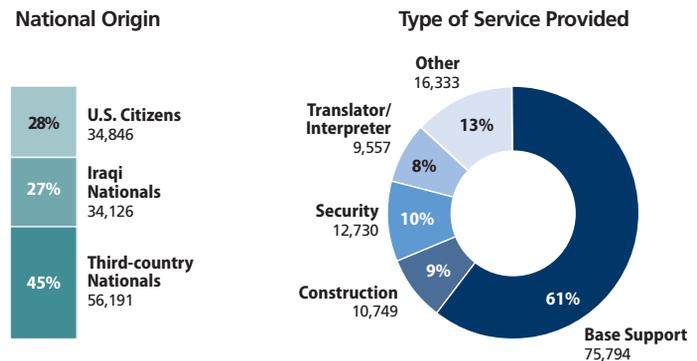
Note: Numbers affected by rounding. These numbers reflect DoD contractors only. Totals for reconstruction contractors working in other agencies are not available.

Sources: Assistant Deputy Under Secretary of Defense for Program Support, "Contractor Support of U.S. Operations in USCENTCOM AOR, Iraq, and Afghanistan," 5/2009; OSD, response to SIGIR data call, 7/14/2009.

FIGURE 2.12

CONTRACTOR DEATHS IN IRAQ, BY QUARTER, 1/1/2004–6/30/2009
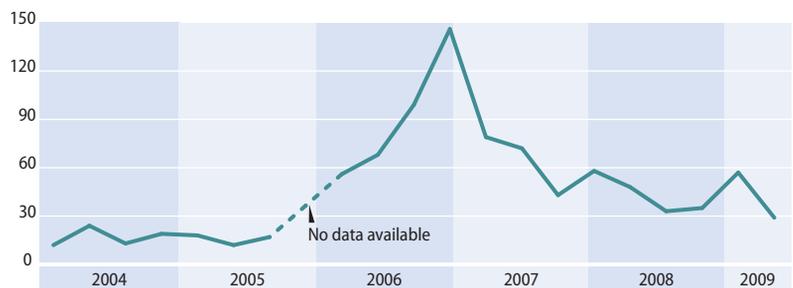
Sources: DoL, response to SIGIR data call, 7/1/2009; SIGIR, *Quarterly Reports to the United States Congress*, 7/2004–4/2009.

Challenges to Effective Contract Oversight in Overseas Contingency Operations

The success of reconstruction programs in overseas contingency operations (OCOs) depends in large part on the U.S. government's ability to efficiently and rapidly deploy the necessary services, materials, and support systems. This requires government contracting and procurement processes that are well structured and customized for contingency situations.

The root cause of the lack of unity of effort among U.S. agencies participating in the Iraq reconstruction effort is the absence of an integrated management structure for effectively and efficiently implementing reconstruction programs in unstable nation-states.

Since 2004, SIGIR, in partnership with other oversight agencies, has documented many examples of how the failure to effectively integrate agency efforts has hindered the U.S. mission in Iraq. For example, initial U.S. reconstruction efforts in Iraq were plagued by:[119]

- missed tactical and strategic opportunities
- weak program oversight
- inadequate contract management
- insufficient personnel, financial, and contracting resources
- poor financial accountability
- missed tactical and strategic opportunities
- lack of a unified operating system to ensure command and control

A 2009 CRS report addressing the need for reforming the way the U.S. government conducts reconstruction and stabilization (R&S) operations notes five points commonly highlighted in recent studies of this issue:[120]

- The ad hoc system needs to be replaced with a permanent mechanism for developing contingency plans and procedures for joint civil-military operations led by civilians.
- Mechanisms must be developed to rapidly deploy U.S. civilian government employees and contractors in R&S situations.
- Preventive action should be consistent.
- The U.S. government needs to "enhance multinational capabilities" to carry out R&S security tasks and coordinate international aid.
- Flexible funding arrangements for R&S efforts should be developed.

Strengthening Contractor Oversight

In 2008, the Congress established the Commission on Wartime Contracting in Iraq and Afghanistan. The eight-member commission is a bipartisan, independent entity charged with evaluating and reporting on America's wartime contracting for logistics, reconstruction, and security. In its interim report released in June 2009, the commission reinforced a conclusion reported in numerous SIGIR audits: "There is an acute shortage of qualified DoD personnel to monitor reconstruction contracts."[121]

As part of its efforts to strengthen contracting oversight, the Secretary of Defense announced in May 2009 that DoD has adopted a goal of replacing 20,000 contractors (who were overseeing contracts) with civil servants over the next 5 years. DoD's short-term goal for 2010 is to replace 4,100 contractors with civil servants.[122]

Comprehensive Database for Managing Contractors

Section 861 of the National Defense Authorization Act for FY 2008 required the Secretary of Defense, the Secretary of State, and the USAID Administrator to enter into a memorandum of understanding (MOU) regarding the following issues related to contracting in Iraq and Afghanistan:[123]

- identification of the major categories of contracts
- identification of the roles and responsibilities of each agency
- responsibility for establishing procedures for, and the coordination of, movement of contractors
- identification of common databases that will serve as repositories for information on contracts in Iraq

A July 2008 MOU between these agencies designated the Synchronized Pre-Deployment and Operational Tracker (SPOT) database as the system for tracking the information required by this agreement. This Web-based tool provides information on contractor personnel serving in theater. A SPOT-generated letter of authorization is now required for contractors receiving government support, which has prompted a substantial increase in registered contractor personnel. SPOT now has more than 159,000 active contractor records.[124]

U.S. Embassy-Baghdad reports that it has limited ability to enforce SPOT use because DoD has the lead on SPOT maintenance, and the majority of contractors listed in SPOT are DoD contractors. To track its own contractors, DoS requires Iraqi and Afghan contractors to present a SPOT-generated letter of authorization before issuing a Common Access Card for use during deployment. Notwithstanding these and other efforts to improve accountability, agencies continue to use different systems for tracking contractor personnel. Uniform use of SPOT by DoD, USAID, and DoS contractors is not yet the norm.[125]

Strengthening the Contract Monitoring Process

SIGIR's *Hard Lessons: The Iraq Reconstruction Experience*, published in February 2009, reviewed the U.S. effort to help rebuild Iraq and summarized the lessons that could be derived from this experience, including lessons that could be applied to government contracting. In May, General David Petraeus, Commander of the United States Central Command (CENTCOM), described how these lessons are being applied in Afghanistan.[126] For an overview of these lessons, as well as a summary of how DoD states that it is applying these lessons or how CENTCOM believes these lessons should be applied, see Table 2.9. ◆

Table 2.9

DoD's Application of *Hard Lessons* to Afghanistan

Lesson Learned In Iraq	Applied to Afghanistan
Security is necessary for large-scale reconstruction to succeed.	17,000 additional troops have been deployed; DoD requested $3.7 billion in additional funding.
Developing the capacity of people and systems is as important as brick-and-mortar reconstruction.	The U.S. Engineering Division in Afghanistan contracts 70% of its proposals to Afghan and Afghan/American firms and has created training programs to mentor engineering cadets.
Soft programs serve as an important complement to military operations in insecure environments.	Maneuver units are making adjustments for soft programs. "Fly-away teams" have been deployed to assist local governance, and Agribusiness Development Teams are being deployed.
Programs should be geared to indigenous priorities.	Local projects are vetted to ensure alignment with national plans. The Special Inspector General for Afghanistan Reconstruction (SIGAR) is assessing donor strategies based on national plans and priorities.
Reconstruction is an extension of political strategy.	The USAID Tactical Conflict Assessment Framework Program is currently being tested.
Executive authority below the President is necessary to ensure the effectiveness of contingency relief and reconstruction operations.	The Office of the Secretary of Defense (OSD) should advocate that DoS Office of the Coordinator for Reconstruction and Stabilization appoint a single executive agent to coordinate all contingency relief and reconstruction operations. Establish joint interagency coordination committee.
Uninterrupted oversight is essential to ensuring taxpayer value in contingency operations.	SIGAR established offices in Washington D.C., and in Kabul, with additional presence sought at Kandahar, Bagram, and with the Combined Security Transition Command-Afghanistan (CSTC-A) in Kabul.
An integrated management structure is necessary to ensure effective interagency reconstruction efforts.	U.S. Forces-Afghanistan uses an integrated system to collect Provincial Reconstruction Team (PRT) reconstruction data. USAID is developing a common database.
Outsourcing management to contractors should be limited because it complicates lines of authority in contingency reconstruction operations.	CSTC-A is investigating methods to prevent outsourcing management to contractors.
The U.S. government should develop new contracting rules that permit greater flexibility.	The Under Secretary of Defense for Acquisitions should host an interagency acquisition advisory panel to draft a single, interagency Contingency Federal Acquisition Regulation.
The U.S. government needs a new human-resources management system capable of meeting the demands of a large-scale relief and reconstruction operation.	DoD Human Resources Activity should work with the Office of Personnel Management to sponsor an interagency panel to draft universal contingency human resources rules.
The U.S. government must strengthen its capacity to manage the contractors that carry out reconstruction work in contingency relief and reconstruction.	DoD is adding 720 contract oversight personnel to the Defense Contract Management Agency over the next 5 years. DoD, DoS, and USAID signed an MOU to use SPOT.
Diplomatic, development, and area expertise must be expanded to ensure a sufficient supply of qualified civilian personnel in contingency reconstruction operations.	DoS Office of Management Policy is working with the Office of Management and Budget to provide advice and guidance regarding the President's Management Agenda.

Source: Commander, U.S. Central Command, Office of the Commander, Memorandum for the Secretary of Defense, "Applying Lessons Learned in Iraq to Afghanistan," 5/24/2009.

U.S. RECONSTRUCTION FUNDING USES

SIGIR classifies U.S. reconstruction funding by its use into 4 reconstruction areas, comprising 17 exclusive sectors. Developments in these reconstruction areas are discussed in the following Security, Infrastructure, Governance, and Economy subsections.

For the status of U.S. reconstruction funding by use, see Table 2.10. For an overview of U.S. reconstruction funding sources and uses, see Figure 2.13. ◆

TABLE 2.10

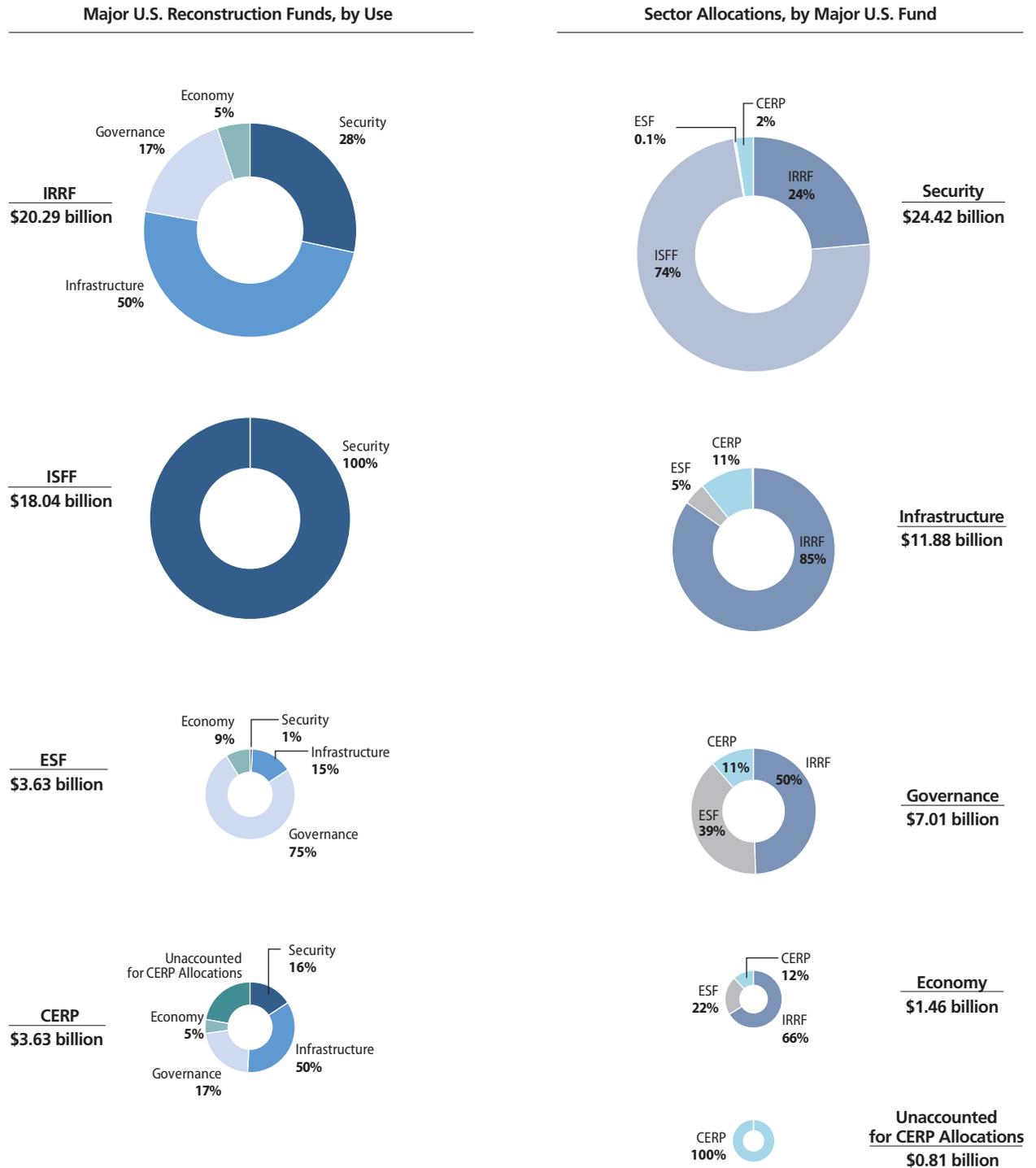## STATUS OF MAJOR U.S. RECONSTRUCTION FUNDS BY USE

| Area | Sector | STATUS OF FUNDS ($ Billions) | | | QUARTERLY CHANGE | |
		Allocated	Obligated	Expended	Obligated	Expended
Security	Iraqi Security Forces Equipment	7.22	6.25	5.09	0.21 (3%)	0.11 (2%)
	Iraqi Security Forces Training	6.01	5.36	5.02	0.24 (5%)	0.03 (1%)
	Iraqi Security Forces Infrastructure	5.78	5.47	4.71	0.17 (3%)	0.14 (3%)
	Iraqi Security Forces Sustainment	2.60	2.31	2.11	0.10 (5%)	0.13 (7%)
	Rule of Law	1.46	1.45	1.23	0.01 (1%)	0.03 (2%)
	Related Activities	1.36	1.10	0.93	0.02 (2%)	0.05 (5%)
	Subtotal	**24.42**	**21.95**	**19.09**	**0.75 (4%)**	**0.49 (3%)**
Infrastructure	Electricity	5.00	4.97	4.84	0.01 (0%)	0.03 (1%)
	Water and Sanitation	2.61	2.61	2.46	0.44 (20%)	0.42 (21%)
	Oil and Gas	1.94	1.92	1.91	-	0.01 (1%)
	General Infrastructure	1.25	1.24	1.24	-	-
	Transportation and Communications	1.08	1.09	1.00	-	0.02 (2%)
	Subtotal	**11.88**	**11.83**	**11.45**	**0.45 (4%)**	**0.49 (4%)**
Governance	Capacity Development	2.41	2.17	1.75	0.04 (2%)	0.12 (7%)
	Democracy and Civil Society	1.94	1.94	1.61	-	0.02 (1%)
	Public Services	1.86	1.86	1.70	0.01 (0%)	0.01 (0%)
	Humanitarian Relief	0.81	0.81	0.74	-	-0.01 (-1%)
	Subtotal	**7.01**	**6.77**	**5.80**	**0.04 (1%)**	**0.14 (3%)**
Economy	Economic Governance	0.79	0.79	0.74	-	-
	Private Sector Development	0.68	0.67	0.54	-	0.02 (4%)
	Subtotal	**1.46**	**1.46**	**1.28**	**-**	**0.02 (1%)**
Total		**44.78**	**42.01**	**37.61**	**1.2 (3%)**	**1.1 (3%)**

Note: Data not audited. Numbers affected by rounding. Total values for U.S. reconstruction funding by use is lower than U.S. reconstruction funding by source because the status of CERP funding by project category for prior fiscal year appropriations is unavailable.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009; MNC-I, *Quarterly Reports*, 4/7/2009 and 7/4/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009.

FIGURE 2.13

ALLOCATIONS OF MAJOR U.S. RECONSTRUCTION FUNDS, AS OF 6/30/2009

Major U.S. Reconstruction Funds, by Use

Sector Allocations, by Major U.S. Fund

IRRF
$20.29 billion

- Economy 5%
- Governance 17%
- Security 28%
- Infrastructure 50%

ISFF
$18.04 billion

- Security 100%

ESF
$3.63 billion

- Economy 9%
- Security 1%
- Infrastructure 15%
- Governance 75%

CERP
$3.63 billion

- Unaccounted for CERP Allocations
- Economy 5%
- Security 16%
- Infrastructure 50%
- Governance 17%

Security
$24.42 billion

- ESF 0.1%
- CERP 2%
- IRRF 24%
- ISFF 74%

Infrastructure
$11.88 billion

- CERP 11%
- ESF 5%
- IRRF 85%

Governance
$7.01 billion

- CERP 11%
- IRRF 50%
- ESF 39%

Economy
$1.46 billion

- CERP 12%
- ESF 22%
- IRRF 66%

Unaccounted for CERP Allocations
$0.81 billion

- CERP 100%

Note: Data not audited. Numbers affected by rounding. Total values for U.S. reconstruction funding by use is lower than U.S. reconstruction funding by source because the status of CERP funding by project category for prior fiscal year appropriations is unavailable.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; ITAO, *Essential Indicators Report*, 5/14/2009; MNC-I, *Quarterly Reports*, 4/7/2009 and 7/4/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009.

SECURITY

The United States has allocated $24.42 billion[127] for programs and projects to develop the Iraqi Security Forces (ISF), construct related infrastructure, and support increased capacity for the rule of law in Iraq. For a summary of obligations and expenditures of the ISFF, CERP, IRRF, ESF, and International Narcotics Control and Law Enforcement Fund (INCLE) for security and justice programs, see Figure 2.14.

The Strategic Framework Agreement and the Security Agreement between the U.S. government and the GOI define the future presence of U.S. security forces. The process of U.S. troop withdrawal and the Iraqi assumption of full responsibility for security affairs are the key elements of the current security relationship between the United States and the GOI.[128] The U.S. government is also committed to continue support for democratic Iraq's legal and judicial institutions.[129]

On June 30, 2009, Iraqis marked the withdrawal of U.S. combat forces from all cities with a national holiday. ISF personnel will replace U.S. forces that have been relocated to bases and other staging locations in Iraq. Some U.S. forces, however, remain in the cities embedded with the ISF as advisers and liaison officers who would be able to call on U.S. rapid-reaction forces if needed.[130] While they remain in Iraq, U.S. forces will conduct operations with the ISF as requested. Joint efforts are designed to provide a layered defense, with the ISF securing the cities and the Multi-National Force-Iraq (MNF-I) securing belts and borders to eliminate safe havens and deny freedom of movement to terrorists.[131]

Plans in support of security and justice programs in Iraq emphasize training and equipping
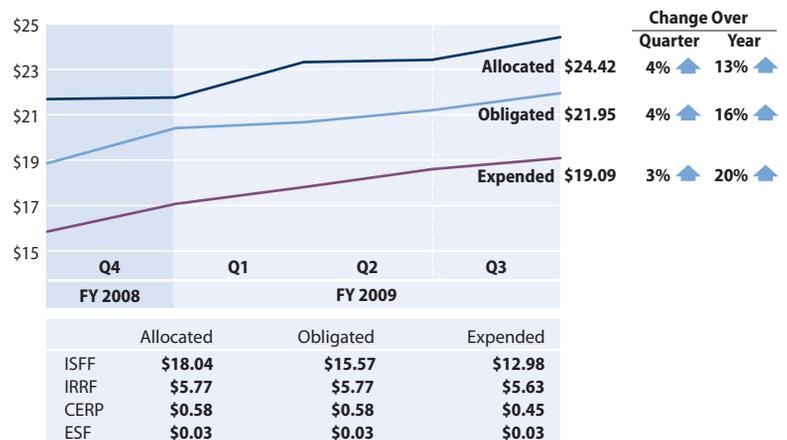
the ISF and executing the Rule of Law Strategic Action Plan (RoLSAP). These activities are coordinated by the U.S. Embassy and include the following:

- Existing ISFF appropriations are programmed to set up a nationwide force-training project to meet force-generation requirements while continuing to support the acquisition of necessary equipment.
- The RoLSAP would extend capacity-development programs in the ministries and PRT activities in the provinces, while existing infrastructure projects (such as prisons) are being transferred to the GOI.

THE UNITED STATES WILL PURSUE A NEW STRATEGY TO END THE WAR IN IRAQ THROUGH A TRANSITION TO FULL IRAQI RESPONSIBILITY…. THERE WILL SURELY BE DIFFICULT PERIODS AND TACTICAL ADJUSTMENTS. BUT OUR ENEMIES SHOULD BE LEFT WITH NO DOUBT: THIS PLAN GIVES OUR MILITARY THE FORCES AND FLEXIBILITY THEY NEED TO SUPPORT OUR IRAQI PARTNERS, AND TO SUCCEED.[132]
—PRESIDENT BARACK OBAMA, FEBRUARY 27, 2009

FIGURE 2.14
SECURITY—STATUS OF FUNDS
$ Billions

|	Allocated	Obligated	Expended
ISFF	$18.04	$15.57	$12.98
IRRF	$5.77	$5.77	$5.63
CERP	$0.58	$0.58	$0.45
ESF	$0.03	$0.03	$0.03

Note: Data not audited. Numbers affected by rounding.

Sources: MNC-I, *Quarterly Report*, 7/4/2009; ITAO, *Essential Indicators Report*, 5/14/2009; DFAS, response to SIGIR data call, 4/10/2009; DoS, response to SIGIR data call, 4/5/2007; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; OSD, responses to SIGIR data call, 7/2/2009 and 7/13/2009.

Figure 2.15

Military Fatalities in Operation Iraqi Freedom, 3/2003–6/2009
Cumulative Fatalities
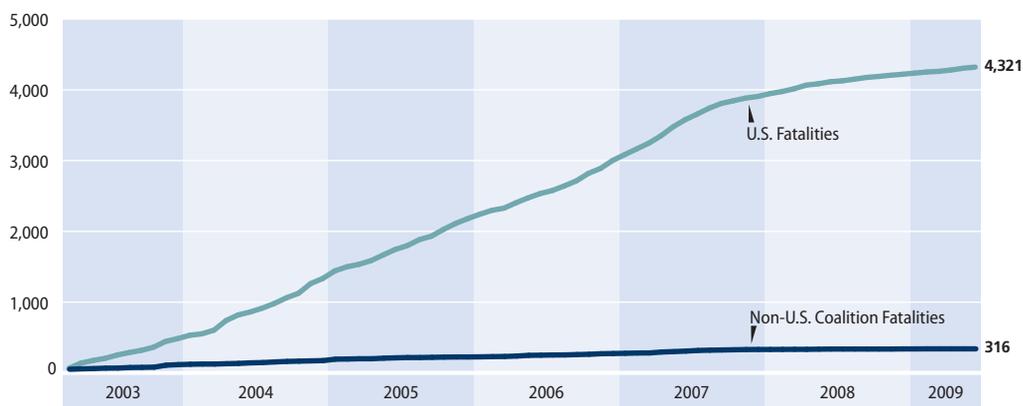
Note: Excludes Iraqi Security Forces fatalities.

Sources: Brookings Institution, *Iraq Index*, 6/25/2009, pp. 15, 17; DoD, "Operation Iraqi Freedom U.S. Casualty Status," 7/2/2009.

U.S. Security Personnel and a New Operating Environment

The transition of security responsibilities pursuant to the Security Agreement provides for the withdrawal of U.S. combat forces from Iraqi cities by June 30, 2009, and the withdrawal of U.S. forces from Iraq by December 31, 2011. The U.S. basing and staging footprint has also shifted. MNF-I reports that 142 U.S. bases have been shut down or handed over to the Iraqi government, bringing the total number of bases and other locations occupied by U.S. forces to about 320.[133] Contracting for private security has been on the rise. Private security contractors (PSCs) operate under rules of engagement prescribed by the GOI, and their movements are coordinated with U.S. military commands.[134]

In Baghdad, security restrictions appear to be easing, with many temporary concrete walls being removed from urban areas as part of a broader normalization process. Officials of the

GOI believe that the ISF is capable of assuming security responsibility for the departing multinational force.[135] However, the Minister of Interior acknowledged that U.S. forces still play an important role, pointing to the many sacrifices they have made to help bring Iraq to its current security and stability.[136] Since the beginning of Operation Iraqi Freedom through July 3, 2009, 4,321 U.S. personnel have been killed and more than 31,350 have been wounded in action.[137] For a timeline of casualties sustained by the U.S. forces, see Figure 2.15.

Since the United States deployed its surge strategy in 2007, security incidents markedly declined. In 2007, about 900 incidents were carried out weekly. In 2008, that number dropped to 200, and this year, fewer than 100 incidents have been occurring each week.[138] Although the overall security situation in Iraq has improved since 2008, the recent spike in mass-casualty incidents shows that terrorist attacks continue to pose gravest serious security challenge.[139]

This quarter, a wave of suicide bombings culminated in a series of 404 bombs detonated across Iraq, bringing the total Iraqis killed this quarter to about 1,000.[140] Although insurgent activity across the country has declined in the past 12 months, al-Qaeda and other extremist elements continue to demonstrate their ability to conduct major attacks against government officials, security forces, and the local population in an attempt to undermine public confidence in the government's ability to provide effective security.[141] For information about daily and annual security incidents and their locations since 2003, see Figure 2.16.

For the status of security personnel operating in Iraq, see Table 2.11.

The United States complied with the terms of the Security Agreement, withdrawing all U.S. combat forces from Iraqi cities by June 30, 2009. (Army.mil photo)
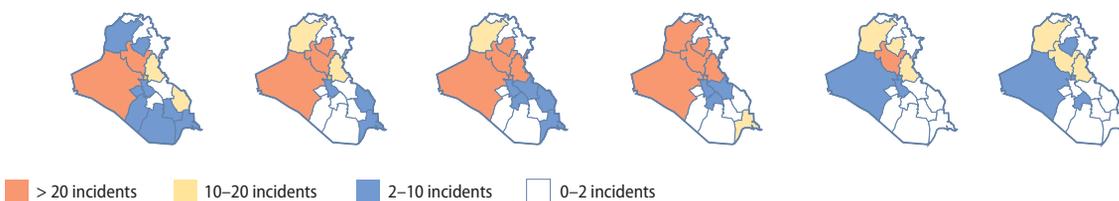
FIGURE 2.16
SECURITY INCIDENTS AND IRAQI CIVILIAN FATALITIES, 1/2004–6/2009

Average Daily Incidents and Estimated Average Daily Fatalities, by Month

Annual Incidents per 10,000 People, by Province

> 20 incidents   10–20 incidents   2–10 incidents   0–2 incidents

Note: Incidents include attacks against Iraqi infrastructure and government organizations; bombs that are found and cleared (including IEDs and mines); detonated bombs; sniper, ambush, grenade, and other small arms attacks; and mortar, rocket, and surface-to-air attacks.

Sources: MNF-I, responses to SIGIR data call, 10/6/2008 and 7/2/2009; CENTCOM, response to SIGIR data call, 1/10/2009; Iraq Body Count, www.iraqbodycount.org, accessed 7/3/2009; Brookings Institution, *Iraq Index*, 6/25/2009.

Table 2.11

SECURITY FORCES IN IRAQ

Service		Assigned Personnel	Trend	Status
U.S. Forces		130,000	↓	All U.S. combat forces out of the cities, June 30, 2009
Private Security Contractors [a]		30,000	—	All agencies assessing their PSC status
Iraqi Security Forces				
Ministry of Defense [b]	Iraqi Army (IA)	201,356	↑	Recruiting freeze due to budgetary constraints
	Training and Support	23,452	—	Working on improving force generation
	Air Force	2,006	—	Building capabilities
	Navy	1,898	—	Developing capacity
	Total MOD	**228,712**	↑	
Ministry of Interior [b]	Iraqi Police	291,520	↓	Working toward independent force management
	National Police	51,766	↑	Improving logistics and training
	Border Enforcement	42,431	↑	Training in preparation for drawdown
	Oil Police	29,411	—	Oil infrastructure security slowed by hiring freeze
	Facilities Protection Service (FPS)	87,000 [c]	—	Pending reform legislation to make FPS a formal department under the MOI
	Total MOI	**502,128**	↑	
Counter-Terrorism	Special Operations	4,160	—	Pending CoR reform legislation to become a new Iraqi ministry
ISF Total		**735,000**	↓	
Grand Total		**858,996**	↓	

Note: Numbers affected by rounding.
[a] PSC numbers shift continually based on changing contract activity and level of security services required. Total reflects SIGIR's estimate.
[b] Assigned numbers illustrate payroll data; they do not reflect present-for-duty totals; approximately 112,000 MOI employees are not included in ISF numbers.
[c] FPS personnel are not counted in the official MOI rosters because they are contracted and reform legislation has not been passed.

Sources: SIGIR, *Quarterly and Seminannual Reports to the United States Congress*, 1/31/2009 and 4/30/2009; OSD, response to SIGIR data call, 4/2/2009; DoD, *Measuring Stability and Security in Iraq*, 12/31/2008; OSD, response to SIGIR data call, 7/1/2009.

Status of U.S. Forces

As of June 30, 2009, approximately 130,000 U.S. forces remain in Iraq, and by August 2010, their combat mission is scheduled to transition to a support role, conducted by 35,000 to 50,000 military advisors and trainers.[142] Concomitant with the planned force drawdown, the United States will make organizational changes within the U.S. force structure. MNF-I will be replaced by U.S. Forces-Iraq (USF-I). Additionally, the Iraq Security Assistance Mission (ISAM)[143] and the Iraq Training and Advisory Mission (ITAM) will assume the functions now performed by the Multi-National Security Transition Command-Iraq (MNSTC-I).

The advisory and training mission organizations will report to the Deputy Commanding General of ITAM under the Commanding General for USF-I, as well as to DoS offices in the Embassy, continuing joint mission oversight.[144] ITAM will work to hand over its police-training mission as soon as DoS is ready to accept it. ISAM will then be the core of the Office of Security Cooperation operations, which will serve under the U.S. Embassy as directed by MNF-I/USF-I command and control transformation guidance.[145]

For an overview of the U.S. Embassy security operations organization, see Figure 2.17.

Private Security Contractors

Although the total number of contractors working in Iraq appears to have decreased, DoD contracting for PSC support has increased by 23% since January 2009.[146] PSCs coordinate the efforts of Security Escort Teams (SETs) and Reconnaissance Liaison Teams (RLTs) through a system of reconstruction support centers. SETs escort military and civilian personnel, providing security for visits to construction

FIGURE 2.17

U.S. EMBASSY SECURITY OPERATIONS ORGANIZATIONAL CHART
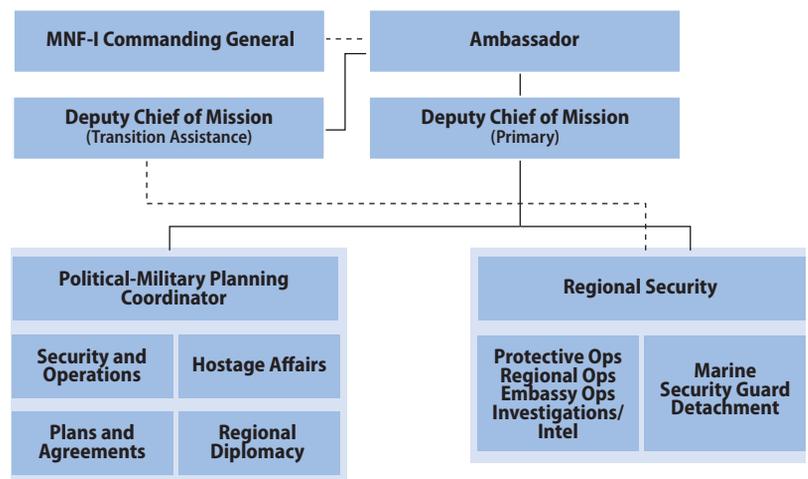
Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/16/2009.

sites. RLTs visit communities and local leaders to develop a positive support relationship, and they conduct technical inspections of ongoing construction projects.

Although the Security Agreement has not yet caused any significant change to these security activities, GRD reports that its coordinating role will draw down over the next year. As the reconstruction work load decreases, GRD will adjust its PSC contractor support accordingly.[147]

Under current host-nation regulations, in order to carry weapons, PSC personnel in Iraq must work for a private security contractor that has been properly registered and licensed with the GOI authorities, including the Ministries of Trade and Interior. DoD-affiliated PSCs must be properly licensed to carry arms, and they must receive CENTCOM/Coalition forces approval for their operations. Two days before the Security Agreement between the United States and Iraq took effect, on December 30, 2008, Iraq's Ministry of Interior (MOI) issued an order that

U.S. soldiers attend a transfer of authority ceremony for Joint Security Station eastern Baghdad. (MNF-I photo)

established joint committees to review existing policies pertaining to PSCs and to develop new policies and procedures. Committee members include representatives from MOI, GOI, MNF-I, and U.S. Embassy-Baghdad. Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) participates as requested.

The committee has been discussing and implementing guidance on several key issues, including:[148]

- licensing of contractors
- registration of firearms and personal security weaponry
- vehicle registration
- licensing of pilots and aircrafts related to personnel and security operations
- customs, duties, tariffs, taxation, and inspections
- entry/exit procedures and use of DoD assets to transport members of the U.S. forces, DoD civilian component, U.S. contractors, and U.S. Embassy personnel

DoD and DoS continue to coordinate with the GOI regarding the legal accountability of U.S. contractor personnel as well as PSC operational and security operations. This quarter, SIGIR issued an audit on coordination between the U.S. military and PSCs in Iraq, finding that the use of contractors has not been without problems, including incidents between PSCs and Iraqis as well as U.S. forces. In late 2007, DoD and DoS began making organizational and procedural changes to strengthen their oversight, coordination, and control of PSC activities. SIGIR's audit was conducted to obtain field commander's opinions on the effect of those changes and to address the requirements of Section 842 of the National Defense Authorization Act for FY 2008 (Public Law 110-181), which encourages oversight agencies to identify the extent to which field commanders have been able to coordinate or direct the performance of contractors in areas of combat operations.

SIGIR's audit found that field commanders generally believe that the new control and coordination procedures have been effective in ensuring that PSC operations are not inconsistent with ongoing combat operations. SIGIR had previously reviewed the reporting, investigation, and remediation of serious incidents involving PSCs, finding that improved oversight and coordination of serious incidents could be achieved by establishing core standards, policies, and procedures early in a contingency. SIGIR identified this as a lesson learned, and the audit released this quarter provides further evidence of the importance of these activities.[149]

SIGIR also conducted an audit on investigation and remediation records concerning incidents of weapons discharges by PSCs. SIGIR found that from May 2008 through February 2009, 109 incidents of weapons discharges were reported by

PSCs and recorded in DoD databases. Although DoD has improved its tracking of these incidents, it did not have supporting documentation to verify the actions taken on 56 of these incidents. As such, it was difficult, and sometimes impossible, to determine the total number of actions taken to investigate and remediate the incidents, including the actions taken against the PSCs in this timeframe.[150]

SIGIR Joint Audit of Private Security Contracting

A joint audit by SIGIR and DoS OIG reviewed funding and performance under Blackwater Security Consulting contracts to provide personal protective services in Iraq. The estimated costs for DoS contracts and task orders awarded to Blackwater (which has since changed its name to Xe) totaled more than $1 billion as of May 29, 2008. The contracts are funded primarily with DoS Diplomatic and Consular Programs funds and about $76 million from the IRRF. The report presented these findings:[151]

- DoS officials in Iraq did not establish or perform measures to confirm the accuracy of labor costs used as the basis for contract billing. Monthly invoices from the contractor were paid without adequate review of support documentation.
- Full manning of protective details is important to the safety of the principal being protected, as well as for the members of the protective detail. However, penalties for noncompliance with contract staffing requirements were not assessed.
- Blackwater's travel costs were not adequately reviewed. Ineligible travel costs of $127,364 were paid for airfare in excess of coach fare. During the audit, the contracting officer recovered $56,457 of the total amount ineligible under the contract.

U.S. forces patrolling the borders. (MNF-I photo)

- Contract oversight files required by the contracting officer's representatives were not easily accessible and may not be complete in Iraq and at headquarters.

Iraqi Security Forces

Although DoD believes "the ISF continues to demonstrate a growing capability and confidence in providing for security and leading operations in their country,"[152] there are also indications that the performance of a self-sustaining and full-spectrum-capable ISF remains in question.[153] The training of security personnel has not kept pace with the build-out of force strength, and this lag is the justification for ISFF-funded training base plans through 2009 and 2010.[154]

MNSTC-I advisory teams continue to work closely with both the MOD and MOI to improve the accuracy and frequency of their personnel reporting systems. The number of

FIGURE 2.18

ESTIMATED ISF FORCE STRENGTH, CUMULATIVE, BY QUARTER
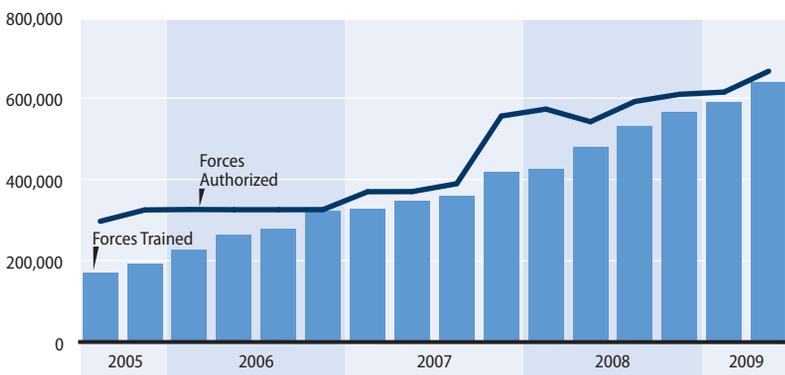
Note: Cumulative number of Iraqi Army, Air Force, Navy, Iraqi Police, National Police, Border Enforcement, and Special Operations Personnel. June 2009 data is a SIGIR estimate.

Sources: DoD, *Measuring Stability and Security in Iraq*, 7/2005, 10/2005, 2/2006, 5/2006, 8/2006, 11/2006, 3/2007, 6/2007, 9/2007, 12/2007, 3/2008, 6/2008, 9/2008, 12/2008; DoS, *Iraq Status Report*, 3/18/2009; OSD, response to SIGIR data call, 7/14/2009.

TABLE 2.12

SOI PERSONNEL TRANSITIONED TO GOI AND ISF POSITIONS, AS OF 6/30/2009

DATE OF TRANSFER	NEW ORGANIZATION	NUMBER OF PERSONNEL
6/2007–9/2008 (Date of program inception to Iraqi PM Order 118C)	ISF	8,777
	Non-security GOI positions	2,364
	Subtotal	**11,141**
10/2008–6/2009 (Date of Order 118C to present)	ISF	4,565
	Non-security GOI positions	1,717
	Subtotal	**6,282**
Total Transitioned		**17,423**

Source: OSD, response to SIGIR data call, 7/2/2009.

MOI personnel assigned continues to exceed personnel trained. Training centers have not been able to keep up with the pace of hiring in 2007 and 2008, as well as the return of former Iraqi Army personnel, who must be scheduled for retraining. Additionally, as missions are transferred to the MOI—(such as the Oil Police, Electricity Police, and Facility Protection Service (FPS)—personnel are transferred with limited training and inadequate equipment, creating a backlog of untrained and uncertified personnel.

Efforts to train MOI instructors and build infrastructure are part of the capacity-development program, which is designed to address the immediate shortfalls. But a focus on procurement, distribution, and sustainment is still needed to ensure that the ISF is adequately equipped.[155]

More than 648,000 Iraqis now serve in the MOI, MOD, and Iraqi National Counter-Terrorism Force (See Figure 2.18).[156]

Status of Sons of Iraq

Since the Sons of Iraq (SOI) program was transferred to complete GOI control in April 2009, no SOI members have been transitioned into ISF or ministry jobs because the MOD and MOI are currently under a hiring freeze. Between January 2006 and June 2007, before the inception of the SOI program, 8,206 members of the original al-Sahwa movement had transitioned into the Anbar provincial police.[157] For the timeline of personnel transitioned from the 94,000 SOI force, see Table 2.12.

In April 2009, the U.S. government allocated $1.27 million of the CERP to close out Coalition responsibility for SOI pay in portions of Baghdad, Qadissiya, and Salah Al-Din provinces. No U.S. funds have been used since May 2009 to support the SOI program, nor are there plans in the future to continue using CERP funding for this purpose. The GOI now pays for all salaries as well as any SOI vocational programs.[158]

Key leaders from MNC-I's reconciliation and engagements cell (the U.S. government's liaison for the SOI program) and GOI's committee for national reconciliation meet biweekly to discuss

current SOI topics, including pay, transition, and the arrests of SOI leaders. This quarter, the most challenging issue was ensuring the availability of funds required to pay the SOI. Because of the decline in oil prices, the GOI went through several revisions of its 2009 budget, which caused a delay in paying the SOI members. The GOI has since rectified this situation and allocated enough money to fund salaries through the end of this year.[159]

U.S. forces continue to work closely with the GOI to ensure the more than 88,000 remaining SOI members receive pay under the Iraqi-controlled program.

Since November 2008, 41 SOI leaders have been arrested, and 6 have been released. Most of the SOI leaders have been arrested under charges of terrorism. Although some arrests appear to have been made for valid reasons, there is concern that a portion may be the result of sectarian or politically driven agendas.[160]

Iraqi Women in the ISF

The United States has launched a wide spectrum of programs to help Iraqi women achieve equal protection under the law. Provincial Reconstruction Teams run 48 assistance projects for women. Training centers in Baghdad and Basrah funded by the DoS Bureau of Democracy, Human Rights and Labor (DRL) provide women with job skills. DRL also funds a $5 million program specifically for widows. MNF-I has trained hundreds of female security personnel as part of its strategy to thwart female suicide bombers.[161]

The Daughters of Iraq (DOI) are breaking traditional societal norms to help authorities counter al-Qaeda's use of women to carry out suicide bomb attacks. The security program began in October 2008 as an unarmed spin-off of the SOI. DOI personnel work with the Iraqi

Training of female Iraqi police recruits at the Kirkuk Police Academy. (DoD Photo)

Police to search women at checkpoints to reduce the threat posed by female suicide bombers as well as male bombers who disguise themselves as women.[162] Recently, the GOI has seen increased demand for female security personnel because of the sharp rise in female suicide bombings.

U.S.-funded Security Programs

Since 2003, the United States has allocated $24.42 billion and obligated $21.95 billion for programs to develop Iraq's security and justice capacity. As of June 30, 2009, $2.47 billion remains for obligation and $5.34 billion for expenditure.[163] Continuing funding is directed at programs intended to develop ISF capacity (training) and capability (sustainment and equipment).

Historically, funding has also supported security-related infrastructure projects. Since 2004, ISFF has provided for the construction of

609 police stations throughout Iraq, in addition to the rehabilitation and construction of border forts, ports of entry, and training centers for MOI. The total cost of construction to date is nearly $1 billion.[164] The authority to obligate ISFF for infrastructure projects is set to expire on September 30, 2009.

MNF-I reports that although CERP funding remains integral to U.S. security programs, the impact of a reduction of $247 million of the $747 million originally planned for FY 2009 can be mitigated. Moreover, it does not expect the June 30, 2009, U.S. troop withdrawal from the cities to change plans for executing $500 million in FY 2009.[165]

The decreased level of U.S. funding for Iraq-related activities in FY 2009 is consistent with the MOD and MOI assuming increased operational and strategic control from U.S. forces.[166]

SIGIR Inspection of the Iraqi Army Barracks

This quarter, SIGIR inspected the Iraqi Army Headquarters Barracks in Missan, Iraq. The $1.2 million contract was for the construction and renovation of several buildings and facilities, including an office building, toilets and baths, and roadways. Contractors also installed a generator, fuel tanks, and other equipment. The facility was turned over to the GOI in March 2008.

SIGIR did not observe any signs of structural failure or distress, concluding that aside from minor construction defects, safety concerns, and damage from improper use, the construction was adequate and was turned over to the GOI in a sustainable condition. SIGIR recommended that GRD locate the detailed construction drawings and design calculations for the new battalion headquarters building and maintain them in the project file records.[167]

U.S. Security Program Strategy

The GOI continues to assume broader ownership for and increasing fiscal commitment to its security forces and to programs that support the MOD and MOI. Although funded below their budget requests, both the MOI and MOD continue to show progress in developing ministerial capacity, albeit slowly and unevenly.

To expand institutional capacity, Coalition mentorship and partnership will be necessary for some time to overcome decades of isolation and stagnation in law enforcement and military education and training. A lack of capacity to train civilian management, a shortage of training staff, deterioration of some facilities, and an inability to fill many positions with trained personnel are challenges that continue to hinder these ministries. Currently, many of the Iraqi civilians working for the MOD and MOI are not yet fully trained and qualified for their positions. Furthermore, many are reluctant to pursue technology-focused training.[168]

Plans call for ITAM to provide direction, oversight, and assessment of institutional-level training, advisor support for the ministries, and assistance to the ISF to support force generation, build capacity, develop and enhance key capabilities, and improve competence and professionalism.[169]

As part of the transition to the ISF, MNF-I developed the Training Base 2009 program to serve as a basis for MOD planning. The goal is to institutionalize training in the Iraqi Army and ensure that these priorities are met:[170]

- Identify force generation and replenishment requirements.
- Continue the professionalization of the Iraqi Army through specialty training and courses for non-commissioned officers.

- Institutionalize battalion tactics through the Warfighter Exercise Program.
- Train Iraqi Army units on the M1A1 Tank; 60mm, 81mm, and 120mm mortars; and other heavy artillery.

This quarter, capacity development for force generation at the MOI continued as U.S. funding shifted from sustainment and training to provision of more equipment and transportation support.[171] MNSTC-I continues support for both the MOI and MOD to develop professional training capacities. For a summary of FY 2009 revised budget line items, see Table 2.13.

Building Maintenance Capacity

Establishing logistics-capable units remains a top priority of U.S. programs that provide force training, sustainment, and equipment. Efforts to expand ministerial capacity within the MOD and MOI are also ongoing and viewed as important to the GOI's ability to assume security responsibilities. These activities, which are broadly consistent with typical U.S. assistance to foreign security forces,[172] require the full support of the relevant Iraqi parties. There appear to be significant challenges, however, to the GOI's commitment to maximize the training and capacity development opportunities, which will have a proportionately negative impact on the development of a logistics and sustainment capability.

National Maintenance Support

A GOI-run national logistics base in an important component for building a self-sustaining security force. The United States has invested in the multiple phases of the **Taji National Maintenance Depot's** development, which is scheduled to be completed and transitioned to full Iraqi control by January 1, 2010.[173] Marking

a significant milestone on March 4, the first M1114 Humvee to be totally rebuilt rolled out of the Main Wheel Assembly & Disassembly facility. Iraqi Army mechanics accomplished the rebuild as part of a six-month, supervised on-the-job training program at the depot.[174] But a recent SIGIR audit questioned whether Iraqi military forces would be able to perform maintenance repairs, even at a low rate of production, by the end of the year.

SIGIR's recent audit examined a $350 million MNSTC-I contract (funded by the ISFF) to complete the Taji National Maintenance Depot, in Baghdad province. Construction has been conducted in seven phases, and the contract audited was intended to complete the final four phases: procuring and installing equipment, training Iraqi soldiers and civilians in depot maintenance and operations, initiating operations, and transitioning the depot to Iraqi control.

TABLE 2.13

IRAQ SECURITY FORCES FUND SPEND PLANS
$ Millions

	Sub-Activity Group	FY 2008/FY 2009		FY 2009/FY 2010	
		Previously Approved (9/2008)	Revised Spend Plan	FY 2009 Bridge Request	Spend Plan
MOD	Sustainment	154.7	173.9	91.8	91.8
	Equipment	917.9	925.0	1,030.1	260.1
	Training	116.1	192.4	234.0	196.5
	Infrastructure	298.5	298.5	0.0	0.0
	MOD Subtotal	**1,487.2**	**1,589.8**	**1,355.9**	**548.4**
MOI	Sustainment	106.0	66.0	20.0	20.0
	Equipment	392.0	432.0	125.6	125.6
	Training	650.0	650.0	417.2	231.0
	Infrastructure	110.0	110.0	0.0	0.0
	MOI Subtotal	**1,258.0**	**1,258.0**	**562.8**	**376.6**
Other	Related Activities	254.8	152.2	96.2	75.0
Total		**3,000.0**	**3,000.0**	**2,014.9**	**1,000.0**

Note: Data not audited. Numbers affected by rounding.

Source: OSD, response to SIGIR data call, 7/2/2009.

TABLE 2.14

LOCATION COMMANDS
$ Millions

LOCATION COMMAND	PROVINCE	FUND	COST
Kirkush	Diyala	ISFF	$7.35
Kirkuk	Tameem	ISFF	$7.95
al-Na'maniya	Wassit	ISFF	$7.75
Taji	Baghdad	ISFF	$21.91
Habbaniyah	Anbar	ISFF, QRF	$21.46
Tallil	Salah Al-Din	ISFF, QRF	$28.80
Hammam	Ninewa	ISFF	$12.50
al-Kasik	Ninewa	ISFF, QRF	$6.78
Shaiba	Basrah	ISFF, FMS	$40.67
al-Asad	Anbar	ISFF	$9.24
Total			**$163.83**

Notes: Numbers affected by rounding.

Source: OSD, response to data call, 7/6/2009.

SIGIR auditors found that the cost of this contract, which currently totals $220 million, is likely to increase because of repairs for serious safely hazards and electrical problems related to earlier phases of the contract. It also concluded that the possibility that the depot will transition to an Iraqi-controlled operation capable of low-rate production by the contract's deadline of December 31, 2009, is remote. Insufficient equipment has forced training to be canceled or scaled back. However, a larger impediment has been a lack of Iraqi commitment to the training.

About half of the assigned students are absent at any given time for a variety of reasons. As of May 31, 2009, only 74% of the required workforce had completed training, and even the trained workers' skill level was assessed as "marginal." Although contract management has improved over earlier periods, and MNSTC-I has taken measures to address the previous deficiencies, the capability of the Iraqi Army to provide military depot maintenance appears at risk.[175]

Regional Maintenance

The Taji depot provides the highest level of maintenance support capability for repair and upkeep of Iraqi Army equipment and vehicles. In addition, regional facilities, called Location Commands (LCs), provide second-tier maintenance support for Iraqi Army units around Iraq. Under the Global Maintenance and Supply Services (GMASS) contract, facilities and equipment have been provided for 10 LCs (see Table 2.14).[176] SIGIR recently examined contracts intended to support the Iraqi Army training and sustainment logistics capability as well as the construction of the physical infrastructure of an LC.

Last quarter, SIGIR performed an audit of the GMASS in Iraq.[177] This contract supports a MNSTC-I program to assist the Iraqi Army in developing a logistics capability so that it can be self-sufficient. SIGIR found that the effort fell well short of achieving the important goal of training Iraqi Army personnel to perform certain maintenance functions and operate a supply system. Notably, the Iraqi Army did not provide a sufficient number of soldiers for training. Although SIGIR determined that the Iraqi Army had some maintenance capability, it was unclear whether that capability was sufficient to assume all maintenance activities without contractor support. Additionally, it was unclear if the Iraqi Army was capable of independently operating its supply system. To address these problems, MNSTC-I had planned to continue the existing task order for maintenance and supply system support—a task order that had previously been modified 161 times.

This quarter SIGIR issued an audit on the Tikrit Location Command as part of its legislative requirement to prepare a final forensic audit on funds made available for Iraq relief and reconstruction. This review examined the

$37.8 million project to construct a new area support base for the Iraqi Army. This joint effort between MNSTC-I and ITAM was funded by the ISFF. JCC-I/A awarded the contract and is responsible for contract oversight, but the GRD North District provides program management and engineering oversight.

As of May 31, 2009, the contractor was meeting the requirements of the contract, and cost disbursements were commensurate with management's estimate of the construction status. The GRD program manager estimates that overall construction is 78% complete, and both the GRD manager and the contractor believe that construction will be completed by the end of the current period of performance, which is September 26, 2009. MNSTC-I has an asset transfer plan in place and is working with the GOI to address several training and sustainment issues ahead of project transfer.[178]

Foreign Military Sales

The Foreign Military Sales (FMS) program allows the GOI to rebuild and strengthen the ISF through purchase of U.S. defense equipment, services, and training. The program has been in use in Iraq since 2005, and all contracting is administered through the DoD acquisition system.[179]

As of June 30, 2009, the GOI had implemented 134 FMS cases, obligating $4.88 billion to buy military equipment, supplies, and training from the United States.[180] At any time, there may be cases that have been signed but not funded (or that are in the process of being funded). However, the GOI has demonstrated in signing these cases that it has sufficient funds available for payment.[181] See Figure 2.19 for more details.
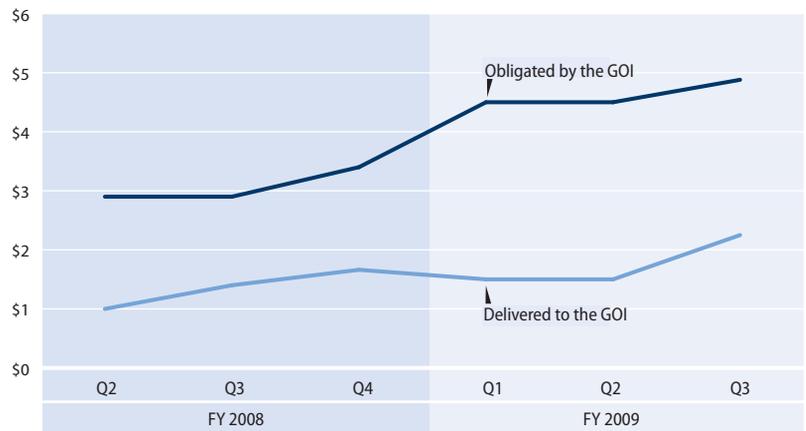
Note: Numbers affected by rounding.

Sources: DoD, *Measuring Stability and Security in Iraq*, 3/2008, 12/2008, and 3/2009; DSCA, response to SIGIR data call, 10/15/2008; MNSTC-I, response to SIGIR data call, 4/2008; OSD, Principal Deputy Assistant Secretary of Defense, Global Security Affairs, SIGIR interview, 7/7/2008; OSD, responses to SIGIR data call, 4/2/2009 and 7/1/2009.

U.S. Programs To Support the Rule of Law

Judicial security remains a prime concern for the GOI, and the United States continues to assist efforts to safeguard judges and their families. Given the long history of distrust and lack of cooperation between the MOI and the Higher Judicial Council (HJC), the progress made this quarter is especially noteworthy. In Ninewa province, for example, U.S. advisors assisted MOI and HJC in conducting a province-by-province assessment of the judicial security needs of every member of the Iraqi Judiciary. The HJC and MOI have agreed to collectively address the needs once determined.

The U.S. Embassy's Rule of Law Coordinator (RoLC) directs a range of programs to address the needs of Iraq's court systems, its correctional facilities, and other capacity-development

FIGURE 2.20

U.S. Embassy-Baghdad Rule of Law Organizational Chart
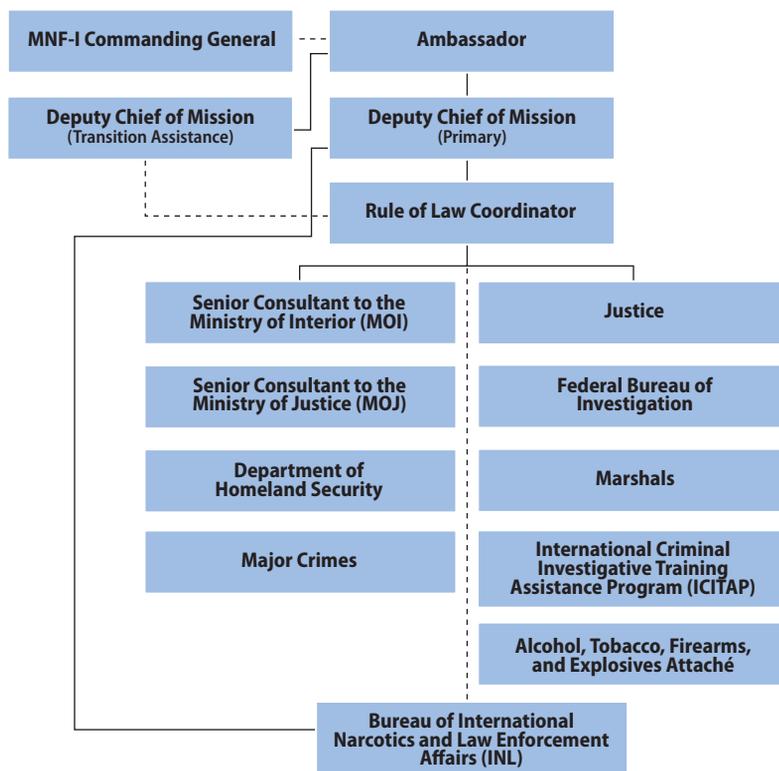
Source: U.S. Justice Attaché (Baghdad), "Rule of Law Organizational Chart," 7/16/2009.

Development of the Rule of Law

The Rule of Law Strategic Action Plan, approved by the Chief of Mission in February 2009, guides U.S. activities to support the GOI. Activities are focused on these three priorities:
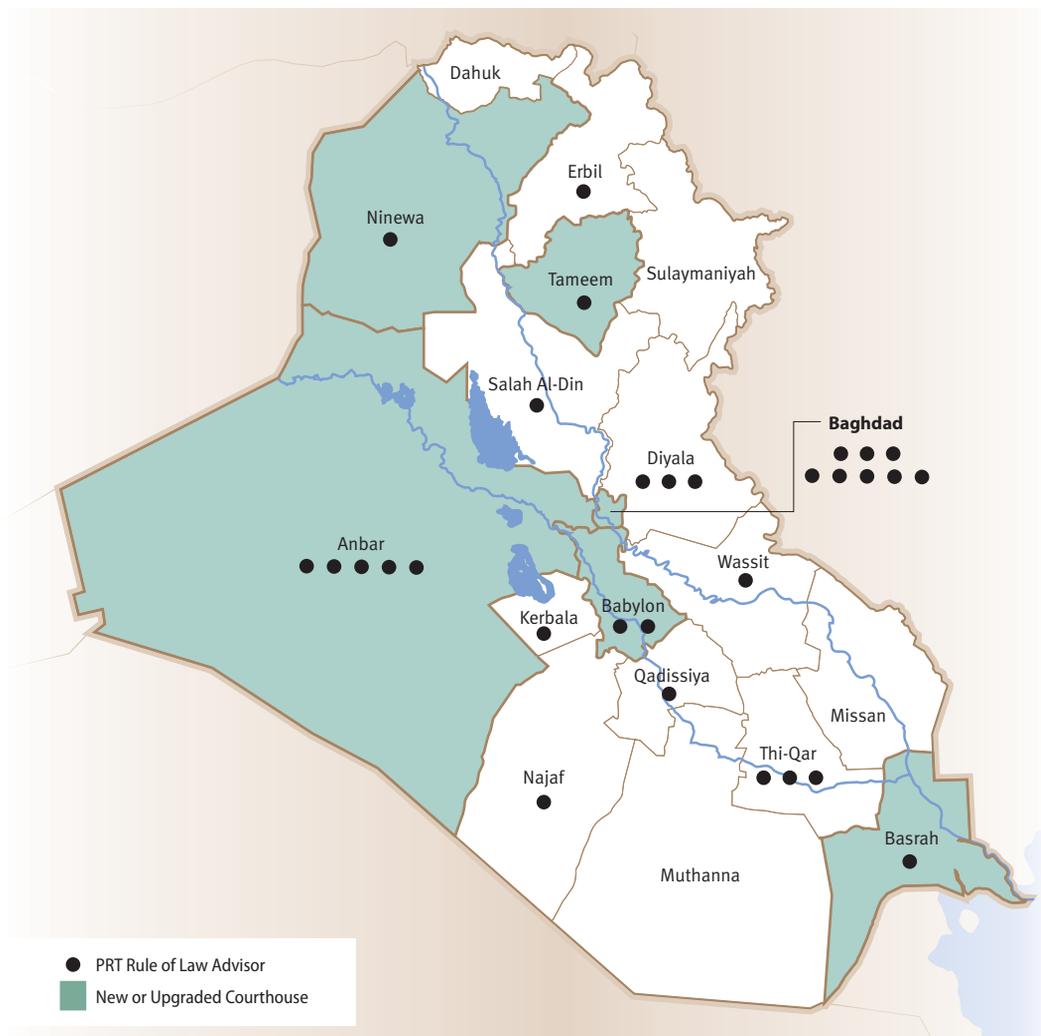
- creating a judicial security plan that reconciles efforts of the HJC and MOI
- coordinating civilian and military efforts to provide effective detention policies and improve the efficiency of detainee processing and release
- building capacity through rule-of-law efforts at the provincial level, working through the PRTs

However, according to the RoLC, the Rule of Law mission in Iraq faces many challenges: the program lacks sufficient funding; endemic corruption pervades many GOI institutions; and the Iraqi rule-of-law infrastructure, including court and correctional facilities, has yet to fully recover from deterioration permitted by the prior regime and resulting from war.[183]

In March 2009, the RoLC assigned Provincial RoL Liaison Officers to support each of the provinces. These assignments are patterned after those of the Office of Provincial Affairs desk officers, providing support for these activities:[184]

- quickly capture provincial RoL developments, accomplishments, and challenges
- provide more uniform and cohesive policy guidance for the provincial RoL mission
- coordinate more broadly and effectively with military counterparts at all levels

activities to support the rule of law. The Coordinator is responsible for overseeing all RoL activities and policies internally within the Embassy and externally with the GOI (Chief Justice and HJC), as well as with MNF-I and Task Force-134, which oversees detainee command and control operations.[182] For the Embassy's RoL organizational structure, see Figure 2.20.

FIGURE 2.21

RULE OF LAW ASSISTANCE TO GOI'S JUDICIAL SYSTEM

Source: DoS, "INL Report on Courthouses," 10/2008.

For the locations of U.S. rule-of-law assistance around Iraq, see Figure 2.21.

Capacity Development

The DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) and the HJC have worked to develop the **Judicial Education and Development Institute (JEDI)** curriculum survey, which has been circulated for comment. The value of this survey was such that additional surveys for the information technology department and court administration staff have been requested by HJC. Members of the **Iraq Justice Integration Project** were asked to brief the Iraqi National Security Council on lessons learned as well as its best-practices model for operations on the merits of the project. These insights will be used by the GOI in planning a government-wide system for sharing information. The HJC's information technology department is now launching a portion of the case-management pilot site based on technical support provided in 2008. INL funding has been committed for the third quarter of FY 2009.

The installation of the JEDI began in October 2008 and has proceeded according to timelines revised to accommodate HJC guidance as well as major changes to the security plan. Classrooms have been scheduled for August, and final handover is expected by September.[185]

Prison Update

This quarter, SIGIR inspected the U.S.-built **Chamchamal Prison** at a cost of more than $32 million, which is designed to hold 3,000 inmates: 1,000 high-security and 2,000 medium-security prisoners. Dormitories at the facility also accommodate approximately 400 staff members. Although turnover of the facility occurred on March 19, 2009, the prison sits empty. The prison warden has said that 1,200 guards are needed to operate 3 security shifts, and the Ministry of Justice does not have sufficient funds to hire them or to pay for fuel for the facility's electric generators.[186]

For an update on U.S. prison projects, see Table 2.15.

Protection Services for Iraq's Judges

In coordination with the HJC, INL advisors visited five provinces and completed seven vulnerability assessments as a first step in developing curricula to be taught at JEDI and enhance the

TABLE 2.15

ONGOING INL-FUNDED PRISON CONSTRUCTION

PRISON	COST TO COMPLETE ($ Millions)	LOCATION	% COMPLETE (AS OF 6/30/2009)	FUND	EST. DATE OF COMPLETION	EST. CAPACITY	CAUSE OF DELAY
Basrah Central	9.7	Basrah	22%	INCLE	11/6/2009	1,200 beds	
Fort Suse: Phase I	5.6	Sulaymaniyah	87%	INCLE	7/15/2009	689 beds	The Iraqi Correctional Services failed to sign for renovated areas.
Fort Suse: Phase III	11.1	Sulaymaniyah	27%	INLCE	8/18/2009	500 beds	The contractor is in the process of descoping the construction of the 3-story, high-security building due to engineering problems encountered with the design and site conditions. The number of beds provided under this project is being reduced from 1,000 beds to 500 beds.
Nassriya: Phase II	8.0	Thi-Qar	74%	INCLE	8/2/2009	400 beds	Work stoppages.

Source: INL, response to SIGIR data call, 7/1/2009.

HJC's ability to provide for its own security, both for infrastructure and personnel protection. INL also reported these activities:[187]

- conducting security upgrade assessments for five courthouses
- completing the last two courthouse security upgrades (Phase I) in Mosul (Ninewa province) and Ba'quba (Diyala province)
- facilitating an agreement with the Director of Training for the MOI to train 7,500 PSCs who will protect the HJC judges nationwide
- presenting a vulnerability assessment of the main terrorism court in Baghdad

Since June 17, 2003, 143 lives have been lost in judicial assassination attempts—38 judges, 6 judicial family members, and 99 judicial employees, including security personnel. No judges, employees, or security personnel were assassinated this quarter. However, on or about April 22, 2009, a judge in Kirkuk was kidnapped and subsequently released.[188] For a summary of assassinations among court workers, see Figure 2.22.

Major Crimes Task Force

The United States continues to work on building the capacity of Iraq's **Major Crimes Task Force (MCTF)**. Now 23 Iraqi investigators work under the MCTF, drawn from MOI's Internal Affairs, the MOI Office of the Inspector General, the National Information and Investigations Agency, and MOI's Criminal Investigation Division (CID). U.S. participation also increased with the addition of a third U.S. Army CID agent and a second Defense Criminal Investigative Service (DCIS) agent.

As of June 15, 2009, the MCTF had 49 open investigations, had obtained 111 arrest warrants, conducted 11 arrests, and interviewed 69 witnesses/sources, among other activities. U.S.
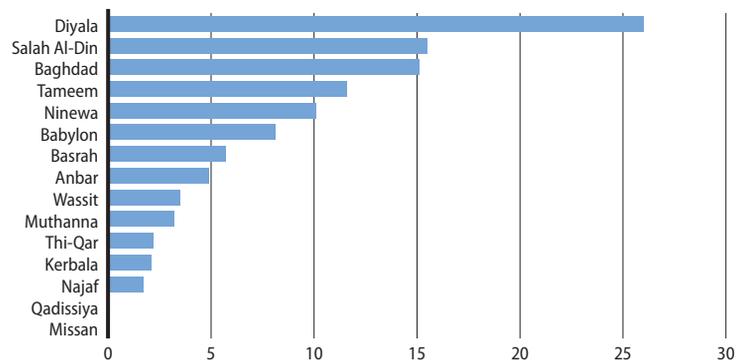
Note: No data for the Kurdistan Region.

Sources: SIGIR, *Quarterly Report to the United States Congress*, 4/30/2009; U.S. Justice Attache-Baghdad, response to SIGIR data call, 7/2/2009.

federal agents continued to mentor, train, and advise the Iraqi investigators on the task force, reporting three significant investigative accomplishments this quarter:[189]

- In April 2009, the MCTF investigators opened an investigation into the attempted murder of the Executive Secretary to the Minister of Justice. The victim lost both legs in an explosion during the attack.
- In June 2009, the MCTF opened an investigation into the murder of a U.S. citizen who was killed in the International Zone. This is the first investigation of its kind being conducted by the MCTF. It required 2 Iraqi search warrants, which resulted in the arrest of 5 U.S. contractors and 1 Iraqi national, as well as seizure of drugs, items used to manufacture false Iraqi license plates and vehicle registration cards, and more than 50 weapons.

Detainee Release and Court Docket Backlog

As of June 15, 2009, the total detainee population in MNF-I custody had dropped to 10,956 as

MNF-I continues working with the GOI to release detainees or transfer them to GOI custody in accordance with the Security Agreement. Since January 1, 2009, more than 3,682 detainees were released. The rate of detainee release or turnover for Joint Task Force-134 Detention Operation has averaged 750 per month.[190] Of those still detained by the Coalition, 2,325 have been convicted or are at some stage of scheduling for trial in the Central Criminal Court of Iraq (CCC-I).[191]

The U.S. government has taken multiple steps to assist the HJC in mitigating the docket backlog. In the short term, RoL advisors in many provinces provide basic logistical assistance. MNF-I also provides logistical assistance by transporting some detainees to court and by transporting judges to regions of Iraq that

lack sufficient judicial personnel to adequately process the high volume of additional cases often resulting from security operations.

In coordination with PRT Baghdad, DoJ's Law and Order Task Force (LAOTF) continues its work out of the **Rusafa Legal Defense Center**, providing 25 Iraqi attorneys to assist thousands of detainees with legal services—a measure aimed at reducing judicial backlog. Since its inception, the Rusafa Legal Defense Center has conducted thousands of defense consultations. There has been some positive GOI response to this initiative, and similar activities are planned in other provinces, particularly in Anbar and Diyala. LAOTF has also provided technical assistance in establishing a basic system to help court personnel more efficiently locate and transport detainees for court hearings.

DoS and INL are also developing long-range initiatives, such as the **Iraq Higher Judicial Council Court Administration Project**, which should allow the HJC to increase its capacity in all aspects of judicial administration, including case management. The HJC currently lacks a centralized case management system, and often there is little case tracking. The initiative aims to standardize a national case-management system initially via a manual system, and then gradually, it plans to phase in a computerized system. JEDI has established criminal case management as a priority in its curriculum development.

Amnesty Law

As of June 2009, 133,422 Iraqis charged with crimes were eligible for amnesty under a law passed in February 2008; 32,858 were ineligible.[192] For details, see Table 2.16.

TABLE 2.16

NUMBER OF DETAINEES AFFECTED BY THE AMNESTY LAW (2/2008–6/2009)

APPELLATE COURT	NUMBER ELIGIBLE	NUMBER DENIED
Baghdad-Rusafa	13,687	8,181
Baghdad-Kharkh	16,282	7,025
Ninewa	12,989	2,189
Diyala	1,873	1,501
Qadissiya	4,573	1,695
Missan	3,402	513
Basrah	9,989	1,587
Kerbala	7,339	579
Babylon	16,857	2,565
Wassit	6,515	912
Anbar	1,443	541
Muthanna	5,684	701
Thi-Qar	9,913	1,621
Najaf	11,073	782
Tameem	7,450	1,225
Salah Al-Din	4,206	1,241
Total	**133,422**	**32,858**

Source: INL, response to SIGIR data call, 7/2/2009.

Court Reconstruction Update

This quarter, the $21.5 million **Anbar Appeals Courthouse** construction and renovation project (funded through the IRRF, ISFF, and Iraq Interim Government Fund) was completed. In addition to renovating three former palaces, which serve as courthouses, the GRD-managed project included the construction of housing facilities for the justices and barracks for the security guards.[193]

In May 2009, renovation of the **Mosul Courthouse** was completed. This $511,000 project was funded by INL to provide a number of security upgrades designed to protect both citizens and Ministry of Justice employees.[194]

Court Operations Update

In April 2009, by order of Chief Justice Medhat, the CCC-I Rusafa Trial Court was combined with the District Felony Court, in Baghdad, and renamed the **Felony Court at the Rusafa Judicial Palace**. The new court presides over felony criminal trials in addition to terrorism cases. Consistent with past practice, the U.S. government has provided significant logistical and technical support to all CCC-I locations.

CCC-I Rusafa

LAOTF continues to provide logistical and technical assistance to increase the efficiency and security of the facility and reports the following milestones:

- *Defense Bar Initiative*: The Baghdad Legal Defense Center is now less dependent on LAOTF mentoring and is developing GOI relationships that will sustain it in the future. The Center reports that it is improving and expanding its reach to assist detainee cases as they move through the system.

Anbar Appeals Courthouse set for the opening ceremony. (GRD photo)

- *Rusafa Prison*. LAOTF established a full-time liaison (Line of Operation, or LNO) to the Rusafa Prison to improve coordination between the courts and the Iraqi Correctional Service (ICS) and resolve issues delaying detainee releases. The LNO briefed the Minister of Justice on approximately 1,000 Iraqi Army detainees who have had no meaningful court action for 2 to 5 years. Most detainees held since 2003 and 2004 face serious criminal charges; however, their cases are being processed slowly, and evidence gathering and basic concepts of due process appear to be challenges. LAOTF is pushing to have these cases either addressed by the regular courts or through the process provided for under the Amnesty Law.

- *Joint Investigative Committee (JIC)*: The LAOTF Investigative Judge (IJ) team coordinated with Coalition forces and the ISF to obtain more than 600 warrants and over 100 detention orders against members of
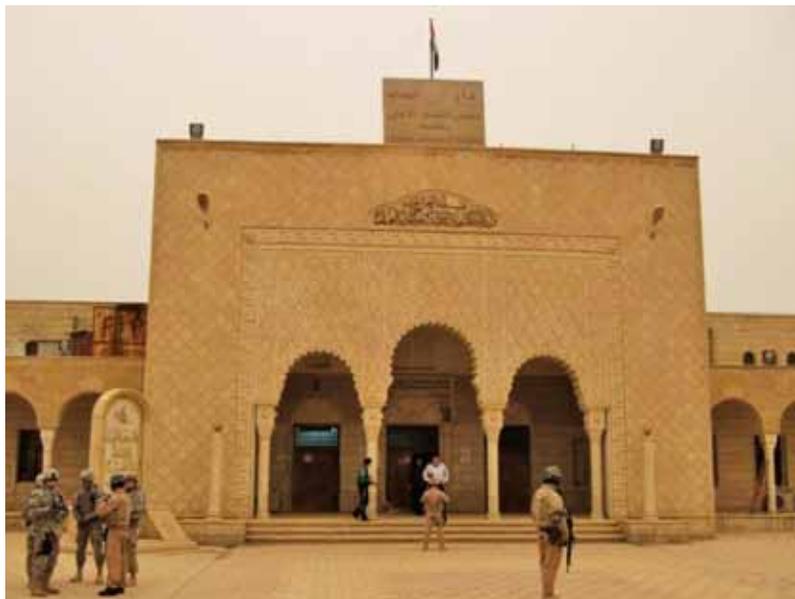
U.S.-funded renovation of the old Mosul Courthouse. (USACE photo)

FIGURE 2.23

FEDERAL CASSATION COURT: PRESENTED CASES VS. DISCHARGED CASES, 2004–2008
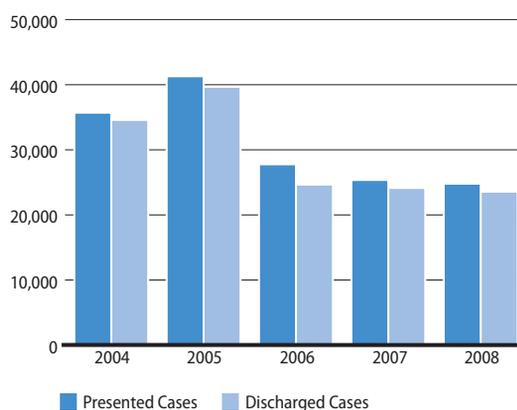
Note: The Federal Cassation Court is an appellate tribunal. A case is considered "discharged" if a judge dismisses it or if a verdict is reached.

Source: GOI, Higher Judicial Council, "Annual Statistical Report of Iraqi Court Cases of 2008," 5/2009, p. 6.

al-Qaeda, Hezbollah, and others, pursuant to the Security Agreement. The team established the model operations with the JIC, which comprises an Iraqi IJ and investigators who work with joint Coalition and Iraqi military units to investigate and refer terrorism cases to the Iraqi CCC-I.

CCC-I Kharkh

Task Force-134 maintains a liaison office with the CCC-I Kharkh to assist in the prosecution of cases in which Coalition forces are victims of criminal offenses or where Coalition forces investigate serious crimes against Iraqi military or civilian victims. The office coordinates the appearance of detainees and witnesses and assists the Iraqi investigative officers in the collection and presentation of evidence.

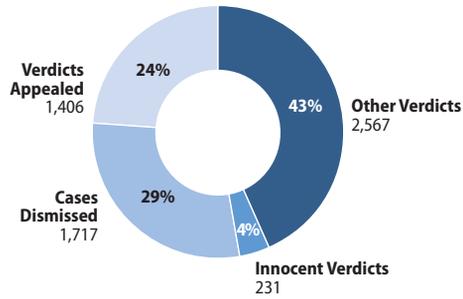The Justice Attaché's office within the Embassy's RoL Section continued to support CCC-I Kharkh as well, including providing advice and information to the judges. In June 2009, the Justice Attaché and the Chief Investigative Judge served as joint faculty for search and seizure training of U.S and Iraqi law enforcement officers.[195]

The Federal Court of Cassation completed 68% of the 9,564 cases received this quarter. For a comparison with previous years, see Figure 2.23.[196]

In 2008, 11,736 cases were heard by criminal courts throughout Iraq. Of that number, 29% of the cases were discharged (that is, dismissed or completed), and 4% ended with the court finding in favor of the defendant. The remaining cases ended in other verdicts of conviction. In contrast, the CCC-I, which adjudicates cases throughout the greater Baghdad area, heard 5,820 cases in 2008. For the verdict results of those cases, see Figure 2.24. ◆

FIGURE 2.24

COURT CASES DISCHARGED IN 2008

Nationwide Criminal Court Cases Discharged

Verdicts Appealed 1,406 — 24%
Other Verdicts 2,567 — 43%
Innocent Verdicts 231 — 4%
Cases Dismissed 1,717 — 29%

Central Criminal Court of Iraq Cases Discharged

Verdicts Appealed 1,290 — 22%
Other Verdicts 1,371 — 24%
Innocent Verdicts 561 — 10%
Cases Dismissed 2,598 — 45%
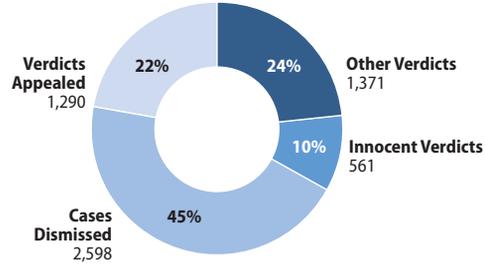
Note: "Verdicts Appealed" refers to those cases where a verdict was reached, but the case was referred to the Federal Court of Cassation, which functions as an appellate tribunal. A case is considered "discharged" if a judge dismisses it or if a verdict is reached.

Source: GOI, Higher Judicial Council, "Annual Statistical Report of Iraqi Court Cases of 2008," 5/2009, pp. 58 and 62.

INFRASTRUCTURE

Since 2003, the United States has allocated $11.88 billion for programs to rehabilitate Iraq's infrastructure, including projects in the energy, water, and transportation and communications sectors. Through June 30, 2009, $11.83 billion had been obligated, and $11.45 billion had been expended.[198] For the status of U.S. infrastructure spending, see Figure 2.25.

For an overview of the U.S. Embassy's current economic and infrastructure team, see Figure 2.26.

This quarter, as U.S. infrastructure projects continued closing out, several milestones were reached:

- Crude oil production averaged 2.40 million barrels per day (MBPD), up more than 5% from the previous quarter but 3% below production during the same quarter in 2008. Crude oil exports averaged 1.88 MBPD, a 3% increase from last quarter and roughly equal to exports during the same quarter last year.[199]

- In its first contracting round for the development of oil and gas fields, the Ministry of Oil accepted a bid from a consortium led by British Petroleum to develop the Rumaila field, Iraq's largest oil field. The ministry rejected all bids for the development of other fields.[200]
- The Qudas Power Plant expansion project—the largest U.S. power-plant generation initiative in Iraq—was completed in May, adding 200 megawatts (MW) of feasible production capacity to the national grid.[201]
- Total electricity supply reached a post-invasion record high for the fourth straight quarter, a 7% increase from the previous quarter and a 35% increase over the same quarter in 2008.[202]
- Increased flow of water in the Tigris River led to increased hydroelectric production.[203]

U.S. agencies now are focused on helping Iraq maintain and sustain previously completed projects and on building Iraqi capacity to continue infrastructure development.[204]

The GOI's efforts to rebuild and improve its infrastructure are hampered by limited available funding. The GOI's 2009 budget contained reductions in the capital budgets of several key ministries, and the Ministry of Electricity (MOE) reports that its efforts to increase production have been hindered by a lack of funding necessary to procure new generation equipment. Further, although the GOI has begun major projects to improve water treatment, roads, and oil production, much greater government capacity and resources are needed to sustain the development of Iraq's infrastructure. To meet these financial challenges:

FIGURE 2.25

INFRASTRUCTURE—STATUS OF FUNDS
$ Billions

	Allocated	Obligated	Expended
IRRF	**$10.06**	**$10.06**	**$9.87**
CERP	**$1.27**	**$1.28**	**$1.10**
ESF	**$0.54**	**$0.49**	**$0.48**

Note: Data not audited. Numbers affected by rounding.

Sources: GRD, responses to SIGIR data call, 7/4/2009 and 7/18/2009; MNC-I, *Quarterly Report*, 7/4/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; SIGIR, *Quarterly Report to the United States Congress*, 4/2009.

- The GOI received a $500 million loan from the World Bank that will fund power, water, and water treatment projects. This loan is in addition to the World Bank's $1 billion allocation in 2003.[205]
- On May 17, 2009, the Iraqi Council of Ministers approved the sale of $3 billion in dinar-denominated treasury bonds to provide $2.4 million in funding for electricity projects and $600 million for water and railway projects. However, the measure has yet to receive approval by the Council of Representatives because of unresolved issues.[206]
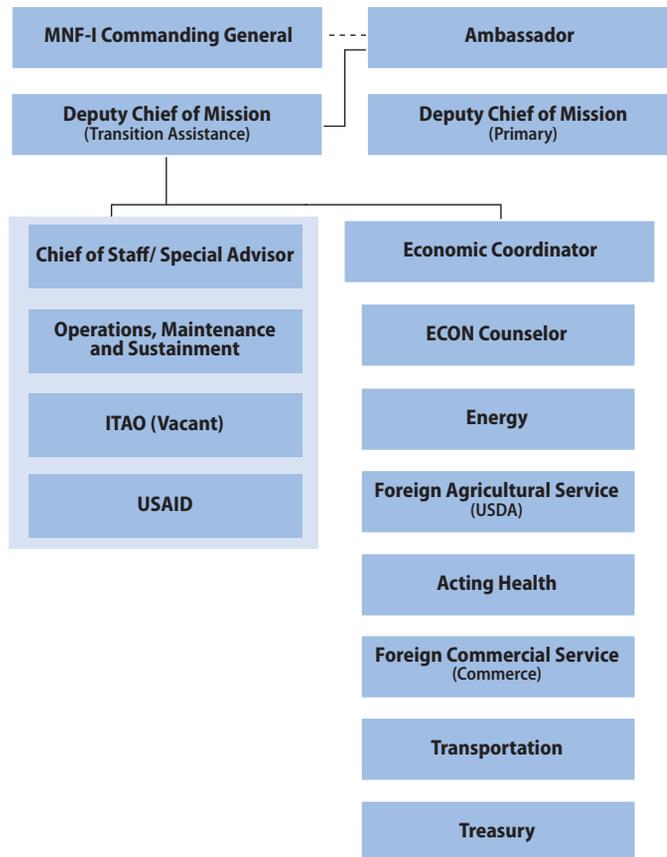
Private investment has played only a minor role in the reconstruction of Iraq, with the transportation and telecommunications sectors receiving the largest capital infusions.[207] However, the latest oil and gas bidding round and recent partnerships in the electricity sector may signal increased GOI interest in foreign capital investment.[208] In the past, security concerns, corruption, and a poor overall business environment have deterred needed capital flow into the country.[209] For more on foreign investment in Iraq, see the Economy section in this Report.

FIGURE 2.26

U.S. EMBASSY TRANSITION ASSISTANCE ORGANIZATIONAL CHART

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/16/2009.

Energy

Since 2003, the United States has allocated $6.94 billion, obligated $6.89 billion, and expended $6.74 billion to refurbish and expand Iraq's energy sector (oil, gas, and electricity).[210]

Iraq is dependent on oil for its domestic energy needs, as well as for government funding. More than 90% of Iraq's energy needs are met with petroleum. Further, crude oil exports and refining activity currently provide more than 85% of the GOI's revenue.[211] For more on oil revenues and the Iraqi budget, see the Economy section in this Report.

Oil and Gas

Through June 30, 2009, the United States had allocated $1.94 billion, obligated $1.92 billion, and expended more than $1.91 billion to rehabilitate Iraq's oil and gas infrastructure.[212]

Although the United States does not have any ongoing construction projects in the oil and gas

CRUDE OIL PRODUCTION AND EXPORTS, BY MONTH, 7/2003–6/2009
Million Barrels per Day

sector, capacity-development programs continue for Ministry of Oil employees:

- The U.S. Department of Commerce conducted workshops in its Commercial Law Development Program; the sessions centered on contracts, licensing, and the economics of oil field development.[213]
- The U.S. Department of the Interior's Minerals Management Service conducted a four-day course for Ministry of Oil employees on international regulation, lease and tender administration, and dispute mitigation.[214]
- USAID launched an initiative to modernize the information technology infrastructure at the **Doura Refinery**, which recently increased fuel oil output by 77%. USAID has trained Ministry of Oil employees in project management, procurement, and contracting, as well as health, safety, and environmental systems management.[215]

The Ministry of Oil is focusing its efforts on increasing oil production through new service contracts with international oil companies.[216]

Oil Production and Exports

Crude oil production this quarter averaged 2.40 MBPD, up 5% from last quarter, but below the post-invasion record of 2.48 MBPD set in the second quarter of 2008. Exports of crude oil averaged 1.88 MBPD, up 3% from last quarter and about the same as export levels during the same quarter in 2008. However, exports were below the post-invasion high of 1.94 MBPD set in the fourth quarter of 2007.[217]

Refinery inputs this quarter averaged about 400,000 barrels per day. After exports and refinery inputs, the remaining 120,000 barrels per day of crude oil produced either was used as fuel in electric power plants or could not be accounted for.[218]

For crude oil production and export levels since 2003, see Figure 2.27.

GOI Efforts To Increase Production

The Ministry of Oil estimates that at least $75 billion worth of investment will be necessary to achieve its goal of producing 6 MBPD by 2017.[219] If production levels were to reach 6 MBPD, Iraq could become the fourth-largest oil-producing nation in the world.[220] Attaining this GOI goal depends on both technical and political factors.[221]

The ministry aims to increase production through new service contracts awarded in three bidding rounds, the first auctions held since the nationalization of the oil sector in 1972. The first round, held on June 30, aimed at completing contracts for six oil fields and two gas fields to raise production by 1.8 MBPD by 2013. The bids contained two components:[222]

- the amount per barrel that the ministry will reimburse the contractor for production increases over baseline production
- the production level that will be reached and sustained over a seven-year period

The ministry accepted just one of the bids and is in the process of agreeing on a 20-year service contract to develop the Rumaila field, which contains an estimated 17 billion barrels of oil, or 15% of Iraq's current proved reserves.[223] This offer was subsequently approved by the Council of Ministers.[224] The ministry has announced that production at Rumaila is expected to increase to 2.85 MBPD from its current output of slightly less than 1.0 MBPD. The ministry rejected terms offered by international oil companies for service contracts on the other fields.[225]

The second bidding round is scheduled to take place in the second half of 2009. The ministry plans to auction 10 oil fields in that round, with the aim of increasing production an additional 2 MBPD by 2013. Round three is expected to include tenders for the remaining discovered oil fields in the country.[226]

Many challenges confront the Ministry of Oil in its goal of increasing oil production and exports. First, according to the Center for Global Energy Studies, neither the ministry nor the GOI have a strategic petroleum plan for the long-term development of Iraq's resources. Second, the package of hydrocarbon laws remains stalled,[227] and international firms remain guarded about pursuing opportunities in Iraq. Third, production and exports face major bottlenecks, and the Ministry of Oil has limited capacity in terms of manpower, equipment, and services.[228]

The Minister of Oil, Husayn al-Shahristani, was summoned before the Iraqi parliament to answer questions about his leadership at the ministry and why oil production has not increased.[229]

New Oil Exports from the Kurdistan Region

On June 1, 2009, the Kurdistan Regional Government (KRG), in agreement with the GOI,[230] began exporting oil from the Tawke and Taq Taq fields. The Tawke field is connected to the Iraq-Turkey pipeline, and oil from the Taq Taq field is being trucked to GOI facilities to be pumped through the same line.[231] Oil revenues are controlled by the Ministry of Finance, which pays foreign oil companies for their work to develop the fields and oversee production.[232] However, there is no agreement for any additional funds above the 17% of total GOI revenues that the KRG automatically receives.[233]

Pipeline Security

Because of repeated sabotage, protecting Iraq's energy infrastructure became an important priority for the United States early in the reconstruction effort. Under the ESF-funded, GRD-executed Infrastructure Security Program, the United States

has constructed pipeline exclusion zones (PEZs)—large berms, fencing, and other security measures that block access to major oil pipelines.

No pipelines within the PEZ were attacked this quarter. The Bai Hassan oil field's pipeline, a gas line to the Mosul power plant, and the Baiji oil refinery were attacked this quarter, but there were no effects on oil production or exports.[234]

This quarter, the Iraqi Navy assumed control of point security from Coalition forces at the **Khawr al-Amaya Oil Terminal**. Since 2004, Coalition and Iraqi forces have jointly provided security for Iraq's oil platforms, and this transfer is the first in a process of transitioning security for Khawr al-Amaya and the **Al Basrah Oil Terminal (ABOT)** to the Iraqi Navy. Joint security will continue at the ABOT. Nearly three-fourths of Iraq's oil is transferred to tankers for export from these terminals.[235]

Refineries and Petroleum Products

GOI progress since 2003 in increasing refinery production of gasoline, diesel, kerosene, and liquefied petroleum gas (LPG) has resulted in far fewer imports being required to meet domestic consumption. Recent trends continued this quarter: Iraq produced the majority of its total supply of gasoline, kerosene, and diesel fuels, but imported more LPG than it produced. This quarter, Iraq imported 74% of its total supply of LPG, 28% of its gasoline, 13% of its diesel fuel, and none of its kerosene.[236] For more on refined fuels, see Figure 2.28.

Natural Gas

Iraq has the world's tenth-largest proved reserves of natural gas,[237] but it currently lacks the infrastructure to effectively use or export this energy resource. About 40% of Iraq's gas production reportedly is flared.[238]

LPG
Metric Tons per Day

Diesel Fuel
Million Liters per Day

Kerosene
Million Liters per Day

Gasoline
Million Liters per Day
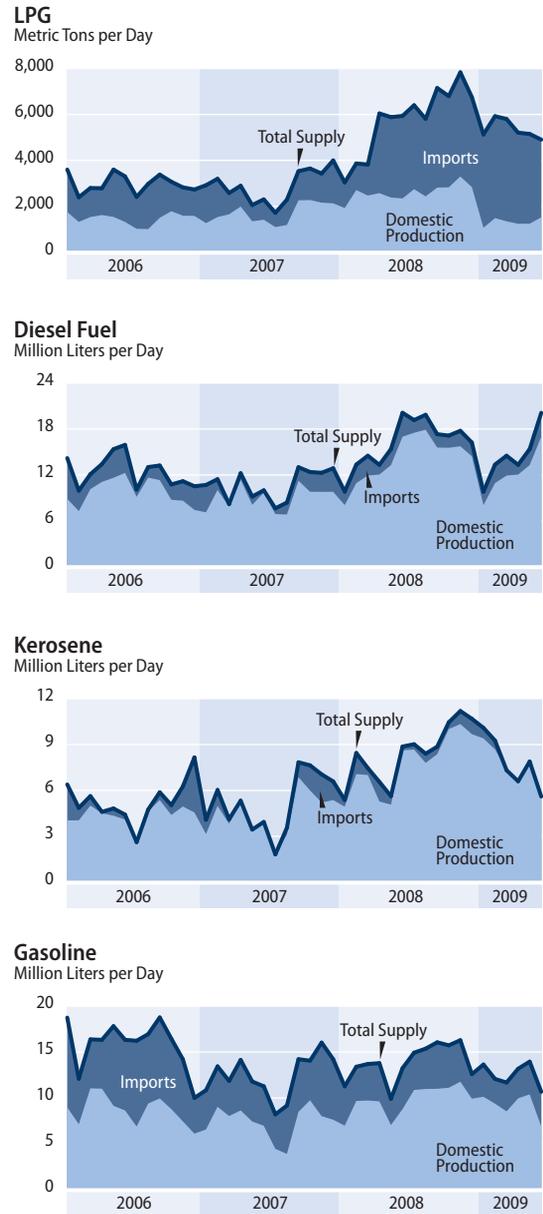
Note: Data for first three months of 2009 includes corrected data received from NEA-I and differs from data shown in SIGIR's April 2009 Quarterly Report.

Source: NEA-I, responses to SIGIR data call, 1/5/2009 and 7/2/2009.

FIGURE 2.29

AVERAGE IRAQI ELECTRICITY PRODUCTION, IMPORTS, AND TOTAL SUPPLY, BY MONTH, 7/2006–6/2009
MWh per Day

Source: ITAO/EFC, *Electric Daily Performance Reports, 7/1/2006–6/30/2009.*

The KRG has expressed interest in exporting natural gas via the **Nabucco Pipeline** as a part of an $8 billion project, but the GOI has rejected any deals to unilaterally export gas from the Kurdistan Region.[239] Howeve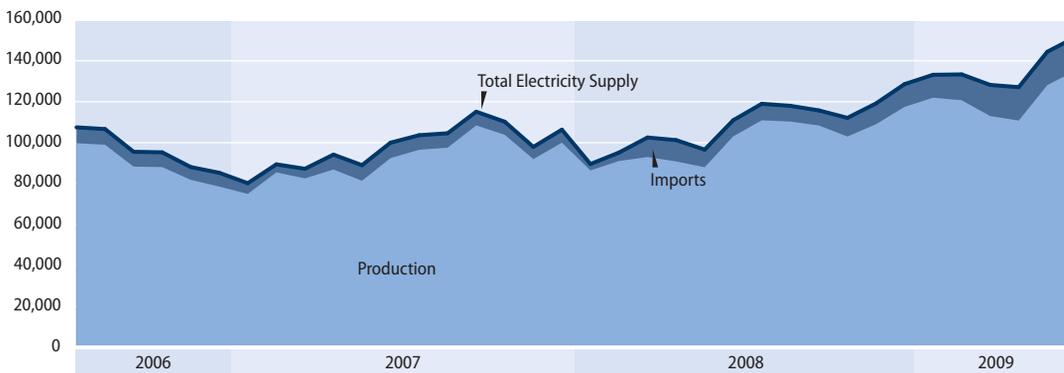r, the GOI had once denied the KRG the right to export oil and later acquiesced under a compromise.[240] The $11 billion project is designed to build a 3,700-kilometer (km) pipeline to supply Europe with natural gas from Central Asia and the Middle East. The 56-inch pipeline reportedly has the capacity to carry 31 billion cubic meters per year of natural gas from eastern Turkey to Austria.[241]

Electricity

Since 2003, the United States has allocated $5.00 billion, obligated $4.97 billion, and expended $4.84 billion[242] to help Iraq improve its generation, transmission, and distribution of electricity, as well as to train MOE personnel in operations and maintenance.[243]

Generation Capacity, Production, and Imports
Iraq has continued a fairly steady climb in electricity production and supply, setting new post-invasion records during each of the last four quarters. Daily electricity production from April 1, 2009, to June 30, 2009, averaged 124,713 megawatt-hours (MWh), and imports averaged 16,327 MWh for a total supply of 141,040 MWh, or 5,877 MW. This is a 7% increase from the previous quarter and a 36% increase from the second quarter of 2008—and almost 50% above the level in the first quarter of 2007.[244] Total electricity supply over the past three years is shown in Figure 2.29, broken down by domestic production and imports.

Iraq's feasible generation capacity averaged 10,722 MW this quarter, a 5% increase from the previous quarter. Feasible capacity is the maximum output from power plants taking into account the condition of the plant. This quarter, Iraq's power plants operated at 48% of their

ELECTRICITY SUPPLY, BY SOURCE, SELECTED QUARTERS
MW
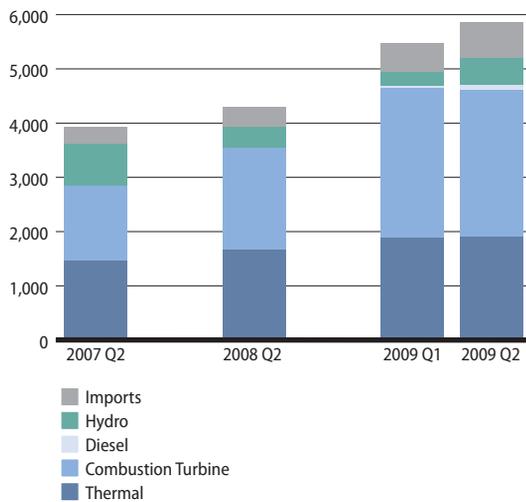
Source: ITAO/EFC, *Electric Daily Performance Reports,* 4/1/2007–6/30/2009.

feasible capacity, a figure unchanged from last quarter and up from 40% in the second quarter of 2008.[245]

The growth in electricity supply over the past few years can be attributed primarily to the refurbishment and construction of combustion turbine power plants (see Figure 2.30). U.S. investments in generating capacity have focused on these types of power plants. However, even with the addition of new capacity at the Qudas plant in Baghdad, production from combustion turbine plants remained flat in the first and second quarters of 2009. The roughly 400-MW increase in supply this quarter came almost completely from electricity imports and greater output from hydroelectric plants.[246]

As shown in Figure 2.31, over the past three quarters, Iraq has been steadily increasing the amount of electricity it imports. Electricity imports this quarter increased by one-fourth over last quarter and accounted

ELECTRICITY IMPORTS, BY MONTH, 7/2006–6/2009
MWh per Day
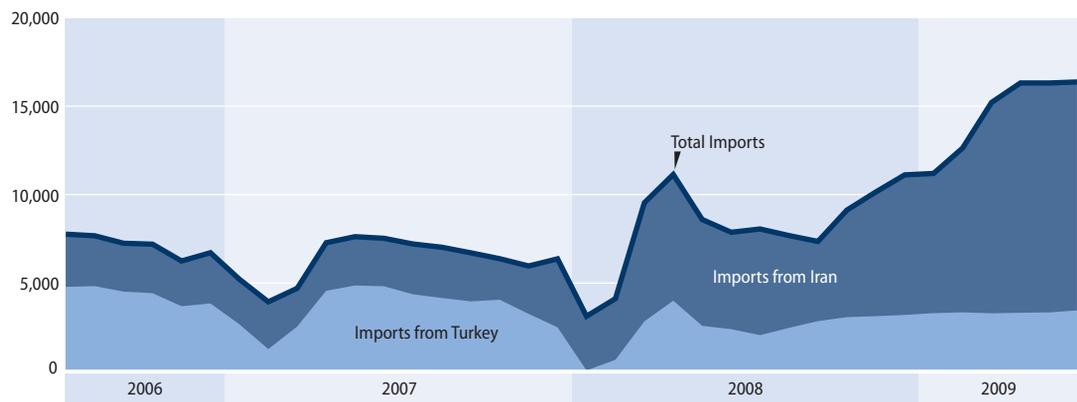
Source: ITAO/EFC, *Electric Daily Performance Reports,* 6/1/2006–6/30/2009.

FIGURE 2.32

ESTIMATED ELECTRICITY DEMAND AND LOAD SERVED, 7/2007–6/2009
MWh per Day
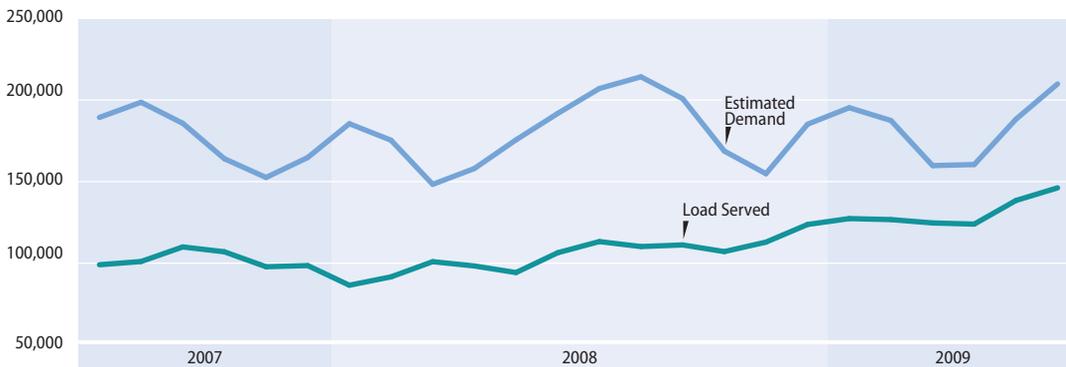
Source: ITAO/EFC, *Electric Daily Performance Reports, 7/1/2007–6/30/2009.*

for almost 12% of total supply on the grid, compared with 9% in the same quarter last year.[247]

Hydroelectric production almost doubled from last quarter,[248] with virtually all the additional output coming from the Mosul dam on the Tigris River.[249] The higher output may be attributed to three factors: actions by Turkey that temporarily increased the flow of river water to downstream countries, mildly increased rainfall, and a brief break in the regional drought.[250] Relative to average production in the first quarter of 2009, hydroelectric production increased 64% in April and 142% in May before dropping back to roughly the April level in June—reflecting the vagaries of hydroelectric plants.[251] The water held behind dams is primarily for irrigation and potable water. Electricity generation is a byproduct of the water-control systems, and reduced output of electricity from these plants often reflects efforts to conserve water.[252]

Efforts To Increase Capacity and Production

Even with new combustion turbines coming on line and supply increasing, Iraq is still

TABLE 2.17

ONGOING GRD ELECTRICITY PROJECTS

PROJECT TYPE	NUMBER OF PROJECTS	COST ($ MILLIONS)
Generation	5	$202.7
Transmission	7	$143.1
Distribution	3	$4.6
Total	**15**	**$350.4**

Source: GRD, *Monthly SITREP,* 4/2009, slide 3.

unable to meet the demand for electricity. ITAO estimates that the available electricity supply meets less than three-fourths of demand.[253] Figure 2.32 shows estimated demand and load served over the past two years.

GRD has completed 457 projects, valued at more than $2.12 billion, to increase electricity generation, transmission, and distribution.[254] For details on ongoing electricity projects, see Table 2.17.

The **Qudas Power Plant Expansion** was completed this quarter. This $176 million project was the largest power plant expansion overseen

SIGIR's audit of the Muhalla 312 electricity expansion found that the contractor fulfilled project specifications.

by GRD and the final power generation project to be funded from the IRRF. Two Iraqi firms designed and installed two new turbines that operate on either crude oil or diesel fuel, adding 200 MW, or 2% of feasible production capacity, to the national grid. During the height of construction, 400 local workers were employed on the project. ITAO provided program management, and GRD supervised the contract and construction of the project. The MOE has assumed responsibility for daily operations.[255]

The GOI has signed contracts with foreign firms to increase domestic electricity production capacity. The World Bank and the MOE are funding a project to bring two new 200-MW generators to the Hartha thermal plant. Four new generation units are currently being installed at a power plant in Amara that will add an additional 200 MW to the grid. Another four projects with Siemens and other foreign firms are expected to bring 600 MW

to the grid sometime between September and December. Additional projects are planned to further increase electricity production capacity in Iraq.[256] However, the MOE requested $1 billion for short-term contracts, but received only $400 million. This forced a hold on projects to lay new electric cables and upgrade power switches necessary for increasing production.[257]

The GOI has signed a new contract to increase the capacity of solar production across the country. The contract includes terms for a full production line of solar panels that can generate up to 250 watts of electricity each. Production is expected to start in November 2009.[258]

Transmission and Distribution

As Iraq adds new generation capacity over the next three to five years, the transmission and distribution systems will need substantial upgrades to operate with acceptable reliability. Although the transmission system is generally adequate for current loads, it apparently is strained in some areas—most notably in the north, including the Kurdistan Region, where the transmission system is relatively weak for the amount of electricity that flows through it from the power plants to the substations. Upgrades to local distribution systems, which carry power from the substations to end users, also are needed to keep up with increased electrical generation and to share the available power more equitably. Inadequate funding for these upgrades could cause both technical and political problems.[259]

In Thi-Qar province, GRD recently finished a $24 million project designed to bring more stability to the electricity network. Phase I of the project installed a $14.8 million overhead transmission line linking the Nassriya power plant and the al-Shatra substation. In phase II, GRD completed a $9.2 million upgrade to the

substation and power plant, providing power for 500,000 people as far away as Basrah.[260]

GRD also recently turned over five 132-kilovolt IRRF-funded substations to the MOE in the Basrah area. The projects were valued at more than $48 million.[261] The added grid stability allows these substations to serve 275,000 residents, local industries, the port of Khor Al-Zubair, and nearby oil facilities.[262] GRD is also overseeing the construction of a $3.4 million ESF-funded Electrical Engineering College at Kufa University.[263]

This quarter, SIGIR performed an audit of the CERP-funded **Muhalla 312 Electrical Distribution Project**. Though the project took longer to complete than anticipated, the $11.76 million initiative was successful in meeting the goal of rehabilitating an electrical distribution facility and thereby providing electrical power to 12,000 people in a 10-square-block Baghdad neighborhood. The contract was managed and overseen by GRD effectively, and coordination with the GOI was excellent, resulting in transfer to the MOE on January 13, 2009. SIGIR's May 20, 2009, visit confirmed that the GOI was sustaining the project, something SIGIR has noted was often persistently lacking in previous projects. The only problem noted is that the project was not fully coordinated with other U.S. reconstruction activities—a previous SIGIR recommendation related to other reconstruction activities.[264]

Water

The United States has allocated $2.61 billion, obligated $2.61 billion, and expended $2.46 billion[265] to expand access to potable water and increase sewage treatment in Iraq. Since 2004, GRD has completed 382 water projects, and 30 remain ongoing.[266] These projects include the construction of large-scale water distribution systems, compact-unit water treatment plants, new irrigation systems, and the rehabilitation of existing infrastructure.[267]

Iraq's potable water and irrigation supplies, as well as hydroelectric power production, depend largely on limited annual rainfall and the flow of water in the Tigris and Euphrates rivers, which originate in the mountains of Turkey.[268] The Deputy Minister of Water Resources noted that only 32% of Iraq's water is locally sourced.[269] In the second quarter of 2009, water stored behind the Haditha Dam was only 17% of the dam's capacity.[270] The overall water volume for the year will likely remain below average; the Haditha Dam will not be able to fulfill water requirements because of reduced flow from upstream sources in Turkey.[271]

Iraq's recovery from severe drought hinges on increased supply from its neighbors to the north.[272] A May 2009 meeting between Turkey's government and the GOI resulted in an increase of the flow of water along the Euphrates. The Ministry of Water Resources (MoWR) has requested further increases.[273] Reflecting the seriousness of the situation, the Iraqi Parliament passed a bill stipulating that all future agreements with Turkey or Syria include Iraq's demand for an equitable share of resources.[274]

The MoWR is responsible for supplying untreated water for Iraq and oversees 7 dams, 18 barrages, hundreds of pump stations, 140 reclamation projects, and more than 80,000 kilometers of irrigation and drainage channels. The MoWR is working to rehabilitate equipment and pump stations that were poorly maintained over the last 30 years and to preserve and restore the Mesopotamian marshes, 90% of which were destroyed by the former regime.[275]

Irrigation

Agriculture is the largest source of private-sector employment in Iraq,[276] and irrigation is vital to sustaining the industry. More than 90% of Iraq's water supply is used to irrigate more than 3.25 million hectares of farmland.[277]

GRD has completed six projects, valued at approximately $127 million, to repair dams and canals to improve both irrigation and drainage. Five projects remain ongoing at a cost of nearly $65 million.[278]

The MoWR has undertaken an almost $1 million project to improve irrigation for orchards in Ninewa and Dahuk. The project includes seven canals spanning more than five miles to carry water from nearby springs and mountains to the farming areas, as well as an aqueduct and rainwater discharge system. These irrigation canals will replace the earth canals that were previously carrying water to the farms.[279] In Anbar province, the MoWR is constructing concrete canals to improve irrigation efficiency and reduce water losses as part of the **Saqlawiya Reclamation Project**.[280]

Water Treatment

U.S.-funded projects valued at $1.37 billion[281] have added the capacity to produce 2.5 million cubic meters of potable water per day, which potentially could serve approximately 8 million people. U.S. construction projects have also added 1.2 million cubic meters per day of sewage treatment capacity, which has the potential to serve approximately 5 million Iraqis. To reach their potential, these projects must have a consistent supply of electricity and a reliable staff to operate them, conditions which are often not met.[282] According to a June 2009 UN report, only 12% of Iraqi households have a reliable water connection.[283]

On April 22, 2009, GRD marked the completion of the **Choman Water Project**, which was funded with $1 million from the ESF and $1.2 million from the Erbil governor's office. Choman is located near a mountain range with heavy annual snowfall and plentiful water, but there had not previously been a method for getting the water to the town. GRD engineers helped design an 11-mile network of gravity-fed pipes to funnel

TABLE 2.18

ONGOING GRD WATER SUPPLY PROJECTS

PROJECT NAME	COST ($ MILLIONS)	% COMPLETE (% SCHEDULED COMPLETE)	SIGNIFICANCE/ISSUES
Halabjai Shaheed Water Project	$1.1	34% (61%)	The project is designed to provide water for an isolated town; safety issues continue at work site.
Al-Jehad Water Compact Unit	$1.0	68% (68%)	The project is designed to provide clean water for 300,000 local residents; shortage of qualified personnel has impeded progress.
Sadr City Potable Water Networks	$3.0	89% (100%)	The project is designed to serve 368,000 people in Sadr City.
Al-Abu Shemsi Water Compact Unit	$1.2	39% (33%)	The network is designed to serve 1,000 local residences in the city.

Note: Numbers affected by rounding.

Sources: GRD, *Weekly SITREP*, 6/9/2009, slide 12; GRD, *Weekly SITREP*, 6/9/2009, slide 32; GRD, *Weekly SITREP*, 4/10/2009, slide 17; GRD, *Weekly SITREP*, 6/9/2009, slide 28.

this source into the town's water network. The system has no mechanical parts, thus requiring little maintenance.[284]

GRD is also assisting in the expansion of the **Qurmat Ali Water Facility**. The $9.5 million project will quadruple the facility's capacity to 16,000 cubic meters per hour. Throughout Basrah's neighborhoods, 2.5 million people will receive water from the facility, which is only 10 km away. Previously, these citizens relied on the Sweetwater canal pump station, which is 90 kilometers north of the city.[285] For more on ongoing GRD water projects, see Table 2.18.

The budget shortfall has led to GOI cuts in potable water and sewage treatment projects. The mayor of Baghdad reportedly said that Iraqi municipalities were initially allocated $5 billion, but those funds were cut by 60%, forcing cancellations for potable water and wastewater treatment projects.[286]

Transportation and Communications

As of June 30, 2009, the United States has allocated $1.08 billion, obligated $1.08 billion, and expended $1.00 billion to improve Iraq's transportation and communications systems.[287]

Roads and Bridges

GRD continues work on road and bridge construction projects throughout Iraq. For an overview of completed and ongoing projects, as well as those not yet started, see Figure 2.33.

This quarter, the $1.3 million ESF-funded **al-Khiarat Road** project was completed in Kerbala province. The existing surface, measuring only six meters across, was replaced with a wider road to improve traffic flow. The $1.2

SIGIR's inspection of the Mujarrah Canal Bridge found some faulty construction, but overall the work met most design specifications.

million I-CERP-funded repair of the **Hai al-Salam** Bridge near Baghdad is now 54% complete. This bridge will reconnect two Baghdad communities once complete. In Salah Al-Din province, the $7.1 million **al-Shirqat Bridge** is now 75% complete. This IRRF-funded project consists of a multi-span, two-lane concrete bridge, as well as four kilometers of roadway approach to the bridge. This project has encountered the challenges of relocating electricity sources for bridge lighting, erosion control, and delays in contractor payments because of slow GOI administration.[288]

This quarter SIGIR issued an inspection report on the **Mujarrah Canal Bridge** in Anbar province, a significant link in the transportation network of western Iraq connecting Ramadi to Falluja, and ultimately to Baghdad. The Mujarrah Canal Bridge, which was severely damaged by a vehicle-borne improvised explosive device,

FIGURE 2.33

GRD ROAD AND BRIDGE PROJECTS
$ Millions

ONGOING ROAD AND
BRIDGE PROJECTS

● Bridge Project
▲ Road Project

COMPLETED ROAD PROJECTS,
DOLLARS SPENT PER PROVINCE

Baghdad
$30 M

$0 - $5
$5 - $10
$10 to $20
over $20

COMPLETED BRIDGE PROJECTS,
DOLLARS SPENT PER PROVINCE

Anbar
$17 M

$0 - $0.5
$0.5 - $1
$1 to $5
over $5

STATUS OF ROAD PROJECT FUNDS

	$0	$30	$60	$90	$120	$150
CERP						
IRRF						
ESF						
I-CERP						
DFI						

STATUS OF BRIDGE PROJECT FUNDS

	$0	$5	$10	$15	$20
CERP					
IRRF					
ESF					
I-CERP					
DFI					

Completed
Ongoing
FUND — Not Started

Source: GRD, response to SIGIR data call, 7/6/2009.

was contracted to be repaired to its original condition for $1.3 million from the CERP. The inspection revealed several construction issues, but the overall construction carried out by the contractor met with most of the design specifications. SIGIR recommended an investigation by GRD engineers into the construction deficiencies, which they ultimately performed. The bridge was supposed to be completed by October 2008, and it opened this past June.[289]

Railroads

Over the last two years, passenger and freight traffic on the Iraqi railroad system has increased with the decline of insurgent activity. As of June 30, 2009, 62% of the 1,412-mile system was in use, and ridership stood at 14,400 passengers per month. Notwithstanding this rise in rail usage, much of the existing infrastructure must be rehabilitated, and the Kirkuk line has not yet reopened since the destruction of the Al-Fatah Bridge. Design work for repair of the structure is underway, but the Iraq Republic Railway has not received a sufficient capital budget to meet its needs.[290] For more on the increase in ridership and freight movement, see Table 2.19.

Ports

Iraq has six seaport facilities in Basrah province, with the **Port of Umm Qasr** being the main deep-water facility. Umm Qasr has 22 platforms, 175,000 square feet of covered warehouses, and 800,000 square feet of storage facilities. More land around the port is available for future expansions. A ferry transports passengers, vehicles, and cargo between Umm Qasr and Dubai three times each week.[291]

To rehabilitate the port's capacity to import and export goods, the United States has undertaken construction projects in ship removal, sea

TABLE 2.19

AVERAGE NUMBER OF MONTHLY TRAIN MOVEMENTS

TYPE OF RAIL SERVICE	10/2006–3/2007	10/2008–3/2009
Passenger	18	135
Freight	236	663

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009.

SIGIR's inspection of the $2.7 million IRRF-funded Roll-On/Roll-Off Berth in the Port of Umm Qasr found only minor construction deficiencies.

lane dredging, crane and loading berth repair, electrical improvements, and upgrading port security. Recently, repair work to loading cranes at Umm Qasr entered its third and final phase, which will involve $900,000 of work from the IRRF. Also, average monthly shipping traffic in the port has increased by 47%, which has resulted in a 20% revenue increase.[292]

GRD is currently overseeing a $44.4 million GOI foreign military sales (FMS) contract to construct a pier and seawall at Umm Qasr. The stakeholders of this project include the Ministry

SIGIR's audit of the Baghdad International Airport Caravan Hotel raised concerns about project selection, cost oversight, and transfer to the GOI.

of Defense and the Iraqi Navy Operational Squadron, which requires facilities for its 15 patrol boats, 4 patrol ships, and 2 off-shore support vessels.[293] The final site plan incorporates a floating pier, a seawall, electrical connectivity, and water and fuel distribution systems for the docked ships.[294]

This quarter, SIGIR released an inspection report on one of the U.S. projects designed to increase the operational capability of the **Port of Umm Qasr**. The project, a $2.7 million IRRF-funded Roll-On/Roll-Off Berth, was designed to ease the loading and unloading of freight at the port. SIGIR concluded that the construction of the berth was adequate and that it was operating at the design capacity specified in the contract. Minor damages were noted during the site inspection, and at SIGIR's request, the Transportation Attaché of the U.S. Embassy took immediate action in consulting the Ministry of Transportation (MOT) to repair the damage. The project increased local employment and the port's capacity for docking vessels.[295]

The port of **Abu Flus** provides facilities on the Shatt Al-Arab waterway, specializing in the export of cars, electrical and agricultural products, and construction materials. To reach its full capacity, this facility will require additional funding. The port of **al-Maqal** has been closed for 20 years. More than $7 million has been invested to refurbish the port, but more funding will be needed to re-open the facility.[296]

Aviation

Air traffic operations in Iraq have risen significantly over the past two quarters. Aircraft operations (arrivals, departures, and overflights) increased 44% from the fourth quarter of 2008 to the first quarter of 2009, the latest period for which data is available. Moreover, from the first quarter of 2008 to the first quarter of 2009, aircraft operations have more than doubled. As of June 30, 2009, approximately 63% of flights in Iraq were civilian carrier flights, and 37% were military.[297]

The GOI's Iraqi Civil Aviation Authority (ICAA) now oversees the country's airports under the required standards of the International Civil Aviation Organization and has little continuing dependence on U.S. contractors to maintain these standards. Under the

Security Agreement, Iraq assumed control of all of its airspace on January 1, 2009, but has requested U.S. support for airspace below 24,000 feet. However, on July 1, 2009, under an agreement with the United States, Iraq took over responsibility for funding contracts to train air traffic controllers. As the number of qualified Iraqi controllers increases, the GOI will assume increasing control over more of its airspace. In addition, the Council of Ministers has approved an MOT plan for an additional $8 million in contracts for radar automation and communication, surveillance and navigation technicians, and aeronautical information services.

The United States and UN continue to aid Iraq in its goal of achieving full compliance with ICAO standards by 2011. The Federal Aviation Administration performed audits of five of six major Iraqi airports and provided the ICAA with the reports so the deficiencies could be corrected. The UN Development Programme produced a Civil Aviation Master Plan, which will aid the ICAA in achieving full compliance.[298] The plan includes 243 recommendations in the areas of civil aviation legislation, aviation security, airport security, aviation safety, and air transport economics.[299]

This quarter, SIGIR performed an audit of a $4.2 million CERP project to build a hotel at Baghdad International Airport as part of the development of the economic zone around the airport. Although the **Baghdad International Airport Caravan Hotel** project was completed according to specifications, questions remain about the project's selection, cost, oversight, hotel management contract, and the lack of plans for transfer to the GOI. For example, available documentation did not answer questions as to why the project was completed six months late,

why the project cost increased from $2.7 million to $4.2 million during the solicitation process, or why the contract was modified to require cash payments after initially making payments by electronic fund transfer. These internal control weaknesses make the program vulnerable to undetected fraud, waste, and abuse. Moreover, although the hotel is operating, it has not been transferred because of doubts regarding whether the GOI would sustain it. MNC-I entered into a contract with a hotel management contractor, which, in effect, put MNC-I in competition with private-sector businesses. Further, MNC-I has not identified legal authority for entering into such an arrangement.[300]

Telecommunications

The largest U.S. project in the telecommunications sector, the **Al Mamoon Telecommunications Center,** has been stalled since November 2008 because of contracting issues. GRD reports that the project will be re-awarded in the third quarter of 2009.[301]

Ministry of Communications Update

The Ministry of Communications (MOC) contains Iraq's two state-owned telecommunications companies—the Iraqi Telecommunications and Postal Company (ITPC) and the State Company for Internet Services. The ITPC has a monopoly on providing copper lines and claims a monopoly on providing fiber-optic lines, but this claim is disputed by private competitors. Iraq's fiber-optic network has reasonable capacity, but occasional breaks in service have led the World Bank and Japanese government to aid the ITPC in improving the network. The ITPC also is working to improve the "last mile"—the connection of end users to the network—which remains a weak link in Iraq's telecommunications

network. Improvements are expected to be complete by the end of 2010.[302]

Iraq's independent regulator of the telecommunications industry, the Communications Media Commission (CMC), has been inactive since April 2008 because neither the chairman nor the nine commissioners have been present. Also, new legislation may further hinder independent regulation and free-market competition. This new legislation will move the powers of the CMC into the MOC and begin crowding out the private competition in the sector. Private investment remains central to having competitive pricing and improving the cellular and Internet networks. The MOC prefers to exert control over pricing and services across the telecommunications market. Further, penalties have been assessed against three cellular providers for poor service; these penalties may not be justified.[303]

The United States continues to support telecommunications legislation that backs free-market competition and an independent regulator, as well as training for MOC and CMC employees, the appointment of all CMC commissioners, and GOI participation in telecommunications forums.[304]

Phone and Internet Service

There are 1.2 million landline telephone service users, a figure that has been consistent for one year.[305] In April 2005, landline telephone service surpassed the pre-2003 level of 880,000 users.[306] There were 17.7 million mobile telephone users in the second quarter of 2009—unchanged from last quarter. The U.S. Embassy reports that there are now 830,000 subscribers to the Internet, a slight increase from last quarter.[307]

Progress in the wireless service sector is an example of the role private investment can play in Iraq's economic development. In 2003, market penetration in the wireless sector was only 3% of the market, but now more than 65% of the population is served, with most of the growth coming from the private sector. Three firms serve nearly 18 million subscribers in Iraq:[308]

- Zain-Iraq—9.7 million
- Asiacell—6.1 million
- Korek—1.9 million

Zain Telecom was fined $18.6 million for poor service this quarter, but the company cites Coalition forces jamming operations as having interfered with its ability to provide wireless service.[309] Notwithstanding the volatile regulatory environment, service remains affordable and accessible; a typical subscriber pays less than $20 per month.[310] ◆

GOVERNANCE

Since the beginning of U.S.-led operations, the prevailing wisdom among U.S. and Iraqi policy makers concerning Iraq's governance and reconstruction has often been challenged, reassessed, and changed. The political environment in Iraq—compounded by ethnic, religious, and sectarian strife—has necessitated these periodic reevaluations. From the first leaders of the Coalition Provisional Authority and the Iraqi Governing Council to the current Prime Minister and U.S. Ambassador, the focal point for action has always been, and continues to be, the principals occupying these positions. For a timeline of key U.S. and GOI diplomatic and military leaders and their tenures, see Figure 2.34.

With the advent of the Security Agreement and the subsequent reduction of the U.S. footprint in Iraq, the emphasis of U.S. policy has increasingly shifted away from brick-and-mortar reconstruction projects to programs focused on training, institution building, and humanitarian assistance. The goal of these programs is to increase the capacity of Iraqi institutions to govern effectively, provide reliable public services, and strengthen economic development.

Since 2003, the United States has allocated approximately $7 billion for governance activities in Iraq.[311] For the status of these funds, see Figure 2.35.

This quarter, audits prepared by the Government Accountability Office (GAO) and USAID's Office of Inspector General (USAID OIG) examined some of the major U.S.-funded capacity-development programs operating in Iraq. Some of the key deficiencies cited by these audits included poor management controls and an inability to secure Iraqi commitment to program goals. The audits also noted certain successes, but focused on identifying areas for improvement in the following initiatives:

- DoS's Provincial Reconstruction Development Council (PRDC) program
- USAID's National Capacity Development (NCD) program
- USAID's Economic Governance II (EG II) program
- USAID's Local Governance program–Phase II (LGP II)

BUT I DO HAVE AN UNYIELD-ING BELIEF THAT ALL PEOPLE YEARN FOR CERTAIN THINGS: THE ABILITY TO SPEAK YOUR MIND AND HAVE A SAY IN HOW YOU ARE GOVERNED; CONFIDENCE IN THE RULE OF LAW AND THE EQUAL ADMINISTRATION OF JUSTICE; GOVERNMENT THAT IS TRANSPARENT AND DOESN'T STEAL FROM THE PEOPLE; THE FREEDOM TO LIVE AS YOU CHOOSE. THESE ARE NOT JUST AMERICAN IDEAS; THEY ARE HUMAN RIGHTS. AND THAT IS WHY WE WILL SUPPORT THEM EVERYWHERE.[312]

– PRESIDENT BARACK OBAMA, U.S. EMBASSY BAGHDAD, JUNE 4, 2009

FIGURE 2.34
GOVERNANCE TIMELINE

March 2003
Operation Iraqi Freedom begins

April 2003
Baghdad falls
CPA created

June 2004
Iraqi Sovereignty

October 2005
Constitution of Iraq adopted via referendum

December 2005
National Elections

March 2006
First Meeting of Council of Representatives

September 2007
GEN Petraeus and AMB Crocker report to Congress on situation in Iraq

January 2009
Provincial Elections

LTG Ricardo Sanchez	GEN George W. Casey, Jr.		GEN David Petraeus		GEN Ray Odierno
AMB L. Paul Bremer, III	AMB John Negroponte	AMB Zalmay Khalilzad	AMB Ryan Crocker		AMB Christopher Hill
Iraqi Governing Council	PM Ayad Allawi	PM Ibrahim al-Jaafari	PM Nouri al-Maliki		
Coalition Provisional Authority (CPA)	Iraqi Interim Government	Iraqi Transitional Government	Permanent Government of Iraq		

2003   2004   2005   2006   2007   2008   2009

Sources: SIGIR, *Hard Lessons: The Iraq Reconstruction Experience*, 2/2009; SIGIR, *Quarterly Reports to the United States Congress*, 3/2004-4/2009.

FIGURE 2.35

GOVERNANCE—STATUS OF FUNDS
$ Billions

	Allocated	Obligated	Expended
IRRF	**$3.48**	**$3.48**	**$3.30**
ESF	**$2.73**	**$2.49**	**$1.86**
CERP	**$0.80**	**$0.80**	**$0.64**
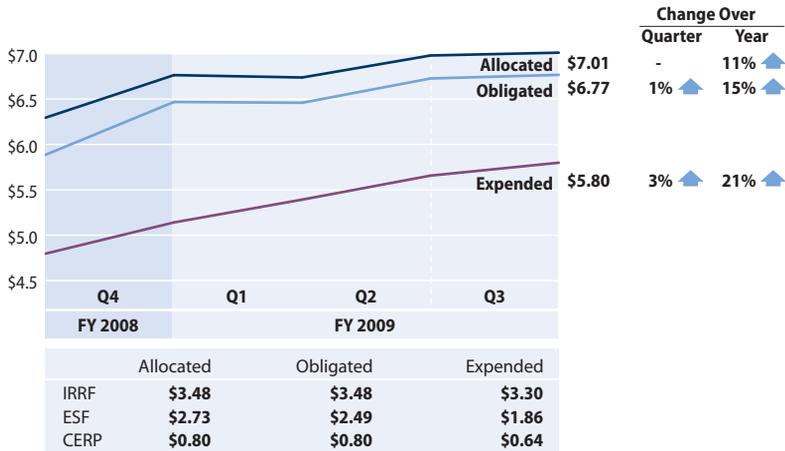
Note: Data not audited. Numbers affected by rounding.

Sources: ITAO, *Essential Indicators Report*, 5/14/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; GRD, response to SIGIR data call, 7/4/2009; USAID, response to SIGIR data call, 4/13/2009; DoS, response to SIGIR data call, 4/5/2007.

FIGURE 2.36

U.S. EMBASSY GOVERNANCE PROGRAMS ORGANIZATIONAL CHART
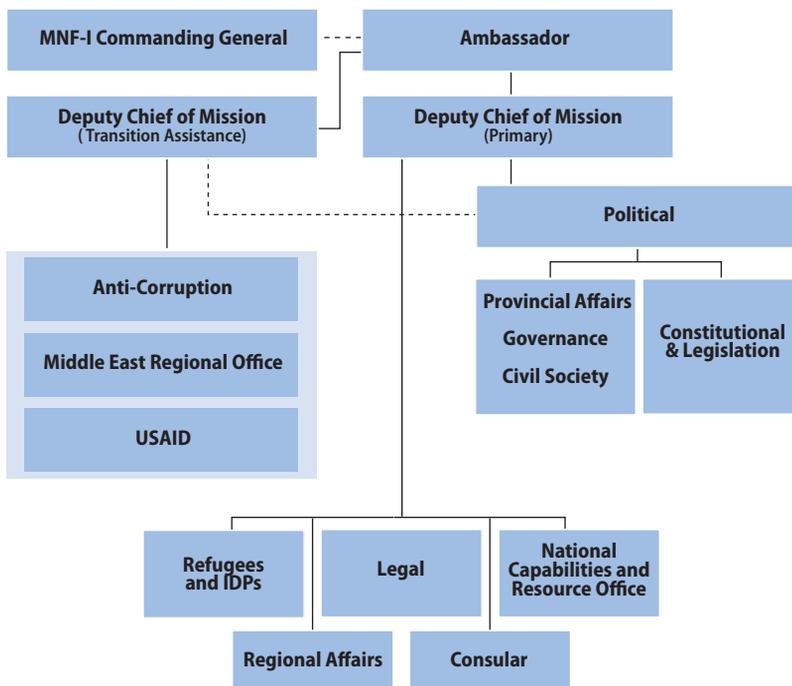
Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/16/2009.

U.S. governance assistance also comes in the form of advisory and capacity-development support for Iraq's anticorruption institutions. In 2004, the Coalition Provisional Authority (CPA) created the Commission on Public Integrity (now known as the Commission on Integrity, or COI), established Iraq's inspector-general system, and reestablished the independence of the Board of Supreme Audit. Since then, U.S. advisors have worked with their Iraqi counterparts to provide resources and training to increase the capacity of these independent oversight entities.

In 2008, the United States created an ambassadorial position within the U.S. Embassy in Baghdad, the Anticorruption Coordinator, to oversee these programs. Notwithstanding these efforts and recent positive statements made by senior GOI officials, endemic corruption continues to pervade Iraq's governmental institutions.[313]

For an organizational chart of U.S. Embassy offices that deal with governance programs and issues, see Figure 2.36.

Capacity Development

The United States continues to support Iraqi governance at the local, provincial, and national levels through focused capacity-development programs, funded primarily by the Economic Support Fund (ESF) for Iraq. For an overview of ongoing ESF-funded programs, see Figure 2.37.

The Ministerial Capacity Development Program

The Ministerial Capacity Development (MCD) program assists key ministries and the inspectors general in developing the technical skills necessary to effectively deliver public services. This initiative focuses on the Ministries of Finance,

FIGURE 2.37
ESF SUPPORT FOR ONGOING GOVERNANCE PROGRAMS
$ Millions
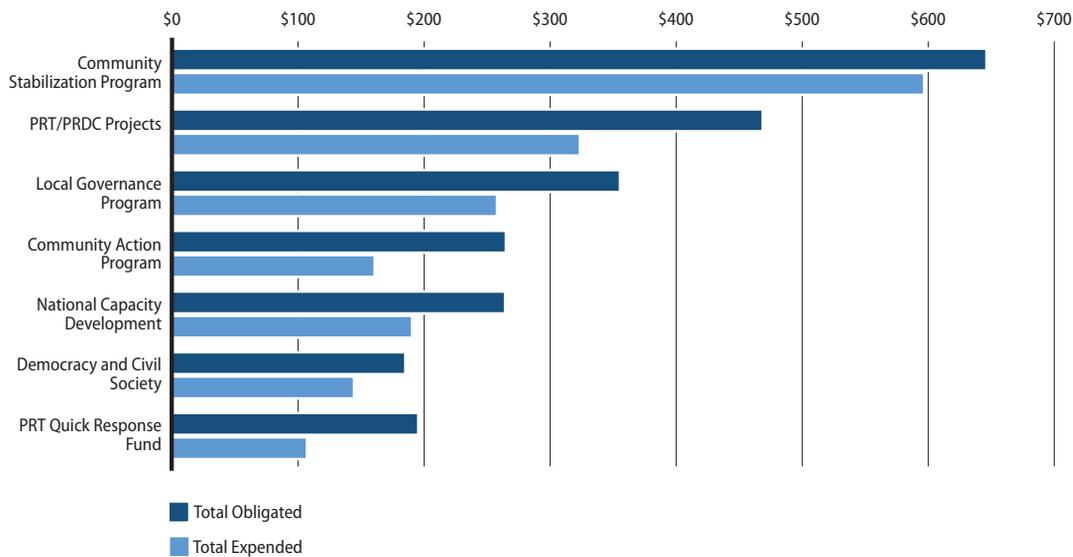
Legend:
- Total Obligated
- Total Expended

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 7/6/2009 and 7/16/2009; GRD, response to SIGIR data call, 7/4/2009; ITAO, *Essential Indicators Report*, 5/14/2009; SIGIR, *Quarterly Report to the United States Congress*, 4/2009.

Electricity, Oil, Municipalities and Public Works, Water Resources, Planning, Justice, Agriculture, and Health.[314]

MCD activities comprise two main elements: dedicated advisors who provide direct technical support to the ministries, and training for Iraqi civil servants at the national and provincial levels to improve their approach to public administration functions. For example, the MCD program funds the Legislative Coordination Committee Program (LCCP) and Council of Ministers Secretariat (CoMSec) Organization Review and Document Management System.[315] The LCCP provides senior lawyers to assist the Prime Minister's office and trains junior lawyers to become effective civil servants. Program goals include the creation of a digital library and a legislative

tracking system. In early 2007, the contract to implement these systems was awarded to a Jordanian firm, which provides Iraqi legal advisors to the Prime Minister's office and scans the Iraqi Official Gazette (roughly Iraq's equivalent to the U.S. Statutes at Large) to create a centrally accessible electronic record.[316]

The CoMSec Organization Review and Document Management System provides a foundation for long-term capacity development in support of the Joint Campaign Plan, which guides the overall U.S. mission in Iraq. To ensure greater transparency and effectiveness, the U.S. government agreed to provide CoMSec, the administrative heart of the GOI, with an Electronic Document Management System (EDMS). This MCD project provides for an organizational assessment and a

change-management program designed to create standardized CoMSec policies and procedures.[317] CoMSec is expected to begin rolling out the EDMS in late fall 2009.[318]

Provincial Reconstruction Development Committees

Through the PRDC program, DoS and the U.S. Army Corps of Engineers (USACE) work with Iraqis to develop proposals and implement small-scale projects throughout the country.[319] Projects in the water and wastewater, electrical, transportation, communications, education, and medical sectors have brought basic services to thousands of Iraqis, improving their standard of living.[320] From November 2006 through February 2008, the PRDC program received $700 million from the ESF.[321]

According to the June 2009 GAO audit, however, the PRDC program suffers from multiple "management control weaknesses." The program was designed around a seven-step process that includes proposal development by Iraqi officials, approval by a U.S. Embassy team, and implementation by USACE. Until May 2009, though, DoS lacked a program manager with general oversight responsibilities to identify deficiencies and implement solutions. The audit also pointed to the lack of a performance-monitoring system to check program outcomes against the PRDC initiative's stated goals. Moreover, GAO found that DoS did not adequately communicate frequent changes in program policies and guidelines to its USACE partners.[322]

National Capacity Development

The National Capacity Development (NCD) program, or "Tatweer," is a USAID initiative that trains Iraqi government employees in critical skills to bolster their administrative, budgetary,

and planning capabilities. The program supports national and regional training centers and ministerial training programs throughout Iraq.[323] It also works with 10 GOI offices to improve their overall institutional performance and introduce international best practices. According to USAID, the NCD program has trained more than 70,000 GOI officials in strategic planning, human resources, financial management, and project management over the last 2 years.[324] The program began in August 2006, is scheduled to run through January 2011, and has an allocated budget of approximately $339.5 million, of which $299.3 million has been obligated and $198.8 million has been expended through June 2009.[325]

In addition to the GOI ministries, the NCD program also works with the National Center for Consultancy and Management Development and GOI's "Executive Offices," which include: the Presidency Council, Prime Minister's office, Deputy Prime Minister's office, CoMSec, Prime Minister's Advisory Committee, National Investment Commission, and Labor Ministry's Social Safety Net.[326]

In 2009, the NCD program has increased its provincial efforts, and on May 5, NCD and the Deputy Prime Minister's office co-sponsored the first Provincial Assistance Conference in Baghdad. The conference was attended by almost 500 participants, including an Iraqi Deputy Prime Minister, the U.S. Ambassador, the USAID Mission Director, and other U.S. government representatives. NCD's provincial assistance plans were presented at the conference, which provided participants an opportunity to reach consensus on improving basic services delivery and capacity building in the provinces of Anbar, Diyala, Kerbala, Najaf, and Wassit. Subsequent conferences will focus on other regions.[327] This quarter, according to USAID, 4,738 enrollees

completed 232 courses, bringing the cumulative total trained to 66,658. Participants from provinces outside Baghdad accounted for 79% of all those trained in May 2009, and GOI trainers delivered 56% of courses.[328]

In its June 2009 audit, GAO found that although the NCD program has a clearly defined organizational structure and proper management controls, it has financial control weaknesses for contract payment. According to the audit, $17 million of $79 million in invoices did not have a confirmed receipt for goods and services. GAO also noted that USAID did not adequately document reviews of contractors' invoices before paying them.[329]

Economic Governance II

USAID's EG II program assists the GOI in creating policies, programs, and institutions that promote transparency and encourage economic growth and investment in Iraq. In September 2004, USAID awarded a $223 million contract to BearingPoint to implement the program's goals for providing advisory and training services to aid Iraq's development of a modern regulatory and social safety-net framework.[330] USAID claims several programmatic accomplishments— pension reforms, monetary policy tools, and designing and training officials on an automated financial management information system.[331] However, according to USAID OIG, the EG II program has not had a significant impact on Iraq's economic environment. After 4 years and $192 million in incurred costs, less than half of EG II's original 398 tasks had been accomplished, including the implementation of the Iraq Financial Management Information System (IFMIS).[332]

The IFMIS has suffered setbacks since its implementation began, including the May 2007 abduction of five EG II contractors assigned

NCD/Tatweer Capacity Development Training in Baghdad. (OPA photo)

to work on the project.[333] The bodies of two of those kidnapped contractors were discovered in late June 2009.[334] USAID noted in its comments on the audit that, because of security concerns following the kidnappings, it has been hampered in its ability to verify onsite the outcomes of the contract and has used alternate methods of confirmation. For more information on the status of EG II and the IFMIS, see the Economy section of this Report.

Local Governance Program

USAID's LGP initiative supports Iraq's transition to self-reliance by strengthening GOI institutions at the provincial, municipal, district, and sub-district levels. Since the program's inception, Research Triangle Institute (RTI) International has been awarded all three phases of the contract (LGP I, LGP II, and LGP III).

SIGIR audited the cost, outcomes, and oversight of USAID's LGP contract with RTI

International in October 2008. At that time, SIGIR found that costs from LGP I and LGP II ($609 million total) were not easily linked to outcomes, citing insufficient program oversight by USAID. However, SIGIR noted that contract management and oversight had gradually improved over time.[335]

On May 31, 2009, USAID OIG released an audit report of LGP II, finding that the program had only been "partially successful in strengthening Iraq's emerging and fragile local governance system" and concluding that the program needed oversight of training courses for GOI officials—a key component of the contract.[336] The audit's recommendations are expected to be implemented under the LGP III contract ($125.5 million[337]), which began on January 1, 2009.[338] According to USAID, LGP III is currently on or ahead of schedule based on the task order's scope and approved plan.[339]

Anticorruption

The GOI continues to work on a more comprehensive anticorruption strategy to replace a 2008 plan, but although the Council of Representatives (CoR) has prepared a draft anticorruption law, it is unclear when it may pass. Moreover, prospects for passage of multiple bills to reform Iraq's principal anticorruption agencies remain in question.

In June 2009, the GOI formally announced that it was launching a campaign against bribery in the ministries.[340] Moreover, the Commission on Integrity (COI) reported approximately 997 arrest warrants issued against GOI officials suspected of corruption since 2004—53 at the director-general level or above. A COI statement noted that 51 government employees were arrested in April, and 69 were arrested in May.[341]

On May 16–17, 2009, the CoR questioned Minister of Trade Abdul Falah al-Sudani on corruption allegations, including graft and nepotism. Al-Sudani, a member of the Prime Minister's Dawa Party, later resigned his post and was arrested. As of June 28, al-Sudani was free on bail and awaiting trial.[342] Following the arrest, Prime Minister al-Maliki was quoted as saying, "We will not remain silent over corruption after today. We will pursue those corrupt and bring them to justice."[343]

UNCAC Compliance

U.S. agencies continue to support Iraq's efforts to establish an effective anticorruption regime compliant with the UN Convention Against Corruption (UNCAC). To that end, USAID maintains a training program for inspectors general and their staff. The Department of Justice also trains COI personnel under the DoS/INL-funded International Criminal Investigative Training Assistance Program (ICITAP), and the U.S. Embassy's Anticorruption Coordination Office (ACCO) continues to fund programs implemented by the UN Development Programme (UNDP) and the UN Office on Drugs and Crime (UNODC).[344] This quarter, the United States conducted several anticorruption activities in support of these efforts:[345]

- In April, the ACCO funded the UNDP-sponsored "UNCAC Self-assessment Conference" in Amman, Jordan. Representatives from Iraq's anticorruption agencies attended and redrafted an analysis of the gap between the GOI's current level of anticorruption preparedness and the UNCAC's requirements. In June, a U.S.-funded follow-up meeting was held.
- Also in June 2009, the ACCO funded a UNODC conference on anti-money-laundering legislation.

- The University of Utah, under an ACCO-funded program, provided the CoR with an analysis of Article 136(b) of the Iraqi Criminal Procedure Code to assist the GOI in reforming this controversial provision that allows ministers to effectively immunize their subordinates from prosecution. The Utah program also reviews and drafts anticorruption laws to ensure they meet UNCAC obligations.
- ICITAP signed over INL-funded polygraph and surveillance equipment to the COI to increase its enforcement capabilities.
- The Embassy's Public Affairs Section provided technical assistance to COI's Education Department, and the military produced year-long public service announcements on anticorruption issues.

In addition to these activities, the ACCO is currently developing a program to assist the COI's legal staff and another 12-month initiative aimed at providing investigative and management training to Iraq's IGs. Neither of these programs has been funded yet. The ACCO also requested a number of CERP projects focused on supporting the COI's provincial field offices. These projects would focus on improving government services that have been negatively affected by corruption.[346] For the ACCO's organization chart, see Figure 2.38.

Other U.S. Anticorruption Initiatives

This quarter, USAID's NCD program held a senior leadership anticorruption seminar under the auspices of one of Iraq's two vice presidents. The NCD program also hosted its first Train-the-Trainers course for local participants from the offices of inspectors general and the President's Council.[347]

Iraq's Association of Inspectors General (AIG) also accepted the recommendation of NCD advisors to integrate the anticorruption courses currently taught at the Karrada/Tatweer compound to assist in building training capacity at the AIG Academy. Further, the NCD anticorruption team has been asked to

FIGURE 2.38

U.S. EMBASSY ANTICORRUPTION COORDINATION OFFICE ORGANIZATIONAL CHART
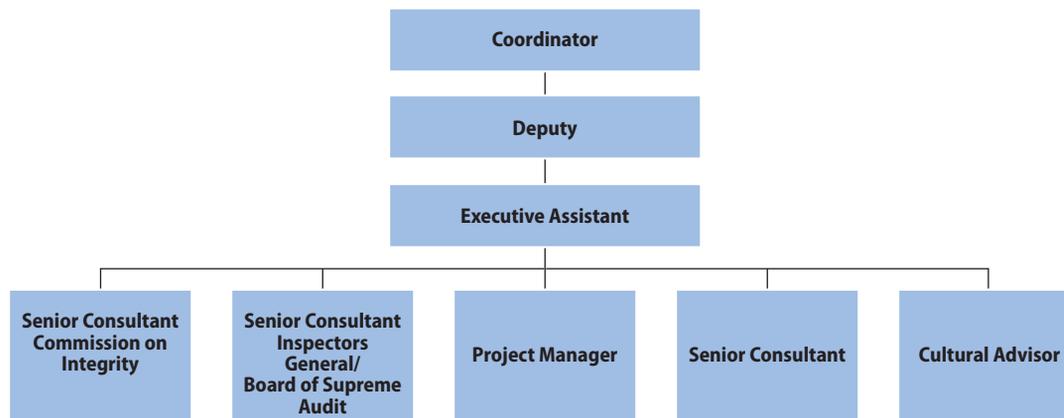
Source: DoS, response to SIGIR data call, 7/10/2009.

work on monitoring the flow of oil and improving the complex web of transfer payments, rations, and subsidies that comprise Iraq's social safety net.[348]

Elections Overview

On March 26, 2009, the Independent High Electoral Commission (IHEC) released official provincial election results. This began the process of Provincial Council formation in the 14 provinces where elections were conducted in January 2009. This process includes selection of provincial governors and their deputies. In the central provinces, large majorities or pluralities won, making it easier for alliances to be forged. Consequently, senior posts were filled quickly in these provinces. In some southern provinces, however, the vote was divided among many parties, making it more difficult for the newly elected council members to reach a consensus on leadership positions. Muthanna was the last to form its Provincial Council, selecting a new governor on April 30, 2009.[349]

Under IHEC guidance, the Kurdistan Region completed a successful and peaceful first week of updating voter registration in preparation for regional parliamentary and presidential elections, which are scheduled for July 25, 2009. Throughout the Kurdistan Region and in Baghdad, 89 voter registration update centers opened on May 25, 2009. The IHEC reported that 1,109 observers and 650 political party representatives visited the 89 centers to ensure proper procedures were being followed.[350] A date has not been set for provincial elections in Tameem, home to the ethnically mixed and violence-plagued city of Kirkuk.[351]

The USAID-funded International Foundation for Electoral Systems (IFES), which in conjunction with UNAMI forms the International Electoral Assistance Team (IEAT), has an embedded team in the IHEC to assist the Iraqis in preparing systems, procedures, and regulations for upcoming rounds of balloting in July 2009 and January 2010. For elections in the Kurdistan Region, USAID assisted IHEC with the voter registration process and the seat-allocation system. Given the relative security of the Kurdistan Region, the IHEC has made no request for large-scale security assistance. Multi-National Force-Iraq (MNF-I) is supporting IHEC efforts to train Governorate Electoral Office (GEO) security managers on contingency planning for the Kurdistan Regional Government (KRG). But for July 2009, MNF-I's election support will be limited to intelligence, surveillance, and reconnaissance support for ballot material movements, as well as medical evacuation, with supporting quick-reaction forces on standby.[352]

Several DoS Bureau of Democracy, Human Rights, and Labor grantees are working to ensure adequate voter education in advance of elections in the Kurdistan Region. The Institute for War and Peace Reporting (IWPR) is conducting election coverage workshops and, in cooperation with local partners, is developing radio and TV programming to inform the electorate about certain election topics. The International Republican Institute (IRI) is working with local civil society partners to produce and distribute voter education materials. American University and the International Research and Exchanges Board are conducting public outreach programs. Both IRI and the National Democratic Institute are assisting a broad range of registered political entities with their get-out-the-vote capabilities.[353]

Legislation

On April 19, 2009, Ayad al-Samarrai was elected as the new Speaker of Parliament of Iraq's CoR. Al-Samarrai, deputy leader of Vice-President al-Hashimi's Iraqi Islamic Party, has introduced a program to accelerate the passage of pending legislation and enhance the parliament's oversight role. Chief among the CoR's outstanding agenda items is the work of the committee considering Article 23 of the Provincial Elections Law to develop an inter-communal, power-sharing formula ahead of the provincial elections in Tameem.[354] Legislative activities this quarter included:

- **NGO Law**. The CoR held a first reading on a law regulating the operations and funding of non-governmental organizations (NGOs).
- **Amendment Law**. To attract more foreign investors to enter the Iraqi market, the CoM approved a bill legalizing foreign ownership of Iraqi land for investment in housing construction projects.
- **Oil and Gas Laws**. On June 1, 2009, low-level talks were held concerning the recently initiated export of small amounts of crude oil from two fields in the Kurdistan Region, but no progress has been made on the laws. The U.S. Embassy does not anticipate a political compromise on the management of oil and revenue sharing before national elections in 2010.[355]
- **Article 41**. The Constitutional Review Committee is considering Article 41, which deals with the issue of religious freedom, specifically the personal status of Iraqis as members of their respective religions and sects.[356]
- **Article 140**. In April, the UN Secretary General's Special Representative Staffan de Mistura presented reports on disputed internal boundaries in northern Iraq (the subject of Article 140) to the Prime Minister, the Presidency Council, and the KRG. The UN has not released these reports to the public.[357]
- **Article 115**. The CoR's Constitutional Review Committee is also working with international legal NGOs to clarify Articles 115 of the Constitution, which permits one or more provinces to form a "region" with the ability to craft laws that often give greater powers to the provinces over the federal government.[358]

USAID's Iraq Legislative Strengthening Program is attempting to enhance the committee process in Iraq's parliament, including helping to establish oversight systems to monitor the implementation of laws passed by the parliament.[359]

On June 24, 2009, the KRG Parliament passed a new constitution which claims Kirkuk as part of the Kurdistan Region. However, the constitution will not be ratified until the people of the Kurdistan Region vote for it via a referendum,[360] which was postponed and has yet to be rescheduled.[361] In response, 50 members of Iraq's CoR signed a petition criticizing KRG's new constitution as incompatible with Iraq's federal constitution.[362]

Refugees and IDPs

The UN High Commissioner for Refugees (UNHCR) reports that approximately 12,600 internally displaced persons (IDPs) and refugees returned home in April (see Figure 2.39). Since January, the UN reports that more than 44,400 have returned. UNHCR and the International Organization for Migration (IOM) estimate that more than 1.5 million Iraqis remain displaced in the region, and more than 1.6 million have been displaced inside Iraq since the spike in sectarian violence in February 2006. UNHCR

also continues to seek donor contributions for its $299 million appeal for Iraq and the region. As of May 2009, only 47% of UNHCR's appeal had been funded.[363] The UNHCR budget for the Iraq supplementary program has increased from $40 million in 2005 to more than $271 million in 2008.[364]

In FY 2008, the DoS Bureau of Population, Refugees and Migration contributed $287 million to international organizations and NGOs to assist displaced Iraqis inside the country and in the region.[365] By the end of this quarter, it plans to fund several initiatives to benefit displaced Iraqis, which include:[366]

- $20 million for protection and shelter rehabilitation in areas to which refugees and IDP are returning
- $15 million to UNHCR's appeal for Iraq and the region, in addition to a $90 million contribution made earlier this year
- $6 million contribution to International Committee of the Red Cross, in addition to $21 million provided earlier this year
- $10 million to IOM for socioeconomic reintegration of returnees

To date, USAID's Office of Foreign Disaster Assistance has provided more than $105 million in humanitarian assistance to Iraq. These programs prioritize assistance to vulnerable IDPs, returnees, and host communities. Implementing partners provide primary health care, emergency relief commodities, protection services, temporary shelter, and employment support.[367]

Since FY 2007, 28,460 Iraqi refugees have been admitted for U.S. resettlement, and by the end of FY 2009 the United States seeks to admit at least 17,000 Iraqi refugees.[368] So far, 13,030 refugees have been resettled in the United States in FY 2009—ahead of the previous years' pace.[369] The

majority of resettled Iraqi refugees have been processed from third countries—especially Jordan and Syria—and 1,027 have been resettled from the in-country refugee processing program in Baghdad.[370]

Security concerns have caused significant delays in processing Iraqis seeking visas for the United States. As of June 25, 2009, 5,162 approved Iraqi refugees were awaiting clearance, 959 of which are processing from the in-country Baghdad refugee program. Before March 31, 2009, 641 Special Immigrant Visas (SIVs) had been issued to principal Iraqi applicants, and the Embassy's Consular Section issued an additional 362 visas from March 31 to June 14, 2009. As of March 2009, 819 SIVs had been issued to Iraqis who were principal applicants under the Section 1059 program,[371] which provides special immigrant status to Iraqi translators and interpreters who have served the U.S. Mission.

According to MNF-I, the Ministry of Displacement and Migration (MODM) plans to expand its assistance programs for IDPs and returnees. MODM Director General of Humanitarian Affairs, Samir al Nahi, claimed that the Prime Minister's office promised to supplement the Ministry's humanitarian assistance budget with an additional $120.5 million—$26.5 million in unspent funds from 2007 and $94 million in new money.[372]

The MODM reports that it has streamlined the returnee process by removing a requirement that returnees register with local authorities before registering with the ministry—reducing average processing times by two-thirds. This quarter, the MODM concluded a two-month program for unregistered IDPs choosing to return to their place of origin to register and receive government stipends. In addition, the ministry plans to conduct a survey of Iraq's

FIGURE 2.39

NUMBER OF INTERNALLY DISPLACED PERSONS, BY PROVINCE

Legend:
- 0-250 IDPs per 10,000 people
- 250-500 IDPs per 10,000 people
- 500-750 IDPs per 10,000 people
- 750+ IDPs per 10,000 people
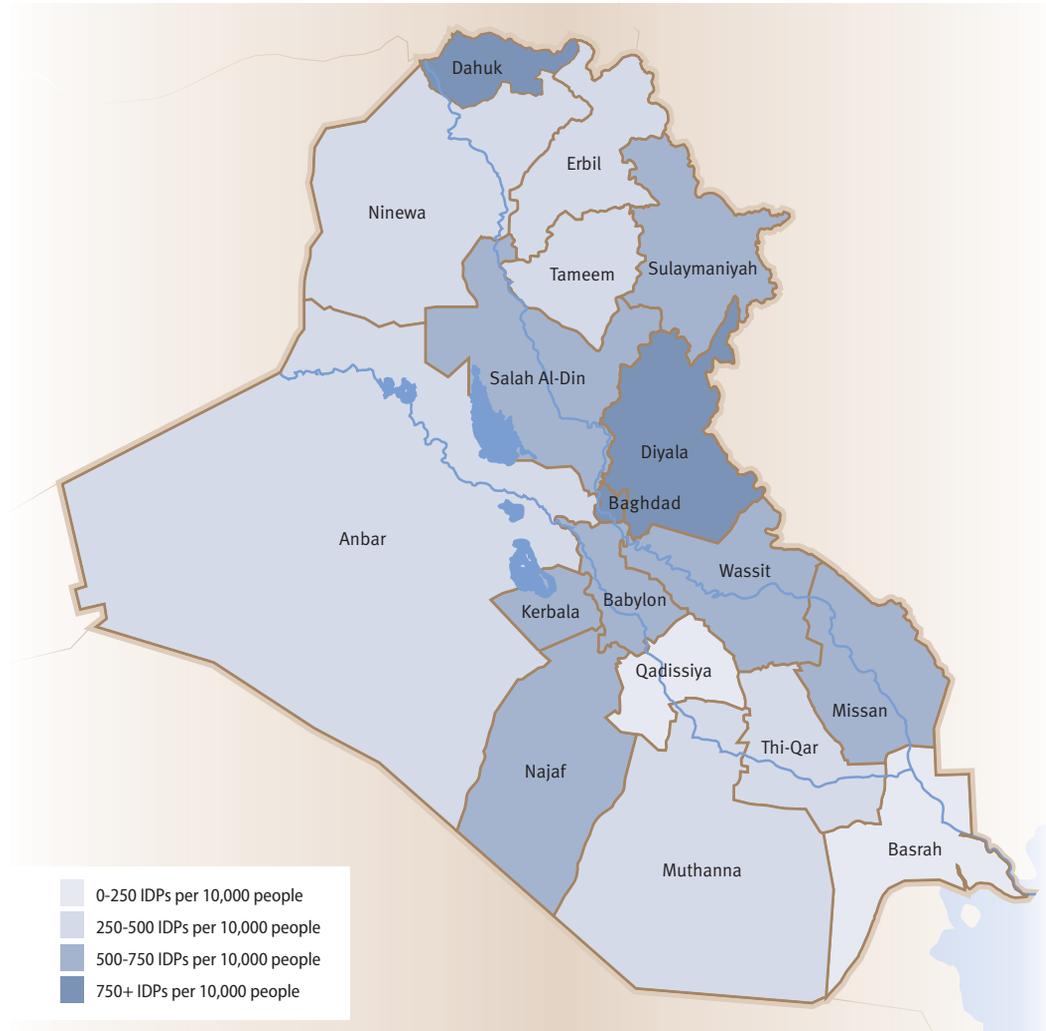
Sources: U.S. Embassy–Baghdad, responses to SIGIR data call, 3/29/2009 and 7/6/2009.

IDPs to determine their needs and assess their intent to return. Those who do not intend to return home would receive a $400 stipend from the MODM to support their integration elsewhere, and their status would no longer be recorded as displaced.[373]

Health Care

The Department of Health and Human Services, through the Health Attaché's office in the U.S. Embassy, offers technical assistance to Iraq's Ministry of Health (MOH) in rebuilding Iraq's medical infrastructure. The Attaché's Strategic Plan for 2009–2010 outlines these priorities:[374]

- enhancing the quality and quantity of medical, nursing, and mental health professionals
- implementing the Field Epidemiology and Laboratory Training Program
- strengthening health infrastructure

In July 2009, the MOH requested additional funding for maintenance and repair of existing primary health care facilities in Iraq. An original project to build 150 Primary Healthcare Centers (PHCs) resulted in the completion of only 133 facilities. Problems with security, construction, and lack of progress on the remaining PHCs resulted in an "as is" turnover to the GOI, de-scoping, or de-programming. An assessment is planned to determine the extent of work needed to bring these facilities on-line.[375]

Basrah Children's Hospital

This quarter, SIGIR issued an inspection report on Basrah Children's Hospital (BCH), a pediatric specialty hospital in southern Iraq. The BCH project began on July 1, 2004, with a projected completion date of December 2005. To date,

construction on the 2-story, 160,000-square-foot, 94-bed acute and referral care center is ongoing. USAID was responsible for construction, while Project HOPE was responsible for providing medical equipment and training for Iraqi doctors and nurses. In June 2006, a "stop work" order was issued to the contractor—Bechtel—and the U.S. Embassy transferred oversight to the Gulf Region Division (GRD) of the U.S. Army Corps of Engineers. A new contract was awarded on September 30, 2006, with a new finish date of July 21, 2008. Since then 8 modifications and 22 additional contracts for support work have been issued. Current estimates for the hospital to be fully functional are 2011.[376]

Moreover, SIGIR inspectors found that although the contractors' design and quality control plans were sufficient as executed, they are expected to fall short of the proposed "state-of-the-art" hospital originally envisioned with respect to medical equipment and its operation. Unrealistic timeframes for design and construction, poor soil conditions, a drastically changing security situation, multiple partners and funding sources, and failure of the GOI to follow through on its obligations all have contributed to escalating the project's costs and delaying the opening. The United States has funded $103.9 million in construction for this complex through the IRRF, Child Survivor and Health Programs Fund, and CERP fund. The Government of Spain, Project Hope, and the GOI have contributed an additional $61.8 million.[377]

Missan Surgical Hospital

SIGIR also inspected the Missan Surgical Hospital, a facility that was originally planned as a "state-of-the-art" surgical hospital and medical training facility in Amara. The hospital's construction is funded with $12.7 million in ESF funds. The

inspection revealed that the construction of the hospital was significantly behind schedule. Phase I of construction was to be completed on March 24, 2009, and Phase II on September 7, 2009; however, SIGIR estimated that each phase was approximately 10%-15% complete.[378]

SIGIR found that construction deficiencies and deviations from specifications in the design drawings, as well as slow progress by the contractor, have delayed the hospital's opening. Furthermore, the GOI, which is responsible for providing equipment and staff to operate and maintain the hospital, does not have the funds available to facilitate these requirements. Until these assets are in place, the hospital will serve no purpose. SIGIR recommended that GRD's Commanding General resolve the construction deficiencies and that the Iraq Transition Assistance Office continues its efforts to coordinate with GOI officials to ensure that the project will be equipped, staffed, and funded to maintain operations once construction is completed.[379]

Human Rights

According to the DoS May 2009 *Advancing Freedom and Democracy Reports*, conditions in Iraq have improved following improvements to Iraq's security forces. However, while extrajudicial killings by government agents have decreased sharply, discrimination and abuse against women and minorities continue. In addition, notwithstanding the GOI's respect for constitutionally protected religious freedom, radical Islamic and criminal elements continue to target religious minorities.[380] For example, on July 12, 2009, at least four people were killed and dozens injured, including children, in bombings at churches in Baghdad and Mosul.[381] Trafficking

A cancer treatment ward, Basrah Children's Hospital.

in persons for sexual exploitation and forced labor were also reported as serious problems.[382]

U.S. support for human rights initiatives focuses on the documentation, prevention, and rehabilitation of victims of human rights abuses. Partnering with NGOs, the U.S. government assists the Ministry of Human Rights in gathering and analyzing data on human rights abuses using complex DNA techniques. U.S. training programs on parliamentary, legal, and journalistic subject areas also support rehabilitative services for victims of human rights violations.[383]

On June 16, 2009, Jawad al-Bulani, Iraq's Minister of Interior, announced that 43 police officers will face charges following an investigation into allegations concerning the abuse of prisoners. A special MOI investigative committee found 23 instances of abuse and 20 cases of incarceration without warrant.[384]

Prime Minister al-Maliki formed a committee to launch an investigation of conditions in Iraq's

prisons. The committee includes representatives from the GOI security ministries as well as human rights and judicial agencies. Concerns over prisoner rights have increased as the U.S. military continues to turn over custody of thousands of detainees under the Security Agreement. The UN has also warned of overcrowding and serious violations of the human rights of detainees in Iraqi custody. In addition, Harith al-Ubeidi, head of the Sunni Iraqi Accordance Front and deputy chair of the CoR's human rights committee, was assassinated June 12, 2009, after raising the issue in the CoR.[385]

In June 10, 2009 letter to Prime Minister al-Maliki, the Committee to Protect Journalists (CPJ) and the Baghdad-based Journalistic Freedoms Observatory raised their concerns over cases of assault and harassment of journalists by GOI officials. CPJ names Iraq as the most dangerous country to conduct journalism; 139 reporters have been killed there since 2003.[386]

International Efforts

After almost two years in Iraq, the Special Representative of the UN Secretary General, Staffan de Mistura, completed his tour this quarter; the UN has named al-Melkert as his successor.[387] On June 30, 2009, the GOI opened a consulate in Detroit, Michigan, home of the largest Arab-American community in the United States. At its opening, the consulate joined other Iraqi missions around the world by hosting a Sovereignty Day event.

Also this quarter, several foreign dignitaries visited Iraq, and several significant events occurred on the diplomatic front:[388]

- In April, the President of the Palestinian Authority visited Iraq, the first visit of a Palestinian leader since 2003.
- In May, Sheikha Mozah Bint Nasser al-Missned, wife of the Emir of Qatar, visited Iraq, as did the Belgium Foreign Minister.
- In June, Sweden officially re-opened its embassy in Baghdad. Following a visit to Baghdad from its Foreign Minister, Norway announced its plans to open a new embassy in Baghdad.
- The Egyptian Foreign Ministry recently announced that it will be sending a new ambassador to Iraq. The previous Egpytian ambassador to Iraq was killed by al-Qaeda in 2005.
- In June, the Yemeni Foreign Ministry nominated an ambassador to Iraq. ◆

ECONOMY

Despite the worldwide financial downturn, Iraq's economy in 2009 is growing, although at a much slower pace than in 2008. The UN's mid-2009 update on the world economy named Iraq as one of only seven countries that would experience economic growth of 3% or more this year.[389] Growth in Iraq is largely dependent on oil exports, which account for approximately two-thirds of the country's gross domestic product (GDP) and 85%–90% of the government's revenues.[390] In addition, Iraq is much less integrated into the worldwide economy than neighboring oil-exporting countries, and its financial institutions have much less exposure to global "toxic" assets.[391] Continued growth, however, depends on Iraq's ability to attract needed foreign investment; to refurbish, expand, and protect its energy infrastructure; and to sustain levels of oil production and exports commensurate with growth.[392] The GOI also recognizes that a more diversified economy will increase Iraq's potential for sustainable, long-term development.[393]

In recognition of the importance of growth and job creation to stability in Iraq, the United States has allocated approximately $1.46 billion, obligated approximately $1.46 billion, and expended approximately $1.28 billion to support and strengthen Iraq's economic development, as of June 30, 2009. For the status of U.S. funds to support economic governance and private sector development in Iraq, see Figure 2.40.

Gross Domestic Product

Estimates for positive GDP growth in Iraq vary, but all are based on the assumption that oil prices will continue to rebound in 2009 from the early low of $35.60 per barrel.[394] The International Monetary Fund (IMF) estimates that Iraq's real GDP will grow by 6.9% in 2009, compared with 9.8% in 2008.[395] The UN estimates more modest growth of 6.3% this year,[396] and the *Economist* Intelligence Unit forecasts 5.4% growth in 2009.[397]

Real GDP growth, however, could fall to the 3% range if Iraq fails to boost oil exports beyond current levels or to improve the performance of its non-oil sectors.[398] Oil-exporting nations this year are operating in the larger environment of a global economic slowdown, which has decreased the worldwide demand for oil—a major factor

> WITHOUT ECONOMIC PROGRESS, WE CANNOT KEEP THE PEACE IN IRAQ … SECURITY AND ECONOMIC DEVELOPMENT MUST HAVE EQUAL AMOUNTS OF INTEREST.[399]
> **—IRAQI PRIME MINISTER NOURI AL-MALIKI, APRIL 30, 2009**

FIGURE 2.40

ECONOMY—STATUS OF FUNDS
$ Billions
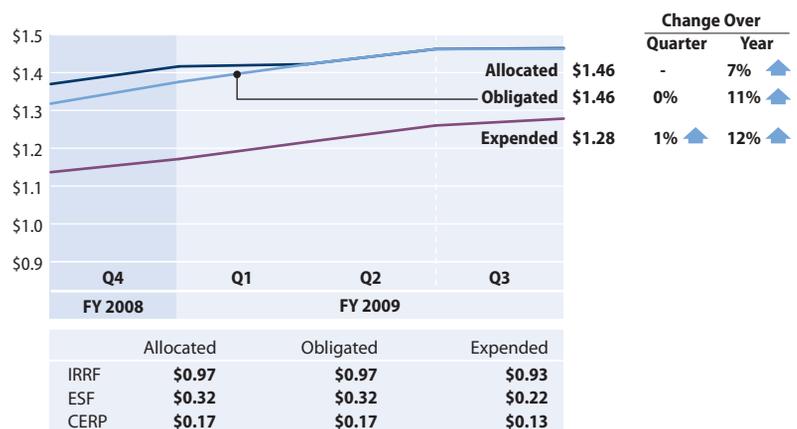
	Allocated	Obligated	Expended
IRRF	$0.97	$0.97	$0.93
ESF	$0.32	$0.32	$0.22
CERP	$0.17	$0.17	$0.13

		Change Over	
		Quarter	Year
Allocated	$1.46	-	7%
Obligated	$1.46	0%	11%
Expended	$1.28	1%	12%

Note: Data not audited. Numbers affected by rounding.

Sources: MNC-I, *Quarterly Report*, 7/4/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009; ITAO, *Essential Indicators Report*, 5/14/2009; Treasury, response to SIGIR data call, 4/2/2009; USTDA, responses to SIGIR data call, 4/2/2009 and 4/13/2009.

FIGURE 2.41

RELATIONSHIP OF GOI OIL REVENUES TO IRAQI GDP
$ Billions
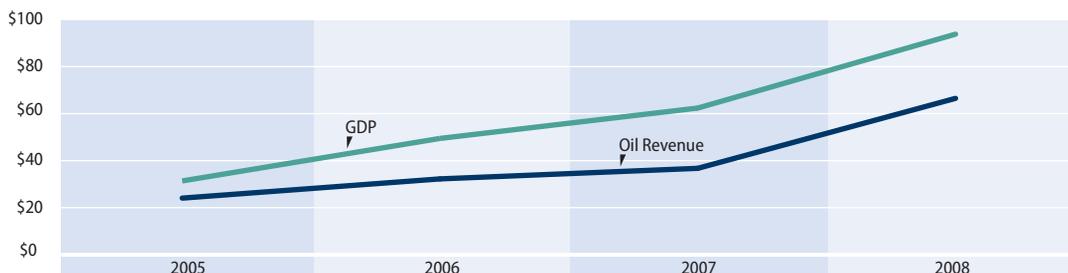
Note: IMF-estimated data for 2005–2006; IMF-projected data for 2007–2008. Oil revenue includes crude oil exports and domestic refinery activities.

Sources: IMF, "Country Report No. 08/303," 9/2008, pp. 17, 19; IMF, "Country Report No. 08/383," 12/2008, pp. 19, 21.

FIGURE 2.42

INFLATION AND CORE INFLATION RATES
% Change over Previous Quarter

Note: Numbers affected by rounding. Iraqi consumer price index comprises: rent, miscellaneous commodities and services, medical services and medicine, communication and transportation, fuel and light, furniture, fabrics and clothes, drink and cigarettes, and food stuffs. Core inflation index excludes: fuel and light, as well as transportation and communications. June 2009 inflation data unavailable for 2nd quarter calculation.

Source: CBI, *Key Financial Indicators*, 6/25/2009, www.cbi.iq, accessed 6/29/2009; COSIT, *Indices Numbers for Consumer Prices*, www.cosit.gov.iq/English/indices.php, accessed 7/23/2009.

in the decelerating economic growth in all oil-exporting nations in the Middle East, including Iraq.[400] Figure 2.41 shows the direct relationship between oil revenues and GDP growth in Iraq.

Inflation and Exchange Rates

Inflation in Iraq remains low, but volatile, with commodities having the biggest impact on price levels.[401] U.S. Embassy-Baghdad has observed that the May 2009 decision by the GOI to support local farmers by limiting vegetable imports has yet to have any significant effect on food prices. The Embassy reports that the measure is being loosely enforced. Food prices represent approximately 63% of Iraq's consumption basket, which is an inflation-measuring tool that represents the combination of goods and services consumed by a typical Iraqi family.[402] Figure 2.42 shows the recent quarterly trend for inflation and core inflation (which excludes fuel, electricity, communications, and transportation).

FIGURE 2.43

EXCHANGE RATE FOR THE IRAQI DINAR, 2004–2009
Iraqi Dinar per U.S. Dollar, Daily Average
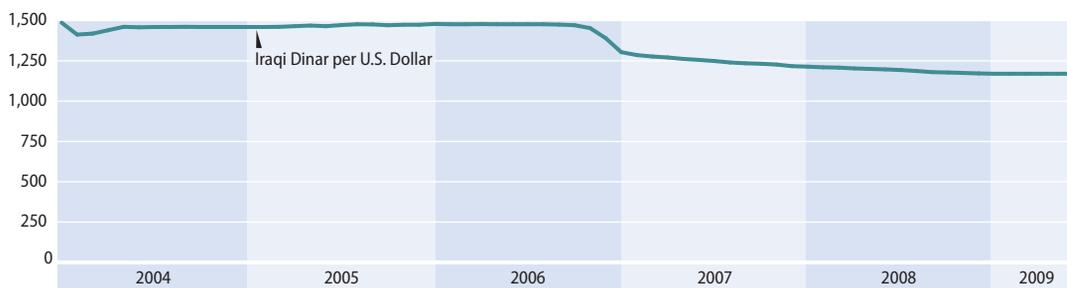
Source: CBI, *Key Financial Indicators*, 7/1/2009, www.cbi.iq, accessed 7/5/2009.

The Central Bank of Iraq has helped keep inflation low by allowing the dinar to appreciate against the U.S. dollar, increasing Iraqi purchasing power.[403] Figure 2.43 shows the current exchange rates for the Iraqi dinar.

Unemployment

Iraq remains a predominantly state-controlled economy in which the government is the nation's largest single employer.[404] Agriculture is the nation's largest private-sector employer, accounting for approximately 25% of all jobs.[405] As discussed in previous SIGIR reports, employment in Iraq is difficult to measure accurately. Estimates of employment in the private-sector economy, especially in the informal economy, are sporadic and largely anecdotal. Reports from the Iraq Transition Assistance Office and others, however, suggest that recent security gains have fostered increases in community-based, small-business activity.[406]

According to Iraq's Central Organization for Statistics and Information Technology (COSIT), the employment situation in Iraq has recently shown a short-term positive trend. COSIT estimates that national unemployment in Iraq fell from 18% in the first quarter of 2008 to less than 13% in the fourth quarter of 2008.[407] COSIT's unemployment estimates are based on widely accepted measurement standards that do not include discouraged workers.[408] U.S. Embassy-Baghdad, however, reports that COSIT employment data may be too optimistic.[409] The *Iraq Index*, a Brookings Institution research publication that uses multiple sources to produce an estimate, places Iraqi unemployment in the 23%–38% range as of January 2009.[410] This is a 2% decrease from its estimated range of 25%-40% in 2008.[411]

Outstanding Debt

As of June 30, 2009, approximately $74 billion in Iraqi debt had been forgiven, including $42 billion owed to Paris Club creditors.[412] Iraq's Paris Club debt is to be repaid in 6-month installments over a 23-year period.[413] The first principal payment will be made in July 2011.[414] Iraq continues to pursue forgiveness of its remaining

debt, estimated to total between $50 billion and $75 billion.[415] Its major outstanding creditors are Saudi Arabia, China, and Kuwait, to whom it owes an estimated $32 billion to $56 billion.[416]

As part of their ongoing dialogue with other countries, DoS officials continue to encourage creditors that have not yet reached debt reduction agreements with Iraq to look to Paris Club terms as a model. Since January 2009, DoS has discussed Iraq debt reduction with Saudi Arabia, China, Kuwait, Qatar, Jordan, Turkey, Egypt, and Poland.[417]

In June 2009, however, debt repayment became a source of increased bilateral tension with Kuwait as the UN Security Council took up the issue of the Chapter VII provisions related to Iraq. The GOI has asked that all Chapter VII provisions be lifted. The government of Kuwait, however, urged the UN not to lift the sanctions until Iraq pays its debts, including reparations owed from the 1990 Gulf War, and resolves other outstanding issues related to the Security Council resolutions.[418] As of June 30, 2009, the governments of Iraq and Kuwait had not yet come to an agreement over these issues and were still negotiating the issue.

While the Chapter VII provisions are in place, Iraq is required by UN Resolution 1483, as amended, to pay proceeds from the sale of its petroleum into two internationally supervised funds:[419]

- 5% of Iraq's oil proceeds goes to the UN Compensation Commission (UNCC), which makes reparation payments to Kuwait and other authorized claimants.
- 95% goes into the Development Fund for Iraq (DFI), which is used for the benefit of the Iraqi people. The DFI is currently supervised by the International Advisory and Monitoring Board for Iraq (IAMB). The UN mandate for IAMB is scheduled to expire December 31,

2009, after which an Iraqi-appointed oversight board (Committee of Financial Experts, or COFE) is scheduled to assume oversight responsibilities.[420]

In June 2009, the UN Security Council heard the Secretary General's report on the UN Assistance Mission for Iraq (UNAMI)—one of a series of high-level reports on Iraq scheduled to be heard by the Security Council this summer. The Secretary General's report, mandated by Resolution 1859, will examine relevant facts related to Iraq and the UN Charter Chapter VII provisions. It is being finalized and is expected to be debated in the Security Council in August or September of this year.[421]

Iraqi Budget

The decline in worldwide oil prices from the record-high levels of 2008 has affected Iraq just as it is assuming increasingly greater responsibility for funding its own reconstruction.

The GOI's final 2009 budget, adopted in April, projected expenditures of $58.6 billion and revenues of $42.7 billion, based on a price of $50 per barrel of oil.[422] During the second quarter of 2009, however, the price of Kirkuk crude rose to an average of $57.46 per barrel.[423] As a result, discussion among Iraqi lawmakers of a "negative budget supplemental" that would acknowledge a budget deficit has subsided.[424] In fact, Iraq's cabinet has approved a supplemental budget, based on revenues from potentially higher oil exports and mobile phone fees, which would add approximately $3 billion in expenditures to the 2009 budget. This measure, however, must be reviewed and approved by the Council of Representatives (CoR) before it becomes law.[425]

Figure 2.44

Iraqi GDP, GOI Revenue, and GOI Budget
$ Billions
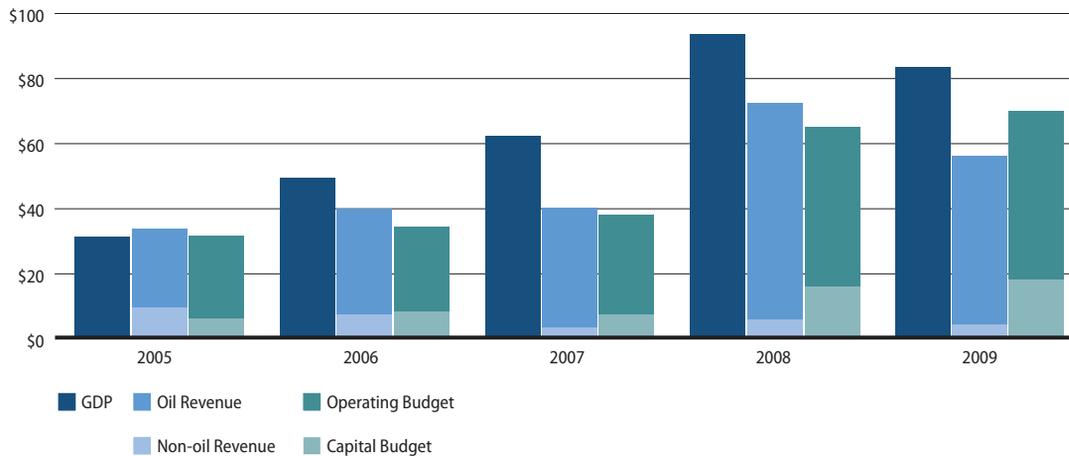
Note: Numbers affected by rounding. IMF-estimated data for 2005–2006; IMF-projected data for 2007–2009. Non-oil revenue includes grants. Budget excludes contingency funds.

Sources: IMF, "Country Report No. 08/303," 9/2008, pp. 17, 19; IMF, "Country Report No. 08/383," 12/2008, pp. 19, 21.

Iraq's Ministry of Oil is counting on foreign investment to ramp up oil production. But the much-anticipated June 30 auction of service contracts for six oil fields and two natural gas fields in Iraq produced only one accepted bid. This means that current levels of oil production are likely to prevail throughout the year.[426] From January to June 2009, oil exports averaged 1.86 million barrels per day (MBPD), which is below the GOI's projected target level of 2 MBPD.[427] For more detailed information on the oil and gas auction, see the Infrastructure section in this Report.

As noted previously by SIGIR, the largest single portion of Iraq's budget is devoted to operating expenses: 78% of the 2009 budget pays for salaries, social benefits, pensions, goods and services, interest, assistance, grants, non-financial assets, and other expenditures. Approximately 22% of the budget funds capital reconstruction projects.[428] Through April 2009, GOI ministries had spent approximately $8.3 billion on operating costs and approximately $700 million on capital projects.[429]

For an overview of the GOI's revenue and budget, relative to Iraq's GDP, see Figure 2.44.

Closing Budget Gap

Several variables—such as the price of oil, the amount of oil exports, and actual government expenditures in 2009—will determine whether the GOI has a deficit and the size of its deficit. But absent significant budget cuts or dramatically rising oil prices or exports, the GOI is on track to produce its first-ever, post-war budget deficit in 2009, which the GOI estimates will be approximately $16 billion.[430] This deficit could be covered by current unexpended fiscal balances of approximately the same amount.[431] Without significant budget cuts, however, Iraq would

need oil prices to continue to rise to about $80 per barrel to balance the 2010 budget.[432] The Ministry of Finance (MOF) responded to this challenge with multiple rounds of spending cuts to the initial draft of the 2009 budget. It also established a budget committee to propose caps on 2010 budget expenditures that are based on more realistic economic scenarios.[433]

Iraq is also considering other mechanisms to finance government expenditures, such as the sale of treasury bonds to fund reconstruction projects.[434] In addition, the GOI had preliminary discussions with the IMF on a potential new Stand-By Arrangement for $5.5 billion. Representatives of the GOI and IMF met in July to discuss conditions, with a view to potentially finalize a program by October 2009.[435]

The GOI is looking to generate additional revenues from development of its energy sector. The Ministry of Oil proposed to assess $2.6 billion in up-front signing fees, or "soft loans," on foreign companies that receive contracts to develop Iraqi oil and gas fields. The GOI plans to invest these funds in reconstruction projects.[436] However, as noted previously, the June oil and gas auction resulted in only one international company being awarded a contract. The Cabinet's spokesman had previously announced in May 2009 that a 35% tax on oil company profits had been approved by the Cabinet and sent to the Parliament for approval.[437]

Strengthening Transparency and Accountability

The U.S. government is assisting Iraq in developing the tools and expertise needed to implement a transparent, accountable, and sustainable budgeting system at both the national and provincial levels. SIGIR has reported many times on the challenges related to one of these tools, the Iraq Financial Management Information System (IFMIS). On June 3, 2009, USAID OIG released an audit of the Economic Governance II (EG II) program, of which IFMIS is a component. The audit concluded that the IFMIS project was behind schedule and not fully operational. Among the difficulties encountered in completing the EG II program, the information technology (IT) leader and four other colleagues were kidnapped in June 2007.[438] On June 20, 2009, the British Foreign Secretary confirmed that the remains of two of the hostages had been recovered and that the kidnapped project leader and two others were believed to still be in captivity and in grave danger.[439] In the audit, USAID OIG noted that security issues surrounding the EG II program limited the agency's ability to verify program fulfillment.[440]

As of June 30, 2009, 245 of the 250 spending units in the GOI have been trained on IFMIS, and 107 units are using the system as part of their budgeting process. However, many obstacles impede implementation of the system:[441]

- The MOF has not provided IFMIS equipment or connectivity to 80 GOI spending units (32%), but it reports that procurement of these items is currently in progress.
- The MOF has not yet assumed full responsibility for IFMIS or committed funding for service and maintenance costs, including signing a contract with the software company that designs and maintains the system.
- The MOF has not yet confirmed that it is able to provide appropriate housing and security for the data backup server.

In addition, U.S. Embassy-Baghdad reports that it cannot confirm the MOF's commitment to adopting and using the most crucial part of

the system, the Budget Module.[442] U.S. Embassy-Baghdad reports that the completion date for IFMIS project activities is July 31, 2009, and the estimated total cost is $32 million.[443]

Strengthening Key Sectors of the Private Economy

Agriculture

Agriculture accounts for approximately 10% of Iraq's GDP and approximately 25% of employment. Yet Iraq continues to be a net importer of food, a situation exacerbated by the recent drought. Total rainfall in most of Iraq during autumn 2008 and spring 2009 (the most recent wheat-growing season) was only marginally better than last year, which was well below normal. Rainfall during this period averaged 45%–75% below normal for the most productive wheat-growing regions of Iraq.[444]

In addition, the flow of river water available to Iraq for cultivation has been further reduced by dams previously built on tributaries of the Euphrates and Tigris rivers in Turkey, Syria, and Iran.[445] The GOI continues to negotiate with neighboring countries, especially Turkey, to increase the flow of water from the Euphrates and Tigris rivers into Iraq. For more information on the status of the water supply, see the Infrastructure section of this Report.

As a result of acute water shortages, Iraq is experiencing its second consecutive year of reduced wheat harvests.[446] In fact, the Ministry of Agriculture reported in March 2009 that Iraq is using only about 50% of its arable land because of lack of irrigation and poor soil quality.[447] The provinces of Ninewa, Erbil, and Tameem, which account for 35% of the nation's wheat production, were particularly hard hit by a lack of

rainfall.[448] The provinces of Diyala, Wassit, and Qadissiya, producers of an additional 32% of the nation's wheat, were hurt by the drop in Tigris and Euphrates water levels.[449] The U.S. Department of Agriculture estimates that 2009–2010 wheat production in Iraq will be approximately 1.35 million tons—45% below normal.[450] In addition, Iraq's central and southern provinces are expected to reduce rice planting by half in summer 2009 because of insufficient water.[451]

Drought conditions have also caused other problems for Iraqi farmers. For example, an unprecedented number of poisonous snakes fleeing the water-deprived marshes near Nassriya have attacked cattle and buffalo, causing serious losses to farmers in southern Iraq.[452]

In addition to the drought, other factors are contributing to lower agricultural output in Iraq. Cheaper imported vegetables are undercutting prices for Iraqi produce, creating disincentives for Iraqi vegetable farmers. In response, the GOI announced a temporary ban on vegetable

A dry lake due to the drought, which runs 20 kilometers in southern Iraq through the provinces of Thi-Qar, Missan, and Basrah. (GOI Photo)

imports in June 2009, which could be lifted if shortages ensue.[453] The low prices set by the government for wheat and barley purchased for the Public Distribution System, as well as the volume of wheat imported for the program, have also created disincentives for domestic cultivation.[454] In a step to increase agricultural output, the Chairman of Iraq's National Investment Commission announced that 50-year lease contracts on Iraqi farmland would be offered to foreign investors from the Gulf region.[455]

The U.S. government supports the revitalization of Iraqi agriculture through a variety of programs to upgrade irrigation techniques, boost agricultural and dairy production, and train Iraqis in modern animal husbandry techniques and sanitary slaughtering practices. For example, during May and June 2009, the Inma Agri-Business Program conducted these activities:[456]

- completed construction of a fruit and vegetable packing house outside Baghdad, demonstrating how modern food handling and packing practices can increase shelf-life and the revenue generated from crops
- signed three feedlot grants to demonstrate how livestock can be raised more economically in confinement
- imported 12,400 Hungarian fingerlings to cross-breed with heat-resistant Iraqi carp to increase aquaculture yields
- ordered 120,000 U.S.-grafted fruit saplings and rooted grape vines for export to Iraq in 2010 to help increase agricultural output

In another example, a newly constructed U.S.-funded slaughterhouse in Qala Diza will provide modern meat processing facilities for the local population, who are primarily engaged in trading, farming, and raising sheep and calves. The Deputy Inspector General for Iraq

Reconstruction visited this facility in Sulaymaniyah province on June 19–22, 2009. [457]

Foreign Investment in Iraq

President al-Maliki made several trips abroad this quarter to publicize investment opportunities in Iraq. On April 30, 2009, he led an Iraqi delegation to a London investment conference—jointly sponsored by Iraq's National Investment Commission and the UK Department for International Development—to discuss oil and infrastructure opportunities in Iraq.[458] The Prime Minister also led a delegation to Paris on May 4, 2009, to discuss investment opportunities in Iraq with French President Sarkozy and other French senior officials.[459] These are part of a series of bilateral investment conferences, the importance of which is indicated by the following upcoming events in 2009:[460]

- October 20–21 Iraq Business Forum in Washington, D.C.
- November 3–4 investor conference in Beijing, China
- November investment conference in Berlin, Germany
- Fall investor conferences in Paris, France; Seoul, Korea; Sweden; and Italy

Following up on the Prime Minister's announcement in London that Iraq is working to create a friendly environment for foreign investment, the Iraqi Council of Ministers approved a bill in June 2009 legalizing foreign ownership of Iraqi land for investment in housing construction projects.[461] The legislation, which represents a departure from previous Iraqi policy, is currently pending in the Council of Representatives.[462] It represents an attempt to find workable solutions for reforms that are politically difficult to implement at this time.[463] U.S. Embassy-

Baghdad, however, points out that major obstacles to foreign investment in Iraq persist, including bureaucratic inefficiencies, infighting among political factions, and corruption.[464]

Despite the challenges, the GOI and the U.S. government are working together to increase the number of Iraqi-owned businesses that can successfully compete for government contracts. A key focus of this effort is to increase economic opportunities for traditionally underserved communities, especially women. Since FY 2005, JCC-I/A reports that reconstruction and rebuilding contracts valued at more than $450 million have been awarded to businesses in Iraq owned by women. For a more detailed discussion, see the Contracting section of this Report.[465]

Challenges to Modernizing Key Iraqi Financial Institutions

A functioning, well-capitalized banking system is key to sustaining economic growth. The U.S. government, along with the IMF and the World Bank, is working to strengthen the management and capitalization of Iraq's public- and private-sector banks, as well as to increase the access of the GOI and Iraqi citizens to modern financial products and services. But cultural and trust issues in Iraq remain obstacles to implementing a modern banking system.[466]

The U.S. Department of the Treasury (Treasury) reports that although most Iraqis trust the large state-owned banks, they remain suspicious of privately owned banks. As of June 2009, 31 private banks had been licensed, and 22 of them were actually operating. Privately owned banks are small and highly risk-averse. Lending is not their dominant line because of the unusual risks inherent in Iraq's economy.[467]

With the exception of perhaps 10 banks, most private banks do not follow international standards or have modern credit departments. Even if they are partially owned by foreign banks, there is little transfer of knowledge and no non-Iraqi senior management to drive reform. Many of the chairmen of these private banks live outside of Iraq, principally in Amman, Jordan. With little incentive and no enabling legislation, private banks are not likely to merge or acquire each other.[468]

Al-Warka Bank is the largest private bank in Iraq in terms of assets and the country's fifth largest bank. At the end of 2008, al-Warka had assets of $1.3 billion and 85 branches, built quickly in 2007 and 2008 through property purchases and branch expansion. Without any marketing effort and relying on its "reputation," al-Warka has expanded from 500 customers in 2003 to 70,000 customers in 2009. However, al-Warka reportedly is "locked out" of business with public-sector entities (deposits and wage and pension distribution) because it lacks political connections.[469]

USAID's Tijara initiative is designed to address the many barriers to private lending in Iraq. A key area of focus is improving lending resources for small- and medium-size enterprises (SMEs). In June 2009, a $6 million USAID grant supported the start of operations for the Iraqi Company for SME Finance Ltd. (ICF-SME). Established by nine shareholder Iraqi banks, the goal of the ICF-SME is to provide capital to participating commercial banks, enabling them to lend to qualified borrowers at below-market rates. Tijara also supports the Iraq Company for

Bank Guarantees (ICBG) initiative. Since 2006, 344 loans representing $7 million have been disbursed under ICBG guarantee to SMEs.[470]

For a list of the top private banks in Iraq, by number of branches and assets, please see Table 2.20.

TABLE 2.20

TOP PRIVATE BANKS RANKED BY BRANCH NUMBER AND TOTAL ASSETS

BANK	BRANCHES
Al-Warka Bank	85
Investment Bank of Iraq	20
Economy Bank	20
Bank of Baghdad (25% UGB)	19
Iraqi Middle East Investment Bank	18
Dar As-Salaam Bank (75% HSBC)	14
Gulf Commercial Bank	14
Basrah International	13
Credit Bank of Iraq (75% NBK)	12
Mosul Bank	12

	TOTAL ASSETS (USD Millions)
Al-Warka Bank	$1,285
Iraqi Middle East Investment Bank	$646
Bank of Baghdad (25% UGB)	$483
Al-Bilad Islamic Bank	$480
Dar As-Salaam Bank (75% HSBC)	$401
Basrah International	$363
North Bank	$303
Credit Bank of Iraq (75% NBK)	$290
Kurdistan Islamic Bank	$217
Gulf Commercial Bank	$206

Note: UGB = United Gulf Bank, Kuwait; NBK = National Bank of Kuwait; HSBC = HSBC Group (London).

Source: U.S. Treasury, response to SIGIR data call, 7/2/2009.

Treasury has identified many constraints to private-sector bank lending, including:[471]

- Loan decisions are delayed because of the poor quality of loan applications and lack of credit officer experience. When potential bank customers seek financing, they draw on savings or relatives first and microfinance institutions last.
- The main source of bank revenue is not interest earned from loans: it is transaction fees for electronic funds transfer and the processing of state-owned enterprise transactions, such as direct deposits and cash disbursements. Reliance on fee income is safer because credit risk cannot be reliably assessed.
- There are no guidelines or manuals at the branch level to assess credit risk and no uniform loan application process. Disclosure standards and audit requirements are not available.
- Opening a personal or commercial bank account is a cumbersome and costly process at the private banks. Many types of identifications, certifications, and approvals are required. The banks assess a 2% fee for making a deposit. ATM usage is minimal, but the Smart Card biometric debit card issued by state-owned banks seems to be gaining popularity.

Update on the Rafidain and Rasheed Banks

The majority of all Iraqi banking assets are held in the two largest publicly owned banks, Rafidain and Rasheed.[472] As reported earlier by SIGIR, Rafidain and Rasheed are currently undergoing major restructuring with support from the U.S. Treasury and the World Bank. Based on the audits of a private U.S. accounting firm, an Action Plan (2008–2012) for the Iraqi Banking Reform Strategy has been developed with detailed plans to correct the operational deficiencies of these two banks. International

donors, along with senior level officials from the Central Bank and the MOF, met the first week of July 2009 in Cairo to coordinate activities and draw on lessons learned from bank restructuring efforts currently underway in Egypt. Conference participants also included representatives from the U.S. Treasury, Financial Services Volunteer Corps, IMF, World Bank, and Egyptian Banking Institute.[473] The Action Plan is scheduled to be implemented over the next three years.[474]

In the interim, Treasury reports slow but steady progress on developing and implementing a core banking system for Rafidain Bank. Rasheed Bank has made an initial recommendation for a core banking system, but the MOF has not yet approved it. Progress is also being made on documenting current operational processes in both banks, but they have resisted a strategic planning exercise to define their goals and franchises.[475] In terms of financial restructuring, two areas of particular contention involve the difficulties associated with writing off external debts, and the absence of documentation to reconcile accounts.[476] The World Bank has appointed a former consultant to Iraq's Central Bank to coordinate the operational restructuring of both banks.[477] The Rafidain and Rasheed banks have also recently issued approximately 362,000 Smart Cards for direct deposit of salaries and pensions.[478] ◆

RECONSTRUCTION BY PROVINCE

SECTION

3

REGIONAL AND PROVINCIAL ELECTIONS

For the first time since 2005, Iraqis in Erbil, Dahuk, and Sulaymaniyah were scheduled to vote on July 25, 2009, in presidential and parliamentary elections for a new Kurdistan Regional Government (KRG).[479] Although they also are expected to elect their Provincial Councils—paving the way for the appointment of governors and deputies—an election date has yet to be set.[480] Similar provincial elections in Tameem province, an area disputed by Arabs and Kurds, were postponed (see Figure 3.1).[481]

FIGURE 3.1

REGIONAL AND PROVINCIAL ELECTIONS

Slated to elect a president and new parliament on July 25, 2009; has not scheduled elections for Provincial Councils

Has not scheduled elections for Provincial Council

Voted to elect Provincial Councils on January 31, 2009

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009.

The 14 provinces that have already held provincial elections were due to vote for district and sub-district officials by July 31.[482] Those elections were also delayed due to a lack of preparation at the local level.[483]

Presidential and Parliamentary Elections in the Kurdistan Region

The Independent High Electoral Commission (IHEC) in Iraq registered 509 candidates to compete in elections for 111 seats in the Iraqi Kurdistan Parliament (formerly the Kurdistan National Assembly).[484] These candidates represent 20 individual parties and 5 coalitions culled from 42 separate party lists.[485] Five candidates were registered to run for president after a sixth candidate withdrew his candidacy on May 27, 2009.[486] New opposition groups provided secular and Islamic alternatives to the Kurdistan Democratic Party/Patriotic Union of Kurdistan (KDP/PUK) alliance, which won 80 of the 111 seats in the 2005 elections.[487] The most prominent of these was the Change List, headed by a former PUK deputy secretary.[488]

Citizens of Erbil, Dahuk, and Sulaymaniyah may vote in their respective provinces, and voting sites were also set up in Baghdad for eligible voters residing outside their home province.[489] According to the Department of State (DoS), legal residents of the Kurdistan Region residing outside Iraq were also eligible to vote.[490] However, the U.S. Embassy-Baghdad indicated that residents of the Kurdistan Region residing outside Iraq would not vote in this election.[491] The Kurdistan Electoral Judicial Panel was created to make final decisions in the event of elections complaints.[492]

In this election, voters will cast ballots for parties, not for specific candidates.[493] The IHEC implemented a quota of 30% for female candidates in the Kurdistan Region, 5% more than the 25% reserved for women standing in elections elsewhere in Iraq.[494]

Special measures were adopted to ensure that five parliamentary seats were reserved for Chaldean Syriac Assyrian Christians, five for Turkomen, and one for Armenian Christians.[495] One Chaldean Syriac Assyrian party, four Turkomen parties, and a single Armenian candidate will compete for these seats.[496]

For an overview of Iraq's largest political parties, coalitions, and presidential candidates, see Table 3.1.

Elections of Provincial Councils in the Kurdistan Region and Tameem

Iraqis in the Kurdistan Region provinces of Erbil, Dahuk, and Sulaymaniyah did not hold elections for Provincial Councils this quarter. These provinces did not elect Provincial Councils in January, when 14 other provinces went to the polls, and no date has been set for provincial elections in the Kurdistan Region.

The date for elections in Tameem is contingent on the outcome of a United Nations-sponsored effort to forge a settlement of the territory.[497] The Council of Representatives (CoR) Article 23 Committee must first present a report on mechanisms for power sharing, property restitution, and demographics to the CoR. The committee did not meet a May deadline.[498]

TABLE 3.1

DESCRIPTION OF COALITIONS, FIVE LARGEST POLITICAL PARTIES, AND PRESIDENTIAL CANDIDATES

NAME		AFFILIATION
Coalitions	Kurdistan List	PUK and KDP alliance
	Islamic Groups	Kurdistan Islamic Group, Kurdistan Islamic Union, Social Democratic Party of Kurdistan, and Future Party
	Autonomy List	Chaldean Assyrian Democratic List, Assyrian National Party
	Freedom and Social Justice Coalition	Kurdistan Toilers Party, Democratic Movement for the People of Kurdistan, Communist Party of Kurdistan Iraq, Democratic Movement of Kurdistan, and Kurdistan Independent Labor Party
	Chaldean United List	Chaldean Democratic Union Party, Chaldean National Council
Five Largest Political Parties	Patriotic Union of Kurdistan (PUK)	Headed by Jalal Talabani
	Kurdistan Democratic Party (KDP)	Headed by Massoud Barzani
	Change and Reform Party	Founded by Nawshirwan Mustafa
	Islamic Group of Kurdistan	Headed by Bapir
	Kurdistan Islamic Union	Headed by Salah Al-Din Baha
Presidential Candidates	Massoud Barzani	Kurdistan Democratic Party (incumbent)
	Halo Ibrahim Ahmed	Progress Party
	Kamal Mirawildy	Independent, Scholar from Sulaymaniyah
	Ahmed Mohammed	Businessman from Sulaymaniyah
	Hussein Garmiyani	Independent, Farmer in Sulaymaniyah

Sources: U.S. Embassy-Baghdad, No. 1486, 7/4/2009; **www.krg.org**, accessed 7/16/2009.

U.S. Government Support

The U.S. government is supporting elections in the Kurdistan Region through the International Foundation for Electoral Systems (IFES). The region was secure enough that the IHEC did not ask for major security assistance on election day.[499] Instead, the Multi-National Force-Iraq (MNF-I) is limiting emergency contingency operations to intelligence, surveillance, and reconnaissance to protect ballot boxes.[500]

Other entities funded by the U.S. government were also working to ensure there was adequate voter education, conducting journalism workshops on election reporting, and developing radio and TV talk shows that discussed elections. The International Republican Institute and the National Democratic Institute were working with a number of political parties and candidates on how to compete effectively and build constituencies.[501]

Appointments of Provincial Governors

By May 2009, each of the 14 Provincial Councils elected in January had appointed a provincial governor and deputies.[502] In the central provinces, where large parties won a majority of votes, alliances were easily forged and governors and deputies selected quickly. However, in some southern provinces, the vote was split between

FIGURE 3.2
ETHNORELIGIOUS DEMOGRAPHICS BY PROVINCE

- Shia Arab
- Sunni Arab
- Kurds (primarily Sunni)
- Others
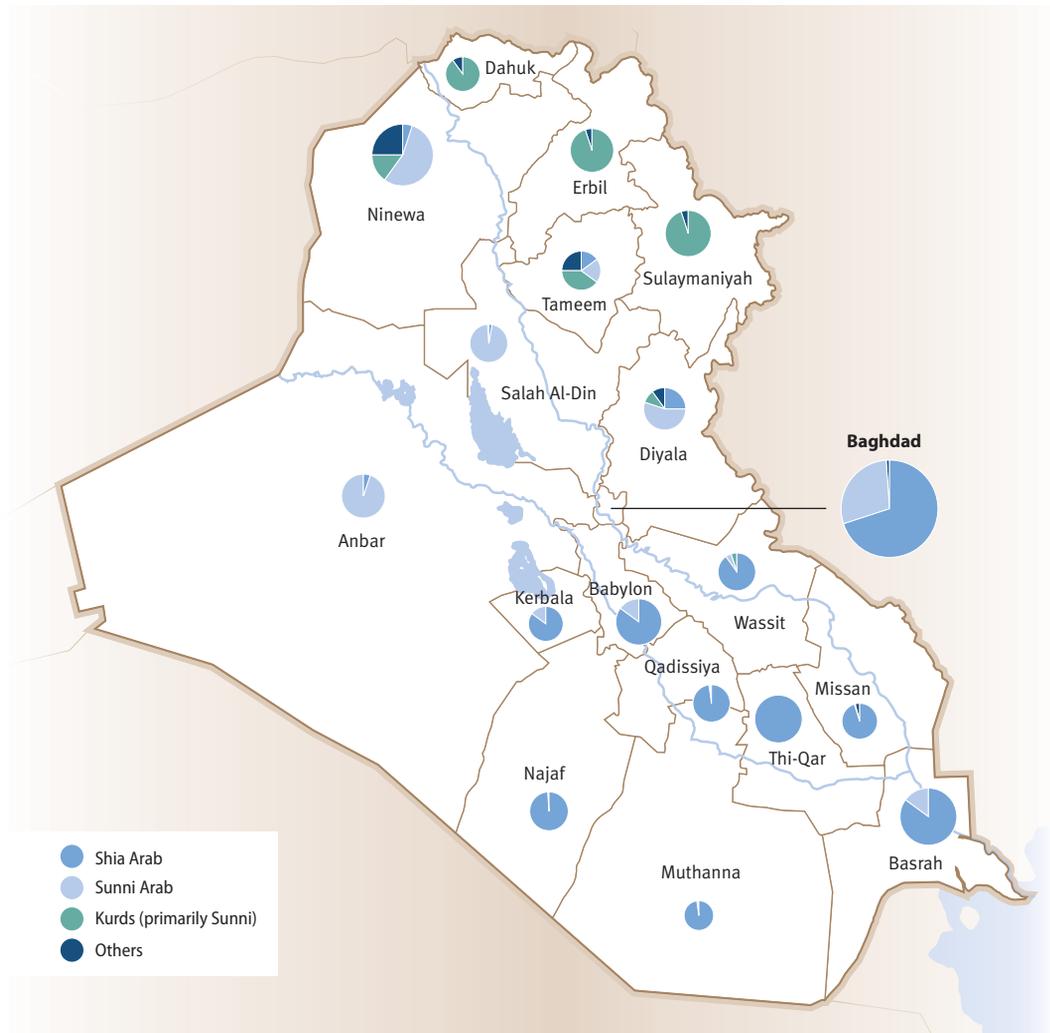
Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 3/29/2009, 7/6/2009 and 7/16/2009.

two or more parties, making it more difficult for the newly elected council members to elect provincial leaders.[503] For a breakdown of ethnoreligious demographics by province, see Figure 3.2.

Difficulties arose in provinces such as Ninewa, where ethnoreligious groups were relatively equal in number, or in provinces where voter allegiance was relatively evenly split between two or more large parties, such as in Muthanna.

For a list of the newly appointed governors, see Table 3.2.

In Ninewa—like Tameem, also disputed by Arabs and Kurds—Kurdish members of the Provincial Council boycotted council meetings

Table 3.2

NEWLY APPOINTED PROVINCIAL GOVERNORS

Province	Governor's Political Party	Ethnoreligious Group	Provincial Council President's Political Party	Ethnoreligious Group
Anbar	Awakening of Iraq and Independents	Sunni	Iraqi National Project	Sunni
Babylon	Sadrists	Shia	Sadrists	Shia
Baghdad	State of Law Coalition	Shia	State of Law Coalition	Shia
Basrah	State of Law Coalition	Shia	State of Law Coalition	Shia
Diyala	Iraqi Accordance Front	Sunni	Kurdish Alliance	Kurd
Kerbala	State of Law Coalition	Shia	Hope of Rafidain	Shia
Missan	State of Law Coalition	Shia	Islamic Supreme Council of Iraq	Shia
Muthanna	Islamic Supreme Council of Iraq	Shia	Islamic Supreme Council of Iraq	Shia
Najaf	Loyalty to Najaf	Shia	State of Law Coalition	Shia
Ninewa	Al-Hadbaa National List	Sunni	Al-Hadbaa National List	Sunni
Qadissiya	State of Law Coalition	Shia	State of Law Coalition	Shia
Salah Al-Din	Iraqi Accordance Front	Sunni	Iraqi National List	Sunni
Thi-Qar	State of Law Coalition	Shia	National Reform Trend	Shia
Wassit	State of Law Coalition	Shia	Islamic Supreme Council of Iraq	Shia

Source: GOI, Independent High Electoral Commission, **www.ihec.iq/arabic**, accessed 7/4/2009.

and demanded more posts in the provincial government following the selection of an Arab governor from the al-Hadbaa party.[504] Kurds said they would refuse to recognize the governor unless Kurds gained positions in the Provincial Council.[505]

In Diyala, Council members and the incoming governor's staff drafted a document called the Diyala Declaration, intended to ease tensions between Sunni and Shia factions.[506] Political controversy arose over the objectives of a province-wide security operation called Glad Tidings of Benevolence II. There were concerns that the campaign against al-Qaeda, while legitimate, was being used as a cover for group arrests of politically active Sunnis.[507]

In Najaf, the legal committee of the Iraqi parliament challenged the manner in which the governor was selected, and there were indications that the Iraqi Supreme Court may be called on to settle the dispute.[508]

District and Sub-district Elections

The Provincial Elections Law mandates that district and sub-district elections occur within six months of elections for Provincial Councils. On January 31, 2009, Iraqis in 14 provinces elected Provincial Councils, setting in motion a July 31 deadline for district and sub-district elections.[509] As of the end of this quarter, no date had been set for those elections.

USAID's Electoral Technical Assistance Program is the principal vehicle for preparing IHEC for elections in Iraq, including district elections. The work is done with a $102.7 million grant to IFES.[510] Working with the UN, the program seeks to increase the staffing, skills, and organizational ability of IHEC to create a nationwide voter registration system, develop a network of provincial election offices, and conduct election-day polling. These systems are not adequately developed at the district level to facilitate elections this quarter.[511] ◆

PROVINCIAL RECONSTRUCTION TEAMS

As of June 2009, 23 Provincial Reconstruction Teams (PRTs) were operating in Iraq—16 teams in provinces and 7 smaller teams embedded with the military (ePRTs). The 23 teams are composed of 844 DoS-managed personnel. For an overview of the U.S. Embassy's Provincial Affairs organization, see Figure 3.3.

Fifteen of the PRTs are U.S.-led, and the remaining team in Thi-Qar is led by the Italians. The Korean-led Erbil RRT transitioned to a U.S. team in 2008, and the U.K.-led Basrah PRT transitioned to a U.S. team in the second quarter of 2009.[512]

According to DoS officials, the National Security Council has directed in preliminary verbal guidance that the program be reduced to 16 PRTs by August 2010 and to 6 by December 2011.[513] In January 2009, the U.S. Embassy's Office of Provincial Affairs (OPA) released a tentative schedule for the drawdown and consolidation of the PRT program.

Provincial Support Teams (PSTs), which were stationed at forward operating bases due to security concerns, were phased out in the second quarter of 2009 either by transitioning to regular PRTs or by consolidating with nearby PRTs. The seven remaining ePRTs are located in Anbar and Baghdad. OPA reduced the number of ePRTs in Baghdad from six to five, and expects the number of PRTs to remain constant through the January 2010 national elections, after which OPA and the Department of Defense (DoD) plan to review the situation and recommend changes for the future PRT footprint.[514]

FIGURE 3.3
U.S. EMBASSY PROVINCIAL AFFAIRS ORGANIZATIONAL CHART
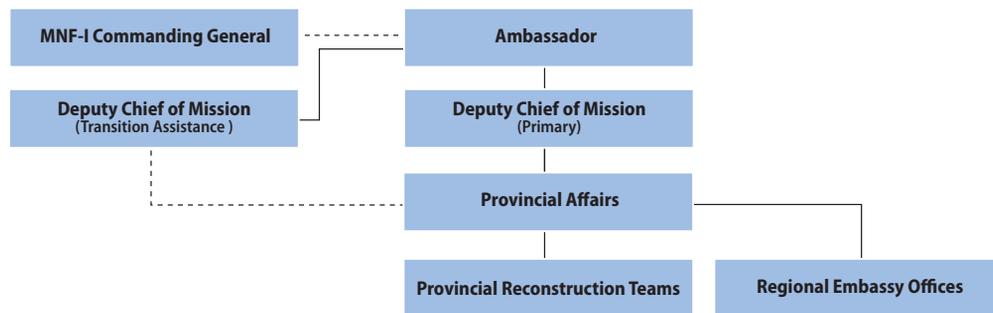
Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/16/2009.

For information about the PRT footprint over time, see Table 3.3, and for current locations, see Figure 3.4.

OPA reports that the PRT drawdown process is to be considered once a province achieves a continuous sustaining rating for governance, political development, reconciliation, and rule of law as assessed under the Capability Maturity Model (CMM). Other factors in the decision include successful provincial elections, with a smooth transition of power, and sustained freedom of movement within the country.[515]

SIGIR updated the provincial CMM assessments in its April 30, 2009, report. OPA expects an updated new model to be presented at the July 2009 meeting of the Joint PRT Working Group.[516]

Regional elections and the creation of new provincial governments, as well as the shift of U.S. forces out of Iraq's major cities by June 30, shaped much of the PRT work in the provinces this quarter. In the lead-up to elections, the PRTs in the Kurdistan Region focused on aiding the election process, voter education, and voter turnout.

Elsewhere in Iraq, as provincial governments took shape, the PRTs worked with newly elected Provincial Councils to increase their ability to effectively govern and to strengthen the rule of law. The Multi-National Security Transition Command-Iraq (MNSTC-I) continued to train Iraqi police in each province. From April

TABLE 3.3

PROVINCIAL RECONSTRUCTION TEAMS 11/2005–7/2009

DATE	PRTs	ePRTs	PSTs
Nov-2005	4	0	0
Aug-2006	5	0	0
Dec-2006	10	0	0
Jul-2007	10	15	7
Dec-2007	10	15	7
Aug-2008	14	13	4
Nov-2008	14	11	4
Mar-2009	14	10	4
Jul-2009	16	7	0

Sources: GAO Report 09-86R, "Provincial Reconstruction Teams in Afghanistan and Iraq," 10/1/2008, pp. 4-5; DoS, *Iraq Status Report*, 8/9/2006, p. 29; SIGIR Audit 07-014, "Status of the Provincial Reconstruction Team Program Expansion in Iraq," 7/28/2007, p. 2; SIGIR, *Quarterly and Semiannual Report to the United States Congress*, 1/30/2008, p. 81; SIGIR Audit 09-013, "Provincial Reconstruction Teams' Performance Measurement Has Improved," 1/28/2009, p. 2; SIGIR Audit 09-020, "Provincial Reconstruction Teams: Developing a Cost-tracking System Will Enhance Decision-making," 4/28/2009, p. 2; U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009.

1, 2009, through June 21, 2009, the Ministry of Interior graduated a total of 5,915 police, including 26 officers.[517]

Many PRT leaders expressed concern that a reduced military footprint would create personnel and security challenges and hamper their ability to meet with Iraqis. Several PRTs noted staffing inadequacies and a need to better define relationships between PRTs and commanding officers, and between PRTs and ePRTs, in light of the post-June 30 force reduction. ◆

FIGURE 3.4

PROVINCIAL RECONSTRUCTION TEAM (PRT) FOOTPRINT

▲	ePRT	7
◯	U.S. PRT	15
⬤	Coalition PRT	1
	Total	23
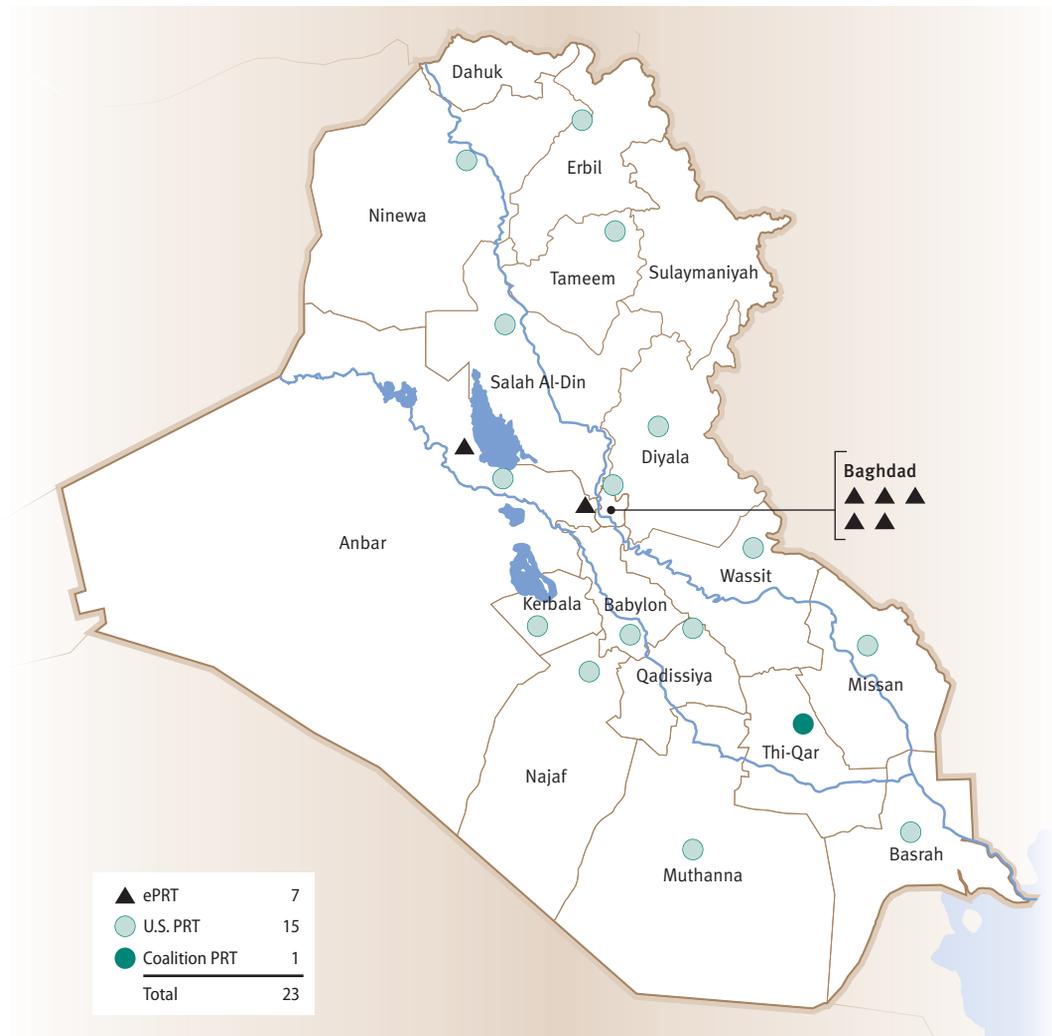
Source: U.S. Embassy-Baghdad, response to SIGIR data call, 7/6/2009.

PROVINCIAL PORTRAITS

The remainder of this section highlights the efforts of PRTs across Iraq to help develop provincial government, infrastructure, security, and the rule of law and provides selected information on reconstruction activities. PRT leaders provided their observations on provincial security, as well as the successes, challenges, and plans for the way forward as U.S. forces shifted out of major Iraqi cities at the end of this quarter.

For a province-level comparison of key indicators, see Table 3.4. For details of U.S. reconstruction, governance, and rule-of-law projects in each province, as well as PRT observations, see the 18 provincial portraits that follow Table 3.4. For the sources of statistical information in each portrait, see the last page of the endnotes in this Report. ◆

TABLE 3.4
SELECTED COMPARISONS OF IRAQ'S PROVINCES

PROVINCE	POPULATION	SECT				INTERNALLY DISPLACED PERSONS (IDPs)			SECURITY INCIDENTS		
		SHIA	SUNNI	KURD	OTHER	FAMILIES	INDIVIDUALS	INDIVIDUALS RETURNED	TOTAL THIS QUARTER	CHANGE OVER QUARTER	CHANGE OVER YEAR
Dahuk	895,000	0%	0%	90%	10%	18,706	104,824		2	100%	100%
Erbil	1,409,000	0%	0%	95%	5%	10,304	52,007		2	0%	0%
Sulaymaniyah	1,574,000	0%	0%	95%	5%	14,585	80,935		22	-8%	NA
Ninewa	2,820,000	5%	55%	15%	25%	19,040	106,327	9,216	454	9%	-56%
Tameem	1,129,000	15%	20%	40%	25%	8,798	49,179	3,762	129	32%	-48%
Salah Al-Din	1,158,000	3%	96%	1%	0%	9,836	58,218	1,146	150	-26%	-79%
Anbar	1,427,000	5%	95%	0%	0%	10,258	62,696	27,252	92	-20%	-67%
Diyala	1,323,000	25%	55%	10%	10%	21,064	126,749	52,908	122	-60%	-77%
Baghdad	6,995,000	70%	29%	0%	1%	100,337	601,517	189,126	486	-12%	-78%
Wassit	1,056,000	90%	5%	5%	0%	12,883	78,971		7	75%	-79%
Babylon	1,574,000	85%	15%	0%	0%	13,430	82,075		15	-52%	-81%
Qadissiya	1,033,000	98%	1%	0%	1%	3833	25030		29	-31%	71%
Kerbala	902,000	85%	15%	0%	0%	10,337	66,823		15	0%	1,400%
Najaf	1,113,000	99%	1%	0%	0%	11,698	67,056		22	29%	450%
Muthanna	650,000	98%	2%	0%	0%	2,794	20,787		2	100%	0%
Thi-Qar	1,687,000	100%	0%	0%	0%	7719	52027		7	-42%	-59%
Missan	944,000	95%	1%	0%	4%	7,269	49,776	3,756	13	-24%	8%
Basrah	2,408,000	85%	15%	0%	0%	6,968	41,637	2,958	18	13%	-83%

Note: Data not audited. Numbers affected by rounding. U.S. ongoing and completed project costs include "Nationwide" projects, not identified by province; IRMS *Global Benchmark* project cost totals do not equal total expenditures found in the Iraq reconstruction Funding sources section because not all projects are reported in IRMS. Security incidents by province projected through the end of the quarter to accommodate unavailability of security incidents data after 6/24/2009 (approximately 7% added to recorded totals). Underemployment generally describes situations in which workers cannot find jobs that match their level of skill or are working only part time, when they would prefer to be working full time. IDP figures represent the most recent data available for the number of families and individuals residing in the respective provinces; data is not available for the province of origin. Returnee figures represent the number of individuals who have returned to the respective provinces; data on where they resided while displaced is not available, and the number of returnees may include former refugees.

Resident at the Erbil Orphanage and Senior Citizens Center meets SIGIR's Deputy IG during a July 2009 inspection tour of the facility.

Member of SIGIR Audits team greets young Baghdad resident during site visit to Muhalla 312 electrical distribution project.

2009 Iraqi Provincial Budget ($ Millions)			U.S. Ongoing and Completed Project Costs ($ Millions)					Employment Data	
Operational Budget	Capital Budget	Reconstruction as % of Total	CERP	ESF	IRRF	ISFF	Total	Unemployment	Underemployment
			11.9	21.1	95.4	7.9	136.3	21.6%	23.2%
5,067.7	1,952.0	28%	80.1	36.1	348.2	42.9	507.3	14.5%	18.1%
			11.8	30.4	163.2	16.0	221.4	16.0%	21.1%
17.6	235.6	93%	204.4	21.0	442.9	360.1	1,028.4	20.9%	35.7%
12.6	99.4	89%	173.3	110.7	648.0	115.2	1,047.1	15.7%	26.0%
41.5	97.2	70%	234.6	92.9	403.6	107.0	838.1	21.9%	27.1%
17.8	112.4	86%	423.1	80.6	514.8	839.1	1,857.6	17.4%	33.3%
19.8	103.7	84%	210.7	13.4	454.7	246.3	925.3	19.0%	31.9%
47.3	551.1	92%	1,088.7	756.4	3,193.1	1,606.7	6,644.9	14.5%	27.3%
15.9	90.8	85%	66.9	26.6	298.2	58.8	450.5	13.6%	51.4%
18.8	134.0	88%	174.2	32.6	193.0	20.5	420.3	15.9%	40.9%
40.5	86.4	68%	76.0	13.2	138.6	31.6	259.4	15.9%	27.3%
73.5	77.8	51%	52.7	16.3	83.7	1.0	153.8	19.1%	31.1%
14.5	92.9	87%	42.5	12.0	181.9	27.3	263.7	18.6%	21.1%
13.4	56.2	81%	24.6	12.4	256.5	2.6	296.1	30.5%	33.5%
43.9	142.6	76%	43.9	33.1	734.3	62.2	873.5	36.5%	25.8%
15.9	80.0	83%	27.0	24.4	169.1	37.0	257.5	17.3%	32.9%
16.5	201.0	92%	255.8	107.1	1,585.5	150.7	2,099.0	18.8%	21.5%

THE KURDISTAN REGION

The Kurdistan Region's Regional Reconstruction Team (RRT), based in Erbil, focused this quarter on enhancing local government, security, and the rule of law amid a flurry of preparation for the regional elections in July. On the election front, it provided three $25,000 Quick Response Fund (QRF) grants to send mobile teams into towns and villages in each province in the Kurdistan Region to support voter education.[518] It also funded journalist training courses for 18 Iraqi reporters assigned to cover the July 25 presidential and parliamentary elections.[519]

A QRF-funded mobile team heads to a town in the Kurdistan Region to help with voter education. (OPA photo)

Successes, Challenges, and the Way Forward

The Kurdish Regional Government (KRG) has been eager to restore agriculture to the position it once held as the anchor of the region's economy. The region boasts some of the most fertile land in Iraq, and for decades, supplied the rest of Iraq with vegetables, fruits, and grain until the former regime destroyed villages and relocated families to collective towns where they lost the use of their land. Today, local farmers are unable to produce enough food to meet regional demand; the Kurdistan Region imports at least 65% of the food it consumes.[520]

The KRG has also passed a business-friendly investment law and has promoted the region as the "gateway to Iraq." But the Kurdistan Region is failing to attract the level of foreign investment officials had hoped to see. Businessmen and others cite poor coordination within the KRG to deliver on the promises of the investment law, weak infrastructure, weak banking and insurance systems, poor strategic planning, a lack of skilled personnel, and opaque business practices as factors that undermine investor confidence.[521] The KRG has requested U.S. advice in fostering a private-sector-led economic growth strategy and supporting small- and medium-sized businesses.[522]

The U.S. government has aided in those efforts and others, investing more than $1 billion in the Kurdistan region since 2003 to build schools, hospitals, bridges, courthouses, electricity substations, and other infrastructure projects. More than 140 classrooms have been built or rehabilitated. One of the biggest of these projects, the $198 million Ifraz water project, now brings water to the residents of Erbil.[523]

The Kurdistan Region
ERBIL

Capital: Erbil

Population:[a] 1,409,000

Capital Budget:[g] $1,952.0 million

U.S. Project Costs:[c] $507.3 million

Unemployed:[d] 14.5% **Underemployed:**[d] 18.1%

95%	
Kurd[e]	5% Other[e]

Security

Erbil continues to be one of the safest provinces in Iraq. Two bombs were found and cleared this quarter, and no other significant security incidents were reported.[524]

Rule of Law

The Iraqi Kurdistan Parliament established the Kurdistan Regional Judicial Training Institute, which will train judges and public prosecutors under the umbrella of the KRG's Ministry of Justice.[525]

Erbil Emergency Hospital[526]

Contractor
Tigris Engineering
Consultancy Electric

Cost
$12.6 million

Start Date
November 1, 2008

Estimated Completion Date
April 4, 2010

Percent Complete
50

Funding Source
ESF

Skeleton of the Erbil Emergency Hospital. (USACE photo)

Health care in Erbil City has not kept up with demographic trends, particularly with young and older residents, who typically depend more on the health care system. More than 1 million area residents rely on 90 beds dedicated for emergency cases. The $12.6 million Erbil Emergency Hospital is expected to become the primary access point for emergency cases by the time the facility is completed, currently scheduled for April 2010. The addition of 100 beds will more than double the region's capacity.
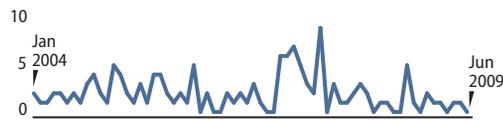
Other Projects

Education
In late April, the RRT attended the opening of the Bin Beriz School in Erbil, an 18-classroom school that was built for $935,000. It will serve 12 villages in Erbil province and more than 500 students.[527]
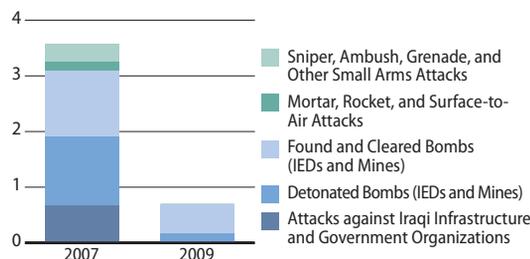
Community Development
In April 2009, an education center was opened at the Ainkawa Youth Culture Center, funded through a $100,000 QRF grant that will benefit more than 3,000 members of Erbil's Christian community.[528]

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

Legend:
- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

The QRF-funded Legal Research and Practical Training Center opened this quarter as part of a larger RRT initiative to improve legal training by establishing moot court rooms, law school libraries, and computer labs at law schools. The first such center opened in Sulaymaniyah in fall 2008.

Economy, Banking, and Civil Society

According to a February 2009 RRT report and a second one submitted this quarter, Erbil is faring better in attracting foreign investment than the other two provinces in the Kurdistan Region: Of the almost $9 billion that the Kurdistan Board of Investment has licensed in foreign investment projects since its establishment in 2006, 84% have been in Erbil.[529] Erbil has taken the lion's share in U.S. funding for infrastructure as well, consuming almost $354 million. In addition, more Erbil civil servants have completed USAID-funded training in public management, fiscal management, human resources, and anticorruption than in Dahuk or Sulaymaniyah. And 8 of 11 banks belonging to the Iraqi Company for Bank Guarantees, a consortium created with assistance from USAID to provide micro-financing loans, have branches in Erbil.[530]

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	**COMPLETED**
Security	17.8	47.3
Infrastructure	3.6	336.7
Governance	30.2	65.5
Economy	2.3	3.9
Total	**53.9**	**453.4**

Source: IRMS, *Global Benchmark*, 7/4/2009.

The Kurdistan Region
DAHUK

Capital: Dahuk

Population:[a] 895,000

Capital Budget:[g] $1,952.0 million

U.S. Project Costs:[c] $136.3 million

Unemployed:[d] 21.6% **Underemployed:**[d] 23.2%

90%	10%
Kurd[e]	Other[e]

Security

The northernmost province in the Kurdistan Region, Dahuk is also one of the safest areas of Iraq. There were two security incidents this quarter, reported as mortar or rocket attacks, but no other serious security incidents occurred.[531]

Rule of Law

Dahuk's judicial establishment met for the first time this quarter with PRT Dahuk's rule-of-law

team at the Dahuk College of Law and Politics to discuss the judicial investigator and forensic science training courses and learn how the QRF program works to fund rule-of-law proposals.[532]

Dahuk's Economy, Banking, and Civil Society

According to the RRT reports cited above, Dahuk trailed other provinces in the Kurdistan Region in attracting foreign investment, receiving only 2% of the nearly $9 billion in foreign investment projects licensed by the Kurdistan Board of Investment.[533]

The reports said Dahuk also lagged behind the rest of the Kurdistan Region in the amount of U.S. money it has received for infrastructure, receiving just over $100 million for building projects. Dahuk trained 1,999 civil servants, about half the number schooled in Erbil. Only 2 banks belonging to the Iraqi Company for Bank Guarantees, a consortium of 11 banks established with assistance from USAID to disburse small business loans, operate a total of 4 branches in Dahuk.[534]

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	2.2	23.6
Infrastructure	3.7	75.7
Governance	5.3	24.3
Economy	0.1	1.3
Total	**11.3**	**125.0**

Source: IRMS, *Global Benchmark*, 7/4/2009.

The new Zakho Emergency Hospital will have the ability to treat a majority of Zakho's trauma patients. (USACE photo)

The Zakho Emergency Hospital helps to address the lack of health care services available in Dahuk province, where private-sector investment has given some alternatives to public health care but remains beyond the means of most local residents. Scheduled for completion in fall 2009, the hospital should become a primary access point for emergency cases and offset the dilapidated state of existing facilities.

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

Emergency Hospital, Zakho[536]

Contractor
Sipan Co.

Cost
$2.9 million

Start Date
July 3, 2008

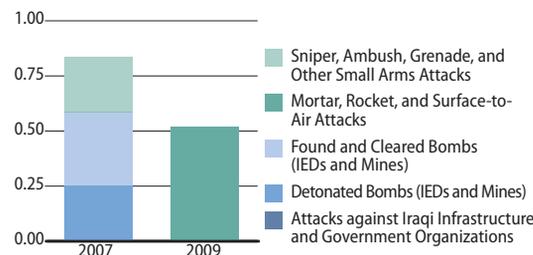**Estimated Completion Date**
October 5, 2009

Percent Complete
85

Funding Source
ESF

Other Projects

Agriculture
A USAID project this quarter aided Dahuk farmers in the production of honey through training in improved methods for beekeeping and replacement of traditional beehives with modern ones that increase the quality and quantity of the honey.[537]

Health
A QRF grant this quarter funded a team of 8 pediatric cardiologists from Italy who performed cardiac operations on approximately 100 children at the Nazdar Center for Children. The team also trained cardiac doctors from local hospitals in Dahuk.[538]

The Kurdistan Region
SULAYMANIYAH

Capital: Sulaymaniyah

Population:[a] 1,574,000

Capital Budget:[g] $1,952.0 million

U.S. Project Costs:[c] $221.4 million

Unemployed:[d] 16.0% **Underemployed:**[d] 21.1%

95%	
Kurd[e]	5% Other[e]

Security

Sulaymaniyah is also one of the safer provinces in Iraq, but this easternmost province of the Kurdistan Region had more security incidents this quarter than either Dahuk or Erbil. One bomb (IED) exploded, and 21 mortar or rocket attacks were reported.[535]

Rule of Law

On April 5, 2009, the president of the appellate court in Sulaymaniyah signed a memorandum

Other Projects

Health
USAID funded 12 radio programs and 500 printed information packets aimed at educating people about the rights and role of the elderly and provided basic personal hygiene kits to a senior housing shelter. USAID also provided mobility aids to 700 elderly patients.[539]

Women's Programs
USAID funded sewing training courses for 40 women who were victims of the Anfal Campaign, the 1988 gas attack on the town of Khalbja. Each woman received a sewing machine.[540]

of understanding with the head of the provincial security office confirming the supremacy of judges and courts over the Asayeesh Security Services that report to the president, subjecting security officials to the law and requiring that detainees be held in approved facilities.[542]

Economy, Banking, and Civil Society
According to the February 2009 RRT report cited previously, Sulaymaniyah attracted just 14% of the nearly $9 billion in foreign investment licensed by the Kurdistan Board of Investment, far behind Erbil but slightly ahead of Dahuk. Sulaymaniyah also lagged behind Erbil in the amount of U.S. government funding money it has received for infrastructure, receiving just over $185 million through February of this year in U.S.-funded building projects. The province trained 1,664 civil servants. Six banks belonging to the Iraqi Company for Bank Guarantees, set up with the aid of USAID to disburse micro loans, operate a total of seven branches in Sulaymaniyah.[543]

Workers construct the Rania Water Project in Sulaymaniyah province. (DoS photo)

TOTAL SECURITY INCIDENTS, BY MONTH [f]
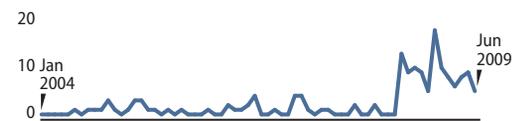
Fort Suse Prison [541]

Contractor
Daban Company

Cost
$16.7 million

Start Date
December 1, 2007

Estimated Completion Date
August 18, 2009

Percent Complete Phase I
87

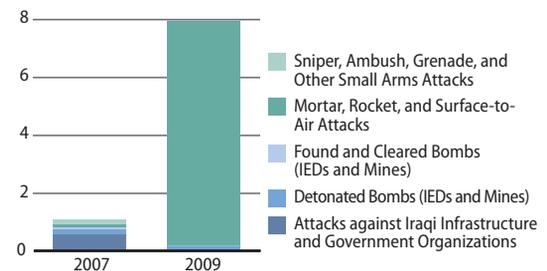**Percent Complete Phase III**
27

Funding Source
INL

Construction was 63% complete this quarter at Fort Suse Prison in Sulaymaniyah. (USACE photo)

The Fort Suse Prison aims to increase the overall bed count of the Iraqi corrections service for the Ministry of Justice by renovating existing buildings and constructing new dormitory-style cells with adequate lighting, climate control, plumbing, and electrical systems. The contractor is currently behind schedule for Phase I because the Iraqi Correctional Services failed to approve renovations, and for Phase III because of engineering problems with the design and site conditions. The number of beds provided under the contract has been reduced to 500 from an original estimate of 1,000.

AVERAGE MONTHLY SECURITY INCIDENTS [f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	0.8	78.4
Infrastructure	8.5	94.2
Governance	11.0	27.0
Economy	-	1.5
Total	**20.4**	**201.1**

Source: IRMS, *Global Benchmark*, 7/4/2009.

NINEWA

Capital: Mosul

Population:[a] 2,820,000

Capital Budget:[b] $235.6 million

U.S. Project Costs:[c] $1,028.4 million

Unemployed:[d] 20.9% **Underemployed:**[d] 35.7%

5% Shia[e]	Sunni[e] 55%	Kurd[e] 15%	Other[e] 25%

In April, the Ninewa Fraternal List boycotted the Provincial Council following the selection of an Arab member of the al-Habdaa party as governor. Arab-Kurd issues continued to pose a challenge for the security, development, and governance of the province.[544] Kurdish members of the Provincial Council boycotted a PRT governance training session, and Arab-Kurd tensions spiked when the Arab governor attended a youth sporting event in an area of the province under de facto control of the KRG.[545]

Despite these challenges, PRT Ninewa in April trained farmers at the first multi-cultural and multi-religious agricultural association established in Ninewa. Men and women from Christian, Sunni, and Kurdish communities learned to use hoop houses, a low-cost greenhouse used for growing vegetables, and conservation tillage practices for small-grain production.[546]
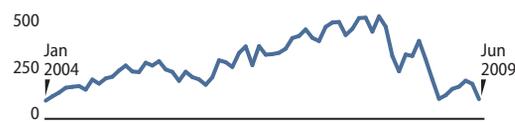
Security

Security incidents in Ninewa peaked in April and began to trend downward in May. Although incidents remained well below 2008 levels (which peaked at about 70 incidents per day), an average of 6 to 8 incidents per day were reported this quarter, including a total of 73 detonated bombs.[547] Another 165 bombs were found and cleared, and there were 73 sniper and other small arms attacks as well as 3 mortar or rocket attacks.[548]

PRT Ninewa played a major role in negotiations with the Provincial Council to establish new parameters for continued PRT movements throughout the province following the June 30 deadline for U.S. troop withdrawal from urban
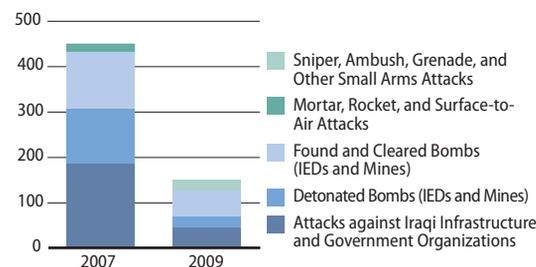

PRT Ninewa's agricultural section visits Iraqi farmers in the Shaikhan area of Ninewa. (OPA photo)

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

Legend:
- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	75.8	494.2
Infrastructure	6.4	317.9
Governance	26.2	98.4
Economy	0.5	9.0
Total	**109.0**	**919.4**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Other Projects

Arts

A $23,870 QRF grant to the Mosul Fine Arts Institute provided musical instruments to the multi-ethnic and multi-denominational institution. The PRT visited the institute to document receipt of the instruments and found a vibrant student body and faculty, which they characterized as a "refreshing change" to many schools in the province. Some 600 students enrolled at the institute to study theater, drama, painting, music, calligraphy, and ceramics.[551]

Economy

The al-Baraka market is reopening after closing down two years ago following an attack on a nearby Iraqi Army base by al-Qaeda in Iraq. The market serves 4 neighborhoods with a population of about 50,000. Shop owners were forced to work as itinerant laborers for the last two years. The PRT will provide up to 75% of the estimated cost of reopening the shops, and the owners must provide the balance.[552]

centers.[549] Provincial authorities agreed on the need to continue with a U.S. military presence in the city, including the PRT, but final approval from Baghdad was pending.[550]

Al-Kasik Water Tank Elevation 44 [553]

Contractor
Albilal Group Construction Co.

Cost
$700,000

Start Date
August 3, 2009

Estimated Completion Date
December 31, 2009

Funding Source
ISFF

Construction of a new potable water filtration system in Al-Kasik, Ninewa. (USACE photo)

Scheduled for completion by the end of this year, the $700,000 Iraq Security Forces Fund (ISFF) Al-Kasik Water Tank Elevation project, which aims to repair the water filtration system, is expected to provide 120,000 liters of potable water per day to existing rooftop tanks. When raised to a specific elevation, these tanks should provide water to latrines when there is no electrical power.

Iraqi Police opened an operations center in Mosul designed to facilitate joint operations with the Iraqi Army. The goal is to provide Iraqi Security Forces (ISF) a united front for security in Mosul, including coordinated missions. The center began full-scale operations on May 20, 2009.[554]

Rule of Law

The safety of judges in the province continued to be a concern, with nearly one-third of judges polled saying they did not feel safe at home and 42% answering that they did not feel safe during transport to and from work. Nearly half of the 85 judges polled have 5 guards in their personal security detail. More than two-thirds said they felt safe at work, a reflection of increased security at courthouses.[555]

The renovation of the old courthouse in Mosul was completed in June. INL funded the 9-month, $511,000 project.[556] Also this quarter, the OPA's RoL section, working with Brigade and Division counterparts, helped secure the release of detainees being held without warrant or in contravention of court orders. Extra-judicial detentions of people for political reasons remained a problem.[557]

Successes, Challenges, and the Way Forward

PRT Ninewa reported that Arab-Kurd issues continued to pose a challenge for the security, development, and governance of the province.[558] With the election of a new Provincial Council and subsequent Kurdish boycott, the PRT continued its effort to convince the Ninewa Fraternal List to re-engage in provincial politics.[559]

The PRT reported the need to jump-start small and medium-sized business in Mosul city. Although success stories were resulting from USAID's "Tijara" (Arabic for "commerce") micro-lending program and from QRF micro-grants, the PRT noted a need for more outreach to larger enterprises owned by people who remain reluctant to engage with U.S. government personnel.[560]

According to the PRT, a lack of staffing affected its ability to perform its missions over the last eight months. Of four positions recently filled, one was vacant for almost one year, and the other three were vacant for six months or more. The PRT reported that the absence of these key experts degrades the ability of the PRT to achieve its goal of helping local government become more effective.[561]

TAMEEM

Capital: Kirkuk

Population:[a] 1,129,000

Capital Budget:[b] $99.4 million

U.S. Project Costs:[c] $1,047.1 million

Unemployed:[d] 15.7% **Underemployed:**[d] 26.0%

Shia[e]	Sunni[e]	Kurd[e]	Other[e]
15%	20%	40%	25%

Tension between the KRG and the GOI in Tameem affected levels of cooperation between the province's ethnic groups. A growing trend for citizens to stay within their own areas of Kirkuk City was described by PRT Tameem as a reversal from the stability enjoyed last year and an ominous sign if the trend continues.[562]

Amid these developments, the PRT worked with the deputy governor on a drought-mitigation plan and oversaw a CERP-funded initiative

for a $1.9 million Emergency Drought Relief Feed Barley Initiative.[563]

Security

The PRT anticipated the possibility of an increase in violence, as well as major challenges to its ability to move about the province in coordination with U.S. brigades, the ISF, and GOI officials following the June 30 U.S. military redeployment away from urban areas.[564] A majority of provincial leaders favored allowing operational U.S. military units to enter Kirkuk City after the redeployment.[565]

Rule of Law

The PRT provided law books that dealt with terrorism and insurgency cases in an effort to strengthen the ability of the judiciary to fairly and independently adjudicate such cases in accordance with internationally accepted norms.[566]

Judicial security remained a significant challenge in Tameem this quarter. A judge was kidnapped in Kirkuk City on or about April 22, 2009, and subsequently released.[567]

Successes, Challenges, and the Way Forward

PRT Tameem reported a decrease in hostile acts against U.S. forces after it invested $31 million, in cooperation with the provincial government, on programs to increase local employment and economic activity and foster a middle class. However, crime, corruption, and ethnic politics in Kirkuk at times created obstacles to implementing PRT programs.[568]

The PRT also reported that as the U.S. military draws down, the PRT might receive fewer support elements from the military; and this, combined with high civilian-agency turnover rates, and generous leave schedules could lead to a lack of continuity and loss of institutional memory within the PRT.[569]

Workers install new pipes and pumps at the Athreban Water Facility in Tameem. (USACE photo)

Athreban Water Project [570]
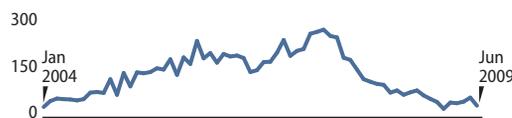
Contractor
Rang Company for General Contracting

Cost
$900,000

Start Date
November 25, 2007

Estimated Completion Date
July 31, 2009

Percent Complete
88

Funding Source
ESF

The Athreban Water Project aims to provide approximately 8,000 people in 8 villages in western Tameem with clean drinking water. Through installation of pipes, pumps, and tanks, the project will connect an existing compact water treatment plant to the Tigris River. The contractor is procuring 3,000 meters of pipe and preparing for final inspection of pump houses and an elevated tank.

TOTAL SECURITY INCIDENTS, BY MONTH [f]

AVERAGE MONTHLY SECURITY INCIDENTS [f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	**COMPLETED**
Security	39.3	312.6
Infrastructure	43.5	530.0
Governance	34.2	72.7
Economy	5.2	9.8
Total	**122.1**	**925.0**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Other Projects

Sports
The Kirkuk Olympic Committee is organizing with the U.S. National Collegiate Athletic Association to provide sports scholarships, referee training, and friendship games for Iraqi high school and college athletes.[571]

SALAH AL-DIN

Other Projects

Economy

As of May 31, 2009, USAID's 'Tijara' program in Salah Al-Din had issued 638 microfinance loans worth $936,000. The province's 2 microfinance institutions have disbursed 1,013 loans worth $2.3 million.[572]
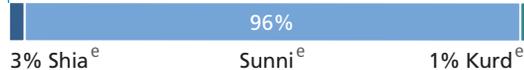
Business

The rehabilitation of the Balad Canning Factory was finished this quarter with the installation of new boilers. Before the rehabilitation, which started in May 2008, the factory had 15 employees. It now has more than 160 employees and processes 65 tons of tomatoes daily into tomato paste and canned tomatoes for sale locally.[573]

Capital: Tikrit

Population:[a] 1,158,000

Capital Budget:[b] $97.2 million

U.S. Project Costs:[c] $838.1 million

Unemployed:[d] 21.9% **Underemployed:**[d] 27.1%

96%	

3% Shia[e]   Sunni[e]   1% Kurd[e]

Provincial leaders and PRT members attend the inauguration of the al-Huwaish Clinic in Samarra. (OPA photo)

In June, the SOI and the ISF worked together on traffic and security issues.[574] Still, in parts of the province around al-Dawr, support for the Ba'ath Party remained strong, and village leaders told PRT Salah Al-Din they felt neglected by their own government.[575]

The new Provincial Council, meanwhile, may move the seat of government to Samarra, a city with strategic importance and religious significance to the Shia. Saddam Hussein's hometown of Tikrit is the current capital of this north-central province, but Samarra once held that distinction, and many members of the new council are from Samarra. The PRT reported that the province also may redraw its internal boundaries with Tameem, particularly in the area around Tooz.[576]

Security

Salah Al-Din continued to experience more security incidents than most other provinces, with 47 bombs (IEDs) detonated this quarter and another 66 found and cleared. There were 28 sniper and other small arms attacks. Those numbers represent a decrease from the number of security incidents reported last quarter.[577]

PRT Salah Al-Din reported that security in Samarra, which it described as the "Wild West" in 2007, had improved this quarter.[578] For the first time in more than two years, visitors were allowed to enter the Samarra mosque, sacred to Shias, which was bombed in 2006 and 2007.[579] A recent religious pilgrimage involving more than one million people occurred without

a serious security incident. Tooz remained relatively quiet despite the ethnic mix of Sunni, Turkomen, and Kurds.[580]

Rule of Law

Salah Al-Din continues to suffer delays in criminal cases, jail overcrowding, and a need for improved courthouse and judicial security. Iraqi lawyers and judges plan to participate in a judicial conference in August 2009, and the PRT health team has conducted visits to jails to ensure that detainees are treated humanely.[581]

Successes, Challenges, and the Way Forward

The new provincial government has shown an increasing ability to handle its own affairs and make its own decisions, according to PRT Salah Al-Din. The current Provincial Council more precisely reflects the electorate because Sunnis, who had boycotted the last elections, went to the polls.[582] At the same time, provincial relations with the federal government were sometimes strained, as evidenced when the Provincial Council fired the director general of health. The federal minister of health "unfired" him; then the provincial governor issued a warrant for his arrest.[583]

PRT Salah Al-Din reported success in agriculture as well as microfinancing of small businesses. The PRT regularly visited Tikrit University, where two years ago it did not enter for security reasons.[584]

Tikrit and al-Dawr continued to pose challenges for the PRT due to a lack of cooperation from the city councils and periodic attacks on the PRT missions. Government capacity building is not well developed in some provincial districts, and unemployment and under-employment remain serious concerns. The PRT has talked with the Provincial Council to determine the level of involvement it should pursue.[585]

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

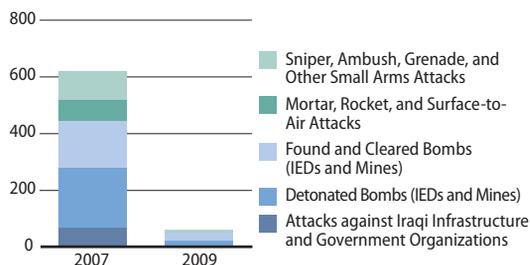- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations
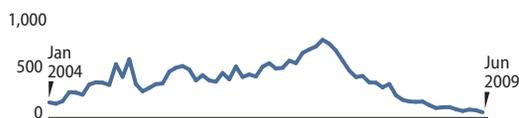
The first few pillars of the new al-Shirqat Bridge in Salah Al-Din. (USACE photo)

When completed, the multi-span al-Shirqat Bridge over a major waterway should provide two lanes in each direction, a two-kilometer approach on each side, and lighting. There should also be paved access to the river for firefighting purposes. The project is behind schedule due to slow payment from the GOI to the contractor. As of June 2009, the contractor has placed 48 of 80 girders needed to finish the bridge.

Al-Shirqat Bridge[586]

Contractor
Al-Najood Company

Cost
$7.1 million

Start Date
June 16, 2005

Estimated Completion Date
July 1, 2009

Percent Complete
75

Funding Source
IRRF

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	86.3	184.6
Infrastructure	28.7	437.7
Governance	8.1	81.1
Economy	2.5	9.0
Total	**125.6**	**712.4**

Source: IRMS, *Global Benchmark*, 7/4/2009.

ANBAR

Capital: Ramadi

Population:[a] 1,427,000

Capital Budget:[b] $112.4 million

U.S. Project Costs:[c] $1,857.6 million

Unemployed:[d] 17.4% **Underemployed:**[d] 33.3%

95%

5% Shia[e]   Sunni[e]

Availability of water and electricity continues to be the main problem in the western part of Anbar province. Fuel delivery to pumping stations may
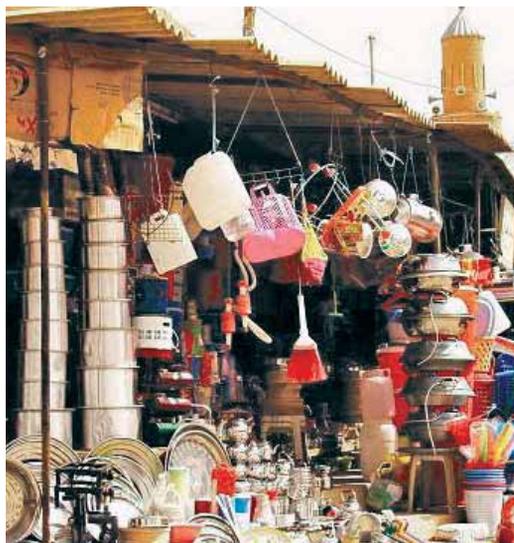
Marketplace in Anbar. (OPA photo)

Anbar Appeals Courthouse [587]

Contractor
ALMCO Ltd.

Cost
$21.5 million

Start Date
May 16, 2008

Completed Date
June 12, 2009

Percent Complete
100

Funding Sources
IRRF, IIG, ISFF

Leaders in Anbar province celebrate the inauguration of the Anbar Appeals Courthouse on June 13, 2009. (OPA photo)

The Anbar Appeals Courthouse included construction of a new detainee facility, additional housing, a courthouse complex, a café, and a training center. Before completion in June, the courthouse had lacked the capacity to conduct investigations and bring suspects to trial.
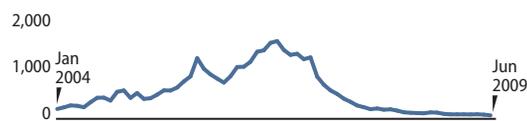
Other Projects

Agriculture
An Iraq Rapid Assistance Program (IRAP) grant funded the refurbishment of the Hameediyah Mushroom Farm in Anbar, which now provides fresh mushrooms to Ramadi markets and has plans to expand to the Baghdad market. USAID's agribusiness program, called Inma (Arabic for "growth") provided training to farm workers on food safety and sanitation. [588]
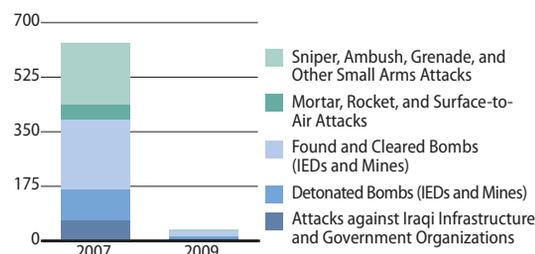
Health
A USAID grant aims to develop and conduct a campaign in Ramadi using posters and public service announcements that will inform the public about the rights of the disabled. The grant funded pediatric- and adult-sized wheelchairs and many other health supplies. [589]

TOTAL SECURITY INCIDENTS, BY MONTH [f]

AVERAGE MONTHLY SECURITY INCIDENTS [f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	**COMPLETED**
Security	154.9	880.3
Infrastructure	136.8	408.9
Governance	89.3	158.3
Economy	5.8	16.6
Total	**386.9**	**1,464.1**

Source: IRMS, *Global Benchmark*, 7/4/2009.

help ease water shortages, though there is no report on the sustainability of fuel deliveries. [590]

Security

Anbar experienced more total security incidents this quarter than all provinces except Baghdad, Diyala, Ninewa, and Salah Al-Din. At 92 incidents, that total was slightly less than the 115 experienced last quarter. [591] PRT Anbar reported that few security concerns were on the horizon and characterized al-Qaeda in Iraq as a "spent force" and the PRT work environment as "permissive." [592]

Rule of Law

The Anbar Appeals Courthouse became the fourth U.S.-funded courthouse to open in Iraq when it was inaugurated June 13, 2009. Provincial authorities formally took control of the palace two days later. The project was funded jointly with the GOI, and includes a range of legal and judicial facilities, including a pre-trial confinement structure, three court rooms, and office space for judges. [593] Importantly, the palace includes a secure housing complex for nine judges. [594]

Successes, Challenges, and the Way Forward

As the security situation has improved, USAID has added three additional programs in Ramadi, and the staff now stays on its own in a compound. PRT Anbar hopes to continue this trend, allowing USAID to develop direct relationships in Anbar province. [595]

One USAID program funded 80 television episodes designed to increase public awareness of Iraq's legal system, including anti-terrorism laws, anticorruption efforts, and freedom of speech. The 5- to 7-minute spots used well-known Iraqi actors. [596]

The PRT anticipated the main challenge ahead would be related to the impending drawdown of U.S. military forces in the province. It also reported a lack of coordination among the province's three PRTs and described significant command and control issues regarding the relationship among the PRT and the two ePRTs operating in the province. [597]
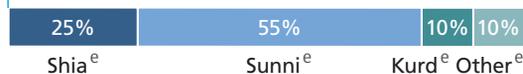
DIYALA

Capital: Ba'quba

Population:[a] 1,323,000

Capital Budget:[b] $103.7 million

U.S. Project Costs:[c] $925.3 million

Unemployed:[d] 19.0% Underemployed:[d] 31.9%

25%	55%	10%	10%
Shia[e]	Sunni[e]	Kurd[e]	Other[e]

PRT Diyala operated this quarter amid heightened ethnoreligious strife, reporting that the arrest of a Provincial Council member had the potential to inhibit the work of the council just as it was getting off the ground.[598] Continued arrests of top Sunni politicians were being perceived as sectarian repression by a significant portion of the Sunni population.[599]

Against this backdrop, the PRT and the U.S. Institute of Peace (USIP) facilitated a two-day workshop in early May aimed at getting members of the Provincial Council, the governor's staff, and the deputy governors to develop a common vision that came to be known as the Diyala Declaration.[600] The declaration described Diyala as devastated by war, terrorism, and drought, and plagued with security problems, then laid out a path to peace and prosperity.[601]

Security

A total of 36 bombs exploded in Diyala this quarter, and an additional 60 bombs were found and cleared. Additionally, there were 9 sniper and other small arms attacks, an amount roughly unchanged from the previous quarter.[602]

PRT leaders said it was crucial that Coalition forces be retained in several areas of Diyala to ensure that the province would not be vulnerable to extremists or external threats such as those that could potentially come from Iran.[603]

The PRT reported that a lack of personnel hampered travel and interaction with Iraqi officials and residents, and that an additional

The concrete shell is almost complete for the surgical wing of Ba'quba General Hospital in Diyala province. (USACE photo)

The Ba'quba General Hospital project will provide additional bed space, surgical suites, and a sterile environment in a hospital that had lacked surgical capabilities. The expanded health center will be a stand-alone structure with 20 emergency-room beds and two floors for surgical and trauma operating rooms with 50-bed intensive care unit (ICU) stations. The contractor is behind schedule due to a shortage of skilled labor in the area.

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

Legend:
- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	80.7	479.4
Infrastructure	8.5	261.6
Governance	17.0	68.5
Economy	2.6	6.9
Total	**108.7**	**816.5**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Ba'quba General Hospital[604]

Contractor
Liqaa Al Mustaqbal Co., Ltd.

Cost
$7.4 million

Start Date
March 15, 2008

Estimated Completion Date
December 30, 2009

Percent Complete
54

Funding Source
ESF

Other Projects

Art
In June, local artists painted murals on the security walls that surround the Diyala Court of Appeals, the site of numerous bombings. The murals included passages from the Iraqi constitution, aimed at informing Iraqis of their legal rights, such as the right to have an attorney or to refuse home searches without judicial approval.[605]

Conflict Resolution
Diyala residents participated in a USAID-funded Conflict Resolution Program designed to develop civil society organizations and media foundations. Events culminated in a two-day tolerance and coexistence conference.[606]

foreign service officer who could head up the governance section was needed.[607]

Rule of Law

PRT Diyala reported that continuing security sweeps conducted in Sunni neighborhoods as well as dismissals of Sunni police officers and arrests of Diyala's top Sunni political leaders (on what appear to many Sunnis in the province to be trumped-up charges) were seriously undermining the credibility of rule of law and of Iraq's national government.[608]

Successes, Challenges, and the Way Forward

PRT leaders highlighted several former significant challenges in Diyala this quarter. The Deputy Governor for Technical Affairs was arrested on charges of corruption, and the GOI counterterrorism task force arrested a Provincial Council member.[610] Diyala Electrical Industries halted production of transformers because of a lack of material. An absence of a provincial budget has forced the local government to turn to CERP funds as the only means of capital. And the ISF often operated at will, occupying government buildings and refusing to leave.[611]

Amid these challenges, the PRT is working closely with elected provincial officials to implement budget procedures to combat corruption and develop the private sector, including banking services, in an effort to reduce the pool of unemployed, who the PRT reported might otherwise contribute to political instability.[612]

BAGHDAD

Capital: Baghdad

Population:[a] 6,995,000

Capital Budget:[b] $551.1 million

U.S. Project Costs:[c] $6,644.9 million

Unemployed:[d] 14.5% **Underemployed:**[d] 27.3%

70%	29%
Shia[e]	Sunni[e]
	1% Other[e]

A smooth transition of power to the new Provincial Council allowed PRT Baghdad to turn its attention and resources to the rural areas as well as the nitty-gritty issues that confront any large city: recycling, garbage landfills, and funding for a pilot trash-collection program.

Security

Baghdad was safer this quarter than it was last quarter, but security conditions around the city vary significantly by neighborhood.[609] The province suffered more security incidents than any other, with 162 detonated IEDs, 177 found and cleared, 39 sniper or other small arms attacks, and 53 mortar and other

Baghdad's ePRT delivers humanitarian aid to widows in Baghdad. (OPA photo)

surface-to-air attacks.[613] The last three months have seen a relatively low, but steady rate of attacks on military patrols, a few of which have contained PRT personnel. These attacks have disrupted or delayed specific activities or events, but they have not had a substantial impact on the PRT's work.[614]

Rule of Law

PRT Baghdad met with the Iraqi Jurist Union (IJU) president to review progress on implementation of the Coupon Based Legal Services Program for internally displaced persons (IDPs). The IJU issues the coupons for this $2.9 million program that is funded by the Community Stabilization and Conflict Mitigation Fund. The coupons are given to eligible IDPs and refugees so they can obtain free services from area lawyers. The program, started in November 2008, aims to help 32,000 Iraqis displaced by violence.[615]

The Baghdad Legal Defense Center is expanding its reach to assist detainees. This quarter, 96 former detainees benefited from the center's re-integration program. The center is providing defense attorneys who accompany U.S. military and Iraqi investigative judges during questioning of suspects.[616]

Successes, Challenges, and the Way Forward

The transfer of power to the new Provincial Council and governor occurred peacefully, without controversy, and PRT Baghdad reports developing strong relations with the new provincial government. Most of the new Provincial Council members have no prior experience in government.[617]

The general weakness of Iraqi institutions remained a substantial challenge. Both under-qualified personnel and Iraqi bureaucratic culture impeded effectiveness. The PRT estimated that less than 40% of local council members in one sub-district have a high-school education. Authority is highly centralized, and planning generally remains more a concept than a practice.[618] To help rectify this situation, the PRT and the provincial administration have developed a training program in government planning, operational budgeting, inventory management, and the technical skills required to operate and maintain public works infrastructure.[619]

The biggest challenge cited by PRT Baghdad was that operational movement was becoming more complicated. Although security improved overall, movement in parts of Baghdad still

Al-Alwaiya Hospital[621]

Contractor
Muhandis Inbbar Group

Cost
$2.4 million

Date Completed
May 9, 2009

The renovated Al-Alwaiya Hospital in Baghdad provides new accommodations for patients and babies. (USACE photo)

The Al-Alwaiya Hospital was completed in May and now provides 334 beds for residents of the Baghdad neighborhood of Rusaifa, located in the center of the city. Prior to the upgrade, there were only 37 beds, and equipment failures and structural damage caused rooms and buildings to remain unused for many years.

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	445.7	2,049.5
Infrastructure	371.6	2,644.0
Governance	490.5	591.3
Economy	8.1	44.1
Total	**1,315.8**	**5,328.9**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Other Projects

Local Governance
PRT Baghdad developed a curriculum for the Amanat Training Center that encompasses planning, operational budgeting, and inventory management required to operate and maintain public works infrastructure. The project reflects the PRT's shift from physical infrastructure projects to development of Iraqi institutions, organizations, and government staff.[622]

Agriculture
Baghdad farmers attended a symposium organized by PRT Baghdad and USAID that introduced them to the "feedlot" method of raising beef and lamb, which produces higher quality meat in a shorter period of time than traditional farming.[623]

requires military escort. The PRT predicted that the planned further reductions in force would limit its ability to sustain current operations. The visible military component hinders Iraqi officials' willingness to meet with the PRT.[620]

WASSIT

Other Projects

Health
Dubbed "Project Smile," USAID and the Iraqi Ministry of Health sent 23 dentists and 46 assistants in May to cities and villages to check almost 11,500 Iraqi children for cavities.[624]

Agriculture
A QRT/IRAP grant provided uninterrupted water flow from the al-Shuahmiyah water pump station to about 40,000 Iraqis in Wassit.[625]

Capital: Kut

Population: [a] 1,056,000

Capital Budget: [b] $90.8 million

U.S. Project Costs: [c] $450.5 million

Unemployed: [d] 13.6% **Underemployed:** [d] 51.4%

90%		
Shia [e]		5% Sunni [e] and 5% Kurd [e]
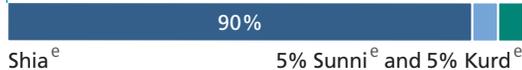
The new Provincial Council was seated on April 10 after significant realignments in political blocs.[609] PRT Wassit began to forge a relationship with the new government in June with a 'meet and greet' attended by 21 of 28 PC members.[627]

Agricultural development remained a major topic this quarter, with farmers seeking subsidies for orchards and U.S.-funded development projects focusing on irrigation and construction of water pumping stations.[628] Farmers faced problems from a rising cost of fertilizer, a decrease in farm subsidies, and poor water management.[629] Outlying districts told the PRT they felt neglected by the Provincial Council in Kut.[630]

The Zuwarijat Market will provide livelihoods for about 40 merchants in Wassit province. (OPA photo)

Al-Kut Meat Market [626]

Contractor
Al-Kahlaa Group Company

Cost
$2.4 million

Start Date
April 21, 2008

Estimated Completion Date
August 31, 2009

Percent Complete
65

Funding Source
ESF

Workers build stalls in the new al-Kut Meat Market in Wassit province. (USACE photo)

When contractors complete the al-Kut Meat Market project, there should be 25 butcher shops with cold storage, coffee shops, bathrooms, a central courtyard with 2 fountains, and a parking lot. The market would connect to the city water, sewer, telephone, and power networks. The project is slightly behind schedule, and some problems with interior ceramic walls are being corrected.
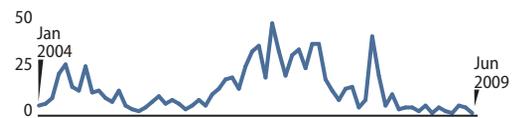
TOTAL SECURITY INCIDENTS, BY MONTH [f]

AVERAGE MONTHLY SECURITY INCIDENTS [f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	6.3	244.4
Infrastructure	7.7	104.8
Governance	8.3	74.8
Economy	0.4	3.8
Total	**22.6**	**427.8**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Security

Wassit remained relatively quiet this quarter, with no bombings, two IEDs found and cleared, four sniper or other small arms attacks, and no mortar or rocket attacks.[631] The redeployment of U.S. forces on June 30 had PRT Wassit concerned it would become restricted in its ability to engage with the local population.[632]

Successes, Challenges, and the Way Forward

PRT Wassit reported that it has established a strong relationship with the new Provincial Council chairman and the reelected governor, both of whom helped designate priorities for PRT initiatives and publicize the PRT's continued role after the June 30 deadline to redeploy U.S. forces.[633]

Among challenges, the PRT worried that the replacement of the current brigade with a much smaller battalion, and the replacement of four civil affairs teams with one team would restrict team movement and make community outreach difficult. The PRT also noted that battalion and brigade commanders retain personal security details that move with them on short notice, while the PRTs must give 48 hours notice, impeding their ability to engage with provincial leaders.[636]

PRT Wassit reported that many Wassit citizens have little faith that government is capable of providing services or protection. The PRT worked to change this perception and planned to focus more on training government officials than on "brick and mortar" projects.[637]

BABYLON

Capital: Hilla

Population:[a] 1,574,000

Capital Budget:[b] $134.0 million

U.S. Project Costs:[c] $420.3 million

Unemployed:[d] 15.9% **Underemployed:**[d] 40.9%

85%	15%
Shia[e]	Sunni[e]

Babylon's Provincial Council got off to a rocky start, with members of the Islamic Supreme Council of Iraq (ISCI) accusing Da'wa of reneging on a power-sharing agreement. In April, an SOI member was shot and injured, and another was killed.[634]

Against this backdrop, the PRT organized a performance by the stage troupe "Mud House" at the Babylon ruins. The event, attended by 6,000 Iraqis, including the new governor and Provincial Council chairman, featured well-known actors who performed skits with themes on democracy and anticorruption.[635]

Security

There was an uptick in security incidents in Babylon this quarter with the April 11 bombing

Pupils receive their first computer lessons at the Al-Ghufran School for Girls in Babylon province. (OPA photo)

against the SOI in Iskandariyah, which killed eight. Elsewhere, six bombs exploded and another seven were found and cleared, while two mortar or rocket attacks were reported.[638] PRT Babylon reported that security has been stable, but worried that there might be a slight increase in security incidents after the June 30 redeployment of U.S. forces.[639]

In early April, Iraqi and U.S. forces engaged in a gun battle with unknown individuals, resulting in one civilian death. PRT Babylon reported that same month that the kidnapping of small children for ransom was becoming an increasing problem in Hilla.[640]

New al-Hilla Courthouse [641]

Contractor
Al Furat Al Awsat Al Mushrak Group

Cost
$7.2 million

Start Date
September 18, 2006

Estimated Completion Date
September 30, 2009

Percent Complete
86

Funding Source
IRRF

Concrete shell of the courthouse in New al-Hilla, Babylon province. (USACE photo)

The New al-Hilla Courthouse is slated to house the Iraqi Council of Judges. Located in New al-Hilla, the project includes perimeter walls, gates and barriers, potable water, and a sanitary sewer system. The PRT estimates that two-thirds of the judicial workload will shift to the new courthouse once it is completed. [644]
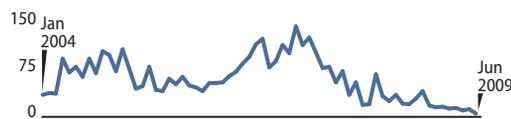
Other Projects

Business
Opened in June, the Central Euphrates Farmers Market, a $3.2 million CERP-funded project, comprises 20 outdoor stalls and 24 indoor stalls and will be managed by an agriculture association representing about 4,000 local farmers. Its board of directors is half Sunni and half Shia and plans to employ former SOI members to serve as security guards. [642]
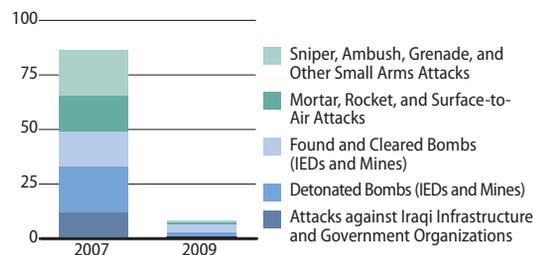
Health
The Mussayib Maternity Hospital was scheduled to be turned over from the PRT to the Iraqi Ministry of Health on June 30. PRT Babylon reported that it appeared likely the hospital would be turned over without any furniture or equipment. [643]

TOTAL SECURITY INCIDENTS, BY MONTH [f]

AVERAGE MONTHLY SECURITY INCIDENTS [f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	**COMPLETED**
Security	19.4	74.5
Infrastructure	16.9	206.7
Governance	27.4	57.0
Economy	5.8	12.4
Total	**69.5**	**350.6**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Rule of Law

Legal proceedings against a former deputy governor of Najaf accused of corruption remained unclear as the PRT and the U.S. Army tried to locate a warrant for his arrest and determine whether it remains valid. The case was transferred to Babylon two years ago because of concerns about conflict of interest and potential political pressure. The original warrant was issued by a judge who was subsequently assassinated. [645]

The Higher Judicial Council (HJC) recognized the role of Iraq's only independent legal journal, published with PRT support, by sending a letter in May to the publication noting its work in strengthening judicial independence and legal sovereignty. [646]

Successes, Challenges, and the Way Forward

In the view of PRT Babylon, the provincial government remains weak. To aid its development, the PRT's governance team discussed with provincial officials the development of 26 CERP projects designed to increase their ability to govern, and it continued to provide governance training. [647]

Banking also remained weak, with residents avoiding opening savings accounts because of poor customer service, the proliferation of counterfeit money, and religious considerations. The PRT reported that state banks that provide loans are often rife with corruption. [648]

To strengthen the banking sector, the PRT launched a program to develop linkages between banks and business centers in the province. But national constraints, such as problems with land titling and the classification of microfinance institutions as non-governmental organizations, have limited lending. [649]

On a positive note, PRT Babylon worked with the Iraq State Board of Antiquities to implement a $700,000 grant to develop a comprehensive management plan for the archeological site of Babylon. The plan will address archeological and conservation needs, tourism management strategies, and education. [650]

QADISSIYA

Capital: Diwaniya

Population:[a] 1,033,000

Capital Budget:[b] $86.4 million

U.S. Project Costs:[c] $259.4 million

Unemployed:[d] 15.9% Underemployed:[d] 27.3%

98%

Shia[e]   1% Sunni[e] and 1% Other[e]

Qadissiya's lack of water continued to be a major theme in PRT conversations with locals, and there were reports of farmers abandoning their land to move closer to urban areas because of a lack of drinking water and an inability to irrigate their crops.[651]

To help address the drought, the provincial government has been working since 2008 to develop a plan to refurbish the Diwaniya Water Treatment Facility, including expanding the capacity of the facility by 50%. The PRT is providing CERP funding for the project, and completion is planned for fall 2009.[652]

Security

Qadissiya remained largely stable this quarter from a security perspective, with no exploded IEDs and none found and cleared, though there were 29 mortar or rocket attacks.[653] The PRT anticipated that the redeployment of U.S. forces would have only limited operational impact but said it could result in some renewed security threats.[654]

Rule of Law

The director of the municipalities department and some of his engineers were charged with financial crimes as Qadissiya joined the national anticorruption campaign. In all, 23 arrest warrants were issued.[655]

Successes, Challenges, and the Way Forward

PRT Qadissiya has forged stronger ties with the incoming Provincial Council than it had with

A truck transports an outhouse near the Hasan al-Basri Primary School in Qadissiya. (USACE photo)

The Hasan al-Basri Primary School will construct 12 classrooms to replace an old, dilapidated school that was deemed unsafe for the children to attend. The PRT reports that the contractor is progressing satisfactorily. Construction of the school will ease school crowding in the area. The shortage of classrooms often forces Iraqi schools to run three teaching shifts per day.

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	15.8	36.3
Infrastructure	30.0	114.6
Governance	7.6	45.9
Economy	2.2	6.9
Total	**55.7**	**203.7**

Source: IRMS, *Global Benchmark*, 7/4/2009.

outgoing members, though the recent firing of the director general for education created challenges for PRT projects involving schools.[656]

Hasan al-Basri Primary School[657]

Contractor
Supreme Idean

Cost
$1.2 million

Start Date
June 7, 2009

Estimated Completion Date
January 11, 2010

Percent Complete
3

Funding Source
ESF

Other Projects

Local Governance
The Iraq Community-Based Conflict Mitigation (ICCM) program this quarter organized 20 seminars for 477 participants on tolerance, dialogue, and peaceful coexistence. There were 15 two-day workshops on conflict resolution and negotiation for local government and tribal leaders to promote good governance practices of neutrality when dealing with public issues.[658]

Agriculture
This quarter, PRT Qadissiya inaugurated the Agricultural High School's Beehive Training Center, which should provide hands-on experience in beekeeping and generate some $60,000 annually from the sale of honey—money that is earmarked for the provincial education budget.[659]

As part of local government development, the PRT organized training for district officials geared toward land development to support economic growth and investment. The Ministry of Water Resources underwent training on the use of hydraulic modeling software to create maps and assess existing irrigation infrastructure.[663]

If it receives new CERP funding, the PRT hopes to refurbish the Diwaniya Water Treatment Facility. It also hopes to fund two sewage systems, as well as various educational projects with a focus on vocational training and women's issues.[667]

KERBALA

Other Projects

Agriculture
The Inma agricultural program selected an alfalfa forage demonstration site to show farmers the options in alfalfa seed. The Ministry of Agriculture will approve imported seed to be used at the site, and local alfalfa producers will be integrated with livestock owners for mutual benefit.[660]

Health
The ICCM program held five community health awareness fairs in Kerbala villages with little health care coverage.[661]

Conflict Resolution
Hosted 20 conflict resolution workshops for local sheikhs, human rights activists, and law professors.[662]

Capital: Kerbala

Population:[a] 902,000

Capital Budget:[b] $77.8 million

U.S. Project Costs:[c] $153.8 million

Unemployed:[d] 19.1% **Underemployed:**[d] 31.1%

85%	15%
Shia[e]	Sunni[e]

Sadrists and ISCI members were chosen to head several important Provincial Council committees this quarter, causing PRT Kerbala to anticipate the possibility of reduced access to those committees. To improve relations with residents in light of these developments, PRT Kerbala refurbished the Husayniya Youth Center's basketball court and played soccer with local boys in a Sadrist stronghold in Kerbala City, one of many "good neighbor" initiatives it undertook this quarter.

Relations with the new Provincial Council proved slow-going, with only 13 of 27 members attending a first meeting, 6 of them women. There was similar lackluster participation by senior local officials at an anticorruption seminar in June.[664]

Security
One bomb exploded in Kerbala this quarter, killing 1 U.S. soldier and wounding 3 others, and there were 14 mortar or rocket attacks.[665] PRT Kerbala reported that security concerns rarely affect its ability to work.[666]

Rule of Law
The PRT reported that the provincial court system functions well, with independent and

The Provincial Council chairman addresses the Business Round-table Conference in Kerbala. (OPA photo)

TOTAL SECURITY INCIDENTS, BY MONTH[f]
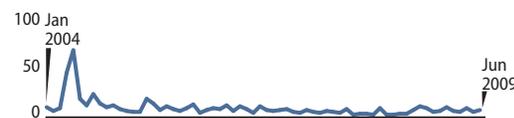
AVERAGE MONTHLY SECURITY INCIDENTS[f]

Sniper, Ambush, Grenade, and Other Small Arms Attacks

Mortar, Rocket, and Surface-to-Air Attacks

Found and Cleared Bombs (IEDs and Mines)

Detonated Bombs (IEDs and Mines)

Attacks against Iraqi Infrastructure and Government Organizations
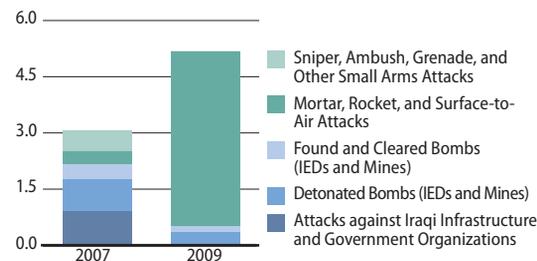
U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	0.7	9.1
Infrastructure	9.2	92.5
Governance	9.6	17.6
Economy	2.7	12.4
Total	**22.2**	**131.6**

Source: IRMS, *Global Benchmark*, 7/4/2009.

impartial judges. Efforts to set up forensics and constitutional law training for the judiciary and legal community continued this quarter.[668]

Successes, Challenges, and the Way Forward

The provincial government increased its ability to plan, monitor, and complete provincial projects with the aid of PRT-organized training on provincial governance, which concluded in June with about half the Provincial Council members attending. The governor's staff trained employees to track infrastructure projects.[669]

Among its challenges, PRT Kerbala reported that it had difficulty finding ways to get equipment shipped from outside Iraq to support QRF or CERP projects, and it found the QRF process increasingly cumbersome. Inadequate staffing negatively impacted operations, and there was poor Internet connectivity. The PRT also reported that the military and USAID called excessive coordination conferences of marginal utility that took away from productive work.[670]

In addition, the PRT reported that there is little institutional memory as personnel rotate

Steel columns protrude from the foundation of the Al Semood Secondary School in Kerbala. (USACE photo)

The Al Semood project aims to ease overcrowding at schools and reduce the need for 3 daily teaching shifts by building 12 additional classrooms for secondary school students. The contractor has provided design drawings and has built the perimeter fence, placed reinforced concrete foundation, and started the foundation work for bathrooms and lab buildings. The project is on schedule.

Al Semood Secondary School[672]

Contractor
Aswar Babil Company for General Contracts

Cost
$1.2 million

Start Date
April 2, 2009

Estimated Completion Date
October 10, 2009

Percent Complete
16

Funding Source
ESF

in and out of the PRT and go on leave. Turnover and absences disrupt relationships between PRT members and their Iraqi partners, limiting progress. The PRT noted that some personnel who were dismissed have turned up on staff at other PRTs, a process that the PRT referred to as contracting companies passing "bad merchandise" from place to place.[671]

NAJAF

Capital: Najaf

Population:[a] 1,113,000

Capital Budget:[b] $92.9 million

U.S. Project Costs:[b] $263.7 million

Unemployed:[d] 18.6% **Underemployed:**[d] 21.1%

99%
Shia[e]   1% Sunni[e]

Roughly 99% Shia and home to several important religious pilgrimage sites, Najaf has a thriving tourism industry and is building an international airport with PRT assistance. An estimated 3,000 to 5,000 pilgrims arrive at Najaf each day, many from Iran.

Journalists train at the Najaf Media Information Center in Najaf province. (OPA photo)

Total Security Incidents, by Month[f]
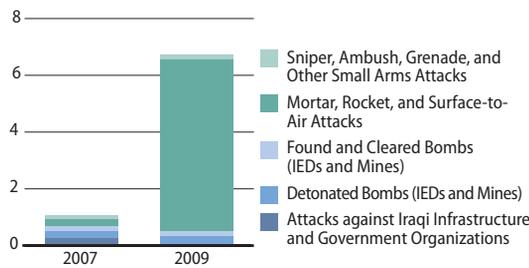
Other Projects

Tourism

A QRF/IRAP grant provided assistance to the Najaf Tourism Center. Najaf City receives around 2,500 tourists daily, many of whom are Shia pilgrims. Tourism officials plan to use the grant to provide information and assistance to tourists, and to create a training center for those interested in joining the tourism industry.[673]

Conflict Mitigation

The ICCM program screened a documentary this quarter on the conflict challenges in the province in two cities, followed by a discussion on practical ways to reduce discord in Najaf. The ICCM also facilitated 24 workshops this quarter in the province to emphasize women's rights within conflict resolution methods.[674]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

Legend:
- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	4.0	36.0
Infrastructure	44.0	115.3
Governance	3.9	54.8
Economy	1.0	4.7
Total	**52.8**	**210.8**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Substation Najaf[675]

Contractor
Ministry of Electricity

Cost
$14.7 million

Start Date
January 15, 2007

Estimated Completion Date
June 30, 2009

Percent Complete
99

Funding Source
IRRF

Substation Najaf project is almost complete. (USACE photo)

The new Substation Najaf was designed to help eliminate power cuts and outages that were affecting residential, commercial, and industrial areas. The project is nearly complete and awaiting delivery from Turkey of a replacement part for an auxiliary transformer.

Although the Provincial Council got off to a slow start, with the national government challenging the manner in which the governor was chosen, development in business and tourism moved forward, and PRT Najaf is assisting the provincial government in creating the Tourism Information Center and the Tourism Development Center.[676]

Security

Two bombs exploded in Najaf this quarter, and there were 20 mortar or rocket attacks,[677] but PRT Najaf reported that residents in the province were generally safe.[678] Following inclusion of Sadrists on the Provincial Council, Coalition forces halted military operations against a small number of groups. Those groups continued to attack PRT personnel.[679]

Successes, Challenges, and the Way Forward

Najaf's new Provincial Council was described by PRT Najaf as one of the most competent and efficient in south-central Iraq. As such, the PRT reported it no longer plays an intimate or daily role in the governance of the province. Instead, PRT programs fill critical niches, such as assisting with tourism, agriculture, and education, but they are 100% Iraqi-driven ideas and projects.[680]

At the same time, the province's religious power center remained a "no-go" zone for U.S. military vehicles, as did the city of Kufa, which is the province's second largest population center. The PRT reported a significant need to advance the U.S. government's presence in Najaf to counter the negative anti-American influence of Sadrists and Iranians.[681]

MUTHANNA

Capital: Al-Samawa

Population:[a] 650,000

Capital Budget:[b] $56.2 million

U.S. Project Costs:[c] $296.1 million

Unemployed:[d] 30.5% **Underemployed:**[d] 33.5%

98% Shia[e]   2% Sunni[e]

Mostly rugged desert, Muthanna suffers from drought and a lack of infrastructure, and much of the PRT's brick-and-mortar efforts focused on water treatment, veterinary, and agricultural initiatives.[682]

Muthanna's two biggest parties remained locked in a political stalemate until April 30, when Provincial Council (PC) members elected a governor from the Dawa Party and a Provincial

Council Chairman from ISCI. Dawa temporarily boycotted PC meetings in early May, and the new PC chairman was not confirmed until later that month. PRT Muthanna reported good relations with the provincial leaders of both parties.[683]

Security

Muthanna has not had a significant security incident since the governor was assassinated in August 2007. PRT Muthanna reported that ISCI kept a lid on militia activity. Police applied laws the majority of the time with few instances of ethnoreligious discrimination, but are still influenced by personal and tribal connections.[684]

Rule of Law

PRT Muthanna reported that the courts had an open and positive relationship with law enforcement entities operating in the province, but described respect for human rights as a concern.[685]

Successes, Challenges, and the Way Forward

After some delay, the transfer of power to the new Provincial Council took place without violence. The elections were free and fair and were followed by creative and consensual methods of resolving leadership questions. PRT Muthanna reported that transparency had improved. Efforts were being made to be more inclusive; however, decisions were generally made out of committee, and council members were still prone to "backroom" negotiations.[686]

The PRT described the creation of a Commission on Integrity and the furnishing of computers and computer training for the court staff as a "modestly encouraging advance for a province alternately neglected or harassed" by the former regime.[687]

The Provincial Council began to improve public services and attract investment into the province. The new governor's office is working closely with the Muthanna Provincial Investment Commission to help facilitate both foreign direct investment and investment from local business people.[688]

A new drain pipe crosses the Euphrates River in Muthanna. (USACE photo)

Eastern Euphrates Drain [689]

Contractor
PPA Local

Cost
$38 million

Start Date
November 25, 2006

Estimated Completion Date
July 1, 2009

Percent Complete
84

Funding Source
IRRF

With the new Eastern Euphrates Drain system in place, farmers should be able to reclaim 58,000 hectares of agricultural land by reducing the salinity of the Euphrates River. The contractor is building a drainage canal that includes construction of crossings over irrigation and oil pipes, and bridges. The project is awaiting funds to construct an additional crossing and is slightly behind schedule.

TOTAL SECURITY INCIDENTS, BY MONTH [f]

AVERAGE MONTHLY SECURITY INCIDENTS [f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	0.5	38.1
Infrastructure	41.6	187.3
Governance	2.7	24.4
Economy	-	1.4
Total	**44.9**	**251.2**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Other Projects

Agriculture
In conjunction with government veterinarians and the Ministry of Agriculture, USAID's Local Governance Program (LGP) administered more than 110,000 livestock vaccinations to sheep and cattle. The program also provided training on large-animal health, an event attended by more than 145 veterinarians, government officials, agricultural administrators, and College of Agriculture staff members.[690]

Education
School children in rural areas of Muthanna received books as part of the LGP, and additional books for the "My Little Arabic Library" program were delivered to all third and fourth graders in the province.[691]

Among challenges, there continues to be a lack of adequate farm-to-market roads, and many that do exist are prone to flooding during the rainy season. Energy infrastructure, and in particular "last mile" wiring to users in outlying areas, continues to pose a problem. Energy demand also outstrips supply most of the year in the province. Cellular phone coverage is a problem and needs increased infrastructure development.[698]

THI-QAR

Other Projects

Local Governance
PRT members developed this quarter a step-by-step budget process for government organizations and ministries. This plan is to create an understanding of the budget process, ensure accuracy and timely achievement, and establish the ability to train employees.[692]

Local Governance
The National Capacity Development (Tatweer) program provided funds this quarter to train approximately 900 government officials in management and public administration. Courses at various levels taught anticorruption, procurement, fiscal management, human resource management, project management, communication, and leadership.[693]

Capital: Nassriya

Population:[a] 1,687,000

Capital Budget:[b] $142.6 million

U.S. Project Costs:[c] $873.5 million

Unemployed:[d] 36.5% **Underemployed:**[d] 25.8%

100%
Shia[e]

Italian-led, PRT Thi-Qar has focused attention on health initiatives, with impressive gains made this quarter in dental and women's health, as well as open heart surgery carried out in a newly built cardiac center. Efforts continued to irrigate and drain the marshlands that make up much of the province's territory.[694]

On the political front, Sadrists maneuvered to be seen as a serious political party as the new Provincial Council took shape. PRT Thi-Qar visited a local mosque aligned with Grand Ayatollah Ali al-Sistani in an effort to forge positive relations with religious authorities.[695]

Security

Three bombs exploded in Thi-Qar this quarter, another one was found and cleared, one sniper or small arms attack occurred, and two mortars or rockets were launched.[696]

Rule of Law

The provincial judiciary and military began to develop an evidence-based, rather than intelligence-based, approach to the apprehension, prosecution, and detention of suspects found guilty of political violence. Training has improved cooperation between the judiciary, prosecution, and police.[697]

Doctors-in-training tend to an Iraqi boy at Camp Mittica in Thi-Qar. (OPA photo)

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions
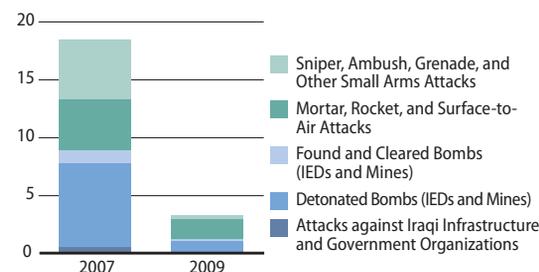
	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	39.7	215.2
Infrastructure	35.6	503.7
Governance	18.7	52.3
Economy	0.3	8.0
Total	**94.3**	**779.3**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Successes, Challenges, and the Way Forward

PRT Thi-Qar sponsored several medical training missions, including two visits of the Smile Train, a charity that treats cleft palates in children, and a visit by Matt Roloff, an American actor with dwarfism who stars in the reality show, *Little People, Big World*. In the course of training and in certain other special circumstances (such as the al-Bathaa bombing, which killed roughly two dozen people), these missions have treated Iraqi patients, building enormous good will. An Italian-donated Mobile Surgical Unit was crucial to these efforts. The Italian government is now considering a plan to expand the medical mission here, focusing on maternal health, childbirth, and obstetrician/gynecological care.[699]

The Italian government has devoted a large amount of resources aimed at imparting agricultural scientific techniques, management

Workers lay the foundation for the Nassriya Prison. (USACE photo)

The third phase of the Nassriya Prison project aims to help alleviate a shortage of prison space by increasing the number of prison beds and, in doing so, helping to improve conditions and alleviate related human rights concerns. The project is ahead of schedule.

Nassriya Prison Phase III[704]

Contractor
Al Bare'a Engineering Co.

Cost
$8.2 million

Start Date
May 16, 2008

Estimated Completion Date
October 1, 2009

Percent Complete
48

Funding Source
IRRF

practices, and technology to local farmers. Successful projects in beekeeping and dairy production have given local farmers tools needed for an entrepreneurial approach to agriculture.[701]

MISSAN

Capital: Amara

Population:[a] 944,000

Capital Budget:[b] $80.0 million

U.S. Project Costs:[c] $257.5 million

Unemployed:[d] 17.3% Underemployed:[d] 32.9%

95%

Shia[e]   1% Sunni[e] and 4% Other[e]

Early in the quarter, four winning political parties in Missan were carving a coalition that in the end included only three—to the exclusion of the Sadrists. PRT Missan enjoyed positive relations with the three, but worried that the absence of Sadrists from executive positions could lead to increased violence.[700]

Amid these developments, PRT Missan focused on agriculture, health, and veterinary initiatives, as it shifted its focus to projects designed to strengthen government. The new Provincial Council expressed concern that the shift in focus would detract from much-needed

The foundation is laid for the surgical hospital in Missan. (USACE photo)

The new Missan Surgical Hospital in the town of Amara will add 80 beds, an operating room, emergency room, laboratories, clinics, x-ray, and pharmacy. There are some quality issues being addressed amid efforts to keep the project on schedule.

Missan Surgical Hospital Phase II[705]

Contractor
Eastern Deffaf al-Nahraen

Cost
$6.8 million

Start Date
February 19, 2008

Estimated Completion Date
September 7, 2009

Percent Complete
27

Funding Source
ESF

infrastructure projects at a time when it is facing budget shortfalls.[702]

Security

PRT Missan reported an improved yet irregular security situation that it described as presenting considerable challenges in the province.[703] Three bombs exploded this quarter, and another six

Other Projects

Education
With a QRF/IRAP grant, PRT members began a computer-training course for young adults. Each month for one year, the class will enroll 20 students to learn essential computer and software skills.[706]

Journalism
The QRF/IRAP also supplied the al-Huda Culture and Development Newspaper with funds to establish a biweekly publication dedicated to educational and cultural activities, reconstruction projects, and general news for the province.[707]

were found and cleared, while four small arms attacks were reported.[708] The ISF made progress, but the Iraqi Police, which has assumed control of security oversight of the cities, remained susceptible to militia elements.[709]

Recent security incidents led the governor to insist that the PRT use Iraqi Police escorts during all movements in the provincial capital, Amara. The escorts have proven to be less than completely reliable, either not showing up at agreed times or not showing up at all, causing the PRT to cancel meetings with local Iraqis. The PRT is working with its partner BCT to find a feasible solution.[710]

Successes, Challenges, and the Way Forward

PRT Missan reported that access to top-level provincial government officials has improved significantly since the new provincial leadership assumed power in April 2009. The new governor is collaborating closely with the PRT to help set provincial priorities for U.S. assistance and has given the PRT the green light to engage all stakeholders to facilitate project development and implementation.[711]

The Missan Agricultural Advisory Committee, initiated at the behest of the PRT, has become a self-sustaining forum that helps provincial officials match funding to identified priorities and enhance transparent decision-making.[712]

The new provincial government faced considerable funding limitations: the GOI reduced its provincial capital budget in 2009 by one-third, and U.S. government assistance has

also decreased. Missan's new leaders were also disadvantaged by the over-spending of their predecessors, which has severely constrained budget flexibility for 2009 and 2010.[713]

Going forward, the PRT plans to promote programming that helps train Iraqi provincial, district, and sub-district government staff to achieve long-term sustainability, transparency, and greater accountability.[714]

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS
$ Millions

	TOTAL PROJECT COST	
	ONGOING	COMPLETED
Security	35.1	57.5
Infrastructure	14.1	106.1
Governance	12.3	31.8
Economy	-	0.7
Total	**61.6**	**196.0**

Source: IRMS, *Global Benchmark*, 7/4/2009.

BASRAH

Capital: Basrah

Population:[a] 2,408,000

Capital Budget:[b] $201.0 million

U.S. Project Costs:[c] $2,099.0 million

Unemployed:[d] 18.8% **Underemployed:**[d] 21.5%

85%	15%
Shia[e]	Sunni[e]

Basrah faces obstacles to development in outlying villages—obstacles PRT Basrah began to document this quarter through a survey designed to identify ways to increase sources of income in rural communities. Water and electricity supplies remained inadequate, and many PRT projects focused on solid waste and water treatment.[715]

The new Provincial Council has been hampered this quarter by a split in the ruling Dawa party and subsequent competition for the governor's seat. The new governor acknowledged

the challenges Basrah faced in unemployment, corruption, and fiscal stress.[716]

Security

Security improved slightly, with four bombs exploding this quarter—down from eight last quarter—and another five found and cleared. There were four small arms attacks and one rocket or mortar launched.[717] PRT Basrah requested to move in armored Suburbans, vehicles that have a lower profile than military vehicles and that apparently are preferred by local Iraqis.[718]

The ISF continued to lead in security operations and to develop its own missions based on Iraqi intelligence activities; there were few reports of inter-party, religious, or ethnic targeting.[719]

Successes, Challenges, and the Way Forward

Economic development in Basrah is improving as international investors continued to seek opportunities in Iraq's southernmost province. Land prices have doubled since the first of the year, and new car dealerships were visible throughout the city. GOI budget constraints were affecting development of the airport and the port.[720]

Government performance improved, with the Provincial Council and the governor communicating about development and essential services, and the Provincial Council holding the deputy governors accountable for their performance. The previous Provincial Council was viewed by many in Basrah as corrupt, and that perception has continued to damage public confidence in some government institutions.[721]

The PRT predicted economic opportunities would continue to dilute the presence and importance of Iranian activities in Basrah, and provide alternatives to what it described as lawless element in the provinces.[722] ◆

Workers lay the foundation of the Water Reverse Feeding Project in Garma, Basrah province. (USACE photo)

Garma Water Reverse Feeding[723]

Contractor
Al Dayer United Company

Cost
$10.1 million

Start Date
January 24, 2008

Estimated Completion Date
September 21, 2009

Percent Complete
87

Funding Source
ESF

The Garma Water Reverse Feeding project seeks to improve water quality in the town of Garma by modifying the existing water treatment system and connecting it to the Al-Karmah water treatment plant. Two additional water compact units will be constructed and connected to the Basrah City supply.

TOTAL SECURITY INCIDENTS, BY MONTH[f]

AVERAGE MONTHLY SECURITY INCIDENTS[f]

- Sniper, Ambush, Grenade, and Other Small Arms Attacks
- Mortar, Rocket, and Surface-to-Air Attacks
- Found and Cleared Bombs (IEDs and Mines)
- Detonated Bombs (IEDs and Mines)
- Attacks against Iraqi Infrastructure and Government Organizations

U.S.-FUNDED PROJECT COSTS

$ Millions

	TOTAL PROJECT COST	
	ONGOING	**COMPLETED**
Security	79.8	295.8
Infrastructure	35.8	1,460.9
Governance	76.9	133.8
Economy	4.3	11.7
Total	**196.8**	**1,902.2**

Source: IRMS, *Global Benchmark*, 7/4/2009.

Other Projects

Governance
With funding provided by the National Capacity Development (Tatweer) program, more than 1,000 public officials received training in public administration and management. The officials took courses in leadership, communication, project management, human resource management, fiscal management, procurement, information technology, and anticorruption.[724]

Health
U.S. doctors and medical staff conducted neonatal resuscitation training for local doctors in Basrah to combat Iraq's infant mortality rate, which is one of the highest in the world. The 2nd Brigade Commander Team offered the training and introduced new procedures and equipment to help save infant lives and reduce the risk of babies suffering from cerebral palsy and mental retardation.[725]

SIGIR
OVERSIGHT

SECTION

4

SIGIR AUDITS

From April 30, 2009, to July 30, 2009, SIGIR completed seven new audit products, including one joint audit with the Department of State (DoS) Office of Inspector General. Since March 2004, SIGIR has issued 149 audit reports. This quarter, SIGIR addressed a range of issues, including the oversight of the operations of private security contractors (PSCs) in Iraq, the management of major reconstruction contracts, and CERP-funded projects:

- a joint report on the requirements, costs, performance, and oversight of the contract with Blackwater to provide private security services
- a report on the views of field commanders and other officials on the effectiveness of changes made to improve oversight and control the operations of private security contractors
- a report on the number, types, and actions taken to investigate and remediate incidents in which PSCs were involved in weapons discharges
- a report on the costs, outcomes, management oversight, transfer, and sustainment of a project funded by the Iraq Security Forces Fund (ISFF) to build a logistics support base near the city of Tikrit
- a report on the costs, outcomes, management oversight, transfer, and sustainment of a project funded by the Commander's Emergency Response Program (CERP) to build an electricity distribution facility in a Baghdad neighborhood
- a report on the costs, outcomes, management oversight, project justification, transfer, and sustainment of the second-largest CERP project in Iraq, which built a temporary hotel in the Baghdad Airport economic zone

- a report on the costs, outcomes, management oversight, transfer, and sustainment of a $350 million project funded by ISFF to build the maintenance capability of a military depot in Taji to provide major overhauls of military equipment

For a list of these audit products, see Table 4.1.

SIGIR currently has 12 ongoing audits, and others are expected to start this quarter. SIGIR performs audit work under generally accepted government auditing standards.

SIGIR's reports have produced scores of recommendations designed to achieve management improvements and corrective actions needed in reconstruction and relief activities. The implementation of audit recommendations is crucial. SIGIR auditors regularly follow up on open recommendations, seeking to achieve their full implementation to the extent practical. Appendix F shows the total number of SIGIR's recommendations by fiscal year and the recommendations that remain open:

- For information on all SIGIR audit projects issued as of July 30, 2009, see Appendix F, Table F-1, and the SIGIR website: www.sigir.mil.
- For more detailed information on the status of implementation of SIGIR recommendations from its audit products and recommendations that remain open, see Appendix F, Table F-2.

SIGIR's work is well coordinated with other audit entities engaged in Iraq-related work. SIGIR hosts a quarterly meeting of the Iraq Inspectors General Council (IIGC) to discuss audit activities, prevent duplication of effort, and share

TABLE 4.1

SIGIR AUDIT PRODUCTS SINCE 4/30/2009

REPORT NUMBER	REPORT TITLE	DATE ISSUED
09-021 and AUD/IQO-09-16	Joint Audit of Blackwater Contract and Task Orders for Worldwide Personal Protective Services in Iraq [This audit was conducted by SIGIR and the DoS Office of Inspector General.]	6/2009
09-022	Field Commanders See Improvements in Controlling and Coordinating Private Security Contractor Missions in Iraq	7/2009
09-023	Investigation and Remediation Records Concerning Incidents of Weapons Discharges by Private Security Contractors Can Be Improved	7/2009
09-024	Tikrit Location Command Project Achieving Contract Goals by Using Sound Management Practices	7/2009
09-025	Commander's Emergency Response Program: Muhalla 312 Electrical Distribution Project Largely Successful	7/2009
09-026	Commander's Emergency Response Program: Hotel Construction Completed, but Project Management Issues Remain	7/2009
09-027	Developing Iraqi Military Depot Maintenance Capability at Taji Hampered by Numerous Problems	7/2009

information and experiences. The most recent meeting was held on May 27, 2009, at the SIGIR office in Arlington, Virginia. The following organizations attended the meeting: CENTCOM Inspector General, Department of the Army Inspector General, Department of Defense Office of Inspector General, Department of State Office of Inspector General, Government Accountability Office, SIGIR, U.S. Agency for International Development Office of Inspector General, U.S. Army Audit Agency, and the Wartime Contracting Commission.

Final SIGIR Audit Products for This Quarter

Joint Audit of Blackwater Contract and Task Orders for Worldwide Personal Protective Services in Iraq
(SIGIR 09-021 and AUD/IQO-09-16, 6/2009)

Introduction
The joint audit addressed four objectives pertaining to the Blackwater task orders under the

Department of State (DoS) Worldwide Personal Protective Services II contract:

1. What was the contracting process?
2. What were the key requirements and provisions of the contract and task orders?
3. What are the costs and funding sources of the contract and task orders?
4. How did the Department of State administer the contract and task orders to provide proper oversight of Blackwater's cost and performance in Iraq?

Results
These were the audit's major findings:

- The contract and two of the three task orders related to personal protective service were competitively awarded to Blackwater. The noncompetitively awarded task order was justified in order to promote competition by awarding each contractor a task order for the geographic area where they already operated, save costs by not transitioning work in that area to a new contractor, and provide uninterrupted protective services in that geographic area.

- The total estimated cost for the Blackwater task orders was $1.014 billion, as of May 29, 2008.
- DoS officials in Iraq did not confirm the accuracy of labor costs in Blackwater's monthly invoices; the invoices were paid without adequate review of support documentation.
- Although the contract stipulated that penalties would be assessed when Blackwater did not provide all required personnel, those penalties were not assessed during 2006 and 2007. We estimate that $55 million in penalties should have been assessed for those years.
- DoS was doing a commendable job of providing oversight of government-furnished weapons and vehicles, but oversight of other government-furnished equipment, such as handheld radios and body armor vests, was inadequate.
- Blackwater's travel costs were not adequately reviewed. As a result, we found that DoS had paid $127,364 in ineligible travel costs. The contracting officer has recovered $56,457 of that amount.
- Contractor oversight files, required by the contracting officer's representative, were not easily accessible and may not be complete.

Recommendations

The report makes four recommendations to the Department of State (DoS):

1. DoS should designate a full-time contracting officer's representative on-site in Iraq to verify labor charges entered there and to monitor Blackwater's control and accounting for government-furnished property.
2. DoS should determine whether deductions to the contract price should be made for inadequate staffing and, if so, the amount of these deductions.
3. DoS should recover excess travel costs of $70,907 billed by Blackwater.

4. The contracting officer should instruct the contracting officer's representatives to establish and maintain files that are easily accessible and complete in accordance with the *Foreign Affairs Handbook*.

Management Comments and Audit Response

In its response to a draft of this report, the DoS Bureau of Administration did not specifically concur with any of the seven recommendations. For six recommendations, it stated that it would "coordinate with," "work with," or was "currently in dialogue" with the Bureau of Diplomatic Security on actions to address the recommendations. We consider these unresolved, pending the Bureau's concurrence. For the remaining recommendation pertaining to penalties for not providing required personnel, the Bureau said it would "consult with" the legal office on the recommendation. Consequently we consider that recommendation resolved. We will close these recommendations when we receive evidence that corrective actions have been implemented.

Field Commanders See Improvements in Controlling and Coordinating Private Security Contractor Missions in Iraq
(SIGIR 09-022, 7/2009)

Introduction

Since April 2003, private security companies and individuals, commonly known as private security contractors (PSCs), have provided physical security services to protect U.S. personnel, facilities, and property, as well as U.S. government contractors, subcontractors, and other parties supporting the U.S. mission in Iraq. The use of contractors, however, has not been without problems, including

incidents between PSCs and Iraqis and between PSCs and U.S. forces. In late 2007, the Department of Defense (DoD) and Department of State (DoS) began making organizational and procedural changes to strengthen their oversight, coordination, and control of PSC activities, including PSC movements in areas of combat operations.

This audit was conducted to determine whether the changes have improved the oversight, coordination, and control of PSC missions in Iraq. It also addresses Section 842 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181), which states that audit agencies shall examine one or more of a number of issues relating to the control of PSCs, including:

- the extent to which field commanders were able to coordinate or direct the performance of contractors in an area of combat operations
- the nature and extent of any activity by contractor employees that was inconsistent with the objectives of operational field commanders

Results

To determine the effect of recent changes to improve the oversight of PSCs, SIGIR interviewed or received written responses to questions from DoD, DoS, and PSC company officials responsible for the oversight and coordination of PSC security missions. These personnel reported that the recent organizational and procedural changes have improved the control and coordination of PSC missions. For example:

- **Field Commanders**: Nineteen current and former field commanders described the new coordination procedures as effective in exerting their control and oversight over PSC missions. None of the field commanders identified any recent PSC activities that were inconsistent with their military operations, and none

identified problems with the current mission oversight process.

- **Contractor Operations Cell (CONOC) Officials**: Officials at all six Contractor Operations Cells, which were established to coordinate the movement of DoD and DoS PSCs with military units and to respond to incidents involving PSCs, also said that the organizational and procedural changes have effectively resolved the coordination and oversight problems that existed prior to their implementation.
- **DoS Regional Security Officers:** DoS Regional Security Office officials also said that coordination between DoD and DoS has improved. These officials provide a unique perspective on the oversight of PSCs because they are responsible for both ensuring the safety of U.S. Mission personnel and ensuring that their PSCs meet contract requirements and abide by all applicable laws and regulations.

Conclusions

Field commanders and CONOC officials generally believe that the new PSC control and coordination procedures have been effective in ensuring that such activities are not inconsistent with ongoing combat operations. In an earlier report on reporting, investigating, and remediating serious incidents involving PSCs, SIGIR similarly found that improved oversight and coordination of serious incidents could be achieved by establishing core standards, policies, and procedures early in a contingency. SIGIR identified this as a lesson learned, and this report provides further evidence of the importance of these activities.

Recommendations

This report contains no recommendations but reinforces previously identified lessons learned

that apply to other contingency operations, such as Afghanistan.

Management Comments and Audit Response

The responsible agencies were not required to provide comments to the draft of this report because there were no recommendations. Agencies chose not to provide comments.

Investigation and Remediation Records Concerning Incidents of Weapons Discharges by Private Security Contractors Can Be Improved
(SIGIR 09-023, 7/2009)

Introduction

This report by the Special Inspector General for Iraq Reconstruction (SIGIR) responds to congressional requirements to conduct audits of serious incidents involving private security contractors (PSCs) in Iraq. It focuses on Department of Defense (DoD) oversight of incidents involving the firing—or discharge—of weapons reported from May 2008 through February 2009 by its PSCs. Specifically, the report examines:

- the number and types of serious incidents involving weapons discharges
- the extent to which actions that were taken to investigate and remediate these incidents can be verified

This report follows up on information on serious incidents provided in "Opportunities To Improve Processes for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq" (SIGIR 09-019, 4/30/2009).

DoD delegated its oversight responsibilities to Multi-National Force-Iraq (MNF-I), which established Contractor Operations Cells (CONOCs) to gather and distribute information on serious incidents involving PSCs. DoD also delegated to the Armed Contractor Oversight Division—now called the Armed Contractor Oversight Branch (ACOB)—the responsibility to manage the serious incidents.

Results

From May 2008 through February 2009, 109 incidents of weapons discharges were reported by 13 DoD PSCs and recorded in MNF-I's CONOC database. Of these, five incidents resulted in injuries to six PSC employees and two deaths, including one employee of the U.S. Army Corps of Engineers caused by enemy action. No Iraqi civilians were injured or killed in these incidents. Almost twice as many of the incidents involved static guards (71) responsible for protecting fixed locations, than security details (38) responsible for protecting personnel and equipment convoys. All but one of the incidents, a suicide of a PSC employee, can be grouped in three primary categories—graduated force responses (a continuum of actions that can begin with nonlethal measures and end with lethal measures), negligent discharges, and responses to enemy attacks.

The ACOB database tracked 95% of the incidents involving weapons discharges from May 2008 through February 2009. This is significantly better than the 43% that SIGIR found in its previous review of all serious incidents (those involving attacks, death, serious injury, or property damage). However, SIGIR found that ACOB did not have the supporting documentation in its database to verify the actions taken on 56 of the 109 incidents

(51%) that CONOC recorded. Current ACOB officials could not explain why ACOB did not have these records on file, including 16 incidents that appear to have been investigated and remediated. This finding is consistent with a prior SIGIR audit that identified weaknesses in MNF-I's process for keeping records on serious incidents.

ACOB's lack of documentation for many of the weapons discharge incidents made it difficult, and in some cases impossible, to determine the total number of actions taken to investigate and remediate the incidents, including the actions that MNF-I may have taken against the PSCs in this timeframe. ACOB is responsible for ensuring that the commanders of the units that the PSCs support promptly and thoroughly review all serious incidents and, when necessary, investigate and remediate them. SIGIR's analysis further supports the need for ACOB and CONOC to establish a joint database for serious incidents that ACOB can use to capture the information it needs to fulfill its responsibilities to manage serious incidents involving PSCs.

Recommendations

SIGIR makes no additional recommendations to DoD in this report. However, the information presented in the report reinforces the need to implement SIGIR's previous recommendations to the Commanding General, Multi-National Force-Iraq, to take these actions:

- Require CONOC and ACOB to establish a joint database for serious incidents that both can use to capture the information they need to fulfill their responsibilities.
- Require ACOB to track all serious incidents, include data on all incidents in its analyses, perform more extensive analyses of serious incidents, and develop lessons learned from those analyses.

Management Comments and Audit Response

SIGIR received management comments from MNF-I, in which MNF-I concurred with the information provided in the draft report.

Tikrit Location Command Project Achieving Contract Goals by Using Sound Management Practices
(SIGIR 09-024, 7/2009)

Introduction

SIGIR has a legislative requirement to prepare, prior to its termination, a final forensic audit on funds made available for Iraq relief and reconstruction prior to its termination. This review examines the Tikrit Location Command, a $37.8 million project to construct a new area support base for the Iraqi Army. The project is a joint effort between the Multi-National Security Transition Command-Iraq (MNSTC-I) and the Iraq Training and Advisory Mission-Army (ITAM). The Joint Contracting Command-Iraq/Afghanistan awarded the contract and is responsible for contract oversight. The Gulf Region-North District (GRN) of the U.S. Army Corps of Engineers provides program management and engineering oversight. The project is funded by the Iraq Security Forces Fund (ISFF).

SIGIR's objectives were to examine contract costs, outcomes, management oversight, and issues related to the transfer and sustainment of the project, with an emphasis on vulnerabilities to fraud, waste, and abuse. This is the third SIGIR review of contracts funded by ISFF.

Results

Completing the Tikrit Location Command project has taken longer than originally planned; nevertheless, the project has not experienced cost

growth, the facilities are nearing completion, project management oversight controls are working well, and plans for transferring and sustaining the project are being developed.

As of May 2009, the contractor is meeting the requirements of the contract, and cost disbursements were commensurate with management's estimate of the construction status. The building exteriors are mostly complete, and the contractor is completing the interiors and other infrastructure and is adding the utilities. The GRN program manager estimates that overall construction is 78% complete, and both the GRN manager and the contractor believe that construction will be completed by the end of the current period of performance, which is September 26, 2009. About $25.2 million of the $37.8 million—nearly 67% of the modified contract price—has been disbursed to the contractor.

Strong program, project, and contract management controls were in place from the beginning of this contract, and they have improved over time. When construction deficiencies were identified, action was taken to resolve the issues. Additionally, lessons learned from prior construction projects were implemented. MNSTC-I officials said that a good security situation at Tikrit, among other factors, contributed to the positive outcome.

The project is approximately three months from its scheduled completion date; thus, it has not yet been transferred to the Government of Iraq (GOI). Nonetheless, MNSTC-I has an asset transfer plan in place and is working with the GOI to address several training and sustainment issues, including securing an adequate power supply for the facility and training Iraqis to operate the reverse-osmosis water treatment facility. To monitor the project after its transfer, a logistics military advisory team will be located at the site to advise the location command's commander. A logistics training assistance team will also be formed to provide focused training, and ITAM officials will conduct capability assessments to track the GOI's progress in base services, water treatment, and other areas.

Recommendations
This report makes no new recommendations.

Lessons Learned
As SIGIR has previously identified in other reconstruction projects, involving GOI officials in the design and construction phases of projects that they will ultimately use contributes to GOI acceptance of and commitment to the project. Further, requiring project managers to implement lessons learned from other reconstruction projects helps to achieve overall better program management and outcomes. Iraq lessons should be shared with reconstruction project managers in Afghanistan.

Management Comments and Audit Response
SIGIR received written comments from the Multi-National Security Transition Command-Iraq and technical comments from the Iraq Training and Advisory Mission-Army, which we incorporated in the body of the report as appropriate.

Commander's Emergency Response Program: Muhalla 312 Electrical Distribution Project Largely Successful
(SIGIR 09-025, 7/2009)

Introduction
Since October 2005, SIGIR has issued four reports on the management controls and accountability

of Commander's Emergency Response Program (CERP) funds. This report focuses on the outcome, cost, and oversight of one CERP project—the Electrical Distribution Grid in a Baghdad neighborhood known as Muhalla 312. Muhalla 312 is the most expensive project undertaken with CERP funding in Iraq: the project encompassed the entire Muhalla 312 (estimated to be 10 square blocks).

SIGIR's objectives were to examine:

- the project outcome in terms of final costs and completion time
- the effectiveness of the contracting process and oversight of the contract
- the coordination of the project with other reconstruction funds and programs
- the transfer to and sustainment efforts of the Government of Iraq (GOI)

Results

The Muhalla 312 distribution grid project was largely successful in meeting its intended outcome and was completed within cost. In November 2006, the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) awarded a contract to Civilian Technologies Limited for nearly $11.7 million to rehabilitate the electricity distribution facility at Muhalla 312. Over the next 26 months, JCC-I/A issued four contract modifications, including a design change that increased the contract amount to nearly $11.8 million. The increase was minimal—less than 1%; however, the project took considerably longer than anticipated. Project delays were the result of challenges in obtaining approvals from the Iraqi Ministry of Electricity (MOE) and security problems.

Contract management and project oversight were generally effective. The Gulf Region Division-Central District (GRC) of the U.S. Army Corps of Engineers performed effective quality assurance on the project. SIGIR reviewed the contract award and solicitation documentation, which showed that JCC-I/A found only one contractor to be technically acceptable. The statement of work for the contract was well defined. SIGIR reviewed contractor invoices and receiving documents and determined that invoices equaled the total contract price.

The project was coordinated effectively with the GOI; however, SIGIR was unable to confirm that Multi-National Corps-Iraq coordinated the project with any other U.S. reconstruction agencies. Lack of project coordination could reduce the overall impact of the intended results.

On January 13, 2009, GRC effectively transitioned the electrical distribution grid to the GOI. On May 20, 2009, SIGIR visited the project site and observed that the GOI was sustaining the project.

Although the project took longer to complete than anticipated because of GOI approval delays and security issues, this was a successful CERP project. This supports an earlier SIGIR lesson learned that early engagement of GOI officials on projects can lead to a more effective transition and a commitment to sustain the project. Contract management and project oversight were effective, and GOI is sustaining the electrical distribution grid even though Multi-National Division-Baghdad did not obtain a sustainment agreement up front.

Recommendations

This report makes no recommendations.

Lesson Learned

The Muhalla 312 electrical distribution grid project showed that obtaining host country buy-in of a project and its design can help achieve positive results in the project's transition and

sustainment phases. This lesson learned applies to CERP implementation in other contingency situations, such as Afghanistan.

Management Comments and Audit Response

The responsible agencies were not required to provide comments to the draft of this report because there were no recommendations. However, MNC-I provided technical comments that we considered in preparing the final report.

Commander's Emergency Response Program: Hotel Construction Completed, but Project Management Issues Remain
(SIGIR 09-026, 7/2009)

Introduction

SIGIR has issued five reports on the management controls and accountability of Commander's Emergency Response Program (CERP) funds. This report focuses on the outcomes, cost, and oversight of the Baghdad International Airport Caravan Hotel, one of the larger CERP projects. A $4.2 million contract was awarded to TAMA Design Consultancy and Construction, an Iraqi contractor, to provide international travelers and the public with hotel accommodations near the Baghdad Airport.

SIGIR's reporting objectives for this audit are to examine:

- contract outcome, cost, and schedule
- project justification and compliance with CERP guidelines
- contract oversight
- coordination of the project among U.S. government agencies and with the Government of Iraq (GOI)
- transfer of the project to the GOI

Results

Although the project's construction was consistent with the contract requirements, a number of weaknesses in the project's overall management raise questions about project selection, cost, oversight, hotel management contract, and plans for transfer to the GOI. These conditions appear to be caused largely by the new, improved general guidance for the CERP and a lack of management attention to properly documenting project decisions and plans. This situation is of particular concern to SIGIR because, at $4.2 million, this is one of the highest dollar value CERP projects in Iraq; therefore, it warranted closer management attention.

Despite scheduling delays, the project met its construction and cost goals The contract was awarded in October 2007, the contractor completed construction in August 2008, and the hotel has been open since September 2008. The project schedule slipped 6 months, taking a total of 10 months, but no cost increases occurred.

The Commanding General, Multi-National Corps-Iraq (MNC-I), approved the Caravan Hotel project using existing CERP guidance. SIGIR questions whether the project met all selection criteria, but notes the general nature of the guidance and believes the selection was reasonable. SIGIR also notes that subsequent congressional direction and related Department of Defense regulations have strengthened controls over the approval of large-scale CERP projects.

Documentation was missing to justify key project actions, such as increasing the contract price during the solicitation process from a planned $2.7 million to $4.2 million, not having TAMA manage the hotel even though the original justification stated it would, and changing the payment process from electronic fund

transfer to cash for about $1.2 million and then back again to electronic.

Documentation of the Contracting Officer Representative's activities was missing, including verification of TAMA's contract performance, inspections, and correspondence with TAMA. Further, although MNC-I coordinated the project with other projects within the Baghdad International Airport Economic Zone, the Multi-National Division-Baghdad, and the Iraqi Civil Aviation Administration, MNC-I did not coordinate the project with other U.S. reconstruction agencies.

MNC-I has not developed a plan for transferring the hotel and has entered into a contract arrangement with a private joint venture to run the hotel. The contractor is paid from the hotel's profits. MNC-I has delayed tranferring the hotel to the GOI because it is concerned that the Iraq Ministry of Transportation will close the hotel and remove all of the furniture and equipment from the property, as happened with other CERP projects at the airport. Although SIGIR shares MNC-I concerns about putting the investment at risk, MNC-I has not provided SIGIR the legal justification for the contract.

Recommendations

SIGIR recommends that the Commanding General, Multi-National Corps-Iraq (MNC-I), take actions to:

1. Update CERP guidelines to reflect new policies and procedures requiring electronic fund transfers.
2. Conduct a legal review of the hotel construction contract and the current hotel management contract to confirm that relevant legal authorities supporting major actions and decisions have been identified and fully documented. Specific issues to be addressed are identified in the body of the report.
3. Review the contract issues identified in this report, including contract award, payments, construction delays, and record-keeping processes.
4. Develop a plan for turning the project over to the GOI.

Management Comments

SIGIR received written comments from Multi-National Force-Iraq (MNF-I), which we considered in writing this report. SIGIR's recommendations were directed to MNC-I, a subordinate command of MNF-I. MNF-I concurred with the report's recommendations and provided additional comments. MNF-I stated that the contract issues identified in recommendation three would have to be reviewed through JCC-I/A, not MNC-I. MNF-I stated that MNC-I is developing a plan to turn the Caravan Hotel over to the GOI. A draft memorandum of agreement is being developed, and MNF-I expects signatures from MNC-I, the Iraq Minister of Transportation, and SIGMA Group within two weeks. MNF-I stated that the memorandum will result in the transfer of the hotel to the GOI.

Developing Iraqi Military Depot Maintenance Capability at Taji Hampered by Numerous Problems
(SIGIR 09-027, 7/2009)

Introduction

This report discusses a $350 million Multi-National Security Transition Command-Iraq (MNSTC-I) contract, funded by the Iraq Security Forces Fund, to complete the Taji National Maintenance Depot (TNMD) in Iraq. Constructing the depot was a seven-phase project, and this contract supports the final four phases:
1. procuring and installing equipment

2. training Iraqi soldiers and civilians in depot maintenance and operations
3. initiating operations
4. transitioning the depot to Iraqi control

The contract was awarded by the Joint Contracting Command-Iraq/Afghanistan to AECOM Government Services.

SIGIR's objectives are to review the key requirements and provisions of the contract to determine cost, outcome, and management oversight, with an emphasis on the controls to prevent and detect fraud, waste, and abuse.

Results

Although the contract was valued at $350 million, MNSTC-I elected to cancel two option periods, and final costs for the contract will be about $220 million. However, the possibility that the Iraqi Army will be capable of successfully operating the depot by December 31, 2009—even at a low rate of production—seems unlikely. (A low rate production goal, as defined by MNSTC-I, refers to the number of times Iraqi personnel must independently demonstrate the capability to successfully complete certain maintenance actions. For example, a goal of 30 engines means that before transition the Iraqis should have successfully overhauled 30 engines.) Much of the equipment required under Phase IV of the contract still needs to be installed and commissioned. The training required under Phase V of the contract has not produced sufficient numbers of journeyman-level mechanics, and the low rate production requirements under Phase VI of the contract have been minimally achieved for only a few types of equipment. Until these objectives are met, the ability of the Iraqi Security Forces (ISF) to independently conduct depot-level maintenance will be limited.

Nonetheless, MNSTC-I reports that it intends to transfer the facility on December 31, 2009, in an "as is" condition, without regard to level of facility, equipment, or training development.

Although the outcome of this contract is less than successful to date, SIGIR found that MNSTC-I's management and oversight was generally effective. The MNSTC-I team responsible for this contract has managed two complex issues: the poor-quality renovation and construction work done under an earlier Phase III contract, specifically electrical work and the failure of the Iraqi Army to commit soldiers for training.

SIGIR's analysis of project management generally shows that despite the schedule extension, MNSTC-I managed these problems well. Most specifically, MNSTC-I kept the overall contract costs near the original estimate. SIGIR has previously recommended that continued U.S. investment in developing the ISF's maintenance capability be contingent on negotiating an agreement with the Iraqi Ministry of Defense for transitioning maintenance responsibility. SIGIR also identified a lesson learned that when agreements cannot be reached, assessing the risk of increased costs and the failure to achieve objectives should be an integral part of the management decision-making process. In this case, MNSTC-I has assessed that risk and made its decision.

Recommendations

SIGIR recommends that the Commanding General, MNSTC-I, direct that these actions be taken:
1. Due to the seriousness of the safety hazards and electrical problems uncovered within the depot facilities related to the Phase III construction, reevaluate the decision not to pursue action against these responsible contractors.
2. Develop a comprehensive plan to guide the activities of the future U.S. organization that

assumes responsibility for assisting the Iraqi Army to realize the goal of the TNMD. The plan should address at a minimum lessons learned, revised or modified objectives, the way ahead, and how best to sustain the TNMD once the Depot Integrator contract expires.

SIGIR also notes that MNSTC-I agreed with an April 2009 SIGIR recommendation (SIGIR 09-014) that the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibilities to the Iraqi Army to include identifying each party's role and responsibilities and a time line for achieving this goal. SIGIR has not yet been apprised of specific actions that have been taken.

Management Comments and Audit Response

SIGIR received written comments from MNSTC-I and GRD, which we considered in writing this report. MNSTC-I partially concurred that action should be taken against the Phase III contractors, stating that only the contracting office can hold the contractors accountable. GRD stated that Gulf Region Central Counsel is currently evaluating possible legal alternatives. However, SIGIR continues to believe that MNSTC-I, as the program manager and funding agency, has the authority and the responsibility to request that actions be taken to address this contracting issue. MNSTC-I concurred that it should develop a plan for guiding the activities of a follow-on organization.

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 includes a series of focused contract audits of major Iraq reconstruction contracts, which will allow SIGIR to respond to congressional direction for a "forensic audit" of U.S. spending associated with Iraq reconstruction.

Ongoing Audits

SIGIR is currently working on these audits:

- Project 9002: Audit of Iraq Security Forces Fund Contracts with Environmental Chemical Corporation (ECC) for Iraq Reconstruction Projects
- Project 9007: Audit of the Cost, Outcome, and Oversight of Contracts with Wamar International, Inc., for Program Activities in Iraq
- Project 9011: Audit of Transaction Data for the Development Fund for Iraq
- Project 9018: Review of U.S. Government Management of the Government of Iraq Commander's Emergency Response Program (I-CERP)
- Project 9019: Audit of Efforts Under a Stanley Baker Hill Contract To Address Deficiencies in U.S.-funded Health Projects
- Project 9020: Audit of Department of Defense Obligations Supporting U.S. Efforts in Iraq
- Project 9022: Audit of Costs for the Global Maintenance and Supply Services Contract
- Project 9023: Audit of the Use of U.S. Iraq Security Forces Fund (ISFF) To Train, Equip, and Develop Iraqi Air Force, Navy, and Special Operations Forces

- Project 9024: Audit of DoS Management Practices Related to International Republican Institute and National Democratic Institute Grants for Democracy Building Projects in Iraq
- Project 9025: Audit of the DynCorp International Task Orders for the Iraqi Police Training Program
- Project 9026: Audit of the Commander's Emergency Response Program Projects within the Baghdad International Airport Economic Zone
- Project 9027: Audit of the U.S. Army Corps of Engineers Gulf Region Division Plans for Collection and Turnover of Government Furnished Equipment

Ongoing Forensic Audits
- Project 9005: Examination of DoD Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction for Fiscal Years 2003–2008
- Project 9012: Examination of DoS Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction
- Project 9013: Examination of USAID Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction

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 and objective leadership, and recommendations or policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq

SIGIR's strategic plan recognizes two specific legislative mandates affecting SIGIR audits. The first is the mandate for SIGIR to complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction before SIGIR goes out of existence. As part of that effort, SIGIR has completed 12 focused contract audits dealing with outcome, cost, and oversight associated with major reconstruction contracts in Iraq, as well as vulnerabilities to fraud, waste, and abuse. Additional contract audits are ongoing, as noted above, and others are planned. These audits will increasingly focus on contracts funded by the Iraq Security Forces Fund and the Economic Support Fund.

SIGIR is also turning more of its resources to its forensic auditing initiatives. Last quarter, SIGIR broadened its forensic audit efforts through a review of DoD's automated data on appropriations, obligations, and expenditures for Iraq relief and reconstruction activities for fiscal years 2003–2008. That project is well under way, and the results on identifying potential criminal activities and other abuses are promising. SIGIR has since included similar reviews at DoS and USAID.

A forensic audit is a systematic evaluation of the effectiveness of internal controls over a program, process, and/or policies and procedures. Each of the three projects seeks to identify ineffective internal controls that leave the government vulnerable to fraud, waste, and abuse. They combine data-mining and investigative

techniques to expose these weaknesses to high-light the consequences of inadequate controls and to develop the necessary evidentiary information to make determinations regarding the feasibility for civil or criminal prosecutions.

The combined scope of the three projects will enable SIGIR to comprehensively examine total U.S. government expenditures associated with more than $52 billion appropriated for Iraq relief and reconstruction. This body of work, along with SIGIR's other audit activities, will also ensure that SIGIR meets its congressional mandate to "prepare a final forensic audit report on all funds deemed to be amounts appropriated or otherwise made available to the Iraq Relief and Reconstruction Fund." ◆

SIGIR INSPECTIONS

This quarter, SIGIR completed seven project assessments, which were issued in six reports:

- Basrah Children's Hospital
- Roll-On/Roll-Off Berth at the Port of Umm Qasr
- 4th Brigade, 10th Infantry Division Iraqi Army Headquarters Barracks
- Missan Surgical Hospital, Phase 1 and 2
- Mujarrah Canal Bridge
- Ammana Market Renovation

To date, SIGIR has completed 154 project assessments covering 142 project sites. This quarter, SIGIR teams assessed relief and reconstruction projects funded by the Iraq Relief and Reconstruction Fund (IRRF), the Economic Support Fund (ESF), the Commander's Emergency Response Program (CERP), and the Child Survivor and Health Programs Fund (CSF).

SIGIR's sustainment assessments focus on whether the projects delivered to the Iraqis were operating at the capacity planned in the original contract or task order objective. To accomplish this, SIGIR determined whether the projects were at planned capacity when accepted by the U.S. government, when transferred to Iraqi operators, and during the assessment. In addition, SIGIR determined whether sustainability was adequately planned for and whether it is likely to continue.

SIGIR's in-progress construction assessments addressed these general questions:

- Were the project components adequately designed before construction or installation?
- Did the construction or rehabilitation meet the standards of the design?

- Were the contractor's quality control and the U.S. government's quality assurance programs adequate?
- Were project sustainability and operational effectiveness adequately addressed?
- Were the project results consistent with the original objectives?

Since the Inspections program began four years ago, SIGIR has also completed 96 limited on-site inspections and 779 aerial assessments.

Although security has improved in Iraq, the risk of violence continues to impede SIGIR's ability to conduct on-site assessments of reconstruction projects. This quarter, SIGIR assessment teams again had limited time on site to conduct inspections.

This quarter, SIGIR conducted three sustainment assessments and four in-progress construction assessments. The results were similar to SIGIR's findings in previous assessments:

- Long-term operations and maintenance practices were not always being accomplished.
- Routine maintenance was not always being performed.

This quarter's project assessment of the **Basrah Children's Hospital (BCH) (PA-08-160)** documents the problems the Iraqis face in planning and budgeting to take control of projects turned over to them. The SIGIR assessment revealed that the project's design and, for the most part, the construction were adequate. The contractor's quality control (QC) plan was sufficiently detailed to guide the contractor's quality management program, the government quality assurance (QA) program was effective

in monitoring the contractor's QC program, and sustainability was addressed in the contract requirements. To date, the project results are partially consistent with the project objective; however, the project results are not consistent with a "state of the art" pediatric specialist hospital with respect to medical equipment and its operation.

As of June 2009, the Government of Iraq (GOI) has been unable to follow through on its obligations to the BCH project. For example, the GOI has not:

- provided qualified candidates for training courses, such as radiation therapy
- funded an annual operating budget
- funded, advertised, or awarded contracts for service, maintenance, a wastewater treatment plant, medical fluid waste treatment, or high-end medical equipment
- provided dedicated electrical power

As of May 2009, the U.S. government, Project HOPE, and the Government of Spain have contributed $156.9 million of the $165.7 million total funding for the BCH project (approximately 95%). Even though the GOI's portion is considerably smaller than the other BCH partners, not carrying out its essential obligations will have a significant negative impact on this project.

This quarter, SIGIR also inspected the **Roll-On/Roll-Off Berth at the Port of Umm Qasr (PA-08-162)**. The project objective was to increase the operational efficiency and capacity of the Port of Umm Qasr. The project will result in allowing additional vessels to dock at the Port of Umm Qasr, thereby increasing the amount of imports and exports flowing through the port while also reducing the time for loading and unloading freight. The project will also result in an increase in local employment. SIGIR identified only minor damage and concluded that the construction of the Roll-On/Roll-Off Berth facility was adequate. Aside from the minor damage noted, the project was operating at the capacity provided for in the contract. This project is an example of good design and quality construction that was turned over to the Iraqis and has made a positive impact and continues to do so.

For a list of the project assessments that SIGIR completed this quarter, see Table 4.2. For a

TABLE 4.2
SEVEN PROJECTS ASSESSED THIS QUARTER
$ Thousands

Project Name	Assessment Type	Province	Budgeted Cost	Executing Agency	Funding Source	Contractor	GRD Region
Basrah Children's Hospital	Construction	Basrah	$37,682	GRS	IRRF, CERP, & CSH	Bechtel & MID Contracting	South
Roll-On/Roll-Off Berth at the Port of Umm Qasr	Sustainment	Basrah	$2,735	GRS	IRRF	Local	South
4th Brigade, 10th Infantry Division Iraqi Army HQ Barracks	Sustainment	Missan	$1,253	GRS	IRRF	Local	South
Missan Surgical Hospital, Phase 1	Construction	Missan	$5,900	GRS	ESF	Local	South
Missan Surgical Hospital, Phase 2	Construction	Missan	$6,800	GRS	ESF	Local	South
Mujarrah Canal Bridge	Construction	Anbar	$1,262	GRC	CERP	Local	Central
Ammana Market Renovation	Sustainment	Baghdad	$596	GRC	CERP	Local	Central

complete list of project assessments from previous quarters, see Appendix G.

Figure 4.5 shows the approximate location of each project assessed this quarter and in previous quarters.

SIGIR Project Assessments

This section provides summaries of SIGIR project assessment reports completed this quarter. For the full reports, see the SIGIR website, www.sigir.mil.

Basrah Children's Hospital, Basrah, Iraq
SIGIR PA-08-160

Background
In the 1970s, large oil reserves and abundant natural and human resources enabled Iraq to attain the status of a middle-income country while enjoying perhaps the best health care system in the Middle East. However, over the past 35 years, Iraq's health care system deteriorated to that of a third-world developing country, primarily because of a lack of investment in health care for children and in modern training for health care providers. In addition, three wars and international economic sanctions have stifled economic growth and development, which has debilitated basic infrastructure and social services.

On June 27, 2006, the Louis Berger Group, Inc., issued a report (the Berger Report) on the Basrah Children's Hospital, which provided background information on the decline in health care in Iraq. The Berger Report found that child mortality rates and maternity mortality rates have doubled, and adult mortality has grown exponentially. In Iraq, childhood cancers are
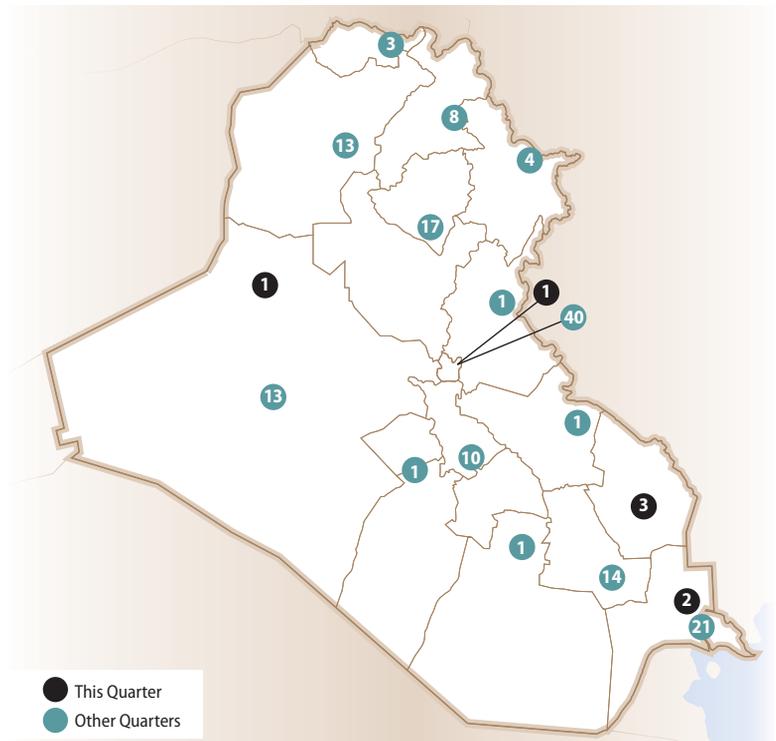
Approximate locations of projects assessed this quarter and location by province of previous quarters' assessments.

8-10 times more common than in the western world: the incidence rate in Iraq is 8%, compared to 0.5-1% in developed countries. The most common childhood cancers are leukemia, lymphomas, brain tumors, and other nervous system tumors. Since 1993, the Iraqi cancer registry has reported an increase in the number and proportion of cases of leukemia in the southern provinces. For example, in 1989, Basrah reported 5.5% of Iraq's leukemia cases. In 1993, that number grew to 8.5%; in 1995, to 9.1%. In 1998, Basrah reported 9.2% of all of Iraq's cases of leukemia. Today, children under the age of five account for approximately 56% of the registered cancer cases.

Of the five common forms of cancer that account for more than 50% of all cases, a large proportion of cancers are preventable, and half can be diagnosed early. If diagnosed in time, four are curable by standard therapies. However, because of the lack of adequate health care services, most cancer cases are detected in advanced stages; therefore, they are incurable even if the best therapies are accessible.

The Berger Report noted that currently 8% of Iraqi children with leukemia survive, compared to 80% in the United States. Late diagnosis and a lack of standard curative therapy are the main causes of death. Without palliative care, most of today's cancer patients in Iraq die in pain and suffering that can be avoided.

In 2003, the First Lady of The United States became increasingly concerned about the deteriorating Iraqi health care system, especially for the children suffering from cancer. Project HOPE (Health Opportunities for People

Everywhere) was asked to make a fact-finding mission to Iraq to identify the most appropriate opportunity to fund a children's hospital. Project HOPE—an international non-profit health, education, and humanitarian assistance organization—found "deplorable health care conditions plaguing Iraqi society." Specifically, Project HOPE identified a very high child-mortality rate in southern Iraq, where 150 out of 1,000 children were dying before reaching the age of five; most died before their first birthday. In addition, cancer is almost five times higher in southern Iraq than the national average.

The U.S. government has contracted to construct many new primary health care centers and rehabilitate existing Iraqi hospitals and clinics, but this project was envisioned as a signature project to meet the urgent medical needs of the Iraqis, specifically the needs of critically ill children. The project eventually became known as the Basrah Children's Hospital (BCH), also referred to as the Laura Bush Children's Hospital.

Project Assessment Objective

The objective of this project assessment was to provide real-time information on relief and reconstruction projects to interested parties to enable appropriate action, when warranted. Specifically, SIGIR addressed these questions:

1. Were the project components adequately designed prior to construction or installation?
2. Did the construction or rehabilitation comply with the standards of the design?
3. Were adequate quality management programs being utilized?
4. Was sustainability addressed in the contract or task order for the project?
5. Will the project results be consistent with their original objectives?

Ongoing construction work at the Basrah Children's Hospital.

SIGIR conducted this limited scope assessment in accordance with the Quality Standards for Inspections issued by the Council of the Inspectors General on Integrity and Efficiency. The assessment team comprised two engineers/inspectors and two auditors/inspectors.

Project Objective

To combat the alarming rate of child mortality in southern Iraq, the U.S. Agency for International Development (USAID) and Project HOPE formed a public-private partnership to establish a "state of the art" pediatric specialist hospital in the southern city of Basrah, Iraq. Specifically, USAID was responsible for the construction of a two-story, 160,000 square foot, 94-bed acute and referral care center; Project HOPE was responsible for providing the medical equipment and training Iraqi doctors and nurses. The focus of the BCH would be pediatric oncology: early projections called for annual pediatric admissions of 360 cancer patients, 468 intensive care patients, 354 neonatal intensive care patients, and 2,230 acute care patients. In addition, this hospital is intended to lead the southern provinces in meeting the goal of the Ministry of Health (MOH) to reduce child mortality by 50% over the next five years. More than one million children live in the region.

Actions Taken

On January 5, 2004, USAID awarded an indefinite delivery/indefinite quantity, cost-plus-fixed-fee contract to Bechtel National, Inc. (Bechtel) for the "design, rehabilitation, reconstruction, and construction of infrastructure projects in support of U.S. assistance to Iraq in electric, water and sanitation services, telecommunications, and selected public buildings." Job Order 04-511 of the Bechtel contract required the

Entry corridor in the main hospital building of the Basrah Children's Hospital.

design and construction of a pediatric teaching hospital in Basrah, focusing on acute care and oncology services for children. The projected start date was July 1, 2004; the completion date was December 2005. By June 2006, the cost had grown significantly and the schedule was delayed repeatedly, primarily because of poor subcontractor performance and limited oversight by the prime contractor. USAID issued a stop-work notice to Bechtel on the project; on June 27, 2006, the U.S. Embassy Iraq issued a directive outlining the program transfer from USAID to the U.S. Army Corps of Engineers Gulf Region Division (GRD). In July 2006, SIGIR completed its audit of the BCH, which detailed these events. At the time of the transfer, the project was approximately 30% complete.

Since then, the U.S. government and the United Nations Development Program (UNDP) have awarded 24 separate contracts to complete the BCH facility and ancillary buildings. This project was originally projected to be completed by

Curb stones and grading work for parking at the Basrah Children's Hospital.

December 2005 for $50 million. The SIGIR audit in July 2006 forecast that the project would cost $165 million. At the time of the SIGIR site visit in January 2009, construction of the facility was still ongoing, and the total cost of the project had reached $165.7 million (including construction, medical equipment, training, and consumables). This project has already entered its fifth year of construction, and the date of full operation of the facility is still unknown.

The BCH project cost more than $100 million in U.S. funding alone. Including the main hospital building and associated supporting facilities, BCH is one of the largest projects undertaken by the U.S. government in Iraq. The U.S. government and the GOI have identified it as a priority project because it intends to reduce the child mortality rate in Iraq (specifically in the southern area). The BCH also will serve as an educational facility for improving and expanding the training of health professionals throughout Iraq.

Issues Affecting Costs and Scheduling Delays

Several factors have contributed to the escalation of the project's costs and drastically slipping schedule, including:

- unrealistic timeframes for designing and constructing a new hospital, including determining the scope/size of the facility, while integrating more than 8,000 pieces of equipment, furniture, and computers
- poor soil conditions at the project site
- drastically changing security situation in and around the project site, including the murder of 24 workers in the course of construction
- multiple BCH partners and funding sources
- the GOI's difficulty supporting the assigned tasks of construction and operation of the hospital

Because contracts funded by the UNDP and GOI are outside SIGIR's jurisdiction, this assessment is primarily focused on the MID Contracting (MIDCON) contract for the main hospital building. However, because the BCH will not be fully operational until all construction and services contracts are completely finished, medical equipment is delivered and installed, and training is received, this assessment will also discuss the status of the contracts funded by non-U.S. government sources and their implications on the opening and operation of the hospital.

Conclusions

The assessment determined that:

1. The contractor's design was sufficient to construct the two-story hospital facility and site utilities, which will comprise the BCH campus. The design submittals included architectural, electrical, mechanical, and plumbing drawings. With the exception of the seismic design for mechanical hangers

and block walls, the overall design drawings and specifications appeared to be complete and consistent with the requirements of the contract.

The contractor's seismic design for the mechanical hangers and block walls did not meet the International Building Code (IBC) standards required by the contract. Specifically, the contractor installed all hanging equipment with vertical supports, but no diagonal braces. During an earthquake, diagonal braces transfer the lateral load into the slab above. The Basrah Area Office (BAO) of Gulf Region South (GRS) determined that the IBC standards required diagonal bracings. In addition, BAO also determined that the interior masonry block walls cannot withstand the design earthquake force. Even though the block walls are non-load bearing, the IBC required that the walls must be able to maintain their structural integrity during an earthquake. BAO determined that under the design earthquake lateral loading, the walls would collapse. In February 2009, the contractor submitted design drawings to rectify Bechtel's previously deficient seismic design for the mechanical hangers and interior block walls, which BAO approved as sufficient to satisfy the requirements of the IBC.

The contractor designed the sewer system as a gravity conveyance system, with eight lift stations discharging at a single point to the municipal sewer system. The project incorporates 8 duplex lift stations using 16 electric pumps into the collection system design. According to BAO representatives, the water table in the area is very high, which limited the length of run of gravity flow pipe; consequently, the sewer system had to be designed with a large number of lift stations. Although not a design deficiency, SIGIR is concerned about the significant amount of operation and maintenance costs associated with the operation of eight duplex lift stations. The facilities engineer will be responsible for maintaining the 16 pumps, which are spread out over the 85,000 square-meter (m^2) medical campus. The failure of a single lift station will shut down the entire sewer system until it is repaired or replaced.

Overall, the contractor's designs provided enough information and detail to adequately construct the BCH campus.

2. At the time of the site visit, construction work on the hospital facility was still ongoing. In general, the construction appeared to meet the standards of the Statement of Work. SIGIR did not observe significant deficiencies or any noticeable defects associated with the quality of workmanship. At the time of the site visit, no furniture or equipment had been installed in the rooms; therefore, SIGIR could not test the wiring, bed-heads, and medical equipment. The observed construction work associated with the BCH facility appeared to meet the standards of the contract.

The project file documentation identified one instance in which construction did not meet the standard of the design, but it was not visible to SIGIR during the site visit. In southern Iraq, subterranean termite infestation is widely acknowledged to be chronic, regardless of building type; termite damage to concrete buildings has even been reported. To combat the termite problem, Bechtel planned to apply a termiticide, Chlorofet 48% TC, on all soils below the slabs, pile caps, and footings.

Nevertheless, in September 2005, the USAID instructed Bechtel to immediately stop using the termite treatment on the hospital site. According to project file documentation, USAID does not allow the use of pesticides on any of its projects. By the time USAID instructed Bechtel to stop using the termite treatment, Bechtel had already applied Chlorofet 48% TC to approximately 2,000m^2 of the site (the area of the building is approximately 15,000m^2). Bechtel provided an extensive justification for the use of termiticide; USAID eventually approved the application of termiticide. However, by the time USAID approved the application of termiticide, the building slabs and foundations had been poured. Bechtel concluded that the BCH facility is not adequately protected against termite infestation.

Because USAID directed Bechtel to stop using the previously planned termite treatment, SIGIR does not consider the fact that the entire site was not treated as a deficiency by Bechtel. Rather, SIGIR is documenting this as an example of construction that did not meet the standards of the design.

3. The contractor's quality control (QC) plan was sufficiently detailed to effectively guide the contractor's quality management program. The contractor submitted a QC plan, which based on the SIGIR review, met the standards addressed in Engineering Regulation 1180-1-6 (Construction Quality Management). The QC representatives monitored field activities and completed daily reports, which were reviewed by the BAO project engineer. The QC daily reports presented a brief background on the work activities performed and major equipment on site.

The QC representatives supplemented the daily QC reports with detailed photographs that reinforce the information provided in the reports. In addition, the QC representatives kept a comprehensive deficiency log of identified deficiencies either by type (electrical, mechanical, and civil) or by location (zones 1-5).

The government quality assurance (QA) program was effective in monitoring the contractor's QC program. BAO had dedicated personnel on site. Local national QA representatives monitored field activities and completed daily QA reports, which the BAO project engineer reviewed; the daily reports documented the work performed for the day. In addition, the QA representatives supplemented the daily QA reports with detailed photographs that reinforced the information provided in the reports. SIGIR reviewed the daily QA reports and found that the QA representatives did an effective job in identifying and correcting construction deficiencies at the project site. Further, the QA representatives used a deficiency spreadsheet to document each identified construction deficiency, the date it was identified, the corrective action taken, the date the corrective action was taken, and the current status.

In addition, GRS assumed all jobsite activities for the UNDP contracts, which included design review and construction monitoring. Therefore, in addition to providing construction management, technical support, and QA reporting for the four contracts funded by the U.S. government (including the key contract to complete the main hospital building), BAO also provides QA reporting on all UNDP-awarded contracts. BAO's QA representatives became responsible for overseeing multiple

projects simultaneously throughout the entire complex. In addition, BAO staff became responsible for daily oversight of the activities of approximately 1,000 contractor personnel on site. Currently, BAO employs seven local national QA representatives working full time on site. GRS personnel generally visit the site weekly to determine contractor progress and monitor construction quality.

However, due to a partnership agreement between UNDP and DoS, GRS's standard Supervisory and Administration fees for project management and QA responsibilities were eliminated; consequently, from December 2007 to May 2009, UNDP did not reimburse GRS for performing project management and QA for its contracts. However, in May 2009, GRS terminated QA support for UNDP projects. In order to allow for a smooth transition, GRS will continue to provide a project manager position responsible for coordinating and reporting on the activities of Project HOPE, UNDP, the Ministry of Health, and U.S. government activities related to the BCH until July 31, 2009.

BAO's vigorous QA program is ensuring the successful completion of the hospital facility and ancillary buildings on the BCH campus.

4. Sustainability was addressed in the contract requirements. The Statement of Work included sustainability elements to assist the Ministry of Health (MOH), which is ultimately responsible for operating the BCH after turnover. The contract specifications require that the contractor provide a 12-month contractor-certified construction warranty for all building equipment, construction, and components. In addition, the

Exterior stone cladding installation at the Basrah Children's Hospital.

contractor must provide and certify warranties in the name of the MOH. Further, the contractor must provide all operation and maintenance (O&M) manuals for all facility equipment, and is responsible for testing/commissioning all mechanical and electrical systems. The contract also required catalog cuts and a list of spare parts for the facility, noting the required materials or equipment, cost, and the years of maintenance that are projected to be required. This list includes all requirements for the years of operation, ranging from the second year to the fifth. Finally, a MIDCON electrical engineer familiar with the installed electrical and mechanical equipment and systems will stay in Basrah for one year, beginning June 27, 2009. The engineer will provide full-time technical support to the BCH engineering staff to ensure that the engineering staff understands and can maintain the equipment and electrical systems.

5. To date, the BCH project results are partially consistent with the project objective to establish a "state of the art" pediatric specialist hospital in the southern city of Basrah. Specifically, the project results are consistent with respect to the design and construction of a pediatric specialist hospital. The newly constructed hospital facility will provide cancer-stricken children and their families a safe and peaceful environment to undergo advanced medical treatment.

However, the project results are not consistent with a "state of the art" pediatric specialist hospital with respect to medical equipment and its operation. "State of the art" refers to the latest and most sophisticated or advanced stage of a technology. When USAID and Project HOPE formed the public-private partnership in 2004 to establish the new hospital center, Project HOPE was responsible for providing $20 million in specialty equipment, including 12 pieces of high-end ("state of the art") medical equipment. With construction originally scheduled for completion by December 2005, Project HOPE planned to deliver and install 2005-model high-end medical equipment. However, when construction is complete and the equipment is installed, it will be years old.

In the January 2009 BCH Steering Group Meeting, the BCH Hospital Director stated that this hospital should no longer be considered or described as a state-of-the-art facility; instead, he recommended that it be referred to as a "modern" hospital. The Steering Group unanimously agreed, and in February 2009, representatives of the U.S. government, GOI, UNDP, and Project HOPE signed a Memorandum of Understanding that described the BCH as a "modern pediatric hospital in Basrah."

The GOI's Challenges in Supporting the BCH Project

Throughout the course of this project, the U.S. government and Project HOPE have continually provided the MOH with the status of the project in terms of construction and equipping/training. In addition, they outlined the MOH's responsibilities for the success of this project:

- identifying and providing qualified candidates for training
- allocating an annual operating budget
- initiating service contracts (housekeeping, laundry, food service, cleaning)
- initiating maintenance contracts for high-end medical equipment
- budgeting for consumables
- budgeting for site security

In May 2008, GRD advised the MOH in writing that this project required additional features to complete for which no U.S. government funding was available. As a result, these additional construction and operations requirements would fall to the MOH. Specifically, the MOH needed to provide the project with a packaged wastewater treatment plant (WWTP), medical fluid waste treatment (a bio-waste water treatment plant), and dedicated electrical power.

As of June 2009, the GOI has had difficulty supporting the assigned tasks of construction and operation of the hospital. For example, the GOI has not:

- provided qualified candidates for critical training courses, such as radiation therapy
- allocated funding for an annual operating budget
- allocated funding, advertised, or awarded service contracts

- allocated funding, advertised, or awarded maintenance contracts for the high-end medical equipment
- advertised or awarded the WWTP contract
- developed, advertised, or awarded the medical fluid waste treatment contract
- provided dedicated electrical power

Each of these GOI items is essential for the completion of the project and successful operation of the facility.

Lessons Learned

This reconstruction project yields several key lessons learned for other contingency reconstruction operations that should be applied in the decision-making process for future reconstruction projects:

- Prior to construction, the U.S. government and contractors need to identify whether key utilities, such as water and power, are available. The lack of essential utilities can negatively affect both the ability of the contractor to construct the project and the ability of the ministry to properly operate the project after construction is completed.
- Realistic expectations should be established for the contractor in terms of costs and schedules.
- Effective program management and oversight is needed to avoid significantly increased costs and considerable schedule delays.
- Large reconstruction projects require detailed cost analysis to determine a realistic cost projection.
- Funding individual reconstruction projects through multiple sources can lead to delays; specifically, the inaction of one project partner can directly affect the ability of the other partners to complete their work.

- The budget execution processes of other countries may differ significantly from that of the U.S. government. Other countries may not have the funding in place to immediately open and operate a project.

As a result, the GOI faces many challenges in opening and operating the Basrah Children's Hospital. These challenges directly affect the work being completed by the U.S. government, Project HOPE, and UNDP. For example, until the MOH provides qualified candidates for radiation therapy training, Project HOPE will not allow the U.S. government's contractor to install six pieces of high-end medical equipment because of the danger of operating such equipment without proper training.

Recommendations

Contracts and grants funded by Project HOPE, UNDP, and the GOI are outside SIGIR's jurisdiction. This report does not contain any negative findings or recommendations for corrective action with respect to contracts funded by the U.S. government; therefore, management comments are not required.

Management Comments

SIGIR received comments on the draft of this report from the Multi-National Corps-Iraq and the Gulf Region Division of the U.S. Army Corps of Engineers. Multi-National Corps-Iraq advised that it had no issues with the report. Gulf Region Division indicated that it generally agreed with the facts presented in the report and provided technical comments for clarification. SIGIR reviewed the comments provided by the U.S. Army Corps of Engineers and revised the final report to address them.

Roll-On/Roll-Off Berth at Umm Qasr.

RORO Berth 22 sheared rubber fenders.

Evaluation of Management Comments

SIGIR appreciates the concurrences by Multi-National Corps-Iraq and the U.S. Army Corps of Engineers. No additional comments are required.

Roll-On/Roll-Off Berth, Port of Umm Qasr, Iraq
SIGIR PA-08-162

Project Assessment Objective

The objective of this project assessment was to determine whether the project is operating at the capacity stated in the original contract. To accomplish the objective, SIGIR determined whether the project was at full capability or capacity when accepted by the U.S. government, when transferred to Iraqi operators, and during the site inspection on January 6, 2009. SIGIR conducted this limited scope assessment in accordance with the Quality Standards for Inspections issued by the Council of the

Inspectors General on Integrity and Efficiency. The assessment team comprised one engineer/inspector and two auditors/inspectors.

Project Objective

The overall objective of the project was to construct a second Roll-On/Roll-Off Berth (RORO), known as RORO Berth 22, at the North Port of Umm Qasr, and to replace the jetty fenders that enhance energy absorption at Berth 5 of the South Port of Umm Qasr. Once completed, the project was to increase the operational efficiency and capacity of the Port of Umm Qasr in Iraq. Valued at approximately $2.7 million, the project will result in allowing additional vessels to dock at the Port of Umm Qasr, which will facilitate an increase in the amount of imports and exports flowing through the port while also reducing the time for loading and unloading freight. The project will also increase local employment.

RORO Berth 22 deck hinges.

Cushion rollers with steel spacer plates at RORO Berth.

Conclusions

On September 13, 2007, a representative from the Gulf Region South (GRS) Basrah Resident Office inspected the completed RORO Berth 22 project. The GRS representative did not write a final inspection report or take any photographs to document the condition of the project when accepted from the contractor. According to project file documentation, GRS closeout documentation concluded:

> All work required by this contract has been accomplished in a satisfactory manner and is accepted without any noted deficiencies …The Contractor…has completed all assigned work. All parties acknowledge that the work performed under the contractor meets the standards set forth in the contract scope of work.

The GRS Basrah Resident Office representative signed the Memorandum for Closeout document on September 26, 2007, certifying that all work was completed and met the standards of the contract's Statement of Work.

On September 10, 2007, prior to inspection and certification of completion, the GRS Basrah Resident Office officially turned over the RORO Berth to the Port General Manager. The contractor, a representative from the GRS Basrah Resident Office, and the Port General Manager signed a Memorandum for Record stating:

> …this document certifies that all work has been inspected, and is accepted as being in accordance with the contract requirements. Construction at this facility is complete and no other work is to be performed as part of this contract unless noted below.

On January 6, 2009, SIGIR conducted an on-site assessment of the project. During the site visit, RORO Berth 22 was not occupied, and freight was not being loaded or unloaded.

Before the site visit, SIGIR reviewed the design submittals for this project. The Statement of Work required the contractor to provide submittals at the 60% and 90% design levels, and then to provide the final as-built design documents for RORO Berth 22 and Berth 5. SIGIR requested these submittals. GRS could not produce the 60% design

drawings, but produced the 90% and as-built designs. SIGIR determined that the RORO Berth 22 and the Berth 5 jetty fenders were adequately designed.

Because of security concerns at the site, SIGIR performed only an expedited 45-minute assessment. SIGIR could not inspect the underwater requirements for the RORO Berth 22 or the jetty fenders at Berth 5; instead, SIGIR inspected these areas of RORO Berth 22:

- adjacent parking and sidewalk area
- steel deck structure and abutment
- pontoon and pontoon decking
- guide rail/roller assemblies
- mooring and berthing dolphins
- steel walkway to dolphins

SIGIR's review of the design documentation provided by GRS determined that the initial construction of RORO Berth 22 appeared adequate. However, the inspection team identified damage to the pontoon guide rail/roller assemblies,

Overhead view on approach to the 4th Brigade 10th Infantry Division site.

damage to the hinges that connect the steel structure decking and the pontoon decking, and two rubber fenders that need to be replaced on the berthing dolphins. The specific cause of the damage could not be determined; however, GRS personnel stated that the damage was caused by careless/rough operations by port personnel and lack of maintenance by the Government of Iraq.

SIGIR concluded that the construction of the RORO Berth facility was adequate; aside from the minor damages noted, the project was operating at the capacity provided for in the contract. At the time of the site visit, local port security documentation showed that RORO Berth 22 had been operational for approximately two years. Therefore, the construction of RORO Berth 22 had increased the efficiency and capacity of the Port of Umm Qasr.

Recommendations

To ensure the continued operation of Roll-On/Roll-Off Berth 22, SIGIR recommends that the U.S. Embassy Transportation Attaché communicate to the Iraqi Ministry of Transportation the need to repair or replace:

- the pontoon guide rail and roller assemblies
- the hinges that connect the steel structure decking and the pontoon decking
- two rubber fenders on the berthing dolphins

Management Comments

The U.S. Embassy Transportation Attaché verbally confirmed that the Iraqi Ministry of Transportation and Port of Umm Qasr officials had been informed of the needed repairs at Roll-On/Roll-Off Berth 22 and that his office would continue its ongoing coordination actions with the Iraqi Ministry of Transportation and Port of Umm Qasr officials to locate funding for the needed repairs.

In addition, SIGIR received comments on the draft of this report from the Commanding General, Gulf Region Division (GRD), stating that "the report adequately addresses the Gulf Region South district office's performance on the subject contract."

Evaluation of Management Comments

SIGIR appreciates the prompt action taken by the U.S. Embassy Transportation Attaché to resolve the issues identified in this report, as well as the clarifying information provided by GRD. As a result, no additional comments are required.

4th Brigade, 10th Division Iraqi Army Headquarters Barracks, Missan Province, Iraq
SIGIR PA-08-164

Project Assessment Objective

The objective of this project assessment was to determine whether the project is operating at the capacity stated in the original contract. To accomplish the objective, SIGIR determined whether the project was at full capability or capacity when accepted by the U.S. government, when transferred to Iraqi operators, and when SIGIR inspected the site on January 8, 2009. SIGIR conducted this limited scope assessment in accordance with the Quality Standards for Inspections issued by the Council of the Inspectors General on Integrity and Efficiency. The assessment team comprised one engineer/inspector and two auditors/inspectors.

Project Objective

The objective of the project was to construct new buildings and renovate existing buildings for the Iraqi 4th Brigade 10th Infantry Division. The $1.2 million contract required the contractor to construct and renovate several buildings and facilities—including an office building, toilets and baths, and roadways—and to install a generator, fuel tanks, and other equipment.

Conclusions

The Statement of Work required the contractor to construct the new battalion headquarters building and four new toilet/baths, using the original plans and specifications provided by the U.S. government. SIGIR reviewed available government-furnished drawings and found that although they were adequate to outline the scope of the project for the contractor, they were not adequately detailed to properly construct the facility. SIGIR requested detailed construction drawings or design calculations for the project, but neither Gulf Region Division (GRD) nor Gulf Region South (GRS) could produce the design drawings or calculations. Without the design drawings and calculations, SIGIR was unable to determine if the project was adequately designed.

Equipment maintenance building at the 4th Brigade 10th Infantry Division facility.

According to GRS documentation, GRS Missan Resident Office personnel conducted a final inspection on February 9, 2008; however, no final inspection report was written, and no photographs were taken to document the condition of the project. GRS closeout documentation concluded the following:

> All work required by this contract has been accomplished in a satisfactory manner and is accepted without any noted deficiencies …The Contractor…has completed all assigned work. All parties acknowledge that the work performed under the contractor meets the standards set forth in the contract scope of work.

On March 2, 2008, the GRS Missan Resident Office Engineer signed this document certifying that all work was complete and that it met the standards of the contract's Statement of Work.

Project file documentation indicates that on January 8, 2008, the GRS Missan Resident Office officially turned the project over to the Ministry of Defense. The contractor, GRS Missan Resident Office, and Ministry of Defense signed a Memorandum for Record, which stated:

> This document certifies that all work has been inspected, and is accepted as being in accordance with the contract requirements. Construction at this facility is complete and no other work is to be performed as part of this contract unless noted below.

The notes to the Memorandum for Record stated that the contractor was required to complete these items:

- connect cables with the existing grid
- repair ceramic tiles in the lavatories
- repair miscellaneous plumbing fixtures
- repaint steel doors
- repair electrical fixtures
- connect water pipes after connecting to grid

The Memorandum for Record stated that all corrections would be completed in approximately 14 days.

On January 8, 2009, SIGIR conducted an on-site assessment and found that the buildings were occupied and the facilities were being used. Because of security conditions, SIGIR performed only an expedited 45-minute on-site assessment.

SIGIR Inspectors at the 4th Brigade 10th Infantry Division site.

Damaged kitchen wall and tiles in the 4th Brigade 10th Infantry Division kitchen.

SIGIR confirmed that the contractor had corrected the outstanding deficiencies. SIGIR did not observe any signs of structural failure or distress; the floors appeared even and level, with no apparent signs of settlement or displacement. However, the flooring tile in the entrance room of the battalion headquarters building had significantly settled and showed signs of cracking; this appeared to be the only major defect in the building. Although the electrical system appeared to be well-constructed, the fixtures were of poor quality and unsafe connections had been made to electrical wiring after installation. Also, the ceramic tiles in the kitchen and lavatories showed evidence of damage, and some of the faucets were missing.

SIGIR found that personnel from the 4th Brigade 10th Infantry Division were taking initiative to maintain the facility by performing routine maintenance and cleaning.

SIGIR concluded that, aside from minor construction defects, safety concerns, and damage from improper use, the construction was adequate and was turned over to the Government of Iraq in a sustainable condition. At the time of the site visit, GRS documentation showed that the project had been operational for approximately 18 months.

Recommendation

SIGIR recommends that GRD locate the detailed construction drawings and design calculations for the new battalion headquarters building and four new toilets and baths and maintain them in the project file records.

Management Comments

SIGIR received comments on the draft of this report from the Gulf Region Division of the U.S. Army Corps of Engineers concurring with the recommendation and explaining that GRS had documentation confirming that as-built drawings had been provided to the Government of Iraq at turnover of the project on January 8, 2008. Subsequent discussions with GRD disclosed that in September 2008, 227 boxes of records from GRS were delivered to the Transatlantic Program Center of the U.S. Army Corps of Engineers in Winchester, Virginia. The 227 boxes included 19 boxes of oversized drawings. The Transatlantic Program Center is checking those boxes for drawings.

Evaluation of Management Comments

SIGIR appreciates the concurrence by the U.S. Army Corps of Engineers with the draft report's recommendations. Their comments addressed the recommendations and provided additional clarifying information for this final report. As a result, no additional comments are required.

Missan Surgical Hospital, Missan Province, Iraq
SIGIR PA-08-165 and 08-167

Project Assessment Objective

The objective of this project assessment was to provide real-time information on relief and reconstruction projects to interested parties to enable appropriate action, when warranted. Specifically, SIGIR addressed these questions:

1. Were the project components adequately designed prior to construction or installation?
2. Did the construction or rehabilitation comply with the standards of the design?
3. Were adequate quality management programs being utilized?
4. Was sustainability addressed in the contract or task order for the project?

Ongoing construction at the Missan Surgical Hospital.

5. Will the project results be consistent with their original objectives?

SIGIR conducted this limited scope assessment in accordance with the Quality Standards for Inspections issued by the Council of the Inspectors General on Integrity and Efficiency. The assessment team comprised two engineers/inspectors and two auditors/inspectors.

Project Objective

The overall objective of the project was to provide the residents of Al Amarah with the only state-of-the-art surgical hospital in the Missan province, as well as a medical training facility for medical students from Missan University Medical College. Specifically, the Missan Surgical Hospital (MSH) will be the new health care campus constructed in the town of Al Amarah to provide health care services to the people of Missan province.

Costing $12.7 million, the Missan Surgical Hospital is the largest health project funded by the U.S. government for this province. The Iraqi Minister of Health views it as the single most important development in Missan province.

Request for Additional Information

In late 2008, the U.S. Ambassador became increasingly frustrated and concerned about the lack of progress with the construction of the MSH. His concerns focused on the original need for the project, the decision to locate the hospital in a remote area with no road access, the contractor's commitment to complete the project in a timely manner, and the ability of the Government of Iraq (GOI) to properly equip, operate, and maintain the facility after it was transferred to its control. With these concerns in mind, the U.S. Ambassador asked SIGIR to perform an assessment of the MSH project.

Answers to the U.S. Ambassador's Questions

Health facilities in Missan province do not meet the needs of the population, and only limited outreach services are available for rural areas. The health care facilities in the province are generally dilapidated and have a poor standard of hygiene. In an attempt to improve the quality of health care for the province, the Missan Provincial Reconstruction Team (PRT) discussed the idea of a 100-bed hospital with the Missan Provincial Council and Ministry of Health (MOH). The original justification for this project stated that the MSH would directly benefit more than 100,000 Iraqi citizens. The GOI decided to locate the hospital in the city of Al Kahla because the city had no hospital and only one clinic to serve its citizens. Without this project, the "mortality rate in the Al Kahla district will continue to rise and be a trouble spot for the Government," according to project file documentation.

Example of constructed column section at the Missan Surgical Hospital.

Example of concrete honeycombing in constructed columns at the Missan Surgical Hospital.

After the U.S. government approved the funding for the MSH in Al Kahla, the Governor of Missan and the MOH changed the location of the hospital, from Al Kahla to a remote area in the capital city of Al Amarah. The project file lacked a detailed explanation as to why the Missan Governor changed the site location, especially considering that the district of Al Kahla does not have a hospital, and Al Amarah has two. Possibly as a compromise for moving the hospital from Al Kahla to Al Amarah, the MOH agreed to fund the construction of a hospital in the Al Kahla district; however, the MOH gave no time frame for the construction of this hospital. Until the MOH funds and constructs a new hospital, the citizens of Al Kahla will continue to have no access to adequate medical treatment.

According to Gulf Region South (GRS) Adder Area Office (AAO), Iraq Transition Assistance Office (ITAO), and project file documentation, there were two reasons why the GOI decided to locate the hospital in a desolate area away from

the city instead of in Al Amarah, which is congested with houses, apartment complexes, and multiple-story buildings. First, constructing this hospital complex in the city would require significant demolition of homes, apartments, and commercial buildings. This could potentially uproot and relocate thousands of Missan residents and present a monumental logistics challenge for the contractor to bring all the construction materials to the site (and through the heart of the city). Second, the cost of the project would have increased to include tearing down existing structures. In addition, an Al Amarah city development plan wanted the city to expand into this area to build a new housing community around the hospital.

When the U.S. Ambassador visited the project site in December 2008, he noticed approximately 10 workers on site and questioned the contractor's commitment to completing the facility in a timely manner. The contractor agreed to provide additional workers and resources to expedite completion. SIGIR's site

visit, which occurred approximately one month after the U.S. Ambassador's visit, documented roughly 25 workers on site. Even though the number of workers on site had more than doubled, the workforce was still not large enough to construct the project in a timely manner.

At the time of SIGIR's site visit, the project was significantly behind schedule. According to the contract, Phase I was to be complete on March 24, 2009; Phase II, on September 7, 2009. According to the GRS documentation, as of January 2009, Phases I and II of the project were each listed as 26% complete. Based on the site visit on January 8, 2009, SIGIR concluded that neither phase of the project was close to 26% complete. SIGIR estimated that each phase of the project was approximately 10-15% complete.

The project, as agreed to by the Missan PRT and MOH, required the U.S. government to fund only the construction of the facility and ancillary structures; the GOI was responsible for providing all equipment (including furniture) and operating the hospital after accepting the project. The awarding of the project was "contingent upon written approval of the Iraq Ministry of Health indicating that they will equip, accept, and operate the hospital upon completion." On August 21, 2007, the MOH provided a letter that stated the following:

> We would like to inform you and to confirm that our health minister office is ready to provide this hospital with professionally trained staff and all medicine, medical equipment and furniture. Also, we are ready to train service staff for maintenance, operation, and the use of medical equipment as well as provide an annual operating budget.

The recent fluctuation in oil prices has resulted in budget uncertainty for the GOI, including the funding of projects for the MOH. This project will require a significant up-front financial investment to procure the extensive medical equipment and furniture required to open the facility to the public. It will also require a large annual investment to provide the necessary resources to operate and sustain the facility, such as:

- fuel to run the generators
- cleaning and maintenance staff
- trained doctors and nurses
- salaries for doctors, nurses, and guards
- the necessary pharmaceuticals for hospital patients

In addition, the GOI will need to construct paved roads to the hospital to allow for easier access by the citizens of Al Amarah.

To determine the GOI's ability to equip, operate, and maintain this facility after turnover, SIGIR contacted the U.S. government agencies that are directly involved with the construction and turnover of the facility (GRS and ITAO) and the U.S. government agencies that interface with the GOI on health and governance issues (Health Attaché and Missan PRT). The contractor's construction quality and the ability of the GOI to equip, operate, and maintain this facility after transfer are addressed throughout this report.

Conclusions

The assessment determined that:

1. The U.S. government provided the preliminary design (80% for Phase I and 15% for Phase II) to the contractor. The contract's Statement of Work required the contractor to develop the preliminary package into a complete design package. Specifically, the Statement of Work required the contractor to review the preliminary designs and "correct any conflict or deficiency, also provide any missing or required details or drawings."

   SIGIR reviewed the contractor-generated drawings, which contained specific

information on the site utilities, site drainage, sewage collection system, and other project features. SIGIR determined that with the exception of two project features, there was adequate information to complete the final design and construct the facility. However, SIGIR did identify several deficiencies, omissions, and areas of concern in the contractor-generated drawings. To deliver a fully functioning and sustainable hospital, the design deficiencies, omissions, and areas of concern need to either be corrected or clarified.

Currently, this project lacks complete design drawings that show how water will be provided to the hospital and how wastewater from the hospital will be disposed of. SIGIR is concerned about the lack of planning associated with this project, especially for the water supply. According to GRS, the current plan is to place the river intake near the intersection of the Tigris and Al Kahla Rivers and then run the water lines to the hospital site. However, this would require the contractor to excavate and lay two pipelines a total of 3.1 kilometers through a significant portion of the city of Al Amarah. SIGIR believes that excavating through the city will be very intrusive to the city's residents and will be slow and dangerous work for the contractor. In addition, the design plan sheet for the river intake pump station lacked significant detail to ensure proper construction of the facility.

Similar to the design for the water supply, the design for the wastewater system lacked significant details, such as the alignment and outfall of the sewage leaving the hospital site. The overall schematic drawing of the wastewater treatment plant indicates that the sewage leaving the hospital will be deposited directly into the "main

Ongoing construction of the physician's residence at the Missan Surgical Hospital.

city network nearest manhole," without identifying:

- the exact location and distance to the nearest manhole
- the size, elevation, and condition of the main city network sewer pipe
- whether or not an analysis has been performed to determine if the existing city network system can accommodate the significant additional flow from the hospital

To ensure that sewage does not back up into the hospital, local homes, and streets of Al Amarah, it is important that the network have the capacity to handle the additional flow.

Currently, this project lacks complete design drawings that show how water will be provided to the hospital and how wastewater from the hospital will be disposed of.

2. During the site visit on January 8, 2009, SIGIR observed ongoing construction

work, such as concrete formwork and preparation for concrete placement. Because of security concerns, the on-site visit was only 60 minutes, and access to the security wall was restricted because of unexploded ordnance in the area. SIGIR observed construction deficiencies, such as a poorly constructed security wall, areas of reinforcing steel with a coating of cement residue, reinforcing configuration used in the construction of the reinforced concrete columns that varied from the configuration specified in the design drawings, and several examples of varying degrees of concrete honeycombing—ranging from slight to moderate to severe.

SIGIR discussed these deficiencies identified with the GRS Adder Area Office—specifically, the concrete honeycombing and the contractor's inadequate attempts to correct it. The GRS AAO took immediate action by making multiple visits to the project site to determine the extent and severity of the honeycombing. The GRS AAO Resident Engineer concluded that five columns and the wall required demolition. However, the contractor hired the University of Technology to investigate the concrete issue. The University of Technology's report recommended the removal of defective concrete and replacement with a suitable repair material ("Portland cement mortars, proprietary cementitious materials, or polymergrouts"). SIGIR reviewed the University of Technology's findings and recommendations and concluded that the recommended strategy is typical for the repair of honeycombed concrete and should be within the capabilities of a competent contractor.

3. The contractor's quality control (QC) plan was sufficiently detailed to effectively guide the contractor's quality management program. The contractor submitted a QC plan, which GRS AAO accepted as meeting the standards addressed in Engineering Regulation 1180-1-6 (Construction Quality Management). The QC representatives monitored field activities and completed daily QC reports, which presented a brief background on the number of workers on site, the work activities performed, and major equipment on site. However, the daily QC reports did not have a section for construction deficiencies identified; consequently, the QC reports failed to document the obvious concrete honeycombing issues that SIGIR identified during the site visit. In addition, the daily QC reports did not mention safety issues at the project site, such as protruding reinforcement bars and nails from broken-down formwork boards, which SIGIR observed in numerous locations. Further, SIGIR noticed that the project site was cluttered with building materials, which posed tripping hazards to the contractor's crew and visitors to the site. The protruding reinforcement bars and nails, combined with multiple tripping hazards, increase the likelihood of injury or death. Finally, the GRS AAO questioned the accuracy of the daily QC reports. Specifically, in a letter of concern to the contractor, GRS AAO stated the following:

> In the visits to the project site by U.S. personnel we have noted that the number of Contractor personnel reported on both the Phase I and Phase II Quality Control Report to be working at the site is higher than the actual Contractor personnel observed at the site.

Hampered by local security issues and the project site's remote location, the U.S.

government quality assurance (QA) program has not been effective in monitoring the contractor's QC program. GRS AAO employed local Iraqi national QA representatives to monitor field activities and complete daily QA reports, which were reviewed by the GRS AAO project engineer. The daily reports documented the number of workers on site and the daily work performed. However, the daily reports did not document the obvious concrete honeycombing issues SIGIR identified during the site visit. It appeared that someone must have brought the concrete honeycombing issue to the attention of the contractor because the contractor attempted to correct the issue at least once; however, the daily QA reports are silent on this matter. In addition, in some instances, the QA representatives did not enforce proper safety procedures. SIGIR observed numerous protruding reinforcement bars and nails, which posed a significant safety hazard to the contractor's workforce and visitors to the project site.

After SIGIR's site visit, GRS AAO representatives developed a new QA format and emphasized the importance of documenting construction deficiencies. GRS AAO provided a sample of QA reports written after the site visit, which SIGIR found to be more detailed, especially at identifying and documenting construction deficiencies.

4. Sustainability was addressed in the contract requirements. The Statement of Work included sustainability elements to assist the Iraqi ministry ultimately responsible for operating this project after turnover. The contract specifications require the contractor to provide and certify warranties in the name

Foundation at Missan Surgical Hospital showing multiple holes surrounding epoxy-anchored dowel.

of the appropriate ministry for all materials and equipment. In addition, the contractor is required to perform operations and maintenance training appropriate to the facilities and equipment installed, constructed, or rehabilitated in the scope of this project, along with providing operations and maintenance manuals. Further, the contract required the contractor to provide individual price lists of spare parts and consumable items considered to be essential during the first two years of operation of the new equipment. Upon completion of each facility, the contractor must prepare and furnish as-built drawings, which will be a record of the construction as installed and completed.

Finally, although not required by the contract, the U.S. government provided the GOI with a comprehensive list of all equipment (by department) necessary to fully furnish and operate the hospital, including the department name, room name, room number,

room quantity, item quantity, description of each item, manufacturer, and specific model.

5. To date, the MSH project results are consistent with the original project objectives to construct a surgical hospital and associated ancillary facilities for the residents of Al Amarah. However, the lack of detailed design drawings for the water supply and wastewater system threaten the ability of the facility to receive water and dispose of wastewater—essential components of an operational surgical hospital.

The original project objective of the U.S. government was only to provide the citizens of Al Amarah with a surgical hospital building and associated ancillary facilities; the GOI is responsible for providing all the medical equipment, furniture, and personnel (doctors and nurses) necessary to open, operate, and maintain the project. As of May 2009, the GOI has not procured any equipment, and it has not identified the specialized doctors and nurses needed to staff the MSH. Further, in August 2007, the GOI pledged that in addition to identifying a professionally trained staff, it would "provide an annual operating budget"; however, almost two years later, the GOI has yet to allocate any funding for this project. Specifically, the local Director General for Health's 2009 budget is "thoroughly committed," with no funding for this project. Any funding for this project would have to be provided from the 2010 budget. The Director General for Health requested that the U.S. Embassy engage the MOH to increase its focus on the need to better plan now to meet its commitment to this project. Therefore, until the GOI provides these valuable assets, the hospital will serve no beneficial purpose:

it will not be open to treat the sick and injured citizens of Al Amarah.

Finally, the contractor's slow progress and construction deficiencies further delay the opening of this hospital.

Recommendations

SIGIR recommends that the Commanding General, Gulf Region Division of the U.S. Army Corps of Engineers, take these actions:

1. Resolve the design deficiencies, omissions, and areas of concern with the contractor to guarantee that the project is adequately designed.
2. Follow up with the contractor to ensure that the complete design drawings include water distribution lines from the river intake to the hospital site and wastewater distribution lines from the hospital site to the appropriate sewer line connection.
3. Require the contractor to remove all defective concrete and replace it with a suitable repair material.
4. Require the local national on-site quality assurance representatives to closely monitor and ensure that the contractor removes and replaces deficient concrete.

To protect the U.S. government's investment of approximately $12.7 million, SIGIR recommends that ITAO continue its efforts to coordinate with the Missan PRT, Health Attaché, and GOI to ensure that the Missan Surgical Hospital will be fully equipped, have trained staff available, and have sufficient funding to maintain the operation of the facility after construction has been completed.

Management Comments

SIGIR received comments on the draft of this report from the Gulf Region Division of the U.S.

Army Corps of Engineers and the Iraq Transition Assistance Office of the U.S. Embassy-Iraq, concurring with the recommendations in the report. The U.S. Army Corps of Engineers also provided technical comments for clarification. SIGIR reviewed the comments provided by the U.S. Army Corps of Engineers and revised the final report as appropriate.

Evaluation of Management Comments

SIGIR appreciates the concurrences by the U.S. Army Corps of Engineers and U.S. Embassy-Iraq with the draft report's recommendations. Their comments addressed the recommendations and provided additional clarifying information for this final report. As a result, no additional comments are required.

Mujarrah Canal Bridge, Ramadi, Iraq
SIGIR PA-09-170

Project Assessment Objectives

SIGIR conducted this limited scope assessment in accordance with the Quality Standards for Inspections issued by the Council of the Inspectors General on Integrity and Efficiency. The assessment team comprised two engineers/inspectors and two auditors/inspectors. Specifically, SIGIR addressed these questions:

1. Were the project components adequately designed prior to construction or installation?
2. Did the construction or rehabilitation comply with the standards of the design?
3. Were adequate quality management programs being utilized?
4. Was sustainability addressed in the contract or task order for the project?
5. Are the project results consistent with original objectives?

Inspectors at the Mujarrah Canal Bridge.

Concrete deck reinforcing (prior to placing top mat, foreground).

Project Objective

The objective of the project was to design, construct, and repair the Mujarrah Canal Bridge to increase commercial traffic between Ramadi and Falluja. The bridge had previously sustained devastating damage caused by a vehicle-borne improvised explosive device.

In December 2007, Gulf Region Central (GRC) awarded a $1,261,000 contract to restore the bridge to its original condition and be fully functional when the project is completed. The project is funded by the Commander's Emergency Response Program.

Conclusions

The assessment determined that:

1. The Statement of Work required incorporating the design requirements of the original structures into the contractor's repair design. The contractor was required to coordinate with the appropriate ministry to obtain the original structure design documentation;

Falsework for forming concrete deck overhang for the Mujarrah Bridge.

however, if the original data was not available, the contractor could use similar bridge design data instead. The Statement of Work also required the contractor to submit 50% and 100% design packages to the GRC Falluja Resident Office for review and approval. SIGIR reviewed the contractor's generated design package, which contained specific information about the damage to the existing bridge, the temporary jacking and support of the existing structure, construction of the post-tensioned concrete beams and reinforced-concrete deck, and other project features. After reviewing the entire design package—including the drawings and technical specifications— and other applicable codes and standards, SIGIR determined that there was adequate information to complete the final design and to repair and construct the Mujarrah Canal Bridge.

2. During the site visit on March 6, 2009, SIGIR observed that the contractor had completed a significant portion of the bridge construction, including reconstruction of the reinforced-concrete bent cap, abutment repair, fabrication and placement of the post-tensioned concrete girders, and construction of false work for the reinforced-concrete bridge deck. SIGIR noted areas of concern about the placement of the reinforcing for the concrete deck, such as areas of severe reinforcing steel congestion near the ends of the girders. SIGIR also identified the apparent vertical offsets between the individual precast-concrete deck pans. In several areas, the pans were offset from each other and from the post-tensioned concrete beams. SIGIR also determined that some areas of the wearing surface of the existing bridge deck are poor, specifically noting

holes that extended through the wearing surface to the top of the concrete deck. The Statement of Work required the contractor to "install bituminous hot mix wearing course on full width of the new span and existing span as needed." In SIGIR's opinion, the entire structure requires a bituminous overlay. Also, SIGIR identified hairline cracking on the girders. Because the site visit was limited to only 60 minutes, SIGIR could not map the cracking or determine whether the quantity and depth of the cracks are indicators of significant issues with the beams.

Aside from these construction issues, SIGIR concluded that most of the construction work met the standards of the contractor's designs.

Bent cap at Pier No. 1 of the Mujarrah Canal Bridge.

3. The contractor's quality control (QC) plan was sufficiently detailed to effectively guide the contractor's quality management program. The contractor submitted a QC plan, which the GRC Falluja Resident Office accepted as meeting the standards addressed in Engineering Regulation 1180-1-6 (*Construction Quality Management*). The QC representatives monitored field activities and completed daily QC reports, which presented a brief background on the number of workers on site and the work activities performed. In addition, the QC representatives supplemented the daily QC reports with photographs reinforcing the information provided in the daily reports. Although the project file contained multiple test results—cube tests, steel rebar tests, and so on—the QC reports did not mention that any testing had been performed. In addition, the daily QC reports did not have a section for construction deficiencies identified; consequently, the QC reports

failed to document the construction deficiencies that SIGIR identified, such as missing wire ties, hairline cracks on the girders, and misaligned interior diaphragms.

The U.S. government quality assurance (QA) program has not been completely effective in monitoring the contractor's QC program. The GRC Falluja Resident Office, which is responsible for the construction of the Mujarrah Canal Bridge project, employs local national Iraqi engineers to serve as QA representatives to visit the project site daily and write daily QA reports for the project engineer's review. The reports documented the number of workers on site and the work performed for the day. Also, the QA representatives supplemented the daily QA reports with detailed photographs that reinforced the information provided in the reports. Like the QC representatives, the QA representatives did not document the construction deficiencies that SIGIR identified, such as missing

wire ties, hairline cracks on the girders, and misaligned interior diaphragms.

4. Sustainability was addressed in the contract requirements. The Statement of Work included sustainability elements to assist the Iraqi Ministry of Transportation in operating this project after turnover, such as requiring the contractor to:
   - provide and certify warranties in the name of the appropriate ministry for all materials and equipment
   - provide operations and maintenance support for all facilities and equipment installed, constructed, or rehabilitated in the scope of the project
   - on completion of each facility, prepare and furnish as-built drawings, which will be a record of the construction as installed and completed

5. To date, the project results are consistent with the original project objectives to design, construct, and repair the Mujarrah Canal Bridge. However, the project results are not consistent with the contract requirement to complete the project within 240 days of the notice to proceed. The GRC issued the notice to proceed on February 12, 2008, which required the contractor to complete the project by October 9, 2008. During the site visit, representatives of the GRC Falluja Resident Office estimated the construction completion as March 2009; the bridge opened on June 8, 2009.

Recommendations
SIGIR recommended that the Commanding General of the Gulf Region Division of the U.S. Army Corps of Engineers investigate the hairline cracks on the girders and determine if the

quantity and depth of the cracks are indicators of significant issues with the beams and take necessary corrective actions.

Management Comments
SIGIR received comments on the draft of this report from the Commanding General, GRD, concurring with the recommendation and providing the results of an investigation by the Falluja Resident Office team conducted on site on May 20, 2009. Their investigation revealed no structural cracking—only minor surface shrinkage cracks and cracks caused by form irregularities.

GRD did not concur with a second recommendation in the draft report to investigate the need to provide bituminous overlay over the entire structure. GRD noted that in March 2008 the contractor conducted a contract-required assessment of the need to resurface the entire bridge. The contractor's assessment did not recommend resurfacing the entire bridge surface, and the project manager agreed with the contractor's assessment.

GRD also provided additional information for clarity and accuracy of the final report.

Evaluation of Management Comments
SIGIR appreciates the prompt action taken by GRD to resolve Recommendation 1. Although SIGIR continues to believe that the entire structure requires a bituminous overlay, SIGIR's review of the contractor-required assessment made in March 2008 notes that bituminous overlay of the entire structure was not addressed. Because a fixed-price contract is involved, it is not possible to require the contractor to provide bituminous overlay of the entire structure at this point. As a result, SIGIR eliminated the second recommendation.

SIGIR also revised the draft report as appropriate to include the additional clarifying information provided by GRD.

Ammana Market Renovation, Majjasim, Iraq
SIGIR PA-09-171

Project Assessment Objective

The objective of this project assessment was to determine whether the project is operating at the capacity stated in the original contract. To accomplish the objective, SIGIR determined whether the project was at full capability or capacity when accepted by the U.S. government, when transferred to Iraqi operators, and during the site inspection on May 31, 2009. SIGIR conducted this limited scope assessment in accordance with the Quality Standards for Inspections issued by the Council of the Inspectors General on Integrity and Efficiency. The assessment team comprised two engineers/inspectors and two auditors/inspectors.

Project Objective

The overall objective of this $0.6 million project was to construct and renovate the Ammana Market to allow for more efficient use of space and time for people buying and selling goods, thereby improving the local economy in Majjasim.

Conclusions

Before the site visit, SIGIR reviewed the project's Statement of Work (SOW) and the project's design documentation, which were provided by Multi-National Corps-Iraq (MNC-I). Before starting construction, the contractor was required to provide shop drawings, a work breakdown structure or timeline, and samples of each material to be used. MNC-I provided a detailed SOW for the project, and the contractor provided the project timeline with the contractor's proposal, which included a general site plan. However, MNC-I advised SIGIR that its project file did not contain the contractor's shop drawings, design calculations, or material lists.

Slab along existing shops at the Ammana Market.
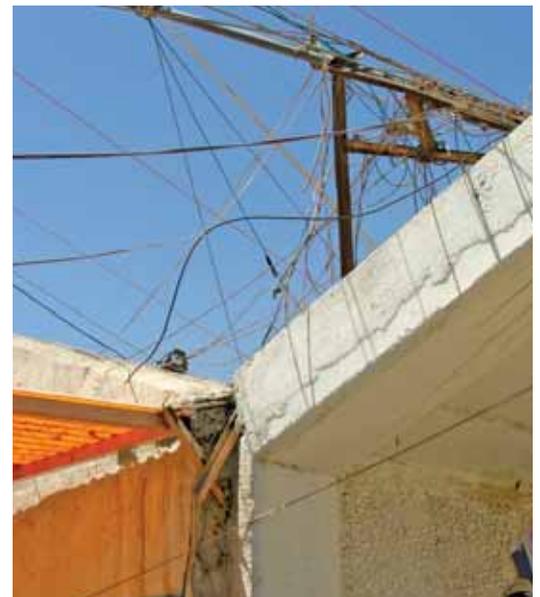
Electrical wiring connecting to system.

After reviewing the available project file documentation, SIGIR determined that adequate information was provided in the specifications for the contractor to complete the final design and construct the Ammana Market.

According to the MNC-I project file documentation, the U.S. government accepted this project from the contractor on December 1, 2008. The contractor's performance evaluation stated the following:

> The [local contractor] completed the project satisfactorily. They responded quickly to any guidance or requests made by coalition forces.

On May 31, 2009, SIGIR conducted an on-site assessment of the Ammana Market renovation project, accompanied by the Civil Capacity Cell Chief of Multi-National Division-Baghdad and representatives of the embedded Provincial Reconstruction Team and MNC-I.

Because of security concerns, the total time available on site was approximately 30 minutes. Consequently, SIGIR performed only an expedited assessment of the areas available; a complete review of all work completed was not possible.

SIGIR identified several areas of concern about the contractor's performance, specifically noting these construction deficiencies:

- The contractor did not install the required brackets and four strands of barbed wire along the top of the security wall.
- The contractor did not install the required four strands of barbed wire on the pedestrian and vehicle gates.
- Electrical wiring was strung along the roof without conduit, and the electrical wiring appeared to be connected to a poorly constructed existing system.
- Construction of the internal electrical system was poor and did not conform to any known code.
- Steel awnings over individual shops appeared to be of weak construction, which may prove problematic under even a limited load.

Bollards and pedestrian gate.

Shopping at the Ammana Market.

- There were no SOW-required backflow preventers on the water supply to the restrooms.

In addition, at the time of SIGIR's site visit, the restrooms had no water service. The contractor connected the restrooms to the existing municipal water supply line, according to the market manager. However, the contractor later disconnected the municipal water supply line to the restrooms. The market manager claimed that the contractor was trying to extort money from the shop owners to restore water service to the restrooms. SIGIR performed the inspections that it could in the time available and could not validate the assertion that the contractor had disconnected the municipal water supply line to the restrooms. The municipal water line was underground, and SIGIR observed no apparent disturbance of the ground around the Ammana Market.

Despite the construction deficiencies noted above, at the time of the site visit, the market was open for business; merchants were selling goods to the local populace. A section of the interior stalls was enclosed to form a game room in which young local residents could play while their parents shopped. According to the market manager, aside from the water issue, the local merchants are generally pleased with the work performed by the contractor.

Recommendations

SIGIR recommends that the Multi-National Corps-Iraq coordinate with the Multi-National Division-Baghdad to take these actions:

1. Require the contractor to complete all items specified in the SOW, specifically:
   a. Install the required brackets and four strands of barbed wire along the top of the security wall.

Modified interior stalls made into a game room for the local children.

   b. Install the required four strands of barbed wire on the pedestrian and vehicle gates.
   c. Enclose the electrical wiring along the roof in conduit.
   d. Correct the internal electrical system to comply with the United States National Electric Safety Code, International Electric Code, or British Standard (BS 7671).
   e. Ensure that the steel awnings over individual shops are able to withstand wind, rain, and weather loads typical of the Baghdad area.
   f. Install the SOW-required backflow preventers on the water supply to the restrooms.

2. Determine why there was no water service to the restrooms. If the contractor disconnected the municipal water supply line to the restrooms, require that the contractor reconnect it. If the contractor did not disconnect the municipal water supply line to the restrooms, alert the appropriate

FIGURE 4.6
AERIAL IMAGERY ASSESSMENTS

This Quarter
Other Quarters

Evaluation of Management Comments

SIGIR appreciates the concurrence by MNC-I with recommendations 1.a., 1.b., and 1.f. The Electrical and Structural Building Standards and Codes section of the contract on page 13 specifies the standards and codes to be used and requires the contractor to take the actions specified in recommendations 1.c., 1.d., and 1.e. In view of the electrocution injuries and deaths in U.S.-constructed facilities in Iraq, SIGIR believes that compliance with electrical code requirements is particularly important. SIGIR requests that MNC-I review page 13 of the contract and restate its position with respect to recommendations 1.c., 1.d., and 1.e.

SIGIR revised information on pages 6 and 14 of the report to clarify that although contract specifications did not provide details or requirements for the roof, SIGIR believes that adequate information was provided in the specifications for the contractor to complete the final design and construct the Ammana Market because page 13 of the contract specified the standards and codes to be used, including the Uniform Facilities Code.

representatives of the Government of Iraq of this health issue and the need to restore the water supply to the restrooms.

Management Comments

SIGIR received comments on the draft of this report from MNC-I concurring with recommendations 1.a., 1.b., 1.f., and 2. MNC-I non-concurred with recommendations 1.c., 1.d., and 1.e., stating that the contract's statement of work did not require the recommended actions. MNC-I also noted that it found statements on pages 6 and 14 of the draft report to be contradictory.

Aerial Project Survey Program

The SIGIR Satellite Imagery Group, based in Arlington, Virginia, performs aerial assessments of U.S.-funded reconstruction project sites throughout Iraq. The SIGIR satellite imagery analyst provides current imagery, imagery-based intelligence, and map products to the SIGIR directorates—Inspections, Audits, and Investigations. This program has enabled SIGIR to provide current information on remote site locations and to track construction progress at project sites throughout Iraq.

This quarter, SIGIR conducted imagery analysis of 48 images and created 33 imagery products, using satellite imagery and limited contract information. The imagery provides visual assessment of progress at reconstruction site locations throughout Iraq. This quarter, the SIGIR imagery analyst assessed and reviewed projects funded by IRRF, ISFF, CERP, and the Bureau of International Narcotics and Law Enforcement Affairs (INL). For an overview of the imagery products produced this quarter, see Table 4.3.

Imagery support products—including site overviews, project site break-outs, and site assessments—are used to prepare for inspection site visits and to identify possible problems. This quarter, 33 imagery products were produced to assist inspectors with their project assessments of the 6 sites assessed this quarter and to provide analyses of potential future sites, as well as assisting the Audit directorate on a future audit report.

In partnership with the National Geospatial-Intelligence Agency and the National Ground Intelligence Center, SIGIR imagery analysis has resulted in 779 cumulative satellite imagery assessments and products. For an overview of the approximate locations of these assessments, see Figure 4.6. ◆

Table 4.3

IMAGERY ASSESSED SUPPORTING PROJECT ASSESSMENTS

Project Type	Number of Products
Chamchamal Correctional Facility	4
Al Kasik Location Command	4
Rabeaa Point of Entry Screening Facility	2
Hamman Al Alil Division Training Center	2

Additional Products	
Hai Al Mustafa PHC	6
Al Hadi PHC	3
Al Atheem PHC	3
Mosul Dam and Lake—Drought	3
Al Mansooriya PHC	2
Al Faw, Iraq	2
GRN Mosul Area Office	1
Al Nahrawan PHC	1

WorldView 2008 ©

Aerial imagery of the Rabeaa Point of Entry (PA-09-173) to be assessed in a future project assessment, taken on June 12, 2008.

Aerial imagery of the Basrah Children's Hospital (PA-08-160), taken on October 27, 2008.

Imagery of the Mujarrah Canal Bridge (PA-09-170), taken on July 4, 2008.

Imagery of the Mujarrah Canal Bridge (PA-09-170), taken on July 4, 2008.

Aerial imagery of the Roll-On/Roll-Off Berth in Umm Qasr (PA-08-162), taken on November 19, 2008.

SIGIR INVESTIGATIONS

SIGIR Investigations continues to actively pursue allegations of fraud, waste, and abuse in Iraq, with 86 open investigations. SIGIR has 7 investigative personnel assigned to Baghdad; 13 at SIGIR headquarters in Arlington, Virginia; and 14 in offices in Pennsylvania, Maryland, North Carolina, Florida, Texas, Ohio, Michigan, and a new office in California. To date, the work of SIGIR investigators has resulted in 23 arrests, 29 indictments, 21 convictions, and more than $35 million in fines, forfeitures, recoveries, and restitution.

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, and Coalition partner investigators. As a result of SIGIR investigations, 5 defendants are awaiting trial, and an additional 10 defendants are awaiting sentencing in a number of cases. For a comprehensive list of convictions compiled by the Department of Justice, see Table 4.4 at the end of this section.

SIGIR notes these investigative activities this quarter:

- A civilian contractor, U.S. Army major, and the major's wife were indicted in the Cockerham bribery case.
- A Department of Defense civilian employee pled guilty to tax charges stemming from his activities as a contracting officer in Kuwait.
- An employee of a defense contractor in Balad, Iraq, was sentenced for bulk cash smuggling.
- An Army lieutenant colonel was sentenced for participating in a wire fraud scheme in Hilla, Iraq, in the continuing developments of the Bloom-Stein conspiracy to steal Coalition Provisional Authority (CPA) funds. Also, a

superseding indictment brought new charges against the husband of the lieutenant colonel.
- An American pled guilty in $8.5 million fraud involving a British contractor.
- SIGIR announced an audit to follow up on the investigative recovery of more than $13 million from the Development Fund for Iraq.
- A defense contractor pled guilty to wire fraud in connection with the procurement of bullet-proof vests for the Iraqi Security Forces.
- Under the Uniform Code of Military Justice (UCMJ), a Marine master sergeant waived an Article 32 Hearing and will face a court martial in August 2009 for alleged bribery.

New Indictments in the Cockerham Bribery Case

On May 6, 2009, a 23-count indictment was unsealed, alleging that a civilian contractor paid more than $2.8 million in bribes to a U.S. Army major—who was working as a contracting official at Camp Arifjan, Kuwait—and his wife. The indictment also alleged that the three individuals committed honest services fraud and money-laundering offenses in connection with the same conduct.

The civilian contractor was originally indicted on November 20, 2007, and charged with one count of bribery of a U.S. Army contracting official at Camp Arifjan. On September 4, 2008, a superseding indictment charged him with one count of conspiracy to commit bribery, two substantive bribery counts, and two honest services counts of wire fraud.

The current indictment alleges that from 2004–2006, the contractor bribed two U.S. Army majors who were serving as Army contracting officials at Camp Arifjan. According to the indictment, from January 2004 to November 2007, the contractor operated several companies that had contracts with the U.S. military in Kuwait—including **Freedom Consulting and Catering Co. (FCC)** and **Total Government Allegiance (TGA)**. As a result of the bribes, FCC and TGA allegedly received approximately $21 million in DoD contracts in Iraq and Kuwait.

According to the current indictment, the U.S. Army major allegedly arranged for a blanket purchase agreement (BPA) to be awarded to FCC; thereafter, he arranged for calls under that BPA. As a result, DoD paid FCC approximately $9.3 million. BPAs are contracts in which DoD agrees to pay a contractor a specified price for supplies and orders them on an as-needed basis. An order under the contract is known as a "call." The major also allegedly arranged for DoD to award a contract to FCC to construct a security fence at Camp Arifjan, for which DoD paid FCC approximately $750,000.

In exchange for these and other official acts, the major and his wife are alleged to have received more than $2.8 million in money and other valuable items from the contractor. To receive the bribe payments, the major's wife, at the behest of her husband, arranged for an entity named **EGP Business Solutions Inc. (EGP)** to be incorporated, opened a bank account in the name of EGP, and opened bank accounts in her name in Dubai, United Arab Emirates, and the Cayman Islands. The three individuals also allegedly prepared and executed purported consulting agreements to create the appearance that the major's wife had legitimately earned consulting fees from the contractor. The contractor then allegedly funneled bribe payments into the bank accounts controlled by the major's wife.

The indictment also alleges that a second contracting official, former U.S. Army Major **James Momon,** arranged for calls to TGA under the same BPA, as a result of which DoD paid the contractor approximately $6.4 million. The contractor allegedly paid Momon at least $200,000 in exchange for these and other official acts. On August 13, 2008, Momon pled guilty to receiving bribes from various contracting officers at Camp Arifjan.

To date, this task force investigation has led to 7 convictions, and 3 defendants are awaiting trial. For a complete account of the Cockerham case, see SIGIR's July 30, 2007, *Quarterly Report and Semiannual Report to Congress* and subsequent Reports.

This investigation is being conducted jointly by SIGIR, the U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit (CID-MPFU), Defense Criminal Investigative Service (DCIS), Internal Revenue Service (IRS), Immigration and Customs Enforcement (ICE), and Federal Bureau of Investigation (FBI).

Contracting Officer in Kuwait Pleads Guilty

On June 25, 2009, **Tijani Ahmed Saani,** a former civilian employee of the U.S. Department of Defense, pled guilty to filing false tax returns for tax years 2003 through 2007. A former resident of Kuwait City, Kuwait, Saani worked as a contracting officer in Kuwait from 1994 until his arrest in May 2008. According to the five-count indictment, he worked on detail from 2002 to 2007 at Camp Arifjan, Kuwait. Saani pled guilty to

the indictment, admitting that he filed false tax returns for tax years 2003 through 2007.

He also admitted that during that time he maintained overseas bank accounts in the United States and Jersey Island in the Channel Islands that he failed to properly report on his income tax returns. The indictment, filed on September 19, 2008, charged that the tax returns that Saani filed were false because he:

- failed to disclose his interest in or authority over multiple foreign bank accounts
- failed to report interest earned from those bank accounts
- failed to report other additional income on his tax returns for tax years 2003 through 2007

Saani faces up to three years in prison and a fine of $100,000 for each of the five charged counts to which he pled guilty. His sentencing is scheduled for October 8, 2009.

This investigation is being conducted jointly by SIGIR, CID-MPFU, DCIS, IRS, ICE, and FBI.

Cockerham Relative Charged with Conspiracy To Obstruct Justice

On July 8, 2009, a criminal information was filed charging a relative of **Major John Cockerham** with one count of conspiracy to obstruct justice. On or about December 20, 2006, criminal investigators searched Cockerham's house and uncovered evidence that money paid as bribes to John Cockerham was received by his wife (**Melissa Cockerham**), his sister (**Carolyn Blake**), and others, and was kept in safe deposit boxes in Kuwait and elsewhere. This criminal information alleges a number of illegal activities to support the conspiracy, including relaying messages,
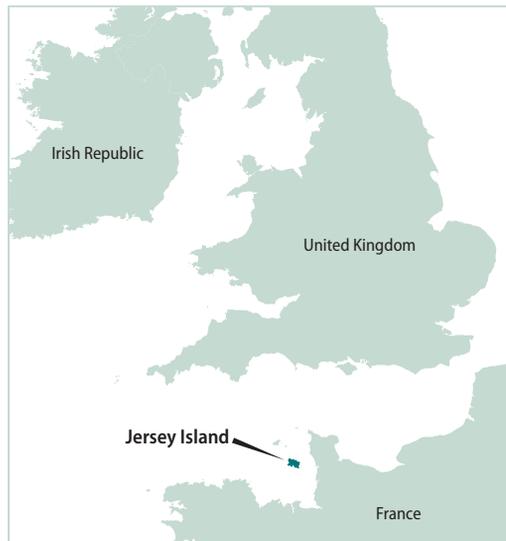
Saani deposited money in accounts in the Jersey Channel Islands, which he failed to report on his income tax returns.

passing documents, and delivering $3 million in cash from safe deposit boxes in Kuwait to Cockerham. On or about November 17, 2007, the defendant made false statements and representations to investigators when questioned.

Next quarter, SIGIR will continue to follow developments in the Cockerham case. For a complete account of the Cockerham case, see SIGIR's July 2007, *Quarterly and Semiannual Report to the Congress.*

Defense Contractor Employee at Balad, Iraq, Is Sentenced for Bulk Cash Smuggling

On July 17, 2009, **David Ricardo Ramirez**, a DoD contract employee, was sentenced in U.S. District Court, San Antonio, Texas, to 50 months in prison, followed by 3 years of supervised release. The sentencing was based on Ramirez's guilty plea on October 9, 2008, to cash smuggling and structuring charges. As a result

Motorcycle and car seized from David Ramirez.

of the plea, in addition to the sentence, Ramirez agreed to forfeit a $95,000 condominium, a $25,000 lot, a 2007 Ducati motorcycle valued at $33,000, and a 1989 Lamborghini valued at $80,000. The total amount of cash involved was more than $155,000.

The funds in question were sent from Balad to Texas, where they were deposited into his account between January and October 2007. Ramirez worked for a DoD contractor at Balad Air Base, Iraq, between November 2006 to November 2007, where he helped plan construction of base facilities.

This case was investigated by SIGIR, CID-MPFU, U.S. Air Force Office of Special Investigations, ICE, and FBI.

Two Developments in the Bloom-Stein Conspiracy

SIGIR continued to support the prosecutive developments in the Bloom-Stein Conspiracy to commit contract fraud in Iraq under the CPA. This case has resulted in the conviction of seven defendants, and five have been sentenced to terms ranging from one to nine years. Court-ordered fines and restitution have amounted to more than $4 million. This quarter, a conspirator was sentenced to 30 months in prison, and the last defendant in the Bloom-Stein conspiracy, an accountant, was charged in a superseding indictment with 4 counts of money laundering.

Deborah Harrison Sentenced to 30 Months in Prison

On June 4, 2009, **Deborah Harrison**, a former lieutenant colonel in the U.S. Army Reserves, was sentenced to 30 months in prison for her participation in a scheme to defraud the U.S. government, the Republic of Iraq, and the CPA South Central Region (CPA-SC) in Hilla, Iraq. Harrison was also ordered to serve two years of supervised release following her incarceration and to pay $366,640 in restitution.

This sentencing is the result of Harrison's guilty plea to one count of honest services wire fraud on July 28, 2008. At the plea hearing, Harrison admitted that in August 2004 she received a Cadillac Escalade from Philip Bloom, a contractor at the CPA-SC. The Escalade was financed through a series of wire transfer payments, which form the basis of the wire fraud charge. Harrison also admitted that she took more than $300,000 from the CPA-SC while deployed there and that she used some of the stolen money to make improvements at her home. Harrison also admitted that in July 2004 she helped to move unregistered

firearms from a hotel in North Carolina to the home of Robert Stein, a co-conspirator who worked with Harrison at the CPA-SC.

Also related to this investigation, former U.S. Army Col. **Curtis Whiteford** will be sentenced on November 17, 2009, and Lt. Col. **Michael Wheeler** will be sentenced on November 18, 2009, based on their November 7, 2008, convictions.

The Last Defendant in Bloom-Stein Conspiracy, an Accountant, Is Charged

On July 2, 2009, a federal grand jury returned a superseding indictment in Trenton, New Jersey, charging an accountant with four counts of money laundering. The funds in question were stolen from the CPA-SC Region; Hilla, Iraq; from February 2003 until about July 2004. The indictment also included a criminal forfeiture count. Convictions on all four money-laundering counts would result in:

- the forfeiture to the United States of all property—real and personal—involved in each of the money-laundering counts
- the forfeiture of a sum of money equal to the total amount of money involved in each of the four money-laundering counts

The trial is scheduled to begin on November 9, 2009, in Trenton, New Jersey.

This investigation is being conducted jointly by SIGIR, IRS, and ICE.

For a complete account of this investigation, see SIGIR's January 2006 *Semiannual and Quarterly Report to Congress* and subsequent Reports.

American Pleads Guilty to Failing To Report an $8.5 Million Fraud Involving British Contractor

On May 18, 2009, the president of a U.S. company in Sharon, Massachusetts, pled guilty to a criminal information charging him with misprision of a felony. This ongoing investigation involves an $8.5 million contract between a British company and the CPA in Iraq on behalf of the developing Iraqi civilian government.

The contract called for the production and delivery of **53 armored and unarmored vehicles** to be built in Russia and delivered to Baghdad for use by the Iraqi civilian police. The British company was paid $8.5 million for the vehicles via a letter of credit drawn on the Trade Bank of Iraq, based on a bill of lading that indicated that the U.S. company in Massachusetts had received the vehicles and that the vehicles were in transit to Iraq. At the direction of the contractor, money from the Development Fund for Iraq (DFI) was transferred by the redeeming bank to accounts in the United Kingdom and Russia. The investigation revealed, however, that the bill of lading was false: the vehicles were never delivered.

The president of the U.S. company admitted in his plea agreement that he became aware that the Russian shipping company was unwilling to ship vehicles to Iraq and would not issue a bill of lading. He then allowed the British contractor to create the false bill of lading indicating the receipt and shipment of the vehicles on a bill of lading form, which was issued by a nonexistent company with a similar name to the defendant's company that used his company's address.

The defendant did not receive any money from the fraud. The international investigation into the activities of the British contractor

is continuing with the assistance of foreign law enforcement authorities.

This investigation was initiated by SIGIR and subsequently joined by DCIS.

Defense Contractor Sentenced to Six Months for Wire Fraud in the Procurement of Contract for Bullet-proof Vests

Diana Demilta, a defense contractor, pled guilty to wire fraud and has admitted to engaging in other bribery-related conduct in connection with contracts in Iraq, according to the plea agreement filed in the U.S. District Court in the District of Columbia on December 18, 2007, and unsealed on May 27, 2009. Demilta, a U.S. citizen and president of **Global-Link Distribution LLC**—a defense contracting company operating in the International Zone—subverted the competitive bidding process used by the Department of Defense and the Multi-National Security Transition Command-Iraq for a bullet-proof vest contract for Iraqi Security Forces.

From about September 2004 to March 2005, Demilta submitted multiple sham bids. She admitted that she paid at least $60,000 to an unnamed public official to induce that person to influence the award of contracts and to induce expedited payments for contracts awarded to Demilta's company. According to the court documents, Demilta devised a scheme and instructed a co-conspirator to submit sham bids from dormant and/or related companies for the bullet-proof vest contract. The sham bids were submitted with intentionally increased prices so that one company, a Kuwaiti general trading firm, would win the contract at a lower price. The owner of the Kuwaiti general trading firm then

authorized Demilta to negotiate and receive all funds related to the contract.

On June 25, 2009, Demilta was sentenced to 6 months detention, 12 months home arrest, and 24 months supervised probation. She was also ordered to pay $70,000 in restitution and a $25,000 fine.

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

U.S. Marine Corps Bribery Scheme Moves Toward Trial

This quarter, a U.S. Marine master sergeant—who had been charged on March 26, 2009, under the Uniform Code of Military Justice with four charges of bribery and graft for wrongfully accepting money and gifts from contractors in Iraq—waived his June 29, 2009, UCMJ Article 32 Hearing and elected to go straight to trial. The trial is anticipated to start in August 2009.

This investigation is being conducted jointly by NCIS, SIGIR, and DCIS.

For a complete account of this task force investigation, see SIGIR's April 2009 *Quarterly Report to Congress*.

Audit Will Follow Up on Investigative Recovery of More Than $13 Million in DFI Funds

In March 2009, a joint SIGIR-DoD investigation led to the return of more than $13 million in Iraqi funds to the Iraqi people. This money was part of the DFI, which comprised Iraqi oil proceeds used for development projects in 2003 and 2004. As a result of this investigation, SIGIR has announced

the Audit of Transaction Data for the Development Fund for Iraq (Project No. 9011) in U.S. government agency accounts. The overall objective of this audit is to determine if U.S. government agencies properly accounted for the DFI funds they received or held.

For a complete account of this investigation, see SIGIR's April 2009 *Quarterly Report to the Congress*.

This investigation is being conducted jointly by SIGIR, CID-MPFU, and DCIS.

Audit-Investigation Proactive Efforts

In December 2008, SIGIR announced a new audit initiative to review DoD Appropriation, Obligation, and Expenditure Transaction Data Related to Iraq Relief and Reconstruction (Project No. 9005). This special forensic project is designed to review data related to the Iraq Relief and Reconstruction Fund for FY 2003 through FY 2008. In March 2009, SIGIR expanded that initiative to include expenditures by DoS (Project No. 9012) and USAID (Project No. 9013). The objective of the project is to examine options for combining automated transaction data and forensic auditing techniques to review the appropriateness of expenditures for Iraq relief and reconstruction. The forensic audit project is expected to lead to further SIGIR efforts, including investigations when criminal activity is indicated.

Working in concert with SIGIR's Audit directorate, SIGIR Investigations opened a proactive investigation. SIGIR special agents and auditors have coordinated this effort and are working with various contract administration, financial management, audit, and investigative

components in DoD, DoS, USAID, the U.S. Postal Service, the IRS, and other Department of the Treasury components. To date, SIGIR has identified 11 possible avenues of specific investigative interest and inquiry.

This effort has successfully identified examples of questionable payments and other contractor anomalies that may indicate fraud. SIGIR and the other cooperating investigative agencies are currently reviewing preliminary results to determine if full investigations are warranted in specific instances.

Defense Finance and Accounting Service—Rome, New York

This quarter, SIGIR continued to support the ongoing invoice review project of the Defense Finance and Accounting Service (DFAS) in Rome, New York. DCIS initiated this proactive project to analyze several billion dollars in payments related to U.S. Army purchases that have supported the war effort in Iraq. To aid in the efficient processing and retrieval of contingency vouchers, DFAS deployed scanners to Iraq and Kuwait to scan new vouchers into a DFAS database.

In addition to the daily scanning of new contingency vouchers and supporting documents, DFAS began to scan into the same database all of the historical vouchers related to contingency payments stored at DFAS-Rome.

The historical contingency documents comprise about 800,000 vouchers, with a value of approximately $13 billion to $14 billion. The scanning of these documents was delayed; it is expected to commence in summer 2009 and continue until at least December 2010. SIGIR will temporarily assign one Senior Criminal Investigator to DFAS-Rome to coordinate the review of

DFAS Rome warehouse with more than 800,000 vouchers.

the historical contingency documents in support of ongoing investigations, as well as to develop new criminal investigations.

DFAS has provided SIGIR and its partner investigative agencies full access to its electronic databases. Data-mining techniques are being used to analyze the documents in the DFAS database. The DFAS Rome Project is actively providing support to ongoing investigations and has forwarded several investigative leads to SIGIR and its partner investigative agencies for further action.

Suspension and Debarment

Since December 2005, SIGIR has worked closely with the Department of Justice, 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 involving Iraq reconstruction or Army support contracts in Iraq and Afghanistan. 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 marks the first time that PFB has specifically identified suspension and debarment actions related to reconstruction and Army support contract fraud in Afghanistan and reported them to the **Special Inspector General for Afghanistan Reconstruction (SIGAR).** Cases originating in Afghanistan were previously listed with cases originating in Iraq, Kuwait, and other locations in Southwest Asia. Beginning with this Quarterly Report, those cases have been removed from PFB's submission to SIGIR and may be found in the Quarterly Report produced by SIGAR.

Since SIGIR's April 2009 Quarterly Report, the PFB has taken these actions:
- suspended two individuals based on allegations of theft from DoD facilities in Iraq
- proposed six individuals and companies for debarment based on allegations of bribery, wire fraud, theft, and money laundering found in materials provided to the Army by criminal investigators and the Department of Justice
- debarred 15 companies and individuals for terms ranging from 3 to 10 years based on criminal convictions and fact-based inquiries provided by PFB to the Army Suspension and Debarment Official

To date, the Army has suspended 84 individuals and companies involved in sustainment and reconstruction contracts supporting the Army in Iraq and Kuwait. A total of

77 individuals and companies have been proposed for debarment, resulting in 57 finalized debarments, ranging 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 2009.

This quarter, these individuals and companies were debarred:

- **Lee Dynamics International, George H. Lee, Justin W. Lee,** and **Oai Lee** were debarred for ten years each. The Army Suspension and Debarment Official determined that they had participated in a scheme to provide payments to Army contracting personnel in exchange for the award of multiple warehouse management contracts supporting the Iraqi police and armed forces.
- Lieutenant Colonel **Levonda J. Selph,** USA (Retired), a former contracting officer with the Multi-National Security Transition Command-Iraq, was debarred for nine years based on her acceptance of payments from George H. Lee in exchange for the award of the contracts.
- Two companies affiliated with the Lees were debarred: **Lee Defense Services Corporation** for 10 years, and **Starcon Ltd. LLC** for 9 years.
- In a separate case, **Diaa Ahmen Abdul Latif Salem** and his companies—**Jasmine International Trading Company** and **D & J Trading Company**—were debarred for 10 years. The Army Suspension and Debarment Official found that they participated in a scheme to provide payments to Major John L. Cockerham, Jr., USA, a former contracting officer at Camp Arifjan, Kuwait, in exchange for the award of calls placed against blanket purchase agreements for bottled water and other items.
- During this quarter the U.S. Air Force has proposed two individuals and one company for debarment.

For a list of convictions, see Table 4.4. For a list of debarments, see Table 4.5. For a complete list of suspensions and debarments, see Appendix H. ◆

TABLE 4.4

CONVICTIONS (AS COMPILED BY THE DEPARTMENT OF JUSTICE)

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Tijani Saani	Filing false tax returns	6/25/2009	Pending
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
Elbert George	Theft of government property; conspiracy	5/18/2009	Pending
Roy Greene Jr.	Theft of government property; conspiracy	5/18/2009	Pending
Stephen Day	Conspiracy to defraud the United States by misrepresentation	4/13/2009	Pending
Jeff Alex Mazon, Contractor, KBR	Major fraud against the United States and wire fraud	3/24/2009	Pending
Carolyn Blake, Sister of Maj. John Cockerham	Conspiracy and money laundering	3/19/2009	Pending
Michael Carter, Project Engineer, Force Protection Industries	Violating the Anti-Kickback Act	1/25/2009	Pending
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	Pending
Maj. Theresa Baker, USAR Contracting Officer	Conspiracy and bribery	12/22/2008	Pending
Col. Curtis Whiteford, USAR Senior Official, CPA-South Central Region	Conspiracy, bribery, and wire fraud	11/7/2008	Pending
Lt. Col. Michael Wheeler, USAR CPA Reconstruction Advisor	Conspiracy, bribery, wire fraud, interstate transportation of stolen property, and bulk cash smuggling	11/7/2008	Pending
David Ramirez, Contractor, Readiness Support Management, Inc.	Bulk currency smuggling and structuring transactions	10/9/2008	50 months in prison; 3 years supervised release; $200 special assessment
Lee Dubois, Contractor, Future Services General Trading and Contracting Company	Theft of government property	10/7/2008	Pending
Jacquelin Fankhouser	Receipt of stolen property	8/28/2008	1 year probation; 180 days home confinement; 104 hours community service; $10,000 fine; and $100 special assessment
Robert Bennett Contractor, KBR	Violating the Anti-Kickback Act	8/28/2008	Pending
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; 1 year supervised release
Maj. John Lee Cockerham, Jr., USA Contracting Officer	Bribery, conspiracy, and money laundering	6/24/2008	Pending
Melissa Cockerham, Wife of Maj. John Cockerham	Conspiracy and money laundering	6/24/2008	Pending
Lt. Col. Levonda Selph, USAR Contracting Officer	Conspiracy and bribery	6/10/2008	Pending
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	Pending
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

Continued on the next page

Name	Charges	Date of Conviction	Sentence
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 Lane, USAR 223rd Finance Detachment	Conspiracy and honest services wire fraud	6/5/2007	30 months in prison and $323,228 restitution
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, 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. 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
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 in restitution; $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 of 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

TABLE 4.5
DEBARMENT LIST

NAME	DEBARRED
Nazar Abd Alama	7/1/2009
San Juan Company	7/1/2009
Mississippi Company for the General Contract	7/1/2009
Debra M. Harrison, LTC, USAR	6/17/2009
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
Mohammed Shabbir Kahn	10/10/2008
Kevin Andre Smoot	9/30/2008
Green Valley Company	9/17/2008, 5/18/2007
Triad United Technologies, L.L.C.	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
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

Name	Debarred
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	09/26/2006
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 Iraq, the United States, and throughout the world.

Second Quarter Reporting

As of June 30, 2009, the SIGIR Hotline had initiated 729 cases. Of these, 638 have been closed, and 91 remain open. For a summary of these cases, see Table 4.6.

New Cases

This quarter, the SIGIR Hotline received 13 new complaints, bringing the cumulative total to 729 Hotline cases. The new complaints were classified in these categories:

- 4 involved miscellaneous issues.
- 3 involved personnel issues.
- 3 involved waste.
- 2 involved contract fraud.
- 1 involved mismanagement.

Table 4.6

SUMMARY OF SIGIR HOTLINE CASES, AS OF 6/30/2009

OPEN CASES	
Investigations	81
Audits	9
Inspections	1
Total Open	**91**

CLOSED CASES	1st Qtr 2009	2nd Qtr 2009	Cumulative*
FOIA	0	0	4
OSC Review	0	0	2
Assists	0	0	46
Dismissed	3	1	126
Referred	10	8	289
Inspections	0	0	79
Investigations	1	3	79
Audit	4	0	13
Total Closed	**18**	**12**	**638**
Cumulative* Open & Closed			**729**

*Cumulative totals cover the period since the SIGIR Hotline began operations—from 3/24/2004 to 6/30/2009.

The SIGIR Hotline receives most reports of perceived instances of fraud, waste, abuse, mismanagement, and reprisal through the website and by electronic mail. SIGIR's 13 new Hotline complaints were received by these means:

- 7 by SIGIR website
- 3 by electronic mail
- 2 by telephone
- 1 by walk-in

Closed Cases

During this quarter, SIGIR closed 12 Hotline cases:

- 8 were referred to other inspector general agencies.
- 3 were closed by SIGIR Investigations.
- 1 was dismissed for lack of information.

Referred Complaints

After a thorough review, SIGIR referred 8 complaints to outside agencies for proper resolution:

- 3 were sent to the Multi-National Force-Iraq Office of Inspector General.
- 2 were sent to the Special Inspector General for Afghanistan Reconstruction.
- 1 was sent to the Joint Contracting Command-Iraq/Afghanistan.
- 1 was sent to the Department of State Office of Inspector General.
- 1 was sent to the U.S. Army Office of Inspector General. ◆

SIGIR WEBSITE

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

- This quarter, more than 87,000 users visited the SIGIR website—almost 1,000 users per day.
- This quarter, the Arabic language section of the site received 1,228 visits.
- The most frequently downloaded documents were SIGIR's most recent Quarterly Reports.

For an overview of daily visits to the SIGIR website, see Figure 4.7. ◆

FIGURE 4.7

AVERAGE NUMBER OF VISITORS PER DAY TO SIGIR WEBSITE, AS OF 6/30/2009
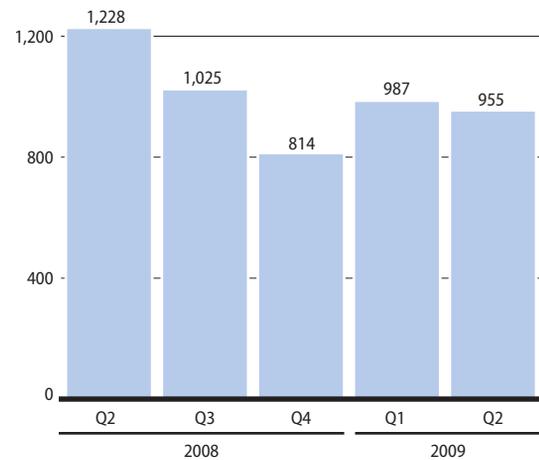
Source: DoD, IMCEN, response to SIGIR data call, 7/13/2009.

LEGISLATIVE UPDATE

On June 24, 2009, the President signed Public Law 111-32, the Supplemental Appropriations Act, 2009. This law included provisions related to the Special Inspector General for Iraq Reconstruction (SIGIR) and to the reconstruction of Iraq.

Title XI of the act provides for the transfer of $7 million to SIGIR for reconstruction oversight, to be available until September 30, 2010. These funds were requested by SIGIR so that in a transition between funding mechanisms—from the former practice of funding SIGIR entirely through supplemental appropriations, to the new practice of funding SIGIR in the regular appropriations cycle—SIGIR would have sufficient funds if the regular appropriations act passed late in FY 2009 or after the beginning of FY 2010. The act also directs that SIGIR and certain other inspectors general coordinate and integrate the programming of funds made available in FY 2009 for oversight of programs in Afghanistan, Pakistan, and Iraq.

In connection with allocation of funds provided for "Operations and Maintenance, Army," under Title III of the act, the explanatory statement of the conferees provides $453 million for the Commander's Emergency Response Program for Iraq and Afghanistan for FY 2009. The statement does not specify how much of that money that U.S. forces may use with respect to each country.

Section 306(a)(1) of the act rescinded $1 billion of funds appropriated for the Iraq Security Forces Fund in the Supplemental Appropriations Act, 2008, which otherwise would have been unavailable for obligation after September 30, 2009. Section 306(a)(1) appropriated $1 billion

for the same purpose, to remain available until September 30, 2010.

Section 314 of the act provides that "none of the funds appropriated or otherwise made available by this or any other Act shall be obligated or expended by the United States Government … to establish any military installation or base for the permanent stationing of United States Armed Forces in Iraq" or "[t]o exercise United States control over any oil resource of Iraq."

Section 316 of the act provides for reports by the Secretary of Defense on, among other things, the status of the drawdown of U.S. forces and contractors from Iraq, how the Government of Iraq is assuming responsibility for "reconciliation initiatives," the relation of the drawdown of military forces to the withdrawal of combat brigades, and the roles and responsibilities of remaining contractors in Iraq.

In connection with allocations for Iraq under the Economic Support Fund, the explanatory statement of the conferees on the act said that they expected $439 million to be allocated for Iraq—$50 million for the Community Action Program, $118 million for democracy and civil society programs (with a sub-allocation of $7 million for the United States Institute of Peace), $2 million for Iraq cultural antiquities, $10 million for the Marla Ruzicka Iraqi war victim's fund, $15 million for the Targeted Stability Program (see the discussion of section 1106 below), and $5 million for "widows assistance." A total of $239 million remained unallocated. The conferees stated that they "are concerned about the treatment of women in Iraq, and urge the Department of

State and USAID to continue efforts to encourage the incorporation of women in stabilizing Iraq and creating its government institutions. The conferees are also concerned about the plight of women and religious minorities, including Iraqi Christians, amongst displaced and refugee populations and urges that programs of support for displaced and refugee populations take into account the needs of these minority groups."

The explanatory statement of the conferees on the act said that, in connection with allocations of the International Narcotics Control and Law Enforcement fund, $20 million should be allocated for Iraq.

Section 1106 of the act specifies that funds available for civilian assistance to Iraq (under Title XI of the act) (a) shall be made available in a manner that to the maximum extent practicable uses Iraqi entities; (b) shall be available according to matching-fund guidelines issued by the Department of State dated April 9, 2009; and also (c) that not less than $15 million shall be made available from the Economic Support Fund for "targeted development programs and activities" under the direction of the United States Chief of Mission in Iraq.

The act made $2 million available for International Military Education and Training Programs for Iraq. ◆

OTHER AGENCY OVERSIGHT

SECTION

5

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 meet quarterly to exchange details about current and planned audits, identify opportunities for collaboration, and minimize redundancies.

The most recent meeting was held on May 27, 2009, at the SIGIR office in Arlington, Virginia. The following organizations participated in the meeting:

- CENTCOM Inspector General (CENTCOM IG)
- Department of the Army Inspector General
- Department of Defense Office of Inspector General (DoD OIG)
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- SIGIR
- U.S. Agency for International Development Office of Inspector General (USAID OIG)
- U.S. Army Audit Agency (USAAA)
- Commission on Wartime Contracting

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 DoD OIG, DoS OIG, GAO, USAID OIG, and USAAA. For Defense Contract Audit Agency (DCAA) updates, see Appendix I.

In previous quarters, SIGIR has provided updates on the U.S. Department of the Treasury and the U.S. Department of Commerce, but neither agencies have any current Iraq reconstruction oversight activities ongoing or planned for FY 2009. SIGIR will no longer report on these agencies in this section.

Section 842 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) requires that SIGIR, in consultation with other IGs, develop "a comprehensive plan for a series of audits" of "federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq." Following the enactment of section 842, SIGIR has worked closely with the DoD OIG Joint Planning Group-Southwest Asia, which has facilitated the production of the Comprehensive Oversight Plan for Southwest Asia. That document, compiled by the relevant IGs (including SIGIR), summarizes ongoing and near-term planned oversight for Iraq and the region. In April 2009, several DoD and federal oversight agencies—including SIGIR, DoD OIG, DoS OIG, USAID OIG, USAAA, Naval Audit Service, Air Force Audit Agency, and DCAA—presented the FY 2009 update to the Comprehensive Oversight Plan for Southwest Asia. The plan provides a comprehensive accounting of the ongoing and planned oversight for Southwest Asia, including Iraq, for all IG offices having audit jurisdiction. Participating oversight agencies will continue to coordinate oversight plans through working groups and councils.

OTHER AGENCY AUDITS

This section updates the audits that IIGC member agencies reported to SIGIR:

- For recently completed oversight report activity, see Table 5.1.
- For ongoing oversight report activity of other U.S. agencies during this reporting period, see Table 5.2.

- For more information on other agency audits, including audit summaries, see Appendix I.
- For a complete historical list of audits and reviews on Iraq reconstruction by all entities, see Appendix J.

TABLE 5.1

RECENTLY COMPLETED OVERSIGHT REPORTS OF OTHER U.S. AGENCIES, AS OF 6/30/2009

AGENCY	REPORT NUMBER	REPORT DATE	REPORT TITLE
DoD	D-2009-083	5/28/2009	Logistics Support Contracting for the United States Special Operations Command
DoD	D-2009-079	5/7/2009	Controls Over the Department of the Navy Military Payroll Disbursed in Support of the Global War on Terror
DoD	D-2009-078	5/4/2009	Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia
DoD	D-2009-6-004	4/8/2009	Defense Contract Management Agency (DCMA) Actions on Audits of Cost Accounting Standards and Internal Control Systems at DoD Contractors Involved in Iraq Reconstruction Activities
DoD	D-2009-073	4/8/2009	DoD Components' Use of Global War on Terror Supplemental Funding Provided for Procurement and Research, Development, Test, and Evaluation
DoD	D-2009-067	4/3/2009	Controls Over Air Force Materiel Command Unliquidated Obligations on Department of the Air Force Contracts Supporting the Global War on Terror
DoD	D-2009-066	4/1/2009	Marine Corps' Management of the Recovery and Reset Programs
DoD	09-INTEL-05	3/24/2009	Audit of the Management of Signals Intelligence Counterterrorism Enterprise Analysts
DoS	MERO-IQO-09-06	6/12/2009	Review of the Activities of DynCorp International under the State Department's Worldwide Personal Protective Service Contracts (WPPS) in Iraq
DoS	AUD/IQO-09-16	6/5/2009	Joint Review with SIGIR of the Blackwater Contract for Worldwide Personal Protective Services
DoS	MERO-IQO-09-03	5/5/2009	Review of the Activities of Triple Canopy under the State Department's Worldwide Personal Protective Service Contracts (WPPS) in Iraq
GAO	GAO-09-562	6/26/2009	Human Capital: Actions Needed to Better Track and Provide Timely and Accurate Compensation and Medical Benefits to Deployed Federal Civilians
GAO	GAO-09-692T	6/23/2009	V-22 Osprey Aircraft: Assessments Needed to Address Operational and Cost Concerns to Define Future Investments
GAO	GAO-09-526	6/3/2009	Rebuilding Iraq: Improved Management Controls and Iraq Commitment Needed for Key State and USAID Capacity-Building Programs
GAO	GAO-09-120	4/21/2009	Iraqi Refugee Assistance: Improvements Needed in Measuring Progress, Assessing Needs, Tracking Funds, and Developing an International Strategic Plan
GAO	GAO-09-538T	4/1/2009	Contingency Contracting: DoD, State, and USAID Are Taking Actions to Track Contracts and Contractor Personnel in Iraq and Afghanistan
USAAA	A-2009-0146-ALM	6/22/2009	Sustaining Left-Behind Equipment, U.S. Army Sustainment Command
USAAA	A-2009-0120-FFD	6/17/2009	Improvised Explosive Device Training for Explosive Ordnance Disposal Soldiers, Deputy Chief of Staff G-3/5/7 and Training and Doctrine Command
USAAA	A-2009-0130-FFD	6/8/2009	Body Armor Requirements, Office of the Deputy Chief of Staff, G-3/5/7
USAAA	A-2009-0119-ALL	6/8/2009	Commander's Emergency Response Program–Multi-National Division-Baghdad
USAID	E-267-09-004-P	6/3/2009	Audit of USAID/Iraq's Economic Governance Program II
USAID	E-267-09-003-P	5/31/2009	Audit of USAID/Iraq's Local Governance Program II Activities
USAID	not reported	4/30/2009	Audit of USAID/Iraq's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2009 (summary)

Table 5.2

Ongoing Oversight Activities of Other U.S. Agencies, as of 6/30/2009

Agency	Project Number	Date Initiated	Report Title
DoD	D2009-D000LC-0240.001	6/18/2009	Transportation for DoD Personnel and Cargo Relocation from Iraq Drawdown
DoD	D2009-D000LC-0237.000	6/11/2009	Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom
DoD	D2009-D000JB-0220.000	5/18/2009	Asset Accountability at Forward Operating Bases Scheduled for Closure or Transfer to the Iraqi Security Forces
DoD	D2009-D000AE-0210.000	4/28/2009	Marine Corps Fulfillment of Urgent Universal Need Statements for Laser Dazzlers
DoD	D2009-D000FC-0199.000	4/17/2009	Allowances and Differentials Paid to DoD Civilian Employees Supporting the Global War on Terror
DoD	D2009-D000FG-0183.000	4/7/2009	FY 2008 Marine Corps Global War on Terror-Related Costs Processed Through the Standard Accounting, Budgeting, and Reporting System
DoD	D2009-D000JB-0181.000	4/3/2009	Multi-National Force-Iraq/Multi-National Corps-Iraq Fire Services Inspection and Training Program
DoD	D2009-D000JA-0108.002	4/2/2009	Information Operations in Iraq
DoD	D2009-D000FC-0176.000	3/19/2009	Controls Over Unliquidated Obligations for Department of the Army Contracts Supporting the Global War on Terror
DoD	D2009-D000FC-0165.000	3/4/2009	Controls Over Department of the Navy Military Payroll Processed in Support of the Global War on Terror at San Diego-Area Disbursing Centers
DoD	D2009-D000AS-0163.000	3/2/2009	Army and Navy Small Boats Maintenance Contracts
DoD	D2009-D000FI-0150.000	2/13/2009	Material Purchases Made Through Partnership Agreements at Corpus Christi Army Depot
DoD	D2009-D000JA-0108.001	2/11/2009	Summary of Information Operation Contracts in Iraq
DoD	D2009-D00-SPO-0148.000	2/3/2009	Assessment of the Accountability and Control of Arms, Ammunition, and Explosives (AA&E) Provided to the Security Forces of Afghanistan
DoD	D2009-D00-SPO-0113.000	2/3/2009	Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Afghan National Security Forces
DoD	D2009-D000FC-0121.000	1/30/2009	Controls Over Air Combat Command and Pacific Air Forces Unliquidated Obligations on Department of the Air Force Contracts Supporting the Global War on Terror
DoD	D2009-D000JA-0136.000	1/30/2009	Controls Over the Common Access Card in Non-Department of Defense Agencies
DoD	D2009-D000LD-0110.000	1/30/2009	Air Force Depot Maintenance Public-Private Partnerships
DoD	D2009-DIPOAI-0141	1/29/2009	Review of Army Decision Not to Withhold Funds on the Logistics Civil Augmentation Program (LOGCAP) III Contract
DoD	D2009-D000JA-0106.000	1/13/2009	Body Armor Acquisition Life Cycle Management
DoD	D2009-D000FB-0112.000	1/5/2009	Deployment of the Standard Procurement System in the Joint Contracting Command Iraq/Afghanistan
DoD	D2009-D000JA-0108.000	12/23/2008	Information Operations Contracts in Iraq
DoD	D2009-D00-SPO-0115.000	12/17/2008	Assessment of U.S. and Coalition Efforts to Develop the Medical Sustainment Capability of the Afghan National Security Forces
DoD	D2009-D000AE-0102.000	12/9/2008	DoD Countermine and Improvised Explosive Device Defeat Systems Contracts
DoD	D2009-D000CK-0100.000	12/9/2008	Maintenance and Support of the Mine Resistant Ambush Protected Vehicle
DoD	D2009-D000CF-0095.000	12/1/2008	DoD's Use of Time and Materials Contracts
DoD	D2009-D000AS-0092.000	12/1/2008	Counter Radio-Controlled Improvised Explosive Device Electronic Warfare Program
DoD	D2009-D000FN-0075.000	11/25/2008	Internal Controls Over Naval Special Warfare Command Comptroller Operations in Support of Global War on Terror
DoD	D2009-D000CD-0071.000	11/12/2008	Implementation of Predator/Sky Warrior Acquisition Decision Memorandum Dated May 19, 2008

Continued on the next page

Ongoing Oversight Activities of Other U.S. Agencies, as of 6/30/2009

Agency	Project Number	Date Initiated	Report Title
DoD	D2007-D000FD-0198.001	10/10/2008	Reannouncement of the Audit of Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund
DoD	D2009-D000AE-0007.000	9/29/2008	Army Acquisition Actions in Response to the Threat to Light Tactical Wheeled Vehicles
DoD	D2008-D000AE-0287.000	9/23/2008	Using System Threat Assessments in the Acquisition of Tactical Wheeled Vehicles
DoD	D2008-D000AB-0266.000	9/18/2008	Defense Contract Management Agency Acquisition Workforce for Southwest Asia
DoD	D2008-D000LF-0267.000	9/12/2008	Medical/Surgical Prime Vendor Contracts Supporting Coalition Forces in Iraq and Afghanistan
DoD	D2008-D000FL-0253.000	9/3/2008	Department of the Army Deferred Maintenance on the Bradley Fighting Vehicle as a Result of the Global War on Terror
DoD	D2008-D000JC-0274.000	8/28/2008	Update—Summary Report on Challenges Impacting Operations Iraqi Freedom and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2008
DoD	D2008-D000FN-0230.000	8/28/2008	Information Assurance Controls Over the Outside the Continental United States Navy Enterprise Network as related to the Global War on Terror
DoD	D2008-D000LD-0245.000	8/27/2008	Central Issues Facilities
DoD	D2008-D000AS-0270.000	8/25/2008	Transition Planning for the Logistics Civil Augmentation Program IV Contract
DoD	D2008-D000CD-0256.000	8/7/2008	DoD Body Armor Contracts
DoD	D2008-D000FP-0252.000	8/1/2008	Department of the Air Force Military Pay in Support of the Global War on Terror
DoD	D2008-D000AS-0255.000	7/31/2008	Contracts Supporting the DoD Counter Narcoterrorism Program
DoD	D2008-D000AE-0251.000	7/21/2008	Army's Use of Award Fees on Contracts That Support the Global War on Terror
DoD	D2008-D000AE-0247.000	7/18/2008	Rapid Acquisition and Fielding of Materiel Solutions Within the Navy
DoD	D2008-D000LH-0249.000	7/14/2008	Equipment Repair and Maintenance Contracts for Aircraft and Aircraft Components Supporting Coalition Forces in Iraq and Afghanistan
DoD	D2008-D000LH-0250.000	7/14/2008	Selection of Modes for Transporting Materiel in Support of Operations in Iraq and Afghanistan
DoD	D2008-D000LH-0235.000	6/26/2008	Contracting for Purchased and Leased Nontactical Vehicles in Support of Operation Iraq Freedom and Operation Enduring Freedom
DoD	D2008-D000FH-0225.000	6/20/2008	The U.S. Air Force Deferred Maintenance on the C-130 Aircraft as a Result of the Global War on Terror
DoD	D2008-D000CH-0236.000	6/19/2008	The Army Procurements for the High Mobility Multi-Purpose Wheeled Vehicles
DoD	D2008-D000CE-0221.000	6/9/2008	DoD and DoD Contractor Efforts to Prevent Sexual Assault/Harassment Involving Contractor Employees Within Operations Enduring Freedom and Iraqi Freedom Areas of Operation
DoD	D2008-D000FJ-0210.000	5/30/2008	Department of the Army Deferred Maintenance on the Abrams Tank Fleet as a Result of the Global War on Terror
DoD	D2008-D000FD-0214.000	5/20/2008	Contracts for Spare Parts for Vehicle-Mounted Small Arms in Support of the Global War on Terror
DoD	D2008-D000JC-0203.000	5/12/2008	Assignment and Training of Contracting Officer's Representatives at Joint Contracting Command-Iraq/Afghanistan
DoD	D2008-DIPOE2-0196.000	5/12/2008	Review of Electrocution Deaths in Iraq
DoD	D2008-D000AB-0193.000	4/24/2008	Organic Ship Utilization in Support of the Global War on Terror
DoD	D2008-D000CE-0187.000	4/23/2008	Acquisition of Ballistic Glass for the High-Mobility Multipurpose Wheeled Vehicle
DoD	D2008-D000JC-0186.000	4/23/2008	Class III Fuel Procurement and Distribution in Southwest Asia
DoD	D2008-D000CK-0161.000	2/25/2008	War Reserve Materiel Contract
DoD	D2008-D000FP-0132.000	2/25/2008	Internal Controls Over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia
DoD	2008C003	2/7/2008	Evaluation of DoD Sexual Assault Response in Operations Enduring Freedom and Iraqi Freedom Areas of Operation
DoD	D2008-D000CG-0123.000	2/7/2008	Price Reasonableness for Contracts at U.S. Special Operations Commands

Continued on the next page

Ongoing Oversight Activities of Other U.S. Agencies, as of 6/30/2009

Agency	Project Number	Date Initiated	Report Title
DoD	D2007-D000LA-0199.002	1/24/2008	Controls Over the Contractor Common Access Card Life Cycle in Southwest Asia
DoD	D2008-D000FE-0106.000	12/19/2007	Defense Emergency Response Fund for the Global War on Terror
DoD	D2008-D000LF-0093.000	11/28/2007	Medical Equipment Used to Support Operations in Southwest Asia
DoD	D2007-D000FL-0252.000	8/31/2007	Internal Controls and Data Reliability in the Deployable Disbursing System
DoD	D2007-D000CK-0201.000	6/18/2007	Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts
DoS	09MERO3017	6/1/2009	Property Inventory and Accountability at Embassy Baghdad
DoS	09MERO3016	6/1/2009	LOGCAP Task Order for Embassy Baghdad
DoS	09MERO3013	4/1/2009	Personal Security Detail (WPPS) Contract—DynCorp (Iraq) (Procurement and Financial Related)
DoS	09MERO3012	4/1/2009	Personal Security Detail (WPPS) Contract—Triple Canopy (Iraq) (Procurement and Financial Related)
DoS	09-ISP-3020	1/1/2009	Inspection of Embassy Baghdad
DoS	09MERO3002	11/21/2008	Embassy Baghdad Transition Plan (DoD Downsizing)
DoS	09MERO3003	11/21/2008	Role, Staffing, and Effectiveness of the Regional Embassy Offices (REO) in Iraq
DoS	08MERO3023	7/1/2008	Audit of Contract Administration, Commissioning, and Accreditation of the NEC Baghdad
GAO	320645	3/9/2009	U.S., Iraqi, and International Efforts to Address Challenges in Reintegrating Displaced Iraqis
GAO	351271	3/1/2009	DoD's Basis for Unmanned Aircraft Systems Program levels and Plans to Support Those Levels
GAO	351321	2/1/2009	DoD's Planning for the Withdrawal of U.S. Forces from Iraq
GAO	120812	2/1/2009	Iraq/Afghanistan Contractor Oversight
GAO	Not reported	11/1/2008	Iraq Transition Policy Paper
GAO	120790	11/20/2008	Contracting in Iraq and Afghanistan
GAO	351237	10/1/2008	Iraq Cost Sharing Arrangements
GAO	Not reported	9/1/2008	Readiness of the Army Active/Reserve Component Forces
GAO	351239	9/1/2008	Readiness of the Active and Reserve Components of the Navy and Marine Corps
GAO	351242	8/7/2008	Intelligence, Surveillance, and Reconnaissance (ISR) Processing Capabilities
GAO	351231	6/1/2008	DoD Integration of IED Defeat Capabilities
GAO	351230	6/1/2008	Joint IED Defeat Organization (JIEDDO) Strategic Management
GAO	351236	6/1/2008	Urgent Wartime Requirements
GAO	351172	3/1/2008	Fuel Demand at Forward Locations
GAO	320557	12/1/2007	Iraqi Security Forces and the Transfer of Security Responsibilities
GAO	351282	8/1/2007	Body Armor Programs and Testing
GAO	351083	8/1/2007	Use of Private Security Contractors in Iraq
USAAA	A-2009-ALC-0535.000	5/21/2009	Award Fee Determinations on Logistics Civil Augmentation Program (LOGCAP) III Contract, Task Order 0139
USAAA	A-2009-FFS-0075.000	3/31/2009	Reserve Component Post Mobilization Training
USAAA	A-2009-ALL-0133.000	3/26/2009	Force Protection – Security Badging (Kuwait)
USAAA	A-2009-ALL-0118.000	2/10/2009	Controls Over Vendor Payments – Southwest Asia (Phase II)
USAAA	A-2008-ALL-0624.003	2/9/2009	Commander's Emergency Response Program (CERP), Multi-National Division – Center (Iraq)
USAAA	A-2009-ALL-0341.000	2/5/2009	U.S. Army Customs Operations – Kuwait
USAAA	A-2009-ALL-0110.000	2/2/2009	Multi-National Security Transition Command-Iraq (MNSTC-I), Iraqi Security Forces Fund (ISFF)

Ongoing Oversight Activities of Other U.S. Agencies, as of 6/30/2009

Agency	Project Number	Date Initiated	Report Title
USAAA	A-2009-ALL-0106.000	2/2/2009	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan – Kabul and Jalalabad (Afghanistan)
USAAA	A-2009-ALM-0059.000	1/27/2009	Non-Standard Equipment Sustainment
USAAA	A-2009-ALL-0354.000	1/20/2009	Forward Operating Base (FOB) Closures – Iraq
USAAA	A-2008-ALA-0588.000	1/20/2009	Foreign Military Sales (FMS)
USAAA	A-2009-ALL-0109.000	11/1/2008	Sensitive Items Accountability and Control, Abu Ghraib (Iraq)
USAAA	A-2008-ALL-0624.002	10/23/2008	Commander's Emergency Response Program (CERP), Multi-National Division – West (Iraq)
USAAA	A-2009-ALC-0093.000	10/20/2008	Logistics Civil Augmentation Program (LOGCAP) III, Contract Close-out
USAAA	A-2008-ALL-0624.001	9/22/2008	Commander's Emergency Response Program (CERP), Multi-National Division – North (Iraq)
USAAA	A-2008-FFF-0081.000	9/10/2008	Unit Training on Defeat Improvised Explosive Devices (IEDs)
USAAA	A-2008-ALM-0690.000	9/4/2008	Assessing Future Base Budget Requirements – Sustaining Program Evaluation Group (PEG)
USAAA	A-2008-FFS-0669.000	9/1/2008	Assessing Future Base Budget Requirements – Organizing Program Evaluation Group (PEG)
USAAA	A-2008-ALO-0741.000	9/1/2008	Assessing Future Base Budget Requirements – Installation Program Evaluation Group (PEG)
USAAA	A-2008-ALL-0401.000	9/1/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan – Kandahar and Salerno (Afghanistan)
USAAA	A-2008-FFF-0647.000	7/21/2008	Assessing Future Base Budget Requirements—Training Program Evaluation Group (PEG)
USAAA	A-2008-ALL-0398.000	7/21/2008	Controls Over Logistics Civil Augmentation Program (LOGCAP) – White Property
USAAA	A-2008-ALL-0403.000	7/7/2008	Housing Contracts – Area Support Group (ASG) - Kuwait
USAAA	A-2008-FFM-0630.000	6/24/2008	Assessing Future Base Budget Requirements (Audit Control Point)
USAAA	A-2008-FFS-0443.000	6/18/2008	Requirements Validation for CONUS Based Mobilized Soldiers
USAAA	A-2008-ALL-0633.000	6/18/2008	U.S. Army Corps of Engineers (USACE) Pilot Defense Base Act (DBA) Insurance Program
USAAA	A-2008-ALL-0625.000	6/9/2008	Follow-up Audit of Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase I)
USAAA	A-2008-ALM-0313.000	5/19/2008	Automatic Reset Items—Depot
USAAA	A-2008-ALL-0501.000	3/17/2008	Controls Over Vendor Payments – U.S. Army Contracting Command (USACC), SWA-Kuwait-Phase I
USAAA	A-2008-ALL-0204.000	3/4/2008	Government Property Provided to Contractors – Kuwait Base Operations
USAAA	A-2008-ALL-0466.000	3/3/2008	Follow Up of Offline Purchases
USAAA	A-2008-ALA-0468.000	2/27/2008	Army Authorized Acquisition Objective (AAO) Process
USAAA	A-2008-ALM-0311.000	2/18/2008	Directorate of Logistics Workload Supporting Reset
USAAA	A-2008-FFF-0044.000	2/12/2008	Management of the Prepositioned Fleet at Combat Training Centers
USAAA	A-2008-ALL-0318.000	2/4/2008	U.S. Army Corps of Engineers Contract Functions in Iraq, Gulf Region Division (GRD) – Phase I
USAAA	A-2008-ALL-0319.000	1/29/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan (Balad)
USAAA	A-2008-ALL-0320.000	1/28/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan (Bagram)
USAAA	A-2008-ALR-0307.000	1/14/2008	Property Book Unit Supply Enhanced, 3d Infantry Division (ID)
USAAA	A-2008-ALR-0357.000	1/7/2008	Property Book Unit Supply Enhanced, I Corps
USAAA	A-2008-FFF-0148.000	12/10/2007	Use of Role Players Army-wide (less Combat Training Centers)
USAAA	A-2008-ALR-0039.000	12/3/2007	Property Book Unit Supply Enhanced (Audit Control Point)
USAAA	A-2007-ZBI-0344.003	11/5/2007	Army Foreign Language Program – Contracting
USAAA	A-2007-ALL-0887.002	7/26/2007	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan (Victory)
USAAA	A-2007-ALL-0887.001	7/24/2007	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan (Baghdad)

Ongoing Oversight Activities of Other U.S. Agencies, as of 6/30/2009

Agency	Project Number	Date Initiated	Report Title
USAAA	A-2007-ALL-0858.001	7/11/2007	Retrograde Operations in Southwest Asia – Kuwait (Rear Support)
USAAA	A-2007-ALA-0978.000	7/2/2007	Impact of Mine Resistant Ambush Protected Vehicle (MRAP) Acquisitions on Other Systems
USAAA	A-2007-ALL-0859.000	6/18/2007	Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase II)
USAAA	A-2007-ALL-0858.000	6/9/2007	Retrograde Operations in Southwest Asia – Kuwait
USAAA	A-2007-ALL-0329.000	10/26/2006	Contracting Operations, U.S. Army Contracting Command (USACC), SWA-Kuwait (Phase I)
USAAA	A-2007-ALL-0212.001	10/1/2006	Management and Use of Contractor Acquired Property Under the Logistics Civil Augmentation Program (LOGCAP) Contract – Power Generators
USAID	Not reported	1QR/FY 2009	Audit of the Office of Foreign Disaster Assistance Program in Iraq
USAID	Not reported	1QR/FY 2009	Audit of USAID/Iraq's Rapid Assistance 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 5.3.

Table 5.3

Status of Investigative Activities of Other U.S. Agencies, as of 6/30/2009

Agency	Investigators in Iraq	Investigators in Kuwait	Open/Ongoing Cases*
U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit	9	3	137
Defense Criminal Investigative Service	7	2	173
DoS OIG	1	0	15
FBI	5	2	92
Naval Criminal Investigative Service	3	1	20
U.S. Air Force Office of Special Investigations	2	0	7
USAID	2	0	10
Total	**29**	**8**	**454**

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

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ACRONYMS AND DEFINITIONS

This section contains all of the abbreviations and acronyms found in the SIGIR Quarterly and Semiannual Report to the Congress.

Acronym	Definition
AAB	Advise and Assist Brigade
AAO	Adder Area Office
ABOT	Al Basrah Oil Terminal
ACCO	Anticorruption Coordination Office
ACOB	Armed Contractor Oversight Branch
AFCEE	Air Force Center for Engineering and the Environment
AIG	Association of Inspectors General
BAO	Basrah Area Office
BCH	Basrah Children's Hospital
BCT	Brigade Combat Team
BDOP	Business Development and Outreach Program
BPA	Blanket Purchase Agreement
CCC-I	Central Criminal Court of Iraq
CEFMS	Corps of Engineers Financial Management System
CENTCOM	U.S. Central Command
CERP	Commander's Emergency Response Program
CID	Criminal Investigation Division
CID-MPFU	U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit
CMC	Communications Media Commission
CMM	Capability Maturity Model
COFE	Committee of Financial Experts
COI	Commission on Integrity (previously known as Commission on Public Integrity)
CoM	Council of Ministers
CoMSec	Council of Ministers Secretariat
CONOC	Contractor Operations Cells
CoR	Council of Representatives
COSIT	Central Organization for Statistics and Information Technology
CPA	Coalition Provisional Authority
CPA-SC	CPA South Central Region
CPJ	Committee to Protect Journalists
DCAA	Defense Contract Audit Agency
DCIS	Defense Criminal Investigative Service
DCM	Deputy Chief of Mission
DCMA	Defense Contract Management Agency

Acronym	Definition
DFAS	Defense Finance and Accounting Service
DFI	Development Fund for Iraq
DoD	Department of Defense
DoD OIG	Department of Defense Office of Inspector General
DOI	Daughters of Iraq
DoS	Department of State
DoS OIG	Department of State Office of Inspector General
DRL	Bureau of Democracy, Human Rights and Labor
EDMS	Electronic Document Management System
EG II	Economic Governance II
EGP	EGP Business Solutions Inc.
ePRT	Embedded Provincial Reconstruction Team
ESF	Economic Support Fund
FBI	Federal Bureau of Investigation
FCC	Freedom Consulting and Catering Co.
FMS	Foreign Military Sales
FPS	Facilities Protection Service
FY	Fiscal Year
GAO	Government Accountability Office
GDP	Gross Domestic Product
GEO	Governorate Electoral Office
GMASS	Global Maintenance and Supply Services
GOI	Government of Iraq
GRC	Gulf Region Division-Central District
GRD	Gulf Region Division
GRN	Gulf Region-North District
GRS	Gulf Region South
HHS	U.S. Department of Health and Human Services
HJC	Higher Judicial Council
IA	Iraqi Army
IAMB	International Advisory and Monitoring Board
IBC	International Building Code
ICAA	Iraqi Civil Aviation Authority
ICBG	Iraq Company for Bank Guarantees
ICCM	Iraq Community-Based Conflict Mitigation
ICE	Immigration and Customs Enforcement
I-CERP	Iraq-Commander's Emergency Response Program
ICF-SME	Iraqi Company for SME Finance Ltd.
ICI	International Compact with Iraq
ICITAP	International Criminal Investigative Training Assistance Program
ICS	Iraqi Correctional Service

Acronym	Definition
IDP	Internally Displaced Person
IEAT	International Electoral Assistance Team
IED	Improvised Explosive Device
IFES	International Foundation for Electoral Systems
IFMIS	Iraq Financial Management Information System
IG	Inspector General
IHEC	Independent High Electoral Commission
IIGC	Iraq Inspectors General Council
IJ	Investigative Judge
IJU	Iraqi Jurist Union
IMF	International Monetary Fund
INCLE	International Narcotics Control and Law Enforcement Fund
INL	Bureau of International Narcotics and Law Enforcement Affairs (DoS)
IOM	International Organization for Migration
IRAP	Iraq Rapid Assistance Program
IRFFI	International Reconstruction Fund Facility for Iraq
IRI	International Republican Institute
IRMS	Iraq Reconstruction Management System
IRRF	Iraq Relief and Reconstruction Fund
IRRF 1	Iraq Relief and Reconstruction Fund
IRRF 2	Iraq Relief and Reconstruction Fund
IRS	Internal Revenue Service
ISAM	Iraq Security Assistance Mission
ISCI	Islamic Supreme Council of Iraq
ISF	Iraqi Security Forces
ISFF	Iraq Security Forces Fund
IT	Information Technology
ITAM	Iraq Training and Advisory Mission
ITAO	Iraq Transition Assistance Office
ITPC	Iraqi Telecommunications and Postal Company
IWPR	Institute for War and Peace Reporting
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
JCCS	Joint Contingency Contracting System
JEDI	Judicial Education and Development Institute
JIC	Joint Investigative Committee
KDP	Kurdistan Democratic Party
km	Kilometer
KRG	Kurdistan Regional Government
LAOTF	Law and Order Task Force
LC	Location Command
LCCP	Legislative Coordination Committee Program

Acronym	Definition
LGP	Local Governance Program
LNO	Line of Operation
LOGCAP	Logistics Civil Augmentation Program
LPG	Liquefied Petroleum Gas
MBPD	Million Barrels Per Day
MCD	Ministerial Capacity Development
MCTF	Major Crimes Task Force
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MOC	Ministry of Communications
MOD	Ministry of Defense
MODM	Ministry of Displacement and Migration
MOE	Ministry of Electricity
MOF	Ministry of Finance
MOH	Ministry of Health
MOI	Ministry of Interior
MOJ	Ministry of Justice
MOT	Ministry of Transportation
MOU	Memorandum of Understanding
MoWR	Ministry of Water Resources
MSH	Missan Surgical Hospital
MW	Megawatt
MWh	Megawatt-hour
NACB	National Anticorruption Board
NCD	National Capacity Development
NEA-I	Bureau of Near Eastern Affairs-Iraq (DoS)
NGO	Non-governmental Organization
OCO	Overseas Contingency Operations
OPA	Office of Provincial Affairs
P.L.	Public Law
PC	Provincial Council
PDS	Public Distribution System
PEZ	Pipeline Exclusion Zone
PFB	Procurement Fraud Branch
PHC	Primary Healthcare Center
PRDC	Provincial Reconstruction Development Council
PRT	Provincial Reconstruction Team
PSC	Private Security Contractor
PSD	Personal Security Detail
PUK	Patriotic Union of Kurdistan

ACRONYM	DEFINITION
QA	Quality Assurance
QC	Quality Control
QRF	Quick Response Fund
R&S	Reconstruction and Stabilization
RoLC	Rule of Law Coordinator
RoLSAP	Rule of Law Strategic Action Plan
RORO	Roll-On/Roll-Off
RRT	Regional Reconstruction Team
RTI	Research Triangle Institute International
SET	Security Escort Team
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
SIV	Special Immigrant Visa
SME	Small- and Medium-Sized Enterprise
SOI	Sons of Iraq
SOW	Statement of Work
SPOT	Synchronized Pre-Deployment and Operational Tracker
SRSG	Specific Representative of the UN Secretary-General for Iraq
TGA	Total Government Allegiance
TNMD	Taji National Maintenance Depot
Treasury	U.S. Department of Treasury
UCMJ	Uniform Code of Military Justice
UN	United Nations
UNAMI	UN Assistance Mission for Iraq
UNCAC	United Nations Convention Against Corruption
UNCC	United Nations Compensation Commission
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNODC	United Nations Office on Drugs and Crime
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	U.S. Agency for International Development Office of Inspector General
USF-I	U.S. Forces-Iraq
WOB	Women Owned Businesses

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