SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

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Commander's Emergency Response Program

JANUARY 2011

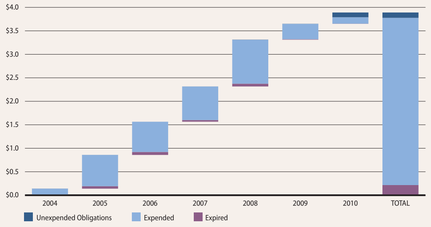
The CERP was established to enable commanders to respond to urgent humanitarian relief and urgent reconstruction requirements by carrying out programs that will immediately assist the indigenous population.

For the sources of information and notes on this insert, please see page 152 in this January 2011 Quarterly and Semiannual Report.

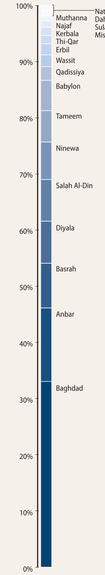
- As of September 30, 2010, USF-I had obligated $3,675 million (94%) of the $3,891 million allocated to the CERP in Iraq, according to top-line CERP data provided by the U.S. Army Budget Office (ABO). Also as of September 30, 2010, USF-I had expended $3,560 million (97% of obligated funds); $115 million in obligated funds had not yet been expended.
- The Iraq Reconstruction Management System (IRMS) database contains the most comprehensive single set of project-level CERP data, despite going offline on September 1, 2010. Included in that database are useable records on 35,542 CERP projects funded by U.S. appropriations, with a total cost of $3,449 million—approximately 94% of the obligations reported by ABO. The analysis presented in this Insert draws primarily on the IRMS database.
- SIGIR and USF-I agree that the IRMS is limited by the accuracy and completeness of what U.S. Divisions input into the system. According to USF-I, it would be more accurate to use the USF-I CERP Project Tracker for historical analysis. However, in any given fiscal year, the USF-I CERP Project Tracker only tracks data for that fiscal year's appropriation. Creating a complete data set would necessitate matching project details from the USF-I CERP Project Tracker with financial records provided by ABO. SIGIR has identified potentially unresolvable obstacles to creating a new database by this method; for details, see Section 2 of this Quarterly Report.

Status of the CERP, by Fiscal Year, as of 9/30/2010

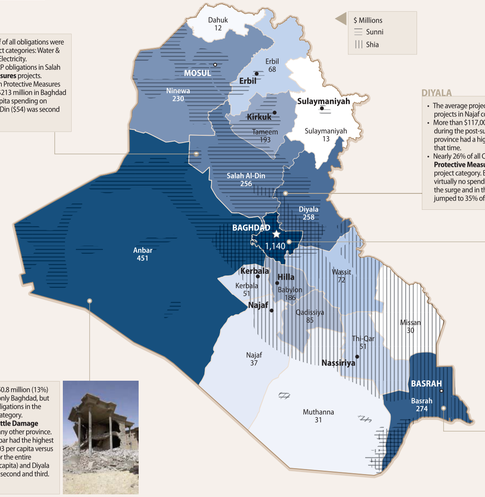
$ Billions



CERP Project Costs, by Province



- Baghdad projects account for nearly one-third of all CERP costs.
- Three provinces (Baghdad, Anbar, and Basrah) account for more than half of all CERP costs.



SALAH AL-DIN

- Before the Surge, more than half of all obligations were made for projects in three project categories: Water & Sanitation, Transportation, and Electricity.
- During the Surge, 55% of all CERP obligations in Salah Al-Din were for **Protective Measures** projects.
- In total, $65 million was spent on Protective Measures projects in Salah Al-Din, versus $213 million in Baghdad and $67 million in Diyala. Per capita spending on Protective Measures in Salah Al-Din ($54) was second only to Tameem ($58).

ANBAR

- Anbar province accounts for $450.8 million (13%) of all CERP obligations, behind only Baghdad, but accounts for nearly half of all obligations in the Condolence Payments project category.
- USF-I offered $12.4 million in **Battle Damage** payments in Anbar, more than any other province.
- Over the life of the program, Anbar had the highest CERP obligations per capita: $303 per capita versus an average of $116 per capita for the entire country. Salah Al-Din ($215 per capita) and Diyala ($214 per capita) were a distant second and third.

DIYALA

- The average project size in Diyala was $69,084; only projects in Najaf cost less, on average.
- More than $117,000 was spent every day in Diyala during the post-surge period; only Baghdad province had a higher rate of expenditure during that time.
- Nearly 26% of all CERP obligations in Diyala were for **Protective Measures** projects, more than any other project category. Before the surge, there was virtually no spending in this project category; during the surge and in the post-surge period, obligations jumped to 35% of the total for the province.

BAGHDAD

- 60% of all CERP obligations in Baghdad province were in the **Rusafa district** (which includes Sadr City), including more than $200 million for Water & Sanitation projects.
- Baghdad province accounts for 43% of all obligations in the Protective Measures project category. Of these projects, there were 6 that cost more than $1 million focused on building walls between Baghdad neighborhoods, including the largest project in the CERP database—$20.0 million for barriers in Mansour.

BASRAH

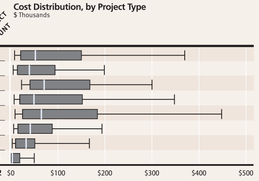
- The average project size in Basrah was $235,529; only projects in Sulaymaniyah cost more, on average. The two largest projects were in the oil sector: $9.9 million to provide security fencing and $7.1 million for a "strategic canal" project that lasted more than a year and a half.
- CERP obligations **spiked during the period of civil conflict and the U.S. surge** and were relatively low during the post-surge period.

Monthly CERP Project Costs, 2004–2010
$ Millions

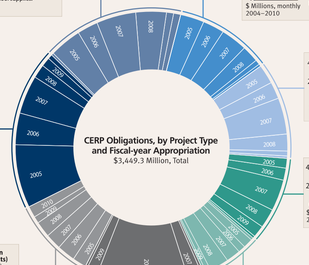
Cost Distribution, by Project Type

$ Thousands

Project Category	Baghdad	Anbar	Basrah	Diyala	Salah Al-Din	Ninewa	Tameem	Babylon	Qadissiya	Wassit	Erbil	Thi-Qar	Kerbala	Najaf	Muthanna	Missan	Sulaymaniyah	Dahuk	Nationwide	Total	Project Count
Water & Sanitation	265	76	78	34	36	38	30	26	19	14	6	14	6	8	13	17	1	3	0	683	3,916
Education; Health Care; Law and Governance	149	82	35	38	40	61	17	23	17	21	43	6	10	11	7	2	6	4	2	573	6,492
Protective Measures	213	21	10	67	65	10	52	42	3	7	3	1	4	2	0	0	0	0	0	501	3,594
Transportation; Telecommunications	103	60	43	23	34	43	11	26	6	7	5	8	4	5	3	2	2	1	2	387	2,558
Electricity	134	48	57	14	17	14	15	29	16	8	4	7	7	0	5	4	3	2	0	383	1,955
Civic Cleanup Activities; Support Vehicles; Infrastructure Repair	131	50	14	21	24	32	31	11	9	9	1	4	2	1	1	3	0	1	0	347	4,069
Other	64	62	34	48	19	21	20	19	12	4	5	6	13	6	1	3	1	1	3	342	4,119
EFM Improvements; Condolence; Battle Damage	82	52	4	13	21	11	15	10	3	2	2	7	5	3	0	0	0	0	4	233	8,839
Total	**1,140**	**451**	**274**	**258**	**256**	**230**	**193**	**186**	**85**	**72**	**68**	**51**	**51**	**37**	**31**	**30**	**13**	**12**	**11**	**3,449**	**35,542**



The DoD Financial Management Regulation authorizes 20 project categories for the CERP. For the purpose of analysis, SIGIR has organized these project categories into eight representative groups (below and in the histograms, at right), based on the purpose and characteristics of projects within DoD's broader list.



Education ($347.8); **Health Care** ($115.1); and **Law and Governance** ($110.5): projects to repair or reconstruct schools and medical and government facilities, including courthouses and jails; and purchase of medical and school supplies.

Transportation ($357.8); and **Telecommunications** ($29.3): projects to repair roads, bridges, and culverts and to install traffic control measures; and projects to repair television and radio stations and purchase communications equipment.

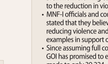
Water & Sanitation ($683.2): projects to improve water purification and distribution, including installation of wells, purchase of water pumps, and repair of water treatment facilities.

Electricity ($382.8): projects to repair or improve electrical production and distribution, including purchase of generators and alternative energy projects.

Civic Cleanup Activities ($212.9); **Civic Support Vehicles** ($25.6); and **Civic Infrastructure Repair** ($108.7): projects to clean up public areas; purchase or lease of vehicles for the GOI; and repair and restore civic or cultural buildings.

Other (Other Humanitarian and Reconstruction Projects) ($171.2); **Agriculture** ($144.9); **Food Production & Distribution** ($24.5); **Detainee Release Payments** ($1.4): miscellaneous projects; projects to provide basic necessities to displaced persons; projects to increase agricultural production and improve distribution; payments to spouses of ISF killed during operations and to released detainees.

Economic, Financial, and Management (EFM) Improvements ($131.4); **Condolence Payments** ($56.7); and **Battle Damage Payments** ($45.0): individual and small-business microgrants; repair of property damage and payments to individuals for death or physical injury resulting from U.S., Coalition, or ISF operations.



Protective Measures ($500.5): projects to install fencing, lighting, and protective barriers, including the Pipeline Exclusion Zones; **Sons/Daughters of Iraq** programs; and critical infrastructure guards.

Sons of Iraq Program

$370 Million

In June 2007, the Multi-National Corps-Iraq (MNC-I) began using CERP funds to hire passive supporters and former insurgents to guard checkpoints, buildings, and key parts of neighborhoods in Iraq under the Sons of Iraq (SOI) program, which—in combination with other factors—has been credited with helping reduce the overall level of violence. SOI expenditures are classified in the "Protective Measures" category in the IRMS.

SIGIR's audit of the program reported this quarter:

- Insufficient quantifiable program data, coupled with the inability to segregate possible SOI effects from other factors, precluded SIGIR from drawing conclusions about the program's contribution to the reduction in violence in Iraq.
- MNF-I officials and commanders who spoke with SIGIR stated that they believe SOI was an important factor in reducing violence and provided a number of anecdotal examples in support of their opinions.
- Since assuming full control of the SOI program in April 2009, the GOI has promised to employ 95,120 SOI members, but offers have been made to only 39,224.
- The GOI has also faced problems in paying SOI on time, having done so only 42% of the time.

For a summary of SIGIR's audit, see Section 5 of this Quarterly Report.

Registered SOI, by Province, in 4/2009

- >10,001
- 5,001–10,000
- 1–5,000

Expenditures of the CERP varied by location and over time. In general, daily expenditure rates of the CERP increased through the U.S. surge, before declining again in the post-surge period. Expenditure rates were especially high in conflict-prone provinces, including:

- Baghdad (in all periods)
- Anbar (especially during the period of civil conflict and the U.S. surge)
- Babylon, Diyala, and Basrah (during the U.S. surge)
- Basrah (during the period of civil conflict)

The size of CERP projects increased through 2006, before the Congress and oversight organizations raised concern. Project sizes subsequently declined until the end of 2008, when they began to increase again.

The size of CERP projects also varies by project type. Infrastructure projects (including those in the Water & Sanitation, Transportation, Telecommunications, and Electricity project categories) were relatively large. Microgrants in the Economic, Financial, and Management Improvements project category, as well as the Condolence Payments and Battle Damage project categories, are capped in size by the MAAWS and are relatively small. The great number of small projects in these latter project categories largely account for the very low 10th and 25th percentiles in some quarters, at right.

2003 – 2010

2004 — FY 2004 $140 Million

2005 — FY 2005 $718 Million

2006 — FY 2006 $708 Million

2007 — FY 2007 $750 Million

2008 — FY 2008 $996 Million

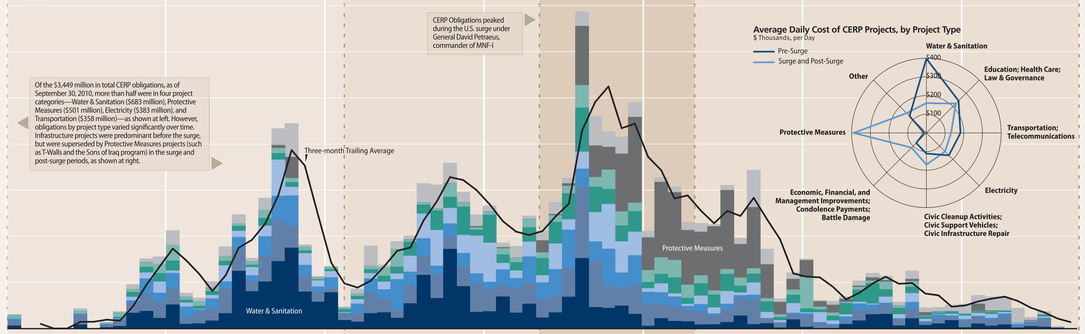
2009 — FY 2009 $339 Million

2010 — FY 2010 $240 Million

- Ambassador L. Paul Bremer III authorizes the use of DFI funds for the CERP
- **P.L. 108-106** (appropriation): Secretary of Defense required to provide quarterly reports to congressional defense committees on the source and allocation of funds
- **P.L. 108-287** (appropriation): The Congress expresses disapointment with the timeliness and detail of DoD's CERP reporting
- **P.L. 108-375** (authorization): Enables U.S. military (not Coalition) commanders in Iraq to respond to urgent humanitarian relief and reconstruction requirements using CERP funds
- **P.L. 109-148** (appropriation)
- **P.L. 109-163** (authorization): The Congress expresses concern that DoD has not complied with certain reporting requirements and expresses support for a prohibition against the use of CERP to support security forces
- **P.L. 109-234** (appropriation): The Congress directs that CERP remain under the control of military commanders in the field, but expresses concern that increasingly large project sizes indicate a shift away from program's intent
- **P.L. 109-289** (appropriation): Both the House and Senate Committee reports indicate dissatisfaction with the level of reporting on the CERP
- **P.L. 110-161** (appropriation)
- **P.L. 110-252** (appropriation): The Congress expresses concern over waste, fraud, and abuse in contingency contracting; the "absence of any minimum standards for project monitoring or specific performance indicators," and DoD reports that typically "compile only anecdotal evidence on the impact of projects." Numerous "enhanced" report requirements are provided
- **P.L. 110-417** (authorization): The Congress prohibits (absent a waiver) projects in excess of $2 million and requires certification of all projects in excess of $1 million; provides additional reporting requirements
- **P.L. 111-84** (authorization): The Congress requires DoD to conduct a thorough study of the CERP within 180 days and report the results to the Congress, including the process for generating and justifying the CERP budget, existing management and oversight of funds and contracts, and sustainment of projects
- **P.L. 111-118** (appropriation): The Congress withholds $500 million of the $1.2 billion appropriated for CERP in Iraq and Afghanistan, pending DoD's submission of its study of the CERP; DoD asked to report on the advisability of establishing a program office for the CERP and required to provide CERP status of funds monthly instead of quarterly
- DoD issues the first CERP policy manual—*Money as a Weapon System (MAAWS)*. At 4 pages in length, it requires MNC-I or MNSTC-I commander approval of projects over $500,000 and requires that a contracting officer award projects over $200,000.
- MAAWS revised to require a Letter of Justification for all projects and that the MSC commander endorse all projects within the MSC's area of operations
- **P.L. 110-28** (appropriation): The House Committee on Appropriations expresses concern about the growth of large-dollar CERP projects; early draft of the law suggests the introduction of size limits on projects and urges coordination with civilian agencies to avoid duplication
- **P.L. 110-181** (authorization): Conferees express concern that "smartly" payments" are being made improperly to survivors of killed ISF under the rubric of "Condolence Payments" and again express concern about DoD's failure to adhere to reporting requirements
- MAAWS revised to require congressional notification of all projects over $2 million, Secretary of Defense approval for all projects over $1 million, and performance metrics for all projects over $50,000
- MAAWS revised to require coordination with the GOI and local PRT for all projects that cost $50,000 or more and legal review for all projects
- MAAWS revised to expand the requirements of the *Commander's Quarterly Report*
- **P.L. 111-32** (appropriation): House report expresses disappointment with "poor management and oversight," which "continue to permit waste and abuse" in CERP, as well as inadequate training; directs DoD to submit a time line for reducing and eventually phasing out the CERP in Iraq

Monthly Cost of CERP Projects, by Project Type

$ Millions



CERP Obligations peaked during the U.S. surge under General David Petraeus, commander of MNF-I.

Of the $3,449 million in total CERP obligations, as of September 30, 2010, more than half were in four project categories—Water & Sanitation ($683 million), Protective Measures ($501 million), Electricity ($383 million), and Transportation ($358 million)—as shown at left. However, obligations by project type varied significantly over time. Infrastructure projects were predominant before the surge, but were superseded by Protective Measures projects (such as T-Walls and the Sons of Iraq program) in the surge and post-surge periods, as shown at right.

Average Daily Cost of CERP Projects, by Project Type

$ Thousands, per Day

Average Daily Cost of CERP Projects, by Province

$ Thousands, per Day

Insurgency

1/3/2004–7/21/2006

The map below shows the average daily cost of CERP projects, by province, that started during the insurgency period, which was marked by violence directed primarily against Coalition forces and their supporters. Aggressors were predominantly Sunni and included former regime elements and other Ba'athists, foreign terrorists, opportunistic criminal elements, and disenfranchised or otherwise disgruntled Iraqis. The period is bounded by the start of data availability (1/1/2004) and the bombing of the Al-Askariya Mosque in Samarra (2/22/2006).

Civil Conflict

2/22/2006–5/2/2007

The map below shows the average daily cost of CERP projects, by province, that started during the civil conflict period, which was marked by significant sectarian violence. Violence was especially high in areas cohabited by Sunni and Shia, and high-casualty bombings and attacks occurred regularly. The period is bounded by the bombing of the Al-Askariya Mosque in Samarra (2/22/2006) and the start of the U.S. surge, defined here by U.S. troop levels in excess of 150,000 (5/2/2007).

U.S. Surge

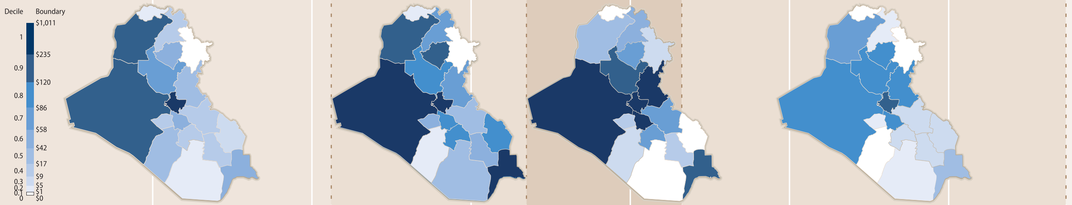
5/3/2007–4/30/2008

The map below shows the average daily cost of CERP projects, by province, that started during the U.S. surge period, which was marked by U.S. troop levels in excess of 150,000. Most of the additional U.S. troops were stationed in and around Baghdad. The additional troops reinforced a decline in violence precipitated by the Anbar Awakening, the Mahdi Army ceasefire, and other domestic trends. The period is bounded by the beginning (5/2/2007) and end (4/30/2008) of the U.S. surge.

Post-Surge

5/1/2008–9/30/2010

The map below shows the average daily cost of CERP projects, by province, that started during the post-surge period, which was marked by a decline in U.S. troop levels and a relative normalization of political and social life in Iraq. Particularly noteworthy were the decreased level of violence, progress in exploiting Iraq's oil resources, and successful provincial and national elections. The period is bounded by the end of the U.S. surge (4/30/2008) and the end of data availability (9/30/2010).



Distribution of CERP Project Costs for Ongoing Activities, by Month

$ Thousands