

Origin and Funding of the CERP

The CERP was established to enable commanders to respond to urgent humanitarian relief or urgent reconstruction requirements within their area of responsibility by carrying out programs that will immediately assist the indigenous population. An urgent requirement is defined as any chronic or acute inadequacy of an essential good or service that, in the judgment of the local commander, calls for immediate action.

- According to USF-I, characteristics of successful projects include: quick execution, employment of locals, widespread public benefit, and high visibility.

Ambassador L. Paul Bremer III, head of the Coalition Provisional Authority (CPA), authorized the CERP program on June 16, 2003. The CERP was originally supported by \$136 million in Iraqi funds, including seized and vested funds from the Saddam Hussein regime, as well as oil export revenues received through the Development Fund for Iraq (DFI) during the occupation. The first U.S. appropriation, PL 108-106, was signed into law on November 6, 2003. In total, the Congress has provided funding to the CERP 11 times since the program's inception. In addition, since the return of sovereignty to Iraq, a small amount of funds have been supplied by the Government of Iraq (GOI) to support an Iraqi equivalent known as the I-CERP (\$270 million).

CERP APPROPRIATIONS AND ALLOCATIONS

FY	Appropriation	Total	Allocations	Remaining
2004	180	180	140	40
2005	634	634	718	154
2006	923	923	708	215
2007	956	959	750	209
2008	1,277	1,444	956	488
2009	1,500	1,890	339	551
2010	1,200	1,240	240	1,000
Total	7,240	6,530	3,981	2,439

In most cases, U.S. funding has been provided through annual or supplemental DOD appropriations. FY 2011 CERP budget authority was provided under a continuing appropriation, and the Congress has not yet completed its consideration of the Administration's request for \$200 million in CERP funding for Iraq for FY 2011. Currently, the CERP is authorized by the National Defense Authorization Act (NDAA) for FY 2011 (PL 111-38), which President Obama signed into law on January 7, 2011. The law authorizes up to \$100 million in appropriations to the CERP in Iraq for FY 2011.

Regulation of the CERP

CERP regulations are found primarily in two places:

- The DOD *Financial Management Regulation* (FMR), which is maintained by OUSD(S)
- The *MoS as a Weapon System* (MAAWS) manual, originally produced by USF-I

FMR/MAAWS Overview:

- The CERP is intended for projects that can be sustained by the local population or government and cost
- Commanders are required to verify that other reconstruction resources (Iraqi or international) are not reasonably available before using
- CERP projects are subject to proposed projects should consider the immediate benefit to the local population, and the relationship to other projects, and the relationship to other U.S. agencies.
- Commanders must ensure proper program management, which includes establishing performance standards and ensuring progress. Commanders must ensure that projects with accomplishments and that projects are closed out properly upon completion, including transfer to an Iraqi equivalent project.

FMR-defined Project Categories:

- Water & Sanitation
- Food Production and Distribution
- Agriculture/Irrigation
- Health Care
- Education
- Telecommunications
- Management Improvements
- Rule of Law and Governance
- Civic Cleanup Activities
- Repair of Civic and Cultural Heritage
- Barter Damage Repair
- Hero Payments
- Former Detainees
- Other Unsettled Humanitarian or Reconstruction Projects
- Temporary Contract Guards for Critical Infrastructure

CERP May Not Fund:

- Direct or indirect benefits to the United States or supporting military personnel
- Agricultural or irrigation projects, such as the Sons of Iraq
- Weapons buy-back programs or other projects (except as authorized by law and separate guidance)
- Construction projects (except for light rehabilitation costs at project opening ceremonies)
- Removal of unexploded ordnance
- Rule of Law and Governance programs
- Civic Support Vehicles
- Barter Damages
- Former Detainees
- Other Unsettled Humanitarian or Reconstruction Projects
- Support to individuals or private businesses (except for private letterhead, name or barter logo, or other insignia, such as wall micrographics)

SGIR Oversight Reports

SGIR investigations are conducted to ensure that CERP projects are being managed in accordance with the contract objectives.

When oversight is effective, CERP projects meet their contract objectives.

When oversight is ineffective, CERP projects do not meet their contract objectives.

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General Observations

- Based on currently available data and analysis, SGIR cannot determine whether CERP expenditures have achieved their intended outcomes.
- Isolating the effects of the CERP in relation to other programs and external factors is difficult.
- The few studies attempting to measure the effectiveness of CERP-funded projects have produced a wide range of results.

IRAQ SECURITY FORCES READINESS CONCERNS

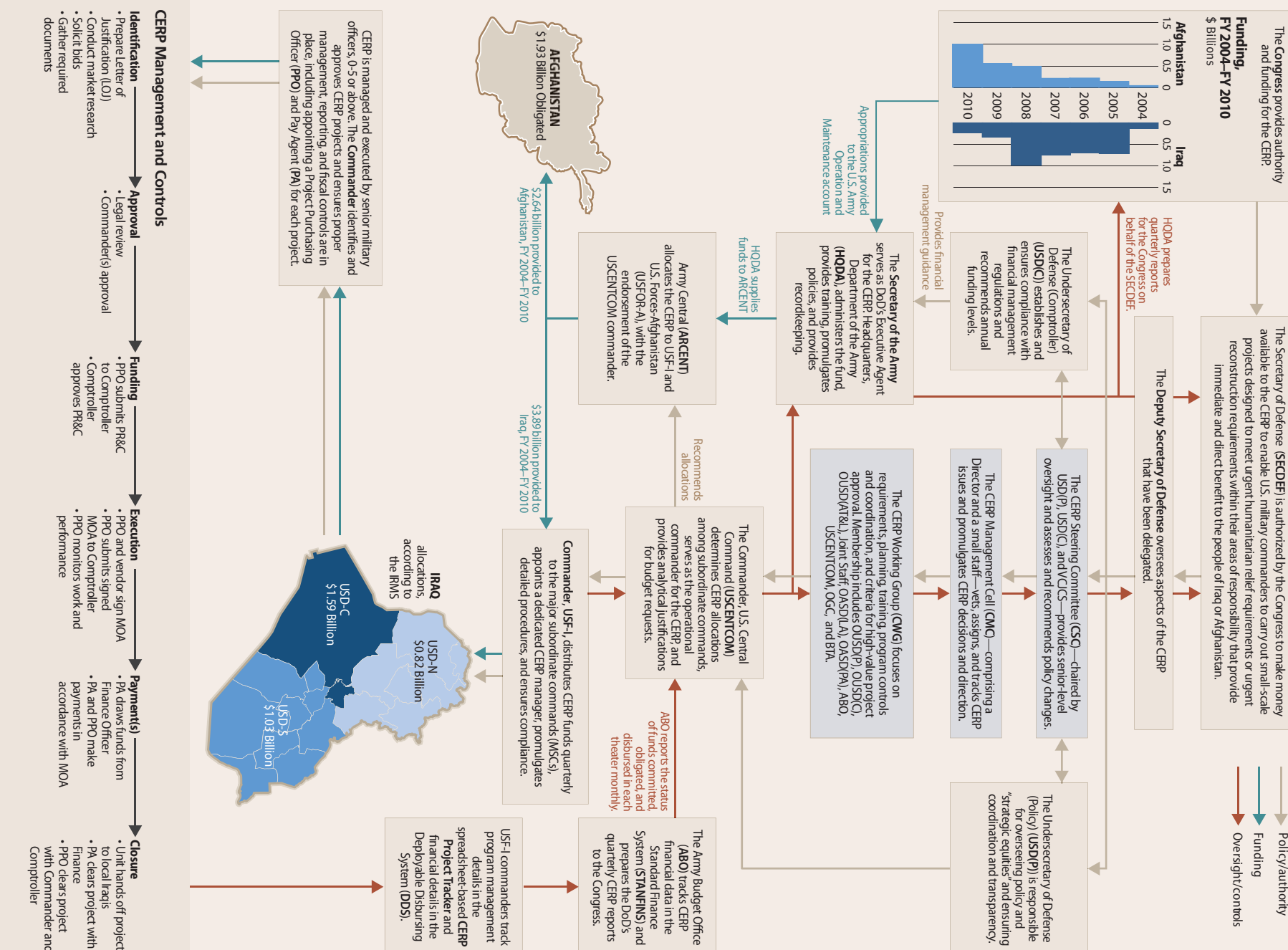
Security forces readiness concerns have been raised about the ability of the Iraqi Security Forces (ISF) to maintain the security of Iraq. The ISF is currently facing a number of challenges, including a lack of training, equipment, and funding. The ISF is also facing a number of internal security threats, including terrorism and organized crime. The ISF is currently facing a number of challenges, including a lack of training, equipment, and funding. The ISF is also facing a number of internal security threats, including terrorism and organized crime.



IRAQ RECONSTRUCTION 2011

SIGIR QUARTERLY REPORT

The SIGIR Inspector General for Iraq Reconstruction provides quarterly reports to the Congress and the public. The reports provide information on the progress of CERP projects, the status of CERP funding, and the results of SIGIR investigations. The reports also provide information on the status of CERP projects, the status of CERP funding, and the results of SIGIR investigations.



GO GO GO FOR IRAQ INTERNATIONALIZATION

The GO GO GO for Iraq Internationalization program is a key component of the CERP program. It is designed to help Iraqi contractors and businesses compete for CERP projects. The program provides training, technical assistance, and other support to help Iraqi businesses improve their competitiveness. The program also provides information on the CERP program and the opportunities it offers.

SGIR INVESTIGATIONS

SGIR investigations are conducted to ensure that CERP projects are being managed in accordance with the contract objectives. The investigations are conducted by SGIR inspectors who are trained to identify and report on any irregularities or violations of the contract terms. The investigations are conducted by SGIR inspectors who are trained to identify and report on any irregularities or violations of the contract terms.

CERP Award Authority Thresholds and Corresponding Number of FY 2010 Projects

Threshold	Number of Projects
Less than \$500,000	144
\$500,000 - \$1,000,000	196
\$1,000,000 - \$2,500,000	210
\$2,500,000 - \$5,000,000	124
\$5,000,000 - \$10,000,000	114
\$10,000,000 - \$25,000,000	33
\$25,000,000 - \$50,000,000	221
\$50,000,000 - \$100,000,000	404
\$100,000,000 - \$250,000,000	385

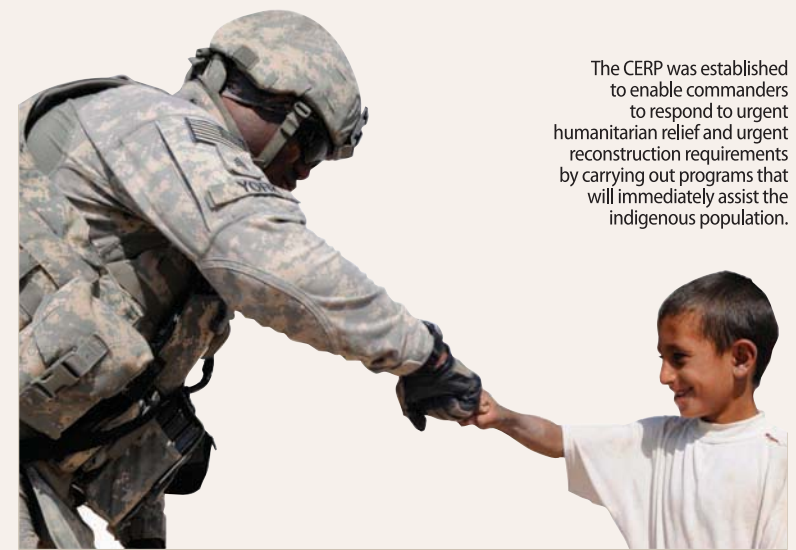
Reconstruction Projects by Project Cost Range

Project Cost Range	Number of Projects
Less than \$500,000	144
\$500,000 - \$1,000,000	196
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For the sources of information and notes on this insert, please see page 152 in this January 2011 Quarterly and Semiannual Report.

COMMANDER'S EMERGENCY RESPONSE PROGRAM

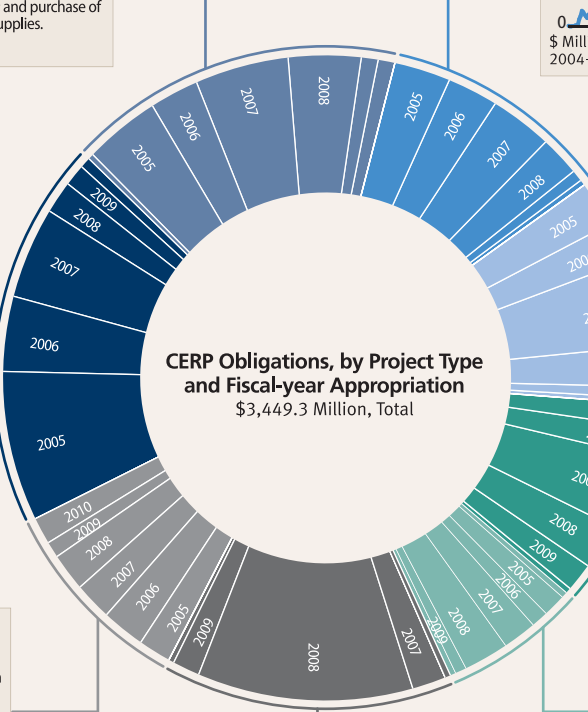
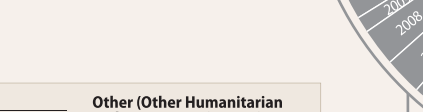
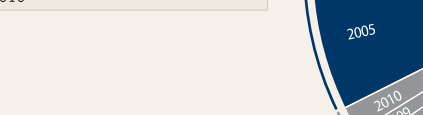
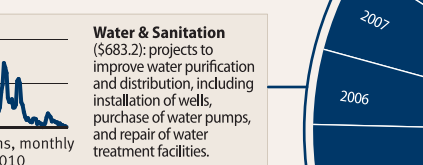
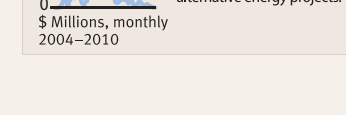
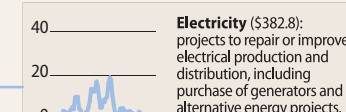
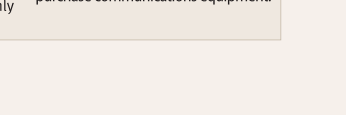
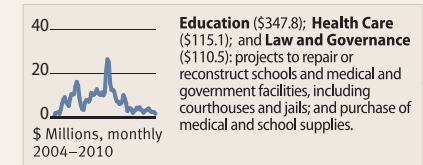
As of September 30, 2010, USF-I had obligated \$3,675 million (94%) of the \$3,891 million allocated to the CERP in Iraq, according to top-line CERP data provided by the U.S. Army Budget Office (ABO). Also as of September 30, 2010, USF-I had expended \$3,560 million (97% of obligated funds); \$115 million 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

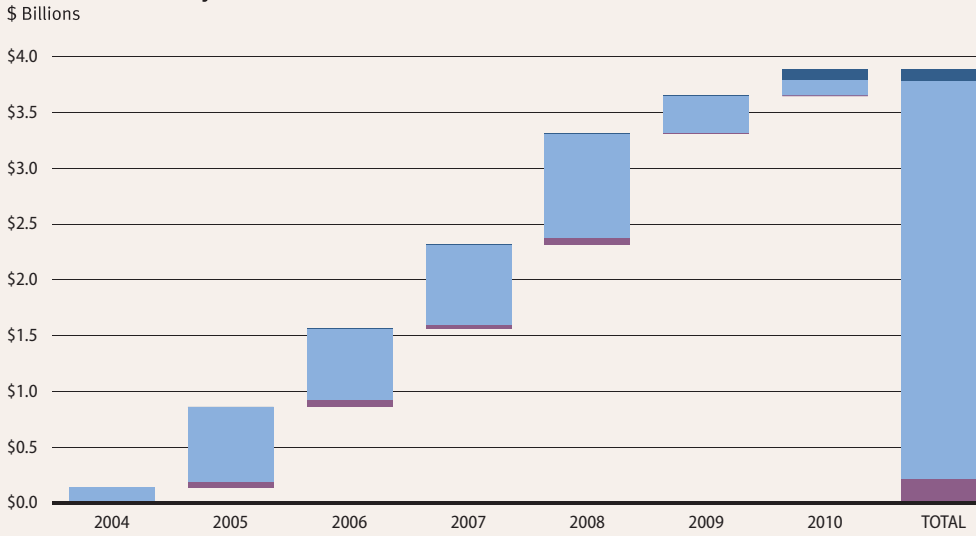
reported by ABO. The analysis presented in this Insert draws primarily on the IRMS database.

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.

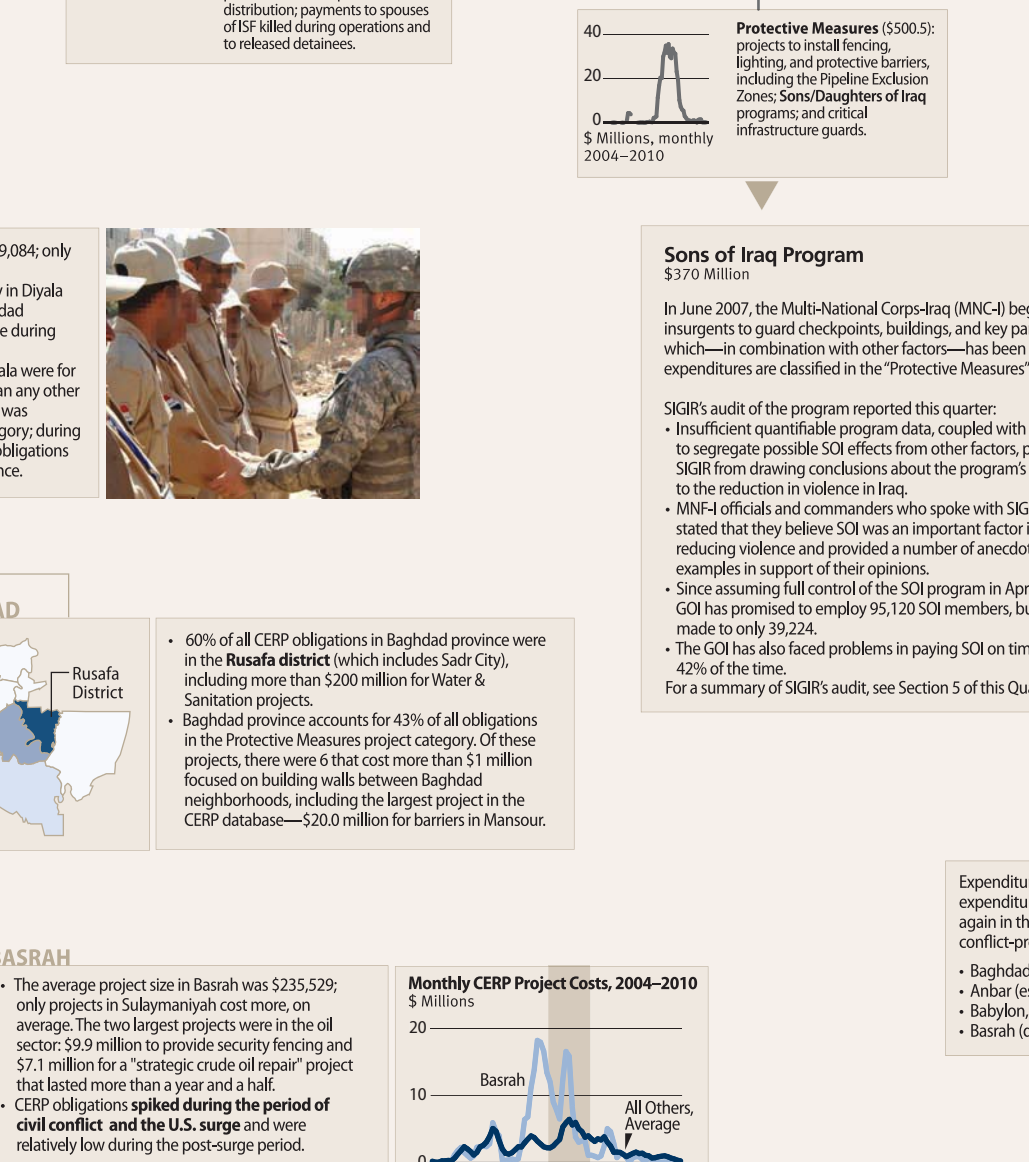
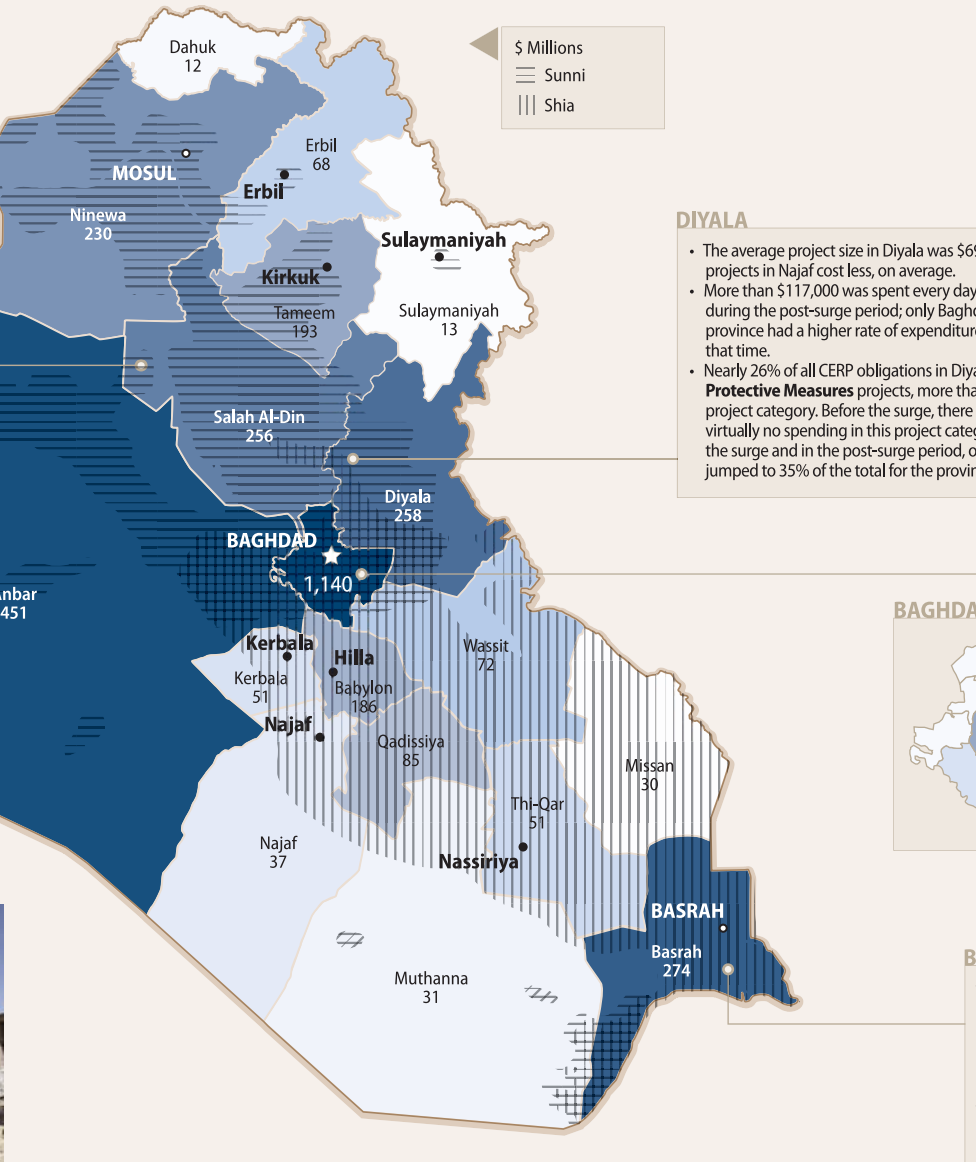
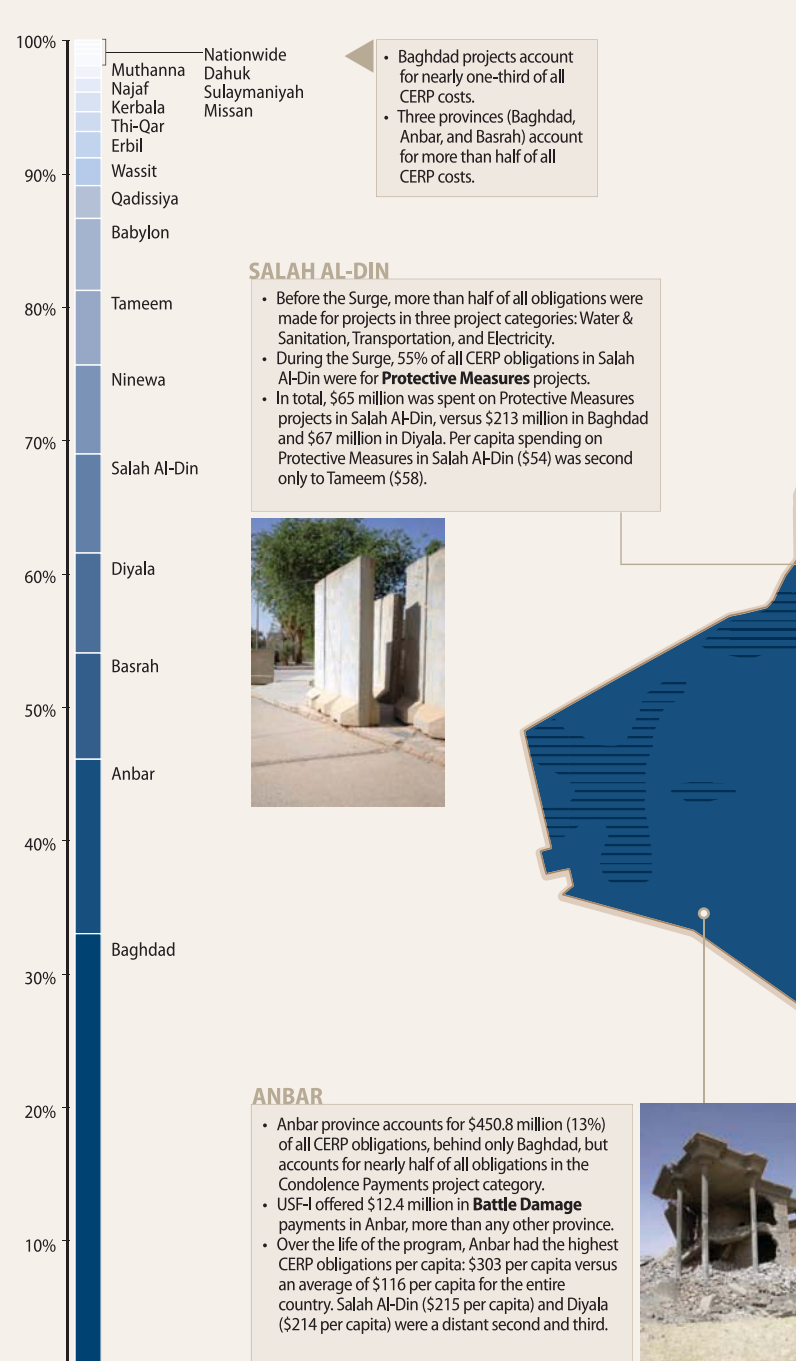
The DoD Financial Management Regulation authorizes 20 project categories for the CERP. For the purpose of analysis, SIGIR has organized these project categories into eight representative groups (below and in the histogram, at right), based on the purpose and characteristics of projects within DoD's broader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



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



CERP Project Costs, by Province



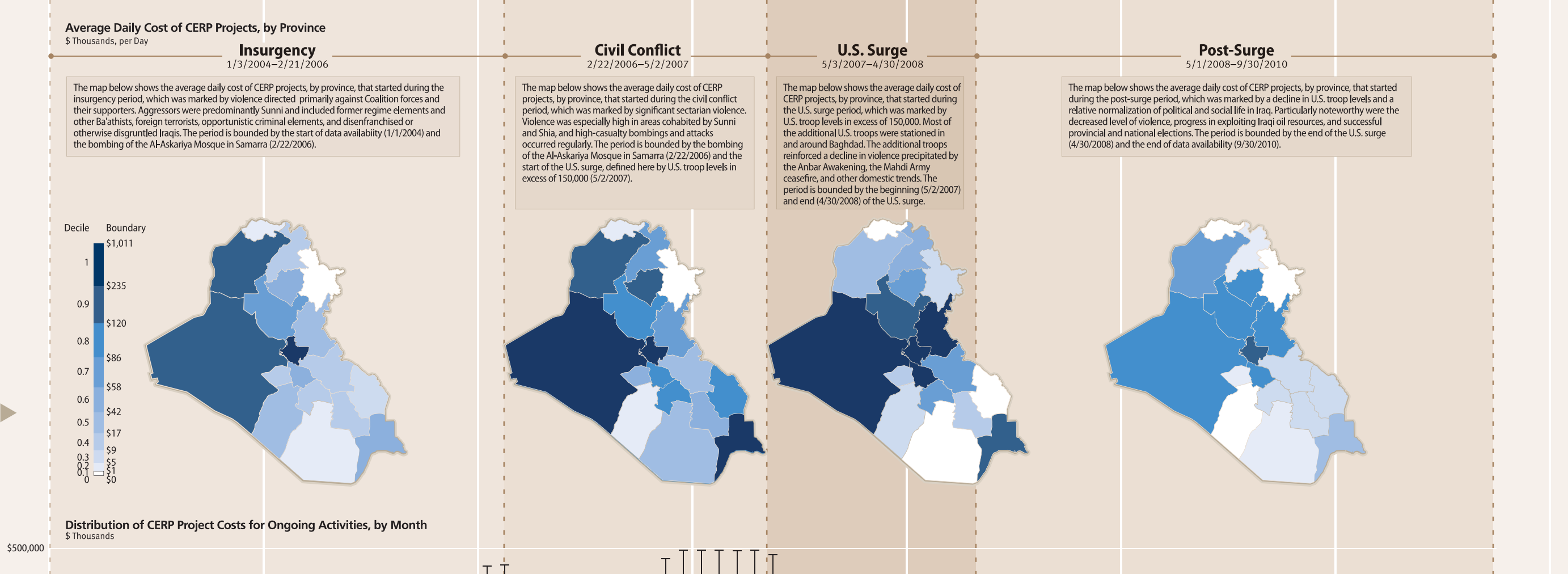
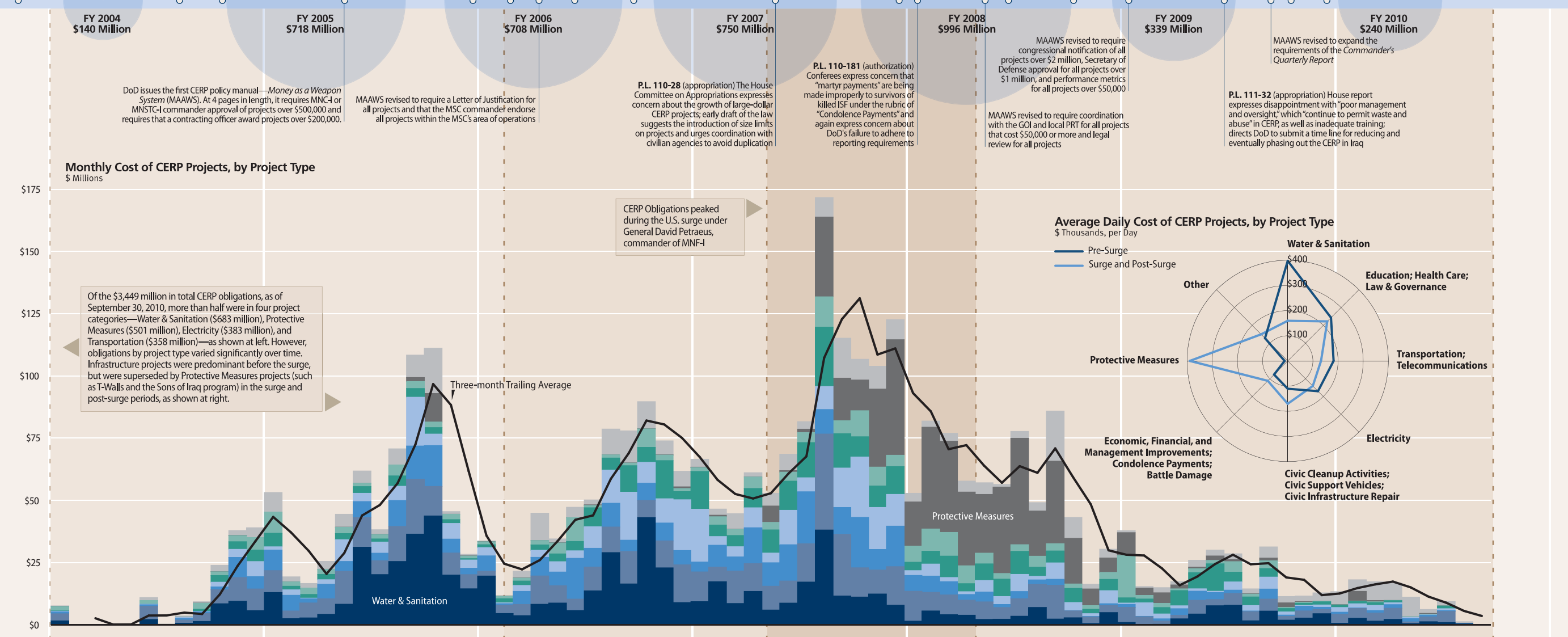
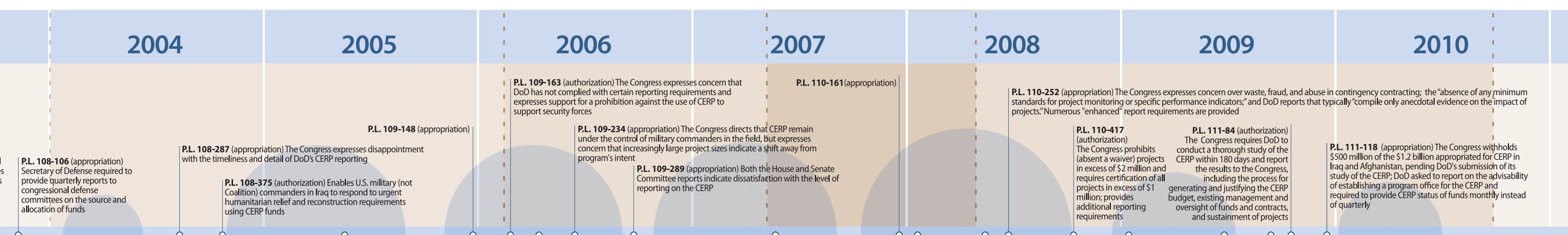
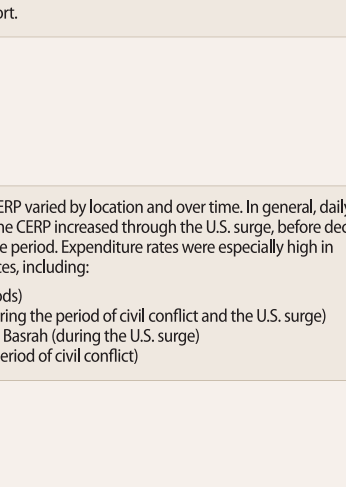
Sons of Iraq Program

In June 2007, the Multi-National Corps-Iraq (MNC-I) began using CERP funds to help 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.



PROJECT CATEGORY	BAGHDAD	ANBAR	BASRAH	DIYALA	SAH AL-DIN	NINWA	TAMER	ERBIL	WASIT	QADISSIYA	ERBIL	TIH-QAR	KARBALA	WAFR	MUTHANNA	MISAN	SULAYMANIYAH	DAHUK	NATIONWIDE	TOTAL	PROJECT COVER	
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	14	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	7	0	5	4	3	2	0	383	1,955
Civic Cleanup Activities; Support Vehicles; Infrastructure Repair	131	50	14	21	24	32	21	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	50

Cost Distribution, by Project Type

