

SIGIR



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

Stuart W. Bowen, Jr., was appointed Inspector General in January 2004. This past February, the IG completed his 19th trip to Iraq to review progress on the reconstruction effort.

FIVE YEARS OF IRAQ RECONSTRUCTION

Since April 2003, the United States Congress has appropriated more than \$46 billion for the relief and reconstruction of Iraq. This Quarterly Report provides a comprehensive update on how that money has been spent, with information on the top five projects in each construction sector, the top contractors by income, an overview of reconstruction management, and SIGIR's new audits and inspections.

OIL REVENUE BOOM

Iraq's oil exports and production held at post-invasion highs this quarter, while oil prices again reached historic levels. Consequently, oil revenue income is on course to hit \$70 billion for 2008—twice what was expected. Of note, the price for a barrel of Iraqi oil has increased by more than 250% since 2003. Deputy Prime Minister Barham Salih said that the Council of Representatives will issue a supplemental budget later this year to appropriate the oil windfall income.

UPDATING THE YEAR OF TRANSFER

Transferring funding responsibility: The U.S. share of reconstruction spending in Iraq dropped from 60% in 2003-2004 to about 50% in 2007. The GOI budgeted \$13 billion for capital investment in 2008, and it now bears the burden for reconstruction spending in Iraq. Further progress on the reconstruction front in Iraq depends on the GOI's capacity to execute its capital budgets. In 2007, Iraq's ministries spent just over 50% of their capital budgets, while the provinces spent about 30%.

Transferring reconstruction assets: SIGIR released its fifth review of the asset-transfer process this quarter, finding that the program needs a new agreement between the U.S. and the GOI to govern the transfer of assets from U.S. to Iraqi control. The program also requires improved management accountability practices among the agencies involved. Sustaining the billions of U.S. dollars invested in Iraq depends on the implementation of a good asset-transfer program.

Transferring responsibility for security: Progress on the security front this quarter was significant but uneven. No new provinces were transferred to Iraqi Security Forces control, but the overall level of violence was substantially lower as a result of the surge. The security situation remains volatile, as evidenced in the uptick of attacks in Baghdad and Basrah during late March and early April.

SIGIR AUDITS

This quarter, SIGIR released its fifth focused contract review, a study of the Perini Corporation's contract for work on Iraq's electrical sector. The review found that \$123 million was spent on 11 task orders before the U.S. government terminated the contract. Five of the 11 task orders were significantly descoped, and another five were cut short because contractor costs were too high or projects were delayed too long. Government contract officers monitoring the Perini contract turned over, on average, every 65 days, contributing to oversight weaknesses. SIGIR also issued a new review of the Iraqi Security Forces, finding that it is difficult to obtain reliable data on the number of assigned and trained ISF personnel. An update of SIGIR's ongoing review of the DynCorp contract for police training concluded that DoS has made progress on implementing SIGIR's prior recommendations to recover contested costs and to reconcile invoices.

SIGIR INSPECTIONS

This quarter, SIGIR inspected the Nassriya Water Treatment Plant—the largest U.S. project funded by the IRRE. At the time of the inspection, the plant was producing at 20% of capacity because the GOI has not provided adequate power for the facility. The inspection noted shortfalls in the number of trained personnel available to operate the plant. Valued at \$277 million, this project exemplifies the importance of effective sustainment and asset-transfer processes. SIGIR also inspected two school projects funded by CERP dollars—the Binaslawwa Middle and Sarwaran Elementary Schools—each valued at over \$600,000. The inspection found that the Republic of Korea had awarded the CERP contracts for the schools without the necessary documented authority. Further, the contracts required the use of Iranian-made bathroom fixtures, a violation of existing policies. Plans are underway to remedy shortfalls on these projects.



IRAQ RECONSTRUCTION

FIVE YEARS ON

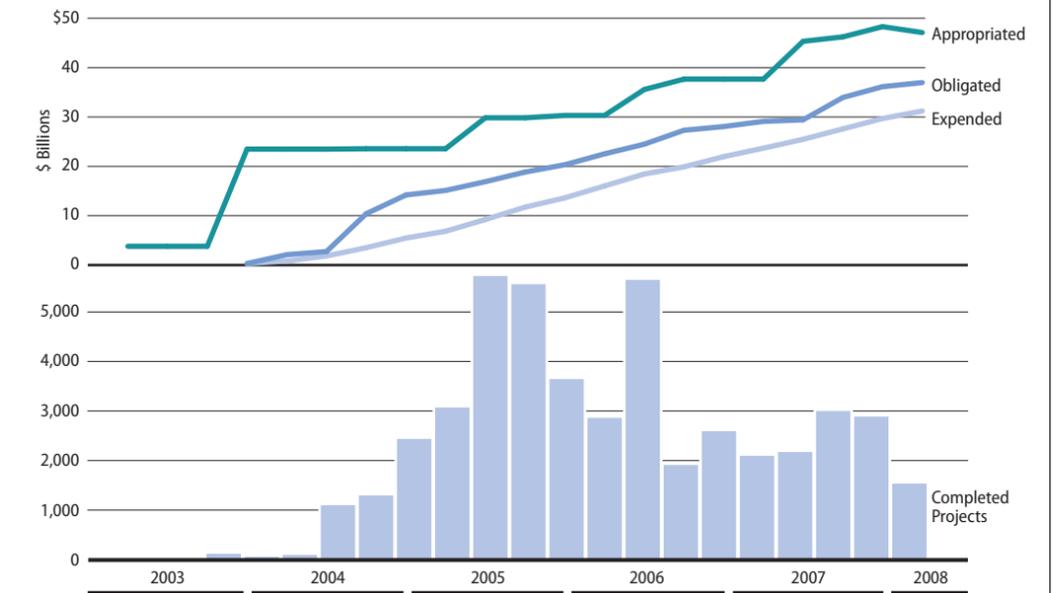
PROVINCIAL STATUS

PROVINCE: ^a POPULATION	PIC ^b STATUS	SECURITY ^c	GOI 2007 CAPITAL BUDGET ^d (\$ MILLIONS)		CERP ^e (\$ MILLIONS)		PRDC ^f (\$ MILLIONS)		SERVICES ^g (ELECTRICITY)			
			Total Capital Budget	% Expended	Total Obligated	% Expended	FY06, FY07 ESF Allocated	% Started	% of Electricity Demand Met	Hours of Power		
DAHUK: 616,600	May 07	3,140	0.00		\$11	77%	\$26.78	30%	69%	17	NORTHEAST	
ERBIL: 1,845,200	May 07	15,977	0.02	\$1,560*	95%	\$67	74%	\$26.78	70%	24%		6
SULAYMANIYAH: 2,159,800	May 07	18,614	0.02		\$9	38%	\$26.78	32%	44%	11		
NINEWA: 2,473,700	Jan 09	18,498	16.30	\$226	26%	\$163	84%	\$26.31	20%	58%	14	CENTRAL
TAMEEM: 839,100	TBA	8,510	2.63	\$91	34%	\$111	78%	\$25.13	13%	70%	17	
SALAH AL-DIN: 1,077,800	Jan 09	16,158	8.73	\$93	34%	\$146	87%	\$25.13	49%	80%	19	
ANBAR: 1,280,000	Jun 08	24,432	2.37	\$107	4%	\$278	81%	\$52.23	39%	56%	13	CENTRAL
DIYALA: 1,373,900	Dec 08	17,938	5.26	\$110	0%	\$137	68%	\$25.13	37%	71%	17	
BAGHDAD: 6,386,100	Dec 08	41,732	15.60	\$560	31%	\$802	70%	\$176.10	54%	56%	14	
WASSIT: 941,800	Nov 08	9,543	0.23	\$83	41%	\$57	71%	\$25.13	35%	60%	14	SOUTH
BABYLON: 1,444,400	Nov 08	10,753	0.57	\$127	49%	\$121	71%	\$25.13	60%	54%	13	
QADISSIYA: 866,700	Jul 08	12,335	0.08	\$64	39%	\$57	87%	\$25.13	24%	59%	14	
KERBALA: 756,000	Oct 07	11,088	0.02	\$72	41%	\$42	78%	\$25.13	22%	53%	13	SOUTH
NAJAF: 946,300	Dec 06	14,419	0.00	\$88	64%	\$31	89%	\$25.13	38%	56%	13	
MUTHANNA: 536,300	Jul 06	9,652	0.04	\$52	19%	\$24	94%	\$25.13	35%	57%	14	
THI-QAR: 1,427,200	Sep 06	16,274	0.24	\$138	40%	\$38	86%	\$25.13	32%	71%	17	SOUTH
MISSAN: 743,400	Apr 07	12,930	0.02	\$76	51%	\$22	94%	\$25.13	70%	69%	16	
BASRAH: 1,761,000	Dec 07	15,344	1.21	\$195	21%	\$236	79%	\$63.80	35%	79%	19	

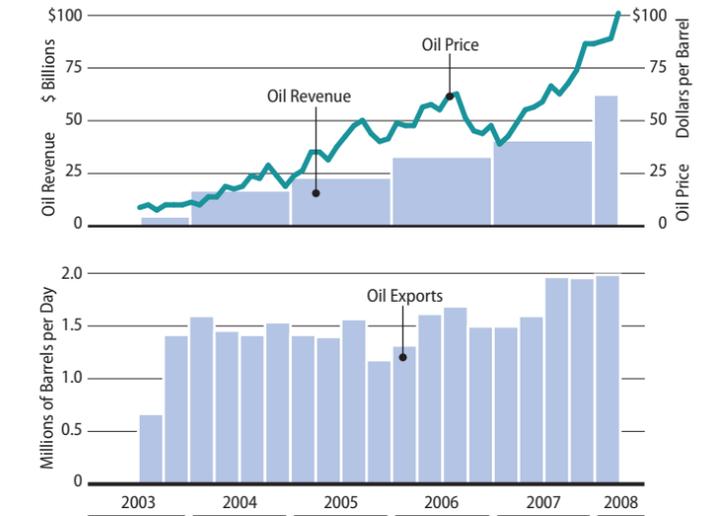
*Dahuk, Erbil, and Sulaymaniyah make up the Kurdistan region.

NATIONAL STATUS

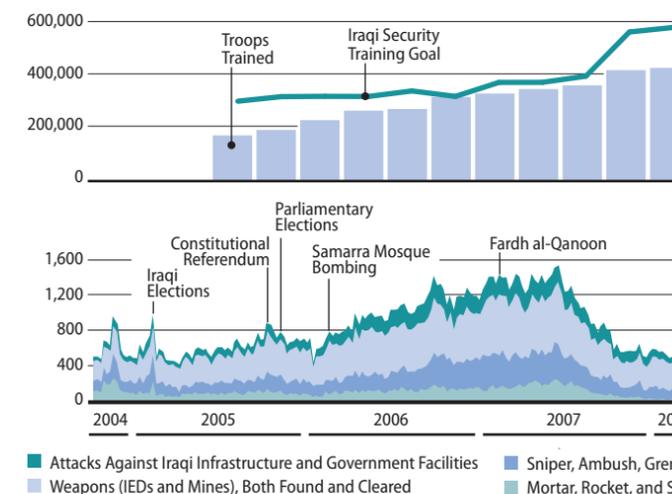
FIVE YEARS OF RECONSTRUCTION FUNDING AND COMPLETED PROJECTS^h



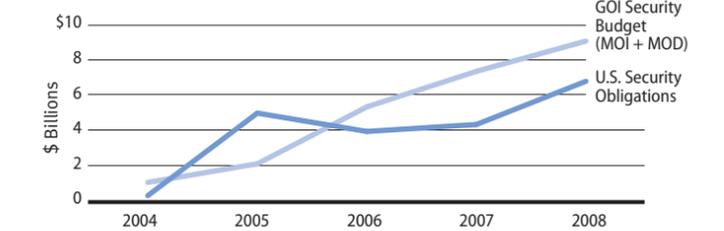
FIVE YEARS OF IRAQI OIL REVENUE AND EXPORTSⁱ



FIVE YEARS OF IRAQI TROOP TRAINING AND SECURITY INCIDENTS^k

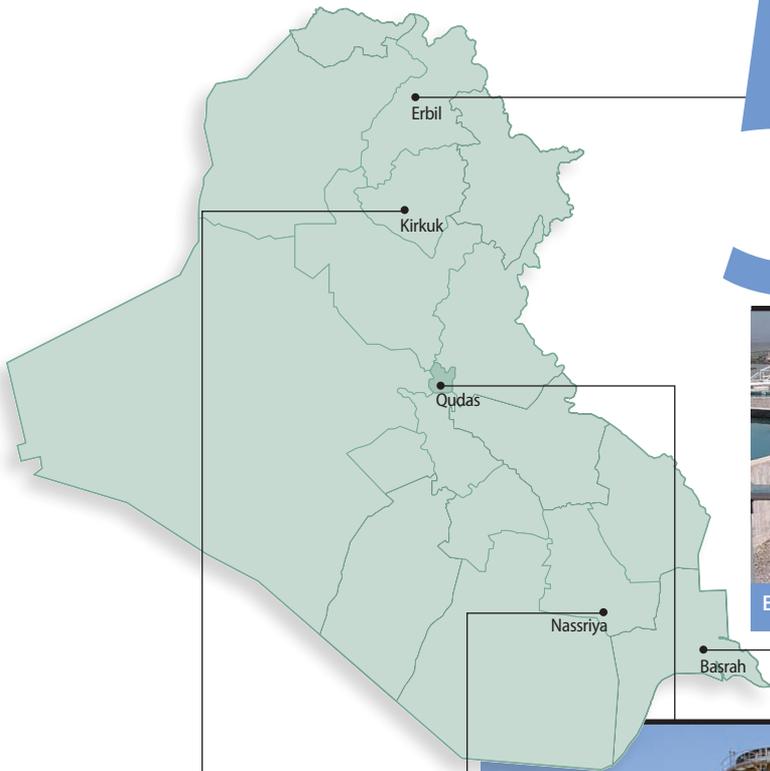


FIVE YEARS OF IRAQI SECURITY FUNDING^j



For the sources of information used to create this insert (notes a-k), see the last endnote in this Report.

5 MAJOR RECONSTRUCTION PROJECTS



Erbil Water Supply Project, \$183.40 million



Qudas Power Plant Expansion, \$162.73 million



Kirkuk Substation Combustion Turbines (The MOAG), \$205.16 million



Nassriya Water Supply Project, \$276.73 million



Basrah Children's Hospital, \$163.60 million

TO OBTAIN A FULL REPORT

VISIT THE SIGIR WEBSITE www.sigir.mil • EMAIL PublicAffairs@sigir.mil • CALL (703) 428-1100