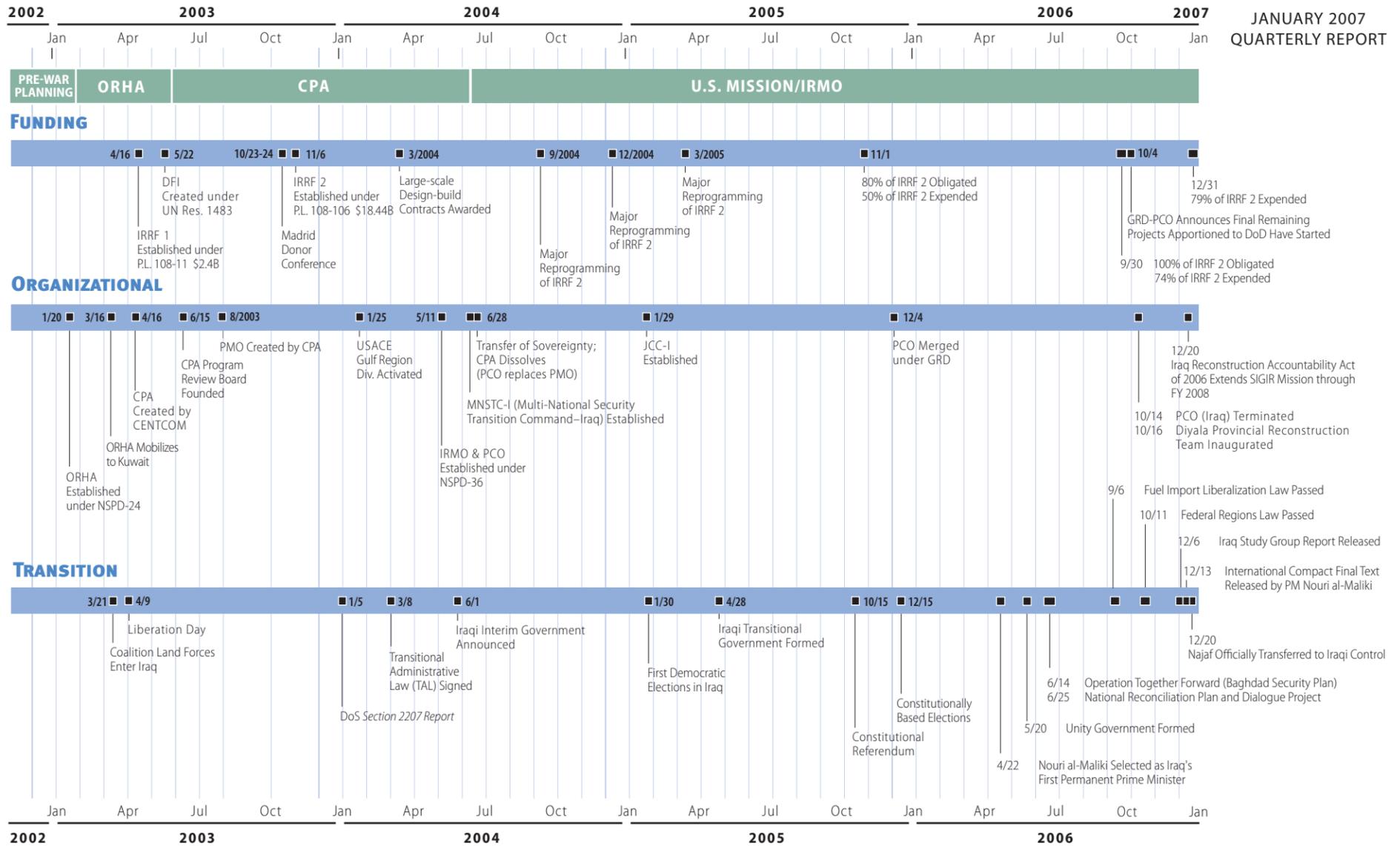




## IRAQ RECONSTRUCTION TIMELINE



## 2006: YEAR OF TRANSITION IN REVIEW

### SIGIR ACTIVITIES IN 2006

#### SIGIR AUDITS

##### INSIGHT, FORESIGHT, OVERSIGHT

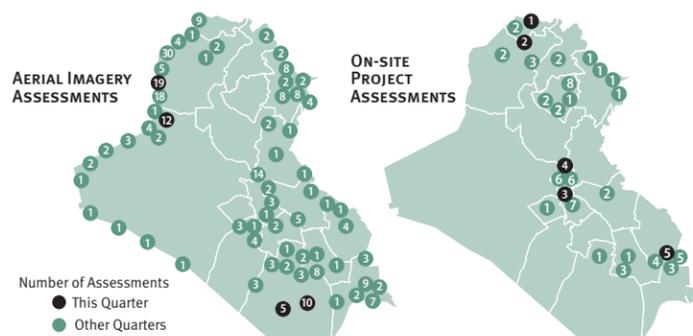
Issued 42 audit products to improve the transparency, efficiency, and effectiveness of the management of Iraq relief and reconstruction.

Promoted accountability, rule of law, and public trust in Iraq.

Focused on the end-state: the cost to complete U.S. projects, the sustainment and transition of U.S.-funded projects to the Government of Iraq (GOI), and building the capacity of Iraqi ministries and Iraqi Security Forces.

#### SIGIR INSPECTIONS

Approximately 70% of the projects that SIGIR inspected in 2006 were in compliance with contract specifications.



#### SIGIR INVESTIGATIONS

SIGIR is currently working on 78 cases. Investigations have resulted in 5 arrests and 4 convictions. Another 23 await prosecution.

SIGIR is a member of the International Contract Corruption Task Force (ICCTF).

The ICCTF has identified 36 cases. SIGIR has contributed 9 cases to the effort.

#### MEMBERS OF THE ICCTF

- SIGIR
- U.S. ARMY CID, Major Procurement Fraud Unit
- DoS OIG, Criminal Investigations Directorate
- USAID OIG
- DCIS (DoD IG Defense Criminal Investigative Service)
- Federal Bureau of Investigation

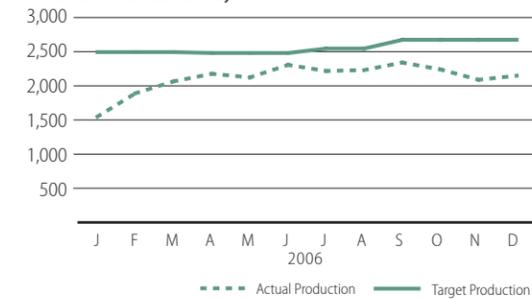
### IRAQ RECONSTRUCTION AT A GLANCE: 2006

In 2006, oil production continued to lag below targets.

#### IRAQ CRUDE OIL PRODUCTION

Source: IRMO, Monthly Import, Production, and Export Report (December 2006)

Thousands of Barrels Per Day

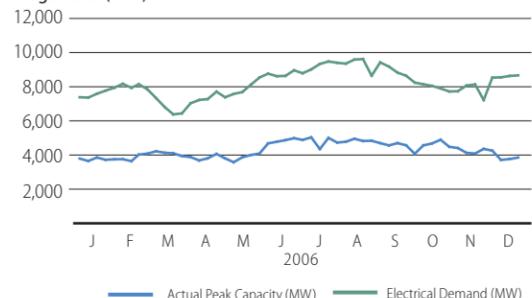


In 2006, demand for electricity exceeded capacity.

#### ELECTRICAL DEMAND VS. CAPACITY

Source: IRMO, Weekly Status Report (12/14/2005 - 12/26/2006)

Megawatts (MW)



#### CONTINUING CONCERNS

- Does the GOI have the capacity to operate and maintain IRRF projects?
- Has the GOI budgeted for operations and maintenance (O&M) of IRRF projects?
- Does the GOI have a plan to address infrastructure security?

#### CHALLENGES TO INFRASTRUCTURE TRANSITION

##### OPERATIONS AND MAINTENANCE

The U.S. strategy to train and assist the GOI on O&M remains unclear, and the GOI lacks sufficient capacity to operate and maintain facilities.

##### GOI BUDGET

The capacity of Iraq's ministries to execute their budgets remains weak. In August 2006, the GOI had executed only 43% of its total budget.

##### INFRASTRUCTURE PROTECTION

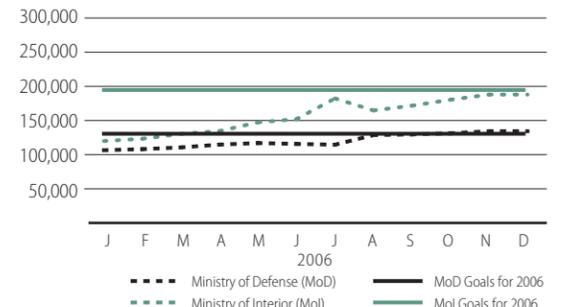
Despite significant investment, Iraq has been unable to protect its infrastructure: electricity towers and oil pipelines are continually interdicted.

The security situation continues to deteriorate, and the effectiveness of the Iraqi Security Forces remains a significant concern.

#### SECURITY FORCES TRAINED AND EQUIPPED

Source: IRMO, Weekly Status Reports, 2006; 9010 Report (February 2006)

Number Trained



FOR INFORMATION on all SIGIR work, including the full text of all final audit and inspection products, see the SIGIR website: <http://www.sigir.mil>.