

U.S.-FUNDED PROGRAMS IN IRAQ

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U.S.-IRAQ STRATEGIC FRAMEWORK AGREEMENT

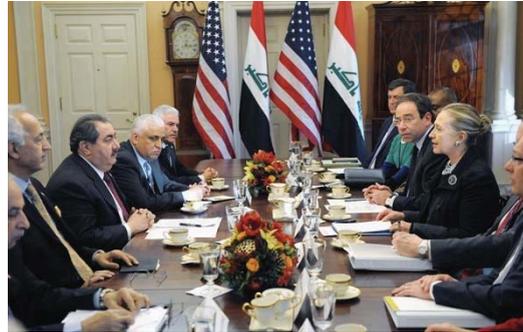
On November 17, 2008, the United States and Iraq signed the Strategic Framework Agreement (SFA), outlining the contours of the political, economic, security, and cultural relations between the two nations. Signed on the same day as the U.S.-Iraq Security Agreement (SA) that set forth a three-year timetable for the gradual withdrawal of the U.S. military from Iraq. The SFA was often overshadowed by its companion agreement. But with the expiration of the SA on December 31, 2011, and the contemporaneous departure of the last U.S. troops, the SFA, which has no expiration date, is now the primary pact governing the relationship between the two countries.⁵⁷

Pursuant to Section IX of the SFA, implementation of the SFA is overseen by the Higher Coordinating Committee (HCC), which comprises representatives from both the U.S. government and the Government of Iraq (GOI). The SFA also allows for the creation of additional Joint Coordination Committees (JCCs), which are subordinate to the HCC and tasked with executing specific objectives in particular areas of joint concern. Eight JCCs currently work on issues ranging from the ongoing U.S.-Iraq security partnership to the preservation of Iraq's historical sites.⁵⁸

Higher Coordinating Committee

On November 30, 2011, U.S. Vice President Joseph R. Biden, Jr. and Iraqi Prime Minister Nuri al-Maliki convened the HCC to reaffirm the two countries' mutual commitment to the SFA and to outline further joint efforts to be conducted under the auspices of the agreement. At this meeting, the GOI formally requested U.S. assistance with:⁵⁹

- expanding English-language programs for Iraqi students
- building a stronger higher-education system



Secretary of State Hillary Clinton and Iraq Foreign Minister Hoshyar Zebari chair the third meeting of the Political and Diplomatic Joint Coordination Committee on December 12. (DoS photo)

- preserving archeological sites, including the ancient ruins of Babylon

In turn, among other things, the United States pledged to support:⁶⁰

- development of Iraq's energy sector, including joint exploration of ways to boost Iraqi oil production
- the GOI's Electricity Master Plan
- the Iraqi police, through the Police Development Program (PDP) and an exchange program that will bring groups of Iraqi police to the United States for leadership development over the next three years
- efforts at the United Nations aimed at resolving all remaining issues relating to the UN Chapter VII sanctions imposed on Iraq in the wake of its 1990 invasion of Kuwait
- GOI plans to improve services, develop its system of roads and bridges, and bring its airports up to international standards
- Iraqi agriculture and irrigation
- continued efforts to expand ties between U.S. and Iraqi businesses
- modernization of the Iraqi financial and banking sectors
- bilateral security and defense cooperation initiatives

The SFA is now the primary pact governing the relationship between the two countries.

Joint Coordination Committees

Actions taken by the other JCCs remain largely opaque.

On December 12, Secretary of State Hillary Clinton and Iraqi Foreign Minister Hoshiyar Zebari chaired the third meeting of the Political and Diplomatic JCC. According to their public statements, one of the main topics discussed during this meeting was how the United States could help the GOI resolve Iraq's remaining UN Chapter VII issues. Secretary Clinton also pledged that the United States would continue working with the GOI to address other outstanding issues between Iraq and Kuwait through initiatives such as the Tripartite Commission for Gulf War Missing and the upcoming Arab League Summit, which is currently scheduled to be held in Baghdad this spring.⁶¹

Actions taken in 2010 and 2011 by the other seven JCCs—which address issues relating to U.S.-GOI cooperation on a variety of issues, including defense, culture, law enforcement, science, information technology, energy, and education—remain largely opaque because of the Department of State (DoS) assertion that “activities under the SFA fall under the purview of numerous other USG Inspector Generals [sic]. This does not fall under the purview of SIGIR’s reconstruction mandate.” However, DoS responded in detail to a similar question for SIGIR’s October 2010 Quarterly Report and provided information on the Rule of Law JCC for SIGIR’s October 2011 Quarterly Report. To date, no other U.S. inspector general (IG) has reported on activities conducted pursuant to the goals articulated in the SFA.⁶² ♦

DEPARTMENT OF STATE AND PARTNERS

U.S. government agencies are working to support Iraq's development in a range of areas, including law enforcement, the rule of law, education, energy, trade, health, and culture. DoS is foremost among the U.S. agencies responsible for following through with U.S. commitments under the SFA.

Through the Bureau of International Narcotics and Law Enforcement Affairs (INL), DoS supports development of Iraq's police through the PDP and continues to liaise with and fund assistance programs for the GOI's anticorruption agencies via the Anti-Corruption Coordination Office (INL/ACCO). DoS also maintains a presence outside of Baghdad, primarily through Consulates General in Erbil and Basrah, the Diplomatic Presence Post in Kirkuk, and locally employed staff in other provinces. DoS oversees a number of reconstruction efforts including a variety of initiatives to assist refugees and internally displaced persons (IDPs).

The U.S. Agency for International Development (USAID) continues to implement a variety of programs funded by the Economic Support Fund (ESF). The Administration requested almost \$325.7 million in FY 2012 ESF to support programs run by both DoS and USAID in Iraq. Allocation

totals, by country, are not yet available for funds made available in the Consolidated Appropriations Act, 2012 (P.L. 112-74), which was signed into law on December 23, 2011. For a breakdown of the FY 2012 ESF budget request for countries worldwide, see Figure 3.1.

Operating under the aegis of U.S. Embassy-Baghdad, several other federal agencies also play a key role in the U.S-Iraq partnership, including the Departments of Justice (DoJ), Homeland Security (DHS), Treasury, Transportation, Commerce, and Agriculture. Moreover, in Washington, D.C., the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank are working with government and private entities to expand opportunities in Iraq for U.S. businesses and, concomitantly, improve the Iraqi economy. See Figure 3.2 for an organizational chart showing the relationships among various agencies with representatives working under Chief of Mission authority.

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Bureau of International Narcotics and Law Enforcement Affairs

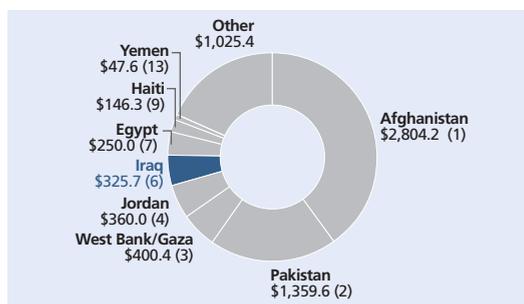
INCLE Funding

As of December 31, 2011, \$979.2 million from the International Narcotics Control and Law Enforcement (INCLE) account had been obligated in Iraq, including approximately \$164.0 million that remained unexpended.⁶³

For FY 2012, the Administration requested \$1.00 billion in INCLE funding for Iraq, by far the largest country allocation and nearly 40% of the total funding requested worldwide (see Figure 3.3). P.L. 112-74 appropriated a total of \$984 million for INCLE-funded programs in all countries. How much will be allocated to Iraq has yet to be determined.⁶⁴

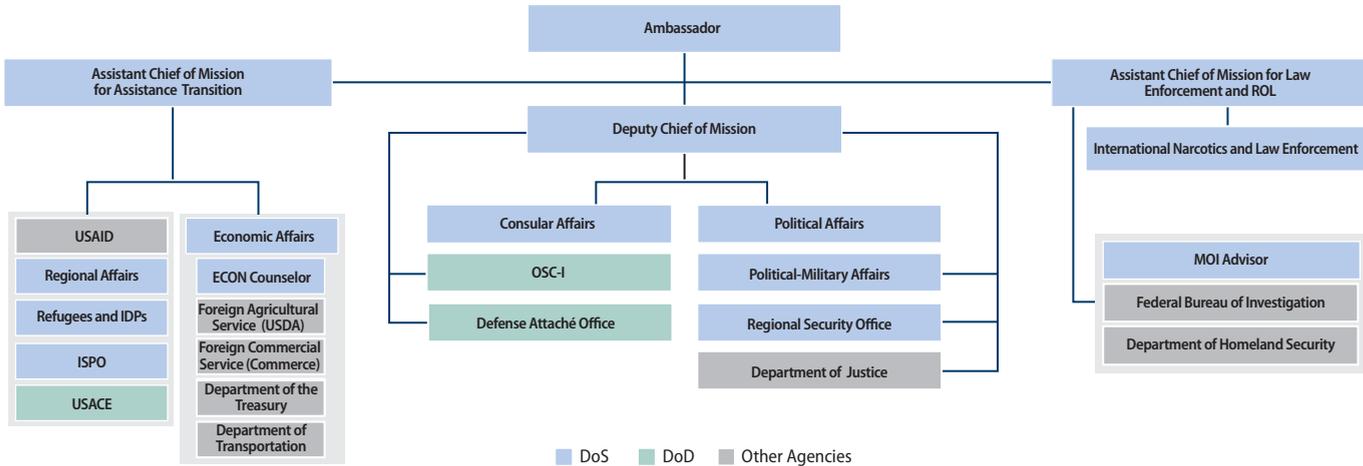
For additional details on the INCLE, see Appendix C to this Quarterly Report.

FIGURE 3.1
ESF FY 2012 BUDGET REQUEST,
IRAQ VS. OTHER COUNTRIES
\$ Millions (Ranking)



Source: DoS, "Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2012," 2/14/2011, pp. 155-157.

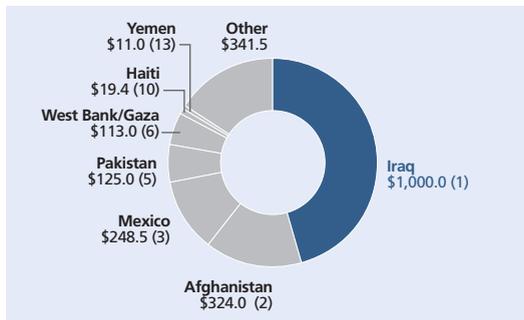
FIGURE 3.2
U.S. EMBASSY-BAGHDAD STRUCTURE AND FUNCTIONS



Source: U.S. Embassy-Baghdad, information provided to SIGIR, 1/19/2012.

FIGURE 3.3
INCLE FY 2012 BUDGET REQUEST,
IRAQ VS. OTHER COUNTRIES
\$ Millions (Ranking)

INL reports that the PDP is currently “mission-capable at all three hubs,” with 91 advisors in country.



Source: DoS, “Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2012,” 2/14/2011, pp. 160–162.

Police Development Program

INL officially began implementing the PDP on October 1, 2011. The PDP is the primary vehicle through which the United States will assist Iraq’s Ministry of Interior (MOI). However, as SIGIR’s October 2011 audit of this program reported, the PDP has been beset by challenges from the earliest planning stages. The PDP was originally conceived almost three years ago as a wide-ranging program to mentor and advise senior MOI leaders across all 18 of Iraq’s provinces using about 350

advisors stationed at three hubs (Baghdad, Erbil, and Basrah), but financial constraints and security concerns have forced INL to gradually reduce the size and scope of the program.⁶⁵

As of December 31, 2011, INL reports that the PDP is currently “mission-capable at all three hubs,” with 91 advisors in country—76 DoS temporary (“3161”) hires, 12 advisors from DHS, and 3 holdover civilian advisors from the DoD police-training mission. Table 3.1 shows the PDP’s anticipated staffing levels as of late December 2011.⁶⁶

PDP Activities

INL reported that its PDP advisors engage senior officials from most MOI offices, including the Deputy Ministers for Support Forces; Administration and Finance; Intelligence, National Information, and Investigations; and Iraqi Police Training Systems. Below the Deputy Minister level, INL advisors work with more than 50 of these Deputy Ministers’ subordinates, most of whom hold the rank of either Brigadier or Major General.⁶⁷

At the end of this quarter, the PDP was operating out of the three hubs and engaging with the MOI only at sites reachable by ground transportation. According to INL, as of December 31, PDP

TABLE 3.1
ANTICIPATED PDP STAFFING LEVELS, AS OF 12/21/2011

POSITION DESCRIPTION		BAGHDAD EMBASSY	BAGHDAD DIPLOMATIC SUPPORT CENTER (SATHER)	BAGHDAD POLICE COLLEGE ANNEX (SHIELD)	ERBIL DIPLOMATIC SUPPORT CENTER	ERBIL CONSULATE	BASRAH CONSULATE	TOTAL
PDP Advisor	INL SPAs	4		97	51		22	174
	INL DHS Advisors	3	3	2	4		4	16
	Total	7	3	99	55		26	190
INL Support ^a	INL Section	28		3	2	1	2	36
	M&E	1		1	1		1	4
	COR, GTM, Property Mgmt.	4		3	2			9
	GINL			9	3		3	15
	Total	33		16	8	1	6	64
INL Security ^b	INL RSO/SPS			29	14		8	51
	INL Movement Security—U.S.			286	93		69	448
	INL Movement Security—Iraqi			10	10		10	30
	Total			325	117		87	529
PDP Grand Total		40	3	440	180	1	119	783

Notes: These figures are estimates, as the full program has yet to fully deploy, and is subject to change. Static security and other personnel who provide services shared by multiple entities are not counted here.

^a "INL Support" includes personnel to support all INL activities in Iraq—not the PDP specifically. Additionally, there are Embassy-provided Basic Life Support personnel who provide support throughout Iraq, to include for the PDP; they are not counted here.

^b "INL Security" includes only those DS and DS-contracted personnel specifically attributable to INL. Though mostly dedicated to the PDP, some personnel support INL corrections and justice programs. The movement-security personnel are "pooled" and cannot be directly attributed to specific entities within INL itself. Security personnel are managed by DS, but funded by INL.

Source: INL, response to SIGIR data call, 1/4/2012.

advisors had conducted 195 advisory engagements out of its Baghdad hub, 160 out of its Erbil hub, and 35 out of its Basrah hub.⁶⁸ But travel remains a challenge because of the security situation.⁶⁹ For example, as of the end of 2011, Baghdad- and Basrah-based advisors had yet to travel outside of their respective provinces to view any other MOI facilities and operations, while PDP advisors based in the comparatively secure city of Erbil, in the Kurdistan Region, traveled to the neighboring province of Sulaymaniyah on two occasions.⁷⁰

Program Security

INL reported that it is able to provide protective security detail (PSD) movements to INL advisors, "as security conditions permit." INL informed SIGIR that it is continuing to work closely with DoS's Bureau of Overseas Buildings Operations as it moves forward on the final facility footprint for its presence in Iraq. INL added that it is

coordinating the transition from existing accommodations to final facilities to avoid any disruption of PDP activities.⁷¹

At the Baghdad PDP site, DoS's Bureau of Diplomatic Security's Regional Security Office (RSO) provides security, using a combination of DoS personnel, DoS contractors, and third-country nationals who provide static security. Beyond the internal static-security positions, GOI security personnel provide perimeter security.⁷²

Other U.S. Agency Support for the PDP

INL has interagency agreements with the Federal Bureau of Investigation (FBI) and three DHS agencies: Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and the U.S. Coast Guard (USCG). The FBI uses temporary-duty special agents to provide specialized training to the Iraqi Police Service. The interagency agreement with the FBI does not fund any

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permanently assigned FBI personnel in Iraq (see below for more on DoJ activities in Iraq).⁷³

CBP provides advanced mentoring to senior Iraqi border control officials within the MOI's Department of Border Enforcement and the Port of Entry Directorate. This quarter, CBP provided train-the-trainer instruction to a total of 48 students in the following specialties: customs examination of luggage and containers (4 students), passenger analysis/interviewing techniques (15), fraud document training (19), and training to detect people operating under false identifications (10).⁷⁴

ICE helps the MOI and other ministries develop expertise in the coordination of investigations focused on criminal activities, including the financing of illicit acts, weapon trafficking, proliferation, antiquity smuggling, human trafficking, and document fraud. This quarter, ICE provided train-the-trainer instruction related to human trafficking to 18 students.⁷⁵

USCG participates in and aids in capacity-building efforts and professional development of the MOI's Iraqi River Police and the Coastal Border Guard. This quarter, USCG trained 46 students in outboard-engine maintenance and port-security planning. Prior to January 2012, USCG activities coordinated through the PDP were funded by and conducted under the auspices of the Department of Defense.⁷⁶

GOI Support for the PDP

The GOI's support for and long-term commitment to the PDP remains a concern. In a meeting with SIGIR in early October, Principal Deputy Minister of the Interior Adnan al-Asadi was skeptical about the PDP, noting that it would be better for the U.S. government to spend that money on a program benefitting the American people. In a subsequent meeting with the Inspector General on November 16, al-Asadi stated that the MOI would "test" the PDP in 2012 and decide thereafter whether it would continue the program in 2013 and beyond. However, INL reported that al-Asadi informed INL's Deputy Assistant Secretary that MOI would

continue to support the PDP as a way of building the capacity of the Iraqi police.⁷⁷

In its October 2011 audit report, SIGIR noted that the GOI had not signed formal land-use agreements for PDP sites. However, on December 11, 2011, al-Asadi and the Assistant Chief of Mission for Law Enforcement and Rule of Law Assistance agreed to terms under which the U.S. government may use the Baghdad Police College Annex. This arrangement runs for one year and is renewable with the consent of both parties, which would allow the GOI to opt out in December 2012. INL also has agreements that allow it to use U.S. consular facilities in Erbil and Basrah.⁷⁸

Other significant issues also remain unresolved, including:⁷⁹

- GOI financial contributions, as required by P.L. 111-32 and subsequent appropriations laws, which calls for the GOI to contribute 50% of the funding for civilian programs benefiting the GOI, excluding extraordinary life-support and force-protection costs
- additional secure transportation for advisors stationed at the Basrah hub, who, to date, have left the base infrequently

This spring, SIGIR plans to issue an audit reporting on the progress INL has made in implementing the PDP.

PDP Goals and Objectives

In September 2011, INL provided SIGIR with a 21-page outline of its nine PDP goals, their subordinate objectives, and the methods for measuring the attainment of these goals and objectives. The stated goals are to assist MOI leaders so that they are capable of:⁸⁰

- providing effective leadership and appropriate oversight, utilizing "strategic management processes" to provide direction across the organization
- providing a full range of police and community services to the general public

Al-Asadi stated that the MOI would "test" the PDP in 2012 and decide thereafter whether it would continue the program in 2013 and beyond.

- providing basic and advanced instruction to impart policing skills while promoting community policing, women's rights, and human rights
- upholding gender rights and human rights
- securing Iraq's borders and points of entry
- developing effective specialized police units
- developing appropriate accountability mechanisms to enable operational components of the police to function effectively
- fostering a public image of the Iraqi Police as professional and effective
- assisting the MOI with assuming full responsibility for internal security

According to INL, the period of performance for each objective has yet to be established but will vary from six months to five years.⁸¹

Monitoring and Evaluation

INL reports that it is establishing a monitoring and evaluation (M&E) team that will monitor the progress of all of its criminal-justice programs in Iraq. According to INL, the M&E program will incorporate established, standardized measurement tools for all areas of INL assistance, including the PDP, justice, drug-demand reduction, pre-trial detentions, and corrections programs. The PDP reportedly will undergo a program review every six months. Other INL-administered programs will undergo evaluations according to their program plans, but no more frequently than quarterly.⁸²

According to INL, the M&E team will monitor its Iraq programs predominantly through a computer-based reporting mechanism. INL said that it currently has this reporting mechanism in "beta" testing and will undergo further refinement in response to the work and results of the ongoing PDP-assessment task force.⁸³

INL expects to dedicate four Iraq-based M&E specialists to its Iraq programs. The chief M&E specialist will work at U.S. Embassy-Baghdad, while the remaining three will operate out of each of three program hubs. INL estimates that it will have the M&E team fully staffed by mid-February 2012.⁸⁴

Anti-Corruption Coordination Office

INL/ACCO coordinates all U.S. assistance to the GOI's main anticorruption institutions—the Commission of Integrity (COI), the inspectors general (IGs), and the Board of Supreme Audit (BSA). INL/ACCO currently oversees \$29 million in U.S.-funded programs to support GOI anti-corruption agencies, including a \$6 million UN Development Programme (UNDP) initiative to assist the IGs. INL/ACCO also provides technical and programmatic support to the COI via DoJ's International Criminal Investigative Training Assistance Program (ICITAP) and training programs with the UN Office on Drugs and Crime on financial investigations, international legal cooperation, and computerized case management. This Report's Focus on Corruption at the end of Section 4 contains a complete list of INL/ACCO-supported programs.⁸⁵

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Assistance to the Higher Judicial Council

This quarter, INL funded two grants and three UN efforts to assist the Higher Judicial Council (HJC) in the area of court administration:⁸⁶

- **Central Administration of Justice Sector.** Grantees are working with the Ministry of Justice and the Ministry of Labor and Social Affairs, the COI, and the HJC to establish strategic, operating, and budgeting processes within each institution.
- **Physical and Digital Data Archiving.** Through a \$1.4 million grant, INL is working with the GOI to improve the physical and digital data archiving of justice sector.
- **Justice Data Management Program.** In September of 2011, INL pledged \$3.8 million to UNDP to build upon work previously conducted by INL and their partners in the Iraqi Justice Integration Project.
- **Strengthening the Administration of Justice.** In September 2010, INL made a \$3.2 million pledge to UNDP to improve the administrative and operational capacity of the judiciary and establish a pilot court complex.

- **HJC Outreach.** The HJC Outreach project, a \$1.0 million pledge to the United Nations Educational, Scientific and Cultural Organization (UNESCO), was on hold during the reporting period awaiting a decision on whether it may be funded under P.L. 103-236, which prohibits the pledge of funds to an organization that admits Palestine as a member. Because the funds were pledged before the prohibition was triggered, INL awaits a decision on whether the funds may be transferred. (An unrelated U.S.-supported literacy initiative was also affected by the UNESCO issue.)

INL is in the process of delivering about \$7 million of equipment to the HJC for court security in coordination with the U.S. Marshals Service (USMS). The purchase of this equipment is being funded with money remaining on a previous inter-agency agreement with USMS. Explosives detectors, vehicles, vehicle barriers, magnetometers, and other equipment will be provided, and USMS or other implementers may train the Iraqis on court security using this INL-donated equipment.⁸⁷

With funds remaining on a previous interagency agreement with the U.S. Army Corps of Engineers (USACE), INL will procure generators for five courthouses in Iraq to enhance physical security and operational capacity. INL expects to complete the delivery of the generators by summer 2012.⁸⁸

This quarter, INL also provided upgrades, such as paving sidewalks, to prepare the Judicial Development Institute (JDI) for handover to the GOI in spring 2012. Additionally, INL began preparations to train Iraqi staff on operations and maintenance procedures at the JDI.⁸⁹

Counternarcotics

INL has entered into an agreement with the Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services to enhance substance-abuse services in Iraq. This program is funded with \$1 million in

FY 2010 INCLE appropriations and started in May 2011. It focuses on:⁹⁰

- providing Iraqi healthcare professionals training in drug-abuse screening, brief intervention, and treatment
- supplying expertise to help the Ministry of Health establish a sustainable national Center of Excellence on Substance Abuse Services that will offer training on treating abuses, conduct research, and host a treatment center
- conducting epidemiological studies to gain a better understanding of the nature and extent of substance abuse in Iraq
- integrating substance-abuse services into the Iraqi primary healthcare system

Provincial Engagement

U.S. Presence in Other Provinces

U.S. Embassy-Baghdad's Office of Provincial Affairs (OPA) shut down on August 26, 2011, and the last Provincial Reconstruction Team (PRT), based in Diyala province, closed on September 10, 2011. While they were active, OPA and the PRTs were involved with the planning and implementation of ESF Quick Response Fund (QRF) projects and Provincial Reconstruction Development Council (PRDC) projects.

As listed in the subsection on the Iraq Strategic Partnership Office (ISPO), there were 21 ongoing PRDC projects, collectively valued at \$52.2 million, as of December 31, and those projects were being managed by ISPO. According to U.S. Embassy-Baghdad, 70 QRF projects were completed during the quarter at a combined cost of \$11.5 million, and no QRF projects were ongoing at the end of the quarter. Of the 70 completed QRF projects, 19 were minority-directive projects with a total value of nearly \$4.5 million.⁹¹ In the past, the Embassy has cited security reasons for declining to provide details, including location, for activities that assist Iraq's minority communities.⁹²

INL is in the process of delivering about \$7 million of equipment to the HJC for court security.

The Embassy's Provincial Coordination Cell is now responsible for ensuring continued engagement and outreach in Iraqi provinces where the United States does not have a diplomatic presence. The Provincial Coordination Cell, which is overseen by the Embassy's Political Section, employs Iraqi Cultural Advisors in each province.⁹³

Iraq Strategic Partnership Office

ISPO was created by Executive Order 13541 in May 2010 as a temporary organization at U.S. Embassy-Baghdad to "support executive departments and agencies in transitioning to a strategic partnership with the Republic of Iraq in economic, diplomatic, cultural, and security fields based on the Strategic Framework Agreement." ISPO assumed the functions previously assigned to the Iraq Transition Assistance Office (ITAO), including oversight of various reconstruction projects funded by ESF and the Iraq Relief and Reconstruction Fund (IRRF).⁹⁴ Now staffed by six people, ISPO is just over half the size it was in March 2011.⁹⁵

All projects that ISPO currently oversees are funded by the ESF, and all but one are implemented by USACE. ISPO reported that four of those projects, together valued at almost \$6.2 million, were completed this quarter. USACE reported last quarter that it had completed construction of two of them: a highway in Missan province and a school in Falluja. The other two projects that ISPO said were completed this quarter were for building a school in Sulaymaniyah and providing security at al-Mamoon Exchange and Communications Center in Baghdad.⁹⁶

According to ISPO, it neither canceled nor reduced the scope of any of its projects this quarter;⁹⁷ and at the end of the quarter, 25 projects under its purview remained open. As shown in Table 3.2, these projects have a combined value of more than \$53 million.⁹⁸

In an audit issued this quarter that sought to determine if ISPO has a comprehensive and accurate

process to provide information on U.S.-funded and completed projects to the GOI, SIGIR found that ISPO uses a narrowly focused definition of a reconstruction project and, as a result, the GOI receives only a partial inventory of all completed and transferred reconstruction projects.⁹⁹ For further details, see Section 5 of this Report.

About 28% of the costs of ISPO's ongoing projects are for the two phases of construction at the Missan Surgical Hospital site, making construction of that hospital the largest effort currently overseen by ISPO. As it did last quarter, ISPO again reported slow but steady progress at the work site. In October, ISPO said that it expected the project to be completed in November 2011, but this quarter the completion date has been moved to July 2012.¹⁰⁰ According to USACE, the contract for construction was first awarded in September 2007, with completion scheduled for May 2009.¹⁰¹ When SIGIR inspected the project in early 2009, SIGIR identified significant design and construction deficiencies and a lack of funding commitment by the GOI.¹⁰²

With U.S.-supported construction of the Basrah Children's Hospital having been completed in 2010, ISPO is now managing five other projects there involving the installation, operation, and maintenance of equipment, as well as facility management. These projects have a combined cost of more than \$10 million. Although the hospital is currently receiving and treating patients, oncology services have not yet started there.¹⁰³

Construction in Baghdad of the Wazeriya National Training Center, which will be used to train Iraqi personnel on electricity distribution, also is behind schedule. Originally planned for completion in September 2011, this \$8 million project is now expected to be completed in June 2012.¹⁰⁴

Bureau of Population, Refugees and Migration

The DoS Bureau of Population, Refugees and Migration (PRM), along with the USAID Office of

SIGIR found that the GOI receives only a partial inventory of all completed and transferred reconstruction projects.

TABLE 3.2
ONGOING ISPO-MANAGED PROJECTS, AS OF 12/31/2011
Dollars

PROGRAM	PROJECT	PROVINCE	IMPLEMENTING AGENCY OR GRANTEE	OBLIGATED	EXPENDED
Provincial Reconstruction Development Council	Wazeriya National Training Center	Baghdad	USACE	8,236,068	3,332,724
	Missan Hospital Phase 2	Missan	USACE	7,496,046	6,617,728
	Missan Hospital Phase 1	Missan	USACE	7,180,436	6,329,174
	Basrah Children's Hospital Install MRI CT Scanner	Basrah	USACE	7,000,000	0
	Primary Health Care Centers X-Ray Design Phase II	Nationwide	USACE	2,100,738	235,110
	Install Equipment for Basrah Children's Hospital	Basrah	USACE	1,817,370	528,785
	Facility Mgmt at Basrah Children's Hospital	Basrah	USACE	1,373,780	32,240
	Basrah Children's Hospital LINAC O&M and Training	Basrah	USACE	60,000	17,587
	Basrah Children's Hospital Install Lab Equipment	Basrah	USACE	20,000	0
	Buildings, Health, & Education Subtotal				35,284,438
	Fallujah Sewer System House Connections	Anbar	USACE	7,616,253	2,702,253
	Mosul Dam Early Warning System	Ninewa	USACE	1,180,000	175,537
	Review of Ministry of Water Master Plan	Baghdad	USACE	400,000	42,409
	Iraq Watershed Predictive Model	Nationwide	USACE	220,000	23,246
	Fallujah WWTP Operation & Maintenance	Anbar	USACE	110,328	12,799
Water Subtotal				9,526,581	2,956,243
	Al-Musayab CT Commission Units 9 & 10 (Equipment)	Babylon	USACE	4,320,000	145,415
	Electricity Transmission System Study & Master Plan	Nationwide	USACE	1,500,000	8,452
	Electrical Distribution Master Plan, Anbar & Basrah	Anbar & Basrah	USACE	750,000	12,613
	EPPS Geospatial Mapping	Nationwide	USACE	20,000	17,388
Electricity Subtotal				6,590,000	183,868
	Upgrades at Rusafa Courthouse	Baghdad	USACE	759,875	682,214
	Rusafa Courthouse & Witness Facility Defects	Baghdad	USACE	30,000	30,000
	Kahn Bani Saad Prison Study Assesment	Diyala	USACE	30,000	4,621
Security & Justice Subtotal				819,875	716,835
PRDC Projects Total				52,220,893	20,950,293
Ministerial Capacity Development	Help Build Capacity Development for Water Sharing Agreement with Syria, Iran, and Turkey	Baghdad	Compass Foundation	157,891	115,891
	MCD Projects Total				157,891
Capacity Development/ Operations, Maintenance, and Sustainment	Mosul Dam SME Advisory Group Support	Ninewa	USACE	514,987	168,696
	Rivers and Lakes Study	Nationwide	USACE	340,243	247,868
	OMS Procurement Additional Spare Parts	Nationwide	USACE	20,000	0
CD/OMS Projects Total				875,231	416,564
All ISPO Projects Total				53,254,015	21,482,748

Note: Data not audited. Numbers affected by rounding.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data call, 1/4/2012 and 1/12/2012.

U.S. Foreign Disaster Assistance (OFDA), provides support for voluntary returns and reintegration of refugees as well as improved access to basic services and basic humanitarian assistance for both refugees and IDPs. U.S. funding to address the needs of displaced Iraqi populations is coordinated with the office of the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration, the U.N. World Food Program, Iraq's Ministries of Labor and Social Affairs, Planning and International Cooperation, Displacement and Migration, and non-governmental organization (NGO) partners.

With PRM support, UNHCR worked toward its 2011 target to improve the shelters of 7,800 IDP families and 9,500 returnee families, with a particular focus on the two provinces that receive the most returns: Baghdad and Diyala. During this quarter, PRM supported five new NGO programs inside Iraq. These partners are addressing livelihoods for women and youth, protection (including protection from gender-based violence), community capacity building, conflict resolution, and mental health.

Outside Iraq, PRM supports Iraqi refugees in Syria, Jordan, Lebanon, and Egypt through programs that provide assistance in the areas of education, vocational training, health, mental health, protection, shelter, and gender-based violence, as well as cash assistance for the most vulnerable and basic humanitarian assistance.¹⁰⁵

PRM also manages the resettlement in the United States of Iraqi refugees and provides certain refugee benefits to Iraqi special immigrant visa (SIV) holders who request them. (The Bureau of Consular Affairs manages the Iraqi SIV Program.) As of December 27, a total of 62,496 refugees and 4,833 SIV holders who elected refugee benefits had resettled in the United States since October 1, 2006. Over that period, an average of 2,976 refugees and 230 SIV recipients of refugee benefits were resettled in the United States each quarter. During 2011, however, resettlements per quarter averaged more than a third less than the aggregate average. During the fourth quarter of 2011, the number of Iraqi

TABLE 3.3
IRAQI RESETTLEMENTS IN THE UNITED STATES

PERIOD	REFUGEES		SIVS	
	TOTAL	QUARTERLY AVERAGE	TOTAL	QUARTERLY AVERAGE
10/1/2006–12/27/2011	62,496	2,976	4,833	230
1/1/2011–12/27/2011	7,945	1,986	570	143
10/1/2011–12/27/2011	824	824	220	220

Note: Numbers affected by rounding.

Sources: NEA-I, responses to SIGIR data calls, 1/5/2011, 5/29/2011, 7/1/2011, 9/29/2011, and 1/3/2012.

refugees (824) resettled was 72% below the average. The DoS Bureau of Near-Eastern Affairs-Iraq (NEA-I) reports that the decline in refugee benefit recipients was largely due to new security procedures instituted worldwide, which have significantly slowed processing. SIV holder admittances (220) remained on par with the aggregate quarterly average.¹⁰⁶ For more details, see Table 3.3.

Bureau of Democracy, Human Rights and Labor

Democracy and Civil Society Program

The DoS Bureau of Democracy, Human Rights and Labor (DRL) conducts foreign assistance programs that are intended to support Iraqi governance, human rights, and civil society. DRL reported that it has advised Iraq's CoR on increasing transparency and dialogue in the public policy-making process and has helped train political parties and candidates on national accommodation, political party campaign management and platform development, the role of civil society in political processes, and coalition building. DRL programs also provide training for Iraqi media professionals on investigative journalism, the importance of objective reporting, use of modern technologies in media, and business management best practices.¹⁰⁷

Support for a National Women's Platform

DRL reported that its National Platform for Women working groups develop relationships and

As of December 27, a total of 62,496 refugees and 4,833 SIV holders who elected refugee benefits had resettled in the United States since October 1, 2006.

carry out workshops with citizens, government institutions, and relevant private and public organizations. The platform—a set of policy recommendations presented to the CoR in fall 2009—is intended to serve as a tool for integrating women in policy debates and as a means for parliamentarians and local government officials to respond to constituent needs and priorities.¹⁰⁸

DRL's work to support a Multi-Party Women's Caucus continued this quarter. More than 125 women, representing approximately 40 political parties, claim membership in these caucuses, which facilitate dialogue between Iraqi women and local and national political leaders to elevate the visibility of women's concerns on travel rights, child welfare, citizenship rights, educational opportunity, and protection from domestic violence. The caucuses were an outgrowth of the National Platform for Women.¹⁰⁹

Department of Justice

By the end of January 2012, DoJ expects to have 31 personnel in Iraq. The Office of the Justice Attaché will have eight personnel located at U.S. Embassy-Baghdad—the Attaché (the highest-ranking DoJ official in Iraq), the Deputy Attaché, the Associate Attaché, two Office of Overseas Prosecutorial Development Assistance and Training (OPDAT) Resident Legal Advisors (RLAs), the Senior Advisor to the Ministry of Justice, and two administrative support personnel. OPDAT will also have two more RLAs, one each at the U.S. Consulates in Basrah and Erbil. The FBI Legal Attaché office will have 12 personnel. In addition, there will be nine ICITAP corrections advisors (eight contractors and one DoJ employee).¹¹⁰

Office of the Justice Attaché

The Justice Attaché's mission focuses on coordinating DoJ's capacity-building efforts and, in cooperation with the FBI's Legal Attaché (Legat Baghdad), providing counsel on operational matters related to

Iraq.¹¹¹ The Attaché serves as the Embassy's liaison to the HJC and to the Chief Justice of Iraq. Typically, the Attaché meets with the Chief Justice on a biweekly basis. The Attaché is also the Embassy's liaison to the Minister of Justice. In both of these roles, the Attaché handles numerous diplomatic, legal, and policy matters that arise and supports OPDAT and ICITAP initiatives.¹¹²

In 2012, the Attaché and the OPDAT RLAs intend to continue assisting the GOI in processing and preparing cases more effectively by identifying the most critical impediments to successful prosecutions, making recommendations to improve cases, and facilitating coordination among judges, police, and corrections personnel. As part of this effort, they consult with Iraqi judges on cases of U.S. interest, including those involving the wounding or killing of U.S. service members. In most such cases, the Iraqi judiciary has agreed that the matters should be heard before the Central Criminal Court of Iraq (CCC-I) in Baghdad. Due to the close proximity of this court to the Embassy, DoJ representatives have been able to maintain a relatively consistent presence there.

The Attaché also plans to continue participating in the Rule of Law International Policy Committee (RIPC). The Attaché co-chairs a RIPC sub-committee that is examining legal issues of mutual interest, such as requests for legal assistance and extradition.¹¹³

FBI Legal Attaché

The FBI's mission focuses on counterterrorism, investigations and investigative task forces, intelligence development and information sharing, and capacity-development programs involving MOI personnel. The FBI also serves as the primary investigative agency for and remains actively engaged with the DoD Personal Recovery Division and the RSO regarding investigations of missing, captured, and detained U.S. citizens.¹¹⁴

Legat Baghdad oversees all FBI activities in the country. During 2006–2011, Legat Baghdad partnered with experienced Iraqi investigators

The FBI's mission focuses on counterterrorism, investigations and investigative task forces, intelligence development and information sharing, and capacity-development programs.

under the auspices of the Major Crimes Task Force (MCTF), which was established to address complex crimes such as kidnappings, high-profile public corruption, politically motivated murders, and terrorist activity. In June 2011, Legat Baghdad transitioned its partnership with the MCTF from providing active investigators to the MCTF to maintaining one representative there to advise it on open cases. However, Legat Baghdad works directly with the MCTF on all terrorism cases involving U.S. citizens.

Legat Baghdad reported other objectives as well:¹¹⁵

- Engage with the MCTF and the Counterterrorism and Organized Crime General Directorate (CTOC) to support U.S.-based investigations.
- Participate in the International Contract Corruption Task Force (ICCTF), a multi-agency task force established to integrate investigative, intelligence, and prosecutorial resources to fight the increasing problem of fraud and corruption related to the U.S. efforts in Iraq, Afghanistan, and Kuwait.
- Coordinate with other U.S. and GOI agencies to identify and develop sources of intelligence information and effectively disseminate intelligence derived from these sources.
- Direct the Threat Coordination Working Group (TCWG) to enhance intelligence collaboration among U.S. law enforcement, intelligence, and military entities working on issues concerning Iraq.

The FBI's capacity-building efforts focus primarily on the MOI and the Federal Information and Investigations Agency (FIIA). Legat Baghdad has designed and plans to deliver several training courses in the first quarter of 2012 that will bring MCTF, CTOC, the Counter Terrorism Service (CTS), and judicial investigators together to receive the same training to help them more effectively address counterterrorism and other investigative matters. Legat Baghdad reported that it will recommend to the MOI and FIIA that the MCTF should transition to an interagency Iraqi Joint Terrorism Task Force joining the existing MCTF

investigators to serve as the principal GOI counterterrorism organization.¹¹⁶

Legat Baghdad, INL, and the Assistant Deputy Minister for FIIA have also formed a committee to develop and implement a long-term, collaborative training strategy for FIIA. Courses planned for the coming months include:¹¹⁷

- a one-week seminar on terrorist financing and money laundering
- a two-week seminar on counterterrorism investigative awareness
- a one-week course on crisis management

Overseas Prosecutorial Development Assistance and Training

OPDAT RLAs (current DoJ attorneys) are assigned to Iraq for one-year periods to work on capacity-building initiatives. Funding for OPDAT RLAs is provided by DoS. In addition to working with Iraqi police and prosecutors, the RLAs also advise the CCC-I and other Baghdad-area courts on criminal-justice matters. OPDAT's ongoing objectives include facilitating cooperation between judges and police, advocating against coerced confessions, and developing policies and procedures that strengthen the Iraqi criminal-justice system's institutions. One OPDAT RLA assigned to the Embassy is specifically assigned to help the GOI's anticorruption agencies develop more effective measures to counter money laundering and terrorist financing.¹¹⁸

International Criminal Investigative Training Assistance Program

From 2003 to 2011, ICITAP has helped the Iraqi Corrections Service (ICS) to build and staff a nationwide network of 30 prisons that houses nearly 20,000 inmates and employs more than 12,000 staff. This program was funded through an interagency agreement with INL.¹¹⁹

On January 1, 2012, ICITAP began a new phase in its corrections-assistance mission, focusing its efforts on a pre-trial detentions program. The Iraq Pre-Trial Detention Assistance Program is designed to assist MOI detention staff with elevating their

Legat Baghdad transitioned its partnership from providing active investigators to the MCTF to maintaining one representative there to advise it on open cases.

TABLE 3.4
U.S. TREASURY OFFICE OF TECHNICAL ASSISTANCE STATUS OF FUNDS FOR ACTIVITY IN IRAQ, FY 2011–FY 2012
 Dollars

	FY 2011			FY 2012		
	ALLOCATIONS	OBLIGATIONS	EXPENDITURES	ALLOCATIONS	OBLIGATIONS	EXPENDITURES
State 632 (b) Emergency Supp. P.L. 108-106	981,163	420,915	393,310			
State 632 (b) Emergency Supp. P.L. 111-117	1,972,100	597,793	373,560			
State 632 (b) P.L. 109-234				1,300,000	0	0
State 632 (b) P.L. 111-117 INL				1,900,245	0	0
Total	2,953,263	1,018,707 (34.5%)	766,870 (26.0%)	3,200,245	0 (0%)	0 (0%)

Note: Data not audited. Numbers affected by rounding.

Source: U.S. Treasury, response to SIGIR data call, 1/3/2012.

standards of operation. ICITAP plans to use a centralized approach in which Baghdad will be the focus of training activities, while providing on-site mentoring at a handful of select facilities. The goal is to work with the MOI to create within three-to-five years a set of model detention facilities operating in accordance with international standards.¹²⁰

Department of Homeland Security

U.S. Embassy-Baghdad’s Office of the DHS Attaché comprises 18 personnel from several component agencies:¹²¹

- CBP (8)
- Citizenship and Immigration Services (6)
- Immigration and Customs Enforcement-Homeland Security Investigations (2)
- USCG (2), funded by INL’s PDP

These personnel advise GOI officials from several ministries on matters concerning immigration, customs, and border security.¹²²

Department of the Treasury

For FY 2011, the Department of the Treasury’s Office of Technical Assistance (OTA) obligated 34% and expended 26% of its almost \$3.0 million appropriation for activities in Iraq. Table 3.4 summarizes

OTA’s obligations and expenditures for FY 2011 and FY 2012. Funding supports a wide range of projects including tax, debt restructuring, financial enforcement, budgeting, and banking activities.¹²³

OTA currently has six personnel stationed in Iraq—five personal-services contractors and one federal employee who has been detailed to OTA. Additionally, one third-country national supports OTA’s mission.¹²⁴

Suspension of Assistance to Iraq’s Money Laundering Reporting Office

OTA’s Economic Crimes Team placed a resident advisor in Baghdad in July 2011 to work with the Money Laundering Reporting Office (MLRO) at the Central Bank of Iraq (CBI) and other relevant GOI law-enforcement and financial-reporting agencies. This initiative, however, was stymied due to the inability of OTA staff to access MLRO personnel and the CBI’s lack of support to the MLRO. The MLRO’s offices are located outside the International Zone (IZ) in a high-security-risk area, making it difficult for OTA staff to travel there. Moreover, Treasury reports that attempts to obtain the CBI’s support to move the MLRO office to the IZ have been unsuccessful. Because of these issues, OTA suspended its engagement with the MLRO in September 2011. Subsequently, the OTA advisor working with the MLRO was reassigned to assist the COI with financial investigations.¹²⁵

The Economic Crimes Team is providing assistance to the COI on a significant ongoing

This initiative was stymied due to the inability of OTA staff to access MLRO personnel and the CBI’s lack of support to the MLRO.

investigation of former intelligence officials in the Ba'athist regime who allegedly transferred more than \$1 billion in funds out of Iraq to circumvent international sanctions. These funds have been traced to Lebanon, France, Kuwait, Morocco, and Switzerland. To date, Kuwait has returned \$117 million to Iraq and Switzerland has committed to return \$136 million once a claim against these funds is adjudicated. Negotiations are underway with the other jurisdictions for the return of remaining assets.¹²⁶

Programs Supporting the GOI's General Committee of Taxes

OTA's Revenue Team is assisting the GOI's General Commission of Taxes with ways to generate more revenue and broaden the tax base, including:¹²⁷

- implementing a self-assessment system in the Large Taxpayer Unit (LTU) for tax declaration filing, acceptance, and processing
- enhancing tax return audit capacity for large taxpayer entities, particularly in the petroleum industry
- establishing a Taxpayer Service Department to improve the tax culture
- implementing an integrated tax processing system pilot program (TAGDEER) in the LTU

A draft Ministerial Order mandating the filing of tax declarations by large taxpayers was prepared with assistance from the Revenue Team and will be presented to the Minister of Finance for consideration. Moreover, at OTA's recommendation, the World Bank has tentatively agreed to include the TAGDEER project in its Public Finance Management portfolio, pending receipt of a formal request from the Ministry of Finance.¹²⁸

CBI Advisory Program

OTA's Banking Team has two resident advisors working in Baghdad, with a third advisor providing support as needed. Their objective is to enhance CBI's supervision capabilities and promote the development and expansion of the

private financial sector. This includes supporting the restructuring of two large state-owned banks (Rafidain and Rasheed) to help ensure profitability. In this area, the focus has been on improving organizational and balance-sheet structures, improving human-resource processes, and strengthening financial-reporting capabilities. The Banking Team also assists the CBI with a data project aimed at facilitating electronic submission of bank-reporting data and creating better analytical instruments for examiners and analysts. Treasury reports that the Banking Team's focus will remain substantially the same in 2012.¹²⁹

In recent months, the Banking Team has created a project plan for the development and implementation of a CBI Reporting Framework and Centralized Data Repository Project. This project is designed to improve the ability of the CBI to receive and analyze financial information to support strategic decision making. The Banking Team also carried out a feasibility study for a Credit Information Bureau and developed stakeholder support for this entity.¹³⁰

Assistance to the Ministries of Finance and Planning

OTA's Budget Team assists the Ministries of Finance and Planning and Development Cooperation in facilitating budget-execution workshops for ministry employees, creating and distributing a comprehensive investment budget manual, creating budget strategy and preparation documents, updating the GOI accounting manual, and publishing documents on their websites. In 2012, contingent on the availability of appropriate staff, the Budget Team plans to continue working with the ministries to improve the GOI's budget formulation and execution processes.¹³¹

Department of Transportation

U.S. Embassy Baghdad's Office of the Department of Transportation (DoT) Attaché is staffed by three DoT personnel and three additional staff provided

The Economic Crimes Team is providing assistance to the COI on a significant ongoing investigation of former intelligence officials who allegedly transferred more than \$1 billion in funds out of Iraq.

by DoS. DoT personnel help the GOI rehabilitate its transportation infrastructure, develop and implement strategic plans for meeting international standards, and coordinate efforts to increase the skills of the various ministries responsible for the transportation sector. Funding for DoT's activities historically has come from DoS, DoD, and USAID.¹³²

In 2012, DoT will continue to provide advice to the GOI's Ministry of Transportation, as well as the Ministry of Housing and Construction. Some of the main goals that continue to be priorities for the GOI include:¹³³

- **Maritime sector**—achieving compliance with international port security standards, streamlining port operation and customs procedures, updating maritime laws and regulations, developing the port of Umm Qasr, improving facilities at al-Zubair to support liquid cargo movements, building a GOI Maritime Academy, and privatizing some port operations
- **Aviation sector**—achieving compliance with International Civil Aviation Organization standards, updating civil aviation laws, improving airport operations, and developing private airlines
- **Rail sector**—achieving the consistent use of rail communication and control systems, rehabilitating existing rail lines, developing new rail lines, and improving freight-rail service
- **Road sector**—establishing and operating a professional-knowledge and best-practices exchange center for highway engineers

Department of Commerce

The Department of Commerce goal in Iraq is to assist U.S. companies to identify and develop export and investment opportunities there. As of early January 2012, Commerce was represented by two officials stationed at U.S. Embassy-Baghdad. One DoS temporary (“3161”) employee is also attached to the Commerce office, and one local Iraqi is expected to join the team in the near future.

Commerce's *Commercial Goal Paper* states that Erbil is “the preferred business gateway to Iraq, and Basrah [is] the country's energy capital.” However, as of early January, Commerce had no representatives at the U.S. Consulates General in either city.¹³⁴

Other Commerce objectives include:¹³⁵

- doubling exports of U.S. goods and services over the next five years
- supporting continued economic reform and liberalization by promoting Iraq's accession to the World Trade Organization
- assisting the GOI in obtaining international financing for reconstruction and development projects

Commerce hopes to achieve these goals by using public outreach and exchange programs to generate support within Iraq for open markets, a rules-based trading system, and enforcement of protection of intellectual property rights. It is also working with several U.S. companies—including Boeing, General Electric, Afton Chemical, Neurologica, Medtronics, and AmeriQual—to help them achieve access to the Iraq market. Commerce reported that, in the coming months, its Foreign Commercial Service will begin offering a core menu of assistance services that have long been in demand by U.S. firms.¹³⁶

Department of Agriculture

The Embassy's Office of Agricultural Affairs (OAA) has seven staff: the Agricultural Counselor, two local Iraqi personnel, a contract linguist, and three Agricultural Advisors who conduct capacity-development-related activities. The salaries and benefits of the three Agricultural Advisors are paid through an interagency agreement between DoS and the U.S. Department of Agriculture.¹³⁷ Funding for capacity-building activities has come from DoS through three separate tranches to date: FY 2009 supplemental funding and FY 2010 and FY 2011 allocations of the ESF.

Commerce is working with several U.S. companies to help them achieve access to the Iraq market.

With the closure of the PRTs in 2011, the OAA no longer has the ability to carry out agricultural development projects that reach Iraqi farmers. Therefore, the OAA's efforts are transitioning toward assisting the GOI in developing its agricultural sector and enhancing the market for U.S. agricultural products in Iraq. The OAA is also continuing capacity-building activities through its Agricultural Advisors in the areas of animal health, soil and water management, and agricultural policy. As in the past, the Agricultural Advisors are focused on government ministries, industry associations, and universities to strengthen institutions, improve technical capabilities, and promote sound agricultural policy. Increasingly, however, these activities are also focused on creating potential markets for U.S. agricultural products.¹³⁸

Export-Import Bank and OPIC

The Export-Import Bank authorized just more than \$25 million of short-term insurance in 2011 for U.S. companies conducting trade with Iraq. Two bank credit limits for the Trade Bank of Iraq were approved for use under JP Morgan Chase's letter-of-credit policy—\$20 million to pay Caterpillar subsidiary Solar Turbines for gas turbines and a little more than \$5 million for a letter of credit to pay for the purchase of 35,000 meters of carbon steel pipe sold by an unidentified U.S. supplier. It also insured two small shipments to Iraq with a combined value of \$350,000.¹³⁹

FIGURE 3.4
EXPORT-IMPORT BANK EXPOSURE TO SELECTED NATIONAL MARKETS, AS OF 9/30/2011
\$ Millions (Ranking)



Note: Exposure represents that portion of loans, guarantees, and insurance that is in use.

Source: Export-Import Bank, *2011 Annual Report*, "FY 2011 Authorizations by Market," www.exim.gov/about/reports/ar/2011/Authorizations%20by%20Market.pdf, accessed 1/10/2012.

Demand for Export-Import Bank services for trade with Iraq is modest considering U.S. business activity there totaled nearly \$3 billion during the first half of 2011. Because the letters of credit covered by the insurance issued in 2011 had yet to be utilized, the bank's total exposure in trade with Iraq at the end of September 2011 was just \$430,098. That figure is a tiny fraction of the bank's total worldwide exposure of more than \$89 billion.¹⁴⁰ Figure 3.4 compares the Export-Import Bank's exposure in Iraq with selected other U.S. trading partners.

OPIC reported no additional business with Iraq this quarter. Earlier in 2011, OPIC authorized a \$20.5 million loan to Northern Gulf Rentals Ltd. to supply heavy equipment leasing in Iraq.¹⁴¹ ♦

Demand for Export-Import Bank services for trade with Iraq is modest considering U.S. business activity there totaled nearly \$3 billion during the first half of 2011.

DEPARTMENT OF DEFENSE AND PARTNERS

The U.S. military cased its colors in Iraq this quarter at a ceremony marking the end of a mission that spanned nearly nine years and cost U.S. taxpayers hundreds of billions of dollars. In a conflict that quickly toppled Saddam Hussein’s regime but required years more effort to bring some stability to the country, 4,474 U.S. military personnel died—3,526 killed in action—and 32,226 were wounded.¹⁴² Figure 3.5 shows the history of U.S. military presence in Iraq since 2003.

With the drawdown of U.S. troops and shutdown of the United States Forces-Iraq (USF-I), the Office of Security Cooperation-Iraq (OSC-I) is now the dominant DoD presence in Iraq, conducting all U.S. security assistance provided to the Iraqi Security Forces (ISF) through the ISFF, the Foreign Military Sales (FMS) program, and Foreign Military Financing (FMF).

ISFF Funding Update

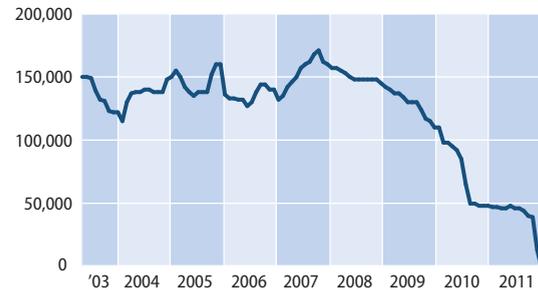
As of December 31, 2011, more than \$1.3 billion in funds appropriated for the FY 2011 Iraq Security Forces Fund (ISFF) remained available for obligation.¹⁴³ The expenditure of FY 2011 ISFF has fallen significantly behind the spend plan developed for the transition of authority from USF-I to OSC-I. As of December 31, \$169.0 million of FY 2011 ISFF had been expended, compared to the spend plan projection of \$918.1 million. OSC-I attributes this slowdown in execution to the June 2011 transfer of acquisition processing authority from USF-I to the Defense Security Cooperation Agency (DSCA), as well as the slow rate of GOI approval of Iraq’s cost share.¹⁴⁴ FY 2011 ISFF is available for new obligations until September 30, 2012.

For FY 2011 ISFF projects that have already been executed, the GOI has exceeded its 20% cost-sharing minimum required by P.L. 111-383.



U.S. soldiers guide tactical vehicles out of Iraq on December 6 for redeployment back to the U.S. Third Army. (U.S. Army photo)

FIGURE 3.5
U.S. MILITARY PERSONNEL IN IRAQ,
5/2003–12/2011



Source: Brookings Institution, *Iraq Index*, 11/30/2011, p. 13.

Moreover, according to OSC-I, the GOI has been providing 100% cash to meet the cost-sharing requirement (that is, no in-kind contributions). OSC-I reported that it does not obligate monies from the ISFF until GOI funds have been deposited into a U.S. Treasury account. As of December 31, 2011, the GOI had provided just over \$63 million (27%) to match the FY 2011 ISFF toward a total case value of \$232.0 million.¹⁴⁵

Office of Security Cooperation-Iraq

On October 1, 2011, OSC-I was activated and assumed management of the FMS program from the

The expenditure of FY 2011 ISFF has fallen significantly behind the spend plan developed for the transition of authority from USF-I to OSC-I.

USF-I's Advising and Training Mission.¹⁴⁶ OSC-I operates out of 10 sites across Iraq. Five offices are located near Iraqi military locations: Baghdad (at the Embassy Military Attaché and Security Assistance Annex, formerly called Union III), Tikrit, Umm Qasr, Taji, and Besmaya. Program offices will also operate from the Consulate locations in Erbil, Basrah, and Kirkuk, as well as the Baghdad Police Academy Annex (formerly Joint Security Station Shield) and the Baghdad Diplomatic Support Center (formerly Joint Security Station Sather).¹⁴⁷ All OSC-I security assistance and security cooperation programs will be carried out by the respective OSC-I service sections (Army, Navy, Air Force, Army Aviation, MOI, Logistics) under approval of the OSC-I Chief and in coordination with the Chief of Mission.¹⁴⁸

The OSC-I is currently staffed with 149 military and 7 civilian personnel.¹⁴⁹ The Embassy-based activity is also expected to support up to 763 Security Assistance Team (SAT) members at 10 locations across Iraq to execute 70 multi-case, multiyear FMS efforts.¹⁵⁰

The current mission of OSC-I is largely confined to the FMS caseload, although future U.S. government-GOI negotiations may set new parameters for the authorization of any additional training forces.¹⁵¹ OSC-I reported that it currently provides the GOI's MOD and MOI "minimum advisory capability." OSC-I is not currently funding or supporting any police training program.¹⁵²

In November, SIGIR met with Lieutenant General Robert Caslen, the Chief of OSC-I. General Caslen reported three main OSC-I objectives for assisting the ISF in 2012:¹⁵³

- improving external defense capacities, with an emphasis on guarding Iraq's lengthy border with Iran
- building an integrated air-defense system that incorporates interceptors (F-16s), a ground-based radar network, and surface-to-air missiles
- developing a "culture of maintenance" throughout the ISF that would enable it to use weapons systems throughout their full service lives, as

opposed to scrapping them prematurely because of poor maintenance

General Caslen noted, however, that OSC-I is reevaluating its plans in all of these areas in light of the withdrawal of U.S. troops and the uncertain security situation.¹⁵⁴

Foreign Military Sales Program

Through the FMS program, the United States works with the GOI to facilitate the purchase of U.S.-made equipment. Alternatively, the GOI can elect to contract directly with a U.S. company or enter into deals with third-country providers. In the November meeting with SIGIR, the OSC-I official in charge of the FMS program reported that approximately 40 to 50 OSC-I personnel are actively involved in managing 145 active FMS cases. As of November 2011, the United States had "banked" more than \$10 billion from FMS cases.¹⁵⁵

The GOI's interest in the FMS program waxes and wanes, peaking when Iraqi officials are criticized by the media and international organizations for allegedly corrupt procurement processes. Such allegations often arise in the aftermath of GOI weapon deals with non-U.S. companies, including those in Eastern Europe, the former Soviet Union, and the People's Republic of China.¹⁵⁶

The FMS program may remain an attractive option for the GOI because it allows the purchase of sophisticated military systems via relatively transparent—and, therefore, difficult-to-criticize—procurement processes. According to OSC-I leaders, however, the ability of the ISF to derive maximum benefit from the program continues to be impeded by several major challenges:¹⁵⁷

- **Lack of procurement and management training.** Despite having made substantial improvements over the past several years, some ISF officials involved in the FMS program lack the necessary training to manage cases efficiently—particularly in the MOI.
- **Reluctance to make decisions.** Having matured under an authoritarian system where mistakes

As of November 2011, the United States had "banked" more than \$10 billion from FMS cases.

had potentially grave consequences, ISF officials are often reluctant to take responsibility for making decisions on high-value programs. Moreover, complex procurement regulations combined with severe provisions of the Iraqi Penal Code (which criminalize acts that would be regarded as mistakes or waste under U.S. law) also inhibit ISF decision making on FMS cases. For example, many mid-level ISF managers choose to postpone key decisions indefinitely out of fear that their political enemies will seek to criminalize their actions by accusing them of corruption.

- **No permanent Ministers of Defense and Interior.** The general reluctance to make decisions is exacerbated by the continued lack of permanent Ministers of Defense and Interior—a situation that results in all major FMS decisions being made by the Office of the Prime Minister.
- **Shortage of fluent English speakers.** The ISF lacks a sufficient number of English speakers capable of grasping the highly technical instruction needed to fully comprehend many of the advanced U.S. systems procured via the FMS program. The lack of English speakers is a particular problem in the Iraqi Air Force because of the technological sophistication of systems, including the F-16 aircraft.
- **Limited but growing grasp of U.S. weapon capabilities.** The most senior ISF leaders, whose military experience prior to 2003 centered mainly on using Warsaw Pact systems, are only gradually beginning to appreciate the capabilities of advanced U.S. weapon systems. Those ISF leaders who have worked closely with U.S. units employing weapons such as the M1 Abrams main battle tank “get it,” but are only now beginning to move into decision-making positions where their first-hand knowledge will influence procurement decisions. For instance, the Iraqi Army (IA) general commanding the 9th Division—a unit with considerable experience with U.S. weapon systems—is slated to move into a management position at the MOD, where he will have input into purchasing equipment for the ISF.

- **Overreliance on short-term maintenance contracts.** By continuing to rely on one-year maintenance and support contracts, the ISF spends a disproportionate amount of time processing contract paperwork each year. This expenditure of time could be reduced by moving to three-year contracts, which would free up more time for mission-critical tasks.

Operational Challenges

The future of the FMS program will also be affected by the inability of OSC-I to coordinate significant field training with the ISF. Initial OSC-I plans anticipated the presence of a residual U.S. military force capable of providing large-scale combined-arms training to the ISF. However, with the withdrawal of the last U.S. troops, ground-forces training above the platoon level will need to be conducted via other means and coordinated through OSC-I. The IA’s continued involvement in domestic security operations also makes it difficult to conduct training. IA units playing critical roles in Baghdad, Diyala, Ninewa, and Tameem provinces do not have the time to stand down from these operations to train.¹⁵⁸

Describing OSC-I’s mission as “terrifically complicated,” OSC-I officials stated that the lack of robust transportation assets will mean that OSC-I will try to avoid moving personnel among its 10 sites. OSC-I personnel ground movement between sites is not a viable option because of the security situation. General Caslen stated that he would like to visit three sites per week; however, it is unclear to what extent OSC-I will be able to use DoS air assets to move among locations. In addition, a significant deterioration in the security situation could cause private contractors supporting OSC-I to reconsider their presence in Iraq. Contractors play an integral role in many FMS cases. For example, General Dynamics provides trainers who instruct ISF tankers on the M1 Abrams at Besmaya Range Complex.¹⁵⁹

In early November, SIGIR officials traveled to the OSC-I site at Besmaya. Located 30 miles outside of Baghdad, Besmaya is home to approximately

A significant deterioration in the security situation could cause private contractors supporting OSC-I to reconsider their presence in Iraq.



SIGIR visit to Besmaya in November 2011.

30 General Dynamics contractors who train IA personnel on the 140 M1 Abrams main battle tanks (M1A1s) that the GOI purchased as part of an \$800 million FMS case. Performance on the General Dynamics contract with the U.S. government is supervised by a U.S. government employee working for OSC-I. Contract requirements were generated by the MOD in consultation with U.S. military advisors. U.S. Central Command funds have been used to pay life-support costs, including food and lodging, for the contractors at Besmaya. The contract is scheduled to expire in January 2012, but is almost certain to be renewed.¹⁶⁰

Under the terms of the contract, General Dynamics is responsible for delivering the tanks to Besmaya, where they are inspected and signed for by four IA generals. The contract's training of IA personnel involves three phases: familiarization with the M1A1, operating instruction, and live-fire exercises. Training focuses on the use of tanks to combat conventional external threats and does not emphasize the use of armor in urban counterinsurgency operations. General Dynamics is training a core cadre of IA tankers who will serve as instructors for follow-on classes.¹⁶¹

The M1A1 has the same capabilities as those previously sold to Egypt but is less capable than the M1A2s that currently serve as the backbone of the U.S. tank force. Of the IA personnel training on the M1, most have previous experience with either tanks or armored personnel carriers; only

about 10%–15% are completely new to service in armored corps. Most of the gunnery practice is conducted on advanced computer simulators in the only computer-generated target course in Iraq. This reliance on simulations is due to the prohibitive expense of live-fire training, with some rounds costing as much as \$8,000 each. About 900 IA personnel reside at Besmaya, and the MOD pays for their food and housing costs.¹⁶²

The contract also requires General Dynamics to provide logistics and maintenance support for the tanks. The trainers with whom SIGIR spoke at Besmaya stated that the IA must improve its commitment to maintenance to get full value from the M1A1. They estimated that it would take more than 60 full-time U.S. contractors to maintain the M1A1s in battle-ready condition. In contrast, 2 U.S. contractors oversee M1A1 maintenance in Kuwait, and 12 contractors oversee maintenance in Saudi Arabia, both of which operate more M1A1s than Iraq. However, the M1 program in Iraq is in its infancy, whereas Kuwait, Egypt, and Saudi Arabia have been operating M1 tanks for the past two decades. OSC-I is currently working on a three-year plan to reduce the IA's reliance on U.S. maintenance personnel.¹⁶³

Overall, no change is expected in the execution of the FMS program as a result of the transition from USF-I to OSC-I. This program is primarily regulated by the Foreign Assistance Act. According to the DSCA, there are two points that should be noted about the transition. First, any anomalies associated with the Iraq FMS program will continue to shift toward a more "normal" implementation. The Iraq program will increasingly look more like all of the other FMS programs around the world. Second, the program will experience some short-term turbulence due to the dramatic decrease in the U.S. footprint. FMS activities that heretofore were greatly facilitated by U.S. personnel will now fall increasingly to the Iraqis for planning and execution. Additional turbulence will be generated by the creation of new policies and procedures related to the physical execution of the FMS program.

The IA must improve its commitment to maintenance to get full value from the M1A1.

New visa procedures, life-support procedures, and transportation procedures will complicate program execution until they are resolved.¹⁶⁴

Recent FMS Cases

On December 12, 2011, DSCA notified the Congress of a possible second FMS sale of 18 General Dynamics F-16IQ aircraft, associated equipment, parts, weapons, training and logistical support to the GOI. Valued at an estimated \$2.3 billion, the proposed sale will require multiple trips to Iraq involving U.S. government and contractor representatives for technical reviews and support, program management, and training over a period of 15 years.¹⁶⁵ If funded and approved, this deal would bring the total number of F-16s in the Iraqi Air Force to 36.

As of December 31, 2011, total FMS commitments comprised 196 Iraqi-funded FMS cases, valued at approximately \$7.8 billion, and 225 U.S.-funded “pseudo-FMS” cases, valued at approximately \$2.5 billion. Of the more than \$2.6 billion in equipment and projects already delivered, the GOI funded nearly 56%.¹⁶⁶

See Table 3.5 for an update on FMS cases.

Of the more than \$2.6 billion in equipment and projects already delivered, the GOI funded nearly 56%.

End of NATO Training Mission-Iraq

On December 12, North Atlantic Treaty Organization (NATO) announced that its mission in Iraq would conclude by the end of the year because it was unable to reach an agreement with the GOI over the immunity of its personnel from prosecution under Iraqi law for the commission of certain



NATO trainers work with ISF personnel in Baghdad in December 2011. (NATO photo)

crimes. This unexpected decision led to the abrupt withdrawal of the approximately 130 NATO Training Mission-Iraq (NTM-I) personnel from Iraq and will affect OSC-I’s mission in 2012.¹⁶⁷

NATO and the GOI had signed a long-term agreement to provide training support for the ISF on July 26, 2009. Under the arrangement, NATO personnel were guaranteed legal protection through December 2011. Since inception, 23 NATO member countries and one partner country have contributed directly to the training effort by providing personnel, funding, or equipment donations.¹⁶⁸ In his November meeting with the Inspector General, the OSC-I Chief emphasized that NTM-I was to be a key part of plans to assist the ISF: OSC-I would focus on training and equipping the ISF, and NTM-I would prioritize professionalizing the Iraqi officer corps and providing advanced military education to ISF personnel. General Caslen stated that several NATO countries had already expressed an interest in working with the ISF in specific areas—including Turkey, on border security; and Poland, on logistics. General Caslen added that senior MOD officials hold NATO in great esteem, and they had been eager to learn from NTM-I. Stressing the importance of NATO’s continued involvement, General Caslen told the Inspector General that NTM-I was a crucial component in OSC-I’s strategic planning. As of mid-January, OSC-I was reviewing its options for filling the gaps left by NTM-I’s departure.¹⁶⁹

TABLE 3.5
STATUS OF FMS CASES, AS OF 12/31/2011
\$ Billions

	DELIVERED	COMMITTED
GOI-funded	1.46 (56%)	7.83 (76%)
U.S.-funded	1.17 (44%)	2.51 (24%)
Total	2.63	10.34

Source: OSD, response to SIGIR data call, 1/5/2012.

U.S. Army Corps of Engineers

Since 2003, USACE has completed more than 5,000 reconstruction projects in Iraq at a construction cost of about \$8.4 billion.¹⁷⁰ USACE has implemented IRRF and ESF projects overseen by ISPO and its predecessors; projects funded by the ISFF, INCLE, and the Commander’s Emergency Response Program (CERP); Operations and Maintenance, Army (OMA) projects; and projects for the GOI under the Foreign Military Sales (FMS) program.

This quarter, USACE completed 14 projects (including two non-construction projects), with a combined value of \$53.8 million. The largest was a \$16.7 million FMS project to build a road along the Syrian border. The other completed projects were funded by the ISFF (eight projects with a combined cost of \$34.6 million) and the ESF (five projects with a combined cost of \$2.5 million).¹⁷¹

Of the 14 projects categorized as completed, four were ISFF-funded construction projects that were terminated for default. These terminated projects had a combined value of almost \$9 million, and USACE expects to re-award all of them. USACE also reported that it was preparing local transfer packages for the other eight construction projects completed this quarter. DoS is responsible for performing the actual transfers.¹⁷²

According to an audit report that SIGIR issued this quarter, USACE terminated 55 Iraq reconstruction contracts from June 2008 through April 2011. Of that total, 31 were terminated at the convenience of the government because requirements changed and the services were no longer needed, and 24 were terminated for default due to poor contractor performance. Based on the documentation that SIGIR reviewed, SIGIR believes better planning and coordination by USACE, its customers, and the Iraqi government might have prevented \$1.9 million in wasted funds that could have been put to better use. Further details on this audit are in Section 5 of this Report.¹⁷³

At the end of the quarter, USACE was managing 29 ongoing projects in Iraq, with a combined

FIGURE 3.6
NUMBER AND VALUE OF ONGOING USACE PROJECTS IN IRAQ
AT END OF QUARTER, 9/30/2010–12/31/2011



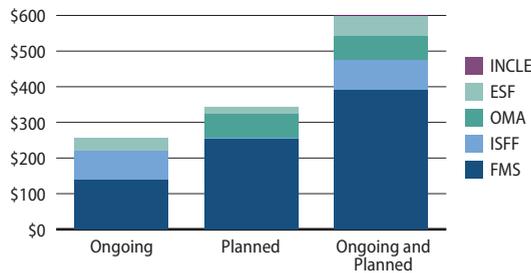
Sources: USACE, responses to SIGIR data calls, 10/6/2010, 1/4/2011, 4/5/2011, 7/18/2011, 10/5/2011, and 1/12/2012.

value of more than \$256 million—down from 235 projects, collectively valued at almost \$1.27 billion, at the end of September 2010 (see Figure 3.6).¹⁷⁴ The largest ongoing project at the end of this quarter was a \$48 million ISFF-funded effort to plan, design, and build the new National Police Sustainment Brigade Complex in Baghdad. The next two largest projects, with a combined cost of \$58.4 million, are FMS projects for the construction of a 95-kilometer highway along the Iraq-Iran border.¹⁷⁵

USACE reported to SIGIR that the withdrawal of U.S. forces from Iraq has adversely affected the ability of the Iraq Area Office (IAO) of USACE’s Middle East District (MED) to properly oversee projects with Department of Army civilian staff. According to USACE, the increased security measures imposed by the GOI upon the withdrawal of U.S. troops have significantly restricted the movement of USACE’s civilian personnel and its contracted security escort teams, including their ability to access projects. USACE closed its project office in Basrah on October 1, has reduced its Tikrit project office from six DoD civilians to one DoD civilian and three local Iraqis, and expects to close its project offices in Tikrit and Taji by the end of March (at which time they will be consolidated at the Embassy Military Attaché and Security Assistance Annex,

The increased security measures imposed by the GOI upon the withdrawal of U.S. troops have significantly restricted the movement of USACE’s civilian personnel and its contracted security escort teams.

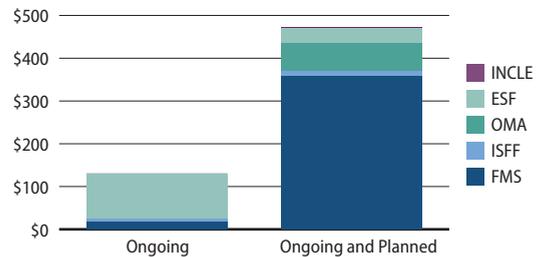
FIGURE 3.7
CONTRACT VALUE OF ONGOING AND PLANNED USACE PROJECTS, BY FUNDING SOURCE, AS OF 12/31/2011
 \$ Millions



Note: Data not audited.

Source: USACE, response to SIGIR data call, 1/12/2012.

FIGURE 3.8
UNEXPENDED FUNDS FOR ONGOING AND PLANNED USACE PROJECTS, BY FUND, AS OF 12/31/2011
 \$ Millions



Note: Data not audited.

Source: USACE, response to SIGIR data call, 1/12/2012.

In 2012, USACE plans to start 22 projects, collectively valued at \$343 million.

formerly called Union III). Meanwhile, IAO has shifted most of its construction quality-oversight responsibility to local Iraqis.¹⁷⁶

On December 5, MED awarded a \$5 million one-year contract to Versar, Inc., for on-site construction management support for its projects in Iraq. Under the contract, local Iraqi engineers and technical support personnel will perform quality assurance, on-site monitoring, and related services at the sites of USACE’s remaining construction projects in various parts of the country. The contract includes a provision for one option year, which would extend the contract to December 2013, at an additional cost to the U.S. government of \$4.9 million.¹⁷⁷

In 2012, USACE plans to start 22 projects, collectively valued at \$343 million. These projects are in the pre-award stage. Four FMS projects, with a combined cost of almost \$253 million, account for nearly three-fourths of the total amount, while ESF, ISFF, and INCLE projects together account for less than 7%.¹⁷⁸

Figure 3.7 shows a breakdown of USACE’s ongoing and planned projects by funding source. For the ongoing projects, almost half of the contract costs have already been paid to the contractors. Figure 3.8 shows how much was yet to be expended on the ongoing and planned projects as of December 31, 2011. ♦

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

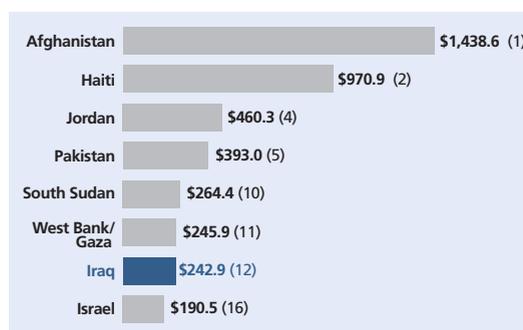
USAID has been a major contributor to the reconstruction effort in Iraq since 2003, working closely with the GOI, as well as regional and local governments and other international assistance agencies. Initially, its programs focused on restoring essential services, managing conflict, and helping build the foundations of democracy. In recent years, USAID programs have concentrated on issues such as entrepreneurship and programs that will provide Iraqis the tools to rebuild and strengthen the country's key institutions.¹⁷⁹ From October 1, 2010, through September 30, 2011, as shown in Figure 3.9, USAID's activities in Iraq ranked as the agency's 12th largest in the world in terms of obligated funding levels—less than one-fifth the size of its program in Afghanistan.¹⁸⁰

At the end of 2011, USAID administered assistance under 10 ESF programs in Iraq (in addition to its OFDA assistance) and maintained a presence in all 18 provinces. USAID mission staff in Iraq totaled 82—including 27 foreign service officers, supported by a staff of 16 Iraqis and 39 other U.S. and third-country nationals, but excluding security and life-support functions.¹⁸¹ USAID is currently working on its first Country-wide Development Strategy for Iraq and is in the process of conducting assessments and gathering lessons learned.¹⁸²

ESF obligations to USAID programs account for approximately 63% of all ESF obligations in Iraq.¹⁸³ For complete details on the ESF, see Appendix C.

As of December 31, 2011, USAID had been allocated \$520 million from the FY 2010 and FY 2011 ESF for its programs in Iraq. According to USAID, it had obligated 100% of the FY 2010 funds and 57% of the FY 2011 funds. However, it had expended only 31% of the obligated FY 2010 funds and none of the FY 2011 funds.¹⁸⁴ Table 3.6 shows FY 2010 and FY 2011 ESF obligations and expenditures for USAID's programs in Iraq. As of mid-January, the

FIGURE 3.9
USAID OBLIGATIONS, 10/2010–9/2011,
IRAQ VS. OTHER COUNTRIES
\$ Millions (Ranking)



Note: Data not audited. Numbers affected by rounding.

Source: USAID, "Where Does USAID's Money Go?" www.usaid.gov/policy/budget/money/, accessed 12/12/2011.

FY 2012 allocation of the ESF for USAID activities in Iraq had not yet been reported.

USAID documents indicate that a small number of prime contractors have been selected to implement USAID programs in Iraq, and the financial relationships of these contractors with USAID are defined by either contracts or cooperative agreements.¹⁸⁵ To implement the programs under contract or cooperative agreement, a recent USAID Office of Inspector General (OIG) survey notes that USAID prime contractors frequently use sub-awards, and programs frequently are multiyear.¹⁸⁶ Funds are considered obligated when USAID enters into a contract or cooperative agreement.

USAID is currently working on its first Country-wide Development Strategy for Iraq.

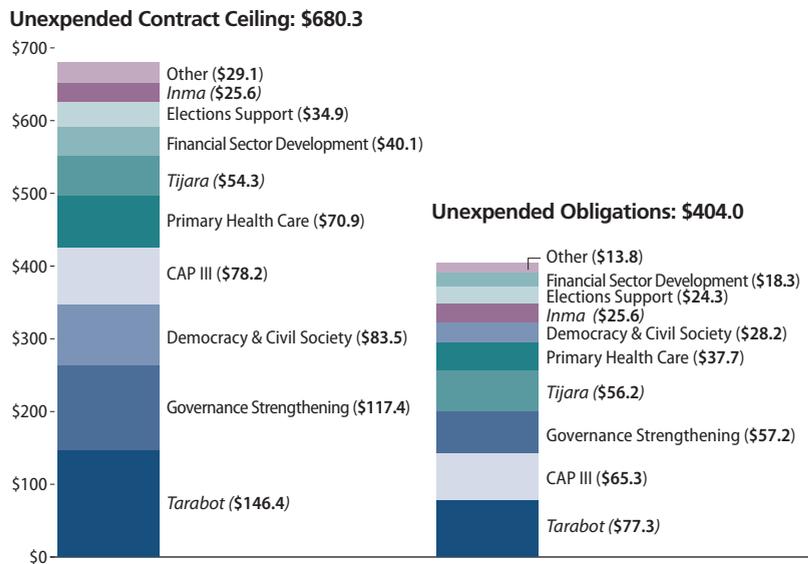
TABLE 3.6
USAID FY 2010 AND FY 2011 ESF ALLOCATIONS, OBLIGATIONS,
AND EXPENDITURES, AS OF 12/31/2011
\$ Millions

APPROPRIATION	ALLOCATED	OBLIGATED	EXPENDED
FY 2010	242.5	242.0	74.8
FY 2011	277.6	157.0	0.0
Total	520.1	399.1	74.8

Note: Data not audited. Numbers affected by rounding.

Sources: NEA-I, response to SIGIR data call, 12/29/2012; USAID, response to SIGIR data call, 1/16/2012.

FIGURE 3.10
ACTIVE USAID ESF-FUNDED PROGRAMS, AS OF 12/31/2011
\$ Millions



Note: The Democracy and Civil Society program area includes the Access to Justice Program and the Legislative Strengthening Program.

Source: USAID, response to SIGIR data call, 1/3/2012.

Taking into account funding from all fiscal-year appropriations, USAID had \$404 million in unexpended obligations for its ESF programs in Iraq as of December 31, 2011. If these ongoing programs all are eventually funded to the levels allowed by the contract ceilings, the unexpended value of USAID’s current programs in Iraq would total \$680 million.¹⁸⁷ By providing a program-by-program breakdown of these committed and planned expenditures, Figure 3.10 shows USAID’s current areas of emphasis in Iraq.

New Programs

Five of the current programs were launched in 2011.

Two are multiyear, \$100 million-plus efforts to improve governance and strengthen government administrative services: the Iraq National and Provincial Administrative Reform Project, called *Tarabot* (Arabic for “linkages”); and the

Governance Strengthening Project. The other three are a multiyear primary healthcare project, a one-year educational survey and assessment, and the renewed elections support program.¹⁸⁸

For the *Tarabot*, Governance Strengthening, Primary Health Care, and Elections Support programs, DoS reported that USAID is working with each of these program’s GOI or provincial-government counterparts to develop cost-sharing plans. In all cases, GOI cost contributions are expected to be largely “in-kind”—that is, in goods and services rather than funds.¹⁸⁹ As discussed in Section 2 of this Report, the Senate Appropriations Committee has called for a reduction in funding for *Tarabot* and the Governance Strengthening Project.

National and Provincial Administrative Reform (*Tarabot*)

The four-year \$151.3 million *Tarabot* project began in June 2011 and is implemented by Management Systems International (MSI). The program has three core components: civil service reform, national policy management, and administrative decentralization. Its Iraqi partners include central and provincial government entities, the Office of the Prime Minister, the High Commission for Civil Service Reform and the offices of provincial governors. *Tarabot* is a successor to the 5-year \$339 million *Tatweer* program that ended in 2011 and focused on building capacity of national government institutions.¹⁹⁰

This quarter, *Tarabot* finalized plans with the Office of the Prime Minister to launch a comprehensive program of regulatory reform, focusing on those regulations that impede economic growth. The \$4 million cost of the 3-year program will be shared with the PMO. In addition, *Tarabot* worked with the High Commission for Civil Service Reform to substantially complete draft legislation to revamp Iraq’s antiquated civil service system.¹⁹¹

An important part of the *Tarabot* program is to assist line ministries in Baghdad in transferring some tasks to provincial-level ministry directorates or governors’ offices. As part of this effort, the program reports working to build the capacity of

sub-national government entities to procure and manage capital projects. Program activities are being closely coordinated with the World Bank and the Ministry of Planning and Development Cooperation, and the three entities have formed an informal working group on procurement. Under *Tarabot*, USAID and the World Bank are cooperating on efforts to develop a Procurement Information Management System for the GOI.¹⁹²

Governance Strengthening

The five-year, \$117 million Governance Strengthening Project began this quarter with the award of a four-year, \$98 million prime contract to Chemonics International. (The contract value would rise to \$117 million if the option for a fifth year is exercised.) The goal of the program is to strengthen provincial and local government capacity to respond more effectively to citizen needs. The program is expected to engage with provincial governments and local councils in all Iraqi provinces and focus on legal reform, institutional strengthening, and executive oversight.¹⁹³

Primary Health Care

Started in March 2011, the four-year \$75 million Primary Health Care Project in Iraq aims to strengthen the delivery of primary healthcare services throughout the country. The program's prime contractor is University Research Co., LLC. USAID reported that project staff spent the



USAID-supported primary healthcare clinic in Kirkuk. (USAID photo)

quarter finalizing administrative tasks, including completion of a delayed memorandum of understanding that had been signed with its main partner, the Ministry of Health, in September 2011. This quarter, the Primary Health Care Project worked with the GOI to conclude a baseline survey of primary healthcare facilities. The program also drafted preliminary healthcare protocols for priority health services and leadership and management materials for health center operations. The program is expected to operate in at least 360 healthcare centers throughout the country. USAID reported that it has overcome the challenges of recruiting local and expatriate staff to serve as provincial coordinators as well as GOI visa regulations that had caused initial delays.¹⁹⁴

Elections Support

Elections Support is one of the longest-running USAID areas of assistance in Iraq. On September 30, 2011, USAID ended its 7-year Electoral Technical Support Project and the following day launched its successor, a three-year \$36 million capacity-building Elections Support Project. The project began this quarter by conducting a workshop for the finance department of Iraq's Independent High Electoral Commission—the program's main Iraqi partner—on the principles of government finance in the electoral process. The Consortium for Elections and Political Process Strengthening holds the prime contract for the program, which is not subject to a matching funding requirement.¹⁹⁵

Iraq Education Survey Project

Under a year-long project called *Maharat* (Arabic for “skills”), USAID's prime contractor RTI International will work with the Ministry of Education to conduct surveys in school management effectiveness, reading, and math skills and to assess the capacity of teacher-training institutes. The survey focus is grades one through three. Results of the survey will be used to support a new primary education project in late 2012. The \$3.7 million *Maharat* project began in October.¹⁹⁶

The Primary Health Care Project is expected to operate in at least 360 healthcare centers throughout the country.

Ongoing Programs

Provincial Economic Growth

The five-year, \$174.2 million Provincial Economic Growth Program, called *Tijara* (Arabic for “trade”), is due to end in early 2013. USAID’s implementing contractor for the program is the Louis Berger Group. *Tijara* supports a chain of microfinance institutions around Iraq as one of several initiatives to support start-up businesses as well as small and medium enterprises. According to USAID, the program’s support of the Iraqi Youth Initiative this quarter generated loans totaling over \$400,000 to more than 100 young entrepreneurs and has resulted in the creation of over 900 direct jobs and indirect employment for an additional 450. At the national level, the program this quarter finalized a report on Iraq’s commitments in business services sectors, a preliminary step in Iraq’s preparation for World Trade Organization accession.¹⁹⁷

Financial Sector Development

The five-year, \$53 million Financial Sector Development Program partners with the Central Bank of Iraq to strengthen institutions, especially the country’s poorly managed, ill-equipped banks. The program’s annual report for the year ending September 30, 2011, remained under review at the end of this quarter, with USAID requesting additional information from the contractor, AECOM International Development. USAID also indicated it planned no specific follow-up actions for its survey of Iraq’s private-sector banking system released during the third quarter of 2011. The survey was the first known attempt to collect in-depth data on Iraq’s private banks.¹⁹⁸

Access to Justice

Part of the Democracy and Civil Society program area, the \$63 million Access to Justice Program supports Iraqi civil society organizations in their efforts to assist vulnerable groups, including women, internally displaced, minorities, disabled and individuals without identity documents.

Currently, the program supports vulnerable populations in Baghdad, Tameem, Kerbala, and Ninewa provinces, as well as in the Kurdistan Region.

This quarter, according to USAID, project funds were used to support the teaching of practical legal clinic courses to students at the Baghdad and Salahaddin Law Schools. Additional assistance was provided to the Iraqi Bar Association to improve a draft Law of Lawyers and to train young members of the Bar on human rights issues. Two new grants issued under the program will be used to educate women in unregistered marriages in Sulaymaniyah on their legal rights and to provide training on legal rights for the victims of gender-based violence in Dahuk. This quarter the program also supported initial discussion with civil society organizations and government on disability policies and a need to improve those policies. The program is one of several USAID programs that target disadvantaged women for assistance.¹⁹⁹

Programs Closing Out

Community Action Program

Large programs due to end in 2012 include the \$323 million third phase of the Community Action Program (CAP III). The latest phase of one of the founding programs of the USAID mission in Iraq, CAP III was designed to empower communities to pursue their development needs, improve government responsiveness to those needs, and assist civilian war victims through the Marla Ruzicka Iraqi War Victims Fund. The program has been implemented by four U.S.-based nonprofit organizations—ACDI/VOCA, CHF International, International Relief and Development (IRD), and Mercy Corps—and has supported projects fostering community action groups and grass-roots citizen involvement with elected representatives, government agencies, and institutions.²⁰⁰

A recent audit conducted by USAID OIG on CAP projects implemented by IRD in Baghdad since September 2008 found that the projects

USAID indicated it planned no specific follow-up actions for its survey of Iraq’s private-sector banking system released during the third quarter of 2011.

“partially achieved their goals,” listing five shortcomings that required management attention. According to USAID OIG, IRD often failed to target the prioritized needs of the Baghdad neighborhoods in which it worked and overstated the impact of its projects. For its part, according to the audit, USAID failed to update and approve a performance management plan in a timely manner and issued certain project requirements that were “not sufficiently clear.”

The audit also concluded the program produced several achievements, including creating Community Action Groups and completing projects. The audit contained 10 specific recommendations to address the shortcomings, 6 of which USAID agreed with. In four of those instances, corrective action also had been agreed. USAID disagreed with the first four of the audit’s recommendations, one of which called on IRD to program the remaining projects to target community identified needs. The USAID mission rejected the recommendation, stating it deprecated the work of local community action groups to identify and prioritize their own needs.²⁰¹

Agribusiness Development

The 5-year, \$170 million Agribusiness Development Program, called *Inma* (Arabic for “growth”), geared to boosting the productivity and competitiveness of Iraq’s once-strong farming sector is scheduled to end in May 2012. The *Inma* program has been implemented by the Louis Berger Group. USAID reported that consultations first begun in January 2011 with the GOI to develop a successor agricultural program remained ongoing this quarter, and no plans for such a program have been finalized.²⁰²

Legislative Strengthening

The \$74 million Legislative Strengthening Program that began in 2008 closed one month prematurely this quarter when an MOU between USAID and the CoR expired in November. At the time of closure, the program had expended \$41 million.

Of the funds that had been obligated, \$5.5 million remained unexpended.²⁰³

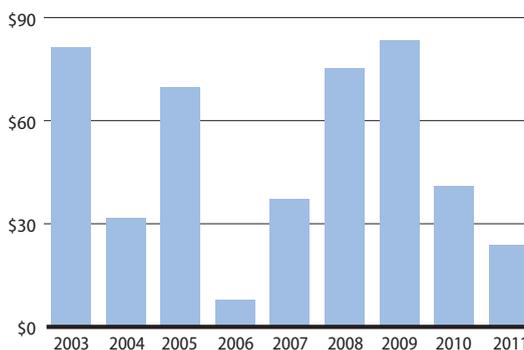
Foreign Disaster Assistance

OFDA has contributed approximately \$450 million in humanitarian assistance to Iraq since 2003. As shown in Figure 3.11, OFDA’s assistance peaked at more than \$83 million in FY 2009 and then dropped to \$41 million in FY 2010 and just under \$24 million in FY 2011. OFDA’s FY 2010 assistance to Iraq represented about 13% of its total support that year to countries with complex emergencies stemming from political crises, social unrest, or conflict (as opposed to emergencies caused by natural disasters).²⁰⁴

Principal targets of OFDA funding are vulnerable populations, including IDPs, refugee returnees, women and elderly heads of households, and orphans. During FY 2011, OFDA targeted more than 600,000 individuals in these groups. It also provided nearly \$4.3 million to a UN livelihoods program that gave tools and vocational training to prepare more than a thousand beneficiaries for jobs in demand. Nine contractors carried out work for OFDA during this period.²⁰⁵ ♦

OFDA has contributed approximately \$450 million in humanitarian assistance to Iraq since 2003.

FIGURE 3.11
OFDA FUNDING FOR IRAQ, FY 2003–FY 2011
\$ Millions



Note: Data not audited.

Sources: USAID, OFDA, *Annual Reports for Fiscal Years 2003–2010*; NEA-I, response to SIGIR data call, 12/30/2011.

CONTRACTING

Contracting Actions, Projects, and Grants

As of December 31, 2011, DoD, DoS, and USAID had reported 88,380 contracting actions, projects, and grants, totaling \$40.31 billion in cumulative obligations. This accounts for 86% of the \$47.15 billion in reported financial obligations from the IRRF, ISFF, ESF, and CERP.²⁰⁶

For an overview of the status and quarterly change of contracting actions and grants, see Table 3.7.

U.S.-funded Contractors and Grantees in Iraq

SPOT indicated that the number of contractor employees declined by 72% since the end of last quarter.

As of January 23, 2012, 15,154 employees of U.S.-funded contractors and grantees supported DoD, DoS, USAID, and other U.S. agencies in Iraq, according to data available in the Synchronized Predeployment and Operational Tracker (SPOT). SPOT also indicated that the number

of contractor employees declined by 72% since the end of last quarter, dropping from the 53,447 registered as of September 30, 2011.²⁰⁷

U.S. Embassy-Baghdad reported that, as of December 31, 2011, approximately 12,350 contractors were supporting the U.S. diplomatic mission in Iraq or working on programs under Chief of Mission authority.²⁰⁸ The difference between this number and the SPOT total may be a result of the rapid personnel changes that occurred in December as USF-I was closing down, combined with a lag in entering these personnel changes into the SPOT database.

SPOT is the common database designated by DoD, DoS, and USAID to be used as the system of record for statutorily required contract, funding-instrument, and personnel information in Iraq and Afghanistan. All three agencies have issued directives requiring contractors to enter mandated information.²⁰⁹ SIGIR plans to provide updated SPOT data in the April 2012 Quarterly Report.

For SPOT data on contractors and grantees, by agency and national origin, see Table 3.8. ♦

TABLE 3.7
CONTRACTING ACTIONS, PROJECTS, AND GRANTS, AS OF 12/31/2011
\$ Millions

FUND	CURRENT STATUS			CHANGE OVER QUARTER			CONTRACTS REPORTED AS A % OF OBLIGATIONS
	COUNT	OBLIGATED	EXPENDED	COUNT	OBLIGATED	EXPENDED	
ISFF	18,486	\$18,069.2	\$17,614.1	133 (1%)	\$88.6 (0%)	\$247.2 (1%)	97%
IRRF	8,535	\$14,397.1	\$14,324.5	46 (1%)			71%
CERP	53,626	\$3,914.4	\$1,618.1	-50 (0%)			105%
ESF	7,733	\$3,930.3	\$3,482.4	41 (1%)	\$160.2 (4%)	\$52.2 (2%)	88%
Total	88,380	\$40,311.1	\$37,039.2	170 (2%)	\$248.8 (5%)	\$299.4 (3%)	86%

Note: Data not audited. Numbers affected by rounding. Table represents only those contracting actions that were reported by the agencies; they do not reflect all obligations or expenditures made in Iraq.

Sources: CEFMS, ESF, IRRF: Construction, IRRF: Non-construction, ISFF, 4/1/2011, 7/9/2011, 10/6/2011 and 12/30/2011; USAID, responses to SIGIR data calls, 1/22/2010, 12/29/2011, 1/3/2012, and 1/16/2012; ABO, responses to SIGIR data calls, 7/5/2011, 7/14/2011, 10/18/2011, and 1/18/2012; USF-I, response to SIGIR data call, 1/3/2012; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; NEA-I, responses to SIGIR data calls, 9/28/2011, 12/29/2011, 12/30/2011, and 1/3/2012; OUSD(C), response to SIGIR data call, 1/18/2012; USACE, response to SIGIR data call, 1/3/2012.

U.S.-FUNDED PROGRAMS IN IRAQ

TABLE 3.8
CONTRACTORS AND GRANTEES IN IRAQ, BY AGENCY AND NATIONAL ORIGIN, AS OF 1/23/2012

	AGENCY	THIRD-COUNTRY NATIONAL	U.S. CITIZEN	IRAQI NATIONAL	TOTAL	QUARTERLY CHANGE
Department of Defense	Department of the Army (Army)	2,177	2,737	204	5,118	-26,162 (-84%)
	CENTCOM Contracting Command (C3)	1,229	183	73	1,485	-10,707 (-88%)
	Department of the Air Force (Air Force)	842	284	8	1,134	-579 (-34%)
	U.S. Transportation Command (USTRANSCOM)	126	1	503	630	-105 (-14%)
	Defense Contract Management Agency (DCMA)	7	199	2	208	-272 (-57%)
	U.S. Special Operations Command (USSOCOM)		198		198	-58 (-23%)
	Army and Air Force Exchange Service (AAFES)	128	9	41	178	-372 (-68%)
	Department of the Navy (Navy)	1	91		92	-212 (-70%)
	Defense Logistics Agency (DLA)	49	18		67	14 (26%)
	Defense Information Systems Agency (DISA)	1	43		44	-7 (-14%)
	Department of Defense (DoD)	2	26	12	40	-38 (-49%)
	Defense Intelligence Agency (DIA)		13		13	-36 (-73%)
	Defense Contract Agency (DCA)		9		9	-2 (-18%)
	Missile Defense Agency (MDA)		8		8	-2 (-20%)
	Space and Missile Defense Command (SMDC)		2		2	-25 (-93%)
	National Geospatial-Intelligence Agency (NGA)		2		2	-12 (-86%)
	DoD Joint Program Office MRAP					-148 (-100%)
	Air Force Center for Engineering and the Environment (AFCEE)					-16 (-100%)
	Defense Advanced Research Projects Agency (DARPA)					-6 (-100%)
	Office of the Secretary of Defense (OSD)					-8 (-100%)
	Washington Headquarters Service (WHS)					-62 (-100%)
	Army Materiel Command (AMC)					-5 (-100%)
	Subtotal	4,562	3,823	843	9,228	-38,820 (-81%)
Other	Department of State (DoS)	1,922	3,836	37	5,795	1,385 (31%)
	U.S. Agency for International Development (USAID)	47	52		99	-805 (-89%)
	Department of Justice (DoJ)		22		22	-3 (-12%)
	General Services Administration (GSA)		10		10	-18 (-64%)
	Department of Energy (DoE)					-32 (-100%)
	Subtotal	1,969	3,920	37	5,926	527 (10%)
Total		6,531	7,743	880	15,154	-38,293 (-72%)

Note: Data not audited.

Sources: DoD, OUSD(AT&L), SPOT Program Support, responses to SIGIR data calls, 10/7/2011 and 1/23/2012.